



Going on a 'Which' Hunt: How Best-in-Class Organizations Are Leveraging Assessments to Impact Key Talent Metrics



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When discussing the topic of assessments with human resources professionals, I typically find myself answering two very good questions long before we make it to the best-practices portion of the conversation. Those are:

1. How can assessments add value to my talent management strategy?
2. Is data available that I can use to build a business case for implementing assessments in my organization?

It's important to understand the answers to these questions before we delve into the "which" hunt.

How can assessments add value to my talent management strategy?

First, assessments can increase the efficiency of the hiring process, reducing the time and resources spent by the organization. Given the current economic climate and resulting unemployment level, there is a lot of "chaff," or low potential talent seeking employment relative to the "wheat," or high potential talent in the candidate pool. Therefore, once the economic recovery begins moving upward more rapidly, the number of job openings will ramp up and employers will begin to experience a drain on resources as recruiters sort through all of the chaff to find the wheat. Assessments provide a filtering mechanism to quickly and accurately identify candidates who are worthy of greater time investments such as in-person interviews and job simulations.

Second, assessments can enhance the effectiveness of your screening and hiring decisions, thereby helping to increase revenue generating behavior among new hires and decreasing the costs and pain related to turnover.

As baby boomers retire and the war for talent ensues, there will be fewer candidates in the pool, so the problem won't be just a matter of separating the wheat from the chaff, but also a matter of having fewer opportunities to find and hire the wheat in general. For that reason, we must make the right hiring decision the first time as often as possible, because, with a depleted candidate pool, we won't be able to simply go back to the pool to solve our talent problems.

Making the right hiring decision the first time requires using tools that accurately predict on-the-job performance. Assessments can be an integral piece of the pie along with behavioral interviews and other performance indicators used to make sound employment decisions and investments in talent. In terms of bottom line impact, assessments can be designed to identify individuals with high likelihood for the desired behaviors in a specific job role that drive revenue while simultaneously screening-out candidates with a high propensity for counterproductive behavior and turnover, both of which increase organizational costs and pain for human resources professionals.

Is data available that I can use to build a business case for implementing assessments in my organization?

The short answer to this question is a resounding YES. There are various sources of research on this topic including one very recent report published earlier this year by the Aberdeen Group; Assessments in Talent Management, March 2009. The report examined strategies across nearly 400 organizations for using assessments in talent management. This report separated organizations into three categories based on assessment practices and successes: Best-in-Class, Average and Laggard. The maturity class categories were designated based on year-over-year improvement related to key performance indicators (KPIs) such as quality of hire, employee performance, and workforce productivity.

One striking statistic from the Aberdeen Group report was that Best-in-Class organizations leveraged assessments to boost quality of hire on average by 32%. This is in comparison to Average organizations (8% increase in quality of hire) and Laggard organizations (5% decrease in quality of hire). One would assume that this difference in organizational performance could be attributed, in part, to the fact that Best-in-Class organizations have adopted assessments for candidate screening while Average and Laggard organizations have not. Interestingly, this assumption is incorrect. According to the Aberdeen Group report, 91% of Best-in-Class organizations use assessments for pre-employment candidate screening compared to 89% of Average and Laggard organizations combined.

The obvious next question is, what are the Best-in-Class companies doing right or better with respect to assessments given that the adoption rate for candidate testing is very similar across all organizations?

The answer is that these high-performing organizations are successfully going on “which” hunts in an effort to implement high-quality assessment programs. Now, this is not a witch hunt as in the Salem witch trials of the late 1600s, nor does it resemble the McCarthyism of the 1950s. My concept of a “which” hunt (not witch hunt) is a series of discovery processes that an organization must undertake to create a solid foundation for a high-quality assessment strategy that will support the identification of high potentials during the pre-employment screening process and ultimately positively affect the bottom line. An effective which hunt will help a company identify:

- **WHICH Characteristics Should We Measure?**
- **WHICH Assessment Should We Use?**
- **WHICH Cut-Score Will Give Us Good Candidates?**

WHICH Characteristics Should We Measure?

According to the Aberdeen Group report, 70% of Best-in-Class organizations defined success profiles of top performer characteristics specific to each job in order to create a yardstick for selection, placement, and promotion decisions. This is compared to 46% of Average and 39% of Laggard organizations. This makes good sense given that you cannot hope to measure success, or choose an assessment that predicts success, until you define which traits lead to success in a specific job.

The Occupational Information Network (O*NET) is an online resource sponsored by the Department of Labor that reports profiles for over 800 occupations. O*NET provides 277 data points for each occupation covering abilities, skills, knowledge, work styles, and other characteristics. Clearly, if O*NET is any indication, the process of defining a job profile of required characteristics can be a daunting proposition to an organization looking to implement an assessment program to measure such characteristics.

