



## TenStep Supplemental Paper

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### The CEO Trap

The growing number of CEO fraud cases has compelled corporations to carefully examine a prospective CEO's professional and personal life. Candidates are being scrutinized like never before.

#### What to investigate

- **Employer references.** Past employers are best suited to give information about the candidate's work history, achievements and work related weaknesses.
- **Academic references.** Generally, candidates tend to fake academic details more than professional details. This is because the probability of a prospective employer going back to college to check details is farfetched.
- **Personal references.** Relationships within the workplace help gauge a candidate's interpersonal skills.
- **Criminal record.** Candidates should not have any record of unethical practices.

#### How to investigate

- **Offer letter only after a background check.** Employers should make it clear to candidates that a background check is in the best interest of both the organization and the prospective employee. HR should issue the offer letters after a check.
- **Candidate consent.** To make background checks hassle free, both the employer and the candidate must agree upon the areas to be investigated. The consent of prospective candidates also makes it easier for employers to extract information from their colleagues.
- **Over-the-phone reference.** A phone call or a face-to-face meeting is advisable since employers and colleagues often hesitate to commit in writing.
- **Documentation.** An objective record of why a candidate was hired or not hired helps avert negligent hiring claims. Documentation provides a justification for the hiring manager's decision and guards the organization against any possible discrimination charges.

#### Summary

Negligent hiring is a potential minefield in the process of recruitment. To prevent the hiring of bogus CEOs, employers need to set and follow strict guidelines for conducting effective background checks.