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The essentials of psychometrics in management



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1 The place of psychometrics in management

Some people are very sceptical about psychometrics; this can be prevalent amongst those who have not yet experienced their benefits. However, psychometric assessments are being increasingly used on a global scale. Organizations that fail to embrace them are at risk of performing at sub-optimal levels. This is because the company may not attract, manage, develop, retain and promote those personnel who are going to make a difference and do it cost-effectively. Psychometrics can play an important part in all these areas.

OPP, a respected provider of psychometric assessments, claims that 71% of all line managers 'would change the people decisions they've made if given a second chance'.

Psychometric assessments across a range of human activity take guesswork out and put measurement in. The intelligent application of psychometrics helps managers to get many personnel issues, such as recruitment, training needs, retention and promotion, right first time.

They are a management tool; not a dark art.

There are three psychometric assessments, of particular relevance to managers that will help them to manage more effectively. They are:

1. **Work style behaviours:** they reveal an employee's working strengths, their possible limitations, what motivates them, where training will be effective, how to get the best out of them and a whole lot more.
2. **Assessing 'mental horsepower' by measuring 'fluid' intelligence:** these tests reveal the speed at which a person can learn new things at work. Most employers need staff and recruits to hit the ground running – how can you tell if they will do so? Educational attainments and IQ are not enough.
3. **Assessing personality:** emotional intelligence will reveal in depth a wide range of personality traits that help you to understand the individual and help them to understand themselves better.

In the hands of an employer, psychometric assessments identify **areas to probe** for key areas such as recruitment, training, appraisals, development or promotion. For the employee, they are to **increase their self-awareness** and so enhance performance.

Psychometric assessments also apply to managers themselves. Unless they have a full and honest understanding of their own strengths and limitations they are unlikely to be able to perform at optimal levels as a manager. **Knowing yourself well is a prerequisite of becoming a good manager.**

In the UK, the authority on psychometric assessments and tests is the British Psychological Society (BPS) at <http://www.bps.org.uk> and their testing arm is the Psychological Testing Centre (PTC) at <http://ptc.bps.org.uk>

Some leading test providers in the UK include:

Thomas International UK Ltd: www.thomasinternational.net

OPP Ltd: www.opp.eu.com

McQuaig: <http://www.mcquaig.co.uk/>

SHL Group: <http://www.shl-group.com/>

Select a test provider that aims to support managers in their daily working lives. Effective tools that will be in plain English without recourse to psychobabble and should not require managers to be trained psychologists!

2 Understanding 'crystallized' and 'fluid' intelligence

SOURCE: ADRIAN FURNHAM, PROFESSOR OF PSYCHOLOGY, UNIVERSITY COLLEGE LONDON.

“Crystallized intelligence is defined as the accumulated store of knowledge that an individual possesses; it continues to develop and remains stable over time for as long as the person is active.”

“The value of crystallized intelligence appears to be falling as technology advances and it may only have a useful application when problem solving requires an understanding of how things were done in the past. Thus it is that managers who attempt to solve an unfamiliar problem by calling on their experience, or crystallized intelligence, will often find themselves unable to cope. Successful managers of the future will possess levels of **fluid intelligence** that are relevant to the job, be quick witted and agile in combination with the appropriate behavioural strengths and the motivation to succeed.”

Examinations taken at school, college and university commonly test crystallized intelligence.

“Fluid intelligence is the ability to reason on the spot and solve unfamiliar problems where there is no prior experience to call upon. There is a high degree of correlation between crystallized and fluid intelligence but they are conceptually different: ‘what’ you have learned (crystallized intelligence) is determined by ‘how well’ you learn (fluid intelligence). In the past, promotion has largely been decided on the basis of experience and specific acquired knowledge. However, those who can think in a different way with a high level of fluid intelligence will increasingly determine tomorrow’s successful managers.”

Psychometric tests of fluid intelligence reveal the speed at which a person can learn new things. Most employers need their personnel to hit the ground running and these tests uncover how fast a person is at learning a new job role. They are therefore an important tool in any manager’s armoury.

3 The ‘Peter Principle’

The Canadian born management writer, Dr Laurence J Peter, wrote a somewhat satirical book called ‘The Peter Principle’ in 1969, in which he postulated that **people are promoted to their level of incompetence.** Individuals rise through an organization’s hierarchy because job vacancies continually arise and need to be filled. The criteria for promotion are successful performance in the current post and in previous ones.

However, at some point people are promoted to positions that are beyond the range of their abilities. From then on their job performance is characterized by incompetence, and promotion will cease. Thus, individuals come to hold jobs in which they cannot adequately perform: hence the principle that ‘every employee tends to move to their level of incompetence’.

