



## Trends in Employment Background Screening **2010 Results**

Researched and compiled by EmployeeScreenIQ

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## Introduction

Human resources managers have a duty to avoid bad hires. Over the years we have seen increasing sophistication in the use of employment background checks to reduce hiring mistakes. This survey examines screening trends among employers nationwide. The information is designed to help HR managers assess their current practices against their peers and better understand topical issues in background screening.

The survey was completed by 606 individuals from a wide range of organizations in the U.S. in May 2010. It provides a reliable snapshot of how organizations currently use background checks, how their use has changed in recent years, and what lies ahead.

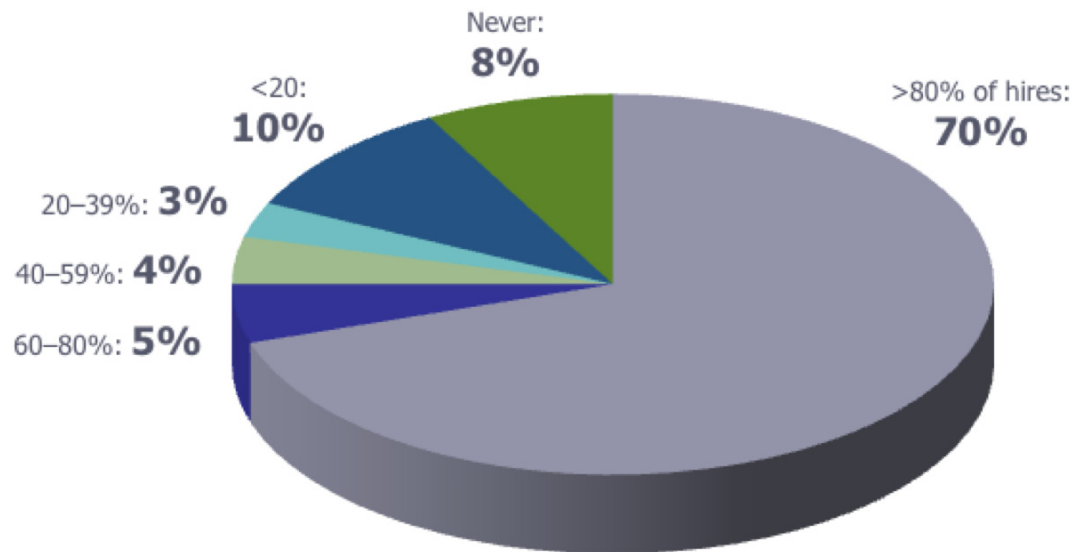
## Top Ten Findings

1. Employment background screening is a widespread practice: 92% of the companies surveyed perform background checks. Of that majority, 70% use them for over 80% of hires.
2. 70% of respondents said that background checks have increased in importance in recent years.
3. Background screening will continue to become more prevalent. About a third of those who don't use background checks reported they intend to do so in the next six months.
4. Only 32% of respondents felt that social networking sites were useful for employment screening.
5. Criminal record checks (county and/or national) and employment verifications are mandatory in the majority of organizations that conduct checks.
6. Most respondents consider criminal records (county and national), employment verifications, substance abuse, and educational verifications as high priority checks.
7. Only a third of the respondents view credit checks as a high priority in the hiring process.
8. Less than a third of the organizations surveyed said they did not perform checks on contract workers nor mandate they be performed.
9. More than three-quarters of respondents agreed their managers were very supportive of their screening program.
10. Nearly all respondents (96%) agreed that candidates accepted the need for background checks.

## Trends in the Use of Employment Background Checks

Figure 1 shows one very pronounced bar indicating that 70% of respondents perform background checks for more than 80% of their hires. This result clearly shows that background screening is a routine practice.

