

Online Selection Assessments: Science or Séance *Know What You're Getting*

Lewis Hollweg, Ph.D.

TECHNOLOGY SPEEDS BUSINESS TREND

The use of employee hiring assessment tools and systems has been a rapidly growing aspect of American business and continues to increase with the adoption of Application Tracking Systems (ATS) and Hiring Management Systems (HMS). Employers are becoming more and more focused on making sure that the right person is in the right job and are more thoroughly analyzing the economic and branding impact of effective person-job match. Business leaders are inundated with books, articles, and seminars that describe case studies showing the profitability and shareholder equity increases when companies get the people equation right. Every company is searching for the magical combination of talent at the top that will drive increased performance, market share, and long-term stability and profitability. Additionally, many are making HR and IT investments that they believe will carry this human capital equation down through the organization where it touches the customer on a daily basis.

At BHI we believe that the integration of hiring and retention strategies with information technology (software and the web) has the capacity to profoundly change American business. But just as in any revolution, there is a good deal of confusion and false claims as suppliers of these tools and software systems rush to provide solutions in the marketplace. There are hundreds of HR consulting firms purporting to have fantastic hiring tools and now over two hundred companies offering ATS and HMS that claim they will save each company millions of dollars. Competition among these suppliers for your business is fierce and because these solutions are complex, most executives and HR professionals find it hard to separate the puffery from reality.

TECHNOLOGY OVER SELECTION SCIENCE?

One result of this HR/IT integration is the flood of marketing propaganda which de-emphasizes the **quality of selection decisions** and emphasizes the power of the software systems that purport to solve a myriad of HR issues. Huge marketing and sales dollars are being spent to convince business leaders that Nirvana lies in

the other side of an HMS/ATS implementation. However, as much as there is no shortage of wishful thinking, there is also an abundant supply of skepticism, fueled by the excruciating pain felt by many companies that tried and often backed away from ERP implementations (SAP, Oracle, Peoplesoft). Most business leaders want to gain better control over the sourcing, hiring, and on-boarding process since they believe (probably rightfully) that their present hiring process allows too much arbitrariness and inconsistency, and a software system that requires discipline is an important improvement. At BHI, we absolutely believe that great hiring management systems can be extremely beneficial in creating a powerful HR process but excellent selection science is paramount to long-term success.

HIRING POOR PERFORMERS EFFICIENTLY IS NO BARGAIN

Hiring and on-boarding mediocre talent **faster** using an online process is **not** a competitive advantage. Unfortunately, this can happen all too frequently. Some ATS/HMS vendors include hiring assessments as part of the system price. In fact, it is difficult for the buyer to know what these tools are costing and, more importantly, what real value these tools have in hiring employees that can make or break your brand. **Selection Science** is the missing link in the rush to deliver talent faster and more efficiently via leveraging software and the internet.

ATTEMPTS TO SOLVE THE SELECTION PROBLEM

In the last ten years there have been several "new science" methodologies that have claimed to identify the best candidates out of the hundreds of applicant resumes that are created by web-based hiring systems.

Resume Scoring. Complex mathematical routines were developed to search through thousands of resumes looking for the right combinations of key words and phrases that identify highly qualified candidates who match the job competencies and requirements. Unfortunately, this looks like fool's gold since there is little or no validation research to substantiate these claims. It is very unlikely that

these resume-mining formulas will be effective since multiple researches have found that at least 50% of resumes contain either false information or information that is highly exaggerated.

Knock out Questions. Another attempt to identify the best candidates is the creation of a set of so-called “knock out” questions that ask fundamental questions about the candidates’ qualifications in order to reduce the number of resumes to be seriously screened. Unfortunately, some companies have had difficulty knowing what to ask and even when implemented these “knock out” questions usually eliminated only a few resumes out of hundreds. Some of these sets of questions begin to look like professionally validated assessments but lack any evidence of their effectiveness and can actually eliminate strong job candidates. Additionally, many companies are concerned about or fearful of asking legally problematic questions. This method became only a small part of the solutions since it did not have a significant impact.

