ETHICS OF PSYCHOLOGICAL TESTING IN HRM PARCTICES: NOVEL APPROACH.

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ABSTRACT: As organizations strive to maintain competitiveness and survive in an ever changing and dynamic market environment, our human capital (people) have never been of such importance to organizational success. Through selecting, recruiting, training and harnessing the right talent, competitive advantage may be achieved. Recruitment and selection is indeed an expensive, time consuming and sometimes unproductive task to undertake. It is a necessary yet often unyielding process if not approached in the correct manner and with the appropriate tools. In an attempt to identify the most effective and appropriate selection technique a study was undertaken into the effectiveness of **intelligence testing. In this paper,** we have presents the various requirement of psychological test for selection of human resource management in another corporate sectors.

Keywords: HRM practices, selection and recruitment, psychological testing, needs and disparencies, etc.

I. INTRODUCTION:

Psychological/Psychometric testing refers to the testing of an individual's ability, intelligence or aptitude in relation to a particular setting. This chapter will explore in further detail testing in relation to an individual's intelligence. The factors that influence intelligence and how intelligence can be assessed will also be considered.

Psychometric tests are becoming increasingly popular with organizations in an attempt to select and recruit the most suitable candidates for roles, and also to identify candidates for promotion / training. It has been estimated that some 70% of abroad organizations test their workforce either for intelligence or ability before making a job offer or conferring a promotion [Personnel today magazine 17].

II. BACK GROUND & HISTORY OF PSYCHOMETRIC TEST

Background & History to Psychometric Testing Toplis, Dulewicz and Fletchers (2005) book "Psychological Testing" stated that contrary to popular belief psychological testing is well over 100 years, and is not a new concept. It did not originate in the US but was first used by Munsterberg in Austria to select tram drivers. (Kaplan 1997) (Toplis, Dulewicz, Fletcher 2005) (Aiken 1998) (Anastasi, Urbina 1997) concur that Binets Intelligence test first introduced in 1905 was the first intelligence test. The test initially contained 30 items of increasing difficulty and was designed to identify intellectually subnormal individuals.

The test was revised in 1908, 1911 and again in 1916 with the assistance of L.M. Terman of Stanford University. Binet developed a norm group, which was a large group of EMPLOYEE who he administered the test to.

This group was representative of other individuals he would test. Each individual response would be checked against the responses of the norm group.

III. ETHICS OF PSYCHOLOGICAL TESTING:

The questions set out should give insight and answer the following requirements as described in their book **"Psychological Testing"** by **Toplis, Dulewicz, and Fletcher.**

➢ The purpose of the test should be communicated to all and be clear prior to administrating the test.
➢ It is clear to all parties how the testing information will be used.
➢ Test results should only be scored, administered and evaluated by suitable qualified individuals.
➢ Applicant equality is ensured throughout the testing process.

IV. POLICY STATEMENTS IN ORGANISATIONS ON PSYCHOLOGICAL TESTING:

Policy Statement Individuals who complete psychometric tests are entitled to a fair, professional and confidential experience. The SHL Group (1999) in their manual Occupational Intelligence Questionnaires urge companies who are administering tests to introduce a policy statement covering tests to ensure high ethics are maintained. **The policy statement should address the following key points: -**

➢ Only personals qualified to use tests should administer, score or give feedback on tests.
➢ The choice of test should be selected in relation to the job specification. The validity of the test is essential,
➢ Only qualified personnel should be allowed to interpret results, raw data should not be given to respondents.
➢ Feedback is recommended in every situation.
➢ Tests must be held in a confidential and secure area and adhere to the Data Protection Act 1988. Individuals are entitled to a copy of their results.
➢ Tests should be continuously monitored to ensure they are relevant to the job.

