

# Employability, corporatization, global unemployment, and I/O psychologists

What psychologists say employers need

-&-

What employers say they want in new hires.

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Advanced Projects R&D Ltd.

- Modeling the Utility/Impact of HR interventions over time
- Psychological Test Design, Construction, and Validation
- Person-Target Profile Design, Construction, and Validation

## The Article

### Employability and Career Success:

### Bridging the Gap between Theory and Reality

R. Hogan, T. Chamorro-Premuzic, & R.B. Kaiser (in-press)

*Industrial and Organizational Psychology* (SIOP)

## The Thesis

“Historically, {psychologists} have told employers what they should look for in employees. The data suggest, however, that employers are no longer listening. Psychologists might consider expanding their research to include what it is that employers actually want in new hires.” *p. 24, 2<sup>nd</sup> paragraph, Summary and Conclusions*

## The Article

“... the conventional wisdom of applied psychology maintains that, in the hiring process, employers should be most interested in the degree to which applicants possess **“...cognitive ability, conscientiousness, and other personality characteristics that they believe add value to their business”** (Baruch & Bozionelos. 2011, p. 83), with the primary emphasis on cognitive ability (Schmidt & Hunter, 1992; Kunzel, Ones, & Sackett, 2010).” *p. 9, 2<sup>nd</sup> paragraph*

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## The Article

“In summary, the literature on what employers want in job candidates highlights the importance of social skill and being rewarding to deal with. This differs from I-O psychology’s emphasis on cognitive ability and education for career success, and may explain why Emotional Intelligence and other scientifically suspect measures of social skill are popular in business *(Murphy, 2006)*.

Moreover, the gap between what psychologists recommend and what employers want suggests directions for research that can inform the question of employability **and guide policy for dealing with widespread unemployment.”** *pp 15-16.*

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## The Article

“In our view, both career success and employability depend on behaving in socially desirable ways, especially when interacting with recruiters, employers, and managers. The ability to do this depends on a surprisingly small set of competencies, namely seeming:

- (a) interpersonally skilled;**
- (b) smart or able; and**
- (c) compliant**

*(National Research Council, 2011, p. 2).” pp 19-20*

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## The Article

“In very general terms, supervisors like employees who are likeable. In addition, they favor employees who seem to learn quickly and show good judgment—and this helps explain the consistent correlations between cognitive ability and job performance *(Kuncel, Ones, & Sackett, 2010)*. Supervisors also like employees who seem compliant, obedient, and conforming ...*(Chamorro-Premuzic & Furnham, 2010)*...**Teachers are de facto supervisors (they supervise student performance); like all supervisors, they favor student/subordinates who seem smart, attentive, pliable, and conforming, and such students tend to receive higher grades.”** *p. 20*

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## The Article

“The set of attributes that combine to make people employable (or successful in their careers) also explains why some high IQ people are unemployable. Unemployable people are irritable, challenging, and disputatious—not rewarding to deal with; they also display bad judgment; still others are stubborn, non-conforming, and insubordinate. **Unemployability, therefore, is a composite of irritability/rudeness, social insensitivity, and incompetence, which explains the links between dark side personality traits and counterproductive work behavior** (O’Boyle, Jr., Forsyth, Banks, & McDaniel, 2012).” *p. 20*

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## The Article

“We believe that employability is an attribution employers make about the probability that job candidates will make positive contributions to their organizations. **Psychologists interested in employability should therefore investigate the determinants of employers' perceptions of employability.** The essential question is as follows:

**What determines whether a person will be perceived as having the potential to contribute positively to an organization?”** *pp. 20-21*

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## The Article

“We believe the answer is whether the person is:

- (a) rewarding to deal with—**Rewarding**;
- (b) capable of learning and performing the job — **Able**;
- (c) driven and hard working — **Willing** (see Figure 1).

