ASSESSMENT CENTRES: AN EFFECTIVE TOOL FOR COMPETENCY DEVELOPMENT

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ABSTRACT
Assessment Centre methodology is a unique tool for identifying key competencies of employees. Extensive Literature Review suggests that assessment centers are a globally valid and reliable method to analyze and predict future potential of candidates. The validity of assessment centre methodology remains high across the globe and among all the levels of personnel within organizations. The validity of assessment centre methodology has been rated to be quite high. However, assessment centre methodology also faces quite a few challenges as well. The literature suggests that assessment centre methodology is an effective tool for potential assessment in organizations across sectors and countries despite the challenges faced by them.

Keywords: Assessment Centre Methodology; Competency; Personnel Management; Performance Management

INTRODUCTION
An assessment centre is a process which applies various exercises to measure desired competencies. Assessment centre methodology was first used by the German military (Byham, 1980) to identify their future commanders; since then, it has been emulated by the British and American forces as well. The first private organization to utilize the assessment centre practices was AT&T (Thornton and Byham, 1982). The AT&T experiment provided future researchers with a storehouse of data which could be used to make well-founded predictions about candidates. Since, the assessment centre methodology has seen wide-spread utility and demand in various private and public organizations and has found use in many processes of selection, recruitment, training and promotions.

Assessment Centre utilizes a multiple level assessment process to identify key competencies of a candidate. It makes use of multiple trained assessors who are either psychologists or managers within an organization. The behavioral requirements of each job position/role are evaluated and the ‘benchmark’ is set. The candidate is then tested through various methods and his/her behaviour is observed, analyzed and mapped with respect to the benchmark. If the candidate does not meet the acceptable ratings with respect to the benchmark it is regarded as a gap or a developmental area. This profiling supports managers in identifying the developmental needs of his employees.

The assessment centre methodology is unique in the sense that it provides a structured developmental plan of action for candidates which enables better performance in the future. It is unique in the sense that it does not let factors such as age, sex, race, gender etc. influence its fairness and objectivity.
Thornton and Byham, 1982). The assessors help identify not only the strengths and weaknesses of an employee, but also the areas where further development is possible. This particularly facilitates the speedy development of a candidate. It is beneficial for the organization as well because it allows them to provide future training with specific areas in mind. Assessment centre feedback allow for clearer definition of future developmental actions with greater accuracy.

The conventional methodology to identify and promote candidates is based on ‘past performance criteria’. The conventional methodology has its limitations and time consuming. However, the assessment centre methodology is scientific and statistically valid and so is most useful to make objective, accurate and valid decisions with respect to the potential of the candidate. Such a unique methodology can prove to be detrimental in the present scenario. It can easily be the difference between success and failure.

A thorough literature review on all relevant aspects such as assessment centre, competency, their history and evolution, uses and practices on global and national levels of these concepts has been conducted and insights are gained on how the process works and are used currently among organizations.

REVIEW OF LITERATURE

A detailed review of literature has been conducted over the key aspects of the research problem. A quick review of the largest database EBSCO reveals that there are a total 17,652 articles on assessment centres. Of these, there are 10,343 peer reviewed articles on this subject. Leadership development and assessment provides the greatest number of results viz. 29,266 of which 8,088 are from peer reviewed journals and 6,147 from reputed magazines. The concept of competency identification yielded the least amount of results. A total 492 results out of which 275 are from peer reviewed journals. Together, the above information provides an idea about the research conducted in the space of competencies and leadership development. This study enables the identification of an appropriate methodology and key competencies associated with leadership. It attempts to identify the important competencies related to Leadership Potential and study the assessment and development of these competencies using assessment center methodology.

OBJECTIVES OF THE STUDY:

1. To study the evolution of Assessment Centers as a trusted methodology for competency assessment.
2. To assess the capability of Assessment Centers as a tool for competency assessment / development.

3. To suggest a model to analyze the effectiveness of Assessment Center Methodology.

What is an Assessment Center?

An assessment center makes use of various methods to identify and incorporate data related to the competencies of an individual. Competencies are defined as, “A combination of motives, traits, self-concepts, attitudes or values, and content knowledge or cognitive skill, or any individual characteristic that can be reliably measured or counted and that can be shown to differentiate top performers from average performers” (Spencer, McClelland, and Spencer, 1994). It is a written description of measurable work habits and personal skills used to achieve work objectives (Green, 1999); also it is any knowledge, skill, ability, or other characteristic associated with high performance on a job (Mirabile, 1997) or an observable, behavioural capability that is important for performing key responsibilities of a role or job (Schippmann, et al., 2000).

