# Hire★Vue

# SCIENCE-BACKED HIRING

## IMPROVING DIVERSITY AND REDUCING BIAS THROUGH STRUCTURED INTERVIEWING

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# Introduction

Hiring decisions are some of the most important ones business leaders make.

Poor hiring decisions lead to costly employee turnover, decreased employee engagement and productivity, and lower customer satisfaction.[1] They also have a tremendous impact on brand and reputation, which can only be as good as the quality of an organization's employees. Remarkably, one 2007 Harvard Business Review study found that up to 80% of employee turnover is due to bad hiring decisions alone.[2]

But it doesn't have to be this way.

## $100,000,000

The late Tony Hsieh, CEO of Zappos, once estimated that bad hires had cost his company "well over $100 million."[10]

**30%**
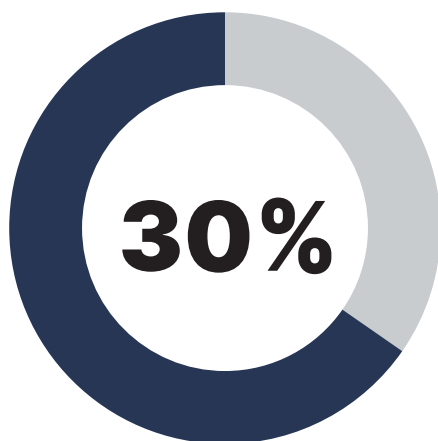
According to the U.S. Department of Labor, the cost of a poor hire is at least 30% of the employee's annual salary.[9]

**Hiring decisions have historically been left to chance,** or to a hiring manager's "gut feeling." However today, with the wealth of reliable data we have at our fingertips, we have the ability to make more informed and fairer hiring decisions than ever before.

# Today's Hiring Landscape

Today's hiring landscape presents two primary challenges for organizations:
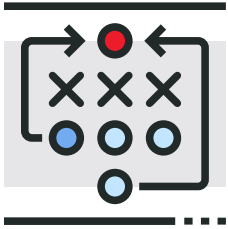
## 1) INABILITY TO HANDLE A SURGE IN CANDIDATES.

While it may seem counterintuitive at first, strengthening interviews becomes even more important during times of high unemployment, when there are more candidates applying for positions. At the beginning of 2021, there were roughly 2X as many candidates in the job market as there had been at the same time a year prior, before the onset of the coronavirus crisis.[3] This surge in candidates has left many organizations, already operating with a leaner workforce, struggling to find the resources they need to sift through stacks of new applications for open positions.
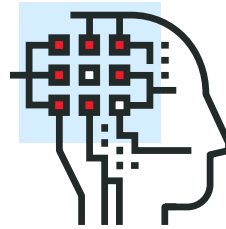
## 2) FAILURE TO REDUCE INTERVIEWER BIAS.

With a continued focus on Diversity, Equity and Inclusion (DE&I), reducing bias in the hiring process is one of the most important focus areas for 2021 and beyond. Beyond the direct benefits to individuals of inclusive talent management practices, a more diverse workforce has a compelling business impact, with studies demonstrating increases to an organization's ability to innovate, maintain a positive customer and employee experience, and ultimately increase profits when they have a more diverse workforce.[13] A selection process that does not use objective standards to evaluate talent creates a barrier to building a more diverse organization.

## So how do we overcome those challenges?
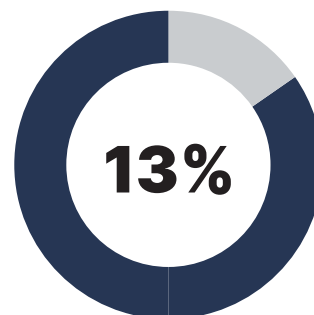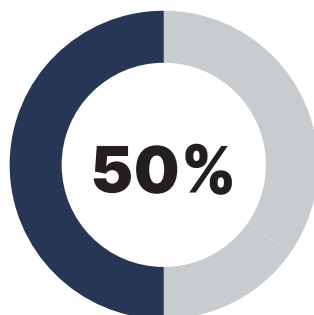
# Structured Interviews

Contrary to what most hiring managers believe, engaging in a free-flowing conversation with a job candidate, and exploring details that seem interesting and relevant to the interviewer, is one of the worst predictors of actual on-the-job performance.[4] In fact, some experts liken unstructured interviews to flipping a coin, or hosting a lottery for the open position.[5]

The structured interview is developed to focus on a candidate's job-relevant knowledge, skills, abilities, and work styles, rather than interviewer opinions or unconscious biases.

