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A STUDY OF
MANAGEMENT SELECTION
PRACTICES IN NEW ZEALAND

BY

TOH ENG LIM

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TABLE OF CONTENTS

	<u>Page</u>
Acknowledgements	(i)
Table of Contents	(ii)
List of Tables	(iv)
List of Figures	(v)
Summary of Findings	(vi)
1. Introduction	1
2. Objectives	3
Part I 3. Management Selection Methods	5
3.1 The Application Form	6
3.2 The Selection Interview	7
3.3 Psychological Tests	9
3.4 Performance Appraisal	13
3.5 Executive Development Programme	16
3.6 Psychological Assessment by Specialists	19
3.7 Other Selection Methods	20
3.8 Discussion of Selection Methods	21
4. The Assessment Centre Technique	23
4.1 Historical Background	23
4.2 The Candidates	25
4.3 The Assessors	26
4.4 The Exercises	27
4.5 Characteristics of Managerial Performance	31
4.6 Advantages of Assessment Centre over other Selection Methods	33
4.7 Empirical Evidence on the Predictive Validity of Assessment Centres.	34
4.8 Applications of Assessment Centre Technique in United States and United Kingdom	38
5. The New Zealand Situation	40
Part II 6. Survey Method	42
7. The Questionnaire	43
8. Survey Response	45
9. Method of Analysis	46
10. Characteristics of Respondents	47
11. Importance of Management Selection Methods	50

	<u>Page</u>
12. Importance of Internal Promotion Selection Methods	54
13. The Most Frequently Used Selection Methods.	56
14. Success of Current Selection Procedures.	59
15. The Use of Assessment Centre Technique in New Zealand	60
16. The Level of Understanding of the Assessment Centre Technique	61
17. Discussion of Assessment Centre Survey Results	62
18. Requisites Management Characteristics	64
19. Respondents' Comments on Management Requisites	67
20. A Hypothetical Model of Management Requisites	70
21. Conclusions	71

Appendices

References

LIST OF TABLES

		<u>Page</u>
Table 1	Survey Response Rate	45
Table 2	Distribution of Respondents by Industrial Classifications	47
Table 3	Distribution of Respondents by Size of Organisation	48
Table 4	Correlation Between Methods and the Average Scores on the Importance of each Method	50
Table 5	Average Scores on the Importance of the Internal Promotion Selection Methods	54
Table 6	The Most Frequently Used Selection Methods	56
Table 7	Degree of Importance of Management Characteristics	64

LIST OF FIGURES

		<u>Page</u>
Figure 1	Average Scores of Respondents on the Importance of Management Selection Methods	53
Figure 2	Average Scores of Respondents on the Importance of Management Characteristics by Industry	66

LIST OF APPENDICES

Appendix I	The Questionnaire
Appendix II	Correlations of Management Selection Methods
Appendix III	Correlations of Management Characteristics

SUMMARY OF FINDINGS

The main findings of the survey of management selection practices in New Zealand organisations are:-

- (1) Only one organisation out of sixty three has experienced the use of assessment centre technique for the selection of managers.
- (2) The most frequently used selection method for internal promotion is performance appraisal. Fifty three of the organisations (81.4%) used this method while 14 organisations (22.2%) used the executive development programme for promotion decisions.
- (3) Eighty three percent of the respondents regard the structured interview as either fairly important or very important for selection decisions.
- (4) Psychological assessment methods were not considered as important among the 63 respondents.
- (5) Sixty two of the respondents (98.4%) regard their current selection procedures as either fairly successful or very successful.

- (6) Fifty five of the respondents (87.3%) either tend to agree or strongly agree that their current selection procedures measure important qualities required of managers.
- (7) Based on the opinions of the respondents, an aspiring manager should have strong leadership qualities with initiative, decisiveness, interest in people, flexibility, self-confidence being the most important characteristics.
- (8) Despite the virtual non-usage of assessment centre; 36.5% of the respondents regard the incorporation of the technique into current selection procedures as advantageous to the organisations.

INTRODUCTION

Management selection is perhaps the most important personnel function of any organisation.¹ For it is the managers who will largely determine the success or otherwise of an organisation. Therefore it is important that an organisation should select its managers using a reliable and valid selection procedure.

A literature review of the personnel practices indicates that no study has been reported about the management selection methods used by New Zealand organisations. To fill in this information gap, a mail questionnaire survey was carried out.

Of central importance to any selection method is the ability to assess the qualities or characteristics required of managers for successful job performance. What are the qualities the New Zealand personnel manager regards as important for an aspiring manager to succeed? The research attempts to provide some answers to this question.

One of the most recent selection method which was originally used for the identification of management potential is the assessment centre technique. The technique was first used for non-military selection purposes by American Telephone and Telegraph Company (AT & T) in 1956. Since

1. The term "management selection" refers to the selection of managers of all levels in an organisation. The selection methods to be identified are applicable for the selection of junior, middle or senior level managers.

AT & T's pioneering efforts, the technique has proliferated into many organisations both in United States and Europe. This research also attempts to determine the extent of the use of the technique in New Zealand organisations.

2. OBJECTIVES

The three main objectives of this research are:-

- (1) To determine the methods that are currently used by New Zealand organisations for management selection.
- (2) To examine the qualities or attributes which are considered as important for managerial success.
- (3) To determine the extent of the use of the assessment centre technique.

The specific objectives can be divided into two groups. The first group relates to the literature review which aims to:-

- Provide a brief description of each of the selection methods identified.
- Describe the essential elements of the assessment centre technique.
- Investigate the predictive validity of the assessment centre technique.

The second group of objectives pertains to the questionnaire survey which attempts to:-

- Determine the most important selection methods.
- Determine the most frequently used assessment methods.
- Determine the extent of the use and understanding of the assessment centre technique.
- Develop a hypothetical model of a successful manager based on the survey respondents' views.

Towards attaining these objectives, the report is divided into two parts. The first part provides a literature review while the second presents the survey results.

PART I

REVIEW OF LITERATURE

3. MANAGEMENT SELECTION METHODS

The selection methods which were identified from the literature review include:-

- (i) Application form
- (ii) Selection interview
- (iii) Psychological tests
- (iv) Performance Appraisal
- (v) Executive Development Programme
- (vi) Psychological Assessment by specialists
- (vii) Assessment Centre Technique

The selection methods can be arbitrarily categorised into two groups. The first group which consists of application form, selection interview and psychological tests are primarily used for the external recruitment of managers. While the second group which includes performance appraisal and executive development programme are essentially used for internal promotion of currently employed staff within an organisation. Psychological assessment by specialists and the assessment centre technique can be used for either internal promotion or external recruitment.

However, the selection methods are not regarded as mutually exclusive or independent of each other. For example, in a typical selection procedure for internal promotion, the results of performance appraisal and/or executive development programme will form the basis of assessment together with perhaps a selection interview. For external recruitment, application form, selection interview and psychological tests may form the basis of assessment. Indeed, the interview is considered as a basic requirement for making selection decisions.

3.1 THE APPLICATION FORM

The application form is regarded as a basic selection instrument for any job including the management position. The aim is to ask pertinent questions and elicit relevant information to enable the selector(s) to identify applicants who correspond closely to the managerial specifications or requirements. The application form also provide a framework around which the subsequent selection interview may be built.

According to Plumbley (1974), a well-designed and properly interpreted application form can provide some provisional evidence and clues regarding the applicant's:-

- biographical data and personal circumstances,
- career patterns and attainments,
- powers of self-expression,
- range and depth of interests,
- intelligence and special aptitudes, and
- behaviour patterns and preference.

However, the application form is not regarded as an important selection device for managerial jobs compared to other selection methods. It is primarily used in selecting rank and file employees. Nevertheless, an application form provides a record or profile of the applicant which can be used in the interview and as a basic personnel record for applicants who later become employees.

3.2 THE SELECTION INTERVIEW

The selection interview is an integral part of almost any selection procedure. Its widespread use as a selection device was indicated in 1957 when Spriegel and James (1958) [cited in Goodale, 1976] found that 99% of the 852 firms surveyed in United States used the interview in the hiring process. Today it is not surprising to find that every organisation uses the interview for recruiting external applicants as well for internal promotion.

The purpose of the selection interview is to obtain information about the applicant that will assist in the prediction of future performance and to inform the applicant about the job and organisation. Essentially an interviewer wants to determine how well the behavioural qualities demonstrated (such as verbal skills, intelligence, personality, etc) by the applicants correspond to the characteristics required for the managerial job.

There are two types of interview - structured and unstructured interviews. The former is conducted using a set of standardised questions that are asked of all applicants. The purpose is to generate data on all applicants which can be compared. Unstructured interview does not have a fixed pattern-of questioning procedure but asks general questions designed to have the applicant discuss about himself or herself.

Of these two type of interviews, research by Webster (1964) and Carlson, et al (1971) have shown that unstructured interviews are more likely to be unreliable.² There are two reasons for this. Systematic biases and selective perception can affect different interviewers in different ways ... [and] entirely different topics may be covered by one interviewer than by another; hence the content varies (Goodale, 1976).