History and Evolution of Assessment Centers

According to Bray et al. (1974), the assessment centre method was first used by AT&T Management Progress Study to evaluate candidates. The participants assessed followed the development of candidates who newly entered management as college recruits or after they were promoted from the ranks (Bray, Campbell, and Grant, 1974). Howard (1974) prescribes; the original industrial experimentation with assessment centre techniques at AT&T was research-oriented and designed to follow the development of managerial personnel. The use of assessment centers was gradually expanded to include areas other than management, such as sales, engineering, and revenue agents and auditors (Howard, 1974). In the United States, assessment centers were initially used by the Office of Strategic Studies to select spies during the Second World War. Subsequently the application of assessment centers caught the attention of private corporate sector, especially the giant American Telephone and Telegraph Company (AT&T). AT&T began using assessment centers for management selection in 1956, as well as Standard Oil Ohio, IBM, Sears and General Electric (Thornton and Byham, 1982) and were followed by companies like World Trade, Shell (Brazil), and countries such as the Canada, England and Australia started using assessment centre approach for recruitment and selection.

Assessment centers have been used for many purposes in the corporate world. Originally developed for selection of management personnel, the process has been used for candidate counselling, management development, and organizational development. Once installed only in large organizations...
such as Shell (one of the pioneers in using assessment centers) with great manpower needs, the method has been used successfully in civilian and military agencies, universities, and in many smaller organizations (Byham, 1980).

Assessment centre method is uniquely fair because of its emphasis on actual behavior rather than psychological constructs. The assessment centre method generally is seen as more fair and objective in terms of gender, race, and age than other methodologies (Byham, 1986). The AT&T study concluded that 70% of the total candidates were correctly assessed using this method (Howard, 1974) with validities of 0.44 for college group and 0.77 for non-college group respectively. The original assessment ratings delivered through this method remained valid even after 20 years had passed. The validity of assessment centre method was estimated at 0.37 by various studies (Thornton et al., 1985; Cascio and Ramos, 1986).

These studies considered a candidate’s age, race, and gender and found that predictions by assessment centre methodology are equally valid for all candidates (Thornton and Byham, 1982). Thus, assessment centers are an unbiased proven method of identifying talent, recruitment and selection. Assessment centers measure and analyze competencies required for a particular role. Almost all organizations using assessment centers for selection or promotion also use the information obtained to diagnose training needs. A large number of firms now use assessment centers solely to diagnose training needs as well (Byham, 1980).

The assessment centre methodology has a long history of demonstrating strong predictive relationships between AC ratings and criteria outside the AC such promotions, performance evaluations, salary progress (Adler, 1987; Thornton & Byham, 1982). Both overall assessment ratings (OARs) and final dimension (and sometimes exercise) ratings have been found to predict a variety of relevant external variables. The accumulated evidence for assessment center validity can be tested only if it is remembered that it is a method, not a construct, and that different assessment centers may measure different constructs (Arthur & Villado, 2008). Certainly, many Assessment centers assess common or similar dimensions (Arthur, Day, Mc Nelly, & Edens, 2003), but even dimensions with similar names may be defined and operationalized very differently in different ACs. The predictive validity of any particular AC may deviate considerably from the “average” depending on the constructs measured, the target job, and the overall quality of implementation. Nevertheless, meta-analyses and other studies that generalize across ACs offer a basis for comparing ACs (with one another and with other methods), examining trends, and identifying factors that contribute to or detract from the predictive power of ACs in general.

In the AT&T Management Progress Study, Bray and Grant (1966) reported that assessors’ judgments of candidates management potential predicted their actual promotion to middle management level at rates far exceeding what would be expected by chance. Further, overall effectiveness scores from the AC predicted salary progress, with correlations of .41 to .52 across four samples. Some later studies found similarly impressive predictive validities. For example, Bray and Campbell (1968) found a correlation of .51 between OARs and subsequent job performance ratings, and Borman (1982) found a corrected correlation of .48 between overall assessment ratings and performance in training. A meta-analysis by Gaugler, Rosenthal, Thornton, and Bentson (1987) found an average corrected validity of .37 between overall assessment ratings and various criterion measures. According to Schmidt and Hunter’s (1998) review of selection methods, this average validity for ACs compares favorably with many other assessment methods. Subsequent studies have continued to find substantial correlations between overall assessment ratings and performance criteria (Chan, 1996; Jansen & Stoop, 2001; Tziner, Ronen, &Hacohen, 1993).

Assessment centre methodology is an excellent method for establishing the validity and effectiveness of training programs. Organizations such as Luken Steel, SOHIO, AT&T, Central Telephone Utilities Corporation, and the New York Metropolitan Transit Authority have used assessment centre technology to evaluate training programs (Byham, 1982). Even the Equal Employment Opportunity
Commission (EEOC) started using assessment centers to evaluate executives to fill high-ranking positions (Byham, 1982).

