

Hiring By Design, Not By Chemistry

Competencies differ in the extent to which they can be taught. Content knowledge and behavioral skills are easiest to teach. Altering attitudes and values is harder. While changing motives and traits is possible the process is lengthy, difficult and expensive. From a cost-effectiveness standpoint, the rule is "hire for core motivation and trait characteristics, and develop knowledge and skills." Most organizations do the reverse: they hire on the basis of educational credentials (MBAs from good schools) and assume that candidates come with or can be indoctrinated with the appropriate motives and traits. It is more cost-effective to hire people with the "right (motive and trait) stuff" and train them in knowledge and skills needed to do specific jobs. Or, in the words of one personnel manager, "You can teach a turkey to climb a tree, but it's easier to hire a squirrel."

Competency Assessment Methods

Spencer, McClelland, & Spencer

Annual corporate turnover averaged around 15% in recent years. And, nearly 80% of turnover is due to hiring mistakes.

- Harvard University Study

Every new hire will ultimately contribute either to moving your business forward or to holding it back. The acquisition of "intellectual capital" is fast becoming the primary competitive advantage as we move toward the new millennium. So, why handicap your organization's competition for human resources by not exploiting the most advanced technology available for selecting the strongest candidates and for avoiding costly selection errors?

The Facts

- ❖ 50,000 organizations in the U.S. use testing to help them make decisions about hiring, placement, and promotion.
- ❖ Turnover, replacements, and retraining costs for a mid-level manager average \$320,000 (TRW Corporation study, 1991).
- ❖ The **cost spiral** that results from poor hires: salary, benefits, recruitment, training, medical claims, opportunity loss, impact on morale, customer ill-will, legal exposure; and productivity, quality, and profits all decrease.
- ❖ The worst candidates are typically screened out, but it's the marginal ones who slip through and who adversely impact your organization's productivity and morale (**and** it's hard to terminate them).
- ❖ **EEO guidelines** state: "... tests, when used in conjunction with other tools of personnel assessment ... aid in the development and maintenance of an efficient work force and ... aid in the utilization and conservation of human resources."

The Benefits

- ❖ It's objective, cost-effective, legal, and it works.
- ❖ Candidates are uniformly impressed that the organization takes its mission so seriously that it uses such a systematic and thorough approach to the acquisition of human resources.
- ❖ Testing significantly reduces turnover and the high costs associated with it.
- ❖ When the best-fit applicants are hired, they settle into the new position more quickly and travel the learning curve faster.
- ❖ The hiring evaluation report becomes a working document for the individual and their manager. With the evaluation report in hand, the manager has a much clearer understanding of how to motivate, develop, and coach the new hire.
- ❖ When correctly matched to a job, individuals perform for the satisfaction of mastery and achievement.

“We’ve found your assessment to be extremely reliable in determining critical competencies. Your expert system is a tremendous tool for determining the strengths and weaknesses of our applicants. We wouldn’t make a hiring decision without it.”

- Vice President of Human Resources
Financial services corporation

“When staffing key positions, we feel it is absolutely essential – for the best results for our company and the highest probability of success for the new hire – to use all available information, including your expert system (ASSESS), which is an in-depth psychological evaluation system. This is also a tool that’s been invaluable as a developmental instrument to help ensure the availability of qualified personnel to meet our future staffing needs.”

- Chief Executive Officer
National retail organization

The Process

❖ **Job analysis**

The job in question is evaluated with that job’s immediate boss. We identify the job’s critical success factors and understand who succeeds and who fails in this role.

❖ **Interview**

The candidate spends two to three hours in a structured interview with a consulting psychologist.

❖ **Computerized testing: Cognitive abilities**

The candidate is administered a battery of tests, tailored for the job in question. Tests used assess numeracy, verbal skills, critical thinking abilities, and mental alertness. Norms used by our expert systems are specific to the job class.

❖ **Computerized testing: Personality and vocational inventories**

The other portion of the tailored assessment battery generates insights into goodness-of-fit issues such as thinking style, motivators, emotional maturity, work style, interpersonal orientation, and influence style. Norms used by our expert system are specific to the job class.

The Information You’ll Have About The Candidate

❖ **Career outlook:** evaluation of career history, personal mission, and job motivators and de-motivators.

❖ **Cognitive abilities:** in-depth description of critical analytic skills, reasoning abilities, verbal and numeric skills, and mental quickness.

❖ **Use of cognitive abilities:** receptivity to ideas, problem-solving aptitude, and practicality/creativity of thought process.

❖ **Work style:** energy, pace, approach to planning and thinking, need for recognition, need for organizational freedom, attention to detail, orientation to action, work ethic and conscientiousness.

❖ **Emotional style:** optimism, restraint over feelings, objectivity about feedback, handling stress, management of strong emotions, resilience and composure.

❖ **Interpersonal factors:** sociability, assertiveness, first and lasting impressions, perceptiveness, competitiveness, agreeableness, acceptance of diversity, and service orientation.

“Poor hiring shows up not merely in poor decisions but also in poor morale. When the less competent employees reach critical mass, their low performance standards become the de facto standards of the organization. The longer established employees who are well equipped for the job abandon their old high standards and conform to the new, lower ones.”

- Frank Schmidt, Ph.D.
University of Iowa

The cost of training one technician averages \$70,000 and averages \$200,000 for an air traffic controller.

The last applicant seen is three times more likely to be hired when testing is not used.

Rule of thumb: *There are no “bad” or “good” employees. But, there are people who end up in the wrong job, which does a disservice to everyone. Consequently, the hiring process is better viewed as a compatibility study than thumbs up or thumbs down process.*

- ❖ **Management and leadership style:** desire to persuade and influence, approach to persuasion and influence, approach to managing relationships and conflict, communication style, and adverse factors that could impact relationships.
- ❖ **And more:** a graphic profile of 21 personality traits plus selected cognitive ability measures; topics for special consideration and their implications; management advice; specific follow-up interview probes to pose to the candidate and another set of questions to ask of references; and the ability to reanalyze the same data set and produce an in-depth developmental report.

Hire by design. Improve the odds.