
Life after the Recession

Will you be Ready When the Hiring Freeze Ends?

WRIPAC

September 23, 2011

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Darany and Associates

First, a Little Survey

Is the Recession Over?

When Will the Freeze End?

**“Predictions are tough --
Especially about the future.”**

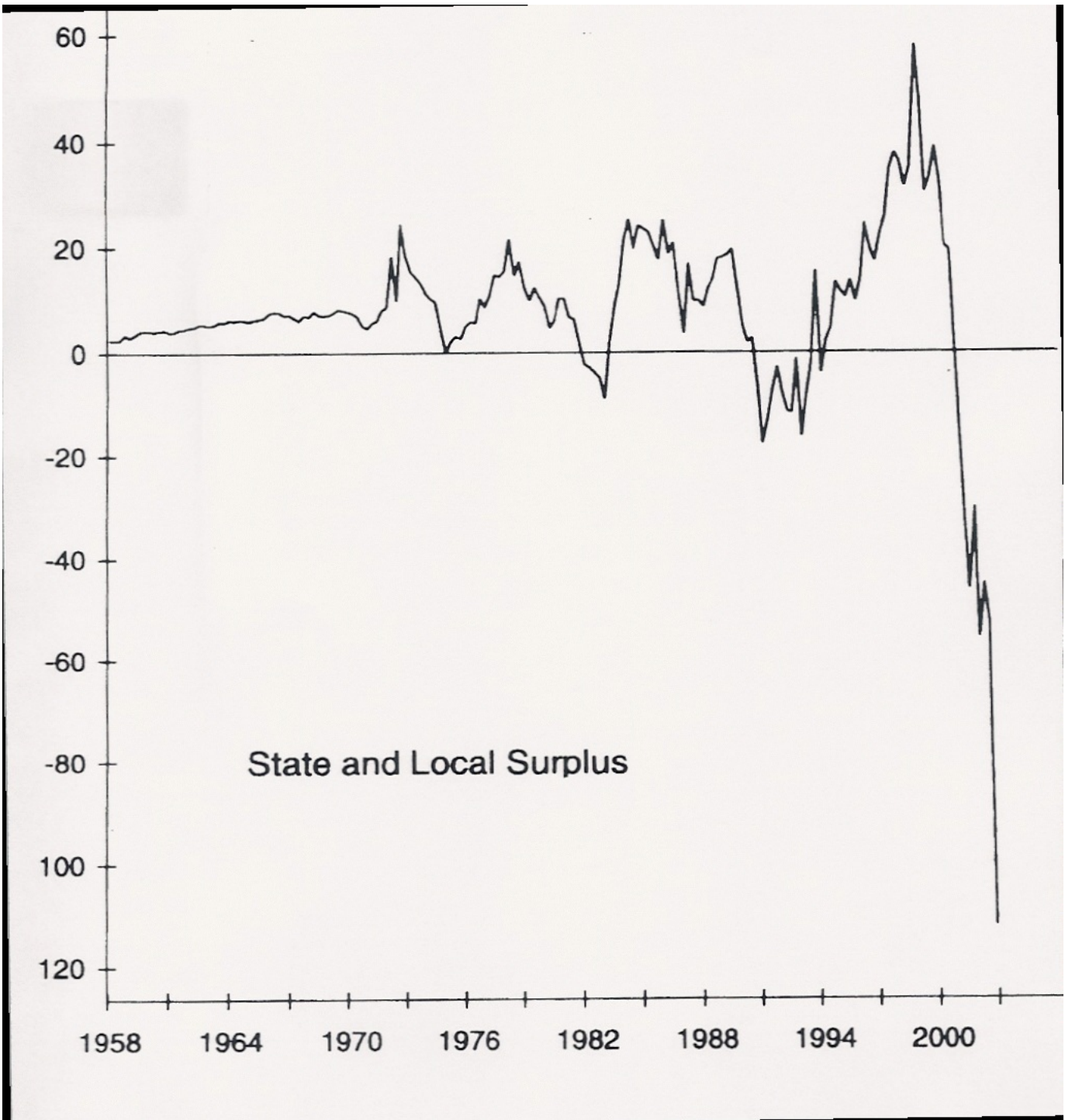
Yogi Berra

Could a bit of History* Help?

