

# FACT SHEET

## RECRUITMENT – SCREENING OF CANDIDATES

This Fact Sheet will cover the rationale for screening, how screening fits into the selection process, the various items that should be screened for, and tips for implementing screening.

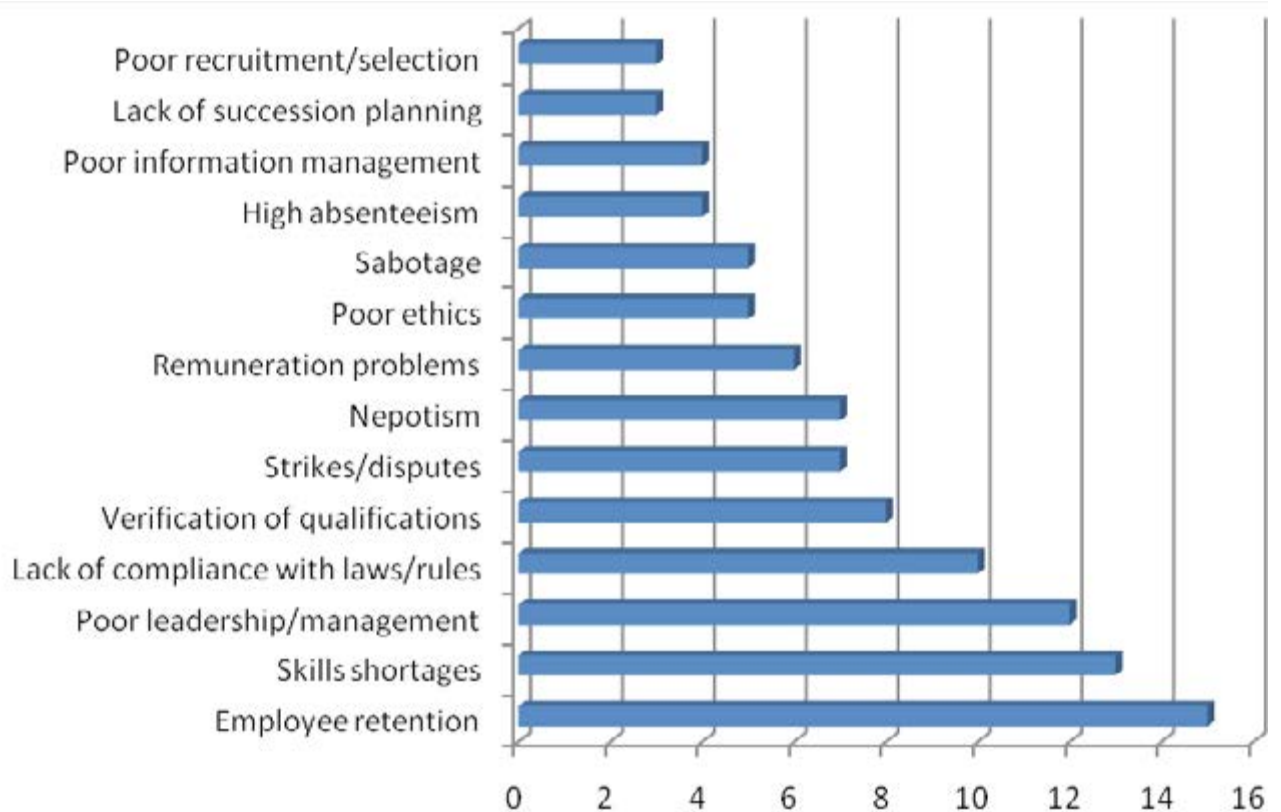


# 1. INTRODUCTION

Many organisations do not carry out systematic and careful screening of external candidates for vacancies. Excuses such as urgency of filling the vacancy, lack of budget and lack of management time are used. However, screening is one of the most basis risk-mitigation strategies that must be in place in any organisation – it is the due diligence of HR management.

Screening against pre-determined recruitment criteria is the basis for fair selection and is also the basis for ensuring a good person-job fit and for protecting the organisation against hiring a potentially damaging employee.

This lack of awareness of the risk involved in recruiting the wrong person is demonstrated by the SABPP's HR risk survey of 2010, shown below, where poor recruitment/selection was perceived as the lowest HR related risk. The survey did show, however, that verification of qualifications was perceived as a much higher risk.



The Chartered Institute of Personnel and Development in the UK (CIPD), in its own Fact Sheet on Pre-employment checks<sup>1</sup> points out that practices need to be both legal and ethical.

