

5

Chapter

After studying this chapter, you should be able to:

- Describe the overall selection process.
- Explain what is meant by reliability and validity.
- Give examples of some of the ethical and legal considerations in testing.
- Explain how you would go about validating a test.
- List eight tests you could use for employee selection, and how you would use them.
- Cite and illustrate our testing guidelines.
- More effectively select employees.
- Explain the key points to remember in conducting background investigations.

Employee Testing and Selection

STRATEGIC OVERVIEW

City Garage, a 200-employee chain of 25 auto service and repair shops in Dallas–Fort Worth, had expanded rapidly since its founding in 1993. Its growth strategy was hampered by the problems it was having hiring and keeping good managers and employees.¹ “Because we grew so quickly, there were certain aspects we didn’t concentrate on as much as we did others. One was hiring,” said training director Rusty Reinoehl. One thing it discovered was that not all its managers had the same level of interviewing and hiring skills. The result was more turnover, and too few managers to staff new stores. For a firm planning to expand to 50 or 60 shops throughout Texas in the next few years, City Garage knew its growth strategy would be hampered without a new approach to employee testing and selection.

The previous chapter focused on the methods managers use to build an applicant pool. The purpose of this chapter, “Employee Testing and Selection,” is to show you how to use various tools and techniques to select the best candidates for the job. The main topics we’ll cover include the selection process, basic testing techniques, background and reference checks, ethical and legal questions in testing, types of tests, and work samples and simulations. In the following chapter, Interviewing Candidates, we turn to the techniques you can use to improve your skills with what is probably the most important screening tool, the selection interview.

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WHY CAREFUL SELECTION IS IMPORTANT

With a pool of applicants, the next step is to select the best candidates for the job. This usually means whittling down the applicant pool by using the screening tools explained in this chapter: tests, assessment centers, and background and reference checks. Then the prospective supervisor can interview likely candidates and decide who to hire.²

Selecting the right employees is important for three main reasons. First, your own performance always depends in part on your subordinates. Employees with the right skills and attributes will do a better job for you and the company. Employees without these skills or who are abrasive or obstructionist won't perform effectively, and your own performance and the firm's will suffer. The time to screen out undesirables is before they are in the door, not after.

Second, it is important because it's costly to recruit and hire employees. Hiring and training even a clerk can cost \$5,000 or more in fees and supervisory time. The total cost of hiring a manager could easily be 10 times as high once you add search fees, interviewing time, reference checking, and travel and moving expenses.

Third, it's important because of the legal implications of incompetent hiring. For one thing (as we saw in Chapter 2), EEO laws and court decisions require nondiscriminatory selection procedures for protected groups. Furthermore, courts will find employers liable when employees with criminal records or other problems take advantage of access to customers' homes (or similar opportunities) to commit crimes. Lawyers call hiring workers with such backgrounds, without proper safeguards **negligent hiring**.³ In one case, *Ponticas v. K.M.S. Investments*, an apartment manager with a passkey entered a woman's apartment and assaulted her. The court found the apartment complex's owner and operator negligent in not properly checking the manager's background before hiring him.

Negligent hiring underscores the need to think through what the job's human requirements really are.⁴ For example, 'non-rapist' isn't likely to appear as a required knowledge, skill, or ability in a job analysis of a repair person. But it is that type of requirement that has been the focus of many negligent hiring suits.⁵

Employers protect against negligent hiring claims by:

- Carefully scrutinizing all information supplied by the applicant on his or her employment application. For example, look for unexplained gaps in employment.
- Getting the applicant's written authorization for reference checks, and carefully checking references.
- Saving all records and information you obtain about the applicant.
- Rejecting applicants who make false statements of material facts or who have conviction records for offenses directly related and important to the job in question.
- Keeping in mind the need to balance the applicant's privacy rights with others' "need to know," especially when you discover damaging information.
- Taking immediate disciplinary action if problems develop.⁶

BASIC TESTING CONCEPTS

Effective selection is therefore important and depends, to a large degree, on the basic testing concepts of validity and reliability.



▲ When the 3,000-room Bellagio Hotel opened in Las Vegas it urgently needed to hire nearly 10,000 workers in a mere 24 weeks. Arte Nathan, then vice president of human resources, devised a highly automated "battle plan" he likened to Operation Desert Storm to get the job done. In one of many early screening processes, the job candidates met with staff members who checked their applications for completeness, but more important, they assessed applicants' communication skills and overall demeanor. This screening process eliminated about 20 percent of the more than 80,000 people who applied for jobs.

negligent hiring

Hiring workers with questionable backgrounds without proper safeguards.

Validity

A test is a sample of a person's behavior, but some tests are more clearly representative of the behavior being sampled than others. A typing test, for example, clearly corresponds to an on-the-job behavior. At the other extreme, there may be no apparent relationship between the items on the test and the behavior. This is the case with projective personality tests. Thus, in the Thematic Apperception Test illustrated in Figure 5-1, the psychologist asks the person to explain how he or she interprets an ambiguous picture. The psychologist uses that interpretation to draw conclusions about the person's personality and behavior. In such tests, it is more difficult to prove that the tests are measuring what they are said to measure—that they're valid.

Test validity answers the question, "Does this test measure what it's supposed to measure?"⁷ With respect to employee selection tests, *validity* often refers to evidence that the test is job related—in other words, that performance on the test is a valid predictor of subsequent performance on the job. A selection test must be valid since, without proof of validity, there is no logical or legally permissible reason to continue using it to screen job applicants. In employment testing, there are two main ways to demonstrate a test's validity: **criterion validity** and **content validity**. A third, construct validity, is used less often.⁸

Criterion Validity Demonstrating 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.⁹ Thus, the test has validity to the extent that the people with higher test scores perform better 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*, like performance on the job. The term *criterion validity* reflects that terminology.

Content Validity Employers demonstrate the content validity of a test by showing that the test constitutes a fair sample of the content of the job.¹⁰ The basic procedure here is to identify job tasks and behaviors that are critical to performance, and then randomly select a sample of those tasks and behaviors to be tested. A data entry test used to hire a data entry clerk is an example. If the content you choose for the data entry test is a representative sample of what the person needs to know for the job, then the test is probably content valid.

test validity

The accuracy with which a test, interview, and so on measures what it purports to measure or fulfills the function it was designed to fill.

criterion validity

A type of validity based on showing that scores on the test (predictors) are related to job performance (criterion).

content validity

A test that is content valid is one that contains a fair sample of the tasks and skills actually needed for the job in question.

► **FIGURE 5-1**
Sample Picture from
Thematic
Apperception Test

How do you interpret this picture?



Harvard University Press. Used with permission.

Demonstrating content validity sounds easier than it is in practice. Demonstrating that (1) the tasks the person performs on the test are really a comprehensive and random sample of the tasks performed on the job, and (2) the conditions under which the person takes the test resemble the work situation, is not always easy. For many jobs, employers must demonstrate other evidence of a test's validity—such as its criterion validity.

Reliability

Reliability is a test's second important characteristic and refers to its consistency. It is "the consistency of scores obtained by the same person when retested with the identical tests or with an equivalent form of a test."¹¹ A test's reliability is very important; if a person scored 90 on an intelligence test on a Monday and 130 when retested on Tuesday, you probably wouldn't have much faith in the test.

There are several ways to estimate consistency or reliability. You could administer the same test to the same people at two different points in time, comparing their test scores at time 2 with their scores at time 1; this would be a *retest estimate*. Or you could administer a test and then administer what experts believe to be an equivalent test later; this would be an *equivalent form estimate*. The Scholastic Assessment Test (SAT) is an example.

A test's *internal consistency* is another measure of its reliability. For example, suppose you have 10 items on a test of vocational interests; you believe these measure, in various ways, the person's interest in working outdoors. You administer the test and then statistically analyze the degree to which responses to these 10 items vary together. This would provide a measure of the internal reliability of the test. Psychologists refer to this as an *internal comparison estimate*. Internal consistency is one reason you find apparently repetitive questions on some test questionnaires.

What could cause a test to be unreliable? A number of things. For example, the questions may do a poor job of sampling the material; test 1 focuses more on Chapters 1, 3, 5, and 7, while test 2 focuses more on Chapters 2, 4, 5, and 8. Or there might be errors due to changes in the testing conditions; for instance, the room the test is in next month may be noisy. (You'll find more on reliability and validity in this chapter's Internet appendix.)

How to Validate a Test

What makes a test like the Graduate Record Examination useful for college admissions directors? What makes a mechanical comprehension test useful for a manager trying to hire a machinist?

The answer to both questions is usually that people's scores on these tests predict how they perform. Thus, other things being equal, students who score high on the graduate admissions tests also do better in graduate school. Applicants who score high on the mechanical comprehension test perform better as engineers.

In order for any selection test to be useful, you should be fairly sure test scores relate in a predictable way to performance on the job. In other words, you should validate the test before using it by ensuring that scores on the test are a good predictor of some *criterion* like job performance. (In other words, you must demonstrate the test's *criterion validity*.) This validation process is usually done by an industrial psychologist. The HR department coordinates the effort. Line management's role is to describe the job and its requirements so that the human requirements of the job and its performance standards are clear to the psychologist.

The validation process consists of five steps: analyze the job, choose your tests, administer the tests, relate the test scores and the criteria, and cross-validate and revalidate.

reliability

The consistency of scores obtained by the same person when retested with the identical or equivalent tests.

Step 1. Analyze the Job The first step is to analyze the job and write job descriptions and job specifications. Here, you need to specify the human traits and skills you believe are required for adequate job performance. For example, must an applicant be verbal, a good talker? Is programming required? Must the person assemble small, detailed components? These requirements become the *predictors*. These are the human traits and skills you believe predict success on the job. In this first step, you also must define what you mean by “success on the job,” since it’s this success for which you want predictors. The standards of success are *criteria*. You could focus on production-related criteria (quantity, quality, and so on), personnel data (absenteeism, length of service, and so on), or judgments of worker performance (by persons like supervisors). For an assembler’s job, your predictors might include manual dexterity and patience. Criteria that you would hope to predict with your test might include quantity produced per hour and number of rejects produced per hour.

Some employers make the mistake of carefully choosing predictors (such as manual dexterity) while virtually ignoring the question of which criteria best predict performance. Doing so can be a mistake. An illustrative study involved 212 gas utility company employees. In this study, the researchers found a significant relationship between the test battery that was used as a predictor and two performance criteria—supervisor ratings of performance and objective productivity indices. However, there was virtually no relationship between the same test battery and an objective quality index or employee self-ratings.¹²

Step 2. Choose the Tests Next, choose tests that you think measure the attributes (predictors) important for job success. Employers usually base this choice on experience, previous research, and “best guesses.” They usually don’t start with just one test. Instead, they choose several tests and combine them into a *test battery*. The test battery aims to measure an array of possible predictors, such as aggressiveness, extroversion, and numerical ability.

What tests are available and where do you get them? Given the EEO and ethical issues involved, the best advice is probably to use a professional, such as a licensed industrial psychologist. However, many firms publish tests. Psychological Assessment Resources, Inc., in Odessa, Florida, is typical. It publishes and distributes many tests; some are available to virtually any purchaser, but many are available only to qualified buyers (such as those with degrees in psychology or counseling).

Some companies publish employment tests that are generally available to anyone. For example, Wonderlic Personnel Test, Inc., publishes a well-known intellectual capacity test, and also other tests, including technical skills tests, aptitude test batteries, interest inventories, and reliability inventories. G. Neil Companies of Sunrise, Florida, offers employment testing materials including, for example, a clerical skills test, telemarketing ability test, service ability test, management ability test, team skills test, and sales abilities test. Again, though, don’t let the widespread availability of personnel tests blind you to this important fact: You should use the tests in a manner consistent with equal employment laws, and in a manner that is ethical and protects the test taker’s privacy. We’ll return to this point in a moment.

