

Rise of the EQ Test

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By Knowledge@Wharton



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Most of the time, when London-based private equity firm Sovereign Capital administers an emotional intelligence test on a prospective hire, the results are not too dramatic. "We look at it as a tool that helps us get our hiring decisions a little bit more right," says Matthew Owen, a partner there. "For most candidates, the results are pretty vanilla -- we see where [applicants are] stronger and where they are weaker. But every now and then, we get some incredibly useful insights."

A couple of years ago, for instance, the firm was looking to hire a CFO for one of its portfolio companies. The leading candidate had a top-notch CV, a solid track record and had done reasonably well in the company's case study-based job interviews. But the Sovereign team still "felt a niggling worry about him" they couldn't quite put their finger on, Owen recalls.

All of Sovereign Capital's prospective hires are required to take the Trait Emotional Intelligence Questionnaire, developed by Thomas International, the U.K.-based assessment company. Once this particular candidate's results came back, the partners immediately identified the root of their concern.

"The typical CFO profile is someone who is a bit pessimistic, but very self-confident," says Owen. "But the test result suggested this candidate was the exact opposite, being in the top 10 percent for optimism and with very low self-esteem. It shined a spotlight on the thing we couldn't articulate before. We used this insight to change our interview technique and focused in particular on how he had put together financial forecasts and found the TEIQue was spot on -- hiring him would be a mistake."



Emotional intelligence assessments -- tests that measure our ability to use emotions as information, and reason about those feelings -- are becoming an increasingly common part of the hiring process. Nearly 20 percent of organizations use personality or emotional intelligence tests in hiring or employee promotion, according to a survey conducted by the Society for Human Resource Management in 2011. The survey found that nearly three-quarters of HR professionals say that the tests are helpful in predicting job-related behavior or organizational fit.

On one hand, requiring prospective employees to take an EQ test makes a lot of sense: Research suggests that those with a high EQ tend to be top performers at work. (This is likely because they are able to keep their emotions in control and focus on the task at hand. People with high EQs are also better decision-makers and tend to have better relationships with their peers and supervisors.) Employers see EQ tests as a means to smarter choices, notes Wharton management professor [Adam Cobb](#). "Companies are trying to use whatever tools they have at their disposal to make the right resource allocation decisions, promotion decisions and hiring decisions."

On the other hand, some assessments may be potentially problematic. Companies that measure EQ must ensure their tests have strong psychometric properties, says Cobb. "The question is: how reliable are they? If I take an EQ test today, will I get the same results six months from now? How valid are they? Does the test measure what it claims to measure? Finally: Does it actually predict anything in the workplace?"

'More Accurate Than IQ'

A growing body of research indicates that emotional intelligence is a powerful predictor of job performance. A meta-analysis by researchers from Virginia Commonwealth University, published in 2010 by the *Journal of Organizational Behavior*, found that emotionally intelligent people make better workers. Daniel Goleman, the psychologist who helped introduce EQ to the masses with his 1995 book, *Emotional Intelligence: Why It Can Matter More Than IQ*, which spent more than a year on the *New York Times* bestseller list, has also written extensively about the subject.

Emotional intelligence often determines "who emerges as a leader" in the workplace, says Jeremy Yip, a lecturer and research scholar at Wharton. Simply put: People with high EQs inspire people and make others want to follow them. "They take initiative, and their peers notice them and view them as someone whom they can follow and trust," he notes. "You can have technical skills and cognitive intelligence, but that doesn't mean you're good at controlling your emotions or building relationships or inspiring a team."

In light of research, a growing number of companies are using psychometric and EQ tests on new and prospective hires. They use the tests to aid in discovering where a job candidate's mental wiring lies and in placing people in jobs in which they will excel. "Companies are trying to identify people whom they will invest resources in," says Yip. "[If they are] trying to fill a role that requires daily interactions with customers or clients -- they want people who are suited for that."

A study published last year in *Harvard Business Review* found that service companies, including retailers, call centers and security firms, reduced costs and made better hiring decisions by using short, web-based psychometric tests as the first screening step of the recruitment process. "Such tests efficiently weed out the least-suitable applicants, leaving a smaller, better-qualified pool to undergo the more costly personalized aspects of the process," the study notes.

Many companies see EQ assessments as cost-savers. After all, the expense of a bad hire adds up: The company spent money to recruit and train that hire, and now it must spend money on his or her severance package -- not to mention grapple with the dent in employee morale and countless lost hours of productivity he or she likely caused.

"If a company brings in someone at the senior level and after a year or 18 months or so, it doesn't work out, it's costly. It's costly all around," notes Fred Foulkes, director of the Human Resources Policy Institute at Boston University. "You want to make the investment upfront [in an EQ test]."

That said, the prospect of taking an EQ test as a prerequisite for being hired does not always go over well with job candidates. This is particularly true at the senior levels, says David Lord, an executive search expert who consults with large organizations on how to manage their recruiting activity. "There is a bit of resistance to emotional intelligence assessments and testing in the search community because you don't want the candidate to feel like they have to jump through a lot of hoops," he notes. "A lot of times the candidate says, 'Look, I [already] have very good job . . . If you want to recruit me, look at my record.'"

