

## Fact Brief

## Pre-Hire and Developmental Assessment Tools at *Fortune* 500 Companies

Profiled Institution	Industry	Employees	Revenues
A	Manufacturing	10,000 – 50,000	\$5 billion - \$10 billion
B	Consumer Products	10,000 – 50,000	\$5 billion - \$10 billion
C	Energy	10,000 – 50,000	More than \$10 billion
D	Telecommunications	More than 100,000	More than \$10 billion
E	Retail	More than 100,000	More than \$10 billion
F	Hi-Tech	More than 100,000	More than \$10 billion
G	Manufacturing	More than 100,000	More than \$10 billion

## Key Questions

What processes and tools do companies use for assessment purposes?

How do companies manage and create assessment practices, and for what aspects of the process do they involve vendors?

What key lessons have companies learned regarding developing valid and effective tools?

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### Issue Overview: The Value in Proper Assessment Practices

As the competition for talent intensifies, organizations' abilities to effectively screen and select applicants become increasingly urgent. Extensively researched and well-aligned testing and assessment processes aid not only in hiring best-fit candidates, but also in reducing turnover and its associated costs, which may range from \$1,000 to \$10,000 per employee.<sup>1</sup>

Despite the effects that poorly designed assessment practices may have on an organization, research indicates that companies are not exhibiting great strength in this area. A 2002 survey by *Development Dimensions International* (DDI) reveals that organizations perceive their current selection methods and tools to be only moderately effective, and 41 percent of surveyed organizations plan to significantly alter their approaches within the coming two years.<sup>2</sup>

Furthermore, companies express difficulty in maintaining effective assessment practices in regard to employee development. Performance assessment, while primarily used for developmental purposes, is also relevant to salary justification, eliminating low performers while highlighting top performers and correlating employee behavior with concrete results. However, the time and attention required to gather and update data, evaluate the data and train assessors often prohibits companies from effectively managing assessment practices for developmental purposes.<sup>3</sup>

Bearing in mind the relative importance of proper selection and assessment tools for both pre-hire and developmental purposes, this study seeks to examine current trends and preferences surrounding both sets of tools.

## EXECUTIVE SUMMARY

This brief analyzes assessment tool use for both pre-hire and developmental purposes, using secondary research combined with information gleaned from interviews with Human Resource professionals at seven *Fortune* 500 organizations. The following summary provides an overview of the keynote findings related to assessment tool use, management and creation, and preference.

### Assessment Tools and Centers

**Pre-Hire Assessment Tools: Hourly/Entry Level Employees**—Profiled companies require basic skills/cognitive ability testing for pre-employment assessment at the entry level in combination with an interview. Notable findings on this topic include:

- Cognitive tests and interviews are generally preferred as they measure more cursory skills. Personality tests, role plays and other tests that measure higher-level competencies are not generally applicable to the assessment of candidates at this level.
- Brief telephone or online tests for the initial candidate screening are growing in popularity.

**Pre-Hire Assessment Tools: Professional/Executive Level Candidates**—Competency-based behavioral interviewing is the preferred assessment tool for professional or executive level hiring. Interviewing allows an organization to structure the assessment directly around its competency set and can be highly personalized.

**Developmental Assessment Tools**—Most profiled companies conduct periodic talent assessments using internal succession planning processes that basically review the current stock of talent. 360-degree reviews are used by five out of seven profiled companies. Companies involve specific tools in varying degrees.

**Assessment Centers**—Five profiled companies currently use or plan to implement an assessment center for a pre-hire or developmental purpose. Although assessment centers delve deeply into candidate characteristics, they are costly and require large amounts of time and human capital. For this reason, many companies elect to use them only when necessary, such as during times of senior-leader turnover if used for development, or when a large number of jobs needs to be filled if used for hiring.

### Tool Management and Vendor Usage

**Organizational Structure**—Profiled companies have one of three basic structural models for organizing departments that oversee assessment tools:

- *Centralized*—Individuals responsible for pre-hire tools work directly with those responsible for developmental tools to form one unit.
- *Decentralized*—There is a distinction between the departments that handle the pre-hire versus developmental assessment tools.
- *Decentralized Development with Centralized Oversight*—Two or more groups oversee different areas of responsibility for tool sets.

**Vendor Partnerships**—Profiled companies use vendors for assessment tool development. As explained by profiled companies, creation and validation of tests is a complex process that vendors can ease. Licensing validated tests or using vendors for interview guide design are the most common areas for vendor assistance.

### Tool Validity and Effectiveness

**Tool Validity**—Profiled companies identify tool validity as a most essential element concerning assessment tool use. Tools must be validated on three levels, including content validity, criterion validity, and construct validity. Companies cite strong research and validation of assessment tools to be of utmost importance in tool selection and preference.

**Tool Preference**—Profiled companies unanimously agree that using multiple tools for assessment is crucial to avoiding possible bias in testing as well as obtaining the most reliable picture of testing participants.

**Confidentiality Policy**—Companies typically do not share pre-employment testing results with candidates who do not receive offers. Hired individuals may be able to view results in summary form. Hiring managers see summary data as well. Developmental testing results are shared with employees.

**Data Storage**—Assessment data storage is not of high concern for profiled companies. Companies tend to store this data for two to three years, as required by law, using both hardcopy and online methods.

Assessment Tools and Centers	Tool Management and Vendor Usage	Tool Validity and Effectiveness
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## Pre-Hire Assessment Tools

**Section Overview: Assessment Tools and Centers**

Assessment tools fall into two main baskets: those used for pre-hire purposes and those used for development purposes. This section examines tools used for both purposes.

