Pre-Employment Background Checks: The Benefits of Screening Your Entire Workforce
How well do you really know your employees?

As a business leader, you know that who you hire is important - that’s why you do what you can to ensure you’re choosing the most qualified candidate for the job. For many employers, this is done primarily through a thorough vetting process, which includes extensive interviews, background checks and a pre-employment drug screen.

However, even employers who run background checks typically aren’t running them on every employee. Whether it’s retail clerks, wait staff or front desk personnel, many businesses choose not to screen these individuals thoroughly because of the cost and higher turnover rates associated with these positions.

However, think about who has the most face time with your customers or clients. In most cases, it’s these same individuals! This makes it imperative that you spend time during the hiring process to make sure you’re inviting only safe and productive candidates into your workplace.

Keep reading to learn more about why running a pre-employment background check on every employee is such a good idea – and what can happen if you don’t.
Protect Your Brand  Bad customer service could result in damage to your company reputation, lost customer loyalty and a decrease in sales. It only takes one unfortunate incident to change consumer perception of your company - especially if an unhappy customer vents their frustrations on social media. Hiring people with good work histories, clean records and drug-free backgrounds (and making sure they stay that way) is a good approach if you want to safeguard your brand.

Strengthen Security  Frontline employees often have access to customer credit card information, passwords or company cash. Solid background checks can help protect you from hiring employees with criminal backgrounds who are more likely to commit fraud, steal, or compromise confidential information.

According to the Association of Certified Fraud Examiners, companies lose an average of five percent of their revenue annually due to employee fraud. “On average, a single case can cost an employer $145,000.”
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Improve Productivity

Bad hires can be a drain on your productivity. Between the time and money you spend managing and training these individuals, to the expensive mistakes they’re prone to making (not to mention the lower amounts of work they typically produce), the costs associated with bad hires can equal 30 percent of their first-year earnings.

Although lower rates of productivity can have many causes, you’ll identify top offenders by running a pre-employment background screen on all new hires. Through this process, you’ll catch recreational drug use and find out about legal or financial problems that could distract the employee from doing his job effectively.

Decrease Negligent Hiring Claims

Comprehensive background checks are also necessary to decrease or eliminate negligent hiring claims. Being unaware of an employee’s criminal background makes it more likely you could be hiring someone dangerous who could commit a crime while at work – putting you at risk for a potentially expensive lawsuit.

Conducting pre-hire background checks on every employee can help your company limit its liability in case something does go wrong with an employee at a later date. By doing your due diligence, you’ll be able to show your insurers, investors, and customers you did everything you could to screen the employee and prevent the occurrence of a dangerous incident.
Verify Resume Information

Up to 53 percent of all job applications contain inaccurate information, according to the Society of Human Resources Management. And a study by the Wall Street Journal found that 34 percent of all applications contain outright lies about experience, education and the person’s ability to perform essential job functions.

Employment verification checks help you know for sure that every applicant is who they say they are by providing valuable insights into the employee’s past work behavior and level of integrity, as well as whether they were loyal to past employers, had a stable work history and their reasons for leaving previous jobs.
Provide a Safer Environment for Employees and Customers

Did you know that almost 2 million workers per year in the U.S. are affected by some form of workplace violence? No matter which position is being filled within the company, a potentially dangerous person can put the safety of your employees and customers at risk. Investigating each new hire's background can tell you whether the person has had a violent past. Even if they haven't been charged with a violent crime before, other arrests or infractions on their record can give you clues as to whether the new hire could have issues with conflict resolution - and become a threat to your company's safety in the future.

Cost Savings A pre-employment screening program has been shown to pay for itself many times over. Thorough background checks can have a return on investment as high as 937 percent, according to a report published by HR Management Magazine. And according to the U.S. Small Business Administration, for every dollar an employer invests in employment screening, the return on investment ranges from $5-16.

This savings comes from better productivity, less absenteeism, decreased theft, a lower rate of turnover and decreased employer liability.

On an annual basis, bad hires cost U.S. companies billions of dollars in lost productivity and theft. The FBI calls employee theft the fastest growing crime in America, and according to the U.S. Chamber of Commerce, 75 percent of all employees steal at least once.
It’s important to keep in mind however, that as useful as pre-employment background screens can be in addressing these issues, they do have their limitations. After all, while screening a potential employee pre-hire gives you a snapshot of their current situation, it doesn’t help you predict what’s going to happen in the future. What if they commit a crime after you hire them? And how will you know? To keep a pulse on the ever-changing lives of your employees, continuous monitoring is a recommended component of every background screening program. That way, if an employee with a formerly clean record commits a violent crime or is charged with a drug offense in the future, you will know immediately and can take appropriate action.

By staying informed of the employee’s legal and criminal activities, you could potentially save your company’s security, reputation and bottom line.