Most organizations will contain some people in this situation; indeed, in time Dr Peter states that, ‘every post tends to be occupied by an employee who is incompetent’.

His book is a wry exposé of the tendency to believe that an employee, who is competent in one job, will also be competent in a more senior role. As, in time, every post tends to be occupied by an employee who is incompetent, it follows that effective work is only accomplished by those who have not yet reached their ‘level of incompetence’. Thus it is that performance will nearly always be at sub-optimal levels.

Employers already know whether employees are competent or not in their current role: what they need is a predictor of their likely future capability to avoid the expensive mistake of promoting people who will be out of their depth.

The correct application of psychometric assessments will help to get promotion decisions right first time more often; in turn this will enhance profitability by keeping personnel within their limits of capability.

The 'Peter Principle' applies particularly to managers. If they are out of their depth, it can be very costly to the business.

Notes:

4 Psychometrics and recruitment

From an employer's point of view, it is logical and essential to attract, develop, retain and promote those individuals who are going to make a difference. **Many organizations under-perform because they fail to retain their best talent. This is often compounded by a failure to select the right calibre replacements.** Mistakes in selection, recruitment, promotion, training, team structures etc. are expensive to rectify. In addition, high staff turnover impacts adversely on profits and cash flow through:

- wasted recruitment costs
- wasted training costs
- wasted opportunities
- stress
- customer dissatisfaction
- low morale
- poor performance
- absenteeism

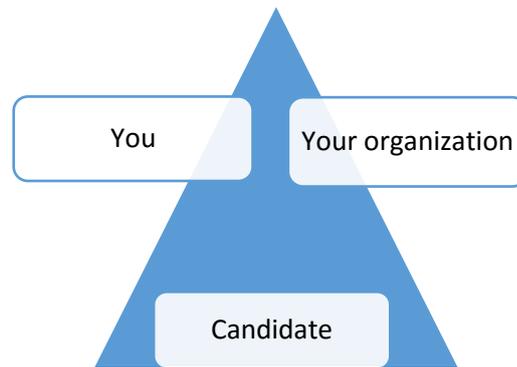
Research indicates that an individual who leaves a business within the first year will have cost an employer, on average, two-and-a-half times the salary paid, and often with little corresponding benefit. It is therefore critical to minimise the risk of this happening.

Managers need to be fully competent in recruitment interview techniques and where appropriate, call on the expertise of an internal resource, such as HR. However, recruitment is the responsibility of heads of departments and should not be sub-contracted to others except in the mechanics of the process or advice on the law. Managers are strongly advised to seek external training in this key area of hiring, which is a skilled process designed to uncover the truth. **There is a lot of preparation involved before any interview takes place.** When recruiting, the aim is to create a 'Virtuous Circle' as illustrated below, leading to higher standards across the organization at every recruiting opportunity.

The 'Virtuous Circle'



Three key responsibilities of recruiters

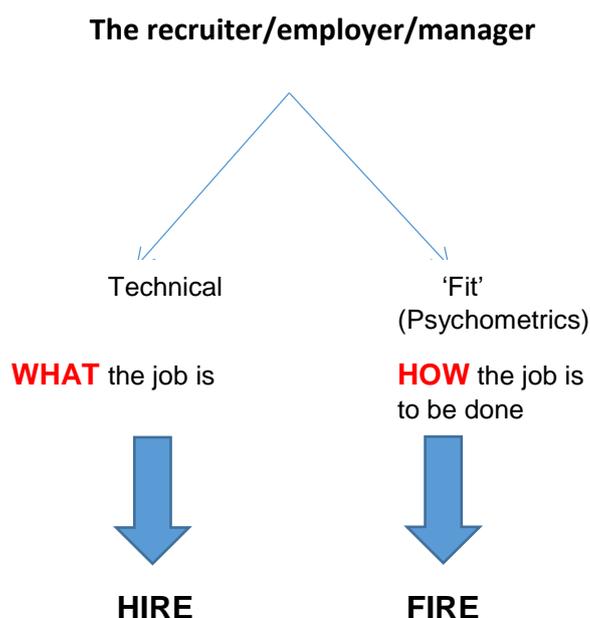


As a recruiter you will be judged on the quality of those that you recruit, the contribution they make and whether or not they stay long enough to get pay back on your organization's investment. Therefore, as a recruiter, you have a responsibility to yourself, to your organization and to the candidate to get a round peg in a round hole first time. A candidate who is unsuited to the job will not perform to the standard required and it is unfair to all concerned, especially the candidate, to put them in that position. **Picking the best of a bad bunch who is below the standard required is not the answer, however desperate you may be to fill a vacancy.**

