

Background Checks: Risk Protection for Employers

by Noah W - Friday, June 08, 2012

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In today's current economy, there are a lot of job seekers who are anxious to find employment, and at almost any level. There are many people who are working jobs for which they are either overqualified or where they don't have the necessary skills or experience to do an effective job. Background checks have become important part of the process for employers.

There are often situations where potential employees will tweak their resumes or embellish during their interview, so they can be selected for the job. This could mean that even those lookers who have advanced education or experience may be willing to take a lower paying job out of sheer financial desperation. It is indeed a dire scenario, but it is realistic.

The Employer's Risk

However, as an employer, there are certain risks that the employer must guard against in order to protect their businesses from any liability or other potentially harmful situations. What are some risks that they can incur?

- Simply hiring an employee based solely on the information supplied on their resume or job application, the employer is assuming that *everything given to them is correct*. They are incurring a potential liability.
- Although not always the case each time, an employer who hires an employee without full knowledge of his or her background, they are taking both a financial risk and a business image risk.
- Employing someone with a drug problem that could affect his or her employment duties. Most drug testing will also involve a background check. Jobs where this would be required would be healthcare workers or state or federal employees.

This is why it's important to perform [background checks](#) on potential hires. This is especially true when or if the job involves performing financial responsibilities or in handling sensitive information.

Financial Background Checks

While it is necessary to obtain permission to perform background checks on potential hires, it should not be a problem to get this permission if the candidate understands the reasons why the check is needed.

For instance, employees who work at financial institutions like loans or banks should expect to have a background check performed on their financial and credit history. The banking institution needs to perform this search to ensure that the candidate displays responsibility and maturity in handling their own personal financial situations before they are expected to successfully perform financial duties for their employers. Items that the bank would look at would be:

- if the candidate has defaulted on any loans of any kind such as; credit cards, student loans, automobile loans, etc.
- notice of any other financial institution that has reported the candidate has a history of writing bad checks.
- any history of slow-paying or missed payments on their personal bills, mortgages, etc.

Why Do Background Checks?



[Criminal background checks](#) are another area that's searched when the work involves

dealing with sensitive information or individuals. Most jobs dealing with children will want to perform a criminal check to ensure that the individual doesn't have any questionable

information that could pose a problem. Usually, teachers, school bus drivers, tutors, coaches and even administrators who deal with children are asked to submit to this kind of background check.

Employers also lean towards performing background checks to ensure that the information reported on an employee's resume is correct, especially when it concerns the level of education that's reported. This is one area where there is a habitual problem with false information being reported.

Do potential hires sometimes lie on their resumes?

Yes, they do!

Although it's not always the case, it does happen. It happens most frequently concerning the applicant's level of education. Reporting degrees that have not been granted, or reporting schools that they have not attended are two of the most frequently found offenses. It can be a problem when the job involves duties

for which their degrees are of importance. For instance:

- Falsely reporting accounting degrees. The job may also require certification to perform certain duties, and no degree or certification means that the employer is liable for any mistakes the employee makes.
- Falsely listing health-related degrees. This is a real problem, especially concerning patient care, etc. A falsely reported or unearned medical degree from a school could mean big liabilities for health institutions.

Other Reasons to Perform Background Checks



Many companies run applicant credit checks and use that information as consideration in part of the hiring process. Other things may make a difference like:

- Credit liens, which may suggest a semblance of financial irresponsibility of the employee, perhaps showing that they weren't responsible enough or more proactive in negotiating a debt-reduction settlement on their own behalf.
- Multiple credit cards or 100% credit utilization may suggest that the individual is inundated with debt and perhaps cannot effectively manage their finances.
- [Bankruptcy or foreclosure](#) shows a potential lack of responsibility as well, or suggests that the person may lack long-term visibility or other solutions