Thus, employers’ ratings of a candidates employability will be a function of:

- (a) **interpersonal skill** and compatibility with the values of the organization, team, or management;
- (b) **ability, know-how, and expertise**; and
- (c) **ambition, drive, and work ethic”**

*p. 21*

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## The world’s biggest employers - Corporates

### The world's biggest employers

2010, number of employees, m



Sources: Fortune; The Economist

\*2008 †Includes franchise employees

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## In New Zealand – the largest top 20 Corporate employers

C:\Presentations\Employability Oct 2012\company.xlsx : Sheet1		
	1 Company	2 Employees
1	APN NZ Ltd	63392
2	Progressive Enterprises Ltd	18000
3	Fletcher Building Ltd	16000
4	Fonterra Co-Operative Group Ltd	15600
5	Spotless Facility Services (NZ) Ltd	12000
6	NZ Defence Force	11142
7	NZ Police	10884
8	Auckland DHB	10500
9	Carter Holt Harvey Ltd	10500
10	Air NZ Ltd	10000
11	ANZ National Bank Ltd	9600
12	NZ Post Ltd	8132
13	Auckland Council	8000
14	Canterbury DHB	8000
15	Telecom Corp of NZ Ltd	6948
16	Ministry of Social Development	6300
17	Waikato DHB	6300
18	Counties Manukau DHB	6000
19	McDonald's Restaurants (NZ) Ltd	6000
20	Dept of Corrections	5800

Sourced from the KOMPASS database – 2012;

no. of employers with > 1000 employees = 137

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## The defining features of Corporates

- 1 Corporates continually seek to expand market share by squeezing out smaller competitors *and/or* buying out smaller competitors/companies who possess valuable IP.
- 2 They seek to minimize costs by deploying automation, outsourcing labour-intensive production tasks to cheaper labour markets, and taking advantage of economies of scale to produce goods and services at prices lower than smaller operators can achieve.
- 3 Corporates aspire to becoming global entities, entering and attempting to control markets in the way they have sought to control them in their home country.

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### The defining features of Corporates

- 1 Corporates now provide the highest-paid/rewarded jobs for many 'graduate, professional, and managerial' roles.
- 2 The numbers employed in low-skill-level corporate jobs is decreasing as new technologies become available to replace low-skill-level employees.
- 3 The job-market is affected by the assimilation of smaller companies purchased for their assets, IP, or customer – bases, where employee 'rationalization' is a consequence of that takeover.

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### The global availability of jobs is shrinking

"After three years of continuous crisis conditions in global labour markets and against the prospect of a further deterioration of economic activity, there is a backlog of global unemployment of 200 million – an increase of 27 million since the start of the crisis. In addition, more than 400 million new jobs will be needed over the next decade to avoid a further increase in unemployment. Hence, to generate sustainable growth while maintaining social cohesion, **the world must rise to the urgent challenge of creating 600 million productive jobs over the next decade, which would still leave 900 million workers living with their families below the US\$2 a day poverty line, largely in developing countries.**" *p. 9*

UN ILO Global Employment Trends Report - 2012

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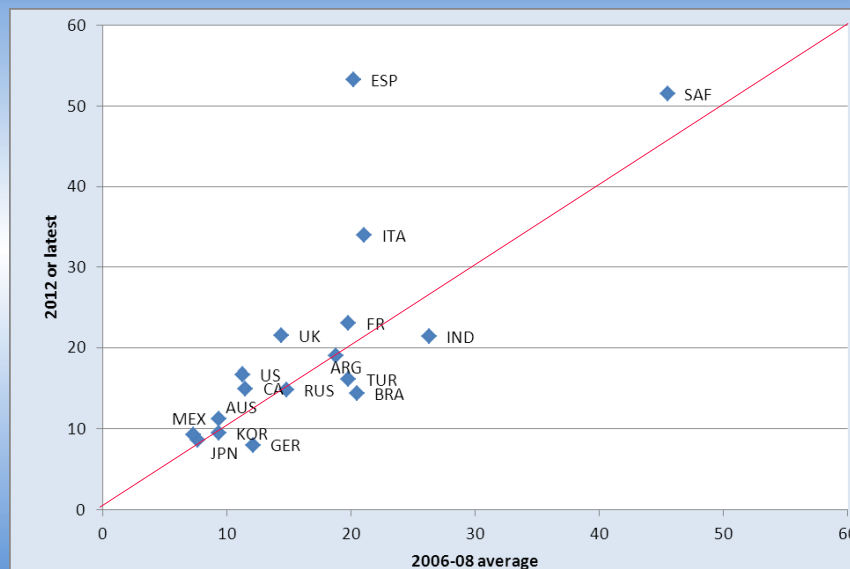
### The problem for young adults

