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## **Re-examining the Use of Behavioral Assessment Tools for Employee Selection**

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### **Abstract**

The use of behavioral assessment tools, in the hiring process, has become a common practice for many private and public employers with the goal of finding the right fit for their organization and reducing employee turnover. This study re-examines the use of behavioral assessment tools for employee selection. Through secondary analysis, and evaluating the hiring data of a local municipality who uses these tools as part of their hiring process, I was able to determine the effectiveness of behavioral assessments in candidate selection. Although behavioral assessment tools can add great value to an organization, their low validity and unsupported claims of return on investment, call into question their use in the hiring process. I have concluded that behavioral assessment tools are more useful for employee self-awareness, teambuilding, and succession planning, and should not be used in candidate selection.

## **Introduction**

As any business leader or human resources professional knows, finding the right candidate for an open position is a significant investment. Not only can the onboarding process be time consuming and costly to an organization or business, but it can also be frustrating, especially if the right choice isn't made. That is why many employers are trying to find a better way to make their hiring decisions. People are complicated. Figuring out if they will be a good fit for a team, with a manager, and for the job, can be tricky. Cognitive skills are more easily measured than someone's soft skills or instincts, some would say. However, there are several different behavioral assessment (BA) tools that claim they can do just that. The concept of administering behavioral assessments has been around for a very long time, such as the Myers-Briggs Type Indicator, which dates back to the 1940s (Boyle, 1995). Over time, these tools have evolved, new assessments have come along, and many of the tools now focus on hiring versus just team building or self-awareness. The use of behavioral assessments for employee selection should be reconsidered. This topic is ethically relevant in a highly competitive job market where employee selection affects profit, productivity, and workplace culture.

The use of a behavioral assessment tool, for the hiring process can be helpful, but there are also concerns that due to the "ease of faking", the validity is low in predicting overall job performance (Gilliland, 1995, pg 48.). These are self-reports, after all, and if a job is on the line, candidates may not be completely honest when taking the assessment. That being said, are behavioral assessment tools effective in the hiring decision? Looking at this problem from a Human Resources, Psychology, and Business Management discipline, we can see

how these assessment tools impact the hiring process, tap into the human mind, and affect business operations. Without examining this from different perspectives, we may not be able to see the impacts these tools have on our society, and the value they can bring to employees, businesses, and those who administer these tools (usually Human Resources Professionals). If this issue is only viewed from a single discipline, through one lens, we may miss some of the benefits and/or limitations of using behavioral assessments tools. This study includes an analysis of the hiring data of a West Michigan municipality, from 2014 to 2016, who used behavioral assessment tools to help make hiring decisions. From this study, I will determine (1) if the use of behavioral assessments are effective for employers when making hiring decisions, (2) if they have a return on investment when used as a employee selection tool, and/or (3) if they are better suited for use in team building, employee self-awareness, and as a succession tool.

## **Behavioral Assessments as Hiring Tools**

Most Human Resources professionals are interested in discovering a job candidate's talents, figuring out where they will thrive, excel, and add value to the organization. It is also beneficial to tap into a person's problem solving skills, willingness to work as part of a team, and flexibility, when trying to fill an open position. Finding the right fit for an organization's culture is no easy task, and it often feels like a guessing game. There is much to be discovered about this topic, and there are a few different disciplines that apply – Human Resources, Psychology, and Business Management.

The human mind is complex, and no two people think exactly alike. To really understand how someone operates, is

extremely difficult. There has been a great discussion on the use of current behavioral assessments, which can make an HR professional's job easier and benefit an organization's bottom line, by reducing turnover rates and attracting the right talent. (Roberts, 2014). HR Technology. This article presents examples of success that employers such as AMC Theatres and Seaport Hotel & World Trade Center Inc., have experienced by using such tools. It seems the custom route (using the organization's own data), which is costly and includes identifying specific traits of a successful candidate for that particular organization, has had a positive impact on their recruiting efforts. It also discusses the challenges and limitations of assessment.

