Best practices in hiring: 
*SHL’s Approach to Selection Assessments*
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Thank you for considering SHL as your partner for selection assessments. Making the right hiring and promotion decisions can result in a number of positive business outcomes for your organization, including cost savings, increased productivity, and greater employee retention.

SHL’s suite of assessments and its professional consulting services can help organizations establish hiring and promotion processes with demonstrated validity and the potential for a positive return on investment. Ultimately these enhanced selection processes can help organizations identify and retain top talent and have a positive impact on business results.

This document describes the benefits of using assessments and SHL’s best practice recommendations for appropriate identification and use of assessments in a hiring process. These recommendations are based on our extensive experience in assessment design and implementation, combined with current professional and legal guidelines in this area.

Part I: Understanding the Benefits of Selection Assessments

When deciding to use assessments, organizations will find numerous assessment products and vendors on the market that vary considerably in terms of quality and applicability. Ideally, organizations should use tools that will increase the likelihood of hiring candidates who will perform well on the job – thus leading to demonstrable economic returns. An assessment or hiring process that is poorly designed or implemented may be no more effective at identifying a successful job candidate than the flip of a coin. The impact of poor hiring decisions can have expensive and far-reaching outcomes, such as increased employee replacement and training costs, or increased legal liability. Organizations that carefully choose assessments and related services that best meet their needs will have a clear competitive advantage.

Benefits of identifying and using well-developed, valid and consistently applied assessments for selecting employees may include:

- Making better, more defensible hiring decisions based on objective data
- Increasing the productivity of the workforce and profitability of the employer
- Improving job fit and reducing employee attrition
- Reducing unnecessary human resources costs by reserving more costly interviewing and background screening steps for candidates who are successful on the assessments
- Decreasing the likelihood that candidates will file justifiable complaints about the process
- Presenting a positive, professional image of an organization to job candidates

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Return on Investment

Business leaders often ask for evidence to prove that using assessments for hiring employees is worth the investment. It is often possible to demonstrate that using assessments to make better hiring decisions leads to improvement in relevant business outcomes, such as increased revenue for the organization or increased productivity. In addition, effective use of selection assessments can lead to other cost savings due to increased process efficiency and decreased staff time (e.g., staff time required to review résumés or conduct interviews). Furthermore, economic benefits can result when well-developed hiring systems enhance the legal defensibility of the hiring process (e.g., ease of moving through Office of Federal Contract Compliance Programs (OFCCP) audits, avoidance of costly legal proceedings, etc.).

In addition to the financial benefits listed above, an effective hiring process also has the potential to save an organization money by (a) eliminating some of the re-training caused by hiring unqualified employees, (b) avoiding performance problems or direct financial loss caused by employees who intentionally violate organizational policies, and (c) reducing recruiting and replacement costs from turnover of unqualified or poorly-performing employees.

In demonstrating the return on investment through use of assessments, SHL works with clients to identify key business metrics related to a particular job and then examines the relationship between assessment results and these business metrics. For example, in several call center environments, business outcome studies have focused on demonstrating the relationship between assessment scores and metrics such as average call handle time, sales revenue per hour, and/or employee retention.

Through business outcome studies, SHL can help clients understand the value of assessments. Often this involves study of business practices to discover new techniques for measuring how better qualified employees contribute to client organizations. For example, in a retail management setting, we helped a client develop new methods of measuring the impact of hiring high-quality managers such as sales/profit per employee, per square foot of store space, and per advertising dollar. By showing that scores on the assessments are related to business outcomes, clients can see the impact of assessments on their businesses and communicate that value to other stakeholders in their organizations.

Assessments can also have a future return on investment to an organization through an enhanced reputation in the candidate market. When organizations use assessments appropriately, the objectivity and perceived fairness of the process not only helps decrease the likelihood of complaints against the organization, but it may also improve the overall reactions a quality applicant has about the organization.

Organizations who consider their selection process to be “continuous recruiting” will find that quality testing can create a positive impression of the company.
Increasing Objectivity and Enhancing Defensibility

One important business goal for any organization should be to use fair and legally compliant hiring and promotion practices. Any decision made as part of a hiring or promotion process – including reviews of résumés and job interviews in addition to more formal assessments – may come under scrutiny as part of an internal grievance process, an Equal Employment Opportunity Commission (EEOC) complaint, or an OFCCP audit. A typical example of these challenges include claims that a specific selection procedure is unfair because it is not related to a person’s ability to perform well in a particular job or because candidates believe the process screens out a disproportionate number of people in a protected group.

