



# Employer's Advantage

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### The Forest for the Trees

Immersed in the daily culture of good assessment practice, I tend to take for granted the things that Department of Labor (DOL) recommends. It's always a jolt, then, when I realize how few people are even aware that the DOL's "Guide to Good Practices" exists. With this issue, we hope to change that. Jeff Schroer's useful summary of 13 principles (page two) sums it up nicely. Please share it—and the rest of our newsletter—with other business people you know. Assessments are too valuable a tool to be selected poorly or used improperly. The quote below refers to outdoor clothing, but applies equally to assessments.

—Editor

"The goods we quote must not be confused with cheap and vastly inferior grade with which the market is overrun. Such goods are not only useless for the purpose for which they are intended, but the person wearing them would be better off without them."

Clinton C. Filson—1914

## APPEALS COURT RULING IS A WAKE-UP CALL: REVIEW YOUR ASSESSMENT & HIRING PRACTICES!

In June of this year, the 7th U.S. Circuit Court of Appeals ruled in a class-action case that Texas-based Rent-A-Center (the largest rent-to-own chain in the U.S.) violated the Americans With Disabilities Act. Rent-A-Center required applicants for promotions to take the Minnesota Multiphasic Personality Inventory (MMPI), cited in one article as "the most popular screening test used by U.S. employers." Rent-A-Center's use of the MMPI "likely had the effect of excluding employees with (mental) disorders from promotions," a three-judge panel said.

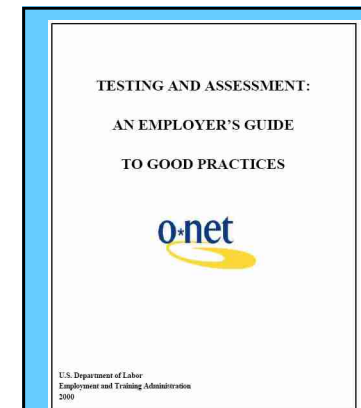
The key to ensuring your assessment program meets defensible standards are the same methods that ensure it delivers its intended benefits for your business.

- Make sure you are using assessments for their designed purpose
- Make sure they are job-related
- Use only assessments tested and found to be unbiased toward protected groups, and
- Be certain that the assessments are valid and reliable.

These, and other guidelines for proper selection and application of assessment tools, are contained in a Department of Labor document which is

presented in greater detail on page two of this issue. It may be dry reading, but it should be required reading for anyone charged with providing information for hiring, promotion or other job-related decisions. Note: the court ruling cited here applied to *promotion* decisions rather

settings is inappropriate and possibly illegal. It's also important to note you cannot avoid legal responsibilities by simply eliminating assessments—unless you apply truly random selection to your processes. Various rulings by courts and regulatory agencies have found the application-interview selection process is an assessment. Unfortunately, the application-interview process is not very job related, not standardized, not tested for validity or reliability and not free of bias. Many companies delegate the interview process to managers with a wide range of understanding or misunderstanding of the legal rules. Many HR departments lose sleep and have nightmares about what questions managers may be asking in their interviews.



Your guide to doing things right—DOL's own Guide.

than *hiring* decisions. With the proliferation of Internet-based "quick and easy" personality tests offered as hiring tools, often free or at a very low cost, violations of these basic rules are becoming more frequent. Of special concern is the increasing and inappropriate use of "type indicators," measures which divide all individuals according to scores on a four-quadrant basis. These are not designed to predict job performance and as many of the creators of these instruments have warned, their use in employment

Fortunately, it is not difficult to select and use assessments properly. Read the guidelines on page two and the DOL publication; the path is easy to follow. As assessment practices develop, scrutiny of those practices is certain to increase. You should invest a bit of effort in understanding the rules and applying them properly. The outcome will be better results from your assessments and less lost sleep over potential problems!

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Intellectuals solve  
problems;  
geniuses prevent them.

