

Human Resource Management

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Employee Testing and Selection

Lecture 5



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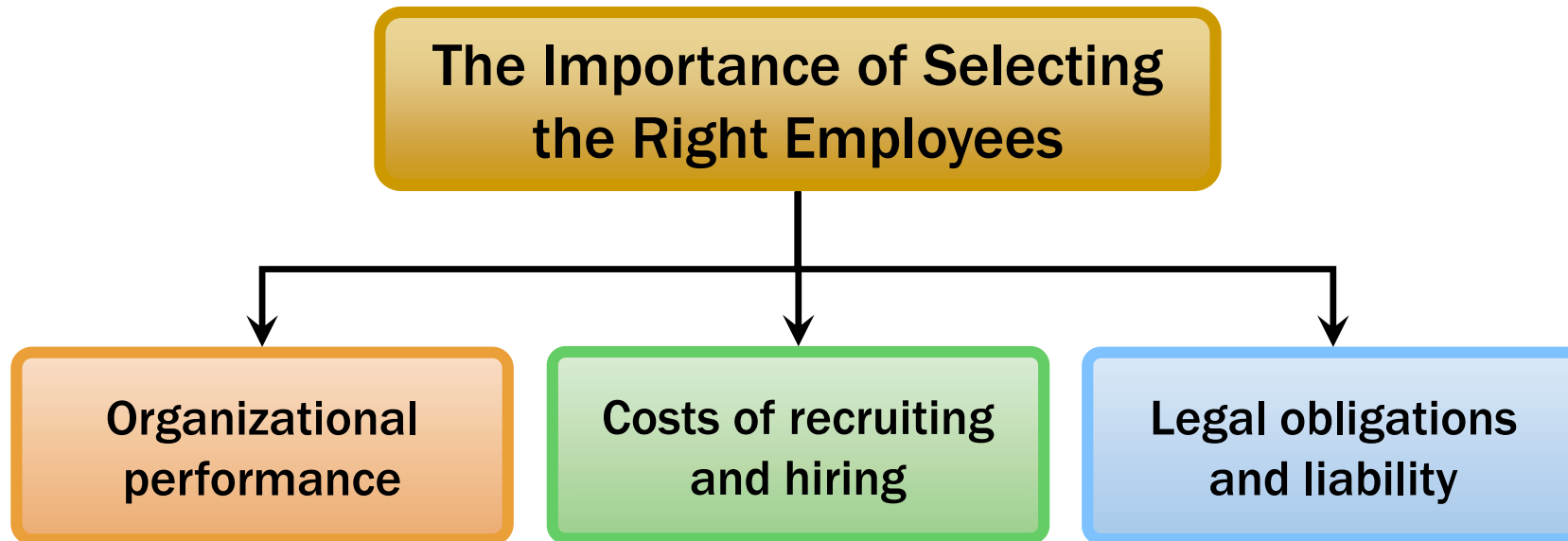
LEARNING OUTCOMES

1. Explain what is meant by reliability and validity.
2. Explain how you would go about validating a test.
3. List tests you could use for employee selection and how you would use them.
4. Interview types
5. Main interview mistakes and how to overcome
6. Explain the key points to remember in conducting background investigations.

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Why Careful Selection is Important



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Why Careful Selection is Important

Performance: your own performance always depends on your subordinates. Employees with the right skills will do a better job for you and the company.

Cost: Cost reduction related to recruit and hire employees.

Legal Obligations: Mismanaging hiring has legal consequences.

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Avoiding Negligent Hiring Claims

Negligent hiring means hiring employees with criminal records or other problems who then use access to customers homes (or similar opportunities) to commit crimes.

- Carefully examine information on employment applications.
- Get written authorization for reference checks, and check references.
- Save all records and information about the applicant.
- Reject applicants for false statements or conviction records for offenses related to the job.
- Balance the applicant's privacy rights with others' "need to know."
- Take immediate disciplinary action if problems arise.

Managing Turnover at KeyBank

Introduction

KeyBank, a financial services firm, struggled with high turnover rates for tellers and call-center employees. The cost to hire and train a new employee was significant, and losing them within the first 90 days created a major financial burden.

Problem

KeyBank needed a more effective way to screen and select candidates for teller and call-center positions. The high turnover rate of 13% in the first 90 days indicated that they were hiring individuals who weren't a good fit for the job. This resulted in wasted resources on recruitment, training, and lost productivity.

Managing Turnover at KeyBank

Results

KeyBank implemented a virtual job tryout candidate-assessment screening tool. This tool helped them identify better qualified candidates with the skills and temperament necessary for success in these roles. The turnover rate dropped significantly to 4% after implementing the virtual assessment. This led to substantial cost savings of \$1.7 million per year due to better hiring decisions, reduced training costs, and improved employee quality.

