Why Companies Use Assessments



I. TESTS VS. ASSESSMENTS

1. Tests are Pass/Fail while Assessments are Informative.
2. Assessments provide information to make better decisions. Properly constructed assessments measure (assess) an individual's attributes and accurately describe those attributes. Note: they must be "reliable" and "valid" – refer to the Department of Labor's *Guidelines on Employee Selection and Testing*.

When a person's attributes are known, they can be compared to the qualities required by a particular job or profession. Thus, *Job Match* can be achieved.

1. You cannot fail *Who You Are*. No one ever fails an assessment.

II. WHAT INFORMATION DO ASSESSMENTS PROVIDE TO EMPLOYERS?

Integrity

Employee theft is a growing problem that contributes to the failure of thousands of businesses every year. Companies are concerned with protecting themselves from hiring people who will commit theft and fraud.

Attitude Toward Drug Use

A casual attitude toward drug use may indicate a person who could become a costly liability to his/her employer.

Work Ethic

People with work ethic make an honest effort to do "a full day's job for a full day's pay".

Reliability

Those who are reliable can be depended on to show up for work promptly every day.

Learning Ability

This is the ability to learn, assimilate, and apply new information. Some jobs

require a higher level of learning agility.

Occupational Interests

These indicate the types of work that interests a person, aiding focus, enthusiasm, and performance

Core Behavioral Traits

These provide information about *Who You Really Are* – describes a person's core behaviors.

Behavioral Tendencies "Actions"

This information describes *How* a person will *Act* on the job. This is the way a person acts in various work situations.

Team Interface

As a team member, how will this person interact with the other members of the team?

Team Compatibility

Is this person compatible with other team members?

Perceptions of Management Skills

How do a person's boss, peers, and direct reports perceive his/her management skills?

Perceptions of Leadership Competencies

How do a person's boss, peers, and direct reports perceive him/her as a competent leader?

Provide Job Standards

An empirical measurement of the attributes required to do a particular job well – helps companies realistically set standards for jobs and design more accurate job descriptions.

III. THE DEPARTMENT OF LABOR (DOL) SAYS:

"The appropriate use of professionally-developed assessment tools enables an organization to make more effective employment-related decisions than the use of observation or random decision-making."

The DOL recognizes the importance of using assessments to put the right people in the right jobs

IV. WHEN SHOULD ASSESSMENTS BE USED?

1. Assessments should be an integral part of every business, from pre-hire through retirement. Good decisions are possible only when executives and managers have objective, relevant information upon which to base them. The

information provided by assessments can be used to allocate a company's "human capital" most effectively.
2. The goal is to address people challenges before they impact business operations (be proactive not reactive). With the right information, the negative impact of problems can be diminished or avoided altogether.
3. If you are hiring, simply put the right person in the right place.
4. For your Current Workforce:
5. Determine if all people are well placed. This answers questions about the most effective assignment of a company's human capital.
6. Gain insight on all employees to better:

- Coach-Help employees improve their job performance.
- Manage-Help managers improve their management skills and practices.
- Motivate-Find the keys that unlock the motivational power that lies within every individual.

3. Develop an ongoing improvement program for:

- All Employees.
- Leadership – building an ongoing and positive succession planning.

V. Who Should Use Assessments?

Everyone with "people" responsibilities. They must understand themselves and their people by knowing their:

1. Capabilities
2. Capacity
3. Style
4. Behavior
5. Compatibility
6. Perception of Management

VI. Why Companies Use Assessments

1. They want to hire the right person for the right job.
2. 95% of applicants will "exaggerate" to get a job during an interview.
3. More than half of all job candidates misrepresent their qualifications on their résumés.
4. Most hiring decisions are made in haste – during the first five (5) minutes of an interview. This means decisions are made on first impressions and many people become employees for the wrong reasons – leading to a multitude of problems.

During interviews, interviewers often confuse someone they would like as a friend with someone who will be a good employee.

4. Research shows that two of three new hires (2/3) will disappoint in the first year.
5. They want to hire dependable people.
6. Employee theft is a growing problem and contributes to many business failures.
7. Drug use affects employee performance.
8. Attitudes toward work and work ethic affect productivity.
9. Absenteeism and tardiness increase the costs of doing business.
10. They want to increase productivity

11. People are most productive when their work matches their thinking style, occupational interests, and behavioral traits. These are attributes measured by The *Profile XT*™ assessment tool.
12. Teams and departments function better when their leaders have information about team members' strengths.
13. Factors that negatively affect productivity, such as stress, tension, and conflict, are significantly reduced when assessments are used.

