

Background Checks: A New Necessity For the Workplace

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WHAT'S THE "RIGHT" WAY TO CHECK OUT CURRENT AND PROSPECTIVE EMPLOYEES?

Heightened concern about workplace security is prompting larger employers to fine-tune their systems for conducting background checks and has many small- and medium-size companies screening workers for the first time.

The numbers at one New Jersey-based human resource services company tell the story. Prior to Sept. 11, Automatic Data Processing Inc. (ADP) typically saw between 200 and 500 new customers per month. In December alone, ADP received 10,000 new customers, and most of those were small to medium-size firms, says Dean Suposs, vice president and general manager for ADP's Screening and Selection Services. "The floodgates just opened," he says, despite the recession, which normally reduces demand for background checks.

Small to medium-size firms that shied away from background checks, primarily because they figured they were unaffordable, are re-evaluating security policies and discovering background checks don't have to be expensive, says Craig Kessler, CEO of Backgroundchecks.com. New technologies, particularly the Internet and online databases, have cut the cost of a routine background check to between \$100 and \$200. That's half of the cost of just a few years ago. Also, employers of all sizes are rethinking which workers to check. Prior to Sept. 11, only contenders for the top executive posts received intense background checks. Now, more firms are looking to do them across the board, says Les Rosen, founder of Employ-

ment Screening Resources in Novato, Calif. And while most firms are eyeing background checks only for new hires, some companies are conducting them for current workers who have never been screened. This is particularly true of newly merged companies, where hundreds or thousands of employees may be "new" to an organization.

Larger firms, which have always relied on background checks, will likely step up efforts to make sure their business partners do the same. Look for more large companies to stipulate in their contracts that they will do business only with firms that perform background checks on their employees. That requirement will apply to subcontractors, temp workers, consultants and vendors.

Of course, background checks can't tell you whether you may be hiring a terrorist. But they can help weed out unqualified or dangerous people who might steal, become violent or commit crimes while working for you. In that regard, they can offer some protection from "negligent hiring" lawsuits, typically filed by victims of crimes or their families for example, a lawsuit stemming from an assault on a customer by a delivery van driver who has a prior conviction. As a defense, employers are required to show "due diligence" that they took reasonable steps to hire the right employee for a particular job. A background check can provide that.

If you're still mulling whether background checks can yield useful information, consider this: Nearly one-fourth of the applicants ADP reviewed last year had lied about

their employment or education records or both. More than a third had one or more violations on their driving records, including drunk driving convictions. And 6% had been convicted of crimes in the previous seven years. According to a recent study of 30,000 background checks by Pre-employ.com, a screening service in Redding, Calif., nearly 30 percent of applicants stretched the truth on their resumes regarding employment or education history.

Background checks are a tricky business, so most employers hire outside companies to perform them. If you're going to try to do them yourself, you must know the ins and outs of the Fair Credit Reporting Act (FCRA). Among other things, the FCRA requires that employers get job applicants to sign written consent forms for background checks.

Here are some other tips to consider as you institute a background check system at your company:

Establish a standard policy and make sure it's enforced consistently. Announce in job notices that your company conducts background and reference checks. This encourages applicants to be open about the past and discourages those who have something to hide from applying.

If you hire an outside company, be sure it is well versed on the FCRA, equal employment opportunity laws and applicable state laws. Ask about its sources. You don't want to get information that was obtained illegally.

Expect a routine background search to look at criminal records, driving and credit history and to verify Social Security number, employment, education, military and licensing information. Some background vendors will check references and include drug testing as part of their packages. In some cases, you'll want a more-thorough check. For instance, a more-detailed credit check should be conducted for those who have access to the company's finances and a closer review

of motor vehicle records should be done for those who drive on the job.

Require prospective employees to complete job applications in addition to providing resumes. This will make it easier to find gaps in information about where the person worked and lived in the past several years. Since there isn't a national criminal record database that employers can use, knowing where a person lived helps determine which county records to search.

Look for inconsistencies. Compare and check data from the resume, job application, interviews, cover letters and the like. Make sure the Social Security number, date of birth, job titles and education all match up.

Keep in mind that the Equal Employment Opportunity Commission says you can't disqualify an applicant based solely on a criminal record. It can be taken into consideration, but you must have a sound business reason for rejecting a person with a conviction.

Carefully and thoroughly read the background-checks report. Don't assume that the company performing the check will call you about a problem or put it in the first sentence. "You'd be surprised how many employers don't read the reports," says Eric Boden, president and CEO of HireRight, a provider of pre-employment screening in Irvine, Calif.

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