The article outlines many of the benefits of using prediction tools, yet the challenges and limitations stated are consistent with some of the other sources- "There is a science to predictive analytics, but the outcomes are not guaranteed" (Roberts, 2014). The goal of this source is to understand why so many large employers utilize behavioral assessments for their hiring process, and feel there is a return on the investment. This article is a good contrast to other articles about being cautious to utilize behavioral assessments for the hiring process. It is relevant because it speaks to the evolution of behavioral assessments with new technology, a custom approach, and the fact that some companies are now creating their own in-house assessment.

Another popular behavioral assessment tool, which is widely used in West Michigan, is the Kolbe Index. Kathy Kolbe, the founder of this tool, lays out the natural instincts that all humans possess, in her book *Pure Instinct: The M.O. of High Performance People and Teams*. Her assessment tool, the Kolbe Index, is used for

team building, individual counseling, leadership, and for employee selection. "It predicts how a person will initiate action, respond to situations, and prevent problems" (Kolbe, 2004, pg 120). She believes that everyone has a modus operandi (MO) that can be summarized into four different categories- Fact Finder, Follow Thru, Quick Start, and Implementer. These are not learned (cognitive) behaviors, but are instinctual (conative). Understanding your MO allows someone the "freedom to be yourself", which is her "definition of success" (page 13). She states "successful people are those who have found paths that allow them to pursue their instinctive powers freely without stepping on others" (page 13). The continuum of each mode ranges from prevention, to maintaining, and initiation. Each of the four action modes have 12 methods:

- Fact Finder: Simplify, Explain, and Specify
- Follow Thru: Adapt, Maintain, and Systematize
- Quick Start: Stabilize, Modify, and Improvise
- Implementer: Imagine, Restore, and Build.

Using this model can help organizations to find the right fit for their open positions.

Kathy Kolbe created "The FairSelection process" (page 138 – 141), a Kolbe report (currently referred to as the RightFit report), which consists of a computerized algorithm. The goal of this source is to better understand this tool compared to other widely used assessment tools available. This source may be biased, since Kathy Kolbe is the author and the President/CEO of Kolbe Corporation. Also,

many of her surveys have an extremely small sample size. (Waisel, 2013).

I believe Kathy Kolbe does have a tool that is useful in the workplace, but I'm not sure if it ensures that the right candidates are being hired for positions. It is simply one measurement and doesn't look at the cognitive skills, affective skills, or experience. I agree with many of her theories about how people instinctually operate and think it is an excellent team building tool, but many of her methods seem to generalize a person's way of thinking.

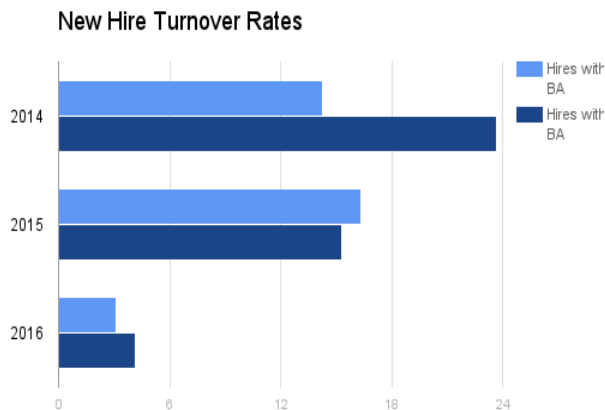
Behavioral assessments and personality profiles are increasingly being utilized as part of the hiring process, in the United States and globally. In a 2013 survey conducted of 237 companies of all sizes, about half of which are in the U.S., 52 percent of these companies used skill and knowledge (cognitive) assessments in hiring, and 38 percent used predictive behavioral assessments (Roberts, 2014). With many employers utilizing behavioral assessment results to make hiring decisions, there are a few important factors to be considered. Behavioral assessments are self-reported, so a candidate's answers can be faked, which will affect the results. Human Resources professionals should understand the low validity of using behavioral assessments for employee selection, and recognize that there are multiple steps and tools to be used in the hiring process.

