

The PERSONNEL NEWS

Pre-Screening Applicants Can Pay Off

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Joe Smith has just been hired as head driver for a local food distributor. Just three weeks into the job, however, during a routine delivery, he strikes and kills a small child. He is charged with a driving under the influence. Can the employer be held at fault? It all depends if the company administered the proper pre-employment tests before hiring the individual.

Hiring the right employee for a job requires going 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 employers choose the best-qualified and most suitable person for the job, but also save companies from costly "negligent hiring" lawsuits, whether for theft, sexual assault, robbery or wrongful death.

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 adequately screen individuals before they are hired.

As a rule, an employer may be found liable if hiring or retaining the employee puts him a position to commit a harmful act, if the injury or harm is foreseeable, or if the employer knew or should have known that the employee was not suitable for the duties of the position.

Employers should not be held liable if there is no reason to foresee harm, or if there is no relationship between the unlawful act and the job. But selecting the right employee isn't important just in order to avoid a negligent hiring lawsuit. It can also have a tangible impact on the 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 workers' 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. These include drug screenings and honesty tests, as well as credit reports, workers' compensation histories, driving records and criminal history investigations. Employers should decide which tests they think are necessary, depending on the position.

Many employers 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 analysis 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 focus must be on the position to be filled, not on the applicant. 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, master keys, the elderly, chil-

dren, cash or high-dollar merchandise, explosives and ammunition require in-depth screenings. Some warehouse workers, on the other hand, may only need a drug screening and criminal history search.

Some of the most common pre-employment tests include:

1. **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 not 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. If feasible, all potential employees should be subject to a criminal history check; however, recorded convictions should be relevant to the position being filled.
2. **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, employers can also verify an applicant's prior addresses, previous employers and social security number.
3. **Driving History Checks** - These should be conducted on any person required to drive while on the job, whether in a personal or a 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.
4. **Employment History Checks** - Government and private studies indicate that 25% of resumes contain false or exaggerated information. Investigative agencies can verify an employee's work history for the last five years. It's best to question an applicant's former supervisor directly, 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.
5. **Honesty Test** - These written tests aid in evaluating an individual's level of honesty and integrity. According to the 1990 Survey on Workplace Testing by the American Management Association Research Reports, "paper and pencil" honesty tests are administered by 30% 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 guidelines of the Equal Employment Opportunity Commission (EEOC) and Standards for Educational and Psychological Testing of the American Psychological Association (APA).
6. **Drug Screening** - All potential employees should be tested for use of illegal substances. Employers, however, should establish a written policy for drug testing, to avoid charges of harassment or discriminatory practices.
7. **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 tests' validity and make sure they do not inquire into areas unrelated to the job. •

8. **Workers' 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 20% of all workers' compensation claims are either exaggerated or false, identifying potential employees with a history of numerous injury claims can save a company thousands of dollars annually. The Americans With Disabilities Act of 1990 says that an employer can't turn away an applicant because of a physical or mental ailment. Of course, this has brought concern to many employers fearing a high increase in the number of workers' compensation claims. Employers, however, can check an applicant's workers' compensation history post hiring. If an employer has decided to hire someone, he should go ahead and offer the job to the applicant. Then, before he starts working, ask him if he has ever filed a workers' compensation claim. If the reply is "yes", hire the applicant. If it is "no," then do a check to ascertain his claim. Just remember, it's important that the check be done after the job is offered and before the individual begins working.

Some states, such as Florida, have a "Subsequent Injury Trust Fund," to assist employers with costs. If an employer hires someone that has had previous workers' compensation claims, the fund will pay a portion or all of the subsequent injuries.

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 usually is not 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 screening; employee theft surfaces on all steps of the company ladder.

Finally, pre-employment background checks can be administered for as little as \$75.00 per person. Compared to the price of employee theft, high turnover and liability, they are well worth the money spent.



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