“In 2011, 74.8 million youth aged 15–24 were unemployed, an increase of more than 4 million since 2007. The global youth unemployment rate, at 12.7 per cent, remains a full percentage point higher than the pre-crisis level. Globally, young people are nearly three times as likely as adults to be unemployed. **In addition, an estimated 6.4 million young people have given up hope of finding a job and have dropped out of the labour market altogether.** Even those young people who are employed are increasingly likely to find themselves in part-time employment and often on temporary contracts. In developing countries, youth are disproportionately among the working poor.” *p. 9*

UN ILO Global Employment Trends Report - 2012

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### Mid-2012 Youth unemployment for the G20 countries compared with the 3-year 2006-2008 average



An ILO note to the G20 Task Force on Employment, September 2012

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#### Four questions

- ① To which 'psychologists' are Hogan et al referring, academics or practitioners, or both?
- ② To which organizations do most practicing I/O psychologists and consultants provide their services?
- ③ If *compliance*, *obedience*, and *conformity* is one of the major requirements of corporates for their employees, then what % of the adult working populations will be permanently excluded from corporate employment?
- ④ What is going to happen to all those excluded people?

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#### The IBM 'Creativity' Conundrum

##### **ARMONK, NY, - 18 May 2010:**

According to a major new IBM (NYSE: IBM) survey of more than 1,500 Chief Executive Officers from 60 countries and 33 industries worldwide, chief executives believe that -- more than rigor, management discipline, integrity or even vision -- successfully navigating an increasing complex world will require **creativity**.

<http://www-03.ibm.com/press/us/en/pressrelease/31670.wss>

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## The IBM 'Creativity' Conundrum

### The CEOs Speak



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## What distinguishes Creative people from others?

From: Batey, M., Furnham, A. (2006) **Creativity, intelligence, and personality: a critical review of the scattered literature**. *Genetic, Social, and General Psychology Monographs*, 132, 4, 355-429

Summarizing the results from the famous study outlined earlier by: MacKinnon, D.W. (1962) **The nature and nurture of creative talent**. *American Psychologist*, 17, , 484-495.

“The key findings from MacKinnon’s (1965) work were that the highly creative architects, in comparison with the noncreative architects, were **less deferent and team oriented**; more aggressive, dominant, and autonomous; and **less socialized** (responsible, self-controlled, tolerant, concerned with good impressions, and communal in attitude).” p. 383.

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### What distinguishes Creative people from others?

Also from Batey & Furnham (2006) .. P. 385 ..

“Early research using the CPI and other measures indicated that creative individuals tend to prefer autonomy and independence; that they are often **less socialized** than less creative individuals, with **tendencies toward aggression or low agreeableness**; and that they appear **less concerned with convention or conscientiousness.**”

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### Which begs the question ...

**IF** CEOs say they ‘must have more creative leaders,  
**YET** creative people are known for not ‘getting along’ with others i.e. by being agreeable, compliant, conforming, conscientiousness, and being ‘team-players’,  
**BUT** corporate employers are wanting compliant, conforming, and obedient employees with good interpersonal skills, and I/O psychs help them select, develop, and ‘team-coach’ such employees,  
**THEN** are I/O psychs helping to staff corporates with conforming, creatively dull, but interpersonally skilled, team-playing drones?

