Save Money, Time, and Effort Using Psychometrics
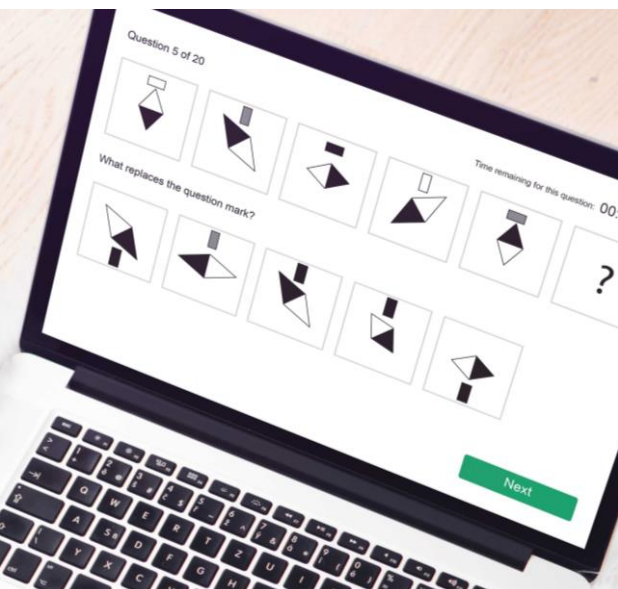
Test Partnership

INTRODUCTION

Online psychometric assessments, as well as being among the most powerful predictive tools available to organisations, are also among the most flexible. This flexibility translates directly into significant cost, time and effort saving to employing organisations.

Not only can psychometric tests help reduce indirect costs associated with employee selection, performance management and productivity loss, but they can also reduce direct costs, resulting in a clear and quantifiable net cost reduction during employee selection processes.

Concurrently, significant time and effort savings can be realised through online automation via psychometric testing platforms. However, if used ineffectively a net reduction in costs will not be realised, and instead psychometric testing will just become another cost to the organisation.

This how-to guide will help outline the most cost-effective methods to incorporate psychometric testing, with the goal of reducing costs, saving assessors time and alleviating the administrative burden.

This how-to guide will help outline the most cost-effective methods to incorporate psychometric testing, with the goal of reducing costs, saving assessors time and alleviating the administrative burden.

ABOUT TEST PARTNERSHIP

Test Partnership is a London-based psychometric test publisher, specialising in online assessments for recruitment and selection.

Unlike other psychometric test publishers who focus solely on enterprise clients, we welcome small-medium sized enterprises and mid-market companies with open arms.

By removing the unnecessary barriers which discourage smaller organisations from adopting psychometrics, we make psychometric testing accessible to everyone, no matter what size.

As a result, our client list comprises organisations of all kinds, ranging from large-cap multinational corporations to micro-employers with fewer than 10 employees.

HOW CAN PSYCHOMETRICS REDUCE EMPLOYEE SELECTION PROCESS COSTS?

Online psychometric assessments are one of the few products available to organisations with the potential to simultaneously reduce costs and increase revenue.

This may come as a surprise to newcomers to psychometric testing, who often consider psychometric tests just another cost to pay for.

However, when optimally used psychometric assessment should result in a net cost reduction to employing organisations, rather than serve as an additional cost.

A persistent myth that supports the exclusive use of interviews in selection is that they are "free" to use. You don't need to pay a test publisher a per-usage fee, you simply arrange the interview at no extra cost to the employing organisation. This myth however, is rooted in fallacy not fact.

In practise, planning, arranging, conducting, and providing feedback on employment interviews is a very expensive process, requiring serval hours of a mid-senior managers time.

The time-value of this per-candidate can easy run into the hundreds, and in the case of panel interviews, into the thousands. Moreover, the time spent manging interviews could otherwise be spent creating value for the employing organisation elsewhere.

The key cost saving benefit of psychometric tests are their individual low prices and their ease of use. No other employee assessment method can assess a high volume of candidates so cheaply or efficiently, saving significant sums of money outright.

Within a matter of minutes, thousands of candidates can be invited to complete an entire battery of psychometric assessments, with the results returned to assessors instantly.

In practise, planning, arranging, conducting, and providing feedback on employment interviews is a very expensive process, requiring serval hours of a mid-senior managers time.

Compared to interviews, this reduces the per-candidate costs massively, with high volume sifting being the most cost-effective approach.

The cost of conducting an interview does not change as the employing organisation grows larger, making interviews decreasingly cost-effective.

Another major advantage of psychometric testing and online assessment is their scalability. The cost of conducting an interview does not change as the employing organisation grows larger, making interviews decreasingly cost-effective.

When using online assessments however, employers can benefit from economies of scale by utilising bulk discounts.

