



RESEARCH RESULTS— IMPACT ANALYSIS

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DELIVERING TOP TALENT THROUGH TARGETED SELECTION® INTERVIEWING

Historically, the interview has been one of the most commonly used and most liked selection practices. DDI's Targeted Selection® (TS®) interviewing system has been particularly well received; hundreds of organizations around the world now use the TS method to interview millions of job candidates each year.

Today, the best talent management practices are based on evidence, not tradition or instinct. Consistent with this belief, this report analyzes results realized by organizations using TS and highlights key research findings.

Targeted Selection is an interviewing system that helps ensure that interviewers and interviewees accurately gather the necessary information to make mutually beneficial hiring decisions. The system is structured and rigorous, incorporating sound, proven methodology.

Our approach to reviewing the evidence to support TS is also based on a rigorous methodology. This document begins with a measurement model that illustrates how using TS to transform the interview experience influences a series of outcomes that ultimately has an impact on organizational performance. It then walks you through the model, spotlighting research evidence that supports each step along the way. The cumulative effect clearly establishes Targeted Selection as a premiere interviewing system.

What is an Impact Analysis?

DDI regularly conducts research that measures how DDI solutions help an organization achieve its business objectives. The findings are summarized in *Research Results* documents available on our web site (www.ddiworld.com/research). Periodically, we integrate these results to create a comprehensive view of the value and impact of various DDI solutions. We identify these integrative works as *Research Results: Impact Analysis*.

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TARGETED SELECTION MEASUREMENT MODEL

Measurement of any talent management program should target four areas: the focus of the program, the process of executing the program, the workforce outcomes, and the program's impact on organizational performance. These areas are dependent on one another and occur in a sequence, as shown below. The shading of the boxes signifies that the influence of the program diminishes as you move along the continuum and as other factors come into play.

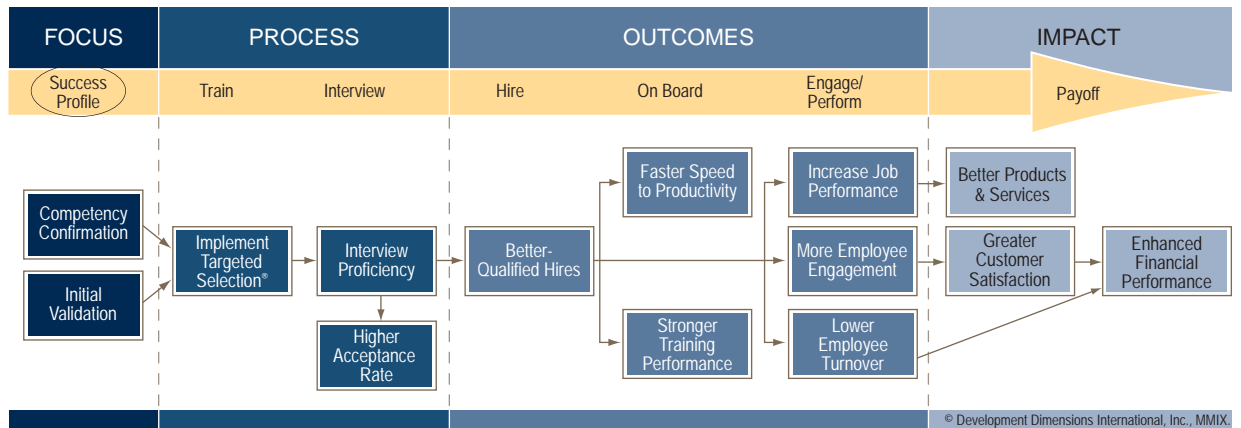


For Targeted Selection the four measurement areas are defined as follows:

- > The **focus** of a TS interview is determined by a job analysis procedure that identifies a Success Profile® for each targeted position. In particular, competencies are identified that will serve as the basis for behavior-based interview questions that prompt interviewees to describe relevant behaviors from their past experiences. Organizations should confirm with job experts that the Success Profile is appropriate for each job family where TS will be applied. They also might undertake an initial validation study, trying out TS with current employees and making sure it correlates with their job performance.
- > The TS **process** includes introducing the program into the organization, making sure it operates efficiently, and taking steps to assure its sustainability. Interviewers are trained to ask behavior-based questions and evaluate candidates' experience and fit with the position.
- > The primary **outcome** that TS promotes is better-qualified hires. These new hires are more successful during on-boarding and eventually demonstrate enhanced job performance, more engagement, and lower turnover than those hired by other interviewing systems.
- > The **impact** of TS on the organization derives from the success of the earlier outcomes. More engaged, better performing employees generate better products and services, culminating in more satisfied customers, which increases revenue. In addition, lower turnover cuts costs. Increased revenues and decreased costs increase the organization's financial performance.

The measurement model used in this report appears on the next page.

A Measurement Model for Targeted Selection Interviewing

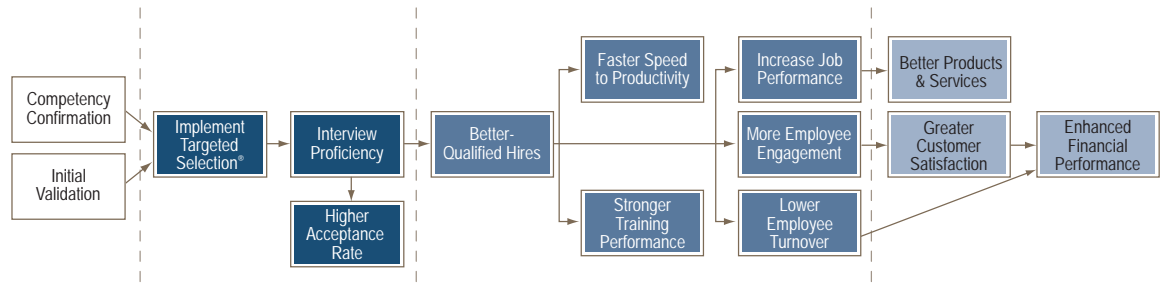


The diagram below the arrow in the graphic represents a logical path from the preparation and installation of Targeted Selection to its ultimate impact on organizational performance. The model is on a time continuum, beginning on the left side (confirming the Success Profile) and ending on the right (enhanced financial performance).

An individual organization is unlikely to complete every step in the model. Not all metrics will be relevant in all cases, and other metrics might be more important, depending on the organization’s situation and business objectives. However, it is important for organizations to establish a logical path that sets forth how Targeted Selection will lead them to their desired business objectives.

