



Selecting Candidates, Predicting Performance

Whitepaper

EXECUTIVE SUMMARY

How hiring managers can use psychometric assessments to identify top talent

71% of CEOs have cited global labour/skills shortage as their top external challenge to their business strategy (**2022 CEO Deloitte survey**), making talent acquisition a top priority and challenge for organisation globally. It is estimated that by 2030, the talent shortage and skills gap in the U.S. alone will total a loss of \$8.5 trillion (about \$26,000 per person in the US), **PwC**.

Whilst it was estimated that the digital skills shortage is costing the UK economy more than **£50bn a year**. As a result, recruitment strategies are being pushed to the forefront of business priorities, and for the first time, Hiring Managers and Talent Acquisition specialists can directly impact the sourcing and selection of talent from the beginning.

Talent shortages have become a global problem, affected by many factors – from changes to the global economy to advancements in technology impacting future skill sets. To add to this, many hiring managers are experiencing burnout as they tackle the business demand for talent and the growing number of applications per role.

With **52% of hiring managers** focusing on improving the quality of their hires, being able to select top talent that is the best fit for business objectives and the skills demanded by the role is essential – **this is where psychometric assessments have an important place in the recruitment process**.

Over **80% of Fortune 500 companies** are using psychometrics to improve their recruitment outcomes. This whitepaper looks at what factors are affecting the talent market, how hiring managers can use psychometrics to identify who is the best fit for their needs, and the overall benefits of

using psychometric tools such as Role Assessment including:

- » Reducing staff turnover and improving ROI (Return on Investment)
- » Predicting performance
- » Reducing the risk of a 'bad hire'
- » Providing greater opportunities for L&D
- » Enabling access to a greater talent pool that will drive DE&I (Diversity, Equity, and Inclusion)

Talent Shortages: Driving factors on a global scale

50% of organisation are anticipating increased competition for talent, according to research via Gartner. Whilst the talent market has been readying itself for several years for changes led by technological developments, and the demographic effects of an aging population, external factors such as the global pandemic and the subsequent global economic fallout were unprecedented situations which have had resounding effects on talent.

As we will examine below, employees are looking at work in a new way, a culmination of issues are influencing how we think and feel about work now and in the

future and how we want to proceed. The human factor in talent is therefore the driving force over value, and it is affecting how organisation approach their recruitment strategy. So what issues are having the biggest impact on the talent market?

Technological advancements

Globally, research suggests that ‘generative AI (Artificial Intelligence), could expose the **equivalent of 300 million full-time jobs** to automation’. Whether this is a positive or negative figure depends on the type of industry and how organisation respond to the challenge. The increasing use of AI is changing the nature of work and the skills required to fulfil these positions. Consequently, organisation need to look at the skill sets of their current employees and identify the gaps and opportunities for reskilling and upskilling to retain talent and future-proof their talent pool. Traditionally, the area of greatest concern was employability in manual industries, however recent research places greater emphasis on white-collar workers such as administrators, where up to **50% of their workload** could be replaced (Deloitte: Human Capital Trends 2023). Interestingly, the impact of AI on employability is divided geographically. A Goldman Sachs report suggests ‘that fewer jobs in EMs (emerging markets) are exposed to automation than in DMs (developed markets).’

However, there is an alternative view, research from The World Economic Forum “predicts that **97 million new roles** will be created by 2025 as humans, machines and algorithms increasingly work together.” Whilst AI technology poses a threat to current roles, there is the very real opportunity for new jobs to evolve - we are dealing with a fast paced, rapidly changing work environment; a changing world in which many careers that exist today, were not available a decade ago - from data Scientist and AI Engineer to Sustainability Manager and Chief Happiness Officer. Organisation looking to source new talent and drive talent retention will need to be able to analyze their

current skills gaps and put plans into place to upskill current employees to avoid negative impact.

Countries affected by AI technology

Top five most affected countries:

- 01 Hong Kong
- 02 Israel
- 03 Japan
- 04 Sweden
- 05 U.S.

