Liar, Liar

Effectively Screen Out the Bad Apples
& Hire the Winners

Julie Hakman, American Checked
Dr. Chris Wright, Reliant

OKLAHOMA BUSINESS ETHICS
CONSORTIUM
SUMMER SYMPOSIUM
AUGUST 11, 2010
OCU MEINDERS SCHOOL OF
BUSINESS

Would you Hire This Applicant?

- Outside the Bristol Zoo, in England, there is a parking lot for 150 cars and 8 coaches, or buses. It was manned by a very pleasant attendant with a ticket machine charging cars £1 (about $1.40) and coaches £5 (about $7).

- This parking attendant worked there solid for all of 25 years. Then, one day he just didn't turn up for work.

- "Oh well", said Bristol Zoo Management - "we'd better phone up the City Council and get them to send a new parking attendant . . . "

- "Err . . . no", said the Council, "that parking lot is your responsibility."

- "No", said Bristol Zoo Management, "the attendant was employed by the City Council... wasn't he?"

- " . . . No." insisted the Council.

- Sitting in his villa somewhere on the coast of Spain (presumably) is a man who had been taking the parking lot fees, estimated at £400 (about $560) per day at Bristol Zoo for the last 25 years. Assuming 7 days a week, this amounts to just over £3.6 million ($7 million - or $280,000 every year for 25 years)!

- And no one even knows his name.

We Know Employees Steal

➢ Employee theft cost businesses over $15 billion yearly. (National Retail Security Survey)

➢ Embezzlement alone costs companies $4 billion a year. (U.S. Chamber of Commerce)

➢ Nationwide, over 30% of all employees steal. (US Dept of Commerce)

➢ Employee theft is responsible for 35% of business failures. (US Dept of Commerce)

➢ The average employee theft costs 7 times more than the average shoplifting incident. (National Retail Security Survey)

➢ The average fraud loss costs companies $160,000. (ACFE Report to the Nations, 2010)

➢ 30% of fraud losses in the US occur in small businesses with fewer than 100 employees. (ACFE Report to the Nations, 2010)

➢ 30% of fraud perpetrators have drug or alcohol addictions, past criminal records, or past employment problems. (ACFE Report to the Nations, 2010)

We Know Applicants Are Not Always Honest

- ➢ 34% of resumes contain falsified or embellished information. (SHRM, 2008)
- ➢ 73% of job applications contain falsified or embellished information. (SHRM, 2008)
- ➢ 1% of applicants falsify their identity. (SHRM, 2004)
- ➢ 11% of applicants misrepresent why they left a former employer. (SHRM, 2008)

We Know That Many Applicants Have Committed Crimes

➢ There were over 2 million incidents of violence in the workplace last year, and 56% of workplace homicides occurred in retail and service industries. (Bureau of Labor Statistics)

➢ Over 7% of all applicants screened have a criminal conviction in the last 7 years. (AmericanChecked Stats)

➢ As much as 30% of all offenders are "multi-State" offenders; that is, they have both Federal and state records or arrests in more   than one state. (Federal Bureau of Investigations)

➢ 13% of all retail applicants screened have 4 or more driving record violations, including DUI's, or suspended licenses. (AmericanChecked Stats)

➢ 37% of college students admit to a history of criminal offenses. (Business Life, 2002)

We Know That Many Applicants Abuse Drugs

➢ 10% of applicants will test positive for some form of drug use

➢ Each employee in treatment costs $9,000 - $12,000.

➢ 65% of workplace accidents result from drug use.

➢ Abusers use 16 times as many health insurance benefits.

➢ Abusers are absent 3 times more often.

➢ 73% of all drug users are employed.

➢ 35% of workers have seen or heard of on-the-job drug use by co-workers.

(Institute for a drug-free workplace: www.drugfreeworkplace.org)

Why Conduct Background Checks?

➢ Protect against Negligent Hiring Lawsuits

➢ Create a secure, productive work environment

➢ Reduce turnover

➢ Identify suitability

➢ Prevent avoidable theft losses

➢ Improve profits

➢ Know the real background of each applicant
  - Verify WHAT IS on the application
  - Discover WHAT IS NOT on the application
    - ✓ References are CRITICAL!!
      - ✓ Personal
      - ✓ Professional
      - ✓ Employment
      - ✓ Education

Why Use a Background Screening Company

➢ Consumer Reporting Agency (CRA) governed the Federal Trade Commission, (FTC)

➢ To ensure compliance with the FCRA, consumer reporting agencies today take pains to make sure they only report information that is legally permissible and offer employers a legal umbrella of protection.

➢ Umbrella of Protecting under the FCRA xI68Ih(e)…
– states that a consumer cannot sue the agency, the user of information (e.g., an employer) or any person who furnishes information to a consumer reporting agency for defamation, invasion of privacy, or negligence unless the case involves false information furnished with malice and willful intent to injure the subject.