In 2002, a study was conducted by Sara Rynes, Amy Colbert, and Kenneth Brown where they surveyed 1,000 HR professionals through Society for Human Resources Management (SHRM). (Colbert, *et. al.*, 2002). They conducted this study to determine whether the beliefs of HR professionals were consistent with established research findings on the effectiveness of various HR practices. They

surveyed 1,000 Society for Human Resources Management (SHRM) members — HR Managers, Directors, and VPs — with an average of 14 years' experience, and found that the area with the greatest disconnect was in regards to hiring assessments. Several studies since have explored why these research findings have seemingly failed to transfer to HR practitioners. Among the causes is the fact that HR professionals often don't have time to read the latest research; the research itself is often present with technically complex language and data; and that the prospect of introducing an entirely new screening measure is daunting from multiple angles. To help Human Resources professionals gain better knowledge in this area of their field, the SHRM Foundation published a practice Guideline, which is available on their website. The "Selection Assessment Methods" publication was designed to provide accurate and authoritative information regarding implementing formal assessments to build a high-quality workforce. One area of this publication was the applicant's reaction to being asked to complete a personality or behavioral assessment, and the "ease of faking" being of concern (Gilliland, 1995, page 48).

I was given access to a local municipality's hiring data, for the years of 2014 - 2016, so I could evaluate if there was a benefit to administering behavioral assessments in the employee selection process. I did make the decision to remove any seasonal and relief/on call positions that were filled, as the turnover rate for these types of positions are expected to be high and could potentially skew the results. Also, I only had the last four months of data for 2014 and the first six months of hiring data for 2016. I should mention that there were a variety of different departments and hiring managers involved in these hiring decisions, and not all of them placed the same amount

of weight on behavioral assessments when making their final hiring decisions. For the last four months of 2014, 14 hires were made with the use of behavioral assessments (BA), and 62 hires were made without these tools. In all twelve months of 2015, 49 hires were made with the use of BA, and 98 without the use of these tools. In the first six months of 2016, 32 hires were made using BA tools, and 48 without the use of BA tools. In determining whether or not these tools had a positive impact, I determined the success of these hires by their turnover rate (as of July 2016). In 2014, the turnover rate for those employees who had a BA was 14.29%. The turnover rate for those employees without a BA was 23.68%. In 2015, the turnover rate for those hires with a BA was 3.13% and those without a BA was 4.17% (see Graph 1).



*Graph 1: New Hire Turnover Rates with and without the use of behavioral assessment tools between the years 2014-2016.*

Surprisingly, there was a wide range of difference in turnover rate (9.39%) for the four months of 2014. Secondly, there was no pattern and no statistical significant difference over the three years of data,

which means we couldn't necessarily see a correlation between the use of BA and lower employee turnover. In 2014, there was a significant difference between those hires with and without a BA, so the data gave reason to believe that BA were a valuable resource in hiring for that year. However, in 2015, the turnover rate was actually higher for those hires with the use of BA. This was also the year with all twelve months of data, which we didn't have for 2014 or 2016. From the data collected for the first six months of 2016, almost half of the hires have had a BA involved in the candidate selection process, and there seems to be a 1.34% difference in the turnover rate, with the advantage of using the BA tools.

When reviewing the results of this data, it is important to consider the financial investment made by the employer to utilize behavioral assessment tools compared to the decrease in employee turnover. There is an initial investment in training Human Resources staff to use the tool, the time to implement this step into the hiring process, annual contract fees, and the cost to process each report (average of \$40/ assessment). Also, many employers offer training classes to their hiring managers, department directors, and workforce, to better understand and utilize behavioral assessment reporting.

