



Articles

Does Psychological Assessment of Candidates Really Result in More Good Hires? An Outcome Study

This study was commissioned by the Executive Management Team of a \$400 million multi-national manufacturing company and conducted by its internal corporate HR Department. Within the bounds of a Confidentiality Agreement, authorship and publishing rights were granted to Dr. John H. Stevens, Jr.

Executive Summary *To find out if psychologically assessing candidates for key positions resulted in more “good hires”, all 187 executive, managerial, and professional level people hired during a twelve-year period were scored against internally defined “good hire” criteria by company managers. The scores were then compared to the psychological assessment results gathered as part of the pre-hire candidate review process. Candidates that had been judged as well suited for the job by the management psychologist had significantly higher “good hire” scores than those judged as adequately suited or not suited for the job. Company managers identified two elements critical to realizing the value-added potential of psychologically assessing key-position candidates during the pre-hire process, and several suggestions are offered to help human resource leaders optimize the number of “good hire” decisions that their company makes.*

Does Psychological Assessment of Candidates Really Result in More Good Hires? An Outcome Study

Deciding who to hire is one of the most important decisions that managers and business owners have to make. This is especially true when hiring at the executive, managerial, and professional levels of an organization. These ‘key’ people are the ones who ultimately drive the success (or failure) of a company by the judgments and decisions they make, the behaviors they engage in, and the role-modeling they provide to others.

To improve the chances of hiring people that will help propel their company forward, many organization leaders have begun to routinely subject key-position candidates to various types of ‘assessment’ to help inform their hiring decisions. This effort to assess a candidate’s work motivation, behavioral style, and/or other personal attributes and competencies most often involves a formal and extensive evaluation of the candidate by a trained third-party assessment professional.

Among those professionally trained to assess candidates for key positions in a company are management psychologists. These professionals, trained and/or experienced in business, have doctoral-level preparation as assessors of people. Their in-depth understanding of individual personality, leadership dynamics, and contextual influences on behavior within business organizations enable them to offer insights and judgments that are professionally sound and relevant to the hiring-selection decision.

Given the considerable investment of both time and money that formal third-party professional assessments of candidates require, it behooves company leaders to try to verify that the inclusion of such a practice in their selection process does indeed result in a greater number of ‘good hires’ for the company. Company leaders need to ask, *“Do the insights, perspectives and judgments that a professional assessment provide regarding a candidate’s suitability and chances of success actually result in a greater number of ‘good’ hires?”*

In an attempt to answer this question, the Executive Management Team at “The Company” asked its Corporate HR Department to design and conduct this study. Subsequent to the study’s completion and

within the bounds of a Confidentially Agreement, authorship and publishing rights were granted to the management psychologist responsible for psychologically assessing candidates for key positions at The Company.

The Company

The Company is a \$400 million multi-national manufacturing company headquartered in southeast New England. It has five manufacturing facilities in the U.S., two in Europe, and one in Southeast Asia. It employs nearly 1,100 people in the U.S., not including contractors. It also holds minority shares in two joint-ventures, both in Japan. It relies heavily on R&D, 6-sigma production practices, and an aggressive sales force to compete in a relatively mature, stable industry.

The Hiring and Assessment Process at The Company: A Brief Overview

By both policy and practice, all external candidates for professional, managerial, and executive level positions at The Company are assessed by a management psychologist as part of the selection decision-making process. The objectives of this assessment, as written in the HR policies and practices manual, are to:

“Conduct an objective, third-party, professional assessment of a candidate that *supplements* and *strengthens* the judgments our managers make of candidates by helping to highlight:

- ◆ A candidate’s personal strengths, skills, work habits, and styles, and how they might *‘fit’* with the cultural context, situational demands, and performance expectations of the job and of the company;
- ◆ The best way to engage, direct, and/or manage the individual so that s/he would have the best chance of succeeding in the job and contributing to the success of the company;
- ◆ What the individual might need to get better at or do differently to help him- or herself be optimally effective and successful in the job and as a contributor to our company’s success.”

Typically the hiring process starts with the “approval” to recruit candidates to fill a posted vacancy. At The Company, professional recruiters are often then engaged to help find and qualify potential candidates. A narrowing of the candidate pool to 2-3 occurs through dialogue with the recruiters and an initial round of face-to-face interviews with the hiring manager and an HR professional.

These 2-3 candidates are then interviewed by a select team of others in the company whose buy-in or investment is crucial to the success of the person hired into the position. A roundtable discussion is then held with the hiring manager, the HR professional, and the other interviewers to exchange impressions, opinions, and concerns about each of the candidates. One or more of the candidates are then scheduled with the management psychologist for an assessment meeting.

