

Why human capital risk assessments are good for both company and employee

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An often-underestimated risk to an organisation is human capital risk. Most of the failures attributed to companies are in fact lapses by individuals, despite organisations having risk management processes and governing systems in places.



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People are fascinating, because we are each unique. However, this individuality brings its own risks – and this is especially so when recruiting for an organisation. The risks include the possibility that a person might lack the skills for which they are hired. They might also have a personality incompatible with the culture of the organisation or the team they are joining. They may have priorities that are not in line with their role or the organisation's goals. They might be prone to ethical lapses, which can be easily exacerbated by influences/motivators in the form of monetary rewards or non-monetary rewards. There is no point in simply shrugging and attributing such factors to 'human error'.

As we have seen in recent cases in the political, public and corporate space, ethical wrongdoing can undo decades of brand goodwill, ruin an organisation's standing in their sector and in society, and cause huge financial loss. The risks of not assessing staff to determine their proneness to ethical lapses, is too great to ignore. This is especially so in the recruiting stage.

Fortunately, there are psychometric options available to anticipate the likelihood of such lapses that enable appropriate measures to be taken. Psychometric instruments are sophisticated tools that assess the psychological and skills make-up of existing and potential staff in numerous ways. Each of these criteria can be predicted by using the latest psychometric assessments for personality, behavior, competencies, capability and integrity. The latter issue is becoming a significant challenge to modern organisations.

During the talent acquisition process, it is common for some assessments to be done, but there is a plethora of accurate and relevant assessments with broader application than simple aptitude assessments. All of these can be employed to measure and evaluate the human capital risks an organisation faces, which contributes to eliminating bias in the recruitment process. Psychometric assessments, in general, should not be underestimated, but an integrity assessment is of special importance, given the damage we have witnessed in South Africa in recent years.

Besides highlighting corporate risk assessment, results can also help individuals gain greater self-knowledge, to develop new skills or to revisit latent skills that may have been neglected. There are few things more empowering than learning more about oneself, and knowing your own strengths and weaknesses. This supports an individual to approach matters with a positive perspective.

It is critical that psychometric tools utilized in all processes must be relevant to the process, i.e. recruitment or development, and must be used in accordance with the countries labour and employment laws as well as the regulations set by the HPCSA (Health Professions Council of South Africa).

Psychometric assessments are only part of the process, not the be-all and end-all of staff evaluations or risk determinations. They should be used along with qualification checks, personal interviews, regular communication, and scenario projection. They are part of a holistic approach to understanding an organisation's human capital status.

Psychometric assessments offer real benefits for organisations and it is imperative that these tools be employed to realise these benefits and to minimise operational risks. The outcome will be teams of people with the right moral compass and the ethical skills to benefit the company and its clients.

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