

# CALIPER

## USING PRE-EMPLOYMENT ASSESSMENTS IN THE SELECTION PROCESS

*How to hire the right people the first time.*

## EXECUTIVE SUMMARY

The war for talent means every hire counts, yet many organizations still use legacy methods to evaluate it. Resumes and interviews are vital to examining candidates' experiences, but hiring managers need more to assist them in their effort to discover, recruit and place talent.

Enter pre-employee assessments. These tools offer a valid, compliant and data-driven way to ensure hires are matched to the jobs that best fit their strengths. Assessments aren't just for the hiring process either — HR leaders can use the right assessment tools throughout the employee lifecycle, matching skills to roles as employees progress in their career paths. The result of assessment use is a more engaged and productive workforce.

The business benefits don't lie. Research shows that when employees are matched to their jobs, they stay in their roles longer, work more discretionary hours and perform better overall. For companies, this means less cost for attrition, more productivity and better performance.

## INTRODUCTION

Do the people who answer your job postings have the right blend of skills and traits to fill your job openings? A recent study suggests that perhaps they don't. In that study, only 7 percent of hiring managers felt their candidates had the right skills.<sup>1</sup> While candidates might be out there, many HR leaders don't have full confidence in the talent workforce. More than 8 in 10 executives believe that having the right talent in place is both critical to fulfilling organizational growth strategy and directly impacts revenue.<sup>2</sup>

Given this climate, why is it so difficult to fill positions with the right candidates? The answer might relate to the nature of hiring itself. Interviews are a subjective evaluation of a candidate's likelihood of success. A successful interview may simply mean the candidate is good at interviews and might not be a direct indication of how he or she will perform on the job.

In today's labor market, where the cost of a bad hire can easily run into tens of thousands of dollars, organizations need more than simple opinions of candidates. When properly applied, personality assessments can assist hiring managers by providing an objective data point in the process by looking beyond how candidates perform in the interview and predicting how well they'll perform in the job. The data from these tools should ideally be utilized to inform the process and conduct behavioral-based interviewing questions that can clarify or uncover those behaviors that may become performance obstacles.

## HIRING TRENDS BY THE NUMBERS



On average, 250 resumes are submitted to the typical corporate job opening.<sup>3</sup>



The average cost per hire in 2016 was more than \$4,000<sup>4</sup> (and much higher for specialized professional roles).



The average employee tenure at an organization is eight years.<sup>5</sup>



The biggest reason people switch jobs is for career opportunity.<sup>6</sup>

## THE HIRING CHALLENGE

### *Why is it hard to hire right the first time?*

What's going on in today's job market? Simply put, the war for talent is getting tougher. Organizations are finding it harder than ever to hire and retain high-potential employees. There are several factors challenging HR leaders and their ability to make quality hires. A job might attract a great many candidates, making sifting through resumes a challenge. An applicant tracking system may help keep skills and traits organized, but it can't make the hiring process any easier on its own.

In addition to the sheer number of candidates HR leaders might have for their open positions, they may be working with legacy hiring practices, which don't often reveal if a candidate will be a good fit for the organization. Short screeners or standard job interviews are longstanding hiring practices, and might not give the best indication that a candidate will become a great employee once hired. And while hiring great employees can be very beneficial to the bottom line, bad employees can be detrimental to the business.

<sup>1</sup>Career Advisory Board (2012). *Executive Summary: The Career Advisory Board Job Preparedness Indicator Study*. <sup>2</sup>Rogers, B. (2013). *The Talent Imperative: The essential — and overlooked — ingredient for corporate growth*. Forbes Insights. <sup>3</sup>Glassdoor (2017). *Top HR Statistics*.

<sup>4</sup>SHRM. *2016 Human Capital Benchmarking Report*. <sup>5</sup>Ibid. <sup>6</sup>LinkedIn. *The Ultimate List of Hiring Statistics*.

## THE COSTS OF A BAD HIRE

### What's the risk involved?

When hiring employees, there's always a certain amount of risk involved — two years ago, the average cost of a basic hire was \$4,000,<sup>7</sup> and even higher for specialized roles. The return on investment for employees can be exemplary, but only if that candidate is well-placed. If employees are hired who aren't suited to their roles, the cost to the organization can skyrocket, sometimes into tens of thousands of dollars.