Despite its widespread use, research on the predictive validity of selection interview by Ulrich and Trumbo (1965) and Webster (1964) concluded that it is a weak tool for predicting an applicant's job performance.³ The low predictive validity of the selection interview is attributed to several common problems encountered in the interviewing process. Some of the problems which Byham (1978) pointed out were:-

- Interviewers involved in selection do not seek applicant information on all the important dimensions needed for successful job performance.
- Interviewers misinterpret applicant data.
- Interviewers' judgments may be affected by biases and stereotypes.
- Interviewers permit one dimension, favourable or unfavourable, to influence their judgment of other dimensions (halo effect).

2. Reliability is defined as the agreement between evaluations of two or more persons independently interviewing the same candidate.

3. Predictive validity refers to the extent a predictor such as selection interview results, test scores or ratings correctly forecast a criterion variable such as future job success or performance. The measure used to represent it is the validity coefficient which is similar to a correlation coefficient.

- Interviewers' judgments are affected by the other available candidates.

The solutions offered by Byham (1978) to overcome these problems resemble to the selection approach of an assessment centre which will be discussed in a later section.

3.3 PSYCHOLOGICAL TESTS

Psychological tests are regarded as selection tests when they are used as a selection device. Psychological tests are one way to establish or confirm competence for the job. Selection tests are standardised set of questions or problems which allow an applicant's performance to be compared with that of other applicants. They thus provide objective comparisons between a group of applicants. (They are instruments designed to measure selected psychological factors. The purpose of this measurement process is to enable one to predict what a person will do in the future).

There are five types of psychological tests which are used in business organisations (Flippo, 1980). These are:-

- (1) Intelligence tests,
- (2) Aptitude tests,
- (3) Achievement tests,
- (4) Interest tests, and
- (5) Personality Tests.

Intelligence tests:

Of all the psychological tests, intelligence test is perhaps the most widely administered test in industry. Intelligence has been given various definitions. Bahn (1979) defined intelligence as the measurement of the individual's capacity to handle ideas and concepts. Factorial studies of abilities have shown that intelligence is linked to character traits such as emotional maturity, stick-to-itiveness, dynamism and mental alertness (Bahn, 1979).

In layman's language, intelligence tests are simply a means of measuring performance on a standard series of mental tasks. According to Plumbley (1974), these tests are important because it has been shown statistically that a person's ability to score highly on such tasks correlates with his capacity to learn and retain new knowledge, to pass examinations and to succeed at work.

In a survey conducted by Ghiselli and Brown (cited in Flippo, 1980) of several studies of the use of intelligence tests in business, it was discovered that the importance of intelligence to job success varies with the type of the job. Median validity coefficients tend to be higher when selecting skilled workers (.55), supervisors (.40) and substantially lower in predicting job success for unskilled workers (.08). The requirement

of some intelligence for managerial success is one of the conclusions drawn by Bahn (1979) in his review of research on aptitude and success. Bahn's conclusion:-

"... there is general agreement that a certain amount of intelligence is necessary for minimal performance at the executive level ... those who support the predictive validity of intelligence test scores and those who are sceptical about it are clear about the baseline requirement."

Aptitude Tests:

Aptitude tests measure whether an individual has the capacity or latent ability to learn a given job if given adequate training (Flippo, 1980). The use of such tests is advisable when an applicant has had little or no experience along the lines of the job opening. Examples of specific aptitudes are as follows:- mechanical, clerical, linguistic; and academic.

Achievement Tests:

Achievement tests are used to measure an applicant's range and depth of knowledge of a particular subject and his grasp of its basic principles. They provide a fairly accurate guide

to an applicant's current knowledge and highlight his strengths and weaknesses within that subject.

Interest Tests:

Interest tests attempt to determine the degree of agreement between the applicant's interests and the interests of successful personnel in specific professions and occupations. The applicant is asked whether he likes, dislikes, or is indifferent to many examples of school subjects, occupations, amusements, peculiarities of people and particular activities (Flippo, 1980). Patterns of interests have been developed for some sixty occupations, among which are architect, engineer, personnel manager and production manager.

Personality Tests:

It is said that an applicant's personality play an important role in determining successful job performance. It is not uncommon to find cases where an individual who possesses the intelligence, aptitude and experience failed to perform adequately in a certain job. This is often due to lack or absence of personality characteristics of a job. Examples of these failures may be due to the inability to get along with and motivate other people.

Essentially, personality tests attempt to determine the applicant's personality characteristics or temperament and to compare them with the personality requirements of a particular job.

Discussion of Psychological Tests

As a selection device for management job, psychological tests are not frequently used. The reason for this, according to Gill and Banks (1978) are that tests do not necessarily yield information on behavioural characteristics, capacities or inclinations which can be matched to the recruitment specification such as "*calmness and confidence in particularly stressful information, 'planning and organisation skills', etc.*" Research by Prentice (1976) indicated that selection testing has been rejected by many organisations and many graduate candidates on the grounds that they are invalid and irrelevant and too mechanistic.

3.4 PERFORMANCE APPRAISAL

Performance appraisal can be defined as a systematic evaluation of the past performance of the employees of an organisation. There are several methods of performance appraisal that are

frequently used by organisations. These include⁴:-

- (1) Ranking: The employees are ranked in order of merit from best to worst.
- (2) Paired Comparison: A form of ranking in which the appraiser is required to state which of two candidates is preferred in a series of pairs.
- (3) Personality rating scale: The appraiser evaluates the level of employee's performance in each category of a range of performance qualities and characteristics such as initiative, reliability and judgment.
- (4) Critical Incidents: The systematic recording of actual instances of significantly good or significantly poor performance as they occur.
- (5) Free written report or Essay: The appraiser is required to produce a free pen portrait of the employee regarding his good or bad points, training needs and potential.
- (6) Results-oriented or Management-by-objectives (MBO). The appraisal of results achieved as compared with quantifiable and measurable performance goals or standards determined in advance. The goals may be set out by the employer, employee, or both.

4. The description of these methods are largely drawn from Whisler and Harper (1962) Locher and Teel (1977) and Gill (1977). Other methods which are not described above include Forced-choice rating, Forced-distribution and graphic rating scale.

In recent years many authors have pointed out the shortcomings and limitations of the existing appraisal systems (Oberg, 1972; Guion, 1965; Morano, 1974; Locher and Teel 1977). They have observed that many appraisal systems are not relevant to organisational objectives, are subject to personal bias and often are influenced more heavily by personality than by performance.

Despite the limitations, they are the most widely used assessment methods both in New Zealand and overseas. The survey by the New Zealand Institute of Personnel Management (NZIPM, 1978) shows that 77% of the 209 respondent organisations ranked performance appraisal as the most frequent personnel practice. (Job-Evaluation - salaries was ranked first by 78%). The survey by Gill (1977) of 288 British organisations found that 82% of the respondents have a formal performance appraisal scheme. The corresponding figure obtained by Locher and Teel (1977) in their survey of 216 organisations in United States was 89%. One implication of the widespread use of performance appraisal is that it is used as a selection device for promoting currently employed staff to managerial positions. The survey by Gill (1977) shows that 87% of the organisation used the appraisal method for assessing future potential and promotability. In the United States study by Locher and Teel (1977), the use of performance appraisal for promotion decisions in the organisations surveyed was ranked fourth (25.1%) behind the uses for feedback, performance improvement and compensation decisions (71.3%).

The rationale for the use of performance appraisal as a selection device is based on the belief that past and current performance is a valid indicator of future managerial performance and success. Research on performance appraisal have mainly centred on the different methods of appraisal and the different uses the methods have been employed for. However, there appears to be little or no research that examine the predictive validity of the performance appraisal methods as a reliable selection method. One interpretation of this observation is that the use of performance appraisal as a selection method is based more on traditions and convenience rather than on proven predictive validity.

3.5 EXECUTIVE DEVELOPMENT PROGRAMME

Executive development programme is regarded as a form of on-going training which is designed to develop the management abilities of employees who are usually in supervisory or management positions. The development programme typically consists of a series of courses, meetings and job training over a predetermined period of time. These components of an executive development programme may include:-

- (i) attending company courses;
- (ii) attending outside seminars and conferences;
- (iii) tuition assistance;
- (iv) job rotation;
- (v) team assignments;

- (vi) special projects;
- (vii) job training.

Executive development programme has been arbitrarily categorised into three types:-

- * in-company,
- * external (within country) and
- * overseas.

In the NZIPM survey (1978) 75% of the 209 organisations ranked external executive development programme (within New Zealand) as the third most frequent personnel practice. The corresponding figures for in-company and overseas executive development programmes are 60% and 48% respectively.

It has also been found by Sweeney and Teel (1979) that development programmes are more likely to provide opportunities for employees who are already in supervisory and management positions than for non-supervisory employees. In their survey of promotional practices of 266 organisations, 61% of the respondents have programmes for the supervisory/management employees while only 30% provide such development opportunities for non-supervisory employees.

