

Did You Know?

Selection Decisions Affect the Bottom Line

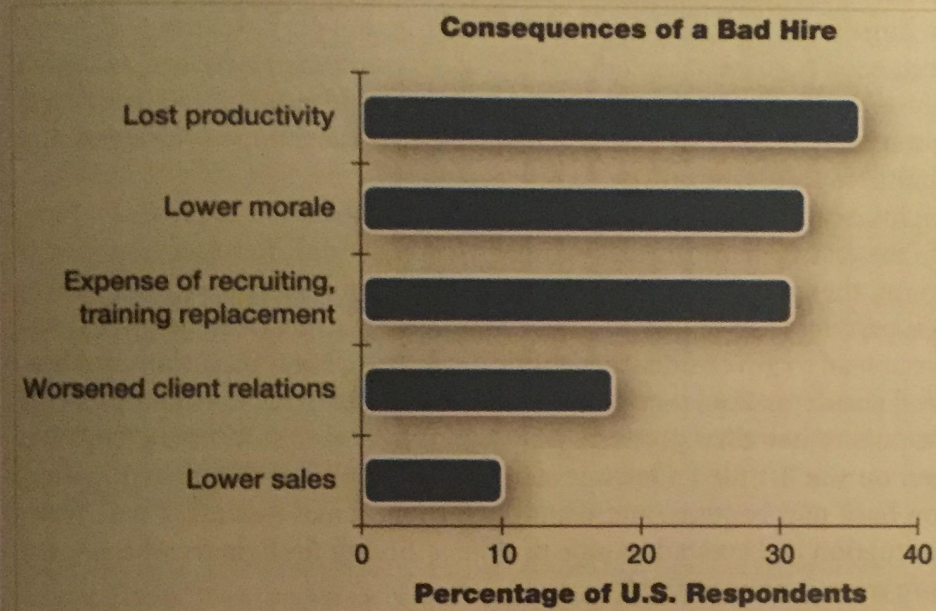
Almost two-thirds (66%) of U.S. employers surveyed by CareerBuilder said their company had experienced negative consequences as a result of selecting someone who was not a good fit or did not perform the job well. Of these respondents, 27%

said a poor hiring decision had cost their company more than \$50,000. When asked to identify the types of consequences, respondents in the United States most often said productivity suffered.

Question

Do the results of this survey indicate that U.S. companies should spend up to \$50,000 to select an employee for every vacant position? Why or why not?

Sources: Rachel Gillett, "Infographic: How Much a Bad Hire Will Actually Cost You," *Fast Company*, April 8, 2014, <http://www.fastcompany.com>; Adecco, "Hiring Mistakes, the Cost of a Bad Hire," AdeccoUSA blog, June 10, 2013, <http://blog.adeccousa.com>; CareerBuilder, "More Than Half of Companies in the Top Ten World Economies Have Been Affected by a Bad Hire, according to a CareerBuilder Survey," news release, May 8, 2013, <http://www.careerbuilder.com>.



Practical Value

Not only should selection methods such as tests and interview responses accurately predict how well individuals will perform, but they should also produce information that actually benefits the organization. Being valid, reliable, and generalizable adds value to a method. Another consideration is the cost of using the selection method. Selection procedures such as testing and interviewing cost money. They should cost significantly less than the benefits of hiring the new employees. Methods that provide economic value greater than the cost of using them are said to have **utility**.

The choice of a selection method may differ according to the job being filled. If the job involves providing a product or service of high value to the organization, it is worthwhile to spend more to find a top performer. At a company where salespeople are responsible for closing million-dollar deals, the company will be willing to invest more in selection decisions. At a fast-food restaurant, such an investment will not be worthwhile; the employer will prefer faster, simpler ways to select workers who ring up orders, prepare food, and keep the facility clean. Still, as the "Did You Know?" box illustrates, careless selection decisions are costly in any kind of organization.

Utility

The extent to which something provides economic value greater than its cost.



Using Social Media as a Background Check

Searching for a job candidate's name online is so easy that it seems like an obvious way to check the person's background. Public information could show, for example, whether the person really is vice president of marketing at XYZ Corporation or has done something that could later embarrass the employer. Indeed, research indicates that employers are interested. A survey by CareerBuilder found that 39% use social media to research candidates, and a survey by recruiting firm Challenger, Grey and Christmas found even greater use: 22% said they always review social media, and another 38% said they sometimes do so.

Employers need to proceed with caution, however. A particular concern is to avoid discrimination, yet the very nature of social media encourages sharing the kinds of information related to being a member of a protected group. For example, photos and descriptions of activities can tell or suggest a person's age, race, sex, religion, marital status, and disabilities. Employers can try to avoid discrimination by

postponing their search of social media until after they have identified a candidate they want to hire, after which they use social media to rule out specific problems.

An even safer way to use social media is to involve someone who is not the decision maker. The company can use a designated HR employee or contract with a service that specializes in screening job candidates. The service uses criteria from the employer—for example, screening out candidates who show evidence of using illegal drugs, engaging in hate speech, or misrepresenting qualifications. It gathers information about the candidate and reports to the employer only the job-related information gathered. Before using a service such as this or conducting any background check, employers should obtain permission from the candidate.

Finally, a few companies have sought greater insight than what is available publicly by asking candidates for their passwords, so the employer can look at a candidate's private information. Experts advise against this practice, which

is invasive, probably violates the media sites' terms of use, violates some states' laws, and is likely to alienate many good candidates.

Questions

1. How well does searching social media fulfill the requirements of providing reliable, valid, high-utility, and legal information for selection decisions?
2. What would show up in a search of public information about your name? How do you try to represent yourself online?

Sources: Catey Hill, "Your Boss Doesn't Care about Your Facebook, Twitter Profiles," *MarketWatch*, May 19, 2014, <http://www.marketwatch.com>; Rebecca Weiss, "Social Media's Impact on Hiring, Management and Discipline: What Every Employer Needs to Know," *Lexology*, September 2, 2013, <http://www.lexology.com>; CareerBuilder, "More Employers Finding Reasons Not to Hire Candidates on Social Media, Finds CareerBuilder Survey," news release, June 27, 2013, <http://www.careerbuilder.com>; Steve Bates, "Use Social Media Smartly When Hiring," *Society for Human Resource Management, HR Topics and Strategy*, March 19, 2013, <http://www.shrm.org>.

of background check for all candidates and apply the same standards for acting on the information. However, the EEOC also recommends that employers review the particular details of each situation, including the seriousness of each offense, the amount of time that has passed since conviction or completion of sentence, and the crime's relevance to the job the candidate is applying for.¹⁸

Another type of background check that has recently drawn greater scrutiny is the use of credit checks. Employers in certain situations, such as processes that involve handling money, are concerned that employees with credit problems will behave less honestly. To avoid hiring such employees, these employers conduct a background check. Also, some employers see good credit as an indicator that a person is responsible. But in a time of high unemployment and many home foreclosures, some people see this type of investigation as unfair to people who are desperately trying to find work: the worse their financial situation, the harder the job search becomes. Under