

6

Employee Testing and Selection

Source: ZUMA Press/Newscom.



LEARNING OBJECTIVES

1. Explain what is meant by reliability and validity.
2. Explain how you would go about validating a test.
3. Cite and illustrate our testing guidelines.
4. Give examples of some of the ethical and legal considerations in testing.
5. List eight tests you could use for employee selection, and how you would use them.
6. Give two examples of work sample/simulation tests.
7. Explain the key points to remember in conducting background investigations.

Google, famous for (among other things) its childcare and other employee benefits recently changed its employee screening process. Candidates used to have a dozen or more grueling interviews. But, with Google hiring thousands of people annually, this selection process proved too slow.¹ Now Google uses just four to five interviews, but lets all its employees express opinions on each candidate by e-mail, using a screening technique called “crowd sourcing.” The changes bring the firm’s hiring practices in line with its fast-growth strategy.²

Access a host of interactive learning aids at www.mymanagementlab.com to help strengthen your understanding of the chapter concepts.



WHERE ARE WE NOW . . .

Chapter 5 focused on the methods managers use to build an applicant pool. The purpose of Chapter 6 is to explain how to use various tools 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 Chapter 7, we will turn to the techniques you can use to improve your skills with what is probably the most widely used screening tool, the selection interview.

WHY CAREFUL SELECTION IS IMPORTANT

Once you review your applicants' résumés, the next step is selecting the best candidates for the job. This usually means whittling down the applicant pool by using the screening tools we cover in this chapter: tests, assessment centers, and background and reference checks. Then the supervisor can interview likely candidates and decide whom to hire. Nothing you do at work is more important than hiring the right employees. It is important for three main reasons: performance, costs, and legal obligations.

PERFORMANCE First, your own performance always depends on your subordinates. Employees with the right skills 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.

COST 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.

LEGAL OBLIGATIONS Third, it's important because mismanaging hiring has legal consequences. For one thing (as we saw in Chapter 2), equal employment laws require nondiscriminatory selection procedures.³ Furthermore, someone can sue an employer for *negligent hiring*. **Negligent hiring** means hiring employees with criminal records or other problems who then use access to customers' homes (or similar opportunities) to commit crimes.⁴ In one case, *Ponticas v. K.M.S. Investments*, an apartment manager with a passkey entered a woman's apartment and assaulted her.⁵ The court found the apartment complex's owner negligent for not checking the manager's background properly.⁶

Person and Job/Organization Fit

The main aim of employee selection is to achieve person-job fit. *Person-job fit* refers to matching (1) the knowledge, skills, abilities (KSAs), and competencies that are central to performing the job (as determined by job analysis) with (2) the prospective employee's knowledge, skills, abilities, and competencies. The aim is to achieve a match.

However, a candidate might be "right" for a job, but wrong for the organization.⁷ For example, a highly experienced airline pilot might do well at American Airlines but perhaps not as well at Southwest, where the organizational values require that all employees help get the plane turned around fast, even if that means helping with baggage handling. Thus, while person-job fit is usually the main consideration in selection, employers should care about *person-organization fit* as well. The accompanying Strategic Context feature illustrates this.

THE STRATEGIC CONTEXT

Crowd Sourcing at Google

Google knows that to maintain its fast-growth strategy, it needs to keep new Google tools like Gmail and Google Maps coming. To support that strategy, Google needs its employees engaged and interacting with each other. Having employees thinking of themselves in isolated "silos" would inhibit the cross-pollination Google depends on. In formulating its employee selection practices, Google therefore found a way to foster the employee engagement and interaction its success depends on. Google uses "crowd sourcing" when it comes to making hiring decisions.⁸

Here's how it works.⁹ When a prospective employee applies for a job, his or her information (such as school and previous employers) goes into Google's applicant-tracking system (ATS). The ATS then matches the applicant's information with that of current Google employees. When it finds a match, it asks those Google employees to comment on the applicant's suitability for the position. This helps give Google recruiters a valuable insight into how the Google employees actually doing the work think the applicant will do at Google. And it supports Google's strategy, by fostering a sense of community and interaction among Google employees, who see themselves working together to select new "Googlers."

1 Explain what is meant by reliability and validity.

BASIC TESTING CONCEPTS

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

Reliability

Reliability is a test's first requirement and refers to its consistency: "A reliable test is one that yields consistent scores when a person takes two alternate forms of the test or when he or she takes the same test on two or more different occasions."¹⁰

Reliability is very important. If a person scores 90 on an intelligence test on a Monday and 130 when retested on Tuesday, you probably wouldn't have much faith in the test.

You can measure reliability in several ways. One is to administer a test to a group of people one day, readminister the same test several days later to the same group, and then correlate the first set of scores with the second (*test-retest reliability estimates*).¹¹ Or you could administer a test and then administer what experts believe to be an equivalent test later; this would be an *equivalent or alternate form estimate*. The Scholastic Assessment Test (SAT) is an example. Or, compare the test taker's answers to certain questions on the test with his or her answers to a separate set of questions on the same test aimed at measuring the same thing. For example, a psychologist includes 10 items on a test believing that they all measure interest in working outdoors. You administer the test and then statistically analyze the degree to which responses to these 10 items vary together. This is an *internal comparison estimate*. (Internal comparison is one reason that you find apparently repetitive questions on some test questionnaires.)

Many things cause a test to be unreliable. These include physical conditions (quiet tests conditions one day, noisy the next), differences in the test-taker (healthy one day, sick the next), and differences in the person administering the test (courteous one day, curt the next). Or the questions may do a poor job of sampling the material; for example, test one focuses more on Chapters 1, 3, and 7, while test two focuses more on Chapters 2, 4, and 8.

Because measuring reliability generally involves comparing two measures that assess the same thing, it is typical to judge a test's reliability in terms of a *reliability coefficient*. This basically shows the degree to which the two measures (say, test score one day and test score the next day) are correlated.

negligent hiring

Hiring workers with questionable backgrounds without proper safeguards.

reliability

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

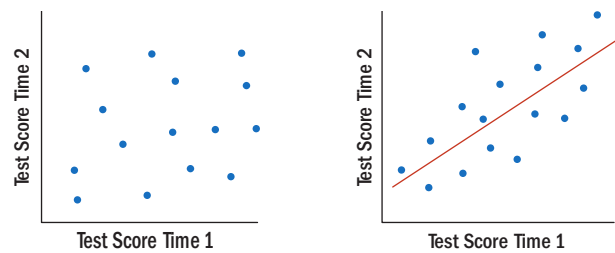
FIGURE 6-1 Correlation Examples

Figure 6-1 illustrates correlation. In both the left and the right scatter plots, the psychologist compared each applicant's time 1 test score (on the x -axis) with his or her subsequent test score (on the y -axis). On the left, the scatter plot points (each point showing one applicant's test score and subsequent test performance) are dispersed. There seems to be no correlation between test scores obtained at time 1 and at time 2. On the right, the psychologist tried a new test. Here the resulting points fall in a predictable pattern. This suggests that the applicants' test scores correlate closely with their previous scores.

Validity

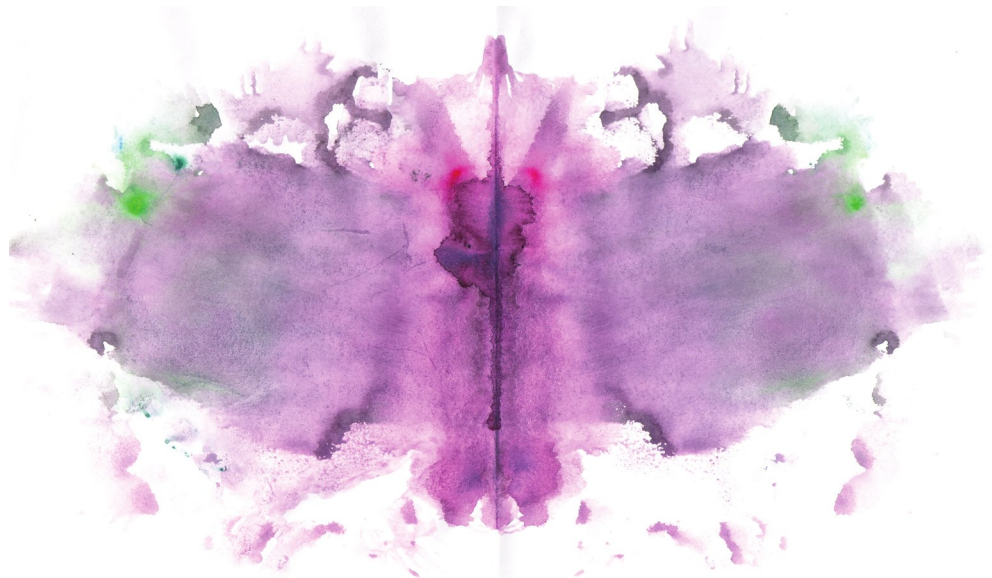
Reliability, while indispensable, only tells you that the test is measuring something consistently. It does not prove that you are measuring what you intend to measure. A mismanufactured 33-inch yardstick will consistently tell you that 33-inch boards are 33 inches long. Unfortunately, if what you're looking for is a board that is 1 yard long, then your 33-inch yardstick, though reliable, is misleading you by 3 inches.

