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Global Trends in Effective Candidate Identification, Assessment and Deployment Methods

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Identifying Candidates

Recruitment Trends

The increasing globalisation of the marketplace combined with an increasing shortage of skilled employees and advances in technology has resulted in large scale changes to recruitment practices throughout the world.

The most significant changes to recruitment involve the development of professional employment organisations (PEOs), the use of email and the internet for sourcing jobs and candidates and the continuing trend towards contractors and temporary staff.

Many organisations have moved to outsourcing all their non-core activities. PEO's have emerged to manage multiple employee groups for companies outsourcing the human resource function. All employees from unskilled positions through to the chief executive officer are being outsourced.

According to Hunt-Scanlon Advisors, a leading market research firm, internet recruitment and executive search are the most dynamically growing segments of the human capital industry. Worldwide robust demand for outsourced recruiting services in 2006 is reflected in the top five international recruiters total revenue of \$2.471 billion, a 19% gain from the previous year.

It is still too early to judge the future success of recruitment related internet technology. Marketing experts say that to date companies have spent large sums on technology systems but have not got the full benefit because they have not been adept at communicating the right message to their target market.

However, internet use around the world will continue to grow exponentially. There are now 162 million internet users in China, and the number of users is projected to take over the US by 2008. Internet use in China is highest amongst the younger generation, however to date, it has primarily been used for entertainment, rather than job searching.

According to Workforce Employment Magazine in the US, 80% of "Fortune 500" companies now accept only online job applications. For the Asia 500 it just below 25% and is expected to reach 40% by the end of 2008.

Talent Shortage

A large UK study of 905 organisations conducted during 2006 revealed that 84% of organisations experience recruitment difficulties. The three main reasons for the recruitment difficulties were:

- lack of special skills (65%)
- higher pay expectations (46%)
- insufficient experience (37%)

The most commonly cited solution to the talent shortage in the UK study was appointing people to 'grow into' the role (70%). In China the talent shortage is even more acute, especially in the management field. Key leadership skills that are crucial for success on the global market are especially in high demand in China.

It is a candidates' market for Chinese with the right skills - they are able to demand high salaries with Multi National Corporations (MNCs). The MNCs often have to pay out 20% annual increases to retain even mediocre talent. These individuals are restless and switch jobs every year or so, leaving MNCs constantly looking to hire. According to consulting firm Xmei International the average turnover in Shanghai and Beijing is 20-25%.

Recruiting talent is only half the problem, it is also important to retain talent. However retaining talent is not easy in today's modern environment, where organisational tenure continues to decrease. A recent study conducted by Hudson of 10,000 US employees, revealed that 50% of employees expect to change companies within five years, with over 1/3 staying less than three years.

Recruitment Methods

In today's competitive work environment organisations need to be strategic in their hiring strategy. Recruiting the right people is critical for organisational success, conversely making the wrong selection decision will prove costly in terms of time, resources, and service quality.

Many businesses fail due to critically limited management resources. In other words, companies do not know where to find the right managers for their organisation. Too often, there is an over-reliance on inbred personal contacts, friendships, assumptions, word-of-mouth referrals and 'old boy networks.'

Table 1 opposite compares different types of recruitment in terms of cost, speed, coverage of talent, and risks.

Table 1: Comparison of Recruitment Methods

| | Cost | Speed | Coverage of talent pool | Risks |
|----------------------|--------|-------|-------------------------|--|
| Internet Advertising | low | fast | narrow | <ul style="list-style-type: none"> • Attracts the largest number of applicants, but many have the wrong skill sets. • Does not attract top talent i.e. those already in jobs. • Involves a lot of admin - screening, selecting and interviewing. |
| Print Advertising | medium | slow | narrow | <ul style="list-style-type: none"> • Attracts a large number of applicants with the wrong skill-sets. • Does not attract top talent i.e. those already in jobs not actively looking. • Involves a lot of admin - screening, selecting and interviewing. |
| Executive Search | high | slow | high | <ul style="list-style-type: none"> • If the search agency has limited resources to identify & influence targets then costly to client in money and time. |
| Internal Referral | low | fast | narrow | <ul style="list-style-type: none"> • Cannot be sure if you are getting the best – not testing the total pool of candidates. |
| Database Search | low | fast | varies | <ul style="list-style-type: none"> • Important to use database in a dynamic way – keeping up to date. |
| Holistic Approach | high | mixed | largest coverage (>80%) | <ul style="list-style-type: none"> • If the search agency has limited resources to identify & influence targets then costly to client in money and time. |

Internal referrals

Next to an internal promotion a referral from coworkers or trusted associates is often the least expensive method of finding new executives. Many companies offer incentives to the referee, usually in the form of a monetary fee.

Many larger corporations and some government organisations operate internal referral schemes. Job vacancies are advertised on a company intranet site and existing employees are encouraged to find suitable candidates.

The key advantage of referral recruitment is that it allows recruiters to reach passive candidates, those who are not actively looking for a new job but are sometimes amongst the most prized employees.

Proponents of this recruitment method claim that since each candidate comes with a personal recommendation behind them, the applicants are likely to be better suited to the job and the applicant already has a referee.

Referral programmes play a major role in bringing faster cultural bonding. One of the biggest reasons for attrition, particularly within 90 to 120 days of joining the organisation, is the inability of an individual to adjust to the new culture. In a typical referral programme, the present employee helps in working on the cultural aspect, both before and after the recruitment. The new recruit has a 'buddy' sitting inside who can guide him.

However, the networking and reach of trusted associates can be very limited and does not provide a complete picture of the available talent pool. A company may not know if they are hiring the best available executive for the position.

Also, referral incentives can lead to candidates inventing an online 'alter ego' for themselves to claim the reward or for them to contact a friend and split the reward. Referrals can also lead to nepotism or favoritism in the organisation, as well as potential conflicts of interest if employees refer direct relatives (i.e. siblings, spouse). At the end of the day over reliance on internal referral will lead to a biased organisational talent pool akin to genetic problems associated with in-breeding. As such, internal referral schemes need to be used with great caution as the problems associated with over reliance on this method take some years to surface.

Print Advertising

Print advertising includes brochures, pamphlets, newspaper advertisements, billboards, business cards, and the like.