Basic Testing Concepts

A test is one popular selection tool. A test is basically a sample of a person's behavior. Using a test (or any selection tool) assumes the tool is both reliable and valid. Few things illustrate evidence-based HR the deliberate use of the best-available evidence in making decisions about the human resource management practices you are focusing on as do checking for reliability and validity.

Basic Testing Concepts

Reliability

- Describes the consistency of scores obtained by the same person when retested with the identical or alternate forms of the same test.
- Are test results stable over time?

You can measure reliability in several ways. One is to administer a test to a group of people one day, readminister the same test several days later to the same group, and then correlate the first set of scores with the second (test-retest reliability estimates.)

Basic Testing Concepts

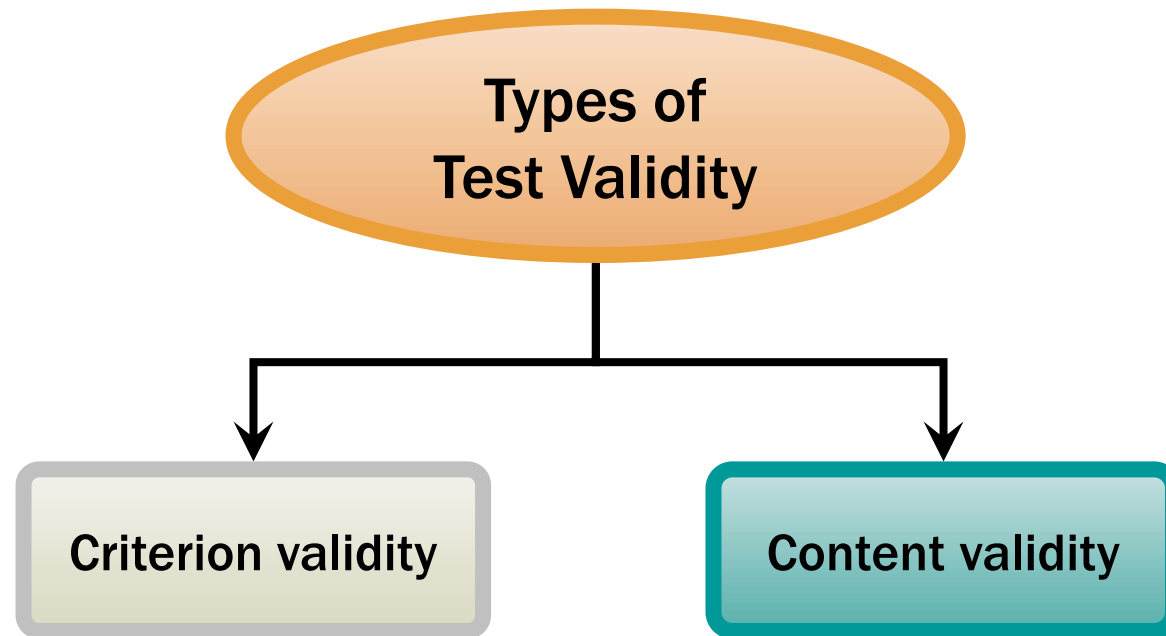
Validity

- Indicates whether a test is measuring what it is supposed to be measuring.
- Does the test actually measure what it is intended to measure?

FIGURE 6–1 A Slide from the Rorschach Test



Types of Validity



Types of Validity

Criterion validity means demonstrating that those who do well on the test also do well on the job, and that those who do poorly on the test do poorly on the job. In psychological measurement, a *predictor* is the measurement (in this case, the test score) that you are trying to relate to a *criterion*, such as performance on the job.

Employers demonstrate the **content validity** of a test by showing that the test constitutes a fair sample of the job's content. The basic procedure here is to identify job tasks that are critical to performance, and then randomly select a sample of those tasks to test.

Evidence-Based HR: How to Validate a Test

Steps in Test Validation

- ① → *Analyze the Job:* predictors and criteria
- ② → *Choose the Tests*
- ③ → *Administer the Test:* concurrent or predictive validation
- ④ → *Relate Your Test Scores and Criteria:* scores versus actual performance
- ⑤ → *Cross-Validate and Revalidate:* repeat Steps 3 and 4 with a different sample

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Test Takers' Individual Rights and Test Security

- Under the APA's standard for educational and psychological tests, test takers have the following rights:
 - The right to the confidentiality of test results.
 - The right to informed consent regarding use of these results.
 - The right to expect that only people qualified to interpret the scores will have access to them, or that sufficient information will accompany the scores to ensure their appropriate interpretation.
 - The right to expect the test is fair to all. For example, no one taking it should have prior access to the questions or answers.