* from 2003 WRIPAC presentation

IPMA: States' Budget Gaps Widen

- Worst Fiscal Outlook since World War I
 - ▶ Gaps widening rapidly: 50% jump in two months
 - ▶ Estimated \$26 billion gap in just 36 states
- The problem is still worsening
 - ▶ Estimated \$69 billion in 2004 in same 36 states
 - ▶ Effective solutions have not been readily employed
 - ▶ Multiple causes seem resistant to single solutions
- Very few states expecting surplus
 - ▶ California has by far the worst problem
 - ▶ Most populous states expect large budget gaps
 - ▶ Most states expect 2004 to be even worse



Often Seen Budgetary Solutions

- Raise taxes, add fees
 - Develop new services that provide increased revenue
 - Eliminate or reduce services
 - Incorporate innovation
 - Freeze hiring
 - Layoff employees
-

**“The future’s uncertain --
But the end is always near.”**

Jim Morrison



Does that sound a little too grim?

“The recession will end sooner or later”, TD

So, what's a test professional to do?

We Can Do Better!

“It’s a lot more work, but we’ll all be the better for it.”

=> R.J. Harvey, 2005 IPMAAC Keynote Address

Personnel Selection is the Ultimate H.R. Technology

- The purpose of technology (or innovation) is to improve the way we do business: valid hiring tests do this
 - Valid selection vs. “Quick and Dirty” = a \$5,000 to \$25,000 advantage
 - Fairness and job-relatedness increase access for all persons, staving off favoritism in hiring
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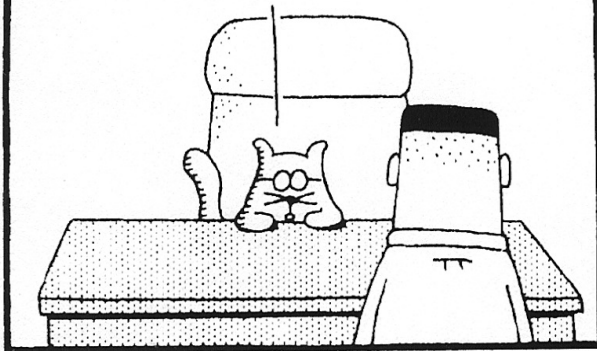
For some “customers” we do have issues

- Testing is too expensive.
- Testing just takes too long.
- It doesn't really get the best people.

DILBERT

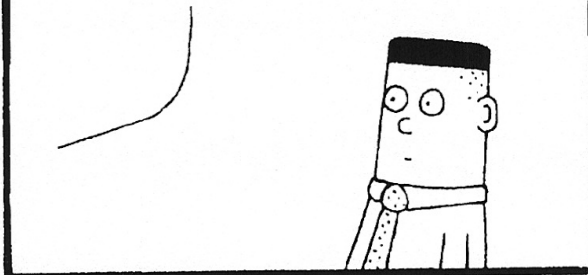
CATBERT: EVIL H.R. DIRECTOR

WE'RE ALMOST
OUT OF KITTY
LITTER.



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GATHER ALL THE
RÉSUMÉS WE GOT
THIS WEEK AND
RUN THEM THROUGH
THE SHREDDER.



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SHOULDN'T WE BE
MATCHING THESE
WITH OUR OPENINGS?

THAT'S WHAT
WE'RE DOING.



THE MODERN JOB INTERVIEW —

...ONE FINAL QUESTION: WITH WHICH CHARACTER IN *DILBERT* DO YOU IDENTIFY MOST CLOSELY?



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**But don't be a bug in
search of a windshield**

**The testing professional should have
skills in:**

Identifying organizational values

Test development

Process management

Size up the Situation: How Can I Help?

- Layoff avoidance
 - Employee skill assessment
 - Employee skill development
 - Special projects and training
 - Informational presentations
 - Informational articles in newsletters
-

Find out what our customer's needs are now, and what they will be when the recession is over.

Create a plan

Create the needed tools

Repeat this cycle

How Can You Find The Time?

[SECRET: IT'S NOT HOW LONG IT TAKES,
IT'S HOW LONG YOU MAKE THEM WAIT!]