The assessment meeting itself lasts about 3 hours, with approximately 70% of the time devoted to an in-depth semi-structured interview. The remaining time is given to ‘testing’ and the completion of 2-3 self-report instruments.

Within 24 hours of the evaluation, the management psychologist verbally debriefs the results of the assessment with the hiring manager, HR professional, and members of the original interview team via a telephone conference call. The candidate’s personal attributes, potential strengths, and natural inclinations are discussed and their implications for the situation within which he or she would be expected to succeed are reviewed. ‘Red flags’ are analyzed, and suggestions for enabling the candidate’s success in the position are formulated.

The hiring manager then assumes responsibility for making the hire/no hire decision and initiates the appropriate course of action.

At The Company, all the candidates that are assessed and subsequently hired are given the opportunity to meet a second time with the management psychologist to receive feedback and a debriefing of the assessment results. The emphasis in the feedback meeting is on highlighting for the person his or her personal strengths and potential areas for developmental attention relative to the context and the challenges facing him or her in the new position. During this meeting, the consultant and the new hire also spend time talking about how to engage and work well with those people critical to succeeding in the new job, including how to cultivate a productive work relationship with his or her immediate superior.

Does Psychological Assessment of Candidates Result in More Good Hires? The Evaluation Method

Under the direction of the Senior Vice President of Human Resources, HR Business Partners met with a number of senior and mid-level managers at The Company and asked them to define the conditions that would lead them to label someone as 'a good hire'. While their responses varied somewhat when it came to their personal and subjective criteria, there was strong agreement that 'a good hire' was someone who stayed with the company at least 3 years after being hired, and who contributed to the company agenda in ways that resulted in him or her being positively recognized.

These managers agreed that 'positive recognition' could be reflected in: 1) a decision to promote the individual to the next organization-level with a concomitant change in job title; 2) a decision to re-assign the individual in order to redirect his or her talent and skills to another organization need; and, 3) a better than average overall Performance Appraisal Rating. These managers also came to respect the subjective opinion of both the individual's immediate superior and the HR Business Partner assigned to the individual's organizational area as contributing in a valid way to the identification of 'a good hire'.

Through consultation and discussion with a sub-group of three senior managers and three mid-level managers, the SVP-HR created and adopted the following point system for 'scoring' all persons hired from January 2000 through December 2012.

Points

- 1 Stayed with the company for 1 yr after hire date
- 2 Stayed with the company for 2 yrs after hire date
- 3 Stayed with the company for 3+ yrs after hire date
- 3 Promoted 1x (given next org-level title) since being hired
- 5 Promoted 2x (moved 2 org-levels by title) since being hired
- 2 Re-assigned 1x (new job, same org level)
- 3 Re-assigned 2x (new job, same org level)
- 5-1 Average Performance Appraisal Rating since being hired (5 high -1 low)
- 5-1 General reputation as perceived by their current boss (5 high -1 low)
- 5-1 General reputation as perceived by the relevant HR Business Partner (5 high -1 low)

The scores of all persons hired during this 12 year period were then compared to the management psychologist's overall impression of each individual that resulted from their initial pre-hire assessments. The consultant's overall impression of a candidate reflected his judgment regarding the 'degree of fit' between the candidate's personal strengths, styles, attitudes, and work practices and the context within which he or she would be expected to perform and succeed. This context included the boss' skills and style of managing, the collective attitude and work style of relevant co-workers, the company's near-term business challenges, its cultural values, and current organizational needs. This degree of fit was scaled as:

'+' for **well suited** for the positional context;

'+/-' for **adequately suited** for the positional context; and,

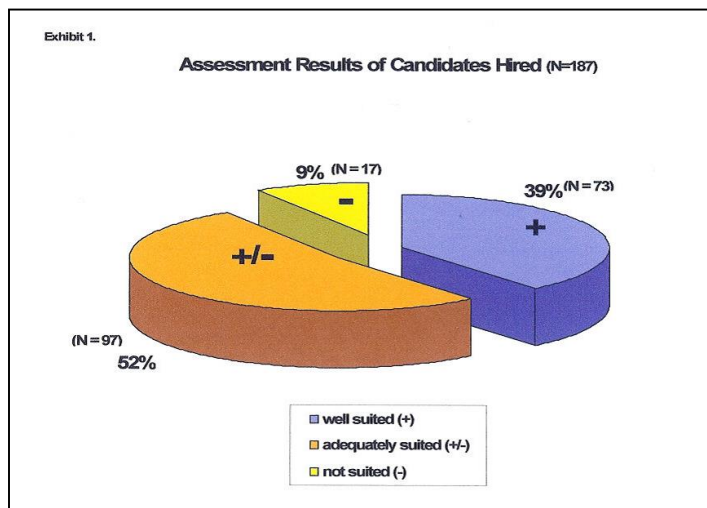
'-' for **not suited** for the positional context.

