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Employer's Advantage

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This month's case study is in response to a common need—an early look at potential impacts of an assessment program, to reassure decision makers that they are on the right track, and to increase buy-in among managers using the system. Using very preliminary data may be risky—results may not be apparent, or may even appear counter to the program's intent—but, sometimes, you just have to look. And, sometimes, you'll like what you see!—**Editor**

Selected Performance Appraisal Resources:

Performance Management by Robert Bacall (1998)

How to do a Superior Performance Appraisal by William S. Swan (1991)

The Performance Appraisal Question and Answer Book

By Dick Grote (2002)

Maximizing the Value of 360 Degree Feedback Edited by Walter W. Tornow (1998)

PERFORMANCE APPRAISALS—THE HORNS OF A DILEMMA

Since the first human threw his spear at a saber-toothed tiger becoming chief in recognition of his performance (or becoming dinner because he missed) we have been performing performance appraisals. According to Dulewicz (1989), we share “a basic human tendency to make judgments about those one is working with, as well as about oneself.” While the consequences of performance appraisals are rarely life-or-death in the working world, they can be severe, and the real potential for damage may be greater than the probability of positive outcomes.

If we inevitably judge, the challenge becomes one of judging in a fair, equitable, and legally defensible manner. Unless our performance review processes are structured and systematic, we have little chance of meeting this challenge.

Performance review system goals may be readily divided into two major camps. In the first camp, the performance review is intended to determine differential compensation between employees with different levels of performance. In the second, performance review is a de-

velopmental tool designed to help everyone in the system improve performance over time. Each has advocates, but the general trend of recent years seems to favor the developmental approach, as more evidence has indicated the compensation model contains more negatives than positives. Considering only the developmental goals of performance review, how do we execute the process while meeting the challenge of “fair, equitable, and defensible?” Methods may be divided into three broad categories; rating scales, essays, and results-based appraisals, with ratings of some type being by far the most popular. The ratings approach can also be defined in terms of who does the ratings: downward (boss rates employee), upward (supervisees rate supervisor), lateral (peer reviews), and 360 degree (employee is rated by members of each of these relationship groups.) While each of these approaches has its own devotees and rationales, only the 360 degree approach has balance.

The field is full of 360-degree instruments, ranging the gamut from hastily

prepared, locally specific attempts to fully researched and scientifically validated tools. As with any other employment-related assessment, a business seeking results and defensibility is well advised to carefully investigate the science (validity, reliability) behind the instrument. Once results of the appraisal are available, the real work begins: How to obtain real change in a positive direction, based on the results? Employee buy-in is an important factor; the more the employee is involved in self-auditing the results, the more buy-in and change is likely. In the best situations, results form the basis for real, meaningful communication.

Finally, if results are widely valued in the organization and systematically analyzed, an efficient training and learning program can be devised around the outcomes leading to real and positive organizational change. A well-designed 360 degree appraisal, properly executed, may be the most useful form of performance review in business today — fair, equitable, defensible, and productive. Consider making 360 degree assessment a part of your organization's developmental process!

FISHING FOR BETTER APPLICANTS—DEEPEN YOUR POOL

EXPANDING JOB MARKETS INCREASE RECRUITING CHALLENGES

The lake is dry, no quality applicants to be found—move to a new lake, or build one, or find a new water source!

As the economy expands, however unevenly, the search for the elusive quality applicant becomes more and more difficult. When your business begins to feel like there are no more quality applicants to be found, consider the model of the fisherman:

When drought strikes: The lake is dry, no quality applicants to be found—move to a new lake, or build one, or find a new water source! Are you tapping all of the sources in your area? Have you worked with the employment service, college placement departments, senior services? Have you tried online resources? Virtually every community has not-for-profit agencies seeking to place workers rehabilitated after injuries, or retrained after losing their jobs in a factory closure. Reaching 65 years is no longer synonymous with retirement. Are you reaching out to the older, more experienced workers, perhaps with a better work ethic as a bonus? Find new water, you'll catch fish again!

When the fish quit biting:

Change your bait! Examine your recruiting advertising. Are you still using the same tired ads in the same unproductive venues? Change your bait, and the fish may bite again! Compare the two ads in the next column:

For one Profiles client, the second ad produced a new "bite" of quality applicants! It cost more, took some thought—but it worked!

