

The Use of 4th Party References in the Selection Process

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Research Seminar

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A quick (I promise) story



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Background Checks

- 90% of US employers include background checks in the selection process (Furnham, 2017)
 - Objective: criminal, credit, and educational checks
 - Subjective: references
- Failure to perform adequate background checks could leave the employer liable for negligent hiring

References

- People provided by the applicant to give information on them
 - A staple of the selection process, typically collected during early stages to provide valuable information about potential employees (Furnham, 2017)
- 80% of HR professionals conduct references checks
 - Most common for professional/executive/administrative/technical jobs
- Applicant may provide: a list, letter of recommendation, email address for web-based form, etc.

Concerns with References

Pros:

- Provide insight on (possibly) years of interaction
- Provide information not found in résumé/cover letter (e.g. personality, character, fit)

Cons:

- Low validity
 - lack of accurate information, problems with interviewing, lack of confidentiality, applicant's sex/race
- Highly subjective
 - limited interactions (single capacity), type of relationship, generalities/lack of quality
- Most people can find 3 people to say nice things about them

4th Party References

- An individual identified by the employer as a potential source of information about an applicant unbeknownst to the applicant
 - Active Sources
 - Personal contacts of employer
 - Passive Sources
 - Social networking sites, Search engines, Databases
 - Can inform employers of active sources
- Known as 'backdoor references' in industry

Concerns with 4th Party References

- Should backdoor references be used?

Pros:

- Access to more “honest” information
- Inherent trust of people you already know and are willing to ask

Cons:

- Breach of confidentiality
- Possible skewed relationship/interaction
- Gossip and hidden agendas
- Gospel truth from people we trust

Legality and References

Character Defamation

- Disclosing unverifiable negative or false information
- Misrepresenting information or events

Negligent Referrals

- Failing to provide prospective employers with important information which could have possibly caused them not to hire candidate (misrepresent information or events)
- Cannot retaliate against a former employee

Legality and References

- Qualified Privilege

- The right to convey information about former employee's work history is protected against defamation suits if:

- Information is given in **good faith**, without malicious intent
 - Information can be **substantiated** or proven (careful with opinions)
 - Information is about **job performance**
 - Information given is **limited** to inquiry

- Request applicant waivers

Ethics and 4th Party References

- Is it ethical to utilize backdoor references?
 - **Procedural justice** involves an individual's perception of fairness of a process and the relative fairness of the outcome
 - 5 Procedural Justice Rules
 1. Job relatedness
 - use of employment tests as selection tools, such that any test used to make decisions must measure knowledge, skills, or abilities related to the individual performing the job

Ethics and 4th Party References

- 5 Procedural Justice Rules

2. Consistency of test/process

- consistent administration and scoring of employment tests over time and across test takers

3. Honesty

- impact of the hiring manager's openness, honesty, truthfulness, sincerity and believability in communication with the applicant

4. Two-way communication

- opportunity for applicants to offer input or to have their views considered in the selection process

5. Propriety of questions

- the appropriateness of the actual questions asked of the applicant in the interview

Research Questions

- What is the practical experience of using fourth party references:
 - Do managers use 4th party references, and if so how often? Who will managers seek as a fourth party reference?
 - How will they reach out to those references? When will they seek out the information from the fourth party references?
 - What is the value placed on the information gained from a 4th party reference?
 - Is it more valuable than information given by a provided reference?

Research Questions

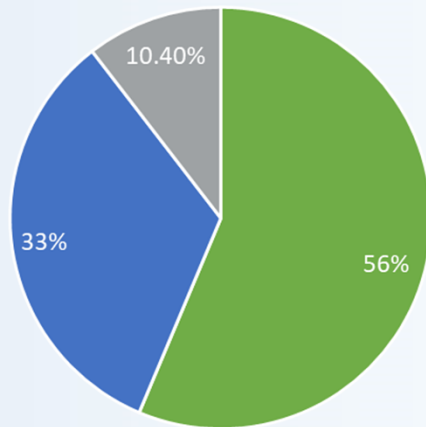
- Does the manager perceive using a 4th party references as a potential ethical problem from the organization's perspective?
- Do they perceive using a 4th party references as an ethical problem from the applicants' perspective?
- Is there a difference in perceptions of ethical concerns between those who do and those who do not utilize 4th party references?
- Is there a difference in perceptions of ethical concerns based on demographic factors?

