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Testing for redundancy

During the mid 1990s when occupational psychologists made their first tentative attempts to use psychometric testing in selecting people for redundancy, the move created an uproar both inside and outside the testing industry.

Southwark Council and Anglian Water, two employers that introduced these measures, both attracted strong criticism from trade unions and some psychologists. In the face of this reaction the occupational psychology profession backed away from the controversy. Few could be found to defend the practice and the consensus seemed to be that testing people for redundancy was a bad idea.

Behind the scenes, however, some companies continued to explore the use of testing within the processes they used to decide who should stay and who should go, particularly among groups of employees whose job responsibilities would change markedly in post merger reorganisations.

For the first time in about 10 years these processes came out of the closet during a debate at the British Psychological Society's recent annual conference of occupational psychologists.

At the centre of the debate was the use of objective assessment, including psychometric tests, in a series of reorganisation programmes at the Royal Mail Group where some 34,000 jobs have been shed in the past three years.

The job-shedding followed the appointment of Allan Leighton as chairman, who inherited an organisation that was losing about £1.25m every day. Today the fortunes of the group have been reversed – it is now making profits of about £1.25m a day. The turn around is all the more remarkable for the way that restructuring appears to have been achieved with relatively little dissent among staff, no compulsory redundancies and no industrial tribunal cases.

The Royal Mail reorganisation required urgent measures. The state-owned business was haemorrhaging capital. Services would need to be reorganised with the disappearance of thousands of jobs and creation of others. A team of assessors and occupational psychologists headed by David Thompson, chief psychologist, needed to act quickly but where could they start? The appraisal system, which might have been seen as a reliable source of employee information, was nothing of the sort.

Staff appraisals were characterised by inconsistent application and manager bias. Where some appraisals may have rated people on the basis of clear and measurable objectives, others were compiled in a more subjective way.

“The HR department files them away and no-one ever looks at them. With 200,000 people, a big problem for us was actually finding all the appraisals,” says Mr Thompson. “In fact I have yet to come across any organisation that feels confident of its employee performance data except for those with sales forces that tend to be measured to death,” he says.

An alternative route was to gather new sets of data using psychometric testing, interviews and role simulations. For one of the larger exercises The Royal Mail turned to a personality test published by SHL, the UK human resources group.

James Bywater, SHL's product group manager, understood the sensitivity surrounding the use of testing. "The use of tests in such exercises was going on but organisations were pushing the issue under the carpet because they found tests uncomfortable," he says.

The biggest objection, he decided, covered the use of assessment in directly choosing individuals for redundancy. "We were not in favour of that," he says. "But a more considered approach that brought objective assessment to see who would be best fitted for new and often quite different roles, we thought had some advantages."

One advantage, he says, is the way that the inclusion of neutral assessors and formal assessment can help to avoid decisions based on favouritism or old antagonisms between managers and staff. "The view was that any kind of process that was seen to be objective had to be a good thing," he says.

The Royal Mail did not use tests for all of its redundancies. None of the unionised frontline staff was subject to assessment. Large staffing volumes and natural wastage made this unnecessary. Among managerial staff where psychometrics were used, some staff volunteered for immediate redundancy. Overall, testing or other forms of objective assessment were used in about a third of the redundancies.

Some of the most drastic job cutting involved the human resources department which was asked to remove £50m from its cost base, representing about 85 per cent of the jobs. This left a large pool of people deciding whether they would accept redeployment or whether they would prefer to leave.

For many Royal Mail staff who were re-deployed the move amounted to a demotion. In those cases salaries were not reduced but were held on a "mark time" basis. People working under this arrangement do not get automatic pay rises until their pay has come in to line with their lower job grade.

Looking back at press reports of the Southwark and Anglian Water cases in the 1990s it is clear that most of the criticism surrounding these cases appeared to centre on the direct way that tests were being used. There were also questions of relevance.

One of the Southwark council employees, for example, revealed she was asked to give her views on religion, her relationship with her parents and her attitude to dirty jokes.

Even psychologists at SHL were raising concerns about the use of tests at the time. "In a redundancy situation you will already have data on an employee's job performance; you don't need a prediction," said one of its psychologists. Another insisted that tests should not be used in isolation.

These comments, however, are not at odds with the Royal Mail experience. Its psychologists took care to select tests for their relevance and melded them with other forms of assessments. Moreover they used tests precisely because of the inconsistency of existing performance data.

A more difficult issue where the possibility of redundancy may be looming at the back of such assessment exercises, is what is known as the "ultra high stakes" phenomenon. This occurs when, because of a potential job loss, some candidates may be less than candid in the way they complete their tests.

Cross-referencing at interviews or in other support exercises, therefore, must play a crucial role, says Mr Bywater. "Where interviews involve an experienced operational manager and a consultant psychologists they can take the candidate through their profile and look for evidence of the behaviours that emerge," he says.

Perhaps the most valuable outcome of the Royal Mail assessments has been a set of "top tips" that would make excellent guidelines for similar assessment exercises in future. These include ensuring that past performance, in most cases, is given more weight than potential performance and that the exercise is balanced to avoid an overload of information that is costly and time consuming to process.

Just as important is a reminder that any process should be defensible legally, to those involved and to the scrutiny of the press.

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