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How to Reduce Bias and Hire the Best Candidate

BY **RYAN PENDELL**

STORY HIGHLIGHTS

- There are major business costs to hiring the wrong person for the job
- Many kinds of bias can cloud hiring managers' judgment
- Using talent-based assessments to hire improves business performance

Recent high-profile examples of hiring bias show that many industries have a long way to go when it comes to fair hiring practices.

In May, Seasons 52, a national restaurant chain, settled a lawsuit for $2.85 million that alleged job candidates 40 and older were discriminated against.

In July, FCC Chairman Ajit Pai proposed a plan to shift resources to enforcement of laws against hiring bias in the communications industry.

And many early hopes that artificial intelligence (AI) could "solve" hiring bias have been challenged by questions of algorithm bias.

Clearly, something is broken with the way many companies hire employees. And even world-class leaders are struggling to find the fix.

What businesses often overlook, even amid discrimination lawsuit payouts, is the cost of hiring people *who aren't the best fit for the job*.

Here's a radical idea: Hiring managers should hire the best people.

Even when companies address <u>diversity and inclusion</u>, that's just the tip of a hiring bias iceberg.

Consider the typical job interview experience. Hiring managers -- like all of us -- struggle to avoid simple, seemingly harmless forms of bias. For example:

- **Framing bias:** Choosing candidates based on the immediate context rather than the candidates themselves. For example, when pressured to fill a role, managers may hire a subpar candidate out of fear -- seeing them as better than hiring no one.
- **Availability bias:** Making a hiring decision based on what stood out most during an interview, good or bad, rather than performing a full evaluation and taking into account all aspects of a candidate.
- **Escalation of commitment bias:** When a candidate fails to meet certain standards of a long, complex hiring process, a manager may think, "Well, we've come this far. We should probably just hire them anyway."

On the other side of the interviewing table, much of the anxiety for job hunters comes from not knowing which hiring bias is going to be the one that keeps them from getting a job they are qualified for.

Candidates wonder, "What's more important: my handshake, what I'm wearing or my alma mater? And why does any of that matter?"

According to Gallup, *companies fail to choose the candidate with the right talent for management positions 82% of the time*. That means organizations hire the best managers fewer than two out of 10 times.

Not only is that bad for business, it's bad for workers because it creates pervasive feelings of confusion, unfairness and distrust about *any* hiring process.

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Business experience and the data agree: Picking the right person for a job is far more difficult than people realize.

The solution is to use <u>a selection process that is fair and objective and that identifies true job-related talent</u> -- not just good interviewing skills.

Here's the business case for talent-based assessments.

<u>Using talent-based assessments for hiring</u> not only helps minimize hiring bias, it also improves business performance:

1. Talented employees outperform others by a wide margin. Gallup has found that when organizations systematically select high-talent managers and individual contributors, they can see up to 33% higher revenue per employee.
2. <u>When people do what they are good at, they find work enjoyable, engaging and rewarding</u> -- which leads to even higher productivity.
3. Hiring the best people for the job can improve nearly every measure of business health. When <u>companies select the top 20% of candidates based on a scientific assessment</u>, they realize 41% less absenteeism, 70% fewer safety incidents, 59% less turnover, 10% higher customer metrics, 17% higher productivity and 21% higher profitability.

But more importantly, scientifically valid hiring assessments remove subjective bias by narrowing your candidate pool to those who are objectively qualified for the role.

And a quality assessment tool is legally defensible because it shows no disparate impact for protected classes.

No system is perfect. But there's a lot you can do to eliminate hiring bias, select better people and improve business performance -- in other words, do the right thing.

Learn how you can improve business performance by reducing hiring bias:
- <u>Create a workforce analytics and hiring strategy</u> with Gallup's advice.
- <u>Discover your employees' strengths</u> to find them roles they find enjoyable and rewarding.
- <u>Read more about the importance of hiring people based on talent</u>.

