The Hire Authority

INTRODUCTION

Welcome to the first edition of the new Inquirehire newsletter! At Inquirehire our mission is to help employers optimize their hiring efforts and this newsletter is a logical extension of that mission.

Each quarter we will discuss new tools and techniques to help make your applicant review and selection efforts safer, faster, more cost effective, more comprehensive, and more compliant.

We'd also like to hear from you about questions or future topics of interest. If you'd like to learn or hear about a specific topic, just drop us an email, and we will research your topic for a future issue.

This newsletter is for any employer who is concerned about improving their hiring process. Please feel free to forward this to your friends and peers.

Look Closer · Look Faster · Look Deeper · Look Smarter · Look Better

Special points of interest:

- **News You Can Use**
- **Screening Tips**
- **Compliance Corner**
- **Reference Checking**
- **New Ideas**

News You Can Use

MGM Mirage Chairman and CEO J. Terrence Lanni resigned with questions about the authenticity of his educational record. Mr. Lanni has claimed to hold an MBA in finance from the University of Southern California. However USC disagrees. According to USC spokesman, James Grant, the school conducted a rigorous search of their records in response to queries from the Wall Street Journal. According to university records, Mr. Lanni did earn a bachelor's degree in 1965, but no MBA. Mr. Lanni has claimed that he took MBA classes, did not finish the program, but was awarded an honorary MBA. According to USC, the university has only awarded 5 honorary MBAs, and the last award was in 1933.

Each year 20% of U.S. applicants falsify their educational achievement in order to get a better job and higher income. Employers who require or prefer a prescribed level of education or degree should verify the educational claims of all finalists as part of a comprehensive background check.

Screening Tips

Most employers have implemented some level of background screening as a part of their applicant selection process. In fact, an estimated 77% of employers screen permanent hires. But this may not be enough protection for every organization. Recent statistics show that only 45% of employers screen temporary labor, 30% screen contractors, and only 11% screen vendors. At the same time, industry statistics show that temporary workers are 50% more likely than permanent workers to have a felony or drug related record.

If a place of employment has temporary help, contractors, or vendors with access to facilities and records, or has contact with employees or customers, that business is exposed to potential misconduct by the extended workforce. Employers can be held liable for the actions of an extended workforce, just as if they were a permanent employee.

Organizations that utilize an extended workforce should consider implementing a screening policy that closely mirrors the policy in place for the permanent workforce. All background checks are not equal, and the extended workforce provider's check may not provide sufficient protection for the organization. Once the policy has been implemented, it is wise to conduct periodic audits to make sure the providers are following the policy.

Consolidating all extended workforce screening under a single third party provider can help the organization meet their risk avoidance objectives, control the screening process, and realize efficiencies. The third party screener can explain the requirements to each extended workforce provider, conduct the screens according to policy, and invoice the appropriate party as directed by the employer.

> *"An estimated 77% of employers screen permanent hires."*

Compliance Corner

The E-Verify Federal Contractor rule will take effect on January 15, 2009. The rule requires contractors and subcontractors to use the E-Verify system in order to confirm the employment eligibility of all existing employees who are directly performing work under a covered contract. The rule applies to contracts for services or construction over $3,000.00 in value. Contractors may choose to utilize E-Verify for all employees including employees not assigned to the federal contract. Any contractor which chooses this option must notify the Department of Homeland Security and must initiate verifications within 180 days of the notice.

FCRA Compliance/Mandates Document Disposal

On June 1, 2005, a new administrative rule came into effect under the Fair and Accurate Credit Transactions Act (FACTA). This rule requires every employer that employs one or more employees to follow a disposal rule to shred any and all documents that contain information derived from a credit report. The Rule also applies to people and both large and small organizations that use consumer reports, including: consumer reporting companies; lenders; insurers; employers; landlords; government agencies; mortgage brokers, car dealers; attorneys; private investigators; debt collectors; individuals who pull consumer reports on prospective home employees, such as nannies or contractors; and entities that maintain information in consumer reports as part of their role as a service provider to other organizations covered by the Rule.

Penalties for failing to obey the shredding provisions could be severe and include: civil liability in which an employee can recover actual damages from his/her employer for all damages incurred from identity theft; statutory damages of up to $1,000 per employee; an employer may open itself to class action liability if a large number of employees are affected; federal fines of up to $2,500 for each violation; and state fines of up to $1,000 per employee.

FACTA was enacted to protect consumer and company privacy.

Employment Verification and Reference Checking

Statistically, 49% of applicants intentionally misstate their prior work experience. The most common misstatements include embellishments of title, responsibility, or accomplishment. Why is this percentage so high? It's high because of several factors. One, successful lying about past employment will help the applicant get a better job. Two, company policy prevents most employers from providing any meaningful information during an employment verification check. And three, most applicants can find 2 or 3 friends to give them a glowing reference check, even if it's not truthful.

Fortunately new tools and techniques are available to help employers overcome these obstacles. It's important to note that employers should have two objectives in regards to prior employment. First, it's important to verify past employers and dates of employment. Most employers will verify employment and provide starting dates and ending dates. It's important for prospective employers to account for an applicant's time and employment verification can be used effectively for this objective.

But as discussed, most employers will not provide qualitative information about an applicant's job responsibilities and performance. Traditional reference checking is very time-consuming and the information may not be reliable. Fortunately web-based reference checking is a new service that offers many benefits. The primary benefits of web-based reference checking are anonymity for the reference provider, efficiency for the recruiter, and a

more comprehensive and consistent report on candidates. With web-based references, employers can often acquire 4 to 8 comprehensive references in 1 or 2 business days without making any phone calls.

Traditionally reference checks have been conducted at the end of the hiring process, when many other applicants have been eliminated. As a result, employment is rarely denied based on a poor reference check. Because of the process improvements with web-based reference checking, many employers may want to move the reference check forward in the applicant evaluation process. Some firms are conducting the reference check ahead of the first interview, and this gives them the opportunity to follow up on issues that were raised by the reference providers when the first interview occurs.

Automated reference checking also helps with compliance and legal risks. The request for references actually comes from the applicant and because the questions are EEOC compliant, the company doesn't risk asking inappropriate questions. For the reference provider, the anonymity of the online form protects their organization.

In summary, employers should verify past employment with traditional employment verification techniques. For positions where prior job experience and performance is important, web-based reference checking is a solution that can help employers make a better hiring decision.

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At Inquirehire, we help U.S. organizations of all types and sizes make outstanding direct hire, volunteer, and tenant decisions by providing a full suite of integrated services and software solutions. Our services include applicant tracking and management systems, web-based reference checks, pre-hire and post-hire assessment testing, comprehensive background checks, drug testing, and I-9/E-Verify systems. Whether your organization needs a simple background check program or an enterprise level hiring process overhaul, we can help. Our solutions are backed by world class customer service and industry leading turnaround times. To find out how we can help your organization, please call us at 1-800-494-5922, or visit us at www.inquirehire.com.

We'd love your input!

Do you have a question?   Is there a topic you'd like to see covered in a future issue? Please email editor@inquirehire.com.

Email us at kris@inquirehire.com if you would like to receive our future newsletters.