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IDEA WATCH

When Hiring, First Test, and Then Interview

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When Hiring, First Test, and Then Interview

Many service companies rely on skilled, personable employees to satisfy customers, but finding them can be costly; in some industries the annual churn rate exceeds 50%. Weak labor markets and click-to-apply online applications increase the burden on companies, which may get hundreds of applicants for a single opening. Consider the British call center industry: In 2012, 7 million people applied for 260,000 jobs.

Most companies have a standard hiring regimen: Recruiters start by reviewing résumés, move on to phone or face-to-face interviews with the most promising candidates, and then draw on various tests, often including psychometric tests, to determine which applicants are the best fit.

Our research suggests that this approach is backward. Many service companies, including retailers, call centers, and security firms, can reduce costs and make better hires by using short, web-based psychometric tests as the first screening step. Such tests efficiently weed out the least-suitable applicants, leaving a smaller, better-qualified pool to undergo the more costly personalized aspects of the process.

The test-first approach makes sense for several reasons. Evidence suggests that many more applicants today—by some estimates, nearly 50%—embellish their CVs than did so in the past, reducing the utility of résumés as initial screening tools. At the

same time, the advent of web-based psychometric tests has made testing less expensive and more convenient. And recent research across industries shows that these tests are good predictors of performance.

We have studied how a variety of industries use the Dependability and Safety Instrument (DSI), an 18-question online assessment developed by the British test publisher SHL (which employs two of this article's coauthors). A UK energy company concerned about absenteeism gave the DSI to 136 new employees and tracked their absences over the following six months; it found that workers who scored in the highest 30% of the group were 2.3 times as

likely to have perfect attendance as workers who scored in the bottom 30%. A security company gave the test to 72 drivers and learned that the bottom 30% had five times as many accidents in six months as the top 30%. Research in hotel, customer service, retail, and video outlets in Australia and Europe has yielded similar patterns.

Other tests also show great promise. For example, a large UK-based supermarket chain recently began using a customized online situational judgment test to screen out the bottom 25% of applicants before reviewing CVs. Because the candidates called in for interviews were therefore better qualified, the average number seen for each successful hire fell from six to two—saving 73,000 hours of managerial time.

Some other firms have begun using tests in this way, but the practice is still fairly uncommon: Globally, companies spend less than \$750 million a year on psychometric testing. If more service firms took this approach at the start of the hiring process, they would reap a better workforce and streamline a function that consumes enormous resources. ♡

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Save the Résumé for Later

Below is an item from a 17-question initial-screening test that helped a UK supermarket chain hire better applicants while saving

73K

hours of managerial time.

A customer has dropped a bottle, and broken glass and oil are spreading across the floor. One of your colleagues is helping the customer. You have a lot of shelves to refill before your break. Do you:

- Watch to see if your help is needed?
- Help your colleague by calling the cleaning staff?
- Stay focused on refilling the shelves?

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