

Pre-Employment Assessment as a Key Ingredient for Quality-Based Hiring

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Executive Summary

The purpose of this whitepaper is to provide an overview of the concept of quality-based hiring and the role that pre-employment assessment plays in helping organizations to systematically make sound hiring and placement decisions.

Quality-based hiring requires the identification of key performance outcomes and related behaviors AND their systematic measurement during the hiring process. While assessment can add value at many different points in the hiring process, it has tremendous value as an initial tool that can rapidly identify and “screen out” applicants who do not have what it takes to perform a specific. When used in this capacity, assessment provides a “quality measure” that identifies individuals who are more likely to be successful and allows hiring professionals to focus their time and energy on these persons. Such assessments are most effective when they focus on measuring several different types of applicant characteristics and behaviors, including:

- Job-specific knowledge and skills
- Background, education and experience
- Personality traits
- Behavioral competencies required for success

An assessment program that is based on a more complete picture of the applicant helps to increase the accuracy of decisions made during the hiring process. The data provided from this type of initial assessment allows hiring professionals’ insight that is valuable to helping them perform their jobs, but is not the only data that should be used to make hiring decisions. Sound hiring requires that hiring professionals collect additional information to help confirm or disprove the results of the assessment process. A key ingredient of quality-based hiring involves organizations “closing the loop” on the hiring process by collecting data that provides the ability to demonstrate ROI related to the hiring process.

Section I. Introduction

Anyone who has ever had to make a hiring decision will tell you that it can be an extremely difficult exercise. Why is it that something that is so essential to an organization's effective functioning – and seemingly “business as usual” - so difficult? To answer this question, we need to first take a look at some of the things that can make hiring frustrating. These include:

- **High applicant volume**

While having a large applicant pool can be a good thing because it provides lots of choices (and implies the existence of an adequate number of strong candidates), high applicant volume can also be extremely frustrating if the right tools aren't available to help separate the best talent from the merely adequate and the unqualified. In many cases, organizations just don't have the time and resources needed to evaluate each and every resume to the level required to fully understand an individual's potential contribution.

- **Shortcomings of the resume**

The resume is an omnipresent and seemingly essential part of the hiring process; frustratingly enough, it is also an extremely unreliable recruiting tool. Resumes are not standardized, arrive in a variety of formats, and lengths; and do not always provide clarity on the “real deal” when it comes to an applicant's ability to perform a specific job.

Not insignificantly, reviewing and taking action on resumes (whether downloaded from a job site or directly acquired via email or snail mail) is often rated by managers as one of their most stressful and annoying tasks. Taking up valuable time with a dissatisfying and mentally-challenging task can be frustrating because it keeps hiring managers away from other critical job duties.

- **Time crunch**

The reason that a hiring requisition is opened in the first place is because there is work to be done! The longer this work remains unattended to, the further away the company is from meeting its strategic goals and objectives. This often creates tension between taking the time to thoroughly evaluate applicants and simply filling the position with the first decent candidate.

- **Vague requirements**

One of the most common issues limiting the effectiveness of hiring decisions is a lack of a clear understanding of what skills, knowledge, experience, and competencies are required to perform the job in question. If one does not understand what is required to perform a job effectively, how can they be sure they are hiring someone who has what it takes?

To be sure, recruiting staff often report frustration with managers over incomplete or vague descriptions of what they're looking for in a new hire, especially when a job is new or has changed significantly. Whereas required technical skills are somewhat easy to identify, the need for - and relative importance - of behaviorally based competencies such as planning and organization skills, coaching co-workers and direct reports, and collaboration with customers and peers are more difficult to articulate. Providing managers with the ability to easily describe their ideal new hire improves communication with recruiters and is the first step in finding the right candidate for the job. Unfortunately, this is the exception rather than the rule.

- **Narrow focus**

It is often the case that applicants are evaluated and hired based on a very narrowly defined definition of success. For instance, applicants are often evaluated based on their level of a specific technical skill (e.g., C++ programming, quality assurance.) While such a skill may be extremely critical to the job, there are often other factors that, if not evaluated, will play a major role in both long and short-term employee performance. Unfortunately, it is often difficult to convince those managing new hires to focus beyond the immediate technical need to ensure that an applicant has other values and traits that are essential to job performance.

