

# Should We Use Assessment for Internal Applicants?

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## A complicated question

Whether or not to extend an assessment program used for external candidates to internal candidates applying to the same job is a complicated question and deserves careful consideration. There is no black-and-white clear cut correct answer; there are pros and cons to any approach. The purpose of this paper is to discuss the pros and cons around different answers to this important question and to present the approach that Select International's experts endorse as their leading recommendation.

## "We don't think we should test internals"

This is a common position when this question arises that Select International has discussed with many clients across industry, organizational size, and recruiting volume. Typically, organizations adopting this policy feel that it is unfair to make current employees take an assessment, particularly if they are applying for a job that is similar in nature to the job they currently hold. This is often the case when job candidates are seeking to transfer to a new location or to transfer to a similar position in a different department. Additionally, there is often the perception that if the employee is performing at an acceptable level now, they would likely continue to do so in the new role, so there is no need to test him or her.

While this approach seems logical, it presents some challenges. Most importantly, while a current employee may be performing acceptably on the tasks required in their current role, they may not possess the unique culture fit required in the environment. As research suggests, culture fit or motivational fit is often the most important predictor of future turnover. If a candidate is not assessed for fit within the new culture, they can find themselves in a situation where they feel like "a fish out of water" in the new environment and ultimately turnover or otherwise regret their decision to move.

In this regard, it is actually to the internal applicant's benefit to complete an assessment and consider culture fit prior to moving to a new role. By assessing for the functional competencies pre-hire, a lot of heartache can be avoided when the fit is not what the incumbent expected.

Additionally, as we all have experienced, sometimes a current employee is not exactly the type of person we may envision in a new role. If the only decision factor in considering internals is a subjective evaluation of a person's current performance, critical deficiencies in their behavior can be overlooked. While it would be nice if it were true; unfortunately, not every current employee is the type of performer that we want to continue to provide opportunity to or even advance in the organization.

## "Current performance is irrelevant; we trust our test"

At Select International we certainly agree that a well developed assessment of candidate behavioral tendencies is a highly predictive indicator of future behavior. Occasionally, we have clients believe in this idea so much that they rely on assessments completely, even when considering internal candidates for new positions.

To be sure, there is value in this approach. Research shows that assessments are more objective and reliable than consideration of current performance. Performance evaluations can be biased and the goals adopted by raters are not always to rate accurately. Rather, when a performance evaluation is made, it is based on the message the rater wishes to communicate about the target's performance. This message sometimes has nothing to do with actual job-related behaviors. An extreme example: supervisors from time to time will rate employees high, in hopes that an employee will get promoted out of the supervisor's unit. Particularly, when these extreme performance evaluation biases may be at play, relying on current performance to dictate selection decisions falls far short of the predictive power of a well developed assessment.

On the other hand, using an assessment only can create political problems for the organization. While assessments have become commonplace in today's organizations, from time to time, we encounter workers that are apprehensive about assessments or feel that it is unfair that they should have to test when they have been working there for ten years.

Whether or not we agree with the perception of the incumbents, we do have to acknowledge that they hold this opinion. Consequently, if an organization is to rely solely on an assessment in making decisions about internal selection, there may be some negative feelings created by the selection program.

## So where does this leave us?

A summary of the dilemma:

- Not testing internal candidates can cause us to make selection decisions based on unreliable subjective data and may lead to an increased turnover risk due to the lack of culture-fit evaluation in the selection process.
- Relying only on an assessment ignores a potential track record of successful job behaviors that can and should be leveraged in the recruiting process.

Again, this is a complicated question with no clear “right” answer. One research finding that Industrial/Organizational Psychologists repeatedly rely on in the area of predicting job performance is the mantra that *“the best predictor of future behaviors are past behaviors in a similar situation.”* As a wise person once said, “A cheetah doesn’t change his spots.”

This well researched finding applies to the current question in a very important way. As discussed above there are pros and cons to relying solely on either source of information. While neither source is perfect, BOTH sources of data are informative and BOTH sources of data provide information about past behavior in a similar situation. Consequently, Select International recommends a hybrid approach.

## The best answer: LEVERAGE ALL POSSIBLE DATA AVAILABLE

It is beyond the scope of this brief article to review the cost of a poor hiring decision, but it suffices to say poor hiring decisions are expensive enough to be avoided at all costs. Organizations are well served to leverage all possible predictors that can help prevent poor hiring decisions. At Select International, we are upfront with our clients that there is no such thing as a perfect predictor. No evaluation methodology (e.g., assessments, interviews, performance ratings) is a perfectly reliable indicator of future behavior. Consequently, when we build selection systems, we assess behavioral tendencies through multiple modalities. Even within our assessments, we capture behavioral tendencies through multiple modes of measurement. When we build interview guides, we make sure to cover the most important competencies that are also captured in the assessment.

The idea here is that we know that no single behavioral indicator is perfect; so for those particularly important competencies, we endeavor to capture multiple indicators.

This philosophy ties in perfectly to the question of whether or not we should test internal applicants. **If it is our desire to create the most consistent, objective, and predictive selection decision possible, then the best approach to doing so is to consider both assessment data and current performance data.** More simply, if we know that neither approach to measurement is perfectly predictive, why not aggregate the two data sources to maximize the predictive power inherent within both data sources? It is true that there is error in performance evaluations and it is true that a thirty minute assessment does not capture the value of actual time spent on the job. By combining the relative strengths of these different data sources, a selection program for internals can be created that leverages “the best of both worlds.”

## What does a hybrid approach look like?

No two internal testing programs look exactly alike. It depends on the past performance data that is available, the degree of similarity between the current environment and the new environment, and the quality of the performance rating data. Select International works closely with client organizations to devise the right data aggregation approach for the situation. Still, there are certain commonalities in these systems that are useful in describing the approach.

Typically, our assessments yield a recommendation in one of four categories. This recommendation is based on responses to scales measuring competencies determined to be predictive and job-related. Next, performance information is collected about the job applicant. This information is developed to measure behaviors common in both the applicants’ jobs and the current job the organization is hiring for. This performance is then scored based on an objective standard developed by the project team to serve as an indicator of past performance. This indicator is then applied to the recommendation in the assessment. For example, the indicator may suggest a “+ 2 recommendation” for an extremely strong performer. In this case, the assessment recommendation would be increased by two categories based on past performance. This approach not only allows both assessment data and performance data to exert influence on the hiring decision; but also, it does so in the most reliable, predictive, consistent, and legally defensible manner.