

ORION SYSTEMS™ EXECUTIVE BRIEF

PRE-EMPLOYMENT ASSESSMENT

presented by The Nielson Group

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Orion Systems™ Pre-employment Assessment (PE) is an applicant screening tool which provides significant human resource, loss prevention and asset protection benefits.

Orion alerts employers to potentially problematic and unacceptable employee behavior as well as highlighting positive tendencies in those same areas before a hiring decision is made.

The benefits of using Orion assessments include:

- ☐ increased employee retention and tenure
- ☐ improved customer service
- ☐ lower tardiness and absenteeism
- ☐ fewer background check failures
- ☐ improved workplace safety
- ☐ less workplace drug use and its negative consequences
- ☐ lower shrinkage
- ☐ fewer employee terminations
- ☐ greater compliance with asset protection and loss prevention policies and procedures
- ☐ improved hiring workflow and time-to-hire

The purpose of this guide is to factually support and document the above statements. Sections of this Brief include:

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ORION'S ROOTS

Orion's initial and ongoing development began and continues based on dialogue with senior operations, loss prevention, and human resource executives as well as field-level managers and supervisors. This means that the assessment tool you use provides the information you need to hire employees who are more likely than others to create a profitable enterprise.

The Orion development team consists of experts in the fields of psychology, statistical analysis, testing, and law from both the business and academic worlds. During the development of the Orion applicant assessment system in the early 1980's, this team gathered valuable input from industry leaders, managers, human resource professionals, and loss prevention professionals addressing two simple questions:

1. What would you like to know about applicants before you hire them and,
2. How would an assessment process work best for you?

Many business leaders volunteered their time, efforts and applicant pools. Ultimately over 2,300 managers and assistant managers from companies recognized as some of the best managed in America, as well as thousands of applicants and employees participated in a development process spanning several years. No employment decisions were made using the survey responses during this initial study period. Applicants' employment histories were tracked and their work behavior compared with their assessment results. The study results demonstrated that **Orion applicant profiles accurately predicted performance evaluations 90% of the time.**

This study was believed to be the largest of its kind involving managers, assistant managers, employees and applicants.

Furthermore, in developing the assessment, a conscious decision was made to define the attitudes measured in the most universal, non-industry specific way. See "Applicant Information Orion Provides" for more detail (page 6).

THE SCIENCE BEHIND ORION

Though it appears to be a simple questionnaire, the Orion Opinion Survey™ is a sophisticated instrument that predicts with 90% reliability how an applicant is likely to behave on the job in key profit-making or profit-breaking ways. The science behind the Opinion Survey is what created its superior reliability.

Orion assessments were developed and validated using the accepted procedures, standards, and guidelines for assessment development by the American Psychological Association. The following summarizes this science:

Assessment Development Methodology: Orion Pre-employment Assessments (the "PE") measure work-relevant attitudes and experiences selected as important for employees of a profitable company. The PE alerts employers to potentially problematic and unacceptable employee behavior and highlights positive tendencies in these same areas. The PE contains only content relevant attitudes and behaviors. All items considered for inclusion in the PE are content valid. Because all questions on the PE have face validity (meaning the subject of the questions are related to the work environment), the PE encourages cooperation and acceptance of this part of the application process. Content areas were selected after reviews of potential characteristics most relevant to work performance. Information and opinions were gathered through interviews with executives, operations managers and human resource directors of some of America's most successful companies. These interviews explored areas considered most important when evaluating the performance of an employee and therefore any applicant for employment. Item development used a rational, content valid approach, generating two kinds of items: self-assessments and

attitude statements. The best items were selected for inclusion in the assessments following discriminate function analysis, rational scale development, studies of internal consistency reliability (the reliability calculated was Cronbach's coefficient alpha), selection of constructs for inclusion as subscales using a rational process based on needs and experiences of employers, calculations of Pearson correlations, and principal axis factor analysis using varimax rotation.