- **Lack of standardization**

Effective hiring requires a standard process that is followed by all persons making hiring decisions. The more deviation occurs between hiring professionals, the less sure one can be about the ability of those hired to share the common traits required for success.

- **Legal compliance**

While most of us in the recruitment and hiring world do our best to ensure EEO compliance and attention to potential legal pitfalls, it can be a difficult thing to fully understand and even more difficult to put into practice. Leaders as well as recruiting staff default to their own well-worn hiring process - and sacrifice enhancements to the hiring process - because they incorrectly assume that they will assume greater legal risk.

All of the issues above make talent acquisition stressful because they are all factors that can lead to errors in judgment that increase the likelihood of making a bad hire (or at least reduce the likelihood of an above-average hire.) Of course, a perfect track record in hiring decisions is impossible, but the good news is that there are some relatively simple things organizations can do to help overcome these obstacles in order to help systematically increase the accuracy of their hiring decisions. We refer to these strategies as the essential ingredients of a "quality-based hiring process."

The remainder of this whitepaper presents an overview of the concept of quality-based hiring, the ingredients that are essential to its implementation and execution, and the outcomes that can be expected from it.

Section II. What is “Quality-Based Hiring?”

While there are many pathways to a good hiring decision, a focus on the quality of applicants in the hiring process requires attention to a core set of best practices. Furthermore, while there are many steps to most hiring processes (i.e., resume evaluation, recruiter/HR interview, hiring manager interview, background check, and often many more), the very first steps taken in the hiring process are perhaps the most critical. For instance, if you are not able to remove unqualified applicants early in the process, the possibility of less desirable employees getting hired is greatly increased.

The old adage “an ounce of prevention is worth a pound of cure” comes to mind for any of us who have ever had to deal with the ramifications that often come with making a bad hire. So, while best practices for hiring can involve a wide range of activities and processes, quality-based hiring starts with attention to a few key guidelines. These include:

- **Understanding and documenting job performance requirements**
It is impossible to make a good hire if you don't hire based on the applicant's ability to perform the job. Doing this right requires taking the time to understand the various qualities that add up to success for the job in question. These usually include experience, knowledge, skills, abilities (KSAs), competencies, etc. No matter what they are called, these are the standards that will ultimately define quality of hire so they are an essential focus during the hiring process.
- **Using scientifically-based measurement**
One of the best ways to ensure a quality focus is to evaluate applicants using the right set of tools for the job. Every hiring decision is the result of both objective and subjective evaluations. The key is to ensure that scientifically-based, objective information is collected and provided to decisions makers so that their subjective decisions are informed by meaningful data. For decades, we employee assessment experts have been using a proven set of measurement tools that we know can provide consistent information about an applicant's ability to perform key job requirements. Quality-based hiring requires the use of such tools and less use of poorly conceived, faddish, and unreliable methods, to provide accurate information about candidates.
- **Creating a standardized process**
One of the least beneficial habits companies fall into is allowing separate and/or far-flung departments, regions, or individual functions to select assessment tools and create their own “ad hoc” hiring processes. Of course,

it is important to trust the judgments of experienced hiring personnel; at the same time, consistency underlies quality. Therefore, quality-based hiring requires that all applicant evaluations follow the same steps and that all applicants are judged using the same data. Moreover, legal compliance is enhanced by treating all applicants in a similar manner.

- **Quickly identifying unqualified applicants (A.K.A. screening out)**
Quality requires that applicants that don't have what it takes will be quickly and effortlessly removed from the applicant pool. High applicant volume and the difficulty of comparing qualifications across resumes often make this very difficult for hiring personnel. The good news is that technology has provided us with many ways to evaluate and sort applicants in a quick and efficient manner. The faster hiring professionals are able to focus on the applicants with the best chance of success, the more quickly a qualified applicant can be contributing to the organization.
- **Supplying decision makers with accurate data**
At the end of the day, all hiring decisions are made by hiring professionals, not the results of one test or of an automated process. A key pillar of quality based hiring involves informed decision making. All of the things discussed so far should be oriented towards providing all decision makers with the ability to systematically make decisions based on quality, job related information.