Psychometrics play a key role in getting recruitment decisions right first time if you learn to apply them as they are intended to be used. Consider this:

Every recruiter needs to satisfy themselves on two fundamental points:

1. Can this person do the job from a **technical** point-of-view?
2. Will this person **fit in** with **our culture**?



It is quite often true that people are hired for their technical skills but fired for their behavioural shortcomings. Quite often the first step to firing is poor recruitment. Getting an accurate measure of a person's likely behaviours at work minimises the risk of an expensive error. **Psychometrics address the key issue of 'fit'.**

Purely as an illustration of two very diverse 'cultures' we might take an imaginary look at two organizations, both of which are recruiting for the post of Credit Controller. Company A operates on 30-day open account trading, wants its money on time, has no interest in the methods used and is not interested in future customer relationships – it just wants the cash on time by any legally available means.

Company B also operates on the same account trading terms but it is very concerned to collect its debts outstanding with due consideration to future relationships, because their customers are seen as a precious continuing asset; so tact, diplomacy and persuasion will be used. Both roles have the same job title, their job descriptions are the same, the training required is similar and both require the candidate to be an expert in their field – one person can do either job in theory.

However, it is unlikely that the person who would fit in well with Company A's culture would fit happily in Company B and vice versa. Psychometrics will uncover the behavioural traits and working style of both, thereby assisting in getting hiring decisions right.

The four options open to a recruiter using psychometrics



1



ACCEPT

2

x



REJECT

3



EMPLOY, BUT TRAIN

This candidate does not match the job profile, but the shortfall can be filled by training as identified by psychometrics.

4



EMPLOY, BUT RESTRUCTURE JOB

This candidate does not match the job profile and the shortfall cannot be filled by training as identified by psychometrics. The job would need to be built around the person's 'working strengths' if circumstances allow. Most people work in teams, so it may be possible to reallocate duties.

Achievements



x

Track record



Education



Intelligence



x

CV scan



Health



Attendance



Location



x

Package deal



References



Etc., etc.



x

Psychometric profile/
Fluid intelligence



It is of course true that most employers need their newly-recruited staff to hit the ground running and psychometrics will help to sort those who are acceptable from those who are not. However, without recourse to psychometric assessments the recruiter in the illustration above has only two options with every candidate: to accept or reject them.

Using psychometrics, two further options are revealed. The first is to recruit the person but accept that training will be needed before they can become fully effective (as shown in option 3). The other is to recognize that, even with training for the job in hand, they are unlikely to reach the standard required. However, they have other qualities that are of value given that the team they will be joining can be re-structured to accommodate them (as shown in option 4).

Options 3 and 4 are not viable in every case but they are possible in some cases, so are worthy of consideration.

Managers need to recognize that a high proportion of the cost base is people-related, so there is always a need for individuals, at an economic rate, with talent and abilities to drive growth. In today's business world, recruitment processes need to be swift, effective and efficient. People who are good at what they do, know that they are and do not hang about for dilatory employers to make up their minds.

Consider the following 15-step recruitment plan; making the process effective, but not unduly bureaucratic.

- Step 1: Decide that there is a job to be done and appoint one person to be responsible for all aspects of the recruitment process.
- Step 2: Determine in detail the contents of the job. Write a job description.
- Step 3: Agree the specification of the person who will be ideal in the role.
- Step 4: Agree the employment package; pay, holidays, benefits etc.
- Step 5: Decide on the method of recruitment; web-based, advertising, agencies, head-hunters etc. and implement the method or methods.
- Step 6: Advertise the position internally.
- Step 7: Carry out initial screening. This may be on the telephone, via Skype, a review of CVs or via your company's application form.
- Step 8: Conduct an interview. Try to reach a shortlist at this juncture and, if possible, do not carry out second interviews; use psychometrics.
- Step 9: Where necessary, draw up a shortlist – ideally no more than three people.
- Step 10: If inevitable, invite the shortlist for a second interview and make a decision.
- Step 11: Appoint the successful candidate, send letters of appointment, contracts etc.
- Step 12: Carry out induction training appropriate to the job role. Maybe appoint a mentor.
- Step 13: Draw up and implement a training and development plan.
- Step 14: Carry out the first review (at the end of three months).
- Step 15: Attend to this employee's career development

Note: Many of the recruitment steps listed above are carried out before advertising the position so that candidates are only exposed to short and efficient processes.