Step 3. Administer the Test Next administer the selected test(s) to employees. You have two choices here. One option is to administer the tests to employees presently on the job. You then compare their test scores with their current performance; this is *concurrent validation*. Its main advantage is that data on performance are readily available. The disadvantage is that current employees may not be representative of new applicants (who of course are really the ones for whom you are

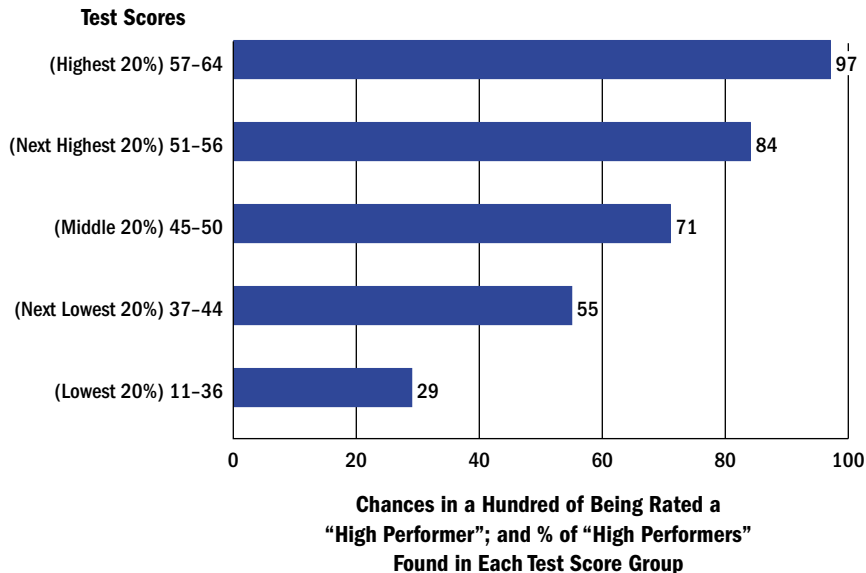
interested in developing a screening test). Current employees have already had on-the-job training and been screened by your existing selection techniques.¹³

Predictive validation is the second and more dependable way to validate a test. Here you administer the test to applicants before they are hired. Then hire these applicants using only existing selection techniques, not the results of the new tests you are developing. After they have been on the job for some time, measure their performance and compare it to their earlier test scores. You can then determine whether you could have used their performance to predict their subsequent job performance. In the case of an assembler's job, the ideal situation would be to administer, say, the Test of Mechanical Comprehension (see page 137) to all applicants. Then ignore the test results and hire assemblers as you usually do. Perhaps six months later, measure your new assemblers' performance (quantity produced per hour, number of rejects per hour) and compare this performance to their Mechanical Comprehension test scores (as in step 4).

Step 4. Relate Your Test Scores and Criteria The next step is to determine if there is a significant relationship between scores (the predictor) and performance (the criterion). The usual way to do this is to determine the statistical relationship between (1) scores on the test and (2) job performance through *correlation analysis*, which shows the degree of statistical relationship.

If there's a correlation between test and job performance, you can develop an **expectancy chart**. This presents the relationship between test scores and job performance graphically. To do this, split the employees into, say, five groups according to test scores, with those scoring the highest fifth on the test, the second highest fifth, and so on. Then compute the percentage of high job performers in each of these five test score groups and present the data in an expectancy chart like that in Figure 5-2. This shows the likelihood that employees who score in each of these five test score groups will be high performers. In this case, someone scoring in the top fifth of the test has a 97% chance of being rated a high performer, while one scoring in the lowest fifth has only a 29% chance of being rated a high performer.¹⁴

expectancy chart
A graph showing the relationship between test scores and job performance for a group of people.



◀ **FIGURE 5-2**
Expectancy Chart

Note: This expectancy chart shows the relation between scores made on the Minnesota Paper Form Board and rated success of junior draftspersons. Example: Those who score between 37 and 44 have a 55% chance of being rated above average and those scoring between 57 and 64 have a 97% chance.

Step 5. Cross-Validate and Revalidate Before putting the test into use, you may want to check it by cross-validating, by again performing steps 3 and 4 on a new sample of employees. At a minimum, an expert should revalidate the test periodically.

The procedure you would use to demonstrate *content validity* differs from that used to demonstrate criterion validity (as described in steps 1 through 5). Content validity tends to emphasize judgment. Here, you first do a careful job analysis to identify the work behaviors required. Then combine several samples of those behaviors into a test. A typing and computer skills test for a clerk would be an example. The fact that the test is a comprehensive sample of actual, observable, on-the-job behaviors is what lends the test its content validity. Criterion validity is determined through the five-step procedure previously described. Table 5-1 summarizes important testing guidelines such as “use tests as supplements.”

Equal Employment Opportunity Aspects of Testing

Various federal, state, and local laws bar discrimination with respect to race, color, age, religion, sex, disability, and national origin. With respect to testing, the laws boil down to this: You must be able to prove (1) that your tests are related to success or failure on the job (validity), and (2) that your tests don't

► **TABLE 5-1**
Testing Program
Guidelines

1. *Use tests as supplements.* Don't make tests your only selection tool; use them to supplement other tools like interviews and background checks.
2. *Validate the tests.* It's best to validate them in your own organization. However, the fact that the same tests have proven valid in similar organizations—called validity generalization—is usually adequate.
3. *Monitor your testing/selection program.* Ask questions such as, “What proportions of minority and nonminority applicants are rejected at each stage of the hiring process?” and “Why am I using this test—what does it mean in terms of actual behavior on the job?”
4. *Keep accurate records.* Record why you rejected each applicant. A general note such as “not sufficiently well qualified” is not enough. Your reasons for rejecting the person may be subject to validation at a later date.
5. *Use a certified psychologist.* Developing, validating, and using selection standards (including tests) generally require a qualified psychologist. Most states require persons who offer psychological services to the public be certified or licensed. A Ph.D. degree (the bachelor's degree is never sufficient) is usually one qualification. Potential consultants should provide evidence of similar work and experience in test validation, and demonstrate familiarity with federal and state equal rights laws and regulations.
6. *Manage test conditions.* Administer tests in areas that are reasonably private, quiet, well lighted, and ventilated, and make sure all applicants take the tests under the same test conditions. Once completed, keep test results confidential. Give them only to individuals with a legitimate need for the information and the ability to understand and interpret the scores (including the applicant). Train your supervisors regarding test result confidentiality.
7. *Revalidate periodically.* Employer's needs and applicant's aptitudes change over time. You should have your testing program revalidated periodically.

Source: See Floyd L. Ruch, “The Impact on Employment Procedures of the Supreme Court Decisions in the Duke Power Case,” *Personnel Journal*, vol. 50, no. 4 (October 1971), pp. 777–783; Hubert Field, Gerald Bagley, and Susan Bagley, “Employment Test Validation for Minority and Non-minority Production Workers,” *Personnel Psychology*, vol. 30, no. 1 (spring 1977), pp. 37–46; Ledvinka, Federal Regulations, p. 110; Dale Beach, *Personnel* (New York: Macmillan, 1970); M. K. Distefano, Jr., Margaret Pryer, and Stella Craig, “Predictive Validity of General Ability Tests with Black and White Psychiatric Attendants,” *Personnel Psychology*, vol. 29, no. 2 (summer 1976). Schultz and Schultz, *Psychology and Work Today*, pp. 101–109. “The Use (and Misuse) of Psychological Testing in Employment Litigation,” *Employee Relations Law Journal*, vol. 23, no. 1 (summer 1997), pp. 35–53.

unfairly discriminate against minority or nonminority subgroups. Faced with a charge, the employer must demonstrate the validity and selection fairness of the allegedly discriminatory item.

Employers can't avoid EEO laws just by avoiding tests: EEO guidelines and laws apply to all selection devices, including interviews, applications, and references. You could have to prove the validity, fairness, and job relatedness of any screening or selection tool that has an adverse impact on a protected group.¹⁵ (You'll find additional aspects of test unfairness in the Internet appendix to this chapter, on the book's Web site.)

Alternatives Let's review where we are at this point. Assume that you've used a test and that a rejected minority candidate has demonstrated adverse impact to the satisfaction of a court. How might the person have done this? One is to show that the selection rate (for, say, the applicant's racial group) was less than four-fifths that for the group with the highest selection rate. Thus, if 90% of white applicants passed the test but only 60% of blacks passed, then (since 60% is less than four-fifths of 90%) adverse impact exists.

The employer would then have three alternatives with respect to its testing program. One is to institute another valid selection procedure that does not have an adverse impact.¹⁶ The second is to show that the test is valid—in other words, that it is a valid predictor of performance on the job. Ideally, you would do this by conducting your own validation study.¹⁷ In any event, the plaintiff would then have to prove that your explanation for using the test is inadequate.

A third alternative—in this case aimed at avoiding adverse impact rather than responding to it—is to monitor the selection test to see if it has disparate impact. If not, it's generally permissible to use the device, even if it's not valid—but why would you want to?

Test Takers' Individual Rights and Test Security

Test takers have rights to privacy and information under the American Psychological Association's standard for educational and psychological tests.¹⁸ They have the right to the confidentiality of test results and the right to informed consent regarding use of these results. They have 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. And they have 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.¹⁹

◆ **RESEARCH INSIGHT** What else determines perceived fairness?²⁰ Following good test practices—a quiet test-taking environment, privacy, and so on—is important.²¹ Another factor is the obviousness of the link between (1) the selection procedure and (2) performing the job (in other words, the selection procedure's "face validity"). In one study, 259 college students from France and the United States rated the "favorability" of 10 selection procedures, and then specified what prompted them to rate some procedures as more favorable than others.²²

The "perceived face validity of the selection procedure was the strongest correlate of favorability reactions among both samples."²³ Students' reactions were highly favorable toward interviews and work sample tests, both of which had obvious links to the job itself. They were moderately favorable toward biographical information and written ability tests. Favorability reactions were neutral toward personality and honesty tests, and negative toward graphology. In general, they were more favorable when they felt the employer had the right to obtain information with a particular technique, and when the procedure was widely used in industry.

The Issue of Privacy

In addition to the APA's test privacy and security standard, some privacy protections are embedded in U.S. law. At the federal level, the Constitution does not expressly provide for the right to privacy, but certain U.S. Supreme Court decisions do protect individuals from intrusive governmental action in a variety of contexts.²⁴ For example, if you are a federal employee or (in many jurisdictions) a state or local government employee, there are limits on disclosure of personnel information to individuals within or outside the agency.²⁵ The Federal Privacy Act gives federal employees the right to inspect personnel files, and limits the disclosure of personnel information without the employee's consent, among other things.²⁶

The common law of torts also provides some protection against disclosing information about employees to people outside the company. The best-known application here involves defamation (either libel or slander). If your employer or former employer discloses information that is false and defamatory and that causes you serious injury, you may be able to sue for defamation of character.²⁷ In general, though, this is easier said than done. Employers providing a recommendation generally can't be sued for defamation unless the employee can show "malice"—that is, ill will, culpable recklessness, or disregard of the employee's rights. But this is usually hard to prove.²⁸ Someone may also sue an employer for interference with business or prospective business relations if the employer willfully provides information to another with the aim of harming a former employee. In addition, an employer may not disclose to another company that a former employee had filed a discrimination charge or a lawsuit alleging discrimination or other labor law violation; doing so may constitute unlawful retaliation.

Some states recognize common law as it applies to invasion of privacy. Such cases usually revolve around "public disclosure of private facts." Employees can sue employers for disclosing to a large number of people true but embarrassing private facts about the employee. (For example, your personnel file may contain private information regarding your health, test results, or job performance that you may not want disclosed outside the firm.) In invasion-of-privacy suits, truth is no defense.

One case involved a supervisor in a shouting match with an employee. The supervisor yelled out that the employee's wife had been having sexual relations with certain people. The employee and his wife sued the employer for invasion of privacy. The jury found the employer liable for invasion of the couple's privacy. It awarded damages to both of them, as well as damages for the couple's additional claim that the supervisor's conduct amounted to an intentional infliction of emotional distress.²⁹ Since many people sue these days, more discretion is required than some employers have shown in the past.

Guidelines to follow here include:

1. Train your supervisors regarding the importance of employee confidentiality.³⁰
2. Adopt a "need to know" policy. For example, if an employee has been rehabilitated after a period of drug use and that information is not relevant to his or her functioning in the workplace, then a new supervisor may not "need to know."
3. Disclose procedures. If you know your firm can't keep information—such as test results—confidential, you may limit your liability by disclosing that fact before testing. For example, if employees who test positive on drug tests will have to use the firm's employee assistance program, explain that before giving the tests.

