

HEALTH WEALTH CAREER

APPLICATION OF PSYCHOMETRIC TESTS IN AN ORGANIZATION

How Psychometric Tests Impact
Your Business Outcomes



APPLICATION OF PSYCHOMETRIC TEST IN AN ORGANIZATION

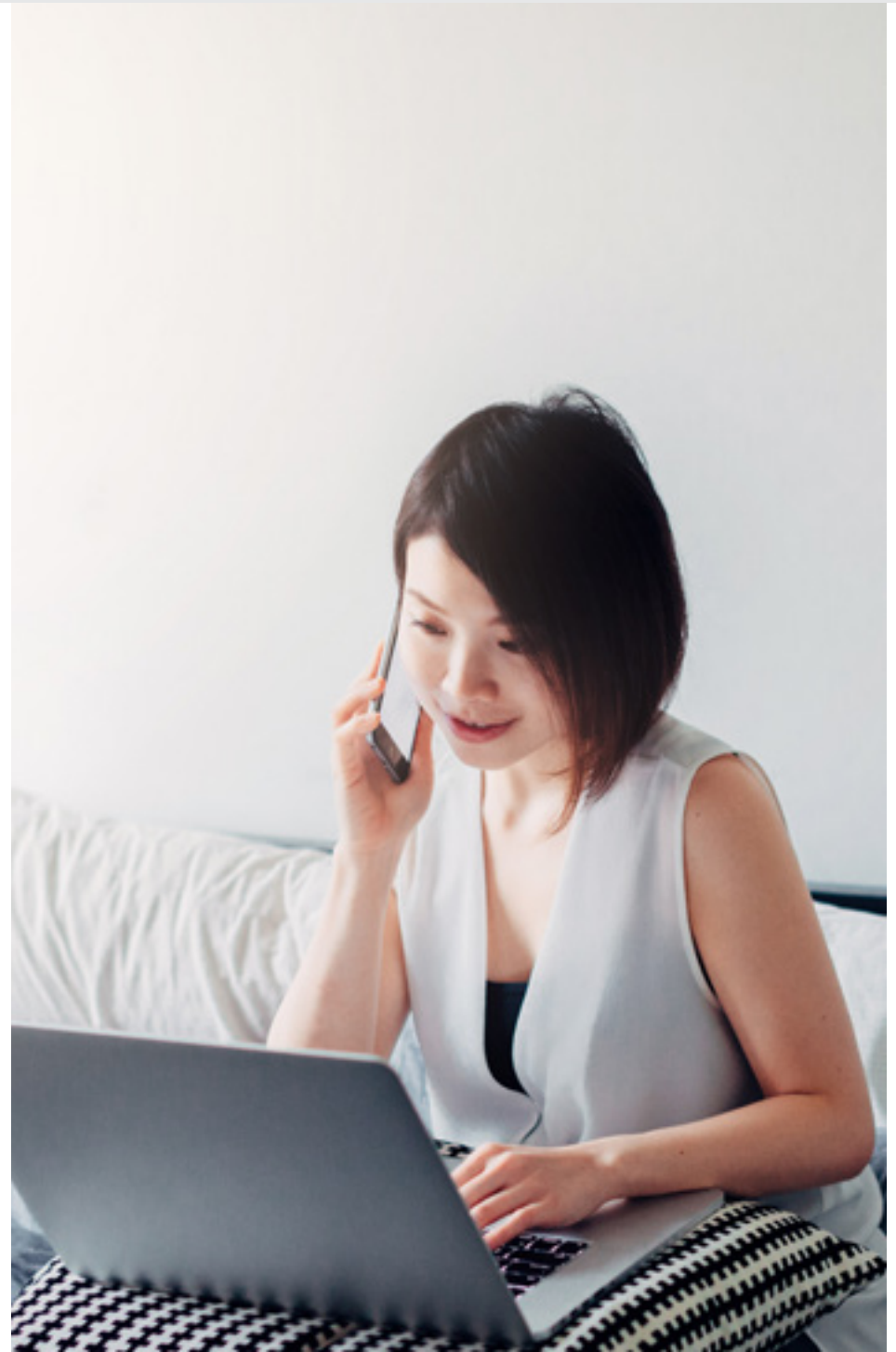
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INTRODUCTION

