



Skills Base



Hi there!

Welcome to your very own Skill Assessment Guide Report! This report will enhance the value of your organization's skill assessments by teaching you how to create and conduct assessments according to industry best practice approaches. By following these strategies and techniques, your administrators will learn how to create skill assessments that deliver valuable and precise organizational insights, and supervisors will learn how to avoid the traps that prevent them from accurately assessing employee skills.

Here's what we've got in store for you:

- An introduction to how skill assessments can work – objective vs subjective
- A justification of the structured-subjective approach utilised by Skills Base
- Best-practise strategies and techniques to help you master the science of skill assessments

We hope you enjoy this report, and if you'd ever like to learn more about skill assessments, we're only an email away.

All the best,
The Skills Base Team



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An Introduction to Skill Assessments

For organisations of all shapes and sizes, there is a clear and ongoing need to understand the capabilities of their workforce. An effective and common means for identifying these capabilities is to periodically conduct employee skill assessments. These assessments involve comparing the skill levels of employees against some defined criteria. The type of criteria used to gauge employee skills depends on the testing methodology used. Broadly speaking, three types of skill assessment methodology exist:

Objective: Which involves an independent body formally examining the skills of an individual or group.

Subjective: Which involves collecting the opinions of employees and supervisors based on their experience and knowledge of each other, themselves, and their work environment.

Mixed: Which involves assessing skill levels in a way that's partly subjective and partly objective. In deciding whether you should assess skills subjectively, objectively, or via a mixed method, it's important to first appreciate the different strengths and weaknesses of each approach.

Assessing skills objectively provides a reliable means to decrease the influence conscious and unconscious bias can have on skill assessments. This effect is significant because bias reduces the accuracy of assessment data, which in turn lowers the value of insights derived from collected data. Unfortunately, setting up and maintaining an objective assessment process is not easy. A key difficulty of objective assessments is the need to produce and maintain a host of formal exams across a diverse set of specialist fields. In addition, ensuring the integrity of objective assessments can be a costly exercise as an independent party would have to be consulted to conduct them.

Organisations can of course choose to overlook assessment formality or independence to reduce the costs of objective assessments, however this reduces the benefits of an objective approach significantly, leading to a significant amount of wasted time, effort and money.

On the other hand, assessing skills subjectively generally involves collecting the opinions of employees and supervisors based on their experience and knowledge of each other, themselves, and their work environment. Measuring skill levels subjectively is easy, fast, and can generally be relied upon to achieve accurate results because:

- Individuals and supervisors generally know the skill level of themselves and the people they supervise
- Subjective measures allow assessment creators to factor in unique organisational context, such as a specific digital literacy requirement.



Accuracy within subjective assessments is not perfect however, as subjectivity is vulnerable to the personal biases and inconsistencies of assessors. Fortunately, it is possible to protect subjective assessments from inaccurate results. The trick involves introducing some amount of objectivity into the assessments, making the process neither wholly subjective or objective, but mixed. This is the approach taken by Skills Base.

The Skills Base Structured-Subjective™ Approach to Measuring Ability

The Skills Base and Skills Base team believe that the best method for measuring skills is achieved by taking advantage of the benefits that a subjective approach offers, whilst introducing objectivity to the process.

The Skills Base Structured-Subjective approach achieves this through 7 key components:

- Utilising an **organization-authored assessment**
- Providing a **fixed, structured list of skills** with detailed descriptions
- **Grouping skills by job function** or organizational structure
- Providing a **fixed, universal numeric rating scheme**
- Specifying the **criteria for each rating** via a detailed description
- Conducting an **employee self-assessment**
- Performing an additional, **supervisor-conducted assessment**



Component		Benefit
1	Organization-authored assessment	<ul style="list-style-type: none"> Ensures employees are assessed equally and consistently Improves fairness and accuracy Facilitates the ability to effectively compare entities
2	Fixed, structured list of skills	<ul style="list-style-type: none"> Ensures the needs of the organization are met Ensures ambiguity is managed by the organization
3	Skills grouped by job function	<ul style="list-style-type: none"> Achieves specificity without surplus amounts of data Improves response accuracy
4	Fixed, universal numeric rating scheme	<ul style="list-style-type: none"> Declares an organization-wide standardised methodology Creates a level playing field Ensures data compatibility for combining and comparing Ensures the structure will adapt to future needs
5	Defined rating criteria	<ul style="list-style-type: none"> Guides employees in their assessments Provides a set of rules and references Achieve fast and accurate results
6	Employee self-assessment	<ul style="list-style-type: none"> Provides first-hand data Provides an accurate "first-cut" of information Significantly reduces effort, time and administration
7	Supervisor-conducted assessment	<ul style="list-style-type: none"> Verifies and validates employee responses Further increases data accuracy

Components of the Skills Base Structured-Subjective approach

How Else Can Skill Assessment Outcomes Be Improved?