Additionally, note that assessment centers may be used in either context. Profiled companies use of assessment centers is also included in this section.

Pre-hire testing can be costly to develop, but the reward of a well-matched workforce is more than enough motivation for companies to devote the necessary resources. Selecting proper tests is no easy task—companies may choose any combination of “screen-in tests” (basic skills tests, cognitive ability/aptitude exams, physical ability tests, personality inventories) to determine applicant qualification and “screen-out tests” (medical exams, honesty and integrity tests) to weed out undesirable applicants.<sup>4</sup>

Profiled companies use a combination of tools for hiring purposes, which vary based on position type and level. Companies that use a wider range and number of tools may be assessing for a more diverse group of entry-level positions.

### Hourly or Entry-Level Positions

**FOUR STEPS IN  
TEST SELECTION**

1. Ascertain what the company hopes to gain from the test.
2. Determine administrative aspects (test form, test location, etc.).
3. Research availability of tests to suit your needs.
4. Identify legal ramifications of the test.

Source: Gilbert Nichol森, “Screen and Glean”

The table below indicates selection of tools used by profiled companies:

Assessment Type	A	B	C	D	E	F	G
Interview	✓	✓	✓	✓	✓	✓	✓
Online or Telephone Screening			✓	✓	✓	✓	
Personality Test			✓	✓	✓		
Physical Abilities Test			✓				
Role Play			✓	✓			
Skills/Cognitive Abilities Test	✓	✓	✓	✓	✓	✓	✓

As **Company C** and **Company D** utilize the greatest varieties of assessment tools at this level, their tool selections are outlined below. Descriptions of other unique assessment options follow these sections.

#### Company C’s Position-Specific Design

Company C’s pre-hire assessments are position-specific. Possible tests include:

**ONLINE ASSESSMENTS**

Assessment software is gradually moving toward the Web. Performance-based tools that serve as job simulations offer the following advantages:

- Flexibility and streamlined processing
- Effectively tests actual skills and capabilities
- Can administer tests to anyone, anywhere, with results compiled in one central database
- Lower time and human capital requirements

Source: Bob Smith, “Assessment Tools Support Continuous Improvement.”

- *Edison Electric Institute* tests, for aptitude testing of technicians
- *Human Performance Systems* tests, for physical abilities testing
- *Minnesota Multiphasic Personality Inventory (MMPI)*, for positions with Nuclear access
- Clerical testing, for administrative positions
- *Employee Motivation and Performance Assessment (EMPA)*, for all candidates
- Interview process, for all candidates
- Role play, for customer service roles
- Telephone pre-screen, for all candidates

Assessment Tools and Centers	Tool Management and Vendor Usage	Tool Validity and Effectiveness
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**Pre-Hire Assessment Tools (continued)**

**Company D's Flexible Options**

**HOME DEPOT'S  
RECRUITING KIOSKS**

When Home Depot opens a new store location, an average of 1,250 candidates applies for 250 positions. To meet the demand of efficient pre-screening, it developed in-store recruiting kiosks.

- The electronic screening process includes an application form and a computerized test.
- The 72-question test gauges a candidate's strengths and weaknesses.
- The process requires 40-45 minutes, not including the short, personal interview.
- The interview questions are printed off following the test, based on applicant responses.

Source: Corporate Leadership Council, *Home Depot's Recruiting Kiosks*.

Company D pulls from a deep breadth of tools, as well. Most entry level jobs are tested with two to three of the tools listed below:

- Interviews
- Knowledge tests, for technicians or other specialized positions such as drafters
- Role plays or situational judgment tests, primarily for customer service roles
- Skills tests such as data entry or typing
- "Mini-course"—a training session followed by a test that examines how well an individual absorbs learned material
- Basic cognitive tests
- Basic personality tests
- Web-based job/work simulations

**Additional Entry-Level Assessment Tools**

**Online application process—Company E** developed an online application process that serves as a pre-selection tool. Applicants answer a short series of questions at store locations for initial screening. The hourly employee test measures conscientiousness, reliability, and customer service.

**Biographical data questionnaire—Company F** uses a basic abilities test in conjunction with a biographical data questionnaire, which it views as an excellent method for estimating elements such as customer service orientation.

**Assembly line exercise—Company G** requires candidates to perform a group exercise that entails actual product construction in an assembly line manner. This exercise is used in conjunction with an interview that gauges safety awareness and time awareness as well as basic cognitive skills testing. If an applicant fails to pass any component, they may retake the failed test.

**COMPETENCY  
MODELS**

Companies design interview guides around competency models, such as those exemplified below:

**Company D** divides its nine competencies into four baskets:

- Baskets—Business focus, customer focus, leadership focus and results focus
- Selected competencies—Expands company/industry knowledge, fosters teamwork, communicates with impact, builds productive relations, takes personal accountability, and drives results.

**Company E** has six "leadership principles," including:

- Drive for results, teamwork, customer satisfaction, diversity/inclusiveness, performance management and change management

**Professional or Executive Level Candidates**

Whereas profiled organizations assess hourly or entry-level candidates through the use of a variety of testing agents, they seldom use a variety of methods for professional or executive-level candidates. Rather, behavior-based interviewing dominates the majority of the assessment.

Interviews are typically based on a thoroughly-developed competency model. Developing a valid competency model is the first step toward effective behavior-based interviewing, as this assures that the interview tests relevant and appropriate qualities. The left margin displays two examples of competency models.<sup>5</sup>

In addition to interviewing, **Company A** and **Company E** use an assessment center process. Company A's use is need-based, while Company E uses assessment centers for college recruits that pass the initial interview.

