

Why Simulations?

A New Look At Pre-employment Candidate Assessment

Why Simulations?

“When it comes to talent, we are fighting a modern, global, war on terror with World War II technology and tactics.”

Kevin Wheeler
President
Global Learning Resources

“Simulations can do a better job of predicting which applicants will perform well on the job than many other commonly used assessments, and they can provide a greater degree of fairness in the process.”

Neil A. G. McPhie
Chairman
U.S. Merit Systems Protection Board

Work samples have been valued as a solid predictor of job-fit. Simulations have provided a format for obtaining a work sample. The engaging nature of web design principles allows for the development and deployment of work sample experiences via the Internet. On-line simulations mirror candidates' expectations for the experience the Internet should deliver: interactive, multi-media, informative and meaningful.

The technology to deploy job-specific simulations has grown and matured dramatically. This makes it easier to implement a simulation and the technology is accessible to just about everyone. In addition, the cost and time required to develop a simulation and conduct in-house validation has come down significantly, thus making it a more attractive investment in staffing process improvement.

The advantage of using simulations has been well documented. Here are the most significant benefits.

Higher Validity: Job simulation assessments have higher predictive validity than many other types of assessments, meaning they are better at predicting future job performance.

Better Job Fit: By exposing applicants to the types of events, scenarios, and challenges confronted on the job, job simulations help applicants determine if the job is well suited to their knowledge, skills, abilities, and interests.

Positive Applicant Perceptions: Because job simulations replicate the types of tasks performed in the actual job, studies have found that applicants are more likely to view them as being fair and job-related.

Greater Degree Of Fairness: Research generally supports the premise that job simulation assessments have lower rates of adverse impact (i.e., a different rate of employment selection that works to the disadvantage of members of a race, sex, or ethnic group), as well as a lower degree of exposure to discrimination lawsuits based on the selection procedure.

The time for broad use of simulations has arrived. A more appropriate question might be: Why not simulations?

Market Demands

Most organizations assert they are different from their competition. Simulations can contribute to creating a differentiated workforce. Simulation can be a company-branded, pre-employment assessment deployed to improve candidate engagement and attraction, optimizes the gathering of objective candidate evaluation data and provide recruiters with evidence-based decision support linked to job specific performance.

- ◆ Simulations can be cool: Candidates love their game-like, intriguing nature
- ◆ Simulations can be powerful: Recruiters make hiring decisions from higher quality candidate pools
- ◆ Simulations can be profit drivers: Validation research documents the business impact in terms of more desirable observed behaviors and higher levels of on-the-job productivity



Criteria for Deploying

Simulations are best suited for high volume hiring scenarios in which the following criteria are present:

Large Incumbent Population: There is a minimum of 100 incumbents in the target position (ideally 250 or more)

- ◆ Validation analysis requires large populations to reduce chances of unstable results due to small numbers

Large Applicant To Hire Ratio: Many candidates are being considered for the same position

- ◆ The cost of human touch points early in the candidate flow is prohibitive

Multiple Evaluators: Many recruiters are sourcing from different segments of the entire candidate pool

- ◆ Built-in consistency ensures fairness and reduces risk of bias early in the candidate evaluation process

Decision Autonomy: Hiring decisions are made by a diverse and dispersed group of individuals with varying recruiting skills and experiences

- ◆ Validation-based scoring advances candidates with high potential for success to the interview stage, thus increasing the likelihood of hiring the most overall qualified candidates

Job Performance Is Quantified: Metric-rich work environments provide objective data to support utility analysis

- ◆ The more accurately performance is measured, the more reliable the candidate profile can be in predicting performance-driving behaviors

The Power Of The Experience

Expectations run high in our experience economy. Candidates, recruiters and organizations all have different needs and expectations that the recruiting process must deliver. Simulations can be designed to zero in on the expectations of these three stakeholders.

