



A BETTER APPROACH TO LEADERSHIP ASSESSMENT AND HIRING

In the post COVID-19 context, employee turnover is increasing in all sectors, especially healthcare. High turnover is a serious problem. It costs organizations thousands of dollars, removes institutional memory, and damages company culture.

Unfortunately, ineffective hiring methods are contributing to the turnover problem. The current hiring process suffers from a variety of challenges. AI tools have the potential to introduce bias. So do problematic or invalid employee assessments, many of which include irrelevant or biased questions. Developing a fair process that produces real, measurable results is no easy feat.

These factors hold especially true for leadership hiring. Strong leaders are the backbone of a healthy organization. Failing to choose the right ones can harm business performance, and lead to even greater turnover among teams.

Fortunately, there is a solution. With a comprehensive leadership assessment and hiring program, you can select the best leaders, retain them, support them, and train them to get the most from their direct reports.

In this guide, you'll learn:

- How the “Great Resignation” is affecting employers
- Why current hiring methods don't work
- Why a data-driven approach is especially crucial when hiring leaders
- How to reduce bias in your leadership hiring process
- How to select effective hiring assessments
- Why onboarding coaching is key to retaining new hires





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THE “GREAT RESIGNATION”: A DRAMATIC TREND WITH A LASTING IMPACT

In 2021, record numbers of people began to quit their jobs in the US. This phenomenon was labeled the “Great Resignation” by management professor Anthony Klotz of Texas A&M University.¹ The term stuck, and the Great Resignation has continued raging on into 2022, with some now referring to it as the “Forever Resignation”.²

A number of factors contributed to the Great Resignation trend. Research published in the MIT Sloan Management Review revealed that currently, the top five predictors of employee resignations are poor company culture, job insecurity, working in a high-innovation and high-pressure environment, a failure to recognize employee performance, and poor management of the COVID-19 pandemic.³

The Great Resignation hit the healthcare industry especially hard, as this industry was heavily impacted by the COVID-19 crisis. There has been an increase in turnover across critical roles, particularly bedside registered nurses (RNs) and first-year employees, as shown in Figure 1.

FIGURE 1. CHANGES IN HEALTHCARE TURNOVER DUE TO THE COVID-19 PANDEMIC⁴

| TURNOVER CATEGORY | 2019 TURNOVER (PRE-COVID) | 2020-2021 TURNOVER |
|------------------------|---------------------------|--------------------|
| Overall | 13.7% | 22.6% |
| Bedside RNs | 11.3% | 29.7% |
| First-Year | 25.2% | 39.6% |
| First-Year Bedside RNs | 17.9% | 52.3% |

High turnover has negative downstream effects on every facet of healthcare, including patient experience, safety, employee burnout, and performance. Considering that losing one bedside RN carries an average cost of \$46,100⁵, the increase in turnover has also had catastrophic financial effects on healthcare providers.

Reducing turnover is now an urgent priority in the healthcare sector. Organizations must work to support employees, recognize performance, and build a strong culture, so they can increase retention and improve business outcomes.

To achieve this, they have to hire the best leaders. Relationships with managers are the top factor in employees’ job satisfaction⁶, and managers account for at least 70% of variance in employee engagement scores across business units.⁷ But many organizations struggle to find effective managers. Gallup analysis shows that companies fail to choose the best leadership candidates 82% of the time.⁸

RETHINKING THE MODERN HIRING PROCESS

To find excellent leaders, healthcare providers need a highly-effective hiring and selection process. This means using accurate, data-driven methods to assess candidates. Unfortunately, the employee assessment industry has fallen short in helping organizations hire leaders with a proven ability to drive critical business outcomes and reduce turnover.

In the past 10 years, “black-box” AI-driven video hiring tools have grown in popularity. Many of these tools lack proven approaches to produce the best hires, instead focusing on creating games and making the hiring process “fun”.

Moreover, these tools have the potential for discrimination, creating an “adverse impact” as defined by the US Equal Employment Opportunity Commission (EEOC).⁹ Using video-based screening in place of phone screening may introduce biases earlier on in the hiring process. In addition, AI tools may inadvertently produce biased outcomes, depending on how their algorithms have been designed.

AI hiring software creates such a high risk of discrimination that government bodies are now taking steps to regulate it. For example, in December 2020, 10 US senators sent a letter to the EEOC requesting its oversight on new hiring technologies.¹⁰ And in November 2021, New York’s city council passed a bill requiring companies selling AI-powered hiring software to conduct third-party audits of their technology, to ensure it does not produce discriminatory results.¹¹

To create a fair, equitable, and successful hiring process, today’s organizations must move away from potentially discriminatory tools. Similarly, they must avoid traditional cognitive ability assessments that have a clear adverse impact, and outdated and unproven personality assessments that fail to predict leadership effectiveness. Instead, they should pursue a comprehensive, integrated, and valid approach that drives business outcomes.