V. NEED OF PSYCHOLOGICAL TEST:

VI. WHY USE TESTS:

According to (Evans, N. 2005) from the British Psychological Society the rise in the use of tests can be attributed to the rising number of applicants applying through the internet for positions, in particular from recent graduates. Wolf and Jenkins 2002 conducted research into why organizations use tests. Their research concluded that the main factors influencing test use within organizations were due to the **following:**

➢ **Structured / Formal HR Dept As HR departments** become more structured and HR practitioners are becoming trained in level A & B they are pushing best practice of implementing tests down the ranks at their organizations.
➢ **Fear of litigation** - **fair/ethical**. A robust test will not only be reliable and valid but will also avoid any type of discrimination against applicants. More and more organizations in an attempt to avoid litigation are reverting to fair tests as part of their selection process.
➢ **War and Search for talent / Competitive** Advantage Through testing, organizations have found that they can identify the most suitable candidates for the role and also candidates whose intelligence profile.
➢ **Need to increase in the softer skills team building and flexibility** Employees not only need to possess the ability and skills to carry out a role, but also need to be able to lead and build teams when necessary. Through intelligence profiles organizations can understand to a greater extent the softer side and preferred working style of potential employees.

➤ **Diversity Recruitment** To qualify academic results from candidates from new countries, or to provide evidence of skills. As much diversity exists within the workplace it is necessary to test both soft and hard skills not only to qualify ability but also to access if there is a cultural fit.

VII. RECRUITMENT AND SELECTION:

The increasing size and complexity of organizations, the intensive use of technology, combined with changing socio-cultural norms have contributed with immense complexity to Human Resources Management aspects of managing people in organizations.

The Information Technology (IT) Software Industry in India has attracted worldwide attention recording phenomenal rates of growth, achieving the status of an economy driver for a country, emerging as a superpower of the Twenty First Century.

It is equally vital that this trend continues in the midst of global challenges and competition. While the system in vogue has been meeting the current challenges, little research has been done to determine the effectiveness of recruitment and selection system for the IT Software Industry in India.

VIII. HRM PRACTICES: PSYCHOLOGICAL TEST ASSESSMENT

Human Resource Management (HRM) Practices as a combination of people-centered management practices that recognizes employees as assets to create and maintain skillful and committed workforce for achieving organizational goals. "Human Resource Management" referred to HRM practices as the integrity of principles and applications regarding the responsibilities about the „human resources" of top management like human resources planning, job analysis, recruitment process, selection, orientation, charging, work evaluation, labor force training and industrial relations.

Human resources consist of principles, practices and systems that affect the behaviors, attitudes and performances of the employees. The human resources management practices established on organizational performance and employee behaviors, known as HR practices is one of the preeminent research subjects in developing world.

Rimjhim Jha (2015) regard HRM as the philosophy, policies, procedures, and practices related to the management of people within an organization. Project Management Body of Knowledge (PMBOK), identifies human resource management (HRM) practices as „the processes that organize, manage and lead the project team". According to B. Muniraja Shekar (1987), teams include individuals (i.e. human resources) who work interdependently to achieve project objectives.

Thus, human resources (HRs) and their effective management are deemed as core elements of directing projects in organizations towards success. We further extend our study in the light of the concept given by some prominent writers on HRM., The HRM is "a series of integrated decisions that form the employment relationship, their quality contributes to the ability of the organization and the employees to achieve their objective.

One of the main goals of Human Resource Management (HRM) is to increase the performance of organizations [3] Pfeffer [4] emphasized the importance of gaining competitive advantage through employees and noted the importance of several Human Resource (HR) practices necessary to obtain this advantage.

Huselid [5] stressed the use of an integrated and coherent 'bundle' of mutually reinforcing HR practices over separate ones. Notwithstanding the substantial volume of research on the link

However, performance is not a concept that can be easily defined and conceptualized.

According to Guest [8] it is better to use the concept of 'outcomes' instead of performance. One can then distinguish three different outcomes:
1) **Financial outcomes (profits, net margin, market share),**
2) **Organizational outcomes (productivity, quality, efficiency, client satisfaction) and**
3) **HR outcomes (employees' attitudes and behaviour) [9].**

Dyer and Reeves [9] noted that HR and organizational outcomes are more proximal outcomes, for example, closely linked to the HR practices adopted by an organization, whereas financial outcomes are more distant, as they are less likely to be directly affected by HR practices.

Moreover, specific HR outcomes are often used as intermediate outcomes that bridge the 'black box' between HR practices and financial or organizational outcomes [10]. This multidimensional perspective of outcomes seems especially relevant for health care organizations; as financial outcomes are certainly not the only - or even primary - objective [11]. Notwithstanding the large amount of research on HRM, few studies have explicitly addressed the multidimensional character of performance and linked HR practices to various outcome dimensions.

