

Equal employment opportunity and legal compliance



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One of your first assignments at Lyle Industries is to critically review its staffing practices.

Recently, some of the job applicants have complained that the selection procedure for the entry level salesperson position is discriminatory. In response, you decided to evaluate the current staffing practices using the *Uniform Guidelines on Employee Selection Procedures* issued by the Equal Employment Opportunity Commission (see <http://www.uniformguidelines.com>).

These guidelines indicate how organizations should evaluate their selection rates using the four fifths rule and specify the standards that organizations should use to validate their selection procedures.

The Selection Process:

Selection for the entry-level salesperson position involves a two-step multiple-hurdle process. Applicants are first required to pass a cognitive ability test, a test similar but somewhat easier than the Scholastic Aptitude Test (SAT). The test is made up of twenty-five verbal items and twenty-five quantitative items.

Candidates are required to receive a passing score of 70% (35 of the 50 items correct) to be eligible for the second step of the selection process, the interview. During the interview, a three-member panel of supervisors asks each applicant questions about how they would deal with hypothetical situations which might be encountered on the job. The interviews typically last one-half an hour. At the end of the interview, the three interviewers rate

the candidate on ten dimensions such as attitude, motivation, communication, etc. Candidates receiving high scores on most of the dimensions pass the interview. After passing a reference and security check, candidates are hired and asked to report to training.

Determination of Adverse Impact:

You know that the *Uniform Guidelines* suggest that employers make adverse impact determinations at least once a year. Although records have been kept, Lyle Industries has not calculated the selection ratios at all in the past three years. You feel that the first thing that should be done is to do these calculations. The data to be used for the calculations is provided below. The general guidelines for applying the four-fifths rule are as follows:

Step 1: For each group, calculate the selection ratio – this is the number of applicants who passed the selection device divided by number of applicants who took it.

For example, using the data provided on the next page, 134 Caucasian applicants passed the cognitive ability test out of the 282 who took it for a selection ratio of $134/282 = .4752$. Ten

Carroll University BUS 265 – Spring 2017 Mini HR Case #1

African American applicants passed the cognitive ability test out of the 36 who took it for a selection ratio of $10/36 = .2778$.

Step 2: Take the selection ratio for the minority group and divide it by the selection ratio for the majority group (the majority group is typically

considered the Caucasian group when examining race discrimination and Men when examining sex discrimination).

Continuing with the example provided above, we would divide . 2778/. 4752 = . 5846. Since this ratio is less than 4/5s or . 80, there is adverse impact in our cognitive ability test on the African American applicant pool . We are not in compliance as this is an indication of race discrimination.

Part 1

Data for the Cognitive Ability Test

Group	Number Who Took the Test	Number Who Passed
Caucasians	28	13
African Americans	36	10
Hispanics	102	44
Asian Americans	0	—

ns

Native

America 0 —

ns

Men 385 170

Women 35 18

TOTAL 420 188

Part 2

Data for the Interview

Group	Number	Number	Who
Caucasians	Interviewed	Passed	112 87

African

America 8 5

ns

Hispanic s	40	22
Asian America ns	0	—
Native America ns	0	—
Men	148	109
Women	12	5
TOTAL	160	114

Now it is your responsibility to complete an evaluation of the organization's selection procedures by answering the following questions. Please be complete when answering the questions and always remember to include answers to all parts of the questions.

MINI HR CASE #1 QUESTIONS

1. For the given data, is there any evidence of adverse impact against any race, sex, or ethnic group (please provide all your calculations with your answer). If so, against which protected group?

Based upon the data, there is evidence of adverse impact against certain groups in different recruiting processes.

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Cognitive Ability Test

Selection ratio for Caucasians => 0. 475

Selection ratio for African Americans => 0. 277

Indicator(Ethnicity/Racial) => 0. 58

Selection ratio for Hispanics => 0. 4313

Indicator (Ethnicity/Racial) => 0. 908

Selection ratio for Men => 0. 4415

Selection ratio for Women => 0. 514

Indicator (Sex) => 1. 16

Since majority [Caucasians] to minority [African American] selection ratio is 0. 58 which is less than 4/5s or . 80, there is adverse impact in our cognitive ability test on the African American applicant pool.

Interview

Selection ratio forCaucasians => 0. 776

Selection ratio for African Americans => 0. 625

Indicator (Ethnicity/Racial) => 0. 805

Selection ratio forHispanics => 0. 55

Indicator (Ethnicity/Racial) => 0. 708

Selection ratio for Men => 0. 734

Selection ratio for Women => 0. 416

Indicator (Sex) => 0. 566

Since majority [Caucasians] to minority [Hispanics] selection ratio is 0. 708 which is less than 4/5s or . 80, there is adverse impact in our interview process on the Hispanics applicant pool.

Since majority [Men] to minority [Women] selection ratio is 0. 566 which is less than 4/5s or . 80, there is adverse impact in our cognitive ability test on the women applicant pool.

2. If the total selection process for a job has no adverse impact, should the individual components of the selection system be evaluated for adverse impact? Why or why not?

According to section 4C of *Uniform Guidelines on Employee Selection Procedures*, " If information shows that the total selection process does not have an adverse impact, the Federal enforcement agencies, in the exercise of their administrative and prosecutorial discretion, in usual circumstances, will not expect a user to evaluate the individual components for adverse impact" (" Uniform Guidelines", para. 15). However, this section goes on to state that individual components should be evaluated for adverse impact under the following conditions

- " where the selection procedure is a significant factor in the continuation of patterns of assignments of incumbent employees caused by prior discriminatory employment practices." (" Uniform Guidelines", para. 15)

- “ where the weight of court decisions or administrative interpretations hold that a specific procedure is not job related in the same or similar circumstances” (Uniform Guidelines”, para 15).

The individual selection processes are appropriate, first component, identifies cognitive capacity of a candidate through SAT type test and second, is a 3-member interview where candidate is evaluated upon job-related dimensions. There is not sufficient data available to identify a pattern that points to discriminatory practices or environment. According to uniform guidelines, there is no need to evaluate individual component of the selection system for adverse effect.

3. If there is evidence of adverse impact in selection, what kind of action should be taken? Are these actions mandatory?

If the selection process or component that has the adverse impact which is job-related, then the adverse impact being caused would not be illegal. In case it is not job-related then it would be illegal discrimination and that process should then be discontinued.

In the interview process, adverse impact on women candidate pool is especially concerning. One suggestion is to have at least 1 women interviewer in the group of 3. This will ensure more diversity in the selection process and make the process fairer. This action will be optional as the data is not conclusive as it includes only 12 women which were interviewed.

Reference

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- Uniform Guidelines on Employee Selection Procedures (n. d.). Retrieved February 24, 2017, from <http://uniformguidelines.com/uniformguidelines.html#16>