Evidence to support the steps in the measurement model is discussed in the following sections of this report. A modified version of this model appears periodically throughout the report to remind readers which of its phases is being addressed.

THE FOCUS OF TARGETED SELECTION



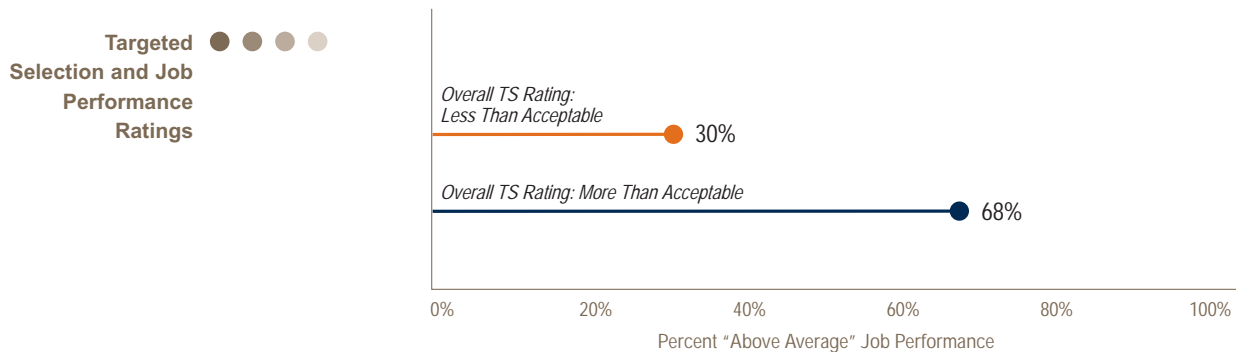
Confirmation of the competencies in each Success Profile is specific to each job family and organization and is not reviewed here.

INITIAL VALIDATION

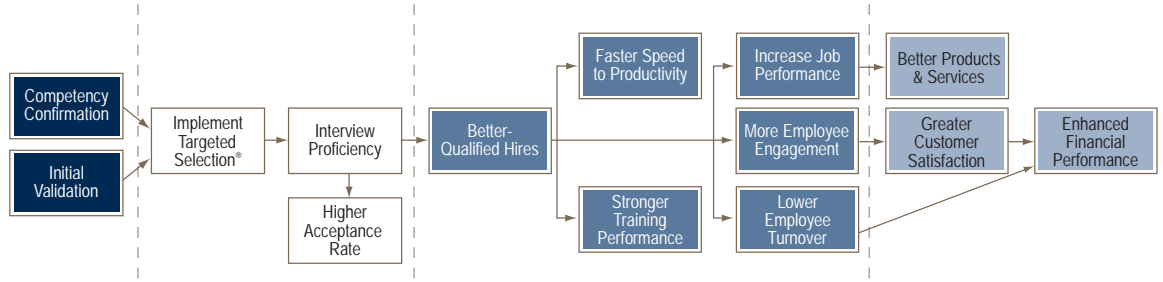
An initial validation study can be conducted to establish that the Success Profiles used to create the interview questions are relevant to the jobs in question. This kind of study provides assurance that TS will effectively identify the best performers when used as a selection tool.

Large Producer of Baked Goods

The company used Targeted Selection to rate 125 employees. It then asked its managers to supply performance ratings of the same employees. The TS ratings were found to be highly accurate in identifying the top performers among the 125. Employees identified as “more than acceptable” by the TS system were more than twice as likely to be above-average performers on the job compared to those rated less than acceptable.



THE TARGETED SELECTION PROCESS



IMPLEMENT TARGETED SELECTION

Training and Environmental Support

A key part of implementing TS is training interviewers; post-training evaluations can help determine if the training was well received. Additionally, to diagnose any threats to the sustainability of sound TS practices, the program’s execution—including communications about its importance, alignment with other organizational processes, and accountability for results—should be measured.

Consumer Health Care Products Organization

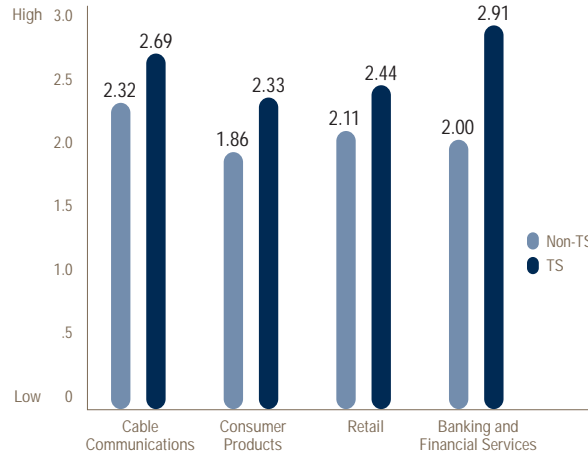
Interviewers were asked for their reactions to a TS implementation. Almost all reported feeling prepared to use their interviewing skills after TS training; they also indicated they would recommend the program to others. Additionally, they believed that TS was well positioned in the organization because it complemented the company’s culture and enjoyed organizational support.

REACTIONS TO TS IMPLEMENTATION	% AGREEMENT
Skills/Knowledge are valuable	99%
Prepared to conduct my first interview	99%
Interview guides help me evaluate skills	97%
Would recommend training	96%
Company provides support to conduct an interview	91%
TS fits with company culture	91%

Satisfaction with TS System

Leaders and human resource (HR) professionals from four industries were asked to rate the degree to which they were satisfied overall with the TS system compared to other selection systems. Across organizations, respondents indicated 15 percent to 45 percent higher satisfaction with the TS system than with another system.

Overall Satisfaction with the Interviewing Process



“The organization will benefit from the hiring of the best people for the job.”

“It has helped me form a basis for my interviews and has given me confidence to conduct and interview effectively.”

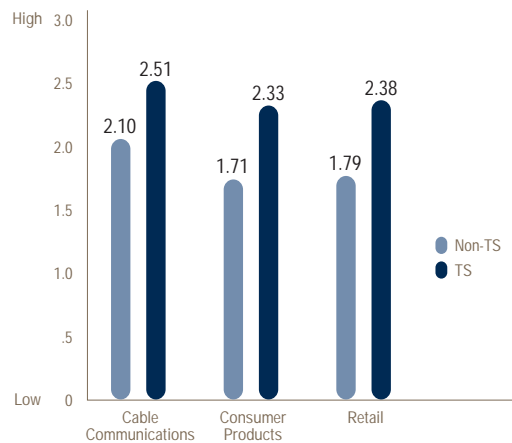
“All team leaders should do this.”