Assessment Tools and Centers	Tool Management and Vendor Usage	Tool Validity and Effectiveness
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## Pre-Hire Assessment Tools (continued)

### ADDITIONAL TOOLS

(For professional/executive level pre-hire purposes)

- **Cognitive/personality tests—**  
**Company B** administers professional level hires the *Wonderlic* (cognitive skills) and *Thurstone* (personality) tests. It is also piloting the *EAS* (cognitive) series and *CPI* (personality) test.
- **Job match conversation—**  
**Company F** engages candidates in job match discussions with hiring managers to ensure proper job fit and expectations.
- **Leadership skills test—**  
**Company E** administers a leadership skills inventory, developed with *PDI* and based on Company E's leadership competency model.
- **Psychological assessment—**  
**Company A** reviews executive candidates using a one-on-one, three-hour psychological assessment in addition to their interview.

**Company G** uses a highly structured process for its professional level candidates, as profiled below.

### **Company G's "Three Hurdle" Professional Level Screening Process**

Company G bases assessment around 17 competencies divided into four baskets:

*Interpersonal Skills & Communications—*  
 Builds relationships, communication skills, visionary leader, customer focus

*Leadership Supervision—*Coaching, empowerment, team development, change leadership

*Personal Qualities and Traits—*  
 Motivational pattern, maturity, results orientation, diversity

*Technical Knowledge and Management—*  
 Decision making, managing job itself, functional expertise, global integration and function, strategic timing and execution

The section below outlines the assessment process for professional level candidates, described by Company G's interviewee as the "three hurdles:"

**Web-based inventory—**2-parts, including:



- *People Leaders Experience Profile—*Examines life experiences and preferences as well as the initiative competency
- *Situation Judgment Test—*Multiple-choice format that examines adaptability, decision making ability, etc.

The two tests have a combined validity of .9R. The tests costs \$5 to administer and is one of the most reliable tools used, according to Company G's representative.

**Telephone role play—**A two-hour process, administered by *DDI*

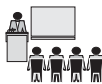


- *DDI* gives candidates approximately 20 pages of pre-work providing complete case background.
- *DDI* contacts the candidate and administers decision challenges, including an interaction with a union official.
- After an interactive discussion, the candidate leaves a lengthy voicemail revealing his or her decisions.

**Interview series—**Broken into three individual steps, as detailed below:



1. *Behavior-based interview—*Lasting approximately 15 minutes in length, formulated using Company G's competency model
2. *Safety presentation—*Five minute presentation by candidate gauging presentation and organizational skills
3. *In-basket exercise—*Two-hour exercise gauges planning and organization



The overall interview series process is weighted 70 percent on seven core competencies, 20 percent on planning and organization and 10 percent on communication.

Assessment Tools and Centers	Tool Management and Vendor Usage	Tool Validity and Effectiveness
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## Developmental Assessment Tools

### AIR CANADA'S 360-DEGREE FEEDBACK PROCESS

Air Canada honed a 360-degree tool for annual leadership competency assessment, that incorporates self, downward, upward and peer reviews. Air Canada implemented the system to achieve three improvements in its talent management process, including:

1. Injecting objectivity into the key personnel decision-making process
2. Enabling leaders to better understand their performance as measured by specific behaviors and to focus on targeted development opportunities
3. Indicating the importance of key leadership behaviors in each business function, and citing possible training and development options

While Air Canada maintains a set of 22 key competencies, the 360-degree review assesses nine specific leadership competencies.

Source: Corporate Leadership Council, "Air Canada's 360-Degree Feedback Process for Leaders."

Assessment tools are not only used for pre-hire purposes, but also to identify and then assess high potential employees (HIPOs) who have been cited as candidates for higher-level promotional opportunities.

Most companies also recognize the importance of career development for employees who do not fit the HIPO description. A company's ongoing commitment to employee development benefits both the employee and the employer: the employee gains the reward of increased advancement opportunities and better preparation for future job roles, and the organization receives higher productivity, enhanced quality and a more competent workforce.<sup>6</sup>

Profiled companies vary widely in their approaches to developmental assessment. Listed below are possible developmental assessment tools:

- 360 degree review tool
- Assessment centers
- Assorted testing battery
- Ongoing coaching and development
- Online succession management process

These tools may be used in any manner to create a loosely or well-defined approach to HIPO assessment.

### Low Involvement of Specific Tools

**Company A** and **Company C** have more loosely-defined processes of assessing HIPO employees for development that, while they do involve specific candidate criteria or screening steps, do not necessarily include specific tools or systems aside from 360-degree reviews. Company A's process is described in more detail below:

#### **Company A's Dual Screening Succession Planning Process**

Company A has an internally developed succession planning process. Company A selects HIPO candidates based on a leadership identification and development process that rates employees on drive/motivation, intellectual capacity and dedication/personal learning.

Candidates who meet the standards in these selected areas are then screened based on indicators of capability for accelerated development, including performance, courage, relationships and desire to be a leader.

If candidates show promise in the previous areas, the companies present leadership needs will be matched against candidate talent profiles, and a 360-degree review aids in determining developmental needs of matched candidates.

Assessment Tools  
and Centers

Tool Management  
and Vendor Usage

Tool Validity and  
Effectiveness

## Developmental Assessment Tools

### Increased Involvement of Specific Tools

*“We have a very decentralized process for assessment [for development purposes]. We really try to marry the intervention with a goal. If I had to predict where we would take this in the future, I would say an online assessment center – very virtual, with lots of feedback for development purposes.”*

-Interviewed Individual, Company D

**Company D** and **Company E** approach assessment of HIPO employees with more structured tools. Company D's approach is described in more depth below.

