Companies insist on reliable data to reduce risk and guide strategic decisions. Talent decisions are strategic decisions—and leadership simulations provide the kind of valuable, objective information needed to make the right call when hiring or promoting an executive.

Korn Ferry’s assessments of leaders have many rigorous aspects that contribute to their efficacy. In addition to tests and interviews, they also incorporate leadership simulations that are designed to represent a condensed year on the job, focusing on hyper-realistic business challenges that elicit the specific behaviors crucial to success. Scores are compiled algorithmically, which also increases their accuracy, and norms are adjusted for each client’s talent pool. The process is standardized so that participants—whether in Mumbai, Shanghai, or Dubai—get the same experience and receive the same rating for the same level of performance.

To gauge the value of this meticulous approach, Korn Ferry correlated 642 individuals’ assessment results with anonymous boss performance ratings collected 12 to 24 months later. The study included internal and external candidates from six organizations across a range of industries. Korn Ferry then compared its results—the validity coefficient—with a 2007 meta-analysis of 26 studies of assessment center results.

Korn Ferry leadership assessments were found to be 96% more accurate at predicting future job performance than the assessment center average.

The difference was both statistically and practically significant (see Figure 1).
Korn Ferry correlated 642 individuals’ assessment scores with anonymous performance ratings collected from their supervisors 12 to 24 months later. When the assessments included only interviews and tests, the validity coefficient was .33, or 18% better than the assessment center average. When the leadership simulation was added, the validity coefficient of Korn Ferry assessments rose to .55, or 96% more predictive than the assessment center average.

Korn Ferry assessments that include only tests and interviews predict performance 18% better than the assessment center average. However, adding leadership simulations to the mix yielded a validity coefficient 96% higher than the assessment center average. Simulations add valuable and unique information about candidates that cannot be had merely by using tests and interviews.

When executive teams choose a candidate who is “strongly recommended” by the complete Korn Ferry assessments (test, interview, and simulation), they are eight times more likely to hire a top performer on the job. Likewise, executive teams that reject a candidate who is “not recommended” in the Korn Ferry assessment reduce the risk of hiring a bottom-quartile performer by a factor of eight (see Figure 2).

“Strongly recommended” candidates (in green) are eight times more likely to be among the top quartile of performers as rated by their supervisors 12 to 24 months later. If the assessments did not predict performance, the graph would be flat, showing an even 25% of leaders in each quartile of performance (illustrated in gray).

Additionally, research shows that there is no difference in virtual versus in-person simulation assessments (see sidebar). Whether the assessment is conducted face-to-face or online and over the phone, any variation in scores was attributable to individual differences, not the mode of assessment.

In short, adding leadership simulations to assessments is a way to better predict future job performance and make more accurate hiring and promotion decisions. By simulating high-stakes challenges and decisions, these complete assessments better tease out who has the best abilities for a specific job. And, because simulations are equally predictive whether conducted in person or virtually, executive teams can rest assured that no matter where on the globe the participant is, the insight gleaned from these assessments is a valid basis for crucial talent decisions.

Virtual vs. in-person? Assessments are neutral

Until the advent of technology enabled remote virtual simulations, leadership assessments were done in-person, comprising interviews, tests, and a variety of live interactive business simulations. However, this can be expensive and time-consuming, particularly for multi-national organizations.

Virtual assessments, which are increasingly preferred, offer lower cost and more flexibility. To ensure that participant satisfaction and score validity did not change when virtual assessments were used, Korn Ferry also studied 168 face-to-face participants and 947 virtual participants employed at a global communications company.

The mode of assessment differed only for the leadership simulations—including a simulation of a direct report meeting, and an interview. A composite of these scores served as the outcome variable of interest. The control was the components completed via computer by all participants, including personality and derailing trait measures, an in-basket exercise, and a participant background questionnaire.

The results showed that virtual assessments are comparable to face-to-face assessments. In fact, participants rated the virtual assessment experience as more engaging and reported that it presents a more realistic business situation.
About the author

Maynard Goff, PhD, is an Executive Consultant with The Korn Ferry Institute. He has more than 15 years of business operations leadership experience in multiple industries including executive positions. For the past 20 years he has been helping Korn Ferry clients design and execute research to improve talent decisions. His research has focused on multiple methods of measuring leadership, including self-reports, business simulations, and 360-degree assessments.

About Korn Ferry

At Korn Ferry, we design, build, attract and ignite talent. Since our inception, clients have trusted us to help recruit world-class leadership. Today, we are a single source for leadership and talent consulting services to empower businesses and leaders to reach their goals. Our solutions range from executive recruitment and leadership development programs, to enterprise learning, succession planning and recruitment process outsourcing (RPO).

About The Korn Ferry Institute

The Korn Ferry Institute, our research and analytics arm, was established to share intelligence and expert points of view on talent and leadership. Through studies, books and a quarterly magazine, Briefings, we aim to increase understanding of how strategic talent decisions contribute to competitive advantage, growth and success.

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