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## Interpersonal skills

Hogan et al .. P. 12 ...

"A survey of the top 222 UK graduate recruiters revealed:

(a) employers focus on "soft skills" (e.g., team work, interpersonal skills, and cultural awareness) more than academic credentials; and

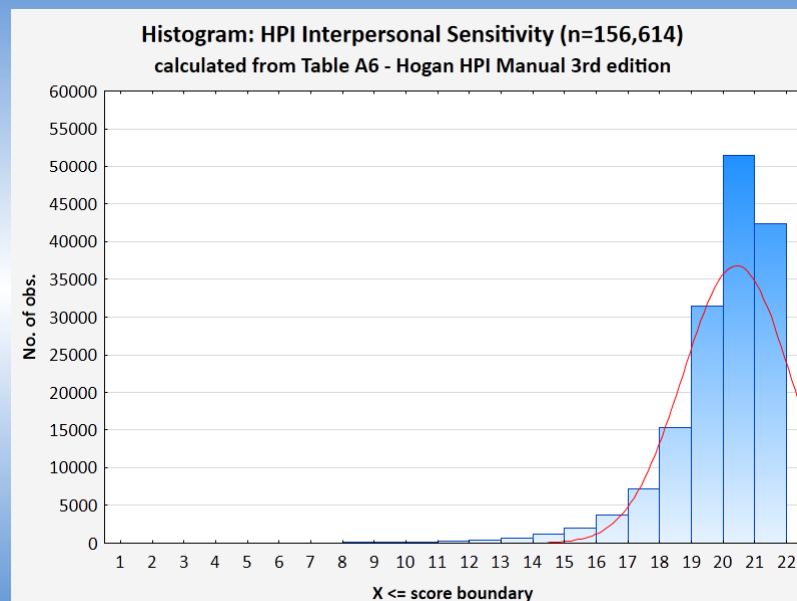
(b) **there are not enough graduates with adequate interpersonal skills to fill the jobs that are available** (The Guardian, 2006)."

Scale description from the Hogan HPI test manual, 3<sup>rd</sup> edition, p. 19 -

**"Interpersonal Sensitivity:** the degree to which a person is seen as perceptive, tactful, and socially sensitive "

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## Are interpersonal skills really in short supply?



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### Is the Hogan et al thesis valid?

Hogan et al ..

“Historically, {psychologists} have told employers what they should look for in employees. The data suggest, however, that employers are no longer listening.”

**BUT** ... if practitioners rely for their income and livelihoods upon satisfying employer expectations/ demands, then in what way can they ‘not’ be listening to what employers want or are looking for?

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### Is the Hogan et al thesis valid?

Hogan et al ... “Psychologists might consider expanding their research to include what it is that employers actually want in new hires.”

This seems to specifically address academic psychologists and graduate students undertaking research into ‘what employers want’ in new hires. Which suggests the research taking place within universities is not entirely addressing ‘what employers want in new hires’.

**But** what of Schmidt, F.L., & Hunter, J.E. (1998) The Validity and Utility of Selection Methods in Personnel Psychology: practical and theoretical implications of 85 years of research findings. *Psychological Bulletin*, 124, 2, 262-274. which isolated those attributes that optimally predicted Job Performance?

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Is the Hogan et al thesis valid?

**If** Job Performance is that which employers want from their new hires, then I/O psychologists are doing exactly that which Hogan et al indicate should be done.

Finally, Hogan et al state ... “Moreover, the gap between what psychologists recommend and what employers want suggests directions for research that can inform the question of employability **and guide policy for dealing with widespread unemployment.**”

**How** can research ‘guide policy’ if ‘corporate’ employers only want a subset of people in a population who possess sufficient **compliance and conformity**?

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