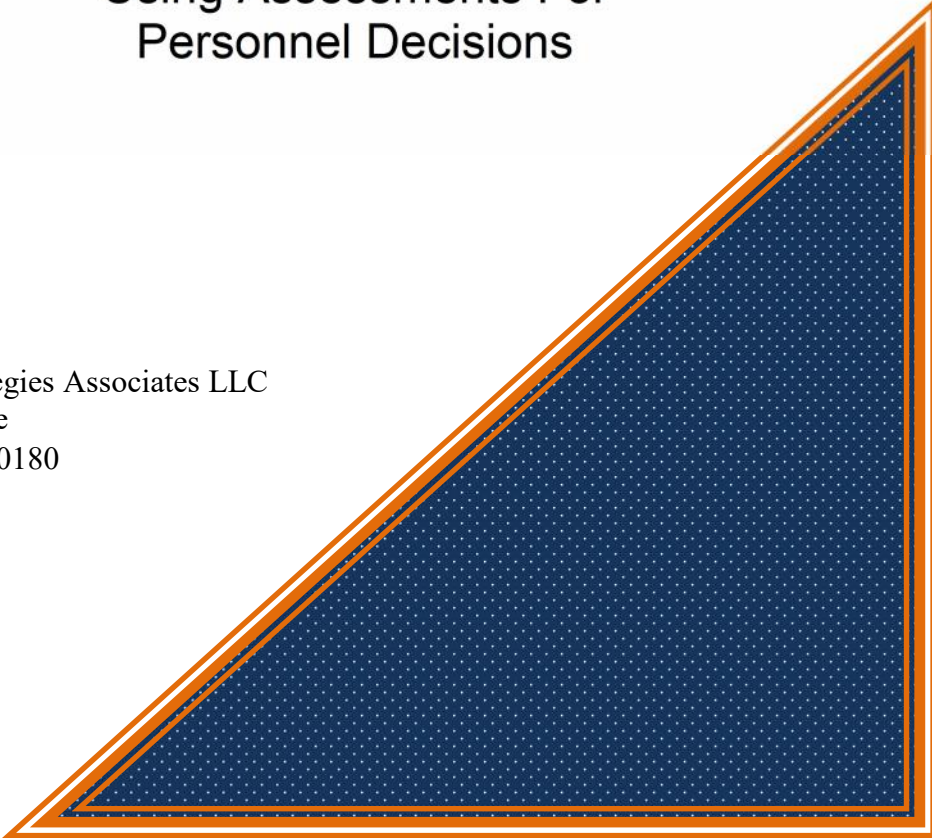




White Paper

Using Assessments For Personnel Decisions

Leadership Strategies Associates LLC
305 Hawks Ridge
Villa Rica, GA 30180
843.667.6797



Using Assessments for Personnel Decisions

By Ryan Scholz

Introduction:

Making good personnel decisions has a significant impact on the bottom line results of any organization. Our experience demonstrates that a selection process that uses accurate and validated assessments will have a significantly better track record in selecting winners than that achieved using traditional methods of selection.

Why Use Assessments?

In a study by Michigan State University, interviewing alone is only 14% effective in predicting successful job hires. The same study showed that combining interviews with candidate assessments and comparing the results against objectively determined job requirements, selection accuracy was improved to 85%. Even the best interviewers who are well versed in behavioral interviewing cannot get the same information that a well-designed assessment can.

“Interviewing alone is only 14% successful in predicting successful job hires”

Other research by the Harvard Business Review and Department of Labor generated the following information:

- Two out of three hires prove to be bad fits within the first year
- Ninety five percent of job applicants “exaggerate” on their resume and in interviews to get the job
- Most hiring decisions are made by intuition during the first few minutes of the interview
- Excellent people are often miscast into positions that fail to use their strengths.

It is obvious from this information that decision makers could benefit by having a better process for candidate selection.

Jack Welch, in his book *Jack*, makes the following statements:

"The inconsistency of my first hires was laughable. One of my most common errors was to hire on appearance."