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Culture Wins by Attracting the Top 20% of Candidates

BY **NATE DVORAK** AND **RYAN PENDELL**

STORY HIGHLIGHTS

- Leadership teams struggle to understand and invest in culture correctly
- Talented people want to work for organizations with strong cultures
- Ask the right questions to know if your culture is hurting your business

Leaders often disagree about the value of organizational culture, even within the same executive team. Some get really excited about culture -- to the point of distraction. Other leaders prefer the "nuts and bolts" of business operation and simply don't know how to think about culture.

Both extremes are dangerous. A culture-obsessed leader may be wasting money on shiny objects that don't matter. A culture-agnostic leader may be blind to factors that influence bottom-line outcomes such as productivity and sales. Either way, leadership teams struggle to understand, align and invest in culture appropriately. Is it everything? Nothing? Somewhere in between?

There's a simple principle that addresses both extremes: *Your culture doesn't matter if it's not adding measurable value to your organization.*

A culture that doesn't just exist but that *wins* for your organization is one you must intentionally create. Strong organizations understand their unique culture, use multiple methods to continuously monitor the state of their culture and align the culture they want with business performance priorities -- like attracting top talent.

Why Culture Wins Talent

Great cultures win the best talent for two reasons. First, *strong cultures create employees who are brand ambassadors.*

Although culture can often feel vague or "soft," the logic is pretty straightforward, based on Gallup research:

- Employees with a strong connection to their organization's culture show higher levels of engagement.
- Engaged employees are more likely to refer friends to their organization.
- And 71% of workers say that they use referrals from current employees of an organization to learn about job opportunities.

When you have a winning culture, employees can speak genuinely and convincingly about why your organization is a great place to work. And that naturally attracts people who are seeking exceptional workplaces.

The second reason culture wins talent is that *talented people want to work for organizations with strong cultures*. They are looking for workplaces that have a brand, mission and values that resonate with them personally -- and that develop and invest in their talents.

In fact, when job candidates ask questions about mission and purpose, it can be a strong indicator of high talent.

In our experience with talent selection, less-talented candidates ask more transactional questions. They focus more on things like pay, benefits and days off.

In contrast, high-talent candidates ask higher-level questions like "Who will my manager be?" "How will I learn and grow?" "What does this company stand for?"

These are the employees who will generate innovation, growth and productivity in your organization.

A Question of Culture: Do We Get the Best Candidates?

Simply put, when the best people want to work for you, you have a winning culture. To evaluate this aspect of your culture, start by asking these two questions:

- What percentage of the job offers you make to highly talented candidates get accepted?
- When talented candidates say yes, what percentage mention your identity, culture or brand as a deciding factor?

These are two questions that every organization should be tracking continuously. Fundamentally, they measure your culture's ability to attract high-talent individuals to your organization.

Employees may not use the word "culture" explicitly, but they might say things like:

- "I wanted to work for a smaller company where my input made a difference."
- "I wanted to work somewhere that would help me achieve my career goals."
- "I love how this organization treats its customers. That's the kind of place I wanted to be."

World-class organizations have frequent conversations with their best employees on these topics -- and then build their recruitment strategy around that feedback to attract similar stars. They also seek out other kinds of feedback, like focus groups or checking Glassdoor reviews for culture language, to stay well-informed.

In addition, HR teams need to have criteria for sorting and ranking hires for fit. Keep track of the people you really wanted for your team. If you make 100 offers and the top 20 candidates do not accept your offer, that's a problem. What's going on with those top 20? That's the first step toward a genuine selection strategy that will create a culture focused on performance.

According to our analysis, when companies select the top 20% of candidates based on a scientific assessment, they realize:

- 41% less absenteeism
- 70% fewer safety incidents
- 59% less turnover
- 10% higher customer metrics
- 17% higher productivity
- 21% higher profitability

Your culture may be the reason you aren't getting your top 20% of candidates. And until you <u>start asking the right questions and analyzing your feedback</u>, you won't know if your culture is helping or hurting your bottom line.

Take steps today to start understanding and building a culture that attracts top talent:

- Download <u>our report</u> on how to build a culture that drives performance.
- Learn how <u>a strengths-based workplace</u> can help you get the best out of your people.
- Use <u>Gallup-approved surveys</u> to help you understand why star employees stay with or leave your company.

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