The Results

Of the 418 candidates assessed by the management psychologist during this 12 year period (almost 35 candidates per year), 187 (45%) were hired, 43 (10%) declined the job offer, and 188 (45%) were not hired.

Of the **187 candidates hired** during this period:

- 28 were hired into upper management positions (e.g., corporate and divisional presidents and vice presidents);
- 78 were hired into middle management positions (e.g., department heads and functional managers); and,
- 81 were hired into professional-level positions (e.g., R&D engineering, finance/accounting, and marketing/sales professionals).



Of the 187 candidates hired, 39% were considered by the management psychologist as *well suited* for the positional context of the job; 52% were considered to be *adequately suited* and 9% were considered to be *not suited* for the positional context of the job (see Exhibit 1)

Tenure

Of the 73 candidates hired with a ‘+’ assessment result, 94% of them stayed with The Company more than 3 years beyond their hire date, as compared to 70% of the candidates hired with a ‘+/-’ assessment result, and 64% of the candidates hired with a ‘-’ assessment result.

Promotion

Fifty-six percent of the candidates hired with a ‘+’ assessment result were promoted at least once during their full tenure of employment with The Company, as compared to 18% and 0% of those hired with a ‘+/-’ and a ‘-’ assessment result respectively.

Reassignment

Forty-four percent of the candidates hired with a ‘+’ assessment result were reassigned at least once during their full tenure with The Company in order to take advantage of their particular talent, skill, experience, or leadership, etc. to address specific organization and/or business needs, as compared to 24% and 7% of those hired with a ‘+/-’ and a ‘-’ assessment result respectively.

Average Overall Performance Appraisal Rating

The 4.51 average overall performance appraisal rating of candidates hired with a ‘+’ assessment result was significantly higher than both the 3.90 average overall performance appraisal rating of candidates hired with a ‘+/-’ assessment result and the 3.58 average overall performance appraisal rating of candidates hired with a ‘-’ assessment result, using simple t-test analyses.

General Reputation as Perceived by the Current Boss

The 73 candidates hired with a ‘+’ assessment result received a significantly higher average positive rating from their current managers (4.70) than both the average positive ratings given to candidates hired with a ‘+/-’ assessment result (3.85) and a ‘-’ assessment result (3.18), per simple t-test analyses.

General Reputation as Perceived by the Relevant HR Partner

Simple t-test comparisons revealed that the 4.77 average positive rating given by the relevant HR partner to candidates hired with a ‘+’ assessment result was significantly higher than both the 3.57 and the 2.82 average positive ratings given to candidates hired with ‘+/-’ and ‘-’ assessment results, respectively.

Average “Good Hire” Score

A total “good hire” score was calculated for all candidates hired during this 12 year period. The average “good hire” score of 19.42 for candidates hired with a ‘+’ assessment result was shown via simple t-test analyses to be significantly higher than both the 14.46 and the 11.81 “good hire” scores for candidates hired with a ‘+/-’ and a ‘-’ assessment result, respectively.

Conclusion and Discussion of Results

The results of this comparison between the “good hire” scores generated for each person hired from January 2000 through December 2012 and the management psychologist's overall impression of the person's ‘fit’ with the positional context at the time of the pre-hire assessment showed that those candidates hired with a ‘+’ assessment result had significantly higher scores, (i.e., they stayed longer, were promoted more often, were called upon more frequently for new assignments, had higher average overall performance appraisal ratings, and were more often perceived to be ‘good hires’ by both their current managers and the relevant HR partner) than those hired with a ‘+/-’ assessment result or a ‘-’ assessment result.

Upon being informed of these results, the CEO of The Company commissioned three senior-level and three mid-level managers to identify and discuss the implications of these results for The Company and to highlight those elements that they felt were critical to the success of the selection process, along with any recommendations they felt were warranted. From their discussion and effort, these managers brought forth several points.

They concluded that the psychological assessment of candidates did indeed result in more “good hires” at The Company, and subsequently recommended that the practice continue. They posited that the professional skills and assessment protocols of the management psychologist enabled him to discern relevant differences in the psychological make-up of candidates, including their individual personality traits, behavioral styles, work motivations, and attitudes. His ability to combine these insights with an understanding of how contextual factors within a business environment might interact with a person's unique “personality” enabled the management psychologist to offer professionally sound, company-specific judgments about a candidate's suitability for and chances of success in a given job. With this professional perspective, the management psychologist was also able to provide relevant, realistic, and context-specific suggestions on how to help a candidate be a “good hire” if employed by the company.

