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## A Comprehensive Guide to All Types of Background Checks

Globally, most companies will readily admit that they have, some time or other, made poor hiring decisions due to inaccurate background checks. Given that firms over the past two years have dealt with many previously unfamiliar and unforeseen operational challenges, such as those arising from the exceptional circumstances thrown up by the current pandemic, the chances of background check discrepancies occurring, have increased.

All businesses have high talent standards, and yet they also have to deal with the reality of limited resources. Often there is the need to move quickly to snag a prized hire, and concomitantly, there is the awareness that hiring each new employee adds business and security risk. Performing background checks on applicants and prospective employees is an acknowledged and effective means of uncovering potential issues that could impact the business in the future.

## What is an employee background check?

An employee background check is a process undertaken by an employer to verify if a prospective hire is who they claim to be. The background check provides the employer with a means to verify the prospective hire's background - education history, employment history, civil offenses history, criminal record,

and other aspects of their past that might have a bearing on the hire's performance at work, or on the reputation of the employer.

The pandemic-induced remote work arrangements, and consequently, the workforce's highly mobile nature, have made background checks for the vetting and screening of prospective hires even more important.

The ever-increasing digitization of individuals' public records - driving license, tax data, educational certificates, police records, court judgments, etc. is enabling faster and reliable background checks of individuals.

The employee background check is usually undertaken when a person applies for and is being considered for a job. However, the employer may decide to undertake a background check anytime deemed necessary. The frequency and the aim of the background checks vary between firms, industries, and countries. The mode of undertaking these checks also varies - from comprehensive database searches to personal references. Employers may conduct background checks using in-house resources or hire specialist firms that undertake employee background checks for a fee.

## **Why is the employee background check undertaken?**

Employers undertake background checks on prospective hires, especially for roles that have security implications or are positions of trust. Examples include jobs in the government, airports, financial institutions, law courts, hospitals, educational institutions, etc. The objective of employee background checks is to safeguard the organization's reputation and brand value and guarantee the safety and security of the existing employees.

Background checks are a reliable source for judging a prospective hire's character and suitability for the role. The checks help prevent safety and security risks that may arise from a specific hire. Typically, the checks are undertaken to verify the information furnished by the job candidate on the employment application and the resume. Furthermore, background checks are sometimes used to choose between applicants and pick the one most suited for the role. The background checks process is governed by related regulations to prevent its use for unlawful purposes, such as discrimination (religious, racial, gender, etc.), privacy violation, and identity theft.

## **When is the employment background check conducted?**

The background checks are typically done before making an offer to the



candidate. Some firms issue the offer letter subject to a satisfactory background check report. Some other employers issue the offer letter with a 60/90 day probation period. This duration is used to assess the performance of the hire and also to undertake background checks. If the results turn out to be unsatisfactory, the employer could legally withdraw the offer.

## What are the various types of background checks?

There is a wide range of background checks undertaken to verify the antecedents of a prospective hire. Some or a combination of various checks may be used. The background checks that are most commonly used are discussed below:

### 1. Criminal History Check

A criminal history check enables the employer to verify whether the applicant was associated with any criminal activity in the past. The **criminal record check** helps establish if a candidate could present a risk to either the firm's customers or to its other employees. Criminal proceedings usually follow when a person violates criminal law, and the violator receives some form of punishment if found guilty.

A **criminal background check** typically involves the search of the following records:

- National criminal databases
- Criminal court records
- National and state criminal records
- Sex offender databases/registries
- National and global terror watch lists

The various types of **criminal background checks** that may be performed are:

*District/County level criminal records check.* A majority of criminal cases are processed, and the records are stored at the district/county courts. The records held there pertain to cases of violations of state criminal laws. This verification can be the starting point for the candidate's criminal history check.

*State/Nation criminal records check.* Searches of state and national criminal records help widen the inquiry and increase the chances of discovering past convictions, if any.

*Sex offenses registry check.* This check includes, in addition to a check of

conviction records, a check of registered sex offender lists. Usually, states hold centralized information that helps check if a candidate has ever been convicted for a sex offense.

*Global homeland security search.* Most countries, through their foreign offices, facilitate criminal record searches on global terror watch lists.