SIX KEY ELEMENTS OF BETTER LEADERSHIP HIRING ASSESSMENTS

1. SKILLS AND COMPETENCIES TIED TO BUSINESS OUTCOMES

Numerous assessment firms have created competency models to assess leaders on a variety of skills and abilities. Typically, these consist of eight to 12 competencies, with a handful of behaviors attached to each.

Unfortunately, those competency models are rarely updated to fit rapidly-changing environments. Moreover, they often have not been validated to show they actually help organizations find the most successful leaders. Showing the validity of leadership competency models is key to getting a return on investment from your leadership hiring tools.

After validating a competency model for a very large healthcare system headquartered in the Northeastern United States, Hutrics found that leadership competencies such as **building cohesive teams**, **developing others**, and **analytics skills** were direct drivers of lower turnover, higher productivity, and other key healthcare outcomes.

Taking it a step further, in the midst of the global pandemic, we found that these 10 competencies were critical for leaders:

1. Managing through a crisis
2. Managing a remote workforce
3. Building cohesive teams
4. Building resilient teams
5. Creating a climate of inclusion
6. Hiring for job fit
7. Creating a sense of belonging
8. Developing Talent
9. Executing for Results
10. Making Sound Decisions

We identified these competencies through data-driven methods, not guesswork. To uncover the key drivers of turnover and performance in healthcare organizations, we used criterion analysis from other classic assessment tools, such as employee surveys. We discovered that leadership abilities in **diversity, equity, and inclusion (DEI)**, **creating a sense of belonging**, and **building cohesive and resilient teams** are critical for success in today's environment.

These are in addition to the core leadership competencies that our research has shown drive business outcomes across all industries:

- Executing for results
- Making sound decisions
- Developing talent

To drive better hiring decisions, organizations must integrate "core" leadership skills with skills whose importance became clear during the pandemic. These areas are now part of Hutrics' integrated leadership hiring assessment tools. We have also created situational judgment items to add context to these key skills and assess leader performance in a reliable and valid manner.

2. COMPREHENSIVE, PROVEN PERSONALITY ASSESSMENTS

The “Big Five” model of personality traits has been around for decades, having been advanced by psychologists like Ernest Tupes and Raymond Christal¹², J. M. Digman¹³, and Lewis Goldberg¹⁴ over the years. It defines five core dimensions of personality, including **openness, conscientiousness, extraversion (extroversion), agreeableness, and neuroticism**.

While this model has been effective, three key shortcomings emerge from this approach to personality assessment. First, honesty/humility is missing from the Big Five framework, and this important trait is predictive of key business outcomes. Second, the Big Five has limitations from a cross-cultural research perspective, which is particularly important in this time of increased focus on DEI. Third, the direct validity and business impact of personality assessments, while it does exist, has always been below expectations from a practical perspective.

The **HEXACO model** was created by psychologists Kibeom Lee and Michael Ashton in the early 2000s.¹⁵ It is designed to overcome the shortcomings of the Big Five framework, and can help organizations maximize the impact of their leadership hiring processes. Specifically, HEXACO stands for:

- Honesty/humility (H)
- Emotionality (E)
- Extraversion (X)
- Agreeableness (A)
- Conscientiousness (C)
- Openness to experience (O)

Hutrics recently completed three studies in organizations that used the HEXACO framework as part of their assessment process. One of these organizations was a large healthcare system. We found the model to be predictive of key business outcomes, including performance and burnout.

Our team has also conducted numerous studies on HEXACO and **working memory**, a model originally introduced by Alan Baddeley and Graham Hitch in 1974.¹⁶ We found that integrating these assessments into one seamless hiring process maximizes the validity of your hiring approach and improves leader performance on key business outcomes, such as turnover.

One crucial factor to consider when working with personality assessment vendors is whether the assessments are reliable, valid, and unbiased. Some popular leadership assessments include many irrelevant and potentially biased questions—for example, a question about whether the candidate enjoys going to art galleries. When candidates see these types of questions, they may get the impression that the process is unfair, and that there is pseudo-psychology going on behind the scenes.

Based on our research and psychology expertise, Hutrics has developed a proprietary, six-factor model for personality assessment. Our model is:

- Honesty/humility (H)
- Emotional Control (E)
- Extraversion (X)
- Agreeableness (A)
- Conscientiousness (C)
- Openness (O)

3. BIAS-FREE WORKING MEMORY ASSESSMENTS

AI recruiting tools use non-transparent, black-box algorithms. These algorithms often produce biased results, which may constitute an “adverse impact” as defined by the EEOC. Fortune 500 companies, like Amazon, have even been forced to scrap their own custom-built AI recruiting tools because of this bias.¹⁷ Cognitive ability tests suffer from similar problems.

