

Prescription for Success: The Strategic Hiring System

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Any system that utilizes psychometrics to improve the hiring and promotion of employees who have good integrity, reliability, work ethic, appropriate attitudes about substance abuse and who are a strong fit to their respective jobs has three elements:

- The assessment instrument(s).
- The assessment report delivery system.
- The company who supports the above.

A hiring system reflecting today's best practices in human capital management will use psychometric employment assessments strategically to save time and money. Each element required to create a strategic hiring system that is capable of a high return on investment is outlined below.

The Assessment Instrument

It is estimated that there are over 3,000 employment assessment publishers. The selection of an instrument can be a challenging task, but if the following criteria are applied, an effective test will be chosen.

1. As obvious as this may seem, experience suggests it worth noting that the assessment must be constructed to specifically measure the desired characteristics, traits, attitudes and skills under consideration.
2. The assessment should have a proven track record – widely used by many companies with consistent and tangible results.
3. The assessment should be of high quality – .75 and above for reliability and exhibit high validity (the American Psychological Association suggests a minimum of .70 in reliability for an assessment to be used for hiring purposes).
4. A legal opinion should be provided, rendered by labor law experts asserting that the instrument does not on its face violate any federal or California statute, regulation or case law. (California is generally considered most stringent of the states in regulation of Human Resources issues).
5. A Technical Manual must be provided, detailing the research conducted to construct the test and reporting the reliability coefficients outlined in number 3 above.
6. The instrument selected should not recommend or require local validation for maximum effectiveness.
7. The instrument selected should be preferably a normative assessment, not ipsative in construction.
8. The assessments selected should be available in several languages as required by the organization's applicant/employee labor pool.
9. The assessment reports should be computer scored and generated; applicants should be able to take the test in both a paper/pencil version or at a PC.
10. The assessment reports should be written in plain business language and display results in both text and graphics for quick use.
11. The reports should not require professional interpretation, extensive training or user certification to be implemented.
12. The assessment report should include verbal interview questions related to the test results. This critical feature insures consistency in the interview process and greatly enhances the information available for hiring decisions.
13. Other than pre-employment screening tests, the assessments should be capable of constructing benchmarks for top performance (Job Patterns), based on real-world performance of people succeeding in the job under consideration. These benchmarks should reflect the unique cognitive skills, behavioral traits and occupational interests required for success in each job under consideration.

The Delivery System

The technology available today provides an opportunity for companies to establish assessment systems that are convenient to administer and provide immediate reports. A state of the art system will have the following characteristics:

1. Test scoring and report generation is handled entirely by computers to avoid errors. Report delivery via fax is not necessary.
2. The assessment software and database is accessed using the Internet so that tests can be administered and data reviewed from any location in any time zone where Internet accessed is provided, without impacting the local IT structure.
3. The assessment system is scalable to meet the requirements of the organization's enterprise structure.
4. Assessment system software upgrades should be provided at a minimal cost and require very little additional training time to use the new features.
5. The assessment Internet site must be highly secure, hosted by the test publisher and supported by a robust IT department.
6. Administration of the assessments can be done independently and require minimal training and time to set up a test. Applicants should be able to take assessments on-line using the Internet.

7. The assessment system software should include resources to import and export assessment data for analytic purposes. Spreadsheet tools should be readily available to seamlessly accept the exported data.

The Company

The most important element in the development and implementation of a strategic hiring system is the company that creates and supports that system. When organizations simply purchase employment tests, experience shows that there is a low probability for long term improvement of the workforce and thus a good return on investment. Selecting a consulting firm with relevant experience, capabilities and services is more likely to produce lasting solutions and a significant return on investment. Look for a company that demonstrates the following:

1. The consulting firm uses high quality, proven assessments and state of the art report delivery systems.
2. The firm is conversant in your labor market and has a track record of solving problems there.
3. The consultants are invested in and can demonstrate capabilities in analyzing assessment data to convert information into knowledge that results in increased profitability and reduced expenses.
4. The consulting firm is experienced in creating strategic hiring systems that have the following elements:
 - Construction of a hiring process manual tailored to the unique needs of your company and one that can be implemented throughout the organization.
 - Efficient training of staff selected to administer the assessments and the provision of ongoing technical support for independent administration instead of dependence on the firm.
 - Efficient training for managers in how to leverage the information derived from the employment tests to create actionable strategies that increase profits on a daily basis.
 - Assistance in developing accurate cost of hiring data to produce the ROI breakeven point.
 - Provision of a cost-benefit analysis showing successive percentage points for additional savings and increased ROI from reductions in turnover and increases in productivity and sales.
 - Analysis of hiring outcomes to constantly adjust selection criterion to increase the probability of “good hires”.

Summary

The employment assessment industry is growing rapidly. As we often see in such market circumstances, the promise of these types of psychometrics for higher profitability is accompanied by many opportunities for disappointment.

Employment assessments, of high or low quality, are just raw information. Maximizing use of that information in producing desired outcomes requires guidance based on experience and expertise. Organizations that choose to form partnerships with experienced consulting firms to create and maintain strategic hiring systems are much more likely to experience long term solutions to their people challenges and a significant return on investment.

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The Strategic Development of Human Capital

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