



**HARNESSING SELECTION SCIENCE TO OPTIMIZE
CALL CENTER HIRING & PERFORMANCE**



ABSTRACT

Call centers are attracting more attention from customers to company executives—and deservedly so. Without question, the call center—whether inbound or outbound—has a direct impact on a company's brand, reputation and customer experience due to the frequency and nature of these customer touch-points. The link to a company's market performance and shareholder value is validated by a recent study led by the National Quality Research Center at the University of Michigan. The study showed that a portfolio of companies deemed to be high customer-satisfaction companies outperformed the major stock indices as follows: the DJIA by 93%, the S&P 500 by 201% and the NASDAQ by 335% over a six-year period.¹

Just as front-line call center agents are highly influential in forming lasting, positive impressions of a company, high agent turnover rates significantly damage a company's ability to maintain service levels and create a positive customer experience. One recent study indicates that call centers with 10% or less annual turnover have customer satisfaction ratings of ~ 73% while those with turnover over 30% have ratings of ~ 56%.² When the exorbitant costs of hiring, training, and lost productivity are added to the mix, it is easy to see why agent turnover is high on the priority list of many of today's customer-focused companies.

A call center's selection and hiring process should address the root causes of turnover by answering questions such as: Are the agents a good fit for the job? How well will they perform? How long will they stay? Companies that do not utilize selection science and data-driven metrics to answer these questions frequently find themselves plagued by high agent turnover rates, and suboptimal performance levels from their agent population.

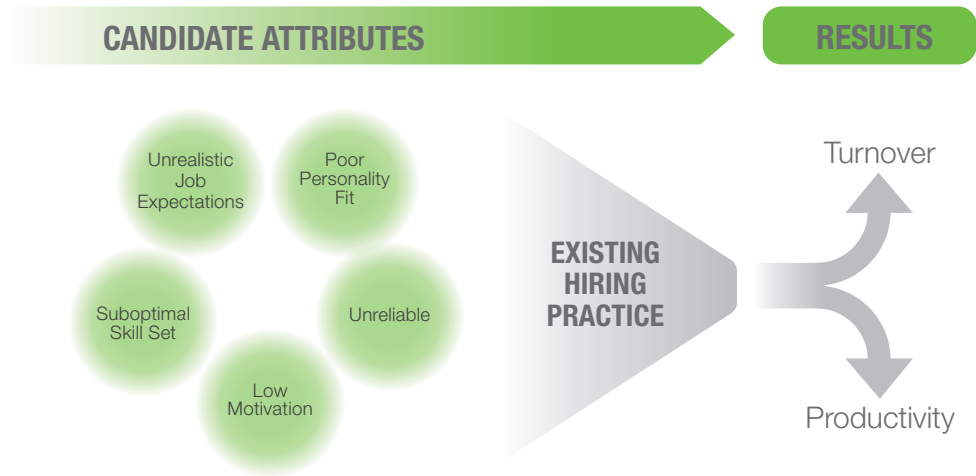
This white paper explores the challenges of traditional call center hiring—as well as how these challenges impact your company. The paper will also explain the key advantages of implementing a hiring management process that is driven by selection science.

¹Fornell, Claes, et al. "Customer Satisfaction and Stock Prices: High Returns, Low Risk." *Journal of Marketing* 70 Jan. 2006: 8.
²Service Quality Measurement Group. September 2006. Let your call center customer service representatives be a judge.

CALL CENTER HIRING CHALLENGES

Two overriding—and highly visible—problems that hinder a call center’s operation are 1) agent turnover and 2) suboptimal agent productivity. In most cases, the root causes of such challenges relate to wrong job fit or a lack of inherent skills that are success factors for specific agent positions.

The results of an incoming agent class oftentimes look something like this:



Turnover is commonly driven by the hiring of agents that are a poor fit for the specific job or environment. For instance, hired agents often possess attributes that are misaligned with the call center’s service mission (e.g. “lacks empathy”) or may be poor personality fits with the operational structure of the call center (e.g. lacks competitiveness in an environment where productivity metrics are communicated on the floor). In other cases, agents may be just plain unreliable.

From a productivity standpoint, agents may lack the appropriate motivation or possess a suboptimal skill set for the unique call center position they’re hired for. For example, agents who lack assertiveness and competitiveness may find it difficult to become top performers in an outbound collections call center. Similarly, agents who lack patience and empathy may find it hard to excel in a customer service environment.