Using Tests at Work

Tests are widely used by employers today. For example, about 45% of 1,085 companies the American Management Association surveyed tested applicants for basic skills (defined as the ability to read instructions, write reports, and do arithmetic

adequate to perform common workplace tasks).³¹ However, testing has actually fallen off a bit in the past few years. For example, 47% of the respondents in one survey required employees to take drug tests in 2000, down from 70% in 1996. About one-third of the respondents required some form of psychological measurement in 2000, about the same as in 1999, but down from 51% in 1998.³² If you want to see what such tests are like, try the short test in Figure 5-3 to see how prone you might be to on-the-job accidents.

Tests are not just for lower-level workers. For example, consultants McKinsey & Co. recently flew 54 MIT MBA students to Miami for two days of multiple-choice business knowledge tests, case-oriented case studies, and interviews. Barclays Capital gives graduate and undergraduate job candidates aptitude tests instead of first-round interviews.³³

Employers don't use tests just to find good employees, but also to screen out bad ones. This can be important. By some estimates, 75% of employees have stolen from their employers at least once; 33% to 75% have engaged in behaviors such as theft, vandalism, and voluntary absenteeism; almost 25% say they've had knowledge of illicit drug use among co-workers; and 7% of a sample of employees reported being victims of physical threats.³⁴ Occupational fraud and abuse reportedly cost U.S. employers about \$400 billion annually, or about nine dollars per day per employee or 6% of annual revenues.³⁵ No wonder prudent employers test their applicants.

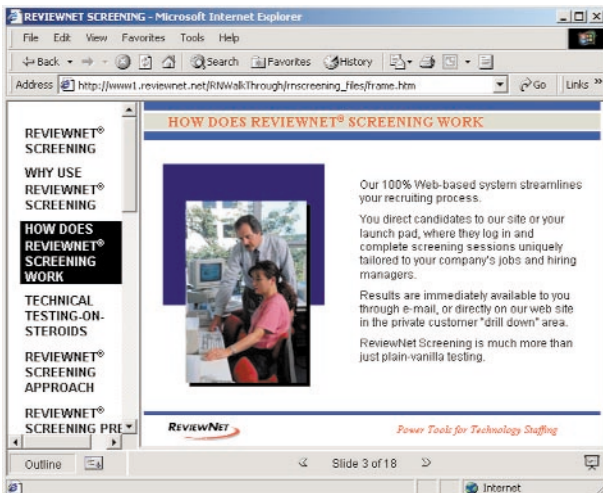
Tests come from test publishers, who provide various services to facilitate the testing process. One service is automated scoring and test interpretation. Some tests, such as the 16PF personality profile, must be professionally scored and interpreted. The 16PF is a 187-item personality profile psychologists use to measure management characteristics including creativity, independence, leadership, and self-control. Wonderlic, Inc., lets an employer administer the 16PF. The employer then faxes or mails the answer sheet to Wonderlic, which scores the candidate's profile and mails or faxes back the interpretive report in one day. Today, psychol-

CHECK YES OR NO	YES	NO
1. You like a lot of excitement in your life.		
2. An employee who takes it easy at work is cheating on the employer.		
3. You are a cautious person.		
4. In the past three years you have found yourself in a shouting match at school or work.		
5. You like to drive fast just for fun.		

Analysis: According to John Kamp, an industrial psychologist, applicants who answered no, yes, yes, no, no to questions 1, 2, 3, 4, and 5 are statistically likely to be absent less often, to have fewer on-the-job injuries, and, if the job involves driving, to have fewer on-the-job driving accidents. Actual scores on the test are based on answers to 130 questions.

◀ **FIGURE 5-3**
Sample Test

Source: Courtesy of NYT Permissions.



▲ WEBNOTE

Steve Linton is in charge of recruiting at On!contact, a maker of customer-relationship management software. He often needs to hire people with high technical competence, and one way to test for such competence is through Web-based skills testing programs such as ReviewNet, a sample page of which is shown here.

www.reviewnet.net

ogists also easily score many psychological tests, including the MMPI personality test, using interpretive Windows-based software.

Computer-Interactive Testing

Computerized testing today is increasingly replacing conventional paper-and-pencil and manual tests. In a large manufacturing company, researchers developed a computerized testing procedure for the selection of clerical personnel.³⁶ They constructed eight test components to represent actual work performed by secretarial personnel, such as maintaining and developing databases and spreadsheets, answering the telephone, filing, and handling travel arrangements. For the word processing test, applicants had three minutes (monitored by the computer) to type as much of a letter as possible; the computer recorded and corrected the manuscript. For the travel expense form completion task, applicants had to access the database file, use some of the information in it to compute quarterly expenses, and transfer this information to the travel expense form. Some other computerized tests include numerical ability tests, reading comprehension tests, and a clerical comparing and checking test.³⁷ Many firms such as Kinko's have appli-

cants take online or offline computerized tests—sometimes by phone, using the touch-tone keypad—to quickly prescreen applicants prior to more in-depth interviews and background checks.³⁸

TYPES OF TESTS

We can conveniently classify tests according to whether they measure cognitive (mental) abilities, motor and physical abilities, personality and interests, or achievement.³⁹

Tests of Cognitive Abilities

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

Intelligence Tests Intelligence (IQ) tests are tests of general intellectual abilities. They measure not a single trait but rather a range of abilities, including memory, vocabulary, verbal fluency, and numerical ability.

Originally, IQ (intelligence quotient) was literally a quotient. The procedure was to divide a child's mental age (as measured by the intelligence test) by his or her chronological age, and then multiply the results by 100. If an 8-year-old child answered questions as a 10-year-old might, his or her IQ would be 10 divided by 8, times 100, or 125.

For adults, of course, the notion of mental age divided by chronological age wouldn't make sense. Therefore, an adult's IQ score is actually a derived score. It reflects the extent to which the person is above or below the "average" adult's intelligence score.

Intelligence is often measured with individually administered tests like the Stanford-Binet Test or the Wechsler Test. Employers can administer other IQ tests such as the Wonderlic to groups of people. Other intelligence tests include the

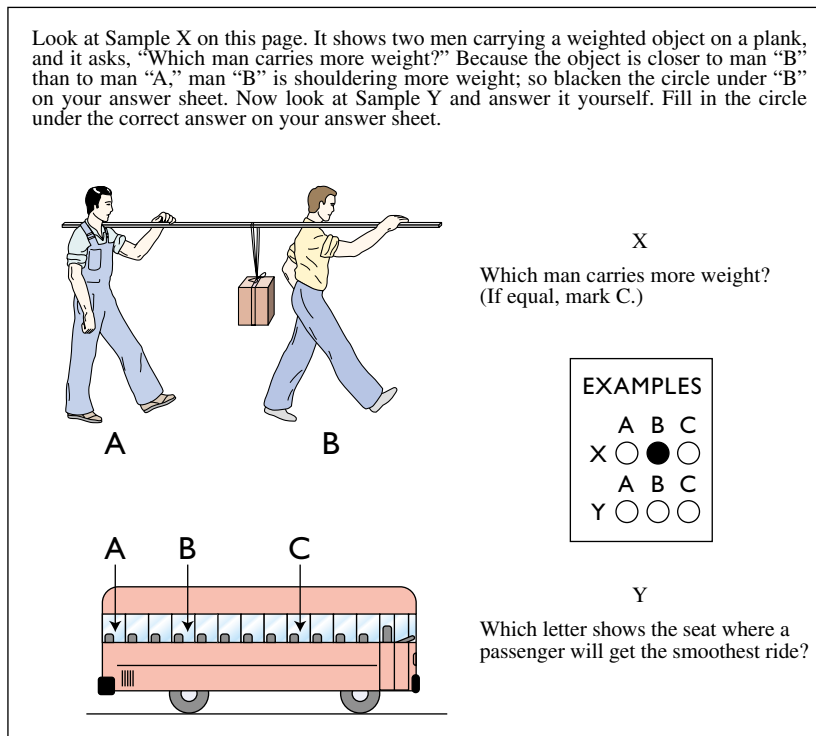
Kaufman Adolescent and Adult Intelligence Test, the Slosson Intelligence Test, the Wide Range Intelligence Test, and the Comprehensive Test of Nonverbal Intelligence.

Specific Cognitive Abilities There are measures of specific mental abilities, such as inductive and deductive reasoning, verbal comprehension, memory, and numerical ability.

Psychologists often call such tests *aptitude tests*, since they purport to measure aptitude for the job in question. Consider the Test of Mechanical Comprehension in Figure 5-4, which tests the applicant's understanding of basic mechanical principles. It may reflect a person's aptitude for jobs—like that of machinist or engineer—that require mechanical comprehension. Other tests of mechanical aptitude include the Mechanical Reasoning Test and the SRA Test of Mechanical Aptitude.

Tests of Motor and Physical Abilities

You might also want to measure motor abilities, such as finger dexterity, manual dexterity, and reaction time. The Crawford Small Parts Dexterity Test is an example. It measures the speed and accuracy of simple judgment as well as the speed of finger, hand, and arm movements. Other tests include the Stromberg Dexterity Test, the Minnesota Rate of Manipulation Test, and the Purdue Peg Board. The Roeder Manipulative Aptitude Test screens individuals for jobs where dexterity is a main requirement. The revised Minnesota Paper Form Board Test consists of 64 two-dimensional diagrams cut into separate pieces. It provides insights into an applicant's mechanical spatial ability; you'd use it for screening applicants for jobs such as designers, draftspeople, or engineers.



◀ **FIGURE 5-4**
Two Problems from
the Test of Mechanical
Comprehension

Source: Reproduced by permission. Copyright 1967, 1969 by The Psychological Corporation, New York, NY. All rights reserved. Author's note: 1969 is latest copyright on this test, which is still the main one used for this purpose.

Tests of physical abilities may also be required.⁴⁰ These include static strength (such as lifting weights), dynamic strength (like pull-ups), body coordination (as in jumping rope), and stamina.⁴¹ Lifeguards, for example, must show they can swim a course before they're hired.

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 a consultant recently put it, most people are hired based on qualifications, but most are fired for nonperformance. And nonperformance (or performance) "is usually the result of personal characteristics, such as attitude, motivation, and especially, temperament."⁴²

Employers use personality and interests inventories to measure and predict such intangibles. Firms including Dell Computer, Motorola, and GE increasingly use personality tests to help screen even top-level candidates. For example, as part of its selection process for CEO candidates, Hewlett-Packard put its eventual choice Carly Fiorina and other finalists through a two-hour 900-question personality test. Candidates had to indicate whether statements like "When I bump into a piece of furniture, I usually get angry" were true or false.⁴³ Small business owners also need to test. The *Entrepreneurs + HR* feature describes some available resources.

ENTREPRENEURS + HR

Testing

Just because a company is small doesn't mean it shouldn't engage in testing. Quite the opposite: One or two mistakes may not be a big problem for a very large firm, but could cause chaos in a small operation.

Some tests are so easy to use they are particularly good for smaller firms. One is the Wonderlic Personnel Test, which measures general mental ability. It takes less than 15 minutes to administer the four-page booklet. The tester reads the instructions, and then keeps time as the candidate works through the 50 problems on the two inside sheets. The tester then scores the test by totaling the number of correct answers. Comparing the person's score with the minimum scores recommended for various occupations shows whether the person achieved the minimally acceptable score for the type of job in question.

The Predictive Index is another example of a test. It measures work-related personality traits, drives, and behaviors—in particular dominance, extroversion, patience, and blame avoidance—on a two-sided sheet. A template makes scoring simple.

Each candidate will probably have a unique pattern of responses. To help employers analyze the results, the Predictive Index program includes 15 standard patterns. For example, there is the "social interest" pattern, for a person who is generally unselfish, congenial, persuasive, patient, and unassuming. This person would be good with people and a good personnel interviewer, for instance.

