

Evaluating and demonstrating the value of assessment initiatives at UBS

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Agenda

- ◆ UBS context
 - Vision, strategy and values
 - Our approach to talent management
 - The pivotal role of assessment

- ◆ Evaluating and demonstrating the value of assessment
 - Recruitment
 - Development

- ◆ Presenting a framework for practitioners

Our vision

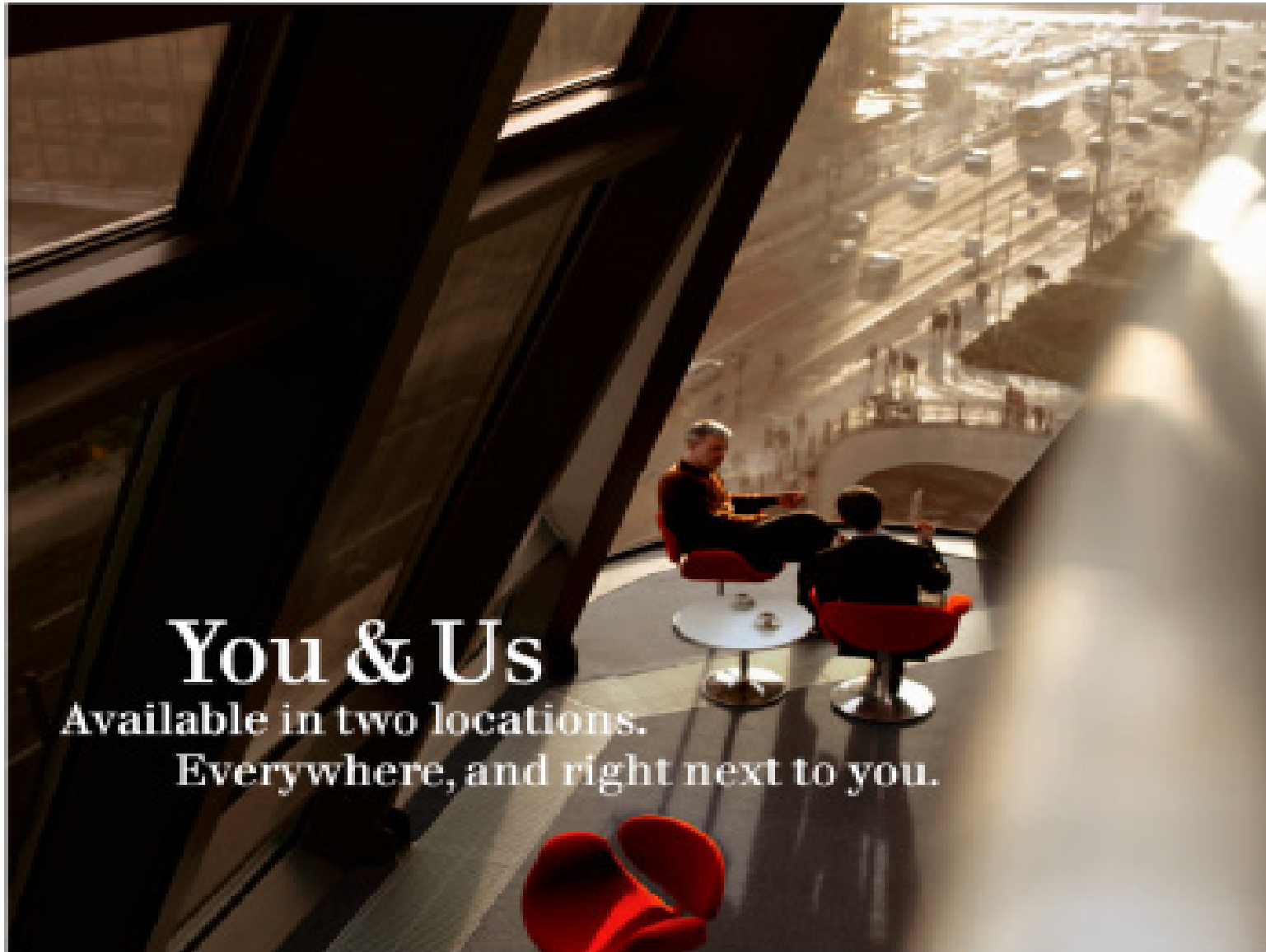
Vision

We are determined to be recognized as the best global financial services company.