Assessment centers rely on job analyses, using a variety of techniques including questionnaires, observation of job incumbents, and competency modeling (Krause & Thornton, in press; Spychalski, Quinones, Gaugler, & Pohley, 1997). Assessment centers generally are dependent on job analyses for selection. However, they are known to create new competency models specifically for an organization's existing competency structure. In the recent past, assessment center developers have considered a wider range of variables in AC design. Thornton and Mueller-Hanson (2004) encapsulate many of these variables in their broader “situational analysis,” which takes into account not only dimensions and tasks but also the level of performance required and the organizational context. However, the degree to which both researchers and practitioners have followed these more complex approaches in establishing the appropriateness of assessment center design remains unclear. Spychalski et al.’s (1997) survey addressed only traditional (dimension- and exercise-focused) job analytic techniques, and published accounts of assessment centers seldom describe the content validation process in any detail.

VALIDITY OF ASSESSMENT CENTRE METHODOLOGY

Assessment centers have enjoyed a strong positive reputation in this regard. Participants perceive assessment center exercises as relevant and realistic (Dodd, 1977; Thornton & Byham, 1982), and as more face valid than cognitive ability tests (Macan, Avedon, Paese, & Smith, 1994). However, negative reactions and consequences are possible. Incumbent employees who are unsuccessful in promotional assessment centers may experience lower self-esteem, competitiveness, and work ethic (Fletcher, 1991) and exhibit less self-development behavior (Noe & Steffy, 1987) following the assessment. By contrast, in a study of students, Schuler and Fruhner (1993) found that some types of self-concept ratings decreased during the actual AC process, but improved above pre-AC levels after participants received specific feedback. An important difference between this study and the preceding studies is that Fletcher (1991) and Noe and Steffy (1987) studied job incumbents in promotional ACs where AC performance was an important determinant of future job outcomes, but Schuler and Fruhner (1993) studied students in a program that appears to have been intended only for developmental purposes. The provision of specific feedback seems to be helpful in improving participants' perceptions of the AC process (Dodd, 1975), but it may be unrealistic to expect feedback to fully mitigate the effects of a negative assessment when such an assessment has tangible consequences.

Two essential keys to utility are the validity coefficient (the correlation of the predictor with subsequent job performance) and the financial impact on the organization of having well versus only average performers (Tziner et al., 1994). The latter depends on the organization and the target job. Greater utility will be realized when selecting candidates for positions with a larger impact on the organization’s bottom line, but this value is generally fixed for any one selection program. Consequently, the validity coefficient is often of primary interest in choosing a selection system. Given that other selection methods (e.g., cognitive ability tests) often display superior validity coefficients with much less expense, can we ever expect an AC to demonstrate utility relative to these other methods? If we account for the necessity of considering factors such as adverse impact, the answer appears to be yes.

Assessment centers cannot be assumed to be free of adverse impact (Dean et al., 2008), producing less adverse impact compared to another predictor can lead to greater overall utility. The presence of job analysis might be considered a necessary, but not sufficient, condition for establishing that the content of a given AC is appropriate. Sackett (1987) argued that, in addition to the dimensions and exercises, the scoring system, variance of expected possible responses, and instructions to the participants are also part of the content of the AC.
The author suggests that assessment centers should utilize the cyclic feedback as a tool to ensure that the adverse impact be lowered. This would enable the assessor to track the development of assesses and suggest corrective measures as and when required. This shall strengthen performance and provide far more accurate results. The cyclic nature of assessment and feedback shall ensure a steady improvement of competency and help track competency development.

CONCLUSION

Studies suggest that mechanically or statistically combining assessor ratings, rather than arriving at an OAR through consensus judgment, produces higher predictive validity (Borman, 1982; Feltham, 1988). However, Chan (1996) found that assessors’ consensus judgments of portability were more strongly correlated with performance and promotion criteria than was a mechanically-derived OAR.

Lievens, De Fruyt, and Van Dam (2001) demonstrated that assessors tended to perceive different personality traits in different exercises; for example, assessors were most likely to note instances of extraversion in a group discussion exercise and conscientiousness in an in-basket task. Interestingly, these variables do not fully account for the predictive validity of AC ratings (cf. Klimoski & Brickner, 1987). Overall assessment center ratings have been found to have incremental predictive validity over both cognitive ability (Dayan et al., 2002; Goldstein, Yusko, Braverman, Smith, & Chung, 1998; Hardison, 2005; Krause, Kersting, Heggestad, & Thornton, 2006) and personality (Goffin, Rothstein, & Johnston, 1996; Hardison, 2005).

1. Assessment center methodology is a capable competency measurement tool.
2. The multi-trait multi-method approach allows for the use of various methods to assess potential candidates. This provides a comprehensive profile of the assessed candidate.
3. An organization can then utilize the information generated by the assessment center to select the appropriate candidate. It can also be used to identify developmental areas of candidates.
4. Assessment center should be designed and implemented rigorously and regularly with systematic feedback given to the candidates. It shall enable them to focus on their weaknesses and strengthen them.
5. Assessors play an important role as they must ensure that personal biases do not affect their ratings. In order to bypass this issue, multiple assessors are used while conducting assessment.
centers. The scores are collected and evaluated and averages are drawn. This ensures that assessor bias does not creep into final ratings of the candidates.

REFERENCES