



The Value of Values

USING VALUES ASSESSMENT TO CREATE A MORE ENGAGED, MORE PRODUCTIVE WORKFORCE



THE SCIENCE OF PERSONALITY

You can hire the best, most qualified candidate in the world, but if he or she isn't a good fit for the job or the company, you're looking at a flight risk.

Faced with a slower-than-expected recovery following the recent recession, researchers are working to identify the cause of the economy's anemic rate of expansion. Recent findings from the Economic Policy Institute suggest one such cause may be a white collar job shortage. Underemployment among workers with a bachelor's degree or higher grew from 3.9% in December 2007 to 8.4% in March 2011, an increase larger than any other segment of the economy.¹ In fact, for every one available job, there are four well-qualified unemployed or underemployed candidates.²

Although this glut of available, affordable talent seems like an employer's dream, Hogan International Consultant Dr. Kevin Meyer said it presents businesses with a unique hiring challenge.

"As recently as 2006, we were talking about the looming talent shortage; companies were lucky to find even one candidate with the technical skills and disposition required for an open position," Meyer said. "Now, they'll have four or five candidates with stellar resumes, experience, and references."

Although the easy answer is to hire the most experienced, accomplished candidate, doing so can be a recipe for high turnover.

"Candidates need to meet three basic criteria in order to be a successful hire," Meyer said.

MVPI SCALES AND CORPORATE CULTURE

Aesthetic – characterized by a self-conscious attention to style, appearance, quality, and good taste

Affiliation – practices and procedures designed to maximize social contact

Altruistic – cares about the welfare and well being of the staff

Commerce – emphasizes profitability and cost containment

Hedonism – characterized by an ethos of work hard and play hard

Power – aggressive, competitive, and results oriented

Recognition – publicly rewards accomplishment, productivity, and apparent success

Science – characterized by an emphasis on the rigor and defensibility of plans, goals, decisions, and public statements

Security – concerned about errors, mistakes, leaks, and processes to guard against negative circumstances

Tradition – typified by dress codes, rules, grooming standards, clear hierarchy, and reporting relationships

First, he or she needs to possess the technical skills and disposition to do the job well. Next, he or she must have the self-awareness and self-control to avoid derailing his or her career. Finally, he or she has to be a good fit for the job and the company.

Although the easy answer is to hire the most experienced, accomplished candidate, doing so can be a recipe for high turnover.

“You can hire the best, most qualified candidate in the world, but if he or she isn’t a good fit for the job or the company, you’re looking at an employee who is going to be unhappy, unengaged, an underperformer, and, eventually, a flight risk,” Meyer said.

THE VALUES CANDIDATE

Fit, as it is used here, is a function of values, the core motives, interests, and beliefs that determine what we desire and strive to attain. In terms of Hogan’s approach to personality measurement, values (measured by the Motives, Values, Preferences Inventory) determine what we work for, everyday personality (measured by the Hogan Personality Inventory) determines how we work, and derailment personality (measured by the Hogan Development Survey) are those characteristics that could get in our way.

Fit is the extent to which two sets of values align. There are at least four levels of fit: person-job fit, person-supervisor fit, person-group fit, and person-organization fit.

Person-job fit concerns whether a candidate possesses values core to a particular job. Meyer said person-job fit is the strongest values-based fit predictor of job satisfaction, intent to quit, and job performance.

“It is common for a person to possess the technical skills to do something well, but his

or her values don’t align with those core to the job,” he said. “It’s a matter of whether a job supplies something I need to feel satisfied. If I value Commerce, for instance, a job as a financial analyst will probably fulfill my needs; a job as a graphic designer may not.”

Person-supervisor and person-group fit are similar in that they depend on aligning values between individuals.

“People working in jobs with highly dissimilar peers have trouble fitting in,” Meyer said. “They don’t mesh well with their coworkers, and that can make going to work a miserable experience.”

Finally, person-organization fit measures the degree to which a person’s values align with those valued of the company. Person-organization fit is a powerful predictor of engagement, job satisfaction, and organizational commitment.

Fit is a function of the values that determine what we desire and strive to attain.

“Employees with bad person-organization fit have a hard time engaging in their work, meshing with teams, and getting behind corporate initiatives,” Meyer said.

“Look at the two big competing personal computer manufacturers in the U.S.,” he said. “One of those companies’ cultures values individuality, bold moves, and breaking free from process. The other has more regard for a traditional office environment and corporate structure. If you took a product developer from the first company and put him or her in the same job at the other company, he or she isn’t likely to last.”