Integrated Business Model

We are one firm.
Our business model has a clear client focus, and delivers the entire firm to meet or exceed our clients' needs.
We do not duplicate the same work between different organizational entities.

Building a global brand



Our values



Talent Management Strategy

Organic Growth

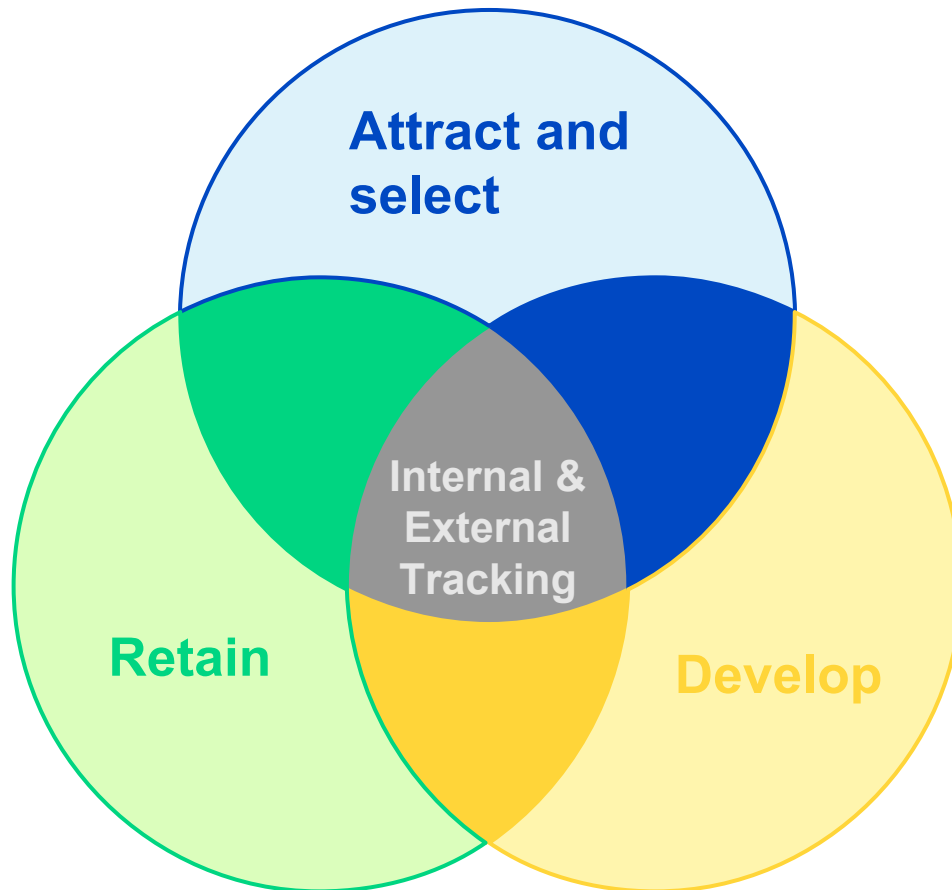
From talent mergers to talent acquisition to talent creation

Hiring, developing and retaining the best and brightest as a basis for sustainable competitive advantage

Talent development as one of our key business priorities in achieving our 2010 Agenda

“One Firm” Approach

Talent Management Framework



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- ◆ Employer Positioning
 - ◆ Campus Recruiting
 - ◆ Professional recruiting
 - ◆ Induction
 - ◆ Workforce Planning

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- ◆ PMM
 - ◆ Development Planning
 - ◆ Key Talent Development
 - ◆ Leadership Development

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- ◆ Internal Labor Market
 - ◆ Talent Architecture
 - ◆ Key Talent Identification & Communication
 - ◆ Succession Planning
 - ◆ Talent Reviews

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- ◆ Metrics
 - ◆ Pulse
 - ◆ Key Talent Portal
 - ◆ Awards
 - ◆ Publications

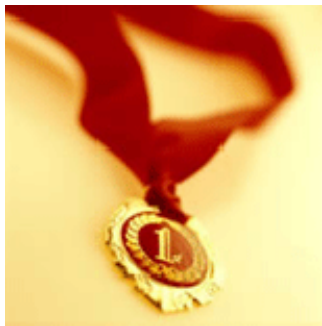
Our Vision for Global Recruitment

We need to attract the best talent by delivering a **globally consistent world-class experience** for our candidates, achieved through **seamless partnership** between managers, recruiters, HR CRMs and HR service centers.