Nowadays, making predictions is essential: we need to anticipate the climate, sports results, monetary information, and so forth. It just bodes well that the business world is going with the same pattern. To this end, vast organizations have been utilizing *psychometric tests* for quite a while now, to foresee individual behavior before recruiting, advancement and other necessary activities.

The *Society for Industrial & Organizational Psychology (SIOP)* cites from their research that an active 68% of organizations to engage in various forms of job skill testing. This transcends to about 29% when it comes to one or more forms of psychological measurement and around 20% for cognitive ability tests.

These tests in combination form the essentials of a psychometric test, something when used correctly enhances the chances of organizational success. Having said that, there are several applications to psychometric tests in an organizational context. We'll take a look at the same in segments to come.

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2.1 PSYCHOMETRIC TESTS IN RECRUITMENT

For anyone who's ever been responsible for hiring, you must know that there's wide variation in workforce performance across jobs. This makes it important to understand the differences among individuals that systematically affect job performance, ensuring candidates with the greatest probability for success be hired.

The table below covers the predictive validity of some commonly used selection practices, sorted from most effective to least effective according to research shared at the Personnel Testing Council Metropolitan Washington Chapter in 2014.

The chart is based on validity coefficients ranging from zero to one. The higher the number, the higher the correlation between test scores and predicted job performance.

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Frank L. Schmidt's, research indicates

0.71+ correlation, identifying it as the greatest predictor for job performance in the hiring scenario

For your reference, multi-measure tests are psychometric tests – a combination of cognitive ability, personality and interest tests. In the table from Frank L. Schmidt's data, research indicates 0.71+ correlation, identifying it as the greatest predictor for job performance in the hiring scenario. It also cites the insignificance of relying primarily on interviews, reference checks and personality tests alone.

In fact, the data solidifies that despite popular belief personality constructs are not the most predictive measures available with a correlation score of not more than 0.22. They are most effective in combination with other measures with higher predictive validity such as cognitive ability or integrity tests.

Note: In scientific and research theory, and especially within the field of psychometrics, a construct is an explanatory variable that is not directly observable. An example would lie in the concepts of motivation or intelligence utilized to explain certain phenomena in psychology, yet neither is directly observable.



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Here are some inherent benefits to including the same in your organization:

Interview Independence:

Recruitment agendas are most commonly associated with filling your vacancies with the right people for the job; by itself, interviews do not measure capability. Psychometric tests stand to give you a benchmark – a comparative view of results against other applicants, and also previous hires currently thriving in your organization.

Cost & Time Efficient:

Using psychometric tests at the beginning for the application process eliminates the need to shift through a mountain of application forms. In a highly competitive talent market, it's easier to work with the filtered best as candidates than finding them from scratch.

Inherent Traits:

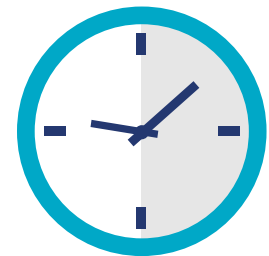
Contrary to popular belief, a strongly constructed psychometric test is difficult to game. In most cases, the results mirror the candidates in question. These results are likely an inside view into how he or she is going to interact with, engage or improve your workplace. This would include behavioural traits in addition to the important technical aspect.

Standardized Testing:

It's a fair form of testing in the simplest of terms. While larger organizations do tailor tests to their specificity, candidates interacting with the test go through exactly the same process and without bias. It's a strong alternative to interviews, which heavily relies on the interviewer's frame of mind – often prone to fluctuation.

