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# Hiring in the Post-Reengineering Environment: A Study Using Situationally Conditioned Belief

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## ABSTRACT

*In today's post-reengineering environment, jobs are often more complex on both operational and managerial levels. Employees must possess a greater range of skills and are often given more autonomy in decision making. Employers seeking to address the increased risks in hiring for these positions may seek more information about job candidates. Information technology can be used to create an infrastructure that supports greater access to employee information. Attitudes on the part of employers and job candidates must be studied before building infrastructures to support the hiring process. Hypotheses are presented to support exploration of these issues. A study using Situationally Conditioned Belief (SCB) was conducted. Results indicate that employers are seeking more sensitive information about job candidates, especially for managerial jobs, that managerial candidates are willing to provide more sensitive information, and that a significant gap exists for both operational and managerial candidates between the amount of information candidates are willing to reveal and the amount of information desired by employers.*

## REENGINEERING CREATES MORE COMPLEX JOBS

In today's post-reengineering environment, jobs are often more complex on both operational and managerial levels. Employees must possess a greater range of skills and are often given more autonomy in decision-making (Hammer and Champy, 1993), (Champy, 1995) (Hammer, 1996) (Gates, 1999). Employers seeking to address the increased risks in hiring for these positions may seek more information about job candidates.

The range and extent to which personal data about job candidates will be sought in pre-employment screening poses serious ethical and legal dilemmas. How do we balance a job candidate's rights to privacy against the needs of organizations to have competent, trustworthy employees?

Legal safeguards such as Title VII of the Civil Rights Act of 1964, and the 1990 Americans With Disabilities Act limit the questions employers can ask to those that directly relate to job performance. Human resource consultants encourage employers to define job requirements upfront to help ensure that questions are tailored to fit the job. However, in reengineered firms with process based work flows, job definition becomes more problematic:

> Traditional task based jobs were packaged into clusters of similar tasks and assigned to specialist workers. Today many firms have no reason to package work that way. Instead, they are unbundling tasks into broader chunks of work that change over time. Such shifting clusters of tasks make it difficult to define a "job" at least in the traditional sense.(Cascio, 1998).

Job requirements that continually evolve create an increasing gray area as to which questions are appropriate. Fearing charges of negligent hiring if employees are incompetent or dishonest, employers can feel pressured to gather more information. In a study of application forms used by more than 200 organizations, 95 percent of the forms included one or more legally indefensible questions (Cascio, 1998, p. 139).

The paper will present an analysis indicating that new jobs positions created by reengineering give rise to greater concerns about hiring competent and trustworthy employees. Five hypotheses regarding the likely beliefs of employers and job candidates regarding information privacy and information access were generated.

This paper will then present an empirical study of these hypotheses using a concept called Situationally Conditioned Belief (SCB), developed by Lally (1996). The methodology involves a two-part survey involving a group where half the respondents answer questions from the perspective of the party on one side in a transaction and the other half answer questions from the perspective of the other party. In this case, half the group answered questions from the perspective of employers, and the other half from the perspective of job candidates. The survey addresses the issues of: 1) Is there a difference in perspective between employers and candidates as to which information is appropriate? 2) Does the range of information requested increase for higher level positions? and 3) Are candidates seeking higher level positions willing to reveal more personal information? The results indicate: 1) significant differences in the type of information sought for managerial versus operational level employees, 2) increasing gaps between the candidates and employers as the type of information becomes more personal and inferential and, 3) a greater willingness on the part of managerial candidates to reveal more personal data.

## WHAT ARE THE CHALLENGES OF REENGINEERED JOBS?

*Combined jobs create complexity in operational level jobs.* The new positions created by reengineering are frequently more complex and require greater degrees of responsibility and

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autonomy. On the operational level, reengineering advocates favor the "combination, not division, of labor" (Davenport & Nohria, 1994, p. 11). Employees in these positions must assume greater accountability for their work and often find their jobs more stressful and demanding than their predecessors. Another potential problem with combined jobs is the loss of separation of duties that arises when jobs are combined, "Risk averse executives will worry about including so much in one job" (Davenport, 1993, p. 21).

***Flatter organizational structures impact managerial roles.*** Reengineering advocates call for organizations to eliminate levels of middle management to create flatter, more efficient, organizational structures. These flatter organizations would be characterized by:

- Deferring control, replacing immediate supervision with monthly reconciliations (Hammer & Champy, 1993)
- Minimizing "nonvalue-adding" supervisory costs (Hammer & Champy, 1993)
- Reducing checks and controls, the "green eye shade crew" (Hammer & Champy, 1993)
- Minimizing reconciliations, get the work done and look after the reporting later (Keen & Knapp, 1995, p. 60)
- Eliminating "sign-offs" for routine decisions made by middle managers (Gates, 1999).

