



# BUSINESS OUTCOMES

**INDUSTRY:**

Pharmaceutical and Medical Supply

**SOLUTION:**

Select Assessment<sup>®</sup> for Manufacturing

**Reducing Costly Turnover**

Authors: Amy Gammon, Ph.D. & Luye Chang, Ph.D.

**THE SITUATION**

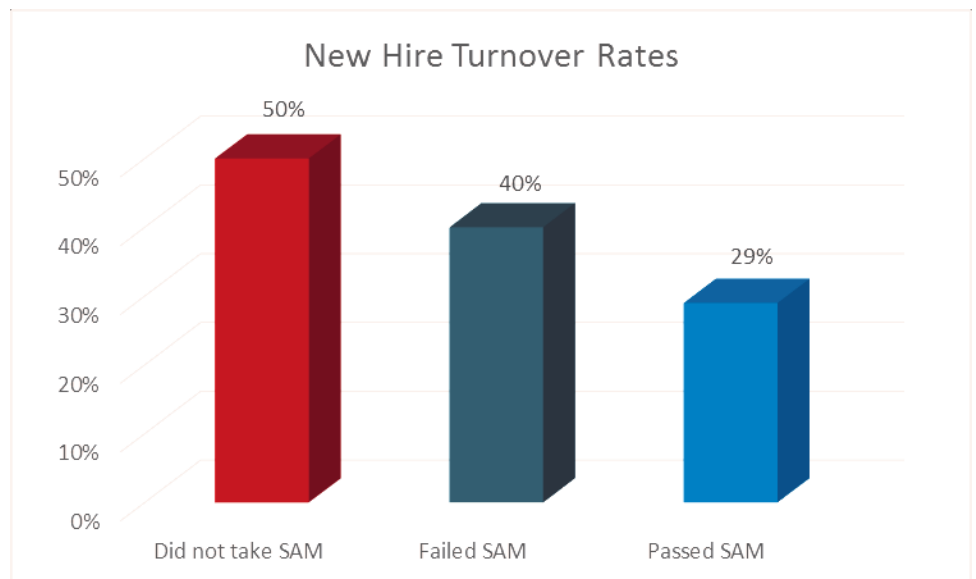
A large worldwide pharmaceutical and medical supply company was having difficulties with turnover in their entry-level manufacturing technician position. It can be difficult for many organizations to find and keep workers in some of the entry-level manufacturing positions. The company decided to partner with Select International to improve the quality and retention of their workforce.

**THE SOLUTION**

This organization implemented the Select Assessment<sup>®</sup> for Manufacturing (SAM), which is an in-depth online assessment that measures the key competencies for success in a manufacturing environment. Due to shifts in the organizational hiring demands, SAM was used for decision making off-and-on over the course of two years. This provided a unique opportunity to examine some interesting data with regard to the turnover metrics from the organization. Specifically, there were three different groups of data to analyze: individuals who did not take SAM, failed SAM, or passed SAM.

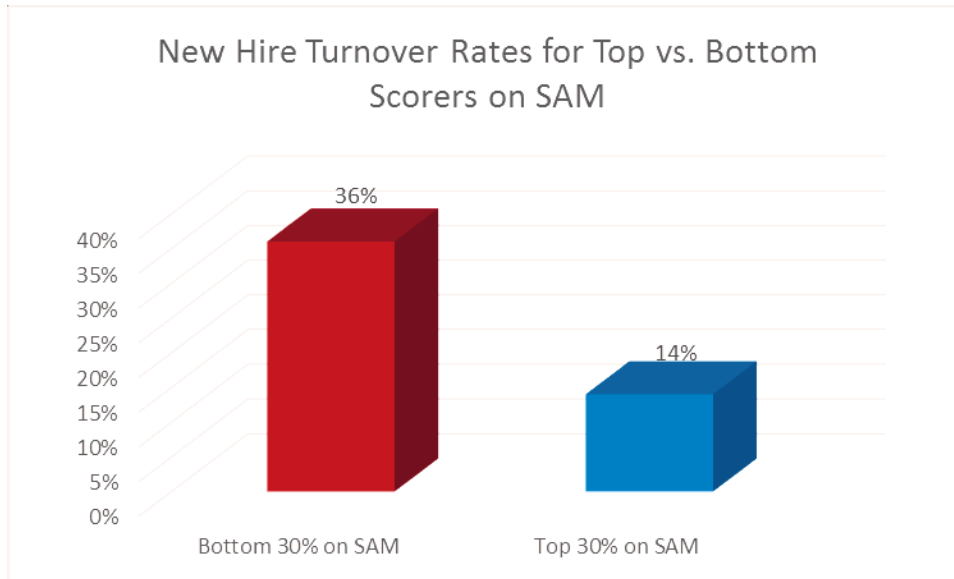
**OUTCOMES**

In this study, new hire turnover was examined for the three different groups: did not take SAM, failed SAM, or passed SAM. Employees who did not take SAM and were hired had a turnover rate of 50%, whereas there was only 29% turnover for the employees who passed SAM. **That's a 42% improvement!**





SAM overall scores were also compared with turnover rate. The bottom SAM scorers had a turnover rate of 36% as compared to the top SAM scorers who only had a turnover rate of 14%. **That's an improvement of 61%!**



## CONCLUSION

Turnover is costly. Research suggests that direct replacement costs can reach as high as 50-60% of an employee's annual salary, with total costs related to turnover ranging from 90% to 200% of the annual salary<sup>1</sup>. To put this into perspective, it is accepted<sup>2</sup> to use a figure of 1.5 times an employee's salary to account for the direct and indirect costs associated with turnover. If this technician position was paid \$40,000 a year, the turnover cost for the replacement of each employee is \$60,000. **Reducing turnover from 50% to 29% is a savings of \$1.26 million over the course of 100 hires!**

The results of this study clearly demonstrate that the Select Assessment for Manufacturing is an effective solution for decreasing costly turnover.

<sup>1</sup>Cascio, W.F. 2006. *Managing Human Resources: Productivity, Quality of Work Life, Profits* (7th ed.). Burr Ridge, IL: Irwin/McGraw-Hill. Mitchell.

<sup>2</sup>T.R., Holtom, B.C., & Lee, T.W. 2001. How to keep your best employees: Developing an effective retention policy. *Academy of Management Executive*, 15, 96-108.

For over 20 years, Select International, Inc. has provided superior assessment products and solutions for its clients. Many of the world's largest and most successful organizations trust us with their hiring and retention goals. Whether your company

**Select International, Inc.**  
5700 Corporate Drive, Suite 250  
Pittsburgh, PA 15237  
800-786-8595  
[www.selectinternational.com](http://www.selectinternational.com)

needs pre-employment screening, personnel evaluation, in-depth leadership assessment or behavioral interviewing, Select International has a solution to meet - *and then exceed* - your needs.