

GETTING THE RIGHT MIX: THE PALETTE OF ASSESSMENTS



TALENT ACQUISITION

HCI White Paper

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By Susan Frear



EXECUTIVE SUMMARY

The cost of a bad hire can be considerable. Some experts estimate that a bad hire can result in losses of 1.5 to 3.5 times the incumbent's salary.¹ Because assessments have the potential of helping organizations do a better job of predicting which applicant will be the most successful in any given job, they have become a very popular tool in the employee selection process. In a recent survey of 180 businesses, 58 percent of the respondents indicated that they were currently using assessments and another 17 percent were anticipating using assessments as part of their employee search process.² These usage results were supported by a recent survey of participants in a recent Human Capital Institute webinar.³

Types of assessments that are commonly used range from interviews to more complex simulation exercises done in formal assessment centers. The types of assessments used should be selected carefully to ensure that they create the best opportunity to select the right employees. In addition, the implementation of informal and formal assessments should be planned in such a way that they support the overall business objectives of the organization or department and so that they are legally defensible.

Selecting the appropriate assessment tool can be confusing or complicated by the fact that there are many types of tools available. The decision to select a specific assessment is also complicated by the fact that many assessments are available in both a proctored testing format and in an unproctored internet testing (UIT) setting. The psychometric tools available to organizations help to determine both hard

skills such as verbal and mathematical ability and soft skills such as behavior and motivation.⁴ The key to making the best assessment selection is balancing the relationship between the effectiveness of the test with the efficiency of the test.⁵

Candidate assessments can make a dramatic impact on the profitability of an organization by lowering attrition and by increasing an employee's ability to become proficient in their job more rapidly. EMBARQ, a new telecom organization with 20,000 employees in 18 states has experienced savings in the millions since its implementation of a focused and targeted assessment program for customer service representatives and other customer facing positions within the organization.⁶ When assessments are constructed and selected to ensure that they accurately measure the knowledge, skills, and abilities required for a position, other organizations can experience similar results.

TYPES OF ASSESSMENTS

There are many assessment tools available to hiring managers and organizations. At the most elemental level is the biographical information that is typically made available from job application forms and resumes. "Biodata", as this information is called, includes past experiences that help organizations determine whether or not the candidate has exhibited successful behaviors or skills in their previous jobs. "Biodata" can also be obtained during the interview process and background checks. Almost all organizations utilize some form of "biodata" assessment.⁷

Gary Latham, Lise Saari, Elliot Pursell, and Michael Campion developed an assessment called the situational interview.⁸ In this tool, critical incidents

related to a specific job function are isolated and questions that highlight the required behaviors or competencies are created. These questions help organizations determine whether or not the candidate will respond as desired in specific and important situations. For example, if a business values attendance, it may construct a questions such as:

Your spouse and teenage children are sick in bed with colds. There are no relatives or friends available to look in on them. Your shift starts in three hours. What would you do in this situation?

- a. I'd stay home - my family comes first.
- b. I'd phone my supervisor and explain my situation.
- c. Since they only have colds, I'd come to work.⁹

The use of personality assessments has become more popular since the advent of the internet. Another reason that these tests are used more frequently is that they have become more accurate and

adaptable to different industries and jobs.¹⁰ One type of personality assessment, the multi-factor dimensional model, has achieved global acceptance over the last several years because its wide use and availability.¹¹

Cognitive tests or mental ability tests are those that measure the intellectual capabilities of the applicant. The types of abilities that these test measure include: memory span; numerical fluency; verbal comprehension; conceptual classification; general reasoning skills; spatial orientation; intuitive reasoning; and logical evaluation.¹² For almost all job positions, mental ability tests have been shown to be connected to job performance and as such these types of tests are a common form of assessment.¹³

Skill tests are another common form of assessment and include things such as typing tests or computer program language skills. These types of assessments measure skills that are linked to the types of skills that will be required on the job and successful measurements are based on the skills of the best performing job incumbents. Skills tests and job

Table 1 ¹⁴

Assessment/Item Type	Description
Background Info ("Biodata")	Ask about past experiences (education, work, life) that have been shown in large-sample research studies to predict success at work.
Situational Judgment	Ask what candidates think is best response in a work-related situation.
Personality	Traits, attitudes, values, and motivations that predict performance.
Cognitive Ability	Tests such as numerical reasoning, problem-solving, and critical thinking measures.
Skills	Activities that require candidates to demonstrate their proficiency (e.g., typing).
Job Knowledge	Questions that require specific job-knowledge and have right and wrong answers.
Simulation	Interactive demonstration of skills, aptitude, or abilities, designed to closely resemble actual job tasks. May not include items to answer, but rather tasks to perform.

knowledge tests are both utilized to determine how quickly the candidate, if selected, will be able to perform up to standard.

