



PERSONNEL

Background Screening “Hit Ratio” Report Reveals Importance of Employment Background Screening

Employment screening criminal record convictions continue their upward trend—from 8.5% in 2005 to 9.1% in 2006 and 9.5% in 2007, according to the annual Hit Ratio Report, released by the Background Screening division of Kroll, a New York City-based leading risk consulting firm.

Construction, automotive, and retail industry segments had the highest criminal record hit ratios, while education had the lowest.

Michael Rosen, president of Kroll’s Background Screening division, stated, “Background screening is as important as ever, as evidenced by the trifecta effect of 1) the U.S. job market becoming more competitive for positions, 2) a need to fill positions as quickly as possible, and 3) an increasing trend in criminal hit ratios.”

Companies are looking to overseas job markets, which makes pre-employment screening more complex. “It is now common for a job applicant to have been raised in Japan, educated in the UK and now seeking employment in the U.S.,” Rosen says.

As a result, employers are carefully vetting candidates for entry level, senior management, and positions in between,” he said. “Employers are recognizing that screening job candidates at all levels is more complex and vital to the well-being of the organization,” Rosen added.

Other findings include:

- Industry trends originally revealed in the 2006 Hit Ratio Report continue to gain ground:
- Food services criminal red flags grew from 12.1% to 13.4%;
- Manufacturing criminal red flags grew from 11.6% in 2006 to 12.6% in 2007;
- Employers are conducting more thorough, multi-jurisdictional background checks on the individuals they hire; and
- Employers are screening a greater population of their staff, as well as temporary employees, vendors, and consultants.

Rosen added, “With data security and identity theft top of mind these days, it is especially important to conduct thorough background checks on employees with access to sensitive personal data.” For example, Kroll’s Fraud Solution’s practice assisted two employers after organizational data breaches were caused by employees who had not undergone background checks.

- Two employees at an auto dealership made copies of credit applications and sold them to various drug rings. The dealership discovered the event when law enforcement seized a methamphetamine lab and found hundreds of applications along with new driver’s licenses for those whose identities had been stolen. Kroll’s subsequent investigation revealed that both employees had prior criminal records and drug charges.
- An accounting firm unknowingly hired an employee who had a criminal record overseas. The employee set up expense accounts for fictitious employees and used their identities to charge more than \$250,000 worth of goods and services over a two-year period.



...in focus

Background Screening Hit Ratio Report 2007

Kroll's 2007 Hit Ratio Report provides key statistics for the seven most common employment screening criteria, plus detailed analyses of industry-specific hit ratios for 13 industries. It is derived from a sample of Kroll's Background Screening clients across a variety of industries and company sizes.

Summary of Analysis

The annual report reveals another year-over-year increase in criminal record convictions, from 9.1 to 9.5 percent. Employers are conducting more thorough multi-jurisdictional background checks on the individuals they hire. Additionally, they are screening a greater population of their staff, as well as temporary employees, vendors, and consultants.

%	Criminal Records	DMV Info.	Credit History	Drug Testing	Employment Verification	Education Verification	Workers' Comp History
Client Average	9.5	47.5	42.9	3.3	48.1	22.6	6.8
Automotive	13.9	53.5	56.3	4.7	32.6	*	5.4
Construction	15.4	55.4	44.4	2.1	51.1	27.6	6.1
Education	3.6	39.1	29.9	8.5	46.3	16.8	8.4
Food Services	13.4	51.7	37.5	3.3	49.7	25.9	8.5
Hospitality	10.1	53.8	48.1	5.8	47.3	*	*
Manufacturing	12.6	47.4	39.0	2.3	51.4	29.2	8.7
Non-Profit	9.7	46.3	33.0	4.1	55.8	26.0	*
Professional Services	10.7	50.0	47.4	6.0	46.3	24.3	6.8
Real Estate	10.0	49.7	51.2	2.6	46.9	24.7	*
Retail	13.7	52.8	43.4	2.4	46.3	20.0	6.4
Staffing	8.1	47.0	50.4	3.1	51.6	21.0	4.6
Technology	6.9	42.8	34.7	2.2	51.4	22.4	1.1
Transportation	11.2	50.5	40.1	2.7	59.9	16.0	5.9

*Insufficient data

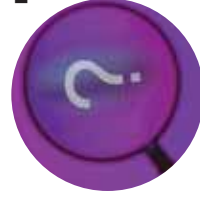
Cultural Challenges in a Global Workplace

Understanding and accepting cultural differences is essential if you want to work around the world and experience working life in different countries. For a business it is also important to be aware of how new and existing staff work together and therefore utilize the global talent pool that is available.

Pauline Redpath, director of international recruitment consultancy, Source People, explains how best to overcome the issues businesses and individuals can face when working in different cultures:

It is essential that staff are equipped with skills that enable them to identify and manage cross cultural differences—from the moment they walk into an interview through to attending a business meeting. Expats who have researched and tried to understand cultural differences are a step ahead straight away—apart from the obvious barriers such as language, you need to be aware of the subtle differences that exist. These include introductions and greetings, gift giving, body language, appropriate dress, voice inflection and even social space.

With the rapid globalization of the world's economy, there are vast opportunities for working abroad but failing to understand cultural differences can damage both personal and professional relationships. The following are just a few examples that highlight the cultural variations that exist:



- Local etiquette insists you give business cards with two hands in China.
- Gestures can often be misinterpreted as being rude or offensive in different countries—avoid shaking hands using your left hand in the Middle East and do not show the sole of your shoe or foot in Thailand.
- Some gestures may mean the opposite of what British people would perceive it to be—Bulgarians move their heads up and down to mean 'no' and the Japanese nod their head as they listen; this doesn't mean 'yes', it simply means they are listening.

In terms of differences in recruitment practices, culture can play a significant part in the whole process. During the hiring process be aware of what cultural background your candidates are from so all expectations are made clear from the start. The hiring process should change depending on what country you are operating in. In some countries interviewees will be asked personal questions that may be considered illegal elsewhere, such as their age, marital status and number of children, even for the professions of their parents.

To ensure you and the company you work for are aware of all cultural differences, ensure you do your research and if in doubt, always ask for clarification from an expert.

Source People specializes in recruiting for the finance, legal, HR, and engineering markets within the global oil and gas industry. ■