

*The Power to Predict Performance.*TM

Retain Your Employees Before You Hire Them

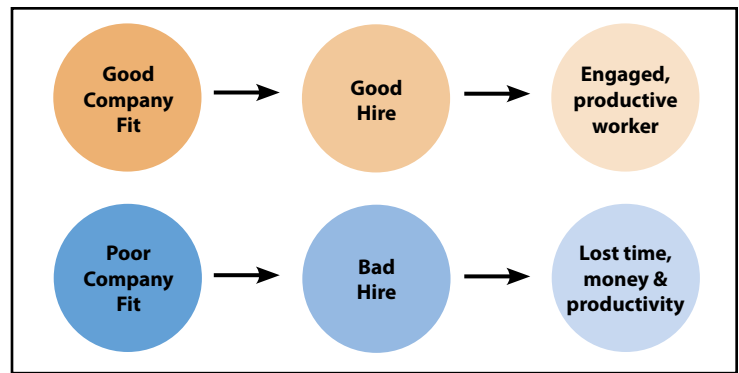
Looking Beyond the Resume
and Understanding the Individual

PEARSON

Retain Your Employees Before You Hire Them

Introduction

With all the discussion and emphasis that employers give to the topic of retention, it is important to recognise that the most critical step in retaining employees comes before the hire itself.



Good leaders commonly state that they surround themselves with the best people. In turn, high-performing business cultures are fueled by employees who deliver productivity, innovation, and profitability. But first, an organisation needs to view and understand its job candidates as individuals, rather than as simple resumes. Recent survey results from Business 21 Publishing reveal that 78% of HR executives said retention was at or near the top of their priority list. Only 5% said it wasn't. But only 20% of companies are taking proactive measures to ensure that their best people stay put. The alternative is employee turnover, which costs organisations billions of dollars per year—an estimated 1.5 times the salary of each employee who has to be replaced. For example, a store manager making \$70,000 plus an additional \$25,000 in benefits would cost approximately \$142,500 to replace.

Although retention is a key metric of hiring success, it remains elusive. A good hire fits well within the organisation's culture, and the individual's abilities are properly aligned to their job-specific role within the organisation. This alignment results in the individual's being engaged and contributing to the bottom line with productive work. A bad hire saps the bottom line as hiring managers must restart the hiring cycle — wasting time, money and productivity. Journalist Leslie Taylor writes in a recent Inc. Magazine article, "Aside from the actual cost of hiring and training new employees, turnover can also contribute to customer service disruption, declines in morale among remaining employees, and loss of corporate memory."

The turnover phenomenon is complex, and no single activity will be "the" solution to reducing it. However, there are aspects of turnover that organisations can indeed control. Looking beyond the resume and employing the crucial tools of talent selection – namely, assessing an individual's abilities, skills and personality – are critical measures that take place before an employee ever joins the organisation. According to a recent report entitled Pre-employment Testing and Assessments: What is the State of the Art? by the Aberdeen Group, employers are using skill tests and behavioral assessments to determine the ability of an applicant and the likelihood of his success in the organisation and position.

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0800 942 722 (NZ)

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(Leadership IQ)

Elements of a Good Hire

If candidate screening were automatic and effortless, there would be few hiring misfires. But the turnover crisis illustrates a disconnect between sound theory and actual practice, chiefly because of the traditional tools usually employed in talent selection.

Resumes represent a static list of skills and job duties, but cannot speak to how well the person performs unsupervised or on a tight deadline. Reference checks can also be tricky: first, candidates naturally stack the deck in their favor with those who only have positive things to say; and second, supervisors are so wary of litigation that they may say little or nothing that's useful. Employers who pride themselves on being able to "read" people and so go with their gut instincts need to realize that there's more to the hiring story than how candidates present themselves.

The typical interview questions (e.g., "Where do you see yourself in five years?"; "Why are you the right person for this job?") seem designed to encourage smooth-talking instead of candid, self-critical evaluation. Many of the most important questions — those regarding the prospect's essential nature, and the preferences and aptitudes that make him an individual — are not asked. These defining qualities are also essential for prospective employers, because they predict job performance and satisfaction. The more job performance-relevant information employers have, the greater the likelihood of building, and retaining, an engaged, productive workforce.

So then, how can employers get that information? What are the qualities that make for a good hire? Each job has its particular requirements, but just because someone is qualified on paper doesn't mean

they'll be ideal for the job. Employers need to be clear about their needs and expectations for any given position up front — before the hiring process begins. A variety of measurements are necessary, and they work together to create a good hire. These include an individual's abilities, skills and personality (Table 1.1).

Leadership IQ, a Washington, D.C., training and leadership development company, conducted a three-year survey of 5,200 hiring managers and found that 46 percent of new hires fail within the first 18 months. Only 11 percent of these hires lost their job because they lacked the proper skills, 26 percent failed because they couldn't accept feedback, 23 percent failed because they couldn't manage their emotions, 17 percent failed because they lacked motivation, and 15 percent failed because they had the wrong temperament for the job.



Personality and ability are complex qualities that

Elements of a Good Hire continued...

cannot be adequately determined from an interview or by reading a resume. They require objective assessment. Professional assessments maximise person-job fit so that the individual hired is capable of doing — and is willing to do — the best job possible. Optimising employee energy in this way optimises an organisation's performance; increased productivity, innovation and profitability will follow.

