

A BackCheck White Paper

## **Background Checks Industry Study: Steady Rise in Criminal History & Resume Embellishments Found**



**Know Who You're Hiring!**

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## Summary

The times have undoubtedly changed. Nearing the end of 2008, the world hoped the rumours of a recession were unfounded. However the reality was that by September the downturn had begun.

The Canadian economy lost 70,600 jobs in November 2008. A further 34,000 jobs were lost in December. The hiring managers of the biggest players in Canada saw a stark rise in the number of red flags in their candidates' background check reports.

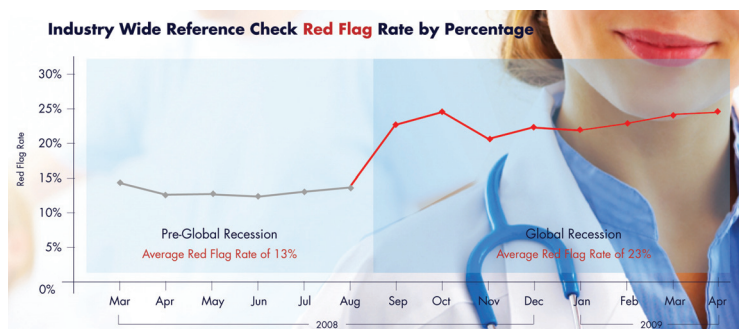
Since that time, Canada has been struck by a steady rise in embellished resumes and dishonest candidates. From **criminal record checks** to reference interviews to education and credential verifications, the trend is unrelenting. However, despite the fact that more people are misstating their pasts, there is no safety in numbers.

BackCheck analyzed the five largest clients in six industries to measure the scope of the rising trend in red flags appearing in background checks. With each client hiring over 1000 employees annually, these hiring patterns are indicative of the general economical state, and its impact on job applicants.

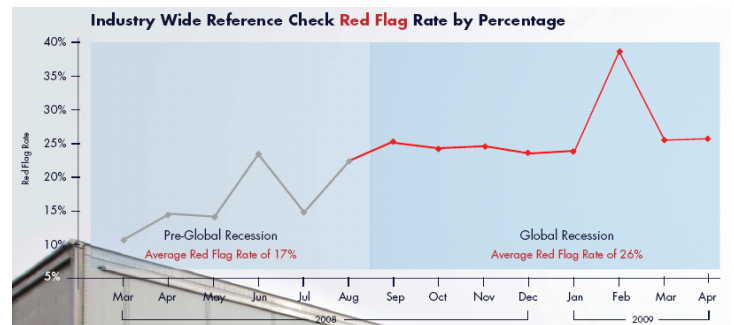
The industries surveyed were: **Health Care, Logistics, Banking & Finance, Telecommunications, Retail, and Energy & Utilities.** Pre-employment screening red flag patterns were tracked from March 2008 to February 2009, using September 2008 as the recession's starting point as evidenced by the data. Comparisons of red flags rates were made according to services rendered to our clients.

## Study by Industry

**Health Care** – The Health Care industry witnessed a 72% rise in red flags associated with reference interviews and employment verifications. This conspicuous rise in the discrepancies found on resumes, gave more responsibility to employers to scrutinize their candidate's pasts. One surveyed client was subject to a 314% rise in these red flags.



**Logistics** – The Logistics industry saw a 61% rise in red flags associated with reference interviews and employment verifications. These poor employment histories are endemic of the need for candidates to get themselves hired, typically at the cost of their integrity. In September 2008, the Logistics' red flag rate for criminal histories was more than double the BackCheck average.

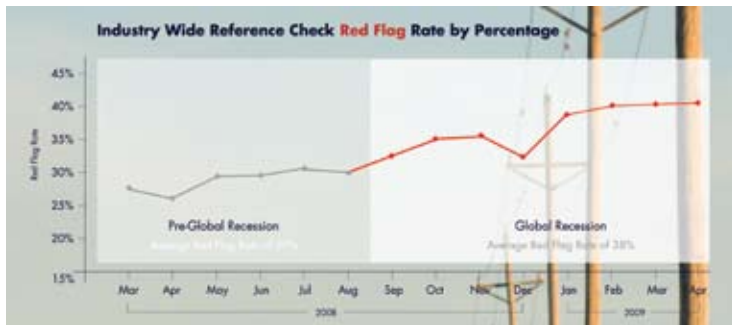


**Banking & Finance** – Banking & Finance was also subject to a dramatic increase in the number of red flags within their candidate's employment histories. As an industry there has been a 39% rise in these red flags. In the case of one major Canadian bank, the number of red flags discovered within the education verifications nearly doubled. While desperate times may call for desperate measures, they also call for accredited bankers.



## Steady Rise in Criminal History & Resume Embellishments Found Cont'd

**Telecommunications** – The Telecommunications industry endured a 40% increase in red flags in candidate's employment histories. The incidence of candidates with a criminal history similarly swelled by 42%. Red flag rates rose in all services rendered to our top five clients.



**Energy & Utilities** – In the industry of Energy & Utilities, the rise was not so pronounced. However, there has been a rising trend in poor work performance with an industry increase of 11%. A major producer of hydroelectric power saw a 215% rise in these red flag rates. Discrepancies associated with education verifications also rose within the industry. One energy producer experienced a 72% increase in these red flags.

**Retail** – Every major retail client experienced a rise in red flags associated with their candidate's criminal histories. As labour intensive sectors dried up, the unemployed moved into recession-proof sectors, forcing more candidates to lie about their criminal pasts and embellish their work histories. The industry saw a 27% increase in red flags associated with candidate's employment histories.



These cases exemplify the need for thoroughly background screening potential candidates. However performing detailed background checks can be time consuming and resource-intensive. As companies are becoming more financially conservative in the downturn, many are outsourcing HR-related services to companies that specialize in the field. BackCheck's services have proven to be an invaluable asset in avoiding poor hiring decisions, increasing employee retention, cutting costs, and averting liability issues.

Until the emergence of a stable economy is evidenced, candidates will continue to lie about their pasts, hide their criminal histories, and overstate their qualifications. We want to ensure that well-informed hiring decisions continue throughout the recession.

Do you know who you're hiring?



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