THE SCIENCE OF HIRING – HOW TO SOURCE, SCREEN, AND SELECT EMPLOYEES EFFECTIVELY

I.   INTRODUCTION

    A.   Why are Hiring Decisions Important?

        1.   "Hire right, because the penalties of hiring wrong are huge."- Ray Dalio, author and investor.

        2.   Hiring the wrong candidate is expensive and can cost your company money, time, and effort.

            a.   Each employee departure costs about one-third of that worker's annual earnings, including expenses such as recruiter fees, temporary replacement workers, and lost productivity.[1]

                i.   Industry figures tend to show cost of poor hires to be much higher. Recruitment fees alone tend to be 25-35% annual compensation alone.[2]

            b.   Employee Morale/Disengagement/Productivity – Co-workers are typically excited to have open positions filled and look forward to added competence and help with workload. When a new hire doesn't acclimate and begin contributing soon after hire, co-workers begin questioning the leadership and becoming frustrated. This leads to a decrease in their morale and engagement, which in turn results in decreased productivity. This, added to the lack of performance and productivity of the new hire, can have a profound negative impact on the business.

            c.   Brand/Recruitment – It doesn't take too many poor hires before word gets out and the company can suffer a decrease in ability to attract good talent. In addition, poor hires in critical roles can result in poor or lack of performance which can also impact a company's brand and overall business.

            d.   Salary – The salary paid to the employee should take into account the market, competitive rates, and also internal disparities among employees of similar positions and experience.

            e.   Severance – Depending on the level of the role of the hire, an employee may negotiate a severance package as part of an employment agreement.

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[1] https://www.shrm.org/hr-today/news/all-things-work/pages/to-have-and-to-hold.aspx

[2] https://builtin.com/recruiting/cost-of-turnover

B.   Effect of the COVID-19 Pandemic on Hiring.

        1.   More companies will: adopt virtual recruiting technologies; shift talent attraction efforts to remote candidates; consider internal talent pools; and have candidates perform assessments remotely.

        2.   Remote hiring.

                a.   In the same way that a hybrid workforce of onsite and remote employees will become more normalized, a hiring process that combines virtual and in-person processes will become increasingly standard due to the associated cost and time savings, according to 70% of respondents to a LinkedIn survey.[3]

II.   SETTING YOUR CANDIDATE SEARCH UP FOR SUCCESS

A.   Understand Your Organization.

        1.   Employees today are increasingly focused on working for a company which aligns with their values and purpose. This works both ways – companies want employees who support the company vision, mission, values, and culture and vice versa.

        2.   Define and communicate your company culture.

                a.   Establish your culture, values, mission, and vision in a way that is clear and consistent through job postings, social media, actions, brand, etc., which can increase your chance of attracting someone who will contribute positively to the company's culture.

B.   Create the Right Job Description.

        1.   A job description is a useful, plain-language tool that explains the tasks, duties, function, and responsibilities of a position.

                a.   A job description gives an employee a clear and concise resource to be used as a guide for job scope and performance.

                b.   Likewise, a supervisor can use a job description as a measuring tool to ensure that the employee is meeting job expectations.

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[3] https://www.shrm.org/resourcesandtools/hr-topics/talent-acquisition/pages/2021-recruiting-trends-shaped-by-covid-19.aspx

Maddin Hauser
Attorneys and Counselors

2.   What's Important in a Job Description?[4]

    a.   Perform a job analysis to ensure you incorporate changes that may have occurred over time with the role so that it reflects the job as you want it to be.

    b.   Summarize the position in a 1-2 sentence overview that describes the job and its importance.

    c.   Establish the essential job functions/responsibilities.

        i.   This should include the three most important ones and not more than seven job responsibilities[5] to keep the focus simple and clear.

    d.   List the required knowledge, skills, and abilities for the role in adverb/noun format.

    e.   List the education and experience that is required or preferred.

        i.   If you have an entry level position, don't state 5 years of experience is required.

        ii.   Don't require a master's degree if it's not required.

        iii.   Perhaps, list the commensurate years of experience for someone without the formal education? Experience can be more important than education.

        iv.   This is a critical area that can unconsciously discriminate against diverse, well-qualified candidates.

    f.   List the physical requirements of the job (sitting, standing, lifting, keyboarding/inputting, visual inspection, etc.).

        i.   Be prepared to offer accommodation to include diverse candidates.

    g.   Organize the job description concisely.

        i.   Make it simple and easy to follow.

            (A)   Poorly crafted, overly wordy job postings are particularly problematic given the upswing in the use of hand-held devices by job seekers.