High levels of turnover lead to high hiring and training costs, the loss of legacy knowledge and a lack of consistency in customer-facing interactions. Perhaps more importantly, high turnover also leads to significant losses in productivity due to empty seat time, as well as losses due to new agent ramp-up time. These additional factors only further emphasize productivity issues that already exist due to hiring agents with less-than-ideal skill and personality fit.

To put the problem into perspective, consider that McKinsey & Company estimates the fully-loaded cost of replacing a call center agent at \$15,000,³ while The Global Call Center Network reports that taking productivity losses into account can nearly double the cost of attrition.⁴

³ The McKinsey Quarterly. April 2005. Getting more from call centers.

⁴ The Global Call Center Network. 2007. International Perspectives on Management and Employment.

Traditional decisions on which call center applicants to pursue are often driven by resume reviews and phone screens. However, a recent publication on successful hiring indicates that the ultimate success of hourly employees is driven by two major factors: behaviors and motivation.⁵ A decision-support mechanism driven by selection science—which offers early visibility into an applicant’s key behavioral attributes and motivation—provides validation of decisions made throughout the hiring process.

It is critical to note that most, if not all, root causes of call center agent hiring problems are manageable. Selection science is the key that can unlock the potential that resides in reliable, top-performing call center agents—and that can drive measurable improvements in operations, company branding and the bottom line.

WHAT IS SELECTION SCIENCE?

Selection science refers to the application of scientifically-designed selection (a.k.a. hiring) tools and processes to improve and maximize the accuracy and effectiveness of identifying which job applicants will succeed as employees. Although many assessment publishers tout their own version of selection science, true selection science harnesses the power of closed-loop feedback of actual employee performance to refine and improve the actual selection tools and processes.

With labor costs comprising up to 85% of a call center’s operating budget,⁶ the single most important personnel decision a call center can make is whether to hire or reject a job candidate. Every other subsequent activity in the center will be affected by the quality of this initial decision. As mentioned above, most of the negative outcomes associated with hiring the “wrong” agent can be minimized or avoided through the proper application of scientifically-designed selection tools and “closed-loop” analytics.

Selection tools and methods may incorporate more basic approaches such as Realistic Job Previews (RJPs) and minimum qualifications screening, up to more advanced approaches which include structured interviews and statistically-validated assessments. These assessments may include knowledge, skill, and ability tests, personality and workstyle measures, situational judgment tests, job simulations, and culture fit scales. Further, by integrating closed-loop analytics into the hiring process, organizations can have full visibility into the impact that assessments have on their workforce and operations and may also be used to drive business strategy. A study published by leading industrial and organizational psychologists (“I/O psychologists”) points out that there are literally thousands of peer-reviewed research articles that have been published which demonstrate the effectiveness of various selection tools across almost every hiring scenario imaginable.⁷

The two key questions call center hiring professionals need to address when evaluating job candidates are, 1) “Is this individual going to be a more productive, manageable agent than any of the other candidates?”, and 2) “Will this person stay with our organization long enough for us to recoup our selection and training costs and provide some meaningful contribution to our business?” Selection assessments and screening tools can help answer these questions by providing critical information about job applicants that directly relates to employee productivity and retention.

What’s a Realistic Job Preview? (RJP)

Detailed information about a position may be leveraged to help provide a realistic and balanced preview to job candidates regarding what your agents face on the job. Typically presented early on in the selection process, an RJP is intended to provide the call center candidate with as much information about the job and work environment as possible (the good, the bad, and the ugly aspects, as appropriate) so that they can make an informed decision about their suitability for and long-term interest in the job. Well-developed RJPs have been shown to have a significant, positive impact on outcomes such as employee retention, training completion rates, and agent job satisfaction.

⁵ Hunt, S.T. Hiring Success. San Francisco: Pfeiffer, 2007.

⁶ Call Center Research Lab, University of Southern Mississippi. May 21, 2008. <<http://www.usm.edu/callcenter/services.html>>

⁷ Schmidt, F.L., Ones, D.S., & Hunter, J.E. “Personnel Selection.” Annual Review of Psychology 43 1992: 627-670.

