How skills and competencies-based assessments will lead the hiring landscape

A research by LinkedIn recently revealed that 30% of the workforce is actively looking for a change, while around 87% of the workforce will change jobs if a better opportunity presents itself. This implies the presence of a large talent pool for recruiters to hire. Yet, a shortage of candidates with relevant skills hinders hiring for most organizations, leading to wrong hires.

Reliance on traditional hiring practices alone is one of the key reasons behind an incorrect hire. The conventional methods consider educational background and degree as a bedrock of a candidate's suitability for a job. However, when the world today is moving towards building skill-based organizations, depending on educational background alone is not the right approach.

Enter skills-based assessments. Skills-based hiring is increasingly gaining popularity in the hiring market. A combination of skills-based and traditional hiring helps companies effectively screen applicants from a large pool. In addition, it is an approach that allows organizations to close skill gaps and retain employees.

According to Mercer's Global Talent Trends Report 2022,

98%

of companies report significant skill gaps in their workforce.

Another reason that works in favor of skills-based recruitment is that there is no room for inherent bias as companies focus on diversity and inclusion (D&I), with 85% of employers focusing on increasing diversity within their organization.

Here is a look at skill-based hiring and how it can benefit your organization.

What is skills-based hiring?

Skills-based hiring screens and hires candidates based on the skills and talent they possess and bring to the table instead of their academic background alone. It considers personal habits and traits (soft skills) and technical knowledge and training (hard skills) to shortlist candidates.

Recruiters can easily implement skills-based hiring through an assessment. The assessments can be integrated into an early stage of the hiring process to ensure the organization screens and focuses on candidates qualified to perform the required role. This helps recruiters overcome challenges posed by the traditional hiring process.

Benefits of skills-based hiring:

Attracts a larger talent pool:

By allowing candidates with skills but without an academic degree to apply for an opening, HR teams can attract a larger candidate pool and fill up vacancies faster.

Saves time:

In traditional hiring, a candidate's skills are tested much later in the hiring process, which can backfire if the candidate fails to perform well in the skill assessment. Skills-based hiring begins with assessing the candidate's skills and weeding out unqualified candidates right at the beginning. This saves the recruiters' time by not pursuing unqualified applicants.

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Reduces costs:

Traditionally hired candidates, in most cases, require training to equip them with skills to perform the role. This forces the recruiter to spend time and money on training.

With skill-based hiring, companies hire candidates who already possess the skills needed for the job. This helps employers save costs as such candidates require negligible to no training. In addition, such candidates assume regular duties sooner than traditionally hired candidates.

Helps gauge the candidate's skills:

Skill assessments, such as technical tests, provide unbiased insights into a candidate's ability to perform tasks that would form the basis of their day-to-day function if hired.

Questions can range from multiple-choice quesrions (MCQs) and true/false statements to coding challenges, which are far more immersive. Similarly, recruiters can use these assessments to test candidates' soft skills, such as communication and emotional intelligence. All of which help the company assess the potential of the candidates.

Improves employee retention rate:

As said before, skills-based hiring allows recruiters to hire candidates that don't have a conventional academic background. A study by LinkedIn found that employees that don't have a traditional degree or academic background tend to stay 34% longer at a company than those with degrees. Once hired, an organization can keep those employees engaged by investing in their careers and creating a learning culture. This ensures that the employees don't look for a change and that the organization has a ready workforce with skills that have kept up with changing demands.

Role of personality tests in skills-based hiring

Though not necessarily a skills-based test, personality assessment is a critical part of the hiring process. It evaluates candidates' behavior to see if they are a right fit for the organization. The test is designed to assess characteristics and traits relevant to the job. The tests also assess how the candidate would respond to different situations they may face during their day-to-day work.

Personality tests can be further divided into the bright side and the dark side. The bright side tests candidates for positive personality traits, which help hone their day-to-day performance. On the other hand, the dark side tests check for counterproductive characteristics that can adversely affect the workplace and co-workers. Combined with skills assessments, the test is a good indicator of a candidate's employability for the role.

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Types of skills-based assessment

There are several assessments that recruiters can utilize for skill-based recruitment. They can be used together or stand alone during the hiring process and can be customized per need. Most of these assessments can be divided into two broad categories:

- **Soft skills assessments**
- **Domain skills assessments**

Soft skills assessments

Soft skills are habits and traits that shape a person's work, alone and in a team. As soft skills are essential for creating a positive work environment, employers should hire candidates that bring specific soft skills to the table.
For instance, recruiters often seek a person with effective communication and active listening skills.

Some of the soft skills that recruiters look for are:

• **Effective communication skills**

• **Ability to work in a team**

• **Leadership qualities**

• **Work ethics**

• **Attention to detail**

• **Time management skills**

There are many soft skills assessment tests that HRs use for hiring, some of which are:

Behavioral tests

Behavioral tests assess a candidate's competencies by simulating the work environment. It is used to observe and predict the behavior traits of a prospective employee. These traits are required to excel in a particular role. Some of the attributes behavioral tests assess are:

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Personality attributes:

These are a combination of characteristics, behaviors, attitudes, and habits of the applicant concerning their surroundings, an essential criterion for checking the candidate's cultural fit.

