

Risk Management for Recruitment and Employment Agencies

For both job-seeking individuals and employers looking to fill a vacant position within their organisation, the process of finding the 'perfect fit' can be a difficult one. While jobseekers are eager to impress potential employers and either begin or continue their professional career journey, employers have to search through a pool of candidates to find an individual with the appropriate background, qualifications and skills to contribute to the success of their organisation.

That's where you come in—recruitment or employment agencies like your organisation help alleviate the difficulties that job-seeking individuals and employers face throughout the hiring process. By acting as the 'middleman' between jobseekers and employers, your agency allows individuals to find their ideal job position while also giving employers the assistance they need to hire the perfect candidate.

Indeed, recent research found that over **90 per cent of UK businesses have used a recruitment or employment agency** to fill either temporary or permanent job roles. What's more, **the recruitment industry was responsible for providing job placements to more than 1 million people** this past year. However, such a profession also comes with significant risk. Between the responsibility of finding appropriate positions for job-seeking individuals and ensuring employers end up with qualified, competent candidates—any mistake or mishap could leave your organisation with serious liability concerns and reputational consequences.

Use this guidance to implement proper risk management practices within your recruitment or employment agency and secure robust cover.

Risk Management Practices

The vast amount of responsibilities and regulatory requirements that recruitment or employment agencies must abide by is significant. And with such a long list of expectations, risk often follows. Consider these top risks and mitigation methods:

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- **Use an effective vetting process**—When helping jobseekers find a position or searching for valuable candidates for an employer, it's crucial that you do your research to ensure both parties are genuine. Otherwise, you run the risk of responsibility for an individual being unsatisfied or unsafe in their new role, or an employer suffering from an incompetent candidate.
 - Make sure that individuals seeking work are completely qualified and fully meet the expectations of the employer. But don't believe everything you read on a CV, either. Double-check any jobseeker's qualifications by using a robust vetting process—this includes asking for proof of documentation (eg any license, degree or certificate required for work), reviewing past employment history, speaking with the individual over the phone or

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in person, and requiring professional references.

- Similarly, be sure that any employers your agency works with or refers jobseekers to is reputable. Your vetting process for employers should include requiring proof of necessary documentation (eg proper licensing and routine risk assessments) and compliance with relevant regulations, reviewing past prosecution or fine history, and ensuring proper financial practices (eg appropriate cash flow, timely payments and organised payroll).
- Take note of employers that your agency has the most success with or past jobseekers that performed well in their role. This way, you can be confident in referring jobseekers or employers that have a good history and establish a stronger relationship with clients.
- **Create strong contracts and conditions—** Recruitment and employment agencies need to create contracts or communicate terms and conditions when offering their services to employers or jobseekers. It's important that you establish a detailed written contract or set of conditions, and communicate these terms to your clients before providing your services. This practice ensures that both parties share an understanding of what is expected of them and are aware of any consequences they might face in the event of a breach. Further, having a sound contract or set of conditions in place reduces your risk of suffering from a liability claim.
 - Especially in the case of temporary (contractual) placements, it's crucial that both parties understand conditions of employment (job responsibilities and requirements, benefits, working hours and holiday time, payment practices and duration of placement) before the jobseeker begins work.
- **Prioritise health and safety—**The HSE [requires](#) recruitment and employment agencies to make sure that jobseekers have the proper resources to

remain healthy and safe during their work assignments. Never send a jobseeker to an open position if you aren't confident in the health and safety practices of the employer. Before a job assignment begins, it's important that you collaborate with the employer to provide the jobseeker with the following work-related health and safety resources:

- Information on any risks of the work, including the control measures in place
- Adequate instruction and training to enable the employee to work safely
- Any personal protective equipment needed for the employee to carry out work, as well as instruction on how to use and maintain it
- Guidance on how the employee can raise any health and safety concerns they have regarding the workplace
- **Address cyber-risk—**Considering that your organisation will likely possess sensitive information from both jobseekers and employers, it's vital to implement proper cyber-security measures to prevent a data breach. In the age of constantly evolving cyber-threats and hefty GDPR non-compliance fines, you need to implement these practices to keep your data secure and costs under control:
 - Establish and communicate cyber-policies to your workplace, such as a BYOD policy, safe internet use policy and data breach response policy.
 - Ensure a secure internet connection on workplace devices with antivirus and malware protection.
 - Only allow qualified, trusted employees access to sensitive data. Require employees to regularly update their device passwords and save sensitive information in appropriate locations. Use practices such as encryption to protect data during a breach.

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- Routinely train staff on cyber-security best practices, including how to spot phishing and how to respond to a data breach.
- Ensure your data protection practices are GDPR-compliant. For more information, click [here](#).
- **Ensure compliance**—There are a variety of regulatory concerns you need to keep in mind to ensure your recruitment or employment agency remains compliant when providing services. Use this [government guide](#) to review your agency's legal expectations.

Robust Cover Solutions

Apart from these top risk management methods, your organisation can have ultimate peace of mind by purchasing robust cover. Common insurance solutions for recruitment and employment agencies include:

- **Professional indemnity insurance** will protect your agency against any claims of negligence that result from perceived errors or omissions in your professional services when placing a job candidate.
- **Public and products liability insurance** provides cover in the event that your agency is responsible for any bodily injury or property damage to another client or the public.
 - You may also want to consider your **vicarious liability**, which could occur if the contract you established with an employer holds you responsible for any damage caused by the candidate that you referred. Further, **driver negligence insurance** is an important extension to include on your policy if your agency supplies temporary drivers.
- **Employer's liability insurance** will protect you against the cost of compensations for your employees' injuries or illnesses caused by work-related activities. This form of cover is especially crucial if the contract you established with an employer holds you responsible for the health and safety of the candidate you referred.
- **Legal expenses insurance** can offer protection in the event of any defence costs that your agency incurs from a legal dispute or claim.
- **Building and contents insurance** protects your agency's business property in the event of unexpected damage (eg vandalism), theft or natural disaster. You should also consider **business interruption cover** as an extension to your policy, which offers protection against your agency's loss of income after a disaster and during the recovery process.
- **Directors' and officers' liability** insurance provides cover in the event that your agency suffers losses due to the wrongful acts or negligence of senior-level leadership.
- **Cyber-insurance** protects against damages that result from threats to your agency's workplace technology or data—this includes stolen or damaged information, liability and recovery costs.

For more information on protecting your business, contact Aspire Insurance Services Limited today.