Adverse Impact Analysis: Examining Fairness in OMG's Assessments

When organizations use assessments to guide employment decisions, whether for hiring, promotions, development planning, or any other purpose, it is important to ensure those decisions are both effective and fair.

Fairness means that candidates and employees from different demographic groups have equal opportunities to succeed and perform. To evaluate this, Objective Management Group (OMG) recently partnered with an independent consulting firm to conduct a formal adverse impact analysis of our sales candidate assessment data.

What is Adverse Impact?
Adverse impact, sometimes called disparate impact, is defined in the *Uniform Guidelines on Employee Selection Procedures* as:

> *"A substantially different rate of selection in hiring, promotion, or other employment decision which works to the disadvantage of members of a race, sex, or ethnic group."*

In simpler terms, an adverse impact analysis examines whether one group is being selected at a different rate than another for reasons unrelated to job performance.

How is Adverse Impact Measured?

Two primary methods are used:

1. **Statistical significance testing (z-tests)** – Determines whether differences in pass rates between groups are likely due to chance or if they represent a meaningful disparity.
2. **Practical significance testing (the 4/5ths rule)** – Checks whether one group's pass rate is less than 80 percent of another group's pass rate, which may signal an imbalance.

Both methods provide valuable insights. Statistical significance testing is widely accepted in legal contexts because it identifies patterns that are unlikely to occur by chance. Practical significance testing adds important context, especially in cases where sample sizes could influence the results.

What Did OMG Study?
In the spring of 2025, OMG engaged DCI Consulting to conduct an adverse impact analysis using data from more than 3,000 job candidates collected in early 2025. For this study, "selection" was determined based on OMG's assessment recommendations:

- **Overall Recommendation**: Recommended and Worthy of Consideration versus Not Recommended
- **OMG Recommendation**: Yes and Marginal versus No

The analysis examined group differences using both statistical significance testing (z-tests) and practical significance testing (4/5ths rule). The following group comparisons were evaluated:

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- Male vs. Female
- Hispanic and or Latino/a vs. Asian
- Hispanic and or Latino/a vs. Black or African American
- Hispanic and or Latino/a vs. White
- Hispanic and or Latino/a vs. Two or More Races

It is worth noting that the Hispanic and or Latino/a group had the highest pass rate among all race groups.

What Did We Find?
The analysis found no meaningful evidence of adverse impact, either statistically or practically, for any group examined.

These results support the fairness of OMG's assessment at the aggregate level.

What Does This Mean for You?
This study provides encouraging insight into how our assessments perform across a large and diverse dataset. However, it is important to keep the following in mind:

- This analysis reflects aggregate results across many organizations. It is not a substitute for a client-specific adverse impact study based on your own data.
- In the event of a discrimination claim, courts rely on local employer data. Aggregate results cannot be used as legal proof of fairness for an individual organization.

Final Takeaway
At OMG, we are committed to helping you build sales teams with confidence, supported by data, fairness, and rigorous analysis. This study reinforces that our tools support equitable selection outcomes across broad populations. We encourage all clients to conduct their own adverse impact studies to ensure legal defensibility and alignment with their unique workforce.

If you would like guidance on conducting a local analysis or interpreting your results, our team at Objective Management Group is here to help.

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