The research question we will address is as follows: "*To what extent are HR practices in organizations related to multiple outcome dimensions with psychological test performed "?*

IX. HUMAN RESOURCE MANAGEMENT PRACTICES: ORGANIZATION BASED ASSISMENT

Schultz (1975) suggested that education enhances an individual's ability to successfully deal with disequilibria in changing economic conditions. Such ability includes that of perceiving a given disequilibrium, analyzing information, and reallocating resources to act. Further integrated porter's competitive strategies: innovation - developing new products and different products, quality enhancement, and cost reduction with employee behaviors required to achieve these strategies.

They integrated both business strategies and employee behaviors to the specific human resource practices which would develop the requisite competencies and skills necessary to accomplish the strategic business objectives [12].

They identified six human resource practices from which organizations deciding to link the competitive strategies. These six practices include planning, staffing, appraising, compensating, training and development. Defined HRM practices as a system that attracts, develops, motivates, and retains employees to ensure the effective implementation and the survival of the organization and its members.

Surveyed the Human Resource practices of 68 Indian organizations and measured various elements of the HR profile of these organizations including performance management practices, training, career planning, promotions, rewards etc., and the HRD climate. Found that the perception about the human resource management/ development practices was more important than the actual human resource management itself. His study also indicated that human resource management culture was a powerful intervening variable in translating HRM practices in to profit.

Studied the employees" commitment level in organization and found that commitment was higher among employees who had been promoted. Therefore, it can be expected that commitment levels would be higher for those employees who had achieved promotion than for those who had not yet been promoted.

Anticipated that HRM practices could be grouped into different dimensions that augment employee skills, motivate employees and organize the workforce, but such practices have been consolidated in two factors. One concerned with compensation while the other is a blend of development and organizational structure. HRM practices are conceptualized as a set of internally reliable policies and practices designed and implemented to ensure that a firm‟s human capital contribute to the accomplishment of its business objectives. Pointed out that human resource management was considered a strategic asset of an organization and human resource policies and practices were important to an organization‟s competitive advantage in a competitive world. Identified some of the human resource practices which support service organizations as recruitment and selection, extensive remuneration systems, team working, flexible job design, training and learning, employee involvement and performance appraisals.

X. RECRUITMENT: INTELLIGENCE TEST BASED DETERMINE

Recruitment and selection primarily aims at attracting maximum number of highly talented applicants and selecting the best to achieve competitiveness. Conducted a study of four recruiting sources and job survival rates among employees of an insurance company, a bank, and a professional abstracting service.

The results indicated that employee referrals were consistently a good recruiting source and that employment agencies as well as newspaper ads were consistently poor recruiting sources. Examined the impact of different recruiting sources like journal/convention advertisement, newspaper advertisements, college placement, and self-initiated towards employee performance, absenteeism, and work attitudes.

The researcher used sample of 112 research scientists, at a large mid-western organization. College placement office and newspaper advertisement recruits were found to be inferior in performance to new hires that made self-initiated contacts with the company.

"Recruitment is the process of searching the candidates for employment and stimulating them to apply for jobs in the organization". Recruitment of candidates is the function preceding the selection, which helps to create a pool of prospective employees for the organization so that the management can select the right candidate for the right job from this pool.

Studied the effectiveness of recruiting methods or sources of recruitment among businesses in different industries.

The results revealed that employee referrals, newspaper or special advertisements, rehires, private employment agencies, and walk-ins were popular and effective recruitment methods.

Found a positive and statistically significant association between use of recruitment and selection procedure and profits and employee productivity. HRM activities involved in getting the right person in the right job (employee skill and organizational structures) contribute to higher productivity and market value of the company.

Moreover it has a slight negative impact upon employee turnover. Staffing selectivity is positively related to perceived market performance. Found a positive relationship between effective recruitment and selection practices and top-class performance. Revealed that better the recruitment and selection strategy of an organization, the greater would be the outcome.

Through implementation of effective recruitment and selection strategies, satisfied employees can be retained.

Examined that selective selection is negatively related to employee turnover and positively related with perceived profit, market share and investments in the near future.

