

Post-pandemic workplace: Should we axe pre-employment credit checks?

Many aspects of the employment landscape have changed due to Covid-19, with pundits arguing that we're seeing a 'reset' that means work and how we do it won't be the same again. And yet, certain employment practices remain largely unchanged for decades even though their purpose and fairness are questioned by stakeholders on all sides of the fence.



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A LinkedIn post recently, by a recruiter sharing the joy of a candidate still being offered the position despite having an adverse credit check report, got hundreds of comments. “The majority of those, from HR and line managers, recruiters and work seekers alike, were delighted to hear the news with many implying that this was an exception to the rule,” says Natalie Singer: executive consultant and recruitment specialist at Global Business Solutions.

Individuals operating in other countries were flabbergasted to learn that South Africa still permits the use of credit checks for employment purposes.

“And it got me thinking,” continues Singer, “why are organisations still utilising credit checks as part of their pre-employment process?”

Some respondents to the LinkedIn post and chain of comments defended their rights (as an employer) to assess an individual’s competence in managing their finances and/or mitigating the risk the organisation might face should someone be tempted to steal due to their personal financial difficulties.

These reasons might seem logical, at first

However, one might argue that an individual’s ability to steal from an employer would more likely be impacted by the opportunity to do so, ie. a lack of internal controls rather than their credit record status. “And as an experienced recruiter, I’ve seen my fair share of serial fraudsters, none of whom had poor credit histories, and sadly no criminal convictions – largely due to the reluctance of organisations to take criminal action against those they dismiss for theft/fraud,” says

Singer.

In the wake of Covid-19's economic impact, it stands to reason that majority of individuals seeking opportunities – whether presently employed or not – will likely have felt some impact on their credit record. Many individuals were retrenched, temporarily laid-off, or if lucky enough to keep working, had their hours and/or pay cut. Statistics released by the SA Human Rights Commission revealed in mid-2021 that over 50% of South Africa's credit-active consumers (19 million) were over-indebted, and with increasing costs of living this will likely only increase pressure financially.

Time for change

The widespread use of pre-employment credit checks shifted with the promulgation of the National Credit Act Amendment 19 of 2014 which came into effect in March 2015. The Act stipulates that consumer credit records may only be accessed for the purpose of pre-employment checks if the role requires honesty in the handling of cash or finances, and that such responsibility is specified within the job description.

Verification agencies reported a dramatic reduction in the number of checks requested from 2015 onwards, particularly as greater levels of documented consent and right to review associated job descriptions were required. However, many recruiters will confirm that employers continue to demand pre-employment credit checks and that for many job applicants, an adverse result means automatic disqualification.

“An adverse credit record's indication of my integrity and propensity to steal is no more reliable than assuming that I'm a bad driver because I am a woman, or that I wouldn't be able to travel for work because I have young children,” states Singer.

The experience shared on LinkedIn proves that even when internal policy dictates, and legislation allows, a human-centric approach should be followed by employers. An assessment of the individual, and their unique circumstances should determine whether the result of a report (numbers provided without context) is used as a deciding factor.

“At a time when the dichotomy of extreme unemployment and scarcity of skills occurs simultaneously, employers should take care not to establish practices that unintentionally exclude the very people they need to succeed,” concludes Singer.

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