Testing Program Guidelines

1. Use tests as supplements.
2. Validate the tests.
3. Keep accurate records.
4. Use a certified psychologist.
5. Ensure confidentiality.
6. Revalidate periodically.

How Do Employers Use Tests at Work?

- Major Types of Tests

- Basic skills tests
- Job skills tests
- Psychological tests

- Why Use Testing?

- Increased work demands = more testing
- Screen out bad or dishonest employees
- Reduce turnover by personality profiling

Computerized and Online Testing

Computerized and/or online testing is increasingly replacing conventional paper-and-pencil and manual tests. Many firms have applicants take online or offline computerized tests—sometimes by phone, using the touch-tone keypad, sometimes online—to prescreen applicants quickly prior to more in-depth interviews and background checks.

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City Garage Computerized Testing Example: A Case Study

Introduction:

City Garage, a Texas-based company, needed to revamp its hiring process to accommodate rapid growth. Their existing paper application and single interview system proved inadequate for their expanding needs.

Challenge:

The old system relied on local shop managers who lacked time for thorough evaluations. This led to rushed hiring decisions, sometimes compromising quality. City Garage's "open garage" customer interaction model required technicians with positive customer service skills. The existing system didn't effectively assess these qualities.

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City Garage Computerized Testing Example: A Case Study

Solution:

City Garage implemented the Personality Profile Analysis (PPA) online test from Thomas International USA. This 10-minute, 24-question test assessed four key personality traits in applicants.

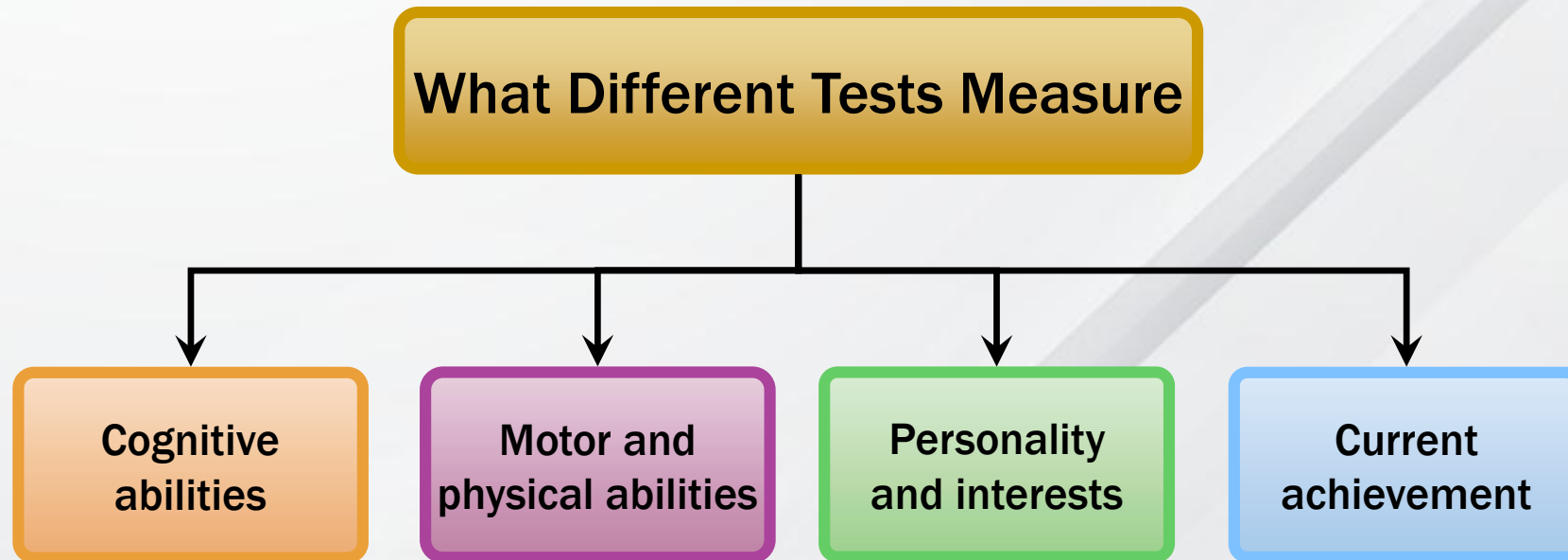
Benefits:

Efficiency: The quick test allowed for faster screening of potential candidates.

Detailed Results: The PPA software provided insights into applicants' personality strengths and weaknesses (e.g., patience).

