I t is hard to dispute the rise in popularity of psychometric testing over the last decade. A January 2007 survey, reported in The Daily Telegraph, suggested that up to 70 per cent of British organisations now use some form of psychometric assessment in their recruitment processes, while three quarters of organisations surveyed by the Institute for Corporate Productivity said that they used psychometric measures in the selection of executives.

For almost all types of roles, at all levels, there is now a test that claims to ‘predict' who will make the best employee. So, if the claims are accurate and the power of such assessments are as strong as the providers would have us believe, why does finding a ‘good hire' still feel like so much of a lottery?

While many professionals believe that the study of mind and behaviour has a crucial role to play in the pursuit of ever more progressive assessment techniques that withstand scientific scrutiny for their validity, a growing body of people have their doubts. They believe that these things offer little in the way of real-life validated evidence of success and mask the real requirements that employers have in making a key selection decision. This growing body of doubts have a point. Despite a massive volume of academic supportive literature, little evidence exists from live business environments as to the effectiveness of the measures used in selecting high performers – despite the insistence of researchers of the potential for this.

With an increasing number of organisations spending a significant portion of their recruitment budget on psychometric tests with no evidence of their effectiveness, where is the measurement that shows the ROI of psychometrics?

Before making an investment in HR and, in fact, business, you have to build a business case. Yet few companies appear to do this when considering the use and licensing of psychometric tests. There seems to be a blind faith in, rather than a considered review of, these tests’ ability to add value to the recruitment process.

Technology is now enabling HR to progress beyond psychometric tests to predict the performance of a candidate. Artificial intelligence is a fairly new concept to HR but is already being used by leading organisations to cut recruitment risks.

It works through extracting multiple sources from recruitment agencies, HR systems, assessment providers and performance management systems and then places the data in a central repository.

From here, the system automatically scans all items of data, training itself to spot linkages and correlations that traditional straight-line regression tools – as used by most psychometric assessment product providers – are unable to identify. Once trained with sufficient levels of data, it can be used to predict future outcomes as new ‘previously unseen’ data is interrogated.

Case study
Specialists in using artificial intelligence to improve an organisation’s recruitment and performance management, activ8

Laurence Collins, of activ8 intelligence, explains the concept behind some new award-winning technology which surpasses the use of psychometric tests.

**Key points**
- Psychometric tests are useless without expert analysis
- Little evidence exists from live business environments as to the effectiveness of psychometrics
- Artificial intelligence in recruitment can cut risks significantly
Intelligence developed a framework from which Legal and General – one of Britain’s top 50 FTSE companies serving over 5.6m customers and employing over 8,800 staff – could see the resourcing and talent management components that represented the biggest risk to their corporate objectives.

After collecting customer, business and HR data, activ8 Intelligence – recent winners of the DTI and BT Technology Innovation Award – developed detailed sampling techniques to find the true performance and capability of over 500 employees, team leaders and managers.

With this information to hand, artificial intelligence technology was able to accurately model the linkages between employee capability and business performance, providing new and powerful intelligence that allowed a comprehensive review of the effectiveness of existing recruitment and reward processes.

As a result of re-engineering recruitment activity to improve the quality of hiring, Legal and General has seen tangible improvements including:

- An increase in its ‘good hire’ rate from 43% to 88%
- The use of intelligence reporting to accurately reward hiring manager effectiveness
- A focus on, and improvement in, the service levels from third party sourcing relationships
- A reduction in sickness absence by 21% – that is, three days per person per year
- Cost savings and efficiency improvements in the region of £10m over three years

The new processes have proved popular at all levels of the organisation. A combination of employee surveys and candidate feedback forms showed that 69% of line managers using the new system felt that it had helped to recruit high performing individuals and had reduced the amount of time they spent interviewing. Line managers also reported that staff recruited using the new methods were generally more motivated to develop and progress. Furthermore, 82% of employees said they believed that the recruitment process was fair.

With HR increasingly turning to technology to drive efficiency and cost savings to the business there is a real danger that, unless psychometrics move with the times, the much enjoyed love affair between psychometrics and HR will come to an abrupt end in favour of more tangible alternatives.

By Laurence Collins

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Evaluating a new alternative

Psychometrics is a tool that HR has at its fingertips, yet how many users of psychometric tests spend time evaluating the different suppliers, considering how the tests differ from each other and evaluating which tests focus on specific competencies that are uniquely important for the particular role needing to be filled? Perhaps even more importantly, how many organisations measure the ROI on their psychometric spend?

Artificial intelligence is a new concept to recruitment but is already delivering amazing results and demonstrates a real return on investment.

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