

Why Is It So Hard to Apply Professional Selection Methods in Business Practice?

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Since the beginning of modern science, scientific and popular beliefs have differed substantially from one another. This divergence happens because innovative ideas usually go beyond the limits imposed by traditional ways of reasoning. As a consequence, pioneering inventions ahead of their times do not easily find public acceptance.

Similarly, there is public reluctance to recognize the advantages of contemporary selection instruments offered by professional psychologists. New selection methods may well be innovative and offer more efficient solutions from the researcher's perspective. However, they often do not reflect the beliefs of the average entrepreneur and are thus rarely implemented in everyday business practice. One may ask why this is so: Is it because employers mostly rely on their intuition? Or is it because they fail to see selection in probabilistic terms as suggested by Highhouse (2008)? Perhaps the

reason is more prosaic. Let us analyze the economic data drawn from the European context, which may lead us to a different conclusion from those suggested by the findings of Highhouse.

Small- and medium-sized enterprises (SMEs) are the dominant form of business activity in Europe. In 2004, micro-SMEs constituted 99.8% of all businesses in the 27 member states of the European Union (EU-27), with around 19 million enterprises classified as SMEs (Eurostat [European Statistics], 2007). The majority of SMEs employed fewer than 10 workers, with an average of 4.4 employees per company. In addition, more than two-thirds (67.1%) of the EU-27 workforce were employed in the SME sector, which shows the great importance of SMEs in the EU, although the contribution of SMEs to EU labor markets varies across member state countries.

More detailed analysis of the Eurostat data provides a possible explanation for why it is so difficult for psychologists to find common ground with the contemporary entrepreneur. Many SMEs do not have human resources (HR) departments, and in addition, many SMEs' owners/managers still have very little notion of what exactly HR practices mean. In accordance with the *HR trend* popularized by international companies, some SMEs funded HR departments; however, the function of these units is still much closer to traditional personnel and

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administrative units than to that of real HR management. In fact, for many of these departments, it was only adoption of new terminology while their organization and functions remained the same. Normally, employees of the *new-old* HR departments are general office workers, usually without any background in psychology. As a result, although "there have been significant advancements in the development of selection decision aids," (Highhouse, 2008, p. 340), a lot of enterprises did not in fact revise and update their personnel selection methods and management policies.

In many cases, selection procedures are not even in the scope of the HR departments. Furthermore, it is a common practice to rely on recommendation as a personnel selection method, without even assessing whether the candidate has the required skills and knowledge to perform their duties. Unfilled positions are also often offered to family members. Vacancies are rarely formally advertised, and if so, they have a limited scope, usually being published only in local newspapers. The selection process normally involves a standard application, which is followed by a job interview (generally unstructured). Moreover, the interviews are mainly conducted by the person who would have a supervisory role over the candidate in the future and often by the company owner.

During the selection process, SMEs' owners/managers are interested not only in assessing candidates' knowledge, skills, and abilities but also in the psychological dispositions of the applicants. As Highhouse observed, those characteristics, such as how the new employee will "fit" within the team (how they will integrate and build positive relations with other staff members), are frequently evaluated during an unstructured face-to-face interview. The average entrepreneur has limited knowledge that there are other tools apart from a traditional interview that can objectively assess psychological dispositions and fairly predict candidates' contextual performance (i.e., personality tests; see Ones, Dilchert, Viswesvaran, & Judge, 2007). Despite the

fact that industrial and organizational (I-O) psychologists demonstrated that the predictive validity of the unstructured interview is limited when compared to alternative selection instruments and especially to a structured interview (Anderson, 1992; Campion, Palmer, & Campion, 1997; Huffcutt & Arthur, 1994; McDaniel, Whetzel, Schmidt, & Maurer, 1994; Salgado, Viswesvaran, & Ones, 2001; Schmidt & Hunter, 1998), this method still remains a highly used and valued procedure by key decision makers in enterprises. The unstructured interview is believed to be cost effective and time efficient as well as easy to adapt and implement by any businessperson. On the other hand, employment experts usually assess candidates by applying multiple psychological tests and interpreting results in line with the specific job requirements, which is a rather expensive option for the average employer. Bearing in mind that a typical European SME employs fewer than five workers, there is no real financial gain in changing the recruitment policies and process to a more expensive but "objective" method, at least not from the perspective of the SME owner.

In the above context, it is not surprising that psychologists and the owners/managers of *real* enterprises find it difficult to agree on the most suitable and cost-effective recruitment methods. The word *real* enterprises was used purposely as a contrast to *modern* enterprises, which is usually used to mean international companies and to emphasize that the multinational companies' practices are not equally present in the economic reality of the EU. Furthermore, the terminology used by psychologists is still far too theoretical and complex for the average businessperson. Expressions such as *reliability* or *validity coefficients* sound unfamiliar to the majority of entrepreneurs and, as a result, cause resistance and distrust in regard to noninterview psychological tools for candidate selection.

Taking into account that traditional psychological terminology is not the most appropriate tool with which to communicate with a contemporary entrepreneur, a question arises: What method would

effectively influence a businessperson's recruitment decisions? Our suggestion would be the language of *money*—focusing the subject of discussion on financial aspect, rather than scientific one, normally attracts the attention of any entrepreneur. We assume that instead of talking about .50 *validity coefficient* (Muchinsky, 2004), one could say: "You can gain \$\$\$s (or any other currency) per year if you select your employees using this mechanical comprehension test compared with the currently used method," and it would probably have the desired effect of arousing the senior company officials' interest in such a method. And psychologists do have tools to calculate the economic effectiveness of the majority of their selection instruments. Moreover, this approach has quite a long tradition (i.e., Boudreau, 1983, 1991; Brogden, 1949; Cascio, 1987; Cronbach & Gleser, 1965; Fitz-enz, 1995).

Considering these arguments, it is quite surprising that in the recent years, a slow decline in the number of academic articles dealing with the topic of utility analysis can be observed in I-O peer-reviewed journals, although there is a growing interest among enterprisers in these procedures (Boudreau & Ramstad, 2003). Nevertheless, an interesting study was lately carried out by Salgado (2007), who assessed the cost-effectiveness of the structured behavioral interview (SBI) based on a job analysis for high-rank civil servants (ranks 26–28 of Spanish public administration). The SBI achieved a validity coefficient of .60, a significantly higher result when compared with traditional recruitment methods based on professional experience and formal education (validity coefficient of .18). On average, the application of SBI creates a potential financial saving of €26,327 (around \$39,000) annually per employee for the three highest ranks. The perspective of cost reduction was so convincing for local public administration that the local government of the Basque Country, where the study was conducted, prepared a special resolution making SBI an official selection tool for high-rank officials (Boletín Oficial de País Vasco, 2002). This example of a successful implemen-

tation of the new recruitment method, although in this case applied to the public-sector employees only, illustrates that it is possible for recruitment specialists to find a common language with businesspeople, which was initially considered very difficult or even unattainable.

Better understanding of each other's needs leads to a growth in trust and confidence in scientific knowledge and finally in an acceptance that the financial resources spent on new, often more efficient selection methods are actually an investment that in the long run helps to generate even higher profits. However, to make this happen, initiatives are required from both sides: psychologists should focus more on how to make their methods easily understandable and financially attractive to the average entrepreneur, and businesspeople should be more open to the innovative solutions offered by I-O psychologists. It is possible that entrepreneurs with a wider knowledge about the whole range of organizational compartments that modern selection tools may assess, as well as with a better understanding of the economic effectiveness of those instruments, will be more likely to eliminate subjectivity and intuition from their business practice.

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