Improved Hiring Decisions: Armed with personality data, City Garage could make more informed hiring choices based on both skills and personality fit

Types of Tests



Types of Tests

- **Tests of Cognitive Abilities**

Cognitive tests include tests of general reasoning and problem solving ability (intelligence) and tests of specific mental abilities like memory and inductive reasoning.

- **Tests of Motor and Physical Abilities**

You might also want to measure motor abilities, such as finger dexterity, manual dexterity, and (if hiring pilots) reaction time.

Types of Tests

- **Measuring Personality and Interests**

A person's cognitive and physical abilities alone seldom explain his or her job performance. Other factors, like motivation and interpersonal skills, are very important. As one consultant put it, most people are hired based on qualifications, but most are fired for nonperformance. And nonperformance is usually the result of personal characteristics, such as attitude, motivation, and especially, temperament.

- **Achievement Tests**

Achievement tests measure what someone has learned. Most of the tests you take in school are achievement tests. They measure your job knowledge in areas like economics, marketing, or human resources. Achievement tests are also popular at work.

Personality Testing Challenges

- **Difficulty in Evaluation:** Personality tests, especially projective ones, are complex to assess and interpret. They require expert analysis of test responses to draw accurate personality conclusions.
- **Questionable Validity:** The effectiveness of personality tests in predicting job success relies on the assumption that measurable personality traits (like openness) correlate with job performance. Employers should use these tests cautiously.
- **Potential for Bias and Discrimination:** Rejected candidates may claim that test results are inaccurate or biased against certain groups, leading to legal challenges.

Effectiveness of Personality Testing

Psychologists often focus on the "**Big Five**" **personality dimensions**: openness, emotional stability, agreeableness, conscientiousness, and neuroticism (**OCEAN**).

Openness: describes an individual's curiosity and preference for new things and unfamiliar experiences.

Conscientiousness: refers to a person's self-control, organization, and responsibility.

Extraversion: describes a person's level of outgoingness and their preference for social interaction.

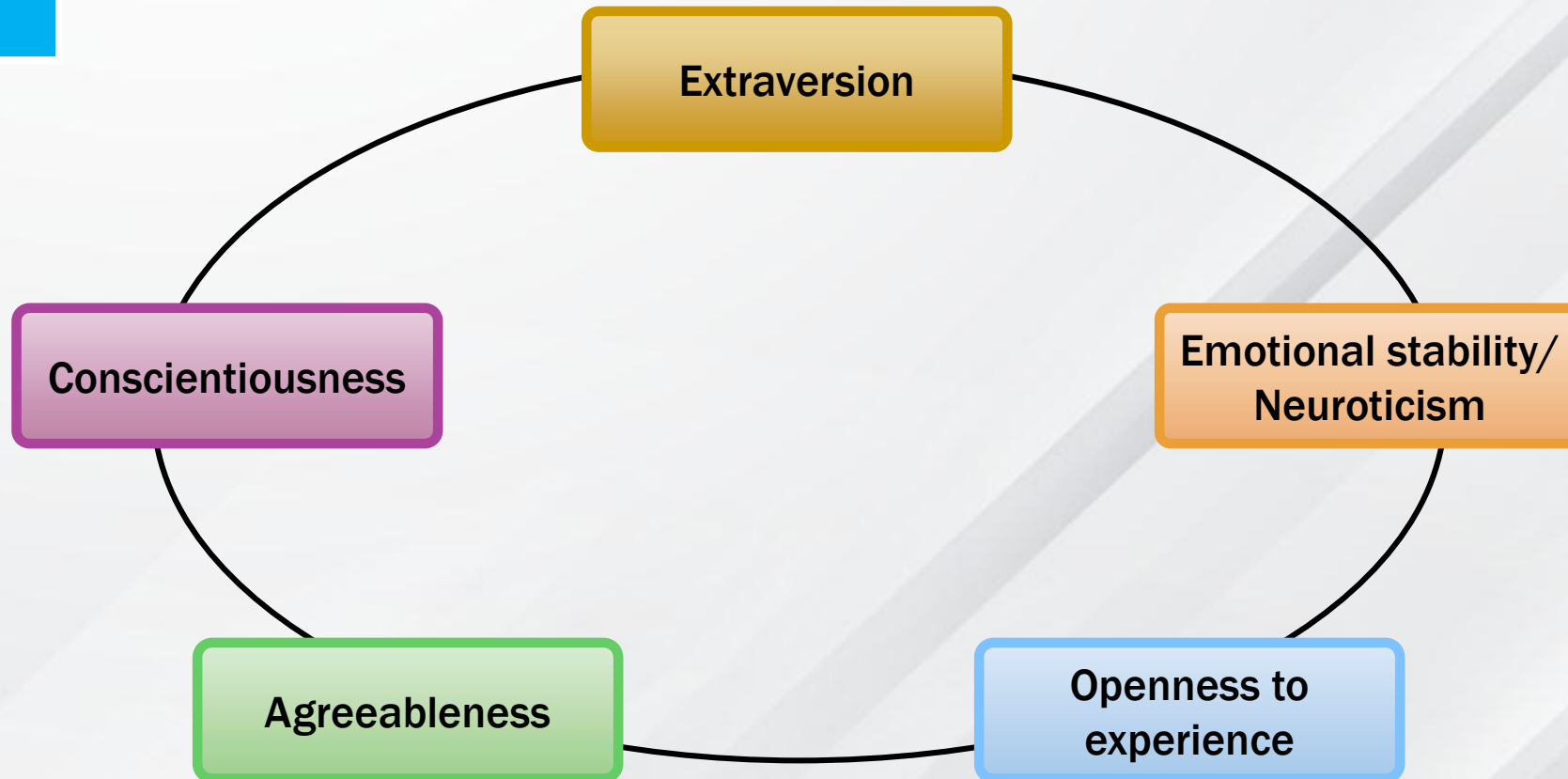
Agreeableness: reflects how cooperative and easygoing a person is in social interactions.

