

TRENDLINES

The Employers' Association's monthly whitepaper on essential Business/Human Resources practices

The Employers' Association (TEA) delivers reports for businesses that contain relevant and up-to-date information based on our work with hundreds of employers each month. TEA is known to produce a number of essential benchmark survey reports every year and we also compile data and observations that provide organizations practical perspectives on important business trends.

Pre-Employment Testing as a Talent Management Tool

What you should know

West Michigan faces a unique dilemma in regards to attracting and retaining great employees. As testament to the diversity of our employer base and the quality of the products/services produced there is strong demand for experienced employees within our region. While it was difficult to identify experienced employees BEFORE the pandemic disrupted everything last year, the added assistance provided to those unable to work (due to production issues, childcare, family care or altered educational schedules) has compounded the problem. Individuals and businesses have both suffered due to the actions that had to be taken to minimize the spread of this virus, stimulus payments and extended unemployment benefits with increased payments combined to increase starting wages (and operational costs to employers) to the point that hiring the right person as quickly as possible became a necessity rather than a desire. (At one point an employee would have to be paid nearly \$21.00 per hour to compete with unemployment benefits...with a decreased supplement of \$300 per week the "break even" target is still about \$17.00 per hour.) While pay is not the only factor that attracts and retains workers (culture, autonomy, work schedule and even community involvement are all important as well), employers are finding that eliminating employment testing (drug testing, personality profiling, aptitude and skills assessments) may increase the candidate pool but it also decreases the quality of applicants being considered. While employment testing should not be viewed as a panacea that will provide 100% success in the race to retain the best employees, there are certain tests that WILL help to minimize the frustration of hiring the wrong person to join your company.

What we know

Employers within our region are seeking qualified people to fill existing jobs. The average cost to hire an employee is currently about \$4,100 and it takes an employer around 40 days to fill a position (SHRM Survey Results). While it may take slightly less time to hire less-skilled employees than it does highly qualified professionals, the turnover rate is also higher in the "less-skilled" workforce with many employers reporting that they lost employees within the first week (sometimes even after one day) of employment and, unless adequate internal structure providing advancement opportunities is not established, the turnover does not significantly diminish until employees have been brought to market pay and embraced the company's culture. We know that there are a number of pre-employment tests, profiles and assessments available that could help to reduce turnover and ensure that qualified individuals are hired BUT that administering such instruments may not only identify great candidates but may also "narrow the field" from which an employer can hire employees. In order to hire employees within today's marketplace an organization may need to change its

philosophy about how many individuals must be seen before one hires. We recently worked with an organization that WANTED to interview 3 – 5 candidates before hiring an individual but ended up hiring a highly-qualified candidate whom was the first to be interviewed (in part due to the information they received about the candidate from past employers, from individuals familiar with the person’s work and accomplishment AND due to the validation provided by a personality profile). 80% of Fortune 500 companies use pre-employment testing to help qualify their talent pool with 97% of hiring professionals setting the quality of hire as their top business priority (The Complete Guide to Pre-Employment Testing, September, 2019). Thus far in 2021, TEA has experienced utilization of pre-employment testing double over the last year and almost double again over 2019 utilization. Some of the different types of pre-employment testing used by employers would include:

- A. Job Knowledge Tests and Situational Judgment Tests can be used when PROVEN EXPERIENCE is required to perform a job or insight into how an individual might prioritize different tasks is needed. It is important to use SPECIFIC EXAMPLES of the knowledge actually required within the job in these tests rather than developing examples that may or may not ever be used within the job.
- B. Personality Profiles can be used to determine an individual’s characteristics in terms of assertiveness, communication, attention to detail and orientation towards process, focus or tradition. Care must be taken to avoid using these instruments as an “absolute litmus” rather than as an “initial indicator of success which should be clarified during the interview process” as claims of discrimination can be brought against such tools if used exclusively to make a hiring decision. This impact can be reduced by comparing a candidate’s profile against a “job profile” completed by a successful incumbent or a hiring team that has identified what is needed.
- C. Skills such as manual dexterity, word processing ability, spreadsheet utilization and proficiency in a secondary language can easily be objectively measured by established instruments.
- D. Drug Testing (pre-employment) and physical examinations (post-offer) can be used to identify an individual’s ability to perform the essential functions of a job. Some employers are steering away from these tests due to a perceived inability to enforce results without the potential of discrimination but they are still valuable IF employers focus upon job-relatedness and the ability to perform safely and effectively when working.
- E. Background Checks – validating what an individual says about his/her work experience and verifying that people have not disqualified themselves from being hired by a job-related misstep in the past – are often forgotten as an assessment tool but are critical in finding qualified employees.