Development programmes can and have been used as a selection tool by many organisations. But its validity and reliability is open to questions because of the largely subjective basis of its programme and procedures. In the first case, participants for programme are typically selected on the basis of the immediate supervisor's judgment. And in the second case, the nature of the components of a development programme do not allow for the objective assessment of the performance and capabilities of participants. Furthermore, it has been observed by Cone and McKinney (1972) that many development programmes have serious deficiencies in concept, approach, or content. Some of these deficiencies include:-

- (i) lack of specification of the level of development required,
- (ii) lack of specific objectives for programmes,
- (iii) inadequate measurement and evaluation of results,
- (iv) insufficient planning of programmes,
- (v) poor selection of participants, and
- (vi) lack of support and poor organisational climate.

3.6 PSYCHOLOGICAL ASSESSMENT BY SPECIALISTS

Psychological assessment by specialists can be used to select candidates for management positions. The assessment can be carried out by either the internal specialists or external consultants who are usually personnel or industrial psychologists.

Psychological assessment ordinarily involve a series of individual and group interviews and psychological tests. Management games may also be included in the assessment. The essence of the method is that the evaluation of the candidates' abilities, potential, personality and qualities are clinically and professionally carried out. The aim is to compare candidates in a most objective way. Psychological assessment is one good way of getting independent and objective information about internal candidates. This method is particularly useful for organisations who do not have trained assessor or interviewer to assess candidates for senior management positions.

Very little research has been conducted to examine the use and the reliability and validity of the psychological assessment method. This is perhaps largely due to the fact that different psychologists approach the selection problem differently in terms of the degree of emphasis on the component assessment methods, thus making comparisons difficult.

3.7 OTHER SELECTION METHODS

Other methods which have been used for management selection include the following:-

- (i) peer nomination
- (ii) selection boards/committee
- (iii) personal appraisal
- (iv) group interviews
- (v) unobtrusive method

The published literature contains little reference to these methods and even less research has attempted to find the reliability and validity of these methods.

Peer nomination or "buddy ratings" involves the nomination by the candidates' peers or colleagues of a peer for promotion or advancement to management positions. It essentially provides a measure of perceived leadership ability of the peers.

Selection boards comprise a group of observers or interviewers who assess the abilities, character and behaviour of a candidate through a depth interview.

Personal appraisals consist of a depth interview and a battery of tests. The aim is to describe a candidate well enough that an understanding of how he will perform in a given job situation can be reached. (Guion, 1965).

Group interviews assess a group of candidates simultaneously. The interviewers are trained to observe the behaviour and qualities of the candidates. The method serves to provide a comparison of the characters and personality of the candidates and to relate the observations to the target job requirements.

An unobtrusive method attempts to observe the behaviour of a group of candidates in a given situation, without the knowledge of the candidates. An example was provided by Fraser (1949) [cited in Guion, 1965] who observed candidates for a managerial job at a specially induced banquet situation. However, no validity data were given by Fraser.

3.8 DISCUSSION OF SELECTION METHODS

Having described the various selection methods one can now compare the success of these methods in making correct decisions in management selection. That is, how much predictive validity does each method possess? The published literature does not contain much about the empirical evidence of the predictive validities of the methods. The reasons for this scant validation efforts, according to Guion (1965) are:-

- (1) unusually difficult criterion problems,
- (2) small samples in unique managerial positions, and
- (3) difficulties in determining predictor traits.

Nevertheless, a few extensive studies have been conducted, even though the validation studies are more likely to be associated with the assessment centre technique. In particular, Ghiselli (1973) surveyed published research and found validity coefficients ranging from .16 to .45 for predicting job success for traditional methods like selection tests and selection interviews.

Of more significance is the findings by Huck (1973), Byham (1970), Bray and Grant (1966), and Norton (1977), among others, which indicate that the assessment centre technique has better predictive validity than the traditional methods.

Because of the superior predictive validity and other advantages of the assessment centre technique over other methods for management selection, a comprehensive review of the technique will be provided.

4. THE ASSESSMENT CENTRE TECHNIQUE

The 'assessment centre' approach to management selection may not be one which many New Zealand managers are familiar but its concepts is far from new. Essentially, an assessment centre attempts to provide a broad approach to the identification of management potential. It involves the simultaneous assessment of several individuals by a group of specially trained assessors using a variety of individual and group exercises.

4.1 HISTORICAL BACKGROUND

The origin of the use of the assessment centre technique on a large scale is credited to the German military psychologists in the 1930's. The British War Office Selection Boards (WOSB) later adopted the technique to select their military officers in the early 1940's.

This selection methodology was in turn adopted by the American Office of Strategic Services (OSS) in 1943 to select intelligence agents for service during the Second World War.⁵

Having observed the success of the OSS experience and the realisation that the technique is applicable to management

5. The entire OSS assessment technique, including its rationale, model, and operation is described in considerable detail in the book: Office of Strategic Services (OSS) Assessment Staff. Assessment of Men, New York, Rinehart, 1948.

selection, American industry began to apply the multiple assessment methods for the selection of management personnel.

The pioneering effort in the use of the assessment centre technique was mainly attributed to the American Telephone and Telegraph (AT & T) in their Management Progress Study which began in 1956. Bray and Grant (1966) reported that 422 men were assessed in the experimental centre in the first four years in six Bell System Telephone Companies. Approximately two thirds of the sample were college graduates while the remaining third had been employed initially for non-management positions and had advanced into management relatively early in their careers. The experiment was a success as about 80% of those who have advanced to middle management by mid-1965 were judged by the assessment centre staffs as having such potential (Bray and Grant, 1966).

Because of the high predictive validity achieved by this experimental assessment centre, the technique was rapidly adopted by other Bell System Companies for managerial selection. Huck (1973) estimated that as at 1973 over 100,000 candidates have participated in the assessment centre programmes in the 50 Bell System Centres throughout the United States.

The idea rapidly caught on in other American companies with the result that by 1973, over 100 companies were operating some form of assessment centre (Huck, 1973). Today, it has

been estimated that about 1,000 companies in United States are using assessment centres not only for managerial selection but also for selecting salesmen, engineers and supervisors.

4.2 THE CANDIDATES

The type of candidates which participate in an assessment centre programme depends on whether the management job is open to external applicants. If the job is publicly advertised, the centre would normally include both the outside applicants as well as candidates within the organisation. For internal applicants, they are commonly selected for assessment by their supervisors who based their nomination on current job performance. However, Byham (1970) argued that such reliance on supervisors' nominations represents a major philosophical inconsistency. One of the reasons for using the assessment centre technique in the first place is to overcome some of the prejudice and biases inherent in supervisory judgment; yet the supervisor is ordinarily made the sole judge of whether the candidate should be assessed. This problem of supervisory bias is one of the weakness of the assessment centre approach. And it has led to what many regard as the "Crown Prince Syndrome" of the approach which means that the supervisory assessment or judgment is self-fulfilling. Only candidates who have

shown tremendous potential are selected and hence they are likely to succeed in future regardless of the assessment centre participation and results.

Self-nomination may offer a solution for this potential bias. But this alternative means more candidates must be assessed and this involves additional expense.

The number of candidates processed at a time in a centre can range from 6 to 18. Many centres involve one assessor to every two candidates. However, the ratio of assessors to candidates can vary from 1 to 1 to 1 to 3. It can be said that the most common or typical centre consists of 6 assessors and 12 candidates (a ratio of 1:2).

4.3 THE ASSESSORS

Assessors are usually line managers two or more levels above the participants. These managers are specially trained to observe and conduct the proceedings of a centre. An important requisite is that they should be familiar with the jobs for which the candidates are being assessed.

Less frequently, professional consultants and psychologists are used as assessors. This has been mostly done where the management level to be assessed is high and company's top management know the people too well, or where the company is

too small to utilise in-company management as assessors (Oudtshoorn, 1974).

There is an important advantage associated with using a group of assessors. The joint judgments called the overall assessment rating (OAR) provided by the centre gives a more objective assessment of the individuals than traditional methods which normally involve the single judgment of a supervisor.

4.4 THE EXERCISES/METHODS

The exercises used are designed to bring out the behaviour relevant to the characteristics or dimensions identified as crucial to managerial performance. There are two categories of assessment exercise - individual and group exercises.

The individual exercises include:-

- (i) In-basket exercise
- (ii) Analysis presentation
- (iii) Writing exercises

In-basket exercise:

This exercise provides the participant with a set of materials in an in-basket associated with the target job into which he

has supposedly being promoted. These materials include notes, messages, telephone calls, letters, organisation chart and reports. The participant is expected to handle these materials within a period of 1 or 2 hours. The exercise is aimed at examining the managerial characteristics of the participant such as oral communications, planning and organising, self-confidence, decision making, risk-taking and administrative ability.

Analysis Presentation:

In this exercise the participant is given a set of information and data concerned with a hypothetical business problem. The participant is expected to analyse the information and then provide a verbal presentation of his report and/or recommendations. The exercise can evaluate the persuasive ability, self-confidence, and problem-analysis skills of the participants.