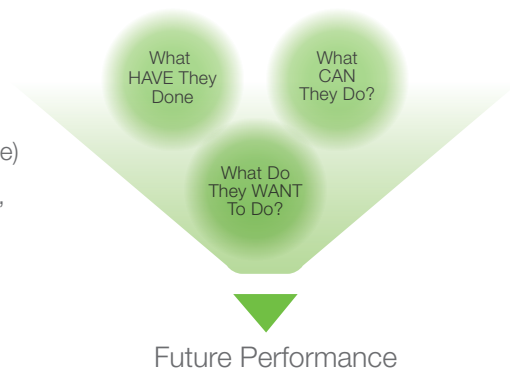
HOW SELECTION SCIENCE WORKS

In general, assessments are designed to capture information which relates to an individual's likelihood of behaving or performing in certain ways in the future. These tools do so by measuring three different kinds of candidate data: 1) what can they do based on their personality, natural abilities, or aptitudes, 2) what have they done in previous jobs, activities, and educational or training settings, and 3) what do they want to do in the future based on their interests, motivation, and preferences?

HOW DO SELECTION TOOLS WORK?

They measure differences in job applicants regarding:

- Can do (skills, ability, knowledge)
- Have done already (experience, training, education)
- Will do, likes to do (motivation, personality, preferences)



In regard to what applicants can do, assessments are designed to measure stable characteristics associated with job applicants' personalities and natural abilities. For example, some jobs may be more suitable for individuals who are extroverted and less risk-averse, while others may require that an employee be highly detail-oriented and task-focused. Although every human being is unique, our differences all land somewhere along a continuum of each of several personality and ability dimensions. Assessment experts can develop assessments to accurately measure where an individual falls on various job-relevant dimensions of personality or ability and can thus create valid predictions about how a person may behave in various situations. The unique benefit to these types of assessments is that predictions can be made about future behavior in roles in which the applicant has no previous experience. As a result, these "can do" measures are usually the most appropriate type of screening tool for hourly jobs and should comprise a significant part of the assessment solution.

In regard to what applicants have done, assessments are designed to measure applicants' previous experiences, past behavior, education or training, and accomplishments. Examples include resume scoring for education, relevant work history and skills training, behaviorally-oriented interview questions that focus on how an applicant handled a specific situation in the past, and job-specific knowledge or skills tests. These types of assessments are based on the principle that future performance is best predicted by past performance. For hourly jobs, the most appropriate "have done" tools include basic qualifications screening questions and behaviorally-oriented interviews.

Finally, in regard to what applicants want to do, assessments are designed to measure differences in applicants' motives, aspirations, preferences, and interests. These types of tools are less effective for predicting productivity but are well-suited to predicting job/culture fit, employee satisfaction, and retention. Realistic Job Previews fall into this category, as candidates can take a 'sneak peek' into the actual organization and job and opt out of the

selection process if something looks particularly undesirable to or ill-suited with their interests and expectations. Measuring motivation and preferences is valuable for almost any level of job, but again, primarily relate to employee satisfaction and retention rather than productivity and performance.

WHAT'S A BEHAVIORALLY-ORIENTED STRUCTURED INTERVIEW?

Behaviorally-oriented structured interviews help identify and highlight past performance and behaviors which are specifically related to the competencies which lead to success in your organization's jobs. Response anchors are often provided for each question to help your hiring manager evaluate candidate responses. Behaviorally-oriented interviews are significantly more accurate for predicting on-the-job performance and are more legally-defensible than standard, unstructured interviews.

Some common criticisms of selection assessments are that they don't work, they're not fair, and they're too 'fake-able.' However, publications from leading I/O psychologists indicate that a well-designed set of assessments that takes less than forty-five minutes to complete can predict performance and early retention more accurately and fairly than more traditional subjective approaches.⁸ Assessments help remove much of the bias that hiring managers and recruiters unintentionally bring to the process. Further, assessment item formats such as those utilizing a balance of appealing or "socially-desirable" response options have been developed which truly minimize applicants' ability to 'game' the assessments or figure out which answer is ideal. In fact, through the use of closed-loop analytics, assessment developers can identify which items are susceptible to faking and can subsequently modify them or replace them with content that is more effective. Also, research demonstrates that low levels of faking in any part of the selection process (including face-to-face interviews) do not impact validity in a significant way.