Candidate Experience:

- ◆ Powerful Brand delivery opportunity: We are unique and different from other places you may be applying
- ◆ Two-way information exchange: We want to give you better and more insightful information about this opportunity
- ◆ Treats them as a decision maker in the process: At the end of the session, they have to decide if they want a job with the type of challenges that were just faced

Recruiter Experience:

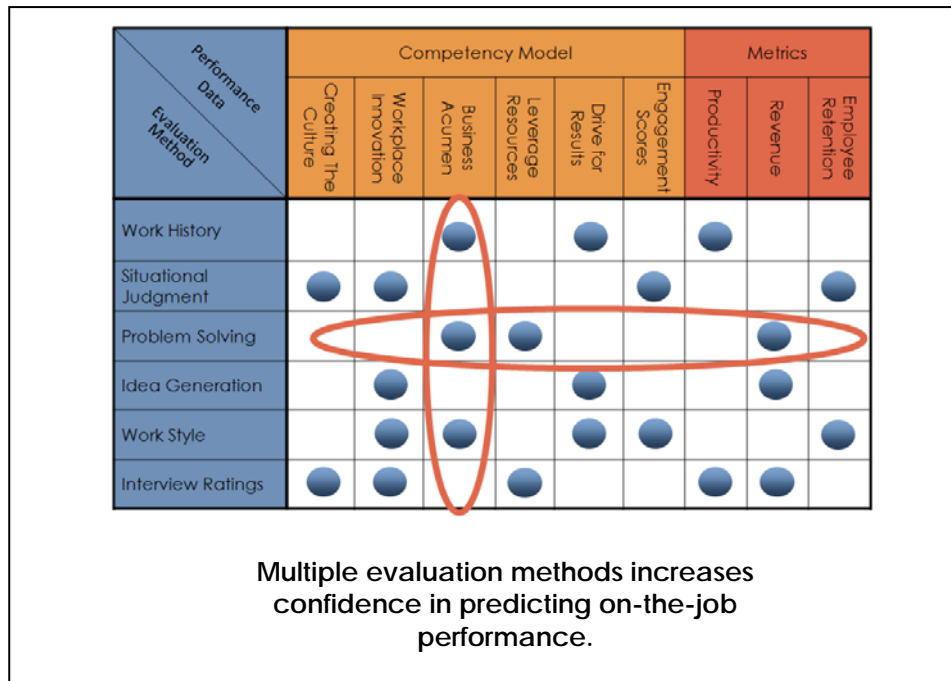
- ◆ Candidate attraction: A positive on-line experience creates pull; candidates talk about it in positive terms filling the pipeline with less effort
- ◆ Candidate education: Thoughtfully scripted stories deliver a consistent message about culture, performance demands, working environment and expectations allowing recruiters to focus on evaluation versus information
- ◆ Evidence vs. ego: Evaluates traits and characteristics difficult to measure with interpersonal methods (interview, reference checks, etc.); objective scoring groups and ranks candidates based upon performance criteria rather than resume word searches and personal judgment
- ◆ Efficiency: Begin interviewing candidates most likely to be successful, armed with probes (interview questions) based upon work sample (simulation) and work history (biodata) responses

Company Experience:

- ◆ Differentiation: In-house validation documents the competitive uniqueness of behaviors that drive on-the-job performance
- ◆ Return on investment: Performance modeling and closed-loop analytics document the change in results (increased outputs, reduced costs) over time
- ◆ Process Improvement: Brings more control and less variation to the high volume staffing practice
- ◆ Fair and consistent: Reduces risks of conventional testing
- ◆ Candidate as customer: The powerful brand message from a custom simulation creates a positive market experience and may enhance customer perceptions

