

Background Checking

By Jennifer Schramm
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Less than a decade ago, only 51 percent of employers conducted background checks on applicants, according to research released this month by the Society for Human Resource Management. Today, 96 percent of employers do so, and the practice is as prevalent among small and medium-sized companies as it is among large companies.

This increased use of background and reference checking coincides with declines in the costs of doing such checks—a result of the continuing improvements in links among electronic databases.

As technology develops, background checking may become even easier for employers, particularly as more record holders create Internet-friendly databases that employers can refer to easily. For example, the Social Security Administration is piloting an Internet program that enables same-day or next-day verification of a person's name and Social Security number. This in turn could open up new channels of background checking, since Social Security numbers can serve as a gateway to other vital information.

In addition, as Internet based reference- and background-checking processes become integrated into HR management technologies, turnaround time will continue to decline. Despite improved technology, though, problems with inaccuracies could continue, especially in credit history reports, and that in turn could draw job seekers into the background-checking process. As they become aware that an unfavorable credit report could hurt their employment prospects, job seekers may increasingly perform background checks on themselves to make sure the information that goes to employers is accurate.

As companies' costs for performing background checks continue to go down—and as their potential costs for not doing so go up in the form of negligent-hiring suits — questions could arise over how far employers' responsibilities for background checks on workers should extend. For example, are employers responsible for the hiring practices of partners and suppliers?

And as companies' operations become more global, what will be employers' responsibilities for checking workers' backgrounds in countries where criminal and other informational databases are less well-developed?

It seems likely that the use of contract or outsourced labor grows, employers will add background checking to the list of duties that partners or contractors must perform in order to enter into a business contract.

While technology will be improving the speed and accuracy of background checking and lowering its cost, other developments from increased globalization to rising concerns about terrorism—will underscore the necessity of checking applicants' backgrounds and references. Human resource professionals will be instrumental in shaping the policies and practices connected with that increasingly important responsibility.