#### Company D's Collective Role Play Exercise

Company D recently implemented an assessment tool developed by DDI. The activity measures cognitive abilities, business acumen and business strategy skills. The activity involves a role play in which individuals take on the role of a CEO for three hypothetical years, examining business plans and making recommendations.

Although the exercise is technically done by the individual, it is given in a group context, thus initial ideas are modified by their peers. As a result, individuals gain consensus around what course of action to take for the business. The activity concludes with a presentation to the board.

This tool is used in conjunction with other options, including *Highland's Abilities Battery*, *Complexity of Information Processing*, *Hogan's Personality Inventory*, and a specialized 360-degree tool.

### Varied Involvement of Specific Tools

*“We're trying to make a closer connection between the core capabilities thorough the use of assessment tools and the link back to what the business is trying to drive through development of their people.*

*We're trying to determine, from high-level strategy documents and conversations with senior leaders, what our strategic objectives are for our business units and then really trying to position learning investment and activities as they're developing to be in support of those imperative strategies.*

-Interviewed Individual, Company F

The following companies have a mixed approach. To explain:

**Company B** generally uses periodic reviews that include multiples tests to assess HIPO employees for key position movement. However, highly developed assessment centers are used in the Sales and Supply Chain functions.

**Company G** uses general talent profiles for assisting in the talent management process. However, any employee being assessed for movement into a higher-level (supervisory) role, must undergo the process previously described for professional level pre-hire purposes. Additionally, a strategic senior leader assessment center process is occasionally used.

#### Company F's Development Philosophy

Company F does not necessarily assess HIPO candidates. Rather, the company approaches assessment for development from a much broader and more strategic standpoint. Based on strategic business unit objectives, the Learning Partnerships group develops skills assessment templates, which are then administered to appropriate employees.

Managers run reports on the collected data that elaborate on collective skill gaps, rating them on a level of zero to five. Aggregate reports are stored in a Skills Information Warehouse. Assessment of aggregate data aids in remedying skill gaps by providing employees with the necessary training and development. The end goal is fully equipping employees to make them successful employees of Company F.

<b>Assessment Tools and Centers</b>	<b>Tool Management and Vendor Usage</b>	<b>Tool Validity and Effectiveness</b>
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## Assessment Centers

### HIGHLIGHT ON TOOLS

Profiled companies use the following tools as elements of their assessment centers:

- Cognitive tests
- Group and individual presentations
- In-basket exercises
- Leaderless group discussions
- Personality tests
- Role plays
- Team exercises

Assessment centers are one to two day activities that bring a group of approximately eight candidates to a central location for a wide variety of job simulation exercises overseen by trained experts. This is only a general description, as assessment centers may run the gamut in terms of length, purpose and included elements. The majority consist of role-playing exercises, in-basket exercises, group activities and presentations, although occasionally companies may administer personality or cognitive tests.

The advantage to these all-encompassing tools lies in that fact that assessors actually observe how well candidates respond to high-stress situations and problems. Additionally, the variety of exercises allows revelation of multiple aspects of the candidate, such as organizational, communication, leadership or conflict management abilities.<sup>7</sup>

The drawback naturally lies in the cost, time and human capital requirements of such an undertaking. Despite these negatives, companies still find some degree of value in their use. Note that as they so broadly assess candidates and may be highly tailored to a company's individual needs, they are used for both pre-hire and developmental purposes.

### Use of Assessment Centers

#### NEED-BASED USE OF ASSESSMENT CENTERS

##### COMPANY A

- Only implements assessment centers when opening up a plant or filling a large number of positions
- Positions assessed vary from operator to supervisor level
- Activities used are suited to positions being assessed

##### COMPANY G

- Only used during times of high senior-level turnover
- Cost-discretionary nature
- Treated as "last piece of the puzzle"

Five profiled companies currently use or plan to use an assessment center, although use may be inconsistent. In general, assessment centers used for development are lengthier than those used for pre-hire purposes. The chart below outlines the use of assessment centers:

**Table 2: Assessment Center Use**

Company	Purpose	Consistency	Length	# of Participants
A	Pre-Hire	Periodic (need-based)	.5 Day	6 to 8
B	Developmental	Only for Sales and Supply Chain Function	2.5 Days	8
E	Pre-Hire	Consistent, for college recruits (post-interview)	1 Day	6
F	Developmental	Planned for top HR performers (not yet in place)	2.5 Days	15
G	Developmental	Periodic (need based)	2 Days	8 to 12

Assessment Tools and Centers	Tool Management and Vendor Usage	Tool Validity and Effectiveness
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## Assessment Centers (continued)

To obtain a more in-depth look at typical assessment center format and design, examine **Company B's** model.