Recruitment is the process of generating a pool of qualified candidates for a particular job. In the present study, recruitment practices followed by the banks were examined based on the procedure followed in selection of the existing employees and perceptions of the employees over such procedures

XI . TRAINING: OVERVIEW

Training refers to use of prescribed methods to impart knowledge and guide people in acquiring skills needed to carry out a given activity. Becker (1964) suggested that training, raised the productivity of workers by imparting useful knowledge and skills, and provided different explanations for how training was related to worker's productivity.

Training is the act of increasing the knowledge and skill of an employee continuously for doing particular job. It is an organized process through which employees learn knowledge and skill.

The purpose of training is basically to bridge the gap between job requirements and competence of an employee. Indicated a positive influence of training on firm's performance and further showed that training to be important in enhancing competitive advantage.

Concluded that training programs helped employees to obtain the necessary knowledge, skills, and abilities to work effectively in sustaining and improving current work activities. Well trained employees, in general, not only required less supervision but also tend to have higher morale and lower levels of attrition.

Training has a positive impact upon the different dimensions of the performance of the firm: product quality, product development, market share and growth sales and reported that more investment in training resulted in higher profits. Besides, more investments in training resulted in a lower degree of employee turnover.

Reviewed that training is seen as useful means of coping with changes fostered by technological innovation, market competition, organizational structuring and demographic shifts [17]. Believed that to nullify the influence of factors which could cause dissatisfaction of employees at work, the employees should be provided with extensive training programs in multiple functions and training on job skills.

Concluded that an organization should have well-defined training policy as well as training manual and training should be made an ongoing process. In case of executive development programs, the authors reported that, these programs were found to be useful in improving the productivity, efficiency and effectiveness of managers and further it can be included as an integral part of the training program.

Well trained employees had role clarity and showed less role conflict which enhanced job security and job satisfaction. Training and development have a positive impact on employee and organizational performance.

Employees who perceived that their employer provides sufficient and relevant training opportunities might be more reluctant to leave their employer, as they feel obliged to reciprocate the offer provided.

Reported that the main objective of training was to improve employees" performance in the organization. Three elements that an individual should possess in order to effectively carry out their duties were knowledge, skills, and attitudes that can be developed and improved through effective training. Showed that employee training and development or a systematic approach to learning and development was crucial to improve individual, team and organizational effectiveness [18].

Reported that training was regarded as one of the most widespread human resources (HR) practices. The intention to stay of employees would increase if training could result in higher productivity which indirectly increased the salary of employees.

XI. JOB DESIGN: HRM BASED PSYCHOLOGICAL ASSESSMENT

Job design finds out the technique on how the work is structured and performed. The process identifies the work to be done, how the job will be done, the skills, knowledge and abilities (capabilities) needed to do the job, how the job contributes to achieving organizational goals etc. Various approaches to job design are Job rotation, Job engineering, Job enlargement and Job enrichment.

Hackman et al. (1975) conducted a study through Job Characteristics Model (JCM) and claimed that people on enriched jobs are definitely more motivated and satisfied with their jobs.

Job design is thus defined as specifying the contents or methods of any job in such a way that various requirements of the job holder can be effectively satisfied. Conducted a study on 1,000 tellers from 38 banks and found that job design intervention that employees perceived resulted some meaningful changes and tend to recognize those changes over time i.e. increased performance. Found that systems in which employees reported a higher perception of job characteristics, skill variety, task significance, autonomy, and feedback that would lead to higher levels of satisfaction and internal work motivation. Conducted a study on 300 lower level managers and found that job characteristics influenced the outcome variables such as turnover intention and performance mediated by psychological states (personal characteristics, context satisfaction and reward contingencies). Further, in the practical implications, they quoted that many jobs were designed based on technological constraints but organizations had more degrees of freedom in terms of deputing the staff in jobs and reward systems. Identified job rotation as learning role in firms as employees got a chance to accomplish various tasks and changing roles. Job rotation is thus planned in the job training phase because it proved helpful while transferring employees from one job to another in order to learn more and increase their knowledge by doing various jobs.

As a result, efficiency of employees would increase and positively impact the performance of employees. Studied and tested the job characteristic model that allowed the core job dimensions to have direct and indirect effects on personal and work outcomes.