Artificial Intelligence Solutions. Again, this methodology went back to resume screening with a new research technique. The same results occurred as in the original resume scoring attempt primarily because of the unreliability of the information submitted in the resume by the applicant, unreliable data in; unreliable solutions out.

SELECTION SOLUTIONS THAT WORK

Effective assessment tools are the result of exacting selection science, extensive research, validation, and strategic design. Since few of the ATS/HMS providers have a history of creating validated effective hiring tools, hiring assessments are treated more like a commodity, i.e., assessment tools are the same with price being the only differentiator. While few will actually say this directly, their marketing and sales promotion materials tout the power of the system and relegate the assessment process to more of an afterthought. Some minimization of the assessment is due to the complexity of identifying the financial return on assessments as opposed to the more concrete and less complex calculation of tax credits or the logic of a disciplined paperless system.

Unfortunately, much of this de-emphasis on the assessment tools is because of a lack of expertise and a lack of research on the part of the vendor. Many ATS/HMS vendors simply do not have the knowledge about how great assessment tools and processes are created and validated for effectiveness. There is a very

large body of hundreds of research studies that show the differences in productivity between a poor fit employee and an outstanding employee. A single yearly sales calculation of your sales force will quickly reveal the difference in dollars of sales between the top 20% of your sales force and the bottom 20%. Every experienced executive knows the dramatic difference that an outstanding hire can make in on-going customer satisfaction and profitability. As many have said, we are moving more and more to a knowledge-based economy and, consequently, the hiring decision becomes more and more important.

KNOWING WHAT QUESTIONS TO ASK

BHI has been a leading expert in employee selection systems for over 35 years and, of course, we are dedicated to improving the power of great selection in driving business results. It is clear from our experience and research that there are big differences between average and excellent performers and understanding how to differentiate these two types of employees takes deep experience in validating and researching selection tools and processes. Great companies do not treat selection tools as an afterthought but rather as a critical step in the sourcing, selection, and on-boarding process. Before deciding on a candidate selection tool or process it is important to ask and evaluate the answers to the following questions:

- **Is this a professionally developed and validated assessment tool?**

I/O psychologists and psychometric experts adhere to a demanding set of guidelines in test development. Ask who created the assessment and about their credentials.

- **Does the test or assessment provider have research in multiple companies showing the effectiveness of their tools?**

Correlation coefficients showing the relationship between test results and job outcomes are the most credible and supportable. There are many independent experts available to help you, at a reasonable cost, understand the research.

- **Is the selection system or testing tool valid for your job competencies and culture?**

One size does *not* fit all in selection science. Does the supplier have the capacity to identify key job competencies and build, adapt, or modify its tools to your culture and requirements? Do they have a large database for validation and normative research?

- **Does the selection process meet legal standards and government guidelines?**

You really need professional evaluation in this area. Are complete technical manuals available on the selection assessment in case of a lawsuit?

- **Is there training and support available?**

Involving managers and HR personnel in the decision process using validated information helps develop better employees and managers. The supplier should be adept at helping implement a process that is part of the life blood of your company.

- **Does your supplier stand behind the selection tools if there are problems or difficulties?**

Support and research should be available on an on-going basis. Your test and assessment provider

needs to have an on-going research process available and should recommend validation of the instruments at your company when data becomes available.

BHI partners with leading ATS/HMS providers to integrate powerful assessment tools based on extensive selection science. We know the quality of your selection decision system drives increased performance and business results. Contact BHI to learn more.

Lewis Hollweg, Ph.D. is a licensed psychologist and Chairman and Chief Executive Officer of Batrus Hollweg International, a Dallas-based Human Resource Management Consulting Firm.

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a leading resource of
assessment & development experts
who partner with organizations to
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