Like a traditional interview, structured interviews can take place in person, over the phone, via video interview, or through an online assessment.

Unlike a traditional interview, structured interviews 1) compare each candidate only to the predetermined skills required for the job, instead of qualities such as likeability, gender, age, ethnicity, or personal similarities to the interviewer; 2) ask the same questions of each and every candidate, in the same order; and 3) evaluate all of those candidates in the same way, and all by the same predetermined job-related criteria.

As a result, structured interviews make it possible to better predict both the quality and the fairness of your hiring decisions.



**50%**

**13%**

Nearly half of unstructured interviews were found discriminatory in a recent case review, compared with just 13% of structured interviews. [12]
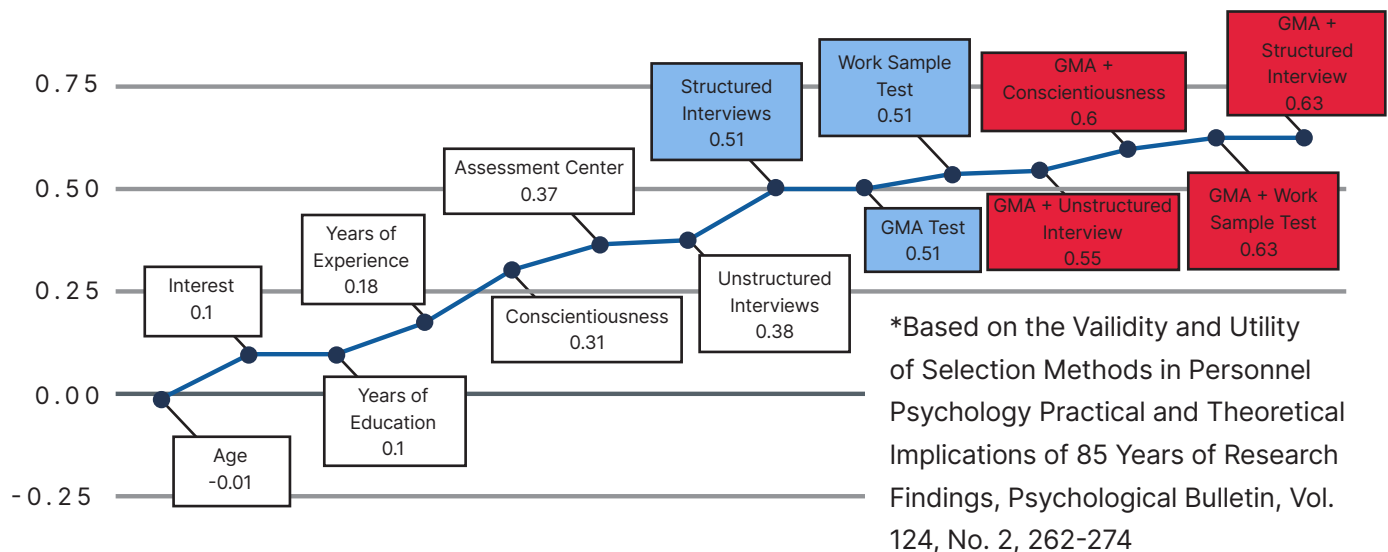
## ENHANCING QUALITY

Research has shown structured interviews are up to 2X as effective at predicting job performance than unstructured interviews.[14, 15]

Because of the consistency they create across even the highest volume of candidate evaluations, structured interviews improve the accuracy of the interview data. Since questions are linked to job-related competencies, candidate responses are more likely to predict their on-the-job performance.

Furthermore, structured interviews facilitate the consistency of hiring processes and decisions across different departments or geographic locations. Structured interviews aid in finding the best, most competitive talent more accurately than traditional methods.

### PREDICTORS OF PERFORMANCE: VALIDITY (R)

| Predictor | Validity (R) |
|---|---|
| Age | -0.01 |
| Interest | 0.1 |
| Years of Education | 0.1 |
| Years of Experience | 0.18 |
| Conscientiousness | 0.31 |
| Assessment Center | 0.37 |
| Unstructured Interviews | 0.38 |
| Structured Interviews | 0.51 |
| GMA Test | 0.51 |
| Work Sample Test | 0.51 |
| GMA + Unstructured Interview | 0.55 |
| GMA + Conscientiousness | 0.6 |
| GMA + Work Sample Test | 0.63 |
| GMA + Structured Interview | 0.63 |