The Sample

- Over 300 people responded to an online survey asking about their use of 4th party references and their perception of ethics associated with them
 - Sample:
 - 56% Female
 - Average age: 47
 - 78% Caucasian/White
 - 63% had at least a Bachelor's degree
 - Even distribution from around the US
 - Variety of industries represented

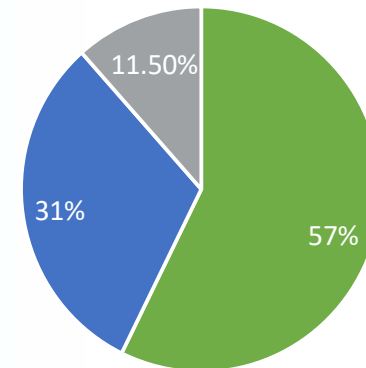
Results

- How much value do you place on references given by the applicant?



■ A great deal or A lot ■ A moderate amount ■ A little or None

- How much value do you place on 4th party references?



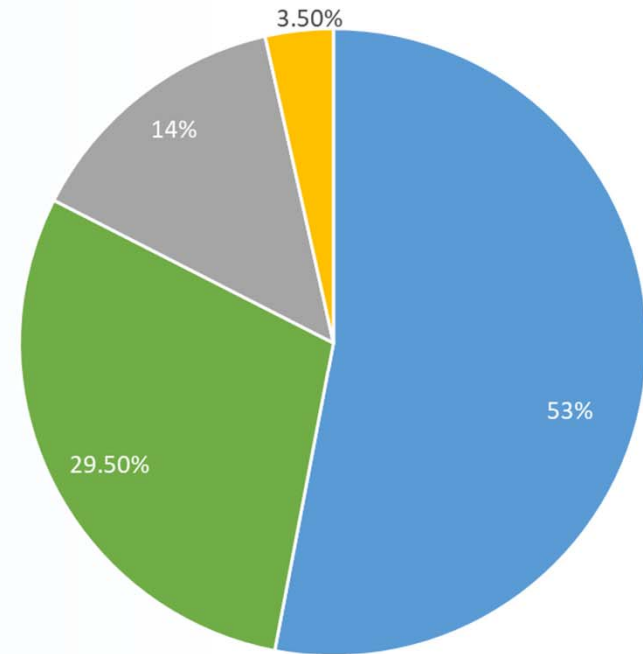
■ A great deal or A lot ■ A moderate amount
■ A little or None

Results

- Qualitative Comments from Respondents
 - “I think 4th party references are better than other references.”
 - “I feel that sometimes it’s the 4th party that gives the best reference”
 - “4th party references would have to be directly relation to my industry for it to mean a lot”

Results

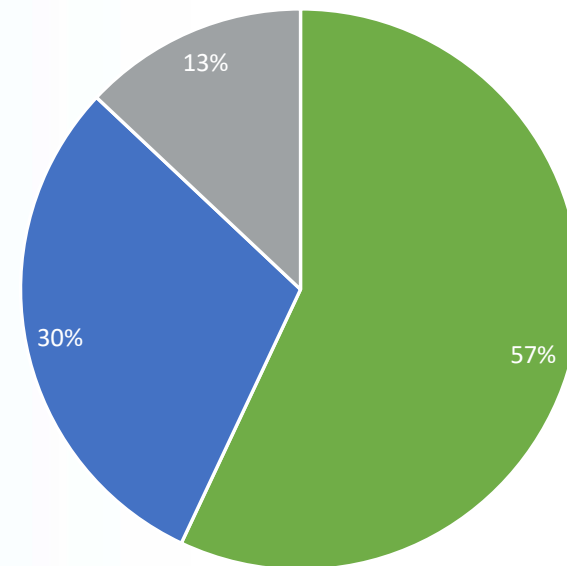
- Asked to directly compare the value of the information received from references given by the applicant versus a 4th party reference