Selection Science

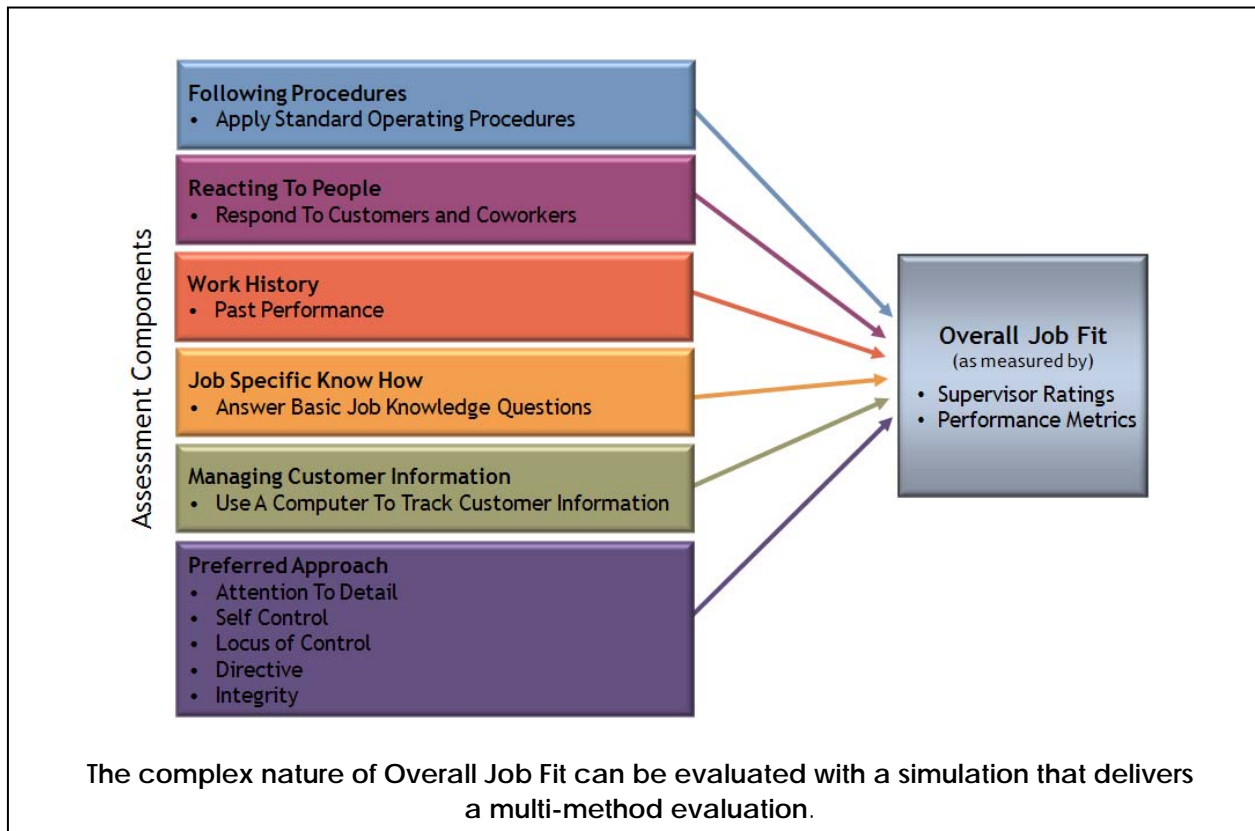
Long-term research has documented that two or more evaluation methods greatly increase the accuracy of the hiring decision. Simulations deliver a multi-method evaluation into one seamless experience and generate a candidate profile, reporting on multiple measures.



On-the-job behavior is comprised of complex variables. The use of multiple evaluation methods improves the power and accuracy of predicting on-the-job performance. The ability of each evaluation method to provide insight across multiple dimensions of job performance increases the value each measure contributes to the overall job-fit score. In-house validation allows candidate results to be presented in company specific language – the competency profile for the position.

Scoring algorithms can be devised to present overall job-fit as well as variation within job relevant competencies as independent highs and lows. Candidate response patterns are correlated to, and reported as, job specific performance dimensions or competencies.

Overall job-fit scores can be used to rank, group and present candidates in a top-down manner, thus allowing recruiters to focus on the most qualified first. Additionally, a top-down approach eliminates the need for cut-off or threshold scores. Just like no one has a resume that "fails," candidates do not "fail" or "pass" a simulation. Some candidates demonstrate more job-relevant behaviors than others, thus defining them as more qualified than others.



Validation analysis allows for assumptions and calculations to be made on the economic value of on-the-job behaviors, thus supporting sound return on investment projections.