When the pond only contains small fish:

Grow them bigger! Investing in your existing employees, carefully identifying their potential for growth, and nurturing their development may be your best chance to grow big fish for your business—people who have the skills you need, combined with loyalty to your organization, for giving them the chance to grow! Providing resources and opportunities for growth can be challenging, but almost always pays dividends in the long run. **Compared to a long, uncertain trip in search of bigger fish, fish food may be cheap!**

HVAC Installer

Stable company seeks hard worker for long term employment. Dependable, honest, enjoys working with hands. Construction environment, great benefits with retirement option. Skills can be taught while employed. Sharp uniforms, professional looking. Satisfaction with job well done. Call 555-2222 for appt.

HVAC Installer

Want to learn a trade while you make a good living?

Leave that low-paying, dead-end job behind, and start down the road to a better career! If you like working with your hands, know how to work hard, are dependable and honest, we need you! We will teach you skills on the job, help with your ongoing education, and provide long-term benefits that allow you to meet your personal and family goals! **If you are motivated and have long-term goals,** Call us at 555-2222 today! We can offer you a way to start, and a way to go for the rest of your life!

IN SEARCH OF "COMMON SENSE" — BY JOHN W. HOWARD & JOHN HAUBER

Often, when we ask a hiring manager or business owner what they look for in a prospective employee, the concept of "common sense" comes bounding to the forefront. We talk about it, we see it as desirable, and most of us assume we have it (just as all of the children in Lake Woebegone are "above average.") Unfortunately, we seem to lack agreement on exactly

what it means. A Google internet search on the term yields over 8 million hits, with a strong preponderance of political viewpoint sites, each convinced their position "has it." The more confident among them even name their group or site with the words, as though wearing the label insures the characteristic. In fact, that's a valid question — **is common sense a character-**

istic, at all? Is it just a label, with no consistent grounding in human behavior? Is it a political term? Or does it, perhaps, mean "thinking just like I do?" Since common sense is valued in the business world, and given the general lack of agreement, we have decided to scientifically pursue this elusive idea, and will keep you apprised of any progress we may make!

EARLY MEASUREMENT OF EFFECTS OF A STRATEGIC HIRING SYSTEM

A good-sized credit union is thoroughly committed to a learning culture, and development of superior leadership from within its own ranks. It was a natural step in their evolution to institute a strategic hiring system with multiple goals; to reduce turnover and increase retention of quality employees, to improve the overall quality of employees hired, and to hire people who were likely to succeed and develop within their service and sales oriented culture. To accomplish these goals the credit union, working closely with their Profiles representative, adopted a "funnel" model of selection. At the wide end of the funnel, applicants are screened for suitability on the basis of their application documents. Those chosen to enter the interview process first complete an honesty-integrity assessment (the Step One Survey II™, or SOS2). With a strong applicant pool, the credit union applies a relatively high criterion to the scores on that instrument. The criterion, combined with an initial interview (using the assessment's interview guide) selects approximately 40% of the pool to

continue the process. At this point, candidates remaining in the pool complete a job match assessment specific to customer service jobs (the Customer Service Perspective™): If their match to the success pattern for the job under consideration is favorable, they also complete a job match assessment specific to sales, the Profile Sales Indicator™ (PSI). A final interview is conducted, considering the complete file of information on hand (assessments, employment history, reference checks, and interview results) and a job offer decision is reached.

This very comprehensive strategic hiring system is expected to produce a superior set of hiring decisions, within the context of the goals stated above. **When will effects be apparent?**

This program was implemented in the Spring of this year, with 20 hires under the system between the end of March and the middle of July. At the end of July, supervisors were asked to rate these employees on a simple, three-tier system: **Top**-excellent, expected to be a top performer. **Middle**-average, acceptable, ex-

pected to become a good employee, but not a top performer. **Bottom**-below average performance, may not be a long-term employee.

The table below summarizes the very preliminary findings. Supervisors' ratings weakly correlated on the Customer Service Perspective job match scores, more strongly with employee's performance on the Company Service Perspective score (a measure of agreement with the company's approach to customer service.) A positive correlation also appeared with the job match on the Profile Sales Indicator, and with the distortion scale (only) on the Step One Survey II.

Of the 18 employees hired in the six months prior to the system, five failed to remain employed for four months beyond their hire; of the 17 hired under the new system, only one has failed, so far.

These preliminary findings, and the turnover results support the general direction of the hiring system, and provide support for continuation of this effort. A more thorough data analysis will follow in the 4th quarter.

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Relationships between Supervisors' Ratings and Selected Variables from Assessments: (Averages)				
Supervisors' Ratings	CSP Match	Company Perspective	PSI Match	SOSII Distortion
Top	84.20	72.20	82.60	7.17
Middle	83.00	68.80	77.60	6.50
Bottom	83.00	59.00	No data	6.00

**"Results! Why, man, I
have gotten a lot of results.
I know several thousand
things that won't work!"**

- Thomas Edison



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