We have now identified the basic elements of a quality-based hiring process. The next sections of this paper take a closer look at the specific components that are required to implement quality-based hiring, focusing on the type of evaluative methods required and their placement within the hiring process.

Section III. Implementing Quality-Based Hiring

While it is easy to discuss the ideas behind quality-based hiring, it is often more difficult to implement them into the organization's hiring process. This section provides an overview of two key areas that must be considered as part of any quality-based hiring initiative, a set of steps that must be followed to ensure effective and relevant measurement (the roots of quality) and process that results from them (the process required to ensure the execution of quality).

A. Steps required for effective measurement - The components of a quality-based hiring process are relatively consistent across different types of jobs, and are, in general, improved versions of the traditional steps found in most hiring processes. These include:

- **Determine relevant KSAs and competencies.** Usually known as "job analysis", "profiling" or often "competency modeling", this first step either gets the hiring process for a particular job off on the right foot or distracts

recruitment or hiring staff from assessing the correct qualities of applicants.

The benefits of accurately completing this step are hard to overstate. As most research underscores, the more specific information that can be documented about the characteristics required for success, the better. This applies even in terms of something seemingly easy to wrap one's hands around, like "sales." It is easy – and seems appropriate - to group all sales positions into one category, but differences in the best performers in each type of role do exist and are critical for bringing in the right people. For example, experienced sales managers would agree that outside, long-term relational sales require a different set of characteristics than phone-based transactional sales. Identifying these differences and subtleties leads to more accurate hiring decisions.

Establishing the KSAs and competencies necessary for success is often based on interviews with managers and incumbents, a review of job documentation, internal knowledge regarding the characteristics of successful performers, or past research on the appropriate qualifications for the role. An even more powerful approach is to use existing information regarding appropriate competencies for assessment (derived from research and prior competency modeling work), and use these as a basis for profiling the open position.

- **Automate and standardize the collection of basic qualifications.** In this initial stage of determining how to hire or promote individuals into a critical role, the leader of the hiring effort determines the most important basic qualifications necessary to successfully perform the job.

In a refinement of the traditional job application and 21st Century approach, basic qualifications for the job may be collected in a standardized manner in order to systematize the most critical information normally sought from resumes. This includes, but is not limited to:

- Number of years in a particular industry
- Experience with supervision and leadership
- Degrees and certifications held
- Particular variety of role held (e.g., face-to-face vs. phone-based customer service)
- Openness to relocation and travel

Instead of pulling these qualities from an ominous pile of resumes, this information can be collected electronically as part of an on-line application process. This allows key information to be parsed apart and algorithms can be created to index the level of match between an individual and the

requirements of a specific job, allowing direct comparison of qualifications across candidates.

- **Select assessments for the most important competencies for the role.** Even more powerful than general qualifications screening are assessments of behavioral competencies and specific skills. In this early stage of the hiring process, the traditional candidate selection funnel may be drastically improved and made much more efficient by going beyond mundane job experiences. Specifically, the goal is to ask candidates to indicate familiarity with desirable performance qualities and the most appropriate behaviors to use in particular situations. Common areas include **customer service**, such as what to do in a situation where a customer has a serious complaint and is acting out in an emotional and negative manner; **sales**, with assessments of knowledge of appropriate strategies for prospecting, expanding current clients, and closing sales; **teamwork and collaboration**, especially in terms of resolving conflict, assisting co-workers with difficult work situations, and supporting a team-based atmosphere. Numerous other possibilities exist and there are varying levels of evaluation that can be used depending on the contingencies of the situation.
- **Develop a process for narrowing down the applicant pool.** Instead of pushing out all candidates to recruiting and managers using all of the tools detailed above to sort applicants and eliminate those that do not match the requirements of the job (screening out) and to take a closer look at candidates that are qualified (screening in) offers a huge improvement in the efficiency and accuracy of any selection process.
- **Invest in a deeper dialogue with qualified applicants.** Once a short list of qualified candidates has been identified, it now makes sense for both parties to get better acquainted. This often involves the use of additional, more focused assessment tools as well as interviews with various personnel. The goal here is to invest time with individuals who offer the greatest chance of being successful.

