



By R.S. JAGDEV

Pre-employment screening and reference checking tools continue to retain their utility.



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Reference checking is as ancient a practice as recruitment. It has never been as rapid or as generally accepted as it is today; however, it is still a judgmental technique in that the question it poses is, essentially, how good a man is this? Like other judgmental techniques, it is most useful when taken within the context of the job applicant as a whole person.

The purpose of reference checks

If you've ever had the feeling that the time and effort you are spending on reference checking just isn't worth it, you're not alone. The assumption in reference checking is that the costs involved are outweighed by possible expenses that would be

incurred as a result of hiring the wrong person. Reference information is another input to the selection process which supplements the impression gained from interview appraisals and test results. The more we can learn about a prospective employee, the better we can ascertain his compatibility with a new job and a new company. The reports we receive may alert us to incompetence, personality difficulties, undesirable personal habits, falsified educational or work experience, and a host of other reasons for disqualifying an applicant. The alternative to thorough reference checking is to incur expenses incidental to hiring and training a replacement for a man who should not have been hired in the first place. It is difficult to place a

monetary value on the cost of a disruptive employee or on losses caused by a dishonest one, but they too can be substantial.

Some user companies even believe that they gain more from the applicant's awareness that references will be checked than from the actual information that is received.

HR people often wonder whether reference checking pays in the long run. One possible answer could be garnered from a recent report prepared by our company which stated that 33 percent of the applicants screened concealed derogatory information. Be this as it may, most progressive organizations have committed themselves to not playing the odds but attempting, rather, to make the best possible judgement concerning an applicant.

Reference checking techniques

There are three basic types of reference checking techniques, each with its own advantages and disadvantages, each with its own adherents and detractors.

The field investigation: The field investigation is the most thorough and time-consuming of the reference checking techniques, and therefore it is costly. Because of the expense, some companies limit its use to executive positions. Other firms, however, are so convinced of its merits that they employ this approach for all prospective employees. It is the technique of choice for highly sensitive positions.

The field investigation can develop information that is virtually unobtainable by any of the other techniques. It can garner information from neighbours and co-workers that would normally be unreported. It permits the exploration of what is known as "collateral sources" - that is, the friends of the friends whom the applicant gives as references.

One is reminded here of the alert investigator, who after receiving a glowing reference concerning a prospective employee, noticed that his personnel folder appeared to be very thick for the relatively short period of employment. The responding personnel man said, "Oh, you mean these?" And, as he emptied the file, about six wage assignments appeared.

Although, few companies that employ the field investigation technique employ their own full-time investigators, most avail themselves of the services of private agencies that specialize in this type of work. Costs range at present from Rs.750/- to Rs.1,100/- per report and establish information relating to previous employment, credit standing, police information and neighbour enquiry.

The mailed enquiry: The mailed reference check, possibly because it takes little of the prospective employer's time (although previous employers are often laggard about replying), is the traditional, and most frequently employed technique. The mailed enquiry is relatively inexpensive, but it has several disadvantages. The most important of these is people's reluctance to put derogatory information in writing.

Further, the mailed inquiry is a slow medium when employment decisions must be made rapidly and, as is all too frequently the case, the request for information is not even answered, which entails additional follow-up. Hepner reports one company's estimate that reference letter cost only Rs.3/- but that only 28.6 percent of all inquiries were answered. The use of self-addressed, stamped envelopes enhances the response rate as do envelope-type inquiries. Very few organizations still use the individually typed, tailor-made inquiries that were popular prior to the 1980's-recognizing, as research has shown, that a printed form will result in more replies than an unstructured letter.

The mailed inquiry technique is particularly susceptible to incomplete information. Some respondents, not wishing to give a poor recommendation, merely ignore the inquiry in the hope that the prospective employer will not follow it up. A small minority, usually smaller firms, either don't retain the information that is asked for or else just won't be bothered to go to their records and process the inquiry. Other mailed inquiries



undoubtedly get lost in the larger company's internal mail system.

Some letters come back unopened, with the post office's indication that there is no such address at the address given, or that the firm has moved and left no forwarding address.