Neuroticism: indicates a person's tendency to be moody, anxious, and worried.

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The “Big Five”



Effectiveness of Personality Testing

Factors Affecting Test Effectiveness:

- **Test Design Quality:** The test should accurately measure what it intends to assess.
- **Job Relevance:** The personality traits measured should relate to success in the specific job.
- **Testing Procedures:** The test should be administered consistently and fairly.

Overall, personality tests can be a useful tool in the hiring process, but they should be used cautiously alongside other methods like interviews and background checks.

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Types of Interview

Structured interviews: Follow a set protocol with identical questions for all applicants.

Unstructured interviews: Spontaneous conversations with no predetermined questions

Question Types:

Situational questions ask how a candidate would behave in a specific scenario. Behavioral questions ask how a candidate behaved in a past situation. Knowledge and background questions assess a candidate's job-related knowledge and experience.

Interview formats: Interviews can be conducted one-on-one, sequentially by multiple interviewers, as a panel interview, by phone or video, or even in a speed-dating format.

Common Interview Mistakes

Snap Judgments: Interviewers often form quick opinions about candidates early on, which can be biased by resumes or test scores. To avoid this, interviewers should keep an open mind throughout the interview.

Negative Bias: Interviewers tend to focus on negative information about candidates more than positive information. As an interviewee, you should make a good first impression. As an interviewer, be aware of this bias and avoid making negative judgments too quickly.

Not Knowing the Job: Interviewers who don't understand the job requirements may have unrealistic expectations for the ideal candidate. This can lead to them making poor choices.

Pressure to Hire: If interviewers are under pressure to fill a position quickly, they may rate candidates more favorably than they otherwise would.

Common Interview Mistakes

Candidate Order Error: The order you interview candidates in can affect how you rate them. Someone who seems average after a series of bad candidates might be rated higher than they deserve.

Nonverbal Cues: Interviewers tend to rate candidates who make more eye contact, smile, and use positive body language higher. However, these behaviors may not be a good indicator of job performance.

Attractiveness Bias: People tend to view attractive people more favorably. This can lead to bias in interviews.

Ingratiation: Candidates who agree with the interviewer and promote themselves effectively are often rated higher, even if they are not the most qualified.

Interviewers should focus on a candidate's skills and experience, not whether they seem likable.