Structuring the Hiring Process

The increasing use of EQ tests comes at a time when the traditional means of vetting job candidates is under fire. Certain companies, like Google, are turning away from looking at traditional indicators of success like a job candidate's grades and standardized scores. Laszlo Bock, the senior vice president of people operations at Google, told the *New York Times* recently that such achievements are a "worthless criteria" on which to evaluate an applicant.

Meanwhile, the backbone of recruitment -- which includes a resume review, phone or face-to-face interviews and reference checking -- are also being viewed with growing skepticism. "The backbone has serious calcium deficiencies," says Larry Stybel, a psychologist who co-owns Stybel Peabody Lincolnshire, a retained search and career management firm based in Boston. "In this day of professional resume writers and LinkedIn, resumes are all pretty good. Interviewing is a learned skill: When you do it over and over again, you will get better at it. And references either give you no information or misinformation."

Still, he adds, EQ assessments are most useful in helping companies round out a candidate's profile -- particularly when there is little else to go on. Of the organizations that administer these kinds of tests, about 43 percent use them for entry-level jobs, according to the SHRM. "When you're hiring someone with little experience -- a new college graduate, say, or someone who has been working for three to five years as an individual contributor -- they don't have a track record [on which to base a hiring decision]," Stybel says. "An instrument like an emotional intelligence test could be of great value."

EQ tests are not a substitute for interviews, but they add structure to the hiring process and make it more systematic. They also provide a justification for hiring decisions. One of the biggest challenges of hiring is that "people tend to form very strong opinions of job candidates based on very little information," notes Wharton management professor Matthew Bidwell. "The brain fills in the gaps very quickly. A hiring manager might sit down with a candidate for 20 minutes and come away thinking: 'That person is fabulous. They have the right stuff to do the job,' when really all that happened was they clicked with the person during the interview."

The latest hiring buzzword is "cultural fit," meaning that hiring managers are looking for candidates whose values and personalities align with the firm. According to a survey of more than 2,000 hiring managers conducted last year by CareerBuilder, the employment website, 23 percent of employers said they will dismiss a candidate who is not a good fit for their company culture. "But how are managers assessing cultural fit?" asks Bidwell. "Or is that just a code word for 'click'?"

Even proponents of EQ tests say that assessments alone shouldn't make or break hiring decisions. "I wouldn't just use an emotional intelligence test in isolation," says Rod Cornwell, international managing director for Thomas International. "You need to look at a candidate's hard skills and [his or her] professional experiences. Ultimately, employers need to ask: What is it I'm trying to measure and why? [The assessment] puts some science behind the process"

Reliability and Validity

Perhaps the biggest question mark around these tests is: Are they accurate? The answer, of course, depends on the test. While some assessments provide a reliable measure of emotional intelligence, others are easily manipulated and produce wildly varying results. This explains why some firms are reluctant to use these tests in the selection process: The questionable validity opens them up to potential lawsuits from candidates who might claim they were denied a position because of an emotional disability, such as post-traumatic stress disorder.

The Mayer-Salovey-Caruso Emotional Intelligence Test, known as the MSCEIT, is one of the best-regarded assessments. The MSCEIT, an ability-based test, consists of 140 questions designed to test a range of emotional understanding. In one section on identifying emotions, test takers are shown pictures of human faces and asked to rate on a scale of one to five how much of each emotion -- happiness, anger, fear, excitement and surprise, for instance -- is expressed by the face. (The correct answers are based on general and expert consensus.)

Some other kinds of emotional intelligence tests, meanwhile, mainly ask questions pertaining to personality and social preferences. "Myers-Briggs tests are notoriously unreliable. Even the test publisher does not recommend companies use it for personnel selection," says Ben Dattner, an executive coach and organizational development consultant.

That issue, he adds, gets at the debate between states and traits -- meaning that test results depend on the circumstances under which the person takes the test. "Say a person takes an EQ test in a comfortable, well-lit room. That test might show they have emotional intelligence," he notes. "But when they're under stress -- when they're [on the job and] out on the sales floor -- they freeze up. Pressure might get the best of them."

Most managers make hiring decisions based on their gut instinct, Dattner says. "The test gives the candidates a Good Housekeeping Seal of Approval. And they give HR some cover to say: 'We went through a very rigorous process.' For a lot of companies, [the tests] are more about superstition and politics than they are about accountability."

"Faking it" is another big concern. Professionally developed psychological tests have built-in measures designed to identify dishonest answers or raise flags when a subject only answers questions in a socially desirable way. "And yet a cynical case could be made that answering questions in a way that will be looked on favorably by an employer is, in itself, a social skill that requires emotional intelligence," Dattner points out.

Say, for instance, a job seeker has a tendency to lose his or her temper when stressed. If the test asks how the person would handle tense situations, and a job is on the line, their incentive to be objective and honest is low. "There's something riding on the outcome of your answer, [so] you're going to say: 'I take a deep breath and a drink of water and I am fine!'" says Wharton's Cobb.

This is precisely why many companies opt for behavioral-based interviews over tests to measure EQ, says Travis Bradberry, a consultant and the author of *Emotional Intelligence 2.0*. Candidates are asked to provide examples of how they handled certain challenges in the past.

"The more specific you have to be, the harder it is to fake and charm your way through the interview," he says, adding that after all, "the best predictor of future behavior is past behavior."

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