

# Selection Validation

## The Truth is in the Numbers

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The Office of Federal Contract Compliance Programs (OFCCP) (which is overseen by the Department of Labor's Employment Standards Administration) advises employers who contract with the federal government to maintain validity information for their employee selection procedures.<sup>1</sup> This advice is based on the OFCCP's goal of reducing systematic discrimination, understood as those employment policies that intentionally discriminate against large, protected groups. The request for validation is not limited to inferences made from testing. When used to make a selection decision, information from application forms, interview questions or background checks must be deemed *job relevant* and *a business necessity*.

Unfortunately, most organizations do not have the expertise or depth of knowledge on staff to accurately analyze this data and often struggle with when and where to start the process. This article serves as a synopsis of the OFCCP's recommendations as they relate to the *Uniform Guidelines on Employee Selection Procedures* (1978) and a basic outline of the typical selection test validation process.

### Step 1: Disparate Impact Analysis

The initial step of an OFCCP-related validation process is to compute disparate impact statistics. Most organizations concentrate on *applicant flow*, which indicates the overall selection ratio of employees into a given job. According to the OFCCP, the ratio for protected classes should be within two standard deviations from the unprotected classes. If disparate impact is not apparent, a validation is often not required. If disparate impact does occur, a validation study will provide the statistical information needed to make sound and legally defensible hiring decisions.

### Step 2: Job Analysis

Once the data is collected, a complete job analysis should be conducted, beginning with a job requirements analysis, to identify and describe the specific tasks,

knowledge, skills, abilities and other characteristics necessary for a particular job. The job analysis serves as basic input to staffing activities and is the foundation upon which successful selection systems are constructed. This information may be collected through the review of job descriptions, observation or focus groups comprised of job incumbents and supervisors of the position.

### Step 3: Criterion Analysis

A validation study is only as reliable as the performance data (i.e., criterion) it attempts to predict. Therefore, a complete review and analysis of the criterion information (e.g., performance appraisal ratings, productivity data, accuracy measures or absenteeism) is needed. It is important that these measures be as free from measurement error as possible. If a great deal of error is found, alternative measures need to be identified in order to obtain the most accurate representation of employee performance on the job.

### Step 4: Selection Validation

Once the information regarding the job and the criterion measure has been assessed, the validation study of the selection techniques can begin. First, reliability analyses are conducted to ensure the consistency and dependability of the tools. If a test is deemed unreliable, it cannot be valid. If the test is reliable, the validity of the instrument is then analyzed.

The types of validity information most commonly obtained are content and criterion validity. Content validity is most commonly used when data is not readily available and would not be cost effective to obtain. The goal of content validation is to ensure that the content of the test is representative of the content of the job. In comparison, criterion validity uses data to provide evidence that the selection test is predictive of job performance.



Taking action on your selection procedures is very important. The OFCCP is more likely to scrutinize validation studies that are conducted after adverse impact is determined and an audit is ongoing. Completing the validation study also provides evidence your organization is operating “in good faith” and taking the proper steps to avoid systematic discrimination.

For those organizations that do not contract with the federal government, selection validation is not required. However, why continue to fund an assessment if it is not able to predict how well employees will perform? No matter what your line of business, knowledge of a selection tool’s ability to accurately predict future performance is invaluable.

<sup>1</sup> Also included in this group are banks with 50 or more employees. Employers with fewer than 50 employees or less than \$50,000 in government contracts are excluded from this requisite.