The structured approach Skills Base takes to assessments provides a fast, effective, and affordable way for organisations to measure the skills of their employees, but the Skills Base software alone is not enough to maximise the value of employee assessments. To enhance the value of a subjective assessment system like Skills Base, organisations should consider using the following strategies.



Involve Employees in Goal Setting

Allowing employees to participate in organizational goal setting is one of those rare practices capable of delivering several benefits to an organisation without being difficult to implement. A host of studies have found that shared goal setting within organisations is associated with improved employee performance and satisfaction¹. Studies have also found that shared goal setting specific to performance appraisal processes, such as facilitated by Skills Base, improves both employee satisfaction with appraisal results and employee performance¹.

It's clear that shared goal setting has its benefits, but where do those benefits stem from? The consensus today is that shared goal setting heightens the sense of intrinsic and extrinsic motivation employees feel towards their work. This change results in staff becoming more focused, persistent, and less prone to distraction².

With Skills Base it's easy to benefit from the advantages shared goal setting can provide thanks to the Competency Target feature. The Competency Target feature allows organizations to assign target skill levels to roles and teams within an organization. In order for an organization to experience the benefits of shared goal setting, all they have to do is work with staff to determine together what is a reasonable competency level to be achieved per skill for each role or team. Once management and general staff have reached a consensus, simply input the Competency Targets into Skills Base and you're done! Congratulations, your organisation has taken a significant step towards maximizing the value of skill management.



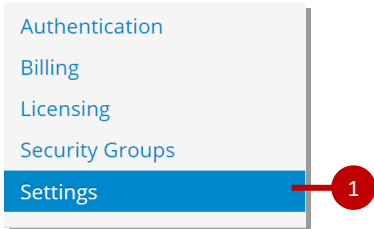
Improving Assessment Validity

Assessment validity refers to the extent an instrument actually measures what it is designed to measure. To illustrate, consider the example of a supervisor tasked with assessing how well an employee works in a team. The supervisor is fond of the employee, who takes the time to be friends with the supervisor outside of work and always manages to make the supervisor laugh. Based on these positive traits, the supervisor rates the employee’s teamwork skill highly. Awarding this mark for these reasons is a mistake. The supervisor has conflated their personal feelings towards the employee with the employees ability to work effectively as part of a team.

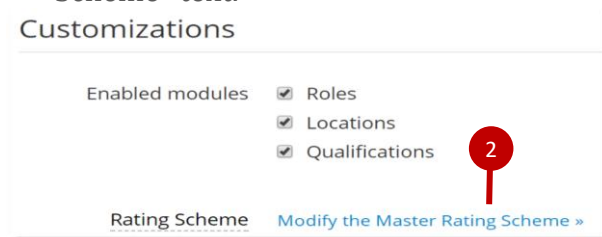
Naturally, high assessment validity is critically important for organisations looking to derive accurate insights from their skill assessments. In Skills Base, assessment validity is maximised when supervisors and staff are provided with a clear and descriptive definition of the skills their assessing and the ratings they’re assigning. Describing skill and interest labels in this way prevents users from interpreting skill and interest levels differently from each other and from management.

Adding a description to your skill and interest labels is simple.

1. Begin by clicking on the “Settings” link on the navigation bar in your Skills Base instance.



2. Next, scroll down to the Customizations section and click the “Modify the Master Rating Scheme” text.



3. From here you can add descriptions to your skill and interest ratings. A good skill or interest description is brief, clear, and describes exactly how you want your skill or interest labels to be



interpreted.