Assessment Validation: Orion Assessments were developed and validated using the following commonly accepted psychological testing standards and practices: chi-square analysis, Omega square analysis, t-test analysis, standard deviation measurements, Cronbach's coefficient alpha analysis, analysis of variance, Pearson's correlation, cross-validation analysis, test-retest procedures, supervisory ratings, work/behavioral histories, and evaluations of subsequent performance. Orion PE's were and continue to be validated using the three types of validity accepted as appropriate for evaluating employee selection procedures: **Criterion validity** (the comparison of test results to measures of actual work performance) in which scores are correlated with current behavior (concurrent model) or future behavior (predictive model – preferred as this is most like the actual situation of employee selection); **Construct validity** (determining what is actually being measured); and **Content validity** (a logical appraisal of the content covered by the test items, which should focus on job relatedness). In addition to these ongoing validation procedures relating to reliability and validity, Orion PE's are validated relative to **equal employment opportunity requirements** and **adverse impact** regarding protected population groups. Validation analysis in the area reveals consistent distributions reflecting no adverse impact for any protected group. Our 246-page Validation Manual will be provided to you upon request.

THE LEGAL PROTECTION ORION PROVIDES

As noted in the science summary, Orion's development and validation procedures are based upon and subscribe to the guidelines and procedures of the American Psychological Association and the Federal Uniform Guidelines of Employee Selection Procedures. All survey items included in any Orion assessment are developed, reviewed and validated to meet the equal employment opportunity concerns of the Federal Guidelines, as well as legislation such as the Americans With Disabilities Act, privacy and fair employment legislation, and related requirements.

Meeting these legal standards was a basic principle underlying Orion's initial development and remains an ongoing activity of the Orion organization.

An example relates to the legislation that was passed in the early 1990's in the state of Massachusetts banning any pre-employment reference to "honesty." Though Orion does not measure "honesty" (see definition of Workplace Theft Scale, pages 6-7), a Massachusetts-specific survey version was created to protect clients operating in that state from having to explain the distinction between "honesty" and "workplace behaviors that create inventory losses."

A second example relates to legislation in Canada in the mid-1990's involving pre-employment inquiries relating to an applicant's family. Orion revised the survey question, "Long hours at work cause problems with my family," to read, "Long hours at work cause problems in my personal life," a question that upon review by Canadian counsel specializing in employment law was determined to meet the new standard.

A third example relates to Canada's ongoing debate over legalized marijuana. Because Orion only measures work-relevant attitudes and behaviors, this debate and proposed legislation has no impact on Orion assessments. Orion only measures attitudes toward workplace drug use. To further clarify, consider the many employee behaviors that are completely acceptable outside the workplace that would not be so while

on the job because those behaviors interfere with profitable operations. Talking on one's cell phone for long periods of time is an illustration of a legal and acceptable behavior that is an undesirable behavior in a work environment.

Since its introduction in the early 1980's, millions of applicants have completed Orion assessments. In that time, not one Orion client has ever suffered an adverse court judgment or administrative ruling related to Orion assessments.

In fact, it has been shown repeatedly that using a demonstrably valid assessment provides greater protection from illegal hiring practice claims than you otherwise would have in the absence of such a system.

WHAT ORION TELLS YOU ABOUT YOUR APPLICANTS

Versions

APPLICANT ASSESSMENT					
ORION SYSTEMS SURVEY VERSIONS		PE-1	PE-2	PE-3-CS	PE3-SAFE
Validity Levels		✓	✓	✓	✓
Self-Assessment Statements		✓	✓	✓	✓
Post-Survey Interview Questions		✓	✓	✓	✓
Supervisory Attitudes		✓	✓	✓	✓
Work Attitudes		✓	✓	✓	✓
Workplace Drug Use Attitudes		✓	✓	✓	✓
Workplace Theft Attitudes		✓	✓	✓	✓
Safety & Risk Avoidance Attitudes				✓	✓
Prospects for Long Term Employment			✓	✓	✓
Customer Service		✓	✓		✓
Communication		✓			
Competitiveness		✓			
Sales Attitudes		✓			
VIEW SAMPLE VERSIONS - (PDF)					

The ORION SYSTEM is a pre-employment survey of applicant's opinions concerning relevant subjects. The ORION SYSTEM is not intended, nor should it ever be used, as the sole determining factor in hiring the post qualified applicant.