Several guidelines and professional standards exist for developing and using consistent and legally defensible selection systems. These include federal guidelines (i.e., Uniform Guidelines on Employee Selection Procedures, 1978) that are enforced by government agencies including EEOC and OFCCP, in addition to recommendations from professional organizations (e.g., Principles for the Validation and Use of Personnel Selection Procedures, 2003; Standards for Educational and Psychological Testing, 1999; International Guidelines for Test Use, 2000). In addition, the International Organization for Standardization recently published a standard dealing with psychological assessment (ISO 10667, 2011a and 2011b), which provides clear guidance for providers of assessment services and their clients in order to enable all stakeholders to realize the potential benefits of good assessment practices. These guidelines exist not only to help organizations enhance the legal defensibility of their selection systems but also to assist organizations with implementing systems that lead to hiring productive employees who will fit well with the job and the organization.

When implemented appropriately, assessments add an increasingly objective component to the hiring process – a benefit to organizations who are concerned about potential litigious complaints about their process. While some organizations may be reluctant to use any formal selection assessments due to (often unfounded) legal concerns, the use of a relatively subjective hiring process can actually increase the risk of legal exposure. Inserting objectivity in the hiring process is key to enhancing candidates’ feelings about the organization – that they are being treated fairly during the hiring process. In turn, this may decrease the likelihood that candidates file complaints regarding the process.

Organizations that proactively implement assessments that comply with relevant legal and regulatory guidelines and that monitor, evaluate, and update their processes as necessary may be better prepared should their selection processes be challenged. Further, effective use of assessments can help organizations by introducing increasingly objective methods to compare candidates on competencies that are important for job performance rather than relying on initial impressions or other factors that may not be related to success in the job.

SHL’s assessments and services, including job analysis and assessment validation, provide clients with specific data and documentation to support the job relatedness of their hiring process. Ultimately, clear documentation of data gathered and analyses conducted that conform with the Uniform Guidelines on Employee Selection Procedures (1978) and Principles for the Validation and Use of Personnel Selection Procedure (2003) will help clients defend against any challenges to their selection procedures.
Part II: Best Practices Overview for Implementing Selection Assessments

The key to effective hiring and promoting goes beyond simply purchasing an assessment and adding it to the hiring process. While this option may appear relatively quick and inexpensive, we believe organizations are better served by using a systematic approach to designing a hiring process. An assessment in and of itself does not ensure success. Rather, the way organizations choose and implement assessments plays a large part in determining whether a hiring program helps them achieve key business goals.

The recommendations below are best practices for designing an assessment program as part of a hiring process based on both professional and regulatory guidelines. However, because each client’s situation will be unique, this document is not intended to serve as specific professional or legal advice for each situation. Clients who wish to incorporate assessments into their hiring process should obtain the guidance of legal counsel, consult with sources such as their human resources department or external experts, review state and federal laws regarding testing, and consider best practice guidelines from reputable professional organizations.

Based on federal guidelines and professional standards, SHL generally recommends that assessments be selected and implemented following these four key steps:

1. Understand and Document the Job Requirements
2. Establish the Validity of Assessments for the Specific Job
3. Implement Assessments Effectively
4. Evaluate and Optimize the Effectiveness of the Assessments

This document provides an overview of these steps, including background information on their importance.

1. Understand and Document Job Requirements

The first key component in designing an effective hiring system involves clearly understanding and documenting the requirements of a job by conducting a job analysis. A job analysis will permit the employer to identify and document the primary work activities, competencies, knowledge, skills, abilities, and other characteristics (KSAOs) required for successful job performance. Based on the job analysis results, the next step is to identify or tailor one or more well-developed assessments that measure the required competencies and/or work behaviors.

Conducting a job analysis may include asking job experts (e.g., incumbent employees or supervisors of those target employees) to describe the requirements of a job through focus groups or interviews that may include direct observations and/or data collection through surveys or related methods. Job experts from various facets of the job should be selected (e.g., from various shifts, locations, incumbent demographics, etc.). Data should be analyzed to determine competencies required for successful performance on the job and to further identify which of those competencies new candidates need to bring to the job (compared to those on which they will be trained). Additionally, important work behaviors should be identified from analysis of survey data.
Job analysis represents a core service that SHL provides to its clients for two important reasons:

1) it assists our clients with choosing a relevant assessment or combination of assessments to identify candidates who are most likely to be successful

2) it is a critical part of validating and defending a selection system if a legal challenge be made

2. Establish the Validity of Assessments for the Specific Job

A key component in developing a sound assessment program is to formally establish the job relatedness or validity of any assessments chosen. There are several accepted methods of establishing validity evidence, although a given approach may be more or less appropriate depending on the particular situation and client needs. In any event, these validation strategies are designed to provide clients with data-driven evidence that the assessment is related to job performance and/or established job requirements, thereby enhancing the legal defensibility of the hiring process. Using a validated assessment is paramount not only for supporting the legal defensibility of a hiring system but also for providing support that the solution precedes a return on investment.