Writing Exercises:

This exercise requires the participant to describe in writing his job, the things he likes about his work, the things he dislikes, and his relationship to his peers, subordinates and supervisors (Wollowick and McNamara, 1969). The characteristics that are assessed include written communications, planning and organising, interpersonal contact, self-confidence and creativity.

The group exercises include:-

- (i) Leaderless group discussion
- (ii) Management Game

Leaderless Group Discussion:

This exercise involves asking groups of participants to engage in discussion about a promotion decision without having anyone designated as head. Each participant is required to sponsor or "champion" a subordinate for promotion using the information supplied about the subordinates. They are then expected to reach a group decision regarding the relative promotabilities of the subordinates. The candidates can be assessed on characteristics such as persuasive ability, aggressiveness, flexibility, leadership, initiative, independence and sensitivity.

Management Game:

A management game is a competitive simulation where teams of participants are required to make decisions regarding production, marketing, purchasing, and finance in competition with each other. The exercise is aimed at identifying qualities such as leadership, sensitivity, decisiveness, risk-taking, persuasive ability, initiative and planning and organising.

In a survey of 33 organisations using assessment centres in United States, Bender (1973) found that the three most frequently used exercises were in-basket (31 firms), leaderless group discussion (31 firms) and Management game (30 firms).

In addition to the individual and group exercises outlined earlier, many assessment centre programmes include interviews (personal and group) and psychological tests of both personality and ability.

The evaluation of the performance of the candidates in each of the exercises, interviews and tests forms the basis of the overall assessment rating (OAR). This rating (OAR) is usually used to predict the future performance and progress of candidates. It also has a significant influence on the decisions of the personnel executive to recruit or promote the assessed candidates. In validation studies of assessment centre, OAR is used as the predictor variable to be correlated against some criterion variable of future success or performance such as salary scale, advancement and management level achieved.

4.5 CHARACTERISTICS OF MANAGERIAL PERFORMANCE

The characteristics which are assessed in an assessment centre programme are based on the extensive research of the behavioural requirements of managerial success.

However, the list of characteristics measured differs between programmes of different organisations. A literature review of the lists of characteristics that are assessed indicates that some characteristics are commonly measured in different programmes.⁶ They include:-

Self Confidence:⁷ Belief in one's self which is positive yet realistic. Need of approval by peers, subordinates, and supervisors is not excessive.

Decisiveness: Ability to make decisions quickly and accurately. Decisions are based on a careful and balanced consideration of all facts.

Initiative: Active efforts to influence events rather than passive acceptance; self-starting.

6. The articles reviewed include Bray and Grant (1966), Byham (1976), Huck and Bray (1976), Hinrichs, and Haanpera (1976) and Wollowick and McNamara (1969).

7. The descriptions of the characteristics are taken from various sources.

- Leadership: Effectiveness in bringing a group to accomplish a task and getting ideas accepted. Ability to motivate people.
- Communication Skills: (written and oral) The ability to make a persuasive, clear presentation of ideas or facts, both orally and in written form.
- Creativity: Fresh approaches to problems. Expression of original thoughts or ideas. An inquiring mind.
- Planning & Organisation: Effectiveness in planning and organising work activities. Proper emphasis upon organisational structure, cohesiveness, and integration of ideas.
- Administrative Skills: Ability to delegate properly. Thoroughness. Attention to detail. Accurate and reliable record keeping.
- Interpersonal skills: Makes a good personal first impression on others, skill in perceiving and reacting sensitively to the needs of others.

<u>Flexibility:</u>	Adaptable, ability to modify behavioural style and management approach to reach a goal.
<u>Resistance to stress:</u>	Stability of performance under pressure and opposition.

4.6 ADVANTAGES OF ASSESSMENT CENTRE TECHNIQUE OVER OTHER SELECTION METHODS

There are four advantages of assessment centre over other methods. Firstly, in a typical assessment programme, multiple assessors observed and judged performance as opposed to single immediate supervisor in other traditional methods.

Secondly, assessments are based on direct observation of behaviour rather than inferring likely behaviour from correlates such as test scores and biographical information.

Thirdly, the technique is capable of highlighting behaviours which may not be readily observable in a day-to-day work situation. (Little, 1974). It therefore provides useful insights of the undisplayed competence or potential of participants.

Fourthly, the assessors observed participants in similar situations and use common standards to measure their performance in simulations of potential management jobs, not in their current jobs. That is, the assessment centre

technique provides an objective appraisal of the participants' abilities and personalities.

Thus, it can be said that the assessment centre technique is more superior than the traditional methods for management selection.

4.7 EMPIRICAL EVIDENCE ON THE PREDICTIVE VALIDITY OF ASSESSMENT CENTRE

Several major studies have attempted to examine the predictive validity of assessment centre to support its claimed superiority over other selection methods. These validation studies have been mainly carried out by several large American organisations such as American Telephone and Telegraph (AT & T), International Business Machine Corporation (IBM), Sears, Roebuck & Company, Standard Oil and General Electric.

Perhaps the most important and widely documented validation study on assessment centre was carried out by AT & T in its Management Progress study.

In the AT & T study reported by Bray, Grant and Campbell (1974) and Bray and Grant (1966) the point biserial correlation between the assessment centre rating (prediction of making or not making middle management) and the level achieved in management was .44 for college graduates and .71 for non-graduates. The

correlations of this rating with salary was .49 and .54 for graduates and non-graduates respectively. A point of significance in this study was that criteria variables of salary and advancement were uncontaminated by the assessment centre results (predictor variable) since the results were not disclosed to company officials. (The information collected from the 422 subjects in the study were held for research purposes only.)

In a later AT & T study, Moses (1972) reported a correlation of .44 between the final assessment rating and a criterion of obtaining 2 or more promotions since assessment. This validity coefficient was for 5,943 candidates assessed between 1960 and 1968.

Further evidence of the validity of assessment centres are provided by Norton (1977) who surveyed the validities obtained by other organisations. Norton's results show that the validity coefficients obtained by IBM and Standard Oil, were .35 and .51 respectively.

Byham (1970) concludes that the accumulation of research findings from a variety of types of centres lend considerable credibility to the general validity of the technique. He states:-

"In a survey of the 20 companies that operated centers, I uncovered some 22 studies in all that showed assessment more effective than other approaches and only one that showed it exactly as effective as some other approaches. None showed it less effective. As I suggested before, these studies exhibit correlations between centre prediction and achievement criteria such as advancement, salary grade, and performance ratings that range as high as .64."

Cohen et al (cited in Norton, 1977) summarised the validity data on 19 assessment centres. Their results were:-

Over all studies, median $r = .37$;

In predicting job performance, median $r = .33$;

In predicting job potential, median $r = .63$;

In predicting job progress, median $r = .40$.

The study by Cohen et al, indicated that the assessment centre has good predictive validity with the most reliable utility in the prediction of management potential.

However, not all researchers, practitioners and authors are convinced of the superior validity of the assessment centre technique over other methods. In particular, Ungerson (1974), Klimoski and Strickland (1977), Wilson and Tatge (1973) have all provided a critical assessment of the technique including its

claimed superior validity. Some of the important conclusions and points that are drawn from these critical reviews are:-

- (1) Face validity of the assessment centre is extremely high. That is, many organisations have accepted the use of the technique on the basis that success of the assessment centre programmes elsewhere is sufficient proof to adopt it without further evidence. Ungerson (1974) called this type of validity as "faith validity".
- (2) Strickland and Klimoski (1977) noted that relatively few validity studies have been carried out and published. They further observed that these few studies have been carried out in still fewer organisations.
- (3) Research studies supporting the use of assessment centre do not have comparative evidence indicating its superior validity over other assessment methods.
- (4) Many published research have failed to provide answers to the cost-benefit question of using the assessment centre in preference over currently used methods. Wilson and Tatge (1973) succinctly state the general problem in the following terms:-

"The critical question is not whether assessment centers are too expensive but whether they contribute significantly more to the validity of the selection decision than paper and pencil tests, management assessment of past experience and performance, psychological appraisals, interviews, weighted experience records, or the various combinations of these measures."

Despite the scepticism of these authors, they generally believe the technique has good indication of predictive validity. More validation studies with a larger number of organisations together with some major validation studies of other assessment methods seems to be required to conclusively prove the empirical superiority of assessment centre in predicting managerial performance and success.

4.8 APPLICATIONS OF ASSESSMENT CENTRE TECHNIQUE IN UNITED STATES AND UNITED KINGDOM

As indicated earlier, no less than 1,000 organisations in United States are using the assessment centres for the identification of management potential and management selection.

However, the use and acceptance of the technique in United Kingdom is surprisingly low. This was demonstrated by Gill (1977) in her survey of performance appraisal practices which shows that only 13 of the 360 organisations (3.6%) were operating an assessment centre. Three years has passed since the 1977 survey of Gill. The professional opinions of Stewart and Stewart (1976) and Ungerson [stated in Gill(1977)] suggest that even today the technique would still not be widely used largely because of its unproven superiority over other methods and the perceived substantial costs required for operating a centre.

