role of psychometric

assessment

In decoding judgement and decision making in leaders

welcome to brighter

Contents
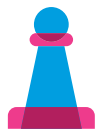
Introduction

Be it a small business or an established one, the success, performance and its longevity depend on its leaders. Leaders at different positions with different capacities are responsible for running the business. Not only for the operations, but they are also responsible for decision making that can either make or break your business.

But what happens when a leader fails to work according to his responsibilities?

Former Google executive, Marissa Mayer took over as Yahoo's CEO in 2012. She intended to make Yahoo, one of the oldest search engines competitive with Google. Mayer did this by acquiring all the startups as much as possible and resultantly made 53 acquisitions for $3 billion. **(This strategy might have worked if any of the startups were of any good.)**

However, out of all the startups, Tumblr came out as an exception, and the rest of the acquisitions did not work out in Yahoo's favor. Adding to the issues caused by a bad decision, **even Tumblr's value decreased by $230 million in 2013.**

> *In February 2014, Mayer had to announce that the company was laying off 15% of its workforce and also had a loss of $4.4 billion. The company was finally sold out to Verizon for $4.8 billion.*

Another bad decision making was done by Eckhard Pfeiffer, who was the former CEO of the Compaq. When he took over the company, he thought that software was the growth sector of the company. He made some ambitious plans and bought a high-end server, mid-frame Computer Company, and a DEC. **Now while he got busy working with the new acquisitions, its core strengths took a backseat and competitors worked on that market.**

Pfeiffer had to leave as he could not handle the new acquisitions, and Compaq was then sold to HP. Since then the company did not rise and is now a subsidiary of HP.

The above examples state that leaders with bad decisions simply ruin the organization; here is how a good leader can help the enterprise.

Impact of Good Leadership on the Success of a Business

It may sound like a cliché, but a great leader isn't someone who leads people. It's someone who other employees want to follow. We think that a great leader requires charisma or a story that sells, but it is not enough.

John Legere *is known as the world's most eccentric and controversial CEOs as he was loved by his employees and was hated by his competitors.* He took T-mobile customer base to 67M in five years and simply doubled it. From the start, he created a culture of bi-directional communication and passion. During his mission in 2012, he invited every employee to watch him speak and also accepted questions and texts from them. Along with this, he had a habit of visiting 18 major call centers of U.S and is also friendly with all his customer care agents.

Moreover, what sets his decisions apart was that he had a casual tone and was friendly with every employee.

This approach not only doubled his customer base, but he was also able to overtake the 3rd largest carrier, Sprint. Later on, he was also successful in spreading his services in the coverage areas of AT&T and Verizon as well.

A good leader needs to articulate what he says. He has to be optimistic, understand the team, mentor the team as it will only lead to the success of a business.

While there are many leadership traits that are required to be a good leader, here is how a good leader impacts a business.

- **He Leads By Example:** Your actions should reflect what you do as that is how you portray your commitment towards your work. If you know all the aspects of running a business, business operations, and are involved in all the intricacies, you will be able to encourage everyone in the organization to work for its success.

- **Be Approachable and Communicate:** If you are able to communicate with the employees, respond to their queries, listen to them with empathy, you will able to get work done effectively.

As a good leader, you are also responsible for maintaining higher levels of integrity, bring out the innovative ideas, and hire the people who can execute them.

- **Portray a Direction:** Having a vision and a direction to work on is also one of the essential characteristics of a good leader. Once you have that, you and your organization will get there and can create a significant change as well.

When a good leadership is in place, good culture is not made instead it gets developed. Moreover, everyone will understand the goals and will attain them together in a collaborative manner.

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Disadvantages of Having a Bad Leader in an Organization

Well, when it comes to bad leadership, it can also be felt throughout the organization. The culture starts to become meaningless, and there is a lack of communication throughout the hierarchy. The employees become uncertain of their goals and have no empathy towards the organization.

Bad leadership also have some other devastating effects, which include-

Low Morale and Loss of Motivation

Low Sales and Employee Performance

Negative Workplace

- **Low Morale and Loss of Motivation:** According to an article published in the Community of Human Resource Management, poor leadership affects the team, which in turn leads to a loss of business.

