Executive Summary

There is a growing trend to hire a candidate that possess the behavioral attributes needed to be successful in the organization. Behavioral assessments can help identify the applicants that are better suited for the job based on their skills and behavior. There are several behavioral assessments that are available for Human Resources professionals to choose from. It is advantageous to use behavioral assessments in the hiring process as a selection tool because the results provided by tests are valid and reliable. Secondly, the tests are designed to be in compliance with regulations set by government entities. Lastly, by implementing behavioral assessments in the hiring process, organizations can increase their profitability as it reduces turnover and increases employee engagement. However, there are a few disadvantages to using behavioral assessments. There is still reliance on traditional hiring practices which focus on education and previous work experience. This proves to be a hinderance as HR professionals and hiring managers in such organizations do not perceive behavioral assessments to be a helpful tool. Lastly, the high costs associated with implementing and maintaining the behavioral assessment also deters organizations from utilizing this tool. The HR department at Michigan Legacy Credit Union has implemented the Predictive Index behavioral assessment as a part of their hiring process. However, due to the excessive cost of training, not all management level staff is trained on using this tool. It is recommended that Michigan Legacy Credit Union invests in training its management staff in order to fully utilize the behavioral assessment tool.
Advantages and Disadvantages of Utilizing Behavioral Assessments When Selecting Personnel

MSA 698 Directed Administrative Portfolio
Central Michigan University
Professor Michael Dillon

Vishakha Datar
Human Resource Administration

May 26, 2018
Table of Contents

<table>
<thead>
<tr>
<th>Section</th>
<th>Page Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Introduction of the Problem</td>
<td>5</td>
</tr>
<tr>
<td>Advantages of Utilizing a Behavioral Assessment</td>
<td>6</td>
</tr>
<tr>
<td>Disadvantages of Utilizing a Behavioral Assessment</td>
<td>9</td>
</tr>
<tr>
<td>Utilization of Behavioral Assessment at Michigan Legacy Credit Union</td>
<td>10</td>
</tr>
<tr>
<td>Conclusion</td>
<td>11</td>
</tr>
<tr>
<td>References</td>
<td>12</td>
</tr>
</tbody>
</table>
Introduction of the Problem

Evolving workforce and shifting industry trends has made onboarding an expensive process for organizations. The process demands valuable time and resources, which can affect an organization’s profitability. Mistakes made in personnel selection can burden the company with training and development along with turnover costs, which can negatively impact employee morale and productivity. However, personnel selection is often a tight rope walk for Human Resources (HR) professionals as it requires maintaining compliance with government regulations about hiring processes while trying to identify candidates that are most suitable for the job in the fastest way possible. Utilizing pre-employment testing mechanisms, such as behavioral assessments, can help Human Resources (HR) professionals strike that balance.

Behavioral assessments are not a new phenomenon. Empedocles and Hippocrates first introduced the idea of grouping people’s behaviors into categories back in 450 B.C. (Martin, 2014, para 9). Since then the assessments have evolved into a scientific process that has been tested for validity. Today there are several different versions of behavioral assessments that are designed to study several variables using different methods.

Even though behavioral assessments are proving to be a valuable tool in the personnel selection process, traditional hiring practices are still prevalent. However, there has been a steady increase in the use of behavioral assessments in recent years. This is due to the changing trends in hiring criteria that now focus on hiring candidates with characteristics that fit the workplace culture and environment instead of hiring candidates with specific technical skills, expertise, and intellect. This is also reflected in “job postings that indicate employer’s pursuit of personality-driven factors in their would-be staffers, including social skills, initiative, creativity, and flexibility. And they seek these qualities at least as often, if not more…” (Lahey, 2015, p.109).
With an increased focus on hiring candidates that possess the soft skills necessary for a job, utilizing behavioral assessments is becoming a popular trend. Behavioral assessments offer several advantages however, it does not provide an ultimate solution to the personnel selection process. The advantages, disadvantages, and limitations of behavioral assessments are discussed in the subsections below.

