

STAFFING **ADVISORS**

HOW-TO GUIDE

The Case for Competency-Driven Interviewing





The goals of a job interview are to predict the candidate who will be most successful in the role and encourage the ideal candidate to accept the job offer. Unfortunately, most interviews accomplish neither.

Extensive research shows that the [typical job interview is a poor predictor of success](#), making the selection process risky for hiring managers, particularly at the interview stage.

Due to a series of cognitive errors, faulty opinions, and unexamined biases, common interview practices can fail to attract a top candidate and accurately predict success on the job.

A competency-based or skills-first approach to interviewing eliminates the tendency to value opinion over evidence and intuition over data.

Evaluating competencies in interviewing is a more consistent and effective approach that leads to better hiring results.

Building a Case for Change

Research shows that we think we are better judges of other people than we typically are.

When Jack Welch held the top job at GE, he was famous for his [“rank and yank” employee appraisal methods](#). Each year, he promoted the A players and pushed out the C players.

This theory was based on the flawed assumption that employee performance can be fairly assessed and that most employees perform at a similar level year-over-year.

But when Wharton Professor Peter Cappelli examined performance appraisal data from an anonymous major U.S. corporation over six years, his research challenged the foundational assumptions of GE’s approach. [Cappelli found that](#) “... knowing this year’s scores explained only one-third of the next year’s scores across the same employees.”

In short, people who are good performers do not always tend to be good performers and vice versa. We make similar incorrect assumptions as we evaluate candidates during interviews.

Current interviewing practices may be ineffective, but they are familiar and comfortable to hiring managers. So how can you change and improve?

Think of the last five people who either quit or were fired from your organization. Who was blamed for the departures? Many organizations mistakenly blame the person who left rather than examining their internal practices.

Improving your process requires tracking metrics to assess whether your interviews achieve the desired outcomes over time:

- Do you hire people who are measurably better than their peer group and more competent than others working in similar roles?
- Do your ideal candidates readily accept your job offers?
- How do your hires fare in the long run?
- Do they stay more than three years? Get promoted?
- Do your hiring results vary by manager or department?



What Predicts Good Ratings?

Cappelli's research also showed that performance ratings had little to do with hard work. The best predictor of a good rating was the employee's demographic similarity to the boss, or as Cappelli put it, "how you and your appraiser map onto each other. Are you similar? Then you get higher scores. The more different you are in terms of ethnicity or age or sex, the less well you're going to do."

As Cappelli notes [in another article](#), "The belief in the A player, B player, C player model is consistent with the fundamental attribution error, a very common bias where we assume that the actions of individuals are caused by who they are rather than the circumstances around them ... hence, we see employees performing poorly as being chronically bad employees."

Managers tend to give ratings tied to factors unrelated to performance. And employees tend to get credit or blame for circumstances beyond their control. And this research was about how we evaluate the people who already work for us. What does that portend for our ability to interview successfully?

"We assume that the actions of individuals are caused by who they are, rather than the circumstances around them."

— Peter Cappelli



Most HR Data is Bad Data

Noted business consultant [Marcus Buckingham corroborated Cappelli's research in a Harvard Business Review article](#), citing three psychometric studies involving half a million participants.

Buckingham concluded, "Neither you nor any of your peers are reliable raters of anyone. And as a result, virtually all of our people data is fatally flawed."

One issue he investigated was the idiosyncratic rater effect, finding, "My rating of you on a quality such as 'potential' is driven not by who you are, but instead by my own idiosyncrasies—how I define 'potential,' how much of it I think I have, how tough a rater I usually am. This effect is resilient—no amount of training seems able to lessen it. And it is large—on average, 61% of my rating of you is a reflection of me."

The more an evaluator grows in a particular skill, the worse they will rate others. This is often referred to as a shifting baseline.

Buckingham ponders, "... if we thought for one minute that these ratings might be invalid, then we have to question everything we do to and for our people. How we train, deploy, promote, pay, and reward our people, all of it would be suspect."

In hiring, you are often working with bad or incomplete data. You don't know much about a candidate's work environment and how it compares to your own. And you must actively struggle against the structure of the interview conversation itself, which is more awkward and uncomfortable than a normal conversation.

Without shared context, the interviewer and candidate can easily misinterpret each other's meanings. Complicating it further, your colleagues might join you in the interview process, [creating group dynamics that can negatively affect decision-making](#).

Beyond the candidate questions, there might be problems with the design of the job itself. Defining performance expectations, understanding what competencies drive impact, assessing those competencies, and then forecasting how the job might change in the future are complex cognitive tasks. Each element is crucial to successful hiring but often hard to define. ([We offer some guidance here.](#))

Yet, despite the obstacles, you can still engineer a hiring sequence that works. You just need to slow down your thinking.

"61% of my rating of you is a reflection of me."

— Marcus Buckingham



Think Slower. Hire Better.

In his book, *Thinking Fast and Slow*, Daniel Kahneman, Princeton professor emeritus and recipient of the Nobel Prize in Economics, describes the two systems of thinking everyone uses—fast and slow.

