



## Human Resources for Small Business

An occasional series

No: 3

### How can I select a good candidate?

Selection of candidates is always critical, and possibly more so for SMEs because given the relative size of our organisations an inappropriate appointment can have a very large effect. We have nowhere to hide the duds! And the impact on our overall business performance can be in percentage terms very large indeed. This is particularly so in the case of a senior appointment.

The recruitment and selection process in SMEs tends to be pretty much a hit and miss affair. First, there is the problem of how we establish a pool of candidates. Sometimes an SME will rely on selecting from amongst people already known to the principals of the organisation. This has obvious disadvantages including: we may find it hard to performance manage a friend or a niece or whatever; and we may find ourselves tending to appoint people like ourselves, thus missing out on the advantages of diversity. So how do we access a larger and more diverse pool? First, we can advertise (if we know how to draw up an effective advertisement), and second, we can subscribe to one of the better online tools such as Search.com. Finally, an SME can use a recruitment agency.

So we have established our pool of candidates, but how do we **select** between those candidates? Traditionally, SMEs (and other organisations) have used two major sources of information.

1. **Resumes**
2. **Interview**

The problem with both of these sources of information is that they are unreliable. As regards resumes, stretching the truth is becoming more prevalent. As Ross Jackson and Patrick Wheelan of Maddock Lonie & Chisholm noted in a recent article, research in the United States found that 70% of candidates admitted to lying on their resume. Vincent Bailey, a Director of Robert Walters, has said that the most common areas for exaggeration were qualifications, leisure interests and work experience. The problem with interviews are manifold including: (1) those doing the interviewing tend to appoint people like themselves; (2) those doing the interviewing tend to be affected by other subjective or irrelevant factors; (3) those doing the interviewing often don't ask the right questions or even the same questions from candidate to candidate; and (4) some candidates are very skilled performers at interview, which is not necessarily a good indicator of performance on the job.

But there are two additional sources of information which can greatly improve the success of selection:

1. **Reference checking**
2. **Psychological testing**

Nexus has given presentations and workshops to many SMEs on how to improve their prospects of attracting, selecting and retaining good candidates. Our presentations and workshops emphasise that the improvement does not involve simply an improvement in techniques related to recruitment and selection. For example, we emphasise the importance of developing an organisational culture that will help the business become an employer of choice (so that candidates seek **you** out, rather than you having to seek out the candidates). In these presentations and workshops Nexus has aimed to educate SMEs as potential consumers of psychological and HR services. For example, we outline what sort of psychological testing and how much of it should be done, and the sort of qualifications and experience an organisation should be looking for in a provider of human resource management services and psychological services.