—Participants, financial services company

Organizational leaders and HR professionals were asked to rate specific aspects of the TS process. The following graphs illustrate their appraisals of the efficiency and objectivity of the interview process and their confidence in the legal defensibility of TS compared to other systems.

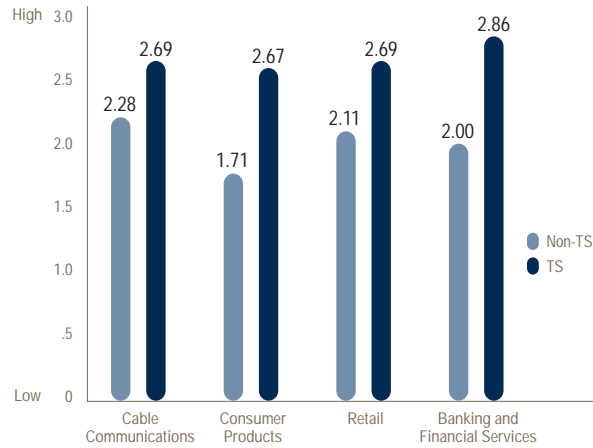
Managers from three industries (including HR generalists in the consumer products organization) rated Targeted Selection 19.5 percent to 36 percent more efficient than other selection systems (for example, in TS, interview questions are assigned to interviewers in such a way that repeat information is minimized).

Ratings of Interview Efficiency



Across four organizations, objectivity was perceived as 18 percent to 56 percent higher with TS than with another system. Targeted Selection achieves objectivity by focusing on competencies required for successful performance in a job and by using behavioral questions to gather examples from interviewees of relevant behaviors.

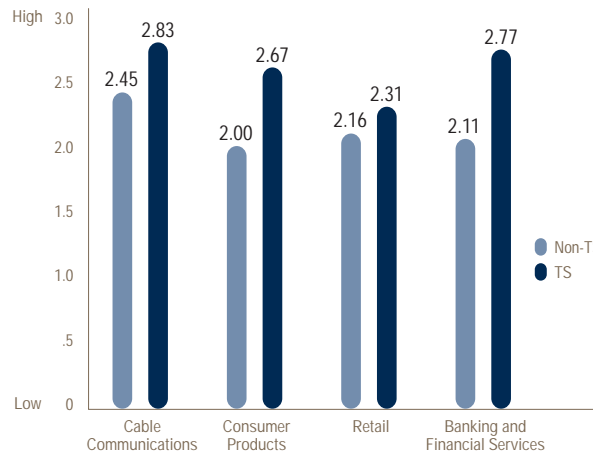
Ratings of Interview Objectivity



As society becomes more litigious, organizations are under pressure to ensure that the systems they use to hire and evaluate individuals are equitable. TS training includes instruction on how to ask questions that meet legal standards.

In a study of 14 organizations, 61 percent more senior-manager respondents rated TS as moderate or high in legal defensibility compared to other methods. In the four organizations illustrated here, leaders and HR professionals showed 7 percent to 33.5 percent higher confidence in the legal defensibility of the TS system than previously used interview systems.

Confidence in Legal Defensibility



Candidates' Reactions

Job candidates who feel they have been treated fairly are less likely to pursue legal recourse if they are not made a job offer. Candidates who feel favorable about the interview are also more likely to recommend the organization to others. Therefore, it's important that an interviewing system meets the needs of interviewees as well as interviewers.



Consulting Firm

Candidates hired using the TS system were asked to rate their satisfaction with the interview process. Those responding agreed overwhelmingly that they were treated fairly, had an opportunity to represent themselves and their capabilities, and were satisfied with the interview.

CANDIDATES' SATISFACTION WITH THE TS INTERVIEW PROCESS	% AGREEMENT
I was treated fairly.	97%
I was able to represent myself accurately.	95%
I was satisfied with the interview.	92%
The interviewers have a good understanding of my capabilities.	89%

“We really work hard at making candidates comfortable during the interviewing process.... I've even had people who went through the hiring event but who we didn't end up hiring who sent me the most beautiful e-mails saying thank you and expressing an interest in the company.”

—Recruitment manager, transportation company

INTERVIEWER PROFICIENCY

The effectiveness of TS training is judged by whether trainees can demonstrate proficiency in the use of TS interviewing skills. Interviewers need to be able to gather and evaluate the necessary information and reach a consensus on whether to hire a candidate.

Gathering Information



Software Development Organization

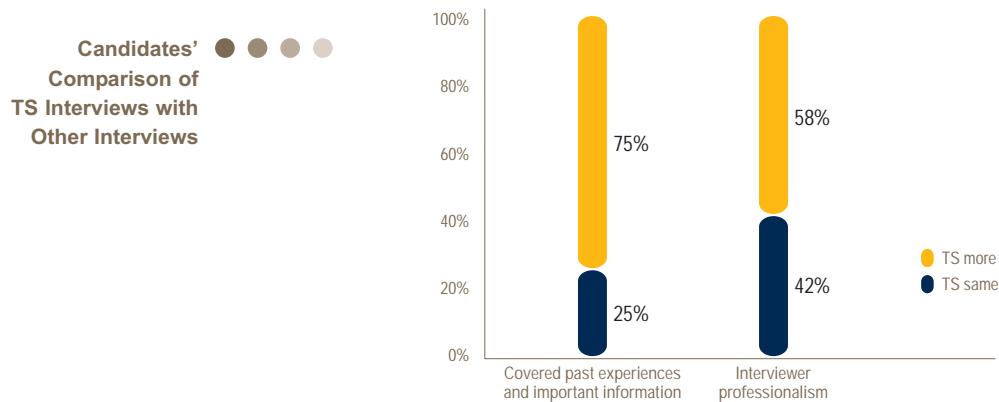
Asked to evaluate their own success in using TS, all managers reported that they were able to ask competency-based questions and to ask candidates to provide specific results they had achieved. Because people often are overly favorable when evaluating themselves, the perspective of others who have observed the reported skills adds objectivity. In this organization, job candidates confirmed that their interviewers effectively followed the principles of the TS system. All the candidates agreed that interviewers focused on past situations, tasks, and results.