<sup>1</sup> <http://www.cipd.co.uk/hr-resources/factsheets/pre-employment-checks.aspx>

Employers should seek to:

- Ensure non-discrimination and compliance with data protection law;
- Rely on facts, not opinion'
- Ensure relevance to the post to be filled;
- See the candidate "in the round";
- Be transparent and open to candidates about the checking process.

**CIPD FACT SHEET**

## 2. CONSEQUENCES OF LACK OF SCREENING

The risks of recruiting the wrong person are very many, ranging from poor job and/or team fit resulting in low productivity; to financial loss through having to recruit again within a short time; through to financial and reputational risk to the organisation through economic crime.

The CIPD identifies the most common types of "bad hires" as:

- The under-qualified hire;
- The under-performing hire;
- The under-whelmed hire (the job does not match the recruit's expectations).

The financial loss of having to replace a new recruit is considerable, being estimated by many sources to be a multiple of around 6 -12 months' salary, made up of agency/headhunter fees; time spent by staff interviewing candidates; 3 months or more of poor performance; another few months to go through disciplinary processes; and legal fees where necessary.

Economic crime is on the increase all over the world, not least in South Africa and thus the risks are very real of recruiting a future fraudster into the organisation.

The motivation of fraudsters can vary widely. Some people have an eroded sense of right and wrong, others become aggrieved at something the organisation has done or not done and want revenge, others are simply criminal. There is also another group of people, as the book *Snakes in Suits*<sup>2</sup> points out, whose behaviours and attitudes are highly destructive to the organisation and its employees – the psychopaths who have a personality disorder "rooted in lying, manipulation, deceit, egocentricity, callousness and other potentially destructive traits." Unfortunately many traits displayed by psychopaths can easily be mis-read by hiring managers as desirable – for

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<sup>2</sup> Babiak, P. and Hare,R., 2006. New York: Harper

example, they can be very charming and are often good talkers. They like to take charge, make decisions and get others to do what they want – but these traits are actually coercion, domination and manipulation when underlaid by a psychopathic personality.

Hiring and screening processes of organisations need to be designed to recognize and deal with warning signals of future undesirable behavior.

“While no procedure is a guarantee against manipulation, vigilance based on greater understanding [of psychopathic behavior] can improve one’s defences.”

“There has been an alarming shift in the perpetrator profile in South Africa. Senior management is now the main perpetrator of economic crimes committed by insiders.

The typical perpetrator of insider fraud in South Africa is:

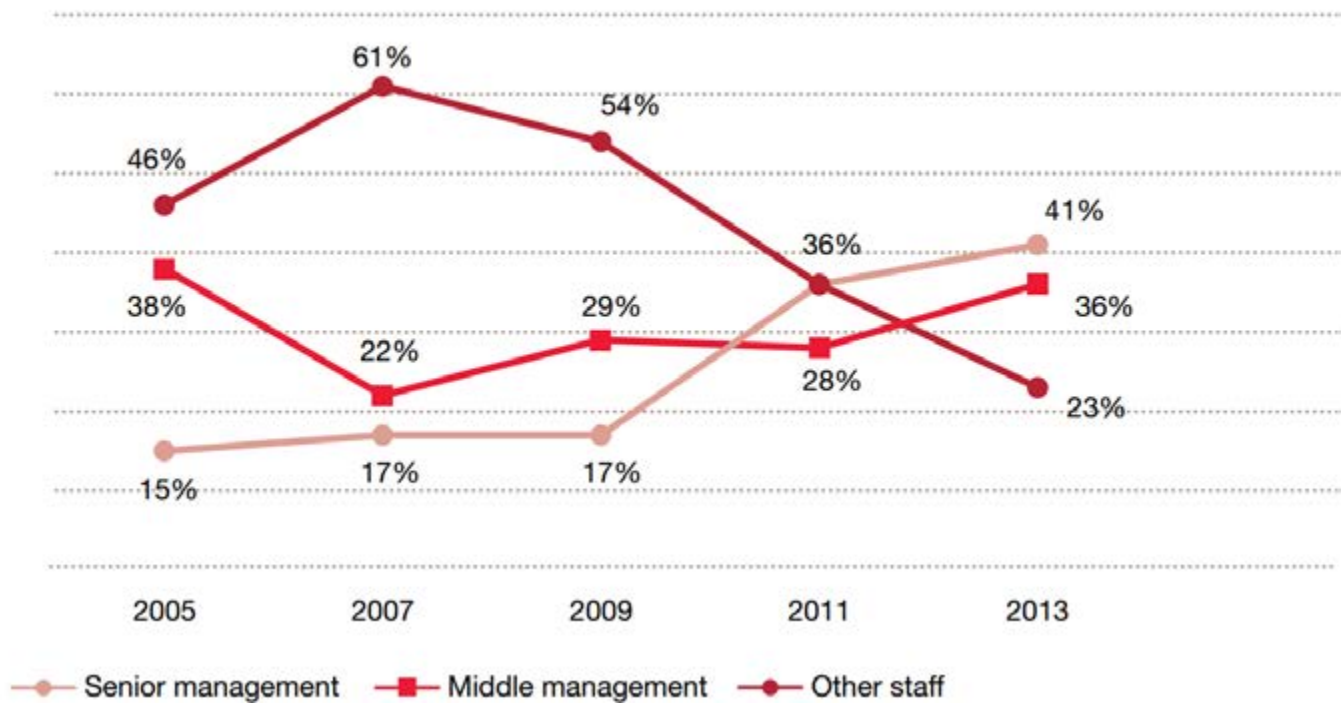
- Male;
- Aged between 31 and 40;
- Has obtained a university degree; and
- Has been with his employer for more than 10 years.

