

**STYBEL
PEABODY &
ASSOCIATES, INC.**

IMPROVING THE PREDICTIVE VALIDITY
OF EMPLOYMENT INTERVIEWS.

“Predictive Validity” is a technical term referring to the ability of an interviewer to correct predict future behavior in the recruitment process.

The research on the predictive validity of employment interviews is not encouraging.

For over thirty years, the late Donald Schon of the Massachusetts Institute of Technology and the late Chris Argyris of Harvard University worked on a technique to improve the predictive validity of employment interviews.

A brief reference to some of their published books on this subject is enclosed with this draft. Their list of research papers would be at least twice as long.

The Argyris Technique is based on the following empirical observations:

There is a gap between what people say (espouse) versus what people do (in-use).

When actors are aware of this gap and are deliberate about the gap between what is said and what is done, observers correctly label this gap “hypocrisy.”

The research suggests, however, that most actors are unaware of this gap between belief and action.

Argyris and Schon believe the brain is structured so that there is one program in our brain that taps into what we espouse. And we believe what we say at the time we say it.

We have another program in our brain that taps into what we do.

These two programs do not talk to each other.

The brain is “wired” so that turning “on” the “in use” program requires placing the “espoused” program in the brain on “pause.”

A useful analogy might be the different programs of a Microsoft Office package running on an MS-DOS operating system in a 386-based PC: you can't run Word and Excel together. To run one program, you must disable the other.

Why Employment Interviews Have Poor Predictive Validity:

Most employment interviews tap into espoused theories only. Paper & pencil psychological assessments also tend to pick up data at the espoused level.

Because current interview techniques only focus at the espoused level, there is often a disappointing gap between the person you think you are hiring and one you hired.

Why is this important for companies?

According to McDaniel et al (1994), 99% of 852 surveyed organizations use job interviews as a key technique in making hiring decisions. Based on a review of 86,311 hiring decisions, job-related interviews have poor predictive validity.

Poor predictive validity in job interviews translates into higher turnover costs and lower productivity.

Stybel Peabody's Approach to Retained Search:

In our retained search work, we have adapted the Argyris Technique as an adjunctive tool in classic job interviews to improve predictive validity.

Argyris and Schon developed a simple technique involving realistic vignettes that lead to dilemmas. The technique creates a realistic work setting where job candidates can articulate their espoused approach for managing these dilemmas. And then we put them in a situation where they must implement.

This allows us to identify the "in use" approach.

The audio proceedings are captured, allowing decision makers to have data about candidates.

PROCEDURES

Stybel Peabody will work with the selection committee to develop 2-3 cases that are based on what we call Evergreen Dilemmas. Two sample cases are enclosed.

Each is evergreen in the sense of being timeless. Each is a dilemma. How do job candidates propose to manage such dilemmas?

Once cases are developed, they can be recycled for other purposes: introducing the corporate culture to new hires, developing a framework for employee performance evaluation, explaining the corporate culture to investors and customers, etc.

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ANALYZING A BUSINESS PROBLEM
The Case of the Promoted Account Rep

In the following exercise, you will be asked to read about an actual problem that occurred in another company.

There are no right or wrong answers. We are interested in how you would deal with the problem.

You are the Marketing/Sales Director of Company A. Subordinate X is your best Account Representative but wants to move into management. Indeed, you have long been afraid that unless X is promoted you would lose this talented individual.

A promotion opportunity has finally come about and Subordinate X is being promoted. A new Account Rep has been hired and will be assigned to Best Customer, Inc.

Best Company, Inc. is one of 350 corporate accounts. But this one company represents 20% of gross sales.

Based on your past experiences with the President of Best Company, you expect the President will be very upset with Subordinate X's departure. Subordinate X sold the product to the President. The President has mentioned that if it wasn't for Subordinate X, Best Company would have moved to a competitor long ago. The President has mentioned that Subordinate X is far better than the Technical Support people that normally trouble shoot for your company.

You are afraid that the President might even cancel the contract when the news is delivered.

How would you deal with this issue?

1. Describe your objectives; how you intend to achieve them; why you selected those goals.

2. Describe some dialogue that you might expect to occur if you implement the action plan listed in your response to question 1.

ANALYZING A BUSINESS PROBLEM:
The Case of the Corporate Discount

In the following exercise, you will be asked to read about an actual problem that occurred in another company.

There is no right or wrong answer. We are interested in how you would analyze the problem and its consequences.

You are the chief human resource officer of a company with corporate HQ along Route 128. Many of the corporate HQ employees live in Rhode Island, and some commute from as far away as New Hampshire. One third of employees work at operating divisions located in the following cities: Austin, Texas; Osaka, Japan; and Reading, UK.

An employee named A has a good friend who is President of Mass Glass. The President of Mass Glass has authorized Employee A a discount of 10% towards any eyeglasses purchased at any Mass Glass store. There are five stores in Massachusetts only. Employee A comes to you and says that the President of Mass Glass will provide a 10% discount for any employee of the company who purchases eyeglasses at a Mass Glass store. Given the costs of prescription lenses and frames, the potential savings to employees could be \$15-35 per frame.

Employee A says that all you have to do is to pick up the phone and call the President of Mass Glass. If you request the discount, he will grant it to all employees of the company.

What do you say to Employee A?

How would you deal with this issue?

1. Describe your objectives; how you intend to achieve them; why you selected those goals.
2. Describe some dialogue that you might expect to occur if you implement the action plan listed in your response to question 1.

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Since 1979, helping companies
provide Leadership and Career Success
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