PERCENTAGE OF TS INTERVIEWERS DEMONSTRATING DATA-GATHERING SKILL	
Asked for specific examples of past situations/tasks	100%
Asked for results achieved	100%
Asked for actions that were taken in past situations	88%
Asked questions to clarify when, what, and why	83%

Food and Beverage Company

After management trainees were hired using the TS system, they anonymously compared their TS interviewers with interviewers from other organizations. The new hires indicated that 75 percent of the TS interviewers were better able to gather the necessary information, and more than half perceived TS interviewers as more professional. None of the candidates rated other organizations' interviewers better.

Thus, both interviewers and interviewees testified to the effectiveness of the TS interview process. Because the interviewers asked job candidates for specific examples of past behavior, used effective follow-up questions, and stayed within legal guidelines, they were able to gather useful information on job-related competencies.



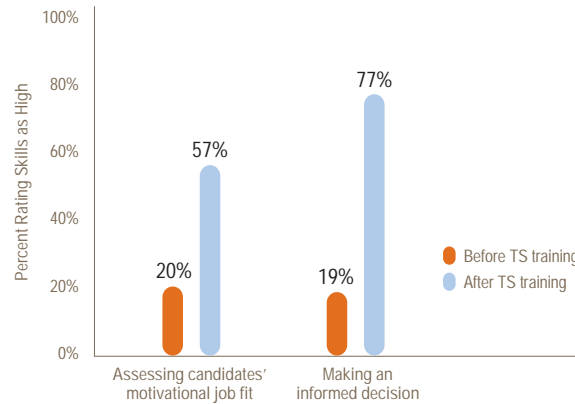
Evaluating Information

The TS system teaches interviewers not only how to gather appropriate information about candidates, but also how to evaluate that information to reach a sound hiring decision. Managers in several organizations testified that they felt able to evaluate the information they gathered during their TS interviews.

Consumer Health Care Products Organization

Interviewers saw significant improvements in their ability to evaluate and integrate information about candidates using the TS system. The percentage of interviewers rating themselves high on assessing candidates' motivational job fit nearly tripled; the percentage rating themselves high on making an informed decision quadrupled.

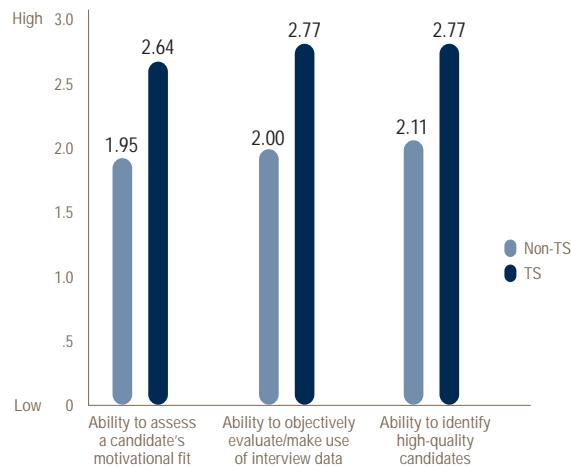
Improvement in Ability to Make Selection Decisions



Banking and Financial Services Company

Interviewers in this company demonstrated considerably more satisfaction with their ability to evaluate interview information and come to a sound hiring decision using TS compared to alternative interviewing systems.

Interviewers' Satisfaction with Ability to Evaluate Information



“Targeted Selection has exceeded our expectations. We’re making better and more detailed decisions on the front end, and that significantly contributes to selecting people who meet our cultural and behavioral expectations.”

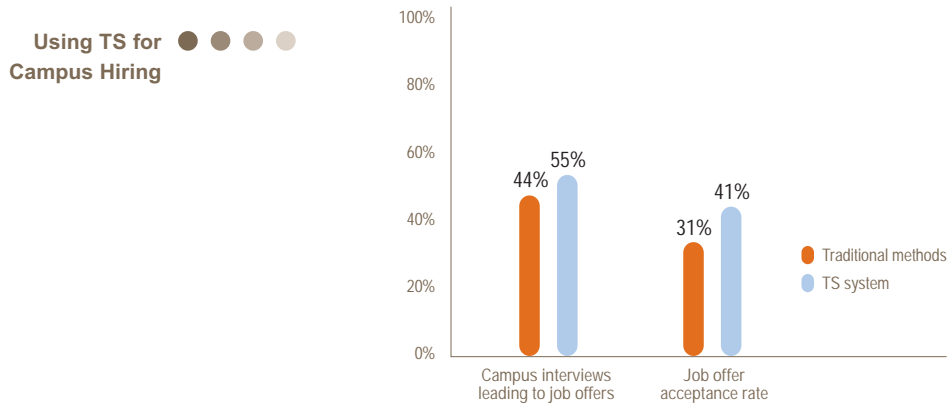
—Vice president, Operations, health care

HIGHER ACCEPTANCE RATE

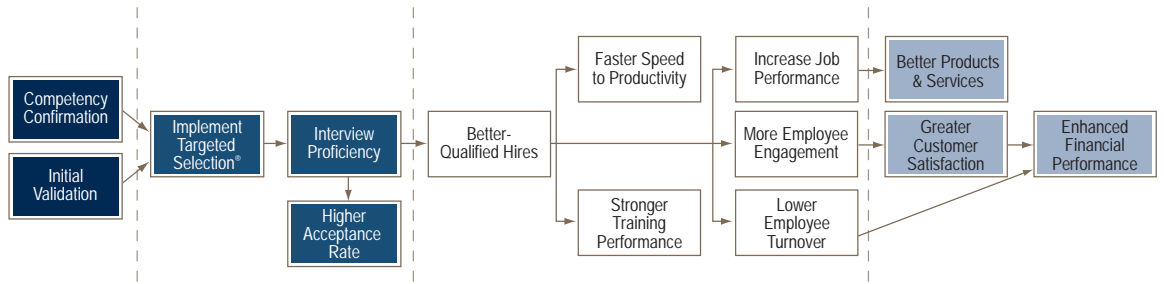
Better interviewing proficiency should result in job offers being made to candidates who are the best fit to the job and organization. Both hiring managers and candidates should recognize that there is a good fit, which should result in a higher acceptance rate. The interview process is considerably more efficient when acceptance rates are higher.

