

Commercial Hiring Best Practices: Assessment and Selection

Human Capital Shared Interest Group (SIG)

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SYNOPSIS

This white paper addresses the issue of streamlining Federal hiring. Federal agencies, led by the Office of Personnel Management and the Office of Management and Budget, have made hiring reform a priority. Agencies are actively recruiting the next generation of public employees, and updating the process of filling a Federal job to the 21st century.

The authors attempted to find out what private sector companies are doing differently from the Federal sector regarding four aspects of the hiring process:

1. Hiring Manager/Human Capital Manager/Recruiter roles,
2. Application processing,
3. Candidate assessment, and
4. Use of automated applicant tracking systems.

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Human Capital Shared Interest Group

The mission of the Human Capital Shared Interest Group (HC SIG) is to bring HCM professionals from industry and government together to share research, best practices, and future trends. The goal is to enhance the government's ability to recruit and retain an effective workforce and to improve organizational performance.

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Commercial Hiring Best Practices: Assessment and Selection

Purpose:

The authors interviewed private sector companies to determine best practices regarding four aspects of the hiring process:

1. Hiring Manager/Human Capital Manager/Recruiter roles,
2. Application processing,
3. Candidate assessment, and
4. Use of automated applicant tracking systems.

This information can be used by the Government to assess potential improvements in the Federal process.

Background:

Office of Management and Budget (OMB) Director, Peter Orzag, and Office of Personnel Management (OPM) Director, John Berry, have made Federal hiring reform a priority. As part of this reform, a “Wolf Pack” has been put in place to address how the hiring process can be streamlined to decrease the time required to recruit and select candidates, improve the communications with candidates, and make it easier to apply for Government positions. The Government Advisory Panel for the Human Capital Shared Interest Group asked IAC to provide commercial best practices for the assessment and selection portion of the hiring process, and to suggest how these practices could be applied to the Federal process.

Discussion:

On June 11, 2009, OMB tasked Federal agencies with four requirements related to hiring reform.¹ This was immediately followed up by a memorandum from OPM on June 18, 2009.² Federal Human Capital Managers (HCM) had already researched and documented a great deal of information on ways to improve federal hiring, most notably in the OPM’s End-to-End Hiring Initiative publication.³

In support of this effort, the authors conducted one-on-one interviews with Human Resource (HR) Managers at a sampling of private sector companies. Seven were large companies (>1000 employees) and one was a medium-sized company (between 100 and 999

¹ Peter Orzag, “Planning for the President’s Fiscal Year 2011 Budget and Performance Plans,” www.whitehouse.gov, http://www.whitehouse.gov/omb/assets/memoranda_fy2009/m09-20.pdf (accessed 2/12/2010), 5-6.

² John Berry, “Office of Personnel Management Assistance in Meeting Hiring Reform, Employee Satisfaction and Wellness Requirements Contained in the President’s Fiscal Year 2011 Budget and Performance Plans,” www.opm.gov, <http://www.chcoc.gov/Transmittals/TransmittalDetails.aspx?TransmittalID=2328> (accessed 3/6/2010)

³ Office of Personnel Management “End to End Hiring Initiative,” www.opm.gov, <http://www.opm.gov/publications/EndToEnd-HiringInitiative.pdf> (accessed 6/16/2009)

employees). One of the large companies was from the non-profit sector. These interviews were specifically focused on understanding the selection and assessment portion of the hiring process.

In addition to the interviews, the authors reviewed several industry papers to validate findings. For references purposes, Susan Heathfield's article "Hiring Employees: A Checklist for Success in Hiring Employees,"⁴ provides an excellent overview of private sector "best practices."

Several conclusions concerning various aspects of the hiring process drawn from the results of survey are summarized below. Applicable literature references are also cited for the reader who might want more detail on a particular topic.

Position Description and Qualifications. According to Business Performance Improvement Resource (BPIR), a benchmarking and best practices company, "Prior to advertising it is important that any vacancy is clearly identified and a comprehensive description of the role is completed."⁵ It is clear from our interviews that the close working relationship which exists among HR, recruiters, and hiring managers at the companies surveyed does get the position requirements and description identified up front. This relationship continues from job opening to offer. The hiring manager typically writes the position description. HR supplies templates or guidance for various positions, which are designed to assist the hiring manager in developing specific requirements more efficiently. Once the position description is done, it is reviewed by HR, and any changes are discussed with the hiring manager.

Initial Application. The companies interviewed evaluate resumes and fairly simple job applications are used for the written portion of the selection process. No company uses anything similar to the Government's knowledge, skill, and ability (KSA) essays. Some companies ask a small number of qualifying questions, such as "are you willing to travel," to further qualify candidates.