Developing A Simulation

Best practices for the development of candidate evaluation methods are described in the professional literature from the Society of Industrial and Organizational Psychology (SIOP): The Principles for the Validation and Use of Personnel Selection Procedures. In addition, the US government's EEOC provides a clear approach to follow in The Uniform Guidelines on Employee Selection Procedures.

Shaker's Virtual Job Tryout® is an integrated simulation, comprised of a realistic job preview and multi-method assessment.

Approaches to simulating job demands vary widely. The Virtual Job Tryout® recreates work samples in the context of the culture and performance demands of the working environment.

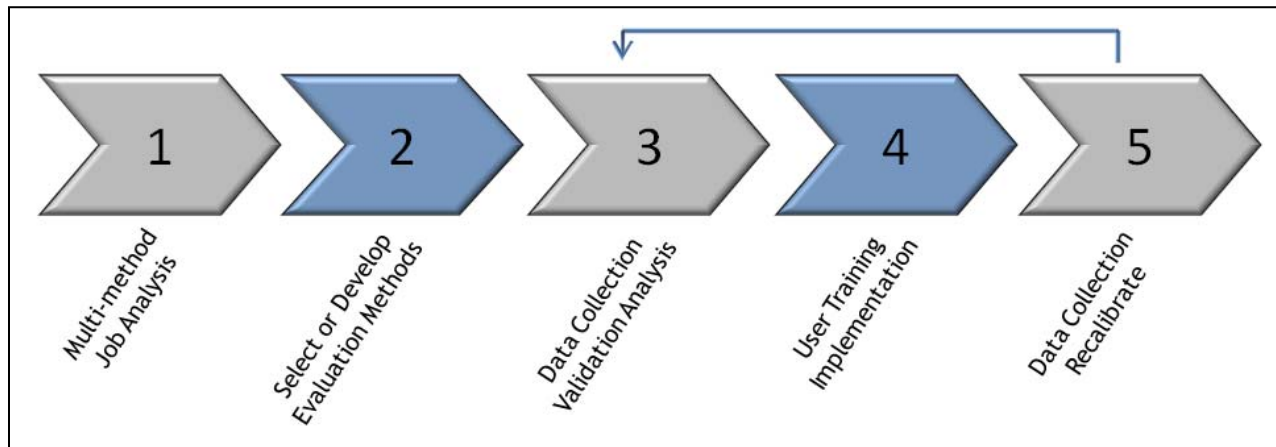
Asking a candidate to complete a typing test can capture word processing skills, speed, and accuracy. Asking a candidate to take mock calls while listening for key information, entering and correcting data into form fields, and accessing multiple tabs in a customer database while monitoring and responding to a call queue evaluates a very complex set of skills and abilities. Both are simulations, the latter is more grounded in the realistic nature of the job; the former is an isolated and narrow skill.

The dynamic capabilities of the Web allow for the creation of interactive, multi-media experiences that can mimic certain job components, bring to life exercises that engage the candidate and allow for the delivery of critical instructions previously only available through proctored administration settings. In addition, the availability and accessibility of the Internet facilitates large-scale and rapid data collection for validation analysis. This adds speed and efficiency to the customization process.

Approaches to validation data collection and analysis vary widely. The validation process for the Virtual Job Tryout® employs a robust collection process for job performance data (criteria) and a comprehensive data set from the candidate evaluation (predictors). These data provide the foundation for identifying subtle distinctions in predicting performance-driving, on-the-job behaviors. With well designed data collection, a broader range of performance dimensions of the job can be studied.

With the Shaker Consulting Group approach, it is common to collect over 200 data points from simulation responses and 75 to 100 data points of job performance for each participant in the validation. The size and diversity of data in the analysis affords a penetrating look into the variables that describe and predict on-the-job performance.

Process Overview



Job Analysis: Multi-method approach to capturing knowledge skills abilities and other job-relevant demands (KSAO) of the job. Use of structured questionnaires, job observations, SME interviews, and review of job-relevant documentation.