High-Tech Engineering Organization

Using the organization's college recruiting files, researchers compared candidates hired using the TS system and those hired by traditional methods. Targeted Selection helped the organization improve the success rate of its selection/recruiting system by enhancing both the number of job offers and the acceptance rate for those offers.



TARGETED SELECTION OUTCOMES

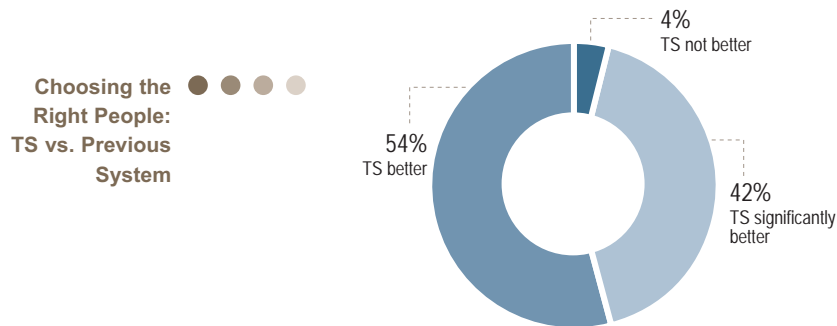


The next phase of evaluating an interviewing system is to determine whether it affected the organization’s people and work groups—that is, was there an improvement in individual and team or unit capabilities, motivation, and job performance?

BETTER-QUALIFIED HIRES

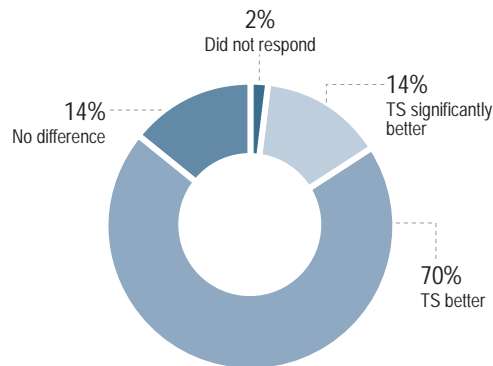
A primary objective in hiring with TS is to bring more capable employees into the organization. Managers were much more satisfied with the people they selected using TS than with those hired using other systems.

Insurance Company



Telecommunications Organization

Meeting Job Requirements: TS vs. Non-TS Hires



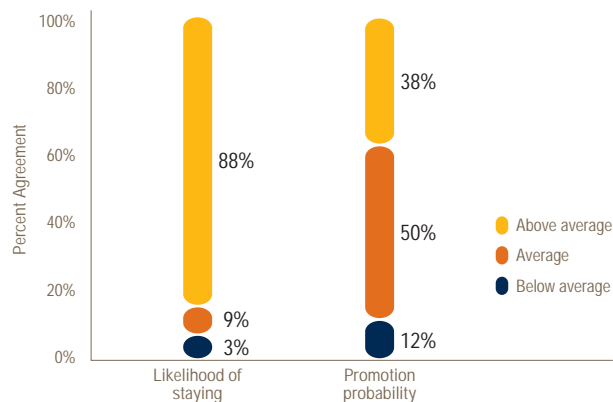
“Targeted Selection provides us with tools to identify high-quality candidates and to weed out those [who] may, under other selection tools, interview well [but], in reality, may not have the skills and competencies for the position.”

—Observer comment, banking and financial services company

Cable Communications Organization

TS-trained managers were asked to provide evaluation data about one individual who had been hired using the TS approach and then compare that person to employees hired using another approach. Most TS hires (88 percent) were considered above average in retention likelihood and average or above average in promotability.

Quality of TS Hires Compared to Other Employees

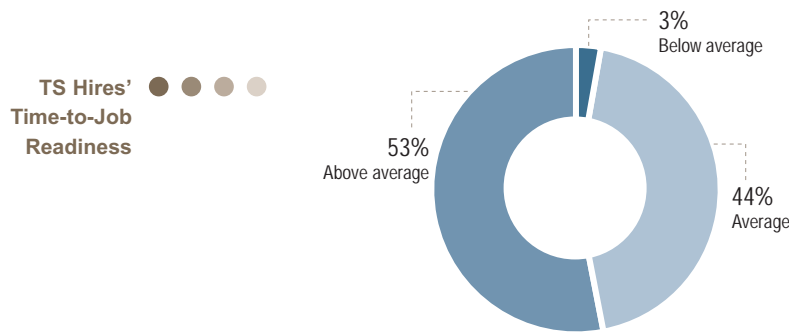


FASTER SPEED TO PRODUCTIVITY

The hiring of capable employees is likely to become evident in the on-boarding process. If the new hires' experience and/or skill levels are a better fit to the position, it should take them less time to learn the new job's processes and requirements and become fully productive. As one example, TS hires in an Australian financial services company were 21 percent faster than other new hires in time required to learn their jobs.

Cable Communications Organization

TS interviewers were asked to rate TS hires compared to non-TS hires in terms of how long it took them to become fully productive. The result: More than half of TS hires were rated above average in terms of time-to-job readiness.

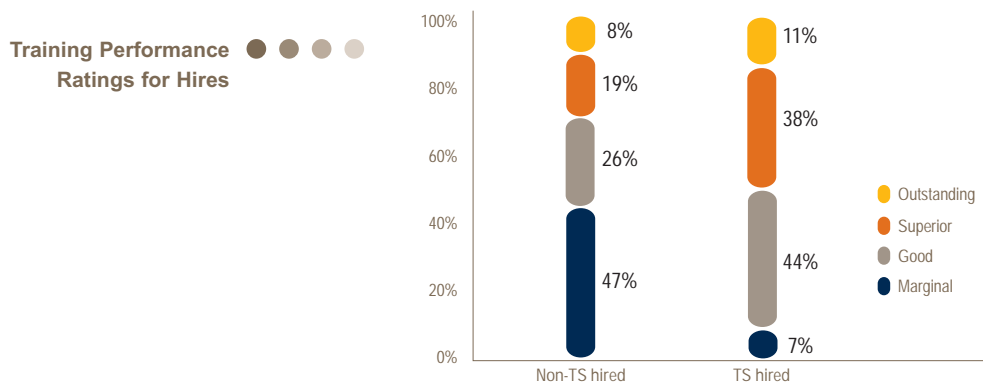


STRONGER TRAINING PERFORMANCE

Another way that better-qualified hires demonstrate their potential early is by performing better in training.