We also examined the psychological aspect of these behavioral assessment tools. At the 2004 Society for Industrial and Organizational Psychology conference in Chicago, a panel discussion was held to discuss the issue of "faking in personality testing". This discussion was published as an article in which a number of issues associated with the use of self-report personality tests in personnel selection contexts. "Faking on self-report personality tests should be expected, and it probably cannot be avoided, although there is some

disagreement among the authors on the extent to which faking is problematic” (Morgenson, *et. al.*, 2007, page 720.). There was much debate on the effects of the low validity of behavioral assessments having a negative impact on job performance, once a candidate is hired.

If a candidate feels they are answering a set of questions to obtain a specific position, they may feel an internal pressure to answer such questions in a favorable way, even if it doesn't best describe them. This is opposed to requiring a current employee, who doesn't have anything at stake, to complete the same assessment. Research has shown that personality tests have very low validity for predicting overall job performance, regardless of faking on self-reporting personality tests. Some assessments, such as the Kolbe Index, state that their assessments cannot be faked, and that the results from a study conducted in 1989, at a “major educational institution”, demonstrated test-retest reliability of the Kolbe Index (Kolbe, 2004, page 319). In contrast, with cognitive ability tests, candidates must have the ability to recognize the correct answer. This concern has led researchers to provide warnings about personality tests for hiring purposes. “We suspect that the influence of motivational variables is much greater with interest in personality inventories than with tests of cognitive abilities”. (Morgenson, *et. al.*, 2007, page 242.)

Since the 1980s, there has been a dramatic shift in research activity around the area of behavioral assessments related to candidate selection or job performance (Roberts, 2014). It is possible that much of the research conducted may have been done as a way for the assessment tool vendors to market and sell their product. These assessment tools measure a person's strengths and abilities by looking into the

conative (instinctual) and affective (feeling) areas of the mind, versus the cognitive (thinking) part of the mind (Kolbe, 2004). Although there has been a lot of research in the area of behavioral assessment, the topic of validity in using these tools, for hiring purposes, is one without a lot of sound statistics.

The meta-analysis summary in tables 2, 3, and 4, of the Personnel Psychology article provide an overall summary of validity of cognitive and personality tests. The cognitive ability measures predicting proficiency criteria, shows the median uncorrected validity of .20 as compared to .10 for personality measures predicting proficiency criteria. As the data shows, the validity of personality tests is much lower (or half) when compared to the use of cognitive testing. This fact calls into question the use of behavioral or personality testing at all for hiring purposes, even if the tool is well known and researched (Morgenson, *et. al.*, 2007, page 697).

The Myers-Briggs Type Indicator (MBTI) is one of the most frequently used assessment tools and has been around since the 1940s, so many researchers and scientists have brought into question the validity of this instrument in regards to occupational outcomes (Boyle, 1995). He argued “At this time, there is not sufficient, well-designed research to justify the use of the MBTI in career counseling programs. Bjork and Druckman also pointed out “the instrument's popularity is not consistent with research evidence” (Bjork, *et. al* 1991). Much of the current evidence is based on inadequate methodologies. “Even with these concerns around the validity of assessment tools, employers continue to utilize them as a way to gain insight into their job candidate's mind and personality. The DiSC assessment is also well known and used across many industries, and has

been around since the mid-twentieth century. It is highly popular due to it being “one of the most user-friendly assessments available” only requires 10 to 15 minutes to complete, and is less costly than other assessment tools. (Wolfe, 2011). However, Ira Wolfe (2011) states that “DiSC is not a good predictor for job skills”, and should be used “in conjunction with other hiring tools...or not at all” (page 3).

