

Title: Utility Analysis of an Assessment Center Personnel Selection Program.

Author: REINERS, Wolfram; University of Münster (Germany), Psychological Institute

Abstract:

Utility analysis is a method for evaluating the economic utility of human resources intervention programs. Utility analysis was developed to support management decisions and, being a dollar-based system, its results can easily be communicated to businessmen. This study uses an extended Brogden-Cronbach-Gleser utility function to estimate the incremental utility of an assessment center personnel selection program compared with simple interviews. The program is implemented in an insurance company in order to select sales agents. The estimation of the selected applicants' dollar-scaled performance is crucial to the application of utility theory. In contrast with most other studies, this kind of data is directly available in our special investigation field with individual turnover rates. This performance indicator is central both to the company and to the agents as they are paid by commission. In spite of conservative parameter estimations the five year selection program is assessed to have a high positive economic utility for the organization. Sensitivity analysis indicates that it benefits to invest higher costs in the construction phase in order to yield a higher quality of the assessment center.