Personnel Selection: Issues and Examples from USA

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Basic questions about personnel selection

- Why do organizations select employees?
  - What do organizations have to gain or to lose?

- What do organizations do when they select ?
  - What is the process?

- How do we know that our selection procedure works?
  - How do we determine validity and utility?

- Can valid selection benefit the job applicant?

- What organizational and societal issues and forces affect personnel selection?
  - In USA?
  - Similar in Germany?

- Anticipated gains: Taking advantage of Individual Differences

  - Better individual job performance

  - More employees with potential for promotion

  - Employees who can learn new tasks more easily

  - Employees with more willingness to be "good org. citizens"

  - Reduced turnover and absence

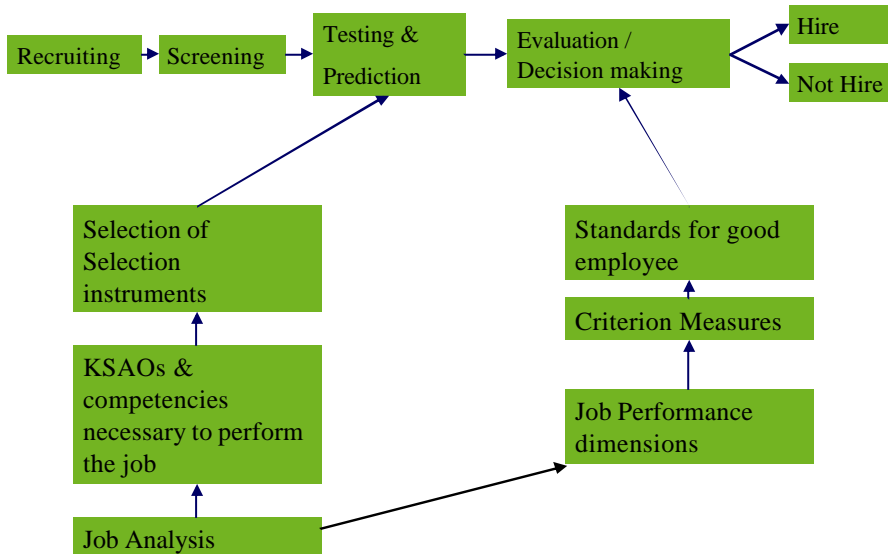 - Greater group and organizational productivity

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- Possible losses from personnel selection:

  - Inaccurate selection decisions

  - Negative applicant reactions to selection process

  - Time delays in making selection decisions

  - Within the organization conflict between Human Resource Department and organizational units with staffing needs