As an important first step, organizations should choose assessments based on their link to the important competencies and/or work behaviors that are needed at entry into the job. Job analysis results and assessment recommendations should be documented within a detailed technical report that establishes the foundation for the job-relatedness of the assessment(s) in the event of a legal challenge.

The legal issues surrounding assessments in employment situations are complex. For example, if an assessment screens out a disproportionate number of candidates from any protected group (i.e., has “adverse impact”), the organization can still justify the use of the assessment in hiring decisions based on validity evidence (Uniform Guidelines, 1978). A valid assessment will provide information about job candidates that is related to their ability to be successful in the job; therefore, if an assessment can be established as valid and job-related, the use of the assessment will usually meet validity requirements as detailed in Section 14 of the Uniform Guidelines.

SHL uses methods to validate its assessments that are supported by current legal and professional standards, including content validation, criterion-related validation, and/or validity transportability. The feasibility of each approach may depend on the assessment in question, the validity evidence that has already been accumulated for that assessment, and the nature of the job or setting in which the assessment may be used.

Content Validity

A content-related validity strategy focuses on demonstrating that the content of the assessment is relevant to the work requirements on the target job. For example, a word processing skills assessment can be validated for an administrative assistant job by showing that the operation of word processing software, as measured by the assessment, is an important work requirement of the job. The focus of this validation strategy is on demonstrating the correspondence between the tasks or competencies required by the assessment and the tasks or competencies performed on the job.
SHL typically establishes this link between assessment content and job requirements based on carefully documented judgments made by subject matter experts (e.g., incumbent employees and immediate supervisors), both in the original design of the assessment and through evaluation by job experts when examining the relevance of an assessment for a particular job.

**Criterion-Related Validity**

Another indicator of validity is the degree to which assessment scores are related to an important outcome for the job or organization – typically some measure of employee performance on the job or an organizational outcome such as job tenure. A criterion-related validity strategy investigates whether there is a significant statistical relationship between assessment scores and “criterion” measures such as job performance, training performance, and/or job tenure. If a significant relationship is observed, candidates with more favorable scores will be expected to demonstrate better performance on the job. Feasibility of this validation approach depends on a number of factors (e.g., sufficient numbers of job incumbents or candidates who can participate, availability of appropriate performance measures, etc.), and it is often used when a validity transportability study (described below) is not possible.

**Validity Transportability**

In many instances, SHL’s clients benefit from criterion-related validity evidence accumulated from many of our assessments using a validity transportability approach. Many of SHL’s assessments have accumulated validity evidence across numerous studies that support their relationship with relevant metrics for a particular job or job family. A validity transportability strategy focuses on examining the similarity between our client’s jobs and the jobs for which criterion-related validity evidence has already been established for a particular assessment.

Validity transportability is described in Section 7 of the Uniform Guidelines and is appropriate when:

a) substantial evidence of criterion-related validity has been established in other organizations, and

b) there is substantial similarity between the job in question and the jobs that were included in the original criterion-related validity studies.

When developing a new selection system for a target job, job analysis information gathered for that target job is compared to job analysis information gathered in prior SHL validity studies. When job analysis evidence suggests that aspects of the target job are “substantially the same” as aspects of jobs found in the SHL archives, evidence of criterion-related validity obtained from these prior jobs can be “transported” for predicting how the assessment will work in the target job. A critical step in establishing jobs are “substantially the same” is demonstration of how important competencies and/or work behaviors of the jobs in the original validation studies are substantially similar to those important to performance for the job in question. If a clear relationship can be established between the jobs, then validity evidence (e.g., evidence that the assessment predicts performance) can be presumed to exist for the job in question.
3. Implement Assessments Effectively

While job analysis and validation are critical components to an effective and defensible selection system, consistent and appropriate implementation of the assessment process is also important. Consistency improves defensibility, and without a consistent and fair application of a selection program, return on investment can be compromised, and legal challenges are more likely to occur and less likely to be successfully defended.

Training and Administration

Effective and consistent implementation includes training administrators to follow specific assessment guidelines. Procedures should be put in place to ensure security of the assessment so that no candidate has an unfair advantage because of his/her unique access to assessment items or other information. In general, all candidates should participate in the assessment under similar conditions (e.g., time limits, materials provided, distraction-free testing environment). Test administrators also should recognize the need for potential accommodations should a situation arise under the Americans with Disabilities Act.