What's the true cost of a bad hire? Estimates vary, but the Department of Labor suggests the cost is 30 percent of an employee's total first-year earnings. For executives, the cost can be even higher.<sup>8</sup> And this is pure dollar costs, to say nothing of the potential loss of some of the customer base or damage to employee morale.<sup>9</sup>

What about today's workforce speaks to the need for effective hiring assessments? First, conducting assessments can reduce the risk of a bad hiring decision. In an ideal world, every hire would find success in the organization and provide a wealth of business value. However, that's not always the case, and hiring mistakes happen. A key issue is that often organizations don't have enough hard data on why some employees succeed where others fail, and non-data-driven hiring has the potential to increase the chance of making talent-related mistakes.

What causes a bad hire? Recruiters might place too much emphasis on the interview, which can lead to hiring interview stars whose work performance might not match up to their presentation. Other common hiring mistakes include giving more weight to formal education, hiring people who are like those already in the organization or ignoring cultural fit when examining candidates.

How can organizations avoid these mistakes? One way is to incorporate valid hiring assessments, like the **Caliper Profile**, into the hiring and development process.

## COMMON HIRING MISTAKES

- Placing too much emphasis on experience and not enough on potential
- Placing undue weight on interview performance
- Hiring too many people with similar work styles
- Overlooking cultural fit
- Being overly impressed by formal or Ivy League education
- Thinking all hiring red flags can be fixed with training
- Poaching candidates from competitors
- Spending too much time in the interview talking instead of listening
- Neglecting proper onboarding practices

## QUALITIES OF A GOOD ASSESSMENT

### What makes an effective personality assessment?

What makes a good personality assessment that will deliver the insights you need to make the right hire? Not all assessments are created equal, and you should feel confident the one you're using will deliver solid business results.

There are many examples of fun assessments that could reveal a candidate's style. However, such assessments can only reveal so much. In fact, many of these assessments are often misused — using development-related assessments for hiring or making critical hire decisions based on only four personality characteristics. An effective assessment should measure work-related traits and behaviors that will directly correlate to the position. Work has become more strategic, with low-level tasks being more automated while critical-thinking tasks are left to humans. For this reason, a quality assessment should also measure cognitive ability — does your candidate have the traits necessary for critical thinking decisions?

Assessments should also measure an employee's ability to adapt and evolve. Roles are constantly changing, and research suggests that 65 percent of the jobs the latest generation will perform over their lifetime don't yet exist. Since roles aren't stagnant, candidates will need adaptability and flexibility in their job roles. Assessments should be able to measure how well employees will change as their job requirements shift.

How do you know an assessment is good? To be considered for use, assessments should be compliant with state and federal laws and have a limited degree of fakeability using forced-choice or some other validated methodology. To get the most out of the assessment, it should be long enough to generate meaningful insights and be useful in more than just hiring — quality assessments can be used for employee development as well.

Organizations might face challenges securing buy-in from senior leaders for using personality assessments as part of their hiring process. There might not be enough budget or the right skills on the hiring team to implement an assessment phase. Organizations might believe assessments are only something large organizations do, and aren't worth their time. Additionally, some leaders may have had a poor experience using assessments in the past, often due to the improper selection of an assessment provider or misuse of an employee assessment solution. As a result, many organizations miss a key opportunity for improving their process.



Two years ago, the average cost of a basic hire was \$4,000<sup>7</sup>

<sup>7</sup>SHRM. 2016 Human Capital Benchmarking Report. <sup>8</sup>Torch Group (2018). "The True Cost of a Bad Hire." <sup>9</sup>Gladstone, J (2017). "The Cost of a Bad Hire." EBI <sup>10</sup>Manpower Group (2017). Human Age 2.0: Future Forces at Work.

## CASE STUDY

When an apparel organization needed to maintain its high standards and increase performance among sales representatives, it turned to Caliper. While Caliper had initially created a benchmark to help the organization hire top performers, the organization's business model had changed.

Caliper re-evaluated the benchmark by studying personality and performance data of more than 100 current sales representatives to pinpoint the traits the organization should look for going forward.