An employer of choice

Europe's best company in any industry: UBS

The Financial Times has named Europe's brightest performers in terms of innovation and rapid growth. UBS was acclaimed as the industry leader in the financial sector as well as the overall winner among some of Europe's most respected companies.



The Financial Times (FT) has just published the winners of its "Best of European Business Awards" which highlight stories of rapid profitable growth, innovation and aggressive expansion among European companies.

The awards, run by the FT and Roland Berger Strategy Consultants, an international consultancy group, aim to single out star performers operating in Europe and identify the factors behind their success.

UBS was selected as the winner of its category for its assets growth, a focus on value as well as its share buyback programs, a strategy which the jury praised as being "convincing". The firm was also given the "Grand Prix" as the overall winner among the companies cited.

"The UBS Group success rests on the breadth of its business."

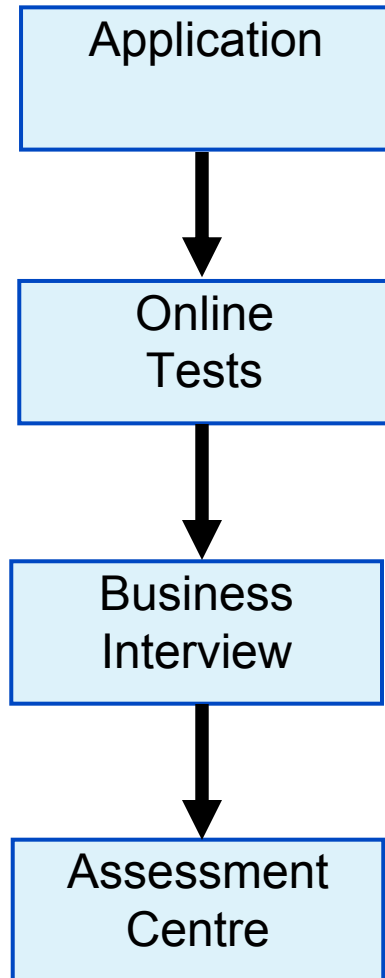
According to the FT UBS's success rests on the "breadth of its business, both geographically and in product terms." The FT highlights the firm's business mix: wealth management, initially based in Switzerland but now increasingly global, the Investment Bank as well as the firm's asset management business.

"Unlike many rivals, the group has exploited the complementary relationship between its divisions," writes the FT. Since the merger of Swiss Banking Corporation and the former Union Bank of Switzerland, followed by the acquisition of PaineWebber, organic growth and bolt-on acquisitions have filled out UBS's portfolio, notably in Asia. The FT adds that this growth strategy has been supported by a "meticulous" brand strategy aimed at presenting UBS as one integrated firm.

Graduate recruitment – Investment Bank

- ◆ UBS recruit nearly 1,000 graduates globally across the business each year
- ◆ Investment Bank recruit the majority of candidates
- ◆ Highly competitive marketplace for the best talent
- ◆ Target top business schools and Universities
- ◆ ‘Candidate centric’ philosophy
- ◆ Drivers for selection process and assessment methods
 - Efficient (time and cost)
 - Valid and effective
 - Fair

A leading-edge assessment strategy



OUR APPROACH

- ◆ Online application form
 - ◆ Assess education, experience and fit against key graduate competencies
 - ◆ Submitted online via UBS Graduate website
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- ◆ Online numerical and logical reasoning tests
 - ◆ Tests are integrated with Brass Ring
 - ◆ Apply 'one-firm' standard cut-off score
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- ◆ One-hour competency based interview with a manager from the business
 - ◆ Verify online test scores using paper test
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- ◆ One-day assessment centre
 - ◆ Use range of techniques including a group exercise, presentation and interview
 - ◆ Train business managers to act as assessors

BUSINESS BENEFITS

- ◆ Candidate centric approach – user-friendly form
 - ◆ Ensures that we quickly sift out inappropriate candidates at an early stage
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- ◆ Facilitates fast and efficient means of shortlisting the brightest applicants
 - ◆ Saves immense time and effort of assessing inappropriate candidates
 - ◆ Improves 'hit rate' at final stages
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- ◆ Engage the business in the process
 - ◆ Provide opportunity to 'sell' UBS to the candidate face-to-face to
 - ◆ Assess motivation and communication
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- ◆ Robust assessment of each candidates' fit against UBS graduate competencies
 - ◆ Enables us to select the best – our analysis shows a strong link between performance on the assessment centre and subsequent job performance (as measured by appraisal ratings and bonus achieved)

Evaluating the process

- ◆ Predictive validation

- To what extent do the various methods predict job performance?