Background Investigations and Other Selection Methods

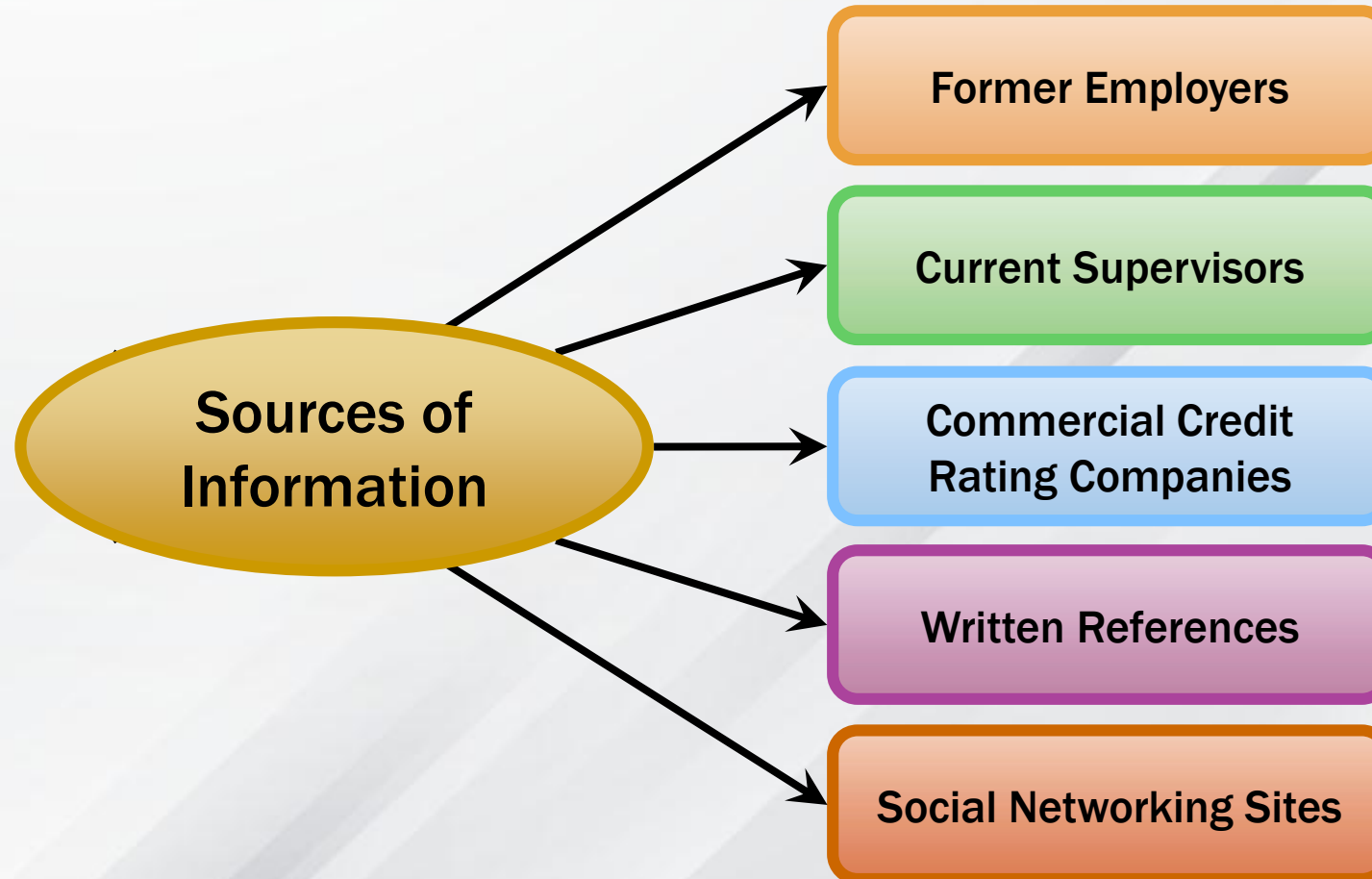
- **Investigations and Checks**

- Reference checks
- Background employment checks
- Criminal records
- Driving records
- Credit checks