## 2. Past Employment Verification

This is a crucial background check that employers need to perform to verify a candidate's past **employment history** to establish suitability for the role. This check is essentially used to verify that the **employment history** as claimed by the candidate is true. The past employment verification enables hiring firms to examine the candidate's prior work history and uncover insights such as - the record of job stability, nature of work experience, supervisory/leadership experience, etc. This check also helps uncover any gaps in employment which can be discussed - should the candidate be shortlisted for consideration for the role. The past employment verification establishes:

- Job start/end dates
- Positions held
- Description of responsibilities discharged
- Reason(s) for exit
- Details of compensation/perks

Considering the alarmingly high frequency of exaggerated and fraudulent employment history claims, this check also serves as a good proxy for the candidate's honesty and integrity.

## 3. Education Verification

Quite often, candidates try to pass off mere attendance at a course as having graduated. Many firms consider education verification as not being as important as some other checks, such as criminal history checks and past employment checks. However, exaggerated claims of **academic achievement** and educational qualifications are also very rampant. Such misrepresentations can only be verified through an education verification check, and left unverified can have a substantially adverse impact on hiring outcomes. This check essentially confirms if the educational qualifications claimed by the candidate are true. Certain jobs, by law, require the incumbent to have specialized education/certification/training. Education checks enable employers to validate such qualifications to present to the authorities should the need arise.

## 4. Reference Check

Employers commonly ask candidates to furnish references from the firms where they worked previously. The **reference check** is a means to ascertain qualities

such as attitude to work, professional competencies, ethics, leadership abilities, teamwork, etc. The **reference check** also helps verify claims of past accomplishments and professional contributions made in previous companies.

**Reference checks** may be carried out via mail/e-mail, an in-person meeting, or via a telephone call. Reference check via mail/e-mail is the least effective. Answering a questionnaire is off-putting, and this mode is inherently difficult to use in any kind of inquiry that requires back-and-forth communication. An in-person meeting with the reference presents itself as the best option. Still, it is seldom used because of the difficulty in coordinating a mutually suitable time and the additional cost that it entails (for travel, the meeting(s), etc.). A telephone call is the most viable option - it occupies the middle ground between mailing and in-person discussions, allows a back-and-forth conversation, and is low on cost.

### How is a reference check different from a background check?

A reference check is done to gain insights into the candidate's abilities for on-job performance. The reference check is performed using the references (previous manager/colleagues) provided by the candidate.

Background checks help verify the candidate's professional experience and credentials. The background check verifies the employment record, criminal record, credit history, etc.

### What is a back-door reference check?

A back-door reference check describes the situation when an employer decides to check with people that the candidate had not provided as professional references. These references could be former managers/colleagues that the employer finds who they believe will be able to provide a more objective assessment of your abilities. The same laws as for regular reference checks also apply for back-door reference checks.

## 5. Drug Screening

Jobs in certain specific industries, such as aviation, road transport, etc., have a special requirement for periodic drug and alcohol testing to be performed. These tests are used to determine if alcohol or other banned/illegal drugs are present in the screened person's bloodstream. For employees in the above industries, these tests help verify that they are mentally fit, physically unimpaired, and are therefore physically and mentally fit to carry out their assigned jobs. Drug screening by firms further the wider societal cause of fighting substance abuse. Drugs/substance abuse by employees lowers workplace productivity, and such employees, if not screened out, will be a potential risk to their colleagues, customers, and the wider society in general.



The drug tests typically vet candidates for the use of illegal drugs such as methamphetamines, THC (marijuana, cannabinoids), Cocaine, Opiates, Phencyclidine, etc.

### Why is it important to conduct pre-employment screening for drug use?

Pre-employment drug screening is critical to ensure workplace safety. The significance of drugs screening is higher in safety-sensitive jobs. Drug/alcohol use among employees increases the frequency of accidents, increases absenteeism, lowers productivity, injury claims, and increases injury/compensation claims. Screening for drugs usage mitigates risks associated with hiring an employee with a history of substance abuse.

