



## **MERIT Performance Index™ Value Proposition**

It is important to clarify exactly what the MERIT Performance Index technology is designed to do as a supplement to other assessment and hiring steps. The most common approach for the use of the MERIT Performance Index technology is to develop a specific benchmark for a specific hiring position within a company.

- For example, a client may want to apply the performance index developed to the hiring of Office Managers for the purpose of reducing turnover and increasing customer satisfaction. The goals of turnover and customer satisfaction are the business objectives in this example and can be measured to determine if the hiring decisions using the performance index actually achieved those goals.

The same approach can be applied to a position that is essentially common within an industry. When this is done, each company within that industry can use the common performance index for hiring and employee development. The relative accuracy of this approach for each participating company will of course be affected by the degree to which each company's unique culture differs from the common set of attributes that make up that performance index within the group of companies. In both cases the more "quantifiable performance data" that can be attained the more accurate the position performance index.

## **Hiring Process**

The hiring process can be thought of as a process that deals with three levels of inquiry into the suitability of a candidate – *Can Do, Will Do and Fit.*

### **1. Can Do**

The concept of "can do" is essentially the easiest dimension of candidate evaluation because it deals mostly with observable and verifiable measures of suitability. Many jobs have such measures. A few examples are outlined below.

- ✓ Executive Secretary job skills may require a person to type 60 WPM with less than 2% errors.
- ✓ Graphic Artist job skills may require a person to be proficient with use of Adobe Photoshop and SolidWorks SWIFT tools.
- ✓ Diesel Mechanic job skills may require a person to have special skills and training in Hydromechanical Diesel Fuel Injection Systems, Computerized Truck and Bus Systems Management and /or Truck Steering, Suspension, Brake and Transmission Systems expertise.
- ✓ Electrical Maintenance job skills may require a person to have certain skills and proficiency in starter motor service, motor dismantling and assembly or motor component testing and replacement.
- ✓ AP Mechanics job skills may require a person to be certified as a technician to do maintenance on both power plant and Airframes of an aircraft.

Simple "proficiency tests" can verify whether or not candidates possess these job skills at the desired levels. MERIT Performance Index does not address this "can do" area since what we are dealing with here are job skills that may require special "job skills training" pertinent to the industry. Employers typically observe and verify these job skills during some stage of the interview process and review of the persons resume and historical background.

## 2. Will Do

The concept of “will do” begins to address less tangible elements of candidate suitability. Just because a candidate “can do” the job does not mean they will achieve the desired level of performance in a new company. This is because the job skills, even though verifiable, must now be performed in “context” and that context may be different than a previous setting. A candidate’s motivation to perform the job now enters the picture.

For example, a Software Engineer who used a CAD system to build prototypes at Company A may have been functioning there in a business development context where it was acceptable to take 4-6 weeks to meet a customer’s specs. This candidate may be able to demonstrate in an interview that she “can do” prototype development at Company B using the exact same CAD system. But Company B may have an altogether different kind of customer base where development work completion is required in 1-2 weeks. This new expectation creates a different pressure regarding cycle time.

Our candidate in this example may have had a character and behavior profile suitable for the expectations in Company A but not Company B. The added pressure of the accelerated cycle time creates a stress this candidate cannot cope with, therefore performance may deteriorate and this candidate will not be able to meet the expectations.

The point here is that “will do” is a context-specific factor in determining candidate suitability. MERIT Performance Index will provide the necessary perspective on the character and behavior profile of candidates to understand which ones are more ideally suited to Company A and Company B.

## 3. Fit

The concept of “fit” is related to “will do” but extends beyond the generalized differences in company environments. Fit is a measure of success probability in a specific job and company where the company has a certain business outcome objective in view.

For example, an insurance company may ask, “How can we reduce our 60% turnover in the Claims Adjustor role?” Or, a trucking company may ask, “How can we hire drivers who are less accident-prone so we can reduce our accident rate from 15% to 5%?”