What you need is a valid yardstick. *Validity* tells you whether the test (or yardstick) is measuring what you think it's supposed to be measuring.¹²

A test, as we said, 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 Rorschach Test sample in Figure 6-2, 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

FIGURE 6-2 A Slide from the Rorschach Test

Source: Fotolia LLC.



tests, it is more difficult to prove that the tests are measuring what they are said to measure, in this case, some trait of the person's personality—in other words, that they're valid.

TEST VALIDITY **Test validity** answers the question “Does this test measure what it's supposed to measure?” Put another way, *validity* refers to the correctness of the inferences that we can make based on the test. For example, if Jane's scores on mechanical comprehension tests are higher than Jim's, can we be sure that Jane possesses more mechanical comprehension than Jim?¹³ With employee selection tests, *validity* often refers to evidence that the test is job related—in other words, that performance on the test accurately predicts 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. You would not be too comfortable taking the GRE if you didn't think that your score on the GRE predicted, in some valid way, your likely performance in graduate school. Equal employment law (as we explained in Chapter 2) requires valid tests. In employment testing, there are two main ways to demonstrate a test's validity: criterion validity and content validity. A third option is construct validity.¹⁴

CRITERION VALIDITY **Criterion validity** involves demonstrating statistically a relationship between scores on a selection procedure and job performance of a sample of workers. For example, it 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. 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*, such as performance on the job. The term *criterion validity* reflects that terminology.

CONTENT VALIDITY **Content validity** is a demonstration that the content of a selection procedure is representative of important aspects of performance on the job. For example, employers may demonstrate the *content validity* of a test by showing that the test constitutes a fair sample of the job's content. The basic procedure here is to identify job tasks that are critical to performance, and then randomly select a sample of those tasks to test. In selecting students for dental school, many schools give applicants chunks of chalk, and ask them to carve something that looks like a tooth. If the content you choose for the test is a representative sample of what the person needs to know for the job, then the test is probably content valid. Clumsy dental students need not apply.

CONSTRUCT VALIDITY **Construct validity** means demonstrating that (1) a selection procedure measures a construct (an abstract idea such as morale or honesty) and (2) that the construct is important for successful job performance.

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.

construct validity

A test that is construct valid is one that demonstrates that a selection procedure measures a construct and that construct is important for successful job performance.

2 Explain how you would go about validating a test.

Evidence-Based HR: How to Validate a Test

Employers often opt to demonstrate evidence of a test's validity using criterion validity. In order for a selection test to be useful, you need evidence that scores on the test relate in a predictable way to performance on the job. 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 mechanical comprehension tests perform better as engineers. 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—thus demonstrating the test's *criterion validity*.¹⁵

At best, invalid tests are a waste of time. At worst, they may be discriminatory. Tests you buy “off the shelf” should include information on their validity. The Society for Industrial and Organizational Psychology says that “Experienced and knowledgeable test publishers have (and are happy to provide) information on the validity of their testing products.”¹⁶ But ideally, you should revalidate the tests for the job(s) at hand. In any case, tests rarely predict performance with 100% accuracy (or anywhere near it), so do not make tests your only selection tool; also use other tools like interviews and background checks.

An industrial psychologist usually conducts the validation study. The human resource department coordinates the effort. Strictly speaking, the supervisor's role is just to make sure that the job's human requirements and performance standards are clear to the psychologist. But in practice, anyone using tests (or test results) should know something about validation. Then you can better understand how to use tests and interpret their results. The validation process consists of five steps:

STEP 1: ANALYZE THE JOB The first step is to analyze the job and write job descriptions and job specifications. The point is to specify the human traits and skills you believe are required for job performance. For example, must an applicant be verbal, a good talker? 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, also 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*. Here you could use 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, *predictors* might include manual dexterity and patience. *Criteria* then might include number of rejects produced per hour.¹⁷

STEP 2: CHOOSE THE TESTS Once you know the predictors (such as manual dexterity) the next step is to decide how to test for them. 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? 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. Some tests are available to virtually any purchaser. Others are available only to qualified buyers (such as those with degrees in psychology). Wonderlic, Inc., publishes a well-known intellectual capacity test and other tests, including aptitude test batteries and interest inventories. G. Neil Company 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 tests blind you to this fact: You should use tests in a manner consistent with equal employment laws, and in a

FIGURE 6-3 Examples of Web Sites Offering Information on Tests or Testing Programs

- www.hr-guide.com/data/G371.htm
Provides general information and sources for all types of employment tests.
- <http://ericae.net>
Provides technical information on all types of employment and nonemployment tests.
- www.ets.org/testcoll
Provides information on more than 20,000 tests.
- www.kaplan.com
Information from Kaplan test preparation on how various admissions tests work.
- www.assessments.biz
One of many firms offering employment tests.

manner that is ethical and protects the test taker's privacy. Figure 6-3 presents several Web sites that provide information about tests or testing programs.

STEP 3: ADMINISTER THE TEST Next, administer the selected test(s). One option is to administer the tests to employees currently on the job. You then compare their test scores with their current performance; this is *concurrent (at the same time) 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 screening by your existing selection techniques.

Predictive validation is the second and more dependable way to validate a test. Here you administer the test to applicants before you hire them. Then hire these applicants using only existing selection techniques, not the results of the new tests. 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 on the new test to predict their subsequent job performance.

STEP 4: RELATE YOUR TEST SCORES AND CRITERIA The next step is to ascertain if there is a significant relationship between test 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 using correlation analysis, which shows the degree of statistical relationship.

If there is 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 6-4. In this case, someone scoring in the top fifth of the test has a 97% chance of being a high performer, while one scoring in the lowest fifth has only a 29% chance of being a high performer.¹⁸

STEP 5: CROSS-VALIDATE AND REVALIDATE Before using the test, you may want to check it by “cross-validating”—in other words, by again performing steps 3 and 4 on a new sample of employees. At a minimum, have someone revalidate the test periodically.

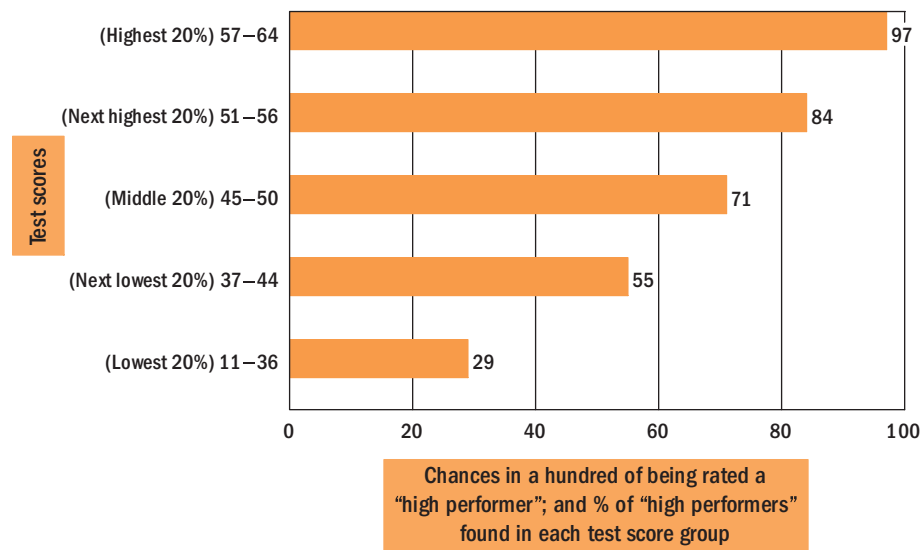
expectancy chart

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

FIGURE 6-4 Expectancy Chart

Note: This expectancy chart shows the relation between scores made on the Minnesota Paper Form Board and rated success of junior draftspeople.

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.



3 Cite and illustrate our testing guidelines.

WHO SCORES THE TEST? Some tests (such as the 16PF® Personality Profile) are professionally scored and interpreted. Thus Wonderlic, Inc., lets an employer administer the 16PF. The employer then faxes (or scans) the answer sheet to Wonderlic, which scores the candidate's profile and faxes (or scans) back the interpretive report. Psychologists easily score many psychological tests online or using interpretive Windows-based software. However, managers can easily score many tests, like the Wonderlic Personnel Test, themselves.

Bias

Most employers know they shouldn't use biased tests in the employee selection process.¹⁹ In practice, two types of bias may arise. First, there may be bias in how the test *measures the trait* it purports to measure. For example, an IQ test may turn out to be a valid measure of cognitive ability for middle-class whites, but when used for minorities, it simply measures whether they are familiar with middle-class culture.²⁰ Second, *the predictions one makes* based on the test may be biased. For example, "If the test used in college admissions systematically over predicts the performance of males and under-predicts the performance of females, [then] that test functions as a biased predictor."²¹ For many years, industrial psychologists believed they were adequately controlling test bias, but today that issue is under review.²² For now, the bottom line is that employers should redouble their efforts to ensure that the tests they're using aren't producing biased decisions.

Utility Analysis

Knowing that a test is reliable and valid may not be of much practical use. For example, if it is going to cost the employer \$1,000 per applicant for the test, and hundreds of applicants must be tested, the cost of the test may exceed the benefits the employer derives from hiring a few more capable employees.

Answering the question, "Does it pay to use the test?" requires *utility analysis*. Two selection experts say, "Using dollar and cents terms, [utility analysis] shows the degree to which use of a selection measure improves the quality of individuals selected over what would have happened if the measure had not been used."²³ The information required for utility analysis generally includes, for instance, the validity of the selection measure, a measure of job performance in dollars, applicants' average test scores, cost of testing an applicant, and the number of applicants tested and selected. The accompanying HR as a Profit Center feature provides an illustrative example.