"Many of my hiring mistakes reflected on my own silly prejudices. Academic pedigrees impressed me. In the early days, I fell in love with great resumes filled with degrees in different disciplines"

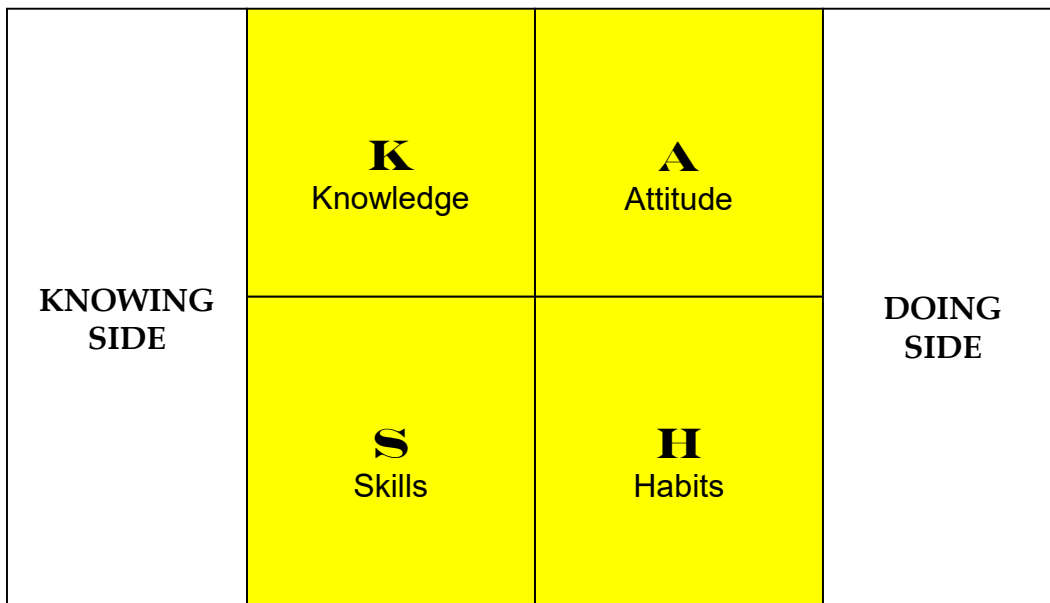
"In the hands of the inexperienced, resumes are dangerous weapons."

"Eventually, I learned that I was really looking for people who are filled with passion and a desire to get things done."

What Welch and other key leaders have found is that job fit is the single most important criteria for success. In a Harvard Business Review study of 300,000 subjects, the only statistically significant difference in job performance was the area of job match. Fit with the job has little to do with education or experience.

"The only statistical difference in job performance is job match"

I use the following model, called the "KASH Box" to make this point.



Traditionally the focus on personnel selection is placed on the "Knowing Side" of the box. The emphasis is on education and experience. While there are certainly key educational requirements for most jobs, recent research has shown that experience is not a key factor in job performance for most positions. Why do most people fail in their jobs?

"Experience is not a key factor in job performance"

The answer is usually not their skills and knowledge, but rather in their attitudes and habits. In my thirty years of management experience, I never remember terminating someone for poor performance because of their skills and knowledge. The key to hiring and retaining superior performers is finding people whose attitudes and habits, the "Doing Side", best match the needs of the job.

It is much more difficult to determine the doing side compared to the knowing side. People skilled in behavioral based interviewing can begin to assess these capabilities, but there is still room for subjectivity and error. Most people who interview prospective job candidates are not skilled in behavioral interviewing.

Organizations are now turning to objective assessments to assist of evaluating the doing side of the job selection equation. In 1999, less than fifteen percent of Fortune 500 companies were using some type of pre-employment assessment of soft skills. As of 2003, the number had increased to over sixty five percent. Now the figure is over eighty percent. The larger companies have figured out the enormous cost implication of making bad personnel decisions and are doing something about it.

"More than 80 percent of Fortune 500 companies use assessment of soft skills in their selection process."