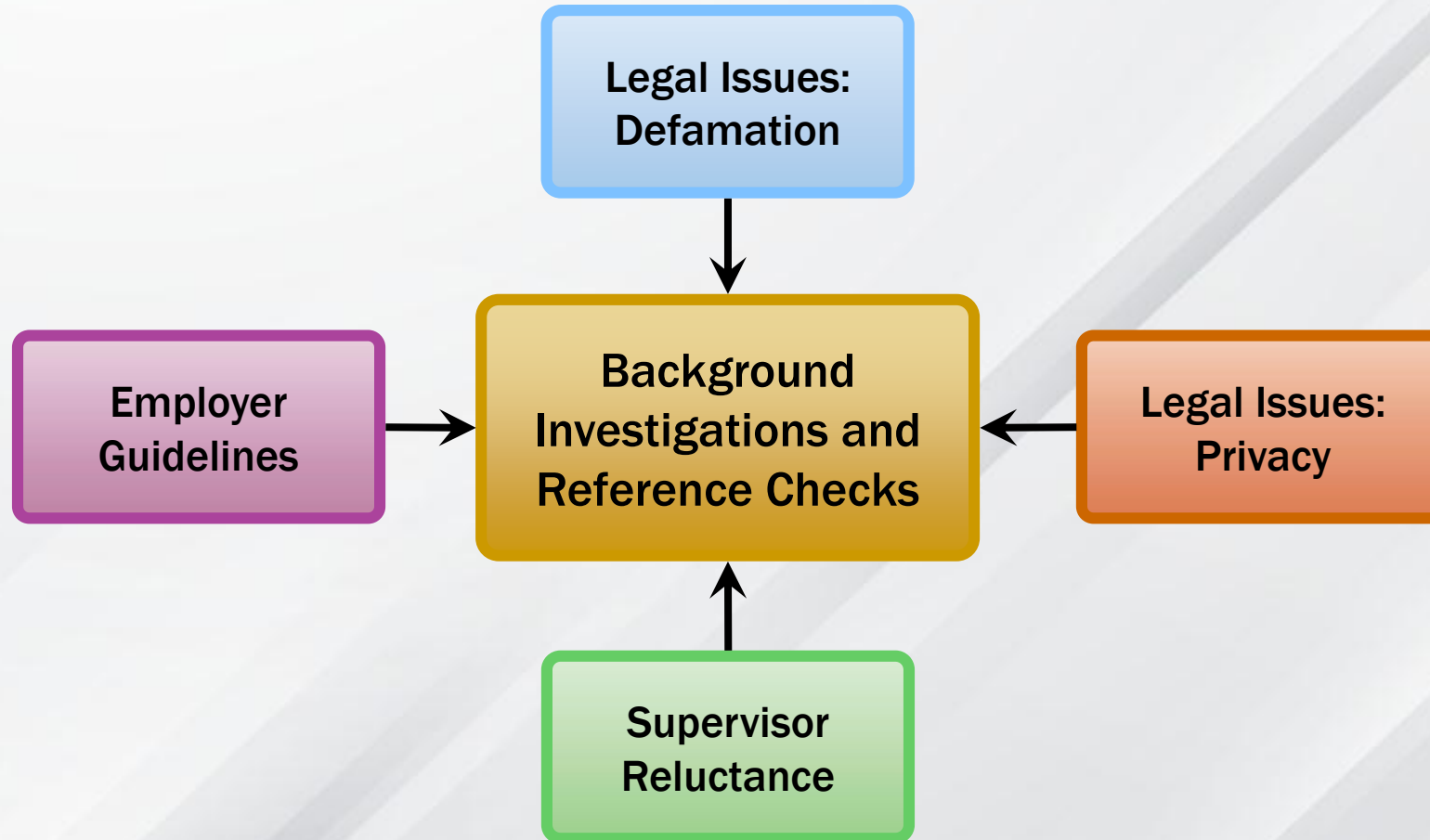
- **Why?**

- To verify factual information provided by applicants
- To uncover damaging information

Background Investigations and Reference Checks



Challenges with Background Investigations and Reference Checks



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Making Background Checks More Useful

1. Include on the application form a statement for applicants to sign explicitly authorizing a background check.
2. Use telephone references if possible.
3. Be persistent in obtaining information.
4. Compare the submitted résumé to the application.
5. Ask open-ended questions to elicit more information from references.
6. Use references provided by the candidate as a source for other references.