HR AS A PROFIT CENTER

Reducing Turnover at KeyBank

Financial services firm KeyBank knew it needed a better way to screen and select tellers and call-center employees.²⁴ It calculated its cost about \$10,000 to select and train an employee, but it was losing 13% of new tellers and call-center employees in the first 90 days. That turnover number dropped to 4% after KeyBank implemented a virtual job tryout candidate assessment screening tool. “We calculated a \$1.7 million cost savings in teller turnover in one year, simply by making better hiring decisions, reducing training costs and increasing quality of hires,” said the firm’s human resources director.

Validity Generalization

Many employers, particularly smaller ones, won’t find it cost-effective to conduct validity studies for the selection tools they use. These employers must find tests and other screening tools that have been shown to be valid in other settings (companies), and then bring them in-house in the hopes that they’ll be valid there, too.²⁵

If the test is valid in one company, to what extent can we generalize those validity findings to our own company? *Validity generalization* “refers to the degree to which evidence of a measure’s validity obtained in one situation can be generalized to another situation without further study.”²⁶ Being able to use it without your own validation study is of course the key. Factors to consider in arriving at a conclusion include existing validation evidence regarding using the test for various specific purposes, the similarity of the subjects on whom the test was validated with those in your organization, and the similarity of the jobs involved.²⁷

Under the Uniform Guidelines, validation of selection procedures is desirable, but “the Uniform Guidelines require users to produce evidence of validity only when adverse impact is shown to exist.” If there is no adverse impact, there is no validation requirement under the Guidelines.²⁸ Conversely, validating a test that suffers from adverse impact may not be enough. Under the Uniform Guidelines, the employer should also find an equally valid *but less adversely impacting* alternative.

4 Give examples of some of the ethical and legal considerations in testing.

Test Takers’ Individual Rights and Test Security

Test takers have rights to privacy and feedback under the American Psychological Association’s (APA) standard for educational and psychological tests; these guide psychologists but are *not* legally enforceable. Test takers have the following rights:

- The right to the confidentiality of test results.
- The right to informed consent regarding use of these results.
- The right to expect that only people qualified to interpret the scores will have access to them, or that sufficient information will accompany the scores to ensure their appropriate interpretation.
- The right to expect the test is fair to all. For example, no one taking it should have prior access to the questions or answers.

A complete discussion of the APA’s “Ethical Principles of Psychologists and Code of Conduct” is beyond the scope of this book. But some of the points it addresses include competence, integrity, respect for people’s dignity, nondiscrimination, and sexual harassment.²⁹

PRIVACY ISSUES Common sense suggests that managers should keep their knowledge of employees’ test results private. However, there are also privacy protections embedded in U.S. and common law. Certain U.S. Supreme Court decisions do

protect individuals from intrusive governmental action in a variety of contexts.³⁰ Furthermore, the Federal Privacy Act gives federal employees the right to inspect their personnel files, and limits the disclosure of personnel information without the employee’s consent, among other things.³¹

Common law provides some protection against disclosing information about employees to people outside the company. The main application here involves defamation (either libel or slander), but there are privacy issues, too.³² The bottom line is this:

- 1. Make sure you understand the need to keep employees’ information confidential.
- 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.”

How Do Employers Use Tests at Work?

About 41 % of companies that the American Management Association surveyed tested applicants for basic skills (defined as the ability to read instructions, write reports, and do arithmetic).³³ About 67% of the respondents required employees to take job skills tests, and 29% required some form of psychological measurement.³⁴ To see what such tests are like, try the short test in Figure 6-5. It shows how prone you might be to on-the-job accidents.

Tests are not just for lower-level workers. In general, as work demands increase (in terms of skill requirements, training, and pay), employers tend to rely more on testing in the selection process.³⁵ Employers don’t use tests just to find good employees, but also to screen out bad ones. By one account, about 30% of all employees say they’ve stolen from their employers.³⁶ In retail, employers apprehended about one out of every 28 workers for stealing.³⁷ No wonder prudent employers test their applicants. We’ll look at two examples.

OUTBACK STEAKHOUSE EXAMPLE Outback Steakhouse has used preemployment tests almost from when the company started. The testing seems successful. While annual turnover rates for hourly employees may reach 200% in the restaurant industry, Outback’s turnover ranges from 40% to 60%. Outback wants employees

FIGURE 6-5 Sample Test

Source: Based on Sample Test Analysis according to John Kamp, an industrial psychologist.

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.

Many employers administer online employment tests to job candidates.



Source: Fotolia LLC.

who are highly social, meticulous, sympathetic, and adaptable. They use a personality assessment test to screen out applicants who don't fit the Outback culture. This test is part of a three-step preemployment screening process. Applicants take the test, and managers then compare the candidates' results to the profile for Outback Steakhouse employees. Those who score low on certain traits (like compassion) don't move to the next step. Those who score high move on to be interviewed by two managers. The latter focus on behavioral questions such as "What would you do if a customer asked for a side dish we don't have on the menu?"³⁸

CITY GARAGE EXAMPLE City Garage, a 200-employee chain of 25 auto service and repair shops in Dallas–Fort Worth, implemented a computerized testing program to improve its operations. The original hiring process consisted of a paper-and-pencil application and one interview, immediately followed by a hire/don't hire decision. The result was high turnover. This inhibited the firm's growth strategy.

City Garage's solution was to purchase the Personality Profile Analysis online test from Thomas International USA. 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 2 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 handled possible weaknesses such as lack of patience in the past. If candidates answer those questions satisfactorily, they're asked back for extensive, all-day interviews, after which hiring decisions are made.

Computerized and Online Testing

As you can see, computerized and/or online testing is increasingly replacing conventional paper-and-pencil tests. Such tests are also becoming more sophisticated. For example, PreVisor (www.previsor.com/) offers online adaptive personality tests. As a candidate answers each question, these tests adapt the next question to the test taker's answers to the previous question. This improves test validity and may reduce cheating. For example, it makes it more unlikely that candidates can share test questions (since each candidate gets what amounts to a custom-made test).³⁹ Service firms like Unicru process and score online preemployment tests from employers' applicants. The applicant tracking systems we discussed in Chapter 5 often include an online prescreening test.⁴⁰ Most of the tests we describe on the following pages are available in computerized form. Vendors are making tests available for applicants to take via their iPhones. For example, www.iphonetyingtest.com offers an online typing test you can take on an iPhone.⁴¹

The Web site iphonetypingtest.com offers an online typing test you can take on an iPhone.

Source: www.iphonetypingtest.com, accessed March 23, 2009. Used with permission of All Holdings, LTD.

- 5** List eight tests you could use for employee selection, and how you would use them.

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.⁴² We'll look at each.

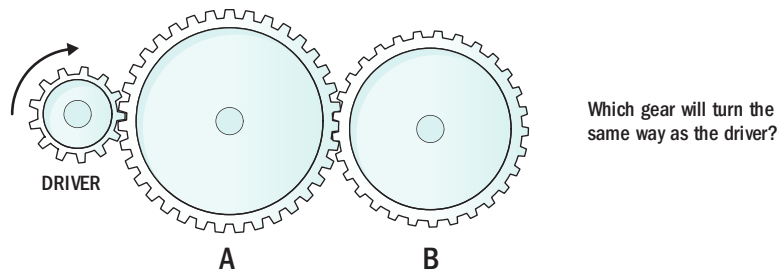
Tests of Cognitive Abilities

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. An adult's IQ score is a "derived" score. It reflects the extent to which the person is above or below the "average" adult's intelligence score.

FIGURE 6-6

Type of Question Applicant
Might Expect on a Test of
Mechanical Comprehension



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, and the Comprehensive Test of Nonverbal Intelligence. In a study of firefighter trainees' performance over 23 years, the researchers found that testing consisting of a measure of general intellectual ability and a physical ability assessment was highly predictive of firefighter trainee performance.⁴³

SPECIFIC COGNITIVE ABILITIES There are also measures of specific mental abilities, such as 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 6-6, which tests applicants' understanding of basic mechanical principles. This 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. 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.

Tests of Motor and Physical Abilities

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

Tests of physical abilities may also be required. These include static strength (such as lifting weights), dynamic strength (like pull-ups), body coordination (as in jumping rope), and stamina.⁴⁴ Thus applicants for the U.S. Marines must pass its Initial Strength Test (2 pull ups, 35 sit-ups, and a 1.5 mile run).⁴⁶

Measuring Personality and Interests

A person's cognitive and physical abilities alone seldom explain his or her job performance. Other factors, like motivation and interpersonal skills, are very important. As one consultant put it, most people are hired based on qualifications, but most are fired for nonperformance. And nonperformance "is usually the result of personal characteristics, such as attitude, motivation, and especially, temperament."⁴⁵ Even some online dating services, like eHarmony.com, have prospective members take online personality tests and reject those who its software judges as unmatchable.⁴⁶

WHAT DO PERSONALITY TESTS MEASURE? Personality tests measure basic aspects of an applicant's personality, such as introversion, stability, and motivation.

Some of these tests are *projective*. The psychologist presents an ambiguous stimulus (like an inkblot or clouded picture) to the person. The person then reacts to it. Since the pictures are ambiguous, the person supposedly projects into the picture his or her attitudes. A security-oriented person might describe the ink blot in Figure 6-2 (page 178) as “A giant insect coming to get me.” Other projective techniques include Make a Picture Story (MAPS), and the Forer Structured Sentence Completion Test.