*Based on the Vailidity and Utility of Selection Methods in Personnel Psychology Practical and Theoretical Implications of 85 Years of Research Findings, Psychological Bulletin, Vol. 124, No. 2, 262-274
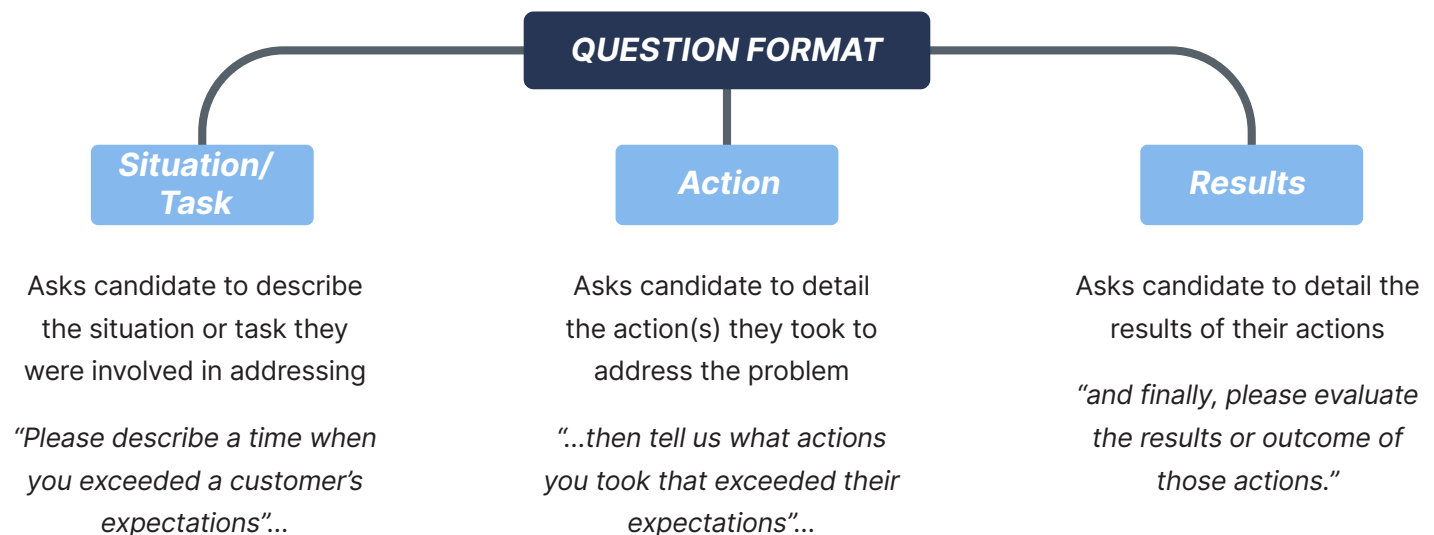
## REDUCING BIAS

Although most likely to occur when forming first impressions, unconscious biases can arise at any point during an interview,[4] resulting in unintended discrimination as well as poor hiring decisions. Even the most well-intentioned and experienced interviewer can fall prey to inadvertently favoring candidates who share traits most similar to their own. In fact, one Yale University study found that "the more similar the interviewee is to the interviewer, the more likely it is that an assessment favorable to the interviewee will result."[8]

Structured interviews, on the other hand, empower interviewers to make decisions based on skills; not similarities.

By asking the same questions, in the same manner, and assessing responses according to the same job-related criteria, structured interviews give candidates an equal opportunity to demonstrate their qualifications.

As a result, when structured interviews are administered and documented appropriately, organizations experience improved legal defensibility, as well as reap the benefits of a diverse workforce. By equipping evaluators with a structured interview system that enables documentation of both interview questions and answers, as well as interviewer feedback, organizations proactively create evidence of the fair hiring practices they employ. Such organizations experience higher profitability, and are much more innovative than their less diverse counterparts.[8]

### QUESTION FORMAT

**Situation/Task**

Asks candidate to describe the situation or task they were involved in addressing

*"Please describe a time when you exceeded a customer's expectations"...*

**Action**

Asks candidate to detail the action(s) they took to address the problem

*"...then tell us what actions you took that exceeded their expectations"...*

**Results**

Asks candidate to detail the results of their actions

*"and finally, please evaluate the results or outcome of those actions."*

When the creation of job-related competencies, interview questions, and evaluation criteria are left to unstandardized processes, they are subjective from the start. Organizations reap the benefits of enhanced quality and reduced bias by eliminating the manual creation of structured interviews altogether.

HireVue Builder automates the scientific process for mapping job-related competencies, questions, and evaluation criteria for each role, giving recruiters and hiring managers the ability to rapidly create high-quality interview templates.