Print is the most common medium for job advertising. Although the internet has really decreased the value of a print advertisement for recruiting, there still is a place for print advertisements depending upon the goals of the staffing organisation.

Certain people still prefer to look at the classifieds for new jobs - especially part time and entry-level positions. Also, for people that are very busy and may not have direct access to the Internet but they read their local paper everyday, reaching them through print can be very effective.

The risk with newspaper advertising is that many executives who are currently employed are too busy or too content in their current position to read the recruitment advertisements. These advertisements typically yield volumes of applicants who are out of work or whose experience is entirely unrelated to the position or industry.

Newspaper advertising may appear to be economical, but when the actual cost spent in staff time reviewing, screening, processing, and responding to inappropriate and excessive applications is added up, the price can be overwhelming.

Another risk is when organisations take too long to find and to hire talented professionals in a tight labor market; they can lose out on top candidates. Traditional and risk-averse hiring models can lead to positions remaining open for long periods, resulting in top prospects finding other positions. Overall, this leads to a reduction in the talent quality of the organisation.

Internet Advertising

According to the US research company MarketResearch.Com, by the end of 2006, US recruiters were spending more for online media than for any other medium, including newspapers: \$5.9 billion for online, compared with \$5.4 billion for newspaper advertising. At \$5.9 billion in 2006, the recruitment sector represents one-fourth of all Internet advertising.

More growth is expected - of the 24.4 million Americans who were planning to look for a job in 2006, only 34 percent planned to use the Internet in their search. That means two-thirds of the job seekers are not currently using the Internet at the moment.

Industry statistics reveal that 100 percent of the high tech companies in Global 500 list, and 89 percent of Fortune 500 companies, already use their corporate websites for recruitment. Of these, 17 percent are receiving 75 percent of the résumés online. Experts however point out that the industry is still evolving and a lot is yet to happen Job boards are quickly moving downstream - away from their executive-level and managerial roots and toward helping local small and medium-sized businesses use the Internet to locate hourly and part-time candidates.

Today, utilisation of the Internet for recruitment is the norm; this includes the thousands of career sites that cover all job specialties and industries. For a very low cost, in comparison to print, a company can have access to thousands of candidates from all over the world in just days. But this can also be a 'double-edged sword'. Many companies are overwhelmed by the volume of resumes - staff time can triple in duration. A key disadvantage is that the most desirable candidates - employed executives - typically do not read the recruitment advertisements in newspapers or on online job-boards.

In sum, receiving a large quantity of resumes does not equal better candidates. The problem is that although internet technology is making it easier to attract large numbers of candidates, many companies are not adept at finding the right people.

Candidate Database

Organisations who have taken the steps to implement candidate database systems and started the process of building talent pools will find themselves ahead of the competition because they are not only lowering sourcing costs but also getting a short list of candidates more quickly.

Research in the US has indicated that although 'data mining' of candidates can be complex it is essential to companies that see recruiting as a strategic component of future growth. Those organisations that have not even started on the path of 'mining' databases and talent pools will find themselves at a competitive disadvantage as their direct competitors recruit more effectively via maintaining cost effective relationships with key talent.

It is predicted that 63% of Australia's top 100 companies by the end of 2007 will have a candidate database/talent pool system. The main reasons for the adoption of a candidate database include:

- 1) To reduce recruitment time to fill
- 2) Build a pool of rare skill types
- 3) Minimise advertising costs.

The main reasons why the remaining organisations were not planning to build a candidate database include:

- 1) It would be difficult to manage a talent pool in a decentralised model
- 2) Hiring is outsourced to recruitment agencies
- 3) Candidate data would become out of date too quickly
- 4) Currently not recruiting.

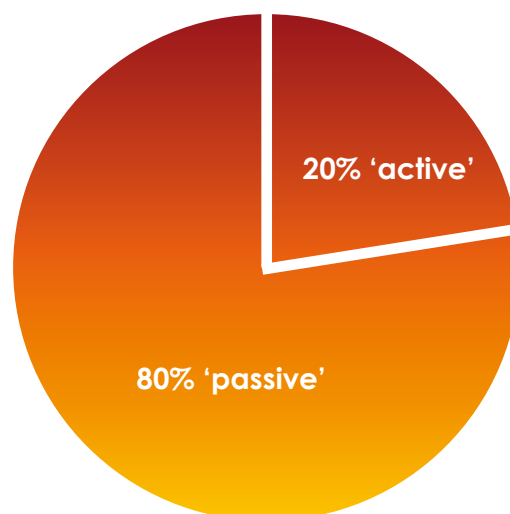
The advantage of using executive recruitment companies is that they generally keep an up-to-date database of experienced potential employees. From the client's perspective it takes the time out of advertising, interviewing and selecting candidates, and can hand the client a ready-made employee to fit his or her job specification. Also, if a specialist candidate is required, a recruitment company has the expertise to attract the 'right' person; many recruiters specialise in niche markets.

Executive Search ('headhunting')

Executive Search or 'headhunting' involves a consultant directly approaching a candidate and obtaining that candidate's interest in working for another organisation. There is generally no advertising involved.

In today's environment hard-to-find 'passive' candidates – those not actually looking for work are increasingly valuable. It is generally accepted in most economies that approximately only 20% of the potential pool of candidates are actively looking for work, the remaining 80% of potential candidates are already in jobs and are not actively looking for work i.e. they are 'passive' (see figure 1).

Figure 1: Total Potential Pool of Candidates



It could be argued that newspaper and internet recruitment are inferior methods for finding the 'right' candidates for two reasons:

- 1) Quantitative reason: recruitment via the newspaper and internet only generally cover 'active' job searchers i.e. a small segment of the potential market less than 20%.
- 2) Qualitative reason: 'active' job seekers consist of people who are unhappy in their current jobs, the unemployed and often the unemployable. Although there are exceptions, this 20% of the potential market, contains less talent than those already employed.

Therefore the philosophy of executive search firms is to proactively recruit those already in employment – 'if you want the best, you have to go after them'.

A search encompasses:

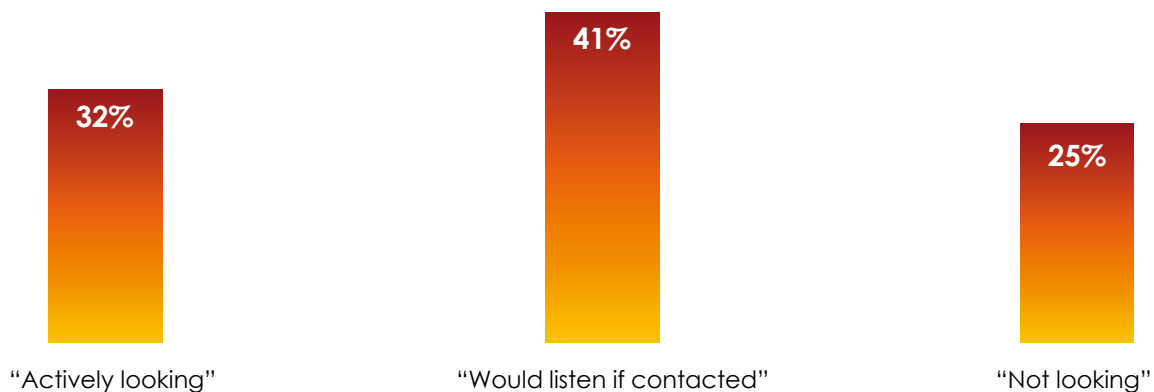
- Identifying applicable industries and companies which may have the required talent.
- Devising a 'search strategy' to infiltrate those companies to identify talent.
- Implementing that strategy with the result that identified talent is contacted and 'wooded' to be interested in the new position.

The facets of conducting executive search encompass, database search, external database interrogation, internet search, client supplied information, consultant networking and 'cold call' headhunting. Like a detective, a good Executive Search Consultant will use the above tools or methods to garner more and more information which over time will allow the consultant to 'map' each and every person in the market that may be suitable for the role in question.

Executive Search Consultants will also rely on a network of prominent industry stalwarts who, often for a fee, will recommend candidates for positions. These people generally sit on trade organisations or similar and have a very strong personal database of professionals upon which they can draw for referrals or propose candidates. To assist the Consultant, there is the Research Team. The team helps the Consultant to conduct the considerable 'detective' work.

A large recent study conducted by Hudson in the US of 10,000 employees revealed that 32% of employees claimed that they were actively looking for a career 'jump'. However another 41% said they were not 'actively' looking, but would listen if someone contacted them (see Fig 2).

Figure 2: US Study of 10,000 employees



This study reveals why using an executive search approach to recruitment is a powerful method for recruiting talent – most people are not actively looking to change jobs, but if they are approached they would consider a career move.

Holistic Approach

The holistic approach to recruitment involves using a multitude of methods. Ideally as much of the total talent pool as possible should be covered when identifying suitable candidates for each position. This becomes imperative for senior vacancies. The holistic approach identifies candidates via the five main recruitment avenues:

- Executive Search/Headhunting
- Advertising (print and internet)
- Internet Search
- Database Search
- Referral

To conduct a thorough recruitment exercise methods that capture the 'active' and 'passive' candidates must be used. Therefore a holistic approach uses all five recruitment methods listed above to 'spread the recruitment net as widely as possible'.

All of the above recruitment tools are qualitatively distinct from each other, and depending on the work context, have certain advantages and disadvantages. It could be argued that using all of the methods together in a complementary way, is more effective than just using one method alone – 'the whole becomes greater than the sum of the parts'.

Although advertising per se does not infiltrate the large passive market in way that executive search does, advertising has other advantages. The strengths of using advertising as a complement to executive search, for example, include the following:

- The client has the opportunity to consider other applicants as a comparison to their known targets. These could be people with similar overseas industry experience, or people who have the skills and the knowledge appropriate to the position but from a different industry not previously considered by the client.
- The client gets comparative market data about the caliber and salary expectations of applicants who respond to the advertising, which helps to determine what remuneration package to offer their target applicant.
- Advertising overcomes a fundamental problem of headhunting – the ethical restrictions on approaching a previous client's employees. The better a headhunter knows a particular industry, the greater the restrictions he or she has approaching many potential candidates in that industry because 'poaching' a previous client's employees is considered ethically 'out-of-bounds'. However, advertising 'gets around this problem' because the consultant is not directly approaching these candidates.
- Advertising attracts candidates from the industry in question and these people can be used to obtain referrals to other people. Indeed via candidates identified from adverts, and via candidates on pre-existing database a candidate referral network can be initiated and grown which can be extremely powerful in delivering high quality candidates on a sustainable basis.

General Comment

As a method then the experienced combined or holistic approach to candidate identification provided it is undertaken by an experienced practitioner is by far the most powerful way of identifying quality candidates. It is very important to note that the importance of the practitioner (Consultant) in this process as not only does the right candidate have to be identified they must be "wooed" into showing interest in a given position. This is as important as locating candidates.

Personnel Assessment Methods

The goal of personnel selection, as with all business processes, is to ensure an adequate return on investment. In the case of selection, this entails assurances that the productivity of the new recruits is higher than the costs of recruiting, selecting, and training them. Using selection methods that have proven scientific validity has been shown to significantly increase productivity, produce cost savings and decrease attrition - all of which has a substantial effect on bottom-line financial results.

Many organisations claim to be strategic in their use of human resources and yet have a rudimentary and haphazard approach to assessment and selection. Often organisations choose specific assessment methods simply because they prefer them, or have always have used them, even if there is little evidence that the methods are effective in predicting job performance.

The key reasons many organisations do not use rigorous assessments to select employees is because they lack the knowledge or have misconceptions about the value of using them. For example, despite the large array of assessment methods available, many employers still persist with using the unstructured interview, even though a vast amount of evidence reveals it is a poor predictor of job performance.

In addition to the popularity of the interview, there is a trend towards testing job applicants. According to a large US survey conducted in 2001 of 1,627 HR managers by the Society for Industrial and Organisational Psychology (SIOP), 68% of employers engage in some type of job skill testing.

As testing increases globally, organisations will need to adapt assessment tools and techniques for different cultures. Investigation into measurement equivalence of assessments across cultures has begun, and more research into adapting tests across cultures is needed. This trend is further supported by the International Test Commission (ITC), which stresses the importance of developing guidelines for adapting tests for international use. The ITC released the International Guidelines for Test Use in 2000.

The Importance of a Job Analysis

When recruiting new employees, an organisation is interested in finding the best 'fit' between the organisation and the new employees. How is this best 'fit' determined? An effective recruitment and selection process should be based on objective criteria, and those objective criteria are based on the job analysis.

A job analysis is the process of defining the work, activities, tasks, products, services, or processes performed by or produced by the employees of an organisation. In particular, a job analysis involves two parts – an understanding of what:

1. tasks are performed in the job (task-based job analysis), and what
2. knowledge, skills and abilities individuals must possess to perform the job effectively (KSA-based job analysis).

A comprehensive job analysis is critical for the recruitment and selection process. For example, a job advertisement based on the specific performance criteria identified in the job analysis and detailed in the job description, should limit applicants to persons who meet those criteria. This is much more efficient than placing advertisements which do not reflect the organisation's specific needs and consequently result in a multitude of unqualified applicants.

There is also a good legal reason for conducting a job analysis. When courts are required to decide selection cases, the job analysis may be critical - employers wishing to demonstrate that their selection processes are valid, will need to start with the job analysis.

Assessment Methods

This section of the paper describes the various assessment methods that can be used by organisations. Please also refer to Appendix 1 (page 26) for an analysis in table-form of the advantages & disadvantages of various selection methods.

It is important for managers and HR professionals to understand the implications and trade-offs involved when deciding on what assessment methods to use. There is no simple 'formula' for deciding what the best approach is because they all have advantages and disadvantages.

Table 1 below outlines four key criteria for practitioners to consider when evaluating which assessment method is most suitable for their organisation:

- Validity – the extent to which the assessment method is useful for predicting subsequent job performance.
- Cost – both to develop and to administer the assessment method.
- Applicant Reactions – the extent to which the applicants react positively verses negatively to the assessment method.
- Adverse impact – extent to which protected group members (e.g. minorities, females) score lower on the assessment method than majority group members.

An assessment method's validity is the most important consideration when evaluating which method to use. In simple terms, validity refers to whether or not the selection method provides useful information about how effectively an employee will actually perform in the role. An assessment method that does not actually predict job performance is of no value to the organisation.

An applicant's reactions to particular types of selection methods has also become increasingly important, especially with the 'talent war' being waged in the current job market. The recruitment and selection process is a two-way interaction between the organisation and job applicant, both attempting to 'sell' themselves and assessing mutual 'fit'. If applicants experience a positive experience with the selection process, they are more likely to recommend the organisation to others (Smither, Reilly, Millsap, Pearlman, & Stoffey, 1993).

Table 2: Criteria for evaluating Selection Methods

| | Validity | Costs (develop & administer) | Applicant Reactions | Adverse Impact |
|----------------------------------|------------------|------------------------------|---------------------|---------------------------------------|
| Structured Interviews | High | High/High | More favourable | Low |
| Assessment Centers | Moderate to high | High/High | More favourable | Low to moderate depending on exercise |
| Biographical Data | Moderate | High/Low | Less favourable | Low to high for different types |
| Cognitive Tests | High | Low/Low | Somewhat favourable | High (against minorities) |
| Personality Tests | Low to Moderate | Low/Low | Less favourable | Low |
| Work Samples/ Simulations | High | High/High | More favourable | Low |
| Integrity Tests | Moderate to high | Low/Low | Less favourable | Low |
| Job Knowledge Tests | High | Low/Low | More favourable | High (against minorities) |

Structured Interviews

The literature shows that the structured behavioral interview has several strengths that contribute to:

- reliability
- validity
- perceptions of fairness
- legal defensibility

On the other hand, the unstructured interview can be one of the most unreliable and invalid methods of assessment available. Also, due to the potential for subjectivity and bias, an unstructured interview process leaves an organisation legally vulnerable.

The structured interview greatly enhances the quality and honesty of information gathered from employment interviews. Listed below are the strengths of the structured interview:

1. Bias is reduced because candidates are evaluated on job-related questions, which are based on an analysis of job duties and requirements. Subjective and irrelevant questions are not asked.
2. All candidates are asked the same questions so everyone has the same opportunity to display knowledge, skills, and abilities.
3. Pre-determined anchored rating scales are used to evaluate answers to interview questions. This reduces disagreements among interviewers and increases accuracy of judgments.
4. A panel of interviewers is used to record and evaluate answers in order to minimise individual rater biases. Therefore, the use of a panel is an advantage.
5. Research has demonstrated that properly developed structured interviews can have high reliability among interviewers and predictive validity for future job performance.
6. Job-related procedures used to develop structured interview questions increase content validity.
7. Procedures used to develop structured interviews are consistent with the advice of professional and governmental guidelines, and thus more legally defensible.
8. Structured interviews allow managers to take part in the selection process in a role with which they are familiar.
9. Job-relatedness and consistency of the process may increase the perception of fairness among candidates. The job-relatedness may also help candidates get a realistic perspective of the job, which can aid in self-screening.

A disadvantage with interviews in general is that they are self-reported information and are subject to applicants exaggerating or faking answers.

Reference Checking

Reference checking is one of the more widely used approaches to staff selection and many organisations not only routinely conduct reference checks, but in many cases they play a significant role in making selection decisions.

Despite the widespread use of reference checks, there is surprisingly little research on how reliable and valid they are as a selection method (Taylor, Pajo, Cheung & Springfield, 2004). Of the small number of studies that have been conducted virtually all have been of written references, despite the fact that telephone references are far more common.

Although they have a reputation as a poor predictor of work performance, a key study undertaken by Taylor et al (2004) showed that when reference checks are conducted by telephone and structured, superior validity can be obtained. In particular, they found that using a structure similar to interviews improved its effectiveness i.e.

- basing questions on a job analysis,
- asking the same set of questions, and
- providing standardised rating formats.

Also, using the telephone to reference check applicants, has some of the same advantages as interviewing i.e.

- it involves a discussion led by the organisational representative with another person.
- the interaction is dynamic, allowing the organisational representative to use follow-up questions and probing.

The reference check provides information on the applicant from the perspective of others who have observed an applicant's typical, rather than maximal performance, which is more related to typical job performance. This is an advantage compared with other selection methods.

Another advantage is that reference checks tap into non-cognitive aspects of performance, ethnic group differences on reference check scores are likely to be relatively small, and thus resulting in little if any adverse impact against minority groups.

Assessment Centers

An Assessment centre is a type of work sample test that is typically focused on assessing higher-level managerial and supervisory competencies.

Assessment centers can be designed to measure many different types of job related skills and abilities, but are often used to assess:

- interpersonal skills,
- communication skills,
- planning and organising, and
- analytical skills.

The assessment center typically consists of exercises that reflect job content and types of problems faced on the job.

In addition to these simulation exercises, assessment centers may also include other kinds of tests such as cognitive ability tests, personality inventories, and job knowledge tests. The assessment center typically uses multiple raters who are trained to observe, classify, and evaluate behaviors. At the end of the assessment centre, the raters meet to make overall judgments about people's performance in the centre.

The main advantage of the assessment centre is that it allows key job success behaviours to be directly observed and measured. Designed and run properly, they provide a 'window' to cross-check or challenge information gained through self report measures such as interviews.

Studies reveal that if assessment techniques are robust, targeted, well-designed and properly implemented, this multiple assessment technique can be the most reliable and valid approach when compared to single-method approaches – such as interviews and personality questionnaires.

Although setting up an assessment centre can be costly, it could be argued, especially for senior roles, the cost is worth it if one considers the risks of recruiting the wrong person.

Biographical Data

The content of biographical data instruments varies widely, and may include such areas as:

- leadership,
- teamwork skills,
- specific job knowledge
- specific skills (e.g., knowledge of certain software, specific mechanical tool use)
- interpersonal skills (e.g. extraversion, creativity, etc)

Biographical data typically uses questions about education, training, work experience, and interests to predict success on the job. Some biographical data instruments also ask about an individual's attitudes, personal assessments of skills, and personality.

The basis of biodata's predictive abilities is the axiom that past behaviour is the best predictor of future behaviour. Biographical information is not expected to predict all future behaviours but can give an indication of probable future behaviours based on an individual's prior learning history.

Biodata instruments have an advantage over personality and interest inventories because they can capture directly the past behaviour of a person, probably the best predictor of his or her future actions. These measures deal with facts about the person's life, not introspections and subjective judgments.

The big differences between bio-data questionnaires and behavioral interviews is that a good behavioral interview is backed by a thorough job analysis; interviewers can ask follow-up and clarification questions, and multiple interviewers coordinate the information.

A bio-data form depends entirely on the people who created the items, the scoring algorithm, trained analysts who look for trends, and the specific position.

The bio-data questionnaires are self-reported information and are subject to applicants exaggerating or faking answers.

Cognitive Ability Tests

Cognitive ability tests typically use questions or problems to measure learning ability, logic, reasoning, reading comprehension and other enduring mental abilities that are fundamental to success in many different jobs. The tests typically consist of multiple choice items administered via a paper-and-pencil instrument or a computer.

Cognitive ability tests are among the best predictors of job performance across a wide variety of job types (Schmidt & Hunter, 1998). A lot of research in the United States has shown that cognitive ability tests are robust predictors for all types of jobs and their validity generalises across many occupations.

However, there has been controversy with the use of cognitive tests and large differences across ethnic groups and geographic areas. The difference that has generated the most controversy is the difference in average scores of US blacks and whites which typically are about one white standard deviation, though this gap has declined in recent years (Dickens, 2007).

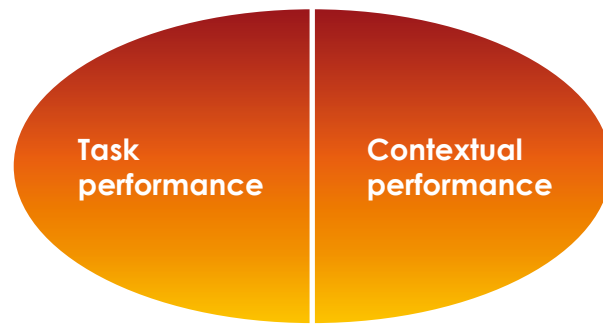
Personality Tests

Personality tests typically measure traits related to behaviour at work, interpersonal interactions, and satisfaction with different aspects of work. Personality tests are often used to assess whether individuals have the potential to be successful in jobs where performance requires a great deal of interpersonal interaction or work in team settings.

Traditionally, researchers treated job performance as a one-dimensional construct, mainly consisting of task performance. However, there is a growing recognition that job performance is complex and has multiple facets (Taylor et al, 2004). A popular approach has been to broaden job performance to distinguish between task and contextual performance (See figure 3 below).

Contextual performance includes a range of behaviours associated with helping others, building relationships, exerting effort, following rules and so on. Such behaviours are thought to facilitate task performance and the achievement of organisational goals and are considered vital for organisational success. There is mounting body of evidence that personality measures predict contextual performance.

Fig 3: Job Performance



According to Goldberg and Saucier (1995), the five-factor model comprised of five global personality traits, commonly referred to as the "Big Five", now enjoys wide acceptance as the most comprehensive and parsimonious model of the structure of personality. The Big Five traits are most commonly referred to as:

- Neuroticism,
- Extraversion,
- Openness to Experience,
- Agreeableness, and
- Conscientiousness.

The finding that the five-factor personality structure has cross cultural validity emphasises the robust and universal nature of the Big Five personality traits (McCrae & Costa, 1997; Paunonen & Ashton 1998).

A risk with personality tests is when they are used to assess an applicant's entire personality profile, rather than focusing on job-related personality traits. A major study of personality tests has found that personality test validities were substantially higher when specific personality traits, identified through job analysis, were focused on.

Testing experts note that there has been a shift toward more job-specific personality assessments such as integrity and customer service orientation tests and away from the general personality assessments. Applicants may be less willing to take general personality tests if they do not see a clear relationship with the job or some questions to be excessively invasive (Sullivan & Arnold, 2000).

Work Samples and Simulations

These tests typically focus on measuring specific job skills or job knowledge, but can also assess more general skills such as organisational skill, analytic skills, and interpersonal skills. Work samples and simulations typically require performance of tasks that are the same or similar to those performed on the job to assess their level of skill or competence.

Work sample tests are based on the premise that the best predictor of future behavior is observed behaviour under similar situations. The research literature shows that work samples are good predictors of work performance and because of their obvious relationship to the job; applicants' tend to view them more favorably than aptitude or personality tests.

Another advantage of work samples is that it is difficult for applicants to fake proficiency.

A disadvantage is that they are costly to administer and often can only be administered to one applicant at a time.

Integrity Tests

Integrity tests are used to identify individuals who are likely to engage in inappropriate, dishonest, and antisocial behavior at work.

Integrity tests assess attitudes and experiences related to a person's honesty, dependability, trustworthiness, reliability, and pro-social behavior. These tests typically ask direct questions about previous experiences related to ethics and integrity or ask questions about preferences and interests from which inferences are drawn about future behavior in these areas.

A comprehensive study conducted by Ones, Viswesvaran and Schmidt (1993) revealed that integrity tests were effective for predicting job performance and counterproductive behaviours on the job such as theft, disciplinary problems and absenteeism. The authors also concluded that integrity test validities were positive across situations and settings.

Job Knowledge Tests

These assessments measure critical knowledge areas that are needed to perform the job effectively. Typically, the knowledge areas measured represent technical knowledge. Job knowledge tests are used in situations where candidates must already possess a body of knowledge prior to job entry.

Job knowledge tests are not appropriate to use in situations where candidates will be trained after selection on the knowledge areas they need to have. The tests typically consist of multiple choice items administered via a paper-and-pencil instrument or a computer.

These then are the mainstream assessment methods used in the selection of personnel. Again the method is nothing unless the practitioner(s) handling the assessment have the experience and know how necessary to properly use whatever assessment tool is chosen. This aspect of recruitment cannot be stressed enough.

Having successfully identified and selected / assessed a candidate it is then a matter of which mode of deployment is utilised. How people are brought on to provide a service goes to the core of company productivity and profitability and of course must be decided in most cases prior to the identification and assessment / selection process.

Apart from the question of deployment the other hugely important issues are:

- a) getting a chosen candidate to accept an offer
- b) minimising the risk of early resignation.

All substantial subjects in their own right and subjects that deserve individual attention.

Flexible Employment Contracts

Alternatives to the Permanent Employment Contract

'Flexible work' is a term used to describe a wide range of work styles and employment practices. Generally speaking, it is used to describe all kinds of employment which differ from the traditional 9-5 full time job with a permanent contract.

The 'flexible' aspect of these types of jobs can in different instances relate more to the employees, or to the employer, or to both. That is, from the employees' point of view, flexible work may allow more freedom to organise their employment to fit in with other parts of their life. For an employer, the flexibility may come with the ability to organise labour resources more in line with the varying needs of customers, or with peaks and troughs of demand. The main benefits of flexible employment contracts are reported to be:

- greater efficiency in use of resources - including human resources
- greater productivity
- improved competitiveness
- greater ability to respond to fluctuations in demand
- employees are better able to 'dovetail' work with other life commitments (e.g. through term-time working)
- workers gain wider experience, improve their skills, develop their "employability" and commercial "edge" by working on a variety of limited term contracts in a variety of employment situations.

The traditional model of the 9-5, permanent 'job for life' is being joined by a variety of other models of employment contract. Alternatives include the following:

Temporary workers: The practice of hiring temporary workers - traditionally for short-term secretarial and clerical work - now has expanded to include most corporate professionals. However, temporary personnel firms, for the most part, still fill short-term and readily replaceable positions. Most are not in the business of providing uniquely skilled, hard-to-find workers.

Employee leasing: Employee leasing is actually a contractual arrangement between an employer (the leasing company) and a company which does not desire to employ its workers directly. Companies with employees may terminate them to establish a leasing arrangement through a third party (with the employees continuing to work as before). The leasing company handles the payrolling and assumes the risks. Most leasing firms offer employees a full range of benefits, which may add to the cost of leasing.

Third-party contract firms: Some third-party employment firms just provide payrolling services while they assume the liabilities of the employer. This is a low cost alternative to employee leasing because employee benefits usually are not part of the package. This alternative proves most cost effective when the company has already identified the prospective employee and recruiting services are not needed.

Contract recruiting firms: Contract recruiting firms can locate, hire and payroll professional workers on a project basis, either temporary or long-term.

Employees Want Flexibility

Traditional workplace practices are unfit for modern-day life - this is the view of the Professional Contractors Group, a UK non-profit trade organisation representing the interests of contractors and freelancers. They cite a new report from the UK's Equal Opportunities Commission (EOC) which reveals that 52% of men and 48% of women want to be able to work more flexibly, but 60% of people claim not to have seen any information about jobs with flexible working options.

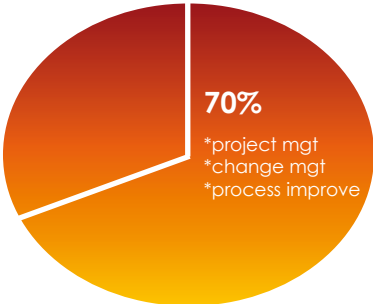
Report findings suggest that some 6.5 million Britons could be putting their skills to better use if flexible working was more widely available and, despite assumptions that the issue relates primarily to mothers, the EOC's latest study shows that the so-called skills drain actually affects more non-parents than parents and almost as many men as women. As a result, many organisations have started to alter their business model, reducing the numbers of permanent consultants and bringing in specialist contractors as required. Firms are enjoying the flexibility provided by contractors and have recognised the benefits of allocating short-term contracts. The increasing number of contractors within the consulting and business advisory markets demonstrates an entrepreneurial spirit and a rejection of traditional corporate benefits and a perception of security in favour of a more flexible working life. In addition, some firms are beginning to offer hybrid roles by matching fixed term agreements of six months or more with the usual benefits of that found in a permanent hire. This is acting as an added incentive for many consultants to make the move from permanent employment to the interim market place.

Interim Management

Interim management is the temporary provision of additional management resources and skills. Interim management can be seen as the short-term assignment of a proven interim executive manager to manage a period of transition, crisis or change within a company. In this situation, a permanent role may be unnecessary or impossible to find at short notice. Additionally, there may be nobody internally who is suitable for, or available to take up the position.

Recent research for the Interim Management Association (IMA) has revealed that the UK's interim management sector is currently worth around £1 billion. According to 82% of interim managers, firms need to engage their support largely due to a lack of key talent among full-time employees. An IMA survey market audit for 2006 revealed that interim managers spend 70% of their time on project based assignments such as change management, process management and business improvement (see Figure 4).

Fig 4: The Work of Interim Managers

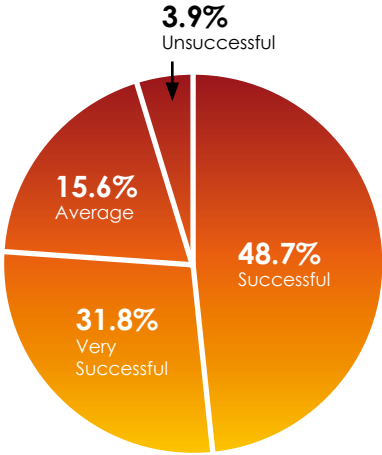


Z/Yen, a London based management consultancy, completed a major study in 2003 of the interim management market analysing details of over 330 assignments. Their research also supports the notion that bulk of interim manager assignments are for specifically defined projects (80.2%); as opposed to assignments which provide cover for shortages of skills or manpower – also known as 'gap management' or 'holding the fort type' assignments (19.8%).

Generally, interim managers are perceived by clients to be successful in the bulk of their assignments, especially projects. Table 3 shows that clients rate 80.5% of assignments as "successful" or "very successful". Another key finding was that over one in three (35.1%) of project based assignments were perceived as "very successful", whilst only one in six (18.2%) of 'holding the fort' type assignments were rated as "very successful".

Table 3: The Success of Project based & Holding the Fort type Assignments

| Type of Assign't | Very Successful | Successful | Average | Unsuccessful | Very Unsuccessful | Total |
|--------------------|-----------------|------------|---------|--------------|-------------------|-------|
| Project based | 35% | 46% | 14.2% | 4.1% | 0.4% | 100% |
| 'Holding the Fort' | 18.2% | 59.1% | 21.2% | 1.5% | 0% | 100% |



Z/Yen research demonstrates that because the majority of assignments are specific projects, this has implications for the recruitment process. The traditional view of interim managers being experienced line managers who are 'over experienced' in one field ignores other vital skills for handling special projects. In particular - analytical, consultancy, mentoring and project management skills are more relevant. This skill-set is more likely to be found amongst independent consultants and project managers than experienced line managers.

Benefits of Interim Management

There are several factors that make interim management the popular resourcing option that it has become today:

1. Speed. Interim managers can be in place within days as opposed to weeks (essential when time constraints are paramount).
2. Experience. Interim managers will be more than qualified for the position they are taking on and will therefore be stepping down in responsibility. They will also have past experience of similar challenges to the ones they are about to face. They should be equipped to have an immediate effect and be productive from the outset, minimising the risk of things going wrong and, more importantly, ensuring success.
3. Objectivity. Unencumbered by any previous involvement in company processes or staff relationships, interim managers should provide a fresh perspective and be free to concentrate on what's best for the business.
4. Accountability. Rather than taking on a purely advisory role (as a management consultant would), interim managers are responsible and accountable line managers who will implement and manage a business or project in their own right.
5. Effectiveness. Operating at or near board-level gives managers the authority to effect significant change or transition within a company.
6. Commitment. Interim managers are typically committed to an interim career. For them, this is never just something they are doing until a suitable permanent position is found. A good interim manager should enjoy the challenge of the different assignments, take great pride in maintaining the highest standards while realising that they are only ever as good as their last job.

When to recruit an Interim Manager

Assignments broadly fall into two categories - Project/Programme Management and 'Gap' Management ('Holding the Fort').

Project/Programme Management - Interim Management, the alternative to retaining a management consultancy

- The client is planning to undertake a strategic or tactical project and is broadly clear on what needs to be achieved but the organisation does not possess the relevant knowledge and proven skills to deliver. Assignments range from tactical project management to full business transformation.
- Interim Managers lead programmes to create or extend shared services, manage outsourcing, facilitate and lead restructuring, organise relocations, implement new technology, risk and regulatory systems.
- In the past the client used a management consultancy to undertake this work but today these tasks are successfully delivered, and at significantly cheaper daily rates, by retaining Interim Managers.
- Clients value the simplicity of the contract, the Interim Manager's relevant experience and focus on delivery.

'Holding the Fort'/'Gap' Management - Interim Management, the alternative to hiring on a permanent basis

- The client has a role requiring leadership of a function or business area. The reason for the 'gap' may be due to a variety of different circumstances - promotion, secondment, restructure, resignation, peaks of activity, maternity leave or health related. The bottom line is, the client does not have the in-house resource capable of undertaking the role and progress must not be lost.
- Whatever the cause, the interim manager will fulfill the brief to recover, accelerate or maintain momentum, and for the exact period required. The Interim Manager can also help to hire the replacement, mentor and coach the team.
- Clients value the simplicity of the contract, the Interim Manager's relevant experience and focus on delivery.

Appendix 1:

Advantages / Disadvantages of Selection Methods

| | Advantages | Disadvantages |
|-------------------|---|--|
| Interviews | <ul style="list-style-type: none">• Are expected and accepted by many job applicants.• Provide an opportunity for a two-way exchange of information.• Provide a measure of skills such as oral communication skills not measured via paper and pencil or computerised tools.• Have been demonstrated to produce valid inferences for a number of organisational outcomes, if properly developed and administered.• Can reduce business costs by identifying individuals for hiring, promotion or training who possess the needed skills and abilities.• Are typically less likely to differ in results by gender and race than other types of tests. | <ul style="list-style-type: none">• May be affected by different kinds of rating errors and biases by interviewers.• Are often more time-consuming to administer than paper and pencil or computerised tools.• May be practically less useful when a large number of individuals must be evaluated because of administration time.• Can be costly to train interviewers.• May be difficult to keep interviewers calibrated and the interview process standardised.• May lead to individuals responding in a way to create a positive decision outcome rather than how they really are (i.e., they may try to positively manage their impression or even fake their response). |

| | Advantages | Disadvantages |
|---------------------------|---|--|
| References | <ul style="list-style-type: none"> • Are expected and accepted by many job applicants. • High validity if reference checks are structured by telephone e.g. questions based on job analysis, asking the same of questions of each applicant & providing standardised rating formats. • Unlike other selection methods they provide information on applicants from the perspective of others who have observed applicants' typical, rather than maximal performance, which is more related to typical job performance. • Tap into non-cognitive aspects of performance, ethnic group differences on reference check scores are likely to be relatively small, and thus resulting in little if any adverse impact. | <ul style="list-style-type: none"> • Reputation for poor predictive validity especially written references (letters of recommendation or written reference questionnaires). • Unstructured telephone reference checking may also give poor predictive validity. |
| Assessment Centers | <ul style="list-style-type: none"> • Have been demonstrated to produce valid inferences for a number of organisational outcomes (e.g., promotion rates). • Can reduce business costs by identifying individuals for hiring, promotion or training who possess the needed skills and abilities. • May be viewed positively by test takers who see the close relationship between the test and the job. • Can provide useful feedback to test takers regarding needed training and development. • Focus more heavily on behavior demonstration than simply assessing characteristics. • Use trained raters. • Are typically less likely to differ in results by gender and race than other types of tests. | <ul style="list-style-type: none"> • Can be costly to create and administer. • Require more labor (e.g., assessors, role-players, etc.) to administer than most other methods. • Require more time to administer than most other methods. • Can be difficult to keep calibrated or standardised across time and locations. |

| | Advantages | Disadvantages |
|--------------------------------|--|---|
| Biographical Data | <ul style="list-style-type: none"> • Can be administered via paper and pencil or computerised methods easily to large numbers. • Can be cost effective to administer. • Have been demonstrated to produce valid inferences for a number of organisational outcomes (e.g., turnover, performance). • Are typically less likely to differ in results by gender and race than other types of tests. • Does not require skilled administrators. • Can reduce business costs by identifying individuals for hiring, promotion or training who possess the needed skills and abilities. | <ul style="list-style-type: none"> • May lead to individuals responding in a way to create a positive decision outcome rather than how they really are (i.e., they may try to positively manage their impression or even fake their response). • Can be time-consuming to develop if not purchased off-the-shelf. |
| Cognitive Ability Tests | <ul style="list-style-type: none"> • Have been demonstrated to produce valid inferences for a number of organisational outcomes (e.g., performance, success in training). • Have been demonstrated to predict job performance particularly for more complex jobs. • Can be administered via paper and pencil or computerised methods easily to large numbers. • Can be cost effective to administer. • Does not typically require skilled administrators. • Can reduce business costs by identifying individuals for hiring, promotion or training who possess the needed skills and abilities. • Will not be influenced by test taker attempts to impression manage or fake responses. | <ul style="list-style-type: none"> • Are typically more likely to differ in results by gender and race than other types of tests. • Can be time-consuming to develop if not purchased off-the-shelf. |

| | Advantages | Disadvantages |
|---------------------------------------|--|---|
| Personality Tests | <ul style="list-style-type: none"> • Have been demonstrated to produce valid inferences for a number of organisational outcomes. • Can reduce business costs by identifying individuals for hiring, promotion or training who possess the needed skills and abilities. • Are typically less likely to differ in results by gender and race than other types of tests. • Can be administered via paper and pencil or computerised methods easily to large numbers. • Can be cost effective to administer. • Does not require skilled administrators. | <ul style="list-style-type: none"> • May contain questions that do not appear job related or seem intrusive if not well developed. • May lead to individuals responding in a way to create a positive decision outcome rather than how they really are (i.e., they may try to positively manage their impression or even fake their response). |
| Work Samples & Simulations | <ul style="list-style-type: none"> • Have been demonstrated to produce valid inferences regarding ability to perform the job. • Can reduce business costs by identifying individuals for hiring, promotion or training who possess the needed skills and abilities. • Are less likely to differ in results by gender and race than other types of tests (depends on particular skills being assessed). • May be more accepted by test takers due to the obvious link between the test and the job. • Less likely to be influenced by test taker attempts to impression manage or fake responses. • Can be used to provide specific developmental feedback. • Can provide test takers with a realistic preview of the job and the organisation | <ul style="list-style-type: none"> • Does not assess aptitude to perform more complex tasks that may be encountered on the job. • May not assess the ability to learn new tasks quickly. • Often not conducive to group administration. • May require some level of job knowledge and therefore may be inappropriate for jobs where knowledge may be obtained via a short training period. • May be difficult to keep updated. • May be expensive to administer. • May be time consuming to develop and to administer. |

| | Advantages | Disadvantages |
|----------------------------|---|---|
| Integrity Tests | <ul style="list-style-type: none"> • Have been demonstrated to produce valid inferences for a number of organisational outcomes (e.g., performance, inventory shrinkage difficulties in dealing with supervision). • Can reduce business costs by identifying individuals who are less likely to be absent, or engage in other counterproductive behaviour. • Send the message to test takers that integrity is an important corporate value. • Are typically less likely to differ in results by gender and race than other types of tests. • Can be administered via paper and pencil or computerised methods easily to large numbers. • Can be cost effective to administer. • Does not require skilled administrators. | <ul style="list-style-type: none"> • May lead to individuals responding in a way to create a positive decision outcome rather than how they really are (i.e., they may try to positively manage their impression or even fake their response). • May be disliked by test takers if questions are intrusive or seen as unrelated to the job. |
| Job knowledge tests | <ul style="list-style-type: none"> • Have been demonstrated to produce valid inferences for a number of organisational outcomes, such as job performance. • Can reduce business costs by identifying individuals for hiring, promotion or training who possess the needed skills and abilities. • Are typically less likely to differ in results by gender and race than other types of tests. • May be viewed positively by test takers who see the close relationship between the test and the job • Will not be influenced by test taker attempts to impression manage or fake responses. • Can provide useful feedback to test takers regarding needed training and development. | <ul style="list-style-type: none"> • May require frequent updates to ensure test is current with the job. • May be inappropriate for jobs where knowledge may be obtained via a short training period. • Can be costly and time-consuming to develop, unless purchased off-the-shelf. |

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