5. THE NEW ZEALAND SITUATION

It was the original intention of the research to solely survey the use of assessment centre technique in New Zealand.

This was first decided after a preliminary literature review indicated the technique has both logical and empirical advantages over other forms of assessment such as psychological tests and selection interview. However, the survey results by Gill (1977) which show the surprising unenthusiastic reaction of United Kingdom companies towards the technique has somewhat modified the emphasis of the research. This has led to the formulation of a hypothesis that the assessment centre technique is poorly developed and not widely accepted in New Zealand. The primary research attempts to test this hypothesis, among other objectives.

PART 2

SURVEY RESULTS

6. SURVEY METHOD

The survey method used was mail questionnaire. The sample contains 100 organisations in New Zealand. These organisations were randomly selected from the list of 147 organisations which have personnel managers. The list was obtained from the Business Studies Department of Massey University. The survey was carried out in the second week of November 1980.

7. THE QUESTIONNAIRE

The questionnaire (Appendix I) was developed through a literature review of the articles pertaining to management selection methods.

Towards achieving the research objectives as outlined earlier, the questionnaire is essentially divided into four parts.

The first part which contains the first three questions requests for the usual information about the characteristics of the organisation as regard to its size and industrial classification and the organisation level of the management responsibility of the respondents.

The second part which runs from question 4 to 14 attempts to find the selection methods that are currently employed by New Zealand organisations. It also endeavours to examine the success of the currently used selection methods. Question 11 was deliberately set in an open-ended way in order to elicit other selection methods that may be used by New Zealand organisations, in addition to the methods listed in Question 4 to 10.

For the third part (Questions 15 to 24), a list of 10 managerial qualities or characteristics is presented to enable the respondents to express their opinions regarding the importance of these characteristics for managerial success.

The final part (Questions 25 to 28) pertains to the understanding and use of the assessment centre technique.

Respondents were encouraged to provide comments about the managerial qualities required of aspiring managers and the selection methods used in their organisations.

The questionnaire has been revised a few times before the final questionnaire was mailed out.

8. SURVEY RESPONSE

The following table shows the pattern of response to the survey questionnaire:-

Table 1: Survey Response Rate

	<u>Number</u>
Questionnaires returned (usable)	63
Letter of non-participation/refusal	6
Non-respondents	31
Sample size	<u>100</u>
Total response rate = 69%	
Usable response rate = 63%	

The favourable response rate of 69% was probably attributable to:-

- (1) the fact that the questionnaire was short and easy to answer and,
- (2) a strong interest in the topic.

It may also have been influenced by the promise to provide each respondent with a copy of the summary of the research findings. Fifty-one of the 63 respondents (81%) requested for a copy of the findings.

9. METHOD OF ANALYSIS

The data obtained from the questionnaire survey were analysed on a Burroughs 6700 computer using the Statistical Package for Social Science (SPSS). The subprogram used and their outputs were:-

FREQUENCY: This provides a count of the number of respondents in separate categories and their respective percentage share.

PEARSON CORR: Correlations coefficients between all the variables in the survey were provided by this procedure.

CROSSTABS: Apart from tabulating the number of respondents into each category (e.g. industries, size) this procedure gives χ^2 (chi-square) statistic. This allows for the examination of the significant difference in responses between two or more subgroups of the sample.

10. CHARACTERISTICS OF RESPONDENTS

The following tables provide a breakdown of the organisations by size (total number of employees) and industrial classification.

Table 2: Distribution of Respondents by Industrial Classification
(N = 63)

Industrial Classification	Distribution of Respondents	
	N	%
Agriculture, forestry, fishing, hunting	3	4.8
Mining and construction	1	1.6
Manufacturing - textiles, clothing, footwear	5	7.9
Manufacturing - metal products, machinery, equipment, chemicals	21	33.3
Wholesale, retail trade, entertainment	12	19.0
Finance, real estate, insurance, business services, legal, accountancy	8	12.7
Government departments, corporations	4	6.3
Others - manufacturing, food products,	4	6.3
- the rest	5	7.9

The three industrial groups with the highest concentration are manufacturing - metal products etc (33.3%), wholesale, retail trade, entertainment (19.0%) and finance, real estate, etc (12.7%). This

is to some extent a fair reflection of the concentration of medium to large New Zealand organisations in these categories.

Table 3: Distribution of Respondents by Size of Organisation
(N = 63)

Total Number of Employees	Distribution of Respondents	
	N	%
Less than 50	1	1.6
51 to 150	3	4.8
151 to 350	14	22.2
351 to 750	17	27.0
More than 750	28	44.4
TOTAL	63	100.0

The distribution of respondents is heavily in favour of medium to large organisations employing more than 150 employees. This group accounts for 93.6% of the total sample (N = 63). The high concentration of the larger size organisations is expected as the respondents represented organisations which have a personnel manager. It is not

expected for smaller organisations to have such a specialised personnel officer.

11. IMPORTANCE OF MANAGEMENT SELECTION METHODS

Four methods suitable for both the selection of external applicants and internal applicants for management positions were identified. They include:-

- (1) Psychological tests
- (2) Structured Formal Interviews
- (3) Unstructured Interviews
- (4) External Assessment by Consultants

The importance of these methods according to the 63 personnel managers were examined. The average scores on the importance of these methods and the correlations between methods are presented in Table 4.

Table 4: Correlation Between Methods and the Average Scores on the Importance of Each Method ⁸ -

	Psychological Tests	Structured Interview	Unstructured Interview	External Assessment by Consultants	Average Scores
Psychological tests	1.00	.07 (p=.28)	-0.20 (p=.05)	0.35 (0.002)	3.44
Structured Interview		1.00	-.47 (p=0.001)	0.08 (p=0.25)	1.93
Unstructured Interview			1.00	-0.04 (p=0.35)	2.0
External Assessment by Consultants				1.0	3.47
<u>Scores: 1 very import. 5 unimportant</u>					

The number in bracket below each correlation coefficient refers to the probability of the observed relationship between the two variables occurring by chance. It is a measure of the statistical significance of the relationship.

In term of importance, the personnel managers regard structured interviews and unstructured interviews as the most suitable or desirable for management selection (as shown by the low average scores).

The negative correlation ($r = -0.47$, $p = 0.001$) observed between these two types of interviews suggests that one type is preferred over the other as a selection method.

In percentage terms, structured interview was shown to be the preferred form of selection interview. Eighty-three percent of the respondents regard structured interview as either fairly important or very important compared to the 57% obtained for unstructured interview. The corresponding figures for psychological tests and external assessment by consultants were 29% and 27% respectively.

It is interesting to note that psychological tests and external assessment by consultants are relatively unimportant for managerial selection. The high correlation between these two methods ($r = 0.35$) is expected as the consultant's approach would typically include some form of psychological tests. One inference from their observed low importance is that psychological test is not regarded as a reliable and adequate method for selecting managers. The reason

may be due to the long established preference of organisations for using interviews in selection decisions.

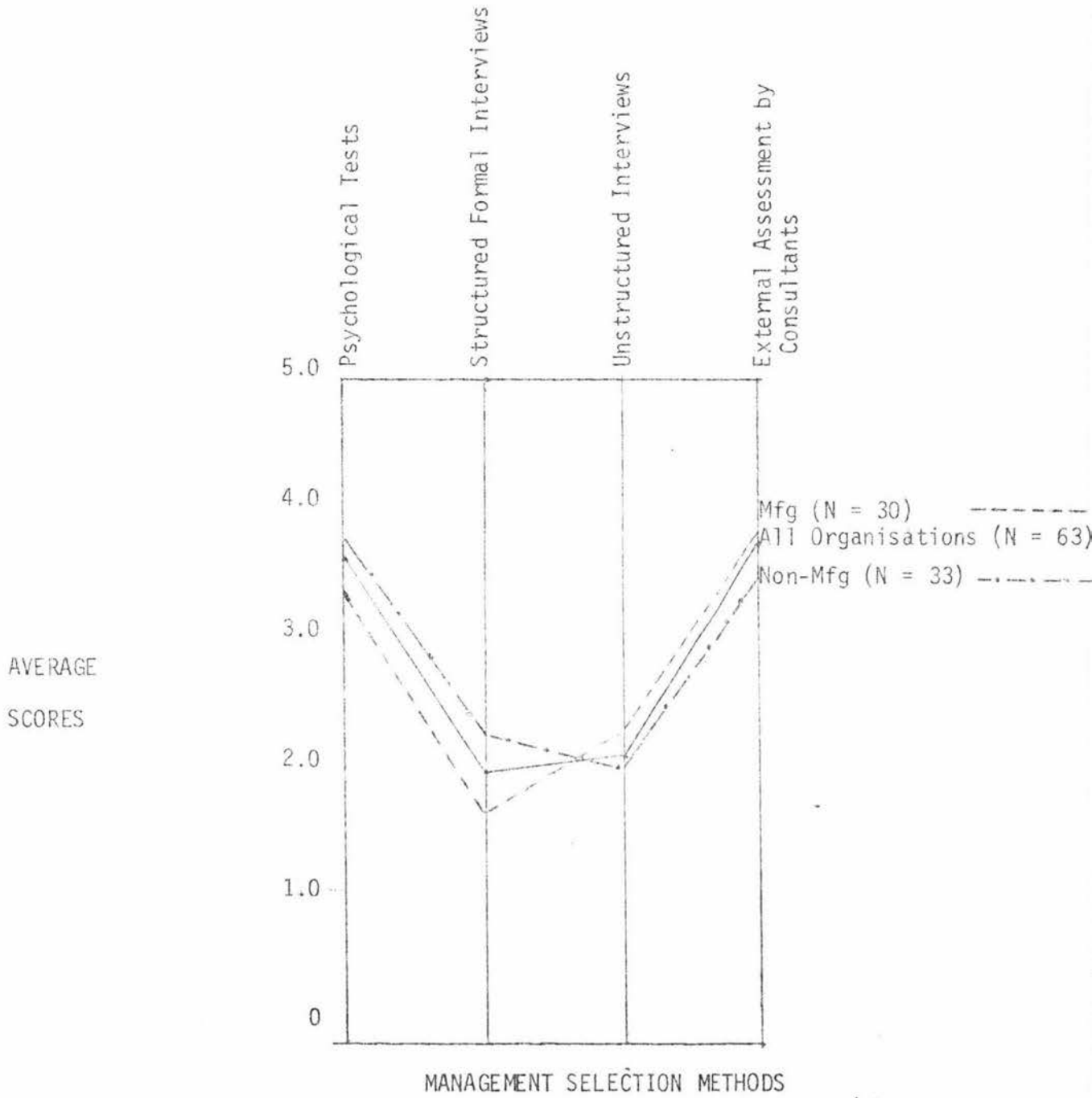
The chi-square (χ^2) statistics obtained indicated that there were no significant difference in the responses between respondents of different size groups and industries.

