

Employee Testing Gives Employers the Hiring Edge

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Employee testing is no longer just for big business. Small-business owners are discovering that employee testing gives them the hiring edge. It helps answer that nagging question in the back of every employer's mind, "Is this candidate really who he appears to be?" Many candidates are not. Career management firms are finding an increasing number of individuals falsifying information on their resumes. Career counseling and out placement centers are coaching and grooming job candidates in all areas of the job search, particularly in how they present themselves during an interview. Fear of litigation has made previous employers reluctant to divulge any information about the candidate other than dates of employment. Because a bad hiring decision can cost a company \$6,000 for an entry-level position to as much as \$250,000 for a top executive, business owners are using employee testing to increase their odds of hiring a competent, productive employee.

There are many types of employee-testing products and services available. Most employers start with integrity and aptitude tests at entry-level positions, and for higher-level positions, add skills tests, sales skills tests, and personality tests to determine job fit. Once the hiring decision is made, employers can then use behavioral assessments as a management tool. Prices for these products range from as little as \$10.00 for an aptitude test to \$100.00 for a personality profile for each candidate.

There is usually a setup cost of \$75.00 to \$150.00 for the computer software. These tests are administered and scored on site by the employer. There are also testing services that will administer, score, interpret, and fax the reports to the employer within a 24 to 48 hour period. These services generally start at \$125 per candidate. The most elaborate form of testing includes a battery of tests, interviews with a psychologist, and simulations of real-life situations in the work place. The cost of these services is determined by the psychologist and start at \$500. Reports are generally available within 30 days. Small-business owners need to consider their budget and cost of a bad hire when looking for an assessment product. Other factors to consider are whether the assessment meets all current Equal Employment Opportunity Commission and American Disability Act regulations; whether it has been recently validated in the business community; if the report is timely, readable, and easy to understand; and if it is easy to administer and works well within your current hiring system. Most importantly, the assessment should have a "lie scale," an indicator of whether the candidate has been honest and consistent with his answers. Some products enable the employer to develop custom profiles of job positions based on

successful employees in that position. These custom position profiles enable the employer to quickly determine job fit.

The purpose of using assessments is to learn more about an individual and validate other information gathered in the hiring process. Employers have found that relying on their "gut feeling" during an interview is not an accurate predictor of performance.

Studies by John Hunter, Ph.D., at Michigan State University, show that the interview is only 14% accurate in predicting a successful hire, that background and reference checking has 26% accuracy, that aptitude and personality testing has 53% accuracy, and that job-profiling increases the accuracy to 75%. Therefore, a hiring process that takes advantage of as many predictors as possible will greatly increase your hiring success.

Although using this process will increase hiring costs up front, a poor hiring decision (let alone a series of hiring failures) costs much more. Each "bad hire" can cost a company 25% of his annual salary plus benefits--for recruiting and training costs alone. However, the greatest cost to business owners comes in poor customer service, lowered productivity, lowered employee morale, and lost sales, lost customers and loss of your good name.

Employee testing enables business owners to be selective in finding and hiring the right person for each position. It enables them to put new hires and current employees in proper positions and pinpoint potential problem areas before they arise. It enables them to conduct specific training based on each employee's strengths and weaknesses and provide team-building tools for maximum performance.

While employee testing today provides valuable information, that is easy to understand and extremely cost-effective, it should in no way be used as the sole determining factor in making a hiring or management decision. Test results should represent 25% of your hiring and management decision. The U.S. Supreme Court has declared that "all aspects of the hiring system, including the application" is a test. Companies have found that the proper and consistent use of effective testing and assessment systems can dramatically strengthen their legal position in regard to hiring. Job-related testing is becoming an effective way to document objective and nondiscriminatory hiring practices. Unlike interviews, tests are incapable of being prejudiced by the applicant's race, gender, age, religion, or disability.

Using a thorough hiring system that includes employee assessments will not only give small-business owners the hiring edge, but it will also allow them to benefit from decreased turnover costs, reduced training costs, reduced employee-recruitment costs, higher sales, increased productivity, and higher employee morale.

Maryanne Preston is President of Hiring Solutions, which provides assessments for hiring, managing, training and professional development © St. Louis Small Business Monthly, The Source for Business Owners March 1997.