Check List for Selecting A Background Screening Provider

- ✓ "Consumer Reporting Agency" (CRA).
- ✓ Active member of NAPBS, the National Association of Professional Background Screeners.
    - ➢ Accreditation – Provider is currently seeking Accreditation Credentialing and /or is compliant with Accreditation Standards.
    - ➢ Provider Exam – Provider has successfully completed the exam and/or is in the process of completion.
- ✓ Discloses information source.
- ✓ Discloses all fees.
- ✓ Technology is current.
- ✓ Current legislative tracking program.
- ✓ Quality control procedures.
- ✓ Product knowledge.
- ✓ Responsive. Test call.
- ✓ Reliable references.
- ✓ Honesty. Trust. Integrity.

Detecting Theft or Fraud in the Workplace – ACFE 2010 Report to the Nations

1. Top Three Detection Methods
    - Tips – Hotlines
    - Over 40% of detections come from tips
    - Over 50% of tips come from employees
    - Nearly 70% of tips come from Hotlines
2. Management Review
3. Audit

# Hiring The Winners
How Many U.S. Companies Use Assessments?*

➢ 41% of employers test job applicants in basic literacy and/or math skills.

➢ 34% of job applicants skills tested in 2000 lacked sufficient skills for the positions they sought.

➢ 68% of employers engage in various forms of job skill testing.

➢ 29% of employers use one or more forms of psychological measurement or assessment.

➢ 20% of employers use cognitive ability tests

➢ 8% of employers use interest or motivation inventories.

➢ 14% of employers use some form of managerial assessments

➢ 13% of employers use personality assessments

➢ 10% of employers use physical simulations of job tasks

*Society for Industrial/Organizational Psychology (www.siop.org)

The Best Reasons for Using Assessments

➢ **Testing leads to savings in the decision-making process.** Employment tests can be a cost effective way to pare down the applicant pool. Tests can make the decision process more efficient because less time is spent with individuals whose characteristics, skills, and abilities do not match what is needed.

➢ **The costs of making a wrong decision are high.** For certain employment decisions, a wrong decision can be very costly in terms of training costs, errors made by a poor performer, costs of replacement, etc.

➢ **Improving person-job fit reduces turnover.** Research shows that getting the right people in the right jobs can reduce turnover

➢ **Applicants are treated consistently.** Using standardized tools in employment decision-making ensures that the same information is gathered on each individual and used in a similar way in decisions.

➢ **There are a lot of applicants.** Sometimes the sheer number of individuals to consider for an employment decision leads an employer to choose testing as the most efficient and fair means of making a decision in a timely manner.

Developing a Wining Selection/Screening Process
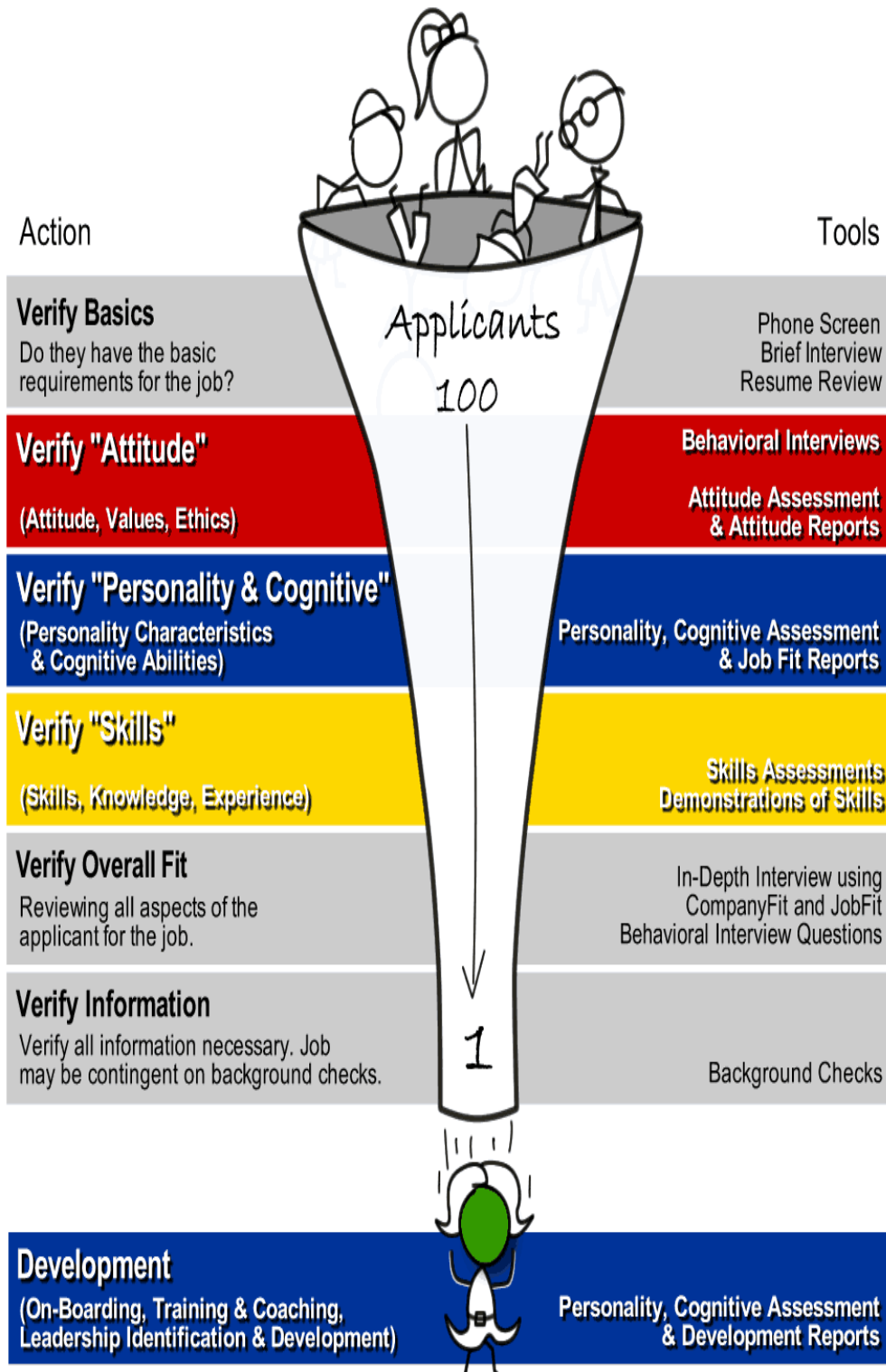
Most Commonly Used Assessments