As the volume of candidates increases, test publishers become increasingly willing to reduce per-assessment costs in exchange for larger orders, saving money for growing organisations.

This means online assessments scale far more effectively than interviews, becoming even more cost effective with volume rather than less cost-effective.

Instead of indirectly paying hundreds of pounds per candidate, psychometrics at scale could cost only a few pounds per candidate, saving employing organisations a small fortune.

This frees up hiring managers and HR departments, allowing them to create additional value for their employing organisations instead of spending hundreds of hours interviewing unnecessarily.

HOW CAN PSYCHOMETRICS SAVE TIME AND EFFORT FOR ASSESSORS?

In addition to the cost saving benefits of psychometric testing, significant time and effort savings can also be realised.

Each stage of online testing is designed to be optimally time and effort efficient, improving productivity per user.

These benefits are especially clear when contrasted with the analogous process for inviting candidates to an interview:

PSYCHOMETRIC TESTING VS FACE TO FACE INTERVIEWING

	Psychometric tests	Face to Face Interviews
Inviting Candidates	An assessor uploads a CSV document containing the candidates' email addresses and names, sending an unlimited number of invitations immediately. Alternatively, a unique link can be generated and placed on a webpage, allowing candidates to self-register with no required input from assessors.	The assessor contacts each individual candidate, either by phone or email, to arrange a mutually agreeable time for an interview. Assessors must then wait for each candidate to respond before moving forward. This may require several calls and emails. Some candidates may require rescheduling throughout the process.
During the Assessment	The candidates complete their assessment in their own time, with no required input from the assessor. If candidates do not complete their assessments, the client organisation is not charged for their tests. Candidates can complete their assessments anywhere with a stable internet connection, both nationally and internationally.	The interviewer(s) must dedicate up to an hour per candidate. If held off-site, this involves travel for interviewers. If the candidate does not show up to interview, the interviewers time will have been wasted. A significant burden is placed on international interviewees, potentially requiring the organisation to reimburse them any travel costs.
Providing Feedback	Customisable automatic emails can be sent to both successful and unsuccessful candidates, containing a feedback report for each candidate. A variety of methods can be employed to decide who has passed and thus progress to the next stage, including pass-marks a set number of top performers.	Feedback must be given to each candidate individually, either by phone or email. Giving helpful feedback is challenging, and candidates may become rude or belligerent if handled badly. Deciding on which candidates to progress is inherently subjective, often purely the personal decision of the interviewer.

Eventually and inevitably, interviewing alone becomes unsustainable for larger organisations, which require scalable employee selection tools. Online assessments are the solution to these issues, saving assessors enormous amount of time and effort

Although interviews are an invaluable and essential aspect of any selection process, they need not be the only selection tool.

More scalable, time efficient options should be considered when attempting to reduce the burden on assessors, helping them become more productive and focus on other areas of interest.

Finding the ideal combination of online assessment and traditional assessments deserves considerable thought, ensuring that organisations maximise the effectiveness of their employee selection processes.

HOW CAN PSYCHOMETRICS REDUCE COSTS ASSOCIATED WITH OPEN VACANCIES?

Time-to-hire is an important metric when evaluating the effectiveness of any employee selection process. The longer that vacancies are left open, the greater the cost to the organisation due to productivity loss.

Productivity loss can be estimated by multiplying the weekly salary of the role by the number of weeks that vacancy is left open. Arranging hundreds or thousands of interviews is a daunting prospect and will take even the largest HR teams many months to complete.

This means that vacancies are often left open for long periods of time, all at the expense of the employing organisation. Although this may seem like a minor annoyance for high volume, seasonal, or low stakes recruitment, when it comes to senior managers, open vacancies become very costly.

With online assessments, a single assessor can invite thousands of candidates to complete their tests and ensure that candidates complete their assessments within a desired timeframe.

Eventually and inevitably, interviewing alone becomes unsustainable for larger organisations, which require scalable employee selection tools.

For example, an assessor could invite 10,000 candidates on Friday, and finish the project on the subsequent Monday, with almost all candidates completing their assessments. Interviewing 10,000 candidates however, would present an almost insurmountable challenge to any HR department. The longer the recruitment process, the longer vacancies are left open, resulting in productivity loss to the organisation.

Using these assessments early in the selection process allows employers to achieve a high level of predictive validity, while keeping per-candidate costs to a reasonable minimum.

In practice, a combination of online assessments and interviews will be optimal. When used at the first stage, psychometric testing provides unparalleled recruitment velocity, requiring far less time than traditional selection tools. Similarly, using psychometric assessments early ensures that fewer candidates need to be interviewed, reducing the time-to-hire significantly compared to interviewing.

If time-to-hire is considered an important metric to your organisation, psychometric testing is by far the best way to reduce it.