Perhaps the most complex type of assessment is a job simulation. Like the situational questionnaire, simulations are constructed to test a candidate's performance in critical incidents. For example, an applicant in a call center, may be asked to participate in a mock simulation of a live call with a customer. Table 1 provides a list of the various types of assessments and a brief description of the types of knowledge, skills, or abilities that they are able to assess.

ASSESSMENT PROGRAM BEST PRACTICES

So given the wide variety of assessment tools, which tool should be used and when? Dr. Ken Lahti, Director of Client Solutions at PreVisor, Inc., suggests that a good overall assessment program is structured to address concrete business needs while also incorporating formal decision rules. Lathi sug-

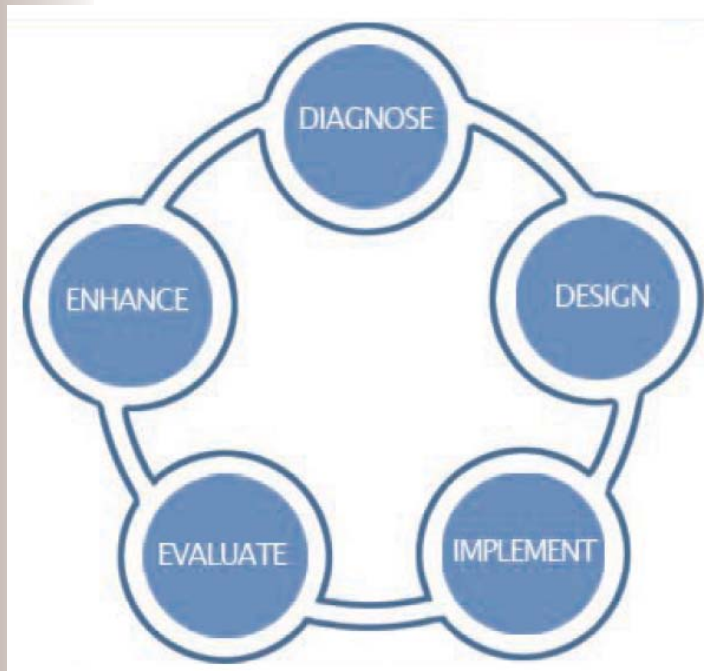
gests that the assessment program used by an organization should be developed using a comprehensive approach to needs analysis and evaluation (see Figure 1).

A good assessment program will be structured to address bona fide business needs, to evaluate candidates on job-related characteristics, and to utilize valid assessments that are implemented consistently (see Figure 1). The steps that an organization should take in developing their assessment program includes: diagnosis; design; implementation; evaluation; and enhancement. As the model indicates, this process is cyclical and ongoing. During an initial launch, the organization will want to determine their specific business needs. However, after the initial launch, the assessment structure should undergo a constant process of evaluation and change as the ability of the program to predict candidate success is measured and as business needs change.

One major consideration in determining what assessments that will be delivered is how they will be delivered. Organizations have the option of utilizing an onsite testing format and an offsite testing method. Both of these approaches have their benefits and limitations that must be considered when determining what approach is most likely to maximize both effectiveness and efficiency.

Onsite testing is done either at the employer's location or an assessment center and incorporates proctored testing and some degree of supervision (e.g. ID checks and monitoring). The key advantage to onsite testing is that it allows the organization to determine that the

Figure 1 ¹⁵



results obtained are truly the work of the candidate and not someone else. The disadvantage of onsite testing is that can be time intensive and requires more resources (e.g. proctor) than offsite testing. As a result, onsite testing can sometimes be more effective but at the expense of efficiency.