Countries likely to be the least affected

- » Mainland China
- » Nigeria
- » Vietnam
- » Kenya
- » India

Global Factors

The 2020 pandemic has had a significant impact on the Global economy, including the job market. According to the WEF (World Economic Forum), ‘The equivalent of 255 million full-time jobs were lost around the world due to the pandemic’. [*According to data from the International Labour Organization]. Many businesses have had to reduce their workforce or close altogether, leading to increased unemployment rates and a more competitive job market. One of the greatest impacts has been felt by young people where

youth employment dropped by 8.7%. affecting routes into work and opportunities for work experience and internships. Women, those in part-time work and working in sectors such as culture and hospitality were particularly hit. In the UK, number of people in work fell by **825,000 people** between January-March 2020 and October-December 2020. The uncertainty which followed has had long-lasting impacts on talent pools, and candidates approach to work. Many are reassessing what work means to them and work-life balance. Organisation are experiencing greater calls for flexible and remote working as well as experiencing trials of four-day weeks. In order to attract talent, organisation are having to look at not only the roles and skills gaps they are experiencing but what they have to offer in order to attract talent and how to identify the right candidates for them.

Skills gaps

An estimated **20% of the workforce in the UK** will be significantly under skilled for their jobs by 2030. This is leading to a skills crisis which is not only seen in the UK but reflected around the world. Predominantly, organisation are affected by digital skills gaps, as organisation try to keep up with changes in technology, clear upskilling requirements are being highlighted. In the UK, **58% of workers** say that lacking digital skills has affected them negatively in the workplace. This has led to competition for talent in those areas and an increase in salaries and benefits offered to attract and retain workers.

The subsequent challenge, then becomes how to improve skill sets, and drive employability? Employers need to look for alternative methods of upskilling current employees and identifying candidates who could develop into future roles. But this is not the only skill issue, **Pearson's Skills Outlook** report highlighted that organisation globally face an impending shortage of workers with collaboration and communication skills across all sectors. The report identified 5 Power Skills that are projected to be most in-demand by 2026.

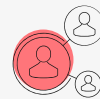
Being able to identify candidates who demonstrate these skills and the potential to perform at a high level will be key to the future proofing of talent pools for the future.

5 Power Skills that are projected to be most in-demand by 2026



Collaboration

The ability to develop constructive and cooperative working relationships with others.



Customer Focus

Actively look for ways to assist customers and clients.



Personal Learning & Mastery

The ability to acquire knowledge or skills through one's study or experience.



Achievement Focus

The ability to take on responsibilities and challenges with little or no supervision, develop one's own way of doing things, and depend on oneself to get things done.



Cultural and Social Intelligence

Have awareness and understanding of other's reactions.

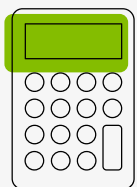
Diversity and inclusion

There are an increasing focus on diversity, equality, and inclusion in the workplace. Employers are under increasing pressure to create more inclusive workplaces and attract diverse talent and prove that it is embedded in business culture. Organisation which demonstrate clear DE&I (Diversity, Equity, and Inclusion) strategies are more likely to see improvements in employee performance, greater levels of engagement, improved talent retention and perception of brand. “More than **3 in 4 job seekers** are looking at diversity when deciding whether to accept a job offer.”

For organisation looking to build their talent pools, paying attention to candidate and employee sentiment can make a real difference to how and whether potential applicants engage with you.

Finding top talent – how hiring managers can best fit candidates for their roles

With these global factors in play, HR professionals need access to the right tools and strategies to attract new candidates and build training/upskilling plans for current employees. With an increasing number of candidates applying per role, hiring managers face increasing pressure to efficiently select the right candidates for the role whilst reducing hiring times and improving retention levels.



77% agree

that talent acquisition is more about value creation than cost savings — an increase of 32 percentage points since last year.

Randstad enterprise, reframe your enterprise: talent blueprint, 2023

There are several strategies that hiring managers can take to assess candidates, from interview and pre-skills tests to psychometric assessments. AI is also revolutionizing the recruitment processes, streamlining, and optimizing processes with data-driven insights that facilitate improved candidate screening, interview scheduling and identification of skills gaps.

Overall, talent insight enables hiring managers to shape the recruitment processes and relationships with candidates. With **52% of hiring managers** focusing on improving the quality of their hires, psychometric assessments have a clear role to play in recruitment strategy.

What are psychometric assessments?

Psychometric tests for recruitment are the key to matching the best candidates to the most suitable positions. Used by **over 80% of Fortune 500 companies** as part of their recruitment process, they are objective assessments or screening tools that measure the difference that an individual's cognitive ability, personality or behaviour may make to a role.

