

The Case for Pre-Employment Testing

When it comes to the topic of pre-employment testing, I am most definitely biased. I believe that pre-employment testing can deliver financially superior results over conversations or interviews with job candidates alone.

Before I tell you why I am such a strong believer in pre-employment testing, let me give you some background on my own experiences with using data for return on investment (ROI) to drive decisions.

The first example involves my personal life. Over the years in working with my financial adviser, we have used a ROI expectation of 4 percent, 6 percent or 8 percent. This means that I should expect and be satisfied with a return of between 4 percent and 8 percent on the money I invest.

When I worked inside a Fortune 500 company, I also participated in financial discussions in my various human resources roles. We discussed investing capital on different projects, and our minimum target was a return that was higher than the cost of capital. Most of the projects that I saw had an expected ROI in the high single digits, up to the mid to high teens. Occasionally you might see a project that would show a return in the 20 percent to 30 percent range. You questioned those numbers at first, but if they held up, you jumped on the opportunity.

I apply what I've learned about ROI in my work with E·A·S·I-Consult[®]. We know that pre-employment tests have value, but do they deliver ROI? To answer that question, we created and validated a test for top-performing employees in entry-level manufacturing positions and found that the better performers contribute \$3,500 a year more in productivity than people who did not score as well on the test. If you divide the average per-person cost of the test - \$44 - into \$3,500, you get a ROI of \$79 for every dollar invested in pre-employment testing.

In my opinion, that's great ROI.

I can send anyone the study E·A·S·I-Consult did on our pre-employment manufacturing test, which assesses areas such as dependability and safety. Is the person going to show up (absenteeism) and will he or she work safely? If someone doesn't come to work or gets in a loss-time accident while at work, it costs the employer money. Screening out people who aren't dependable or lack a safety mindset ultimately will save you money.

The stimulus for my decision to write on this topic was a recent Wall Street Journal article by Lauren Weber entitled, "[Today's Personality Tests Raise the Bar for Job Seekers](#)." Weber appropriately puts on the table that employment testing began in the 1940s and 1950s before falling out of favor in the 1960s.

There are a lot of legitimate reasons why this first round of testing was problematic. These first assessments were primarily for managerial positions. The assessments were done at big companies like AT&T. They were done by well-intentioned researchers, who were trained differently than the industrial/organizational psychologists who are developing and validating pre-employment tests today. The focus of these earlier tests was mostly on personality. Today's pre-employment tests assess people for job-related capabilities like customer focus, team orientation, problem-solving and safety.

One could make a case for hiring and then training employees to do these things. But training costs money, and what do you do after you hire an employee, train him, and he's still not doing what you need him to do? Sounds like that employee has a "work attitude" problem. Now you have to tie up your first-line supervisors with conducting performance improvement meetings and documenting behavior.

Let's think about it another way. Would you invest in a project where the return was less than the cost of capital? Probably not. Would you purchase inferior raw materials knowing that they would result in a lower-standard product? Of course not.

Let me cite a few points from Weber's article that I think are strong arguments for pre-employment testing.

- Pre-employment tests can be taken online. (The tests are easy to administer and non-labor intensive.)
- Results are instantaneous. (They can make your employment process faster.)
- Pre-employment testing can be integrated or seamlessly built into your existing employment process.
- The process is consistent. (By using the test, the company does the same thing and asks the same questions of every applicant.)
- You can still conduct face-to-face interviews, but now only for candidates that you know already possess the most important four to six skills you need in every employee.

So why would a company that had an opportunity to realize a return of \$79 for every \$1 invested *not* get on board with pre-employment testing?

About the Author

Dave Hoff is the chief operation officer and executive vice president for leadership development at E·A·S·I-Consult®. E·A·S·I-Consult works with Fortune 500 companies, government agencies, and mid-sized corporations to provide customized Talent Management solutions. E·A·S·I-Consult specialties include individual assessment, online employment testing, survey research, competency modeling, leadership development, executive coaching, 360-degree feedback, online structured interviews, and EEO hiring compliance. The company is a leader in the field of providing accurate information about people through professional assessment. To learn more about E·A·S·I-Consult, visit <https://easiconsult.com> or email ContactUs@easiconsult.com or call 800.922.EASI