**Figure 1: Frequency of using background checks**



*\* Note: In some cases the individual percentages in these charts will add to 99% or 101% due to rounding.*

A few organizations don't use background checks at all. One reason is size: more than half of the organizations which never use background checks had less than 100 employees and may simply do so little hiring that they don't have well-developed hiring processes. Only a small number of respondents volunteered answers as to why they did not conduct background checks—the most common reason given was concern about cost, followed by uncertainty about their usefulness. Many of those not using background checks said they had simply never looked into it.

There is reason to believe the number of organizations that never use background checks will decline over time. About a third of those who don't use background checks reported they intend to do so in the next six months.

## Changes in the Importance of Background Screening

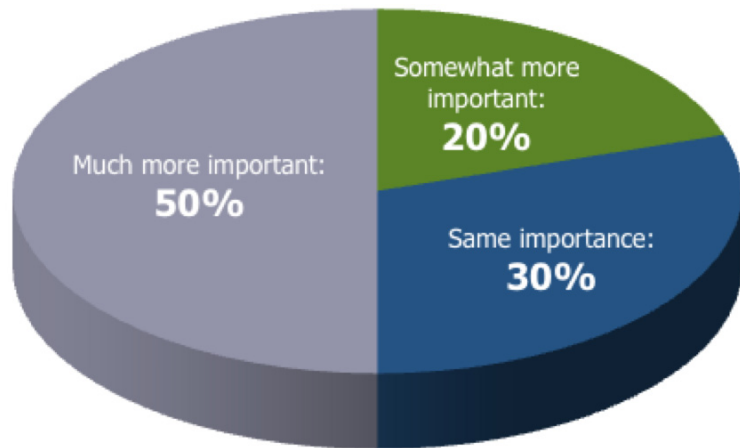
For half of the respondents, background checks have become “much more important” in recent years (Figure 2). No one reported that checks had become less important.

Reasons vary why background checks have become more important. Many organizations are now aware that background screening reduces risk.

For some organizations, regulations have driven the use of background screening—for example, most states require criminal background checks for individuals who work with children, the elderly, or the disabled. This reflects federal and state regulators’ concerns about the risk of unscreened people working with vulnerable clients.

For others, their concern is protecting the company’s stakeholders (clients, other employees, and shareholders). Another theme was the disconcerting feeling that employees were more likely to falsify their resumes, perhaps due to the economy or changing social norms. A sampling of comments appears in Figure 3.

**Figure 2: Changes in the importance of background screening in recent years**



**Figure 3: Reasons for increased use of background checks**

Comments
It has always been important.
Potential consequences of making a bad hiring decision.
Greater focus on security for our clients.
Substance abuse and high unemployment rates.
Applicants more likely to exaggerate or lie on applications and during interview progress. There are even websites that promote and coach job seekers on this trend.
Change in leadership with new leaders being more receptive to the benefits.
The risk to our company has increased as we’re hiring more individuals at a faster rate.

### Comments

Our corporate office has been trying to educate our franchisees more about the importance of background checks.

Friendly references are just not enough and we need to screen for educational, criminal and credit check(s), particularly for positions with fiscal & policy responsibility and authority.

I work in Healthcare. It's important to know the backgrounds of the people we are hiring as our clients are babies, children, older adults, etc.—people who are easily taken advantage of.

Some candidates seem more sophisticated about the employment process and less worried about getting caught omitting or concealing facts about their past than a decade ago (for blue collar AND professional jobs).

I think it was always important; it is just that most companies didn't have a reliable means of obtaining them.

Regulations governing certain positions and their responsibilities are much stricter. The insurance providers are asking what we did to prevent an occurrence from happening and that starts with the hiring process.

Background screening has always been significantly important to our agency, particularly due to the vulnerability of our participants. Also very important to protect the safety of our employees in relation to workplace violence.