### Company B's Developmental Assessment Center

*“At the end of the second day, all assessors meet late into the night to accumulate their information. They go over the candidates one by one, evaluating observed strengths, weaknesses, themes and development opportunities.*

*They assess the potential next steps for each candidate and often come up with multiple career paths.*

*The next day, based on the results, candidates sit down with the assessors and managers and really push out development plans.”*

-Interviewed Individual, Company B

Company B worked with MDA to develop an assessment center within the Sales function, with the objective of assessing current managers for the next level as well as potential for long-term leadership. The process aims to increase self-awareness and insight of these individuals regarding the importance of growing and development plans based on individual strengths. The process consists of the elements outlined below:



**In-basket exercise**—Examines how participants respond to real-life scenarios

- Participants describe how they would approach the issue to an assessor



**Task force prep**—Examine how participants function in groups, degree of innovation and conflict management

- Group of four to five individuals are given a business issue
- Given 2.5 hours to work on issue
- One assessor plus one floating assessor observe their work



**Task force presentation**—Examines presentation, communication skills

- Given 30 minutes to present, followed by 15 minutes of Q&A
- Each individual presents an equal part



**Role play**—Examines how managerial role fosters teamwork, conflict management

- Uses MDA core role play model
- Participant assumes role of middle manager



**Testing component**—Assesses verbal and reasoning abilities, personality attributes

- Administers three of the EAS series tests (10 minutes each) for cognitive ability
- Administers *Wunderlic*, *CPI* and *Hogan Personality Inventory*



**Analysis and feedback**—Lengthy review of individual candidates, includes a calibration of scores to avoid bias of individual assessors

- Day three (1/2 day) revolves around extensive feedback to candidates
- Essentially a career discussion to communicate strengths, weaknesses and future opportunities



## Organizational Structure of the Assessment Function

**Section Overview: Tool Management and Vendor Usage**

Profiled companies devote a high volume of resources to creating and managing assessment tools. As such, companies generally place ownership of the assessment process into the hands of a group whose responsibilities lie specifically in this area.

This section presents the practices of profiled companies concerning assessment tool management.

Additionally, as managing vendor partnerships is typically involved in tool creation, this section also provides an in-depth look at how profiled companies handle this aspect of assessment tools.

Design and implementation of assessment tools is a lengthy and time-consuming process of research, validation, and test-piloting. For this reason, the responsibility for these aforementioned tasks is, for the most part, assigned to an entire department or department division that specializes in working to develop assessment tools. The organization for these departments is dependant on extensiveness of assessment tool use and the degree of vendor input.

Assessment tools for pre-hire and development purposes may be handled by separate divisions or may be a cooperative effort. Three of the profiled companies consolidate tool development and selection for both pre-hire and development purposes into one group, while three remaining companies allocate the responsibilities to two functions. **Company B** actually differs in task allocation, dependant on business unit.

### Centralized Responsibility

In this situation, the responsibility for identifying competencies and skills for which to test rests upon individual business units, as the desired characteristics vary greatly between departments. Following this stage, the following steps may occur:

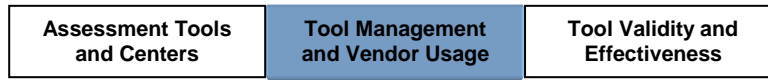
1. The assessment development group examines the designated competencies and works both internally and with outside vendors/consultants to develop and select assessment tools.
2. The latter group then trains HR individuals or line managers (or selects an outside vendor) for test administration.
3. Results are compiled and evaluated by trained individuals or a vendor.

**Company E** has a centralized structure for designing and managing pre-hire and development tools, as described below.

### Company E's Organizational Structure

**Company E's** Leadership and Organizational Development Department, composed of 81 individuals, oversees assessment development for both pre-hire and developmental purposes across the company. The department is composed of two smaller sections, which work dependently with each other, as outlined below:

<b>MEASUREMENT AND ASSESSMENT</b>	<ul style="list-style-type: none"> <li>▪ Employees may hold PhDs/Masters in developmental psychology</li> <li>▪ Develop and oversee use of pre-hire tools</li> </ul>
<b>LEADERSHIP DEVELOPMENT</b>	<ul style="list-style-type: none"> <li>▪ Employees possess deep functional expertise, strong background and experience with related areas</li> <li>▪ Develop and oversee tools for talent management/HIPO development</li> </ul>



## Organizational Structure of the Assessment Function (continued)

### Decentralized Responsibility

At the opposite end of the spectrum fall companies that elect to make a distinction between pre-hire developmental assessment work. Whereas an assessment and selection group may handle the pre-employment tool set, a workforce development group independently manages the other side of the operation. Company D and Company F both fall into this category.

#### Company D and Company F: Decentralized Structures

COMPANY	PRE-HIRE GROUP	DEVELOPMENT GROUP
<b>D</b>	<ul style="list-style-type: none"> <li>▪ Assessment &amp; Selection Group, resides in Staffing Support</li> <li>▪ Handles development, implementation and evaluation of all pre-hire assessment tools</li> </ul>	<ul style="list-style-type: none"> <li>▪ Leadership Development group, oversees all talent management</li> <li>▪ Handles tool design, support and assistance</li> </ul>
<b>F</b>	<ul style="list-style-type: none"> <li>▪ Staffing Department is composed of three sections:                             <ul style="list-style-type: none"> <li>• Channels—Oversees sourcing</li> <li>• Strategy—Develops tools</li> <li>• Operations—Implements tools</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>▪ Learning Partnerships department, composed of 28 individuals, oversees all learning and development</li> <li>▪ Primary focus on "corporate skills management," identifying and remedying skill gaps</li> </ul>

### Decentralized Development with Centralized Oversight

Company B's assessment function is structured with departments working independently of each other to develop tools, but with centralized oversight. The following figure illustrates this structure:

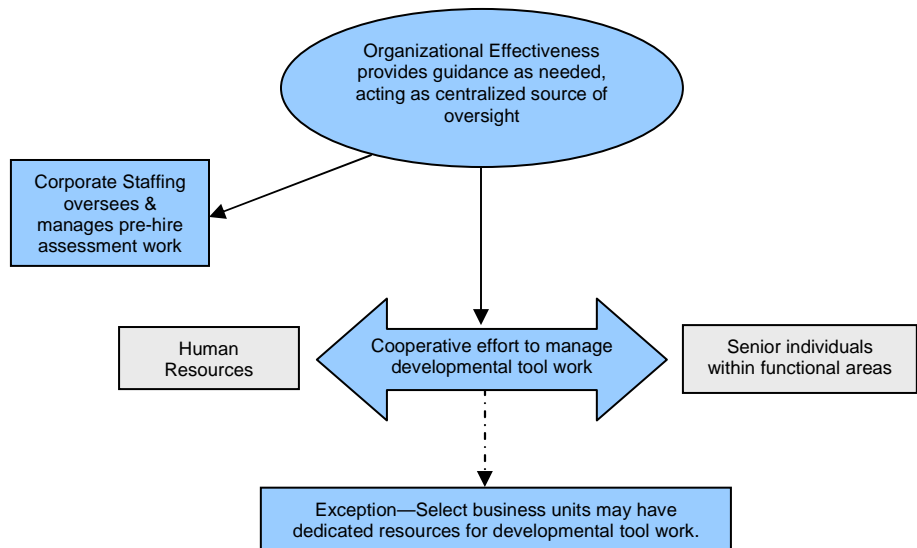
Figure 1: Company B's Blended Structure

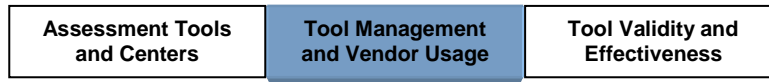
**Organizational Effectiveness:** centralized oversight

**Corporate Staffing:** pre-hire assessment work

**HR and individuals from functional areas:** developmental tool work

**Exception:** Some functions such as sales allocated small staff component to developmental tool work specific to their function





## Vendor Partnerships

### VENDOR PARTNERSHIPS

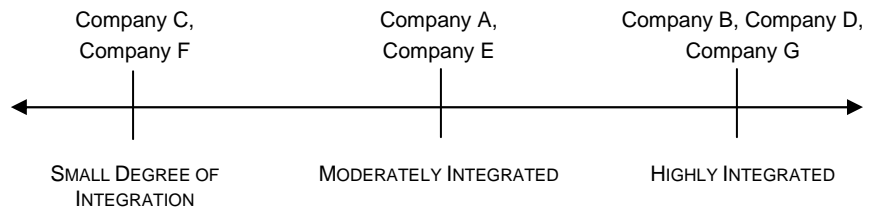
The sheer volume of vendors that aid in assessment development may make selection disconcerting. Below are suggested guidelines for easing the vendor selection process:

- Ensure that the vendor can provide a complete staff to meet all needs—knowledgeable salespeople, staff psychologists in R&D and reliable customer service and support.
- Ensure that the vendor can provide written documentation demonstrating test validity.
- Locate a company that provides a wide array of assessments. A competent vendor will offer a diverse selection of tests to meet all levels of need.
- Locate a vendor that provides a range of test administration and scoring methods.
- Select a vendor that has been in the business for a substantial length of time and has worked with both large and small companies.

Source: Rob Altman, "Why Use Pre-Employment Assessments?"

All profiled organizations utilize a vendor for at least a portion of their assessment process. There is a wide array of assessment development steps that a company may choose to outsource, from licensing tests to test results analysis to developing a strategic partnership. The scope of vendors that proffer these options is as broad as the scope of options themselves. The diagram below indicates where profiled companies fall regarding their degree of vendor input:

**Figure 2: Degree of Vendor Input**



Number of vendors used by profiled companies is not linked to company size, but rather to the degree of integration and what options their vendors of choice offer.

### Vendor Utilization

The table below highlights what vendors profiled companies utilize.

Vendor	Company					
	A**	B	C	D**	E	G
AON Consulting www.aon.com				✓	✓	
Assessment Alternatives, Inc. (link unavailable)				✓		
Center for Creative Leadership www.ccl.org				✓		
Development Dimensions International (DDI) www.ddiworld.com	✓			✓		✓
Edison Electric Institute www.eei.org			✓			
MDA Consulting Group www.mdaconsultinggroup.com		✓				
Performance Programs, Inc. (PPI) www.performanceprograms.com				✓		
Personnel Decisions International (PDI) www.personneldecisions.com		✓			✓	
Personnel Decisions Research Institute, Inc. www.pdri.com				✓		
Psychological Services, Inc. (PSI) www.psonline.com	✓	✓				

\* Company F was unable to disclose specific vendor names due to proprietary nature.

\*\* Company A and Company D also use external industrial psychologists.



**Vendor Partnerships (continued)**

**Outsourced Functions**

*“We have a long history with our vendors and frequent use over the years...For the most part, our relationships remain steady.”*

-Interviewed Individual, Company D

*“We work with MDA Consulting very collaboratively to design the process, really rolling up our sleeves together.”*

-Interviewed Individual, Company B, on vendor partnerships for developmental assessment tools

Licensing validated tests is the most commonly outsourced piece of the assessment puzzle. The table below outlines all areas profiled companies outsource through vendor partnerships:

Company	Functions
<b>A</b>	<ul style="list-style-type: none"> <li>▪ Competency development and interview guide generation</li> <li>▪ Individual HIPO assessment sessions conducted by industrial psychologists</li> <li>▪ Licensed validated tests</li> </ul>
<b>B</b>	<ul style="list-style-type: none"> <li>▪ Licensed validated tests</li> <li>▪ Strategic consultation on process design</li> <li>▪ Test administration, results analysis, report preparation</li> </ul>
<b>C</b>	<ul style="list-style-type: none"> <li>▪ Licensed validated tests</li> </ul>
<b>D</b>	<ul style="list-style-type: none"> <li>▪ Assistance with test creation, validation, piloting</li> <li>▪ Test administration, results analysis, feedback</li> </ul>
<b>E</b>	<ul style="list-style-type: none"> <li>▪ Licensed validated tests</li> <li>▪ Online administration</li> <li>▪ Results analysis</li> </ul>
<b>F</b>	<ul style="list-style-type: none"> <li>▪ Assistance with test development</li> </ul>
<b>G</b>	<ul style="list-style-type: none"> <li>▪ Full integration on every aspect of assessment process development and administration</li> </ul>