- ◆ Process validation

- How effective are the various screening methods?
- How well does the assessment centre work?
- How fair is the process?

- ◆ Pragmatic validation

- How well does the process / methods support business needs?
- How well does the process support our brand and 'sell' UBS to candidates?
- How do line managers and assessors feel about the process?

Predictive Validation

Employees who score higher on the test are more likely to get higher contribution ratings

Overall Contribution Rating Received Compared to Numerical Test Results

N= 49

UK Graduates Test Results	Overall Contribution		No. Candidate
	1 or 2	3 or 4	
Above 50th Percentile	56%	44%	34
30th to 50th Percentile	29%	71%	14
Below 30th Percentile	0%	100%	1

- 56% above the 50th percentile get a PMM overall contribution rating of 1 or 2.
- 71% below the 50th percentile get a PMM overall contribution rating of 3 or 4

N= 98

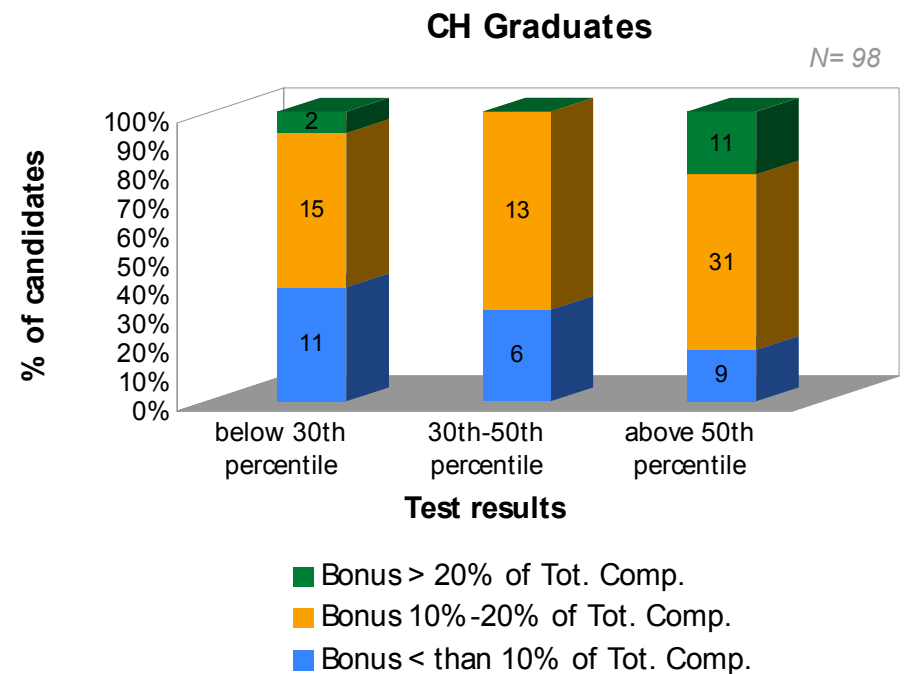
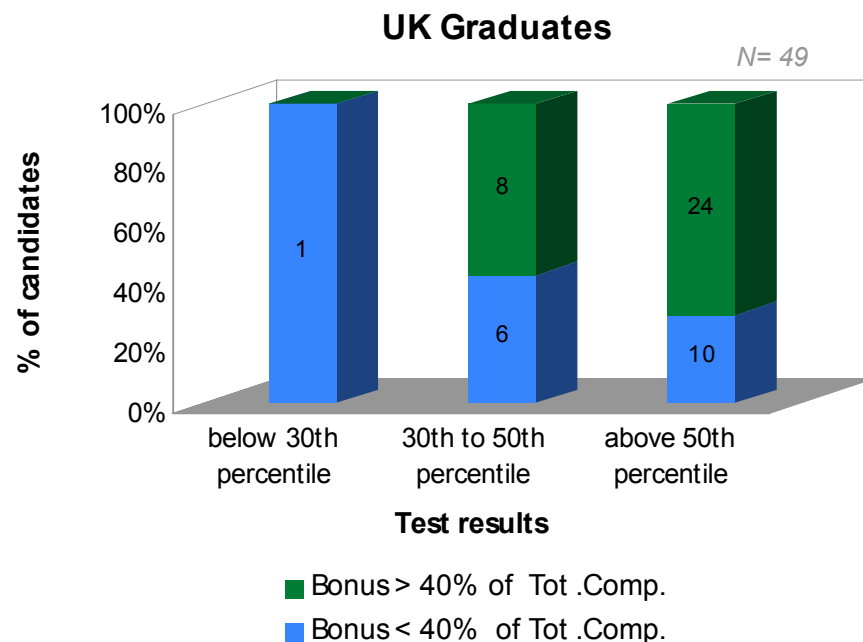
CH Graduates Test Results	Overall Contribution		No. Candidate
	1 or 2	3 or 4	
Above 50th Percentile	65%	35%	51
30th to 50th Percentile	58%	42%	19
Below 30th Percentile	46%	54%	28

