

## EFFECTIVE HIRING PRACTICES CAN CUT COSTS AND TURNOVER

### SUMMARY

Hiring the "right" employee will save you money, time and energy. This BMA provides ideas for your use so that, if followed, the probabilities of hiring the "right" employee are greatly increased. Reliable statistics show that terminations due to poor job performance account for only 15 to 20 percent of all turnover. Labor turnover is generally caused by such things as poor health, dishonesty, inability to get along with others, excessive tardiness and absenteeism.

### BASIC HIRING PROCEDURE

For the most part, you can avoid hiring poor workers by following a carefully prepared hiring procedure. This is explained in NTMA's **Entry Employee Selection System**. It need not be complicated. Actually, the simpler it is, the better, as long as it covers the following basic fundamentals:

- Recruiting
- Interviewing
- Testing
- Physical fitness
- References (including personal and former employers)
- Making sure the applicant understands the job requirements, and wants the job
- Getting the employee off to the right start
- Watchfulness during probationary period

### RECRUITING

In simple terms, this is the process of lining up suitable candidates. It is the most difficult step in the hiring process for it requires much effort, resourcefulness, ingenuity, and careful planning. A plant owner must continue going after prospects until convinced that he or she has several worthwhile persons from whom a satisfactory employee can be chosen. Most often, however, due to the dire shortage of competent journeymen in most areas, owners are compelled to make their selections from a minimum number of applicants, thus greatly reducing the chances of getting the right person for the job.

Nevertheless, in order to attract many qualified applicants as possible, the owner can rarely afford to wait for prospects to drop in and apply. Instead, every available means must be

used to find likely sources for good workers-ask employees to help locate prospects, consult reputable employment agencies and run want ads in local newspapers.

### USE ETHICS IN ADVERTISING

A word of caution in preparing newspaper ads: maintain a high standard of ethics and diligently avoid using any words or phrases that will cause dissatisfaction among employees of other local contract plants. Such phrases as "highest rates in town," "all the overtime you want," "best working conditions," and "the most fringe benefits" should be avoided.

### SHORT CUTS ARE COSTLY

Many owners make the mistake of trying to get this information through a much less formal procedure such as talking with the prospect for a few minutes to check generally on past experience, training, appearance and personality. Then they hire the applicant on the spot without bothering to check his or her statements. This method is very risky, no matter how good a judge of people the owner may be.

NTMA has developed an employment application which meets all the legal restrictions imposed by the Equal Employment Commission. These applications can be purchased from NTMA. NTMA also has developed an Employee Selection System manual that explains the basics of recruiting, interviewing and hiring. This booklet is free to members in their new member kits.

The interview itself should consist of no more than five minutes or so of small talk. You can save a lot of time in interviewing by aiming some well-directed questions at the applicant, after putting the person at ease, but before giving a detailed outline of the job and its requirements.

## **WATCH FOR DANGER SIGNALS**

Here are a few of the danger signals to watch for during the interview: (1) individuals who cannot give good reasons for leaving previous jobs; (2) persons whose earnings have been higher than they are now willing to work for; (3) those who have domestic difficulties; (4) individuals who have had five or more jobs in the last five years; (5) those who have "reformed"; and (6) persons who have been on their longest previous job less than two years. This does not mean, of course, that an individual should never be employed if he or she falls short in any one of these categories, but the chances of this person staying with your company are diminished accordingly.

During the interview you should try to establish two things: First, make sure you have the right person for the job; and, secondly, try to make reasonably certain that this individual feels the job is right for him. Doing this will result in less turnover because even the best worker will leave if the job is not satisfactory.

## **TURNING DOWN UNQUALIFIED APPLICANTS**

Another thing to remember is that an employment interview can either make friends for the company or it can antagonize people. Ending an interview tactfully is when an interviewer has an opportunity to leave an unqualified candidate with a favorable impression of his or her organization. Some owners feel they owe it to the applicant to explain why he or she is not qualified for the job. Others, however, feel that the reasons need not be given. Of the two possibilities, experience shows the latter to be preferable. The reason for this is the fact that the chief factors for rejection are poor appearance, poor attitude, lack of proper education or training, or unfavorable job experience. Discussing these shortcomings with the applicant raises the probability of resentment and antagonism against the company and its policies.

One practical method of turning down an unqualified applicant is to say that several people are being considered for the opening, and that if you are able to consider this individual further, you will let them know within three days. In this way, the applicant is not kept in suspense indefinitely, and you are not obligated to further notification.

## **TESTING**

Some owners consider personnel tests a necessary complement to the application blank and the interview because they measure traits which cannot be determined during face-to-face interviews. Others seem to do quite well without resorting to tests, and feel that to do so is an unnecessary bother and expense. Actually, a good solution to this problem is to have only applicants for certain types of jobs take tests. When tests are given, they must be closely monitored under the Equal Employment Opportunity laws as they exist today. The EEOC is of the position, supported by court authority, that no test or other standard can be placed upon applicants for employment unless those standards or tests are "job related." Thus, the

present state of the law almost automatically excludes such items as aptitude tests and personality tests from being given for any position. If you, as an employer, are going to utilize any pre-employment tests, it is suggested that you consult your labor relations counsel to determine their validity. EEOC, again supported by court authority, takes the position that tests which are not job related have a disparate effect upon minority applicants and, therefore, are discriminatory.