What Can Assessments Measure?

While technical skills, knowledge, education, and experience are important and certainly not overlooked in the selection process, we focus our assessment on job match on those things typically called "soft skills". There are three dimensions of soft skills that we evaluate:

1. **Behavioral Traits.** Behavior is how a person does things and what they are comfortable doing. Attention to detail is an example of a behavioral trait. If a job requires detail-oriented person, it doesn't make sense to put someone in the job whose behavioral style is not consistent with this. Likewise, if a job requires someone who can think in big picture terms and not get bogged down in details, then a detail oriented person may not be suited to this job.
2. **Motivators and Values.** This dimension defines why people do things. It is the factor that creates energy and passion in a person. For example, if a person has what is called a high altruistic value, he or she has a passion for helping people. This person would do well in a job like teaching, customer service, or counseling.
3. **Personal Attributes.** Attributes are inherent capacities that each person has for thinking and reasoning. The way that a person applies these capacities determines his or her capability in a number of areas such as problem solving, relating to others, teamwork, handling stress, and self confidence.

Are Assessments Legal?

The EEOC has very specific guidelines regarding the use of assessments. Assessments cannot discriminate based on age, gender, or race. It is essential that any assessment that is used be independently validated as being non-discriminatory.

"It is essential that any assessment be independently validated as meeting EEOC guidelines."

Another EEOC requirement is that the assessment must measure things relevant to the job. This means that before an organization begin using assessments to evaluate candidates, it must have an objective, unbiased way to define the requirements of the job in terms of the factors being assessed.

The use of psychological or so called personality tests should be avoided. The Americans With Disabilities Acts (ADA) prohibits companies from discriminating in employment for medical conditions. A recent court ruling found that a particular psychological test was illegal since it violated the ADA. The output of any assessment should stick to business success factors and not deal with underlying psychological issues.

The assessments that we use have been independently evaluated for validity and reliability. They meet all of the EEOC requirements and have no age, gender, or age bias. The assessments are robust in that conditions at the time do not impact results. If a person takes an assessment today and then repeats a week from now, the results should be the same. All factors measured with our assessments have been correlated with business success.

What Is The Process?

We use a two-step process for candidate selection. The first step is to **benchmark the job**. The purpose the job benchmark is to objectively define those characteristics that a candidate should have in order to be a superior performer. Benchmarking begins by clearly defining the results and outcomes that the position is responsible for. Another way of looking at this is to ask the question – why does this job exists?

“Objectively determine those requirements that a candidate should have in order to be a superior performer.”

The purpose of defining results first is to eliminate the tendency to use our personal biases in defining characteristics needed for a job. For example, a person who is highly organized may feel that this should be a requirement of anyone in the job. There are many jobs where being highly organized has little impact on results. Therefore it should not be considered as a key factor.

As part of the benchmarking process, people currently doing the job are assessment and compared to the benchmark. Top and bottom

performers determined by the key outcomes and results identified are used to validate the benchmark.

The second step of the selection process is to **assess candidates against the benchmark**. Candidates take a series of assessment questionnaires via the Internet. It takes 20 to 30 minutes for candidates to complete the assessment questionnaires.

EEOC guidelines require that, if assessments are used for a position, that each candidate be given the same assessment at the same point in the selection process.

In comparing candidates to the benchmark, we characterize them into one of three categories:

- **Poor Fit** – high probability of failure in the job. There is significant mismatch or issues with job fit. We recommend that people who fall into this category not be hired even if interviews and experience are favorable.
- **Moderate Fit** – reasonable chance of being successful in the job. There may be one or more areas of significant mismatch that needs to be explored before making a final hiring decision.
- **Good Fit** – no significant areas of mismatch found.

Summary:

Use of assessments in personnel decisions is a quick, reliable, and cost effective way to significantly improve the chances of selecting a winner. It is important that the assessments are used as part of a process that ensures that the key factors required for superior performance in a job are objectively determined. Assessments need to be accurate, relevant, and meet all EEOC guidelines.