- 65% above the 50th percentile get a PMM overall contribution rating of 1 or 2.
- 54% below the 30th percentile get a PMM overall contribution rating of 3 or 4.

Predictive Validation

Employees who score higher on the test are more likely to get higher bonus

Bonus Received Compared to Numerical Test Results



- 71% of candidates who score above 50th percentile receive a 40% or above bonus
- 43% of candidates who score between 30th and 50th percentile receive less than 40% bonus

- 82% of candidates who score above 50th percentile receive a 10% or higher bonus
- 39% of candidates who score below 30th percentile receive less than 10% bonus

Predictive validation

Employees who score higher on the assessment center are more likely to get higher PMM ratings

Assessment Center Results compared to PMM Ratings

N= 111

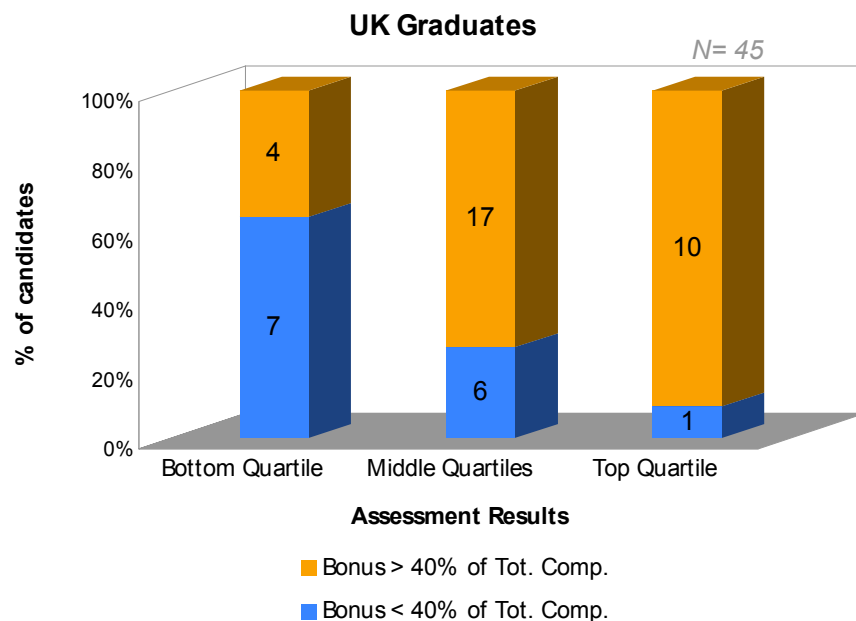
CH Graduates	Combined PMM Ratings			No. Candidates
AC Results	Top (1A,1B,2A, 2B)	Middle (3A,1C,2C,3B)	Bottom (3C,4C, 4D)	
Top Quartile	56%	20%	24%	25
Middle Quartiles	45%	30%	25%	56
Bottom Quartile	23%	50%	27%	30

- 56% at top quartile get a top PMM combined rating (1A, 1B, 2A or 2B)
- 50% of bottom quartile get a middle PMM combined rating (3A,1C, 2C or 3B)