Other personality tests are *self-reported*: applicants fill them out themselves. Figure 6-7 is an example. Thus, the Guilford-Zimmerman survey measures personality traits like emotional stability versus moodiness, and friendliness versus criticalness. The Minnesota Multiphasic Personality Inventory (MMPI) taps traits like hypochondria and paranoia. Available online, the Myers-Briggs test provides a personality type classification useful for decisions such as career selection and planning.⁴⁷

FIGURE 6-7 Sample Online Personality Test Questions

Source: Elaine Pulakos, “Selection Assessment Methods,” SHRM Foundation, 2005, p. 9.

HumanMetrics	
<p style="text-align: center;"><i>Jung Typology Test™</i></p> <p style="text-align: center;">After completing the questionnaire, you will obtain:</p> <ul style="list-style-type: none"> • Your type formula according to Carl Jung and Isabel Myers-Briggs typology along with the strengths of the preferences • The description of your personality type • The list of occupations and educational institutions where you can get relevant degree or training, most suitable for your personality type - <i>Jung Career Indicator™</i> 	<p><i>For Organizations and Professionals</i></p> <p>Organizations and specialists interested in Jung personality assessments for team building, candidate assessment, leadership, career development, psychographics - visit HRPersonality™ for practical and validated instruments and professional services.</p>
<ol style="list-style-type: none"> 1. You are almost never late for your appointments <input type="radio"/> YES <input type="radio"/> NO 2. You like to be engaged in an active and fast-paced job <input type="radio"/> YES <input type="radio"/> NO 3. You enjoy having a wide circle of acquaintances <input type="radio"/> YES <input type="radio"/> NO 4. You feel involved when watching TV soaps <input type="radio"/> YES <input type="radio"/> NO 5. You are usually the first to react to a sudden event: the telephone ringing or unexpected question <input type="radio"/> YES <input type="radio"/> NO 6. You are more interested in a general idea than in the details of its realization <input type="radio"/> YES <input type="radio"/> NO 7. You tend to be unbiased even if this might endanger your good relations with people <input type="radio"/> YES <input type="radio"/> NO 8. Strict observance of the established rules is likely to prevent a good outcome <input type="radio"/> YES <input type="radio"/> NO 9. It's difficult to get you excited <input type="radio"/> YES <input type="radio"/> NO 10. It is in your nature to assume responsibility <input type="radio"/> YES <input type="radio"/> NO 11. You often think about humankind and its destiny <input type="radio"/> YES <input type="radio"/> NO 12. You believe the best decision is one that can be easily changed <input type="radio"/> YES <input type="radio"/> NO 13. Objective criticism is always useful in any activity <input type="radio"/> YES <input type="radio"/> NO 14. You prefer to act immediately rather than speculate about various options <input type="radio"/> YES <input type="radio"/> NO 15. You trust reason rather than feelings <input type="radio"/> YES <input type="radio"/> NO 16. You are inclined to rely more on improvisation than on careful planning <input type="radio"/> YES <input type="radio"/> NO 17. You spend your leisure time actively socializing with a group of people, attending parties, shopping, etc. <input type="radio"/> YES <input type="radio"/> NO 18. You usually plan your actions in advance <input type="radio"/> YES <input type="radio"/> NO 19. Your actions are frequently influenced by emotions <input type="radio"/> YES <input type="radio"/> NO 20. You are a person somewhat reserved and distant in communication <input type="radio"/> YES <input type="radio"/> NO 21. You know how to put every minute of your time to good purpose <input type="radio"/> YES <input type="radio"/> NO 22. You readily help people while asking nothing in return <input type="radio"/> YES <input type="radio"/> NO 23. You often contemplate about the complexity of life <input type="radio"/> YES <input type="radio"/> NO 24. After prolonged socializing you feel you need to get away and be alone <input type="radio"/> YES <input type="radio"/> NO 25. You often do jobs in a hurry <input type="radio"/> YES <input type="radio"/> NO 26. You easily see the general principle behind specific occurrences <input type="radio"/> YES <input type="radio"/> NO 27. You frequently and easily express your feelings and emotions <input type="radio"/> YES <input type="radio"/> NO 28. You find it difficult to speak loudly <input type="radio"/> YES <input type="radio"/> NO 	

THE “BIG FIVE” What traits to measure? Industrial psychologists often focus on the “big five” personality dimensions: extraversion, emotional stability/neuroticism, agreeableness, conscientiousness, and openness to experience.⁴⁸

Neuroticism represents a tendency to exhibit poor emotional adjustment and experience negative effects, such as anxiety, insecurity, and hostility. Extraversion represents a tendency to be sociable, assertive, active, and to experience positive effects, such as energy and zeal. Openness to experience is the disposition to be imaginative, nonconforming, unconventional, and autonomous. Agreeableness is the tendency to be trusting, compliant, caring, and gentle. Conscientiousness is comprised of two related facets: achievement and dependability.⁴⁹

DO PERSONALITY TESTS PREDICT PERFORMANCE? It seems to make sense that personality tests would predict performance. After all, wouldn’t an extroverted person do better in sales?

In fact, personality traits do often correlate with job performance. In one study, extraversion, conscientiousness, and openness to experience were strong predictors of leadership.⁵⁰ In another study, neuroticism was negatively related to motivation, while conscientiousness was positively related to it.⁵¹ And, “in personality research, conscientiousness has been the most consistent and universal predictor of job performance.”⁵² So to paraphrase Woody Allen, it does seem that “90% of success is just showing up.”

Other traits correlate with occupational success. For example, extraversion correlates with success in sales and management jobs.⁵³ The responsibility, socialization, and self-control scales of the California Psychological Inventory predicted dysfunctional job behaviors among law enforcement officers.⁵⁴ Emotional stability, extroversion, and agreeableness predicted whether expatriates would leave their overseas assignments early.⁵⁵

CAVEATS However, there are three caveats. *First*, projective tests are hard to interpret. An expert must analyze the test taker’s interpretations and infer from them his or her personality. The test’s usefulness then assumes there’s a measurable relationship between a personality trait (like introversion) and success on the job.

Second, personality tests can trigger legal challenges. For example, one court held that the MMPI is a medical test (because it can screen out applicants with psychological impairments), and so might violate the ADA.⁵⁶

Third, some dispute that self-report personality tests predict performance at all. The journal *Personnel Psychology* convened a panel of distinguished industrial psychologists that said using self-report personality tests in selection “should be reconsidered [due to low validity].”⁵⁷ Other experts call such concerns “unfounded.”⁵⁸ At a minimum, make sure that any personality tests you use predict performance.

INTEREST INVENTORIES **Interest inventories** compare one’s interests with those of people in various occupations. Thus, a person who takes the Strong-Campbell Interests Inventory would receive a report comparing his or her interests to those of people already in occupations like accounting, engineering, or management. Someone taking the self-administered Self-Directed Search (SDS) (www.self-directed-search.com) receives an interests code to use in identifying likely high-potential occupations.

Interest inventories have many uses.⁵⁹ They’re irreplaceable in career planning, since a person will likely do better in jobs that involve activities in which he or she is interested. They’re also useful in selection. If you can select people whose interests are

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.

roughly the same as those of successful incumbents in the jobs for which you’re recruiting, it’s more likely that those applicants will be successful.

Achievement Tests

Achievement tests measure what someone has learned. Most of the tests you take in school are achievement tests. They measure your “job knowledge” in areas like economics, marketing, or human resources. Achievement tests are also popular at work. 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?’” Some achievement tests measure the applicant’s abilities; a typing test is one example.

WORK SAMPLES AND SIMULATIONS

With **work samples**, you present examinees with situations representative of the job for which they’re applying, and evaluate their responses.⁶⁰ Experts consider these (and *simulations*, like the assessment centers we also discuss in this section) to be tests. However, they differ from most tests, because they measure job performance directly. For example, work samples for a cashier may include operating a cash register and counting money.⁶¹

6 Give two examples of work sample/simulation tests.

Using Work Sampling for Employee Selection

The **work sampling technique** tries to predict job performance by requiring job candidates to perform one or more samples of the job’s tasks.

Work sampling has several advantages. It measures actual job tasks, so it’s harder to fake answers. The work sample’s content—the actual tasks the person must perform—is not as likely to be unfair to minorities (as might a personnel test that possibly emphasizes middle-class concepts and values).⁶² Work sampling doesn’t delve into the applicant’s personality, so there’s almost no chance of applicants viewing it as an invasion of privacy. Designed properly, work samples also exhibit better validity than do other tests designed to predict performance.

BASIC PROCEDURE The basic procedure is to select a sample of several tasks crucial to performing the job, and then to test applicants on them.⁶³ An observer monitors performance on each task, and indicates on a checklist how well the applicant performs. Here is an example. In creating 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.

They then broke down these four tasks into the steps required to complete each step. 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 6-8 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 (scores) reflecting the worth of each method. The applicant performs the task, and the observer checks off the approach used.

FIGURE 6-8 Example of a Work Sampling Question

Checks key before installing against:

___shaft	score 3
___pulley	score 2
___neither	score 1

Note: This is one step in installing pulleys and belts.