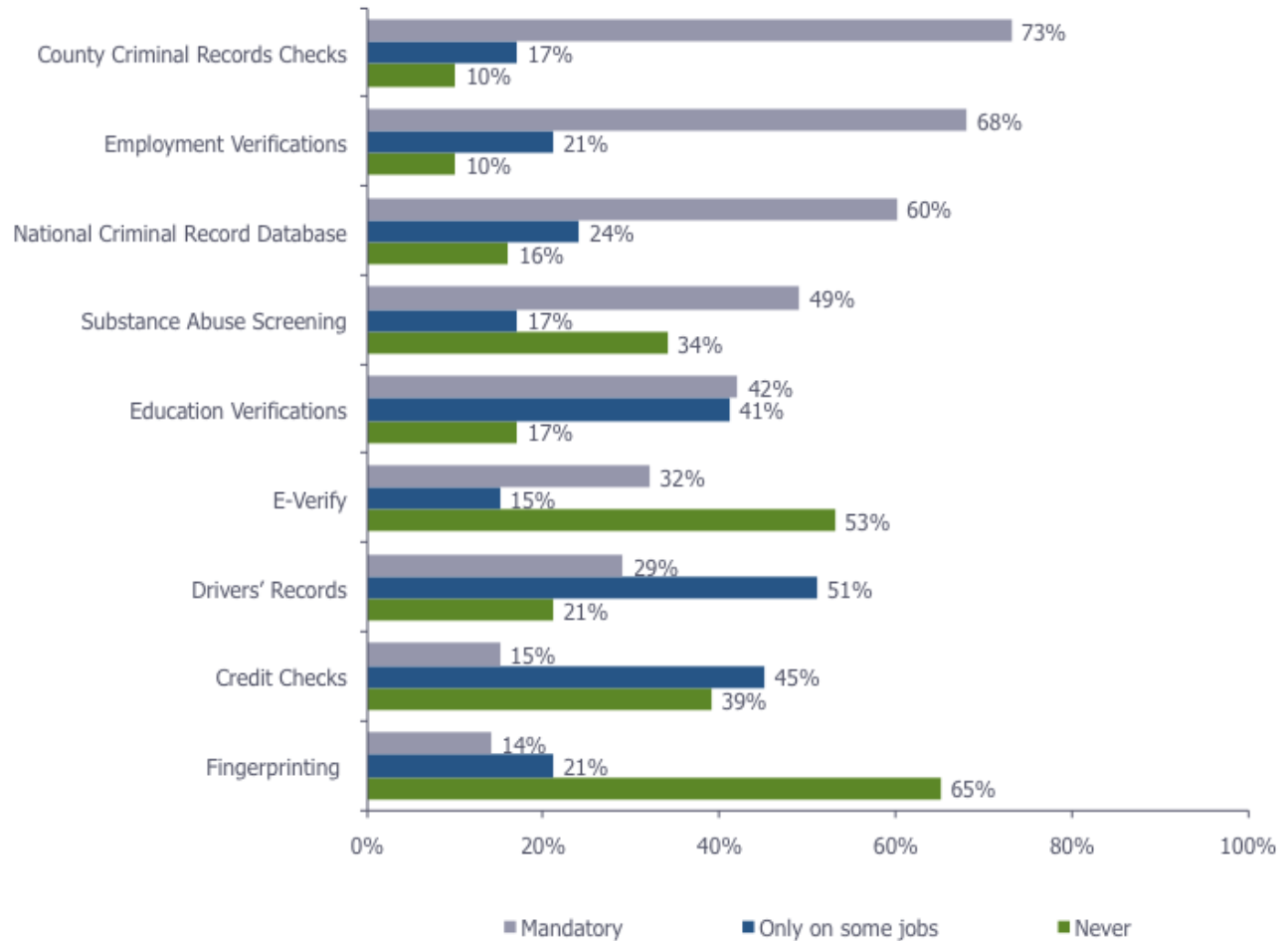
## Specific Background Screening Services

There are many different screening tools available, from criminal records checks to substance abuse screening to fingerprinting. Figure 4 shows which checks are used most frequently and whether they are mandatory or used only for selected jobs.

Among organizations that perform background screenings, the most common mandatory checks are criminal record checks (both county and national) and employment verifications.