            (B)   Potential candidates can easily become confused on what is the main function of the role.

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[4] https://www.shrm.org/resourcesandtools/tools-and-samples/how-to-guides/pages/developajobdescription.aspx

[5] https://www.shrm.org/resourcesandtools/hr-topics/talent-acquisition/pages/weak-job-descriptions.aspx

   ii. Make sure that the job duties support an exempt status, if paying the employee a salary with the intention to avoid payments of overtime hours worked.

  h. Add a disclaimer.

   i. It is a good idea to add a statement that indicates that the job description is not designed to cover or contain a comprehensive listing of activities, duties or responsibilities that are required of the employee. Duties, responsibilities, and activities may change or new ones may be assigned at any time with or without notice.

  i. Indicate that you are an equal opportunity employer.

   i. For example - "We are an equal opportunity employer and all qualified applicants will receive consideration for employment without regard to race, color, religion, sex, sexual orientation, gender identity or expression, pregnancy, age, national origin, disability status, genetic information, protected veteran status, or any other characteristic protected by applicable law."

  j. Review.

   i. Is it clear? Is it specific? Is it accurate? Is it appealing? Will it generate enthusiasm in applicants? Does it incorporate elements of your culture/purpose?

C. Tap Into the Right Sources of Talent, Especially Those Which will Attract Diversity Candidates.

  1. Why is diversity important?

   a. According to a 2018 McKinsey report, companies in the top-quartile for workforce diversity are 33% more likely to financially outperform their less diverse counterparts.[6]

   b. Federal contractors have certain requirements for diversity.[7]

   c. Changes in our social fabric today demand companies focus on DE&I in order to attract and retain talent. The majority of people do not want to work for a company that does not visibly embrace different cultures, views, backgrounds, characteristics, etc.

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[6] https://hbr.org/2019/12/why-isnt-your-organization-isnt-hiring-diverse-talent

[7] Executive Order 11246

2. Employee referrals and recruiters.

    a. Research has found that referred candidates are often of higher quality than applicants from the general public and are more likely both to receive and accept an offer, stay at the job longer, and perform better.[8]

    b. Recruiting bonuses are effective at getting employees to refer candidate and typically paid after the recommended candidate is hired.

    c. If using a recruiter, be specific about what a successful candidate can expect in terms of opportunities for advancement, training, and other perks.

3. Technology has opened the doors to a boarder talent base.

    a. Social media.

        i. Use social media and job boards in line with the candidate pool you are trying to attract.

    b. Ads.

        i. By advertising jobs online with targeted messaging, companies can affordably and effectively get job opportunities in front of top talent.

        ii. LinkedIn, Twitter, Facebook, Indeed, Google, Glassdoor, ZipRecruiter, CareerBuilder, Monster, SimplyHired, Google for Jobs, Craigslist Jobs, US.jobs, Job.com, and Michigan Job Department.

            (A) You can also reach a wider pool of candidates through postings in job sites for diverse organizations. (NSBE, Women for Hire, Career Contessa, Diversity.com, AfricanAmericanHires.com, Workforce50.com)

    c. Hashtags.

        i. Instagram posts tagged with one or more hashtags have 12.6% more engagement than posts without any. On Twitter, tweets that include hashtags are 33% more likely to get retweeted. And on LinkedIn, impressions on posts with hashtags are 29.59% higher.[9]

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[8] https://hbr.org/2020/05/build-a-stronger-employee-referral-program

[9] https://business.linkedin.com/talent-solutions/blog/recruiting-strategy/2019/recruiting-hack-3-clever-ways-to-use-hashtags-in-hiring-process

ii.　　Hashtags are a free and easy way to build your employer brand and connect with a new generation of talent.

　　　　　　　　　　　　　　(A)　　Use hashtags to highlight key attributes of your brand that candidates really care about.

　　　　　　　　　　　　　　(B)　　Create a unique hashtag for your employer brand that makes it easy for candidates to follow you.

　　　　　　　　　　　　　　(C)　　Search for specific hashtags associated with niche groups to source diverse talent.

　　　　4.　　Website.

　　　　　　a.　　Post your job posting on your company's website. Have a link on the home page.

　　　　　　　　i.　　Your job posting will attract candidates who are interested in your mission and vision as well as your open jobs.