Globally, the construction, energy and mining sectors experience the most bribery. South African organisations suffer significantly more procurement fraud, human resources fraud, bribery and financial statement fraud than organisations globally.”

### **PWC’S 2014 GLOBAL ECONOMIC FRAUD SURVEY**

Internal fraud can be perpetrated by any level of staff (see figure below). The potential for fraud to occur should therefore be assessed carefully throughout the organisation and appropriate job-related screening put in place for jobs which have been assessed as high risk. These risk assessments could be guided initially by where past dismissals for fraud have occurred, analysed by department and job, but each case of fraud should be analysed carefully to see what other related risks might be discerned.

Figure 10: The changing face of internal fraud South Africa



Source: PWC 2014 Global Economic Fraud Survey, SA country report



There have been some recent examples described in the South African media where senior employees are shown to have misled their employers over qualifications claimed. This has led to a loss of reputation for those organisations.

Many HR practitioners can tell sad “war stories” about taking on employees who turn out to have had long histories of drug/alcohol/gambling addictions which caused major problems in productivity, team functioning and eventually fraud.

## 3. THE THEORY OF EFFECTIVE SELECTION

There are many selection techniques, each of which has been shown by research to be less than 50% accurate in predicting job success. However, an appropriate combination of techniques can increase the prediction success greatly, in some cases to over 80%.

So, for example, competency-based interviewing by a panel of trained interviewers, combined with psychometric assessment tailored for the specific needs of the vacant position and the organisation fit, can constitute a sound basis for identifying a suitable candidate.

However, due to the complexity of the human being and the complexity of organisations, the picture of the candidate formed during the interview and psychometric assessments has to be checked and validated through a screening/vetting process. The more information on the candidate that can be assembled, the better the quality of the selection decision.

The basis for effective selection is a clear and valid job profile/recruitment specification which sets out what is to be done and what a candidate needs to be able to do. This should not inflate the importance or requirements of the job and must not be framed to exclude people except on valid performance or health related reasons.

## 4. SCREENING OR VETTING TECHNIQUES

The following items are important to include in any screening process.

### 4.1. Identity verification

The incidence of identity theft is increasing in South Africa and therefore identity documents should be checked and verified.

### 4.2. Right to work in South Africa

Candidates who are not South African residents (citizens or permanent residents) should have their work permit status checked through the Department of Home Affairs to avoid costly fines on the employer should the recruit turn out to be an illegal immigrant.

### 4.3. CV verification

As far as possible, every claim made in the cv should be verified. Employment dates, positions held, reason for leaving are important facts which can easily be checked with previous employers. Any gaps in positions held should be followed up. Similarly, qualifications can be independently checked through the South African Qualifications Authority either directly or through a screening agent.



#### 4.4. Reference checking

It is very important to check the previous employment record of an applicant. Many HR practitioners believe that it is not legally possible to take references but this belief is wrong. Reference checking, however, must be done bearing in mind legal requirements.

The following is extracted from an HR Pulse article published on 3 Apr 2014, authored by Faan Coetzee and Silindokuhle Malaza of Cliffe Dekker Hofmeyr<sup>3</sup>.