The aim of psychometric assessments is to objectively assess candidates without bias and provide a score upon which candidates can be fairly compared. Reliable assessments are scientifically developed and backed by research that demonstrates their **validity** – or the appropriateness of a specific assessment tool for a defined purpose. Tools with higher validity enable recruiters to more accurately identify those candidates who are likely to go on to perform well in the job. There is now **over 100 years of scientific evidence** on the effectiveness of different tools that can be used in the recruitment process. This evidence is based on the association between evaluations of candidates made during the recruitment process and how they subsequently perform in the role for which they are hired (see The Science Behind Predicting Job Performance at Recruitment which focuses on Schmidt and colleagues' research on the validity of different assessment methods). The research highlights that

over **60% of performance** can be predicted by using the right psychometric tools.

Which psychometric tools are available?

There are several assessments that can be used to measure a range of crucial skills and aid the recruitment process including:

- » Ability/Aptitude testing
 - » Numerical skills
 - » Verbal skills
 - » Abstract skills
 - » Critical thinking
 - » Logical reasoning
- » Personality traits and values

Ability/Aptitude Testing

Approximately 80% of employee turnover can be attributed to mistakes made during the hiring process, according to a survey by Harvard University [Richardson, M. A. (2005). Recruitment Strategies Managing/Effecting the Recruitment Process, USA: Harvard University Graduate School of Business Administration.] meaning including ability and, or aptitude assessments as part of your recruitment process a key component. Ability and aptitude tests are designed to predict the performance of candidates – looking at an individual’s cognitive ability to process information often under time pressure, as opposed to their attainment level. Specific tests also then focus on valuable skill sets such as numerical skills and verbal skills which may be vital to an individual’s potential to carry out the role.

Personality traits and values

In addition to performance, many recruiters are also choosing to look at the potential for employee engagement when selecting candidates – individuals whose values, strengths, and personality match those

of the organization to avoid the growing issue of employee retention and reduce the risk of a ‘bad hire.’ Personality assessments are used to gain valuable insight into what motivates an individual and how preferences and spontaneous tendencies guide an individual’s behaviour and expectations in teamwork. Tools such as the Golden Personality Profiler™ can be used as part of a recruitment process as well as being an invaluable individual and team development tool; whilst SOSIE can help organisation to identify candidates who values, and personality are aligned and reduce the risk of disillusionment in the role or with the organisation.

“We use SOSIE, published by Pearson TalentLens, for high-level recruitment or to better support employee mobility into posts that are significantly different to the ones they occupy. We use it not only to make informed decisions, but also to help an employee understand themselves and to reflect, together with us, on what motivates them, the way they communicate and where progress could be made.”

Julie Blas Applincourt
Director of Human Resources Development
Konica Minolta

The advantages of using psychometrics for hiring managers: a guide

The advantages of using psychometrics have been analyzed over the years, for their reliability to provide accurate insight, and for their ability to be unbiased, accessible, and fair to all candidates.

But many recruiters only assess skills, qualifications, and experience, along with an interview, thereby missing insight into key areas. Using talent assessment platforms such as Role Assessment by Pearson, it is now possible to combine ability, personality, and other relevant assessments together, based upon your

Informing the recruitment jigsaw

“78 percent of HR professionals” have seen an improvement in the quality of their hires due to the use of assessments. It is widely reported that job performance is impacted by four key factors: Skills, Qualifications and Experience, Cognitive Ability, Personality Fit, and Motivation, Values, and Interest.



role requirements, so that organisations not only gain more relevant information upon which to base a hiring decision but reduce the risk of screening out top talent too early. To help achieve this, recruiters and hiring managers will need to have a sharp vision of what they want to achieve through psychometric testing and their future hiring objectives.

Reducing risk of a bad hire

The damage a bad hire causes can be expressed financially - costing (based on current research) around 30% of the final salary of any incoming employee. However, costs could be significantly higher if you factor in training costs, and lost productivity. As such, hiring and rehiring is a widespread problem for recruiters. Remember, prior to the pandemic, Millennials were proving that they were unafraid of switching jobs whilst Gen Z's were all about independence and being entrepreneurial. Post-pandemic this effect is wider with quiet quitting, and the great resignation impacting on businesses globally.

Recruitment is often referred to as a game of risk management and probability, but through using psychometric tools such as Watson Glaser Critical Thinking or Raven's Adaptive, HR professionals can gather reliable insights into their candidates make an informed decision on their suitability based on several different areas.