Offsite testing has also been termed unproctored internet testing (UIT). In this format, candidates are able to access the test from virtually any location that has internet access. Because of its convenience, UIT's are often used to reduce the candidate pool early in the selection process. These types of tests are also particularly useful in high volume selection programs and in situations where the candidates a geographically distributed.¹⁶ UIT's to some extent sacrifice effectiveness for efficiency. The effectiveness of UIT's can be enhanced by creating strong test security and using tests that have demonstrated validity.

SOLUTION DESIGN: THE RIGHT MIX

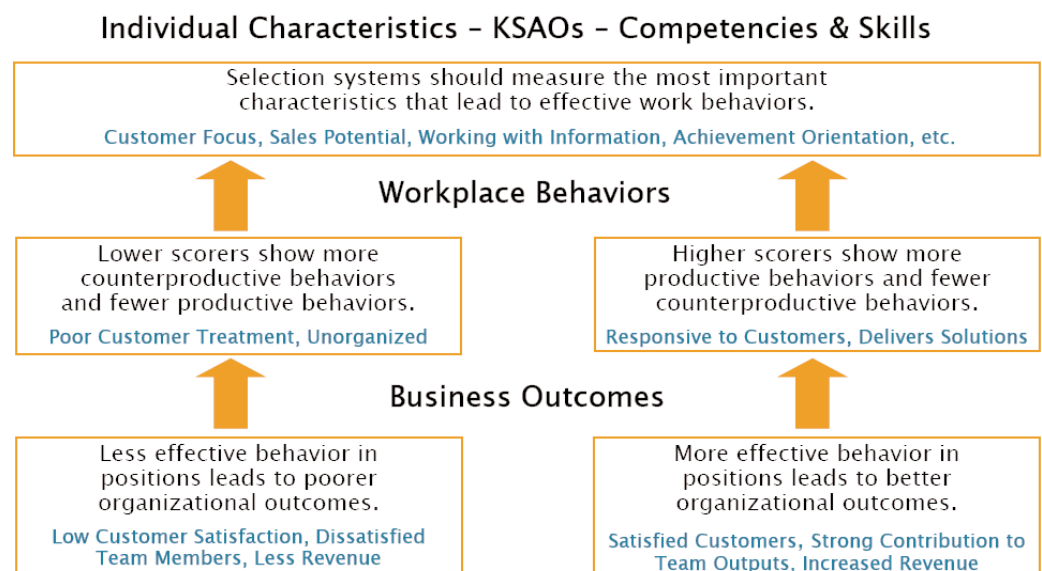
Lahti believes that the right mix of assessments is critical in establishing an assessment program that

produces results. A right mix will also assess an individuals potential versus their readiness. Figure 2 illustrates the links between the knowledge, skills, abilities, and other characteristics (KSAO's) and workplace behaviors and how these impact business outcomes. As the figure shows, when the selection process has correctly identified the most important job characteristics and when the appropriate assessments are selected to gauge these competencies, higher performers can make a more significant contribution to the overall business performance than lower performers. And the difference to the bottom line based on the abilities of the employee can be significant as can be seen in the EMBARQ case study.

A CASE STUDY: EMBARQ

EMBARQ is a relatively new organization in the telecommunications industry. With over fifty percent of its workforce in customer facing positions, the organization decided to implement a comprehensive assessment program to help facilitate its selection process. At this time, the organization has rolled out their assessment program to front-line

Figure 2 ¹⁷



customer facing roles and to first line supervisory positions in the Consumer Division. The organization expects to roll out the program to other division in the fourth quarter of 2007.

