

# Pre-employment tests cut risks for employers

By Greg Norred

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In today's job market, choosing the right employee goes beyond checking into an applicant's past performance and assessing his ability to handle a job's responsibilities.

There are several necessary pre-employment tests that not only help choose the best-qualified and most suitable person for the job, but also save companies from costly negligent-hiring lawsuits.

Legally, negligent hiring is defined as failure by an employer to exercise reasonable care in selecting an applicant in light of the risk created by the position to be filled. Simply, employers must screen individuals adequately before they are hired.

In addition, selecting the right employee has a tangible impact on your bottom line. Benefits include:

- reductions in internal theft and losses;

- higher worker productivity, including fewer absences and discipline problems;

- better overall employee morale and performance;

- reductions in turnover, cutting training costs, rehiring costs and FICA taxes; and

- reductions in insurance costs, particularly worker's compensation claims.

Currently, there are a variety of methods available for pre-employment screening, from the standard resume and interview to more in-depth measures, including drug screenings and honesty tests as well as credit report, worker's compensation history, driving record and criminal history investigations. Employers should decide which tests they think are necessary depending on the position.

Many get advice from outside security firms, which usually perform the actual investigations associated with pre-screening. Outside firms also relieve personnel executives of the extensive research and time-consuming analyses that must be performed on individual employees prior to hiring.

The screening process is complex because each different position within a company requires specific background checks depending upon the employee's responsibilities. The amount of screening should be proportionate to the degree of risk presented by the position being filled. The greater the risk, the more effort must be made to investigate a potential employee's background.

For example, high-risk positions such as those dealing with drugs, the elderly, children, cash or high-dollar merchandise require in-depth screenings. Some warehouse workers, on the other hand, may only need a drug screening and worker's compensation history search.

Some of the most common pre-employment tests include:

- **Criminal history checks.** Based on the trend in negligent-hiring case

law, the failure to obtain criminal history data is the single most common reason for employer liability, since employers are now being held responsible for their employees' actions. This procedure entails a search of an applicant's criminal history record, which may include theft, drug use, driving while intoxicated and violent crime incidents.

- **Feasible, all potential employees should be subject to a criminal history check:** however, recorded convictions should be relevant to the position being filled.

- **Credit history checks.** These investigations should be conducted for any position in which the employee will handle money or is responsible for budgets, such as accounting and upper-level management positions. These checks determine a subject's financial credit records and his payment patterns, along with any liens against him. Through credit information services, potential employers can also verify an applicant's prior addresses, previous employers and Social Security numbers.

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- **Driving history checks.** These should be conducted on any person required to drive while on the job, whether it's a personal or company vehicle. Research of an applicant's driving history can determine the validity of an individual's driver's license as well as indicate previous traffic citations, singling out applicants with multiple serious violations.

- **Employment history checks.** Government and private studies indicate that 25 percent of resumes contain false or exaggerated information. Investigation agencies can verify an employee's work history for the last five years. It's best to directly question an applicant's former supervisor, since most personnel departments will only give dates of employment and positions held, with no specific information about job performance or an employee's overall character.

- **Honesty tests.** These written tests aid in evaluating an individual's level of honesty and integrity. According to the 1990 Survey or Workplace Testing by the American Management Association Research Reports,

"paper and pencil" honesty tests are administered by 30 percent of the companies in the retail and wholesale industry where employee theft is highest.

Always check the validity of these tests. They should adhere to the Equal Employment Opportunity Commission guidelines and Standards for Educational and Psychological Testing of the American Psychological Association.

- **Drug screenings.** All potential employees should be tested for use of illegal substances. However, employers should establish a set policy for drug testing to avoid randomness, which could lead to discriminatory practices.

- **Worker's compensation investigations.** In 1980, state records to determine previous job-related injury claims became available. They are currently accessible in half of the states in the union. Since it is estimated that 10 percent of all worker's compensation claims are either exaggerated or false, determining potential employees with a history of numerous injury claims can save your company thousands of dollars annually.

- **Personality tests.** These psychological tests determine an individual's personality type and mental characteristics, including intelligence, aptitude, knowledge and skills. By answering questions beyond an individual's prior work experience, these tests can offer guidance to an employer on whether the applicant's personality and behavior are well-suited for the position. It is important, however, to check the test's validity and make sure it does not inquire into areas unrelated to the job.

No matter which tests are administered to screen potential applicants, documentation of all information and consistency are key in avoiding negligent-hiring liability. Because litigation is not usually resolved for years after an employee has been hired, written documentation is crucial.

Consistency is also important. For example, if a decision is made to conduct criminal history checks and drug screenings on positions at risk, they should be performed on all applicants who become employees at that position.

The "standard" background check does not exist. Pre-employment screening should be tailored to fit a company and its requirements. Upper-level managers aren't the only ones who require screenings; employee theft surfaces on all steps of the company ladder.

Finally, pre-employment background checks can be administered for as little as \$75 per person. Compared to the price of employee theft, high turnover and liability, it's well worth the money spent. ■

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