Using Assessment Scores for Selection Decisions

There are multiple strategies for using assessment scores in making decisions about whether a given applicant should be hired or advance to the next stage of a selection process. Examples of these strategies include setting appropriate passing scores on specific assessments or a combination of assessments, using a “top-down” selection approach based on a rank-ordered list of applicant assessment scores, and/or implementing multiple decision points or “hurdles” in the selection process (whereby assessments may represent one or more of these hurdles). In any event, the procedures for using assessment data in the context of the entire selection process should be established as organizational policy and followed consistently. Ultimately organizations are free to set their own hiring policy, but they should first analyze how assessment results should be used to make hiring decisions. Additionally, policy decisions should be reviewed and approved by an organization’s human resources and legal counsel.

Using Assessment Scores with Other Selection Procedures

While assessments are important for identifying talent for an organization, they should be used in the context of other important parts of a hiring process. For example, organizations may utilize background checks, minimum qualifications screening, or interview procedures that are an integral part of an overall hiring decision. The more job-related information that is used to make hiring decisions, the more likely it is that those decisions will be effective. While this document focuses on selection assessments, any tool or process that is used for making hiring or promotion decisions, including assessments, interviews, or résumé reviews, for example, should be evaluated to ensure that it meets applicable professional and legal standards. Further, all elements of the selection process should be applied consistently across candidates to enhance fairness of the entire process.
Implementing Assessments in Different Languages

Companies are increasingly moving across geographies to grow their businesses and respond to challenges and opportunities. Within a single market, companies are increasingly more likely to face the need to conduct assessments in a variety of languages. The need for well-developed assessments that have demonstrated psychometric equivalence has never been greater in order to compare candidates across countries and cultures (Hambleton, 2005). When tests are used for assessing individuals from different groups (e.g., cultural background), the International Guidelines for Test Use (International Test Commission, 2001) provide best practices for fair use of assessments when testing is conducted in more than one language. Tests that meet these guidelines have been developed, reviewed, and translated while being sensitive to issues of content, culture, and language. These steps help ensure the uniformity of quality of tests adapted for use in different cultures and languages, and permit comparison of candidates who tested across language versions.

4. Evaluate and Optimize the Effectiveness of the Assessments

The most successful selection systems are monitored, evaluated, and refined over time to ensure company objectives are being met. Many organizations find that as their business environment changes, some procedures that were previously implemented no longer enable them to successfully meet hiring objectives (e.g., they screen out too many candidates), and therefore must be modified to reflect these changes. Similarly, as jobs and job requirements change, assessments may need to be modified to reflect these changes, typically based on an updated job analysis procedure. Also, evaluating the entire assessment program helps identify areas where administrators are not consistently following established guidelines so that additional training or education can occur. Ultimately, evaluation and refinement after a selection solution is implemented enables an organization to optimize its hiring process.

Selection assessments can also be optimized over time based on evaluating their impact on relevant business outcomes then adjusting the assessments to maximize the positive impact on these outcomes. As discussed in a previous section, assessment scores can be evaluated with respect to their statistical relationship to key business metrics (e.g., productivity or retention for those individuals hired). Based on this evidence, adjustments can be made to enhance the impact of the assessments on these metrics, such as adjusting weighting or passing scores for various assessment components or adding or removing specific assessment content as appropriate. In fact, “optimizing” assessments in this manner is central to SHL’s value proposition to demonstrate the business impact of our selection assessments, and continuously improve these assessments for our clients over time.

Effectiveness of the hiring process should also be examined over time for ongoing legal compliance. As legal requirements may change over time, selection processes should be evaluated and revised as necessary to ensure that they remain legally appropriate. Also, federal guidelines and federal and state laws require monitoring of the impact of the assessments and hiring decisions on protected groups (e.g., race, gender, and national origin). Results of these impact studies help identify situations when the organization may choose to make modifications (e.g., a particular assessment chosen or the way an assessment score is used) to improve validity and/or minimize adverse impact.
SHL’s Approach

SHL offers a range of services to our clients that are consistent with the best practices outlined in this document. Our job analysis and assessment design, validation, and optimization approaches leverage online tools and consulting expertise to quickly and seamlessly collect data, conduct relevant analyses, deliver the appropriate recommendations and documentation, and ultimately to address our clients’ needs related to effective implementation and use of selection assessments. SHL’s expertise can be leveraged to assist clients in recommending and implementing assessments with a method that maximizes business outcomes and legal defensibility. As part of ongoing client engagements, we continuously evaluate initial assessment choices by using a data-based approach to “optimize” these assessments with respect to clients’ critical business needs.

References


