

Testing for Talent

As employee retention continues to be a challenge, HR goes scientific.

By Jessica Beaton



Consider the following situation: a senior manager at a mid-sized company in Shanghai is looking to promote a new manager to the R&D department. 'Dianne' seems to be the ideal candidate, with a strong technical background, and professionally she is more than competent for the job. The decision to make this promotion seems almost too easy.

Now consider that this promotion would mean that Dianne, someone who is used to working independently, would now begin spending more time developing interpersonal and team relationships than working on her

own. Past performance cannot necessarily illustrate if Dianne is ready or would be happy to make this kind of shift.

This was a case presented to the Mobely Group Pacific (MGP) Ltd., a management consulting firm based in Shanghai and Hong Kong that focuses on assisting companies and management teams to enhance their efficacy by using a range of personality, risk and leadership assessment instruments – a key tool in their arsenal being the Hogan Personalities Inventories (HPI). Consultants from MGP used the HPI tests to gather data on Dianne to see how she would fit into the new role.

A Better Fit

Dianne's assessment gave her company a more holistic view of her motivations and work-style preferences. Dianne is motivated by having the opportunity to learn but not by leading others; she prefers being able to control all aspects of her work and is emotionally independent and, therefore, not reliant on relationships and not comfortable relying on a team.

With this additional information and manner in which to frame the prospective position, Dianne did not continue to pursue this managerial role. Without future training and support she would most likely feel more frustration than a sense of achievement in this new capacity. And, from the company's vantage point, avoiding this mismatch would mean preventing the possible loss of a good employee and the associated costs over the long term.

The idea behind assessment instruments is for companies to ensure a better 'fit', raising productivity and efficacy and reducing the cost of high turnover rates, a weighty concern for companies doing business in China. Consulting groups working with the Hogan instruments strive to "see what kind of people the company is missing; how to solve the challenges they face by adding people with specific personalities and leadership styles to the mix; and then how to overcome those issues," said Nancy Zhang, Vice President of Consulting Services and Senior Consultant at MGP.

Assessing the Hogan Assessment

There are about as many assessment tools out there as there are personalities to be tested. However, they fall into four categories, according to Eugene Schnell, Ph.D and MBA, with nearly 20 years as a leadership and management consultant: self-assessments, 360 assessments, performance/competency-based

assessments and finally observation-based tools. "There are a number of assessment tools that fall into all of these categories," said Schnell. "However, few have the psychometrics backing to prove their validity."

The Hogan assessment, is a hybrid test utilising a multitude of the above methods, making it, as Zhang explains, "more consistent over time, and has over two decades of data backing its current norms and combines self-reporting, forced choice answers and a degree of a 360 assessment so it cannot be easily manipulated as a simple self-reporting analysis."

When asked about the Hogan exam, Schnell believes that the [company] is "a serious company, one of the leaders but not the very top; mostly due to its scientific approach, which often doesn't make for very good sales." A Hogan Assessment which was used to decide if Dianne was suitable for a possible promotion included three instruments – the Hogan Personality Inventory (HPI), Hogan Risk Assessment (HDS) and the Hogan Motivational, Values and Preferences Inventory (MVPI), which can be used together or customised to specific needs.

The HPI and MVPI tests were used for a major telecommunications company screening candidates for customer service-based sales positions. Using the Hogan instruments in the selection process reduced turnover rates from 25.7 per cent to 5.9 per cent over an eight-week period. Over the 14-week trial, with the reduction in turnover, the company saved over USD750,000. By selecting individuals whose motivations and personalities fit the environment that the company provides, both the company and employees benefit.

This brief case study, however, relates to a U.S.-based firm, and the norms used for analysis were created from over 20 years of data that has been mainly gathered from the United States and Europe. As personality, motivation and leadership analysis is beginning to catch on in Asia, the question that then must be asked is, can the norms these tests are based on, hold true in Asia?

The Hogan in China

MGP is one of Hogan's few China-based partners and the group responsible for collecting data for Hogan's developing a China norm and for translating the tests themselves. The new norm is expected to be announced in early 2008. The factors that MGP is particularly examining are in the MVPI, probably

the most culturally sensitive test of the three since it deals with personal motivations. Anecdotally, it seems that in Asia there is a higher reliance on relationships and a slight skew towards more traditional motivations – that translates into stronger dedication to values linked to family, hard work and certain social and behavioural norms.

Schnell warns, however, that trying to customise a personality test to any given population may present several pitfalls. "For example many in Southeast Asia take exception to 'either/or' types of questions making tests that rely on those manner of question less accurate," said Schnell. "Or some cultures find questions of a particular nature to be offensive – like asking whether someone likes to be the centre of attention and questions like these – so it may be hard to get honest answers." Even with these reservations, Schnell does believe that "all the inventories need to be explored for their ethnic and gender robustness."

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Given an interest in creating a China Norm, the Hogan assessment here is currently being used in a slightly different manner than elsewhere in the world. Companies are not rushing, as they are in the United States, to use the instrument to select employees as much as they are using it for promotional and developmental purposes for their executives and current staff. A key reason for this difference is the personnel makeup of the Chinese marketplace, where demographic is different than that of the West. As Michael Sanger, Associate Consultant for MGP explains, "China is dealing with a lost generation of managers."

Think Globally, Act Internally

As opposed to earlier years when foreign firms were first arriving, many MNCs are now focusing on localisation, particularly in reliance on personnel. This shift, however, has led to Sanger's "lost generation" emerging from a skills and experience gap between Chinese managers and their Western counterparts. "Versus their Western [more established] counterparts, Chinese managers are younger and have less management experience," notes Zhang.

She cites the statistic that, on average, mid-to high-level Chinese managers have only three years of experience and are on average only 30 to 40 years old, whereas foreign managers are, on average, older and with seven to eight years of experience. This situation creates incongruent expectations between foreign and Chinese managers, particularly in terms of skill sets and experience.

Yet the issue often surrounds not age but rapid promotion without the necessary training or experience. This is where the Hogan instruments and other similarly valid assessment tools can support staff. These instruments instruct managers on which skills they need to develop and show companies where to provide additional support. As Zhang points out, "People are promoted to their least competent level, and as they are promoted they need a different skill set."

An aggravating factor to the experience/age gap is that younger managers, according to the Hogan scale, are less likely to have a sense of 'identity.' "Many new managers in China are very young, and they still have not been able to define what motivates them," said Lu. Motivation is a measurable factor on the MVPI Hogan scale. An employee with no 'high' or clear motivations will be easily tempted to change jobs for simply better titles or pay, irrespective of if the company is a good fit.

The average employee retention period in Shanghai is just 1.8 years, according to Fiducia, a Hong Kong-based consultancy. This job-hopping drives up wages and causes job inflation – a vicious cycle that may suggest that companies hand out assessment sheets in place of grander titles and responsibilities. Existing inefficiencies can be reduced by better understanding employees and ensuring a best fit before a hire, and supporting people already in place by ensuring they are in positions that they deserve and can succeed in.

As everyone, like Dianne in the earlier case study, strives for more prestigious positions, companies can be better equipped, through leadership and personality instruments, to gather more holistic information about current and prospective employees. This additional data provides a three-dimensional tool for assessment allowing companies to act with greater insight, in view of breaking the cycle linked to HR-based inefficiencies plaguing China-based businesses today. □