

**The Power of Simplicity****Employment Background Checks May Sharpen Your Recruitment Efforts**

Employment background checks were once considered a luxury among small business owners — a practice worth pursuing, but not essential to the recruiting and hiring process. In today's heated battle for talent, pre-employment background checks have taken on a new urgency.

Background checks offer clear benefits to employers, which may include:

- Hiring high-caliber candidates.
- Seeing reduced employee turnover (along with related expenses).
- Limiting exposure to claims of negligent hiring practices.

"A thorough background check helps employers find quality talent, while flagging issues that could cost the company money or their reputation," notes Catherine Aldrich, vice president of operations at [HireRight](#), a leading provider of background screening services. "Landing top talent quickly is critical in a competitive job market, but it is just as important to ensure that these individuals aren't introducing risk to your company."

Hiring employees involves many risks — from bringing on underqualified staff that could damage your brand's reputation to the liabilities you assume for an individual's behavior once they are on your payroll. An employee background check and screening program can help minimize such exposure by identifying inaccuracies on resumes, a history of bad behavior, or those who could put your company at risk for legal violations.

Simply having a pre-employment screening program in place can discourage applicants with a troubled history from applying for an open position. A background check can also help ensure that only qualified individuals are considered for the job.

Hiring the wrong candidate can be a [drain on valuable company resources](#), you can lower the likelihood of having to terminate an individual and incurring the additional expense of starting the recruitment process all over again.

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**The hidden dangers of recruitment**

As rich as the available talent pool might seem, there are some pitfalls employers and their HR departments must watch for:

- **Resume dishonesty:** While interviewing a candidate and reviewing their resume can be helpful to discerning their background and character, it is beneficial to pair that approach with a comprehensive background check that verifies critical information provided — including employment history, educational background, and other experiences. Taking steps to ensure the accuracy of a candidate's resume can help you hire the most qualified candidates for any position.
- **Fraud, theft, and substance abuse:** Employee theft, ranging from complex embezzlement schemes to cash and stock theft, can cost companies billions of dollars each year. Internal fraud and on-the-job substance abuse can also cost employers significant time and money spent recovering stolen property, prosecuting the crime, and

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repairing relationships with clients, board members, and other stakeholders. Effective employee screening can help employers avoid candidates who have past behavioral issues in the workplace.

- **Threats to workplace safety:** Every employee wants to feel safe coming to work. Unfortunately, not every workplace works to assure such an environment. Thorough candidate screening can help minimize the risk that new hires will disrupt the culture you've built — or even threaten the safety of your employees with troublesome workplace behavior.

"When companies don't complete a thorough background check, they put other employees and, in some cases, the general public at risk," Aldrich says. "This can include risks to a company's reputation, the well-being of others (in the case of a criminal record) and the ability of the candidate to do their job correctly (in the case of lying about education).

"Completing a comprehensive background check helps mitigate risk by increasing the chance of a good hire the first time around. When a risky candidate is hired because of a failure to complete a thorough background check, it often costs a company much more money than it would to conduct a screening."

### What should a background check cover?

A comprehensive background check addresses an employee's job history, qualifications and experience, and drug testing as part of a drug-free workplace policy. A trustworthy screening provider knows how to search the most important sources, quickly (and deeply) to help you stay focused on filling vital open positions. The primary sources of investigation include:

- National criminal database
- Social Security Number verification
- National sex-offender registry
- A-la-carte options to match your business needs
- Form I-9 verification
- Motor vehicle reports
- Employment verification
- Education verification
- Drug testing
- Healthcare sanctions

Ensuring regulatory compliance and protecting against potential lawsuits are also critical concerns for businesses. Hiring requirements can vary by industry, state, and job position — making screening a challenging task for employers. Employers must ensure they are complying with federal, state, and local regulations regarding background screening. Keeping detailed records throughout the hiring process, from recruiting sources to candidate background screening, is essential.

Partnering with a firm with an understanding of your company's background compliance screening needs can help minimize these risks. Today's [integrated HCM platforms](#) can help support the process by simplifying recordkeeping and integrating seamlessly with background check providers.

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### Social media screening

In the digital age, it may be reasonable to conduct social media background checks. This would involve reviewing a candidate's social media profiles, often to determine whether the candidate will be a good cultural fit within the organization, Aldrich says.

"Employers are also looking to see how a candidate represents themselves online," she observes.

At the same time, Aldrich cautions, "there are legal risks associated with doing a simple scan of the Internet or looking at a social media profile, and it is important that employers aren't taking into account any information that could be viewed as discriminatory.

For example, she says, a social media screening may reveal information such as the candidate's age, race, religion, medical history, or nationality, which must not be considered when assessing a candidate.

"However, once a hiring manager finds this information, they can't 'unsee' what they've found, and it could be factored into a hiring decision, even unintentionally," Aldrich says.

It's not wise to rely on social media for a thorough understanding of the candidate's background, but the process can yield some valuable insights.

### Other resources for background checks

Employers can use a variety of background checks to obtain candidate information, as mentioned earlier. Consumer reporting agencies are another valuable resource for gaining candidate background information. Note that employers who use consumer reporting agencies must comply with the applicable guidelines in the Fair Credit Reporting Act (FCRA) and applicable state and local laws, including but not limited to the following:

- 1. Request applicant sign a separate disclosure and release form.** When the job seeker completes the employment application, the applicant should sign a consent form declaring that the potential employer is seeking a consumer credit report as part of a background check. The candidate must also receive a Summary of Rights, explaining rights under the FCRA. An investigation cannot proceed without this signed consent form.
- 2. Notify applicant of negative report findings before taking action.** If the report includes information that may cause the employer to disqualify the applicant, the applicant must receive a Pre-Adverse Action Letter, a copy of the consumer report, and a copy of his rights before any negative action is taken.
- 3. Make a hiring decision.** If the applicant fails to respond or can't provide information explaining the negative findings, the employer can proceed with the decision not to hire. But before taking this action, it's best to seek legal counsel to protect against any exposure to litigation or violations of state or federal law.

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**4. Notify applicant of decision.** Disqualifying a candidate requires the employer to provide appropriate notice to the applicant in compliance with FCRA guidelines, including an Adverse Action letter, copy of the report, and a copy of the Summary of Consumer Rights.

**5. Dispose of findings and records.** In compliance with the Fair and Accurate Credit Transaction Act, the employer is required to properly dispose of the background report information and records to guard against unauthorized access to or use of the information.

Employers should be aware that credit checks and criminal history inquiries may be restricted and mandated by federal guidance from the Equal Employment Opportunity Commission as well as applicable state and local laws. The best practice is to consult with an attorney familiar with those requirements.

"Implementing proper screening practices remains an instrumental component of hiring practices, especially as the labor market continues to tighten and new legislation is being introduced," Aldrich says. "To find and retain top talent while minimizing risk to the organization, it's essential that employers meet this evolution with a stronger screening program, or else they risk falling behind the curve."

Learn more about [employment screening services](#), and find out more about [how to improve your hiring process](#).