INTERVIEWS ALONE ARE NOT ENOUGH FOR SUCCESS IN HIRING

The decision to employ an individual is a million-dollar decision when one considers wages and benefits paid over the course of an average career. For a decision of this magnitude, the more an employer can learn about an applicant's chance for success, the better. And yet, most companies gather much more information about the purchase of a million-dollar piece of equipment than they do about an employee who will cost the same.

More than one hiring manager professes that he or she can tell within five minutes of meeting a person whether to make a job offer. Some managers decide to hire or not at the opening handshake! Would these same managers decide to purchase a million- dollar piece of equipment based solely on looking at it?

The job interview has great value, but interviews alone take very little risk out of the hiring decision. Studies have shown that unstructured job interviews predict subsequent job performance only about 7% of the time. Behavioral interview methods boost that figure but still leave a lot of risk in the process.

Interviews in themselves just don't provide enough reliable information. Moreover, some interviewers are better than others, and the same could be said for interviewees. In the final analysis, the job interview is a subjective process that too often boils down to interpretations and feelings, hardly the stuff on which million-dollar business decisions should be made.

To effectively minimize the million-dollar risk inherent in considering a new applicant for employment, employers need to take four factors into account in the hiring process:

- ❖ Educational and employment history
- ❖ Interview responses
- ❖ Reference checks
- ❖ Valid test results

Any one of these factors, used in isolation, will fail. Using all four, on the other hand, is like putting four legs under a table.

A four-legged table is stable and reliable, and that is just what hiring decisions should be. Using all four factors in making hiring decisions markedly increases the predictability of an applicant's subsequent job performance.

Some companies use three out of the four legs of the hiring table. They leave out testing because they have been told it is illegal, or expensive, or unreliable. The truth is, employment testing is no more illegal than interviewing. Yet the myth persists that interviewing is "safe" and testing is not.
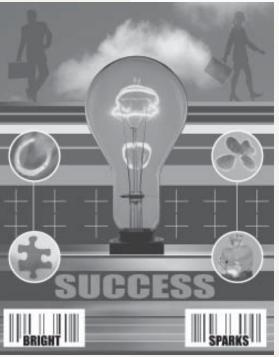
As for testing being expensive, nothing could be farther from the truth. The fact is that *hiring mistakes* are expensive. How expensive? Anywhere from two to seven times annual salary for professional positions and 30% of annual salary for hourly positions. If testing enables a company to avoid even one hiring mistake, a testing program pays for itself ten times over.

Some question whether testing is reliable. Well, some testing is not, particularly testing that is not validated or benchmarked on the occupation being tested. However, testing conducted according to scientific guidelines, as pioneered at PSP, is more reliable than any other pre-employment screening tool. How much reliability does testing add? Adding PSP testing can predict subsequent job performance close to 90% of the time. Recall that unstructured interviewing alone predicts subsequent job performance only 7% of the time.

Despite favorable statistics, hiring decisions should not be made using testing alone any more than using interviews alone. **Multiple tools in the hiring process produce the best results.** Yet, no matter how many screening tools are used, there always will be some risk in the hiring decision-making process. Minimize the risks and the mistakes in hiring by including the highly reliable information obtained through validated testing, thereby making the most of that million-dollar decision.

Most individuals vastly overestimate their own competence and, according to research, the least competent performers inflate their abilities the most.

Lack of accurate feedback is a key reason for this. All one has to do is look at the inflated values of performance evaluations in most companies to see the inadequacies of typical feedback processes.

How can companies avoid these pitfalls as they try to develop employees who can perform their jobs effectively and help the company succeed? Companies need a way to measure employee performance accurately and help individuals grow in the needed skills and behavior competencies.

Organizations can change and develop only when their people change and develop. Yet employee development is often left to chance, relying on individuals to develop themselves as might be necessary. This is equivalent to throwing employees into the deep end of the pool and hoping that they swim or are at least smart enough to build a boat.

Do Not Leave Employee Development to Chance

In today's rapidly changing economy, organizations require continuous learning to stay competitive. It is important to objectively identify the specific skills and behavior competencies needed to achieve the organization's business strategy.

Measuring performance of key skills and behaviors requires both internal and external benchmarking. PSP helps companies to measure competencies and provide feedback through two instruments:

❖ **A customized 360° survey** based on key competency behaviors tied to the business plan.

❖ **The PSP assessment process** that is able to benchmark individual skills and behaviors to other successful individuals in similar positions.

