

Trego Takeaways

At A Glance

My professional experience indicates that although there is a cost associated with misses, the cost of bogus selections is significantly greater than the cost of misses.

Decision Theory and Employee Selection

Employers make a dichotomous decision to hire or not hire an applicant. Varying degrees of hire/no hire do not exist. Once hired, at some point in time, an applicant can be categorized as "acceptable" or "unacceptable." Therefore, employee selection decisions will result in one of four possible outcomes.

Two of these outcomes are correct decisions and two are errors. For example, correct outcomes result when the decision is to;

- 1) Hire an applicant and the applicant turns out to be acceptable (hit).
- 2) Reject an applicant when in fact the applicant would have been unacceptable (correct rejection).

Errors result when an applicant is;

- 3) Rejected, but would have been acceptable if hired (miss).
- 4) Hired but turns out to be unacceptable (bogus selection).

The goal of employee selection strategy is to maximize Hits and Correct Rejections while minimizing Misses and Bogus Selections.

One solution is to be more selective. You could reduce the total number of Bogus Selections by using more stringent hiring requirements. However, that will simultaneously increase the number of Misses. Or you could lower your requirements thus reducing the number of Misses but such a strategy will increase the number of Bogus Selections.

These two employee selection strategies clearly indicate you cannot have the best of both worlds—sorry. There is always a trade-off, each strategy containing benefits but error and related costs. My professional experience indicates that although there is a cost associated with misses, the cost of bogus selections is significantly greater than the cost of misses. Therefore, it makes good business sense to establish and maintain stringent hiring requirements thus increasing the odds of hiring hits and accept the fact that you will be rejecting applicants who might have been successful if hired. It is the price organizations must pay in order to hire the right people for the right jobs.

Key Takeaway

The goal of employee selection strategy is to maximize Hits and Correct Rejections while minimizing Misses and Bogus Selections.