Cultural Fitment:

Recruitments aren't all about hiring strong talent with the demonstrative ability to fit into a job role. Whilst a critical requirement, it's ideal to identify if said candidate fits in well with the rest of the team already working with you, or better yet – how well they fit into a company's culture. This benefit has also been known to affect employee attrition.



2.2 PSYCHOMETRIC TESTS IN TRAINING & DEVELOPMENT

When it comes to L&D programs, Business Impact and Return on Investment (ROI) rank as the two most desired measures by CEOs in an Adecco survey. Yet merely 8% of the organizations surveyed currently notice business impact by L&D; this drops by another 4% when it comes to ROI measurement as well.

The recent advent of assessment technology, however, seemed to have offset this disadvantage; at least to a certain degree. But we can maybe look more closely at how psychometric tests improve learning, training and development programs in organizations. was brought to fruition using:

Training Need Identification:

When working through a training, identification of the need ranks fairly high in importance. A prime focus on each kind of training – albeit task based, industry based or job based – is necessary to determine the best course of action for the enterprise.

But while much of what's been described covers the aspect on how training can most effectively be delivered, a better analysis would require an organization to answer the following questions also:

WHAT sort of training is required?

WHY is training needed?

WHO precisely needs the training?

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To answer the first question, Training Need Identification ranks among those strategic initiatives taken to delve deeper into the ways of enriching competencies, workforce potential, and capabilities. In fact, with the successful deployment of the analysis, the organization would be in its most primed position to evaluate better outcomes considering the best utilization of its resources.

Through the training need analysis, you also gain insight into how relevant training is for the employees. The important question to consider here is if trained, would they actually improve in terms of job performance? And if the improved job performance has anything to do with an organization's business outcome or goals.

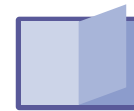
On the other hand, it also allows for a detailed foray into **the areas in which employees fall behind – knowledge, attitude or skills**. This understanding also works toward empowering employees by providing them with a platform to acquire new skills at a faster pace, and thereby enjoy work.

With proper analysis and implementation, an organization can steadily steer employees into remaining happy and highly productive.

It's this stage – the training need analysis – that scrutinizes the gap in performance against theory to its current form.

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It builds towards the improvement of different aspects of the organization, build specific training programs to address important gaps, and boost the effectiveness of the company overall.



[Here is an E book to know more on training needs assessment.](#)

Training Effectiveness:

The advent of test technology propelled the understanding of L&D efficacy without leaning in on real-world observation. This has, in fact, stretched to better budgeting and greater improvement in the concept of training and development also. The inclusion of psychometric tests to analyse behavioral competencies, inspired from its use in assessment centers, served to augment the process.

[Here is the process to understand the training life cycle.](#)



Pre-Assessment



Training



Post Assessment

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Pre-Assessment

An evaluation, in the first place, is taken which gives a report of proficiency of each participant over the critical competencies- specific set of competencies required to be effective at the workplace crosswise over various job roles. These reports are fundamental for we can't move onwards until the point that the right match between candidate to be trained and competency to be worked upon has been discovered.

Then comes the training part which could shape into various forms. It could be classroom or educator driven or could incorporate intelligent techniques (tests, case studies, group discussions, etc.)



Training

Once the 3-W's and employee proficiency in critical competencies have been found out, the next step is the training part. Now training can be done by various ways. It could be classroom or instructor-led training or could include interactive methods such as quizzes, case studies, group discussions or some Q & A sessions. This could also include online trainings such as video-conferencing, audio-conferencing, webinars or distance learning programs.