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##### **How do you process information lawfully from a previous employer?**

The UK Information Commissioner's Office sheds some light in its suggestions on how employers can process information lawfully and fairly when a previous employer is asked to provide a reference for a former employee:

- The employer should have a clear company policy stating who can give corporate references, in what circumstances and the policy that applies to granting access to references,
- The employer should make anyone who is likely to become a referee aware of this policy,
- The policy should specify a requirement that all those giving corporate references must be satisfied that the employee in fact wishes the references to be provided,
- The employer shouldn't provide confidential references about an employee unless the employer is sure that this is the employee's wish,
- As part of an exit policy or procedure, the former employer should include - on file - a record of if the employee wishes references to be provided after exit, and
- Previous employers of an employee should ensure that they don't retain any employee's information unless it is essential to do so or required by law.

##### **Consent is of utmost importance**

Although POPI allows for credential verification and references to be obtained by or given to employers, they should carefully consider what information to verify and its source, relevance and quality. Obtaining the consent of the applicant for employment or the departing employee is very important. Using the contract of employment for consent purposes will be a justification for the processing of information of former employees.

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Refer also to the SABPP Fact Sheet on the Protection of Personal Information Act (March 2014).

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<sup>3</sup> <http://www.hrpulse.co.za/legal/popi/230775-popi-compliance-checks-and-employment-references>

## 4.5. Social media checks

The CIPD advises “it is important to balance employers’ interests with those of individual applicants, and employers should be cautious about the way in which they approach [researching applicant’s backgrounds on social media].”

## 4.6. Background checks

### **Credit checks:**

For some positions, credit checks are a critical component of recruitment screening. The recent change to credit record regulations means that if a person has settled their adverse debt judgement (in other words, has paid off the debt), all information on that record must be erased by the credit record agencies. Such agencies can, therefore, only report on current outstanding debts. This means that historical information cannot be reported. Recruiters will therefore have to work harder at building a comprehensive profile of a candidate through the other types of checks.

One example of building a profile is a new service offered by iFacts:

*“In April, iFacts is launching a Consumer Credit Report, which has innovatively prepared for the changes to the National Credit Act. It helps clients mitigate risks by applying new strategies and implementing different decision-making tools. The new credit report provides an overall score after assessing various factors in the South African consumer market: a summary of credit spend, monthly income and, amongst other factors, a lifestyle index.*

*“When you’re looking for employees aligned to your company’s values and rule out risks that could damage your bottom line or brand, then you must have as accurate information as possible regarding their credit and criminal backgrounds,” says Jenny Reid of iFacts.*

### **Criminal record checks:**

South African labour legislation tends to discourage the blanket use of criminal record checks as it would probably be unconstitutional to deny a person the right to employment purely on the grounds of a criminal conviction, and particularly not where the conviction is from many years ago with a clean record ever since. (Noting also that many SA citizens have pre-1994 convictions which might be related to political activity.) However, for a range of positions, certain types of criminal convictions can fairly be specified as rendering an applicant ineligible– for example, a conviction for any theft or fraud offence can rule out a person for a job involving handling money or financial transactions. It could also be argued that a conviction for assault could rule out an applicant for a job involving working in teams under physical pressure – if the trigger for the assault involved stress in physical conditions.

Where the HR practitioner, together with the line manager, has determined that it would be fair to ask about criminal convictions of a certain type for a certain job, it is fair to put such a question





onto the employment application form – for example, for a cashier’s job: “have you ever been dismissed from a job or been convicted of an offence relating to theft or fraud – if yes, please give details.” It is also fair to require a job applicant to consent to a criminal record check but it is important that credible agencies are used to do this, in order to prevent either a “false positive” or a “false negative” result.

It is also important to hear the applicant’s explanation for the conviction, should one be revealed in the screening.

To put these remarks in context, the 2013 Annual Screening Report compiled by Employers’ Mutual Protection Service (EMPS)<sup>4</sup> showed that around 10% of applicants referred to them by employers for checking had a criminal record. Of these, 21.62% were theft convictions, 17.63% assault, 13.19% Road Traffic Act and 5.9% fraud convictions. 35.78% were repeat offenders and about 40% were convicted within the last 5 years.

#### **4.7. Qualifications checking**

In the same Annual Screening Report of 2014, EMPS reports that 10.5% of qualifications could not be verified. This was an increase from 8.5% in 2013. It is possible to verify SAQA registered qualifications as mentioned in section 3.1 above.

Also remember to check the validity of professional designations such as Chartered Accountant, Professional Engineer and, of course, HR Professional. The check should be done with the professional body concerned.