Internal and External Benchmarking

Accuracy in measurement requires a structured, objective and practical measurement process that is also reliable. A 360° survey provides internal benchmarking, while the PSP assessment process provides external benchmarking. When this information is integrated with the individual's self-assessment and identification of specific job challenges, corrective action can be focused on the most important areas.

It is important for 360° evaluations to be customized based on the identification of key skills and behavior competencies needed to achieve the company's business goals. An off-the-shelf 360° survey will provide only off-the-shelf knowledge. Only a customized survey can provide the accurate feedback needed to improve performance by educating participants on the difference between the company's desired competency levels and their present performance.

The 360° feedback can also help executives gain accurate knowledge of the overall strengths and weaknesses of their employees. This knowledge is essential. It lets executives know if and to what extent their employees are prepared to carry out the company's strategic business goals.

A Superior 360° Measurement System

PSP has long advocated a superior 360° measurement process, the **Wyvern 360°**. This uses a scaled comparison process that eliminates the typical 360° measurement errors, such as average rater bias and halo effects. These errors produce an outcome in which an individual is rated as either strong or weak on nearly all of the competency behaviors. With the Wyvern 360°, results are differentiated and prioritized by competency. It is a more statistically reliable and valid process that allows for direct comparison of behavioral skills.

The combination of the Wyvern 360° feedback and the PSP assessment provides a rigorous process for helping employees grow and develop in those skills and behavior competencies that really make a difference. This enables the organization as a whole to change in the right direction.

It is also important that the assessment and feedback information be integrated with the individual's self-assessment and identification of specific job challenges. This facilitates personal commitment and individual accountability for one's own development and career growth.

Start with Your Key People

Every company has critical positions in which individuals have a significant influence on the company's success or failure. These are the people who are accountable for significant business outcomes, control critical resources, possess key technical know-how, or manage relationships with key markets or customers. Making a difference with individuals in these positions has a huge impact and even small changes can yield results that will be returned exponentially.

Accurate Feedback

In business, as elsewhere, individuals rarely receive accurate feedback, especially if it is not positive. Most often this leads to inflated performance reviews that do not provide useful feedback to employees and do not meet the company's need for improved performance.

Research shows that the vast majority of individuals greatly overestimate their own competence. One reason is lack of accurate feedback. The PSP processes help correct this lack and, better yet, tie the feedback to the specific competencies required to achieve business goals, thereby better aligning individual development with business strategy. With accurate feedback, employees are able to grow and develop, and so does the company.

EMOTIONAL INTELLIGENCE AND LEADERSHIP

Emotional Intelligence is increasingly recognized as a "major success factor" in business. Actually, the components of Emotional Intelligence (EI) have always led to success in business. Now the term itself is gaining popularity and more attention is being given to its components and its benefits in leadership.

Succeeding as a leader in business today requires a new approach. More is demanded of leaders than the mental abilities to manage and lead initiatives in sales, customer service, quality, etc. More work is performed in teams and organizations are flatter, with more direct reports per manager. In addition to good problem-solving and decision-making skills, successful leaders today must have the qualities of EI.

What Is Emotional Intelligence?

Emotional Intelligence refers to our ability to manage and regulate our emotions in a healthy and balanced manner in order to achieve personal and business goals. EI incorporates the capacity for recognizing our own feelings and those of others, for motivating ourselves, and for managing emotions in ourselves and in our interpersonal relationships.

Although popular literature today has a variety of definitions of Emotional Intelligence, most include five elements: self-awareness, managing emotions, motivating oneself, empathy for others, and handling relationships.

Emotional Intelligence assumes that our specific comprehension of situations dictates our subsequent reactions. The definition of EI has been stretched to include many personality characteristics, thus blurring the distinction between Emotional Intelligence and other dimensions such as people skills, insight and "street smarts."

Can Emotional Intelligence Be Learned?

Although not enough research has been conducted to determine whether EI can be learned, recent articles suggest that, like personality in general, Emotional Intelligence becomes well established in early adulthood and can be modified only to a minor degree thereafter. Another school of thought suggests that EI can be gained through a peak experience of some kind in one's personal life.

While EI itself can be difficult to learn as an adult, some problematic behaviors can be improved through reinforced feedback and coaching, especially if they are tied into performance goals. To date, few formal training programs in EI have been developed. While a number of adult education programs are available in certain aspects of Emotional Intelligence, such as self-awareness, managing emotions, or relationship-building, no programs seem to be effective in training all five aspects of EI. Therefore, companies need to be aware that training for EI is still in its infancy.