Reducing staff turnover

Once you have your new employees in place the next issue facing organisations is talent retention. Research shows that 'up to **20 percent of new hires**' leave within the 'first 45 days (about 1 and a half months) of their new role' (**HR News**). Psychometric testing, used during recruitment, reduces staff turnover, on average, by 20%, therefore saving companies both valuable time and money. [**Hire Thinking**].

Psychometrics also play a key role in the development of existing employees, which is essential for staff retention. **64% of L&D professionals** in a recent

“When faced with the precarious nature of life and the upheavals that can occur overnight, many people have realized that they no longer wish to do a job that they do not like and that brings them neither consideration, nor meaning, nor motivation. This is why the sectors most affected by the Great Resignation are also the most precarious, where the burn-out rate is the highest (tourism, catering...).”

Zwi Segal | PhD in Occupational Psychology
and Professor of Human Resources,
Co-founder of Motiva

LinkedIn report said reskilling the current workforce to fill skills gaps is a priority now. Tools which focus on ways of learning such as the Honey and Mumford Learning Styles Questionnaire, or provide evidence of a potential to learn, can aid in the selection of employees for training programs and routes for upskilling.

Predicting job performance

Recruiters need ways to sift through often high volumes of candidates without screening out top candidates too early by relying on often-dated methods of recruitment, all while avoiding the issue of recruiter burnout. One way to predict performance is through hiring assessments which enable you to focus on the key competencies and skill sets you require. Research from **SHRM**, found **36% of HR professionals** said a “job candidate who scores high on an assessment but doesn’t meet the minimum years of experience is very likely to make it onto the list of final candidates”. Therefore, organisation who value pre-hire assessments are benefiting from greater insight, leading to data-driven hiring decisions and better engaged and motivated employees who are aligned with a company’s goals and culture.

Enabling a skills-based approach to hiring

An increasing number of organisations are looking for candidates who have the specific skills they need, rather than focusing on work experience or degrees. 75% say hiring, promoting, and deploying people based on skills (vs. tenure, job history, or network) can help democratize opportunity and improve access to it (**Deloitte, Organizational Skills-Based Hiring**).

Adapting your recruitment process to use a talent platform such as Role Assessment means that psychometric tools can be sent out to a wider pool of candidates at the same time - increasing your access to top talent. By optimizing your search, and confidently narrowing down your candidate pool, you can reduce the risk of screening out candidates too early. Research shows that organisations with a skills-based

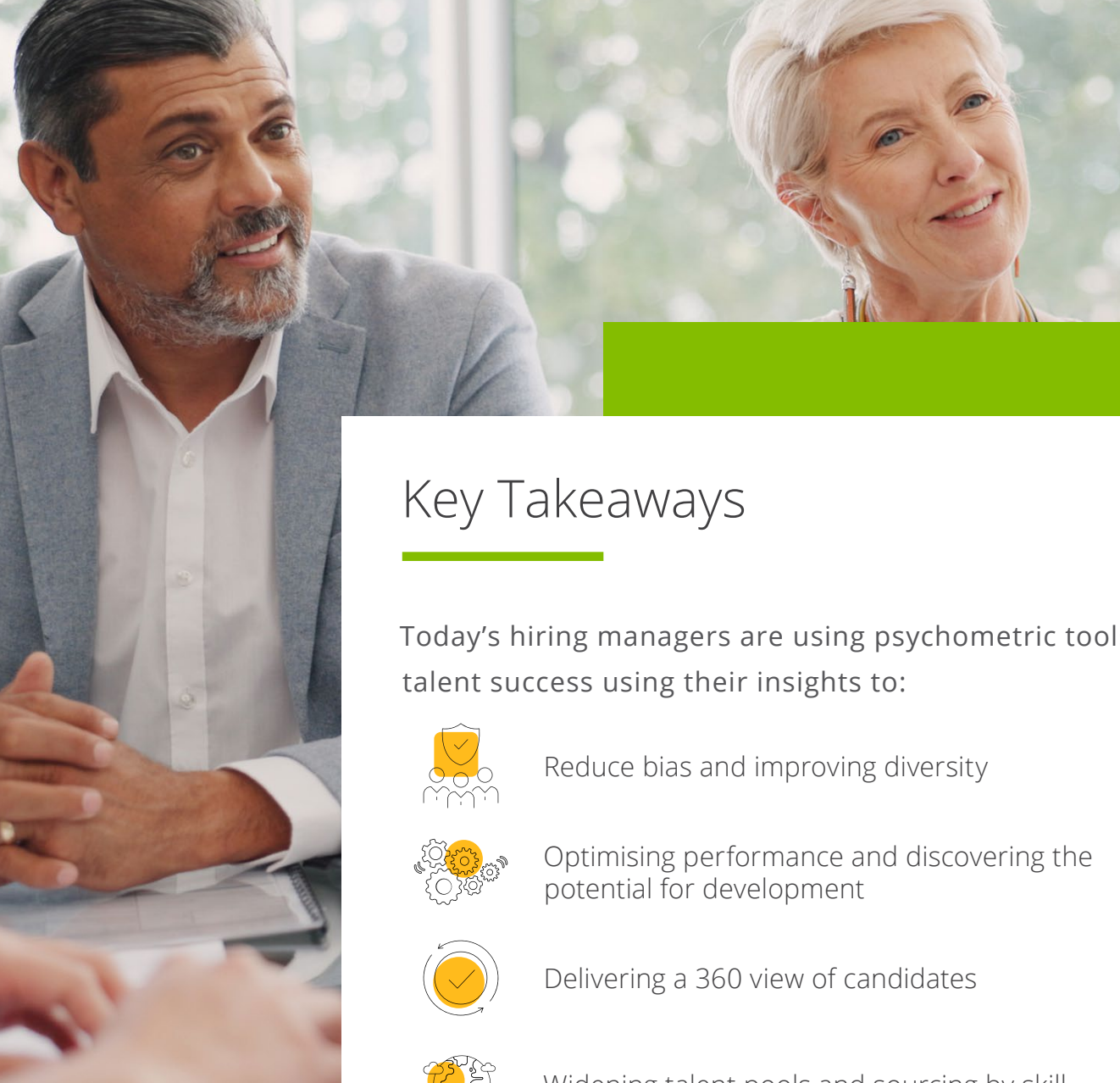
approach are 107% more likely to place talent effectively and 98% more likely to retain high performers (**Deloitte, Navigating the end of jobs**).