➢ *Job Knowledge or Skills Tests*

  ✓ Job knowledge tests typically use multiple choice questions or essay type items to evaluate technical or professional expertise and knowledge required for specific jobs or professions. Examples of job knowledge tests include tests of financial and accounting principles, math, industrial skills (e.g. welding, lathe), IT skills (e.g. C++, .Net), administrative skills (e.g. typing, 10-Key).

  ✓ To be valid a test must be based on job analysis and developed by Subject Matter Experts (SME's)

➢ *Personality Assessments*

  ✓ Some commonly measured personality traits in work settings are extraversion, conscientiousness, openness to new experiences, optimism, agreeableness, service orientation, stress tolerance, emotional stability, and initiative.

  ✓ Personality tests are often used to assess whether individuals have the potential to be successful in jobs where performance requires a great deal of interpersonal interaction or work in team settings.

➢ *Integrity Tests*

  ✓ Integrity tests assess attitudes and experiences related to a persons honesty, dependability, trustworthiness, reliability, and pro-social behavior.   These tests typically ask direct questions about previous experiences related to ethics and integrity OR ask questions about preferences and interests from which inferences are drawn about future behavior in these areas.

  ✓ Integrity tests are used to identify individuals who are likely to engage in inappropriate, dishonest, and antisocial behavior at work.

Most Commonly Used Assessments

➢ *Cognitive Ability Tests*

  ✓ Cognitive ability tests typically use questions or problems to measure ability to learn quickly, logic, reasoning, reading comprehension and other enduring mental abilities that are fundamental to success in many different jobs.

  ✓ Cognitive ability tests assess a persons aptitude or potential to solve job-related problems by providing information about their mental abilities such as verbal or mathematical reasoning and perceptual abilities like speed in recognizing letters of the alphabet.

➢ *Physical Ability Tests*

  ✓ Physical ability tests typically use tasks or exercises that require physical ability to perform. These tests typically measure physical attributes and capabilities, such as strength, balance, and speed.

➢ *Work Samples & Simulations*

  ✓ These tests typically focus on measuring specific job skills or job knowledge, but can also assess more general skills such as organizational skill, analytic skills, and interpersonal skills. Work samples and simulations typically require performance of tasks that are the same or similar to those performed on the job to assess their level of skill or competence. For example, work samples might involve installing a telephone line, creating a document in Word, or tuning an engine. .