Situational Judgment Tests

Situational judgment tests are personnel tests “designed to assess an applicant’s judgment regarding a situation encountered in the workplace.” As an example, You are facing a project deadline and are concerned that you may not complete the project by the time it is due. It is very important to your supervisor that you complete a project by the deadline. It is not possible to get anyone to help you with the work. You would:⁶⁴

- a. Ask for an extension of the deadline
- b. Let the supervisor know that you may not meet the deadline
- c. Work as many hours it takes to get the job done by the deadline
- d. Explore different ways to do the work so it can be completed by the deadline
- e. On the date it is due, hand in what you have done so far
- f. Do the most critical parts of the project by the deadline and complete the remaining parts after the deadline
- g. Tell your supervisor that the deadline is unreasonable
- h. Give your supervisor an update and express your concern about your ability to complete the project by the deadline
- i. Quit your job

Situational judgment tests are effective and widely used.⁶⁵

Management Assessment Centers

A **management assessment center** is a 2- to 3-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 simple conference room, but more likely a special room with a one-way mirror to facilitate observation. Many firms use assessment centers. For example, The Cheesecake Factory created its Professional Assessment and Development Center to help select promotable managers. Candidates spend 2 days of exercises, simulations, and classroom learning to see if they have the skills for key management positions.⁶⁶

Typical simulated tasks include:

- **The in-basket.** This exercise confronts 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.
- **Individual presentations.** Here trainers evaluate each participant’s communication skills and persuasiveness by having each make an assigned oral presentation.

work samples

Actual job tasks used in testing applicants’ performance.

work sampling technique

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

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.

- **Objective tests.** An assessment center typically includes tests of personality, mental ability, interests, and achievements.
- **The interview.** Most also require an interview between at least one trainer and each participant, to assess the latter's interests, past performance, and motivation.

Supervisor recommendations usually play a big role in choosing center participants. Line managers usually act as assessors and typically arrive at their ratings through consensus.⁶⁷

EFFECTIVENESS Most experts view assessment centers as effective for selecting management candidates, but are they worth their cost? They are expensive to develop, take much longer than conventional tests, require managers acting as assessors, and often require psychologists. However, studies suggest they are worth it.⁶⁸ One study of 40 police candidates found that: "Assessment center performance shows a unique and substantial contribution to the prediction of future police work success, justifying the usage of such method." In this study, peers' evaluations of candidates during the center proved especially useful.⁶⁹

Situational Testing and Video-Based Situational Testing

Situational tests require examinees to respond to situations representative of the job. Work sampling (discussed earlier) and some assessment center tasks (such as in-baskets) fall in this category. So do video-based tests and miniature job training (described next), and the situational interviews we address in Chapter 7.⁷⁰

The **video-based simulation** presents the candidate with several online or PC-based video situations, each followed by one or more multiple-choice questions. For example, the 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 several courses of action. For example:

(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?

- Let the other associates responsible for the mess know that you had to take the heat.
- Straighten up the department, and try to reason with the manager later.
- Suggest to the manager that he talk to the other associates who made the mess.
- Take it up with the manager's boss.⁷¹

Computerized Multimedia Candidate Assessment Tools

Employers increasingly use computerized multimedia candidate assessment tools. Development Dimensions International developed a multimedia skill test that Ford Motor Company uses for hiring assembly workers. "The company can test everything from how people tighten the ball, to whether they followed a certain procedure correctly, to using a weight-sensitive mat on the floor that, when stepped on at the wrong time, will mark a candidate down in a safety category."⁷²

The Miniature Job Training and Evaluation Approach

Miniature job training and evaluation means training candidates to perform several of the job's tasks, and then evaluating the candidates' performance prior to hire. 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. Like work sampling, *miniature job training and evaluation* tests applicants with actual samples of the job, so it's inherently content relevant and valid. The big problem is the expense involved in the instruction and training.

HONDA EXAMPLE When Honda built a new plant in Alabama, it had to hire thousands of new employees. Honda's recruiting ad sought applicants for a free training program Honda was offering as a precondition for applying for jobs at the new plant. Applicants needed at least a high school diploma or GED, employment for the past 2 years with no unexplainable gaps, and Alabama residency. Eighteen thousand people applied.

First Honda and the Alabama state employment agency screened the applicants by eliminating those who lacked the education or experience. They then gave preference to applicants near the plant. About 340 applicants per 6-week session received special training at a new facility, two evenings a week. This included classroom instruction, videos of Honda employees in action, and actually practicing particular jobs. (Thus, "miniature job training and evaluation.") Some candidates who watched the videos dropped out after seeing the work's pace.

During training, Alabama state agency assessors scrutinized and rated the trainees. They then invited those who graduated to apply for plant jobs. Honda employees (from HR and departmental representatives) then interviewed the candidates, reviewed their training records, and decided who to hire. New employees take a one-time drug test, but no other paper-and-pencil tests or credentials are required. New hires receive a 3-day orientation. Then, assistant managers in each department coordinate their day-to-day training.⁷³



Source: Issei Kato/Reuters Pictures-Americas.

Employers such as Honda first train and then have applicants perform several of the job tasks, and then evaluate the candidates before hiring them.

Realistic Job Previews

Sometimes, a dose of realism makes the best screening tool. For example, Walmart found that many new associates quit within the first 90 days. When Walmart began explicitly explaining and asking about work schedules and work preferences, turnover improved.⁷⁴ In general, applicants who receive realistic job previews are more likely to turn down job offers, but firms are more likely to have lower turnover.⁷⁵

HR in Practice: Testing Techniques for Managers

You may find that, even in large companies, when it comes to screening employees, you're on your own. The human resource department may work with you to design and administer screening tests. But more often HR may do little more than the recruiting and some prescreening (such as typing tests for clerical applicants), and run background checks and drug and physical exams.

Suppose you are, say, the marketing manager, and you want to screen your job applicants more formally. You could buy your own

situational test

A test that requires examinees to respond to situations representative of the job.

video-based simulation

A situational test in which examinees respond to video simulations of realistic job situations.

miniature job training and evaluation

Training candidates to perform several of the job's tasks, and then evaluating the candidates' performance prior to hire.

TABLE 6-1 Evaluation of Selected Assessment Methods

Assessment Method	Validity	Adverse Impact	Costs (Develop/ Administer)
Cognitive ability tests	High	High (against minorities)	Low/low
Job knowledge test	High	High (against minorities)	Low/low
Personality tests	Low to moderate	Low	Low/low
Integrity tests	Moderate to high	Low	Low/low
Structured interviews	High	Low	High/high
Situational judgment tests	Moderate	Moderate (against minorities)	High/low
Work samples	High	Low	High/high
Assessment centers	Moderate to high	Low to moderate, depending on exercise	High/high
Physical ability tests	Moderate to high	High (against females and older workers)	High/high

Source: Elaine Pulakos, *Selection Assessment Methods*, SHRM Foundation, 2005, p. 17. Reprinted by permission of Society for Human Resource Management via Copyright Clearance Center.

test battery. However, using packaged intelligence tests may violate company policy, raise validity questions, and even expose your employer to EEO liability.

A preferred approach is to devise and use screening tools, the validity of which is obvious (“face validity.”) For example, create a work sampling test. Thus, it is reasonable for the marketing manager to ask an advertising applicant to spend an hour designing an ad, or to ask a marketing research applicant to spend a half hour outlining a marketing research program for a hypothetical product.

Summary

The employer needs to consider several things before deciding to use a particular selection tool. These include the tool’s reliability and validity, its return on investment (in terms of utility analysis), applicant reactions, usability (in terms of your managers’ and employees’ willingness and ability to use it), adverse impact, and the tool’s *selection ratio* (does it screen out, as it should, a high percentage of applicants or admit virtually all?).⁷⁶ Table 6-1 summarizes the validity, potential adverse impact, and cost of several popular assessment methods.

7 Explain the key points to remember in conducting background investigations.

BACKGROUND INVESTIGATIONS AND OTHER SELECTION METHODS

Testing is only 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.

Why Perform Background Investigations and Reference Checks?

One of the easiest ways to avoid hiring mistakes is to check the candidate’s background thoroughly. Doing so is cheap and (if done right) useful. There’s usually no reason why even supervisors in large companies can’t check the references of someone they’re about to hire, as long as they know the rules.

Most employers therefore check and verify the job applicant’s background information and references. In one survey of about 700 human resource managers,

87% said they conduct reference checks, 69% conduct background employment checks, 61% check employee criminal records, 56% check employees' driving records, and 35% sometimes or always check credit.⁷⁷ Commonly verified data include legal eligibility for employment (in compliance with immigration laws), dates of prior employment, military service (including discharge status), education, identification (including date of birth and address to confirm identity), county criminal records (current residence, last residence), motor vehicle record, credit, licensing verification, Social Security number, and reference checks.⁷⁸ Some employers are checking executive candidates' civil litigation records, with the candidate's prior approval.⁷⁹ As of 2010, Massachusetts and Hawaii prohibit private employers from asking about criminal records on initial written applications.⁸⁰

WHY CHECK? There are two main reasons to check backgrounds—to verify the applicant's information (name and so forth) and to uncover damaging information.⁸¹ Lying on one's application isn't unusual. A survey found that 23% of 7,000 executive résumés contained exaggerated or false information.⁸²

Even relatively sophisticated companies fall prey to criminal employees, in part because they haven't conducted proper background checks. In Chicago, a 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.⁸³

How deeply you search depends on the position you seek to fill. For example, a credit and education check is more important for hiring an accountant than a groundskeeper. In any case, also periodically check the credit ratings of employees (like cashiers) who have easy access to company assets, and the driving records of employees who routinely use company cars.