Assessment and Selection. The candidate assessment and selection process requires close collaboration among all the participants – hiring managers, recruiters, and HR managers. In their paper, "Attracting and Selecting: What the Psychological Research Tells Us", researchers Ann Ryan and Nancy Tippins⁶ rated the validity of range of assessment techniques. They cited research showing that cognitive ability and job knowledge tests, structured interviews (such as Behavioral Interviews⁷) and work samples had the highest validity in terms of predicting future work performance. The less valid assessment

⁴ Susan M. Heathfield, "Hiring Employees: A Checklist for Success in Hiring Employees--How to Recruit and Hire the Best," About.com Guide, <http://humanresources.about.com/cs/selectionstaffing/a/hiringchecklist.htm> (accessed 2/9/2010)

⁵Business Performance Improvement Resource, "Recruitment and Selection," www. BPIR.com, <http://www.BPIR.com> (accessed 12/2/2009)

⁶Ann Ryan and Nancy T. Tippins, "Attracting and Selecting: What the Psychological Research Tells Us," Human Resources Management (Winter 2004): 305-318.

⁷ Susan M. Heathfield, "Behavioral Interviews: Use Behavioral Interviewing to Select the Best" About.com Guide, http://humanresources.about.com/od/interviewing/a/behavior_interv.htm (accessed 2/10/2010)

techniques discussed included unstructured interviews, personality trait tests, situational judgment tests, integrity tests, assessment centers, reference checks, and biographical information (education, training, work experience, and interests). The researchers noted that greater validity of assessment tools does not necessarily lead to wider use in the workplace.

The results of this survey bear out the researchers' findings – greater validity does not lead to wider use among those companies surveyed. In fact, the assessment process used in those companies does not, at least on the surface, seem to be significantly different from Federal hiring processes. The most common assessment tools in use are biographical information from resumes, references, and unstructured interviews.

Three companies use structured Behavioral Interviewing Questions. There seems to be growing use of Behavioral Interviews to better understand how a candidate will handle situations that relate to the job. Behavioral Interview Questions are also used by some Federal agencies.

All of the companies use telephone interviews at some point in the screening process. While Federal agencies use telephone interviews as well, the way they are used may be different. In the companies interviewed, it was often a recruiter who was contacting applicants by telephone to solicit additional information about the candidate's interests and qualifications. The interview would lead to a down-select process that resulted in fewer candidates being referred to the hiring manager for consideration. In most companies, there is some form of regular contact to keep candidates interested. This initial recruiter interview helps to down-select, but is also an opportunity to engage the candidate.

In the Federal process, by contrast, screeners (whether they are HCM or hiring managers) generally rely on written application materials, and have limited personal interaction with the applicants until after the final selection of those to interview. At that point, the interview may be conducted by telephone. While this reliance on written applications may be considered necessary for merit system reasons, it may explain the complaints from some Federal candidates that there is not sufficient feedback on their applications. Compared to the interpersonal interaction they would receive from a recruiter in the companies the authors surveyed, this is certainly the case.

Recruiters are used broadly in the companies interviewed. Typically their responsibility includes identifying and prequalifying candidates, along with managing the process to close. The use of recruiters in the private sector not only helps with finding candidates but it keeps the process moving forward. Recruiters and HR in the private sector seem to take the action to communicate with the candidates throughout the process, typically using the support of automated tools for follow up actions. This keeps candidates engaged in the process. The hiring process in most large companies does not normally take place in a couple of weeks. The process can take 30-60 days, but this time does not go by without some level of active communication with the candidates. That seems to be a major difference between the companies interviewed and the Federal agencies.

One other possible difference is the way that interviews are conducted. In addition to telephone interviews, the companies conduct multiple in person interviews to gain further knowledge of the candidate's capabilities and fit to the open position. These interviews are typically one-on-one interviews with the candidates.

Panel Interviews, common in the Federal sector, are less common in the companies surveyed. Five of the eight companies surveyed used Panel Interviews. The other companies interviewed expressed a preference for one-on-one or at most two-on-one interviews. The multiple interviewers could then rate the candidate independently without being influenced by the reaction of the other interviewers.

How does the private sector manage to get all those separate interviews completed in a reasonable time? The answer seems to be in priority setting. One company, for example, has managers set aside a “hiring day” on which their top priority is conducting interviews in order to make selections. Others schedule multiple interviews with a candidate on the same day.

Technology. Companies in the private sector use technology, in varying degrees, to help manage the process across the entire HR life cycle from recruitment through on-boarding and maintenance. When reviewing industry trends, technology is playing a key role in improving compliance by reducing paperwork and improving accuracy, enhancing the interface with candidates through tracking the hiring process, and reducing the hiring time. These capabilities lead to time and money savings. As pointed out by William Dickmeyer, “The speed and flexibility offered by dynamic reporting can pay huge dividends if a company can reach the right candidates even a couple of hours earlier.”⁸ Frequently, multiple systems are interfaced to achieve this end to end result. As an example, a company may use several automated sources for recruiting such as job boards, social networking sites, etc. When candidates apply for the position, a separate application collects the data and tracks the process.