- They want to reduce the rate of employee turnover.
- Two out of three employees (2/3) would rather work somewhere else.
- Turnover costs thousands of dollars for every departing employee. Many business owners have overlooked the enormous costs of employee turnover and how it steals directly from their bottom line.
- And yet, eighty percent (80%) of employee turnover is avoidable. Almost every employer will cut the costs of expensive employee turnover when they use
- They want to eliminate the costs of avoidable legal actions.

This is a case where "an ounce of prevention is worth a pound (or many pounds) of cure." Hiring the wrong person can turn into an employment nightmare.

1. One out of three (1/3) businesses will be sued this year over an employment issue.
2. Employers can be held liable for their employees' behavior on and off the job.
3. Subjective hiring can lead to charges of illegal discrimination by rejected job candidates.
4. They want more effective use of their human capital.
5. Assessments give information that managers can use to coach, motivate, and manage people more effectively.
6. Assessments help companies find untapped talent within their organizations. A good employee may not be performing well simply because of a poor *Job Match*. Put the same person in a job for which he/she has an affinity and watch their job performance soar.
7. Assessments reduce a company's "people problems".
8. Assessments help companies achieve better employee cooperation. When employees are a good Job Match, they are far less likely to become stressed, dissatisfied, complain, or file grievances against their employers.
9. 60% of a manager's time is spent fixing people problems … so; only 40% is dedicated to reaching a companies' g By reducing people problems, you give managers more time to work toward achieving the company's goals.
10. They want to achieve the efficiencies that result from "Job Fit".

- Assessing behavioral traits yields a 38% assurance of Job Fit.
- Adding a thinking abilities assessment results in a 54% Job Fit.
- Adding assessments for occupational interests increases Job Fit to 66%.
- Add the use of a Job Match Pattern and you get outstanding employees 75% of the time.
- They want to improve their decisions.
- Better decisions result from having more complete information about job candidates and employees.
- Good decisions are reached faster, saving time and money.
- Assessments are important tools in promoting and succession-planning

decisions.
- Training programs become more effective when tailored to the specific needs and characteristics of an individual. The idea that a cross-section of employees will respond positively when provided with the same type of training is passé. To be effective, training must be tailored to each individual

VII. In Summary

Most companies spend between 50/60% of their income on people costs.

This means there is tremendous potential for increased dollar profits when efficiencies in Human capital investment are achieved through the use of Assessments

Peter Drucker (a well-known management consultant) said, “Chances are good that up to 66% of your company’s hiring decisions will prove to be mistakes in the first 12 months.” However, this does not mean that they (the mistakes) will leave, in fact most will stay (unfortunately). They do not leave … they simply become a drain on the bottom-line.

Many people, while not performing a job in an excellent manner, do a good-enough job to avoid termination. Thus, a company comes to accept that “average” job performance is an acceptable standard. Through the use of assessments, our goal is to change this perception.

VIII. Why Companies Do Not Use Assessments

Lack of Understanding

They do not understand what assessments can do. Many business owners, executives, and managers have no understanding of the information that modern assessments are capable of providing.

1. Personal Bias
2. *Tests vs. Assessments* – They have had difficulty with “tests”. Perhaps they did not do well with tests in school.
3. They did not get a job and blame a test for it.
4. They have had a bad experience with an assessment.
5. They tried an assessment once and it did not work.
6. They do not think assessments are legal.
7. They see assessments as an expense rather than an investment. It can be dramatically demonstrated that a small investment in assessments will provide employers with a multitude of benefits. When employers put the right people in the right jobs, their productivity grows by leaps and bounds, problems that may have plagued them for years diminish or go away, and profits grow significantly

IX. How Do Companies Benefit

1. They profit from greater employee longevity and productivity is enhanced by keeping experienced, productive employees on the job longer. They profit by:

- lowering people costs.

- higher per-person productivity
- higher per-person sales
- increased quality
- better customer service
- lowering manager frustration and increasing their effectiveness
- having more time for leadership
- having engaged employees – People are satisfied and most productive when they are fully engaged and winning