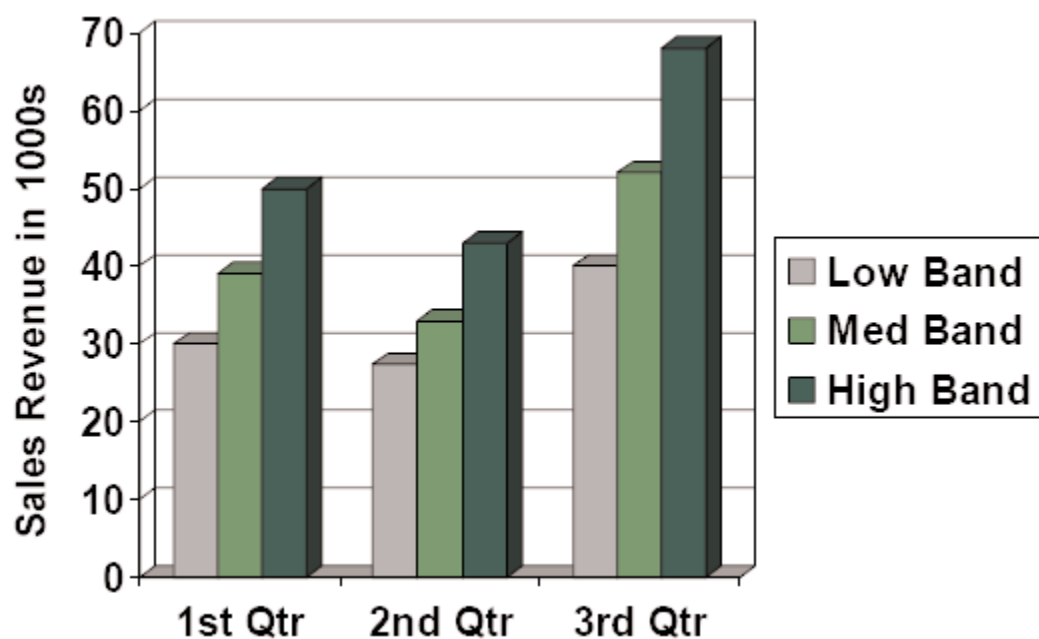
EMBARQ's assessment program utilizes a mix of internet based testing in both proctored and unproctored settings. These are supplemented by structured behavioral interviews. The organization has seen impressive bottom line results. This new hiring process has reduced turnover by 35% and has resulted in a savings of \$1.2 million in recruitment, training, and overtime costs. An additional \$1.25 million in revenue increase was created when the improved skills and abilities of the new hires resulted in a 25% increase in customer service satisfaction scores (see Figure 3). A high band (high-performing) new hire will outsell a low band (low performing) new hire by \$50,000 annually.¹⁹

Not only has EMBARQ achieved significant cost savings and revenue increases as a result of their targeted assessment program, they have also found

a number of best practices that can be utilized in any type of organization. First, Michael Blair, EMBARQ's Selection and Assessment Program Manager, suggests that organizations maximize their assessment capabilities by ensuring that all processes are aligned with the organization's business goals. If there currently exists any individual or process that potentially screens out good candidates, these must be changed. Blair states that the moral of this lesson is that organizations are using assessments and that it is in their best interests to make sure that the assessments that are being used are valid and legally defensible and linked to business objectives.

Like Lahti, Blair believes that the key to an effective assessment program lies in the ability to balance effectiveness and efficiency. Both are essential. With a previous employer, Blair experienced a case where an assessment was efficient but ineffective. In this case, a personality test was administered online. While the test was easy to administer and take, it could not be shown that the personality test

Figure 3 ¹⁸



was administered online. While the test was easy to administer and take, it could not be shown that the personality test was a good predictor of performance.²⁰

EMBARQ had an opposite experience when they first launched their sales assessment. In this case, a very long and intensive (one to two hours) test was administered. Because of the length of the test and the resources required to facilitate the test, hiring managers opted to switch around the interview and the test. By doing this, the hiring managers changed the overall assessment process in order to increase the efficiency of an otherwise effective test.²¹

In very general terms, EMBARQ found that a more successful assessment plan incorporated tests that measured all facets of an individual: practical skills, emotional skills, cognitive skills, and interpersonal skills. The implementation of the program was made easier by considering the candidate as a stakeholder. Candidates want testing to be fair and accurate and they want to be able to clearly see a connection between the test content and the job content. A good assessment program also considers the needs of incumbents, supervisors, and managers. EMBARQ found that support at the managerial level was critical for the success of the program.²²

CONCLUSION

EMBARQ's success with their assessment program implementation was not unique. More and more organizations are opting to use whatever resources they have at their disposal to ensure that they make the best hires possible. The Village Tavern, an eight unit restaurant chain based in North Carolina, used

pre-employment assessments to cut their turnover rate to 20% in an industry that has a turnover standard of 200%.²³ Martha LaCroix, Senior Vice President of Human Resources at The Yankee Candle Company, has elected to expand the use of assessment tools into the performance management arena. The same tests that are used to select employees can be effective tools in developing leadership assessments and other development programs.²⁴

The expansion into other business areas is becoming more widespread. Dennis LaRosee, Senior Vice President at PI Worldwide, believes that this better "integration of the recruitment process, selection process, performance management process, succession planning process" allows the organization to apply assessment tools throughout the employee life cycle.²⁵ While the use of assessments has expanded into other human resource areas, the use of assessments has also greatly increased internationally.