Many of these assessments are used in combination with other tools that test a person’s knowledge and skill in a certain area, as well as conducting face-to-face interviews. Kyle Lagunas, a talent acquisition analyst at Brandon Hall Group defines a behavioral assessment as “a systematic evaluation of candidate personality profiles used to gauge the viability of a candidate based on things like culture fit, work style and potential” (Roberts, 2014). As Lagunas notes in a recent blog, “2013 saw a spike in the number of candidate assessment solutions...many of which specialize in profiling candidate personality and evaluating key performance indicators like culture fit and team fit”. Although the popularity of utilizing behavioral or personality tests as part of the employee selection process have increased, many Human Resources professionals recommend using them cautiously and state that these tests alone are not enough. “Testing is not a magic one-stop solution, warns Annette McLaughlin, vice president of talent, coaching and outplacement for Response Corporation (McLaughlin, 2011). She outlines the steps as follows: review the candidate’s resume, application, conduct interviews (minimum of three, including a phone interview), verify employment and credentials, Process a criminal background check (if required) and reference checks (minimum of two), verify income (if a finance related position), process a

behavioral assessment tool, and hold a team meeting. She advises that the behavioral assessment should occur mid-process.

If Human Resources professionals do utilize these assessments as part of their hiring process, it is important that they are properly trained to administer and interpret the information correctly. Elaine D. Pulakos states “unfortunately, many HR professionals have misconceptions about both the value of formal assessments and the types of assessments that have proven to be most effective. This, coupled with the fact that the area of selection testing is inherently technical and difficult to understand, has led to an underutilization of formal assessments in organization” (Pulakos, 2005).

Many employers prefer to tailor their assessments, which is a common option with the current generation of tools. The amount of customization can vary, depending on the needs (and budget) of an organization. As discussed in the *Make Better Hires with Behavioral Assessment* article, the amount of customization varies, but large companies like IBM have begun building tailored assessments from their own data (current employee information, performance reviews, etc... (Roberts, 2014). This is a very costly investment that many organizations are unable to make. Kolbe offers a “Right Fit” report, which isn’t necessarily a custom assessment, but is a more affordable option. The Right Fit report consists of scoring three separate assessments- a Kolbe A Index completed by the candidate(s), the supervisor/manager’s own Kolbe A Index, and a Kolbe C Index, which is also completed by the hiring manager on the needs of their open position and department. These three factors are all part of an algorithm to rank a candidate for the job, and offer a letter grade. Kathy Kolbe advises employers to avoid hiring candidates who score less than a B on the Right Fit



report (Kolbe, 2004). Although Kolbe has conducted case studies to test the reliability of this report, there are many other factors that can affect the success of an individual hired for the position. Tools such as the Right Fit should be used with caution since it is only one measurement, does not look at other factors such as cognitive and affective skills and abilities, and is based on the idea that candidates are answering the questions honestly. It should not be the sole factor in reaching a hiring decision.

There seem to be gaps in the research because there are many different types of assessments available, and measuring their effectiveness against one another is extremely difficult. Again, much of the research has been conducted, and possibly funded, by the companies themselves (Kolbe, Myers-Briggs, etc.). Many Human Resources professionals are blindly enthusiastic to use these tools, without doing their research. Also, many organizations administer these assessments without a full understanding of how the tool should be used. The real indicator of a behavioral assessment's value, in the hiring process, can be found in an evaluation of the hired employee's job performance, ability to interact positively with others, and job retention.

### **Conclusion**

Based on this secondary literature analysis, and analysis of existing hiring data, I conclude that too much weight is being placed on the results of behavioral assessments in regards to making important hiring decisions, especially since the validity of these assessment tools are quite low and data doesn't support the original claims. There are several other steps, as part of the hiring process, that add more value. Behavioral assessment tools are better utilized as a way for existing employees and

leaders to gain deeper understanding of their skills and abilities, and for team building purposes. There are also many other factors, outside of personality or behavior (poor supervision, life events, the economy, etc.), that impact employee performance and employee turnover rates. I believe many assessment tools are highly valuable for employee growth and succession planning, but think asking candidates to complete an assessment, with a job on the line, is an ineffective approach to obtaining insight into their character, emotional intelligence, and instincts. In conclusion, I don't recommend using behavioral assessments as part of the employee selections process, unless an employer is able to invest in a customized approach, using their own data collection. Otherwise, behavioral assessments should only be given to existing employees, who will be free to answer the questions honestly, and find the report useful to their success within their position, department, and team.

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