Assessment Tools and Centers	Tool Management and Vendor Usage	Tool Validity and Effectiveness
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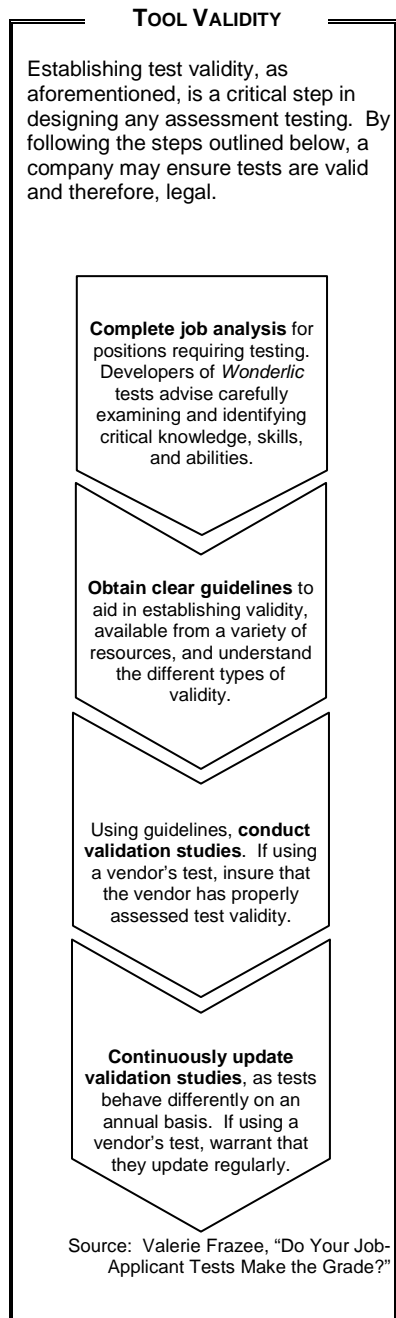
## Tool Validity and Preference

**Section Overview: Tool Validity and Effectiveness**

This final section examines the aspects associated with tool usage, including validity, preference, confidentiality and data storage.

This final section studies the topic of validity on a more in-depth level, as profiled companies revealed this topic to be of high concern. In addition, this area presents the opinions of profiled companies regarding their tool preferences. Interviewed individuals agreed that tools must be used in conjunction with each other to provide the most valid and predicative assessment processes and stressed the importance of extensive research and validation of any assessment tool prior to implementation.

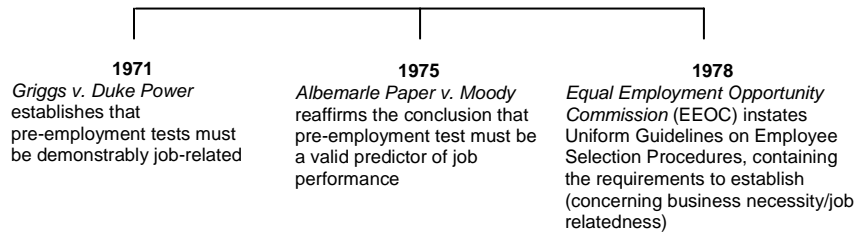
Finally, this section provides thoughts regarding confidentiality policies and data storage preferences.



**Tool Validity**

Test validation is a primary aspect of assessment tool development. The measures that led to validity becoming a major issue in pre-employment testing are described below:<sup>8</sup>

**Figure 3: Timeline of Evolving Validity Practices**



Today, test validity is defined by three specific areas, all of which are equally important when developing assessment tools. The three areas include:<sup>9</sup>

1. *Content validity*—Establishes validity by documenting the job analysis process and showing a direct link to the selection test
2. *Criterion (predictive) validity*—Shows a statistically significant relationship between the selection test and test-takers' performance scores
3. *Construct validity*—Involves measuring attributes of individuals, presumably job-related

The left-hand margin describes the steps involved in proper test validation.

Assessment Tools and Centers	Tool Management and Vendor Usage	Tool Validity and Effectiveness
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## Tool Validity and Preference (continued)

### Tool Preference

#### ON ROLE PLAYS

Most profiled companies use a role play exercise for some portion of their assessment process. They do not cite role plays as a more or less valid or predictive method than other utilized tools.

In the words of Company A's representative, "Role plays are as reliable as any other selection tool we use – none of them are 100 percent."

One emergent piece of advice: Company B stressed the importance of having well-trained assessors monitoring role play exercises.

When asked to pinpoint the most effective tool for individual candidate characteristics (*i.e.*, leadership style, cultural fit, communication style, *etc.*), profiled companies almost unanimously agreed that no single test is used to specifically pinpoint any given element. Additionally, companies did not generally express the sentiment that any given tool is the most effective tool used. Exceptions are presented below:

- **Company A** cites *DDI's* targeted selection structured interview as being a particularly valid tool.
- **Company D** and **Company F** agree that cognitive abilities testing is very predictive of job performance. However, one interviewed individual from Company D mentioned that a combination of testing methods is necessary to eliminate any adverse impact on minority candidate groups.
- **Company E** views the leaderless group discussion as a very valid and reliable tool.

