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The myths and realities of psychometric testing

Selecting the best psychometric testing tool for your organisation from the many available can be fraught with difficulty. Dr Paul Englert, Sarah Burke and Teresa MacGregor uncover the myths surrounding testing and outline the realities.

Psychometric testing (personality and ability testing) is increasingly used to select the right candidate for a job. Indeed, an article on selection practices in *Personnel Psychology* found the level of testing in New Zealand is greater than in all but three other countries.

The corollary of this is that an increasing number of organisations must be either outsourcing or purchasing testing materials from the numerous test providers now operating in New Zealand. Judging the quality of a psychometric test is, however, a difficult task and without specialist training in the area of psychometrics, buyers of psychometric tests or testing services may have trouble discerning quality and differentiating test providers.

Companies distributing psychometric tools employ a range of 'sales techniques' to improve the perceived value of their products. Many of these do not address the true issues that end-users, such as HR professionals, should consider when deciding on one test suite over another. This article uncovers the myths and realities surrounding the assessment testing industry and provides HR professionals with information needed to make sound decisions on the use of assessment tests in their organisation.

Myth 1: Good quality psychometric tools must be expensive.

Reality: Psychometric tools are often expensive simply because, in the past, there has been little competition in the New Zealand

marketplace. There is no reason why psychometric tools need to be expensive. Once developed, the overhead for assessment testing is not large and the cost of ongoing development requires only time and the employment of suitably skilled individuals to continue research. If we look beyond New Zealand at more competitive markets, the costs for developing psychometric tools are recouped primarily by longevity and usage volumes, not high price structures. Any company whose prices are well and truly above those of the competition is likely to have been a monopoly player in the past. It will continue to play from this position until competition slowly erodes the market advantage it had from being first off the block.

Myth 2: Being a dominant player in the market means a test provider is the best.

Reality: Dominance does not, in itself, guarantee the best quality. Often, it has come about because a company was the first to market and its name has, accordingly, become synonymous with psychometric testing. A dominant player in the market means subsequent competitors have to overcome two interrelated obstacles to consumer behaviour: inertia against change and market share. Psychological testing is like banking, people change their provider only rarely. The customer will complain about the costs, level of service and hidden fees but, in reality, it's often too much trouble to change. Potential new customers, however, do not have to overcome a resistance to change and are more open to decisions based on merit and value. Citing market share is a ploy to sell a product and it works on the philosophy of "If it is good enough for them, then it is good enough for me."

Myth 3: Predictive validity studies demonstrate the usefulness of a tool for all organisations.

Reality: Predictive validity studies—referring to the ability of a psychometric tool to predict some future measure such as job performance—primarily demonstrate the usefulness of a tool for the particular organisation in which they were conducted. Meta-analyses are the most powerful demonstration of general usefulness.

The question to ask is: "How do we use predictive validity to assess the usefulness of a tool for our organisation?" To demonstrate the usefulness of a test, it is important to evaluate it against your own criteria, rather than blindly accept the validity studies produced inside other organisations that may have little similarity to your own. Some test producers use dubious predictive statistics primarily because the people they are selling to are not statisticians and therefore have difficulty determining the value of the information they are reading. Issues with respect to sampling error, the application of significance testing, and the promulgation of misleading correlation data all contribute to the weakening of predictive data for any one

organisation. To ensure predictive validity studies apply to your organisation, you need to:

1. Check that a test has some relationship to performance. This is a starting point, like a tick on a checklist. To be of value, a test used for selection must predict the world of work. Also, check any meta-analysis research that combines single tests into joint studies. Does your test relate to the types of tests that were used in these studies? If so, we can infer a degree of predictive validity for the tool, given it has been constructed well.
2. Develop your own in-house study. This can be done by using a testing system that stores your data and enables it to be correlated with job performance.
3. Develop a multiple regression equation. This will give you weightings to apply to test scores so that *you* can make predictions of performance.
4. Plug the test scores for one individual into the regression equations that come out and you will have a useful guide for your selection. All of this, by the way, can be done in-house in less than five minutes with the appropriate assessment software that allows you to make strategic rather than transactional decisions on the basis of assessment data.

The following quote from an informed test user demonstrates what predictive validity should be used for: "Predictive validities shown by test producers are only good for demonstrating that the test has some utility for predicting work in general. It is a starting point not an end point for HR professionals. It provides the necessary support to then trial the tool in your organisation to demonstrate its predictive validity for you."

Myth 4: Psychometric testing is a transactional service.

Reality: Psychometric testing is a strategic initiative. Its value comes primarily from having collected a lot of data and then using that data to model performance. Test providers have done a disservice to HR professionals by not giving them the capability to collect their own candidate data for later use. In real terms, this means that most organisations have little empirical data about what predicts performance inside their organisation—despite paying thousands of dollars for assessment testing services over many years. This is an injustice. It is equivalent to having a cash register that only holds the last transaction and does not feed a database of sales over the last month or year, etc. How useful is that?

Myth 5: Psychometric testing is the domain of psychologists whose main interest is in furthering the discipline of psychology.

Reality: Psychometric testing is too often the domain of business people interested solely in making a profit. In recent years, we have seen an infiltration of organisations funded not by psychologists

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but by capital venture firms and large corporate backers. These stakeholders know little about testing and, while they may get a few quick wins on the board, they tend not to translate their investment into long-term returns. Indeed, the psychologists in those teams may even be the casualties. Issues of psychometric robustness are slowly being eroded as tests are supplied over the internet to anyone, without suitable training, or produced without any validation data available.

Myth 6: Good psychometric tests are made by psychologists.

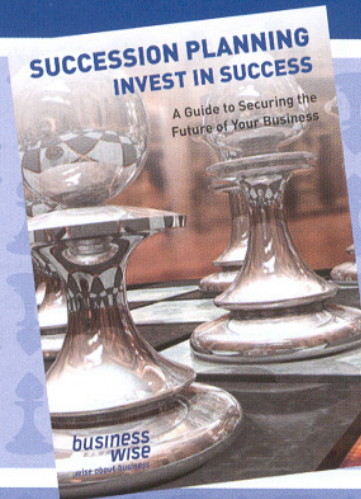
Reality: Psychologists use the tools, but good psychometric tests are made by psychometricians—ie, those people who have the necessary skills to make meaningful psychological measurement possible. Be aware that anyone can call themselves a psychologist. Only the term ‘registered psychologist’ indicates a person whose actions are governed by the Psychologist Act of 1981. Moreover, psychologists qualified in one field can switch to another, eg, occupational psychology and HR, without retraining or any in-depth induction. They can do this because the legislation still does not differentiate between types of psychologists.

Myth 7: Putting a test on the internet is difficult and that is why few people offer it.

Reality: Putting a test up on the internet is easy. The internet provides convenience in many situations and has obvious popular appeal today. Some test providers have prospered in the e-commerce environment and some have not. Psychometric test interpretation relies on standardised testing conditions. Instruments used for the purpose of self-assessment by the individual have been relatively easy to mount on the internet (eg, career or wellbeing assessments). In staff selection, however, standardisation means that a more controlled testing environment is required and a range of other factors need to be addressed, such as the identity of the respondent and the like. Other issues such as restricted access and data storage also need to be addressed. If one wishes to lift testing from a transactional to a strategic level, authorised access to test data for statistical analysis is a priority. These are but a few of the issues that need to be addressed for reliable, valid, ethical psychometric testing over the internet. That is why discerning providers have been careful and deliberate in their preparations and processes before making psychometric tests available on the web. **et**

Part II of this article will appear in the next issue of *Employment Today*.

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