Recruitment Schedule

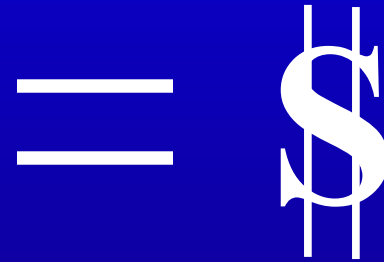
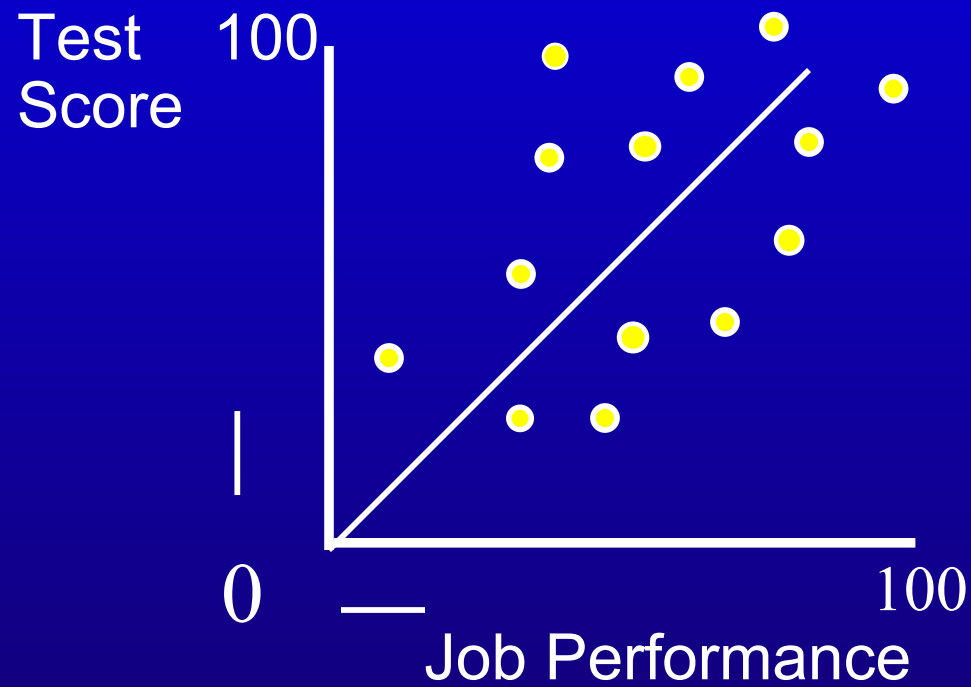
<u>January</u> Police Sergeant Groundskeeper	<u>February</u> Fire Engineer Receptionist	<u>March</u> Summer Workers Dispatcher
<u>April</u> Police Captain Secretary	<u>May</u> Fire Captain Clerical Supervisor	<u>June</u> Police Recruit
<u>July</u> Battalion Chief	<u>August</u> Maintenance Worker Basic Clerical	<u>September</u> Management Analyst Student Intern
<u>October</u> Firefighter	<u>November</u> Administrative Assistant	<u>December</u> Accountant Park Ranger

Relative Validity of Test Types

- Work sample tests: .54
- General mental ability tests: .51
- Structured interviews: .51
- Job knowledge tests: .48
- Assessment centers: .36
- Biodata: .36
- Job experience (years): .18
- Training and experience ratings: .11

Schmidt and Hunter, Psychological Bulletin, 1998

Impact of Testing



Return on Investment Example: Selection for Dispatchers

- 50 positions in work unit
- Example of one position of turnover caused by dismissal after 10 weeks of training
- Terminated person would not have been hired if new test had been in place
- \$20/hour total salary = \$8,000 lost just in salary
- Cost of testing = \$1,800, so the R.O.I for this one event is: $(\$8,000 - \$1,800 = \$6,200$ [potential savings], “gain” or return then is $\$6,200 / \$1,800 = 344\%$)

