2019 EMPLOYMENT SCREENING BENCHMARK REPORT
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Foreword

2019 marks the 12th annual HireRight Employment Screening Benchmark Survey.

In 2019, HireRight conducted the 12th annual HireRight Employment Screening Benchmark Survey of organizations within the U.S. to explore key issues, trends and underlying business drivers affecting talent acquisition, employee retention and background check programs for organizations around the world.

The result is the 2019 HireRight Employment Screening Benchmark Report, which highlights current trends in pre-employment background checks and ongoing screening of employees, the ways employers are adapting to the increasingly-competitive labor market, the major challenges in modernizing HR processes and the increasing complexity of the legal and regulatory landscape.

Key themes

**Competitive labor market**

With unemployment at record lows, companies are finding it more difficult to source, attract and retain top talent.

**Sourcing talent requires thinking differently**

Companies are increasingly looking for new sources of qualified talent including candidates from outside the U.S. and non-traditional employees like contract, temporary and contingent workers.

**Time-to-hire**

Concerns about loss of productivity, and the potential of losing a preferred candidate to a competitor, are driving employers to find ways to shorten the hiring process.

**HR investments**

An increased emphasis and investment in initiatives to improve recruitment efforts and retain top employees.
A booming economy leads to workforce growth

With a robust economic environment, employers are optimistic about the growth of their organizations.

Even as employers seek to fill an increasing number of positions, they are faced with the tightest labor market in decades. The shortage of skilled workers not only slows the pace of hiring, but poses other challenges for hiring companies as well. With multiple offers on the table, candidates have their pick of employers. Companies whose hiring processes take too long risk losing in-demand candidates to competitors.

80% of respondents expect to see their workforce grow, up from 73% in 2018, a promising notion for job seekers.

How much do you expect your company’s workforce to grow or decline in the next 12 months?

- 29% Grow by 6% or more
- 30% Grow by 3% to 5%
- 21% Grow by 1% to 2%
- 15% No change
- 2% Decline by 1% to 2%
- 2% Decline by 3% to 5%
- 1% Decline by 6% or more

Only 5% of respondents expect their workforce to decline over the next 12 months.
Even growing companies face numerous challenges

With unemployment at its lowest level in 50 years, hiring managers are having a harder time finding, retaining and developing talent than any time in recent memory.

6 in 10 respondents identified talent as one of their organization's most significant business challenges. Sourcing candidates, retaining quality employees and developing employees to build the company's future success remains difficult for the majority of organizations.

What are your most significant business challenges?

<table>
<thead>
<tr>
<th>Challenge</th>
<th>Ranked #1</th>
<th>Ranked #2</th>
<th>Ranked #3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Finding, retaining, and/or developing talent</td>
<td>40%</td>
<td>13%</td>
<td>8%</td>
</tr>
<tr>
<td>Managing costs</td>
<td>31%</td>
<td>10%</td>
<td>8%</td>
</tr>
<tr>
<td>Growing revenue</td>
<td>29%</td>
<td>10%</td>
<td>7%</td>
</tr>
<tr>
<td>Finding and/or retaining competitive advantages</td>
<td>25%</td>
<td>10%</td>
<td>7%</td>
</tr>
<tr>
<td>Risk management</td>
<td>17%</td>
<td>7%</td>
<td>6%</td>
</tr>
<tr>
<td>Improving analytics</td>
<td>14%</td>
<td>6%</td>
<td>5%</td>
</tr>
<tr>
<td>Customer retention</td>
<td>14%</td>
<td>6%</td>
<td>5%</td>
</tr>
<tr>
<td>Regulatory changes</td>
<td>14%</td>
<td>5%</td>
<td>5%</td>
</tr>
<tr>
<td>Defining strategy</td>
<td>12%</td>
<td>3%</td>
<td>4%</td>
</tr>
<tr>
<td>Information security</td>
<td>11%</td>
<td>3%</td>
<td>4%</td>
</tr>
</tbody>
</table>
The state of background checks

Criminal checks remain the most common background check, but examining other areas is also important to many employers.