-- Albert Einstein

## WHICH ASSESSMENT, AND HOW—JEFF SCHROER

Psychometric assessment products exist in great variety and quantity. Businesses employ assessments to support their recruitment, retention, development and succession planning strategies. Unfortunately, few seem aware of the U.S. Department of Labor's (DOL) position regarding the use of tests and assessments in areas of employment. It may surprise some to learn the DOL actually supports the use of a sound testing and assessment strategy. In their publication, "Testing and Assessment: An Employer's Guide to Good Practices," the DOL acknowledges, "employers face the challenge of attracting, developing and retaining the best employees." They go on to say a solid assessment strategy can "maximize chances for getting the right fit between jobs and employees."

The DOL provides 13 basic principles that employers should follow when selecting an assessment initiative. The principles are summarized here:

**Use assessment tools in a purposeful manner.** Assessments are most beneficial when used properly and for the purpose for which they are designed. Misuse or improper use could be harmful or possibly illegal.

**Use the whole-person approach to testing.** No test is perfect. Complex behaviors are at work. Use a test, or combination of tests, that give as much information as possible

about behaviors most important to your business.

**Use tests that are unbiased and fair to all groups.** Tests that deliberately or inadvertently discriminate prevent the employer from achieving a qualified and diverse work group and may fuel legal challenges.

**Use tests that are reliable.** Will the same person produce the same results each time they take the test? Reliability ("r") is expressed as a statistical coefficient between 0.0 and 1.0.  $r = 0.90$  or above is excellent:  $0.80 - 0.89$  is good:  $0.70 - 0.79$  is adequate.  $0.69$  or below is questionable.

**Ensure that assessments are valid for the specific purpose for which they are used.** Validity is the most important criterion for selection of a proper instrument. Validity is an appraisal of the assessment's ability to measure the target characteristics at a level that can be useful. It is expressed as a statistical coefficient. A v-score of  $.35$  or higher means the test is "very beneficial" in determining the presence of desired characteristics.  $0.21 - 0.34$  means the test "is likely to be useful" to the employer. A v-score of  $0.11-0.20$  means the usefulness of the information derived will "depend on the circumstances" under which the test is being used. A test is "unlikely to be useful" under any circumstances when  $v = 0.11$  or less.

**Tests must be appropriate for the target population.** An assessment designed to assess nurse practitioners is likely to be inappropriate when applied to the construction trades.

**Instructions and other documentation must be comprehensive and easy to understand.** The person taking the assessment must understand the directions and the questions. The person administering the assessment must also understand the directions and the other documentation. Reliability and validity statistics should be readily available.

**If the test requires proctoring and/or administration, those performing this function must be properly trained.** Some instruments require an extensive certification process to administer, proctor or score tests.

**Provide consistent and uniform testing conditions to obtain consistent results.** Classrooms, conference rooms or other facilities may be necessary to isolate test takers from other distractions to assure the integrity of test results.

**Provide reasonable accommodations for people with disabilities.** No group should be disadvantaged by the test or the conditions under which the tests are taken.

**Test security must be maintained if the results are to be useful.** Tests and their scoring should never be accessible to the general population. (This is

impossible with "public domain" assessments, like many of the popular type indicators, which are inappropriate for hiring.)

**Test results must be maintained in a confidential manner.** Tests taken over the Internet or other computer based methods that require usernames and passwords are often most effective at preserving the confidentiality of the results.

**Accurate interpretation of results is necessary.** It does little good to interpret good data poorly. Ensure that all test reports are easy to understand.

A well-conceived assessment strategy, when combined with other decision-making tools, can provide employers a higher level of precision than is otherwise available. Application of the Department of Labor's Guidelines for selecting assessments will make the employer a wiser consumer and provide the highest return on the testing and payroll investment. In today's litigious society, it may also pay high returns in providing a structure for legal defense of the employer's practices.

We invite you to make a copy of this article and hang it in your office where you will see it often. Check and review your practices frequently, referring to these basic principles. Your assessment programs will rest on firm ground and return on your investment in assessments will remain at a maximum.