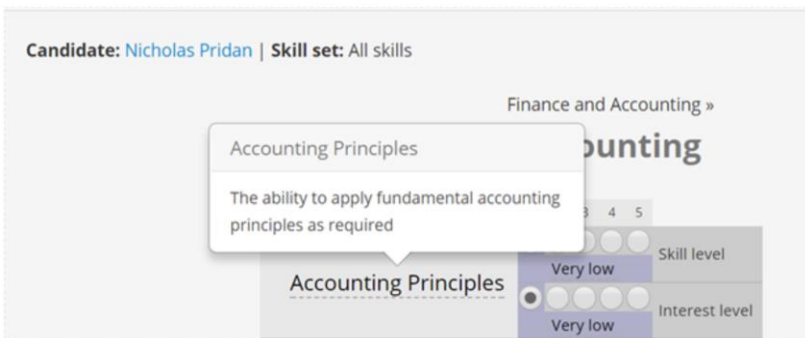
Skill ratings	
Label	Description
0	<input type="text"/>
1	Very low <input type="text" value="Your description goes here."/> 3
2	Basic capability <input type="text"/>
3	Competent <input type="text"/>
4	Developed skills <input type="text"/>
5	Highly skilled <input type="text"/>

Enable zero rating

Improve Assessment Reliability

In the context of assessments, reliability refers to the consistency with which something is measured. In the case of performance appraisals, it's important to ensure staff and supervisors are being consistent in the way they appraise skill and interest across an organisation. This consistency allows staff to be fairly compared against one another, which can help management better identify strengths and weaknesses within the organisation, form teams, and manage staff training.

To help ensure assessment reliability in Skills Base, organisations should encourage staff and supervisors to review skill and label descriptions each time they conduct an assessment. Fortunately, checking these descriptions during an assessment is simple. Users need to only hover their mouse over underlined skills and labels to reveal their descriptions – as shown below.





Improve Assessment Sensitivity

Assessment sensitivity refers to the extent an assessment process reacts to, and shows, actual differences in employee performance. Sensitivity is a crucial element of skill assessments. When sensitivity is low, it becomes difficult for managers to provide the right training opportunities, form effective teams, reward performance, and maximise staff satisfaction.

One way to improve assessment sensitivity, particularly in the case of supervisor-assessments, is to ensure supervisors do not allow bias to influence their assessments - a subject we'll talk more on shortly. Another key method to improve sensitivity is to carefully design your assessment scale. Assessment scales can be thought to comprise of two parts:

Scale range

This is the breadth of possible responses users have available to them when completing an assessment. Skills Base for example lets organisations set their scale between 0-3 and 0-10. But how big should you set your scale? For many, the instinctive answer to this question follows the “bigger is better” mantra. They feel that by providing staff with more options to choose from, they'll instantly improve the accuracy and detail of assessment results. This belief is understandable as more options do in fact allow users to give a more precise response, however what researchers have noticed about excessively large scales is that they can negatively impact important factors including assessment accuracy, consistency, and fairness.

An effective scale range therefore should be large enough to enable sufficient precision, without being so large that the differences in choices lose meaning and facilitate inconsistent and undesirable outcomes. When studying this problem, researchers discovered that a scale of between 5 and 7 points facilitates the greatest balance of consistency, precision and fairness³. Importantly, they noted that allowing for scales with more than 7 points did not improve the value of assessment insights.

Scale labels

Scale labels denote the text that accompanies points on a scale. The first decision an organisation must consider when labelling their scale is whether they want to label every point on their scale, or only some.

For a scale to have meaning, its endpoints must be labelled. The choice to label all other points on the scale however is entirely optional. Organisations which utilise scales with only the endpoints labelled generally cite two reasons: First, numerically labelled points avoid the inherent ambiguity associated with language and are therefore considered to offer a more precise response. Second, numeric values are thought to be easier to keep in mind during an assessment compared to a set of descriptive titles. On the other hand, verbally labelling the points of a scale provides a more natural experience for those conducting the assessment as people rarely express complex conceptual meaning in everyday language using numbers alone.



Additionally, a numbered scale has no inherent meaning aside from suggesting equal divisions between labelled points.

Subjective opinions aside, when researchers studied the effect of labelling all points on a scale, they noticed a marked improvement in assessment response reliability and validity³. The Skills Base team recommends therefore that organisations label their scales. Fortunately, Skills Base comes preloaded with scale labels. You are free to keep these labels or devise your own. If you choose to create your own, we recommend you ensure the labels are concise, descriptive, and clearly differentiated from one another.

Improve Assessment Fairness

Assessment fairness is measured according to the extent an assessment's process is free from bias. Assessment bias should be a significant concern among organisations because of its ability to reduce the accuracy of assessment insights. Many forms of bias can influence assessment outcomes; and worse, some forms of bias can exist without the assessor's awareness. Fortunately, research has shown that it is possible to reduce the power bias can have on our assessments.

