

## **RETAIL NEWS – Pre Employment Screening**

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### ***Making informed recruiting decisions – Know who your hiring before you hire***

**Pre-Employment Screening** is a service that supports a business's recruitment and selection procedures, and can involve, employment history and qualification verification, reference checking, criminal history checks, and higher level screening, dependant on the level of the position sought.

The pre-employment screening process seeks out all available information, regarding an applicants past behavior and attitudes, to take the risk out of recruiting, by ensuring that you have the facts prior to hiring.

Ideally, a hiring decision is made only after careful consideration of the applicants past history, experience and qualifications.

However, in reality, it can be difficult for businesses to carry out thorough checks, resulting in a very real risk of hiring without sufficient information, and possibly without the very information that would have altered the hiring decision.

The worst-case scenario, is the discovery of information after the hiring decision, that the applicant is not who they presented themselves to be, has 'exaggerated' their experience, or has behaved dishonestly in a previous job.

### ***The following case study is an example :***

#### ***The risks of assumption!***

*The manager of a regional store of a National retailer hired a middle-aged woman into a supervisory role, via an employment agency.*

*There was an assumption on the part of the manager that basic screening; including reference checking would be conducted by the agency.*

*After the probationary period, the supervisor's employment was confirmed, with her role including considerable autonomy and control of company monies.*

*A few weeks later, a customer approached the manager, and advised her she should 'check out that woman's past', referring to the supervisor.*

*We assisted in confirming if there was any basis for the customers comment, and discovered that a reference check had not been completed with the last employer, who had in fact dismissed the supervisor after discovering the systematic theft of money from the business over a considerable period of time.*

*This employer had reported the matter to the police, and in fact the supervisor had been convicted of offences of dishonesty, and had a previous history of dishonesty from another employer for which she had also been prosecuted.*

*The retailer, having hired in good faith, could not take any action based on this new information, and the applicant had not failed to declare this history, as she had not been asked to.*

Logically, the staff who are the subject of the hundreds of internal investigations that we conduct on behalf of retailers every year, potentially go straight back into the labor market, after being dismissed and possibly prosecuted for theft.

Our investigations section conducts the majority of staff dishonesty investigations in Australia, and we see the devastating effect of staff dishonesty, whatever the scope, which is often avoidable by knowing who you are hiring before you hire.

***The following case study is an example :***

***Creatures of habit!***

*We recently conducted a pre employment screening for a National Retailer, regarding a 24 year old applicant for a casual sales position.*

*The applicant had answered a series of questions on the application for employment regarding her previous employment and any criminal convictions, by stating that she had not ever been dismissed or charged with an offence.*

*The screening results revealed that she had been convicted in 2001 with 20 counts of deception and theft from an employer, and that she had failed to appear at court regarding a series of similar offences in 2002 committed on another employer.*

*Further inquiries revealed that there a warrant had been issued for her arrest.*

These people will often go to great lengths to conceal this history, counting on the prospective employer to accept the information they are presenting as fact.

We have found that it is not un-common to discover listed previous employers which are fictitious, with friends being set up to take reference check calls from prospective employers, portraying themselves as a past employer.

Discovering these 'scams' is more achievable by a person with the investigative skills required for thorough reference checking.

**Who should pre-employment screening apply to?**

Many businesses believe that **all prospective employees** for all positions should be subject to pre employment screening as a matter of practice.

This shows fairness and consistency and is a tangible of the Loss Prevention Program.

In reality, even low-level positions can involve considerable access to the company's assets and confidential information, and therefore considerable losses through employee fraud and malpractice can potentially be a real risk at any level.

In a retail situation, even front line staff have access and control over businesses assets, are handling cash and conducting credit card transactions, as well as generally representing the business; and are often unsupervised.

The risk of employing a person who does not have the skills or experience you think they do, or is pre-disposed to dishonesty, are potentially significant.

If that person has demonstrated dishonesty in someone else's workplace previously, or has been criminally prosecuted for a crime of dishonesty, there may be a higher likelihood that they will do the same in your workplace.

Screening of all potential employees prior to hiring demonstrates fairness in approach and safeguards against discovering later what you would have preferred to know before making the hiring decision.

The time to find out these facts is before you hire.

**Fraud, theft and dishonest behaviors by employees** are a real risk to employers and result in a significant proportion of shrinkage and business losses.

Pre-employment screening can therefore be said to be the 'front end' of a Loss Prevention program.

A good indicator to prospective employee's future behaviors in your workplace is there past behaviors in someone else's.

Resumes are written by applicants to include what they want the employer to know, which may not be what the employer needs to know.

And of course on face value, resumes can include exaggerations, or false information.

Some applicants may be motivated to lie or omit information, to avoid declaring undesirable employment or personal histories.

Normal recruiting practices won't always discover these 'truths'.

Employers are increasingly wary of providing references, either written or verbal, through fear of liability for their opinions and feedback.

Thorough reference checking is an investigative skill that requires and understanding of the right questions to ask in order to obtain relevant information.

A credible and verifiable third party collecting this information can assist the past employer to confidently offer reference information.

### **The application for employment process**

A comprehensive application for employment form, will ideally request specific information from the applicant.

This is the time to gather the maximum information from the applicant.

If an employee is hired based on the information they were requested to provide, the applicant cannot be said to have 'failed to declare' relevant information, if they were not asked it.

Ideally the application for employment form ensures that –

- Fairness is practiced, in that all applicants are asked to provide the same level of information
- The identity of the applicant is established and verified
- That the 'right' questions are asked and answered
- That the questions, wording and method of requesting information, is – fair, unambiguous, relevant, and not discriminatory
- That the applicants consent is obtained for pre employment screening purposes

The benefits of Pre-employment screening include –

**Maximisation** of the information on which the hiring decision is based.

**Minimisation** of the risk of loss through staff that have demonstrated dishonesty in someone else's business.

**Avoidance** of situations where information is discovered after the hiring decision that would have influenced that decision.

**Protection** of company assets – even front line staff pre disposed to dishonesty, can cause significant loss.