Found in a study that

- The level of job satisfaction is determined by a combination of jobs, work and personal characteristics.
- Rotating managers to different jobs would add the benefit of task variety, resulting in increased performance of employees.
- Observed that skills, task identity, task significance, autonomy, feedback, job security and compensation were important factors for motivating the employees.
- Explained that various approaches to job design based on concepts like job rotation, job engineering, job enlargement and job enrichment. Reported that a well-designed job had positive impact on both employee satisfaction and quality of performance.
- Found that the psychological perception of an employee had a significant positive impact on the relationship of job design and employee performance.

In the present study, job design in banking was analyzed based on the job description, job rotation, job enlargement, job portfolio, reporting authority and perception of officers towards job design.
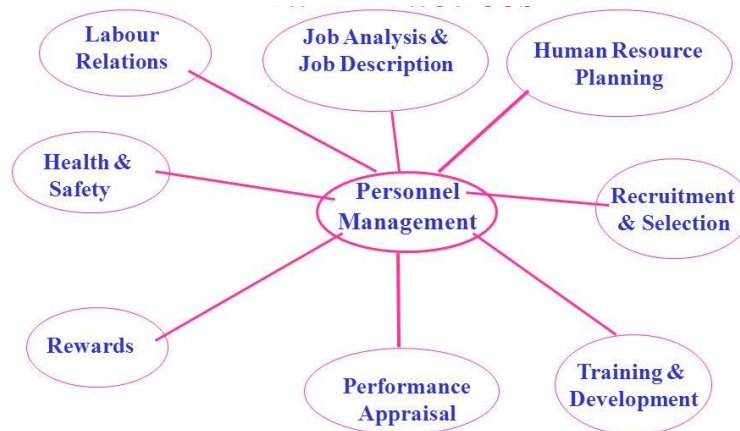
Figure 1.1 Human Resource Management Practices

XII. HRM Issues /Challenges

1) **Talent Management:** It has been classified in two categories; **Talent Acquisition**.
2) **Talent development.**
3) **Staffing and promotion:**
4) **Performance Appraisal:**
5) **Compensation and Incentives.**
6) **High Employee turnover:**
7) **Leadership Gap and Succession planning:**

XIII . PSYCHOLOGICAL TESTING IN RECRUITMENT PROCESS:

An emerging new trend in the field of recruitment and selection is the use of Psychometric testing. The use of psychometric testing enables the recruiters to select only the best match candidates, the one who proved to be an asset to the organization. This research aimed to explore the effectiveness of psychometric testing in recruitment and selection through primary and secondary research.

The primary data has been collected through in-depth interviews in the banking sector, and the analysis has been made through thematic analysis. The study explored that psychometric testing in recruitment is effective if used with a combination of other recruitment methods like face to face interviews and case studies.

It was found that certain factors like time pressure, stress, limited options in the questionnaire and pressure of testing may have impacts on the responses of the candidates, but the psychometric results are more or less similar to their intelligence.

XIV. CONCLUSION

There are:

(1) how constructs for a particular job should be identified for selection purposes;

(2) how test scores should be reported to a manager;

(3) whether test information should be previewed prior to the interview

(4) how psychological test scores and interview data should be combined; and,

(5) whether a hiring recommendation should be given by the provider of candidate psychological test scores. The evidence on each of these issues is summarized and recommendations are made for effective HRM practices.

With regard to the specific constructs that are assessed in the selection process (e.g., interpersonal skills, cognitive ability), there are two broad approaches to construct selection:

      (a) job analysis; and

      (b) (b) validity generalization research.

The job component approach will not be discussed due to limited evidence. Practitioners, however, working in small organizations with a small sample size may find this technique useful.

Managers make employment decisions. Most managers, however, have no training in psychometrics, they may not understand the constructs being assessed, and they may hold unwarranted views about tests (Guion 1998).

Thus it is necessary to consider what psychological test information should be reported to the manager.

A key issue in using psychological tests is whether test information is previewed prior to the interview. From a practical viewpoint, previewing test information has a number of benefits.

It may stimulate more productive questioning by providing the interviewer with leads to pursue in the interview. It should enable interviewers to gather unique information not readily available from other sources.

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