VALUES AT WORK

A large steel manufacturer based in Brazil used a company-wide training program to teach large volumes of new employees the technical skills required to work there. Although the training program was successful, the company experienced high turnover among its trainees.

Using five scales, Hogan established scoring ranges to designate new trainees as having low, moderate, or high levels of fit.

Hogan consultants and researchers combined MVPI assessment results with managerial performance ratings for a group of incumbent employees to identify five core values necessary for good employee fit the company – Power, Science, Affiliation, Commerce, and Tradition. Using these five scales, Hogan researchers established scoring ranges to designate new trainees as having low, moderate, or high levels of fit between the trainee's core values and the organization's culture. The company implemented the MVPI profile in its hiring practices, and the results were outstanding.

“Trainees who passed the profile with at least a moderate level of fit were eight times more likely to be rated by their supervisors as highly engaged at work as those who did not pass the profile.” said Dr. Blaine Gaddis, Hogan's International Research Manager. “They were also more than twice as likely to be rated as showing a positive job attitude, and 1.5 times more likely to be considered high performers by supervisors.”

CASE STUDY - REDUCED TURNOVER BY 30%

When a multi-national financial services provider experienced an increase in customer complaints, sinking moral, and turnover rates among its sales staff approaching 50%, it wanted to get to the heart of the problem. Hogan's consultants found the problem was that even though all of the job candidates the firm hired were well-qualified, many exhibited poor person-job fit.

Using the MVPI, Hogan's consultants revealed that the sales positions depended on social interaction (high Affiliation), helping others (high Altruism), and accomplishment (high Power). By screening candidates for high scores on those three scales, the company was able to significantly increase its success rate.

Prior to implementation, the organization reported a turnover rate of 48%. After using the MVPI for one year, analyses showed a significant reduction in sales representative turnover to 18%.

Not only did the reduction in turnover increase morale and improve customer service, it contributed to the bottom line. The client organization indicated it spent at least \$15,000 to select and onboard each of the approximately 1,000 employees it hired every year. The reduction in turnover allowed the company to retain more than 300 sales representatives compared to the year prior, saving the organization over \$4.5 million in costs associated with replacing these employees.

Additionally, trainees with a high level of fit with the company were twice as likely to be rated as highly engaged as trainees with only a moderate level of fit. High-fit trainees were nearly twice as likely to be rated as showing a positive work attitude, and over three and a half times as likely to be considered high performers as moderate fit trainees.

Only 36% percent of HR executives in a recent survey said their companies recruit for cultural fit, but 70% attribute a poor recruiting decision to poor fit.

“This company was able to greatly increase the likelihood of trainee success by ensuring that those entering the training program were predisposed to buy in to the way the company did business,” Gaddis said.

UNDERVALUED VALUES

Despite its proven impact on engagement, attitude, job satisfaction, and turnover, only 36% of HR executives in a recent survey said their companies recruit for cultural fit. Yet, 70% attribute a poor recruiting decision to poor fit.³

Meyer said screening for fit is a crucial part of any hiring process, and that until more companies adopted the practice, they would likely keep running in to the same problems with employees.

“It comes down to this: people are social creatures, so if they’re going to spend what amounts to half of their waking hours

somewhere, they want it to be somewhere they feel like they fit in, somewhere they find rewarding and personally fulfilling,” Meyer said. “If you’re recruiting a lot of top-tier talent, and none of them are sticking around, you should look to the values of the people you are recruiting.”

ABOUT HOGAN

The international authority in personality assessment and consulting, Hogan has more than three decades of experience dramatically reducing turnover and increasing productivity by helping businesses hire the right people, develop key talent, and evaluate leadership potential.

Grounded in a more than a century of science and backed by the largest and most complete research archive in the industry, the Hogan assessments predict job performance by assessing normal personality, derailment characteristics, core values, and cognitive reasoning ability.

Hogan’s portfolio of employee selection, development, and leadership tools allow companies to better manage their most valuable assets – their people.

¹ Bivens, Josh, and Andrew Green. “Lack of jobs, not lack of skills, explains underemployment rate.” Economic Policy Institute. June 15, 2011. <www.epi.org>

² Shierholz, Heidi. “No jobs for more than three out of four unemployed workers.” Economic Policy Institute. April 13, 2011. <www.epi.org>

³ Watt, Bruce, Mark Busine, and Emma Wienker. “Recruiting for Culture Fit.” DDI Australia. 2005.