



How to Build a Better Workforce with Pre Employment Background Screening

An Employment Background Screening Company

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What is Pre Employment Background Screening?

Pre employment background screening is a component of the selection process that involves evaluating and verifying an applicant's job-related qualifications and identifying potential hiring risks – the results of which can be used to make better hiring decisions. When performed correctly, background screening enlightens hiring decisions with a holistic view of the applicant's past that is tempered by the risk profile and requirements of the job.

Common pre employment background checks include:

[Criminal Records Checks](#) >

[Education Verifications](#) >

[Reference Checks](#) >

[DMV/MVR Records Searches](#) >

[Social Security Number Traces](#) >

[Drug Screening](#) >

And many other types of [background screening](#) >

You may ask yourself, is background screening really necessary? Is the financial outlay and time spent worth it? Consider these facts:

- ▶ Employers lose over two thirds of all negligent hiring lawsuits
- ▶ 30% of IT sabotage cases are caused by employees with criminal records
- ▶ U.S. Department of Commerce estimates company embezzlement losses exceed *\$4 billion annually*
- ▶ 30% of all small business failure is directly related to employee theft
- ▶ The chance of internal employee theft is *15 times greater* than external theft

Why do 80% of U.S. Corporations Rely on Background Screening?

A comprehensive background screening program can offer significant value to organizations that rely on the work of individuals. Heightened employee morale brought about by a safe and secure work environment can in turn help define organizational culture and drive achievement of corporate goals. That's the big picture of what background screening can accomplish. Yet, the reasons that initially compel a company to screen are wide-ranging:

Make better hiring decisions – the first time:

If you could start over again, which of your employees would you rehire? In any aspect of business, *knowledge* is the key to making an informed decision. Much rides on a decision that can lay the foundation for the future, as in selecting individuals to join your workforce. Companies rely on pre-employment background screening to help bring the right people in, the first time.

The due diligence factor:

Let's face it: the fear of being sued for negligent hiring practices is enough to make any employer think twice about their selection process. Consider the case of a furniture company that hired a delivery man without performing a background check or requiring him to complete a job application. The employee later assaulted a female customer in her home. The company was liable to the customer for negligent hiring. While violent acts like this command the most public attention, episodes of harassment, fraud, and identity theft (just to name a few) are among the other reasons employers increasingly turn to background screening to prove reasonable care in the hiring process.

An increasingly mobile society:

The idea of a job for life is long gone, replaced by a mobile society comfortable with obtaining new employment on a regular basis. A recent survey showed that while the average job tenure in Germany is over 10 years, and both Canada and Britain around eight...in the U.S. it is *four* years. This increased cycle of recruitment makes it more difficult, yet increasingly essential to screen the individuals potentially joining your workforce.

Employee behavior rests on employers:

Bear in mind that employers are accountable for their employees in the workplace, whether they produce excellent, timely work ... or irresponsible, violent, criminal acts. With this responsibility it's no wonder employers are striving to learn all they can about their candidates. Background screening gives employers insight to make smarter predictions about how well an individual will behave in the workplace.

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Desperate times call for tighter measures:

In the current economic climate and with higher unemployment, employers need to scrutinize applicants with even greater care for inflated and fictional employment history and qualifications. Also, as more temporary employees and contractors are hired during economic downturns, screening of non-employees is more important than ever.

The substance abuse issue:

On-the-job substance abuse costs the U.S. economy in the region of \$60 billion a year. Illicit drug users are three times more likely to have an accident than other employees while at work, and are five times more likely to file a worker's compensation claim. They have longer absences from work, and when at work are generally less productive – functioning at only 65% of their potential. Employers increasingly use drug and background screening to avoid or reduce the damaging effects of substance abuse in the workplace.

It's the law.

For many organizations, the reason for background screening is to meet a legal requirement to screen. Financial, banking, education, transportation, healthcare, and law enforcement all have legal background screening obligations.

The contract depends on it:

Consider the case of a courier company that is contracted with a large pharmaceutical distributor to transport prescription drugs to local pharmacies. These contracts typically require the company to institute a specific background screening strategy that may go above and beyond standard legal requirements. Contractual obligations become the impetus for comprehensive screening programs in many organizations.

The past predicts the future:

We rarely know people by reputation and we can't predict the future, but a person's history is the best indicator as to what their future behavior is likely to be – and that includes how they are likely to behave in the workplace. This is a big reason why 4 out of 5 companies in Corporate America find value in background screening as an integral part of their selection process.

It's not just for large corporations anymore:

It is important to note that background screening is no longer used simply for sensitive or high level roles in large corporations. Rather, companies with minimum wage employees and volunteers are now

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screening applicants for positions that offer unsupervised access to people or property or other such positions in which hiring the wrong person would result in liability to the organization.

It's the right thing to do!

Taking steps to ensure public and employee safety with a screened workforce is plain and simply the right thing to do and is a compelling reason for any organization to institute a background screening policy.