■ Considerably more ■ Somewhat more ■ The same ■ Less than references

Results

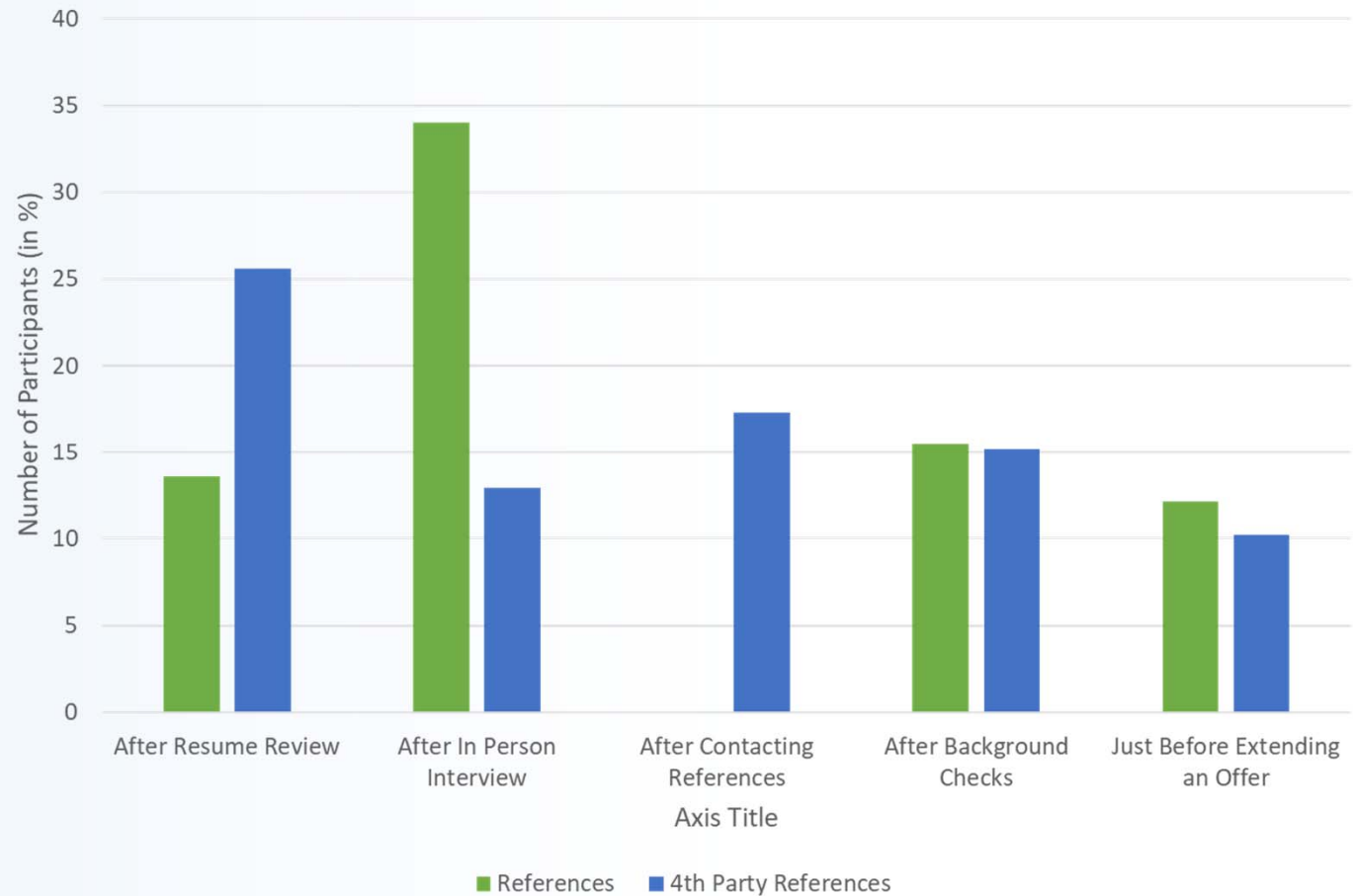
- Compared to references given by the applicant, how important is the information received from 4th party references in continuing in the process/extending an offer?



■ Extremely or Very Important ■ Moderately Important ■ Slightly or Not at all Important

Results

- When in the selection process do you contact the applicant's references?
- When in the selection process do you contact a 4th Party reference?



Results

- Does it matter how the 4th party reference knows the applicant?
 - 20% said it didn't matter
- Comments:
 - “When you contact someone that the applicant has previously worked with or for, and they did not use them as a reference, that is when you are more likely to get an honest and accurate picture of who that applicant actually is as an employee”
 - “Information is obviously more meaningful if the 4th party had direct contact with the candidate.”

