

HOW TO IMPLEMENT AN EFFECTIVE TESTING PROGRAM IN YOUR ORGANIZATION

by Joan Brannick, PhD, SPHR

Companies avoid employee testing for several reasons. Some avoid it because of the cost. Others avoid it because of the fear of legal action by applicants who are not hired or employees who are not promoted.

Cost of Testing

The cost of testing is minimal compared to the costs of employee turnover. Conservative estimates of turnover costs range from 1/3-1/2 of the annual salary of the employee that you need to replace. The costs of replacing management and highly skilled talent can easily range to 1-2 times the annual salary of the person you need to replace. Testing is, therefore, a valuable investment for organizations to make in hiring and retaining top talent.

Advantages of Testing

Employee testing, if done right, can be one of the most valid and legally defensible tools that an organization uses to screen applicants. Unlike interviews, professionally developed tests are consistent for all applicants and they provide documentation that supports their reliability and validity. Reliability refers to the consistency of test results and validity refers to the accuracy of test results. The courts consider information such as reliability and validity in evaluating the fairness of the test.

Another advantage of testing is that test results provide information about the applicant that is not easily obtained through other means. Tests allow companies to obtain accurate information about other characteristics of applicants such as interpersonal style, work ethic, and ability to learn.

Implementing a Testing Program

Companies can implement an effective (and legally defensible) testing program by using the following process.

- **Identify jobs where testing might be helpful.** Testing is most beneficial in positions where there is high turnover or where the consequences of making a poor hiring decision are very serious. It may take you longer to find a candidate using testing. The candidate that you select using testing, however, is likely to stay with the company longer because of the improved fit between them, their job, and the organization.
- **Define job and organizational requirements clearly, completely, and accurately.** This step is where most companies miss the boat. A comprehensive description of the knowledge, skills, abilities, and other characteristics required to do the job is the minimum requirement for making a good hiring decision. Companies who hire and retain top talent go even further to define organizational requirements for the person in that position related to the organization's values and purpose.
- **Identify testing needs based on the job and organizational requirements.** Review the job and organizational requirements for the position. Identify those requirements where information can be easily obtained through interviews. Identify those areas where testing is likely to give a more accurate picture of the person's skills.
- **Select a test.** Obtain the names of test publishers and products from professional colleagues or employee testing professionals. Before purchasing a test, ask the vendor for information regarding the reliability and validity of the test you want to use. Also, ask for information on the development of the test and for information about the adverse impact of the test. Adverse impact is a measure that the courts use to determine if people of different groups (e.g., age, gender, race, etc.) perform significantly different on the test. The test should discriminate only on the basis of skills and abilities required to do the job, not on non-job related factors (e.g., age, race, gender, etc.). Companies should avoid using a test that has

adverse impact. Companies should also avoid developing their own test unless they have someone who is experienced in test development and validation procedures assisting them.

- **Implement the test.** Whether you implement the test company-wide or only in a specific region or division, make sure that the people who administer, score, and evaluate test results are trained. Testing procedures should be consistent for all applicants for which the test is being used.
- **Measure test effectiveness.** Examine various measures of individual and location performance before and after implementing the test. Also, continue to monitor test effectiveness annually. If the test is effective, you should see objective and quantifiable evidence of its effectiveness by such things as increased employee retention, better quality employees, and increased organizational productivity.

If you do not see such evidence of test effectiveness within the first 6-12 months of using the test, reexamine your job requirements as well as the information related to the quality of the test (e.g., reliability, validity, etc.). Modify your testing program as needed.

About the Author

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