## **CHECKING PHYSICAL FITNESS**

Under the provisions of the Americans with Disabilities Act (ADA), *employers* can no longer give an employee a physical examination until after the *employer* makes the applicant a conditional offer of employment. The condition placed on the offer of employment is that the applicant can perform the essential elements of the job applied for with or without a reasonable accommodation. Moreover, the *employer* cannot give an applicant a physical examination unless it gives all applicants a physical examination.

Even with these restrictions, it is still recommended that *employers* give physical examinations in accordance with the law. A physical examination may prove that an applicant cannot, even with a reasonable accommodation, perform the physical aspects of the essential elements of the job. It might be helpful in determining the best reasonable accommodation to provide a disabled applicant. It will also give the *employer* a record which could be helpful in a worker's compensation claim.

## **CHECKING REFERENCES**

Many owners are convinced that written references aren't worth the paper they're written on. But most of those who take this viewpoint have had only limited personal experience in obtaining useful information through references. However, after they have several unfortunate experiences of firing individuals for various breaches of company regulation, it soon becomes clear to them that these people are merely repeating their behavior on former jobs. A telephone call to their former employer might have uncovered potential problems areas.

There are, of course, two completely different types of references: those given by friends and acquaintances and those obtained from former employers. References of the first type are of limited value because almost anyone can induce three or four friends to write favorable comments. This type of reference no doubt is the cause of much of the pessimism about the value of references. On the other hand, references from former employers are quite a different thing. But even here, the owner must know how to go about obtaining accurate and useful information.

## **CHECK REFERENCE BY PHONE OR VISIT**

One basic point on getting references from former employers is to obtain them either by a personal visit or by a telephone call to the applicant's immediate supervisor if possible even if

it's necessary to place a long distance phone call. Written reference forms should be used only as a last resort since some companies have a policy against giving any unfavorable information in writing but are much less reluctant to do so over the phone.

It is very helpful if your application form contains a release whereby former employers are released of any liability for providing information on a former employee.

### **ASK SPECIFIC QUESTIONS**

A second point on getting references is to think out your questions carefully in advance, or write them on paper and leave space for jotting down answers. Here are some typical questions:

- What were the dates of X's employment at your plant?
- What type of work did X perform?
- X says he or she was earning X dollars per hour at the time of resignation. Is this correct?
- Was this person punctual and reliable on the job?
- Was the individual always honest in financial dealings?
- Has any domestic trouble or shortcomings (such as drinking or gambling) interfered with this person's work?
- What were the reasons for leaving?
- Would you re-employ the person in question?
- Has the applicant any weaknesses that we can help to overcome?

### **HIRING ETHICS**

As a matter of ethics, employers shouldn't hire an employee who may be working for a competitor without first giving that competitor the courtesy of a phone call to check on the employee's present status. By checking, two important things will be accomplished: You will, of course, usually get information that will help you determine whether or not the employee will fit into your organization and whether he or she possesses the skills you require. Also, you will reduce the risk of antagonizing your competitor and, being branded as a "labor pirate." A simple phone call will do much to encourage similar reciprocal treatment when the situation may be reversed.

### **MAKING SURE THE APPLICANT UNDERSTANDS AND WANTS THE JOB**

After you are satisfied you have the right person for the job, don't overlook this important next step - satisfying the individual that he or she has the right job. That doesn't mean simply "selling the person on the company." In fact, giving a person only the bright side of a picture is often a common cause for quits. Be enthusiastic, of course, in describing the advantages and opportunities of the job, but also cover carefully the job's requirements, difficulties and disadvantages. The more factual details an applicant has about the job, the better able this person is to make a sound decision.

### **GIVE APPLICANT COMPANY FACTS AND RULES**

Some owners have collected a list of facts about their company, their company policies and their operations in a small booklet. For an idea of the topics such a booklet should cover, refer to the BMA "Guidelines for an Employee Handbook." Some shop owners have found it best to give this booklet to the applicant to take home to read away from the strain of the interview. If the applicant is married, this person is urged to have his or her spouse read it too so they can both get a better picture of the company and job before deciding.

### **GETTING THE NEW EMPLOYEE OFF TO THE RIGHT START**

This is a very important step since first impressions usually are lasting ones. They color a person's attitude toward the company and the job and they can have a controlling effect on his or her morale for months to come.

Consider the difference in the reaction of two new employees: One is welcomed and made to feel at home. This person is introduced to fellow workers, has the work patiently and clearly explained, is helped by the foreman to get started, and finds that arrangements have been made for a fellow worker to eat lunch with him or her for the first couple of days.

Individual No. 2 is kept waiting for an awkwardly long time, isn't introduced around, has the job explained in a loud voice by a foreman who wasn't introduced either — with several workers looking on — and for good measure, has to listen to a long speech about "no gold-brickers or loafers" being tolerated.

Giving each new employee such needed information and helping them to get the right start by being made to feel at home will pay you big dividends in good will, good morale, and efficiency.

### **WATCHFULNESS DURING PROBATIONARY PERIOD**

While seniority is generally computed from the first day of employment, a company should require that new employees prove themselves before being extended the various benefits of a regular employee. This, of course, is done by establishing a probationary period during which time the new employee is observed carefully to determine his or her ability, skill, attitude and general progress. The probationary period varies from thirty days in some companies to as long as a year in others. However, a ninety-day probationary period seems to be the most common — thirty days really isn't long enough for a fair test. It is suggested that the foreman prepare a report on the progress of the new employee at least twice during the probationary period — at the end of thirty and sixty days, for example, if the probationary period is ninety days, and a final report.

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