Interestingly, the legendary UCLA men’s basketball coach John Wooden provides an excellent example of a simple, effective approach for defining the characteristics that lead to on-the-job success (hereafter, these characteristics will be referred to as competencies). Wooden knew, much like today’s Best-in-Class organizations, that before he could identify and recruit the basketball players he needed for his team (i.e., employees to fill jobs in an organization), he must first define the success characteristics required for his brand of basketball. The result is Wooden’s 60-year-old Pyramid of Success, which includes 15 competencies that he used as a benchmark when recruiting and developing his athletes. He built this pyramid based on what industrial/organizational psychologists refer to as the Can-Do/Will-Do Model. Of course Wooden wanted big, strong, athletically gifted individuals

who already had some of the competencies that traditionally lead to success as basketball players. However, he was more interested in asking the question, will they succeed? Of the 15 pyramid competencies, only two (skill and condition) are dedicated to Can-Do competencies. The remaining 13 competencies such as initiative, cooperation, enthusiasm, and self-control consist of Will-Do competencies which allow players to reach or even exceed their potential.

What Coach Wooden would have characterized as physical gifts and skills on the basketball court can typically be translated as “Can-Do Aptitudes” in the business world. For gaming and hospitality employees, these aptitudes and “mental horsepower” competencies include cognitive abilities, demonstrated capability for certain skills such as speed and accuracy in dealing cards, and mastery of specific areas of knowledge such as catering food preparation. Put simply, having these aptitudes indicates that you “can do” the job, but we all know that not everyone lives up to their potential.

The “Will-Do Attitudes” are often those competencies that allow employees to meet their potential and can even lead an employee with less raw ability to actually succeed beyond those more talented colleagues. These work styles include conscientiousness, interpersonal savvy, thinking style, adaptability, and emotional intelligence, among others. Human resources professionals and managers see the importance of the “Will-Do” side of the coin every day. Very smart, very talented employees often fall short of their full potential or fail because they do not work hard, do not play well with others (customers and/or teammates), and do not manage their emotions well at work.

Interestingly, these Can-Do and Will-Do competency labels are typically similar across jobs, but the specific “flavor” of each competency is where the rubber truly meets the road for predicting actual success on the job. For example, in terms of decision-making, does the job require making decisions as a team or making decisions alone? In terms of problem solving, does the job require constant innovation and creative thinking to overcome obstacles or simply following pre-determined set of procedures faithfully?

Beginning to understand the Can-Do Aptitudes and Will-Do Attitudes required for success in a specific job is the first step to defining a success profile that will guide you in determining WHICH competencies your assessment program needs to measure.

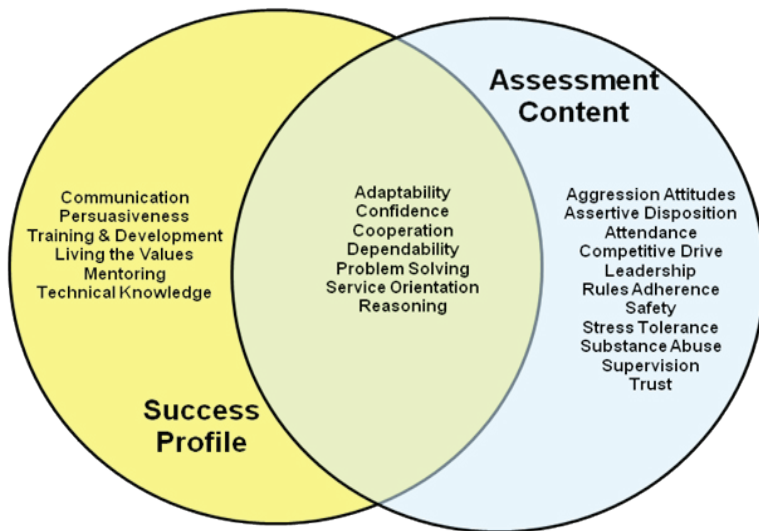
WHICH Assessment Should I Use?

Once you’ve defined your success profile, including the Can-Do and Will-Do competencies for a specific job, the next step is to identify an assessment that measures them. Today, it is very common for organizations to turn to assessment vendors for these tools given the time and expense required to create an in-house test from scratch. As we do with most ventures in life today, we might begin the search for an assessment

provider by using our good friend Google. When you type “assessment vendor” into Google, the result includes over 11 million hits! Which one should you choose?

The best assessment vendor for you is the one that can solve your problem. Why are you looking to implement an assessment in the first place? What are your business challenges? The likely answer is that you want to improve your organization’s capability related to key performance indicators (KPIs) including quality of hire, turnover, selection process efficiency, or some combination of these factors. The assessment program’s success will be highly dependent upon how closely it is aligned with your initiative to affect one, some, or all of these KPIs.