　　　　5.　　Colleges, Universities, Trade Schools.

　　　　　　a.　　Most schools have career centers that support recruitment of entry level candidates as well as posting sites for alumni who are open to new jobs. Expand your network beyond the schools from which you or your team graduated.　Search for schools and degrees being offered in areas relevant to your industry.

　　　　　　b.　　Search for clubs, organizations, or other community-based groups that gather people who are skilled in or have interests that will grow and contribute positively to your business.　Reach out to those groups to solicit interest in open positions and to build the pipeline for future candidates.　Offer to present to the group about what your business does, to gain traction and a reputation in the pipeline community.

III.　　SCIENCE BASED ASSESSMENTS THAT ARE AVAILABLE TO SCREEN CANDIDATES

　　A.　　According to the Talent Board's 2016 Candidate Experience Research report, 82% of companies are using some form of pre-employment assessment test.[10]

　　B.　　Assessments should always be used in combination with other tools in the selection process, and not necessarily as stand-alone decision points.　They are general predictors of future performance and

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[10] https://www.shrm.org/resourcesandtools/hr-topics/talent-acquisition/pages/predictive-assessments-insight-

candidates-potential.aspx

behaviors, not guarantees. People have the ability to adapt and so no assessment should be viewed as absolute.

C.   It's very important to ensure the assessments you use have a high degree of validity, *i.e.* accuracy in whether the results really do represent what they are designed to measure.

D.   Applicant Tracking Systems (ATS).

1.   Many employers rely heavily on an ATS, also known as a talent management system, to administrate their hiring process. The information in the database is used to screen candidates, test applicants, schedule interviews, manage the hiring process, check references, and complete new-hire paperwork.

2.   There are some drawbacks to ATS.

a.   ATS are designed to look for specific keywords and types of backgrounds for advertised positions, meaning good candidates who are switching careers might slip through the cracks of the system unnoticed.

b.   Ensure the initial screening questions are truly related to essential qualifications and functions of the job and do not reflect unconscious bias or discriminatory effects.

c.   Applicants can "cheat the system" by adding certain keywords to their resumes or incorrectly respond to screening questions to bolster their opportunities to be chosen for an interview or continue in the hiring process.

E.   Leadership Assessments.

1.   If you're looking to fill a leadership role, leadership assessments can help identify if the candidate possesses certain behaviors, strengths, and characteristics that are more desirable and predict more effective future behaviors.

2.   Meyers-Briggs Type Indicator is a personality questionnaire that builds on Swiss psychiatrist's C.G. Jung's psychological types in a format that applies more directly to people's lives and behaviors.

3.   Emotional intelligence (EQi) assessments are helpful as more effective leaders understand their own emotions and the impact of their behaviors and emotions on others.

a.   The Institute for Health and Human Potential (IHHP) in collaboration with the Harvard Business School research has determined that emotional intelligence (EQ) is twice as important as IQ and technical skills for successful leadership.

4.   SHRM has a "Guide to Leadership Assessment Tools" that can be used to compare systems and leadership tools.[11]

F.   Behavioral and Motivator Assessments.

1.   These assessments can be used to understand what behaviors are likely to be shown by a candidate and what motivates them.

a.   These assessments can help employers gain insight into the candidate's ideal work environment, understand what strengths/value a candidate brings to the organization, identify a candidate's natural and adaptive styles, and discover the candidate's preferred method of communication.

b.   StrengthsFinder is a book that provides an assessment of inherent strengths, with the idea that focusing on developing our strengths will be more rewarding that trying to improve our weaknesses. It also considers the value of having varied strengths on a given team.[12]

c.   All of this can help the employer determine whether the candidate will contribute meaningfully to the company's culture, mission, and values.

2.   DISC.

a.   DISC is built around four unique behavioral styles (Dominance, Influence, Steadiness and Compliance) and creates a "behavioral makeup" unique to every individual.[13]

b.   It focuses on individual patterns of external, observable behaviors and measures the intensity of characteristics using scales of directness and openness for each of the four styles: Dominance, Influence, Steadiness, and Conscientious.

i.   While a typical person may have one or two dominant characteristics, it's the combination of the four components of DISC that defines a person's behavior.

3.   Motivators.

a.   Motivators influence behavior and action. They also act as filters for what people believe, value, evaluate and judge.

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[11] https://www.shrm.org/hr-today/news/hr-magazine/0416/pages/your-guide-to-leadership-assessment-tools.aspx

[12] https://www.gallup.com/cliftonstrengths/en/strengthsfinder.aspx

[13] https://cdn.assessments24x7.com/file/assessments24x7-media/reports/SampleDISCandMOT.pdf

b.   The Motivators assessment looks into what drives and motivates an individual. The dimensions of value discovered between these two researchers identify the reasons that drive an individual to utilize their talents in the unique way they do.

        i.   The seven motivators are:

        (A)   Aesthetic – a drive for balance, harmony, and form.