Benefits of a Well-Run Background Screening Program:

What would your operational productivity look like if the characteristics of your *entire* workforce were more like your *best* workers? How many fewer employees might you need? Employers that have implemented a quality screening program tend to attract higher quality candidates resulting in greater productivity, higher employee morale, and higher employee retention rates.

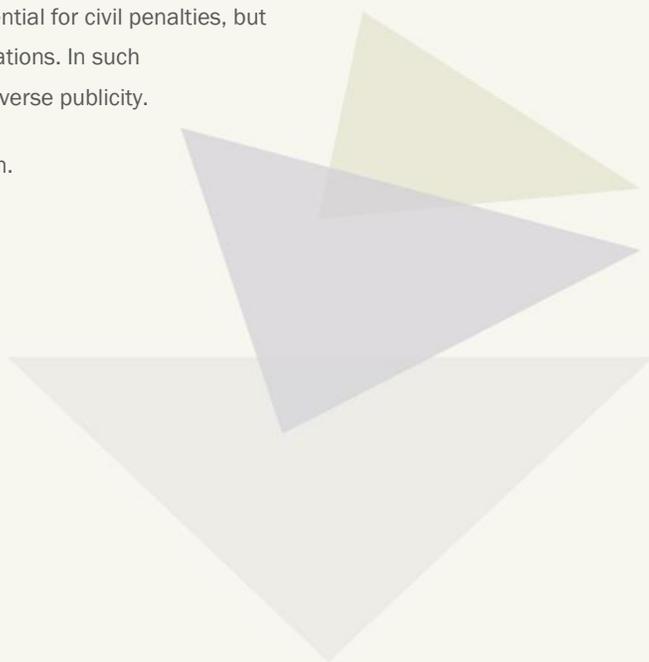
Furthermore, a well-run screening program delivers accurate data that offers protection for the employer and the applicant from liability resulting from decisions made with misinformation.

Risks of a Poorly Run Program:

While a well-run screening program can be greatly beneficial to a business, conversely, a poorly run program can create issues and serious risks.

At best, a poorly run program may provide erroneous, out of date, or incomplete data, where hidden charges may drive up costs considerably. At worst, an ineffective screening program lays open a business to negligent hiring liability, and runs the risk of violating privacy rights and other laws. An adverse hiring decision can have a devastating effect, with not only the potential for civil penalties, but more intangible consequences such as devalued business and brand reputations. In such circumstances, smaller companies may not be able to recover from such adverse publicity.

In short, a poorly run program is likely to be much more costly in the long run.



Build Your Background Screening Program

By now you recognize the reasons organizations choose background screening to build a safer and more qualified workforce. As you set out to build an effective background screening program, the first and most sensible advice we can offer is to establish a clear relationship between your chosen background screening method and the job for which you are hiring.

Clearly, a position of significant trust such as a company's CEO should be screened at a highly comprehensive level. Conversely, a construction worker would not require the same level of scrutiny. Along the same lines, it should be noted that an employer is not automatically justified in denying employment to an applicant with a criminal past. Much depends upon the level of trust associated with the position.

But there's more to background screening than meets the eye.

The 5 "C"s of effective background screening:

When building your background screening program, include these five key components:

1. Clarity in your background screening policy and process

Have an established, published screening policy. Your policy should be specific to the risk tolerance and business goals of your organization. It should detail the types of checks to be conducted at varying levels within the organization, when and how screening is to be conducted, and what information will be collected. Furthermore, a documented process should detail step by step how the policy is implemented. It should help the subject of the report understand what happens and when. It also helps hiring managers involved in the hiring process.

2. Consistency in how the process implemented across applicants.

A process is only as effective as its implementation and in background screening we add that the importance lies in consistency. To avoid claims of discrimination, employers must never conduct background checks on a selective basis. All similarly situated applicants - those applying for the same or similar positions - must be subject to the same format of background check prior to receiving an offer of employment.

3. Congruency between the background search and the position, risk, and budget.

We've already mentioned that our best advice is to keep the background check job related. This will help you find balance between "need to know" and an individual's privacy rights. By keeping the screen job-related you'll also naturally assess the risk of a given position in determining the type of information you need to gather. This focus will also help you manage your budget by keeping costs in line with necessity.

4. Consultation and services from an experienced screening provider.

It rarely makes sense to attempt background screening without the services of a qualified background screening firm. The logistics and complexity that surround the collection and use of background data for employment purposes require know-how that most companies simply don't have. Not only that, but a screening provider can help you create the clarity, consistency, congruency mentioned in the steps above. In the end, the cost of hiring a screening company is seldom more than it would cost to run the program using your internal staff.

5. Compliance with FCRA regulations, state and federal laws, and other contractual obligations, as applicable to your organization

The complexities of employment background screening can be dizzying when you consider the Federal Equal Employment Opportunity and Fair Credit Reporting Act meshed with state Equal Employment and Fair Credit Reporting laws, combined with Americans with Disabilities Act and other legal or contractual obligations you face. Before long you may find yourself wondering if it's all worth the effort. A qualified screening provider, paired with appropriate legal counsel, can help you effectively deal with the compliance environment and get the most out of your efforts.