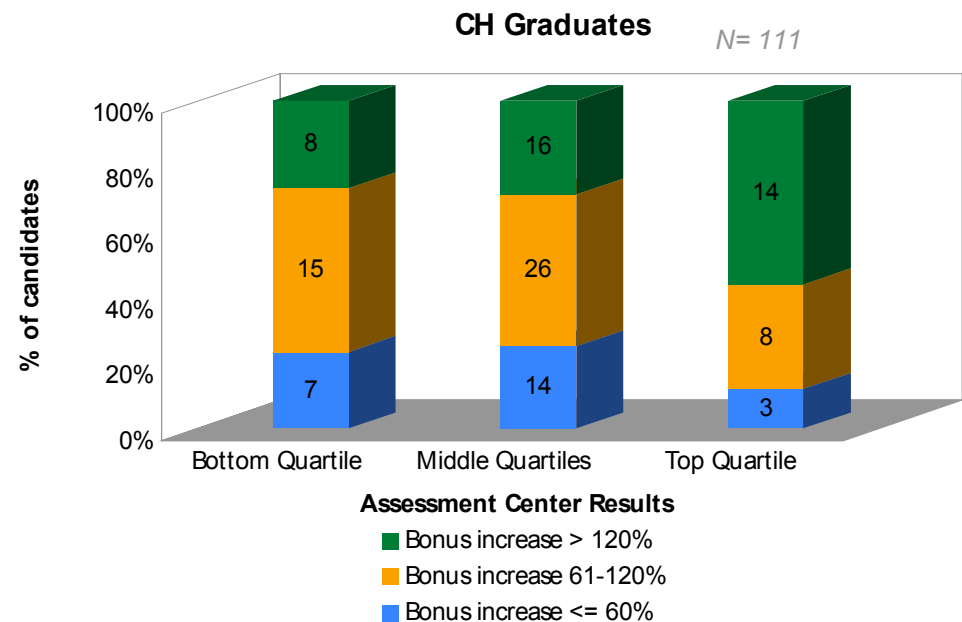
Predictive validation

Employees who score higher on the assessment center are more likely to get higher bonus

Bonus or Bonus Increase Received Compared to Assessment Results



- 91% of candidates who score in top quartile received a bonus above 40%
- 64% of candidates who scored in the bottom quartile had a bonus below 40%



- 56% of candidates who scored above in top quartile received more than 120% bonus increase
- 72% of candidates who scored in bottom quartile had less than 120% bonus increase

Process validation

Overall Results

- ➔ All stages in the process are positively linked with the decision to bring a candidate to the next step
- ➔ 4/5s rule (= Proportions of female coming through process comparing to male) is achieved for all stages of the selection process

Stage 1 – Online Application and Numerical Test

- ➔ 22% success rate
- ➔ The test provides an effective tool for sifting candidates :96% of people who passed stage 1 are scoring above 30th percentile
- ➔ Candidates who get higher Open Ended Questions (OEQ) ratings do better at BOTH 2nd stage interview and final stage assessment centre

Process Validation

Stage 2 – Interview and Written Numerical Test

- ➔ 49% success rate
- ➔ Candidates who get higher interview ratings do better on the assessment centre

Stage 3 – Assessment Center

- ➔ Success rate 33%
- ➔ Overall good balance between exercises and competencies
- ➔ Some competencies are more difficult to be captured by the assessors

Pragmatic validation

- ◆ Consultation with key business stakeholders
 - Recruiters and line managers
- ◆ Candidate feedback
 - Survey and interviews
- ◆ Expert review of materials
- ◆ External benchmarking
 - Competitors and global graduate recruiters

