BAD HIRES ARE ALWAYS BAD NEWS

Arnold Stewart

Before a decision is made to hire an applicant, an employer need answers to some important questions about the applicant's background. Most employers expect to learn information fundamental to the applicant's ability to do the job, i.e. which applicant has the strongest education and work experience to match the qualifications for the job? How did the employee contribute to the success of his/her former employer? Why did the applicant leave the former position?

One would expect that most applicants would answer these questions honestly, But the reality is – the tougher the economic climate and the more scarce good jobs become, the more likely it is for job applicants to embellish their credentials or out-and-out lie on the job application to beat out the competition. They gamble that the future employer will never discover the discrepancies.

Responsible employers take the time to check. Employees at all levels of the organization, including CEO's, have been humiliated and relegated to the ranks of the unemployed because of creative license they exercised in writing their resumes or completing their job applications. What do they lie about? The college or university. . .the degree earned. . .job titles and responsibilities – just about anything believed to create a competitive advantage in snagging the job in question.

A bad hire costs your company money – lots of it. You lose recruitment costs – the money spent in recruiting the bad hire and if the "second best" candidate is not available – the additional money that will be invested in finding a replacement candidate. You lose productivity and create morale problems when other employees are assigned to take on the work of the bad hire until a replacement can be found. You lose the cost incurred in training and developing the bad hire. According to 2009 estimates, the loss of one entry-level person who does not work out after three months costs between $6,000 and $8,000. For a sales representative, engineer, or manager, the cost can easily exceed $15,000.

Believe it or not, that's the best case scenario. A bad hire may make an organization vulnerable to workplace theft and fraud – everything from pilfering supplies to padding expenses to stealing equipment. High-end risk includes embezzlement, theft of your intellectual property or your clients' credit information. It opens a company to unknown legal liability and the possibility of bankruptcy.

Given this high risk exposure, a savvy employer adds a few critical questions to the previous list. Is everything on the resume true? Can the applicant produce references who will vouch for his/her competency? Is there anything in the applicant's background that would suggest dishonesty, criminal conduct or just a general lack of good judgment, e.g. posting inappropriate photos or information on Facebook or other social media sites?

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Responsible employers include background checks as a routine part of the hiring process and they are adept at separating the truth from creative fiction. Making a bad hire decision is fast and easy. Correcting the mistake can be time-consuming and difficult. The best course of action is to avoid the risk inherent with a bad hire decision because a bad hire is always bad news.

Arnold Stewart is the president of Stewart & Associates, a private investigation agency. Stewart has been conducting formal background checks for over 20 years. Among his clients are Fortune 500 and Fortune 1000 companies.