  - Costs of developing, validating, maintaining, and updating personnel selection system
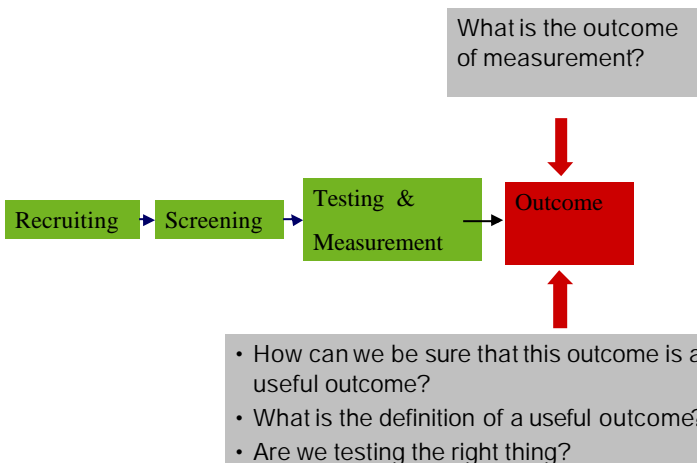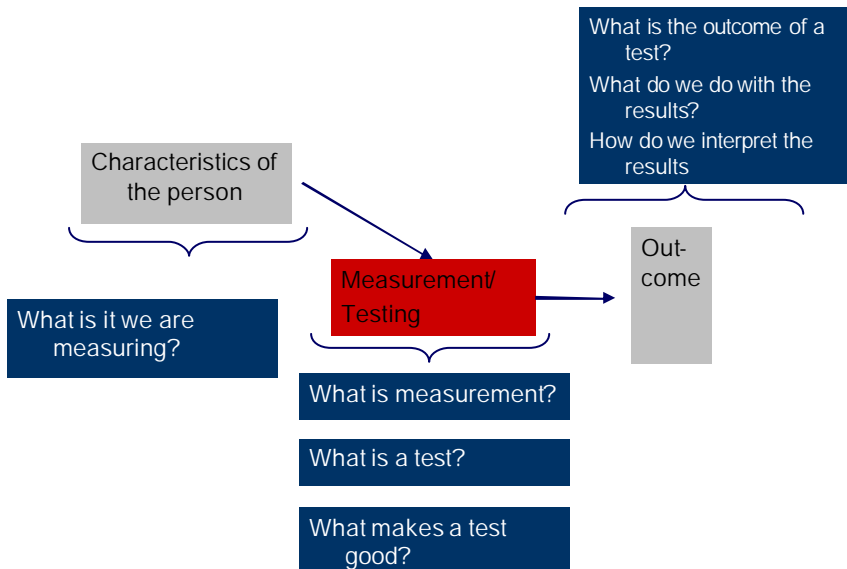
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Basic Personnel Selection Model

Recruiting → Screening → Testing & Prediction → Evaluation / Decision making → Hire / Not Hire

Selection of Selection instruments

Standards for good employee

Criterion Measures

KSAOs & competencies necessary to perform the job

Job Performance dimensions

Job Analysis

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Is our selection decision valid?

What is the outcome of measurement?

Recruiting → Screening → Testing & Measurement → Outcome

- How can we be sure that this outcome is a useful outcome?
- What is the definition of a useful outcome?
- Are we testing the right thing?

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Characteristics of the person

What is it we are measuring?

Measurement/ Testing

What is measurement?

What is a test?

What makes a test good?

What is the outcome of a test?
What do we do with the results?
How do we interpret the results

Out-come

Testing & Measurement

Outcome

Selection decision

Inference about criterion performance
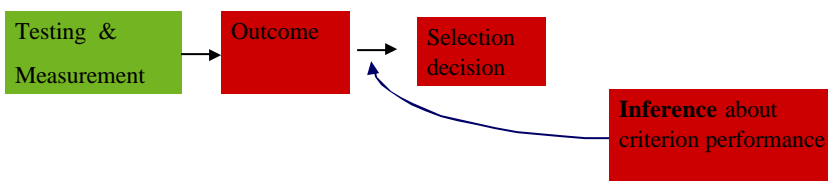
- We are looking for outcomes/assessment results that will allow us to predict accurately the criterion for group of job applicants
- Our criterion is most often job performance
- This prediction means making an inference about the relation between the current test score and future job performance

- **Validity is the degree to which available evidence supports inferences made from scores on the assessment or test**

Evidence for validity: Content validity

- A selection measure has content validity when it can be shown that its content representatively samples the content of the job for which the measure will be used

- Emphasis is on the <u>construction</u> of a measure
  - Job Analysis ? Tasks & KSAOs ? Item/Test content
  - Test content is an accurate sample of job content/KSAOs

- Content validity is useful evidence of usefulness when the test or assessment content when there is direct link between test content and job content

- Reliable linkage judgments between test and job content must be made by job experts

Evidence for Validity: Criterion-Related Validity

- Are the test results related to a criterion measure?