Post-Assessment

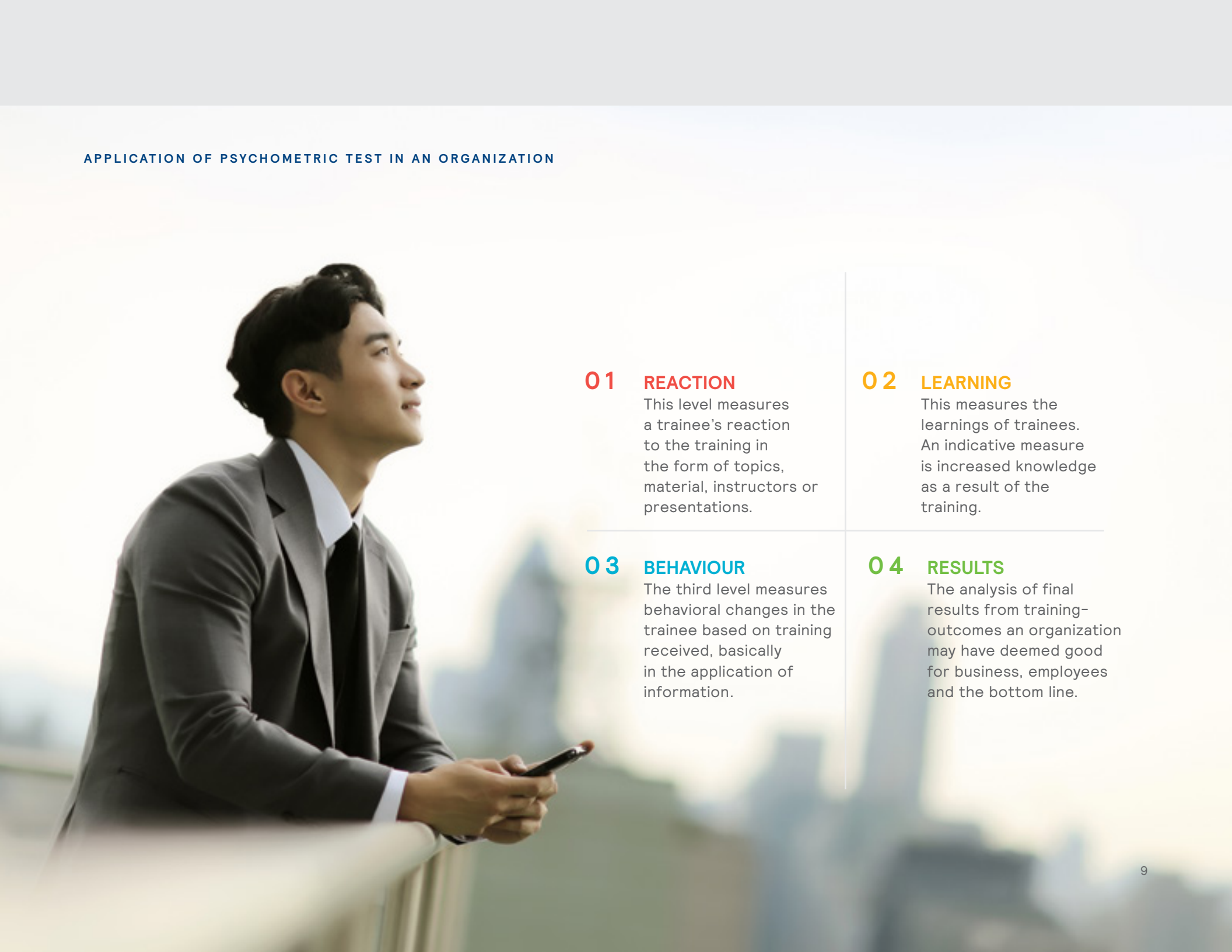
After the training, comes the part to gauge its adequacy. Luckily, there exists some demonstrated methodologies for measuring training effectiveness. Using Kirkpatrick Model, with a basic 4-level approach, one can effectively gauge the viability.

Through the Kirkpatrick Model, assessment technology is introduced via a set of customized diagnostic and summative assessments. This covers employee proficiency right before and 3 months post training, and is most easily identified with the learning part of the Kirkpatrick Model.

Behavioral changes are better measured via use of a 360 feedback loop, an assessment that accounts for an individual's change in behavior based on manager, peer and subordinate experience.