EFFECTIVENESS Most managers don't view references as very useful. This makes sense, given that few employers will talk freely about former employees. For example, in one 2010 poll, the Society for Human Resource Management (SHRM) found that 98% of 433 responding members said their organizations would verify dates of employment for current or former employees. However, 68% said they wouldn't discuss work performance; 82% said they wouldn't discuss character or personality; and 87% said they wouldn't disclose a disciplinary action.⁸⁴

It's obvious why background checks have bad reputations. 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.

The other reason is legal. Employers providing references generally can't be successfully sued for defamation unless the employee can show "malice"—that is, ill will, culpable recklessness, or disregard of the employee's rights.⁸⁵ But the managers and companies providing the references understandably still don't want the grief. Let's look at why.

The Legal Dangers and How to Avoid Them

In practice (as most people instinctively know), giving someone a bad reference can drag you into a legal mess. For example, if the courts believe you gave the bad reference to retaliate for the employee previously filing an EEOC claim, they might let him or her sue you.⁸⁶

DEFAMATION That is just the tip of the iceberg. Being sued for defamation is the real danger. First-line supervisors and managers, not just employers, are potentially at risk. Various federal laws⁸⁷ give individuals and students the right to know the nature and substance of information in their credit files and files with government agencies, and to review records pertaining to them from any private business that contracts

with a federal agency. So, it's quite possible the person you're describing will see your comments and decide you defamed him or her. Common law (in particular, the tort of defamation) applies to any information you supply. A 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.

The person alleging defamation has various legal remedies, including suing the source of the reference for defamation.⁸⁸ In one case, a court awarded a man \$56,000 after a company turned him down for a job because, among other things, the former employer called him a "character." As if that's not enough, there are companies that, for a small fee, will call former employers on behalf of employees who believe they're getting bad references. One supervisor thought his previous employer might bad-mouth him. He hired BadReferences.com to investigate. BadReferences.com (which uses trained court reporters for its investigations) found that a supervisor at the company suggested that the employee was "a little too obsessive . . . and not comfortable with taking risks, or making big decisions." The former employee sued his previous employer, demanding an end to defamation and \$45,000 in compensation.⁸⁹

PRIVACY Furthermore, truth is not always a defense. Thus in some states, employees can sue employers for disclosing to a large number of people true but embarrassing private facts about the employee. Here 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.⁹⁰

The net result is that most employers and managers are very restrictive about who can give references, and what they can say. As a rule, only authorized managers should provide information. Other suggestions 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.⁹¹

However, *not* disclosing relevant information can be dangerous, too. In one Florida case, a company fired an employee for allegedly bringing a handgun to work. After his next employer fired him (for absenteeism), he returned to that company and shot several employees before taking his own life. The injured parties and the relatives of the murdered employees sued the previous employer, who had provided the employee with a clean letter of recommendation allegedly because that first employer didn't want to anger the employee over his firing.

How to Check a Candidate's Background

Which brings us back to this point: In practice, the references you receive may not be useful. There are several things that managers and employers can do to get better information.

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 you cleared doing so 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 again, many employers have policies against providing such information). Figure 6-9 shows one form you can use for phone references. Some employers get background reports from commercial credit rating companies for information about credit standing, indebtedness,

FIGURE 6-9 Reference
Checking Form

Source: Society for Human Resource Management, © 2004. Reproduced with permission of Society for Human Resource Management.

(Verify that the applicant has provided permission before conducting reference checks.)

Candidate
Name _____

Reference
Name _____

Company
Name _____

Dates of Employment
From: _____ To: _____

Position(s)
Held _____

Salary
History _____

Reason for
Leaving _____

Explain the reason for your call and verify the above information with the supervisor (including the reason for leaving)

1. Please describe the type of work for which the candidate was responsible.

2. How would you describe the applicant's relationships with coworkers, subordinates (if applicable), and with superiors?

3. Did the candidate have a positive or negative work attitude? Please elaborate.

4. How would you describe the quantity and quality of output generated by the former employee?

5. What were his/her strengths on the job?

6. What were his/her weaknesses on the job?

7. What is your overall assessment of the candidate?

8. Would you recommend him/her for this position? Why or why not?

9. Would this individual be eligible for rehire? Why or why not?

Other comments?

reputation, character, and lifestyle. (Others check social network sites, as we will see in a moment.)

More employers are automating their reference checking process. Instead of the employer calling the references, the recruiter sends an e-mail link to each candidate.

The candidate then uses this link to contact five or more of his or her references, asking them to fill out a tailored online questionnaire. Special vendors then compile this information and create analytical reports for the employer.⁹²

The Social Network: Checking Applicants' Social Postings

More employers are Googling applicants or checking social networking sites. After such online searches, recruiters found that 31% of applicants had lied about their qualifications and 19% had posted information about their drinking or drug use.⁹³ On Facebook.com, one employer found that a candidate had described his interests as smoking pot and shooting people. The student may have been kidding, but didn't get the job.⁹⁴ An article called "References You Can't Control" notes that you can use social networking sites to identify an applicant's former colleagues, and thus contact them.⁹⁵

Googling is probably safe enough, but checking social networking sites raises legal issues. For example, while the Fair Credit Reporting Act refers more to getting official reports, it's probably best to get the candidate's prior approval for social networking searches.⁹⁶ And, of course, do not use a pretext or fabricate an identity.⁹⁷

HR IN PRACTICE: MAKING THE BACKGROUND CHECK MORE VALUABLE

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, 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 assessments that are more candid), it's probably best to rely on telephone references. Use a form, such as the one in Figure 6-9. Remember that you can get relatively accurate information regarding dates of employment, eligibility for rehire, and job qualifications. It's more difficult to get other background information (such as reasons for leaving a previous job).⁹⁸
- Third, persistence and attentiveness to potential red flags improves 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. Try to unearth what the applicant did to make the former employer pause. If he says, "Joe requires some special care," say, "Special care?"
- Fourth, compare the application to the résumé; people tend to be more imaginative on their résumés than on their application forms, where they must certify the information.
- Fifth, try to 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.⁹⁹ But in asking for information:

Only ask for and obtain information that you're going to use.

Remember that using arrest information is highly suspect.

Use information that is specific and job related.

Keep information confidential.

- Sixth, use the references offered by the applicant as a source for other references. You might ask each of the applicant's references, "Could you 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 that may be more objective, because they did not come directly from the applicant.

Using Preemployment Information Services

It is easy to have employment screening services check out applicants. Major employment screening providers include ADP (www.ADP.com), Employment Background Investigations (www.ebinc.com), First Advantage (www.FADV.com/employer), Hireright (www.hireright.com), and Talentwise (www.talentwise.com).¹⁰⁰ They use databases to access information about matters such as workers' compensation and credit histories, and conviction and driving records. For example, a South Florida firm advertises that for less than \$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. There are thousands of databases and sources for finding background information, including sex offender registries, and criminal and educational histories.

USE CAUTION There are two reasons to use caution when delving into an applicant's criminal, credit, and workers' compensation histories.¹⁰¹ First (as discussed in Chapter 2), it can be tricky complying with EEO laws. For example, the 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. Similarly, asking about arrest records may be discriminatory. Never authorize an unreasonable investigation.

Second, various federal and state laws govern how employers acquire and use applicants' and employees' background information. At the federal level, the Fair Credit Reporting Act is the main directive. In addition, at least 21 states impose their own requirements. Compliance with these laws essentially involves four steps, as follows:

STEP 1: DISCLOSURE AND AUTHORIZATION. Before requesting reports, the employer must disclose to the applicant or employee that a report will be requested and that the employee/applicant may receive a copy. (Do this on the application.)

STEP 2: CERTIFICATION. The employer must certify to the reporting agency that the employer will comply with the federal and state legal requirements—for example, that the employer obtained written consent from the employee or applicant.

STEP 3: PROVIDING COPIES OF REPORTS. Under federal law, the employer must provide copies of the report to the applicant or employee if adverse action (such as withdrawing an offer of employment) is contemplated.¹⁰²

STEP 4: NOTICE AFTER ADVERSE ACTION. After the employer provides the employee or applicant with copies of the consumer and investigative reports and a "reasonable period" has elapsed, the employer may take an adverse action (such as withdrawing an offer). If the employer anticipates taking an adverse action, the employee or applicant must receive an adverse action notice. This notice contains information such as the name of the consumer reporting agency. The employee/applicant then has various remedies under the applicable laws.¹⁰³

The Polygraph and Honesty Testing

Some firms still use the polygraph (or lie detector) for honesty testing, although the 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.

Complaints about offensiveness plus grave doubts about the polygraph's accuracy culminated in the Employee Polygraph Protection Act of 1988.¹⁰⁴ With a few exceptions, the law prohibits employers from conducting polygraph examinations of all job applicants and most employees. (Also prohibited 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.

WHO CAN USE THE POLYGRAPH? Local, state, and federal government employers (including the FBI) can use polygraphs, but state laws restrict many local and state governments. Private employers can use polygraph testing, but only under strictly limited circumstances. The latter include those with

- National defense or security contracts
- Nuclear power-related contracts with the Department of Energy
- Access to highly classified information
- Counterintelligence-related contracts with the FBI or Department of Justice
- Private businesses (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

However, even if used for ongoing investigations of theft, the law restricts employers' rights. To administer a polygraph test for an ongoing investigation, an employer must meet four standards:

1. First, the employer must show that it suffered an economic loss or injury.
2. Second, it must show that the employee in question had access to the property.
3. Third, it must have a reasonable suspicion before asking the employee to take the polygraph.
4. Fourth, the employee must receive the details of the investigation before the test, as well as the questions to be asked on the polygraph test.