The nine different industrial classifications were narrowed down to two groups. That is, manufacturing and non-manufacturing organisations. The average scores of the importance of each method for these two groups are shown in Figure 1.

The chi-squares (χ^2) obtained for each method again show that no statistically significant difference in responses were found between the manufacturing and non-manufacturing groups.

The conclusion of these tests is that interview is the most important selection method in all organisations of different industries and sizes.

Figure 1: Average Scores on the importance of Management Selection Methods



Scores: 1 Very Important; 5 Unimportant

12. IMPORTANCE OF INTERNAL PROMOTION SELECTION METHODS

The most important selection method for internal promotion is performance appraisal. Results in Table 5 show that 96.8% of the respondents consider performance appraisal as either important or very important.

Table 5: Average Scores on the Importance of the Internal Promotion Selection Methods

Methods	Overall Average Score (N = 63)	Average Score for Manufacturing Group (N = 30)	Average Score for non-manufacturing group (N = 33)	Percentage who consider method as either important or very import.
Performance Appraisal	1.27	1.16	1.30	96.8%
Executive Development Programme	1.82	1.83	1.75	88.8%
Psychological Assessment by Internal Specialists	3.90	3.76	3.93	39.7%

The second most important internal promotion method is executive development programme while the least important is psychological assessments by internal specialists.

No statistically significant difference in responses were found between organisations of different size and industrial groups.

12.1 DISCUSSION OF RESULTS

From the analysis of the relative importance of the seven selection methods, one interesting finding is obvious. That is, the low importance attached to psychological tests, external assessments by consultants and psychological assessment by internal specialists. The common feature of these methods is that each has strong psychological assessment content. This suggests that New Zealand personnel managers are wary of too much emphasis on the psychological approach to assessment. Perhaps the respondents are unconvinced of the reliability of the psychological approaches. A more likely reason is that the respondents are satisfied that their current selection procedures (interviews, performance appraisal and executive development programmes) are adequate and hence are uninterested in other approaches. It should be realised that interviews which were shown to be one of the most important methods contain a fair amount of psychological assessment by the interviewers or evaluators.

13. THE MOST FREQUENTLY USED SELECTION METHODS

The following table provides a summary of the findings on the selection methods used by New Zealand organisations.

Table 6: The Most Frequently Used Selection Methods

Selection Method Rank in order of Importance	Performance Appraisal		Unstructured Interviews		Structured Interviews		Internal Assessment by Specialists		Executive Development Programme		Selection panel/committee	
	N	%	N	%								
FIRST	45	71.4%	8	12.7%	2	3.2%	2	3.2%	1	1.6%	1	1.6%
SECOND	6	9.5%	7	11.1%	3	4.8%	1	1.6%	9	14.3%	3	4.8%
THIRD	2	3.1%	-	-	-	-	1	1.6%	4	6.3%	-	-
TOTAL	53	84.0%	15	23.8%	5	8.0%	4	6.4%	14	22.2%	4	6.4%

The most frequently used selection method is performance appraisal. Of the 53 (81.4%) organisations which used this method, 45 (71.4% of 63) of them rank performance appraisal as the most important method. This confirmed the earlier results in the preceding section which shows that 96.8% of the respondents regard the method as either important or very important for internal promotion. It also confirmed the finding of the survey by NZIPM (1978) which shows that 77% of the 209 organisations

adopted this personnel practice. (Performance appraisal was ranked second behind job evaluation-salaries (78%) in the survey on most frequent practices.) This New Zealand result is similar to that obtained in United Kingdom by Gill (1977) where 82% of the 288 organisations have a formal performance appraisal scheme.

As can be seen from Table 6 the second most frequently used selection method is the unstructured interview (23.8%). The third and fourth most frequently used methods are structured interview (8%) and internal assessment by specialists (6.4%) respectively.

In terms of importance, unstructured interview is ranked first by 12.7% of the organisations compared to the 71.4% for performance appraisal. Structured interview and internal assessment by specialists share the third ranking with 3.2% each.

Two organisations did not provide any rankings on the importance of the methods, while another two list personal assessment of staff's personality and behaviour as the most important assessment method.

Apart from the list of selection methods provided in Questions 4 to 10 and selection committee other methods were mentioned by the respondents. These include:-

- (i) Peer nomination
- (ii) "Head hunting"
- (iii) Achievement of Professional Qualifications
- (iv) Management-by-objectives (MBO)

However, the practice of such methods in percentage terms is insignificant. It is interesting to note that only one respondent mentioned the use of the assessment centre technique as part of its selection methods.

The general result obtained (shown in Table 6) also suggests that internal promotion is a more frequent practice than external recruitment in management selection.

14. SUCCESS OF CURRENT SELECTION PROCEDURES

As expected 98.4% of the respondents consider their current selection procedures are either fairly successful or very successful. Significant correlations were found between the agreement of the success of the procedures and performance appraisal and executive development programmes. The correlation coefficients were 0.39 ($p = 0.001$) and 0.48 ($p = 0.001$) respectively.

This result suggests these two methods are regarded as valid and reliable techniques by the organisations for selecting staff for managerial jobs. Their perceived validity of these methods is probably based on the fact that they (the methods) have worked for the organisations in the past. On the other hand, the continued use of these methods may be based on "faith validity" - where the fact that the methods worked elsewhere is sufficient proof for their adoption.

Furthermore, 87.3% of the respondents either tend to agree or strongly agree that their current selection procedures measure important qualities required of managers.

15. THE USE OF ASSESSMENT CENTRE TECHNIQUE IN NEW ZEALAND ORGANISATIONS

The survey result overwhelmingly confirm the research hypothesis which suggests that the assessment centre technique is poorly developed and not widely practised by New Zealand organisations. Only one out of the 63 organisations has used the assessment centre approach for management selection. In addition to the primary objective of identifying management potential, the approach was also used by the sole organisation to assist in the career planning decisions of the employees. The technique has been used for 3-5 years.

16. THE LEVEL OF UNDERSTANDING OF THE ASSESSMENT CENTRE TECHNIQUE

Despite the fact that only one organisation has some experience with an assessment centre, a significant number of respondents showed some appreciation of the technique. This appreciation is reflected in two ways:-

- (1) In response to the question regarding whether it would be advantageous for an organisation to combine the assessment centre technique with currently used methods, 36.5% of respondents provide an affirmative answer. The proportion who remain unconvinced is 23.8% while 39.7% have no opinion about the statement.

- (2) About one-third (30.2%) of the respondents would send their subordinates to be assessed if a suitable assessment centre is available. Another one-third (33.3%) of the respondents were uninterested in the suggestion while the remaining 36.5% were undecided.

17. DISCUSSION OF ASSESSMENT CENTRE SURVEY RESULTS

What inference can be drawn from the 62 non-users of assessment centre? One major reason is perhaps New Zealand managers are largely unconvinced of the validity of the method. Another may be the lack of understanding of the mechanics or operation of an assessment centre due largely to the limited emphasis of current personnel practices and developments in management literature available to the personnel managers.