Computerized testing programs like those described earlier in this chapter are especially useful for small employers. For example, when hiring office help, smaller employers usually depend on informal typing and filing tests. A better approach is to use a program like the Minnesota Clerical Assessment Battery published by Assessment Systems Corporation, which runs on a personal computer. It includes a typing test, proofreading test, filing test, business vocabulary test, business math test, and clerical knowledge test. Because it is computerized, administration and scoring are simple, and it is easy to adapt each test to the particular position being applied for.⁴⁴

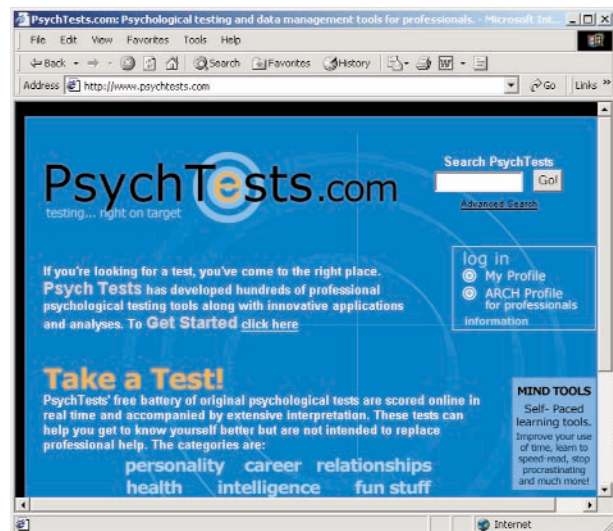
Personality tests measure basic aspects of an applicant's personality, such as introversion, stability, and motivation. Many of these tests are *projective*. The psychologist presents an ambiguous stimulus (like an ink blot or clouded picture) to the person. The psychologist then asks the person to interpret or react to it. Since the pictures are ambiguous, the person's interpretation must come from within—he or she supposedly projects into the picture his or her own emotional attitudes about life. A security-oriented person might describe the woman in Figure 5-1 (page 128) as “my mother worrying about what I’ll do if I lose my job.”

Other projective techniques include Make a Picture Story (MAPS), House-Tree-Person (H-T-P), and the Forer Structured Sentence Completion Test. Other examples of personality tests (more properly called personality inventories) include the Thematic Apperception Test, the Guilford-Zimmerman Temperament Survey, and the Minnesota Multiphasic Personality Inventory. The Guilford-Zimmerman survey measures personality traits like emotional stability versus moodiness and friendliness versus criticalness. The Minnesota Multiphasic Personality Inventory taps traits like hypochondria and paranoia. The Interpersonal Style Inventory is a self-report inventory composed of 300 true/false items covering scales such as sociable, sensitive, deliberate, stable, conscientious, trusting, and directive. The Meyer-Kendall Assessment Survey contains 105 yes/no items and assesses personal functioning on 12 scales, including dominance, attention to detail, stability, people concern, anxiety, and extroversion.

Wonderlic's Personal Characteristics Inventory is another example. It measures five personality dimensions and links these dimensions to job performance. The manager administers this test, and faxes it to Wonderlic, which scores it and returns the report the same day. The Leadership Ability Evaluation measures leadership abilities and behavior, and identifies the test taker's decision-making styles. The Supervisory Practices Inventory presents a series of typical job situations followed by three ways a supervisor might handle them. The Sales Achievement Predictor creates a report showing the individual's percentile ranked on scales such as “sales disposition” and “sales closing” and rates the test taker as highly recommended, recommended, or not recommended for sales. The Personal Style Inventory produces a profile of the approaches someone typically uses to meet personal and professional challenges. You'll find sample personality tests online at www.psychtests.com.

Employers sometimes need personality inventories they can use worldwide. An international team of psychologists recently developed the Global Personality Inventory, based on data from 11 countries and 10 languages for use worldwide. The inventory's five main factors (with sample subscales) are agreeableness (consideration, empathy, openness, trust); conscientiousness (attention to detail, dutifulness, responsibility); extroversion (adaptability, competitiveness, desire for achievement, energy level, influence, taking charge); neuroticism (emotional control, optimism, stress tolerance); and openness to experience (innovativeness, creativity, social astuteness, independence).⁴⁵

Personality tests—particularly the projective type—are the most difficult tests to evaluate and use. An expert must analyze the test taker's interpretations and reactions and infer from them his or her personality. The usefulness of such tests for selection rests on the



▲ WEBNOTE

www.psychtests.com illustrates some of the many employment tests available, and lets you take a sample test online—such as the Classic Intelligence Test—and scores it for you while you wait.

www.psychtests.com

assumption that you can find a relationship between a measurable personality trait (like introversion) and success on the job.⁴⁶

Effectiveness The difficulties notwithstanding, personality tests can help organizations do a better job of screening. Researchers recently administered an aggression questionnaire to high school hockey players prior to the season; preseason aggressiveness as measured by the questionnaire predicted how many minutes they spent in the penalty box for offenses like fighting, slashing, and tripping.⁴⁷ Researchers used the responsibility, socialization, and self-control scales of the California Psychological Inventory to successfully predict dysfunctional job behaviors among law enforcement officers.⁴⁸ At a multinational company, emotional stability, extroversion, and agreeableness predicted whether expatriates would leave their assignments early.⁴⁹ At another firm, employee testing predicted employee theft.⁵⁰

Industrial psychologists often emphasize the “big five” personality dimensions as they apply to personnel testing: extroversion, emotional stability, agreeableness, conscientiousness, and openness to experience.⁵¹ One study focused on the extent to which these five personality dimensions predicted performance (for instance, in terms of job and training proficiency) for professionals, police officers, managers, sales workers, and skilled/semiskilled workers. Conscientiousness showed a consistent relationship with all job performance criteria for all the occupations. Extroversion was a valid predictor of performance for managers and sales employees—the two occupations involving the most social interaction. Both openness to experience and extroversion predicted training proficiency for all occupations.⁵² Another study, with 89 university employees, concluded that (1) absenteeism and (2) extroversion and conscientiousness were inversely related.⁵³

◆ **RESEARCH INSIGHT** An interesting question is whether it’s personality or intelligence (or both) that drives career success. It would seem the answer is both. Researchers in one study defined career success in terms of intrinsic success (job satisfaction) and extrinsic success (income and occupational status). Their studies suggest that hard work certainly seems to pay off: Conscientiousness positively predicted both intrinsic and extrinsic career success. Neuroticism negatively predicted extrinsic success. General mental ability positively predicted extrinsic career success.⁵⁴

Employers should use personality tests cautiously, particularly if the focus is on aberrant behavior. One report concluded that personality tests can help determine whether an employee’s erratic behavior will pose a threat to workplace safety. However, they can also create legal problems for employers—for instance, if rejected candidates claim the results are false, or that they violate the Americans with Disabilities Act or employees’ privacy.⁵⁵

Interest Inventory

A personal development and selection device that compares the person’s current interests with those of others now in various occupations so as to determine the preferred occupation for the individual.

Interest Inventories Interest inventories compare your interests with those of people in various occupations. Thus, a person who takes the Strong-Campbell Inventory would receive a report comparing his or her interests to those of people already in occupations like accounting, engineering, management, or medical technology. These inventories have many uses. One example is career planning, since a person will likely do better in jobs that involve activities in which he or she is interested. These tests can also be useful as selection tools. Clearly, if you can select people whose interests are roughly the same as those of successful incumbents in the jobs for which you are recruiting, it is more likely that the applicants will be successful.⁵⁶

Achievement Tests

Achievement tests measure what a person has learned. Most of the tests you take in school are achievement tests. They measure your “job knowledge” in areas like economics, marketing, or personnel. Achievement tests are also popular at work.

For example, the Purdue Test for Machinists and Machine Operators tests the job knowledge of experienced machinists with questions like, “What is meant by ‘tolerance?’” Other tests are available for other occupations. In addition to job knowledge, achievement tests measure the applicant’s abilities; a typing test is one example. The use of the Internet in testing is illustrated in the following HR.NET box.



Firms are increasingly using the Web for testing and screening applicants. For example, in the late 1990s, the financial firm Capital One was using three paper-and-pencil tests for pre-employment screening: a cognitive skills test, a math test, and a “bio test data” job history test (which the firm used to predict job stability).⁵⁷ The process was reportedly time consuming and inefficient: “In Tampa, we were having to process several thousand people a month just to hire 100,” says a company officer. The company’s new online system eliminates the paper-and-pencil process. Call center applicants working online complete the application and the upgraded math and biodata tests. They also take an online role-playing call simulation. They put on a headset, and the CD-ROM program plays seven different customer situations. Applicants (playing the role of operators) answer multiple-choice questions online as to how they would respond. The company is in the process of expanding its online preemployment testing program to the United Kingdom and France.

Using the Web for Testing and Screening

WORK SAMPLES AND SIMULATIONS

Experts consider **work samples** and simulations (such as the assessment centers in this section) tests. However, they differ from most tests we’ve discussed, because they measure job performance directly. With video-based situational tests, for example, you present examinees with situations representative of the job for which they’re applying, and evaluate their responses to these hypothetical situations.⁵⁸

work samples

Actual job tasks used in testing applicants’ performance.

Work Sampling for Employee Selection

The **work sampling technique** measures how a candidate actually performs some of the job’s basic tasks.⁵⁹ This has several advantages. It measures actual on-the-job tasks, so it’s harder for applicants to fake answers. Work samples more clearly relate to the job you are testing for, so in terms of fairness and fair employment, you may be on safer ground. The work sample’s content—the actual tasks the person must perform—is not as likely to be unfair to minorities as a personnel test that might emphasize middle-class concepts and values.⁶⁰ Work sampling does not delve into the applicant’s personality or psyche. So there’s almost no chance of it being viewed as an invasion of privacy. Designed properly, work sampling tests also exhibit better validity than do other tests designed to predict performance.

work sampling technique

A testing method based on measuring performance on actual basic job tasks.

The basic procedure is to choose several tasks crucial to performing the job and to test applicants on samples of each.⁶¹ An observer monitors performance on each task, and indicates on a checklist how well the applicant performs. Here is an example. In developing a work sampling test for maintenance mechanics, experts first listed all possible job tasks (like “install pulleys and belts” and “install and align a motor”). Four crucial tasks were installing pulleys and belts, disassembling and installing a gearbox, installing and aligning a motor, and pressing a bushing into a sprocket.

► **FIGURE 5-5**
Example of a Work
Sampling Question

CHECKS KEY BEFORE INSTALLING AGAINST:		
_____	shaft	score 3
_____	pulley	score 3
_____	neither	score 1

This is one step in installing pulleys and belts.

They then broke down these four tasks into the steps required to complete them. Mechanics could perform each step in a slightly different way, of course. Since some approaches were better than others, the experts gave a different weight to different approaches.

Figure 5-5 shows one of the steps required for installing pulleys and belts—“checks key before installing.” As the figure shows, possible approaches here include checking the key against (1) the shaft, (2) the pulley, or (3) neither. The right of the figure lists the weights reflecting the worth of each method. The applicant performs the task, and the observer checks off the approach used.

Management Assessment Centers

management assessment center

A simulation in which management candidates are asked to perform realistic tasks in hypothetical situations and are scored on their performance. It usually also involves testing and the use of management games.

A **management assessment center** is a two- to three-day simulation in which 10 to 12 candidates perform realistic management tasks (like making presentations) under the observation of experts who appraise each candidate’s leadership potential. The center itself may be a plain conference room, but it is often a special room with a one-way mirror to facilitate observation. Typical simulated exercises include:

- *The in basket.* These exercises confront the candidate with an accumulation of reports, memos, notes of incoming phone calls, letters, and other materials collected in the actual or computerized in basket of the simulated job he or she is about to start. The candidate must take appropriate action on each item. Trained evaluators then review the candidate’s efforts.
- *Leaderless group discussion.* Trainers give a leaderless group a discussion question and tell members to arrive at a group decision. They then evaluate each group member’s interpersonal skills, acceptance by the group, leadership ability, and individual influence.
- *Management games.* Participants solve realistic problems as members of simulated companies competing in a marketplace. They may have to decide, for instance, how to advertise and manufacture, and how much inventory to stock.
- *Individual presentations.* Trainers evaluate each participant’s communication skills and persuasiveness by having each make an assigned oral presentation.
- *Objective tests.* A center typically includes tests of personality, mental ability, interests, and achievements.
- *The interview.* Most require an interview between at least one trainer and each participant, to assess the latter’s interests, past performance, and motivation.

