



# Building a Business Case for Pre-Employment Testing

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*Ivey School of Business in London, Ontario, shows that nearly one-quarter of the people hired by the traditional methods of interviewing and reviewing resumes will fail. These tried-but-not-true methods do not predict or identify high-performance employees, so the right people are not always getting hired for the job” (Podmoroff, 2005, pp. 47).*

Many organizations today are faced with two major problems. First issue is that the majority of personnel screening and selection methods used are based on the information provided by the applicant (Cascio & Aguinis, 2005). The applicant’s resume/CV, recommendations, references, and their answers to the interview questions become the basis of most hiring decisions. This is highly problematic since the information being given (as well as the techniques used to retrieve the information) is full of errors and personal biases. Job applicants can falsify, exaggerate, and hide information, portraying themselves as the ideal job candidate to get the job. Equally unsettling is the amount subjectivity commonly displayed by recruiters and interviewers. Research has found over the years that there are a number of biases that can influence hiring outcomes, including interviewer-applicant similarity, pre-interview impressions, applicant appearance, and faulty decision-making (Posthuma, Morgeson, & Campion, 2002).

The second major issue for organizations is that of time and money. The current process of filtering through hundreds of resumes, making numerous reference checks, and conducting a

number of interviews is time consuming and resource intensive. With the cost of turnover equaling 70% to 200% employee’s salary, organizations need a selection system that is more efficient, less prone to error, and uses a more credible, effective process (Kaye & Jordan-Evans, 2001).

To overcome this problem, organizations can utilize the many benefits and strengths of pre-employment testing. First, selection systems are more objective and less prone to selection mistakes (Blyth, 2004). Standardized tests examine the applicant’s knowledge, skills, and abilities (KSAs) that will be required on the job. As a result, decisions are no longer based on personal interpretations of the applicant’s qualifications (which is less legally defensible), but rather on job analysis data, industry research, and statistical validation. Secondly, pre-employment testing is a more time and cost efficient method as opposed to traditional methods (Whaley, 1996). Less staffing resources and time is needed to complete each hire, saving companies from excessive costs.

Lastly, pre-employment testing methods are shown to have significant organizational outcomes. Research shows that there is a positive relationship between selection methods and organizational performance; that as organizations use more selection techniques (recruiting studies, validation studies, structured interviews, cognitive aptitude and ability tests, and BIBs/WABs), that organizational performance also increases (Terpstra & Rozell, 1993). For example, a recent meta-analysis study showed that when companies used personnel selection technique in hiring sales employees, they saw a 14.8% to 34.1% increase in productivity (Farrell & Hakstian, 2001).