- The criterion is (ideally) job performance, but may be performance in training or the results of personnel decisions or behavior (terminations, promotions, absence rate)

- Two types of criterion-related validity:
  - Concurrent validity
  - Predictive validity

- Concurrent validity: measurement of criterion performance and test performance occur at same time

- Current job incumbents participate in testing (selection instruments) *and* performance measurement

- Weaknesses:
    - Job incumbents are not representative of applicants
    - Important job incumbents are missing
    - Incumbents may not be motivated to take the test
    - Range restriction for test scores

- Predictive validity:
    - testing procedure is administered to job applicants
    - applicants are not screened or selected n basis of the test scores
    - performance measurement for those individuals who were hired after they have performed job for some time period (often 6 months or 1 year)

- Weaknesses:
    - Time delay in obtaining performance measures & validity data
    - Hire individuals who may be poor performers
        - Training costs
        - Cost of poor performance on job
        - Require time/effort of supervisor and co-workers
    - Likely to have incomplete data for some individuals

- Construct validity is based on the scientific evidence (and psychological theory & research) supporting _why_ a test *should be expected* to predict job performance.

- Scientific evidence can include content validity and criterion-related validity, plus more.

- Additional evidence includes psychometric data about test reliability and structure, data showing correlations of the test with theory-relevant variables, and demonstration of expected relationships with other assessment measures.

- Basic point is whether we can explain (with evidence) why the test works well when it does and why it does not work well in other organizational or job settings

- Best scientific evidence of validity

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- Validity generalization relies on validity data from similar jobs (and similar work and organizational settings) to make the inference that a test should be valid in a new situation.
- Strength of that inference is related to
  - degree of similarity to other jobs and settings
  - amount, quality, & consistency of existing validity evidence
- Why not gather own validity evidence?
  - May only have small sample of employees available
  - Cost
  - Do we always need another validity study?
- Example: Consistent evidence in USA (and Europe) that cognitive ability tests are valid for almost all jobs

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- Personnel selection usually results in some job applicants being hired and others not being hired.
- Selection can improve the match between applicant abilities, skills, knowledge, motives, interests, and values and what is required by tasks or consistent with organizational climate and culture.
- Person-job fit and person-organization fit usually result in greater satisfaction of the employee with the job and organization and greater work-related motivation
- Can lead to a performance-satisfaction-motivation-performance "cycle" with improving levels with each cycle
- If the organization links performance with valued rewards and outcomes, then employee experiences extrinsic and intrinsic benefits.
- Poor fit leads to frustration, stress, poor performance, and work withdrawal.

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- Cognitive ability tests - general and specific
- Personality measures (developed for work-related uses): Big 5 factors of personality
  - Conscientiousness (and its components, Dependability and Achievement Striving)
  - Emotional Stability (especially in stressful work settings)
  - Integrity tests (compound personality measure: C, A, ES)
  - Adaptability (compound measure: ES, O, C-achievement)
- Structured Employment Interviews
- Job Knowledge/Work Sample tests
- Situational Judgment tests
- Assessment Centers

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- Items describe challenging but realistic job-related situations which require an employee to choose how to behave

- Applicants must select one behavioral option from (usually) 4 alternatives

- Development of items and behavioral options:
  - Job experts generate situational examples
  - Examples edited to common format and general style
  - Job experts list possible behavioral options for each situation
  - Other job experts rate effectiveness of each behavioral option
  - Behavioral options with good agreement on effectiveness ratings selected for each item
  - Item scoring: Most effective option = +1, two moderate effective options = 0, least effective option = -1.
  - Written format usually used, but use of video format increasing

- It has been a busy day in the shop and you are tired. You finally get a few minutes to relax because there are only a few customers in the store. But, you are not scheduled for a break and you cannot leave the customer area.

What would you do?

   (a) Leave the customer area and take a break
   (b) Continue working but pace yourself
   (c) Ask a co-worker to cover for you
   (d) Request a break from your supervisor

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- In your store there are many small tasks (for example, putting away inventory) that are not part of anyone's specific job but are something that everyone is expected to do. Many of your co-workers do not do these tasks, but if they are to get done, someone will have to do them.