In practice, employers use assessment centers for selection, promotion, and development. Supervisor recommendations usually play a big role in choosing center participants. Line managers usually act as assessors and typically arrive at their ratings through a consensus process.⁶²

Assessment centers can be effective.⁶³ However, whether they do their job less expensively than other selection techniques is not clear. One study suggests that the approach is financially efficient.⁶⁴ Another concludes that a review of the participants’ personnel files did as good a job of predicting which participants would succeed as did their assessment center evaluations.⁶⁵ Perhaps the best approach is to combine the two. In one study, a combination of the assessment center and an evaluation of the candidate’s records was a relatively good predictor.

Video-Based Situational Testing

Video-based tests are also *situational tests* (which present examinees with situations representative of the job); others include work sampling, discussed above, and situational interviews, discussed in Chapter 6.⁶⁶ The typical video-based test presents the candidate with several scenarios, each followed by a multiple-choice question. A scenario might depict an employee handling a situation on the job. At a critical moment, the scenario ends and the video asks the candidate to choose from among several courses of action. An example of a typical video-based scenario/judgment question, about one minute long, follows:

(A manager is upset about the condition of the department and takes it out on one of the department's employees).

Manager: Well, I'm glad you're here.

Associate: Oh? Why is that?

Manager: Look at this place, that's why! I take a day off and come back to find the department in a mess. You should know better.

Associate: But I didn't work late last night.

Manager: Maybe not. But there have been plenty of times before when you've left this department in a mess.

(The scenario stops here.)

If you were this associate, what would you do?

- a. Let the other associates responsible for the mess know that you had to take the heat.
- b. Straighten up the department, and try to reason with the manager later.
- c. Suggest to the manager that he talk to the other associates who made the mess.
- d. Take it up with the manager's boss.⁶⁷

While the evidence is somewhat mixed, the results suggest that video-based situational tests can be useful for selecting employees.⁶⁸

The Miniature Job Training and Evaluation Approach

The idea here is to train candidates to perform a sample of the job's tasks, and then to evaluate their performance. The approach assumes that a person who demonstrates that he or she can learn and perform the sample of tasks will be able to learn and perform the job itself.

An example illustrates this selection method's usefulness. The study focused on navy recruits who'd been deemed unacceptable candidates for various naval schools based on their performance on traditional tests. The recruits participated in several miniature job training and evaluation situations. In one, trainers showed them how to read a simplified plot diagram of the positions of two ships, their headings, and speed, and how to extrapolate the new position of each ship and evaluate the danger of collision. Recruits who normally would have been barred from moving on to such training based on their initial test scores were found to be competent to pursue it, because of their performance in the mini training session.

The approach has pros and cons. It tests applicants with actual samples of the job rather than just with paper-and-pencil tests, so it's "content relevant." It may thus be more acceptable (and fair) to disadvantaged applicants than most paper-and-pencil tests. However, it emphasizes individual instruction during training, and so is a relatively expensive screening approach.⁶⁹

OTHER SELECTION TECHNIQUES

Testing is usually just part of an employer's selection process. Other tools may include background investigations and reference checks, preemployment information services, honesty testing, graphology, and substance abuse screening.

Background Investigations and Reference Checks

Most employers try to check and verify the job applicant's background information and references. Some estimate that about 95% of U.S. corporations now employ such background checks,⁷⁰ with the vast majority probably using telephone inquiries. The remainder use background sources, like traditional or Internet-based commercial credit checking agencies and reference letters.

Background checks can be quite comprehensive. As *Fortune* magazine noted, applicants may be in for a rude surprise:

*Chances are, your new employer will delve into your driving record, check for criminal charges or convictions, survey your creditworthiness, examine whether you've been sued or have run afoul of the IRS, and sometimes even query co-workers and neighbors about your reputation. Your educational history, past employment, and references listed on your resume are in for fierce scrutiny.*⁷¹

While that description may overstate the situation, it does appear that employers use background and reference checks more extensively today. Commonly verified data include legal eligibility for employment (in compliance with immigration laws), dates of prior employment, military service (including discharge status), education, and identification (including date of birth and address to confirm identity).⁷²

There are two main reasons to conduct preemployment background investigations and/or reference checks—to verify factual information previously provided by the applicant and to uncover damaging information such as criminal records and suspended driver's licenses.⁷³ Lying on one's application is not unusual. For example, BellSouth's security director estimates that 15% to 20% of applicants conceal a dark secret. As he says, "It's not uncommon to find someone who applies and looks good, and then you do a little digging and you start to see all sorts of criminal history."⁷⁴ The omissions are often subtle. One well-known executive reportedly claimed he worked for Sterling Pulp and Paper from 1967–1975, and for American Can 1975–1982. Missing from his résumé were two firms that fired him, one in 1973, and one in 1976. Neither of the two headhunting firms that subsequently placed him found the omissions.⁷⁵

Even relatively sophisticated companies fall prey to criminal employees, in part because they haven't conducted proper background and reference checks. In Chicago, a major pharmaceutical firm discovered it had hired gang members in mail delivery and computer repair. The crooks were stealing close to a million dollars a year in computer parts, and then using the mail department to ship them to a nearby computer store they owned.⁷⁶ Thorough background checks might have prevented the losses.

The actual background investigation/reference check can take many forms. Most employers at least try to verify an applicant's current (or former) position and salary with his or her current (or former) employer by phone (assuming doing so was cleared with the candidate). Others call the applicant's current and previous supervisors to try to discover more about the person's motivation, technical competence, and ability to work with others (although many employers have policies against providing such information). Some employers get background reports from commercial credit rating companies. The latter can provide informa-

tion about credit standing, indebtedness, reputation, character, and lifestyle. Some employers ask for written references (although you could use it for phone references too). Figure 5-6 shows a form used for this purpose.

Effectiveness The background check can be useful. It's an inexpensive and straightforward way to verify factual information about the applicant, such as current and previous job titles, current salary range, dates of employment, and educational background.

However, reference checking can backfire. Laws (like the Fair Credit Reporting Act of 1970) increase the likelihood that rejected applicants will have access to the

EMPLOYMENT REFERENCE CHECK FORM

Applicant: 1. Please print out this Reference Check Form.
2. Fill out the top section of the form.
3. Send it to a former employer to complete and return to:

Human Resources Department
Winter Sports, Inc./Big mountain Ski & Summer Resort
PO Box 1400, Whitefish, MT 59937/or Fax to: 406-862-2955

REFERENCE CHECK FORM Please Type or Print Legibly

To Be Completed by Applicant _____

Applicant's Name _____

Name of Reference _____

Business Name _____

I have applied for a position with Winter Sports, Inc. at Big mountain Ski and Summer Resort. In order to be considered for employment, they have requested information from my previous employers. I would appreciate your cooperation in providing the answers to the following questions. I have been advised this information will be held in confidence by the Winter Sports, Inc. Human Resource Department.

_____ _____

Applicant's Signature Date

To be Completed by Employer:

Employed From _____ To _____

Position(s) Held _____

Reason for Separation: Quit Laid-off Discharged

Other _____

Comments: _____

As an employee, was this person:

Responsible? YES NO

Able to work well with others? YES NO

Trustworthy? YES NO

Dependable (Attendance)? YES NO

Eligible for rehire? YES NO

A positive customer service representative? (if applies) YES NO

Please comment briefly on "NO" responses: _____

Additional comments from supervisor, if possible _____

Signature of person filling out form: _____

Title: _____ Date: _____

◀ **FIGURE 5-6**
Employee Reference
Check Form

Source: Winter Sports Inc./Big Mountain, Whitefish, Montana. Used with permission.

background information; they may then sue both the source of that information and the recruiting employer. In practice, it's not always easy to prove that the person deserved the bad reference. The rejected applicant has various legal remedies, including suing the source of the reference for defamation of character.⁷⁷ In one case, a court awarded a man \$56,000 after he was turned down for a job because, among other things, the former employer called him a "character." This happens often enough to cause former employers to limit their comments.

It is not just the fear of legal reprisal that can undermine a reference. Many supervisors don't want to damage a former employee's chances for a job; others might prefer giving an incompetent employee good reviews if it will get rid of him or her. Even when checking references via phone, therefore, you have to be careful to ask the right questions. You must also try to judge whether the reference's answers are evasive and, if so, why.

HR managers don't seem to view reference letters as very useful. In one study, only 12% replied that reference letters were "highly valuable," 43% called them "somewhat valuable," and 30% viewed them as having "little value," or (6%) "no value." Asked whether they preferred written or telephone references, 72% favored the telephone reference, because it allows a more candid assessment and provides a more personal exchange. Not having a written record is also an appealing feature. In fact, reference letters ranked lowest—seventh out of seven—as selection tools. Ranked from top to bottom, the tools were interview, application form, academic record, oral referral, aptitude and achievement tests, psychological tests, and reference letters.⁷⁸

Giving References: Know the Law Federal laws that affect references include the Privacy Act of 1974, the Fair Credit Reporting Act of 1970, the Family Education Rights and Privacy Act of 1974 (and Buckley Amendment of 1974), and the Freedom of Information Act of 1966. These laws give individuals in general and students (the Buckley Amendment) the right to know the nature and substance of information in their credit files and files with government agencies, and (under the Privacy Act) to review records pertaining to them from any private business that contracts with a federal agency. It is therefore quite possible that the person you're describing may be shown your comments.

Common law (and in particular the tort of defamation) applies to any information you supply. Communication is defamatory if it is false and tends to harm the reputation of another by lowering the person in the estimation of the community or by deterring other persons from associating or dealing with him or her. There are companies that, for a small fee, will call former employers on behalf of employees who believe they're getting bad references from the former employers. One supervisor, describing a former city employee, reportedly "used swear words, said he was incompetent and said he almost brought the city down on its knees."⁷⁹

Companies fielding requests for references need policies regarding this. They should ensure that only authorized managers provide information. Other suggested guidelines for defensible references include "Don't volunteer information," "Avoid vague statements," and "Do not answer trap questions such as, 'Would you rehire this person?'" In practice, many firms have a policy of not providing any information about former employees except for their dates of employment, last salary, and position titles.⁸⁰

Defamation is an increasing concern. In one case, an employer fired four employees for "gross insubordination" after they disobeyed a supervisor's request to review allegedly fabricated expense account reports. The jury found that the expense reports were actually honest. The employees then argued that although their employer didn't publicize the expense account matter to others, the employer should have known that the employees would have to admit the reason

for their firing when explaining and defending themselves to future employers. The court agreed and upheld jury awards to these employees totaling more than a million dollars. In another case, a manager who claimed he was wrongly accused of stealing from his former employer won \$1.25 million in a slander suit.⁸¹ Perhaps this explains why in one survey only 11% of respondents said the information they get about a candidate's violent or "bizarre" behavior is adequate. Fifty-four percent of the respondents specifically said that they get inadequate information in this area. Of 11 types of information sought in background checks, only 3 were ranked by a majority of respondents as ones for which they received adequate information: dates of employment (96%), eligibility for rehire (65%), and job qualifications (56%). With regard to salary history, reasons for leaving a previous job, work habits, personality traits, human relations skills, special skills or knowledge, and employability, "fewer than half of HR managers responding to the survey said they were able to obtain adequate information."⁸²

Not disclosing relevant information can be dangerous, too. In one Florida case, an employee was fired for allegedly bringing a handgun to work. After his subsequent employer fired him (for absenteeism), he returned to the second company and shot a supervisor as well as the HR director and three other people before taking his own life. The injured parties and the relatives of the murdered employees sued the original employer, who had provided the employee with a clean letter of recommendation. The letter stated his departure was not related to job performance, allegedly because that first employer didn't want to anger the employee over his firing.

Making Background Checks More Useful So what is the prospective employer to do? Is there any way to obtain better information?