### 6. Sexual Offenses Check

The sexual offender check helps prevent hiring someone with a previous history of sexual offenses. Undertaking this check mitigates the risk of sexual offenses and other related acts of violence being committed in the workplace. The checks also help ward off allegations of inadequate due diligence/negligent hiring, and protect against damages claims.

### 7. Credit Background Check

The credit background check examines a candidate's credit history. The credit history is sourced from recognized and reputed credit agencies. Many countries/states have regulations that stipulate that the concerned person is to be informed and their express permission obtained before undertaking credit checks. This test helps establish if the prospective hire is financially responsible. This check assumes special significance for senior hires in the finance/financial services industries.

### How is a credit background check done?

After the hiring decision has been made, firms usually avail of the services of the third-party agency for the **credit background check**. The check is meant to reveal information on the candidate's debt record, credit card debt, mortgage/car payments, student loans, and the payment history on these debts, including details of any late payments. Credit report, as required by law, does not include the date of birth and credit score.

### What laws govern credit background checks?

For example, in the US, the Fair Credit Reporting Act (FCRA) stipulates the rules for employment background checks, including credit checks. Specifically for credit checks, the FCRA stipulates that:

- The employer must obtain the written consent of the candidate before initiating the credit check.
- The credit report cannot include adverse information more than seven years old and bankruptcies more than ten years old.
- The candidate can be discriminated against because they filed for bankruptcy.
- Suppose some information contained in the credit report becomes the basis for rejection. In that case, the candidate must be informed of the same, and the contact details of the third-party agency that conducted the check must be shared with the candidate.
- A copy of the credit report must be shared with the candidate if it becomes the basis for their rejection.
- The candidate has the right to contest the findings of the credit report.
- Some states in the US have laws that restrict the use of credit checks only to jobs involving financial transactions or confidential information.
- In the US, the Equal Employment Opportunity Commission (EEOC) oversees how the credit check reports are used by employers.

## 8. Social Media Behavior Check

The social media check provides information that helps form a 'rounded' assessment of the prospective hire. Suppose a candidate is posting hateful, sexist, homophobic, or racist comments online. In that case, such information gives a fuller picture of the candidate's thinking and makes it easier to come to a hiring/rejection decision. This check is done in addition to the regular background and reference checks. The usefulness of the **adverse media checks** can be assessed from the fact that a survey in 2014 done by CareerBuilder revealed that 51% of the firms, which commissioned a social media search on candidates, discovered reason(s) not to hire them. The same survey also found that 33% of respondents became more likely to hire the candidate based on the information revealed during the social media check, and another 23% were actually led to hiring the candidate.

The **adverse media checks** need to be undertaken with caution because the information is sourced from the candidate's Facebook, Twitter, Instagram, TikTok, or LinkedIn accounts and are therefore unverified. A fuller assessment made possible by social media checks helps in the hiring of a quality candidate. Social media checks can also uncover discrepancies between what was posted



on social media accounts and what was said during the hiring process or on the resume.

Firms need to be aware of the regulatory requirements around privacy laws when accessing people's social media accounts. Also, several countries/states bar adverse action based on off-work activities/conduct of people. The exceptions to this regulation are defined very narrowly, and firms need to be aware of these. Following a social media search, a decision not to hire a candidate based on age, race, religion, nationality, gender, sexual orientation, disability, etc., may be deemed discriminatory. To prevent legal risk, firms often choose to hire the services of third-party agencies for these checks.

### **Why are social media background checks important?**

A social media background check to scan a candidate's social media posts for objectionable behavior reduces risks to brand, reputation, data security, and breach of confidential information.

### **In-house versus professional social media checks**

While the business case for conducting a social media check has been established, firms still debate whether the process should be done in-house or should be outsourced. In-house checks done without specialized knowledge could lead to a breach of regulations and legislation. Also, improper interoperation of the information gleaned could lead to an incomplete or incorrect picture of the candidate.

Generally, professional social media checks use smart-search techniques and behavior analysis tools while also being legislation/HR guidelines-compliant. This delivers an objective, regulation-compliant, complete and rounded evaluation of the candidate.

