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BUSINESS | MANAGEMENT

Today's Personality Tests Raise the Bar for Job Seekers

More companies use assessments to hire, with fewer willing to take a chance on anyone who doesn't measure up

By **LAUREN WEBER**

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The Delaware North Cos., a hospitality company whose customer-service representatives help people plan vacations at national parks, sometimes struggles these days to keep 80 or so seats filled at its call center in Fresno, Calif.—a city tied for the 9th-highest unemployment rate in the U.S.

The company has no shortage of job applicants. But finding the right candidates has gotten tougher since the company started using a customized assessment last year to see how applicants stack up against top call-center workers in such traits as friendliness, curiosity and the ability to multitask.

Managers said the new test, administered online, has reduced turnover and allowed Delaware North to more accurately select applicants who best fit the job. "Now we understand better what makes a great reservation sales applicant," said Andy Grinsfelder, vice president of sales and marketing for the Buffalo, N.Y.-based company's parks and resorts division.

Pre-hire assessments have been used for years, but never have such tests been deployed so widely at companies across the U.S. The automation of the job application process, combined with powerful data tools and inexpensive online software, have led to falling costs, more accurate results and a surge in use.

Eight of the top 10 U.S. private employers now administer pre-hire tests in their job applications for some positions.

These tests have, in effect, raised the bar for U.S. job seekers: With more companies holding an alleged formula for workplace success, fewer are willing to take a chance on anyone who doesn't measure up.

In 2001, 26% of large U.S. employers used pre-hire assessments. By 2013, the number had climbed to 57%, reflecting a sea change in hiring practices that some economists suspect is making it tougher for people, especially young adults and the long-term unemployed, to get on the payroll.

Employers are taking longer than ever to fill jobs, with the stepped-up search for excellence joining other factors that slow hiring, such as the reluctance to raise wages, and mismatches in skill or education between applicants and jobs.

Companies aren't settling for people with minimum skills; they want applicants who stand out in ability and workplace temperament, a new recruiting standard they say yields longer tenure and higher productivity.

Steven Davis, a University of Chicago economist who has studied the gap between job openings and hires, found the annual sum of hires and separations—called labor-market churn—has declined by more than 25% since 2000, suggesting, he said, that as employers intensify their front-end screening, among other factors, "a larger fraction of the people they hire are working out."

The latest generation of pre-hire assessments augments other hiring hurdles whose use has also grown over the past decade, including criminal-record and credit checks. "The incentives to screen before hiring have increased over time, while the costs have declined," Mr. Davis said. "Both those things are encouraging employers to move away from what was essentially a trial employment situation to just screening people out in advance."

One result, he said, is that fewer applicants clear the bar set by employers.

Companies want to pluck only pearls from an ocean of applicants, even if it takes a bit longer. Employers in February took 26.8 days, on average, to hire for open jobs, an all-time high, Mr. Davis's research found. Even during the peak of the prior expansion, jobs were vacant 23 days at most, on average.

Employers are figuring out how their top employees do their jobs and are using that information to screen new hires, said Jay Dorio, who develops assessment tools for the

Smarter Workforce initiative at International Business Machines Corp. "That's where the future is," he said, "and we're doing it today."

A sign hangs in a cubicle at the Fresno, Calif., office of Delaware North Cos. *PHOTO: TIM HUSSIN FOR THE WALL STREET JOURNAL*

Personality tests were developed for the workplace in the 1940s and 1950s by research teams at industrial companies like AT&T Inc. They were first used largely to screen candidates for management jobs. Employers wanted to know, for instance, if a potential executive was an extrovert, prone to anxiety or an office backstabber. They fell out of favor in the 1960s, after researchers questioned their reliability, only to resurface in the 1990s, when industrial psychologists determined they had value as a hiring tool.

This was followed by a shift to online job applications in the early 2000s that allowed employers to streamline the recruiting process—historically labor-intensive. Taking stock of "candidates' data now takes minutes or seconds instead of months," said Brian Stern, president of Shaker Consulting Group, an assessment vendor.

Falling costs

Cheap, effective software-based assessments have allowed even small companies to analyze their workforces to pinpoint the kind of employees who perform well and stick around. "The notion of using data in hiring," Mr. Stern said, "that's moving to all size businesses."