Petroleum and Chemical Manufacturing Organization

This organization tracked the performance of two groups of new hires during an intensive, nine-month technical training program. Half of the employees were selected by TS; the others were selected using a variety of non-standardized methods. Employees selected through TS were much more likely to be rated good, superior, or outstanding during their technical training. Those hired using other selection methods were much more likely to be rated as marginal performers in training.

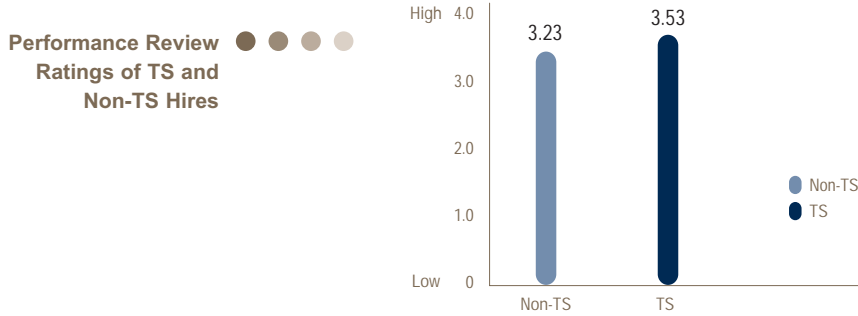


INCREASED JOB PERFORMANCE

A key goal of any selection system is to hire high-performing employees. Following are examples of how people hired with TS had better performance after sufficient time on the job.

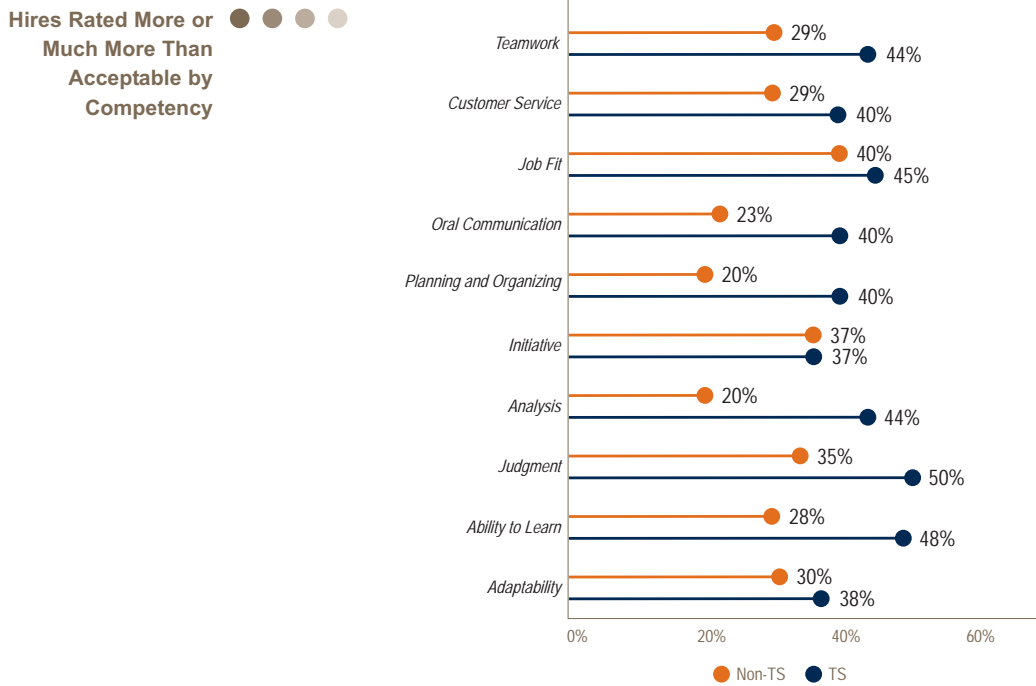
Consumer Products Organization

This organization compared TS and non-TS hires using employees' performance review data. The TS hires received significantly higher performance ratings.



Health Care Organization

Employees chosen by TS-trained managers showed significantly higher ratings of on-the-job performance by competency than employees selected by managers who were not trained in TS. In many cases, using TS increased the number of high performers by about 68 percent. Targeted Selection was especially effective in differentiating employees who performed better on business tasks like planning and organizing and analysis and who demonstrated the ability to learn.



MORE EMPLOYEE ENGAGEMENT

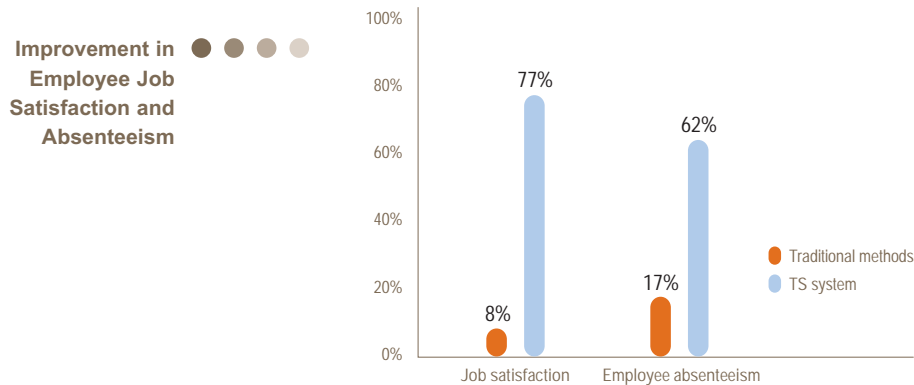
Employee engagement is often a measure of a variety of positive work attitudes, including satisfaction and motivation. It also is associated with higher job performance. Several organizations provided evidence that TS has a positive effect on work attitudes:

- > **Health care organization A:** After TS became the standard for hiring, 72 percent of the workforce said they would like to retire at the health care facility where they currently work, a statistic revealing an unprecedented level of employee satisfaction.
- > **Health care organization B:** After using TS, employee engagement survey scores ranked in the top 1 percent of health care organizations nationwide.
- > **Pharmaceutical company:** New TS hires were more motivated by the company's values and culture than previous hires.



Study of 14 Organizations

Senior-level managers in 14 international organizations in a variety of industries rated a TS system as having over nine times more positive impact on employee job satisfaction than other systems. They also reported a significant positive impact on employee absenteeism rates for those hired using TS.