A Best Practice Process:

When it gets down to conducting a pre employment background screen, best practices call for the following key steps:

1. Verify the Identity of the Applicant
2. Determine the Scope of the Search
3. Fulfill the Search
4. Evaluate the Information
5. Take Appropriate Action



Select a Background Screening Provider

What should employers look for when selecting a background screening provider?

Look beyond the budget.

Employers should avoid basing their selection of a background screening provider solely on budget. While it is an important factor, bear in mind the cost of screening is a fraction of the cost involved in terminating an employee, the cost of recruiting, hiring, and training a replacement, and the cost of any potential lawsuit.

Avoid the seduction of empty promises.

Employers should not be seduced by companies that promise on their websites to find anything about anyone, with no questions asked. These are generally data miners who are not certified and sell generic information, or more likely...inaccurate, out of date, inappropriate *misinformation*.

One size doesn't fit all.

Employers should steer clear of companies that provide a "One-size-fits-all" approach. In such circumstances, an employer may end up paying for information they don't actually need to make an informed decision, or worse, missing out on essential information that is required. A screening company should listen to an employer's needs and tailor a screening program appropriately.

Look to the NAPBS.

Contact the National Association of Professional Screeners (NAPBS) to ensure a company has a good reputation. Membership is a good sign that the company is staying current with best practices and changing legislation.

Look for relevant experience.

Employers are advised to check to see if a screening company has knowledge of their organization, industry and any relevant compliance, which would indicate a certain level of background knowledge. Your screening company can be a powerful source of advice, information, and experience.

Look for guidance in the process.

A reputable background screening company will steer an employer through the screening process – not only the legal concerns of the process, but also the administrative aspects, from obtaining initial permission from an individual, to offering courses of action based on results, especially when adverse

action or reinvestigation may be required. Establish whether the screening company will act as a “guide” with a clear understanding of the employer’s goals and objectives.

What to Expect When Working with a Background Screening Provider:

Employers should also consider the following prior to beginning work with a screening company/provider:

- ▶ Expect to provide as much information as possible with your search request. The minimum information usually required for a background screening is: name, date of birth, and Social Security Number. For verification services, add to this when employed, dates of employment, job title, name of company, and name of supervisor and contact phone number.
- ▶ Find out the standard verification questions offered by your provider.
- ▶ Have a signed consent form from the applicant – in all cases this is required under the FCRA and may be essential to complete the verification. Does your provider have a mechanism in place to facilitate the applicant consent process? Can the applicant’s signature be transmitted to the background screening supply chain electronically?
- ▶ Establish the extent of verification required – only ask for sensitive information, such as prior salary, if needed. Custom questions can increase costs and time frame, but can provide valuable insight.
- ▶ Patience may be required. Providers are subject to the willingness and discretion of HR professionals and old employers to return requested information. Also, older or archived information may take longer to locate. Take into consideration how national holidays, breaks, or short staffing during summer months may impact turn around time.
- ▶ Find out how access and third party fees are handled. In certain circumstances your applicant may have lived in a jurisdiction that assesses an access fee or the CRA may need to use third party providers, where a fee may be involved. As a best practice these fees should be billed at actual cost.

About the Fair Credit Reporting Act (FCRA):

All employment background screening companies, including Proforma, are Consumer Reporting Agencies (CRAs) and are governed strictly. Any background check or employment screen facilitated by a CRA is subject to the Federal Fair Credit Reporting Act (FCRA) and is defined as a Consumer Report. The FCRA sets statutory national rules for employers who want to find out more about an applicant or employee through the use of consumer reports. The law applies to all employers regardless of size – small business owner or large corporation.

The Act does not require employers to conduct background checks, but comes into operation if and when a check is conducted. The two key requirements set out by the FCRA in terms of an employer's use of background screening are:

- ▶ The applicant must be made aware that a consumer report will be used for employment purposes and must agree to such use.
- ▶ The employer must notify the applicant if the information found in a report may result in a no-hire decision. This is a pre-adverse action notification.
- ▶ The employer must notify the applicant if the information found in a report actually does result in a no-hire decision. This is an adverse action notification.

An experienced and reputable background screening provider can help you comply with FCRA regulations by offering compliance consulting and adverse action notifications.

While FCRA does not require employers to screen, some states require background checks to be conducted for candidates of certain positions: Education verifications are mandated by some state licensure or accreditation agencies to verify applicant degrees. Criminal record checks are sometimes required for positions involving safety, trust or children, such as law enforcement, childcare work, and those working with the disabled. Driving records can be required for filling positions that require operating motor vehicles.

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Ready to Get Started?

When you're ready to begin your screening program, we're here to help. Give us a call or request a meeting with one of our background screening experts.

Call (866) 276-6161

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