B. Placement within hiring process – Once the tools detailed above are in place, how is the traditional hiring process enhanced and turned into a best practices based talent acquisition system? It starts with the following:

1. **Push strong candidates to the application process.** Through strong employer branding, thoughtful use of job boards, and an easy-to-access job site, companies may attract strong applicants to the hiring process, with the goal of “roping in” even the most passive job seekers.
2. **Collect basic qualifications and screen out initial applicants.** The first step in making life easier for hiring managers is to remove

obviously unqualified candidates from the talent pool. As described above, this is accomplished by directly assessing experience, degrees held, etc.

3. **Encourage candidates to complete the assessments.** Once candidates have been screened on the obvious characteristics, they may immediately be screened according to “deeper” assessments of their proficiency in both behavioral competencies and technical skills. As described in the previous section, these include interpersonal competencies and key success factors such as, for example, the ability to close sales or modify an employee schedule.
4. **Score assessments and provide hiring team with a selective list.** At this point in the process, hiring managers should be provided with a quality-based, short list of applicants that is the end result of a “screening out” process in which unqualified members of the initial group are removed from further consideration. Most importantly, this reduces the number of resumes for review by recruiting staff and managers and represents an enhancement of the quality of their work lives, mostly because it simply reduces the quantity while increasing the quality. Moreover, the standardization of the format of client qualifications makes for a less mentally-taxing process. This is because knowledge, skills, and competencies are described in a common language and are therefore more easily compared across candidates.
5. **Forward qualified applicants to initial screening interviews.** Now that recruiters have an idea of who is the best and the brightest – instead of an ambiguous, overwhelming pile of resumes, direct contact with applicants may begin, with recruiters reaching out to these qualified candidates.
6. **Use deeper and broader assessments to more intensively evaluate remaining candidates.** The carefully screened, smaller group of candidates available at this stage now represents a much more elite group than the earlier hodge-podge of unfiltered job applicants known only by their resumes. Therefore, it becomes critical to use broader assessments to sort through them to arrive at the best hiring decision via the idea of “screening in” those who one knows are qualified.

Numerous research-based, legally-compliant methods for screening in exist. These include work samples and simulations, tests of computer skills, job knowledge, managerial assessment center exercises, and multiple standardized interviews with a variety of key stakeholders.

While there are bound to be a range of variations in every hiring process, including the components discussed in this section in a logical sequence that will provide hiring professionals with sorted, ranked lists of qualified candidates based on the use of job related screening and assessment tools will definitely add tremendous value in almost every situation. The following section provides additional insight into some of the issues that must be faced as part of a quality-based hiring process.

IV. Using Quality-Based Hiring in the Real World- Potential limitations

In looking at quality-based hiring, there are two types of limitations that must often be considered. The first of these are limitations presented by the organization itself. The second involves limitations inherent in predicting human performance. This section takes a brief look at each of these types of limitations and provides some brief commentary about how to overcome them.

A. Organizational limitations

As with many things, there is often a difference between the ideal and what reality will allow. Making broad based changes to hiring processes is not always easy to do as many political, economic, and organizational factors can create limitations that prevent organizations from being able to make sweeping changes to how they hire. The good news here is that as we learn more about how to use technology to create a new breed of hiring tools, it has become even easier to leverage sound assessment methods as a value add to almost any hiring process. There are a variety of web based systems that provide organizations with the ability to automate the screening out process without making wholesale changes to their entire hiring game plan. Of course it always pays to take extra time to build a process that meets the criteria described earlier in this paper, but when hands are tied, it is nice to know that there are an increasing number of options for building quality into the hiring process.

B. Measurement limitations

When it comes to pre-employment assessment there are some inherent limitations that should be noted. These things are not reasons to avoid using assessment, but rather represent factors that should be considered as part of a basic understanding of assessment itself. We feel this type of limitation is primarily due to the following:

- First, people are complex, and there are usually many pathways to success in a particular occupation. The result is that some good candidates don't look so great when assessed in a standardized process but are actually quite proficient. Conversely, some individuals who meet carefully-derived qualifications may still fail due to other issues, whether

personal or organizational. The idea here is that people are complex and unpredictable such that it is very hard to predict success with a high degree of accuracy. Despite this, a well-crafted assessment process can increase accuracy at levels that will ensure high levels of ROI.