PAPER-AND-PENCIL HONESTY TESTS The Polygraph Protection Act triggered a burgeoning market for paper-and-pencil (or online) honesty tests. These are psychological tests designed to predict job applicants' proneness to dishonesty and other forms of counterproductivity.¹⁰⁵ Most 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. London House, Inc., and Stanton Corporation publish similar tests.¹⁰⁶

Psychologists initially raised concerns about paper-and-pencil honesty tests, but studies support these tests' validity. One early study illustrates their potential usefulness. The study involved 111 employees hired by a convenience store chain to work at store or gas station counters.¹⁰⁷ The firm estimated that "shrinkage" equaled 3% of sales, and believed that internal theft accounted for much of this. Scores on an honesty test successfully predicted theft here, as measured by termination for theft. One large review of such tests concluded that the "pattern of findings" regarding the usefulness of such tests "continues to be consistently positive."¹⁰⁸

CHECKING FOR HONESTY: WHAT YOU CAN DO With or without testing, there's a lot a manager or employer can do to screen out dishonest applicants or employees. Specifically:

- **Ask blunt questions.**¹⁰⁹ Says one expert, there is nothing wrong with asking the applicant direct questions, such as, "Have you ever stolen anything from an employer?" "Have you recently held jobs other than those listed on your application?" and, "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 about the person as possible.
- **Do a credit check.** Include a clause in your application giving 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, “All lockers, desks, and similar property remain the property of the company and may be inspected routinely.”

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 paper-and-pencil honesty testing.

Graphology

Graphology is the use of handwriting analysis to determine the writer’s basic personality traits. Graphology 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 6-10 exemplifies traits such as “independence” and “isolation.”

Graphology’s place in screening sometimes seems schizophrenic. Studies suggest it is not valid, or that when graphologists do accurately size up candidates, it’s because they are also privy to other background information. Yet some firms continue to swear by it. It tends to be popular in Europe, where “countries like France or Germany have one central graphology institute, which serves as the certifying body.”¹¹⁰ Fike Corporation in Blue Springs, Missouri, a 325-employee firm, uses profiles based on handwriting samples to design follow-up interviews. Exchange Bank in Santa Rosa, California, uses it as one element for screening officer candidates.¹¹¹ Most experts shun it.

“Human Lie Detectors”

While perhaps no more valid than graphology, some employers are using so-called “human lie detectors.”¹¹² These are experts who may (or may not) be able to identify lying just by watching candidates. One Wall Street firm uses a psychologist and former FBI agent. He sits in on interviews and watches for signs of candidate deceptiveness. Signs include pupils changing size (which often corresponds to emotions, such as fear), irregular breathing (may flag nervousness), micro-expressions (quick transitory facial expressions that may portray emotions such as fear), crossing legs (“liars typically try to distance themselves from an untruth”), and quick verbal responses (possibly reflecting scripted statements).

Physical Exams

Once the employer extends the person a job offer, a medical exam is often the next step in the selection (although it may also occur after the new employee starts work).

There are several reasons for preemployment medical exams: to verify that the applicant meets the position’s physical requirements, to discover any medical limitations you

FIGURE 6-10 The Uptight Personality

Source: www.graphicinsight.co.za/writingsamples.htm#The%20Uptight%20Personality%2, accessed March 28, 2009. Used with permission of www.graphicinsight.co.za.

The Uptight Personality

From The Graphology Review No 17

The following sample shows several uptight tendencies. We see independence, a critical, rather severe attitude and an economy of feeling. Notice too, how the words are separated by large spaces indicating that the writer has a feeling of personal isolation.

arrangements to attend on the following day if
required, I very much appreciate my being allowed
the possibility of completing everything on the same

Here are some of the handwriting indicators for the uptight personality as discussed in The Graphology Review No 17;

- Small to middle size handwriting
- Upright slant
- Narrow letters
- Angular connections
- Economical use of space on the page
- Although the words here are not extremely cramped they are certainly not expansive. The spacing between the letters is very economical.

should consider in placing him or her, and to establish a baseline for future insurance or workers compensation claims. By identifying health problems, the examination can also reduce absenteeism and accidents and, of course, detect communicable diseases.

Under the Americans with Disabilities Act, an employer cannot reject someone with a disability if he or she is otherwise qualified and can perform the essential job functions with reasonable accommodation. Recall that 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.¹¹³

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 such as chronic lateness. 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.¹¹⁴ Employers may use urine testing to test for illicit drugs, breath alcohol tests to determine amount of alcohol in the blood, blood tests to measure alcohol or drug in the blood at the time of the test, hair analyses to reveal drug history, saliva tests for substances such as marijuana and cocaine, and skin patches to determine drug use.¹¹⁵

SOME PRACTICAL CONSIDERATIONS Drug testing, while ubiquitous, is neither as simple nor effective as it might first appear. First, no drug test is foolproof. Some urine sample tests can't distinguish between legal and illegal substances; for example, Advil can produce positive results for marijuana. Furthermore, "there is a swarm of products that promise to help employees (both male and female) beat drug

tests.”¹¹⁶ (Employers should view the presence of adulterants in a sample as a positive test.) The alternative, hair follicle testing, requires a small sample of hair, which the lab analyzes.¹¹⁷ But here, too, classified ads advertise chemicals to rub on the scalp to fool the test.

There’s also the question of what is the point.¹¹⁸ Unlike roadside breathalyzers for DUI drivers, tests for drugs only show whether drug residues are present, not impairment (or, for that matter, habituation or addiction).¹¹⁹ Some therefore argue that testing is not justifiable on the grounds of boosting workplace safety.¹²⁰ Many feel the testing procedures themselves are degrading and intrusive. Many employers reasonably counter that they don’t want drug-prone employees on their premises. Employers should choose the lab they engage to do the testing carefully.

LEGAL ISSUES Drug testing raises legal issues, too.¹²¹ Several federal (and many state) laws affect workplace drug testing. As an example, under the ADA, 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.¹²² Under the Drug Free Workplace Act of 1988, federal contractors must maintain a workplace free from illegal drugs. Under the U.S. Department of Transportation workplace regulations, firms with more than 50 eligible employees in transportation industries (mass transit workers, school bus drivers, and so on) must conduct alcohol testing on workers with sensitive or safety-related jobs.¹²³

WHAT TO DO IF AN EMPLOYEE TESTS POSITIVE What should one 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. Current employees have more legal recourse. Employers must tell them the reason for dismissal if the reason is a positive drug test.¹²⁴

Where sensitive jobs are concerned, courts tend to side with employers. In one case, the U.S. Court of Appeals for the First Circuit 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, and an arbitrator reduced the penalty to a 2-month suspension. The appeals court reversed the arbitrator’s decision. It ruled that the employer acted properly in firing the truck driver, given the circumstances.¹²⁵

Complying with Immigration Law

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 procedures outlined in the so-called I-9 Employment Eligibility Verification form.¹²⁶ More employers are using the federal government’s voluntary electronic employment verification program, E-Verify.¹²⁷ Federal contractors must use it.¹²⁸

PROOF OF ELIGIBILITY Applicants 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. The other is to show a document that proves the person’s identity, along with a second document showing the person’s employment eligibility, such as a work permit.¹²⁹ In any case, it’s always advisable to get two forms of proof of identity from everyone.

Some documents may be fakes. For example, a few years ago Immigration and Naturalization Service (INS) agents seized more than 2 million counterfeit documents ranging from green cards and Social Security cards to driver’s licenses, from

nine different states. The federal government is tightening restrictions on hiring undocumented workers. Realizing that many documents (such as Social Security cards) are fakes, the government is putting the onus on employers to make sure whom they're hiring. The Department of Homeland Security presses criminal charges against suspected employer violators.¹³⁰

Employers can protect themselves in several ways. First, they can use E-Verify. Then, systematic background checks are important. Preemployment testing should include employment verification, criminal record checks, drug screens, and reference checks. You can verify Social Security numbers 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.¹³¹

AVOIDING DISCRIMINATION In any case, employers should not use the I-9 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, 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. The latest I-9 forms contain a prominent “antidiscrimination notice.”¹³²



Improving Productivity Through HRIS

Using Automated Applicant Tracking and Screening Systems

The applicant tracking systems we introduced in Chapter 5 do more than compile incoming Web-based résumés and track applicants during the hiring process. They should also help with the testing and screening.

Thus, most employers also use their applicant tracking systems (ATS) to “knock out” applicants who don’t meet minimum, nonnegotiable job requirements, like submitting to drug tests or holding driver’s licenses.

Employers also use ATS to test and screen applicants online. This includes skills testing (in accounting, for instance), cognitive skills testing (such as for mechanical comprehension), and even psychological testing. For example, Recreation Equipment, Inc., wanted to identify applicants who were team-oriented. Its applicant tracking system helps it do that.¹³³

Finally, the newer systems don’t just screen out candidates, but discover “hidden talents.” Thanks to the Internet, applicants often send their résumés out hoping a shotgun approach will help them hit a match. For most employers, this is a screening nuisance. But a good ATS can identify required talents in the applicant that even the applicant didn’t know existed when he or she applied.¹³⁴

REVIEW

MyManagementLab

Now that you have finished this chapter, go back to www.mymanagementlab.com to continue practicing and applying the concepts you’ve learned.