Reducing unconscious bias

Considering variations in personality, values, learning styles, for example, is a particularly important “**though often a ‘hidden’ and so overlooked, form of diversity**” Angus McDonald. Including psychometric tests in your recruitment process can help to reduce bias because they are standardized and objective, unlike other recruitment methods such as interviews. DE&I is a prominent issue for organisations to demonstrate an active commitment to. 72% of UK job seekers and employees report that a diverse workforce is an important factor when it comes to evaluating companies and job offers (**Glassdoor**, 2021). Recruitment processes need to be transparent and relevant and offer candidates the best opportunity to perform to the best of their ability. It is here that psychometric tools which are delivered via computer assisted technology and adapt in real time offer an advantage in keeping candidates engaged and motivated to complete the assessment. Plus, a positive pre-hire experience, even for unsuccessful candidates; reflects on company brand – and could be key for future role applications.

Conclusion

The future of work is evolving, and organisations can no longer rely on candidates seeking them out for employment, with key stress points such as recruiter burnout, the global pandemic and great resignation having a resourcing affect. To select top talent, hiring managers need to be able to identify which candidates have the potential to perform and develop to meet organisational needs. In this, psychometric tools have a key role to play, which when used in the correct way, offer invaluable insights into candidates’ personality, ability and values. A 360 view that highlights the top talent you need.



Key Takeaways

Today's hiring managers are using psychometric tools for talent success using their insights to:



Reduce bias and improving diversity



Optimising performance and discovering the potential for development



Delivering a 360 view of candidates



Widening talent pools and sourcing by skill



Navigating recruitment trends such The Great Resignation



Unlock Powerful Candidate Insights

Book a quick online demo with our team and discover how our talent assessments can help you achieve your recruitment goals.

About TalentLens

TalentLens is a core component within the newly established Workforce Skills division of Pearson plc, the world's lifelong learning company and global market leader in assessments. Workforce Skills is comprised of TalentLens - Pearson's established and successful workplace psychometrics team, plus two exciting new acquisitions, Faethm AI - the world's first data backed and truly end to end future of work company and Credly, the global leader in digital credentials.

Supported by over 70 years of research, our psychometric tests, such as the Watson Glaser test, are used by hundreds of companies around the world for their employee recruitment and development projects. As experts from the business world, our primary objective is to provide you with ongoing assistance to review your practices, understand and define your needs, and support you in choosing and using our assessment solutions.