USING ABILITY TESTS TO REDUCE COSTS, SAVE TIME, AND LOWER THE ADMINISTRATIVE BURDEN

When it comes to saving time and money, ability test represents an employing organisations best option. To minimise costs, time spent and assessor administrative burden, the following should be applied:

1) Use Cheaper Ability Tests as Early as Possible: Verbal, numerical and inductive reasoning are designed primarily for early stage, high volume recruitment, and thus are comparatively cheap. In fact, these kinds of ability tests tend to rank among the cheapest employee selection tools available, costing only a few pounds at large volumes.

Contrast this with a telephone interview, which requires several hours of a mid-senior level HR professional's time, and the cost saving benefits become obvious.

Using these assessments early in the selection process allows employers to achieve a high level of predictive validity, while keeping per-candidate costs to a reasonable minimum.

2) Use More Powerful Ability Tests Later in the Process: More powerful, and thus more expensive ability tests should be reserved for later stages in the recruitment process. Naturally, as candidates progress through recruitment stages, higher potential candidates remain, and lower potential candidates are screened out.

This means that the per-candidate costs increase linearly with the quality of the remaining applicant pool. This makes intuitive sense, as only once you know that a candidate is of sufficient potential does it make sense to spend more money per-candidate.

Spending too much on assessing low potential candidates, or too little on high potential candidates can cause significant inefficiencies in a selection process, increasing the probability of miss-hire.

3) Apply Rule-Based Pass / Fail Decisions: To save time (and thus money), make selection decisions based on simple pass / fail rules. For example, candidates must score a minimum of X to progress through the process.

Having explicit rules ensures that candidates can be progressed or screened out as quickly as possible, as assessors won't need to make decisions on a case-by-case basis.

Many hiring managers or HR professionals try to differentially weight ability test scores i.e. assigning more weight to numerical reasoning than verbal reasoning, or vice versa.

Unless you have conducted a talent analytics project which suggests this should be the case, its much safer to just equally weight the assessments, and make decisions based on simple aggregates / averages.

4) Enforce Strict Deadlines: To save time (and thus money), make selection decisions based on simple pass / fail rules. For example, candidates must score a minimum of X to progress through the process.

Having explicit rules ensures that candidates can be progressed or screened out as quickly as possible, as assessors won't need to make decisions on a case-by-case basis.

Only once you know that a candidate is of sufficient potential does it make sense to spend more money per-candidate.

Many hiring managers or HR professionals try to differentially weight ability test scores i.e. assigning more weight to numerical reasoning than verbal reasoning, or vice versa. Unless you have conducted a talent analytics project which suggests this should be the case, its much safer to just equally weight the assessments, and make decisions based on simple aggregates / averages.

Personality questionnaires are particularly flexible assessment tools, and thus can be used to streamline any stage of the recruitment process.

5) Always Buy in Bulk: In the world of psychometric testing, volume is king.

Test publishers of all sizes will offer significant bulk discounts to organisations looking to conduct volume testing, saving employers significant sums in the long run.

Whenever possible, ensure that you are maximising bulk discount savings, ensuring that per-candidate costs are kept to a reasonable minimum.

A useful strategy is to consider how many assessments you will need to last you roughly one calendar year. This way you can properly plan for the coming year and assign the required proportion of your annual budget.

USING PERSONALITY QUESTIONNAIRES TO REDUCE COSTS, SAVE TIME, AND LOWER THE ADMINISTRATIVE BURDEN

Personality questionnaires are particularly flexible assessment tools, and thus can be used to streamline any stage of the recruitment process. To minimise costs, time spent and assessor administrative burden, the following should be applied:

1) When Sifting, Make Decisions Based on Average Scores:
Eyeballing every single personality report is not a cost-effective strategy when using personality questionnaires for early stage sifting. Not only does this introduce subjectivity into the process, but it also means hours of reading PDF reports, hours which could be spent adding value elsewhere.

Instead, we recommend that employers decide beforehand which traits they are interested in, and simply average then. This allows candidates to be ranked by overall job-fit automatically, speeding up the process and reducing unnecessary administration.

This also means that scores can be easily exported into a single CSV file, eliminating the need for downloading individual PDF reports all together.

2) Combine Personality Questionnaires with Ability Tests: Although combining ability tests and personality questionnaires may initially seem more expensive, there are cost saving implications. By doing both types of assessment simultaneously, two stages of the recruitment process can be merged, reducing time-to-hire.

This is especially important for mid-high stakes roles, such as managerial, supervisory or executive roles. By merging ability and personality into a single stage, you eliminate the need to add two distinct stages, each with their own deadlines.

Similarly, you lower the risk of losing candidates throughout the process, as longer recruitment processes tend to show greater candidate attrition.