Analytical attributes:

The ability to see patterns, trends, and inconsistent information and draw meaningful conclusions based on the given information.

Interpersonal skills:

A person uses these skills to interact with a clarity of purpose. It evaluates an employee's ability to get along with coworkers and work in a team.
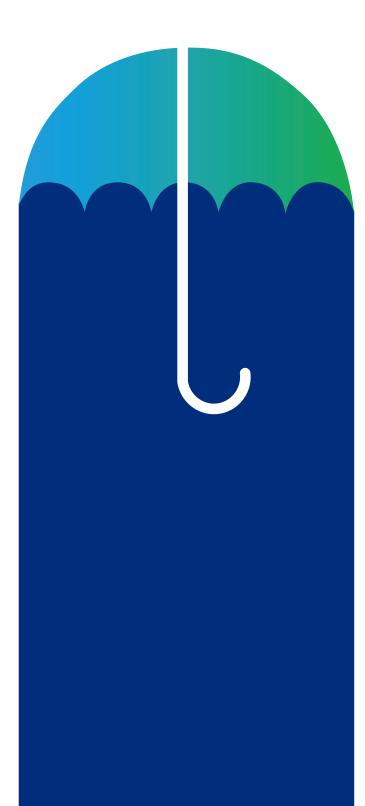
Leadership skills:

Assess the leadership qualities of the candidates.

Communication skills tests

Communication assessments evaluate the candidate's communication skills, focusing on how well they understand a language. These tests primarily assess candidates on four parameters, which are:

Speaking skills:

Tests a candidate's ability to speak correctly and clearly.

Listening skills:

Evaluates the candidate's ability to listen and understand what is being communicated.

Reading skills:

Tests the candidate's ability to read, process, and retain written information.

Writing skills:

Test the candidate's ability to express ideas and thoughts through clearly written communication.

Cognitive ability tests

Cognitive ability tests assess an individual's critical thinking, verbal reasoning, numerical ability, problem-solving, decision-making, and other essential skills. In addition, they test the candidate's job performance and intelligence quotient (IQ). The assessments can also be used to test role-specific IQs, helping HR improve the quality of hires.

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Domain skill assessments

Hard skills refer to those skills that are required for a job. This includes technical skills acquired through formal training and education, including colleges, online courses, and certification programs. As hard skills are quantifiable and verifiable, HR can quickly test candidates to check their proficiency.

Also, recruiters can use these tests to measure the level of skills among candidates.

These tests are customizable based on the need of the recruiters. The technical test can either be function based, with assessments for roles such as sales and marketing, or industry-based, with evaluation for different verticals.

The Mercer | Mettl advantage

Although skills and competencies assessments have several advantages, appropriately carrying out these tests is challenging.

Mercer | Mettl can help here. It offers reliable and scientifically validated tests designed by leading industry experts. Mettl's assessment platform is robust, scalable, and equipped with AI-based proctoring tools, providing recruiters with end-to-end assessments. It ticks all the boxes in an organization's checklist, providing several key features such as seamless integration, a simple user interface, AI-backed proctoring, data safety, real-time results, customized reports, and more.

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Here is what makes Mercer | Mettl the leading assessment provider:

Exhaustive test library: Mercer | Mettl has a comprehensive test library for over 200+ job roles/levels across 25+ industries.

Large question bank: Recruiters are given access to a question bank covering 3000+ skills with 1M+ questions that are regularly updated to keep up with changing trends in the industry.

Easy to use: With less time to review candidates, recruiters want a platform that provides easy access to exams, candidates, and the results. Mercer | Mettl scores high here as the assessment platform is simple to understand, allowing HRs to track the candidate's progress in a simple manner.

Invite candidates conveniently: Companies can send out invites to candidates for specific dates, times, and IP addresses. Also, the invites can be sent in bulk or can be customized per the needs.

Reliable testing results: To ensure integrity during the assessment, the recruiters can verify candidates via government-issued ID cards and webcams. Furthermore, proctors can use the AI-based proctoring tool to monitor candidates. They will also have access to video feeds and computer screens, all of which ensure that candidates don't indulge in unwanted activities and test results are reliable.

Conclusion

When used with traditional hiring methods, skill-based assessment can help remove biases, increase the talent pool, and hire quality candidates. With the rising skill gap, it is crucial that organizations switch or incorporate skills-based recruitment to improve the quality of their hires.

About us

At Mercer | Mettl, our mission is to enable organizations to make better people decisions across two key areas: acquisition and development. Since our inception in 2010, we have partnered with more than 4,000 corporates, 31 sector skills councils/government departments and 15+ educational institutions across more than 90 countries.

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