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    (c) Inform your boss about this problem
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Assessment centers

- Method of measurement with many variations
- Some common characteristics:
  - Groups of applicants assessed - typically about 12
  - Judgments made by multiple assessors
  - Multiple assessment methods used (examples later)
    - Written tests (ability, personality, motivation)
    - Structured interview
    - Group exercises
    - Individual exercises
  - Designed to have "face validity" or sense of realism for job

- Multiple possible uses
  - Selection
  - Promotion
  - Identifying high potential employees
  - Feedback and individual development
  - Private Sector: 50% of major US companies use assessment centers
  - Public Sector: Nearly half of the 57 largest cities in U.S. & Canada use them to determine promotions in Police & Fire departments

- "Meeting with Problem Employee" Exercise

  - One-on-one role play

  - Applicant provided with information about an employee exhibiting performance problems

  - Assessor often plays role of the problem employee
    - Assessor given: script, background information, instructions with how to play role

  - Applicant given time to prepare, then meets with problem employee (assessor) to resolve issues

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Leaderless Group Discussion Exercise:

- Designed to tap managerial attributes regarding interactions in small group

- 5-6 applicants sit around conference table

- Assessors sit around perimeter of room to observe, take notes, rate

- Group presented with issue to resolve

- Each group member may be presented with role, but no one is assigned to be the leader

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- In-Basket Exercise

  - Written exercise - simulation of set of tasks facing a manager when he/she arrives at office in the morning

  - Applicant presented with information about situation
    - Organizational chart, mission statement, company financial records

  - Applicant given series of document
    - Memos, letters, requests, etc.

  - Applicant must write how he/she will act to handle each document

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- Length: 2 days for applicant evaluation; 2 days for assessor integration of judgments and writing of evaluation reports
- One assessor for every 2 applicants
- Assessment methods:
  - In-basket
  - Personal interview
  - Leaderless group discussion of case
  - Group discussion with assigned role
  - Fact-finding exercise with oral presentation
- Rated dimensions:
  - Problem analysis
  - Judgment
  - Organizational ability
  - Sensitivity
  - Personal motivation
  - Oral & written communication

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- Changing work, workplace, and workforce
  - Work force demographics and equal employment opportunity
  - Team-based work
  - Employment relationship (employability, contract work, outsourcing)
- Expanding the criterion domain beyond task performance: "citizenship", innovation, adaptability
- Integration of personnel selection with human resource strategy and business strategy of the organization
  - "buy the skill" vs "make the skill"
  - "low cost" vs "high performance" organization
  - Talent management: attracting, selecting, developing, and retaining best available employees

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Work force demographics and equal employment opportunity

- US federal law prohibits employment discrimination against "protected groups" that have suffered inequality of opportunity:
  - Racial minorities
  - Women
  - Older workers
  - Disabled
- Are selection tests comparably valid for (legally protected) demographic groups?
- Do demographic groups perform equally on selection tests?
  - Adverse impact: Hiring rate for protected group <80% of hiring rate for "advantaged" group
- Dilemma for many selection tests, especially cognitive ability: high validity, strong adverse impact
- Use of multiple test types to increase validity of selection decisions, reduce adverse impact, and increase applicant attitudes toward selection process

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Type of Predictor Instrument	Criterion-related validity	Group Diff. (gender/race)	Applicant Reactions
Cognitive Ability	high	small/large	Moderate
Job knowledge	high	small/moderate	Favorable
Personality	low/moderate	small/small	Unfavorable
Motivation	low	small/small	Moderate
Structured Interview	high	small/small	Moderate
Situational judgment	moderate	small/moderate	Favorable