Know more about How to Measure Training Effectiveness



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01

REACTION

This level measures a trainee's reaction to the training in the form of topics, material, instructors or presentations.

02

LEARNING

This measures the learnings of trainees. An indicative measure is increased knowledge as a result of the training.

03

BEHAVIOUR

The third level measures behavioral changes in the trainee based on training received, basically in the application of information.

04

RESULTS

The analysis of final results from training-outcomes an organization may have deemed good for business, employees and the bottom line.

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2.3 PSYCHOMETRIC TESTS IN ORGANIZATIONAL PLANNING

As of 2017-18, every decision is often put under the microscope from a business perspective. These decisions require justification, backed and informed by data. When it comes to **organizational planning**, a lot of weight is given to employees at different stages of their employee lifecycle.

Here are some of the use cases.



Succession
Planning



High Potential
Identification

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Succession Planning

Succession Planning is determined by the identification of vacancies that an organization may expect through either attrition or retirement. It is the strategic consideration of how, where and when internal candidates may be primed to fill said vacancies.

This would require the assessment of skills and requirement from the job of existing employees, seeking to plug the gaps between needs and skills with articulate training and development initiatives. **Simply put, it identifies future leaders.**

When you place psychometric tests into the equation, there is evidence to a more effective form of succession planning.

Some of which are highlighted below:

Fiscal Benefits

Utilizing psychometric tests to identify for behavioral traits that are indicative of leadership leads to a positive impact on performance management, ensuring strategic positions remain occupied with competent performers. This would negate the cost and time behind external recruitment and training, which are statistically more expensive than promoting from within.

Levels Beyond training

Contrary to popular belief, succession planning isn't about training alone. And while it is part of the process necessary to provide potential employees with the skills, abilities or knowledge to bridge voids left by future vacancies, it also aids with the initial assessment of potential vulnerabilities that may impact performance management.

Gaps in Desirable Competencies

An important benefit to consider in succession planning is the utilization of diagnostic tests to identify where there might be gaps between what an employee currently knows and what he or she needs to know.

Here are the most commonly utilized steps for succession planning.

- **Identification of Critical Positions:** These are the focus of succession planning efforts, and if left vacant would make it difficult for the organization to achieve business goals.
- **Competencies Required:** This speaks to the identification of competencies required for success in said position.
- **Incorporation of Strategies:** Learning, training and development for successful succession planning and management.
- **Evaluation of Effectiveness:** This tells about the productiveness of the strategies incorporated.

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High Potential (HiPo) Identification

In the business world today, there is a growing interest in high potential (HiPo) identification. An employee's potential determines the upper limit of his or her development range. Suffice to say, the more potential they have, the cheaper and quicker it is to develop them.

In the 21st century, when comparing scientific research or psychometric use to desirable qualities or traits on the predictors of job performance identified a couple of markers of high potential. These ingredients are key to making the psychometric test suited to high potential identification.

Ability:

Forecasting potential in a bigger, more complex job environment shifts focus to how likely an individual is to learn and master skill along with requisite knowledge. Cognitive ability or IQ is the single-best predictor of the same. Learning ability includes a heavy cognitive component, aided by motivation to pick up new skills in a flexible and speedy manner.

- **Cognitive Ability:** Intelligence Quotient or brain-based skills required to carry tasks to completion. It has more to do with mechanisms of how a

person learns, problem-solves, remembers, or pays attention rather than actual knowledge.

- **Learning Ability:** These are mental skills with a heavy cognitive component, which is also an outcome of motivation. It separates the sound or excellent learners from the so-so learners.

Social Skills:

Research reveal that the primary reason for management derailment is relationship problems. Employees steadiest to succeed in more complex environments are able to first manage themselves, and establish strong cooperative working relationships. Sophisticated political skills are also much desired for senior roles, and much of these functions form core elements of emotional intelligence. While the traits are revealed via assessment, it could be further refined through training & development.