By replacing the ad hoc and inconsistent interview process with structure, hiring teams are empowered with the validated questions and candidate rating guidelines that lead to better and fairer decisions.

## HOW DOES IT WORK?

HireVue Builder automatically recommends job-related competencies and questions from HireVue's comprehensive library.  In addition, Builder allows the use of custom or company-specific competencies and questions to supplement the standard question and interview content available.
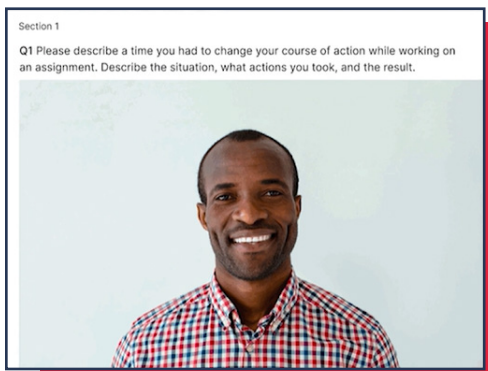


## THE HIGH LEVEL STEPS

1. First, a quick search is conducted to identify the appropriate job level.
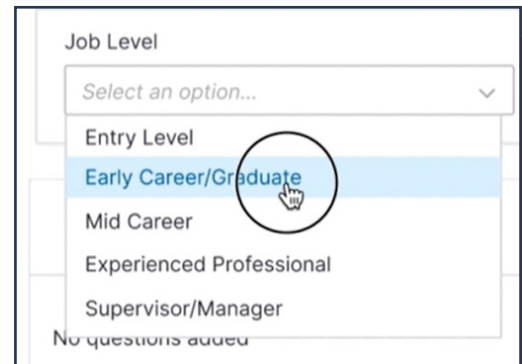


2. The second step is to select the appropriate job profile (e.g. Call Center Representative).

3. HireVue Builder then provides competency recommendations for the unique job role. Users have the ability to easily add and delete competencies based on specific job requirements, allowing hiring teams to quickly develop the tools that will help identify the best candidates.
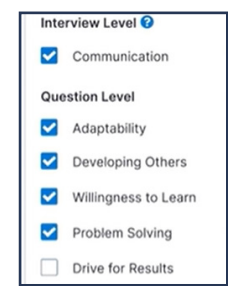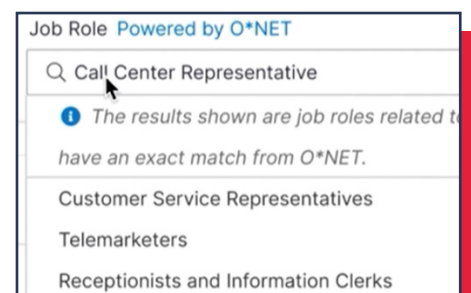
4. Next, validated, job-related questions are recommended that can be used to elicit candidate responses related to the previously selected competencies. Each suggested question can be edited to match the desired voice of the role or hiring organization. Using job-related interview content and evaluation criteria, vetted by IO psychologists for each role, helps to ensure the interview process is more compliant, defensible, and fair.



HireVue Builder also allows the addition of custom company-specific competencies to supplement the standard question and interview content available.

5. Users have the ability to select the question that most aligns to their needs and can easily add and delete competencies based on specific job requirements, allowing hiring teams to quickly develop the tools that will help identify the best candidates. Criteria is vetted by IO psychologists for each role and helps to ensure the interview process is more compliant, defensible, and fair. Questions can also be edited to match the desired voice of the role or hiring organization.



6. Finally, HireVue Builder creates a well-defined scoring rubric to help ensure consistency when evaluating candidates, improving compliance and legal defensibility throughout the interview process. By collecting evaluation notes and competency ratings throughout the process, HireVue Builder empowers organizations not only to improve compliance, but also to prove it.



When users click on the 'View more information' link next to the rating scale (pictured above), details on the behaviorally anchored rating scale are presented to ensure evaluators are evaluating candidates against the same competency-relevant behavioral criteria.

## *BEHAVIORALLY ANCHORED RATING SCALES (BARS)*



HireVue is the technological pioneer in virtual interviewing. We are, and have always been, committed to good science that creates a level playing field for all candidates, and helps companies consider a larger and more diverse set of candidates than ever before.

With HireVue Builder, we are now empowering organizations worldwide to further democratize the hiring process by automating interview activities that promote quality and fairness, ensuring more equitable practices are built into their hiring process from the very beginning.

Learn more about HireVue Builder. Request a demo to see how HireVue can help you build a faster, fairer, friendlier hiring process.

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