These systems may also have assessment capabilities which rank candidates based on a numerical or disposition code. Once the threshold is set all candidates meeting the requirements are interviewed. Should no candidates be hired from this group, a threshold could be reset to look at additional candidates. The systems used may either generate the offer package or feed another system that handles this function. As Samuel Greengard points out in his article, “Five Steps for Finding Better Employees,”⁹ one of the key steps is to use a powerful applicant-tracking system that can identify talent more quickly to reduce hiring time.

SURVEY RESULTS:

The authors conducted one-on-one interviews with HRC Managers at seven large companies (>1000 employees) and one medium-sized company (between 100 and 999 employees). One of the large companies was from the non-profit sector.

The answers to the survey represented the most common practices across the organization. In any large organization, one can expect variation in hiring processes depending on the type of position to be filled (e.g., executive versus entry level). The part of the hiring process where

⁸ William Dickmeyer, “Applicant Tracking Reports Make Data Meaningful” [www.workforce.com, http://www.workforce.com/archive/feature/22/27/36/index.php?ht=](http://www.workforce.com/archive/feature/22/27/36/index.php?ht=) (accessed 2/12/2010)

⁹ Samuel Greengard, “Five Steps for Finding Better Employees” www.workforcemanagement.com, http://www.workforce.com/archive/feature/23/23/93/232399.php?ht= (accessed 2/12/2010)

there seemed to be the most variation within the organizations surveyed was interview practices. For example, one company said that they do panel interviews for some executive positions, but one on one interviews are used for most positions.

The following Table and “Take-Aways” summarize the authors’ findings. A line is provided on the Table for individual Federal agencies to compare their process to those of the companies interviewed.



Hiring Process Summary: Your Federal Agency Compared to Private Sector Companies¹

Company Interviewed	Develops PD & Quals		Initial Info Collected From Applicants		Assessment Processes Used					Extent of Automation in the Process				Ranking System Used			
	Hiring Manager	HCM/Recruiter	Resume	Company Specific Application KSA	Phone Interview	One-on-One Team Interviews ²	Panel Interview ²	Behavioral Interview Questions	Test ³	Integrated System Application/Assessment	Online Application	Rating System	Manual ⁴	Numerical	Adjective	Disposition Codes	No Rankings
Federal Agency																	
Company A	X	X	X	X	X	X	X	X	X	X	X			X		X	
Company B	X	X	X	X	X	X	X			X				X			
Company C	X	X	X		X	X				X			X				X
Company D	X	X	X		X	X		X			X	X		X			
Company E	X	X	X	X	X	X	X	X		X	X			X			
Company F	X	X	X	X	X	X	X			X	X		X	X	X	X	
Company G	X	X	X	X	X	X	X		X	X						X	
Company H	X	X	X	X	X	X		X		X	X	X		X		X	

Notes:

1. The top line is left blank for individual Federal agencies to compare their processes to those of the companies surveyed.
2. "One-on-one Team" means one or more interviewers spoke with the candidate one at a time. "Panel" means more than one interviewer in single interview.
3. One company uses aptitude tests as a part of the overall assessment. Another uses skill tests administered locally for some trade and labor positions.
4. Used for local or low-volume hiring.

The Key Take-Aways:

Hiring Manager/HC Manager/Recruiter Roles: All agree that collaboration in the process is a key to success.

- The hiring manager has the best understanding of the job to be filled. HR can expedite the process by providing templates and reviewing the qualifications to ensure that the requirements are clearly described. The hiring manager writes the position description and required qualifications. Before posting, these may be reviewed with HR to ensure all requirements are being met.
- The recruiter skilled at reaching out to the right recruitment sources finds the best candidates. In all but one company interviewed, dedicated recruiters are used in the process in addition to HR Managers. Recruiting is considered a separate specialty skill. In one company, recruiting is a part of the marketing division, rather than HR. The recruiters also do the initial down-select of candidates that meet the qualifications and these candidates are forwarded to the hiring manager.
- Some companies offer bonuses to current employees for referral of candidates. Bonus range from \$2000 to \$6000 for referral of a candidate who is selected and stays with the company for a specified minimum period.

Application Process: All request resumes.

- All companies use resumes. Most companies also require an automated application form.
- Most also collect additional profile or screening information (e.g., willingness to locate, applicable security clearance, salary requirements, etc.) This is typically part of the application process.
- Some collect additional information from candidates selected for interview. For example, some companies use resumes for initial screening, and ask those selected for interview to fill out a company specific application.
- None requires any write-up comparable to the Government's KSA essays.

