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Vangent Presents Study on Alternatives to the Use of Credit Checks in Employment Screening at 26th Annual SIOP Conference

Milestone research shows risks in using credit checks to screen job applicants; offers valid and fair alternatives

Chicago, IL, June 9, 2011 – Vangent, Inc., a leading provider of pre-employment risk assessments, announced today key findings in significant research it has conducted regarding the risks of using credit checks to screen job applicants. The research was conducted by Dr. Kelly D. Dages, a Senior Organizational Psychologist & Program Evaluator, and Dr. John W. Jones, Chief Scientist, both with Vangent’s Human Capital division, in conjunction with Harvard University’s Center for International Development and its Entrepreneurial Finance Lab (EFL) Research Initiative. Dr. Dages and Dr. Jones recently presented their findings at the annual meeting of the Society for Industrial & Organizational Psychology (SIOP) in Chicago, April 14-16, 2011.

Employers have long used credit checks to screen job applicants because on the surface credit checks seem linked to the prediction of some irresponsible behaviors (e.g., greater credit risk can predict risk of fraud). However, credit checks are currently illegal in three states, and 15 other states are considering making credit checks illegal. Congress is investigating the practice, and the Equal Employee Opportunity Commission held a public meeting in October, 2010 to examine the use of employment-related credit checks.

In addition, the validity in predicting job-relevant behaviors appears minimal, and increasing evidence shows that credit checks may have adverse impact on some protected subgroups of applicants. The recent economic downturn may also contribute to the misinterpretation of poor credit checks due to sudden job loss, damage to net worth, or other macroeconomic considerations, to name a few. That is, the severe economic turmoil of the “Great Recession” has increased the likelihood of a poorer credit history for many previously high-scoring applicants due to sudden job loss and/or damage to net worth and liquidity that can have a direct, adverse affect on credit scores, regardless of level of responsibility. Parenthetically, the scrutiny on credit checks may represent the leading edge for other records checks, as the use of background investigations and criminal history inquiries have also become restricted in several large cities.

Vangent’s findings on the value of psychometric assessments for screening high-risk job candidates help to address a growing need for robust risk management tools. Psychometric assessments, including Vangent’s instruments, are already widely used to scientifically predict a wide variety of counterproductive behaviors, safety concerns, cyber-threats, and “soft skills” including sales and service potential.

“Our findings are compelling and build on emerging evidence that scientifically-based risk assessments can predict undesirable behavior in the workplace,” said Andre Allen, Vice President of Vangent’s Risk and Talent Management unit. “The right job-relevant assessment inventory can predict unethical and fraudulent behaviors, employee theft, counterproductivity, and overall irresponsibility; even workplace deviance.”

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About Vangent, Inc.

Vangent, Inc. is a global provider of consulting, systems integration, human capital management, and business process services to the U.S. federal and international governments, higher education institutions, and corporations. Vangent’s more than 7,000 employees support clients including the Centers for Medicare & Medicaid Services, the U.S. Departments of Defense, Education, Health and Human Services, Justice, Labor, and Veterans Affairs; and the U.S. Office of Personnel Management, the U.S. Census Bureau, as well as Fortune 500 companies. Headquartered in Arlington, Virginia, the company has offices throughout the U.S. and in the U.K. and Canada. For more information, visit www.vangent.com or www.vangent-hcm.com. Did you know? Four out of 10 Americans connect with Vangent, but never know it. Learn more at www.vangent.com/4outof10.