Tests in the past gauged only a few broad personality traits. But statistical modeling and better computing power now give employers a choice of customized assessments that, in a single test, can appraise everything from technical and communication skills to personality and whether a candidate is a good match with a workplace's culture—even

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compatibility with a particular work team.

Furstperson, the company that developed Delaware North's test, can score personality and work styles by asking applicants if they agree or disagree with a long list of such statements as "I dislike yelling, but sometimes a little yelling is necessary," and "I have never understood why some people find abstract art appealing." They are designed so applicants can't figure out the best answers to get hired.

Companies in the billion-dollar pre-hire testing industry say more precisely matching applicants with jobs leads to longer, happier careers because employees are less likely to quit or be fired.

The assessment algorithms also can be easily refined and updated. Furstperson recently analyzed 20 companies—a call center and 19 of its subcontractors—that use its test. In 2012, before the assessment test was adopted, 90-day attrition—the proportion of employees who quit or were fired after three months—was 41%. After the tests and subsequent revisions, 90-day attrition fell to 34% in 2013; 28% in early 2014; and 12% late last year, said Jeff Furst, founder of Furstperson.

The tests, of course, are fallible. "Predicting what humans will do is really frigging hard," said Charles Handler, the president of Rocket-Hire, a consulting firm that advises companies on using the assessments. "Tests are a predictor and better than a coin toss, but you have to be realistic about them. There will be false positives, people who get through that shouldn't, and false negatives, someone who should've gotten through that didn't."

U.S. workers looking for jobs say they aren't happy about the new hurdles.

Chuck McCrory, a former academic adviser at the Art Institute of Philadelphia who was laid off in 2012 after 11 years, said he felt like he was up against "an invisible wall" during his lengthy job search.

"Most of the tests are what I believe to be common-sense tests," Mr. McCrory said,

questions asking, for instance, what to do when a customer calls with a complicated request for help five minutes before the end of a shift. The problem with the assessments, he said, is "you don't get results back, so you have no idea what you did wrong or how to improve."
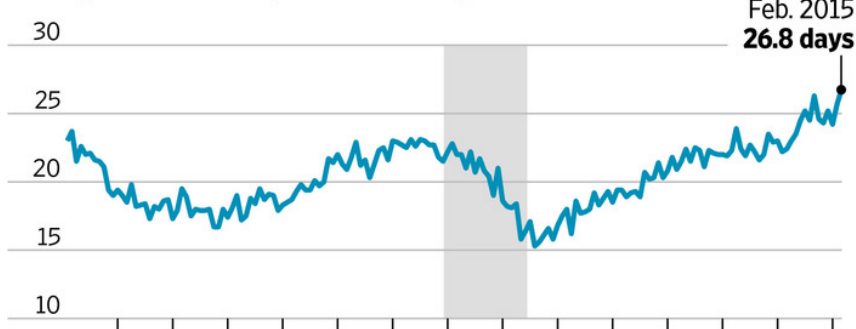
Holding Out for Diamonds in the Rough

As the number of people competing for jobs shrinks....
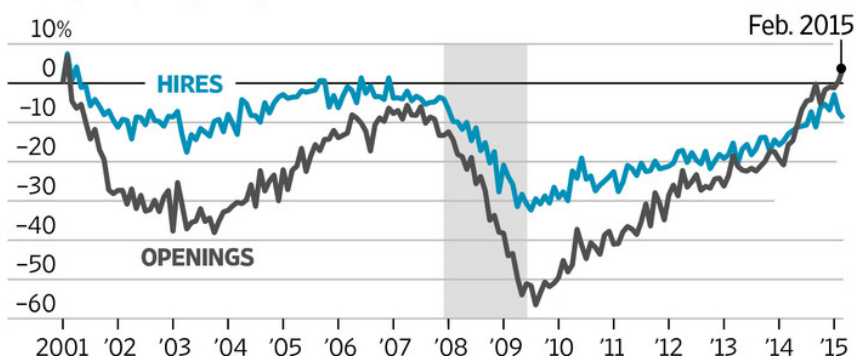
Unemployed persons per job opening

Feb. 2015
1.7

RECESSION

...employers are taking their time filling positions....

Average number of days to fill vacant jobs

Feb. 2015
26.8 days

...with openings over the past year increasing at a faster rate than hiring.