Advantages of Utilizing a Behavioral Assessment

Validity of Behavioral Assessments

There are several assessments that are available to HR professionals to make their personnel selection decisions. However, not every assessment provides quality results as the test design lacks validity. Validity is defined as “the overall evaluation of the degree to which empirical evidence supports the use of the assessment procedures used” (Stage, 2000). Validity of the behavioral assessment is important if the test fails at accurately measuring behavioral attributes or inherent characteristics, the data gathered from these tests can be skewed, which can lead to bad hiring decisions. Behavioral assessments have a stronger validity. According to David Lahey,

“Behavioral assessments are accurate predictors of human behavior. They give insight into how a person will behave over the long haul, and so have much to offer supervisors in charge of a body of personalities, each with its own unique dimensions and descriptors. Data eliminate guesswork and provide concrete “intel” on an individual’s unique dynamics” (Lahey, 2015, p. 110).

HR professionals need to research the behavioral assessment and study the technical documentation that details “what the test was designed to measure, what group it was tested with and what workplace behaviors it can predict…” (Meinert, 2015). It is crucial to use properly
vetted and validated behavioral assessments in the recruitment process so as to avoid future ramifications.

Another advantage of using behavioral assessments in the hiring process is that the tests are not only valid, but they are also reliable. A common criticism of behavioral assessment is that “…they tend to be highly transparent, enabling a test taker to manipulate the results in a way that they feel will be viewed favorably by the administrator” (Martin, 2017, para 11). However, there are tests which the applicants cannot easily cheat or manipulate. Behavioral assessments, such as Predictive Index test, are difficult to manipulate because “… free-choice assessments are arguably more difficult to cheat than many forced-choice assessments. Even if you try to game them by selecting options that portray what you think the employer is looking for, your selections are still based on your own perceptions which likely vary from the employers” (Fortin, 2017).

Since, the results of the free-choice assessments, such as the PI Behavioral Assessment, cannot be altered, they prove to be a better, more reliable choice for personnel selection.

**Legal Implications of Utilizing Behavioral Assessments**

There are several legal implications that HR professionals need to take into consideration before choosing a behavioral assessment for the personnel selection process. Behavioral assessments should test for specific behavioral attributes needed for the job. HR professionals need to be aware about exclusion criteria as “Employers also can be held liable if the tests they use inadvertently exclude groups protected under Title VII of the Civil Rights Act of 1964” (Meinert, 2015). If behavioral assessments do not meet the guidelines, it can pose legal risks for the organization. Most assessments, such as the Predictive Index behavioral assessment, do not have any legal consequences as it “complies with U.S. Equal Employment Opportunity
Utilizing Behavioral Assessments

Commission (EEOC) guidelines because it is a “free-choice tool,” in which individuals choose the words that best describe themselves as opposed to being limited by multiple-choice answers…” (Meinert, 2015). Since behavioral assessments meet the guidelines and expectations set by the government, HR professionals can utilize this tool without the fear of legal ramifications such as discrimination and exclusion.

**Profitability of Behavioral Assessments**

It is important for employers to choose the correct workforce as it can have long-term impact on not just the work culture, but also on the company’s economy as organizations invest significantly in their human resources. Behavioral assessments can provide HR professionals “a comprehensive snapshot that offers up valuable scientific data that managers might apply in the hiring, coaching, training, and general oversight of their human resources” (Lahey, 2015, p. 108). This helps hiring managers narrow down their pool of candidates and eventually pick the candidate that is best suited for the job and also for the department’s culture. According to Boudreau (1988), “…the economic impact of improved selection might well surpass many more traditional investment opportunities, such as plant, equipment, marketing, financial, etc” (p. 22). The consequences of investing in a bad hire can create toxic work environment and also prove to be expensive for the organization (Lahey, 2015, p. 108). Implementing behavioral assessment tools in the hiring process can help reduce turnover. A study conducted by the Society for Human Resource Management (SHRM) showed “After integrating an online application tool with a 20-minute behavioral assessment, the company reduced its already-low two-digit turnover rate to a single digit…” (Roberts, 2015). Behavioral assessments can also be used for promotions and career-pathing, which can improve company metrics such as customer satisfaction, employee engagement and revenue generation (Roberts, 2014). Behavioral assessments not only
aid in human resources processes by identifying the best suited candidate for the job, but also contribute to the overall economic health of an organization.

