Harvard
Business
Review

Human Resource Management

How to Use Psychometric Testing in Hiring

by Ben Dattner

September 12, 2013

Roughly 18% of companies currently use personality tests in the hiring process, according to a survey conducted by the Society for Human Resource Management. This number is growing at a rate of 10-15% a year according to many industrial and organizational psychologists, as well as the Association for Test Publishers.

When used correctly, cognitive and personality tests can increase the chances that new employees will succeed. Since the cost of a bad hire is widely estimated to be at least one year's pay, there are huge incentives for organizations to get hiring right. Unfortunately, too many organizations use the wrong psychometric assessments in the wrong way. Here's what organizations need to know in order to minimize potential risks and maximize the predictive accuracy of these tests.

Know the law. Organizations, hiring managers, and HR need to keep legal compliance in mind when they add psychometric tests to their pre-employment screening system. Because of anti-discrimination laws, assessment tools (especially cognitive ability tests) need to be

job-relevant and well validated. In the United States, because of the Americans with Disabilities Act, tests generally need to respect privacy and not endeavor to "diagnose" candidates in any way.

One recent example of an organization that has changed its assessment battery due in part to concerns about racial discrimination and poor prediction of job performance is the National Football League. Unless jobs involve law enforcement, weaponry or other special safety considerations, organizations should not ask candidates to take any assessment that was designed for the purpose of diagnosing susceptibility to depression, risk for other kinds of mental illness, or any kind of personality disorder.

Know the business needs. Psychometric tests will not help you if you don't have well-established measures of job performance. Too often, organizations focus more on the predictors, or "independent variables," than on what is being predicted, or "dependent variables." If an organization doesn't have quantitative measures of employee performance on the job, then there is no basis for statistical correlations of how well psychometric tests (or any other kind of candidate evaluation for that matter) predict performance.

Once you know the business needs, make sure you find a test that will actually evaluate those characteristics. For instance, while there are laws that prohibit companies from discriminating or invading candidates' privacy, there are no laws that prohibit companies from using strange or invalid assessment tools. If a company wanted to use astrology to pick a Scorpio instead of a Libra as the new CFO, there wouldn't be any legal risks to doing so (as long as there wasn't any correlation between astrological sign and candidates' membership in "protected" classes of people). But most people recognize that horoscope would be the wrong categorization tool for filling your open job. What they don't realize is that other, often-used tests might also fail to predict the desired results.

For instance, while the Myers-Briggs Type Indicator (MBTI) is quite popular with many organizations, it should not be used for employee selection. The MBTI was not developed for that purpose and is not intended for personnel evaluation — even the test's publisher warns against using it in that way.

Reduce the risk of cheating. In order to safeguard against the possibility that candidates will ask others to take tests, especially cognitive ability tests, on their behalf, organizations should "proctor" the assessment test, either by having the candidate take the assessments in their offices or by monitoring candidates via video conference if they are remote.

Keep in mind that some candidates may be tempted to "game" the results. Compare the candidate's references and interview ratings with their results to determine if the two are consistent. If a candidate for a sales job seems shy and understated in interviews and is described as quiet and introspective by her references, but tests as a people person who constantly needs to be in the limelight, this discrepancy may raise the question of whether the applicant is attempting to engage in "impression management" in order to come across as a more ideal candidate.

Some psychometric tests have built-in measures that indicate whether a candidate's pattern of responses may reflect an attempt to come across a certain way or whether the candidate's answers are incongruent with one another. Using multiple psychometric tests can help organizations get a more consistent picture. But don't overdo it. Even a well-developed, legally defensible, and predictive assessment battery will not add value if candidates feel it is too time-consuming or intrusive.

Share test results with candidates. While in most psychological research, "informed consent" gives candidates the right to see their results, few organizations provide access to the reports based on the psychometric tests that applicants take. Often, organizations even ask candidates to sign a document waiving their right to see their results.

But there are both ethical and pragmatic benefits to sharing results, regardless of whether a candidate receives or accepts an offer of employment.

Any candidate can benefit from the feedback of a well-validated, job-relevant psychometric test report. The candidates who receive and accept offers will appreciate that the reports can provide a helpful basis for discussions about their "onboarding," and the candidates who either do not receive or do not accept an offer will still appreciate the organization's professional courtesy of sharing the feedback with them.

(If you would like to take a personality assessment for free online, which will provide results that are similar to some of the well-validated personality tests on the market that organizations use — and where the confidential results will come directly to you — try the IPIP 120.)

Test the tests. A well-developed performance appraisal system should evaluate job performance quantitatively (not just qualitatively). This gives the company "criteria for correctness" that it can use to measure how well its pre-employment screening tests actually predict success on the job. It's best to think of this process of validation as a scientific research endeavor, with the hypothesis being that a given psychometric assessment will predict job performance, and with that hypothesis being subject to ongoing empirical validation with the potential for disconfirmation. If an assessment doesn't predict performance over time, stop using it.

High performing organizations constantly evaluate and improve their candidate evaluation systems by paying attention to predictor variables, outcome variables, and the correlations between the two. Psychometric tests should be subject to the same rigorous testing and validation as the candidates they are being utilized to assess. When hiring managers and HR utilize the right methodology to select and retain the right psychometric tests, they can significantly raise the probability of selecting and retaining the right talent, too.

Ben Dattner is an executive coach and organizational development consultant, and the founder of New York City–based Dattner Consulting, LLC. You can follow him on Twitter at @bendattner.