- **Low Sales and Employee Performance:** Bad sales and performance are directly related to the poor leadership. When employees work under a bad leader, they are not motivated; neither will they take the initiative to complete their targets. Moreover, they lose the motivation to work, which will impact their performance and financial gains as well.

- **Negative Workplace:** Poor leadership when combined with demotivated employees turns out into a negative workplace. It simply becomes a rumor mill where no one works properly, and the inspired ones also start to get affected by them.

The result of bad leadership is a bit of high turnover, but with low morale and no sustainable success.

So, now when we know, how leadership affects the organization, here is how we can choose that a person is fit to be a leader or not.

"Great leaders are almost always great simplifiers, who can cut through argument, debate, and doubt to offer a solution everybody can understand."

General Colin Powell

How Do You Judge That a Person Should Be a Leader or Not?

According to Lawal, a Nigerian author, Leadership is the process of influencing other people to work towards an organizational goal.

Koontz, an American author says that *leadership is the art of influencing people so that they can work willingly towards the goals.*

Different scholars define leadership in different ways, but how can we judge that a person is perfect for becoming a leader or not?

Consider Using Psychometric Tools:

Psychometric assessments are a scientific yet standard method that is used to measure the behavioral style and mental capabilities of an individual. They measure the suitability of a candidate for the role, example: leadership based on the required personality characteristics. It also identifies the extent to which the candidate's personality and abilities match to perform the role.

Cut-e-found that 81% of those utilizing psychometric tools make more dependable and less risky decisions, and 57% trusted psychometrics could help predict future performance.

If we take a look on the essential parameters on which leaders can be evaluated, then it's their way of thinking and how they process any information. Secondly, how they approach towards a problem and make decisions. Lastly, the way they respond at extremes of their decisions.

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Here are these three factors:

Way they think

While making decisions, the very basic step is to process the bunch of information pertaining to the task/situation. There are individuals who prefer to process numerical data. They are often the ones who like to identify patterns or the protocols in numerical form and hence predict outcomes consequently. They might do well in areas like finance, engineering or IT.

Then there are others who prioritize words, but numbers and tend to interpret events through emotions. These are the ones who process verbal information efficiently and generally tend to perform well in areas like literature, journalism, etc.

Based upon the job role, if you want to judge a person on his thought process, you can use Mettl's Aptitude tests to find the best candidate. Yet cognitive tests alone can't provide a clear picture.

Way they decide

Different people have a different approach towards the situation. There are times when their bright side affects the decision. Some people make decisions based on their motivation to achieve recognition or money. Their motivators attracts them towards the positive side of the risk-reward equation.

Although excess of those motivators can also result in thrill-seeking behavior resulting to take more risks. Here comes the dark traits of human personality. To judge this, you can use Mettl's MPP, MDPI and MMI to find the right person.

Way they react

Everyone has a different reaction to feedbacks. A few people react emotionally to negative feedback by blaming others individuals, conditions, timing, and so on- that basically are out of their locus of control. Others might react to negative feedback by staying collected and cool-headed thinking about how they may have added to the awful choice. They'll be the ones who learn from their mistake and aim not to repeat in future.
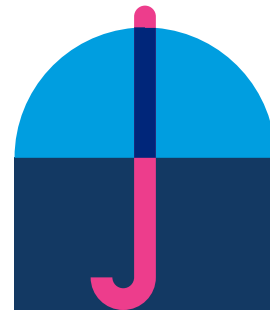
Depending upon the behavior of person, there will be differences in the behavior. The perfect one would be the person who sticks to the competency framework designed. Well, employers can leverage MPI/MPP in this case for better decisions.

Now for example- Marissa Mayer's personality of being a workaholic, not learning from her mistakes was blamed for the decline of Yahoo.

The point is, there must be a competency-based procedure for assessing leaders which could generate both the positive as well as negative sides of an employee. The strengths should be encouraged and the weaknesses must be worked upon. The dark sides of a leader must be explored, first thing, and thereby filtered out to avoid the future complications. In short, psychometric tests provide you a fail safe that could be leveraged at extreme situations.