#### **4.8. Pre-employment medical examinations**

As is the case in other screening processes, pre-employment medical examinations can be used as a screening process where the necessity for certain health status checks can be clearly linked to job or workplace requirements. Where it is important, for example, that a workplace be drug and/or alcohol free, then a medical examination could be put in place to check for any abuse indications. As another example, if the position is on a night shift, or a rotating shift cycle including night shift, insulin-dependent diabetics could be excluded.

Applicant informed consent is required as with other checks.

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<sup>4</sup> <http://www.emps.co.za/resources/annual%20screening%20report%202013.pdf>

## 5. PROTECTION AGAINST HIRING PSYCHOPATHS

The following advice is taken from the book *Snakes in Suits*.

Psychopaths will often tell outright lies on their cv's. It is important therefore to check at least the educational and professional credentials before deciding to interview a candidate, in order to avoid falling victim to a halo effect that the excellent inter- personal skills of such applicants can create. Thereafter, for the short-listed or preferred candidate(s), check every item on the cv. A typical psychopath's track record will be of frequent job moves (including internal promotions) as they usually do not deliver good results in the longer term, relying on creating a good impression and manipulating other people to get short term results.

Focus interviews and train interviewers: ensure that all interviewers prepare job-specific questions beforehand and make sure that interviewers are trained at least in the basics of good interviewing (questioning, following-up and checking, listening, avoiding bias, covering the ground, keeping control, focusing on action and job-related examples, taking notes, discussing with other interviewers to reach consensus). Interviews should be looking for appropriate emotions to be displayed in relation to the topics discussed in the interview and should probe into the actual contribution made by the applicant rather than grandiose claims of amazing performance.

When taking references, cross-check information supplied in the interview with previous managers if possible.

Do not over-rely on psychometric assessments as psychopaths are often skilled at manipulating these.

It can be helpful to use a head-hunting firm you trust, particularly where that firm has tracked the career of the applicant over time, often having placed him or her in a previous position. They are likely therefore to have a realistic view of the person's actual achievements in previous positions.



## 6. IMPLEMENTATION OF RECRUITMENT SCREENING PROCESSES

HR practitioners need to decide what screening to do for what positions and why (making sure all checks are clearly job related). Look at the risk (for example, what percentage of qualifications are not verifiable) and decide whether to check all applicants, only the final selected candidate or a random sample. Listen to the advice of consultants but decide independently on the risk for your own organisation.

The following is extracted from an article in HR Pulse in February 2014 by Jenny Reid of iFacts<sup>5</sup>.

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### The best background screening processes are:

- Well formulated,
- Well communicated,
- Transparent,
- Understood, and
- Accepted as a standard part of company procedures.

Here's a test. Do your staff members clearly understand the process of security checks? Do they understand that it protects them, not just the company? Communication in any security process is important to understand the strengths, risks and consequences of a policy.

### How to carry out a background screening process:

1. Explain the required checks to the applicants.
2. If you want to carry out credit or criminal record checks, get the applicant's permission first.
3. Investigate the applicant's social media accounts.
4. In your recruitment strategy, verify qualifications and membership of any professional associations or professional bodies.



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<sup>5</sup> <http://www.emps.co.za/resources/annual%20screening%20report%202013.pdf>

## 7. CONCLUSION

The HR processes involved in screening job applicants must be carefully designed and implemented to ensure they are legally compliant, fair, accurate and effective.

Bearing in the mind the findings of the PWC survey on economic crime, it should be noted that many perpetrators of economic crime have been with their employers for many years. It may be, therefore, that employers need to identify what analytics might help them to identify potential perpetrators. In the last resort, on-going screening of current employees might be required in high risk areas.

The building and support of an ethical organisational culture can help to prevent internal fraud, theft and corruption and it is important to ensure that the stream of recruits into the organisation helps to improve the ethical climate rather than raising the risks.

“Employee screening is about putting in place a process that ensures that an organisation both complies with legislation and takes a rounded, balanced and accurate view of a candidate’s background.”

**RECRUIT IN HASTE, REGRET AT LEISURE. EXPERIAN REPORT<sup>6</sup>**

**THIS FACT SHEET HAS BEEN PREPARED BY PENNY ABBOTT, HEAD OF THE HR RESEARCH INITIATIVE AT THE SABPP.**

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<sup>6</sup> [www.experian.co.uk/background-checking/recruit-in-haste.html](http://www.experian.co.uk/background-checking/recruit-in-haste.html)

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