- Next, other recruitment and hiring systems in use by the organization set boundaries on the long-term impact of the use of assessment tools. The most important is the one-on-one interview. Sophisticated, online recruitment and hiring tools do not reverse the effects of unstructured conversations with applicants. There is still a need to standardize the interview process via implementation of a behavior-based, proven approach, especially as interviews represent the most labor-intensive and common aspect of recruitment and hiring.

Despite the limitations noted here, there is still tremendous value in taking the steps to create a quality-based hiring process, even if these steps are taken slowly and cautiously. The next section of this paper provides insight into the steps needed to examine the effectiveness of a quality-based hiring process, a necessary step in any quality focused process.

V. Continuously Improving the Hiring Process

The primary question to be asked by organizations developing their hiring with assessment technology is, “Does it work?” Fortunately, nearly 60 years of evidence has accumulated to reveal that a methodical, scientifically-based selection strategy is a more-than-worthwhile investment for a typical organization. From a variety of critical angles, careful research has confirmed that thoughtful improvements to hiring systems result in more accurate hiring decisions.

The evidence demonstrating that pre-employment assessment works is good news because it provides a very compelling argument for making it a part of one’s hiring process. But how did we come to know that assessment works? We are able to make this statement because thousands of organizations have made an investment in examining the effectiveness of their assessment process. We feel that this process of “closing the loop” is an essential one. Indeed anyone who is a fan of the Six Sigma methodology as a way to understand, create, and improve quality should feel very comfortable with the need to evaluate quality-based initiatives. Quality-based hiring is no different and we feel strongly that any quality-based hiring process should include a feedback loop that has been designed to provide valuable insight into the effectiveness it imparts.

A full discussion of measuring quality is beyond the scope of this paper but the following provide a good idea of some of the questions that should be asked in regards to the effectiveness and quality level of a hiring system. These include:

- Is there a statistical link to job performance? Known usually as a “validity study” this typically involves comparing scores on assessment tools to measures of job performance.
- Are there reductions in turnover, absenteeism, and counterproductive behavior such as theft? More of a long-term focus for analysis, many organizations already track these indicators. Comparisons before and after implementation of quality-based hiring may be performed if this data is available.
- Is the system fair, not a source of discrimination? A variety of straightforward formulas and EEO-approved methodologies are available to answer this critical question.
- Was the candidate experience engaging and worth the applicant’s time? Simply asking candidates whether or not they enjoyed the experience and their general impression of the organization provides a wealth of information helpful to keeping one’s hiring system up to task.

Collecting the data required to follow-up on the questions above is what truly separates the savvy organization from the rest of the pack because they provide the basis for understanding quality as it relates to the hiring process. Moreover, it is possible to systematize and automate the answers to these questions within Six-Sigma or similar approaches to quality assurance because they provide the data required to make improvements to the process, thus helping to provide a continual increase in levels of quality.

Section VI. Summary and Conclusions

The savvy organization is already aware of most of the main points of this paper, so what do the best organizations do to ensure that their efforts at building scientifically-based assessments pay off? The following are typical of companies that take hiring seriously:

- Start with the most critical jobs first.
- Match the requirements of the job to your assessment tools; the more specific to a particular job, the more they will accurately assess your candidates
- Build a selection system on a foundation of established assessment tools, not faddish or unproven questionnaires or tests.
- Invest in the proper amount of resources necessary for success; don’t short-circuit hiring efforts by skimping or short-cutting.

The final piece of the puzzle is evaluation of how well scientific selection systems work. In investigating the impact of their recruitment and hiring strategies, many organizations find immediate impact, but all find ways to make ongoing improvements to their processes and tools. Overall, the benefits of quality-based hiring are available to any organization; it is up to the leadership of companies

both small and large to facilitate the implementation of these tools and reap the benefits of more talented employees.