49%

According to a 2018 talent assessment study by Mercer I Mettl, in the past two years, the usage of psychometric assessments is used by 49% during the talent acquisition process.
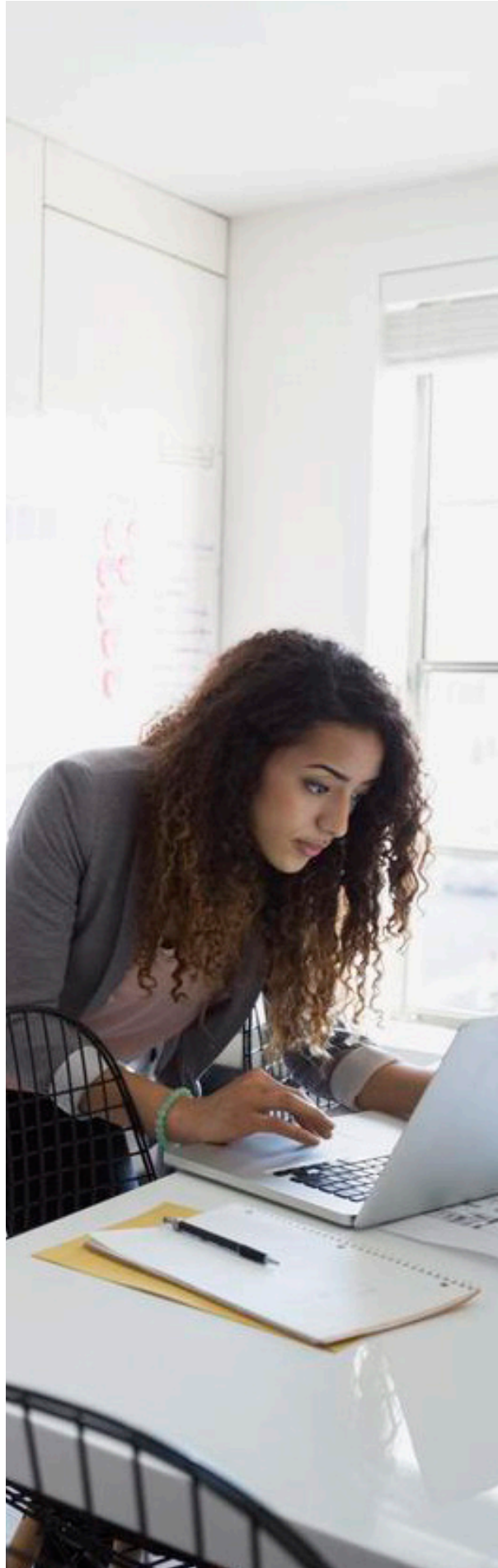
Conclusion

Hiring a good leader is no easy feat. As stated, it can simply make or break your organization. So, if you are also looking for choosing a leader, we'd recommend you to use Psychometric assessments. Apart from hiring the perfect fit, these assessments extract the true talent of an employee and let them shape to their maximum potential.

Better leadership determines excellent organizational performance. Better judgement and decision-making generating successful leaders is shown in favourable organizational atmosphere, a reward technique which is connected to strategic objectives, and an effective organizational culture that impact behavior in the right direction. This way, psychometric tests drive better business outcomes.

So, if you are also looking to choose a leader and want to judge him on his various attributes, go for Mettl's Psychometric assessments and tools.

About Us

At Mercer I Mettl, our mission is to enable organizations to make better people decisions by making credible people decisions across two key areas: Acquisition and Development. Since our inception in 2010, we have partnered with 2900+ corporates, 31 sector skill councils/ government departments, and 15+ educational institutions across 90+ countries.

Contact Us

India Office

+91-9555114444

Plot No. 85, Sector 44, Gurgaon, Haryana, India - 122003

Australia: +613906 99664
Indonesia: +6285574678938
Singapore: +6531386714
South Africa: +27875517192
UAE: +9718000320460

✉ contact@mettl.com

🌐 **www.mettl.com**

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