5 Psychometrics and team building



A dysfunctional team will have profound effects on the efficiency of the organization so this aspect needs whatever time and resources it takes for the manager to get the team up to an acceptable level of efficiency.

Very few people work in isolation, most form part of a team. It is therefore vital that the team works in harmony as a cohesive whole. The manager in charge needs to give a great deal of thought as to how to derive maximum efficiency from what is probably an expensive resource.

It is fairly common for teams to comprise a blend of different behavioural styles; each person with their own strengths and limitations. Each team member will respond in accordance with their **behavioural preferences, which can be measured through psychometrics.**

CAVE

Some managers are quite **Cautious** and they are normally good at completing tasks, organizing and planning, being supportive of their team, following procedures and being consistent. They are good team players who will methodically get tasks completed. On the downside they do not respond well to tight deadlines and they are uncomfortable if they have to be away from close family and friends. Senior management may well have to sort out priorities for cautious people who like to take things at a steady, even pace and who are good at completing one task at a time.

Those managers who are very **Assertive** will bring the ability to make quick decisions, create innovative ideas, set tough goals, react quickly to change and be very single minded. On the other hand their enthusiasm needs to be channelled and directed or they are likely to do things their own way and in isolation. Generally they are poor team players.

Other managers who are very **Verbal** will be good at cultivating relationships, networking, motivating others and persuading, and they exude confidence. They see themselves at the centre of the team with all other team members revolving around them. They can be poor listeners and prefer personal contact rather than communicating through emails and other forms of written correspondence. The challenge to senior management with this type of individual is to pin them down to one location rather than have them wandering all over the workplace talking to people.

Yet another group of managers can be very **Exacting**. They will apply logic, control quality, follow rules and bring precision to the team. They respond well to Standard Operating Procedures because they like to know in detail what is expected of them. Managers need to make their job role crystal clear and in writing, preferably through a thorough job description. These types of people commonly stay on the periphery of the team, they frequently know the answers but will not

volunteer them at meetings unless specifically invited to do so. They can appear fairly cool and aloof and tend to keep their working and private lives separate. Higher management may need to point out that 98% correct on time is preferable to 100% correct but late. This may upset their perfectionist tendencies which will then need to be managed.

Of course, most people will be a mixture of any combination of the four **CAVE** characteristics listed above. The most frequently recurring combinations are **Assertive with Verbal** and **Cautious with Exacting**.

Blending these disparate traits into a harmonious and effective team is no easy task, which is why a lot of thought and effort needs to be brought to bear on how to get the best out of any given team. The manager needs to take into account an individual's behavioural preferences, their level of 'mental horsepower' (i.e. **fluid intelligence**), education, experience, abilities (such as numeracy, literacy, languages, computer skills), attitudes, willingness to become a good team player and so forth, when putting a team together. **Psychometrics will take a lot of the guesswork out and put measurement in.**

Has the team got the right mix of skills, knowledge, ability, mental horsepower, experience and a will to succeed?

Has it got the right people doing the right jobs?

Would someone from another team be better placed in your team and vice versa; would someone in your team be more effective elsewhere?

Have you allocated tasks in accordance with each individual's preferred style of working, taken in conjunction with their level of mental capability and experience?

The team manager will need to set goals for the team and this is best done in a structured way taking five logical steps.

1. Identify the goal or goals for this team.
2. Make a plan using S.M.A.R.T. objectives i.e.:
 - Specific
 - Measurable
 - Achievable
 - Relevant
 - Time related
3. Communicate the plan to the team and get their commitment and buy-in.
4. Monitor and analyse progress.
5. Take corrective measures where necessary (this is continuous throughout).

6 How to manage assertive personnel

Use psychometric assessments on assertive personnel to give yourself insights on how to manage them.

As a manager you may well have to confront others who are more assertive than you. They may be senior to you, part of your peer group or part of the team for which you are responsible. Wherever they are, you need to manage them well and, if necessary, not flinch from conflict; they may welcome a challenge even if you do not. You need to know who is assertive around you. Some of the clues are that they can be driving (of themselves and others), very forceful, quite inquisitive with probably a lot of interests and hobbies, they are very direct (probably a euphemism for 'rude'), they are good self-starters and competitive.

They tend to be motivated by power (even if they haven't got much), they fear failure so will work hard to avoid it and the value they bring to an organization is their ability to get results. They can be impatient and want to move matters forward at a pace that the organization may not be able to cope with.

Their limitations include a resistance to team participation and they can be too quick and overpowering. They can also sulk if they are not in the limelight and they are usually poor delegators because that would involve relinquishing some of whatever power they may have. They can also overstep prerogatives, act restlessly and be critical and fault-finding.