Content Development: Isolate job-relevant attributes, work samples and biographical data to be evaluated. Design and develop a range of online experiences that simulate common work demands such as: interpersonal interactions, decision making, problem solving, analysis, and data management.

Validation Analysis: Define the set of performance criteria (objective metrics and competency ratings) to be collected. Create and deploy a sampling strategy. Conduct a data analysis to document relationships between response patterns and job performance.

Documentation Of Results: Create a scoring algorithm. Conduct tests for fairness. Explore practical and statistical significance. Document the financial implications (utility) and potential return on investment of various scoring strategies. Make revisions as indicated.

User Training And Deployment: Conduct initial and ongoing user training for interpretation and application of results. Support systematic roll-out and adoption.

Ongoing Analytics: Collect hire and termination data and performance data. Conduct statistical analysis. Re-norm and make revisions as indicated. Document the return on investment from staffing process improvements.

Sample Performance Differences

Staffing is a process with yields to measure and manage. One yield is separations or turnover. Some new hires quit or are terminated in relatively short time frames. These are labeled False Starts. Reducing False Starts can have significant impact on the cost of talent. There is also performance variation data. In any process there are upper and lower limits. In staffing, that translates to the fact that the best and worst performers were hired using the same evaluation and decision criteria. Reducing low end variation – fewer poor performers, raises the average level of productivity and can increase throughput on a reduced headcount or accomplish more with the same headcount.

Using Pareto Analysis (80-20), candidate results are compared to measures of actual on-the-job performance. The table below shows the performance potential of interviewing with candidates in the top 80%. Most companies are able to meet their hiring needs with candidates who score above the mid point. Thus, each hiring decision contributes to raising the average level of productivity of a work group.

	Financial Services	Retail	Retail	Teller	Call Center	Capital Equip.	Medical Devices
<i>Job Results</i> <i>Virtual Job Tryout®</i> <i>Results</i>	Percent to Referral Goal	YOY Profit Change	Team Member Retention	Cash Errors	After Call Work	Average Territory Revenue	Percent Revenue From One Product
Top 80%	87.42	4,663	+7.75	2.40	8.02	\$5,088	62
Average	79.38	3,990	+5.56	2.30	8.46	\$4,782	64
Bottom 20%	50.22	1,467	-3.34	2.09	9.63	\$3,454	72
Difference	37.21	3,196	+11.11	0.21	1.61	\$1,634	10

Consistently predicts behaviors that drive business results in a broad range of jobs across industries.

Sample Client Quotes

What Recruiters Are Saying:

- ◆ The Virtual Job Tryout® is a good way to fortify our brand. The system works as an educational tool for candidates to learn what it's like to be an employee at our company.
- ◆ Candidates talk about their willingness to work hard and adjust to our fast-paced environment.
- ◆ Our interview to hire ratio has gone down from 5 to 1 to between 2 and 3 to 1. And the hiring managers are more comfortable with the overall quality of the candidates.
- ◆ We are getting really good information about the candidate through the interview process.
- ◆ We hired six people since November. As of April, none of them have turned over. Prior to this our first year attrition was 23%.
- ◆ At first it was hard letting go of screening with resumes. Now I am confident with the candidate profile reports and I spend more time with the best candidates."
- ◆ There is a higher level of dedication and commitment to learn from the candidates hired with our new process.

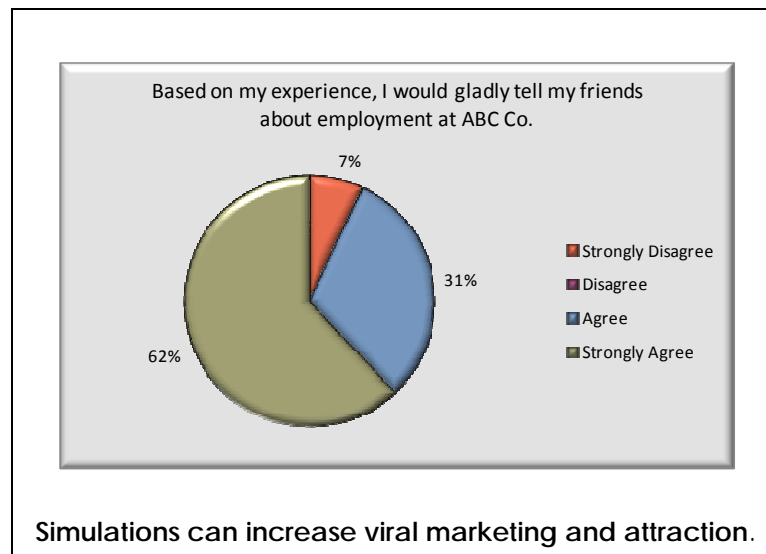
What Hiring Managers Are Saying:

- ◆ Interview guides are a great way to know the candidate. The well worded probes allow you to get at the same issues from a variety of angles.
- ◆ This tool is really helpful for new hiring managers. It makes it easy for them to be successful in comparing candidates and making hiring decisions.
- ◆ We are serious about putting the right people in the right positions to succeed. The Virtual Job Tryout® allows us to select candidates based on performance criteria instead of a resume that may not tell the entire story.
- ◆ Ninety-day new hire turnover rates have dropped 30% in the first six months of using the Virtual Job Tryout®.

What Executives Are Saying:

- ◆ We weren't recruiting as effectively as we would have liked, and our research found that people were leaving because they did not understand the job they had committed to. We needed to show what the role is all about.
- ◆ The spread in first year bookings between the top performers who came through the simulation process and those who didn't is \$3 million. Average bookings speaks loud to sales managers.
- ◆ We were looking for ways to differentiate ourselves among our competitors by creating a distinctive recruiting experience that stands out in a cutthroat hiring environment where demand for qualified talent often outstrips the supply.
- ◆ Under the leadership of Shaker Consulting Group, we have taken workforce analytics to a whole new level of aligning our human capital plan with our business strategy.

What Candidates Are Saying:



Verbatim Responses:

- ◆ I like the fact that this is called a tryout, as this is a competition to hire the best suitable candidate and not just an assessment. Thanks for the experience.
- ◆ This Virtual Job Tryout® was very informative and helpful for the position I applied for. This test gives a better outlook on the job description. This test relates to my previous work experiences when dealing with customers.
- ◆ This was an excellent experience. I have never applied for a position that required a Virtual Job Tryout®. It was a simple process and gives you the opportunity to understand the personality and ethics of the candidate applying for the position before you actually get to meet them.
- ◆ This was truly an enjoyable experience for myself. I thought that the hands on parts of the program was truly helpful in understanding how the job would work and allowed for one to be able to experience the kind of situations they may find themselves in throughout the day. Thank you for the experience.
- ◆ I think the Virtual Job Tryout® is great! I really like that [ABC Co.] gives you an example of what you are expected to do before you even step foot into their offices. It is a very good factor in deciding if this is the right job for you!
- ◆ It was a very insightful experience that made you think about what exactly you like and dislike in the workplace to see if you really enjoy helping customers and having the patience to do so.
- ◆ I've never experienced this before. I think it is a great tool for employers to use when looking for job candidates. Not only do employers get to learn about candidates, but applicants get to experience some possible situations they could face with the position.
- ◆ I think that this was a great experience and will help me in understanding the role of this job. A new job is always like a Christmas present. You do not know if you got what you were looking for until you unwrap it. This was like taking off the wrapping and letting me get an early look.

Shaker Consulting Group helps HR professionals build a workforce that delivers superior business results. As developers of the Virtual Job Tryout®, a simulation for pre-employment testing, we have provided the staffing and talent management disciplines with a best-in-class resource for achieving workforce differentiation.

Organizations that have deployed the Virtual Job Tryout® include notable brands in financial services, medical services, specialty retailing, consumer goods, insurance, self-service technology, manufacturing, medical technology, distribution, fractional-ownership vacation property, home improvement retailing and others.

Call us: 216 292 0202

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Explore how simulations can improve the yield of your staffing process.

Ask us: "Why simulations?"

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