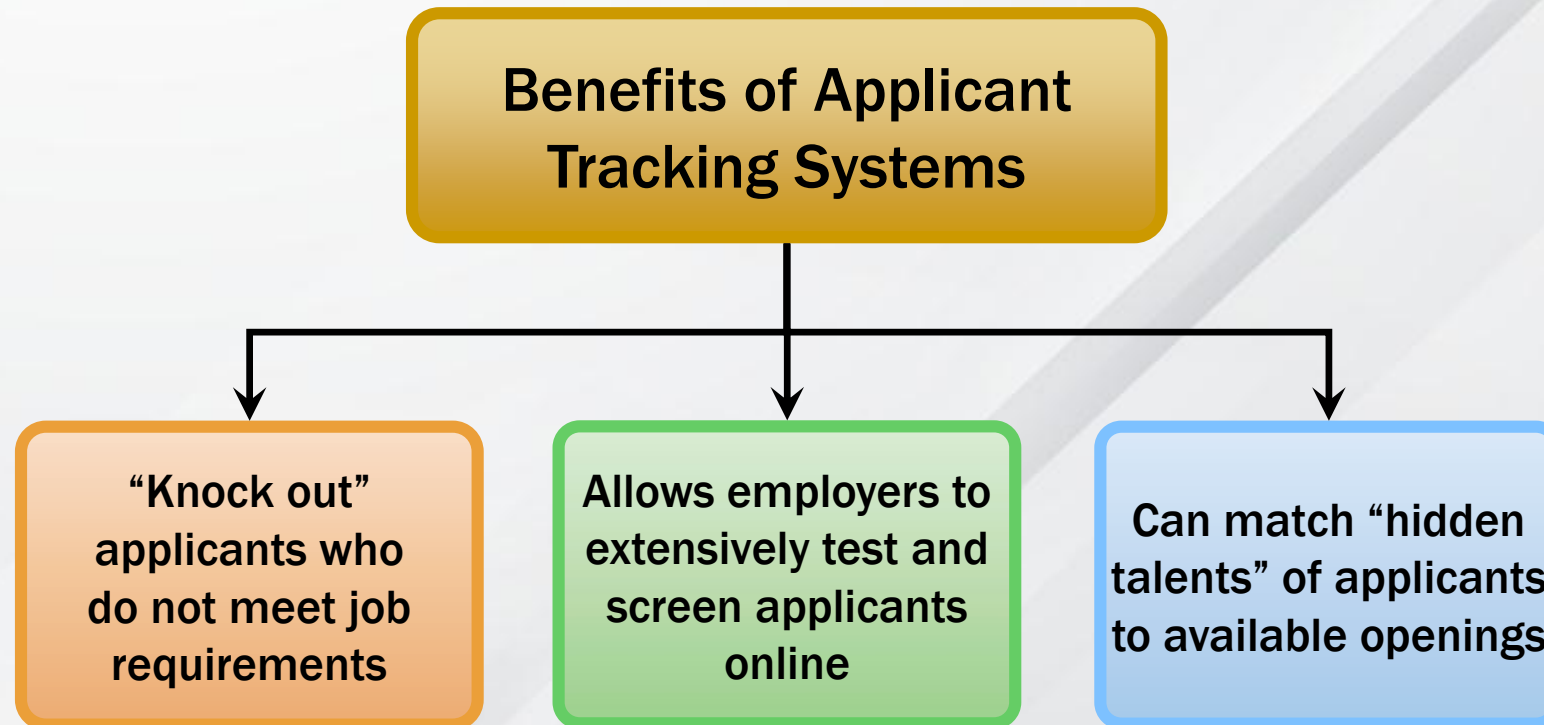
Physical Examinations

- **Reasons for preemployment medical examinations:**
 - To verify that the applicant meets the physical requirements of the position.
 - To discover any medical limitations to be taken into account in placing the applicant.
 - To establish a record and baseline of the applicant's health for future insurance or compensation claims.
 - To reduce absenteeism and accidents.
 - To detect communicable diseases that may be unknown to the applicant.

Substance Abuse Screening

- **Types of Screening**
 - Before formal hiring
 - After a work accident
 - Presence of obvious behavioral symptoms
 - Random or periodic basis
 - Transfer or promotion to new position

Improving Productivity Through HRIS: Using Automated Applicant Tracking and Screening Systems (ATS)



Making the Selection Decision

Making the decision with multiple factors: It's rare to base a decision solely on one test score. You'll likely consider references, interview performance, application details (like education), and potentially other tests.

Weighing the information: There are three main approaches to weigh all this information:

Judgmental approach: This involves using your intuition and experience to weigh all the evidence and make a decision.

Making the Selection Decision

Statistical approach: This involves turning all the information you have on applicants (including subjective things like references) into numbers and using a formula to predict their job success.

Combined approach: This combines the judgmental approach with the results from a statistical formula. While a statistical approach is ideal, using your judgment is better than nothing.

Evaluating the Selection Decision

Evaluating the selection process: There are a few ways to assess how effective your hiring process is:

Validity: Does it predict how well someone will perform in the job?

Utility: Is the cost of the process justified by the money it saves the company (e.g., by hiring better employees)?

Time-to-hire: How long does it take to fill a position using this process?

Applicant experience: How do applicants feel about going through your selection process?

CHAPTER SUMMARY

1. Careful employee selection is important for several reasons. Your own performance always depends on your subordinates; it is costly to recruit and hire employees; and mismanaging the hiring process has various legal implications including equal employment, negligent hiring, and defamation.
2. Whether you are administering tests or making decisions based on test results, managers need to understand several basic testing concepts. Reliability refers to a test's consistency, while validity tells you whether the test is measuring what you think it's supposed to be measuring.
3. Whether administered via paper and pencil, by computer, or online, we discussed several main types of tests. Tests of cognitive abilities measure things like reasoning ability and include intelligence tests and tests of specific cognitive abilities such as mechanical comprehension. There are also tests of motor and physical abilities, and measures of personality and interests.

1. What is the difference between reliability and validity? In what respects are they similar?
2. Explain how you would go about validating a test. How can this information be useful to a manager?



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DISCUSSION QUESTIONS



Thank You