HOW SELECTION SCIENCE HELPS SOLVE CALL CENTER WORKFORCE CHALLENGES

Although a wide body of evidence exists which demonstrates how powerful and accurate well-designed assessments can be, there are, unfortunately, many poorly-crafted, inappropriately-applied assessments on the market. As a result, and in accordance with the Uniform Guidelines on Employee Selection Procedures⁹ and the Principles for the Validation and Use of Personnel Selection Procedures,¹⁰ organizations need to take the steps necessary to ensure that any tests they use are valid for their environment and jobs. In addition to reviewing relevant job analysis reports and test validation manuals, test administrators need to confirm that the assessments are truly effective within their organization by analytically evaluating the level of impact the selection tools and processes are having on their performance outcomes.

Within the call center industry, this means "closing the loop" by incorporating actual employee-level metrics on job performance. For inbound centers, this means measures such as call resolution rates, average handle time, service level, and average hold time. For outbound centers the metrics include new sales per hour, upsells per hour, closure rates, and average monthly fee collections. Across all types of call centers, time to proficiency after hire, training success rates, and employee retention are common metrics that can be used. Through statistical evaluation of the relationships between assessment scores and performance outcomes, one can confirm and optimize the accuracy of an assessment (e.g., through customized scoring algorithms or content) and evaluate the fairness of the selection process.

Additionally, job application data and call center performance metrics can be mined to identify exactly which personality and background traits (e.g., biodata, referral and posting sources, previous experience) generate the best, longest-tenured agents and can also be used to identify the financial and operational impact the selection system has on the organization and thus, demonstrate significant return on investment. For example, do you

⁸ Schmidt, F.L., & Hunter, J.E. "The validity and utility of selection methods in personnel psychology: Practical and theoretical implications of 85 years of research findings." Psychological Bulletin 124 1998: 262-274.

⁹ Uniform Guidelines on Employee Selection Procedures, 43 FR 38295, 1978.

¹⁰ Society for Industrial and Organizational Psychology, Inc. Principles for the Validation and Use of Personnel Selection Procedures (4th ed.). College Park, MD: SIOP, 2003.

really know that more extroverted, assertive applicants who come to you through a specific job posting are truly better agents, or do you just assume this to be the case based on anecdotal information and a gut feeling? Through closed-loop analytics using your applicants' information and your call center's performance metrics, you can make strategic hiring and operational decisions based on real, relevant data, when and where you need to.

WHAT TO LOOK FOR IN A CALL CENTER HIRING MANAGEMENT SOLUTION

No single, "perfect" solution exists for every selection challenge, but a well-thought out, well-designed process that leverages selection science and incorporates multiple components such as a realistic job preview, qualifications screening, validated assessments, and behaviorally-oriented structured interviews can dramatically improve the quality of hiring decisions. As a result, organizations that choose to invest the time and resources into evolving their selection processes will see a significant improvement in the productivity of their workforce, while improving retention and reducing the burden on their hiring professionals.

However, because so many unproven, poorly-designed assessments and selection "solutions" are available today, it is critical that organizations take the time to investigate both how and by whom the tests were developed. And although many vendors take a "one-size-fits-all" approach to the hourly job market, no assessment is as effective and accurate as one that has been designed and validated by experts for specific positions within specific industries.

As mentioned earlier, because previous experience is less critical in most hourly jobs, a call center selection system should focus more so on screening for behaviors ("can do") and motivation levels ("likes to do") and less so on cognitive abilities and technical skills ("has done") as might be the case with higher-level, salaried jobs. The demands and performance requirements in various call center roles are unique within the hourly work space, and are unique to each call center. Accordingly, call center selection solutions need to be developed and implemented by individuals who understand the challenges and expectations of call center agents.

Taking it one step further, organizations need to evaluate the impact that selection tools are having within their organization by harnessing the power of closed-loop analytics and on-demand reporting and should require that their selection solutions enable them to do so. Poorly-designed assessments are riddled with static content that was created at a point in time and without regard for specific call center agent positions or environments. Channeling the power of closed-loop analytics—and evolving the assessments and underlying content—allows companies to translate actual agent performance results into better hiring decisions in the future.

Further, having the appropriate selection content and assessments built into a hiring platform is another critical success factor. This alleviates the need to maintain disparate, time-consuming processes while providing the benefits of a drastically compressed hiring timeline and reduced costs. A streamlined process that minimizes touch points makes the process friendlier for candidates and hiring professionals alike.

By improving your call center agent selection and hiring, you can put the right pieces in place to drive measurable improvements throughout your organization and get ahead of your competition. To find out how you can leverage Evolv On-Demand's sourcing, selection and hiring platform to optimize your call center hiring and performance, please visit www.evolvondemand.com.



Call Center Hiring Intelligence™

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