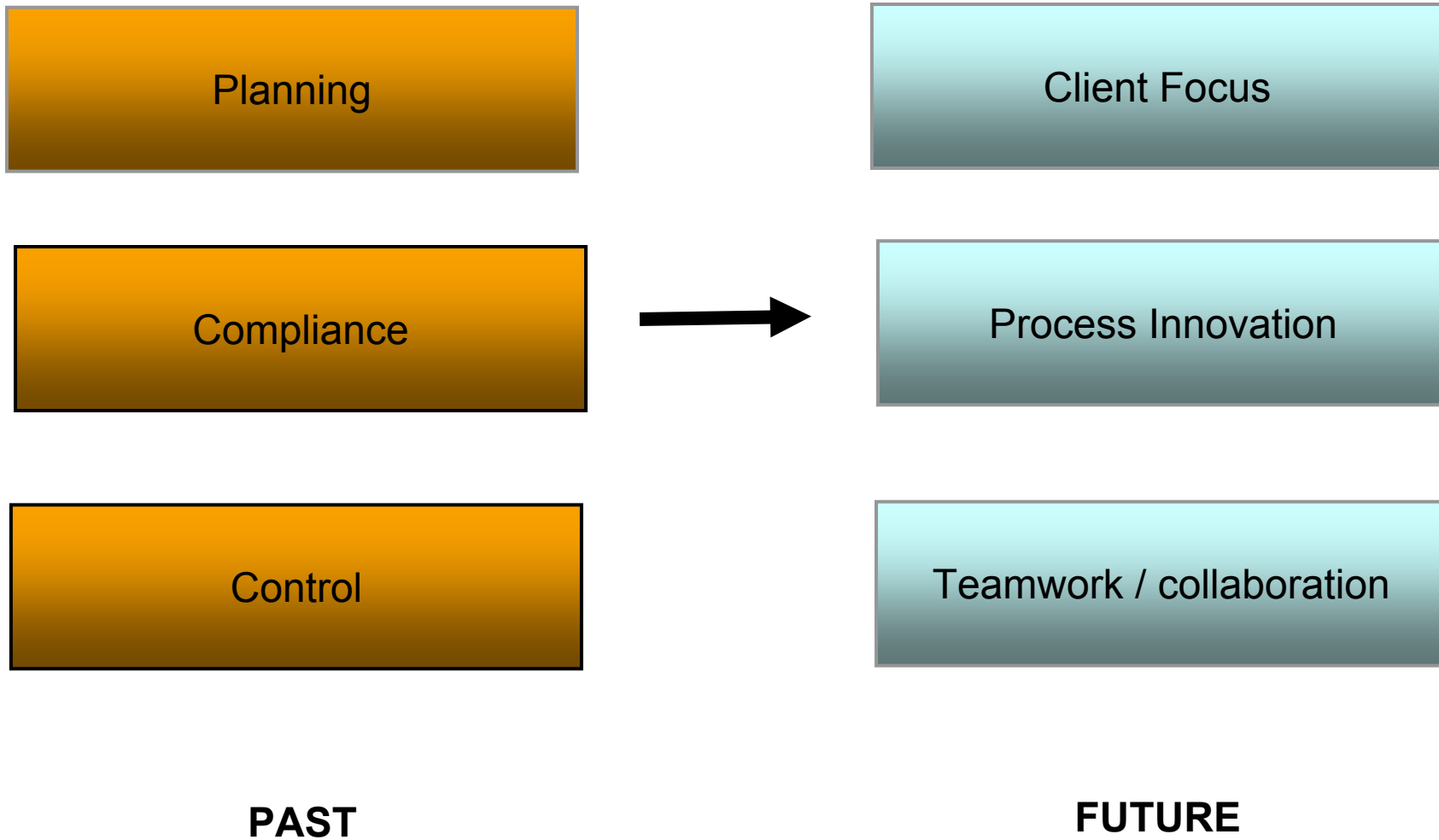
Recommendations

- ◆ Continue to use online screening tests
- ◆ Continue to provide assessment centres
- ◆ Measure core underpinning 'one-firm' competencies across graduate population
- ◆ Tailor assessment centre design and exercises to business-specific needs
- ◆ Leverage ability test data to inform assessment centre ratings
- ◆ Build streamlined 'candidate-centric' assessment centre
- ◆ Up-skill and support Campus recruiters
- ◆ Develop Group HR role in quality assurance

IB Operations – Development Centre

- ◆ The Development Centre is part of a program within the operations function for middle-level employees
- ◆ It is aimed at evaluating candidates potential for more senior positions and therefore inform promotion decisions, as well as support candidates in individual development planning.
- ◆ Process used in four main regions (Asia Pacific, USA, UK and Switzerland)
- ◆ The DC is based on:
 - ◆ Exercises (Group, Presentation, In-tray, Interview)
 - ◆ Ability Tests (Numerical, Verbal and Abstract Reasoning)
 - ◆ Personality Questionnaires
- ◆ The performance is measured by 13 competencies.

IB Operations – A changing landscape



Evaluating the process

◆ Prediction validation

- Does the development centre predict employee Job Performance?

◆ Process validation

- How do the various assessment methods support the final evaluation result of the employee?

◆ Pragmatic validation

- How does the development centre approach support the business and HR strategy of IB Operations?
- What is the participant experience?