Six Questions to Ask a Vendor Before Buying a Test

1. What research methodology was used to develop the test?

 ➢ *What is the theory or experience on which the test was based? Was the test developed or normed on people that are similar to your organizations applicants or employees? What was the process used to develop the test?*

2. What experience and/or education do you have that qualifies you to develop and/or sell this test?

 ➢ *The educational background and work experience of the persons who developed the test is important, as well as references that can speak to the capabilities and experience of the test developer or vendor.   To have confidence in the test and in the event of a legal challenge, you want test developers or vendors who have education and/or experience related to the specific content of the test and related to test development and validation. Also, some tests require the test administrator or individuals interpreting test scores to have certain credentials (e.g., MA, PhD) that reflect coursework in statistics, test interpretation, or test development and validation.*

3. What evidence do you have related to the reliability of this test?

 ➢ *Reliability refers the consistency of test results. Experienced and knowledgeable test publishers and vendors have information on the reliability of their testing products. For more detailed information on how to assess the reliability of a test, check out Testing and Assessment: An Employers Guide to Good Practices at www.onetcenter.org.*

Six Questions to Ask a Vendor Before Buying a Test

4. What evidence do you have related to the validity of this test?

> Validity refers to the accuracy of the inferences made based on test results (e.g., how accurate is it to say that a higher test score indicates that a person is more likely to be a better performer). Knowledgeable and experienced test publishers typically have many forms of validity evidence. For example, they may have evidence that shows a relationship between test scores and some outcome of interest (e.g., supervisory ratings of job performance, average monthly sales, turnover). They might also have evidence that documents a link between the content of the test and the requirements of the job. Other evidence might include showing how the test relates to other measures of the same thing. Validity guidelines are outlined in The Standards for Educational and Psychological Testing (www.apa.org/science/standards.html)

5. What evidence do you have that demonstrates the lack of bias or discrimination of your test?

> Look for evidence that the test does not contain bias on the basis of race or sex, that is, that the test is related to outcomes in a similar manner for all individuals. This statement does not necessarily mean that the test will have similar results for different groups of people. This statement does mean that the test is not a biased indicator of an outcome of interest. For example, in a typical employment decision context, more women than men will score low on a test of upper body strength. The test, however, would not be considered biased if women and men with similar scores achieved similar performance on the job.

Six Questions to Ask a Vendor Before Buying a Test

6. What data do you have that will help me interpret test scores in my organization?

> *You cannot interpret test scores by themselves. Whether a test score is considered good or poor may depend on the distribution of scores of a comparison group. This comparison group is typically referred to as a norm group. The test publisher should provide information about the different norm groups that are available for the test being considered. Ideally, you want to use a norm group that is similar to the group of people that are in the position for which testing is being used. There are other ways to interpret test results including expectancy charts and cut scores, which are developed based on information about how the score relates to outcomes of interest. Information should be made available on data that can aid in appropriate test score interpretation.*

Julie Hakman
President and CEO
800-975-9876 x223
918-742-6737 x223

Julie Hakman has over 25 years experience in innovative business leadership. Her involvement in background screening began in 1997 when she was recruited to launch World Gaming Network (WGN), the leading provider of screening services for the gaming industry. In 2005, Julie created AmericanChecked, Inc. a certified, women-owned business, heralded as "One of the Top 20 Business's on the Rise."

Julie is a recognized leader in the screening industry, a graduate of the University of Oklahoma, a national member of SHRM, the Women's Business Enterprise National Council, Board of Directors of the National Association of Professional Background Screeners, Board of Trustees for the Carver Foundation, member of the prestigious International Masters of Gaming Law, and has served as a consultant to the Casino Management Association Executive Board and the National Indian Gaming Association (NIGA). Julie was honored by NIGA for outstanding contributions; she was the recipient of the 2009 Crystal Award honoring Outstanding Small Business Person of the Year. Most recently, Julie received the US Chamber's 2010 Blue Ribbon Award for excellence in business strategy, employee development, community involvement, and customer service. She is a featured speaker at numerous HR, Safety, Gaming and Education events.

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AmericanChecked INC.
Background Screening Solutions

Dr. Wright is the founder, President and CEO of Reliant. Dr. Wright lead the development of Reliant's Software-as-a-Service (Saas) solutions and assessments. Over 1000 companies globally utilize one of Reliant's technology solutions or assessments.

Dr. Wright has consulted with many Fortune 1000 companies, government agencies, non-profit organizations and academic institutions. His work with these organizations has varied from working with key executives to align human capital and business strategies to organizational survey research and the design and implementation of assessment and selection, performance management and learning management processes and applications.

Dr. Wright received his B.A., M.A., and Ph.D. in industrial/organizational psychology from the University of Tulsa. He has been a frequent presenter, speaker and panelist at conferences such as the Society for Industrial and Organizational Psychology, Academy of Management, and Society for Human Resource Management. He has published articles in the Journal of Business and Psychology and the Journal of Applied Psychology. Dr. Wright has served an adjunct faculty member in the Department of Psychology at the University of Tulsa and at Tulsa Community College.

Chris Wright, Ph.D. |
reliant
20 E. 5th St.
Suite 1020
Tulsa, OK 74103
888-825-6080 ext. 102
(toll free)
918.779-3738 (direct)
cwright@reliantlive.com
www.reliantlive.com