Hutrics’ approach to measuring ‘cognitive ability’ is focused on assessing working memory. This means we can touch on cognitive ability without the risk of introducing an adverse impact. Our methodology is more predictive than traditional cognitive ability measurements.

Specifically, our assessments measure the ability to control attention during goal-directed activity. Individuals with greater working memory capacity are able to better focus on goal-relevant information, keep this information accessible, integrate new information, and suppress attention and responses to irrelevant information. These traits are crucial for leadership success.

Best of all, Hutrics offers you transparency and reliability. We have numerous studies to prove the impact of our assessments—not just black-box algorithms.

4. VALUES AND BIODATA ASSESSMENTS

Standard employee assessments often leave hiring teams without a clear idea of candidates’ values and career goals. Sometimes, organizations will onboard a candidate, and then find out too late that these factors create a mismatch or poor fit.

To provide you with a more holistic view of job candidates, Hutrics has created a proprietary **values assessment**. This assessment will give you key insights into what candidates value, enabling you to more effectively match candidates to the culture and role, as well as onboard new hires into your organization.

In addition, we have created **biodata (biographical data) assessments** to help you get an even more in-depth picture of job candidates. Biodata includes information about candidates’ life experiences, behavioral consistency, and past behaviors—for example, the number of jobs they have held in the past five years. This type of data can be highly predictive of performance and turnover. It also accounts for additional variance above and beyond personality and cognitive ability.



5. ONBOARDING COACHING

As shown in Figure 1, the first-year employee turnover rate in healthcare is almost double the overall turnover rate. Candidates are frequently leaving their jobs shortly after being hired. This underscores the need for effective onboarding tools. Many hiring software companies simply make a recommendation and then leave the highest-scoring candidate to “hit the ground running”, without any real support. However, this does not ensure their success. To run an effective onboarding process and minimize the chances of turnover, your organization will benefit from having:

1. A **comprehensive assessment review** with the new hire’s direct manager. This person needs to understand the new hire’s strengths, weaknesses and motivations, so they can be well-managed from day one.
2. An **onboarding toolkit** that not only introduces new leaders to your organization, but also teaches them how to onboard their own newly-hired employees. This will enable them to perform at the highest level and reduce employee turnover within their team, while encouraging them to stay at your organization.
3. A **customized coaching plan** designed to maximize performance. This plan will be created by integrating organizational data (such as recent employee survey results) and company wellness resources with the new hire’s assessment data. It will help the new leader understand their direct reports better, and maximize their ability to focus on priorities like wellness and inclusion.

These areas are what set Hutrics apart. Our offer doesn’t just include data and analytical insights—it also prepares new hires to successfully integrate into your team. We offer six months of new hire coaching as part of our comprehensive hiring program. A customized coaching plan will be in effect from day one to maximize performance and loyalty.

6. INTEGRATION OF DATA FOR IMPACT AND SUCCESSION PLANNING

Your leadership hiring program will be most impactful and successful when you integrate all the elements above. By observing the leadership candidate’s performance across all measures, you’ll be able to easily discern between candidates and select the best one for your role.

There are two additional areas where Hutrics can bring even more benefits to your hiring process. First, we’ll integrate all data collected and conduct **ROI studies**. This will help demonstrate the benefits of our assessments and coaching to everyone in your organization.

Second, we can **assess your existing leaders**, and integrate all the data in one place to give you a full understanding of your leadership pipeline. This will enable you to implement best practices across your organization, create a plan for **analytics-based succession planning**, and offer more **targeted development opportunities** to your current employees.

TAKE A DATA-DRIVEN APPROACH TO LEADERSHIP HIRING WITH HUTRIC

Hutrics is the only leadership hiring software that combines valid assessments, analytics, and high-touch onboarding coaching to maximize the performance of your new leaders. Our comprehensive approach and team of industry-leading professionals will bring a wealth of experience, rigor, and practicality to your leadership hiring process.

As a pioneering employee assessment and analytics company, we've created an approach to maximize the impact of your leadership hiring process. Our program goes beyond just selecting a leader. Its key elements are:

Assessments

- More predictive of actual leader performance and business outcomes
- No adverse impact
- Comprehensive, covering both situational judgment and key skills that drive results
- Designed for work environments, without irrelevant questions that may introduce bias

Integration

- Complete all assessments in one place
- View all data in one place
- Make the right hiring decision
- Use integrated assessment data to maximize the leader onboarding and coaching process

Analytics

- Demonstrate concrete ROI (Did the leader stay? Do their employees stay and perform?)
- Focus coaching and onboarding on key drivers of leader performance
- Build organization-wide trust and adoption of the hiring process

Coaching

- Support leaders after they're hired with onboarding coaching
- Maximize their onboarding time, and improve their time-to-performance

Impact

- ROI studies that connect the integrated hiring process to real business outcomes



**INTEGRATED DATA
SOURCES/ANALYTICS
TO DRIVE ONBOARDING
COACHING**

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