Can Emotional Intelligence Be Measured?

Rather than rely on a questionable training program, it makes much better business sense to hire an individual who already displays the qualities inherent in EI. The question is, "Can EI be reliably measured?"

As with any new hot topic in management, there are several tools on the market to measure Emotional Intelligence. Some are available on the Internet and seem to be poorly designed and researched. This is the case, in part, because there is no agreed-upon definition of Emotional Intelligence on which to build a measurement tool. Some of the available tools are simply advertising devices used to sell training or consulting services.

Inasmuch as the five main aspects of EI parallel personality characteristics, several well-researched behavior measurement tools **are** available to measure the components of Emotional Intelligence. PSP's Work Behavior Survey, Leadership Style Survey, and Wyvern 360° Survey measure self-awareness, empathy for others, ability to build relationships, frustration tolerance, and self-motivation, all components of Emotional Intelligence. In this sense, PSP has been measuring EI for years without calling it "Emotional Intelligence."

In its extensive research on successful leaders, PSP has found that an empathic, supportive, participatory style, coupled with execution skills and a results orientation, provides the most effective approach to leadership. Leadership without one of these components yields less successful results.

Since Emotional Intelligence is gaining popularity in business circles, it is important that companies not be mistaken about it. Extroverted social skills often are mislabeled as Emotional Intelligence. In addition, some candidates try to embellish their backgrounds or interview conduct to get the job offer. Fortunately, PSP's Work Behavior Survey has the capacity to determine whether an individual is exaggerating about personal qualities, social skills and work behaviors. Our Wyvern 360° Survey actually prevents an individual from purposely making himself "look good" in order to distort an accurate perception of his performance.

Armed with validated, scientific measurement tools such as these, PSP can assess Emotional Intelligence and its inherent personality dimensions **before** the important decisions on hiring or promotion are made.

WHAT'S NEW @ PSP

- ❖ Facilitated a Leadership Development Program for key middle managers in an international producer of carbon compounds and treated wood products, incorporating ideas from Jim Collins' research described in the book *Good to Great*.

- ❖ Conducted Executive Development/Succession Planning for a large national industrial distribution company, with individualized development plans for each executive.

- ❖ Customized 360° Leadership Development Surveys based on a strategic Leadership Competency Model, utilizing PSP's paired comparison survey technique.

- ❖ Introduced a new Supervisory Knowledge Test for operations personnel that better measures their understanding of effective supervisory practices.

- ❖ Launched PSP's QRTS-E Newsletter to better service PSP's QRTS sites worldwide.

- ❖ Established a business relationship with SOS International in order to offer electric utility system operator training services along with PSP's System Operator assessment program.

- ❖ Developed nationwide Electric Service Dispatcher norms that can be used with testing for electric utility customers.

- ❖ Provided "Targeted Interview Questions," based on PSP assessment results, for customers to use when interviewing candidates.

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RESOURCES FOR LEADERSHIP DEVELOPMENT

In **"The Job No CEO Should Delegate"** (*Harvard Business Review,* March 2001), Larry Bossidy emphasizes the importance of finding and developing great leaders, a process that begins with interviewing and assessing candidates.

Daniel Goleman discusses **"What Makes a Leader?"** in his November-December 1998 article in *Harvard Business Review.* Effective leaders all have a high degree of emotional intelligence, he believes, and he defines the five components of emotional intelligence at work.

Helping employees to respond positively to feedback is essential for them to be able to utilize it effectively in their development. Jay M. Jackman and Myra H. Strober provide guidelines on how individuals can deal with feedback and get the guidance they need in their *Harvard Business Review* (April 2003) article, **"Fear of Feedback."**

Since September 11, business leaders have become painfully aware that it is crucial to be prepared to lead in a time of crisis. In **"Crisis Leadership"** (*TD*, March 2002), Ruth Palombo Weiss gives "Eight Universal Laws of Leadership" that can provide a foundation for strategic preparation.

Primal Leadership: Realizing the Power of Emotional Intelligence by Daniel Goleman, Annie McKee and Richard E. Boyatzis, all well-known EI researchers, explores the relationship between Emotional Intelligence and successful leadership. The book describes different types of leadership styles, outlines how to become a more positive leader, and discusses how to use these skills to build a better organization.

For recommendations on training resources on any management topic, contact PSP directly.