

A man with short dark hair, a beard, and black-rimmed glasses is smiling while looking at a tablet computer. He is wearing a dark green button-down shirt. The background is a blurred office environment with a window on the right.

Whitepaper

# The Magic Number for Reference Checking

How many references do you need to get the truth about a candidate?

# A Divided Topic

LinkedIn Co-Founder Reid Hoffman speaks about the immense value he places on reference checking, stating that it’s one of the best selection processes. It’s true that reference checking remains one of the most-used hiring methods and is favored by many executives and hiring managers.

Yet there are many HR managers who regard reference checking as a waste of time, claiming that candidates will only provide contacts who are guaranteed to say good things about them or are afraid to say anything because of legal issues. What causes these discrepancies in how people view reference checks?

“If I had to pick between reference checking and interviewing, I would pick reference checking”



Reid Hoffman  
Co-Founder of LinkedIn

## HOW HELPFUL ARE REFERENCE CHECKS REALLY?

Who’s right about reference checks?	
Hiring Managers	HR Managers
References are endorsements	References are gold
Interviews are better	Interview OK, references better

## What Academic Research Shows

In a meta-analysis of different hiring methods over 100 years (Schmidt, 2016), traditional reference checking was found to have a validity of 0.26. This means that reference checks were decent predictors of job performance, better than other measures such as years of experience with an  $r = 0.16$ . However, traditional reference checks do not predict job performance better than peer ratings or interviews, which have validities that are nearly double that of the traditional reference check.

But what's the difference between peer ratings and reference checks, and why would their validities be so different?

- ✓ Traditional reference checks are done over the phone and can cause contacts to be hesitant to share critical information due to the threat of legal consequences.
- ✓ Many companies only make a minimal effort with reference checking, just enough to avoid being perceived as negligent hiring organizations.

These factors lead to a lower quality and quantity of reference checks. In fact, we conducted a survey of 154 practitioners and found that companies speak to an average of 2.4 references.<sup>1</sup> Therefore, the medium (phone calls) and the volume (2.4) are what distinguish them from peer ratings. However, digital reference checking solves both issues leading to lower validity compared to peer ratings.

## Digital Reference Checking As Peer Rating

So what about non-traditional methods of reference checking, like digital references? Unlike traditional reference checks done by phone call, automated reference check tools like Harver's solution are completed digitally. This allows employers to gather more references in a fraction of the time compared to manual methods, thereby increasing the quality of the checks.

In addition, the confidentiality of the digital process enables more candid feedback about candidates. This modern approach to reference checking also provides a more holistic picture of a candidate's fit by collecting additional context like rater relationship to the candidate (supervisor, peer, or subordinate). This reveals a more holistic picture of a candidate's quality, similar to peer reports and unlike traditional reference checks that only gather information from prior managers.

# 2X

validity predicting  
job performance  
with peer reviews  
vs traditional  
reference checks



<sup>1</sup> Methodology: An analysis across large organizations that use Harver's reference checking solution, with a total number of hires equaling 11,549 and over 51,000 references responding. This data analysis involved statistical tests including point-biserial correlations and t-tests.

## Is There a Magic Number of References?

Our survey and resulting research shows that the number of references contacted is an indicator of quality as well, with 4 being the ideal number of references to contact. While companies tend to only speak to 2.4 references when using traditional methods, digital automation tools like Harver's reference check solution allow hiring managers to access many more references than would be feasible manually.

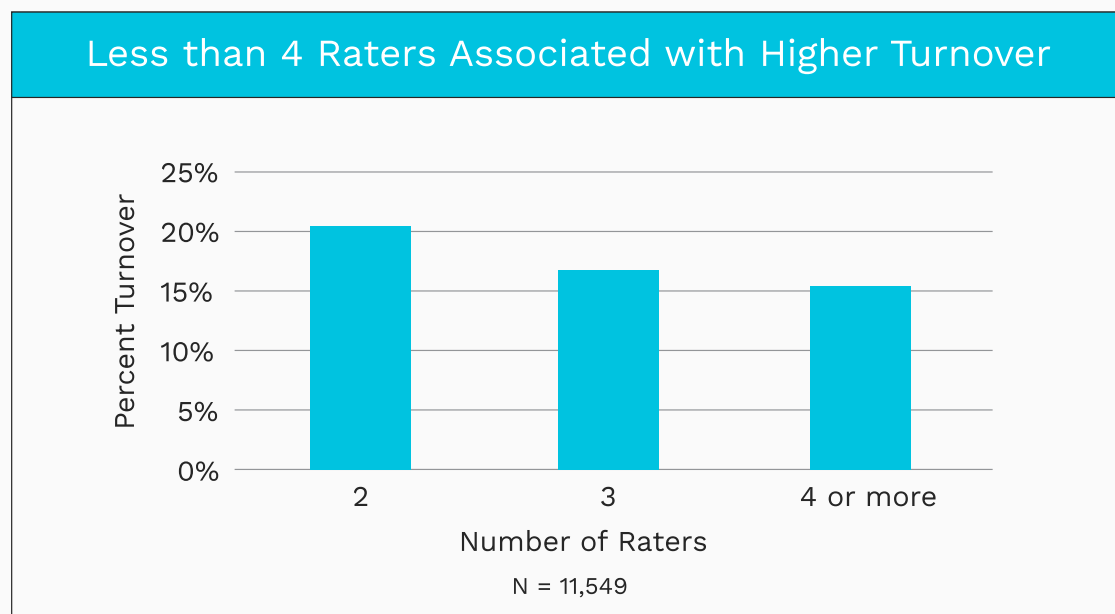
Data analysis involving statistical tests showed that the total number of references who provided feedback through Harver's reference checking solution was correlated with first-year turnover. Candidates who only had three or fewer references showed significantly higher rates of attrition if hired.

In one company, the difference between 2 and 4 references was an increase in involuntary turnover by as much as 80%. However, having more than 4 references did not impact turnover enough to warrant getting more references.

As such, our study shows that the magic number of references is 4. When more contacts give feedback, it increases candidate credibility and ensures that a candidate isn't cherry-picking the few people who will say good things about them.

One reason why the manual method of reference checking has a weaker ability to predict job performance is the process is time intensive. The more effort required to collect each reference, the less opportunity there is to collect enough references. Therefore, we recommend getting feedback from at least four raters.

### NUMBER OF RATERS SIGNIFICANTLY INFLUENCES GENERAL TURNOVER.



## Conclusion

So how helpful are reference checks really? The answer is, it depends on how they're conducted and how many people respond. Traditional phone-based methods have a decent validity, especially compared to resume scoring.

But for the best results in terms of minimizing attrition, companies should require gathering at least 4 references per check. Using an online reference checking tool can enable the kind of volume needed to improve validity, while also streamlining recruiter effort and time required to complete each check.

Harver's #1-rated reference checking solution eliminates wasted time chasing down references on the phone by automating the entire reference checking process.



**1.5 hours**

Saved per check



**6 references**

Averaged per check



**52% of  
references**

Become passive  
candidates

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