Process validation

All competencies have an impact on the final results, they can be reduced to four main factors

- ➔ a 1st factor “**Brightness**”, made out of the competencies “*Intellect*”, “*Strategic/Visionary Capability*”, “*Commercial Acumen*”, and “*Creativity & Innovation*”.
- ➔ The 2nd factor is best described by “**Interaction style**”, composed by “*Energy, Drive, Enthusiasm, Commitment*”, “*Interpersonal/People Mgmt. Skills*”, “*Action Orientation*”, “*Open Mindedness, Flexibility*” and “*Influencing & Negotiating*”.
- ➔ A 3rd factor “**Professional Skills**” links into “*Multifunctional capability*”, “*Technical Experience*”, and “*Honesty, Integrity, Professionalism*”.
- ➔ The 4th factor is “**Client Orientation**” and composed only by this competency itself.

Predictive validation

Candidate who perform well on the Development Center tend to perform well on the job

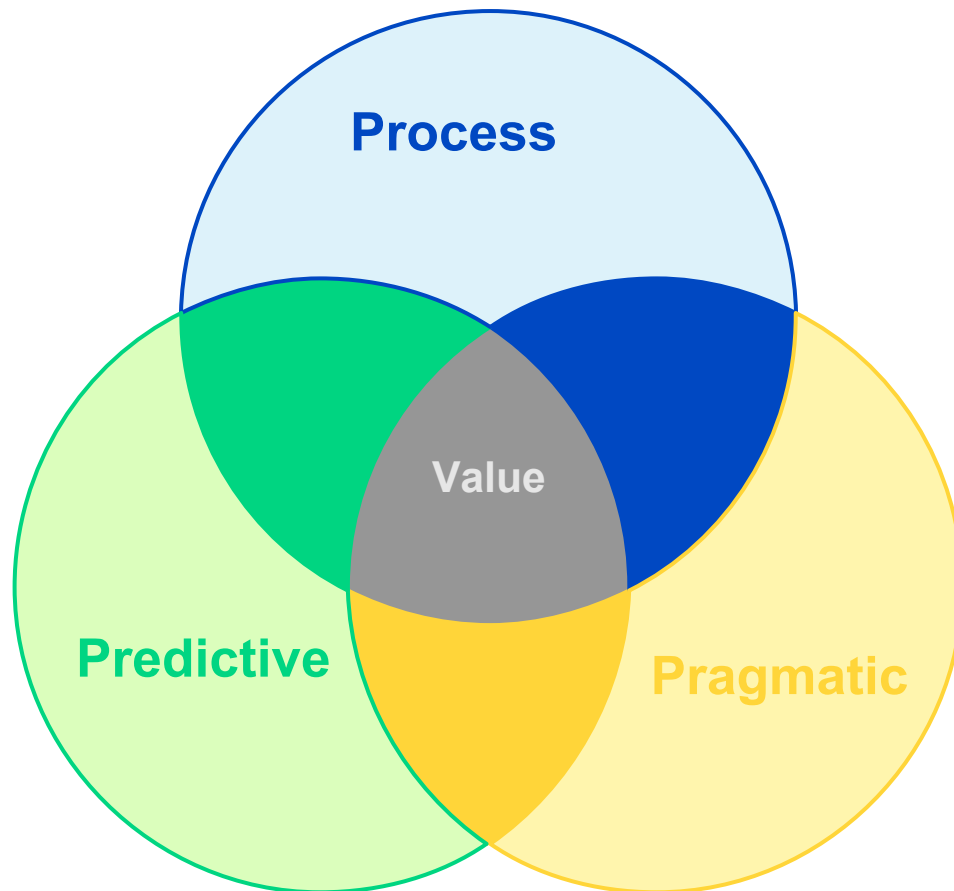
- Candidates who perform well on the Development Centre receive higher performance ratings
- While a core set of competencies is relevant for all measured Job related performance, another set is more related to long-term performance (promotion and compensation based)

Candidate who have higher test scores tend to perform better in the long-term (promotion and compensation based)

Pragmatic validation

- ◆ Need to streamline the development centre
 - Reduce number of competencies assessed
- ◆ Focus on differentiating competencies for the future
 - Areas that will drive IB Operations critical success factors
- ◆ Combine measures of performance and potential
 - A more holistic talent management approach
- ◆ Shift from assessment to development
 - Identifying high potential
 - Developing skills

Concluding: A framework for evaluation



Process

- ◆ What does each method contribute?
- ◆ What adds most / least value?

Predictive

- ◆ How well does the assessment approach predict performance?

Pragmatic

- ◆ How well does the assessment approach support business and HR strategy?