        (B)   Economic – a drive for a return on investment.

        (C)   Individualistic – a drive to stand out as independent and unique.

        (D)   Power – a drive to be in control or have influence.

        (E)   Altruistic – a drive to help others at the expense of self.

        (F)   Regulatory – a drive to establish order, routine, and structure.

        (G)   Theoretical – a drive for knowledge, learning, and understanding.[13]

c.   Understanding motivation helps reveal candidate preferences, why they do what they do, and whether they would meaningfully contribute to the company's culture, mission, values, and vision.

G.   Skills Assessments.

1.   These tests are designed to assess whether individuals have the skills necessary to perform various and essential aspects of a job.

a.   Hard skills assessment - used to measure a person's skills in a specific area, such as software development, math or typing. The results of hard skills testing provide valuable information about the proficiency of candidates when completing frequently performed work activities.

b.   Work sample test - are designed to resemble certain tasks that employees are expected to perform in their position, such as situational judgment tests, case study presentations and technical coding tests. The results of these assessments are usually indicative of a candidate's actual job performance because of how closely they mimic the actual duties related to the position.

c.   Cognitive ability test - assess how candidates would perform in more unexpected scenarios. They do this by evaluating a person's ability to think abstractly when using numerical and verbal reasoning skills.

H. Diversity and Discrimination with Assessments.

1. Be very careful with hiring assessments. Hiring assessments can be a slippery slope for employers, especially when they rule out protected employees and create disparate impact.

2. Disparate impact discrimination is prohibited by Title VII.

a. Walmart settled a nationwide sex-discrimination complaint with the EEOC for $20 million in August 2020. Walmart violated Title VII by using a physical abilities test that had a disparate impact on female applicants.[14]

b. It's important for HR leaders and hiring managers to be aware of the potential for risk, and to use these assessments only when they are confident—and can demonstrate— that the tests actually measure competencies associated with performing the requirements of the job.

c. Again, assessments should be used to support the selection process, not be the only criteria.

3. However, using science-based assessments can avoid unconscious bias in employers.

a. Unconscious bias are stereotypes people don't know they have (*i.e.,* they are unconscious beliefs). These biases have real world impacts on behavior and develop early on in our lives.

i. Studies have shown that when identifying high potential employees, male managers are five times more likely to select men than women.[15]

b. Not only is unconscious bias in hiring decisions morally and socially wrong, but it is illegal and can lead to potential liability for the employer.

IV. HOW TO CONDUCT AN EFFECTIVE SELECTION PROCESS

A. How Many Interviews Should You Have and How are They Different?

1. The hiring manager should conduct the first interview to establish the level of qualification and gaps that may exist, as well as "gut feel" for how the person will contribute to the company's culture and perform. This is the time the hiring manager promotes the company/role to the candidate. Focus on meeting skills and experience necessary to perform the job, and do not

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[14] https://www.shrm.org/resourcesandtools/legal-and-compliance/employment-law/pages/walmart-settles-female-applicant-hiring-bias-complaint.aspx

[15] https://www.pinsight.com/blog/unconscious-bias-in-talent-decisions/

explore personal questions, hobbies, etc. The candidate pool is typically narrowed to the 3-4 best qualified candidates to move to the next level.

2.   The hiring manager's supervisor and other cross-functional leaders are typically involved in the second round of interviews to further explore any gaps that may have been identified in the first interview, and assess how the candidate is able to work across the organization and grow over their career.

      a.   Panel interviews are often used at this point because they are time-efficient and they allow all the interviewers to hear the same questions/answers and observe behaviors. When comparing candidates to identify the top candidate to move to the final stage, it is much easier when all the raters have the same information to evaluate.

      b.   Each interviewer has their own style and motivators, and will focus on different characteristics/responses, filtering according to their own preferences. This is why it's best to have a group consensus to rule out unconscious bias.

3.   A third and final interview may be necessary with the senior leader for the group to confirm the final recommendation or to give an opinion on the better of two highly qualified candidates. At this point, the final interviewer should review the overall process to ensure its integrity.[16]

B.   Keep it Legal.

1.   Interviewers should not make statements that could be construed as creating a contract of employment or guaranteeing the job.

      a.   When describing the job, it is best to avoid using terms such as "permanent," "career job opportunity," or "long term." Interviewers should also avoid making excessive assurances about job security or statements suggesting that employment would last as long as the employee performed well in the position.

      b.   Such assurances may create a contract that defeats the presumption of at-will employment. Although, some executive level positions may negotiate a term that is memorialized in a contract.

