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## **Background Screening:**

### **WHY EMPLOYERS SHOULD SCREEN APPLICANTS**

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Employers choose to background screen for many reasons. In some cases, the impetus to screen comes from a “bad hire.” For other employers, the publication of yet another high level resume falsification or theft is the final push. Screening may be implemented based on a corporate directive, employers may be in a regulated industry, or an organization may decide they have simply “waited long enough.”

Whatever the motivation, there are five basic business reasons why every employer should background screen every applicant before hiring.

#### **1. Protection From Claims of Negligent Hiring And Retention**

Courts have consistently held that employers have a legal responsibility to exercise reasonable care to protect their customers and employees. This "reasonable care" extends to hiring and retaining employees. Courts have held employers financially liable for the actions of their employees when hiring occurs without due diligence. Under the tort of *Negligent Hiring and Negligent Retention*, courts have awarded millions of dollars to victims.

- *“Negligence. A jury awarded an employee \$2.5 million after she was punched in the stomach by a coworker.”*
- *“In 2000, the average verdict in losing such a case [negligent hiring] was \$870,390 ...”*  
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- *“The courts have consistently ruled that employers can be held liable for negligent hiring if they do not check ...”*  
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- *Homicide is the second leading cause of fatal occupational injury in the U.S. Nearly 1,000 workers are murdered and 1.5 million are assaulted in the workplace each year.*

## 2. Protection Of Company Assets And Reputation

- *Poor hiring practices can cost a company in lost productivity, theft, and at the extreme end, workplace violence incidents can cost lives, damage the company's reputation and depress future earnings.*
- *Violence, employee fraud, embezzlement and theft are serious corporate threats – costing an estimated \$400 billion annually.*

## 3. Maximize Your Hiring Investment

You make a big investment every time you hire. Whether it is a new position or replacement, a new hire costs you and your company money. According to the *Families and Work Place Institute*, replacing a non-manager will cost about 75% of the employee's annual salary. If a managerial position is being filled, the number goes to 150% of annual salary. A comprehensive background check will likely cost under \$125 and a limited background check under \$25 – a small up-front price to avoid a costly mistake.

## 4. Some Applicants Lie

- *“Over 34% of applicants report false information on their applications.”*
- *“A survey of 2.6 million job applications discovered that 44% of them contained lies.”*
- *“68 percent say they'd never disclose that they were discharged from a previous job due to theft.”*
- *“Employers can expect four in 10 applicants to misrepresent their employment or educational records ...”*
- *“... at least 27% of 7,000 resumes submitted for president, V.P. and board-of-director positions had been at least a little cooked.”*

## 5. Smart Business

- *“Today, effective applicant tracking and screening is what differentiates companies and creates a competitive advantage.”*
- *“... conducting thorough background checks of prospective employees is a vital step in the hiring process.”*
- *“Poor hiring practices can cost a company in lost productivity, theft, and at the extreme end, workplace violence incidents can cost lives, damage the company's reputation and depress future earnings.”*

**And,**

Depending on your industry and the positions you are filling, there may be a legal requirement to conduct background checks. These requirements may be imposed by State or Federal law and are commonly found in insurance, financial services, transportation, and health care. Penalties for non-compliance are monetary fines and sometimes include jail sentences.

*Rick Vaillancourt is President of Training & Development Consultants. This is intended as information, and not a substitute for legal or other professional advice. For more information pertaining to this subject, email Rick [tdc@cox.net](mailto:tdc@cox.net) or call 702-265-3075*