Drive:

Standardized tests that are known to measure conscientiousness (a part of the five factor model), ambition and achievement motivation are often readied as part of tailored psychometric tests. These traits are also identified behaviorally with indicators around hard work, willingness to extra duties, responsibility, and readiness to sacrifice.

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2.4 PSYCHOMETRIC TEST IN PERFORMANCE EVALUATION

It is important to note that in the matter of performance evaluation, job performance is subject to social and organizational influences. This is indicative of something known as effective job behavior, but what constitutes good from poor performance relies entirely on organizational context.

For example, the armed forces place a ton of importance on performance metrics such as military bearings. It signified the appearance and mentality of a serviceman, covering meticulous attributes such as ironed uniforms, properly worn equipment, manner of behaviour in and out of formation, and more.

In 1980s, the Office of Personnel Management (OPM) was reported to use the Management Excellence Inventory. The MEI described management functions and the skills required of said functions. It suggested that at three levels of management, different layers of knowledge and skills are required to reach a measurable level of success.



Lower Level Managers: Required technical competence and interpersonal communication skills.



Mid Level Managers: Needed less technical competence, but significant skill in areas such as communication, flexibility, risk-taking, leadership and concern with goal achievement.

Top Level Manager: Required all the skills of a mid-tier manager including a long-term view, a strategic view, and sensitivity to the environment.

To maintain the validity of the performance evaluation process, the psychometric tests deployed require a certain amount of flexibility in accordance with the situation. In other words, if you are considering these tests, it is only helpful in case of well-established metrics of job performance. Let us take a look at some of the criteria required of this validity:

- Objective and removed of impact by the values of the tester
- Managed in standardized or controlled scenarios
- Basic certainty of quantifying and minimizing intrinsic errors
- Predict and evaluate performance of employees accurately
- Provide a status of being non-discriminatory

Of course, this is only established when an organization makes use of combined psychometric and traditional techniques. But, choosing the right test criteria mostly depends on the role or position for which the employee or candidate is being assessed.

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2.5 PSYCHOMETRIC TESTS IN EMPLOYEE ENGAGEMENT

In an organizational context, there is often the case of employee burnout – a situation of emotional exhaustion, lack of personal attribution or accomplishment, and depersonalization. Around the early 1980s, psychometric research led to the development of the Maslach-Burnout Inventory (MBI) designed to measure burnout.

Typically restrained to the evaluation of human services, research later led to the making of the MBI-General Survey (MBI-GS), a newer version to include all employees and not merely those in industries of people work.

Relatively little attention has been directed toward concepts considered antipodes of burnout; an exception being psychological presence or to be invested fully. The thought emerged from role theory and is often defined as an experiential state that channels energies into cognitive, physical and emotional labors using personally engaging behaviors.

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202%

Organizations report that engaged employees outperform their counterparts

6%

Highly engaged employees boost a company's net profit margin

\$450 - \$550

BILLION A YEAR

Employee Disengagement costs U.S. business

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In January 2016, Gallup released the results of its annual employee engagement survey polling more than 80,000 working adults in the U.S.A. It accounted for a workforce across industries, of which Gallup identified merely 32% as engaged at the workplace.

Interestingly, **17.2%** fell into the category of being actively disengaged and **50.8%** into the classification of absolutely not engaged. It mirrored the results of 2015, marking little to no improvement in avenues of employee engagement. There are some other researches that compels one to remain firm in the matter.



CONCLUSION

Sooner or later, people will realize that the skills, aptitude and knowledge alone cannot do much in the path of building a world-class organization. It's equally important to analyze employee's attitude and personality.

Organizations which are serious about attracting and retaining the best talent should take advantage of such methodologies rather than rely on subjective selection methods.



ABOUT US

At Mercer | Mettl, our mission is to enable organizations to make better people decisions across two key areas: Acquisition and Development. Since our inception in 2010, we have partnered with 4000+ corporates, 31 sector skill councils/ government departments, and 15+ educational institutions across 90+ countries.

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