The recommendations are in complete opposition to accounting internal control theory, which advocates:

- Specific authorization by higher level managers of transactions of significant amounts
- Segregation of duties—especially those involving the authorization and recording of transactions
- Duplicate checking of calculations
- Regular reports of activities and immediate reports of exceptional activities (Cushing & Romney, 1999).

Additionally, operationalizing these new structures would require great increases in the spans of control of managers, and a tremendous increase in the degrees of autonomy and trust extended to core personnel. Yet the issue of how far trust can be extended in an atmosphere of indirect supervision is a serious one. In the post reengineering environment, managers are more likely to see themselves as "free agents" and feel less loyalty to their organizations (Stroh & Reilly, 1997).

Managers in reengineered organizations are also likely to suffer from the information overload, rising job demands, and stress that operational level employees do. A study conducted by Ulrich (1998, p. 16) indicated that half of the "high potential" managers he interviewed planned to leave their present organization, not because of a lack of opportunity but because of enormous stress and unrealistic demands. Internal control theory also expresses concerns about the potential for managerial fraud and warns organizations to be on the lookout for "pressures and opportunities" that would drive individuals in a position of trust to do serious damage (Cushing & Romney, 1999, p. 720).

Employers are, therefore, faced with a daunting task in filling complex, stressful, yet increasingly critical and sensitive positions throughout reengineered organizations. Internal control theory councils employers to perform extensive background checking in pre-employment screening to mitigate the risks (Cushing & Romney, 1999) but admit to limitations of this information in predicting white collar crime:

> White collar criminals tend to mirror the general public in terms of education, age, religion, marriage, length of employment and psychological makeup. In other words, there are few characteristics that can be used to distinguish white collar criminals from the general public (Cushing & Romney, 1999).

Deciding which individuals possess the skills, intellect and motivation to perform the jobs, and whom the organization can trust to perform autonomously on the organizations behalf becomes a greater challenge.

## WHAT ARE THE ISSUES REGARDING INFERENTIAL DATA?

Kling and Allen (1996) state that today's managers have been raised in an atmosphere where they have learned to rely on computer generated data to support their decision making. They are, therefore, more likely to feel comfortable in using computer generated data to provide them with information about their employees that was not previously so readily available. He argues that "information entrepreneurship" will result. Individuals with access to data (whether legally restricted or not) will make it available for a price to interested parties (whether their interest is legitimate or not). Along with direct marketers and law enforcement agencies, employers engaged in preemployment screening are potential purchasers of such data.

Regan (1996) expresses concern that there is an increased tendency to focus "on the worker rather than the work itself" (Regan, 1996, p. 41) in organizations with more indirect means of supervision. This focus could lead to the gathering of more personal types of information about potential employees.

Rule (1996) makes a key distinction between collecting solid facts about past performance, such as past employment records, or statistics on job performance in a current job, and collecting inferential information that merely indicates a behavioral tendency toward unwanted behavior:

> unilateral attempts to screen out those with hostile attitudes toward management, or those whose work patterns are somehow associated with theft, or those who are likely to become pregnant. All of these characteristics could be related to employee "productivity" at some point, in the near or distant future. But such strictly inferential uses of personal data, its seems to me, are a natural point at which to draw the line…. (Rule, 1996, p. 76).

In pre-employment screening, as the information sought moves from prior employment history to criminal, medical and financial history, the information sought becomes more inferential. Although the ability of this data to predict white collar fraud is questionable, employers may seek it anyway as a means of collecting all the data that could possibly be relevant to their decision in their search for competent, trustworthy, employees.

To test whether empirical data would provide evidence to support the issues raised by the analysis, a study was designed using Situationally Conditioned Belief.

## SURVEY METHODOLOGY: SITUATIONALLY CONDITIONED BELIEF

This methodology was first used by Lally (1996) to test differing attitudes toward information privacy versus access in commercial transactions:

> The key concept behind situationally conditioned belief is that the same individual will have a different ethical belief depending upon the situation they find themselves in.

Testing for the existence of SCBs involves the development of *parallel scenarios*. The scenarios describe the same situation and differ only in the role the subject is asked to play in them (Lally, 1996, p. 1223).