They also identified two elements that they felt were critical to realizing the value-added potential of psychologically assessing key-position candidates during the hire/selection process.

1. They felt that the practice of assessing key-position candidates resulted in more “good hires” because the practice was embedded in a larger, well-constructed process that included multiple “looks” and “check points” along the way to the hire/no hire decision. They posited that by incorporating and reconciling the results of the assessment with information from other sources, including the judgments and impressions of the interview team, decision makers were able to bring into sharper focus the candidate's chances of successfully meeting the task demands, expectations, and role responsibilities of the position. These managers reinforced the notion that the assessment results should inform and supplement the judgments that hiring managers make, not substitute for them, for the practice to be most valuable and useful.
2. These managers also felt that giving assessment feedback to the new hire played a critical role in optimizing the number of “good hires” that resulted from the pre-hire assessment practice. They suggested that the management psychologist's familiarity with the organizational and contextual demands of the jobs enabled him to provide specific feedback to the new hires about how to use and leverage their personal strengths in support of their own success at The Company. By alerting new hires to such things as organizational “landmines” and cultural “sacred cows”, the consultant enabled new hires to make more informed choices about how to best approach and/or handle situations so as to give themselves the best chance of influencing the “right” things to happen. These managers posited that the assessment feedback component was critical because it helped accelerate the new hires' development of productive engagements with those whose support and/or involvement were critical to achieving what was expected and needed from them.

Beyond identifying these two elements as critical to the pre-hire assessment practice, these managers felt that this study may have also exposed the possibility that there existed at The Company an unspoken reluctance to address performance issues among its executive, managerial and professional level employees. In their view, this study revealed that key-position candidates hired with a ‘-’ assessment result generally scored the least well on the “good hire” criteria, yet many remained employed by The Company beyond their third anniversary date. As one senior manager noted,

“Four of us have spent more than 20 hours together over the past year just talking about ‘Charlie’ and how to get him to stop being so disruptive, self-centered, and difficult to deal with. That’s a lot of management time that could have been spent on other, more productive things. And at our salaries, time spent talking about Charlie and dealing with the aftermath of his behavior and his negative effect on some of our key people adds up to a big ‘cost’.”

The reviewers of this study subsequently recommended to the CEO that the issue of conduct and performance accountability among executive, managerial and professional-level employees receive further attention and discussion at the senior executive level.

As a final point, these managers acknowledged that it would not be prudent or realistic to attempt to hire only candidates with ‘+’ assessment results. They posited that there were many considerations and trade-offs that had to be balanced in the hire/no hire decision, including the unique value-proposition that key-position candidates present with. For example, a candidate’s specialized expertise or knowledge, or his or her strategically important customer relationship, or the individual’s unique marketing or public relations value may need to outweigh other factors, including the assessment results, in light of near-term business challenges and opportunities. However, these reviewers recommended that while the hire/no hire decision should remain with the hiring manager, decisions to hire candidates with a ‘-’ assessment result should be presented to and reviewed by the executive-level supervising manager for “approval”.

They further recommended that extra care and effort be given to reviewing the comments and suggestions proffered by the management psychologist for helping the candidate have the best chance of performing as a “good hire” despite a ‘-’ assessment result. Included in this recommendation was the challenge to realistically assess the resources available and the ability and willingness of the hiring manager and other critical co-workers to carry through on the consultant’s recommendations.

Closing and Implications

While the psychological assessment of candidates did indeed result in more “good hires” at The Company, the results of this case study should not be over-generalized. However, several suggestions can be inferred from the study that might help human resource professionals and other organization leaders optimize the number of “good hire” decisions their company makes. They are:

- 1) Create and adhere to a conceptually valid hiring/selection process that has multiple “looks” and “check points” along the way to the hire/no hire decision, especially when hiring for executive, managerial and professional level positions;
- 2) Incorporate a third-party professional assessment of key-position candidates in the hiring/selection process, but verify that such a practice results in a greater number of “good hires”; and,
- 3) Provide new hires with assessment feedback that helps them to leverage their personal strengths and accelerate the development of those work relationships that are critical to their success.

In closing, this study suggests that while hiring the “right” people for key-level positions may never be easy, psychologically assessing key-position candidates can help to hire them with greater assurance and success. *END*

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Comments or Questions about this article?
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