Change in job openings and hires since December 2000

Feb. 2015

HIRES

OPENINGS

2001 '02 '03 '04 '05 '06 '07 '08 '09 '10 '11 '12 '13 '14 '15

Note: All monthly data are seasonally adjusted.
Sources: Bureau of Labor Statistics; Steven Davis/Dice Holdings (vacancy duration)
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In February, Mr. McCrory, age 51, started a job at Drexel University helping students navigate through registration, financial aid and other college paperwork. The school ran a background check and called his references, but it didn't require a pre-hire assessment.

Mr. McCrory said he wished he could have spoken directly to other prospective employers during his job search. But he could never get past their tests.

"Why don't you bring me in and see the passion for what I do, see that I'm a really kind individual that will bend over backward for your company?" he said.

Employers' selectivity grew in the recession and has largely continued. Companies with a glut of applicants have their choice of the best talent at the right price. College degrees, for example, are asked for jobs that never before required one —so-called credential creep. Labor-market analysis firm Burning Glass Technologies found that 60% of ads for computer help-desk jobs in 2013 required a bachelor's degree,

even though only 39% of the workers in similar jobs had the credential, according to census surveys around that time.

"We look at the way applicants answer questions to see who would thrive in our environment, not just survive," said Charlotte Harris, global HR director at Regus PLC, which rents out temporary office space around the world.

In 2013, the company started giving applicants for customer-service jobs a 15-question test designed by IBM. Ms. Harris said Regus, which employs more than 11,000 people, wants new hires with "the right DNA and mind-set to be successful here." The IBM test screens out half of applicants.

"We're looking at the top 50th percentile of people applying to us," Ms. Harris said, "and we're constantly raising that bar."

Employers can measure and analyze what differentiates their best performers in a variety of occupations—from fast-food workers and retail store managers to insurance agents and nurses—and use the data to create a profile of ideal workers. The tests show how applicants compare.

"We use our existing employees that we know are really good at the job and then try to find people who [test] just like them," said John Marick, co-founder of Consumer Cellular, a cellphone-service company with call centers in Oregon and Arizona.

Some tests capture not just answers, but the amount of time applicants spend on questions, or whether they scroll back to reread test instructions.

Results fed to hiring managers can be as simple as a green, yellow or red light indicating the scoring algorithm's recommendations—or run into pages of detail about a candidate's performance.

Researchers at the University of Toronto, Yale University and Harvard University in one of the first academic studies of pre-hire testing found, in unpublished research, that managers who ignored test results picked workers who were more likely to quit or be fired. In other words, the algorithm was better at hiring.

Willing to wait

Even with the tightening job market, employers haven't shown any inclination to lower standards. If Delaware North can't find enough top candidates, Mr. Grinsfelder said, it will broaden the pool by posting on more job boards or allow some new hires to work

from home.

Likewise, at Consumer Cellular, "If we're struggling to fill the seats," Mr. Marick said, "we double down on efforts to get people through the door rather than lower our standards."

Mr. Marick said his turnover rate has fallen to 8%, about half the industry average. Fewer people, he said, now come in with the attitude of, "'I really need a job but I don't like people.' If we took that person on, they'd probably decide in a few months, 'I don't like it here,' and move on."

Tougher screening has also improved retention at Delaware North's Fresno office. The company used to hire 15 people for every 12 jobs, knowing about three workers would drop out during training. Now it hires 14.

Patrick Corbett, 46 years old, discovered the tests after he was laid off a few years ago from his job as a mortgage processor for Citibank. Though he now works in technical support for a large company, Mr. Corbett sometimes applies for jobs, he said, and assessment tests are required for nearly every one.

"Companies just keep adding more and more of these hoops," he said.

Last fall, Mr. Corbett spent about an hour filling out the multi-page test for a mortgage processing job on the website of ClearFit, a job-matching service. Soon after, ClearFit emailed Mr. Corbett to ask that he retake the test.

"Our system can detect when people are overthinking, or rushing their responses: this may have happened to you," the email said. "This can skew your results."

Mr. Corbett said he didn't bother. "When I go to apply for a job and they state 'You must take the personality test,' I just don't apply," he said. "I don't feel like wasting another hour of my life for a job I won't get."

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