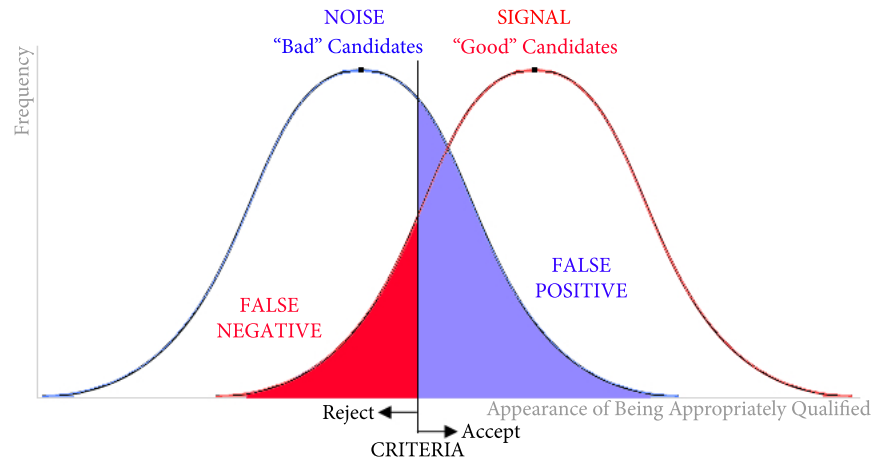


Signal Detection Theory and Hiring the Perfect Candidate

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A recent post by a recruiter on LinkedIn on the subject of how seeking the “PERFECT” candidate may be unrealistic (and also unfair) got me thinking about one of my favorite areas of Statistics known as Signal Detection Theory, the objective of which is to differentiate between a “signal” sought, e.g. an appropriately skilled applicant, and the distracting “noise” which surrounds that signal, e.g. the host of undesirable applicants applying for a given job.

In any population, there will be “bad” candidates who will appear good, as well as “good” candidates who will appear bad. Ultimately, making a hiring decision within this inevitable uncertainty boils down to specifying the selection criteria in such a way as to balance the tradeoff between minimizing incorrect rejections (also referred to as “misses” or “false negatives”, i.e. failing to hire a good candidate) and minimizing incorrect acceptances (also referred to as “false alarms” or “false positives”, i.e. mistakenly hiring a bad candidate). Unfortunately, relaxing the acceptance criteria has the welcome effect of reducing the likelihood of missing fewer good candidates, but at the same time this also *increases* the likelihood of hiring more bad candidates. So, what is a poor recruiter to do?

What especially helps in these situations is obtaining more information. That is where the overall hiring process is critical. An initial, less restrictive “test”, such as the perusal of a resume, may be augmented with additional information through subsequent, more stringent tests, including:

- conducting phone screenings
- holding in-person interviews
- reviewing work samples
- speaking with references

Furthermore, in situations where making the wrong decision may be costly, there are also ways in which prospective employers may hedge their bets, for example through offering internships, framing the opportunity as “contract-to-hire”, or by stipulating an introductory probation period.

After all, it isn't merely “whom you know” that counts, but what you know about them. If hiring the “perfect” person really matters, take the time to get to know your candidates beyond whether or not a resume contains all the current buzzwords.

Reference: https://en.wikipedia.org/wiki/Detection_theory

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