In the case of unconscious biases, one effective approach available to managers is to simply make supervisors aware of the different unconscious biases which can influence them⁴. To that end, below is a list of the most common unconscious bias types known to influence assessments.

- **Halo and Horn Effect⁵**: Halo Effect is the tendency to rate an employee uniformly high in other traits if he is extraordinarily high in one particular trait⁶. On the other hand, Horn Effect is the tendency to rate an employee uniformly low in other traits if he is extraordinarily low in one particular trait.
- **Central Tendency⁷**: This is the assessor's tendency to avoid making extreme judgments of employee performance, resulting in rating all employees in the middle part of a scale without any consideration of their actual performance.
- **Recency Error⁸**: Recency effect refers to an assessor's tendency to allow more recent incidents, either positive or negative, to have too much bearing on evaluation of performance.
- **Leniency and Severity Errors⁹**: The incentives of superiors to bias performance assessments of employees because of the psychological cost of communicating poor performance, favoritism, and preferences for equity in rewards. Ultimately this bias drags employee performances together despite performance differences
- **Past-record Anchoring¹⁰**: Occurs when the present performance is influence too on the basis of past performance. It has been observed that even if employee performance is low



according to current evaluation criteria, supervisors will rarely assign employees a mark lower than one point below their previous evaluation score. For instance, in cases where the employee had previously obtained a score of 29, he would not get a score below 28 even if his actual score is much below.

- **Contrast Error¹¹:** Contrast error occurs when the manager compares an employee's performance to other employees instead of the company standard. When employees are ranked in comparison, someone must end up at the bottom, even if they are exceeding the company standard. Contrast error is known to get worse as time goes on, that is, individuals who are rated first are rated higher than those evaluated last. If the time gap between the two evaluations is large, the effect is larger.
- **Proximity Error¹²:** Occasionally referred to as an order effect, this error illustrates the influence that surrounding items have on the rating one gives a person on a particular item. For example, if the preceding item was a trait on which the individual was given a very favorable rating, the rater may tend to let the favorable response carry over to the next item on the list. There is always the possibility of the reverse reaction occurring.
- **Personal Bias⁹:** Is the influence a supervisor's attitude towards an employee can have on their performance appraisal. For example, a supervisor may like and trust an employee and therefore rate their performance highly despite the employees actual performance not being worthy of such a rating.
- **Supervisor Values Bias¹³:** Supervisor values are known to directly influence their assessments of employees, so much so that a supervisor's value system is known to be one of the greatest predictors of employee assessment results. For example, if a supervisor believes that a particular employee will be demoralized by an accurate but poor evaluation, and/or that the organization will not benefit from such an evaluation, they will be less likely to provide an accurate evaluation.
- **Employee Appearance Bias¹⁴:** Is the influence an employee's physical appearance (clothing, physical attractiveness, etc.) influences the results of performance assessments. This bias is known to be especially common during supervisor assessment on male employees.
- **Discrimination Between Insider and Outsider Employees¹⁵:** Employees favoured by supervisors tend to receive important and challenging tasks. Conversely, employees not favoured by supervisors are more likely to receive unimportant and trivial tasks. Unfortunately, supervisors can take the value of the tasks completed by employees into consideration during assessment which can bias assessment results.

Revealing to supervisors the types of bias that can influence them is an effective method for combating unconscious bias, but this approach is less impactful when it comes to reducing conscious biases. Instead, research has shown conscious bias can be addressed by increasing how accountable supervisors are for the ratings of their team¹⁶.



A simple way to make supervisors more accountable in this regard is to make the act of providing accurate performance appraisals a skill the supervisors themselves are assessed upon. This strategy requires some work as other members of the organisation, typically management, are required to assess the accuracy of at least some of the assessments provided by each supervisor. The additional work is often worthwhile however as supervisors who feel more accountable for their performance appraisals display less undue positive or negative ratings¹⁶.

Conclusion

In this document we've covered how administrators can create skill assessments that are targeted, easy to complete, consistent in their interpretation, and provide the most valuable insights possible. We've also discussed what supervisors can do to prevent themselves from falling into the trap of unconscious and conscious biases. Creating high value assessments takes work, but we hope this document can help you arrive at an assessment process that greatly benefits your organisation.

Your next step is to get in touch with Skills Base and receive your assessment focused training session where we'll have a one-on-one discussion with you about how you can go about creating and conducting powerful and accurate skill assessments.



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