These business challenges cannot be solved simply by tackling the “can do” elements during the interview. And although the “will do” elements are helpful, the real issue here is answering the following key question; **“What is the character and behavior profile of a long-term Claims Adjustor and a safe Truck Driver?”**

- ☑ **MERIT Performance Index tackles this important challenge.** The technology is capable of identifying the character and behavior competencies common among employees who are currently at the desired level (long-term employee, safe, etc.) and use that profile as a reference point for evaluating the fit of a candidate.
- ➡ What we are essentially answering here is the following question: “What kind of character and behavior profile is most ideal for achieving the desired performance outcome in a specific job within a specific company?”

When an organization can verify the “can do” capacity of a group of job candidates, MERIT Performance Index can add the critical step of further differentiating among that group of candidates in terms of which ones actually “will do” the job and “fit” the unique context. Again, these elements of “can do” and “fit” are not generally discernable as part of a traditional interview. The MERIT Performance Index technology provides the hiring manager with this critical perspective to supplement their own observations and eliminate much of the guesswork.

## **MERIT Profile Underlying Behavioral Theory**

All assessment tools generally revolve around some type of underlying behavior theory subscribed to by the developers of the instrument. This theory tends to influence both how the assessment instrument is developed as well as how the resulting reports and profiles are written.

The great majority of psychological assessments that are utilized for business applications are modeled after the *Big Five Model of Personality*. Basically, the now decades old and widely accepted 'Big Five' theoretical model holds that much of human behavior can be described or classified in terms of 5 fundamental psychological traits: Extraversion, Agreeableness, Conscientiousness, Neuroticism and Openness to Experience.

Many of the instruments traditionally available in the marketplace measure these traits in one form or another. Neuroticism is often reserved for clinical tools such as the Minnesota Multiphasic Personality Inventory (MMPI) to assess. So, in effect, most assessment instruments will primarily measure extroversion, agreeableness, conscientiousness and openness (sometimes using different terms) as well as other constructs. The MERIT Profile is derived from this widely accepted model and classifies individual behaviors along the following four trait dimensions:

- High Dominance – Low Dominance
- High Extroversion – Low Extroversion
- High Patience – Low Patience
- High Conformity – Low Conformity

The validity of these trait factors has been established through repeated research over the past 15 years. Factor loadings for each of the traits have been found to be very strong, ranging from 0.50 to coefficients exceeding .90 or higher. The factors have also been found to be statistically independent, an indication that they are able to cleanly measure distinct characteristics. Classifying individuals using heuristic devices along the lines of psychological traits can be a useful process for learning more about a person's general behavioral tendencies at work and towards others. This information can also be useful for interviewing job candidates or developing coaching or training applications.

In addition to these *behavioral traits*, the MERIT Profile provides a perspective into an individual's *character competencies*. This unique combination of measures provides a multi-faceted opportunity for an organization to examine the probability of fit for an individual relative to the specific position for which they are being considered. This probability perspective can be used to make decisions regarding selection (better hiring decisions), succession planning (better organizational planning) and development (better training and coaching).

*The sole focus and advantage of the MERIT Profile System itself is that custom, position-specific performance indexes can be developed for each company and position.* It is therefore equally possible to develop performance indexes for a single, common position across companies within an industry. More than 15 years of scientific, performance benchmarking methodologies has also enabled us to routinely obtain performance index validity coefficients of 0.70 or higher. The objective, empirical evidence for these industry-unique accuracy rates can be demonstrated to each and every client for whom performance indexes have been developed *before* they are utilized for hiring purposes as well as on an ongoing basis as they are used and updated over successive years.

## What Does the MERIT Profile Measure?

The great majority of psychological assessments that are utilized in the business sphere can trace their roots to research that is and has been conducted in the fields of Personality and Clinical Psychology since the early part of the last century. It is not altogether inaccurate to refer to assessment tools that measure things like traits, characteristics, attributes and the like as “personality tests.”

The MERIT Profile, however, cannot be said to be a global or generalized personality assessment. This is a critical differentiator and it must be understood that this instrument has been more specifically designed to assess and measure very specific constructs of character and behavior for the purpose of relating such measures to desired business outcomes.