In order to manage assertive people well, you need to recognize that they become active in situations seen as antagonistic. The basic key to their encouragement is to set them **tough challenges**. Give them tough assignments that will extend them. Give them a heavy workload and then give them some more. Let them compete. Put them under pressure.

They will expect and want:

- freedom from authority
- power
- material rewards
- opportunity to grow
- diversity
- innovation



Other factors to take into account may include some or all of the following:

- If you disagree, argue facts, not personal feelings.
- Try to support their goals and objectives.
- Give recognition to their ideas, not to them personally.
- Ask questions that allow them to discover things, rather than to be told.
- Keep your relationship business-like.
- Be prepared to negotiate with them.
- Emphasise their efficiency.
- Be prepared for challenging questions.
- Do not be intimidated by challenging or threatening eye contact.
- Do not be intimidated by an aggressive manner.
- Do not take it personally if they are rude, blunt or sarcastic.

7 The place of psychometrics in managing change

If you look back at your organization five years' ago, there is a strong possibility that it looked very different then. You may not know how different your set up will be in another five years' time but, nevertheless, it is pretty certain that changes will have been made and some of them will be substantial.

As a manager, handling that process of change and doing it well, is critical to the organization's success. About half the people at work in the UK are resistant to sudden and abrupt change. These are the people who are **Cautious** and **Exacting**. They are often reluctant to embrace new ideas because they feel secure with things as they are; they like the status quo. As their manager you need to involve them in the process of change, get them to engage and give them time to adjust.

The other (approximately) 50% is close to the opposite end of the spectrum and wants change and excitement on a much more frequent basis. You have to rein them in and explain that the company cannot absorb the rate of change they would like, and that change number one needs time to bed in before tearing it up and replacing it with change number two. These people are in the **Assertive** and **Verbal** categories.

8 Why managers may need to modify their behaviours

This topic on behavioural modification demonstrates that in order to gain commitment and maximise performance, managers need to adapt and vary their behavioural style towards those they manage. Successful leaders are constantly aware of how they appear to others, and so modify their own behaviours to get the best from people.

It has to be said, however, that most managers find it difficult to act in different ways with different types of people, especially in the early stages of self-awareness and development.

Cautious managers value convention and consistency, even when they may be inappropriate. This procedural approach may cause others to challenge the status quo and trigger their **basic fear: insecurity**. The confident **Cautious** manager modifies their behaviour once he or she has the skills and competence to do so.

The challenges facing a **Cautious** manager in modifying their behaviour to enhance their performance include:

- being more adaptable to change
- recognizing that in change there is opportunity
- recognizing that reassurance comes from results
- working at a faster pace
- getting better at multi-tasking
- taking initiatives
- contributing more to conversations

Assertive managers tend to make quick decisions without consultation or concern for their impact on others. This attitude may trigger their **basic fear of failure**. The self-aware **Assertive** manager modifies behaviour in order to enjoy better results and maximise their effectiveness.

The challenges facing an **Assertive** manager in modifying their behaviours to enhance their performance include:

- recognizing that empathy is not a sin
- being less dictatorial and more consultative
- trying harder to be a good team player
- developing a more patient approach and better listening skills
- making every endeavour to see a project through to a conclusion

Verbal managers rarely consider their impact on others. They set out to establish a personal relationship with everyone through talk, charm, eye contact and touch. This approach may trigger their **basic fear of rejection**. The disciplined **Verbal** manager modifies behaviour in order to gain respect as a leader.

The challenges facing a **Verbal** manager in modifying their behaviours to enhance their performance include:

- keeping their emotions under better control
- being more objective, serious and probing
- trying harder to meet deadlines
- getting better at following through
- realizing that there is such a thing as too much optimism

Exacting managers tend to be somewhat rigid in their approach to others, expecting everyone to be as detailed and logical as they are. This approach may trigger their **basic fear of conflict**. The enlightened **Exacting** manager modifies behaviour in order to ensure that individuals have the flexibility to achieve optimum performance in their own way.

The challenges facing an **Exacting** manager in modifying their behaviours to enhance their performance include:

- looking at and contributing to the big picture
- recognizing deadlines must be met
- knowing total support isn't always possible
- becoming more independent
- paying less attention to unimportant detail
- being more direct when dealing with conflict
- learning that cutting corners is sometimes necessary

Note: Any of the four CAVE behavioural types can be effective managers, but they will each do it differently. The closer their leading behavioural characteristic is to the amalgam of the team profile, the better their chances of success.

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