Yes. First, include on the application form a statement for applicants to sign explicitly authorizing a background check. For example, include a statement such as:

I hereby certify that the facts set forth in the above employment application are true and complete to the best of my knowledge. I understand that falsified statements or misrepresentation of information on this application or omission of any information sought may be cause for dismissal, if employed, or may lead to refusal to make an offer and/or to withdrawal of an offer. I also authorize investigation of credit, employment record, driving record, and, once a job offer is made or during employment, workers' compensation background if required.

Second (since telephone references apparently produce more candid assessments), it's probably best to rely on telephone references than on written ones. Similarly, remember that you can probably count on getting more accurate information regarding dates of employment, eligibility for rehire, and job qualifications than other background information (such as reasons for leaving a previous job).

Persistence and a sensitivity to potential red flags can also improve results. For example, if the former employer hesitates or seems to qualify his or her answer when you ask, "Would you rehire?" don't just go on to the next question. Instead, try to unearth what the applicant did to make the former employer pause.

Another suggestion is to use the references offered by the applicant as a source for other references. You might ask each of the applicant's references, "Could you please give me the name of another person who might be familiar with the applicant's performance?" In that way, you begin getting information from references who may be more objective, because they weren't referred directly by the applicant. Ask open-ended questions, such as, "How much structure does the applicant need in his/her work?" in order to get the references to talk more about the candidate.⁸³

PREEMPLOYMENT INFORMATION SERVICES

There was a time when the only source of background information was what a candidate provided on the application form and what the employer could obtain through private investigators. Today, preemployment information services use databases to accumulate information about matters such as workers' compensation and credit histories, and conviction and driving records. For example, a South Florida firm advertises that for under \$50 it will do a criminal history report, motor vehicle/driver's record report, and (after the person is hired) a workers' compensation claims report history, plus confirm identity, name, and Social Security number. Employers are increasingly turning to information services in order to make the right selection decision.

There are two reasons to use caution when delving into an applicant's criminal, credit, and workers' compensation histories.⁸⁴ First (as discussed in Chapter 2), various equal employment laws discourage or prohibit the use of such information in employee screening. For example, the 1990 Americans with Disabilities Act (ADA) prohibits employers from making preemployment inquiries into the existence, nature, or severity of a disability. Therefore, asking about a candidate's previous workers' compensation claims (before offering the person a job) is usually unlawful. Courts might also view making employment decisions based on someone's arrest record as unfairly discriminatory. (Use of conviction information for particular jobs—for instance, where security is involved—would be less of a problem.) The EEOC says a poor credit history should not by itself preclude someone from getting a job.

Second, other non-EEO laws regulate such information. For example, in New York State, "It is unlawful for an employer to inquire into or act on information about an arrest not resulting in conviction unless such use is permitted by law. It is unlawful to discriminate against an applicant for licensing or employment because the person has been convicted of one or more criminal offenses or because of a finding of a lack of 'good moral character' based on the conviction."⁸⁵ New York also requires employers to notify an applicant before requesting a consumer report. Under the Federal Fair Credit Reporting Act, employers that take adverse actions based on a consumer report must advise the employee or candidate that they turned the person down based on the consumer report. They must also supply him or her with the name and address of the consumer reporting agency. And the employer may not obtain a consumer report from a reporting agency under false pretenses.⁸⁶

To bring the problem into perspective, consider the debate about a national antitheft database named Theftnet, tested by retailers including Home Depot and J. C. Penney. The database contains the names of workers across the country who have been prosecuted for theft or who have signed admissions statements with former employers.⁸⁷

Using a database like Theftnet would seem straightforward. Yet in practice, it raises serious issues. For example, one attorney says supplying information to the database could make an employer liable for defamation and retaliation claims unless it has "clear proof of an employee's guilt."⁸⁸ Employees who have signed admissions statements may in fact be guilty; however, they may also have signed for unrelated reasons, such as coercion or promises by the employer. One attorney contends that a database like this could pose an incalculable risk of harm to employees.⁸⁹ Employers tapping into such a database should therefore balance the pros and cons; consider the legal issues involved; ensure they have "clear proof" of an employee's guilt; and use the information as just one part of the background check. Table 5-2 summarizes suggestions for collecting background information, such as "check all applicable laws."

◀ **TABLE 5-2**
Collecting Background
Information

Some suggestions for collecting background information include the following:

1. Check all applicable state laws.
2. Review the impact of federal equal employment laws.
3. Remember the Federal Fair Credit Reporting Act.
4. Do not obtain information that you're not going to use.
5. Remember that using arrest information will be highly suspect.
6. Avoid blanket policies (such as "we hire no one with a record of workers' compensation claims").
7. Use information that is specific and job related.
8. Keep information confidential and up to date.
9. Never authorize an unreasonable investigation.

Source: Jeffrey M. Hahn, "Pre-Employment Services: Employers Beware?" *Employee Relations Law Journal* 17, no. 1 (summer 1991), pp. 45–69.

The Polygraph and Honesty Testing

Some firms still use the polygraph (or lie detector) for honesty testing, even though current law severely restricts its use. The polygraph is a device that measures physiological changes like increased perspiration. The assumption is that such changes reflect changes in emotional state that accompany lying.

The usual procedure is to attach a person to the machine with painless electronic probes. The polygraph expert then asks the person a series of neutral questions (such as, "Is your name John Smith?" and "Do you currently reside in New York?"). Once the expert ascertains the person's reaction to neutral questions, he or she starts asking questions like "Have you ever taken anything without paying for it?" or "Have you ever committed a crime?" In theory, at least, the expert can then determine with some accuracy whether or not the applicant is lying.

Complaints about offensiveness plus grave doubts about the polygraph's accuracy culminated in the Employee Polygraph Protection Act of 1988. With a few exceptions, the law prohibits employers from conducting polygraph examinations of all job applicants and most employees. (Also prohibited under this law are other mechanical or electrical devices that attempt to measure honesty or dishonesty, including psychological stress evaluators and voice stress analyzers. Federal laws don't prohibit paper-and-pencil tests and chemical testing [as for drugs].)⁹⁰ Local, state, and federal government employers (including the FBI) can continue to use polygraph exams, but many local and state government employers are further restricted under state laws.

Other employers permitted to use polygraph tests include: industries with national defense or security contracts; certain businesses with nuclear-power-related contracts with the Department of Energy; businesses and consultants with access to highly classified information; those with counterintelligence-related contracts with the FBI or Department of Justice; and private businesses that are (1) hiring private security personnel, (2) hiring persons with access to drugs, or (3) doing ongoing investigations involving economic loss or injury to an employer's business, such as a theft.

Even in the case of ongoing investigations of theft, the employer's rights are limited. To administer such a test during an ongoing investigation, an employer must meet four standards. First, the employer must show that it suffered an economic loss or injury. Second, it must show that the employee in question had access to the property. Third, it must have a reasonable suspicion before asking the employee to take the polygraph. Fourth, the employee must be told the details of the investigation before the test, as well as the questions to be asked on the polygraph test itself.

A sample case underscores the importance of adhering to the four standards.⁹¹ A doctor reported \$200 missing from his hospital locker. The hospital questioned workers who had access to the locker room and searched their lockers. Each employee was told there might be a lie detector test, and only one expressed reluctance. The hospital fired that employee based on its “strong suspicion” that he was the culprit. The employee then successfully sued the hospital under the Employee Polygraph Protection Act. He showed that the employer hadn’t, as required, proved that there was a loss to the business, since the theft from the doctor’s locker didn’t affect the “business of patient care.” He also showed the hospital had failed to follow several procedures under the act.

Paper-and-Pencil Tests The virtual elimination of the polygraph as a screening device has triggered a burgeoning market for other types of honesty testing devices. Paper-and-pencil honesty tests are psychological tests designed to predict job applicants’ proneness to dishonesty and other forms of counterproductivity.⁹² Most of these tests measure attitudes regarding things like tolerance of others who steal, acceptance of rationalizations for theft, and admission of theft-related activities. Tests include the Phase II profile, owned by Wackenhut Corporation of Coral Gables, Florida, which provides security services to employers. London House, Inc., and Stanton Corporation publish similar tests.⁹³

◆ **RESEARCH INSIGHT** Psychologists initially raised concerns about the proliferation of paper-and-pencil honesty tests, but recent studies support the validity of these selection tools.⁹⁴ One study focused on 111 employees hired by a major retail convenience store chain to work at store or gas station counters.⁹⁵ The firm estimated that “Shrinkage” equaled 3% of sales, and internal theft was believed to account for much of this. The researchers found that scores on an honesty test successfully predicted theft in this study, as measured by termination for theft. One large-scale review of the use of such tests for measuring honesty, integrity, conscientiousness, dependability, trustworthiness, and reliability recently concluded that the “pattern of findings” regarding the usefulness of such tests “continues to be consistently positive.”⁹⁶

Paper-and-pencil honesty testing may also help companies predict white-collar crime.⁹⁷ Subjects in one study included 329 federal prison inmates incarcerated for white-collar crime and 344 individuals from several midwestern firms employed in white-collar positions. Researchers administered three instruments, including the California Psychological Inventory (a personality inventory), the Employment Inventory (a second personality inventory), and a bio-data scale. They concluded that “there are large and measurable psychological differences between white-collar offenders and nonoffenders. . . .” and that it was possible to use a personality-based integrity test to differentiate between the two.⁹⁸

What Employers Can Do In practice, detecting dishonest candidates involves not just tests, but a comprehensive antitheft screening procedure. One expert suggests the following steps:

- **Ask blunt questions.**⁹⁹ Ask direct questions in the face-to-face interview. For example, says this expert, there is nothing wrong with asking the applicant, “Have you ever stolen anything from an employer?” Other questions to ask include, “Have you recently held jobs other than those listed on your application?” “Have you ever been fired or asked to leave a job?” “What reasons would past supervisors give if they were asked why they let you go?” “Have past employers ever disciplined you or warned you about absences or lateness?” “Is any information on your application misrepresented or falsified?”

- *Listen, rather than talk.* Allow the applicant to do the talking so you can learn as much as possible about the person.
- *Do a credit check.* Include a clause in your application form that gives you the right to conduct background checks including credit checks and motor vehicle reports.
- *Check all employment and personal references.*
- *Use paper-and-pencil honesty tests and psychological tests.*
- *Test for drugs.* Devise a drug-testing program and give each applicant a copy of the policy.
- *Establish a search-and-seizure policy and conduct searches.* Give each applicant a copy of the policy and require each to return a signed copy. The policy should state that all lockers, desks, and similar property remain the property of the company and may be inspected routinely.

The Adolf Coors Company uses a three-step honesty-screening program. First, it uses an outside lab to conduct a urinalysis test. Next, applicants take a Stanton Corporation paper-and-pencil survey on attitudes toward honesty and theft. Stanton provides a written report categorizing applicants by levels of risk. (For example, low-risk individuals are those who have never been involved in any extensive thefts, while marginal-risk applicants might be tempted to steal if they feel they won't be caught.) Finally, Equifax Services performs applicant references and background checks. These involve contacting previous employers and educational institutions.¹⁰⁰

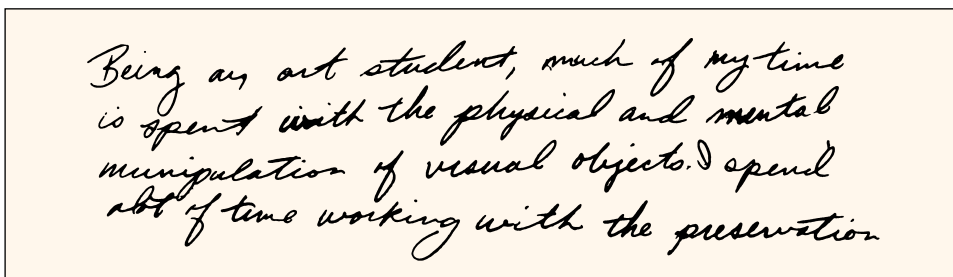
Honesty testing still requires some caution. Having just taken and “failed” what is fairly obviously an “honesty test,” the candidate may leave the premises feeling his or her treatment was less than proper. Some “honesty” questions also pose invasion-of-privacy issues. And there are state laws to consider: For instance, Massachusetts and Rhode Island limit the use of paper-and-pencil honesty tests.

