

The Importance of Background Checks

The Importance Of Background Checks

When it comes to hiring the right employee, what you don't know CAN hurt you! Research conducted by the Society for Human Resource Management shows that 50 percent of all resumes and applications contain false information. The U.S. Department of Commerce identifies employee theft as the cause of 33 percent of all business failures. The Department of Justice claims workplace violence accounts for 18 percent of all violent crimes. Sixty six percent of negligent hiring trial cases result in jury awards averaging \$600,000 in damages. Can your business afford to skip important, yet inexpensive steps such as background checks which could save time, money and headaches when it comes to hiring?

There are a many types of background checks available including criminal history search, national criminal scan, social security/name trace, credit report, motor vehicle records, reference check, military service verification, civil court records, education confirmation, employment verification, credentials and licenses, sex offender registry and drug and alcohol screening. The majority of the above aforementioned background checks are provided by third party entities in compliance with standards set forth by the Federal Trade Commission.

Each type of background check can provide useful information. Which ones are beneficial for your company? This varies depending upon the position for which you are hiring. For example, hiring a doctor should require an education verification since a degree is essential for this professional. Imagine finding out a year later that the doctor you hired never completed a M.D. or Ph.D. as claimed on the resume! Companies must realize the exposure to risk for not conducting pre-employment background checks.

Remember: You must always obtain an applicant's written authorization prior to conducting a background check. There are standard forms to obtain this authorization, separate from other documents the applicant must sign. A signature from an application may be used when verifying past employment and conducting reference checks. Be wary of the applicant who refuses or "forgets" to sign a background check authorization form or application and will not make amends to do so.

Anytime an employer makes a decision based on information found in a background check, written notification in the form of an 'adverse action notice' and a copy of the report must be sent to the applicant. The notice must contain the name and contact information of the company that provided the report, along with a disclaimer that this third party entity did not have a part in the decision-making process but simply provided the report. The party who conducted the background check should be able to supply the employer with an 'adverse action notice.'

For more information, contact Tandem HR at 630.928.0510 or visit www.tandemhr.com. The staff at Tandem HR contributed to this article. It is intended as information only and is not a substitute for legal advice. Tandem HR is a professional employer organization specializing in strategic HR partnership with small and mid-sized businesses.