2.   Interviewers should be careful not to ask questions that would bring protected classes into the decision-making process.

      a.   Federal protected classes:

            i.   Title VII of the Civil Rights Act of 1964 prohibits discrimination based on race, sex, color, national origin and religion.

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[16] http://www.perfecthireblueprint.com/

(A)   Questions relating either directly or indirectly to age, sex, race, color, national origin, and religion should be avoided entirely.

   ii.   The Age Discrimination in Employment Act of 1967 prohibits questions about a person's age.

(A)   Be careful about asking the question of when the person graduated high school or college.

   iii.   The Genetic Information Nondiscrimination Act of 2008 prohibits employers from collecting and using genetic information.

   iv.   The wide-ranging Americans with Disabilities Act of 1990 (ADA) protects qualified individuals with disabilities from discrimination in employment.

(A)   Exception - You may ask whether the person can complete the job with reasonable accommodation.

   v.   Citizenship.

(A)   Exception – I-9 form, only after offer is presented and has been accepted.

   vi.   President Biden issued an Executive Order that prevents discrimination based on gender identity and sexual orientation. Additionally, recent case law from the Supreme Court of the United States expanded the meaning of "sex" to include gender identity and sexual orientation for purposes of employment discrimination that is prohibited under Title VII.[17]

b.   Michigan specific laws:

   i.   Elliot-Larsen Civil Rights Act.

(A)   Misdemeanor arrests which did not result in conviction are protected unless applicant is seeking a position with a law enforcement agency.

(B)   Height and weight are protected.

(C)   Martial and family status are also protected.

c.   Be wary of asking about previous salary information.

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[17] *Bostock v. Clayton County, Georgia*, 590 U.S. _____ (2020)

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Women and minorities tend to be paid less for the same jobs as white males. By hiring someone with the intention to pay them similarly, you continue the cycle of pay inequity. Instead, ask "What are your salary requirements?"
Many states and local ordinances have passed legislation prohibiting inquiries about past salary as part of the interview process. Michigan currently bans state departments and autonomous agencies subject to supervision of the Governor from making such inquiries about an applicant's current or previous salary until making a conditional offer of employment. The prohibition does not apply to private employers. Rather, there is a ban on local governments from regulating information an employer or potential employer must request, require, or exclude on an application or during the interview process from an employee or potential employee.[18]

d. If information needed about an applicant might fall into any of those categories, the interviewer should make sure that the question relates to a bona fide occupational qualification or is required by federal or state law to be asked.

C. Look for the Best Candidate, Not the Best Interviewer.

1. Phone screens can help to eliminate candidates that simply do not meet the qualifications of the job, don't exhibit real interest or enthusiasm for the role or may clash with the company's culture or values.

a. Do not try to glean more than these aspects from a phone call. People who don't do well over the phone can be great employees, and people who connect well over the phone can be poor employees.

2. The aforementioned assessments can help to narrow down candidates.

a. Candidates cannot "fake" assessment results if the assessment has validity.

b. However, interviewers can be swayed by a candidate's good performance in an interview.

3. Behavioral-based interviews are great for asking how a person handled a previous situation that could reasonably occur in the future.

a. Past behavior tends to be a good predictor of future behavior.

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[18] http://www.legislature.mi.gov/(S(cgbzmtfdffj0b2ve4ev4lmvd))/mileg.aspx?page=getObject&objectName=mcl-123-1384

4. Evaluate responses using the SAR (Situation, Action, Result) method to get a sense of the context of the situation, what action the employee specifically took, and what was the result. Compare this against what you would expect from the person in the role.

    a. Questions typically begin with "Tell me about a time when···"

        i. Look for the person to take responsibility and not blame others. Identify what other common themes would contribute to the culture, values, mission, and vision of the company.

5. If the candidate's response to questions seem rehearsed:

    a. Look at the candidate expectantly and wait for more.

    b. Ask a vague follow-up question: "Can you tell me more about that?"

    c. Ask specific follow-up questions.[19]

D. References and Background Checks.

1. Should be completed prior to an offer being extended.

2. Be sure to give the employee written notice and have the employee agree in writing to authorize the background check (this can be the same document).[20]

3. Criminal background checks should be made in situations where the candidate would be handling funds, confidential information, or is working with children/vulnerable populations.

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[19] https://www.shrm.org/resourcesandtools/tools-and-samples/presentations/pages/basicsforeffectiveinterviews.aspx

[20] https://www.eeoc.gov/laws/guidance/background-checks-what-employers-need-know