Still another plausible reason may be that New Zealand managers are generally conservative. The conservative outlook of New Zealand managers was first reported by Wilson and Paterson (1968) (cited in Hines (1973)) and further supported by Hines (1973) in his extensive study of 2,400 New Zealand managers. Their conservative outlook probably hinders any attempt to experiment with the assessment centre approach for the identification of management potential and selection purposes. The overwhelming popularity of an "old-fashioned" method - performance appraisal, despite its known limitations tends to support the idea that the personnel managers like all New Zealand managers have a strong desire to stick to old ways, and be wary of "new" concepts such as assessment centre.

Perhaps the most likely reason for the lack of application of the method is due to the perceived high cost associated with the technique. It should be remembered the cost of executive failure is fairly substantial and has long-term implications on the viability of an organisation.

The preceding results also indicated that about one third of the respondents are enthusiastic of the assessment centre approach. This group would probably be the most responsive to an idea to establish an experimental centre to identify management potential. If an experimental assessment centre is to be established, Massey University seems to be an ideal choice largely because of the facilities and expertise available and the central location of Palmerston North.

18. REQUISITES MANAGEMENT CHARACTERISTICS

The following table provides the percentage of respondents who regard the ten management characteristics as either important or very important.

Table 7: Degree of Importance of Management Characteristics

Characteristics	Percentage of respondents who regard characteristics as either important or very important (N = 63)	Average Scores for all Respondents	Rank in Term of Average Score
Leadership	96.8	1.33	1
Initiative	95.2	1.46	2
Decisiveness	87.3	1.68	4
Flexibility	88.9	1.71	5
Courage	65.1	2.31	9
Creativity	55.6	2.50	10
Loyalty	76.2	1.93	7
Self-Confidence	88.9	1.84	6
Persuasive ability	74.6	2.19	8
Interest in people	88.9	1.55	3

Scores: 1; very important: 5; Unimportant

The six most important management characteristics are leadership, initiative, interest in people, self-confidence, decisiveness and flexibility. Each of these characteristics are considered as either important or very important by at least 87.3% of the respondents. The other four characteristics (loyalty, persuasive ability, courage and creativity) are moderately important.

There were some significant correlations between the responses to the importance of the ten characteristics (see Appendix II). This result is largely attributed to the fact that these characteristics are generally considered as important management requisites in all kinds of organisations. But the degree of importance differs somewhat, as indicated in Table 7.

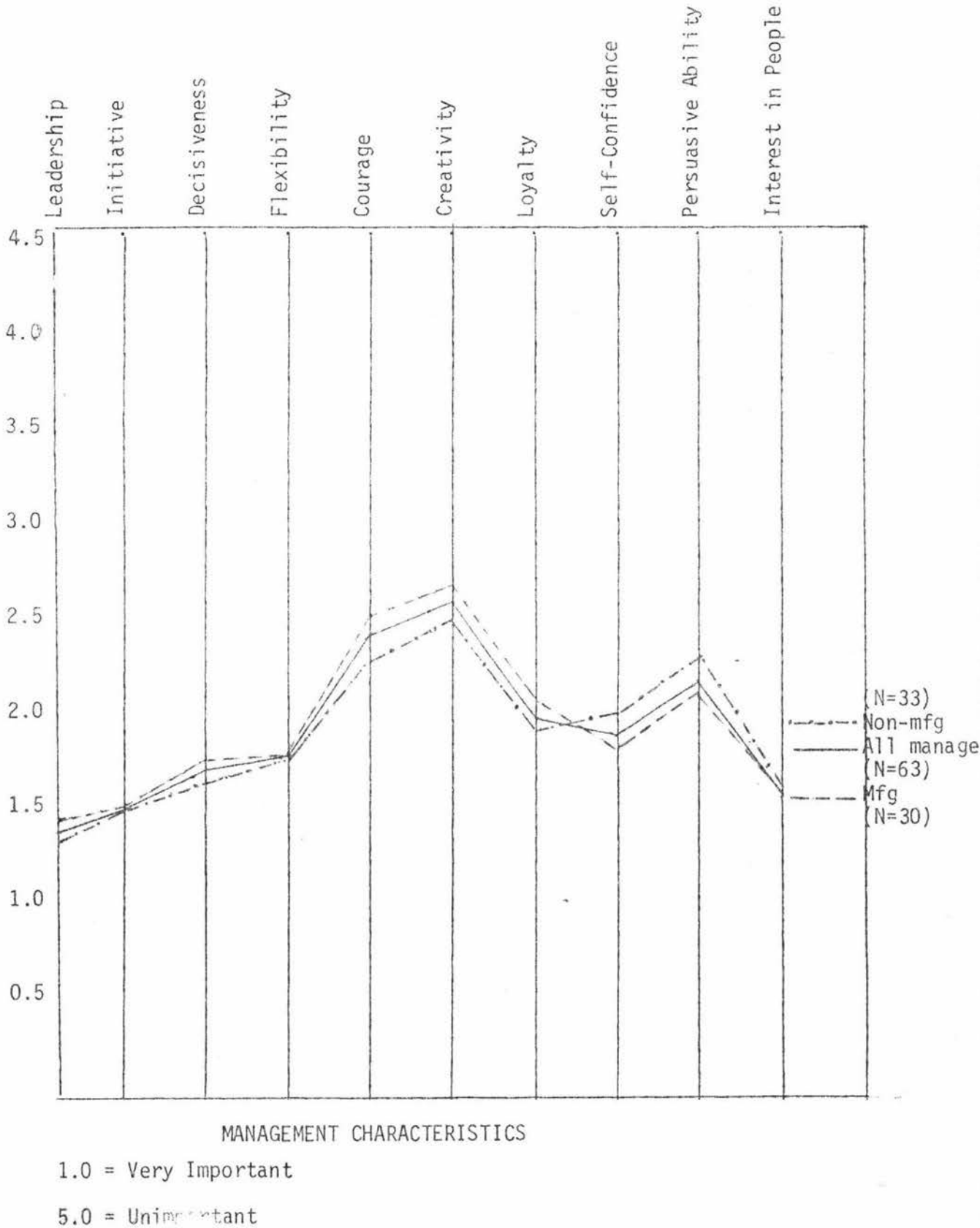
The average scores of the importance of each management characteristics for the 63 respondents are shown in Figure 2. The scores for the manufacturing and non-manufacturing group were also computed and shown in Figure 2. To test if there exists any significant difference in the response to the importance of each characteristic for each group, χ^2 statistics were computed.

The chi-square ($\chi^2_{.01,4}$) obtained for each characteristic were less than the theoretical χ^2 at 1% level for 4 degrees of freedom. This indicates the absence of any significant difference between the two groups.

That is, the personnel managers from all organisations agree on the degree of importance attached to the whole set of characteristics.

Further χ^2 tests also indicate that the size of the organisation does not have any significant effect on the responses to the importance of these characteristics.

Figure 2: Average Scores of Respondents on the Importance of Management Characteristics by Industry



19. RESPONDENTS' COMMENTS ON MANAGEMENT REQUISITES

The comments provided mostly stress on the importance of some of the ten characteristics listed.

Apart from these, some of the other qualities mentioned include:-

- (i) basic honesty,
- (ii) job-knowledge,
- (iii) intelligence,
- (iv) business acumen,
- (v) ambition, and
- (vi) communication skills.

A selection of the comments are provided below:-

"A good manager must be sure his decisions are correct and be able to convince others. Therefore, self confidence, decisiveness, communication skills and leadership are all important."

"Must have genuine interest in people, be able to control, motivate and direct his staff. Able to plan and organise and develop."

"Intelligence, ability to handle people, self-motivated, previous experience, confident, clear-thinker and good communicator."

"To be task-oriented, coupled with an ability to achieve goals through subordinates."

"Most important would be the ability to lead and in the 1980's an interest in people."

"To be able to get the best out of people by being decisive, flexible and above all an interest in people."

"Total commitment to meeting the objectives of the organisation. Ability to plan, administer and motivate. To possess leadership qualities, intelligence, and perception. To communicate and delegate effectively."

"Be able to communicate and lead."

"Basic honesty."

"High level commercial acumen, ambition, will to succeed, professional skills, integrity, well-integrated person, good people person."

"Ability to handle staff firmly but fairly, show initiative and drive. Be flexible in their thinking and approach to problems."

"Be able to lead, organise and control staff."

"Leadership, enthusiasm, intelligence and common sense."

"The ability to surround themselves with competent people and achieve the desired results with a minimum of outside assistance."

"Human relation skills, open and flexible mind and intelligence."

"Should be able to develop policy and divorce themselves from detail and trust subordinates."

"Ambition, determination, dedication, patience, perseverance, basic knowledge are all important."

"Ability to motivate others, to overcome obstacles and conceive new ideas."

20. A HYPOTHETICAL MODEL OF MANAGEMENT REQUISITES

The results obtained earlier indicate that personnel managers from organisations of different size and industry do not exhibit any significant difference in the pattern of response as regard to the importance of the ten management characteristics. It was also found that managers of different length of managerial experience do not show any significant difference in responses to these characteristics. The conclusion to be drawn from these findings is that there exists a universal set of management requisites among New Zealand personnel managers (and perhaps among all New Zealand managers).

