

The Importance of Using and Understanding Background Check Screening

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Part of building a successful organization begins with hiring qualified employees and volunteers that fit into your culture. Good hiring decisions help position a company for success. Poor hiring decisions can jeopardize revenue, lead to inefficiency and increase your exposure to risk. Therefore, the pressure organizations face to make correct hiring decisions is increasing.

Comprehending the Art of Background Screening

Employment and volunteer screening is your first line of defense in protecting your staff and company assets. Being proactive and implementing a consistent and compliant screening policy helps you establish guidelines for reasonable background screening standards for the different positions in your organization.

Since not every position requires the same level of investigation, you need to obtain information about each of your applicants that depends on the job for which they are applying. Most basic background checks involve criminal reports, Social Security number/address history and education and employment verifications. The option always exists to expand a search beyond the basic screening components. Depending on the position, you can add additional searches such as motor vehicle reports, professional licenses, credit history and drug testing.

Fair Credit Reporting Act (FCRA)

A key component of any background screening program is remaining compliant with the FCRA. Because FCRA regulations were designed to protect applicant privacy and contribute to fair hiring practices, employers who follow the requirements will be offered greater protection from lawsuits. Employers must understand their obligations under the FCRA rules and regulations, as well as the responsibilities of consumer reporting agencies (CRAs) that provide pre-employment screening services under the same act.

Equal Employment Opportunity Commission (EEOC)

When was the last time you updated your anti-discrimination and anti-harassment policies? If you haven't done so recently, now may be a good time. EEOC laws are enforced on the federal level, making it illegal to discriminate against a job candidate or employee due to a person's race, color, religion, sex (including pregnancy), national origin, age (40 or older), disability or genetic information. It's also against the law to discriminate against an individual because he or she complained about discrimination, filed a discrimination charge, or engaged in an employment discrimination investigation or lawsuit. The EEOC laws are applicable to any type of work situation; hiring, firing, promotion, harassment, training, benefits and wages.

69% of employers reported that their companies have been adversely affected by a bad hire.*

* CareerBuilder Survey – December 2012

92% of companies conduct background checks on at least some of their applicants before hiring.*

The average cost per hire increased 62% over the past year.**

*SHRM Survey – 1/22/10
**SHRM Human Capital Benchmarking Survey - 2011

More Rules and Regulations

It seems each year new rules and regulations are enforced affecting the use of background checks by employers, and 2012 was no exception. Employers need to stay on top of the changes and make adjustments accordingly to protect themselves from potential liabilities. A summary of the major changes are noted below.

- *The E-Verify system was to expire in September 2012, but is continuing through September 30, 2015.*
- *Consumer Financial Protection Bureau (CFPB) amended three forms:*
 - *Summary of Your Rights Under the Fair Credit Reporting Act*
 - *Notice to Furnishers of Information*
 - *Notice to Users of Consumer Reports*
- *More states have restricted the use of credit reports for employment screening, but there are exceptions.*
- *The EEOC issued new enforcement guidelines on employer use of arrest and conviction records in making employment decisions.*

Laws also vary from state-to-state as to how background screening results can be used in the selection process. Due to the varying levels of legislation that impact background screening, employers should check with their legal counsel to help ensure compliance with the laws.

Social Network Screening — the Big Debate

Social networking has become a large part of our society, which has propagated much debate over its use for background screening purposes. It seems some applicants are less willing to take a job offer after being notified they were screened through social media networks. Applicants perceive the action to reflect negatively on the organization's fairness and treatment of employees. They also feel their privacy is being invaded.

While a company's intention may be to ensure the best hire, the result could drive away quality job candidates. The legality of screening applicants through a social media network also faces an uncertain future, as some states have begun banning the practice of asking for password and other confidential information. Thus far, no evidence has surfaced that using social media as a screening tool results in better hires. To avoid complications, the best practice may be to eliminate this type of screen from the background check process. Instead, focus on more objective and realistic standards to judge applicants, such as criminal background checks, Social Security number verifications and education/employment history checks.

General Best Practices

By implementing a formal screening process, you can significantly reduce bad hires and protect your organization from risk. Develop a tailored written policy and procedure for screening applicants and employees for criminal and other misconduct. Ensure your policy is applied equally to all individuals; background checks are job-specific and protect the privacy of applicants and employees. While the scope and method of employment screening can differ among businesses, the purpose remains the same; to hire the most qualified candidates.