Results

- How would you contact a 4th party reference

Source	Likely (Extremely & Somewhat)	Unlikely (Extremely & Somewhat)
Facebook	46%	43%
LinkedIn	53%	32%
Email	75%	13%
Phone	87%	8%
In Person	70%	18%
WhatsApp	20%	41%

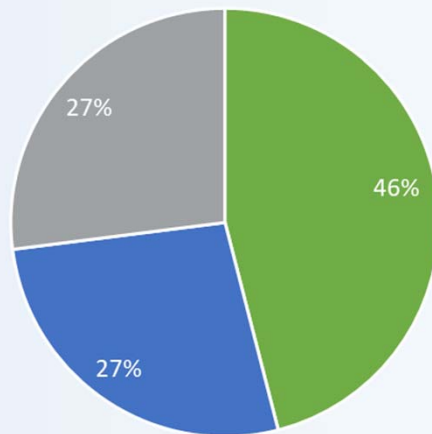
Results

- Who would you contact as a 4th party reference?

Source	Likely (Extremely & Somewhat)	Unlikely (Extremely & Somewhat)
Your Family Member	55%	26%
Friend	63%	18%
Current Coworker	85%	6%
Former Coworker	80%	6%
Business Acquaintance	78%	7%
Personal Acquaintance	78%	15%

Results

- Do you think there could be ethical concerns using 4th party references (organization perspective)



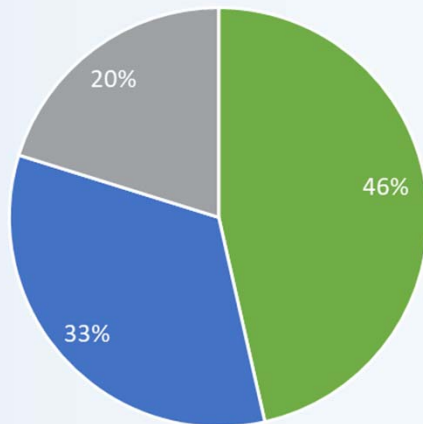
■ Definitely or Probably Yes ■ Maybe ■ Probably or Definitely Not

Comments

- For:
 - “I see nothing wrong with talking to 4th party & utilize this resource when available.”
 - “I don’t think it’s unethical if I’m going through a social media site – which is a public site.”
- Against:
 - “Just because they know someone they may not know their work ethics”
 - “Prejudices, biases, and discrimination could easily get in the way, and would have to be carefully sorted though. It could be seen as an invasion of privacy.”

Results

- Do you think there could be ethical concerns using 4th party references (applicant perspective)



■ Definitely or Probably Yes ■ Maybe ■ Probably or Definitely Not

Comments

- For:
 - “If they have applied for the job, they have granted my access to their background, however I come by it.”
 - “Obviously if they are trying to hide something they would be offended if you asked someone other than the people they gave you to ask.”
- Against:
 - “An applicant could see it as an invasion of privacy or interference, especially if they would have preferred I not talk with that person.”
 - “The 4th party may have a bias towards the applicant and the applicant should be able to note that.”

Results

- Those who did not use 4th party references were **not** more likely to view them as unethical
- Amongst those who used 4th party references – the more they used them, the less likely they were to believe there could be ethical concerns
- Demographic Differences
 - Women and Younger participants were less likely to perceive ethical concerns
 - Those with Graduate/Professional degrees were more likely to perceive ethical concerns

Discussion

- While many participants were quick to point out they rarely used 4th party references, over half said they had used them
 - They intentionally sought the person out to specifically ask about an applicant
- Participants placed a greater value on the information received from 4th party references than references given by the applicant
- The information received from those 4th party references would affect their decision to continue with the particular applicant in the selection process

Discussion

- There is a reasonably accepted practice in industry for using 4th party references
- While laws do not directly forbid the use of 4th party references, applicants may perceive the process as unfair if they have knowledge that a fourth party reference was used
 - Could violate perceptions of procedural justice
 - May not be covered under qualified privilege

Conclusion

- There are real concerns over the use of 4th party references – legally and ethically
- Social media has made it easier than ever to engage in the use of 4th party references
- Be careful how and when you use 4th party references

Thank you