Two key conditions are necessary for SCB. First, both scenarios have to involve situations into which subjects could realisti-

cally project themselves. Secondly, a group of subjects had to be selected who could identify as easily with one side as with the other.

The subjects chosen were MBA students who were likely to be able to project themselves to be either job candidates or employers. A total of 64 subjects were involved in the study and assigned at random to the two groups. The first group was given a questionnaire asking the subjects to assume the role of a potential employer seeking two kinds of employees, operational level employees and managers. They were asked to indicate how likely they would be to pay $10 to access four different kinds of information about each employee: 1) past employment data, 2) criminal records, 3) medical records, and 4) financial records. They responded to these questions of seven point Likert type scales ranging from definitely not accessing the information to definitely accessing it.

The parallel group assumed the role of potential employees, both operational level and managerial. They were asked how willing they would be to provide the four types of information. They responded on a seven point Likert type scale ranging from definitely not being willing to reveal the information to definitely being willing to reveal the information.

Past employment data was considered to be a traditional type of information sought in pre-employment screening, and therefore was considered to be the least sensitive. Criminal records are currently a source of much public controversy regarding whether those convicted of crimes in the past are entitled to keep this information private, especially if the crimes were relatively minor, far in the past, or not related to performance of the current job (Cascio, 1998). Opinions vary as to whether a past criminal record indicates a current dangerous behavioral tendency. Medical and financial records are clearly more inferential in nature.

To test the information access and privacy issues that emerged from the analysis, in the context of an SCB study, the following hypotheses were generated:

Employer access hypothesis #1 (EA #1): Employers will be more likely to request traditional forms of information, such as past employment history, than more inferential information.

Employer access hypothesis #2 (**EA #2):** Employers will be more likely to request inferential information about potential managers than operational level employees.

Candidate privacy hypothesis #1 (CP #1): Candidates will be willing to reveal less information than employers desire.

Candidate privacy hypothesis #2 (CP #2): The gap between the two groups will grow as the inferential nature of the information requested increases.

Candidate privacy hypothesis #3 (CP #3): Candidates seeking managerial jobs will be willing to reveal a greater range of personal data than candidates seeking operational level jobs.

## RESULTS OF THE SCB ANALYSIS

*Employers desire inferential data.* Table 1 compares the mean results for employers for the four categories of information for operational level and managerial level employees. The Z-scores for the differences between the means for operational versus managerial employees are included.

Employers, not surprisingly, are like to request a full account of a candidate's job history, whether the employees are operational or managerial level. In terms of criminal history, the results indicate that employers are almost as likely to desire access to a candidate's criminal history. This is true for both operational level and managerial level employees. This result may indicate that employers are more likely to adhere to the philosophy that past criminal behavior is a predictor of future criminal behavior.

A significant gap occurs between the first two categories of data, employment history and criminal history, and the second two, medical and financial data, for operational level job candidates. Table 2 provides Z-scores for the differences between the means for the four categories of data. This result provides support for hypothesis *EA #1* that predicts that employers will be more likely to desire more traditional forms of information. The relatively high means for medical and financial data of data indicate, however, that employer's desire for this data is non-trivial even for operational level employees.

Table 3 indicates that the desire for medical and financial data from managerial employees rises significantly as compared to operational level employees. There is no longer any significant difference between the mean for financial data and more traditional types of data. Only medical data is still significantly less desired. Hypothesis *EA #2*, that employers will seek more personal inferential type data about potential managers than about operational level employees, is supported by the results. This result may indicate that employers consider managerial employees a more important, long term, investment, or they may be more concerned about a manager's greater ability to damage the organization through fraud.

*SCB gap between candidates and employers.* Table 4 compares the mean results for the SCB gap between candidates versus employers for operational level employees. Table 5 compares the results for managerial level employees. Z-scores for the differences between the means are provided.

There is no significant gap between job candidates and employers for past employment history. There appears to be a general consensus that employers are entitled to past employment history, for both operational and managerial level employees. There were also no significant differences between the means for access to criminal history. This result, however, masked a key difference between the groups. A review of the distribution of the candidates responses to whether or not they would reveal criminal history indicated that the responses were bimodally distributed, rather than normally distributed. This may be due to an attitude on the part of job candidates that can be summed up by a response written in on the bottom of one survey, "If I had no criminal history, I would want it to be known. If I had a criminal history, I wouldn't want it to be known." Candidates may see any past criminal history as an automatic disqualifier for a job, with no "grey areas" between any criminal history and none. Because of the similarity of means, however, hypothesis *CP #1*, that candidates will be willing to reveal less information than employers desire, is not supported for criminal history data.