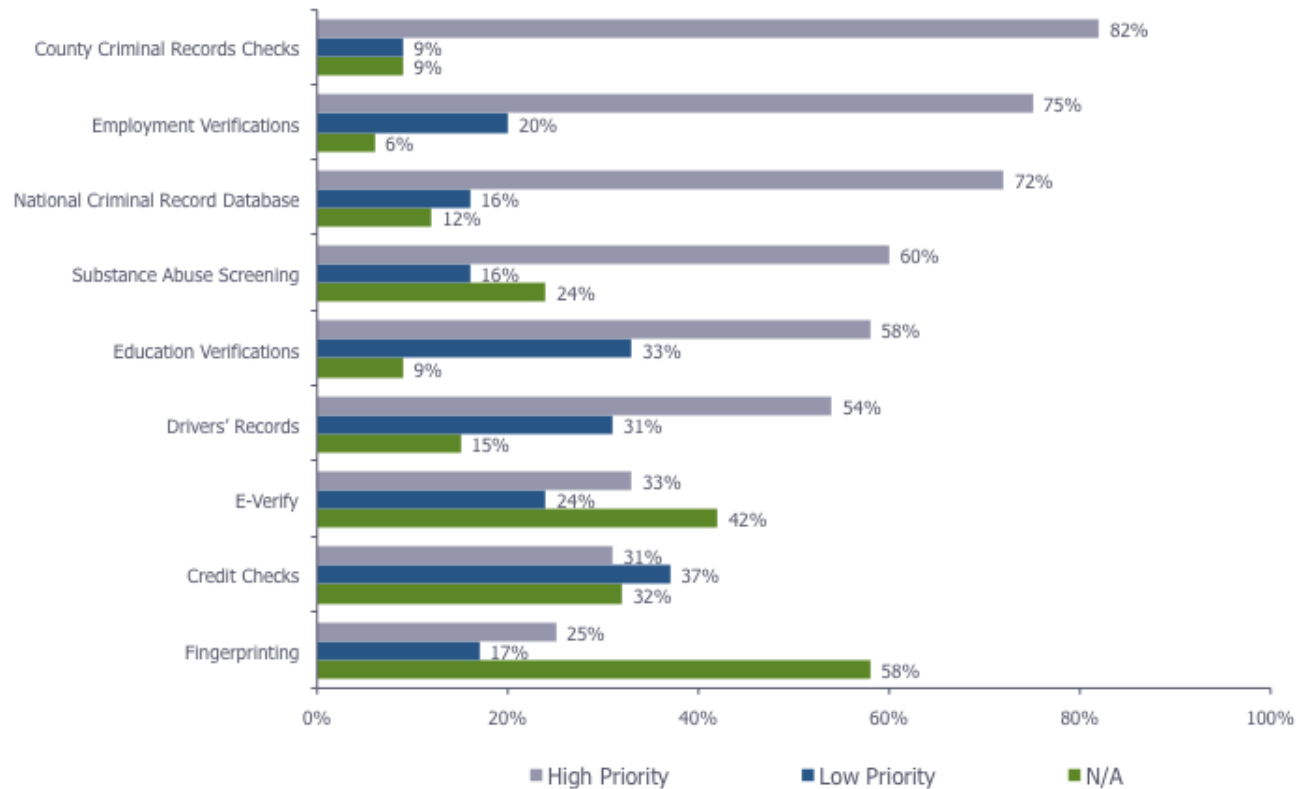
Education verifications are either mandatory or used for selected jobs in 83% of the organizations that request background checks.

**Figure 4: Background screening services used**



The importance of the various available background checks (Figure 5, next page) mirrors the frequency of use shown in Figure 4. Most respondents cited criminal records (county and national), employment verifications, substance abuse and educational verifications as high priority checks.

**Figure 5: Importance of various background checks**



Many respondents reported that the specific background screening services they use have not changed during the last two years. However, other respondents have made changes and Figure 6 gives a sampling of their comments. Several cited the increased use of background checks and many respondents mentioned the use of E-Verify. Survey comments run the gamut of screening services from educational and employment verifications to drug screening to motor vehicle records (MVRs) to fingerprinting.