In large part, the popularity of global assessments has been caused by the availability of reliable and valid assessments online. Roger Holdsworth of Talent Q believes that these online assessments are "great for cost-effectiveness and speed."²⁶ It is certainly likely that the use of assessments both at a local and international level will increase due to the assessments abilities to accurately predict future performance and to target professional development opportunities.

Regardless of the rationale for using assessments, it is critically important that organizational goals and objectives are considered when developing an assessment program. A comprehensive study of the job requirements, the needs of the organization, the

needs of the candidates, and the needs of the hiring staff will only create a much more efficient and effective approach to both internal and external selection and performance management systems. And, this in turn, will result in improved business performance in terms of both tangible and intangible performance metrics.

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- ⁴ Bywater, J. (2006, September 28). Troubleshooter. Retrieved June 6, 2007 from www.peoplemanagement.co.uk.
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- ¹⁴ Human Capital Institute
- ¹⁵ Ibid
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²⁵ Ibid.

²⁶ Griffiths, J. (2006, September). Get worldly wise. People Management Guide

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PRESENTERS

Michael Blair **Selection and Assessment Program Manager** **Embarq Corporation**

Michael Blair, M.S., is a Selection and Assessment Program Manager for the Talent Management Division of EMBARQ Corporation. He serves as an internal consultant with a focus on job analysis, assessment, selection, performance management, and optimizing technology in the hiring process. The Selection and Assessment team leverages innovative and industry leading strategies to implement world class selection and development programs within EMBARQ Corporation. Michael started his career in industrial/organizational psychology in 1992, as a "Beltway Bandit" consultant in the Washington, DC area. He later joined the civil service sector where he worked at both the Federal and City/County levels, before returning to the private sector in 2002. Michael has seen the good, the bad, and the ugly of personnel selection and assessment. He is passionate about assessment and understands the impact that a premier selection process can have on employee and organizational performance. He has helped organizations redesign selection and promotional processes to better leverage technology.

gy and human capital, introduce alternatives to inefficient and ineffective assessment strategies, and better equip hiring managers to make sound and legally defensible hiring decisions. Michael has written articles and presented at conferences on numerous topics including innovation in assessment, internet-based testing, assessment centers, adverse impact, banding, job analysis, performance evaluation, and managerial assessment and development.

Ken Lahti, Ph.D.

Director, Client Solutions

PreVisor Inc.

Ken Lahti completed his Ph.D. in Industrial-Organizational Psychology (I/O) at Colorado State University and has over 10 years experience in the field of personnel selection and assessment. His interest areas include ROI / utility of assessment programs, selection system design, executive leadership processes, use of strategic vision to inspire employees, and employee citizenship and job performance. In his career, Ken has developed a variety of tools including personality assessments, cognitive ability and achievement tests, organizational culture/climate surveys, performance evaluations, and behavioral simulations and assessment centers. In addition, he has taught numerous university courses including psychometrics, graduate-level statistics, and the philosophy of science. Ken has been with PreVisor for four years and is currently Director of Client Solutions, where he works with Fortune 500 clients at the intersection of business and science, designing selection systems to meet strategic human capital management goals.

MODERATOR

Bill Craib

Vice President - HCI Communities

The Human Capital Institute

Prior to joining the Human Capital Institute, Bill was the Founding Director of AIRS Human Capital Solutions, and served as Director of Training and Curriculum Development from 1997 to 2003. An early Internet adopter and advocate of its far-reaching potential, Bill developed his practical experience by establishing an Internet-centric executive search practice focused on telecommunications. This endeavor helped lay the groundwork for the significant contributions he has made to the core curriculum of AIRS. Bill earned a BS Degree from the Newhouse School of Public Communications at Syracuse University and spent 10 years as a journalist working for several media organizations, including ESPN and the Rocky Mountain News, before entering the recruiting industry.

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