Graphology

The use of graphology (handwriting analysis) assumes that handwriting reflects basic personality traits.¹⁰¹ Handwriting analysis thus has some resemblance to projective personality tests, although graphology's validity is highly suspect.

In graphology, the handwriting analyst studies an applicant's handwriting and signature to discover the person's needs, desires, and psychological makeup. According to the graphologist, the writing in Figure 5-7 exemplifies “uneven pressure, poor rhythm, and uneven baselines.” The variation of light and dark lines shows a “lack of control” and is “one strong indicator of the writer's inner disturbance.”

Graphology's place in screening sometimes seems schizophrenic. Studies suggest it is generally not valid, or that when graphologists do accurately size up candidates, it's because they are also privy to other background information. Yet



◀ **FIGURE 5-7**
Handwriting Exhibit
Used by Graphologist

Source: Reproduced with permission from Kathryn Sackhein, *Handwriting Analysis and the Employee Selection Process* (New York: Quorum Books, 1990), p. 45.

some firms continue to use graphology—indeed, to swear by it. It tends to be bigger in Europe, where “countries like France or Germany have one central graphology institute, which serves as the certifying body.”¹⁰² Fike Corporation in Blue Springs, Missouri, a 325-employee maker of valves and other industrial products, uses profiles based on handwriting samples to design follow-up interviews. Sharon Stockham, senior HR vice president for Exchange Bank in Santa Rosa, California, says her company “lives and dies” by handwriting analysis, using it as one element for screening officer candidates.¹⁰³

Physical Examination

Once the person is hired, a medical exam is often the next step in the selection process (although it may also take place after the new employee starts work).

There are several reasons for preemployment medical exams. One is to verify that the applicant meets the physical requirements of the position, and discover any medical limitations you should take into account in placing the applicant. The exam will also establish a record and baseline of the applicant’s health for future insurance or compensation claims. By identifying health problems, the examination can also reduce absenteeism and accidents and, of course, detect communicable diseases that may be unknown to the applicant.

In the largest firms, the employer’s medical department performs the exam. Smaller employers retain the services of consulting physicians. But remember that under the Americans with Disabilities Act, a person with a disability can’t be rejected for the job if he or she is otherwise qualified and can perform the essential job functions with reasonable accommodation. The ADA permits a medical exam during the period between the job offer and commencement of work if such exams are standard practice for all applicants for that job category.¹⁰⁴

Substance Abuse Screening

Many employers conduct drug screenings. The most common practice is to test candidates just before they’re formally hired. Many also test current employees when there is reason to believe the person has been using drugs—after a work accident, or in the presence of obvious behavioral symptoms, chronic lateness, or high absenteeism. Some firms routinely administer drug tests on a random or periodic basis, while others require drug tests when they transfer or promote employees to new positions.¹⁰⁵

No drug test is foolproof. Although 96% of employers who test use urine sampling,¹⁰⁶ some of these tests can’t distinguish between legal and illegal substances—for example, Advil and Nuprin can produce positive results for marijuana. Dr. David Feinstein, a medical review officer with Connecticut health care provider Industrial Health Care, says “anyone” can go online and purchase drug-free samples to try to beat the tests.¹⁰⁷

Other employers find such tests too personal, and use hair follicle testing. The method, radio-immunoassay of hair (RIAH), requires a small sample of hair, which the lab analyzes to detect prior ingestion of illicit drugs.¹⁰⁸ Classified ads advertise chemicals that can be added to specimens or rubbed on the scalp to fool the test.

Drug testing also raises ethical issues.¹⁰⁹ Unlike the roadside breathalyzer tests given to inebriated drivers, urine and blood tests for drugs indicate only whether drug residues are present; they can’t measure impairment or, for that matter, habituation or addiction.¹¹⁰ Without strong evidence linking blood or urine drug levels to impairment, some argue that testing is not justifiable on the grounds of boosting workplace safety.¹¹¹ Many feel the testing procedures themselves are degrading and intrusive. Others argue that use of drugs during leisure hours might have little or no relevance to the job itself.¹¹²

Drug testing raises legal issues, too.¹¹³ As one attorney writes, “It is not uncommon for employees to claim that drug tests violate their rights to privacy under common law or, in some states, a state statutory or constitutional provision.”¹¹⁴ Hair follicle testing is less intrusive than urinalysis but can actually produce more personal information: A three-inch hair segment will record six months of drug use.

Several federal laws affect workplace drug testing. Under the Americans with Disabilities Act, a court would probably consider a former drug user (who no longer uses illegal drugs and has successfully completed or is participating in a rehabilitation program) a qualified applicant with a disability.¹¹⁵ Under the Drug Free Workplace Act of 1988, federal contractors must maintain a workplace free from illegal drugs. While this doesn’t require contractors to conduct drug testing or rehabilitate affected employees, many do. Under the U.S. Department of Transportation workplace regulations, firms with over 50 eligible employees in transportation industries must conduct alcohol testing on workers with sensitive or safety-related jobs. These include mass transit workers, air traffic controllers, train crews, and school bus drivers.¹¹⁶ Other laws, including the Federal Rehabilitation Act of 1973 and various state laws, protect rehabilitating drug users or those who have a physical or mental addiction.¹¹⁷

What should an employer do when a job candidate tests positive? Most companies will not hire such candidates, and a few will immediately fire current employees who test positive.¹¹⁸ For example, 120 of the 123 companies responding to the question, “If test results are positive, what action do you take?” indicated that applicants testing positive are not hired. Current employees have more legal recourse; employers must tell them the reason for dismissal if the reason is a positive drug test.¹¹⁹

However, particularly where sensitive jobs are concerned, courts appear to side with employers. In one case, the U.S. Court of Appeals for the First Circuit (which includes Maine, Massachusetts, New Hampshire, Rhode Island, and Puerto Rico) ruled that Exxon acted properly in firing a truck driver who failed a drug test. Exxon’s drug-free workplace program included random testing of employees in safety-sensitive jobs. The employee drove a tractor-trailer carrying 12,000 gallons of flammable motor fuel and tested positive for cocaine. The union representing the employee challenged the firing, an arbitrator reduced the penalty to a two-month suspension, and the appeals court reversed the arbitrator’s decision. It ruled that the employer acted properly in firing the truck driver, given the circumstances.¹²⁰

◆ **HIGH-PERFORMANCE INSIGHT** Franciscan Health System of Dayton operates two skilled nursing care facilities and one acute care facility in Dayton, Ohio.¹²¹ It faced several problems, including turnover of 146% per year. This was adversely affecting the firm’s productivity and quality of care.

Working with a consultant, the company devised a nursing assistant test battery consisting of three tests: (1) an employment inventory aimed at identifying people who show conscientious work behaviors; (2) a personality survey aimed at identifying candidates who are more people oriented and more likely to interact positively with others; and (3) a job preferences inventory that looks for a match between actual job conditions and people’s preferences for those job conditions.

The testing program was very successful. Turnover rates dropped to 71% annually one year after instituting the test battery, and to 51% within two years of its implementation. The company also reports saving more than \$300,000 annually due to reduced turnover and higher overall productivity among nursing assistants.¹²² Other studies similarly suggest testing can boost performance.¹²³

City Garage's New Hiring Process

STRATEGIC HR

City Garage's top managers knew they'd never be able to implement their growth strategy without a dramatic change in how they tested and hired employees.¹²⁴ Their hiring process consisted of a paper-and-pencil application and one interview, immediately followed by a hire/don't hire decision. While that might work for a slow-growth operation, it was unsatisfactory for a fast-growing operation like City Garage. For one thing, local shop managers didn't have the time to evaluate every applicant, so "if they had been shorthanded too long, we would hire pretty much anybody who had experience," said training director Rusty Reinoehl. There was also inconsistency: Some managers had better interviewing and hiring skills than others. Complicating the problem was that City Garage's competitive strategy didn't rely just on finding talented mechanics with toolboxes. City Garage competitively differentiates itself with an "open garage" arrangement, where customers interact directly with technicians. Therefore, finding mechanics who not only tolerate but react positively to customer inquiries is essential.

City Garage's solution was to purchase the Personality Profile Analysis online test from Dallas-based Thomas International USA. Doing so added a third step to the application and interview process. After a quick application and background check, likely candidates take the 10-minute, 24-question PPA. City Garage staff then enter the answers into the PPA Software system, and test results are available in less than two minutes. These show whether the applicant is high or low in four personality characteristics; it also produces follow-up questions about areas that might cause problems. For example, applicants might be asked how they've handled possible weaknesses such as lack of patience. If candidates answer those questions satisfactorily, they're asked back for extensive, all-day interviews, after which hiring decisions are made.

It's too early to tell for sure if the new testing process will significantly improve City Garage's performance, but early results are promising. With the cost of replacing a manager at \$40,000, and replacing technicians at \$7,000 to \$10,000, "at a minimum, we feel like we'll be able to put \$500,000 on the bottom line each year, if it does what we expect it to in terms of retention and right hiring," says Reinoehl. And perhaps more important, the new hiring process should make it more likely the firm will be able to implement its growth strategy.

Complying with Immigration Law

Under the Immigration Reform and Control Act of 1986, employees hired in the United States must prove they are eligible to work in the United States. A person does not have to be a U.S. citizen to be employable. However, employers should ask a person they're about to hire whether he or she is a U.S. citizen or an alien lawfully authorized to work in the United States. To comply with this law, employers should follow these procedures:

1. Hire only citizens and aliens lawfully authorized to work in the United States.
2. Advise all new job applicants of your policy.
3. Require all new employees to complete and sign the verification form (the "I-9 form") designated by the Immigration and Naturalization Service (INS) to certify that they are eligible for employment.
4. Examine documentation presented by new employees, record information about the documents on the verification form, and sign the form.
5. Retain the form for three years or for one year past the employment of the individual, whichever is longer.
6. If requested, present the form for inspection by INS or Department of Labor officers. No reporting is required.¹²⁵

Prospective employees can prove their eligibility for employment in two ways. One is to show a document such as a U.S. passport or alien registration card with photograph that proves both the person's identity and employment eligibility. Many prospective employees won't have either of these documents. The other way to verify employment eligibility is to see a document that proves the person's identity, along with a document showing the person's employment eligibility, such as a work permit.

The documents some applicants submit may be fakes. For example, INS agents recently seized over 2 million counterfeit documents ranging from green cards and Social Security cards to driver's licenses, from nine different states.

Employers protect themselves in several ways. Systematic background checks are the most obvious. Preemployment screening should include employment verification, criminal record checks, drug screens, and reference checks. You can verify Social Security cards by calling the Social Security Administration. Employers can avoid accusations of discrimination by verifying the documents of all applicants, not just those they may think suspicious.¹²⁶

Employers should not use the so-called I-9 Employment Eligibility Verification form to discriminate based on race or country of national origin. The requirement to verify eligibility does not provide any basis to reject an applicant just because he or she is a foreigner, or not a U.S. citizen, or an alien residing in the United States, as long as that person can prove his or her identity and employment eligibility.

Congress tried to clarify and simplify the worker verification process by passing the Illegal Immigration Reform and Immigrant Responsibility Act of 1996. The act mandated simplifying the verification process and reducing the number of documents allowed for employment verification from 29 to 6.¹²⁷ However, as of recently, the Immigration and Naturalization Service has not issued firm guidelines on how to implement the act. For the time being, employers should therefore keep using the existing I-9 form.¹²⁸

We invite you to visit www.prenhall.com/dessler on the Prentice Hall Web site for our online study guide, Internet exercises, current links to related Web sites, and more.



1. In this chapter, we discussed several techniques for screening and selecting job candidates; the first was testing.
2. Test validity answers the question, "What does this test measure?" We discussed criterion validity and content validity. Criterion validity means demonstrating that those who do well on the test do well on the job; content validity is demonstrated by showing that the test constitutes a fair sample of the content of the job.
3. As used by psychologists, the term *reliability* always means "consistency." One way to measure reliability is to administer the same (or equivalent) tests to the same people at two different points in time. Or you could focus on internal consistency, comparing the responses to roughly equivalent items on the same test.
4. There are many types of personnel tests in use, including intelligence tests, tests of physical skills, tests of achievement, aptitude tests, interest inventories, and personality tests.
5. For a selection test to be useful, scores should be predictably related to performance on the job; you must validate the test. This requires five steps: (1) analyze the job, (2) choose your tests, (3) administer the test, (4) relate test scores and criteria, and (5) cross-validate and validate the test.