**Figure 6: Changes in background checks used in the last two years**

Comments
We ceased using credit checks. The credit reporting agencies are unreliable; the economy has damaged previously financially sound employees; there is no real correlation between someone’s credit and their ability to perform well on the job; there is increasing litigation regarding the disparate impact of credit checks on the poor and minorities.
We are actually in the process of reviewing our current practices and want to add more checks to what we currently offer.
Our screening needs have increased in all areas in the past 2 years.

### Comments

We have always used background and drug screening as a very important part of our hiring process. We did start using the national criminal search early last year and that has helped to speed up the process.

We are doing more employment and education checks again because more companies are requiring it.

We are using national criminal, county criminal and MVRs.

We added driving records as it shows outstanding warrants.

Substance abuse screening is new as we recently implemented a drug-free workplace policy.

We use educational background checking more frequently as well as driving records.

We use employment verifications and education verifications—areas where applicants most likely to exaggerate or lie.

Fingerprinting, because state governments keep adding covered workers and increasing the scope and frequency of these checks.

We just started performing background checks in September 2009.

Education verifications are getting more attention for our corporate positions due to the high unemployment rate and tendency for applicants to 'pad' their resume to get a job.

E-Verify has become mandatory and we use it constantly. It has solved some problems for us before they became problems.

## Screening Contract Workers

With the increasing prevalence of contract workers, the inevitable issue has arisen of whether to conduct background checks on contract employees. More than 70% of the organizations surveyed said they perform checks on contract workers; only 29% do not (Figure 7). Of those that screen contract workers, the most popular option was to mandate that contractors perform the checks. This was closely followed in popularity by performing the same checks on contractors as on employees (26%), while a minority performed different checks on contractors than those utilized on employees.

**Figure 7: Background checks on contractors**

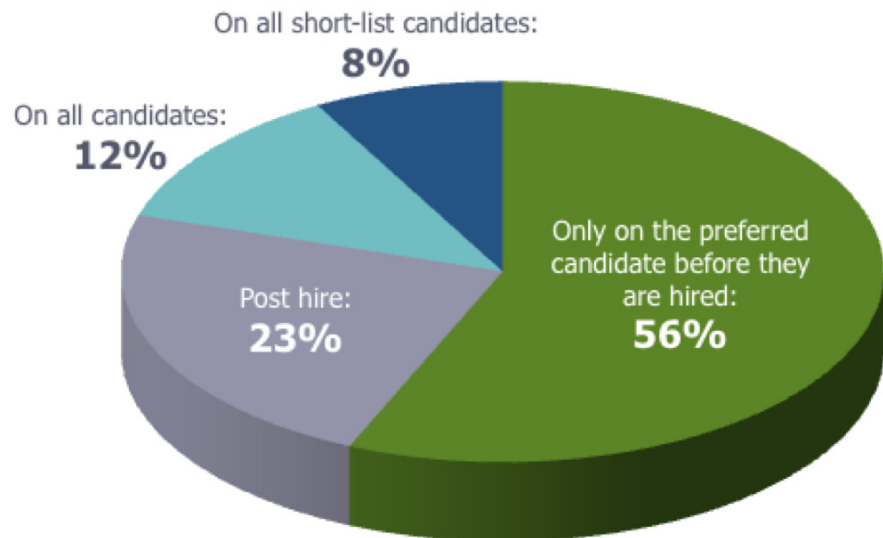


## Administration

More than half of the respondents said they only perform background checks on the preferred candidate, and nearly a quarter said they conduct the checks post-hire (Figure 8).

Only a minority of respondents reported requesting checks on all candidates or on “short-listed” candidates.

**Figure 8: When background checks are administered**



## Topical Issues in Background Screening

The survey investigated opinions around five topical issues in background screening (Figure 9, next page). The average response was not far from “neutral,” although there is a range of opinion from strong agreement to strong disagreement on every question.