The MERIT Profile, as stated above, measures distinct competencies of character that are found to be important for both personal and organizational success. These competencies are identified in a descriptive model of 10 character competencies referred to as MAXIMIZERS™. The instrument also measures 4 behavioral competencies that are focused, for the most part, on specific, discrete workplace behaviors and/or beliefs that are important for almost any company and position.

In terms of its use for hiring applications, the MERIT Profile provides a framework to identify competencies that are most relevant to a designated outcome in a particular organization for a specified purpose. The methods we use control sources of error that are not controlled by the large majority of other tools. That is why our system explains so much of the predictive variance, often 50 to 70 percent versus conventional instruments that explain 10 to 25 percent.

By design, the purpose of the MERIT Profile is therefore to reveal relationships present between specific character and behavior competencies and specific business or performance outcomes. Some relationships may be weak, others may be very strong. Results will vary from position to position, company to company and industry to industry.

The proprietary, mathematical analysis of quantitative performance information and character and behavior traits will usually indicate unique sets of competencies that are associated with both successful and unsuccessful employees in a position. Because this is a data-driven approach to identifying important competencies that predict success or failure, we do not attempt to determine them beforehand, a process common to most other tools that tends to bias the outcomes based on subjective opinions. The objective analysis of the data itself will shed light on the web of competencies that will be crucial for success or failure in a position.

## Measuring Up To Legal Standards

The MERIT Profile psychometrics were developed, standardized and validated by Future Achievement in partnership with Precision Human Development, Inc. under the direction of Dr. Mike Williamson, VP, Research and Development. In the development of this instrument and the performance indexes that emanate from them, we have understood and carefully considered EEOC Guidelines. We deliberately set out to deliver services that would provide free opportunity for diversity, would not discriminate, and would yield information that has **objectively measured relevance for outcomes**.

When assessment instruments are used in the workplace, results will vary in terms of validity, applicability and relevance. The least valid, yet most widely applied, method is to administer a personality assessment instrument to applicants and base hiring decisions on a subjective appraisal of a personality profile report. Such reports provide almost no predictive data that is relevant to a position or a specific performance outcome.

Hiring decisions arrived at from this approach would technically contravene EEOC and the Uniform Guidelines for Testing requirements of “showing relevance.” A more valid approach, in principle, is to tie obtained personality trait profiles to particular job outcomes. Despite being a better approach, it is not widely employed by the majority of assessment firms, probably due to a lack of knowledge by those firms in the more quantitative areas of behavioral science.

Another significant shortcoming with this method is that the aggregated profiles frequently have little predictive validity. That is, it is difficult to obtain meaningful associations between profile scores and a particular outcome or desired future outcome.

To deal with these shortcomings, Precision Human Development has researched and developed a mathematical, non-subjective assessment approach for the MERIT Profile that is more rigorous and provides greater predictive validity than these other industry approaches. Rather than utilizing aggregate profile data, we create mathematical equations that correlate particular character and behavior competencies (i.e., specific and discrete behaviors and attitudes that are most strongly associated with both success and underperformance in a position) with a company’s most important business outcomes. We will apply the same rigor to the industry performance indexes.

**This strategy accomplishes three very important goals:**

1. It identifies individuals who “succeed” on the outcome measure (the criterion) within participant groups classified by particular traits. That feature makes our proprietary system much more inclusive, hence allowing for more diversity in hiring than other systems. For example, other instruments may recommend mostly extroverts in certain sales positions. Our system could produce candidates from one or possibly all four of the behavioral styles, Dominance, Extroversion, Patience and Conformity.
2. Unlike many skills tests, grade point averages and intelligence tests, it selects new candidates or promotes employees without regard to gender, religion, race or ethnicity, age, sexual preference or any other potentially discriminating factor. Selections and promotions could be based on numbers versus names as far as the MERIT Performance Index process is concerned.
3. It guarantees “relevance” between predictors and outcomes, an important issue in terms of legal standards. The system requires statistically significant correlations between at least one predictor, but typically several predictors, with the criterion variable.