Based on the opinions of this group of 63 personnel managers, a behavioural model for managerial success can be hypothesised. That is, for an aspiring manager to succeed, he/she should possess strong leadership qualities with initiative, decisiveness, flexibility, self-confidence and interest in people being the most important characteristics. Other qualities which are desirable include good communication and administrative skills, intelligence, integrity and ambition.

21. CONCLUSIONS

The overriding conclusion of this research is that the technique of assessment centre still has a long way to go to become in any way established as an integral part of the selection procedures of New Zealand organisations. Why is this since assessment centre results have been shown to have greater validities than the traditional methods of management selection? Clearly, one major problem is the "credibility" gap - many organisations remain unconvinced of the usefulness of the technique. Another is probably due to the conservative attitudes of New Zealand managers as regard to innovative technique that is successful elsewhere.

Despite the virtual non-usage of assessment centre technique, the personnel managers demonstrate some level of appreciation for the technique. This was indicated by the finding which shows 36.5% of the respondents regard the incorporation of the technique into existing selection procedures as advantageous to the organisations. Furthermore, 30.2 % of the respondents would be willing to have their subordinates assessed if a suitable assessment centre programme is available. An implication of this result is that the establishment of an experimental assessment centre for the identification of management potential may be a viable proposition.

Another important conclusion is the preponderance of the use of performance appraisal methods for the selection of currently employed staff to management positions. This indicates a strong conviction by New Zealand management executives that past performance is a valid and reliable predictor of future managerial success and performance.

A universal set of requisite management characteristics appear to exist among New Zealand managers. Based on the responses of the 63 personnel managers, an aspiring manager should have strong leadership qualities with initiative, decisiveness, flexibility, interest in people, self-confidence, communication and administrative skills, intelligence and ambition being the requirements for managerial success.

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Massey University

PALMERSTON NORTH, NEW ZEALAND

TELEPHONES, 69-099, 69-089.

In reply please quote:

Mr T E Lim
Postgraduate Student
Business Studies
Department
Massey University
PALMERSTON NORTH

10 November 1980

The Personnel Manager

Dear Sir

I am a postgraduate student, completing a Master's Degree in Business Studies at Massey University. As part of the Personnel Management Course programme, I am required to do a research report.

I would appreciate your assistance on my project which is a research report on Management Selection.

Specifically, the research will attempt to:

- 1) find the methods that are currently used by companies for management selection;
- 2) determine what are the qualities or attributes which potential managers should possess in order to be successful; and
- 3) determine the level of appreciation of the assessment centre technique for the identification of management potential.

Would you please complete the enclosed questionnaire, and return it to me in the stamped addressed envelope provided. The questionnaire will be treated in strict confidence and no respondent's name or any organisation will be identifiable from the returned questionnaire.

It is hoped that this survey will provide us with some understanding of the methods currently undertaken by New Zealand companies for Management Selection. A summary of the research findings will be sent to you if you care to return the slip attached.

Thank you for your co-operation.

Yours faithfully,

T E LIM

SURVEY ON MANAGEMENT SELECTION PRACTICES

This questionnaire is addressed to personnel managers or the managers whose functions include major responsibility in the personnel area (eg: industrial relations, staff training, performance evaluation, etc).

The aim is to establish current selection practices.

Please circle the answer which best represents your opinion.

Example: How important do you think leadership is in contributing towards success in management?

1. Very important
- ② Fairly important
3. Undecided
4. Fairly unimportant
5. Unimportant

Please feel free to comment by writing alongside any question.

1. Your management responsibility relates to:
 1. *A single-unit organisation*
 2. *A branch, subsidiary, or division of a multi-unit organisation*
 3. *The headquarters of a multi-unit organisation*
 4. *All units of a multi-unit organisation*
 5. *Others, please specify* _____

2. What is the total number of employees in your organisation?
 1. *Less than 50*
 2. *51 to 150*
 3. *151 to 350*
 4. *351 to 750*
 5. *More than 750*

3. Which of the following industrial classifications best covers the principal operations of your organisation?
 1. *Agriculture, forestry, fishing, hunting*
 2. *Mining, Construction*
 3. *Manufacturing - textiles, clothing, footwear*
 4. *Manufacturing - Metal products, machinery, equipment*
 5. *Wholesale, retail trade, entertainment*
 6. *Finance, real estate, insurance, business services, legal, accountancy*
 7. *Local bodies, authorities, municipal corporations*
 8. *Government departments, corporations*
 9. *Others, please specify* _____

How important are each of the following methods in management selection?
(please circle one appropriate code)

	<u>Very Important</u>	<u>Fairly Important</u>	<u>Undecided</u>	<u>Fairly Unimportant</u>	<u>Unimportant</u>
4. <i>Psychological Tests</i>	1	2	3	4	5
5. <i>Structured formal Interviews</i>	1	2	3	4	5
6. <i>Unstructured Interviews</i>	1	2	3	4	5
7. <i>External Assessment by Consultants</i>	1	2	3	4	5

How important are each of the following methods for determining the promotion to management of currently employed staff?

	<u>Very Important</u>	<u>Fairly Important</u>	<u>Undecided</u>	<u>Fairly Unimportant</u>	<u>Unimportant</u>
8. <i>Performance Appraisal</i>	1	2	3	4	5
9. <i>Executive Development Programmes</i>	1	2	3	4	5
10. <i>Psychological Assessment by Internal Specialists</i>	1	2	3	4	5

11. List in order of importance the most frequently used assessment methods in your organisation?

1. _____
2. _____
3. _____
4. _____
5. _____

12. How successful are your selection procedures?

- 1. *Very successful*
- 2. *Fairly successful*
- 3. *Undecided*
- 4. *Unsuccessful*
- 5. *Very unsuccessful*

13. Do you use/know of, any alternative management selection procedures which have not been mentioned in this questionnaire?

14. Management selection method(s) employed by your organisation measure important qualities required of managers:

- 1. *Strongly agree*
- 2. *Tend to agree*
- 3. *Undecided*
- 4. *Tend to disagree*
- 5. *Strongly disagree*

The following questions (15 to 24) relate to behavioural qualities that managers may possess. Based on your experience, how important do you think the following characteristics are in contributing towards success in management. (Please circle the appropriate code)

	<u>Very Important</u>	<u>Important</u>	<u>Undecided</u>	<u>Fairly Unimportant</u>	<u>Unimportant</u>
15. <i>Leadership</i>	1	2	3	4	5
16. <i>Initiative</i>	1	2	3	4	5
17. <i>Decisiveness</i>	1	2	3	4	5
18. <i>Flexibility</i>	1	2	3	4	5
19. <i>Courage</i>	1	2	3	4	5
20. <i>Creativity</i>	1	2	3	4	5
21. <i>Loyalty</i>	1	2	3	4	5
22. <i>Self-Confidence</i>	1	2	3	4	5
23. <i>Persuasive ability</i>	1	2	3	4	5
24. <i>Interest in People</i>	1	2	3	4	5

Comment on the qualities that potential managers should possess in order to be successful:-

Assessment centre programmes are becoming increasingly popular for the identification of management potential. The procedure involves the simultaneous assessment of several individuals by a group of specially trained assessors using a variety of group and individual exercises.

The exercises are designed to bring out the behaviour relevant to Managerial performance on the job. They include interviews, management games, in-basket exercises, leaderless group discussion and verbal presentations.

Assessment centres are said to provide a more realistic assessment of management potential by participation in the various exercises

25. Has your organisation used the assessment centre technique for:

1. *Less than 1 year*

2. *1-3 years*

3. *3-5 years*

4. *More than 5 years*

5. *Doesn't use*

26. Does your organisation use the assessment centre technique for any of the following purposes:

1. *Not at all*

2. *To assess training and development needs*

3. *To assist career planning decisions*

4. *To set performance objectives*

5. *Others, please specify* _____

27. Would it be advantageous for your organisation to combine the assessment centre technique with currently used Management Selection methods?

1. *Yes*

2. *No*

3. *Don't Know*

28. If a suitable assessment centre programme is available to your organisation, would you send any of the subordinates to be assessed?

1. *Definitely*
2. *Probably*
3. *Undecided*
4. *Probably not*
5. *Definitely not*

29. What is your salary scale?

1. *Less than \$7,000 (pre-tax)*
2. *\$7,001 - \$9,000*
3. *\$9,001 - \$12,000*
4. *\$12,001 - \$16,000*
5. *\$16,001 - \$21,000*
6. *\$21,001 - \$27,000*
7. *More than \$27,000*

30. Your age is:

1. *Less than 20 years*
2. *20 - 29*
3. *30 - 39*
4. *40 - 49*
5. *50 - 59*
6. *60 plus*

Number of years in management positions: _____

Your job is normally described as: _____

T E Lim (postgraduate student)
C/- Business Studies Department
Massey University
PALMERSTON NORTH

I would like to have a copy of **the** summary of the research findings on the survey on Management Selection Practices in New Zealand.

Name of Organisation: _____

Address: _____

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