**Disadvantages of Utilizing a Behavioral Assessment**

**Cost of Implementing Behavioral Assessments**

One of the main disadvantages to utilizing behavioral assessment is the cost associated with implementing and maintaining the tool. As with many of the HR programs and initiatives, “… the resources used to support human resource programs/processes could also be used to buy new equipment, pay stock dividends, or purchase raw materials” (Boudreau, 1990). Since the HR department is not an income generating department in the organization, it is difficult for HR professionals to justify implementing expensive solutions, such as behavioral assessments, “… even when they offer very attractive organizational payoffs” (Boudreau, 1990, p. 1). In addition, there are maintenance, upgrades, and training costs that are also associated with such tools. In order for behavioral assessments to be used in the hiring process, recruiters and hiring managers need to be trained on administering the test and interpreting the results to make hiring decisions (Weeks, 2013). In addition, all managers need to be trained on utilizing the tool for employee development and career-pathing (Weeks, 2013). Trainings can be expensive, time-consuming, and add to the overall implementation costs. According to Weeks (2013), “The rising costs of HRIS and the related software are a leading cause for many organizations to reconsider the need to make such large investments…” (p. 40). Organizations often look at the up-front costs of implementing such tools and get discouraged looking at the price tag even if the investment would prove to be beneficial in the long run.
Preference Towards Traditional Hiring Practices

There are HR professionals and hiring managers who prefer using traditional hiring practices as a part of their personnel selection process. Even though the trend has been shifting more towards hiring personality and behavioral attributes that are better suited for a position, there is still a segment of people who prefer to focus on skills. As a part of the traditional hiring practices,

“… hiring managers and HR professionals tend to rely too heavily on education, past job experience and previous job titles when recruiting rather than gauging whether such candidates will actually be able to perform in a specific position or within the culture into which they’re being hired” (Krell, 2015, para 15).

With a preference for traditional hiring practices, HR professionals and hiring managers are less inclined to utilizing a behavioral assessment, which they view as an unnecessary expense. This is one of the biggest disadvantage as it is difficult to change the traditional mindset and to get these professionals to adopt a new tool.

Utilization of Behavioral Assessment at Michigan Legacy Credit Union

Michigan Legacy Credit Union (MLCU) has been serving its members in the southeast Michigan region for over sixty years. MLCU has more than 21,000 members and $180 million in assets. Headquartered out of Pontiac, Michigan, the credit union has six branches in the metro Detroit region with a staff of 105 employees. The hiring process at the credit union involves completing a behavioral assessment. The HR team at the credit union is responsible for administering and interpreting the test results.

The credit union has implemented the Predictive Index behavioral assessment in their personnel selection process. The biggest advantages of using this test are its validity and its
compliance with government regulations. The results provided by the test are accurate and help identify behavioral characteristics and cognitive ability, which helps the HR team make hiring decisions. In addition, the Predictive Index test is in compliance with the regulations set by government entities such as the Equal Employment Opportunity Commission (EEOC). However, the organization is not currently utilizing the assessment to its fullest capacity and is therefore not benefitting from it as much as it can.

Even though the credit union is adopting new hiring techniques, the cost of training limits the use of behavioral assessment results to just hiring practices. Since the credit union is a smaller organization that is not for profit, it currently cannot justify investing in training management level staff on the Predictive Index test. At present, only the two HR professionals in the organization are trained on administering and analyzing the Predictive Index assessment. This is disadvantage to the credit union as the assessment is only being used as a hiring tool whereas, it can also be used for employee development. The credit union will need to get its management level staff trained in order to fully benefit from the behavioral assessment.

Conclusion

Behavioral assessments are valid and reliable personnel selection instrument that provide insight into applicant’s behavioral attributes. HR professionals can use this data to match the applicant with the correct behavioral attributes to the correct position within the organization. Most assessments comply with the government regulations. Utilizing behavioral assessments can increase profitability as it can improve company metrics such as customer satisfaction, employee engagement, and revenue generation. Despite the disadvantages, such as high implementation costs and reliance on traditional hiring practices, behavioral assessments prove to be an advantageous tool for personnel selection and development.
References


http://digitalcommons.ilr.cornell.edu/cahrswp/443


http://digitalcommons.ilr.cornell.edu/cahrswp/383