*"The real answer to tool selection lies in understanding the situation for which you're assessing and then finding the right tool for the situation. Furthermore, even if you have the right tools, if the organization doesn't trust in them and support them, you can put all the tools you want out there, but they'll just sit on the shelf."*

-Interviewed Individual, Company D

## Confidentiality and Data Storage

### Confidentiality Policy

#### FINAL TAKEAWAYS

##### Conduct Thorough Research

*“Any assessment tool should be a well-researched, well-validated tool that can withstand any legal challenge.”*

-Interviewed Individual, Company E

##### Be Consistent

*“We don’t like it when assessments are inconsistent with job performance results. So we’ve restructured things and based them all on the same competencies.”*

-Interviewed Individual, Company G

##### Maintain an Open Perspective

*“We’re looking at development from a very holistic view. The employee really needs to understand their role within the broad perspective of the organization. Assessments are just one piece of the puzzle.”*

-Interviewed Individual, Company F

Confidentiality policies appear standard across profiled companies. Candidates for employment receive general feedback on their performance only if hired. If they do not receive an offer, they are not able to access testing results. Hiring managers have access to screening data, but only in summarized form. In other words, they do not see exact test scores. Additionally, individuals that oversee the hiring tools process internally (such as members of the leadership development group) may have full access to such data.

Developmental data is handled differently, for clear reasons. Overall performance from the testing process is normally discussed with the candidate. The presenter of the data may be an outside consultant that participated in the assessment process, or he/she may be the candidate’s manager. Companies base this facet on who is in charge of test administration and review (*i.e.*, if an outside vendor such as an industrial psychologist interprets testing results, he or she may present the results versus a hiring manager).

### Data Storage

Organizations are split in their storage of assessment data. Some have data stored in both paper and online form. The method of storage is often dependant on the test administration form (*i.e.*, online test data is automatically stored in a database).

Companies store assessment data for an average of two to three years, due to legal requirements.

## THE RESEARCH PROCESS IN BRIEF

### Research Methodology

The Corporate Leadership Council conducted a comprehensive search of published materials regarding assessment tools, drawn from previous Corporate Executive Board research, trade press journals, other research organizations and the Internet. Council staff then interviewed human resources professionals at seven *Fortune* 500 Corporations. These individuals discussed their respective organizations' tactics for pre-hire and developmental assessment. This report represents the findings from these secondary and primary sources.

### Project Aims

#### Assessment Tools and Centers

1. What tools are used to assess pre-hire hourly or administrative positions?
2. What tools are used to assess pre-hire professional/executive employees?
3. What tools are used to assess high-potential employees for developmental and promotional opportunities?
4. Does the company use an assessment center for any assessment process?

#### Tool Management and Vendor Use

5. Who is responsible for the pre-hire and developmental assessment processes at the organization? If there are specific assessment positions, what are the employee qualifications (assessment testing certification, *etc.*)?
6. What aspects of the assessment process does the company outsource? What vendors are used?

#### Tool Validity and Effectiveness

7. What tools in general are most valid/predictive of employees' success? How are current assessment tools selected/evaluated?
8. What tools are most fit for assessing specific attributes?
9. Have any changes recently been made or are any changes planned regarding the structure or components of the company's pre-hire or developmental assessment process, and why?
10. What is the confidentiality policy for assessment results (for example, is feedback provided to candidates, to employees' managers, *etc.*)?
11. Is the above information communicated/held on-line, in paper form, *etc.*?

### Guide to Tables and Figures

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**WAS THIS BRIEF USEFUL?**

*The Corporate Leadership Council welcomes feedback as a vital part of our continuous improvement. If you would like to comment on the quality of this brief—in general, or specifically regarding usefulness—please e-mail [CLCshortanswer@executiveboard.com](mailto:CLCshortanswer@executiveboard.com).*

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<sup>1</sup> Carla Joinson, "Capturing Turnover Costs," *Society for Human Resource Management (SHRM)* (July 2000). (Obtained through <http://www.shrm.org>). [Accessed Oct 07 2002].

<sup>2</sup> Sheila M. Rioux, Ph.D., and Paul Bernthal, Ph.D., "Recruitment and Selection Practices," *DDI* (Date Unknown). (Obtained through <http://www.ddiworld.com>). [Accessed Oct 01 2002].

<sup>3</sup> Ed Sherbert, "Performance Assessment: A Multi-Systems Approach," *SHRM* (September 2002). (Obtained through <http://www.shrm.org>). [Accessed Oct 01 2002].

<sup>4</sup> Gilbert Nichol森, "Screen and Glean: Good Screening and Background Checks Help Make the Right Match for Every Open Position," *Workforce* (1 October 2000). (Obtained from Factiva).

<sup>5</sup> Corporate Leadership Council, *Developing People Management Skills at Fortune 500 Companies*, Washington: Corporate Leadership Council, May 2002.

<sup>6</sup> Anthony R. Montebello, "Promoting a Development Culture in Your Organization: Using Career Development as a Change Agent," *Personnel Psychology* (1 April 1999). (Obtained from Factiva).

<sup>7</sup> Walter S. Booth, Ph.D., "Assessment Centers for Supervisory and Managerial Selection and Development," *Wyoming Employment Law Letter* (December 1998). (Obtained from Lexis-Nexis, a division of Reed Elsevier, Incorporated).

<sup>8</sup> Richard Sheig, "Pre-Employment Testing Has to Be Done Right," *U.S. Distribution Journal* (13 March 1997). (Obtained from Factiva).

<sup>9</sup> *ibid.*