Another category of returned inquiries includes those that are mailed back by the addressee with such comments as "no record of such a person", "please give more information", or "our records do not go back that far". Here, too, it is important to follow up. The prospective employee may have worked under her maiden name (it is always a good idea to give the maiden name of a woman applicant in addition to her married name).

The reference telephone check: To many HR professionals, the telephone reference check represents the optimum combination of the techniques already discussed. In speed, it betters the fax; in accuracy, it exceeds the mailed inquiry; in depth, it approaches the field investigation.

Non-respondents are not a problem in telephone checking. True, the particular person with whom you wish to speak may be out of town or no longer employed, but this would also be true if another technique were used. It is true, too, that a telephone conversation takes longer than mailing a letter or sending a fax, but you end up with substantially more meaningful information about the applicant just because more time is spent in developing the discussion.



The telephone permits us to dig beneath many of the proforma replies that are usually received. It allows us to sense (if we are sensitive) half-hearted endorsements or qualified or hesitant recommendations. It permits us to obtain elaboration of reasons or attitudes or behaviour relating to the applicant.

Some respondents are reluctant to put derogatory information in writing. However, they may speak freely over the telephone. This is another important reason why this technique is the choice of many industrial relations people.

Discrepant information and how to handle it

A certain number of reference checks are bound to yield discrepant information of some kind: salaries will be exaggerated, length of service will be extended, job title and responsibilities will be inflated, or reasons for leaving will be different. The rationale behind deliberate falsification is usually easy to figure out. Salaries are often exaggerated in the hope that a new job will offer more money than that given as earned in the previous position. Wages are inflated in the event that a prospective employer offers "less" than a former employer; the applicant may still come out ahead. The most common reason for reporting a service period of unemployment is to cover up an unreported position that did not work out. Inflation of job title or responsibilities is an attempt on the part of the applicant to enhance his worth or break out of a particular category into one that usually regulars more experience. When a different reason for leaving a position is received from a respondent, it usually indicates that the circumstances surrounding the separation will not reflect favourably upon the applicant.

Handling discrepancies in information requires a good deal of skill on the part of the personnel man. Since the reason for leaving the job can be most damaging, and since this type of information is highly confidential, it is not wise to divulge contradictions to the applicant. On the other hand, he may be confronted with discrepancies in salary and dates of employment and given a chance to clarify the situation if he is particularly qualified in all other respects.

What to do about derogatory information

Some personnel people are in real quandary when they receive derogatory reference information. Others are not disturbed in the slightest - they follow the maxim, "when there's a doubt, throw him out". However, the consensus appears to be that reference checking is only one of the selection tools available to HR and that it must be used in conjunction with

the other techniques. The feeling is that there is no hard and fast rule which dictates when a candidate will be eliminated on the basis of a reference (barring flagrant cases of performance or morals). The tendency is to look for patterns of accomplishment or failure rather than isolated events, yet not disregard isolated events as possible jumping-off points for further inquiry or speculation.

Cover stories and "unverifiable" information

From time to time, applicants present employment histories containing information that is either purposely or accidentally unverifiable. When this sort of thing is done deliberately, it is to hide unfavourable job or personnel information such as a discharge, imprisonment, long hospitalization, or long unemployment.

Typical of these histories which appear to be difficult to verify are the position in a company that is now out of business, work in a self-employed capacity, or the extended vacation. The burden of proof can be thrown back to the candidate by asking to see tax returns for the period in question. If this is not feasible for any reason, it may still be possible, for example, to locate the principals of a closed business from the registrar of companies records. If the firm was merged or sold, the successor corporation may be able to provide the necessary information.

Persons claiming self-employment should be asked to produce the necessary certificate of incorporation, certificate of doing business, or certificate of dissolution, as the case may be. Bills or licenses for specific years may also be acceptable. Similarly, applicants claiming foreign travel over a long period of time should be able to present their passports. In short, these kinds of cases are a real challenge to the personnel man's investigative prowess.

Each organization must decide for itself which reference checking technique is best suited to its own purposes in terms of cost, availability of manpower, and the time pressures involved in filling its openings. In the final analysis, reference checking is an interpretive skill which requires the personnel man to bring forth his best talents in determining the authenticity of the information received, as well as the weight this information shall bring to bear in the overall selection process. (HC)

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