Assessment Process: Multiple one-on-one interviews are the most common screening tool used.

- HR managers/recruiters typically screen the applicants to a manageable number before forwarding them to the hiring manager. One company that typically receives a large volume of applications limits the candidate pool to the first 25 in the order received. If no candidate is identified for hire in the first 25, the later applicants get consideration. HR managers ensure that whatever process is used, it is used consistently for the job position or requisition.

- Multiple interviewers speak with candidates referred for consideration.
 - Phone interviews are used extensively for initial screening. Phone interviews are commonly with recruiter or HR, prior to referral to hiring manager. This gives the hiring manager multiple perspectives to consider.
 - Most companies document interviews and track the applicant process.
 - The number of interviewers ranges from two to seven.
- Behavioral Interview Questions are used by three companies. These questions are designed to identify and document prior experiences that apply to the job requirements.
- Use of testing is limited. One company uses skills tests administered locally for skilled labor. Another uses aptitude testing as one factor to consider in the process.

Automation: All have automated application tracking processes to achieve efficiencies.

- Two companies are in transition to more integrated automation, adding capabilities to track on-line applications through the full hiring process.
- These systems not only help companies track applicants through the process but also provide compliance information.

For the Government's Consideration:

- **Using specially trained recruiters to maintain contact with applicants during the hiring process, and to reduce the number of applicants that the hiring managers must interview.** A clear result of the commercial company survey was the extensive use of recruiters, who work hand in hand with the hiring manager, and are a trusted partner. Interviewees made a distinction between the process role of the HCM manager, and the marketing and applicant contact role of the recruiter.
- **Making the application process simpler by using simpler application forms and resumes.** The current practice of requiring KSA write-ups in the initial application stands out in stark contrast to the private sector, which accepts resumes or a simple automated application. The same information can be derived through interviews and other means of assessment in a fair and unbiased manner.
- **Automating the hiring process from end to end.** Automation was universally embraced in the private sector for a whole range of reasons from compliance reporting, cost savings, reducing the time to hire, quality control, to ease of access. Requiring applicants to use electronic form, rather than paper, was not considered to be a barrier to recruiting.

SUMMARY:

Through this process it was found that Federal Government and private sector share a number of best practices. Although private sector companies are motivated differently than Government, in the end, all compete for a skilled workforce. Just as companies compete against one another for these resources, so does the Federal Government. To compete effectively, the Government needs to look at ways to simplify the application process, maintain candidate engagement through the hiring process, and continue to ensure that a fair and unbiased system of selection is preserved.

The data, conclusions, and suggestions provided in this paper relate to several issues that the Federal sector wants to address. The personal touch of communicating with applicants through professional recruiters, as well as using all the communication and HR tools now available (including e-mail and social networking sites) would help stay in touch with candidates during the process and relieve some of the frustrations of not knowing the status of their application. Simplifying the application process and using automated tools to streamline and provide better reporting capabilities would certainly improve the accountability issues.

Appendices:

Commercial Company Assessment Survey
Appreciation of Companies Surveyed

APPENDIX 1
APPENDIX 2

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APPENDIX 1

Commercial Company Assessment Survey

Introduction: OMB Director Peter Orzag and OPM Director John Berry have made Federal hiring reform a priority. In support of this effort, the IAC HC SIG is developing a “white paper” on the topic. This paper seeks to provide some commercial benchmarks and processes that should be considered as the federal government seeks to streamline their hiring processes. We believe that there are parallels to commercial best practices and technologies that can be applied to public service hiring practices.

Part I – Job Requirements

1. Please describe the roles of the hiring manager and the HC manager in the hiring process.
2. Who develops the job description and qualification requirements?

Part II - Application Processing

1. Please describe your best practices/process for selecting and assessing applicants.
2. For the initial screening what paperwork do you require? A resume, a custom application, other?
3. Is any part of this process automated? If yes, please describe what is automated.
4. Do you have an applicant tracking system?
5. What benefits have you derived from automating the process? Can you quantify the benefit in terms of cost savings?

Part III - Candidate Assessment

1. Please describe what assessment tools you use during the hiring process? (e.g. team or panel interviewing, testing, other?)
2. If you have an applicant tracking system, is the assessment module built into it?
3. How do you rank your candidates?
4. If you have an automated system that ranks your candidates, please describe how it is used.

APPENDIX 2

The HC SIG thanks the companies who provided valuable information to this best practices survey, including the following:

American Red Cross of the National Capital Area

www.redcrossnca.org

Appian Corporation

www.appian.com

Monster Worldwide, Inc.

www.monster.com

Nothrop Grumman Corporation

www.northopgrumman.com

STG International, Inc.

www.stginternational.com

Qwest Communications International, Inc.

www.qwest.com