Most important, the assessment implementation must also be built on a foundation of the success profile. The central issue is the amount of overlap between the competencies in your success profile and the content of the assessment.



For the many different competencies to measure, there are different types of assessments. The Aberdeen Group reported the following usage frequencies by test type for Best-in-Class organizations:

- 78% Skills/Knowledge tests
- 69% Behavioral assessments
- 56% Cognitive/Critical thinking tests
- 51% Whole-Person approach (multiple test types bundled together)

Your assessment strategy doesn’t have to measure all competencies (that’s why we conduct interviews, administer basic qualification questions, collect resumes, etc.), but there should be significant overlap with the most critical components of the success profile. In order to achieve this, a combination of assessment types (i.e., the whole-person approach) may be necessary. A telling Aberdeen group statistic supports this

strategy, reporting that 51% of Best-in-Class organizations employ the whole-person assessment approach compared to 34% of Average and 24% of Laggard organizations.

When seeking an assessment vendor, let your business challenges and your success profile competencies be your guide, and consider the value of building the whole-person approach into your assessment strategy.

WHICH Cut-Score Will Give Me Good Candidates?

At this point, you have defined your success profile and selected an assessment strategy. Now for the last leg of the “which” hunt – interpreting the test results. While this task seems easy enough – low scores fail and high scores pass – the truth is that this can be quite challenging for two important reasons:

1. Bell curve cluster of scores – Candidate assessment scores, like most statistics, tend to cluster in the middle and resemble a bell shape when plotted on a graph. Therefore, on a 100-point scale you will find yourself having to sort through candidate scores in the 40s, 50s, and 60s far more often than you will see scores below 10 or scores above 90. Is a score of 40 good enough to meet the minimum requirements for the job? Or should you set your cut-score at 50 and above? These are delicate questions and can have a large impact on the success of your assessment program for screening-in high potentials and screening-out low potentials. The scores by themselves are just scores. What we must clearly understand is the relationship between assessment scores and job performance. This is also a matter of legal defensibility regarding the potential for adverse impact.
2. All competencies are not created equal – Depending on your assessment strategy, you will probably receive candidate results with scores across multiple competencies. This is good because it likely signifies that you are tapping into multiple components of your success profile. However, it also creates a challenge for interpretation because a candidate may score high on certain competencies and low on others. In order to make accurate, overall pass/fail decisions, you need a weighted equation to combine all of the competency scores in proportion to how important each competency is for on-the-job success.

Selecting a cut-score and figuring out how to weight competency scores in an equation sounds complicated, but think of it in the way a casino cage uses a credit score. If a casino is going to give someone a line of credit to gamble, the cage manager wants more than a high-level summary of age, income, salary, credit card debt, etc. to use when estimating the investment risk for that person. That approach is inconsistent, inaccurate, and not scalable. To make sound

lending decisions over time, casinos leverage a proven, weighted equation to combine these data points into an easily interpretable credit score with preset standards for great, good, and bad scores.

This is essentially how a validation study is used when implementing an assessment for candidate selection. Based on pre-rollout validation research linking test scores to job performance metrics, an overall assessment scoring equation is defined that combines the various competency scores and provides an overall potential score for the candidate. As with credit scores, standards are set by the human resources team regarding how to categorize low, moderate, and high scores to ensure consistency. It is not too much of a stretch to compare recruiters to cage managers given that the investment in a new employee is commonly well into the five-figure range once you account for hiring costs, compensation, and benefits.

According to the Aberdeen Report, statistically measuring the impact of assessments against actual job performance and other business metrics (i.e., validation) is a key differentiator for Best-in-Class organizations. Moreover, 66% of Best-in-Class organizations clearly define metrics against which the impact of assessments are measured compared to 45% and 33% of Average and Laggard organizations, respectively. The effectiveness of the assessment program must also be evaluated over time. The Aberdeen Report found that 65% of Best-in-Class organizations review the impact of assessments on key business metrics at least annually compared to 41% for both Average and Laggard organizations.

If you don't have the internal resources (e.g., Industrial/Organizational Psychologists) in your organization to perform this validation work, contact an external professional for help.

In Summary

Best-in-Class organizations are increasing the quality of newly hired employees in part by “doing it right” when it comes to assessments in talent management. The which hunt guidelines break up the process into concepts that are simpler to grasp and implement:

- Before we can measure anything we must define a benchmark (i.e., success profile).
- We must use that benchmark to guide us to pick the right tool for the job (i.e., assessment).
- We have to know how to read the measurements the tool is giving us and do regular checkups to make sure the measurements are accurate (i.e., cut-scores).

For those readers who have not yet leveraged assessments in their talent management strategy, the which hunt can serve as a high-level roadmap on where to begin and how to proceed. For those with experience using assessments for pre-employment selection, the points covered during the “which” hunt are good benchmarks to use when auditing your assessment strategy and determining opportunities for enhancement.