While any of the tests or assessments available to employers can help to identify a better, more qualified candidate, employers may need to change how they view the interview process if they want to act quickly during these difficult times as the instruments help to “pre-qualify” candidates so while those presented for interview may be more qualified there will probably be a smaller pool from which to choose.

What it means

A reduced applicant pool means that fewer candidates are available when employers are seeking to fill job openings. Appropriate pre-employment tests can be used to maximize the quality of candidates interviewed by departmental leadership BUT the established mindset of “I must see at least three people before I hire someone” may also need to be altered. It is the responsibility of Human Resources to identify qualified candidates and reduce “bad hires” as bringing in “the wrong person” costs not only time and money but also can have a significant negative impact on team productivity. Rosemary Haefner, Chief HR Officer at CareerBuilder appropriately stated that “It is important to note there is a ripple effect with bad hires. Disengagement is contagious – poor performers lower the bar for other workers on their teams and their bad

habits spread throughout the organization. The best thing hiring managers can do is to put in the time and effort on the front end to make sure they have the best available pool of applicants for every job opening. Just as importantly, they must have a good procedure in place for evaluating candidates (AND for recognizing talent when it has been identified).” The key benefits of pre-employment testing can include a streamlining of the recruitment process, an improvement in the quality of hire, an elimination of hiring bias (minimizing background or demographics as a determinant), an improvement of legal defensibility (basing the employment process on more objective factors), a decrease in employee turnover and the creation of a more engaged workforce.

What you can do

In order to effectively utilize pre-employment testing within the hiring process an employer should identify the variables that they wish to measure. Personality is a big determinant of adaptability, particularly when compared to actual profiles of successful incumbents. Skills assessments can be easily administered and, if actual examples of the work being performed are their basis, are accurate measurements of abilities needed to perform the essential functions of a job. Drug testing and physicals can help to hire candidates capable of safely performing all tasks assigned which – when combined with background checks (a critical pre-employment “test” that should be conducted before welcoming any employee into your workforce) can help to minimize the ramifications of “wrongful hiring decisions” should an employee hurt or injure another due to a condition or past history that you “should have reasonably been expected to identify” when hiring. While other tests and assessments can help within the process, these five – at a minimum – can help to improve most employer’s hiring process.

Once WHAT is to be tested has been decided, an employer must do several “due diligence” steps before leveraging any of these highly effective tools. You can (and should):

- A. Research your vendor options. What kinds of tests are offered? Are the tests on-line or “hard copy?” (Most are on-line which offers easy administration and quick results.) What is the vendor’ reputation and would you be considered “a customer” or “a partner” in your relationship? What level of customer support is available? You do not want to start a program then abandon it for lack of support.
- B. Find out the validity of any test/assessment you use. An example would be in using Personality Profiles as a hiring tool. Many employers use DISC as a screening tool but it is actually a better training instrument. AcuMax, on the other hand, is a validated hiring tool when used properly.
- C. Implement whatever tool you use responsibly. An employer should not use the results of any instrument as an absolute “go/no go” measure during the hiring process (exceptions being drug test results or basic dexterity or knowledge tests for certain occupations). Assessments should allow an employer to clarify hidden abilities, better understand candidates and potentially identify such things as test anxiety that may have negatively influenced a candidate’s results.

As your business partner, The Employers’ Association offers a variety of pre-employment testing to help members streamline their hiring process, create a more engaged workforce and assist in the attraction/retention/promotion of employees. Give us a call and we can help to identify what kind of test or assessment you might be able to incorporate into your hiring procedures that will improve the quality of the process while reducing turnover and potentially improving overall employee engagement. We are here to help and there may be no part of the employment relationship that is more critical to the success of an organization than its hiring process.