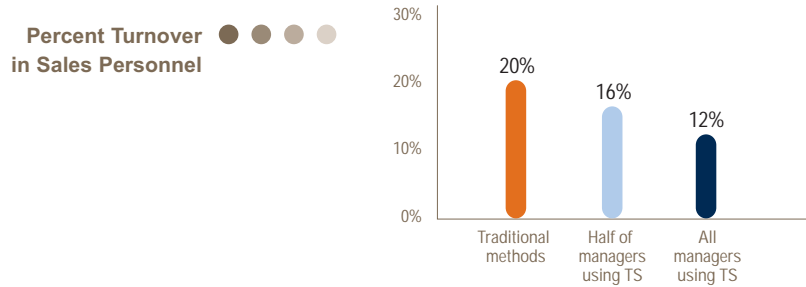
LOWER TURNOVER

Employees who are a good fit to their organization and engaged in their work are less likely to leave the organization.



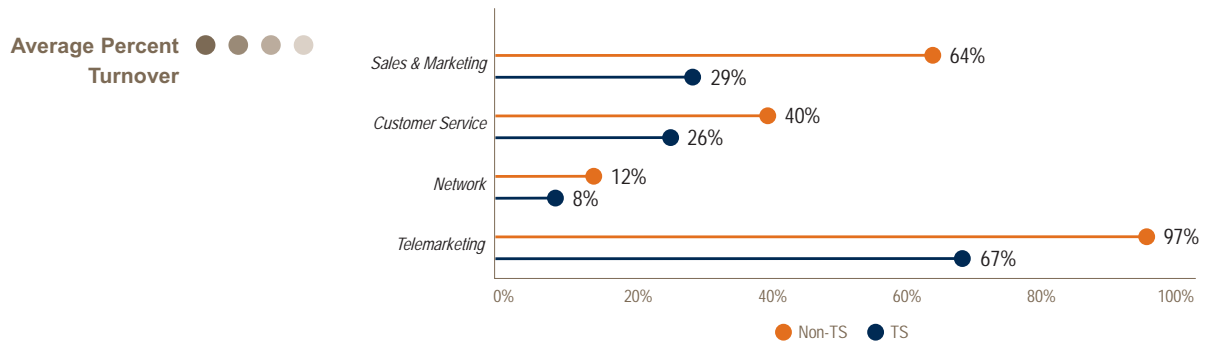
Computer Time-Sharing Organization

The turnover of sales representatives dropped consistently as the use of TS increased among hiring managers. The overall turnover reduction was 40 percent.



Telecommunications Company

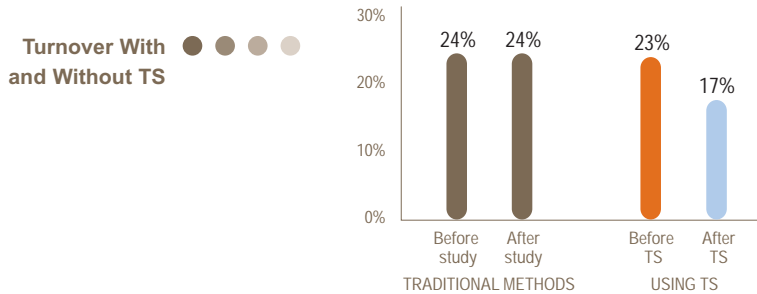
Instituting TS in different departments of a large telecommunications company led to a 31 percent to 55 percent reduction in turnover rates. The largest turnover reductions were in departments with the highest initial turnover (sales and telemarketing).





Hotel Chain

During a six-month period, hotels using TS realized a 26 percent reduction in the turnover rate. A comparable control group of hotels experienced no change in turnover during the same time period.



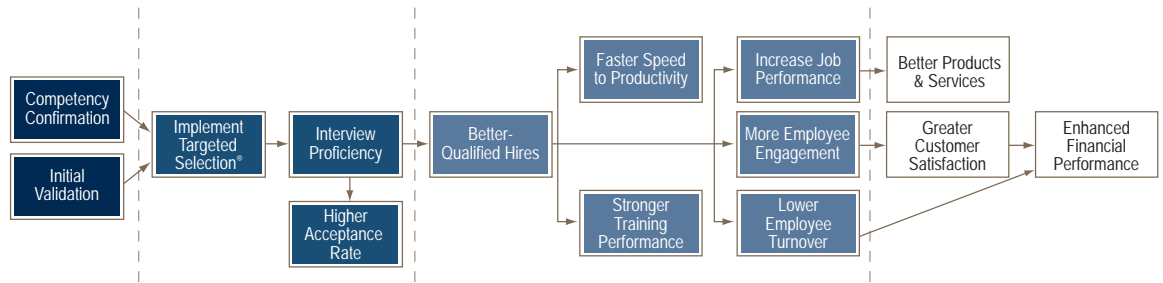
The following table summarizes how implementing TS has reduced turnover rates in many organizations.

LOWER TURNOVER AFTER IMPLEMENTING TS

TYPE OF ORGANIZATION	TYPE OF HIRES	TIME PERIOD	% REDUCTION IN TURNOVER
Retail	Management Trainees		45%
	Management Trainees—Minorities		56%
	Management Trainees—Females		30%
Pharmaceuticals	Sales Representatives	Within 2 years	45%
	Sales Representatives—Minorities	Within 2 years	49%
	Sales Representatives—Females	Within 2 years	63%
Computer Time-Sharing	Sales Personnel		40%
Computer Manufacturer	Nonexempt Employees		50%
Telecommunications	Sales & Marketing		55%
	Customer Service		35%
	Network		33%
	Telemarketing		31%
Insurance	Clerical Personnel	1 year	25%
Food Marketer/Distributor	Marketing Employees	1 year	30%
Food Service	Management Trainees		31%
Hotel Chain	Various	6 months	26%
14 Organizations	Multiple	2.2 years*	44%*

* On average

ORGANIZATIONAL IMPACT



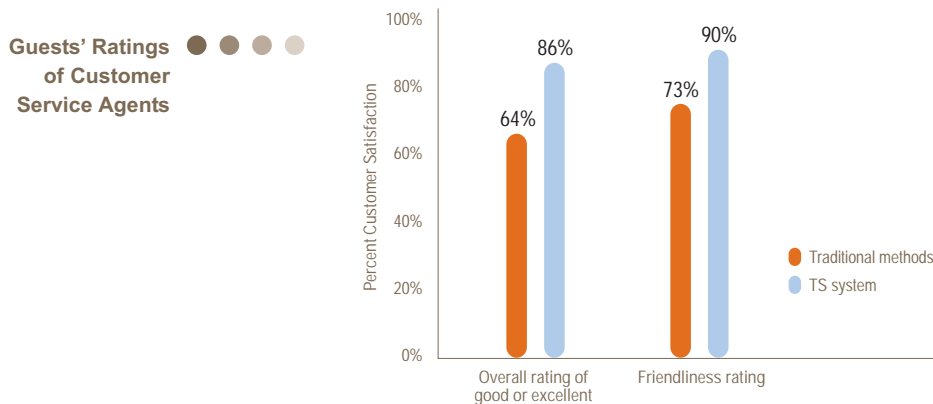
More productive and motivated employees drive business results by influencing customers as well as the company’s products and services.

