Golden Career Strategies

Assessment:
A Key Tool for Effectively Hiring and Developing Employees
By Terry Hollon

➢ Have you ever made a "bad hire" and lived with the resulting problems he/she created?
➢ Have you ever said, "He's just mismatched to his job —a round peg in a square hole?"
➢ Have you ever said, "She's really smart, but I wonder if it's worth all the turmoil she causes in the organization"?

If you answered "yes" to these questions, you're not alone! The cost of hiring the wrong employees is in the billions of dollars each year. The U.S. Department of Labor and Statistics indicates that half of all new employees stay in their jobs for less than six months. Some are promoted, but the majority of new employees quit or gets fired.

The replacement cost of a new hire with an annual salary of $20,000 is estimated to be $40,000, and the cost goes up significantly to as much as three times annual salary as the salary level increases. This cost is measured not only in the dollars associated with recruiting, hiring, possibly relocating, and training new employees, but also in the expense associated with severance pay, lost productivity, and disruption for the organization and the customer when a "bad hire" leaves the business.

The term "bad hire" includes several scenarios —a mismatch of skills and competencies with those required for the job, poor interpersonal skills, poor attitude and motivation, less than desirable personal attributes, and poor match with the organization's culture.

As costly as bad hires are in terms of replacement costs, they mean even worse news for your organization as a whole:

- Two of three new hires will not live up to expectations in their first year of employment, resulting in performance problems or turnover;
- "Problem" employees are a drain on management time and energy, and "toxic" managers contaminate an organization;
- One in three businesses will be sued this year because of an employment issue.

It's no wonder that hiring and subsequently retaining the right people have moved to the top of organizations' agendas, and *Pre-Employment Assessment* is the foundation for ensuring this. There are several types of Pre-Employment Assessments, but the ones typically used are:

- Job Match —assessments that predict a candidate's ability to do the job based on comparing the skills and competencies the candidate possesses to those required to perform the job successfully;
- Personality —assessments that predict behavior based on a candidate's natural styles and preferences along a certain number of personality dimensions (i.e., agreeableness, conscientiousness, stability, etc.). These assessments many times include "derailers" or behaviors that can be problematic for the candidate and the organization;
- Culture Match —assessments that predict how a candidate will fit in to the organization's culture based on his/her values and norms.

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Pre-Employment Assessment is being used by more and more companies of all sizes for talent selection because it:

- Costs a fraction of the price paid when a bad hire is made;
- Is a legally defensible selection process, when done correctly;
- Provides structure and objectivity to the hiring process;
- Is easy to administer and interpret;
- Accomplishes the "best fit" of potential employees into available jobs, resulting in better performance;
- Involves linking competencies (behavioral, business, technical, and organizational), performance measures, core values of the organization, and motivational preferences with job vacancies.

In addition to using assessment as an effective selection tool, more and more businesses are using it as a foundation for employee development. "Readiness" for the future has become a primary concern of many organizations today, and assessment can assist companies in ensuring employee readiness. Assessment enables them to compare their people's "current state" to the "desired state," and then close the identified gaps. Assessment can be used to:

- Gauge current competencies and competency levels vs. those necessary for both personal and business success now and in the future
- Determine current competencies and competency levels vs. those specified in their job description
- Measure current performance results vs. those specified in their annual objectives
- Get a picture of overall current organizational capability vs. what is needed for success
- Conduct talent calibration and assess readiness levels in a succession planning process

Assessments of "current" or "actual" vs. "desired" are useful in evaluating both performance and potential. From the assessment, a development plan can be created to close the gaps for both individuals and the organization as a whole to ensure ongoing success. For example, an assessment of an individual might reveal that he/she needs to enhance his/her public speaking ability, while an organizational assessment might reveal a much broader need, such as improving leadership practices.

Types of Assessments

There are many different types of assessments that support employee development. Some are informal and are performed literally on a daily basis (e.g., thinking about how I did on a deliverable vs. what was expected, or asking my boss "how am I doing?"), while others are formal "instruments" (e.g., personality assessments, job related aptitude tests). Assessments can be performed by oneself (self assessment), by others, or a combination of these. Typical examples are as follows:

Self Assessment

- As part of performance management, an employee evaluates his/her own competencies and performance levels on a check sheet or form

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- An employee completes a personality assessment instrument to determine preferences and tendencies and to better understand strengths and possible "derailers"

Assessment by Others

- As part of performance management, a manager evaluates his/her direct report's competencies and performance levels on a check sheet or form
- A 360° survey (so called because there are 360° in a circle, and feedback is solicited from people in a "circle" to the person being assessed) in which others assess a person's effectiveness in job areas and interpersonal or leadership skills
- An aptitude test associated with specific job related skills or managerial/ leadership competencies

Combination

- As part of performance management, a manager and a direct report separately evaluate the direct report's competencies and performance levels on a check sheet or form and then compare perceptions
- The 360° survey results are compared to the person's self assessment to look for agreement and disparities on how one sees oneself versus how others see him/her

The Development Plan

As mentioned above, an output of the assessment process should be the creation of a development plan. Based on discussions that the manager and direct report have following the assessment, a development plan is created. It includes initiatives and actions that will leverage the direct report's strengths and develop his/her weaknesses. The initiatives and actions should be *specific*, m*easurable*, attainable, and *time bound*, and they should relate to:

- Improving current job performance
- Preparing the employee for greater responsibility
- Supporting the strategy and goals of the company

Results of Assessment

The end result of making assessment integral to the business is that it is an objective process that facilitates continuous improvement, development, and organizational agility. It enables both the people and the organization to be ready for the future. It is this "readiness" that is the sustaining competitive advantage in today's fast moving business environment.

To implement a Developmental Assessment process for your organization and begin reaping the benefits it affords you, please contact Golden Career Strategies.

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