Examples of legal settlement costs in US $
- Age discrimination:
  - 1997 Westinghouse $14,000,000
  - 1996 Lockheed-Martin $14,000,000
  - 1995 Maytag $16,500,000
- Disability discrimination:
  - 1995 Coca-Cola $7,100,000
- Race discrimination:
  - 1996 Texaco $176,100,000
  - 1994 US Labor Dept $4,900,000
  - 1993 DuPont $14,000,000
- Sex discrimination:
  - 1997 Home Depot $65,000,000
  - 1992 State Farm Ins. $157,000,000
- Sexual harassment:
  - 1998 Mitsubishi $34,000,000

Talent management

- Attracting, selecting, developing, and retaining best available employees (the "talent")

- "Global war" for employee talent

- Increasing recognition that intellectual capital and social capital drive organizational performance, especially in organizations where change, knowledge, and innovation are key strategic points

- How does employee selection, placement, & promotion fit into Talent Management?

Employee Selection & Promotion: Talent Management

- Useful theoretical framework: Attraction-Selection-Attrition Model (Schneider & colleagues, 1996, 2000)
    - Applicants are attracted to organizations that they perceive as matching their values, interests, skills, etc.
    - Organizations informally and formally seek applicants of certain "types" and offer them employment
    - Employees leave who don't "fit" well the organization
    - Remaining employees "make the place", that is, create and modify the organizational culture (especially related to "people aspects")

- External business environment also helps define the organization's culture, especially with regard to business strategy and tactics (production of products and services)

- Add concepts of "person-organization" and "person-group" fit to "person-job" fit that is assumption of traditional employee selection and promotion

- Entry selection: assess more interests and motives since they are linked to attrition (turnover)

- Promotion: focus also on potential and development, rather than only on current job performance

- Use performance assessment as an input for developmental assignments and individualized coaching for specific development of "weaker" competencies needed for higher level positions

- Requires lots of resources so often focused on those identified as "high potential" and/or on higher organizational levels (key employees)

- For all employees, examine non-work constraints and negative impact on attraction-selection-attrition and performance and potential

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Talent management examples: Genentech

- Genetech:
  - First biotechnology company - founded in 1976

  - about 10,000 employees

  - Largest number of approved biotech medicines in USA

- Organizational values:
  - Commitment to science

  - Dedication to patients and unmet medical needs

  - Respect for the individual (be the "employer of choice")

Talent management examples: Genentech 2

- Talent Management focuses on "building pipeline for leadership succession" but something for all employees
    - Visible accountability for employee development

    - Direct manager involvement (development is goal for individual)

    - Customized plans for employees

    - Careful matching of mentors, peer coaches, & executive coaches

    - Scheduled opportunities for connection & relationship building

    - Targets selected employees for special projects, task forces & committees

    - Develop a few, high-priority competencies in a time period

    - Special "on boarding" priority for those in new positions

Talent management examples: PepsiCo

- Talent management at PepsiCo is:

    - Identifying very best talent (internally & externally)

    - Developing talent through stretch assignments & targeted interventions to take on larger organizational roles

    - Retaining the talent for today and "bench strength" for future leaders

Talent management examples: PepsiCo 2

- Identifying very best talent (internally & externally)
  - Annual assessments of performance and potential
  - "People planning" and HR pipeline needs assessment

- Developing top talent through stretch assignments & targeted interventions to take on larger organizational roles
  - 70% work assignments that stretch person; 20% coaching, mentoring, feedback; 10% formal training
  - Lateral job changes and promotions based on developmental needs and key experience "gaps"

- Good (but not top) talent have larger % of coaching, mentoring, feedback & formal training

Talent management examples: PepsiCo 3

- Retaining the talent for today and "bench strength" for future leaders:
  - Managers are accountable for developing annual developmental and performance goals for each direct report, having mid-year reviews, and career follow-up meetings

  - Division HR and division executives coordinate development for top talent (stretch assignments, job movement)

  - Succession planning for whole corporation drives development of general manager competencies (target: future company executives)

  - For "high potentials or top talent," most development and learning takes place in 18- 24 months in role/assignment

  - Individual career preferences regarding mobility and functional assignment are solicited and used in planning

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Questions and discussion?