**Thanks to the improved benchmark, the organization experienced:**

**20%** An increase in weekly sales  
by 20 percent the first year

**40%** and nearly 40 percent  
the second year



## THE 7 QUALITIES OF AN EFFECTIVE PERSONALITY ASSESSMENT



**INCLUDES  
COGNITIVE  
MEASUREMENT**



**MEASURES WORK-  
RELATED BEHAVIORS**

**HAS LIMITED  
POTENTIAL FOR  
DISTORTION**



**COMPLIES  
WITH STATE  
AND FEDERAL  
REGULATIONS**



**VALID FOR JOB  
MATCHING**



**DELIVERS  
VERSATILE  
RESULTS**



**IS AN  
APPROPRIATE  
LENGTH**

## CASE STUDY

When Avis Budget Group wanted to hire more people with the potential to become top performers, it turned to Caliper to help it identify those high potentials during the hiring and selection process.

Avis Budget Group administered the **Caliper Profile** to its entire salesforce — 600 employees. It then matched assessment results to employee performance reviews and career aspirations. Thanks to the **Caliper Profile**, Avis Budget Group not only created a blueprint for the qualities it was looking for in new hires, but it also demonstrated more organizational commitment to its current employees to improve retention.



## THE CALIPER PROFILE: OVERVIEW

### What is the Caliper Profile?

The **Caliper Profile** is a valid and reliable personality assessment designed to align an individual's natural tendencies with a specific job model. The assessment has been developed in accordance with all legal standards and is ADA<sup>11</sup> and EEOC<sup>12</sup> compliant. The assessment is valid for use across a wide range of job models and industries.

### Profile validity and scientific features

Scores in the **Caliper Profile** are the culmination of analytics and job performance data from more than 6 million people around the world. Profile scores are valid, reliable and delivered in an easy-to-understand format. The assessment helps measure 56 competencies and 280 different behaviors. Caliper's criterion-related validity reflects the power of scales to accurately predict workplace behavior. Caliper's research and development team stays up to date on the latest assessment refinements and communicates those to account managers and advisors. The result is a team of experts who are well-versed in the nuances of the tool and can advise you on which personality attributes would be the most critical for the successful job performances you seek in your candidates.<sup>13</sup>



**52** job models that span **56** competencies, **280** behaviors and organized into **7** competency categories

### Job matching

The **Caliper Profile** has been validated for use in numerous job models and leadership levels, such as customer service, analytics, business development, managers and even the most senior leaders. It can be used beyond hiring as well, with the ability to develop employees more fully as they evolve with the organization. This creates tremendous business value and a business case for the tool — the profile can be used end to end throughout the employee lifecycle to ensure employees are in their best roles and the business experiences maximum results.

<sup>11</sup>To comply with ADA rules, the **Caliper Profile** only predicts work behavior; it doesn't measure psychological or behavioral disorders. <sup>12</sup>Caliper takes steps to meet the 4/5 rule and avoid adverse impact in its assessments. The job-match rate for any group in a protected class must be at least 4/5 of the job-match rate for the unprotected class. This ensures assessments do not place any protected class (race/gender/age group) at a disadvantage.<sup>13</sup> The **Caliper Profile** has test-retest reliability of .81. The average validity coefficient between **Caliper Profile** scores and job performance ranges from .29 to .39. These numbers are at or above industry standards.



## CASE STUDY

AltaVista had always been committed to finding top talent that meshed with its work culture, but needed something more from its hiring process to better assemble higher-performing teams. It partnered with Caliper and used the Caliper Analytics™ tool to help achieve its business goals.

Thanks to greater access and analysis of analytics, AltaVista reduced turnover, increased career path opportunities and found high-performing talent among in-house employees, whom it could then set up for future promotions.



## NEXT STEPS

### *How to implement pre-employment hiring assessments in your organization.*

While pre-employment assessment tests don't replace the hiring process entirely, their use will augment current practices and bring data analytics to the hiring process. This allows your HR staff to make informed decisions on whom to hire and how best to develop them.

How do you begin implementing assessments? Start by identifying what you want the assessment to achieve. What qualities are you looking for in new hires? Where has your organization experienced roadblocks in the hiring process? How could you use a personality assessment to mitigate those roadblocks? Then secure leadership buy-in with a well-crafted business case. By identifying key attributes and capabilities of your ideal hires, your HR team will be better able to match employees to roles they'll succeed in, resulting in greater productivity to the organization.