## **9. Driving Record**

A check of the candidate's driving record is used to discover details of the candidate's records of traffic accidents, driving record points, driver's license status, instances of 'driving under the influence', and other traffic violations/fines/convictions. A majority of countries/states legally mandate obtaining the candidate's permission to run this check. Details of the candidate's name as recorded in the driver's license, date of birth, address, driving license number, place/date of issue, and so on, together with the individual's permission, would be required to undertake the check. This is to comply with all the requirements of the applicable fair credit reporting regulations.

These checks may not be necessary for all positions but are absolutely essential

for roles that require the candidate to drive as a part of the role (delivery drivers, transporter, ambulance drivers, etc).

### 10. Professional License and Certifications Check

Claims of exaggerated or false professional credentials are very common on job applications and resumes. Not verifying the validity of the claimed professional qualification can lead to hiring or promoting a candidate who is not professionally qualified for the role.

### 11. Social Security Number Trace/Identity Check

Most countries have some system of a social security number/employment authorization. This check is used to verify the candidate's identity to establish that they truly are who they claim to be. A social security number trace helps verify if the personal information furnished by the candidate is factual. The **identity checks** also help establish the eligibility of the candidate to work in a particular country.

### 12. Global Sanctions Check

The **global sanctions check** searches for candidate information held with international regulatory/law enforcement agencies, sanctions bodies, and financial regulators. The **global sanctions check** helps uncover any violations by the candidate connected with financial irregularities, securities fraud, money laundering, drug trafficking, terrorism, unauthorized sharing of restricted technologies, etc.

### 13. Civil Offenses Check

A civil offenses check provides additional information that helps verify that the selected candidate is a good fit for the company's culture and will be a positive force driving the business towards its goals. The **civil check** is also known by many other names: civil litigation checks, civil litigation history, civil litigation search, or civil records/court search.

A civil offense check differs from a criminal offense check in one key aspect. Civil law aims to offer a remedy to a civil offense/situation/dispute between private individuals/companies by providing financial compensation. On the other hand, criminal law stipulates punitive action to deter people from committing criminal offenses.

Civil proceedings against an individual might be financial such as - debt relief orders, breach of contract, Individual/fast track voluntary arrangements, and bankruptcy-related orders.

Civil proceedings may also include cases of personal injury - road accidents, medical negligence, etc. Or, civil proceedings could involve employment disputes related to discrimination or breach of contract.

Once the findings of the civil offenses check have been received, to arrive at a final hire/reject decision, one could ask oneself questions such as:

*If the candidate has a long history of debt, are they suitable for a position with financial responsibility?*

*Is not a candidate with multiple personal injury claims not likely to take time off to deal with claims?*

*Are any judgments, in respect of the candidate, likely to create additional work for the HR/payroll departments?*

*Is not a candidate, who has a history of making compensation claims against previous employers, not likely to do the same to your firm?*

#### 14. Bankruptcy Check

A bankruptcy/insolvency search checks the financial solvency of the prospective hire. Bankruptcy is declared when an individual is legally assessed as being unable to repay debts owed to creditors. Insolvency is a situation when an individual is unable to repay debts within a stipulated/agreed time frame.

The **bankruptcy check** helps assess the financial viability of the individual and uncovers information of any past bankruptcy/insolvency declarations. The findings of these checks are indicative of the individual's financial integrity, financial responsibility, and ability to manage financial decisions. In some instances, a person legally declared bankrupt may even be barred from holding any position entailing financial responsibility or from any direct/indirect role in the management of a business. The **bankruptcy checks** thereby help minimize the firm's financial and people risk by providing protection from dubious candidates/companies.

#### When are bankruptcy/insolvency checks recommended?

Typically, these checks are recommended under two circumstances:

- When hiring for senior positions entailing considerable financial autonomy/ responsibilities.
- When assessing the financial trustworthiness of individuals/companies planned to engage with - hires, buyers, sellers, business partners, etc.

#### 15. Financial Regulations Check

The **financial regulations check** helps verify if the candidate, under consideration, has in the past handled responsibilities related to financially



regulated activities. The checks will reveal information of any past disciplinary action(s) initiated by the concerned financial regulatory authority, or financial sanctions imposed by any country. This check is especially important for roles in the financial services industry.