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The PE3-SAFE-CS predicts an applicant's workplace behavior in the following areas:

- **Supervisory Attitudes** - Tells you how willing the applicant is to accept direction and training from supervisors and follow company policies and procedures. This scale also reflects the applicant's supervisory potential. Scored Above Average, Average, Below Average.

Example: An applicant who scores Below Average on the Supervisory Attitudes scale is far more likely to disregard training and policies and take short cuts on procedures.

- **Work Attitudes** - Tells you if the applicant is likely to be absent or tardy; also, how well the applicant values the workplace and working with a team. Scored Above Average, Average, or Below Average.

Example: An applicant who scores Below Average on the Work Attitudes scale is far more likely than others to be late to work, call in sick when they are not ill, see work as a “necessary evil” rather than a meaningful, valuable part of life.

- **Workplace Drug Use Attitudes** - Tells you how permissive the applicant's attitudes are toward workplace drug use and the impact of drugs in the workplace. Scored Low Risk, Marginal Risk, or High Risk.

Example: An applicant who scores High Risk on the Workplace Drug Use scale is far more likely than others to have a permissive attitudes toward drug use in the workplace. Such applicants are also often more likely than others to be tardy or absent, be inattentive to customers and have problematic attitudes toward workplace safety.

⇒ **FACT:** The Workplace Drug Use scale predicts the outcome of a physical drug test with over 98% accuracy.

- **Workplace Theft Attitudes***** - Tells you how likely the applicant is to rationalize workplace theft (defined as taking others' property without permission and/or in a retail environment taking inventory without paying for it) and cheating (not following company policies regarding asset protection). Scored Low Risk, Marginal Risk, or High Risk.

***** Orion does not measure honesty or integrity. These terms are often confused with the Workplace Theft Attitudes scale.**

Honesty and integrity are subjective terms whose definition varies from person to person. What one person views as honest, another may view as dishonest. The terms “honesty” and “integrity” also carry moral connotations that Orion makes no attempt to define or measure.

As with the Workplace Drug Use scale, Orion passes no judgment on the rightness or wrongness of any particular behavior. Orion simply predicts the likelihood of specific workplace behaviors. It is up to each Orion client to determine the appropriateness of that behavior relative to its revenue, profit goals and the work environment it seeks to maintain.

A person who scores “High Risk” on the WorkplaceTheft Attitudes scale has responded to the survey items in the same, or substantially the same manner as those who admit theft from their employer. The Orion Survey reveals attitudes which may be problematic or

positive relative to the likelihood of specific workplace behaviors.

Example: An applicant who scores High Risk on the Workplace Theft Attitudes scale reveals a problematic attitude toward taking inventory or company property without paying for it.

⇒ **FACT:** 25.3% of all applicants in a study of 230,000 retail applicants scored High Risk for Workplace Theft and Cheating.

⇒ **FACT:** Companies who exclude from consideration those applicants who score High Risk and Marginal Risk on the Workplace Theft scale have shrinkage rates that are half the national average.

⇒ **FACT:** Internal and external theft costs United States retailers \$40 billion dollars per year as reported by the latest National Retail Security Survey conducted by the University of Florida.

- **Customer Service** - Tells you how willing the applicant is to be helpful and courteous to customers. Scored Above Average, Average, or Below Average.

Example: An applicant who scores Below Average on the Customer Service scale is far less likely to go the extra mile to help customers and is more likely than others to find customer behavior and requests for help to be annoyances that interfere with his/her “real” work.

⇒ **FACT:** A large national retail automotive service company reported a 23% increase in customer satisfaction in the first year after considering only those applicants who scored Average or Above Average on the Customer Service scale.

- **Prospects for Long-Term Employment** - Tells you how likely the applicant is to frequently change jobs and how he/she believes these job changes will affect his/her professional success. “Long-term employment” is defined as more than six months. Scored Above Average, Average, or Below Average.

Example: An applicant who scores Below Average on the Prospects for Long-term Employment scale is far more likely than others to change jobs often looking for the perfect employment situation rather than investing his/her energies in consistent, high-level job performance as the means of employment success.