3) Use More Expensive Personality Questionnaires Late-Stage: As a simple rule of thumb, shorter and less expensive personality questionnaires should be used early in the selection process, whereas longer and more expensive questionnaires should be used later. This ensures that costs scale with volume, and that employing organisations don't spend more than they need to.

When looking to create an early candidate screen, cheaper (but less comprehensive) personality questionnaires should be employed, ensuring you aren't spending too much on lower potential candidates. However, after a few stages in the recruitment process, the remaining candidates are likely to be of significantly higher quality (assuming your selection process is working), which means you can safely invest in more comprehensive, but more expensive personality questionnaires.

4) Allow Candidates to Complete Personality Questionnaires Unsupervised: Compared to other psychometric assessments, personality questionnaires are the least susceptible to cheating. As a result, there is no need to supervise candidates completing personality questionnaires at any stage, saving assessors the hassle of arranging a supervised testing session with candidates.

By merging ability and personality into a single stage, you eliminate the need to add two distinct stages, each with their own deadlines.

HR professionals that manage assessment centres are very aware of the difficulties associated with arranging supervised testing sessions, having to allocate a time, space and a supervisor to manage the process. Whenever possible, its worth asking candidates to complete their personality questionnaires at home in their own time, saving the employing organisation the effort and cost associated with supervised testing.

Whenever possible, its worth asking candidates to complete their personality questionnaires at home in their own time, saving the employing organisation the effort and cost associated with supervised testing.

5) Hold Onto the Personality Report After Hire: Personality questionnaires are one of the few products which can be used in both selection and development.

However, many employers use one personality questionnaire for recruitment, but a different questionnaire for development, increasing overall costs.

This may sound counterintuitive, but in larger organisations resourcing and L&D departments tend to operate independently of one another. Instead, employing organisations should use personality questionnaires that are applicable to both employee selection and development, recycling the candidates' reports following hire.

This also has the benefit of aligning the recruitment strategy with the wider talent management strategy, ensuring that the entire HR strategy employs a common framework.

USING SITUATIONAL JUDGEMENT TESTS TO REDUCE COSTS, SAVE TIME, AND LOWER THE ADMINISTRATIVE BURDEN

Situational judgements tests are effectively hybrids of ability tests and personality questionnaires, which means they can be used very flexibly. To minimise costs, time spent and assessor administrative burden, the following should be applied:

1) Use SJTs to Add value at any Stage of The Recruitment Process: SJTs are unique assessment tools in that they aren't restricted to any stage of the recruitment process. For example, SJTs could quite viably be used as an initial screen, mid-process or at a final assessment centre.

To capitalise on this flexibility, use SJTs at any stage that requires streamlining relative to the rest of the process. For example, if you are currently using telephone interviews following an initial screen, it may be worth replacing this with an SJT. Alternatively, if you need a cost-effective assessment to include during an assessment centre, SJTs are a great option.

By replacing more expensive or time-consuming selection tools with SJTs, you can speed up the process or reduce costs while retaining / improving selection process validity.

2) Reserve SJTs for Roles With a Moderate-Large Degree of Autonomy: Unlike ability tests and personality questionnaires, SJTs require a specific use case, and are not universally applicable.

SJTs are valuable assessments in roles which require a significant degree of autonomy and / or decision making. High level judgement is essential to performance in these roles, justifying the use of SJTs in selection.

However, roles without significant autonomy or decision making may not suit the SJT approach, and instead be better suited to other assessments.

Knowing when and when not to use SJTs can help keep costs down, ensuring that SJTs are only employed when they add significant value.

3) Make Quick Decisions With SJTs: SJTs are not like personality questionnaires in that they do not measure a range of distinct traits. Instead, research suggests they measure a single overreaching factor, much like ability tests. This misconception causes employers to use SJTs that purportedly measure specific competencies, and to make decisions based on them.

Not only does the evidence contradict the existence of specific competencies within SJTs, but small subsets of questions typically show lower levels of reliability than the overall score, reducing validity in the process. Don't waste time eye-balling reports, just use overall scores to quickly decide who progresses.

> Not only does the evidence contradict the existence of specific competencies within SJTs, but small subsets of questions typically show lower levels of reliability than the overall score, reducing validity in the process.

When designing recruitment processes, the cost and time saving benefits of psychometric testing should be considered, ensuring that selection processes are maximally cost-effective.

SUMMARY

When used optimally, psychometric tests help lower costs, save time, and reduce the administrative burden placed on HR teams.

These benefits are especially relevant to large and growing organisations, helping to make employee selection processes more scalable.

When designing recruitment processes, the cost and time saving benefits of psychometric testing should be considered, ensuring that selection processes are maximally cost-effective.