



# Why Assess?

The benefits of measuring people in organizations

Tests, surveys, appraisals, assessments—there's no doubt that the tools used to measure people in organizations are an increasingly vital part of business and talent management strategy. Assessments provide valuable information and insight to company leaders, allowing them to make better decisions regarding workforce effectiveness. This white paper will explore some of the many benefits that assessments can provide.

## Standardized and objective

Most business decisions have some level of risk associated with them. The most effective way to reduce risk is by arming yourself with quality information about a topic or individual. It is difficult, if not impossible, to make accurate decisions when comparing incongruent information, so if you wish to be successful, you must compare apples to apples.



Talent management is the key to business success, which is why executives of thriving companies will consistently say, "Our people are our greatest resource."

Assessments provide a standardized approach to evaluating people in a comparable and structured manner. Consider the hiring of employees: by using a standard of comparison against which to measure all applicants, you can easily see which candidates have the greatest potential to be successful in an unambiguous way.

Similarly, conclusions based on information that is highly subjective in nature are more risky. Assessments provide objectivity to decision-making criteria, giving leaders more confidence in their accuracy.

For example, it is common to want to hire a candidate whom you genuinely like. However, many people have learned from the experience of working with a very likable person who was not effective on the job. The bottom line is that many of the characteristics we like about an individual may be irrelevant to job performance. Assessments provide information about job-relevant characteristics that stand independent of how you personally feel about an applicant.

In addition, assessments are viewed as fair and professional hiring devices. Since everyone is being compared against the same standard, the playing field is level for both hiring and advancement. Development feedback is also perceived as more accurate because it is not merely based on the opinion of an individual, but on the results of a measurement tool.

## Improved performance

Most organizational leaders are constantly looking for ways to improve their company's effectiveness. They often focus on implementing more efficient processes and better technologies. The biggest improvement effort that organizations can undertake, however, is to increase the performance of its employees. Talent management is the key to business success, which is why executives of thriving companies will consistently say, "Our people are our greatest resource."

Assessments are powerful in this regard. The goal of hiring an employee is to find an individual that can perform the job effectively. Assessments tell you who will likely be a top performer and who will be unsuccessful by measuring job-relevant characteristics. Applicants that have the characteristics required for the job have the greatest potential to be good performers.

A research study at Michigan State University indicates that traditional hiring techniques - resume reviews, interviews and reference checks, only provide a 14% likelihood of a successful job hire. The odds of winning a hand at Blackjack are significantly better at around 40%.

Simply put, if organizations do a better job of hiring people that have the greatest potential to be good performers, they increase the overall performance of their organization.

This statement that assessments are related to job performance is not simply conjecture. There is an entire body of scientific research that proves how well-designed assessments are one of the most accurate predictors of job performance. In addition, it is often recommended that organizations engage in their own statistical analyses, called validation, to establish the job relevance and efficacy of an assessment for their company.

Assessments can help improve performance in other ways, too. They provide objective feedback on employees' strengths and development opportunities, allowing employees and supervisors to create targeted improvement plans. Surveys can identify organizational factors that influence employee motivation, giving leaders insight into changes that will increase their employees' productivity.

### Reduced costs

Employees cost a lot of money. Between salary, benefits and other needed resources, employment costs are one of the biggest line items in a company's total budget. When employees underperform, the costs start to add up—not only in the form of lost productivity, but with the lost revenue in the initial hiring investment, as well as the time and effort managers expend handling such employees after they are hired. Consider also the impact on customer perception, coworker morale and many other indirect effects that end up costing the organization real money.

Assessments reduce employee turnover—another drain on financial statements. Estimates vary, but a recent review of the cost associated with employee turnover ranges from 30% to 150% of an employee's annual salary. The most obvious benefit to reduced turnover is gained by reducing employee attrition related to poor performance.

Using assessments during the hiring process can also reduce the chance of employees leaving the company voluntarily due to a poor fit (as assessments can measure cultural compatibility between an organization and a potential hire). In fact, a Harvard University study reported that 80% of employee turnover can be attributed to mistakes made during the hiring process.

Assessments also help streamline processes and make better use of resources. For instance, in the hiring context, having an assessment early in the process to narrow a large applicant pool will save managers' time in interviewing. It is much more cost effective to have a manager interview five high-quality applicants than to interview 50 mediocre applicants.

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Although assessments require some initial investment, the returns they provide more than pay for themselves.

Assessments also help determine the most effective way to structure development and training budgets. In addition, using assessments during the development process and taking action on survey results—essentially investing in employee development—demonstrates that you are taking your employees' opinions and needs seriously.

### Realistic expectations

As powerful as assessments can be, it is critical to have realistic expectations. They provide insightful and objective data that, when combined with other pieces of information (education, job experience, etc.) help you make well-informed decisions about your workforce. Assessments are not “silver bullets” that will solve all your issues. For instance, using well-designed assessments will improve your chances of hiring the right person for a job, but the results are not infallible. Still, improving the odds of hiring more effective employees, even by a small amount, can reap large benefits when spread across an entire organization.

Once you understand your company's needs, you must apply the most useful assessment solution to address them. Learn to understand your current needs by working with an experienced professional to identify and implement the appropriate assessment solution.

Think of assessments as power tools that can help determine who, among many qualified candidates, should be hired, where to focus efforts to meet the development needs of individuals or groups, how the workforce perceives the organization and how this impacts employee effectiveness, and which employees have the greatest potential to be promoted.