Most of the time, we are in fast mode. Life is random and requires us to process information quickly. We all use mental shortcuts to help us find adequate, though often imperfect, answers to difficult questions. We recognize patterns and lean into familiar feelings because they feel right, not because they are right.

This is a function of evolution—we continually assess our world through these guesstimates based on intuition. When the outside world was more dangerous, this ability to think quickly made sense. You needed to discern a threat from a major opportunity immediately.

Our brains still work this way, even though our need to react quickly to predators has largely disappeared. We have intuitive feelings about everything that comes our way. We like or dislike people long before we know much about them; we trust or distrust strangers without knowing why. We're wired to jump to conclusions on

very thin evidence and to find consistency and coherence where there is none.

In other words, we're rarely stumped. The old adage, "Often wrong, but never in doubt," is far too accurate. As Kahneman puts it, "When faced with a difficult question, we often answer an easier one instead, usually without noticing the substitution."

Think about when a hiring manager goes off track in the interview, when a charming candidate comes up with fast, confident answers to interview questions, or when an interview gets off to a great start and you ease off the tough questions. These are examples of superficial, fast thinking and can lead to interview failure. Performance in this type of interview will not predict performance on the job.

Without noticing it, in evaluating people for a job, almost everyone pivots from talking about competencies—the skills actually needed to do the job—to talking about attributes and personal qualities. That's because attributes are easier to think about. But a properly designed interview process will keep your focus on competencies the entire time.

“When faced with a difficult question, we often answer an easier one instead, usually without noticing the substitution.”

— Daniel Kahneman



Cognitive Biases

Beyond false assumptions, idiosyncratic rater bias, and errors caused by fast thinking, there is another issue to recognize when interviewing. Nearly universal cognitive biases may lead you to overestimate someone's abilities.

The Halo Effect

There is a quick tendency to like or dislike everything about a person—including traits or competencies you have not observed or evaluated. You expect to see (or not see) something and, through confirmation bias, believe there is evidence when there might be none.

In hiring, this often plays out when an interview is going well. The hiring manager might skip a key evaluation point, assuming that the candidate will also be competent in it due to other competencies already established.

Blindspot Bias

You can fail to see the impact of your personal biases on your judgment.

[A research study asked 661 adults](#) whether they were more biased than the average person. Only one admitted to more bias than average. As one of the researchers concluded, "Whether a good decision maker or a bad one, everyone thinks that they are less biased than their peers."

The Dunning-Kruger Effect

Candidates who are less skilled in certain competencies may exhibit the most confidence in their abilities.

In hiring, this is most relevant to self-evaluation. For example, if you ask candidates to rate their ability to use Excel on a scale of 1 to 10. Those who have used it lightly will often evaluate themselves very highly. Those who are experts or have used it extensively will rate themselves more accurately, which often means they will pick a lower score. This is because experts know how much they don't know. Less-skilled candidates, blind to what they don't know, will demonstrate higher confidence than is accurate.

The Fundamental Attribution Error

As Professor Cappelli noted, this is when “we assume that the actions of individuals are caused by who they are rather than the circumstances around them.”

This is a crucial bias to understand. If we assume someone's successes are due to an inherent personal trait and do not consider the context surrounding the achievement, we then often believe that success is transferable to a new environment. This is rarely the case.





Competency-Driven Interviewing

In the face of these challenges, what kind of interview sequence will consistently result in identifying and attracting top performers?

A hiring approach based on competencies replaces the easy, fast, rule-of-thumb thinking with what Daniel Kahneman calls deep, slow thinking—a system that puts facts at the forefront and diminishes the role of opinion and bias.

Here are a few components of a competency-driven interview process:

Deciding Who Will Decide

Before the first interview is scheduled, decide which people in your organization will participate and which will have decision-making power. Be sure they all have input in the evaluation criteria and make certain that disagreements are resolved.

Prepared Evaluation Criteria

The best evaluations consider competencies or skills, not opinions. We recommend at most five or six prerequisites for success in the position. They should be as independent of one another as possible. Design questions that can evaluate each competency and ensure all interviewers agree on what a very strong or very weak answer would look like for each skill.

Follow-up Questioning

The best interview questions are follow-up inquiries that delve into how the work was actually done. Ask candidates, “How did you do that? With whom? What was the outcome? What did you measure?”

Work Sample Testing

The best predictor of whether someone can do the work is [having them do a small sample of relevant work](#) at the appropriate time during the hiring process.

Structured Debriefing

In hiring, opinions abound, and facts are scarce. It is quite common for people to present personal opinions about a candidate as factual. Be sure you ask the right questions to ascertain facts. When someone has presented an opinion, such as, “The people who work at that organization are all bureaucrats,” consider asking them, “How would we learn if that’s true for this candidate?” Or “How can we better understand how that might relate to their performance in this role?”

A well-structured, competency-driven interview process helps you hire more quickly and mitigates the risk of hiring the wrong person. The right process has the additional benefit of establishing performance expectations long before your new employee shows up for the first day of work.

[Our Employer Guide to Interviewing](#) provides step-by-step details of how to integrate a competency-based approach into your current interview process.

Visit our website to [learn more about Competency-Driven Interviewing and other inclusive hiring practices](#).



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