### When and where to use assessments in the hiring process

Assessments should be either used as part of the candidate screening process or to select among final job candidates. A thorough hiring assessment should be used in conjunction with other best practices such as behavioral interviews and background checks.

The **Caliper Profile** is easy to administer and can integrate with a variety of HR software platforms. A client portal allows easy access to reports and analytics. HR leaders just need to send Caliper their job descriptions, which Caliper will align to their model.

Once the hire is brought on board, the **Caliper Profile** results can be used throughout the employee lifecycle. The data achieved from the initial assessment can support onboarding and coaching initiatives as well as team diagnostics with the Caliper Talent Audit, succession planning and corporate culture engagements.

## CONCLUSION

Now more than ever, organizations need data-driven solutions for everything they do. This extends to hiring — organizations need to know their candidates will succeed and thrive in their roles. The **Caliper Profile** was developed in accordance with the U.S. Department of Labor and the American Psychological Association and is the data-driven solution organizations need to make successful hiring decisions. The profile isn't just for new hires, either. Organizations can use the profile to map out job paths and match employees to roles where they're best suited throughout their tenure. By leveraging talent analytics, organizations set their employees up for success and have the most positive effect on the bottom line through effective workforce development.

# APPENDIX

## About

### Caliper

For over 50 years, Caliper has helped leading companies make the right hiring decisions, offering a full suite of services from pre-employment screening to talent management. Learn more about the following Caliper solutions to help you avoid the most common hiring mistakes:



**Caliper Certification** provides you with the knowledge, credentials and skills to interpret Caliper Profile results and become your organization's in-house talent management expert. Programs are offered via public, private and virtual workshops throughout the year.



**Caliper Essentials for Selection** is a selection-based report that helps add consistency to your hiring process, using data from an individual's Caliper Profile results. Report insights include a candidate's recommendation score with a consultation with a Caliper expert, an overview of strengths and developmental opportunities, insights about work style, customized behavioral interview questions and manager recommendations.



**Caliper Essentials for Coaching** is a coaching report generated from an individual's Caliper Profile results that provides an overview of natural strengths and developmental opportunities for coaching purposes. It also includes customized coaching questions and manager recommendations as well as insights into work style.



**Individual Developmental Guide** is a report for candidate or employee consumption, derived from their Caliper Profile results, to help them understand their strengths and areas of improvement, build on their strengths and handle challenges. It also provides an overview of their workstyle and a customizable Joint Action Plan that they can develop with their manager.



**Caliper Precision Series** is a self-paced, technology-hosted learning experience that provides specific skill development for key sales roles. Leveraging over 20 years of science from the Caliper Profile, the CPS helps learners maximize their strengths and develop areas of improvement via targeted, micro-learning modules.



**Caliper Analytics** is Caliper's award-winning talent management platform that allows users to analyze their Caliper Profile assessment data to answer critical questions about selection, development and workforce planning. Easily build a visual representation of your teams to support informed recruiting decisions or quickly pinpoint the differences between top performers and underachievers.

#### Caliper can also partner with you on:

- Competency models and validation studies
- High-potential employee development programs
- Team development
- Action learning
- Executive coaching and leadership development
- Organizational development
- Succession management



## CASE STUDY

JJ Taylor didn't have a way to measure the depth of its leadership talent pool. Before partnering with Caliper, JJ Taylor had only performance and job history metrics to rely on for identifying high potentials for leadership roles. It needed something more.

JJ Taylor began using a host of Caliper products — including Caliper assessment reports, Individual Developmental Guides and Talent Audit data analysis — to gain greater insight into the depth of its leadership talent pool. Thanks to Caliper, JJ Taylor was better able to make informed leadership decisions and develop a higher quality leadership team, with a bigger pipeline for future leadership roles.

If you would like to learn more about hiring productive people, improving employee engagement or developing a more effective team, please contact [brett.sutch@iiaba.net](mailto:brett.sutch@iiaba.net) or call us at (609) 524-1200 and identify yourself as a Big "I" member.





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