

## ➤ Online Assessment – a quantum leap in the objective measurement of people

***Detecting talent in people is vitally important, especially when you are seeking out the special talents required to succeed in the world of commerce.***

As an HR professional, your organization relies on you to identify and attract people with the skills and personal qualities to take the business forward. You will be making use of assessment tools in order to predict the likely performance and tenure of potential employees, and the chances are you have mapped out the competencies and personality-drivers required for all your key role categories. But one important question remains:

What is the best way of assessing a candidate's current skills, future potential and personality drivers that is fair, fast, objective and cost efficient?

If you are also under pressure to reduce recruitment and development costs in a competitive talent war environment, you may be finding it hard to answer this question. But there is an answer and it lies in the use of Internet technology.

This paper lays bare the argument for online-testing, with evidence to support it as a robust, valid and valuable tool in people assessment.

It explains how online assessment enables you to take a big step toward the following objectives:

- I need to identify and engage talent from the outset - during the recruitment process
- I need to save on recruitment and development costs
- I need to free up valuable management time
- I want to use assessment data as an accurate tool for strategic business planning
- I must increase process efficiency and reduce the number of interviews per hire.

## Stakes are high

'More than ever, effective recruiting will focus on the 20% of hires that produce 80% of the results.'

We are now in a culture where the practice of Human Capital Management (HCM) has evolved to secure a competitive edge for businesses through recruiting, developing and maintaining people who match the success criteria required by the business.

The stakes are high and rising in this battle for top performers, and early assessment is becoming increasingly important. The results of the following study by Monster.com in 2000 showed that online assessment is the key recruitment tool most HR professionals would like to see available on the internet.

Whilst businesses have become more aware of the value of carefully thought out recruitment, the true downside of wrong recruitment decisions is also coming to light. Recent studies conducted by Royal Bank of Scotland show that the actual cost of a wrong hire can be in the region of a year's salary and this doesn't even take into account the opportunity cost of not having a high performer in the role.

Could these factors be responsible for the fact that 25% of top HR jobs are now going to people with backgrounds in marketing, finance and other operational functions? Perhaps, but one thing is clear: accountability for HR professionals has increased dramatically along with the opportunity for HR to add significant value to the business.

'Significant value' means not just achieving bottom line savings through cost efficiencies but adding top line value to the business by making sure those individuals who will add most value to the business are in the right job. In HR, you need to apply the best methods to select and place people who can hit the ground running and deliver results in the short, mid and long term.

## The Prediction Dilemma

To predict both tenure and performance of employees is undoubtedly a critical success factor of any HR function these days. How well an employee will perform and how long they will stay depends on:

- whether or not the individual has the right competencies for the job in the first place
- whether or not the individual has the right attitude and approach to doing the job
- the 'cultural' fit between the individual and the organisation they have joined.

HR Managers need to have reliable and proven tools and techniques to enable them to predict with confidence.

## Competency Framework

In order to predict accurately, you need to have a clear framework of competencies, personality traits and drivers, and cultural values against which you can measure potential employees.

**Step One** - It is critical that you invest the time in defining what the success criteria are for the role, and also understand how those criteria are weighted in terms of importance.

**Step Two** - Talk to your top performers and their peers – find out what skills, knowledge, attitudes and behaviours they manifest in order to succeed and what conditions they best perform in.

**Step Three** - Define the 'softer skills' and attitudes that the candidate must be able to demonstrate.

**Step 4** - Understand your company culture. As a recruiter, it is key that your understanding of values and cultural environment is robust and valid.

Once you have established a clear framework, you need to consider which types of assessment are best suited to your requirements. A blend of reasoning, personality and cultural values tests generally produces the highest predictive accuracy and minimises adverse testing against minority groups.

## To be [supervised] or not to be [supervised] – that is the next question

If we agree that assessment is critical to successful recruitment, why do only 45% of European companies include assessment as part of their recruitment process? Perhaps one of the reasons for this is the relatively high cost of running assessment centres and the amount of management time they necessitate. Other issues deterring companies from supervised assessment include logistical limitations – the time, cost and inconvenience to both the employer and candidates in administering/undertaking tests at a set time and venue. The prohibitive cost of supervised assessment also means that it takes place after an initial sift has taken place – limiting the company to a CV-based sift at the outset, which is based on an unreliable, untested source of data and can be disadvantageous to both the company and candidate. Whether or not you are recruiting or assessing development opportunities, looking through CVs is not only time consuming but the

information contained in them cannot be relied upon.

Online testing can overcome all the limitations and problems of CV sifting and assessment supervision, and open up a whole new range of benefits:

- It provides a highly cost-efficient, fast, flexible and reliable means of assessment that frees up management time for strategic issues.
- There are no logistical barriers: tests can be taken anytime, anywhere, by any number of candidates, making integrated international assessment viable and achievable.
- Multi-lingual, multi-national recruitment projects can be managed centrally, tailored locally, ensuring that corporate processes are consistent but the needs of the local market are addressed. SHL tests to come in 16 languages.
- It enables effective selection from the outset, creating a pool of qualified candidates for management consideration.
- The 'talent pool' can be topped up on an ongoing basis by allowing tests to be accessed and taken on line 24/7.
- It decreases the number of interviews per hire, raising process efficiency.
- It generates positive PR for the company by demonstrating professionalism and by giving candidates the confidence that they've been fairly appraised, whereas rejections based purely on CV alone are less likely to be accepted.
- It enables effective data mining – online assessment systems can be used to analyse trends within candidate pools, identify indicators of good candidate sources, create a picture of the business' overall competency base and identify future competency requirements.

### But can it be trusted? Absolutely!

So what's stopping businesses using online assessments? Firstly, many businesses may be nervous of jumping on what they consider to be another e-bandwagon. E-recruitment systems swamped the market during the early stages of internet boom, all of which reacted to an immediate need, putting transactional solutions in place which

were geared at attracting and pulling people into the organisation, without taking into consideration long-term strategy.

Secondly, and most importantly, there are concerns over the validity and integrity of online testing. Can candidates 'cheat the system.?'

This has been a key consideration in the development of online tests. SHL's 'Ability Screening Online' numerical and verbal reasoning tests for example have been devised so that no test is ever administered twice and questions are drawn from a vast pool of equitable questions. These tests also use the latest psychometric models.

Obviously all tests are vulnerable to individuals who would attempt to abuse them. However studies illustrate a negligible margin between supervised reasoning testing and online testing using a sample of 716 Australian graduates.

In addition, with regard to moving personality-based tests up the recruitment funnel, a study by Bartram & Brown in 2003, with 1809 UK and Hong-Kong samples, showed scale reliability and scale relationships maintained between internet-based and paper and pencil tests.

The best practice for managing the integrity of internet-controlled tests is to issue candidates with an ID or access code that takes them to a secure site. A separate test site also allows recruiters to control the virtual environment that candidates experience, ensuring that the company is communicated effectively and the candidate enjoys a positive interaction.

Forced-choice tests (ipsative) are the hardest tests to 'fake' or cheat. (Shown by Hunt and Warr in 1999.)

## Conclusion

Accurate and objective assessment is a key factor in selecting, developing and retaining the right people in the right jobs, delivering long-term value to an organisation. It is becoming widely accepted that recruiting the right people is the key differentiator in a company's performance and profitability, evidenced by the renewed emphasis on Human Capital Management.

Online assessment is a valid, robust and valuable tool that not only addresses the need to lower costs and meets the requirement for intelligent hiring decisions but also offers HR managers a framework for assessing people potential throughout the employee life-cycle.

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