## 16. Psychometric Tests

Psychometric tests are conducted to assess a candidate's performance concerning skills, knowledge, ability, personality traits, and job/academic potential. The three key areas of **psychometric tests** are - aptitude tests, behavioral tests, and assessment centers.

Psychometric testing involves, besides responding to the test questions, dealing with time constraints.

*Aptitude Tests.* Administered to assess candidate's cognitive abilities - numeracy, literacy, and spatial abilities.

*Behavioral Tests.* These tests help reveal a candidate's personality traits. These traits indicate suitability/unsuitability for particular roles.

*Assessment Centers.* Administered via human interaction assessments. The exercises require the use of job-specific skills. Simulations are carried out by trained assessors/psychologists.

### Types of psychometric tests

*Numerical Tests.* These tests may be of two types - numeracy tests and numerical reasoning tests. The tests are intended to assess the candidate's ability to interpret and answer questions related to graphs, tables, sequences of numbers, and numerical word problems.

*Verbal Tests.* Tests of verbal ability facilitate the assessment of the ability to comprehend the meaning and tone of written information. Usually, the tests require the candidate to undertake an analysis of a given text and answer linguistics-based questions.

*Logical Reasoning.* These tests are normally non-verbal in nature. Logical reasoning tests require candidates to answer questions based on:

**Abstract reasoning** - Ability to come to logical conclusions based on information provided via shapes and patterns.

**Inductive reasoning** - Requiring the deciding of the next image or shape in a series.

**Deductive reasoning** - Test of the ability to apply a set of rules.

**Diagrammatic reasoning** - Tests of ability to arrive at logical conclusions from available non-verbal cues.

*Technical Tests.* These tests are for technical professionals (mechanics, technicians, etc.) to test their technical skills. Some tests may not require prior technical knowledge and are designed to test the candidate's aptitude to acquire new technical skills.

*Spatial Reasoning Test.* Assesses the ability to interpret 2D/3D images.

*Electrical and Mechanical Reasoning Test.* Test of the level of knowledge of electrical and mechanical concepts.

*Error-Checking Tests.* These tests enable the assessment of an individual's ability to pay attention to detail and the ability to discover errors in the presented information.

*Concentration Checks.* For roles such as administration, accounting, pilots, etc., these tests help evaluate the ability to complete tasks accurately under time constraints.

## **17. International Background Check**

An employer wishing to hire top talent may target candidates globally. In such cases, the employer can run an international background check in addition to the regular employment background check. The international background check verifies international criminal records, education, and employment.

## **18. Gamer Profile Check**

A new age profile check, not strictly connected to the hiring process, but one that is growing as rapidly as the growth of the gaming ecosystem. To play a game online or offline, one requires to have a gaming profile. Scammers attempt to enter gaming groups/communities through fraudulent and fake profiles. To create a secure gaming environment, gamers' KYC details are verified to screen out fraudulent gamers.

Background checks help a firm build a trusted team by mitigating hiring risk. Background checks facilitate fair, objective, and informed hiring decisions. Through diligent background checks, firms can create a safe workplace, guard against liability claims, comply with federal, state, and industry laws, and most critically protect the firm's hard-earned reputation.

## We can help!

At Veremark, we work with organizations - both big and small, by taking care of all your background check requirements. Our solutions verify the credentials and integrity of existing or prospective employees while also delivering the best candidate experience. Hand us your background check worries so that you can focus on what matters the most - the business.







Successful and safe recruitment is dependent on carrying out the right checks to not only protect company and customer interests but also to satisfy compliance. Whether or not staff are permanent, remote, contract, part-time or full-time, staff have access to company property and data, as well as other staff or customers, putting business security and wellbeing at risk. This is why background screening is so important.

We are facing a time when companies are in the highest demand and therefore must maintain high standards. Veremark are leading providers of local and global background checks, offering 100% digital, 100% accurate checks for new and current staff members in all industries and sectors.

Talk to us today about the benefits of carrying out your vital pre-employment checks using Veremark's innovative and straightforward platform.

Whether you're hiring one candidate or many, ensure safe hiring with employment checks that are fast, accurate, secure, and scalable. Every time.

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