- **Safety and Risk Avoidance** – Tells you how likely the applicant is to disregard safety training and take safety risks that would endanger him/her self or others.

⇒ **FACT:** A large national retailer reported a 32% reduction in workplace accidents and a 21% reduction in overall liability at the end of one year after screening in only those applicants who scored Level One or Two on the Safety and Risk Avoidance scale.

Validity Level

In addition to the attitude scales listed above, each applicant Profile includes a Validity Level. The Validity Level tells you whether the applicant has responded to the survey items with their true opinions, and consequently, whether the rest of the Profile is reliable. Some applicants may try to tell you what they think you want to hear, or believe that if you really knew what they thought about these work-related issues, you may not hire them. Some applicants mistakenly believe that there are “right or wrong” answers to the survey questions and try to select the “right” answer. The extent to which the applicant tried to alter the result of the survey rather than selecting responses that best reflect their views determines the Validity Level. For example, if an applicant responds with “Very Slightly Agree” to a survey item such as “I have stolen small items in previous jobs, but I will never do it again”, this applicant by responding in the middle of the answer scale is attempting to appear “average” and is avoiding answering with his/her true views. One can not “Very Slightly Agree” with the statement as a person either has, or has not, stolen from previous employers. The Validity Level will be one of the following:

- Low Risk – Highly reliable, Profile information (75.6% of all applicants)
- Marginal Risk – Questionable information (14.8% of all applicants)
- High Risk – Unreliable information (9.6% of all applicants)

When an applicant scores Low Risk in Validity Level, the scores on the applicant’s Profile are highly reliable.

When an applicant scores High Risk in Validity Level, this means that the applicant’s responses are not sufficiently reliable to produce a reliable Profile.

THE ROLE OF HIRING GUIDELINES

Orion provides the option of creating hiring guidelines, customized to your goals, employment positions, and labor needs and availability. These guidelines can also be based on the degree of decision-making autonomy you wish to provide to your recruiters and managers.

For example, if one of your goals is to reduce turnover, you may elect to consider only those applicants who score average or above average on Prospects for Long-term Employment (the likelihood an individual will remain with the company for six months). Indeed, Orion clients who use Long-term Employment as a minimum hiring guideline will lift this exclusion during the holiday hiring season as long-term employment is unimportant for these temporary, seasonal workers.

Hiring Guidelines - Proper Perspective

Just as a company has minimum age, education, and work experience requirements for employment, you may select minimum attitude requirements as measured by the Opinion Survey.

A 14-year-old applicant would not be considered to have “failed the age test.” An applicant who does not have a high school diploma or a GED has not “failed the education test.” That applicant simply has not met certain requirements for employment, requirements that have been deemed to be important to profitable operations.

Opinion Survey hiring guidelines should be viewed the same way. An applicant cannot “pass or fail the Orion test.” The applicant simply has not met one of the requirements for employment, a requirement that has been deemed to be important to profitable operations.

These guidelines may be changed at any time based on changing goals and objectives as well as labor availability.

Hiring Guidelines - Compliance

In order to receive maximum benefit of the Opinion Survey, it is important that the survey be administered consistently throughout each location. Just as a complete employment application, proof of identity and work eligibility, background check, etc. are required hiring policy, so should an applicant's Orion Profile that meets minimum hiring guidelines be required, should you elect to use hiring guidelines.

Orion's real-time data management systems will enable you to monitor compliance by your recruiters and managers. Orion provides online summary and detail reporting along with verification reporting. Use of this statistical data allows you to monitor individual store applicant data as well as overall distribution into risk zones.

Our Commitment and Support

The Nielson Group is your partner. We exist to ensure your success in the use of the Orion System Pre-employment assessment. We offer 24/7 phone support for all of your users, unlimited webinar training customized to meet the needs of your HR or Talent Acquisition staff and Hiring Managers, system administration and user setup that streamlines workflow for every location. We periodically run analysis of applicant data, provide reports to HR management and provide you the ability to apply data analytics to improve your hiring practices.

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The Nielson Group

Coaching
Organizations for
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