The question that elicited the most agreement was “E-Verify is a useful tool,” followed by “We’re concerned with sending personal information overseas to conduct a domestic background check.”

There was only a slight tendency to agree that diploma mills or employment mills were a serious concern; and the notion that social networking sites were useful in background screening averaged exactly as “neutral.”

This result shows that despite the press coverage of issues like social networking and diploma mills, practitioners overall do not see these as important issues. Respondents’ individual opinions about background screening issues are shared in Figure 10 (see page 9).

**Figure 9: Issues in background checking**

Question	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Overall Average*
E-Verify is a useful tool.	15%	25%	54%	4%	2%	Agree to neutral (2.5)
We're concerned with sending personal information overseas to conduct a domestic background check.	16%	20%	49%	12%	4%	Slightly agree (2.7)
Diploma mills (organizations selling fake degrees) are a serious concern for us.	12%	28%	37%	21%	3%	Slightly agree (2.8)
Employment mills (organizations selling fake proof of employment) are a serious concern for us.	14%	24%	38%	22%	2%	Slightly agree (2.8)
Social networking sites are useful for employment screening.	7%	25%	40%	21%	8%	Neutral (3.0)

\* The responses are scored as 1 for "Strongly Agree," 2 for "Agree," and so on. Using this scoring method an overall average of 2.5 is one that falls mid-way between "Agree" and "Neutral."

**Figure 10: Comments on issues in background screening**

#### E-Verify

We perform an additional SS# verification in addition to E-Verify. That database has been known to be inadequate. The extra check is to protect the company.

#### Sending Information Overseas

I would not want to send personal information overseas to conduct a background check, nor would I want to use a vendor that does.

Some domestic screeners use overseas back-office centers. With today's powerful encrypting and PKI protocols I don't see the reason for a fuss about this. However I admit I cannot afford to visit them and do a personal inspection. It would be a big help if they passed the NAPBS accreditation or certification on security.

#### Diploma and Employment Mills

Our society seems to promote justification for just about anything including applicants falsifying information in the job-seeking process. It just comes too easily to too many. Integrity is becoming rarer and that is something I look for in hiring.

With the economy in such turmoil, candidates are desperate to obtain work and some will go to any length to obtain it—i.e., lying on their resume regarding employment and education.

I think diploma mills and employment mills are a serious concern for everyone.

We have yet to run into any issues with fake degrees and fake proof of employment. This may change but for now it has not been a problem.

### Social Networks

LinkedIn is a great reference check tool.

Using social networking creates some legal issues. We do not use them.

Using social networking sites for background checks can be deceiving. The information out there does not always present the facts honestly.

Social networks can be useful but one must always be careful and not discriminate based on age, sex, religion, race, etc.

Overall the respondents did not state a strong opinion about the laws to protect job applicants (Figure 11). They were neutral on whether the laws were an undue burden, leaned slightly towards disagreeing that the laws were too weak, and leaned slightly towards agreeing that the laws had become much more burdensome in the last five years.

**Figure 11: Opinions about laws to protect applicants**

Question	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Overall Average*
The laws to protect applicants create an undue burden on employers.	5%	22%	46%	24%	3%	Neutral (3.0)
The laws to protect applicants are too weak.	2%	5%	53%	36%	4%	Slightly Disagree (3.3)
The laws have become much more burdensome in the past five years.	7%	32%	45%	14%	2%	Slightly agree (2.7)

\* The responses are scored as 1 for "Strongly Agree," 2 for "Agree," and so on. Using this scoring method an overall average of 3.0 is equivalent to "Neutral."

The comments reveal a range of views from those who did not see any changes to those who felt the laws have become more burdensome; however, a general sense prevailed that there are reasons for the laws and HR managers should be able to deal with them given appropriate resources.