CHAPTER SECTION SUMMARIES

1. Careful **employee selection is important** for several reasons. Your own performance always depends on your subordinates; it is costly to recruit and hire employees; and mismanaging the hiring process has various legal implications including equal employment, negligent hiring, and defamation.
2. Whether you are administering tests or making decisions based on test results, managers need to understand several **basic testing concepts**. Reliability refers to a test’s consistency, while validity tells you whether the test is measuring what you think it’s supposed to be measuring. Criterion validity means demonstrating that those who

do well on the test also do well on the job while content validity means showing that the test constitutes a fair sample of the job's content. Validating a test involves analyzing the job, choosing the tests, administering the test, relating your test scores and criteria, and cross-validating and revalidating. Test takers have rights to privacy and feedback as well as to confidentiality.

3. Whether administered via paper and pencil, by computer, or online, we discussed several main **types of tests**. Tests of cognitive abilities measure things like reasoning ability and include intelligence tests and tests of specific cognitive abilities such as mechanical comprehension. There are also tests of motor and physical abilities, and measures of personality and interests. With respect to personality, psychologists often focus on the “big five” personality dimensions: extroversion, emotional stability/neuroticism, agreeableness, conscientiousness, and openness to experience. Achievement tests measure what someone has learned.
4. With **work samples and simulations**, you present examinees with situations representative of the jobs for which they are applying. One example is the management assessment center, a 2- to 3-day simulation in which 10 to 12 candidates perform realistic management tasks under the observation of experts who appraise each candidate's leadership potential. Video-based situational testing and the miniature job training and evaluation approach are two other examples.

5. Testing is only part of an employer's selection process; you also want to conduct **background investigations and other selection procedures**.

- The main point of doing a background check is to verify the applicant's information and to uncover potentially damaging information. However, care must be taken, particularly when giving a reference, that the employee not be defamed and that his or her privacy rights are maintained.
- Given former employers' reluctance to provide a comprehensive report, those checking references need to do several things. Make sure the applicant explicitly authorizes a background check, use a checklist or form for obtaining telephone references, and be persistent and attentive to potential red flags.
- Given the growing popularity of computerized employment background databases, many or most employers use preemployment information services to obtain background information.
- For many types of jobs, honesty testing is essential and paper-and-pencil tests have proven useful.
- Most employers also require that new hires, before actually coming on board, take physical exams and substance abuse screening. It's essential to comply with immigration law, in particular by having the candidate complete an I-9 Employment Eligibility Verification Form and submit proof of eligibility.

DISCUSSION QUESTIONS

1. What is the difference between reliability and validity? In what respects are they similar?
2. Explain how you would go about validating a test. How can this information be useful to a manager?
3. Explain why you think a certified psychologist who is specifically trained in test construction should (or should not) be used by a small business that needs a test battery.
4. 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.

5. Why is it important to conduct preemployment background investigations? Outline how you would go about doing so.
6. Explain how you would get around the problem of former employers being unwilling to give bad references on their former employees.
7. How can employers protect themselves against negligent hiring claims?

INDIVIDUAL AND GROUP ACTIVITIES

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 specific selection techniques that you would suggest your dean use to hire the next HR professor at your school. 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.

4. The HRCI “Test Specifications” appendix at the end of this book (pages 633–640) lists the knowledge someone studying for the HRCI certification exam needs to have in each area of human resource management (such as in Strategic Management, Workforce Planning, and Human Resource Development). In groups of four to five students, do four things: (1) review that appendix now; (2) identify the material in this chapter that relates to the required knowledge the appendix lists; (3) write four multiple-choice exam questions on this material that you believe would be suitable for inclusion in the HRCI exam; and (4) if time permits, have someone from your team post your team's questions in front of the class, so the students in other teams can take each others' exam questions.

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: Your airline has decided to outsource its reservation jobs to Asia. 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 speak clearly, deal courteously and expeditiously with the customer, and be able to find quickly 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 as airline reservation clerks. Therefore, 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 the class into teams of five or six students. The ideal candidate will need 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. Use only 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. As per our discussion of test development in this chapter, each group should make a list of the abilities relevant to success in the airline reservation clerk's job. Each group should then rate the importance of these abilities on a 5-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

THE INSIDER

In 2011, a federal jury convicted a stock trader who worked for a well-known investment firm, along with two alleged accomplices, of insider trading. According to the indictment, the trader got inside information about pending mergers from lawyers. The lawyers allegedly browsed around their law firm picking up information about corporate deals others in the firm were working on. The lawyers would then allegedly pass their information on to a friend, who in turn passed it on to the trader. Such "inside" information reportedly helped the trader (and his investment firm) earn millions of dollars. The trader would then allegedly thank the lawyers, for instance, with envelopes filled with cash.

Of course, things like that are not supposed to happen. Federal and state laws prohibit it. And investment firms have their own compliance procedures to identify and head off, for instance, shady trades. The problem is that controlling such behavior once the firm has someone working for it who may be prone to engage in inside trading isn't easy. "Better to avoid hiring such people in the first place," said one pundit.

At lunch at the Four Seasons restaurant off Park Avenue in Manhattan, the heads of several investment firms were discussing the conviction, and what they could do to make sure something like that didn't occur in their firms. "It's not just compliance," said one, "we've got to keep the bad apples from ever getting in the door." They ask you for your advice.

Questions

1. We want you to design an employee selection program for hiring stock traders. We already know what to look for as far as technical skills are concerned—accounting courses, economics, and so on. What we want is a program for screening out potential bad apples. To that end, please let us know the following: What screening test(s) would you suggest, and why? What questions should we add to our application form? Specifically, how should we check candidates' backgrounds, and what questions should we ask previous employers and references?
2. What else (if anything) would you suggest?

CONTINUING CASE

HONESTY TESTING AT CARTER CLEANING COMPANY

Jennifer Carter, 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, Jennifer 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 some of the other qualities that Jennifer would like to screen for. Two of the most critical problems facing her company are employee turnover and employee honesty. Jennifer 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, Jennifer 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 Jennifer 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 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 1-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 worker’s pocket instead of into the cash register.

The more serious problem concerns the store manager and the counter workers who actually 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 552-0235. It was my intention with this sign to force all our cash-handling employees to give receipts so the cash register would record them 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. Well, one of our managers found a diabolical way around this. I came into the store one night and noticed that the cash register this particular manager was using just didn’t look right, although the sign was placed in front of it. It turned out that every afternoon at about 5:00 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 5 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.”

Here is what Jennifer would like you to answer:

Questions

1. What would be the advantages and disadvantages to Jennifer’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?

TRANSLATING STRATEGY INTO HR POLICIES & PRACTICES CASE

THE HOTEL PARIS CASE

Testing

The Hotel Paris’s competitive strategy is “To use superior guest service to differentiate the Hotel Paris properties, and to thereby increase the length of stay and return rate of guests, and thus boost revenues and profitability.” HR manager Lisa Cruz must now formulate functional policies and activities that support this competitive strategy by eliciting the required employee behaviors and competencies.

As she considered what she had to do next, Lisa Cruz, the Hotel Paris’s HR director, knew that employee selection had to play a central role in her plans. The Hotel Paris currently had an informal screening process in which local hotel managers obtained application forms, interviewed applicants, and checked their references. However, a pilot project using an employment test for service people at the Chicago hotel had produced startling results. Lisa found

consistent, significant relationships between test performance and a range of employee competencies and behaviors such as speed of check-in/out, employee turnover, and percentage of calls answered with the required greeting. Clearly, she was onto something. She knew that employee capabilities and behaviors like these translated into just the sorts of improved guest services the Hotel Paris needed to execute its strategy. She therefore had to decide what selection procedures would be best.

Lisa's team, working with an industrial psychologist, wants to design a test battery that they believe will produce the sorts of high-morale, patient, people-oriented employees they are

looking for. It should include, at a minimum, a work sample test for front-desk clerk candidates and a personality test aimed at weeding out applicants who lack emotional stability.

Questions

1. Provide a detailed example of the front-desk work sample test.
2. Provide a detailed example of two possible personality test questions.
3. What other tests would you suggest to Lisa, and why would you suggest them?

KEY TERMS

negligent hiring, 176

reliability, 177

test validity, 179

criterion validity, 179

content validity, 179

construct validity, 179

expectancy chart, 181

interest inventory, 189

work samples, 190

work sampling technique, 190

management assessment center, 191

situational test, 192

video-based simulation, 192

miniature job training
and evaluation, 193

ENDNOTES

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14. A third, less-used way to demonstrate a test's validity is *construct validity*. A construct is an abstract trait such as happiness or intelligence. Construct validity generally addresses the question of "validity of measurement," in other words, of whether the test is really measuring, say, intelligence. To prove construct validity, an employer has to prove that the test measures the construct. Federal agency guidelines make it difficult to prove construct validity, however, and as a result few employers use this approach as part of their process for satisfying the federal guidelines. See James Ledvinka, *Federal Regulation of Personnel and Human Resource Management* (Boston: Kent, 1982), p. 113; and Murphy and Davidshofer, *Psychological Testing*, pp. 154–165.
15. 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.
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