Assessment & Development Centers in Employee Selection & Development

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An assessment centre is a methodology (rather than a place) for thoroughly assessing a candidate for a job. A development centre follows similar principles, but rather than selection, its primary purpose is to aid in the development of a current job-holder.

Owing to the costs associated with assessment and development centres, they are typically used for higher level jobs. For example, they are used as part of graduate selection exercises for fast-track programs or for executive and managerial development. Also, as a result of costs, assessment and development centres are tools associated more with medium to large sized organizations and especially multi-nationals.

The expense of assessment and development centres comes from the thorough process, time and competence required to run them. The centers incorporate a number of different types of assessments throughout a one, two or even three day period.

Candidates will have the opportunity to show and explore their talents over a range of different exercises and within each exercise, a number of competencies are usually being assessed.

A major benefit of centers which run over multiple days is that it becomes more difficult for candidates to fake characteristics (such as extraversion, social boldness, friendliness) which are often faked at interview.

The familiar job or performance appraisal interview may form part of the centre, but will be run in a standardized, structured manner. Group discussions, negotiation and team-working exercises, in addition to presentations, in-tray (realistic work simulations) exercises and psychometric assessments of personality and ability are all found within a typical assessment or development centre.

Each center that is run is unlikely to assess a large number of people in one go. It is typical to assess around 8-12 individuals and there will be a high assessor-assessee ratio (at least one assessee per

assessor and often more than this!).

Exercises are either developed by experienced assessors in-house, or they can be purchased from specialist exercise vendors. The purchased exercises can be rather expensive, many times costing in excess of US$1000 per exercise. Others will charge a fee per assessee and even this can amount to the same fee of US$1000 per assessee depending on the exercise.

Another option is the purchase of computer software which contains a number of validated exercises in addition to the facility to schedule and manage the complete logistics of the centre.

Where exercises are developed in-house, there is always the question of validity. That is, do they really consistently assess what they were designed to and purport to assess? Of course most organizations will not conduct the necessary validity studies to support this due to cost and/or competence issues!

Turning to "validated" off-the-shelf exercises however may also not always be wise. Whilst they may have been shown to be valid in Organization X using managers from Division Y for example, this does not necessarily mean the same exercise(s) will be valid in your company and your division!

Given the costs associated with designing the assessment or development centre, running it and ensuring that all assessors are appropriately trained and competent, it is necessary to ensure that there is a return on investment...or in other words, that this is money well spent that will be returned two-, three- or many-fold!

Generally, business-case studies, research studies and common-sense show that well designed and run centers do provide a good return on investment.

From the common-sense perspective, if you are being more through in your selection process, it would seem that you are more likely to select the appropriate employee.

From a business-case perspective, this follows through. If an organization continues to select on the basis of its current selection system (say an interview and a personality test), at best, we would expect them to reproduce current performance levels.

However, if the organization becomes more choosey and opts for a well-thought-out assessment centre composed of various team exercises, presentations, tests, interviews and so forth...assuming the center was competently designed and run, and the exercises accurately assessed the attributes

they were supposed to assess...surely, that organization would be more accurate in their selection of the right person to do the job!

Now, what if that person were to take on a job that for ease of argument managed assets worth say US$1 million? Given that the organization has a better person in place by way of the more rigorous selection process, we can perhaps expect to see a conservative 3% increase in performance. That would amount to US$30,000 (all else being equal!).

If we further assume that this person remains in the job for longer, let's say three years (because they are the right person for the job and thus happy with it), we can multiply that return by 3, taking the gain to US$90,000!

Assume we select 3 people from the center and they all perform similarly, we can further multiply by 3 and our gain triples to US$270,000. This gain is likely to be at least 15 times the initial cost of the assessment centre!

So, even though assessment centres are expensive and labor intensive, they are likely to provide an excellent return on that investment.

The same can be said for development centres. Again, we can assume that without introducing a development centre, the employee will develop at their current rate. With the introduction of the center, development may multiply and bring with it a massive return for the business.

All of this is of course dependent upon the level at which the candidate is in the organization and the influence that his or her competence and further development has upon success.

Research shows that assessment centres are one of the most predictive forms of assessment for performance at work (e.g., Robertson & Smith, 2001) and that they have incremental validity over and above supervisor ratings for predicting promotion (Chan, 1996).

Of course, this only works if those who design the centers are appropriately trained not only to design the exercises, but to run the centers, ensure accurate and fair ratings of candidates and to be able to translate center results into hypotheses about performance at work.

Further, in the case of development centres, the responsible person also needs to be able to sensitively discuss the implications of the results with the candidate and know how to assist that candidate in embarking upon a development program that will lead to tangible results.

References:

Robertson, I. T., & Smith, M. (2001). Personnel selection. Journal of Occupational and Organizational Psychology, 74(4), 441-472.

Chan, D. (1996). Criterion and construct validation of an assessment centre. Journal of Occupational and Organizational Psychology, 69(2), 167-181.