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Employee Background Checks:
Discovering Landmines Without Stepping on Any!

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The Fourth Quarter 2016 CEO Economic Outlook Survey conducted by the Virginia Council of CEOs (VACEOs) and the University of Richmond's Robins School of Business reported central Virginia CEOs shared the highest level of optimism in six years for projected hiring, capital spending, and sales. Nearly 62% of the CEOs surveyed expected employment would increase over the next six months.

While 2017 has not unleashed a full-blown hiring frenzy, the competition for top talent is proving to be fierce. Employers focused on improving the candidate experience want to stand out and attract the very best talent, while significantly reducing the time-to-hire period.

What happens when you find the perfect candidate? Their resume is the ultimate blend of experience, education, knowledge, skills, and abilities for the job you need to fill. They breezed through the interview process. They seem to fit like a hand in a glove with your company culture. You need the job filled now and the candidate says they can start work right away. BINGO—we have a winner!

Are you inclined to jump into overdrive and get an offer letter to the candidate right away? *Or, is it worth taking the extra time it takes to do a thorough background screening, realizing you could risk losing the perfect candidate to a competitor?*

Background checks serve as a defensive tool for preserving an establishment's assets. According to Forbes, background checks are "so important that nearly seven out of 10 organizations (69 percent) claim they conduct criminal background checks on all job candidates." Furthermore, both Forbes and The Society for Human Resources Management (SHRM) recommend the following components as part of a background screening: employment screening, criminal records history check, education, employment, identity and address, and reference verifications.

Knowing as much as possible about a potential employee, before they know your organization and customers, is crucial. Every organization needs to find employees who

are not just able to do a certain job, but who are also reliable enough to handle the business's assets.

In a recent report from CareerBuilder, the job posting site found that 58% of résumés include misleading or incorrect information, such as falsified education details and inaccurate job titles, seniority levels, and employment dates. If a candidate doesn't really have the experience or education they say they do, they may not be fit to do the job. That's a costly error for any business. It can take 17% of a supervisor's time to manage a bad hire, instead of spending their time helping the business grow!

U.S. Department of Labor estimates show the average cost of a bad hiring decision can equal 30% of the individual's first-year potential earnings. That means a single bad hire with an annual income of $50,000 equates to a potential $15,000 loss for the employer. In reality, the costs to an employer can be much higher: loss of productivity and time; the investment in recruiting and training a new employee, and other "soft costs" such as loss of customer goodwill or degraded employee morale when a newly hired employee is unable to meet the performance criteria expected of all team members.

Because employers have a moral and legal obligation to provide a safe work environment, knowing whether a potential employee has been involved in criminal or dishonest activity (such as drug or other substance abuse, reckless endangerment to self or others, theft, or violent behaviors) allows the employer to better determine if an applicant is appropriate for the job and work environment.

Conducting thorough background checks can turn up red flags, like previous rape or assault convictions and other dangerous behaviors that may pose a potential threat to other employees or customers.

Perhaps one of the most significant costs that can be incurred by an employer is their potential liability for negligent hiring and/or negligent retention. Negligent hiring or retention holds the employer responsible *both for what they know and what they should have known* about their employees. It can even result in employers being responsible for employees' actions off the job.

There is never a good time to shortcut the hiring process by eliminating the time required to complete a thorough background screening. It makes good business sense for an employer to conduct solid due diligence with a background screening to protect their assets, their employees, and their customers.

From a risk management perspective, consider reaching out to a human resource professional to discuss employer best practices for background screenings or to review your current policies to make sure they comply with the strict processes outlined for employers under The Fair Credit Reporting Act (FCRA).

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