**Good tests are expensive.
Where will we get the Money?**

Cost Containment Example: 7,400 Employees in 92 Job Classes

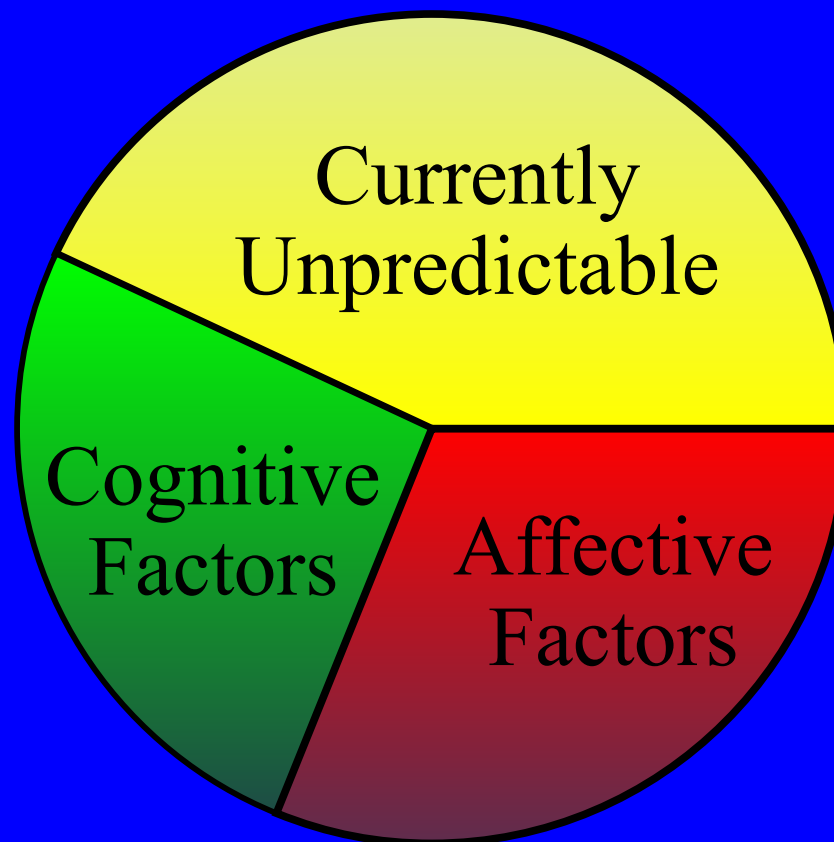
Administrative Savings Through Validation and Consolidated Testing

- 92 separate recruitment/basic exams: \$294,000
- 15 job groupings/more thorough exams: \$117,000
- 1 group/sophisticated exam: \$46,000