Summary

6. Under equal rights legislation, an employer may have to be able to prove that its tests are predictive of success or failure on the job. This usually requires a predictive validation study, although other means of validation are often acceptable.
7. Some basic testing guidelines include (a) use tests as supplements, (b) validate the tests for appropriate jobs, (c) analyze all current hiring and promotion standards, (d) beware of certain tests, (e) use a certified psychologist, and (f) maintain good test conditions.
8. The work sampling selection technique is based on “the assumption that the best indicator of future performance is past performance.” Here you use the applicant’s actual performance on the same (or very similar) job to predict his or her future job performance. The steps are: (a) analyze the applicant’s previous work experience, (b) have experts list component tasks for the open job, (c) select crucial tasks as work sample measures, (d) break down these tasks into steps, (e) test the applicant, and (f) relate the applicant’s work sample score to his or her performance on the job.
9. Management assessment centers are another screening device and expose applicants to a series of real-life exercises. Performance is observed and assessed by experts, who then check their assessments by observing the participants when they are back at their jobs. Examples of “real-life” exercises include a simulated business game, an in-basket exercise, and group discussions.
10. Even though most people prefer not to give bad references, most companies still carry out some sort of reference check on their candidates. These can be useful in raising red flags, and questionnaires (page 145) can improve the usefulness of the responses you receive.
11. Other selection tools include the polygraph, honesty tests, and graphology. While graphology appears to have little predictive value, honesty tests have been used with success although they (and polygraphs) must be used with an eye toward the legal and ethical issues involved.

Tying It All Together

We’ve seen that the employee selection process can conveniently be thought of as a series of hurdles: You determine the jobs that have to be filled and, through job analysis, the specific duties of these jobs and the skills and characteristics of the people you want to fill them. You use techniques including employment agencies, advertising, and the Internet to create a pool of viable candidates. Of course, the pool of applicants is only part (although a very important part) of the selection process: You also need to bring to bear the best possible tools and techniques to select the best candidates. Chapter 5 focused on the selection process, and on many of the selection techniques (including testing and reference checks) that managers use (or should use) every day. Virtually every manager uses one selection tool every time he or she hires a new employee: the selection interview. We’ll turn to this important technique in the following chapter.

Discussion Questions

1. Explain reliability and validity. What is the difference between them? 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?
3. Explain why you think a certified psychologist who is specifically trained in test construction should (or should not) always be used by a company developing a personnel test battery.
4. Explain how you would validate an employment selection test.
5. Give some examples of how to use interest inventories to improve employee selection. In doing so, suggest several examples of occupational interests that you believe might predict success in various occupations, including college professor, accountant, and computer programmer.
6. Why is it important to conduct preemployment background investigations? How would you go about doing so?

7. Explain how you would get around the problem of former employers being unwilling to give bad references on their former employees.
 8. How can employers protect themselves against negligent hiring claims?
1. Write a short essay discussing some of the ethical and legal considerations in testing.
 2. Working individually or in groups, develop a list of selection techniques that you would suggest your dean use to hire the next HR professor at your school. Also, explain why you chose each selection technique.
 3. Working individually or in groups, contact the publisher of a standardized test such as the Scholastic Assessment Test and obtain from it written information regarding the test's validity and reliability. Present a short report in class discussing what the test is supposed to measure and the degree to which you think the test does what it is supposed to do, based on the reported validity and reliability scores.

Individual and Group Activities

EXPERIENTIAL EXERCISE *A Test for a Reservation Clerk*

Purpose: The purpose of this exercise is to give you practice in developing a test to measure *one specific ability* for the job of airline reservation clerk for a major airline. If time permits, you'll be able to combine your tests into a test battery.

Required Understanding: You should be fully acquainted with the procedure for developing a personnel test and should read the following description of an airline reservation clerk's duties:

Customers contact our airline reservation clerks to obtain flight schedules, prices, and itineraries. The reservation clerks look up the requested information on our airline's online flight schedule systems, which are updated continuously. The reservation clerk must deal courteously and expeditiously with the customer, and be able to quickly find alternative flight arrangements in order to provide the customer with the itinerary that fits his or her needs. Alternative flights and prices must be found quickly, so that the customer is not kept waiting, and so that our reservations operations group maintains its efficiency standards. It is often necessary to look under various routings, since there may be a dozen or more alternative routes between the customer's starting point and destination.

You may assume that we will hire about one-third of the applicants you see as airline reservation clerks. Your objective is to create a test that is useful in selecting a third of those available.

How to Set Up the Exercise/Instructions: Divide class into teams of five or six students.

The ideal candidate will obviously have to have a number of skills and abilities to perform this job well. Your job is to select a single ability and to develop a test to measure that ability. Only use the materials available in the room, please. The test should permit quantitative scoring and may be an individual or a group test.

Please go to your assigned groups and, as per our discussion of test development in this chapter, each group should make a list of the abilities that seem relevant to success on the airline reservation clerk's job. Each group should then rate the importance of these abilities on a five-point scale. Then, develop a test to measure what you believe to be the top ranked ability. If time permits, the groups should combine the various tests from each group into a test battery. If possible, leave time for a group of students to take the test battery.

APPLICATION CASE *Honesty Testing at Carter Cleaning Company*

Donna Carter, president of the Carter Cleaning Centers, and her father have what the latter describes as an easy but hard job when it comes to screening job applicants. It is easy because for two important jobs—the people who actually do the pressing and those who do the cleaning-spotting—the

applicants are easily screened with about 20 minutes of on-the-job testing. As with typists, as Donna points out, "applicants either know how to press clothes fast enough or how to use cleaning chemicals and machines, or they don't and we find out very quickly by just trying them out on the job."

On the other hand, applicant screening for the stores can also be frustratingly hard because of the nature of the qualities that Donna would like to screen for. Two of the most critical problems facing her company are employee turnover and employee honesty. Donna and her father sorely need to implement practices that will reduce the rate of employee turnover. If there is a way to do this through employee testing and screening techniques, Donna would like to know about it because of the management time and money that are now being wasted by the never-ending need to recruit and hire new employees. Of even greater concern to Donna and her father is the need to institute new practices to screen out those employees who may be predisposed to steal from the company.

Employee theft is an enormous problem for the Carter Cleaning Centers, and one that is not just limited to employees who handle the cash. For example, the cleaner-spotter and/or the presser often open the store themselves without a manager present to get the day's work started, and it is not unusual to have one or more of these people steal supplies or "run a route." Running a route means that an employee canvasses his or her neighborhood to pick up people's clothes for cleaning and then secretly cleans and presses them in the Carter store, using the company's supplies, gas, and power. It would also not be unusual for an unsupervised person (or his or her supervisor, for that matter) to accept a one-hour rush order for cleaning or laundering, quickly clean and press the item, and return it to the customer for payment without making out a proper ticket for the item posting the sale. The money, of course, goes into the person's pocket instead of into the cash register.

The more serious problem concerns the store manager and the counter workers who actually have to handle the cash. According to Jack Carter, "you would not believe the creativity employees use to get around the management controls we set up to cut down on employee theft." As one

extreme example of this felonious creativity, Jack tells the following story: "To cut down on the amount of money my employees were stealing, I had a small sign painted and placed in front of all our cash registers. The sign said: YOUR ENTIRE ORDER FREE IF WE DON'T GIVE YOU A CASH REGISTER RECEIPT WHEN YOU PAY. CALL 555-5555. It was my intention with this sign to force all our cash-handling employees to place their receipts into the cash register where they would be recorded for my accountants. After all, if all the cash that comes in is recorded in the cash register, then we should have a much better handle on stealing in our stores, right? Well, one of our managers found a diabolical way around this. I came into the store one night and noticed that the cash register that this particular manager was using just didn't look right, although the sign was dutifully placed in front of it. It turned out that every afternoon at about 5 P.M. when the other employees left, this character would pull his own cash register out of a box that he hid underneath our supplies. Customers coming in would notice the sign and of course the fact that he was meticulous in ringing up every sale. But unknown to them and us, for about five months the sales that came in for about an hour every day went into his cash register, not mine. It took us that long to figure out where our cash for that store was going."

Questions

1. What would be the advantages and disadvantages to Donna's company of routinely administering honesty tests to all its employees?
2. Specifically, what other screening techniques could the company use to screen out theft-prone and turnover-prone employees, and how exactly could these be used?
3. How should her company terminate employees caught stealing, and what kind of procedure should be set up for handling reference calls about these employees when they go to other companies looking for jobs?

CONTINUING CASE: LearnInMotion.com *Do You Have Sales Potential?*

Of all the positions LearnInMotion had to fill, none were more pressing—or problematic—than those of the company's salespeople. The job was pressing because the clock was already ticking on the uses of the company's funds. The firm was already paying over \$5,000 a month in rent and had signed obligations for a wide range of other expenses, including monthly computer payments to Compaq (\$2,000 a month), a phone system (\$800 a month), a burglar alarm (\$200 a month), advertising (required by their venture capital fund, and equal to \$4,000 a month), their own salaries

(\$10,000 a month), high-speed DSL lines (\$600 a month), phones (\$400 a month), and the services of a consulting programmer (\$4,000 a month). As a result, even "doing nothing" they were burning through almost \$40,000 per month. They had to have a sales force.

However, hiring good salespeople was becoming increasingly difficult. Hiring people like this should have been fairly straightforward: LearnInMotion's salespeople have to sell to basically two types of customers. They have to try to get potential customers to purchase banner space or button

space on LearnInMotion's various Web site pages. To make this easier, Jennifer and Mel had prepared an online media kit. It describes the Web site metrics—for instance, in terms of monthly page views, and in terms of typical user metrics such as reported age and income level. In addition to selling banner ads, salespeople also have to try to get the companies that actually produce and make available educational CD-ROMs and courses to make those courses and programs available through LearnInMotion.com. None of these are “big-ticket” sales: Because the site is new and small, they can't really charge advertisers based on the number of users who click on their ads, so they simply charge a quarterly fee of \$1,500 to list courses, or place ads. Content providers also have to agree to split any sales 50-50 with LearnInMotion. The Web surfer and office manager spend part of their time scouring the Web to identify specific people as potential customers. The salespeople then contact these people, “take them through” the Web site to show its advantages and functions, and answer the potential customer's questions.

This sales job, in other words, was fairly typical, so shouldn't have been so difficult to fill, but difficult it was. Perhaps it was because it was a dot-com, or perhaps they just weren't offering enough compensation; whatever it was, the two owners were finding it extremely difficult to hire one, let alone two good salespeople.

Perhaps the biggest problem here was deciding which of the personable candidates who showed up actually had sales potential. Jennifer and Mel did learn a couple of interesting things about interviewing sales candidates. For example, when they asked the first what his average monthly sales had been in the past six months at his former

employer, he answered, “Oh, I got the award for highest sales last month.” That seemed great to Mel, until, later, Jennifer pointed out to him that that answer really didn't answer their question. Things got even “weirder”—to use Mel's term—when five out of six of the next sales candidates gave more or less the same answer: “I was the top producer”; “I was one of the top three producers”; “they sent me to Las Vegas for being the top sales producer”; and so on. Getting applicants to actually divulge, specifically, what their average monthly sales had been in the past six months was, as they say, like pulling teeth.

Given that fact, and the relatively few sales candidates they have had, it has become increasingly obvious to the owners that basing their hiring decision solely on the person's experience is not going to work. In other words, they have to have some way to ascertain whether the candidate had sales potential, and whether he or she has the cognitive aptitude to discuss LearnInMotion's services with what were, in fact, quite sophisticated customers. They want you, their management consultants, to help them. Here's what they want you to do for them:

Questions and Assignments

1. What would be the advantages and disadvantages to our company of routinely administering a “sales potential” test to salesperson candidates? Which would you suggest?
2. Specifically, what other screening techniques should our company use to select high-potential sales candidates?
3. Tell us: What have we been doing wrong, and what should we do now?