The responses from candidates for medical data were normally distributed. Perhaps candidates believed that, unlike criminal behavior, they could not be feel secure that they would never have a problem in this area. The normal distribution for financial data may reflect the subject group, MBA students, who could have a more homogeneous attitude toward money than the general public.

For both medical and financial information, there is a significant gap between candidates and employers as to how much information should be made available in these categories. Hypotheses *CP #2*, which predicted that candidates would be less willing to reveal information as the information became more personal and

inferential, is strongly supported by the results.

*Managerial candidates are more willing to provide sensitive information.* Table 6 compares the mean responses of operational and managerial candidates for the four types of information. Managerial candidates are significantly more likely to provide medical and financial data to their potential employers. Perhaps this result is because, as potential managers, managerial candidates are more in touch with their employer's perspective and wish to establish the trust they know their employer desires. Managerial employees may also place more value in the job they are seeking and be will to pay a higher "cost" in terms of revealing information. It must be noted, however, that the SCB gap between candidates and employers for medical and financial information remains significant, despite the candidate's greater willingness to reveal personal data. For managerial positions it seems that even though more information is being offered by candidates, an even greater amount is being desired by their potential employers.

The results of the SCB analysis provide evidence that a significant number of employers believe they entitled to access more personal, inferential information about job candidates, especially those seeking managerial positions.

Obtaining this information would require either that: 1) employers support the construction of formal IT infrastructures to provide dossiers for job candidates, 2) request the job candidate permit the employer access to his or her medical or financial information, or 3) seek the information through informal or less legitimate sources.

The technical building blocks of an infrastructure to support access to job candidate medical and financial data already exist. Law and policy makers need to be aware of employer motivations for seeking this information and specifically address the rights to privacy a job candidate is entitled to. Only an appropriate synthesis of law, organizational policy and technological infrastructure can support the rights of both employers job candidates.

Further exploration of the evolution of information seeking during the hiring process in reengineered organizations should provide additional insights into which infrastructures, laws, and policies that will be most appropriate. Extension of the study into other countries, comparing infrastructures, laws, policies and attitudes about hiring would increase the generality of the results.

**Table I. Comparison of Information Sought by Employers for Operational and Managerial Level Job Candidates.**

| | Operational | Managerial | Z-Scores |
|---|---|---|---|
| Employment | 5.9 | 6.3 | 1.18 |
| Criminal | 5.8 | 6.1 | .84 |
| Medical | 4.2 | 5.4 | 3.14*** |
| Financial | 4.0 | 5.8 | 4.47*** |

**Table II. Z-Scores Between Means for Information Sought by Employers for Operational Level Job Candidates**

| | Medical | Financial |
|---|---|---|
| Employment | 6.78*** | 6.06*** |
| Criminal | 6.30*** | 5.66*** |

**Table III. Z-Scores Between Means for Information Sought by Employers for Managerial Job Candidates**

| | Medical | Financial |
|---|---|---|
| Employment | 2.53* | 1.48 |
| Criminal | 2.24* | 1.06 |

**Table IV. SCB Gap for Operational Level Employees**

| | Employer | Candidate | Z-Scores |
|---|---|---|---|
| Employment | 5.9. | 6.0 | .27 |
| Criminal | 5.8 | 5.5 | .57 |
| Medical | 4.2 | 2.6 | 4.4*** |
| Financial | 4.0 | 2.1 | 5.6*** |

**Table V. SCB Gap for Managerial Level Employees**

| | Employer | Candidate | Z-Scores |
|---|---|---|---|
| Employment | 6.3 | 6.3 | 0 |
| Criminal | 6.1 | 6.0 | .4 |
| Medical | 5.4 | 3.6 | 3.7*** |
| Financial | 5.8 | 3.2 | 5.9*** |

**Table VI. Comparison of Operational and Managerial Candidates Willingness to Provide Information**

| | Operational | Managerial | Z-Scores |
|---|---|---|---|
| Employment | 6.0 | 6.3 | .91 |
| Criminal | 5.5 | 6.0 | .84 |
| Medical | 2.6 | 3.6 | 2.2* |
| Financial | 2.1 | 3.2 | 2.8** |

Levels of Significance:
* = $p > .95$
** = $p > .99$
*** = $p > .999$

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