### Figure 12: Comments about the laws to protect applicants

I do not see the laws as an undue burden on employers, but I do agree that over the past 5 years, there are many more issues to be concerned about.
Haven't seen any real changes in recent years.
The laws have become burdensome because I'm not given the resources to deal with them adequately.
While the laws are burdensome, I don't think they have become excessively so.
I-9s have become more burdensome, with the employer having more of the responsibility regarding falsified documentation being presented by the new hire. More documentation required by employers.
We now have 6 (six) items to complete for each person hired, compared to 3 items just 2 years ago. Just a lot of detail.
They are what they are. We are professionals and need to learn to work within the laws.
They have become stricter in the past 5 years, but they are not "burdensome."

### Attitudes of Hiring Managers and Candidates

Respondents disagreed with both the statements that managers too often ignore the screening results and also the statement that managers put too much weight on screening results. These imply that respondents believe managers appropriately use screening results. However, managers may not understand screening results as well as they should, since there was a fairly neutral response overall to the question of whether managers understood them. There was clear agreement that managers were very supportive of screening programs.

### Figure 13: Hiring managers' attitudes towards screening

Question	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Overall Average*
Managers too often ignore the screening results.	3%	15%	17%	47%	18%	Neutral to Disagree (3.6)
Managers put too much weight on screening results.	2%	8%	25%	55%	10%	Neutral to Disagree (3.6)
Many managers don't understand the screening results.	3%	28%	21%	40%	8%	Slightly Disagree (3.2)
Managers are very supportive of our screening program.	26%	51%	17%	4%	2%	Agree (2.1)

\* The responses are scored as 1 for "Strongly Agree," 2 for "Agree," and so on. Using this scoring method an overall average of 3.6 is one that falls mid-way between "Neutral" and "Disagree."

Almost everyone (96%) agreed that candidates accepted the need for background checks, with that number almost evenly split between those who strongly agreed and those who simply agreed. The comments revealed more nuances on the candidate reaction.

A few common themes emerged in the comments:

- Most candidates accept that this is now a standard process, especially in some industries.
- Credit checks were the area of most concern.
- Some people are surprised when the organization actually follows through and completes the background check.

#### **Figure 14: Candidates' reaction to background checks**

I think background checks are the norm these days. I've never seen or heard of a candidate being surprised.

Our candidates are informed up front that this is mandatory for our company.

A few were surprised that I actually completed one—especially when a conviction showed up. They seem to not understand that convictions/pleas show up no matter what their lawyer told them.

In today's economy most people are concerned with credit checks... we only administer for financial related positions.

Some employees are uneasy about credit checks. They often admit to poor credit history prior to being a final candidate.

Haven't had any issues with candidates complaining about or resisting background checks. They seem to feel it's a part of life.

Because of the nature of our sector (critical infrastructure for finance and banking industry), they understand our constraints.

Some do object and others feel that it is an invasion of privacy.

Candidates have generally only protested when they are still working and do not want us to check the current employer. In rare cases a candidate will show unease even if they are currently unemployed, and this puts up a red flag for their past employment.

Generally, the candidates that have something negative in the background check will tell me before I run it.

All of our staff understands that when working with children a background check is needed.

## Conclusion

Background screening has become a standard and important part of the hiring process. Furthermore it has become more important in recent years and is likely to become more widespread.

Hiring managers support background checks and candidates accept the need for them. The area that is most sensitive is credit checks, particularly because a bad economy has left many people with poor credit histories.

The challenge for organizations will be to ensure they get high quality background checks and use them routinely in a climate where untruthful resumes seem more common and the risks of bad hiring are greater.

**EmployeeScreenIQ** is a Cleveland, Ohio-based employment screening company offering a variety of employment screening services to mid- and large-cap organizations throughout the world, including those in North and South America, Europe and East Asia. For more information visit [www.employeescreen.com](http://www.employeescreen.com).

## Appendix: Demographics

The survey received 606 responses; these responses came from organizations of all sizes. Employee populations of responding companies are illustrated below:

