

# Minimizing Risk: Hiring in the 21st Century

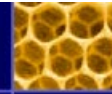
Rick Jacobs

Chief Operating Officer

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Presentation to the International Personnel Management  
Association Assessment Council

7 June 2000

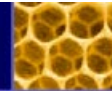


# Minimizing Risk: Hiring in the 21st Century

## Two Major Themes

***\*Alternative Predictors:  
Simultaneously Increasing Validity  
and Reducing Adverse Impact***

***\*Attracting Talent: The Challenge  
of Identifying Viable Candidates***

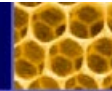


## **The goals of all public safety testing:**

**maximizing validity - science has  
excelled here**

**reducing adverse impact - biggest  
operational challenge**

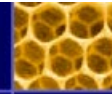
**exclusive reliance on written cognitive  
ability tests particularly problematic**



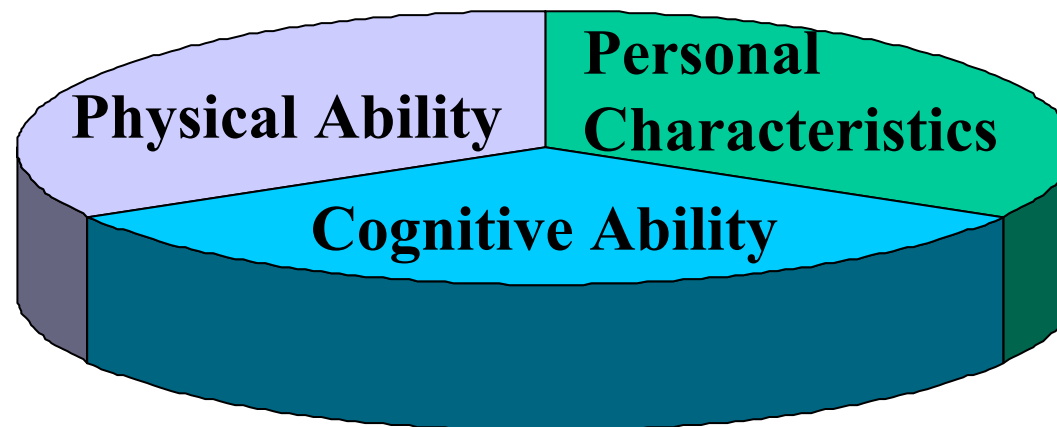
## **Years of Research to Reduce AI:**

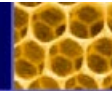
**candidate preparation programs  
item characteristic analyses  
alternative scoring methods  
varied presentation modality**

**A modicum of success**

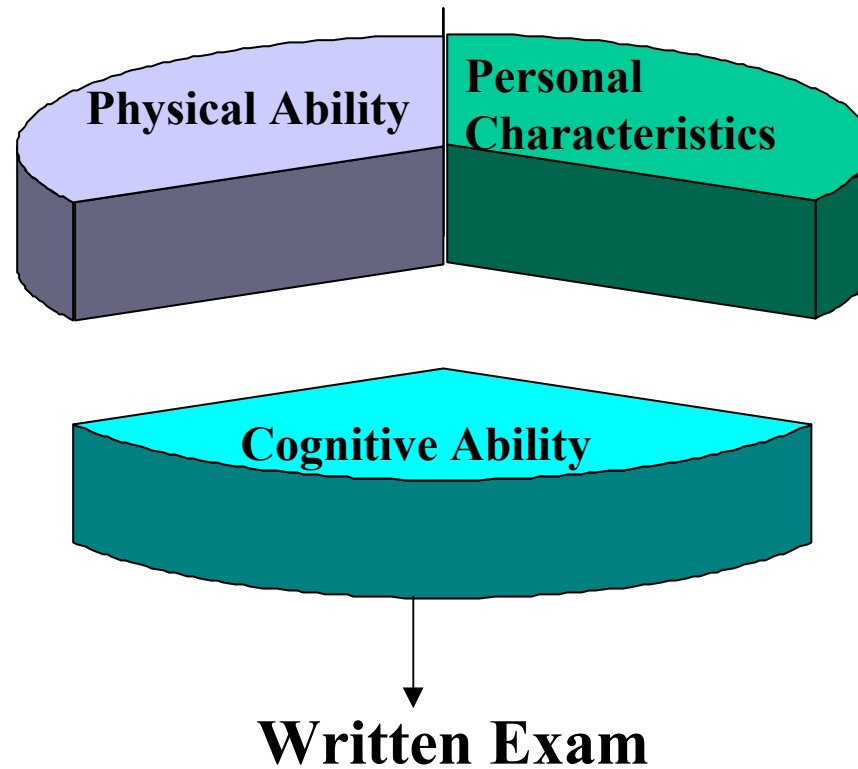


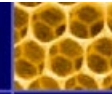
## Important Characteristics of Successful Entry Level Public Safety Officers





## Traditional Entry Level Testing -- Phase I

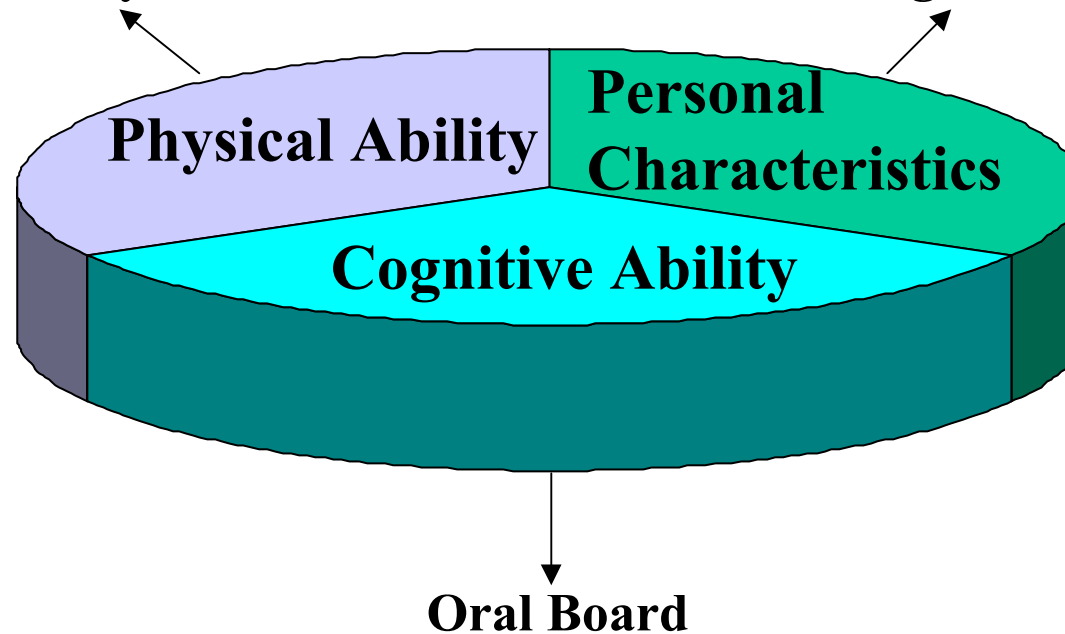




## Traditional Entry Level Testing -- Phase II

Physical Ability Test

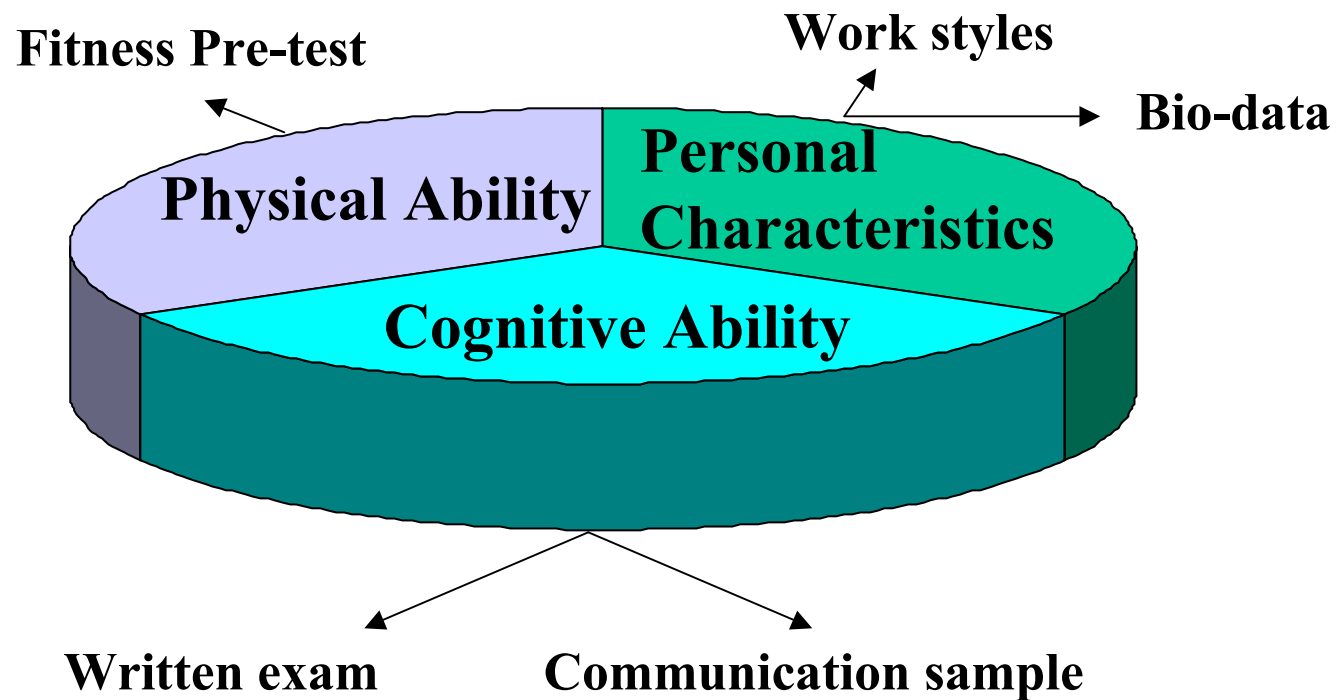
Background Investigations





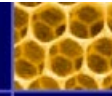


## SHL/LJ's Entry Level Testing -- Phase I



8

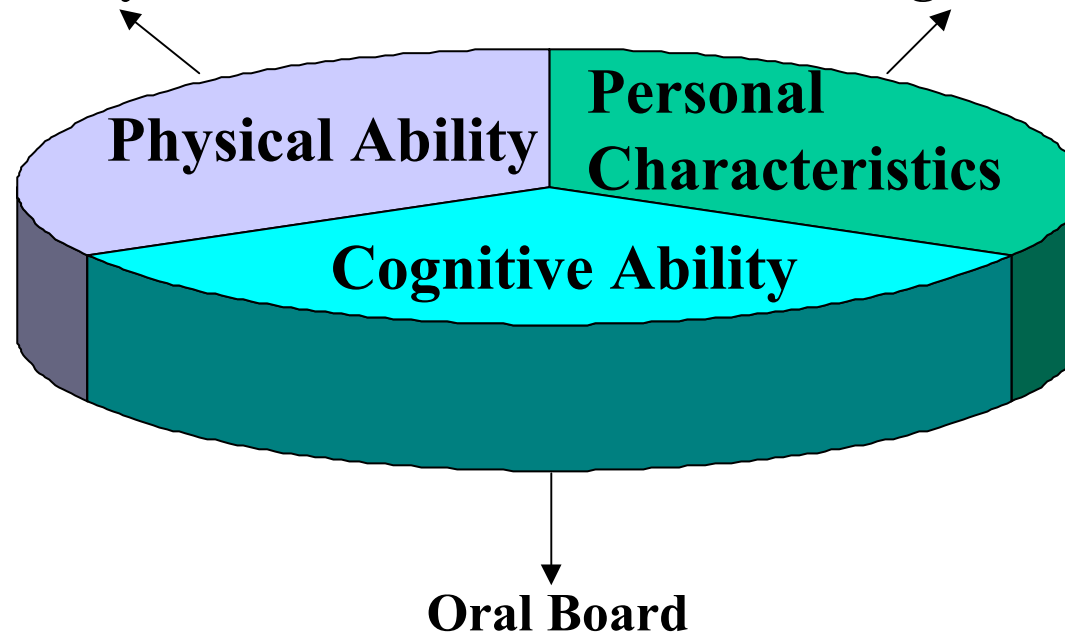


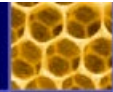


## Traditional Entry Level Testing -- Phase II

Physical Ability Test

Background Investigations





# ALABAMA TROOPER PHASE I: TEST COMPONENTS

## Part 1:

### Written Exam

- 100 Traditional, 4-Option, Multiple-Choice
- 9 Cognitive Ability Areas
- 2.5 Hours

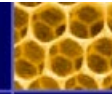
### Work Styles

- Standardized Inventory
- Over 200 True-False Questions
- 26 Dimensions in current version
- 45 Minutes

### Bio-data

- 114, 5-Option, Multiple-Choice
- 6 Background/History/Experience Dimensions
- 45 Minutes

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## The Three Performance Factors

### Routine Field Performance



### Knowledge of Procedural & Legal Guidelines

- Control of Suspects
- Professional Development
- Maintaining Job Knowledge
- Evidence & Property Handling
- Responding to & Investigating Crimes
- Safeguarding Life at the Accident Scene

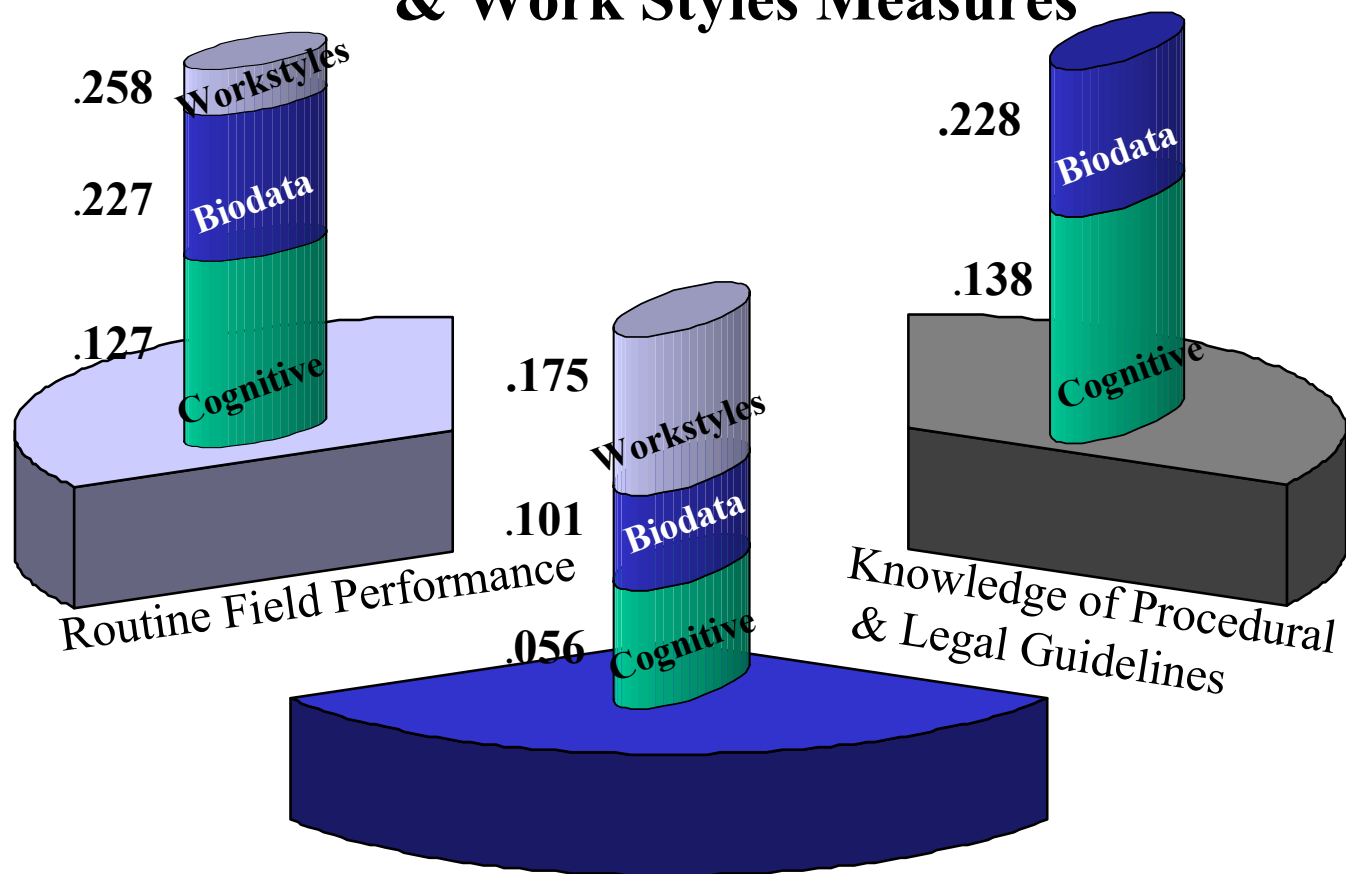
### Personal Qualities & Interpersonal Skills

- Relations With Others
- Attitude
- Dependability
- Public & Community Relations
- Demeanor

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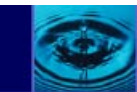


## Incremental Validity ( $R^2$ ) of Bio Data & Work Styles Measures



Personal Qualities & Interpersonal Skills

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## Increased Validity & Decreased Adverse Impact

Validity ( $R^2$ )

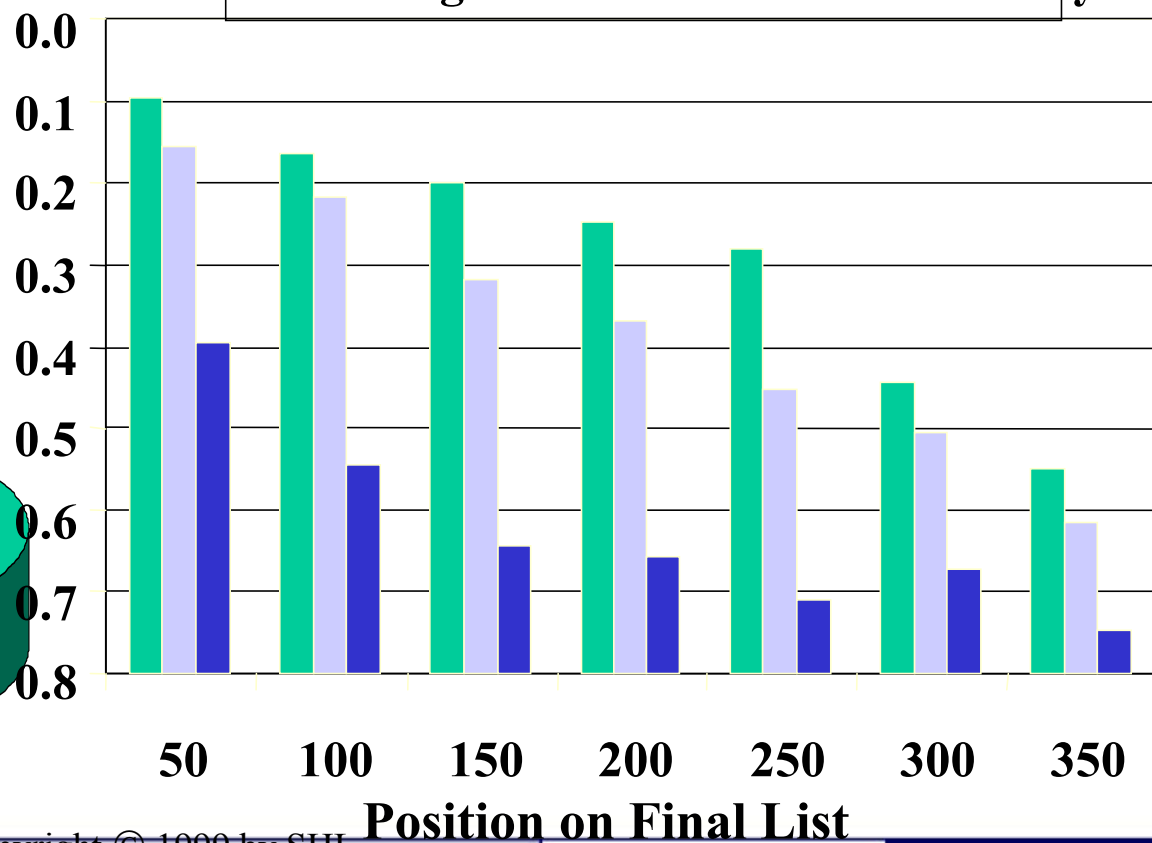
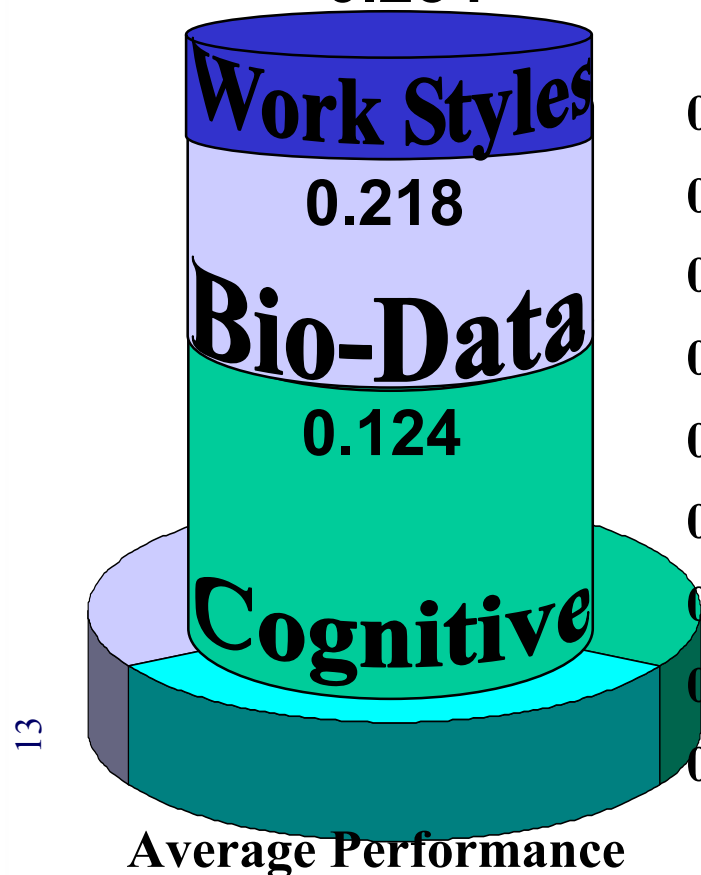
0.254

Adverse  
Impact

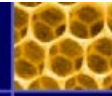
Cognitive

Cognitive + Bio-Data

Cognitive + Bio-Data + Work Styles



Position on Final List



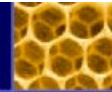
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***\*Attracting Talent: The Challenge  
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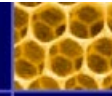


# CANDIDATE AVAILABILITY

## RECENT NEWSPAPER HEADLINES

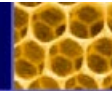
- \*Unemployment At All-Time Low
- \*Police Struggle to Find Recruits
- \*Lifeguard Labor Pool Very Shallow





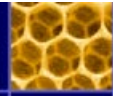
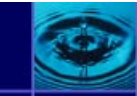
## Internet is Changing Recruitment

- **79%** of companies surveyed use the Internet to recruit new hires
- **50%** of companies surveyed now employ workers recruited via the Internet
- **45%** of Fortune Global 500 companies recruiting on the Internet in 1999
- **16 million** resumes on the Web by 2002
- **25,000** job posting sites available
- **\$1.7 billion** - amount employers will spend on on-line recruitment by 2003
- **20 days** - average reduction in hiring cycle



# Opportunities

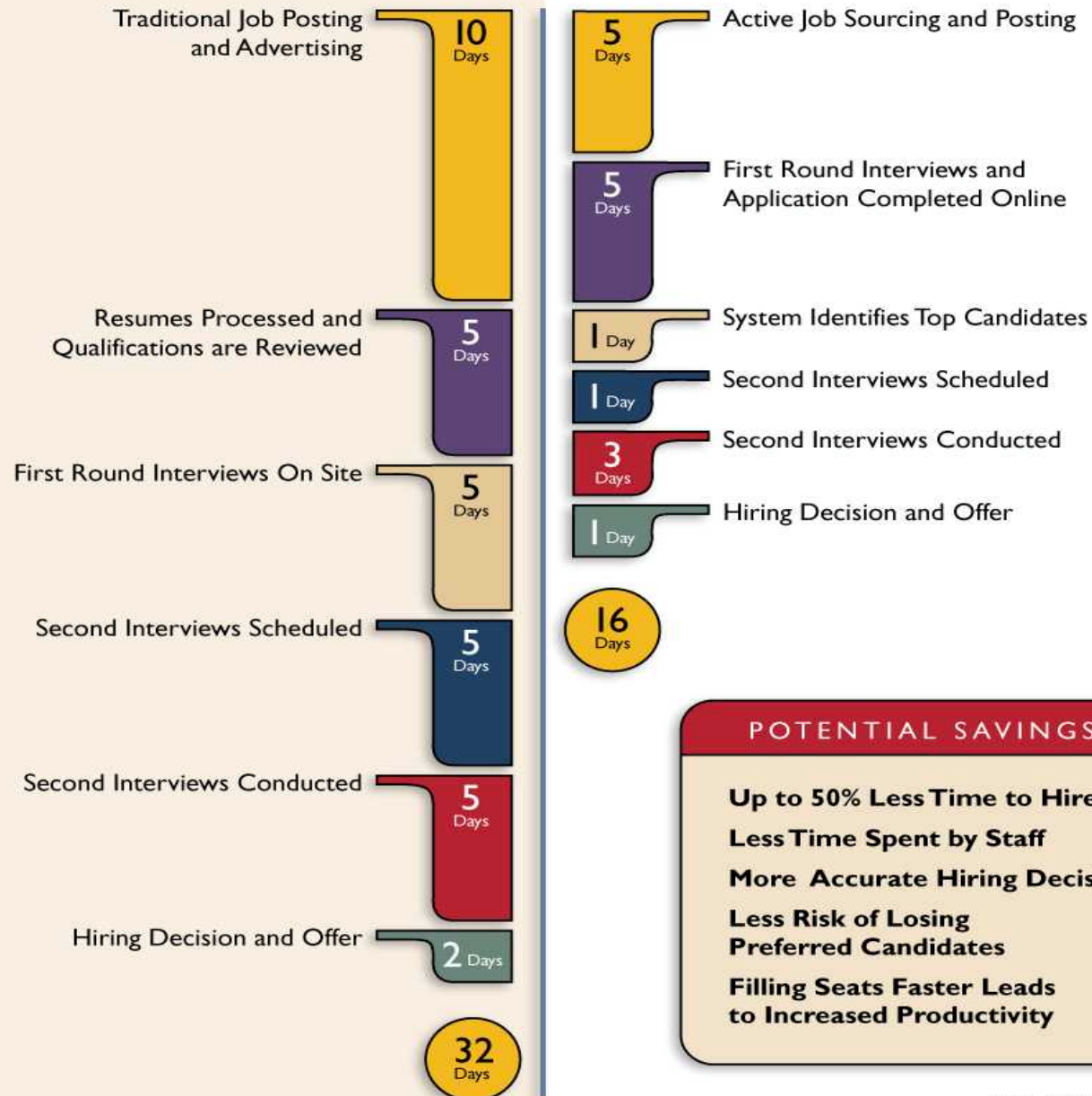
- **Expanded Access to Talent Pool** - the War for Talent
- **Any place, any time** - logon at Midnight
- **Speed to Hire** - 20 day reduction in hiring process
- **Immediacy** - Response and Evaluation
- **Less Resource Intensive** - redeploy scarce resources
- **Quality of Candidates** – standardized & competency based
- **Centralized Management of Data** - Norms and Validity



# Technology-based Interviewing and Assessment Systems

- Moving from Desktops to Internet Systems
- Systems are Scalable Across Sourcing, Recruitment, Interviewing, Assessment, and Development
- No Large Investment in Technology - Vendor Hosts System
- Integration Options for HRIS Systems

## Recruitment Process Starts

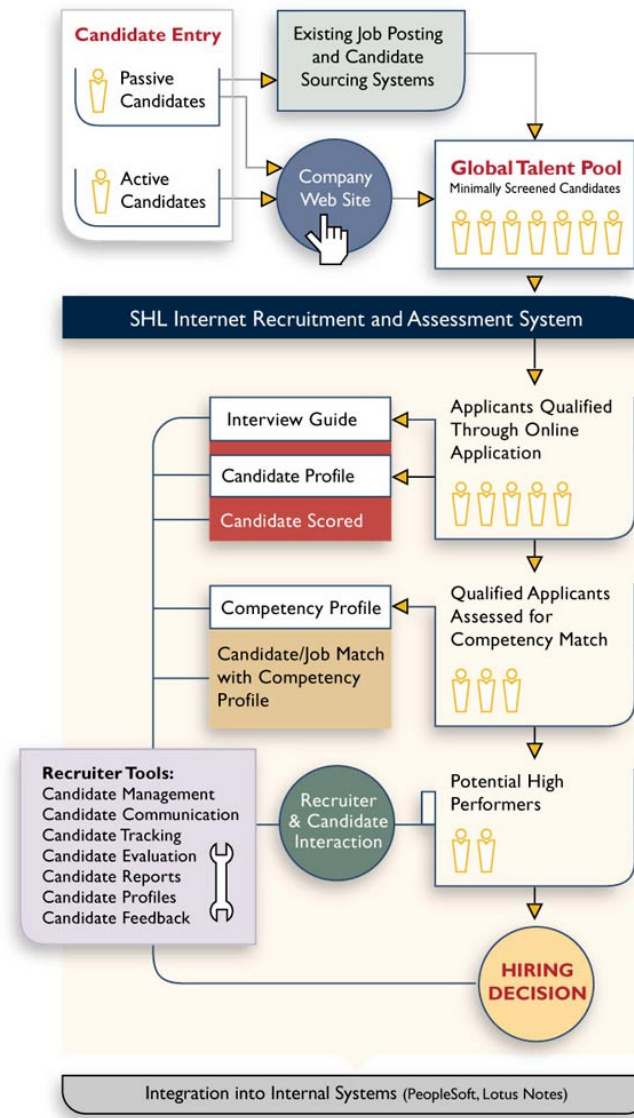


### POTENTIAL SAVINGS

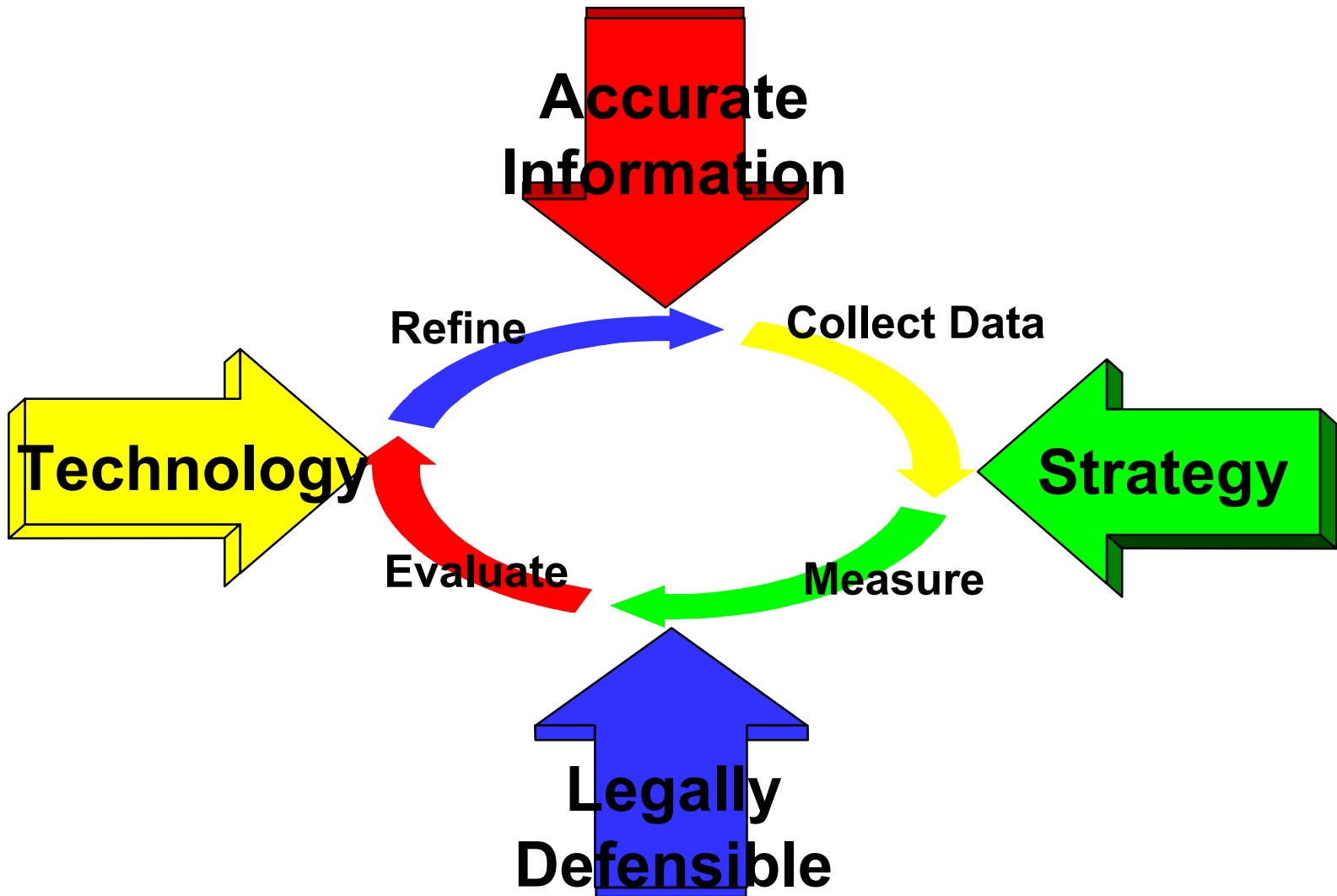
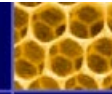
**Up to 50% Less Time to Hire**  
**Less Time Spent by Staff**  
**More Accurate Hiring Decisions**  
**Less Risk of Losing Preferred Candidates**  
**Filling Seats Faster Leads to Increased Productivity**

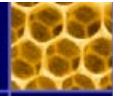
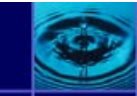


**A scalable  
solution that  
commences  
..... at the  
client company  
home page**

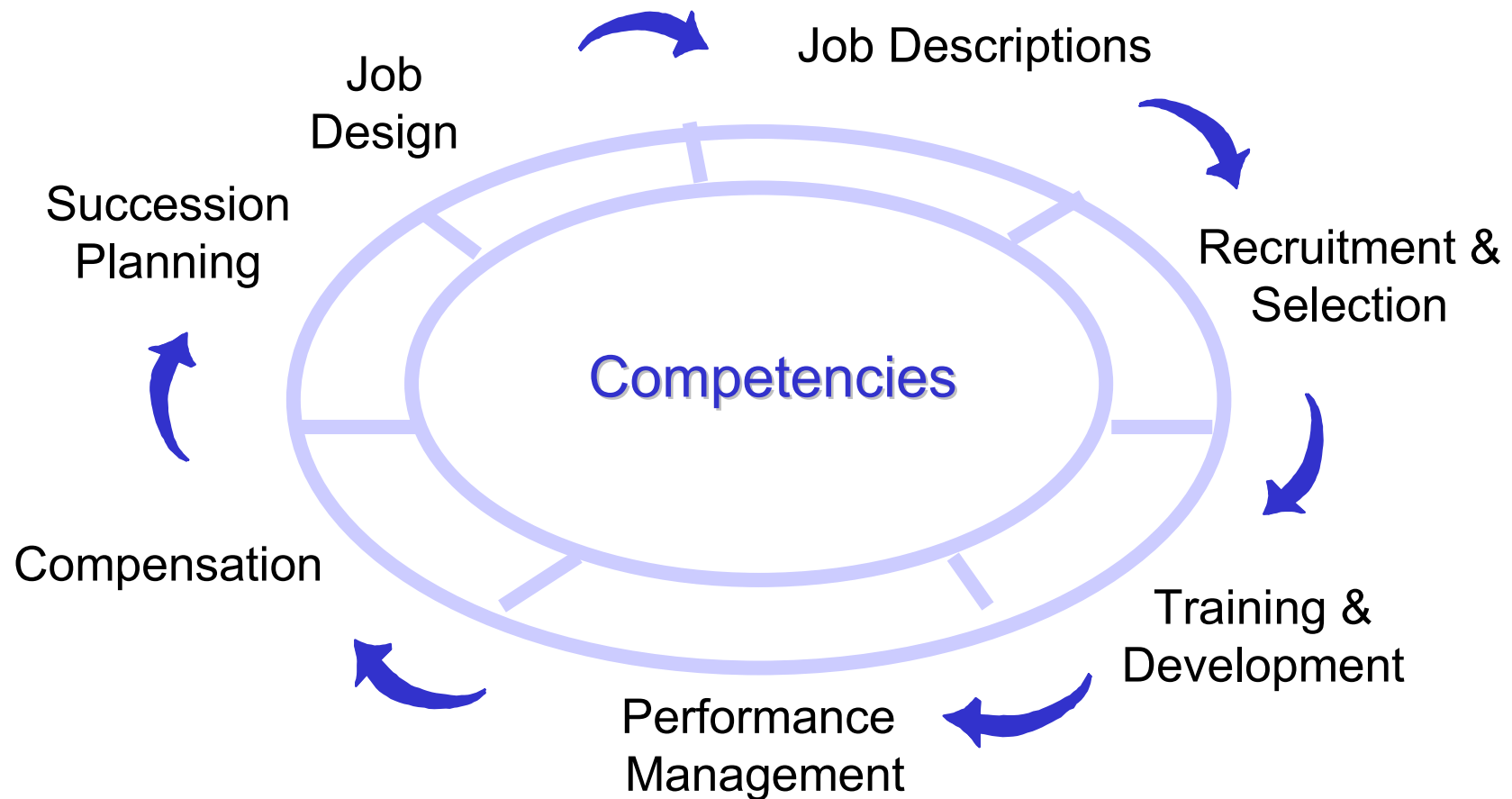




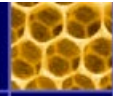
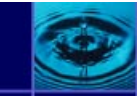




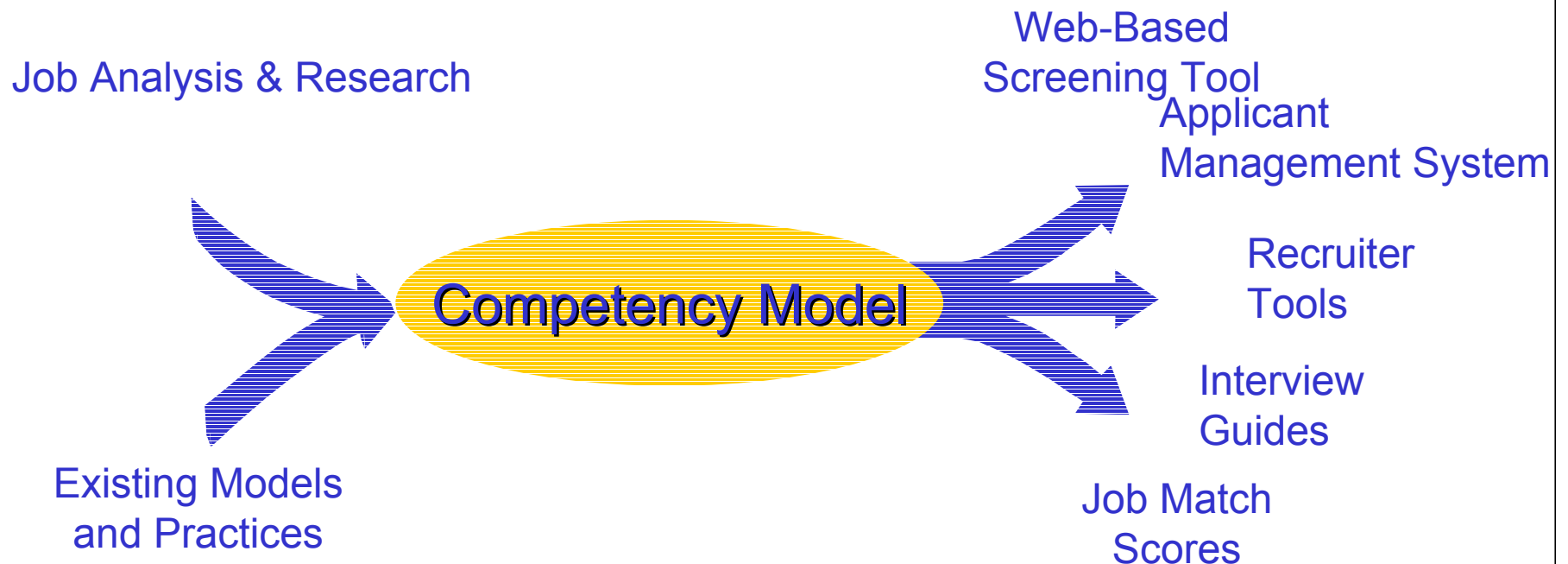
# Core Assessment Capabilities: Developing Competency-Based HR Systems

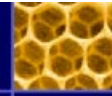
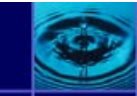






# Approach to Assessment on the Internet: Applying proven practices to new challenges

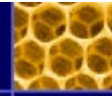
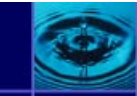




# Technology Capabilities

## Proven Internet Track Record

- **PricewaterhouseCoopers** - Processed 30,000 applicants in 1998.
- **LAICompass.com** - Handled over 8,000,000 visits in the first 4 months of operation.
- **Warburg Dillon Read** - Processed 15,000 applicants globally in 9 months
- **Enterprise Rent-A-Car** - 150 recruiters in 4000 locations processing 10,000 applicants per annum



## WDR: Recruiting Around the Clock and Around the World

- First bank to introduce a global Internet recruitment system
- Screened and assessed over 20,000 in the first 5 months
- SHL developed English speaking and Japanese recruitment sites
- Firmly established WDR as a world leader in Internet recruitment
- Reduced cycle hiring time and cost by 30%
- Enables WDR to recruit ahead of competitors
- Phase II to include all professional recruitment



## World class investment banking

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## Our News

13 July 1999: In a very impressive showing, Warburg Dillon Read came top in eleven of the *Euromoney Awards for Excellence* given to the best global banks by product, sector and region. The Bank was also highly commended in one other category. UBS AG, Warburg Dillon Read's parent group, took the award for best bank in Switzerland. [More recent news](#)

## Industry News

[Strong profits reports expected](#)

12/07/99 | [full report](#)

[Amsterdam eases rules for listing](#)

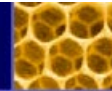
12/07/99 | [full report](#)

[Greek government completes OTE offer](#)

12/07/99 | [full report](#)

[M&A boom helps syndicated loans soar](#)

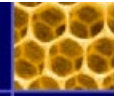
12/07/99 | [full report](#)



# US WEST

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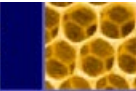
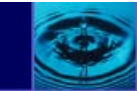
- Developing an Integrated, Internet-Based Hiring System
- Effectively Manage More Than 160,000 Candidates
- Structure, Define the Hiring Process
- Internet is Scalable, Adaptable, Real-Time
- Helps Develop Applicant Relationships
- Equitable, Valid, Defensible



# Competency Match Assessment Chicago Public Schools

- Project Objectives
  - Increase pipeline of interested candidates for pilot schools
  - Streamline / standardize screening process
  - Use validated competency profile for assessment tools
  - Simplify the application / interview process for candidates
- Benefits
  - Maximum marketing reach for expense
  - Quicker response time to applicants
  - Consistent competency-based evaluation
  - Reduced screening costs
  - Candidate management capabilities





# LAI Compass.com: Reinventing Internet Recruitment

- **Background**

- SHL & LAI Worldwide partnership
- Added competency based on-line line assessment
- Target market is \$75,000 to \$150,000 professional positions
- \$10 Million - co-branded promotional campaign with Monster.com
- Partnered with World Class Internet hosting service

- **The Statistics**

- Over 8,000,000 hits in the first 4 months of operations
- Over 1,115,000 hits in 11 months
- 39,646 registered candidates in first 4 months
- 3.75 gigabytes of information processed





LAIcompass.com

HOME

HELP

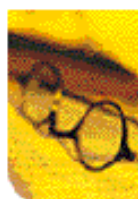
ABOUT LAI COMPASS

ABOUT SHL

- ☐ NOT COMPLETED
- ☒ NEXT SELECTION
- ☐ COMPLETED
- ☐ UNREAD MAIL

## BIOGRAPHICAL INFORMATION

- ☐ REGISTRATION
- ☒ CONTACT INFORMATION
- ☐ EMPLOYMENT INFORMATION
- ☐ EDUCATION



## ANALYSIS PROVIDED BY SHL

- ☐ PERSONAL STYLE
- ☐ TYPICAL ACTIVITY
- ☐ ACTIVITY APPEAL
- ☐ PREFERRED CULTURE



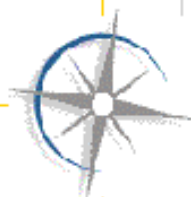
## PERSONAL MESSAGE CENTER

- ☒ ADDITIONAL ANALYSIS
- ☐ UPDATING YOUR INFORMATION
- ☐ CONFIDENTIALITY



## NEWS CENTER

- ☐ LAI WORLDWIDE
- ☐ COMPENSATION INFORMATION
- ☐ RELOCATION INFORMATION
- ☐ STOCK INFORMATION
- ☐ SEARCH THE WEB



**ANALYSIS: PERSONAL STYLE****Questionnaire**

- Below you will find a series of statements that describe your individual style and work preferences.
- Please indicate the extent to which each statement applies to you using a scale of Strongly Disagree to Strongly Agree.



How much do you agree with the following statements?

I am a fluent communicator

STRONGLY  
DISAGREESTRONGLY  
AGREE

I am able to persuade others

STRONGLY  
DISAGREESTRONGLY  
AGREE

I am cooperative with others

STRONGLY  
DISAGREESTRONGLY  
AGREE

I am an articulate speaker

STRONGLY  
DISAGREESTRONGLY  
AGREE

I am able to gain agreement from people

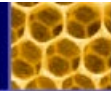
STRONGLY  
DISAGREESTRONGLY  
AGREE

I am uncomfortable working in

STRONGLY



STRONGLY



▼  
▲  
Oral Communication - Speaks clearly, articulates message well.

▼  
▲  
Influencing - Persuades others and gains agreement.

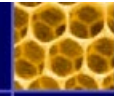
▼  
▲  
Networking - Actively builds relationships with others, nurtures contacts and creates alliances.

▼  
▲  
Empathizing - Seeks to understand other's views, responds with sensitivity and appreciates individual's differences.

▼  
▲  
Perfectionist - Ensures work is flawless and that all details are correct.

▼  
▲  
Decisive - Able to make decisions quickly.

▼  
▲  
Writing - Writes effectively for different audiences, writes in a grammatically correct and clear manner.

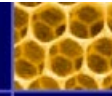
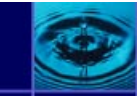


# Newest Generation Systems

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- Internet Recruitment and Selection Systems
- Replaces Desktop Administration
- Industry-Targeted: Retail, Call Center, Entry-Level Management
- Competency-Based: Customer Contact for Retail, Call Center, Sales
- Powerful Scoring Identifies Best Fit Candidates
- Structured Interview Guides
- Electronic Application Blank

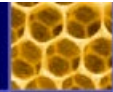




# Structured, Accurate, Efficient

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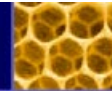
- **Based on Job Analysis**
- **Convenient, Simple for Candidates**
- **Streamlines Application, Assessment, and Hiring Decision**
- **Identifies Candidates Most Likely to Be Successful on the Job (Performance, Tenure)**
- **Reduces Speed-to-Hire**
- **Increases the Value of Recruiter/Candidate Interactions**
- **Simplifies Process for Managers/Recruiters**



# 21st Century Client Application

- **Competency Based Assessment for College Selection**
  - Automated Resume Process
  - Competency Based Screening Questionnaire
  - 30,000 applicants in >10 countries, 3 languages
- **Next stage: Numeracy Test for 7,000**
  - 2-3 weeks turnaround before -
  - Assessment Centre for 1,500: 350 appointed
- **Solution: On-Line Numeracy Test**
  - During Application Phase
  - Automatic Processing

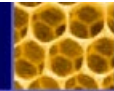
***But What About Security?***



# Security Features

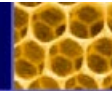
- Unsupervised administration: who took the test?
  - Embed test within “honesty contract”
  - “Part 2” administered later, under supervision
  - System only allows candidate to take test once
- Hacking results in ejection from test
- Candidate responses encrypted
- Scoring key held at server





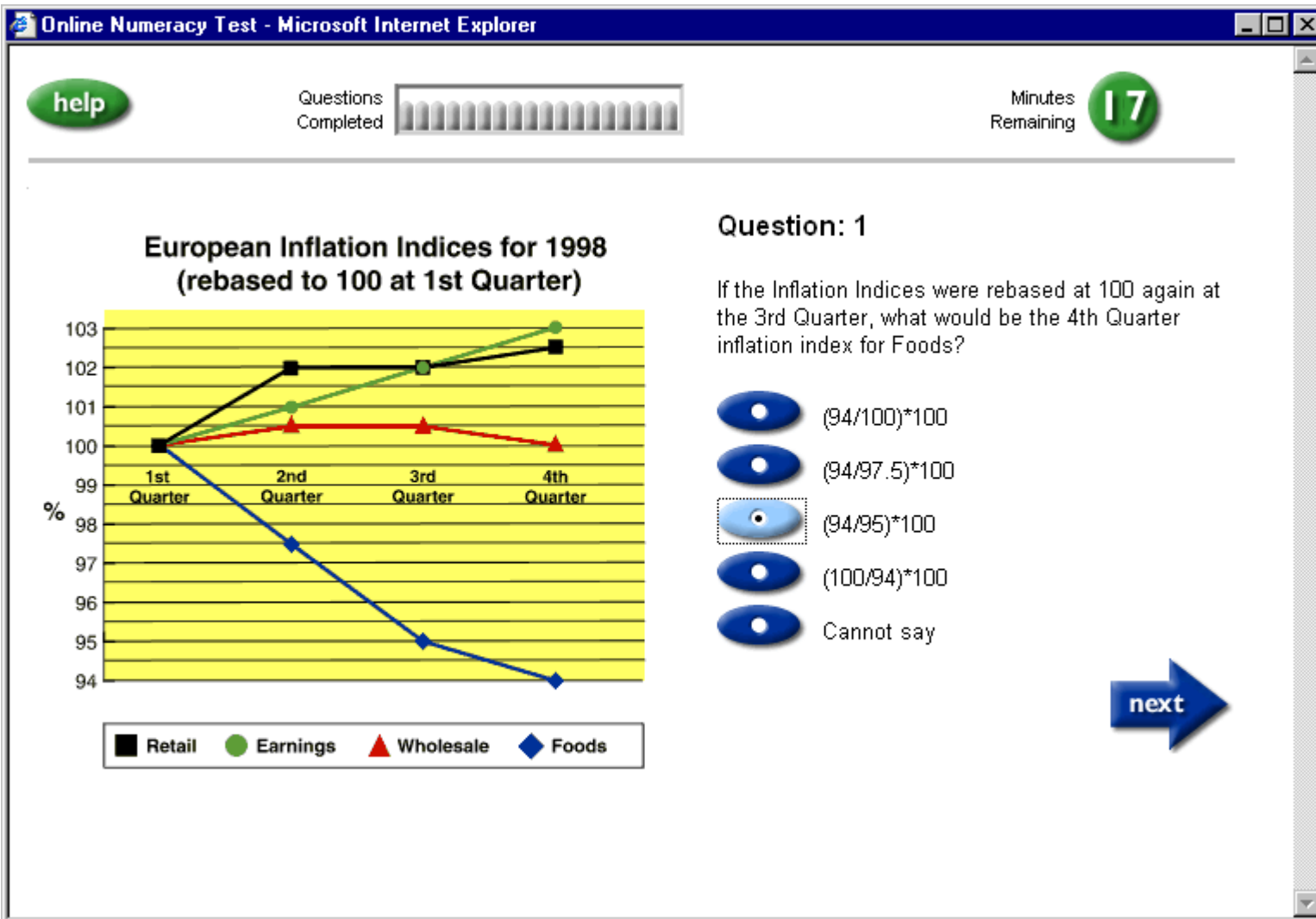
# Additional Challenges

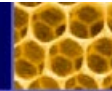
- **Reliability of technology**
  - *What happens if the line goes down in the middle of a test?*
- **Test and Item Security**
  - *Local testing at the candidate's machine means items are not secure.*
  - *How do you know who completed the assessment?*
- **Confidentiality**
- **Adjustments for candidates with disabilities**



# Technical Features

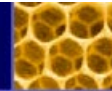
- Timing and item-playing unaffected by disruption to connection
- Candidate responses encrypted and returned to server for scoring and reporting
- Internet based (any browser v.4 and above)
- Java/HTML applet delivered to PC from main server
- Psychometrics and software now developed, and being trialled





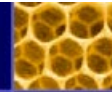
# Making the test variable

- Different items for every candidate
  - Unique test delivered to each candidate
    - 6 “tables” selected from 10
    - 3 “items” selected from 5
    - Currently 2 “variants” of each item:
      - 2 table versions, or
      - 2 item versions, or
      - 2 choice menus
    - So potential for  $2^3 = 8$  “variants” of each item
- (10!/4!) \* (5!/2) \* (2<sup>18</sup>) possible unique tests = 2.4 million



## Summary & Conclusions

- Required solution must integrate with existing practices
- Internet is challenging recruitment models
- The future includes technology based HR solutions
- Competency approach essential to quality outcome
- Target jobs moving down the organizational hierarchy
- Increasing number of candidates and
- Increasing competency levels for candidates
- Increasing geographic range



# Minimizing Risk: Hiring in the 21st Century

## Two Major Themes

***\*Alternative Predictors:  
Simultaneously Increasing Validity  
and Reducing Adverse Impact***

***\*Attracting Talent: The Challenge  
of Identifying Viable Candidates***