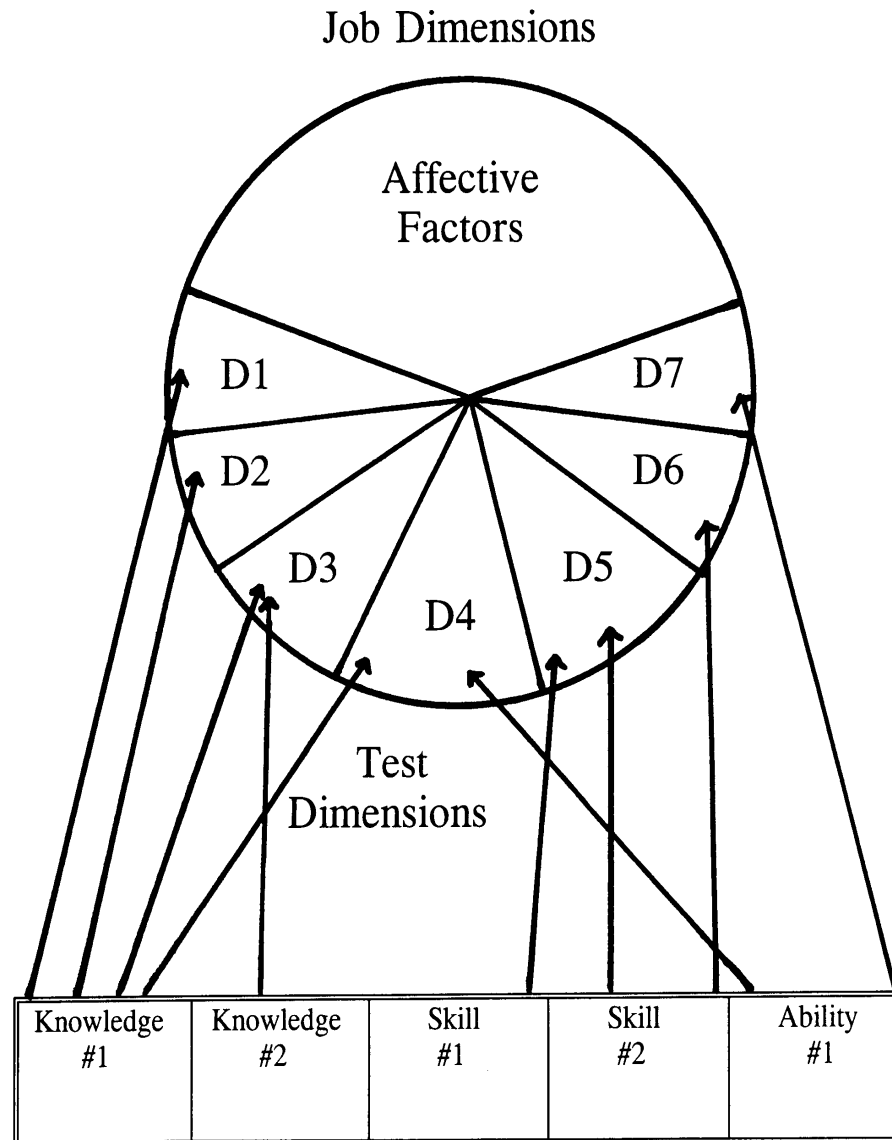
Some other types of tests to consider

- Biodata
 - Physical performance
 - Simulations, virtual reality, adaptive
-

Cognitive and affective assessment and job success



Cognitive Assessment and Job Success



The case for Biodata

How would you feel about a test that:

- Has strong predictive validity?
 - Taps into critical job areas not assessed by traditional tests?
 - Has very low adverse impact?
 - Is easy and inexpensive to administer and score?
-

Validities and adverse impact ratios

1= bio validity; 2= adverse impact; 3= composite validity

<u>Study</u>	<u>1</u>	<u>2</u>	<u>3</u>
■ GLAC clerical consortium (6 states & cities)	.19	.25	.27
■ DAPA clerical consortium (6 jurisdictions)	.26	.36	.41
■ Social service technician	.15	.18	.22
■ Administrative support (94 job classes)	.38	.83	.52
■ Typists (21 classes)	.20	.26	.24
■ Corrections officers	.20	.51	.24
■ Police Officer	.25	.31	.31
■ Casino Workers (105 job classes)	.20	.12	n/a

Item analysis for biodata sample

What has given you the most difficulty in any job that you have had?

- A. A supervisor who gave inconsistent direction.
- B. Having to deal with too many insignificant details.
- C. Disagreements or gossip amongst co-workers.
- D. A supervisor who watched over my work too closely.

	A	B	C	D
Upper	20	10	10	60
Middle	20	40	10	30
Lower	30	50	10	10

ROI Example: Employees

- 100 positions
 - 20% turnover
 - \$30,000 average salary
 - \$5,000 replacement cost
-

ROI Example: Hiring Process

- Assumes valid replacement
- Assumes candidate and employee variability
- Assumes management commitment to cost control

Initial Staffing

Group	Productivity Ratio	Starting Staff	Work Units
A	3.0	10	30
B	2.5	20	50
C	2.0	40	80
D	1.5	20	30
E	1.0	10	10
		100	200

\$3,000,000 payroll

Year One

Group	Ratio	Starting Staff	Lose	Hire	End Staff	Work Units
A	3.0	10	2	10	18	54
B	2.5	20	4	4	20	50
C	2.0	40	8	0	32	64
D	1.5	20	4	0	16	24
E	1.0	10	2	0	8	8
		100	20	14	94	200

Savings = \$5,000 x 6 (fewer hires) + \$30,000 x 6 (salaries)

\$210,000 in first year!

Year Five

Group	Ratio	Starting Staff	Lose	Hire	End Staff	Work Units
A	3.0	33	6	10	37	111
B	2.5	20	4	4	20	50
C	2.0	17	3	0	14	28
D	1.5	8	2	0	6	9
E	1.0	4	1	0	3	3
		82	16	14	80	201

Savings = \$5,000 x 2 + \$30,000 x 20

\$610,000 in fifth year

Return Example: Five Year Results

- Workforce gradually declines from 100 to 80
 - Cumulative cost savings of \$2,200,000
 - No reductions in service level
-

Longer Term: Do Assessments Well

- Communication with everyone
 - Implement really effective examinations
 - Recruitment schedule planning
 - Seize the opportunity to hire the best
 - Proclaim the good (ROI) results! Make presentations, write articles
 - Keep everyone enthused with the great results of using good tests in hiring
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Contact for more

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