Professional assessment does not mean hours of training, or day-long job interviews. Assessments

can be administered in as little as 20 minutes, either online or on paper. Scoring is standardised so that no special training is required. Ability assessments evaluate capabilities (e.g., mathematical and verbal aptitude, reasoning, critical thinking, ability to process information), while workplace personality assessments provide insights on qualities such as stress tolerance, dependability, innovation, adaptability and motivations.

Table 1.1

Behavioral Interview	A person's abilities are the cornerstone for the foundation of a good hire: for example, how well someone assesses and interprets information, solves problems and makes decisions. Does the person use good reasoning? How quickly does she learn? How good is he at processing information? It is necessary to know these inherent qualities in order to determine proper job fit. They are less obvious than skill with spreadsheets, however, and require a different approach.
Skills	Skills encompass the proficiencies learned over time, such as computer programming, book-keeping or Microsoft Office expertise. Information regarding individuals' certification, training or educational degree can provide insight into the individual's skills.
Personality	Knowing a potential employee's work style (or personality) helps ensure that the values of the individual and the organisation are in line. It's also an early warning of potential derailers to success. How a person tolerates stress, how persistent and dependable they are, how they juggle multiple demands...these, and many other markers, help determine suitability for a particular position. A person who prefers to work alone, for example, would probably not succeed in a job that entails a high level of teamwork or close supervision.

“Our proactive approach to hiring has enabled us to pick the right people for the right job, which has reduced voluntary and involuntary turnover.”

(Kristi Schmidlap, Human Resource Manager for Corrugated Services)

Practical Implications

With proven and reliable assessments available in the market today, the fear that the assessments are inaccurate or depend upon personal judgment is not an issue for human resource professionals who choose assessments that have properly documented validation research. Modern assessments are backed by decades of research and close analysis of that research. Authors Prien, Schippmann, and Prien emphasise the research evidence supporting cognitive assessment as the best single predictor of job performance. Well-known personality researchers like Barrick and Mount have found that personality consistently predicts job performance across all levels of work, from semi-skilled to executive. And Schmidt and Hunter’s meta-analysis revealed that a combined approach of using ability and personality assessments produces results that have the highest predictive validity of all.

Today’s assessments are scientifically and “real-world” validated, yet easy to administer and score. With the technology and expertise available, it makes good sense to incorporate assessments into the hiring strategy. Therefore, an efficient and objective qualified hiring process translates into lasting employees who enjoy their jobs and are high performers.

For example, Corrugated Services LP is the largest independent producer of recycled containerboard in the United States and has used pre-employment assessments for 20 years. Kristi Schmidlap, Human Resource Manager for Corrugated Services, says that a high-performance workforce is critical to their organisation. “In our business, equipment utilisation is critical to maintain margins. Our plant maintenance personnel’s problem-solving skills and the ability to think outside the box are keys to maximising utilisation. The Bennett Mechanical as-

essment is essential in our hiring process to ensure we select the right candidates with these abilities. Our proactive approach to hiring has enabled us to pick the right people for the right job, which has reduced voluntary and involuntary turnover.”

Of all the measures that could be included in the predictor mix comprising the assessment protocol, the research evidence for the validity of cognitive ability tests is the strongest. The thousands of individual studies that have been conducted in the past 90 years and the dozens upon dozens of meta-analytic studies that have been conducted in the past 20 years present incontrovertible evidence supporting the use of cognitive ability across situations and occupations with varying job requirements...In our view, the only question becomes: Which measures of cognitive ability should be included in the assessment protocol?” [Prien, E.P., Schippmann, J.S., & Prien, K.O. (2003). Individual assessment as practiced in industry and consulting. Mahwah, NJ: Erlbaum, page 55.]

Customised Assessment Experts

With 85 years of experience in the assessment field, Pearson Clinical and Talent Assessment uses a combined approach of measuring an individual's work style and abilities to help their clients, including half of the Fortune 500, optimise their hiring processes. The company's Talent Assessment products help clients make smarter hiring and employee development decisions. Their comprehensive suite of assessments gives human resource professionals strategic tools to effectively manage their workforce. Pearson Clinical and Talent Assessment has a legacy of providing superior quality products backed by rigorous research & development and industry and occupational norms to meet the changing needs of businesses and organisations.

CenTec, Inc., based in Greenville, South Carolina, is an organisation focused on recruiting, training and assessment of world class maintenance technicians for manufacturers. Over the past 15 years, CenTec has been using assessments in the recruitment process. "Our mission is to provide high-value recruiting, training, and assessment of maintenance technicians for companies in North America", says Marty Chapman, of CenTec. "In today's manufacturing environment there is a growing need for multi-skill personnel. We have found that by incorporating aptitude assessments at the beginning of the hiring process followed by customised skills assessments, we are able to identify highly skilled candidates with a predictable growth potential. The Pearson Clinical and Talent Assessment products have enabled us to reduce the number of assessments used by as much as 50% during the hiring process because of their superior predictive performance quality."

To find out how Pearson Clinical and Talent Assessment can improve your retention by providing rapid, accurate and unbiased understanding of individuals, go to www.pearsonpsychcorp.com.au

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