GREATER CUSTOMER SATISFACTION

Employees who perform better in the workplace and are more engaged in their work often have an impact on the organization’s customers, particularly if they deal directly with the customers. In one case, patient satisfaction scores increased from the 80th percentile to the 90th percentile—the highest possible—after a hospital began interviewing with TS.

Hotel Chain

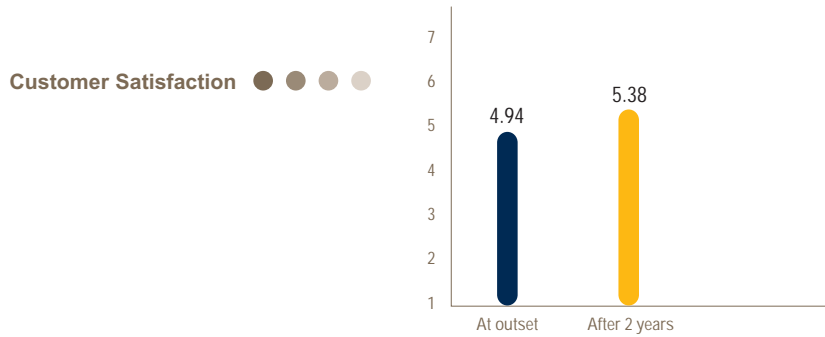
The percentage of customer service agents rated by guests as excellent or good increased by 34 percent during a 12-month period after TS was implemented. Guests’ ratings of agents’ friendliness increased by 23 percent during the same period.





Information Solutions Organization

Customer satisfaction scores increased by 9 percent two years after TS was introduced.



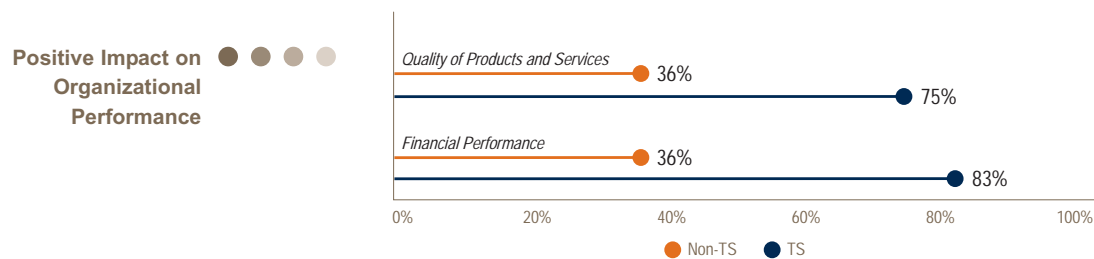
BUSINESS OUTCOMES AND FINANCIAL PERFORMANCE

Improved employee job performance often leads to an improvement in overall business outcomes, such as better products and services. These, in turn, enhance customer satisfaction, which ultimately results in better financial performance of the firm. Lowering voluntary turnover among valued employees can also affect an organization’s financial performance by reducing the costs associated with replacement, downtime, and lost opportunities.



Study of 14 Organizations

Senior-level managers from 14 diverse organizations were asked whether their hiring systems had a positive impact on the quality of the organization’s products and services as well as its financial performance. On both criteria, organizations indicated over two times more positive impact for TS compared to non-TS systems.



CONCLUSION

This report has demonstrated that Targeted Selection is a valuable tool for hiring the best employees. Research presented here supports important steps that take an organization along a logical path from planning and implementing TS to ultimate financial impact. The Targeted Selection system can point your organization in the right direction and help you reach your most important finish line.

“I think a great deal of our success can be attributed to Targeted Selection.”

—Recruiter (transportation company)

ABOUT THE AUTHOR



Ann Howard, Ph.D., DDI's Chief Scientist, leads the Center for Applied Behavioral Research (CABER). Ann directs research that measures the effectiveness and impact of talent management practices and analyzes global trends in selection, leadership development, and other workforce issues. With special expertise in assessment centers and managerial careers, Ann is an internationally recognized author, speaker, and researcher. She has held leadership roles in a variety of professional organizations and is a past president of the Society for Industrial and Organizational Psychology.

ABOUT CABER

DDI's Center for Applied Behavioral Research conducts, coordinates, and champions research on leadership and human talent in the workplace. CABER helps fulfill DDI's philosophy that talent management practices should be evidence-based. CABER advocates a comprehensive measurement approach to evaluate the effectiveness of talent management solutions. We help organizations optimize use of their own metrics and can supplement your measures with tools of our own.

If you would like CABER to take a closer look at the impact of your Targeted Selection or other DDI solutions, please contact your DDI representative or e-mail us at CABER@ddiworld.com.

ABOUT DDI

In today's complex marketplace, having the right talent strategy is crucial for an organization's success. Development Dimensions International will help you systematically and creatively close the gap between the talent you have and the talent you need to drive business strategies.

We excel in:

- > **Competency models** that are linked directly to your business.
- > **Screening and assessment**, enabling you to hire the right people with a full range of validated tests and assessments.
- > **Behavior-based interviewing**, helping hiring managers and recruiters make accurate hiring decisions.
- > **Performance management** to foster individual accountability and superior execution of your strategic priorities.
- > **Succession management** expertise and assessment systems to help you make critical placement and promotion decisions.
- > **Accelerated development** to give you people who are more productive faster by offering the widest range of topics for workforce to senior leadership levels.

DDI is all about giving you the kind of business impact you want over the long term—what we call “realization.” The work we do together is tied to your organization's strategies and becomes part of your business and your culture. If your business is multinational, DDI has precisely the kind of global resources needed to implement your talent initiatives effectively and consistently worldwide. For a closer look, visit www.ddiworld.com.