## ON THE ROAD FROM GOOD TO GREAT: LEADERSHIP DEVELOPMENT PAVES THAT ROAD

STEVE WOODS, WORKFORCE METRICS

Jim Collins, author of the very popular business book, *Good to Great*, tells us that a top leader (Level 5) "Looks in the mirror, not out the window, to apportion responsibility for poor results..." Here's the story, really an update, of how a good company embraced Collins' view point using the Profiles CheckPoint 360 System™ with a dramatic effect on the whole organization.

In an earlier newsletter [Volume 2 #8], we shared the story of how one client, a mid-Atlantic federal bank, reduced turnover in one year from 29 percent to seven percent using the Strategic Hiring System. The calculated return on investment was in the high three figures, but looking back, the Bank's CEO reports that the numbers didn't tell the whole story. "We're simply a better organization...more profitable, happier customers

and very few people problems! Now that we've got good employees, we need to make sure we keep them," he added.

We responded by demonstrating that the CheckPoint 360™ leadership feedback survey was the powerful "mirror" the CEO was looking for and how its partner product, the action planning tool, the SkillBuilder™, could help leaders actualize their new management strategies with Internet-based, self-paced skill development. Visualizing the possibilities, the Bank CEO established a Management Development Program (an annual program that bundles two CheckPoint 360's™ set at six month intervals with two SkillBuilders™ for each CheckPoint 360™ along with one Profile XT™) for all senior bank staff from himself to Senior Vice Presidents, down to Area Directors.

Then, he posed a particular challenge: "I'm big on performance incentives. How can I put some economic muscle into this Management Development Program?" Reflecting this viewpoint, the bank already had a multi-faceted bonus system for every employee.

We asserted the view that results from the CheckPoint 360™ should never be linked to an economic outcome – good or bad. A manager's success in implementing his or her SkillBuilder™ action plan, however, was another story. A plan was developed to incorporate *improved* CheckPoint 360™ ratings (directly related to the SkillBuilder™ action plans) into the existing bonus system. In addition, our company, Workforce Metrics agreed to provide individual coaching to all the senior managers, including the CEO, to help each develop their plans and then

provided support for consistent implementation. The results were nothing short of remarkable. Within two months of the program's launch, we received unsolicited feedback from employees at virtually all levels of the bank noting "They (the senior managers) have changed!" In one-on-one coaching sessions with top management, staff often commented on the improvement in behavior...and performance...of their peers. We found people shaking their heads and muttering "Unbelievable" with a big smile.

Six months later, as the results from the second round of CheckPoint 360's™ rolled in, the numbers clearly reflected what we heard. The improvement numbers on the chart below represent true improvement in management skills, paving a continued road from "Good to Great!"

Note: On this assessment, a score >3.5 is "favorable," and a change of 0.20 is significant.

Staff Member	SkillBuilders™ Completed	Beginning Score	Current Score	Net Change
#1	1. Cultivates Individual Talents 2. Listens to Others 3. Motivates Successfully	3.47 3.29 3.30	4.07 3.82 4.41	+ .60 + .53 + 1.11
#2	1. Builds Personal Relationships 2. Motivates Successfully	3.64 3.70	3.92 4.37	+ .28 + .67
#3	1. Cultivates Individual Talents 2. Motivates Successfully	3.92 3.83	4.19 4.46	+ .27 + .63
#4	1. Works Efficiently 2. Delegates Responsibility	3.32 3.57	3.59 3.75	+ .27 + .18
#5	1. Provides Direction 2. Works Efficiently	3.32 2.97	3.28 3.32	- .04 + .35
#6	1. Adjusts to Circumstances 2. Provides Direction	2.85 3.19	3.19 3.40	+ .34 + .21
#7	1. Provides Direction 2. Facilitates Team Success 3. Communicates Effectively	3.36 3.10 3.24	3.62 3.50 3.50	+ .26 + .40 + .26

**Paving the road:** Note that, with only one exception, every single SkillBuilder™ completed resulted in improvement in corresponding areas of the CheckPoint 360™ assessment!

For a complete, free copy of the 82-page Department of Labor document, go to [http://www.onetcenter.org/dL\\_files/empTestAsse.pdf](http://www.onetcenter.org/dL_files/empTestAsse.pdf)