Most organizations perform background checks that include several types of searches, with criminal checks being the most common.

Although almost all employers conduct criminal background checks according to this year’s results, far fewer are checking previous employment compared with 2018. Further, the number of hiring managers checking social media is also tapering off. While reviewing social media profiles may provide additional insight into candidates, it’s a best practice to conduct this check later in the process to avoid potential questions of discrimination related to a candidate’s appearance, race, gender, or other factors visible on their social profile.

When determining which checks to perform for each candidate, organizations should consider both the requirements of the position and what is permissible under the law.

What background checks does your company perform on candidates?

<table>
<thead>
<tr>
<th>Check</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Criminal or other public record searches</td>
<td>93%</td>
</tr>
<tr>
<td>Identity</td>
<td>64%</td>
</tr>
<tr>
<td>Previous employment and/or references</td>
<td>56%</td>
</tr>
<tr>
<td>I-9 forms / Employment authorization</td>
<td>55%</td>
</tr>
<tr>
<td>Drug and/or alcohol testing</td>
<td>49%</td>
</tr>
<tr>
<td>Education verification</td>
<td>46%</td>
</tr>
<tr>
<td>Motor vehicle records</td>
<td>45%</td>
</tr>
<tr>
<td>Professional license/qualification verifications</td>
<td>26%</td>
</tr>
<tr>
<td>Credit history</td>
<td>25%</td>
</tr>
<tr>
<td>Fingerprinting</td>
<td>11%</td>
</tr>
<tr>
<td>Social media</td>
<td>5%</td>
</tr>
<tr>
<td>None</td>
<td>1%</td>
</tr>
</tbody>
</table>
Companies are less likely to conduct checks on non-employees

Fewer companies are conducting background checks on non-employees.

In the case of volunteers and vendors, such checks are rarely completed. It is important to note that non-employees often have the same access to company data, files and facilities and can therefore pose the same risks as full-time employees.

Companies should consider this when determining pre-employment screening.

Between 2018 and 2019, there was a:
- 27% decrease in companies that check the backgrounds of independent contractors
- 13% decrease in companies that conduct checks on temporary or contingent workers

Which non-employee workers are subject to background checks?

- Temporary or contingent workers: 68%
- Independent contractors: 54%
- Interns: 47%
- Volunteers or other unpaid workers: 21%
- Vendor representatives: 9%
- Other types of non-employee workers: 5%
Best Practice:

Conduct background checks on all employees and non-employees, including volunteers. Not doing so may significantly increase organizational risk including:

- Exposure to computer hacking or data theft
- Exposure to financial loss or fraud
- Property loss
- A less secure environment for employees, customers or patients
- Hiring undocumented workers or violating other immigration laws
- Failure to comply with federal, state or local laws and regulations
Benefits received from pre-employment background checks

Conducting pre-employment background checks is a key component of risk mitigation for most organizations.

According to the survey, organizations benefit in numerous other ways as well. Most notably, companies state that conducting background checks helps meet staffing goals by improving the quality of hires. In 2019, more companies reported a better quality of hire as the top background check benefit, as compared to last year’s survey — 60% in 2019 vs 53% in 2018. In addition, respondents stated that more consistent safety and security and improved regulatory compliance remained among the top reasons to conduct checks.

What benefits has your company experienced from background screening?

- Better quality of hires: 60%
- More consistent safety and security: 56%
- Improved regulatory compliance: 46%
- Better company reputation: 27%
- Greater employee retention: 20%
- Other: 2%
Top challenges in conducting checks

The tight job market requires employers to make an offer and onboard new hires quickly, or risk losing top talent to competitors.

As a result, reducing time-to-hire once again tops the list of most significant background check challenges for organizations surveyed. Fifty-six percent highlighted the challenge this year compared to 44% in last year’s survey.

What are your most significant employment screening challenges?

Reducing time-to-hire 56%

Improving overall efficiency in the screening process 38%

Verifying information 32%

Getting quality information 27%

Ensuring a positive candidate experience 24%
Employers once again cite improving overall efficiency in the background check process as their number two priority, with more saying this is a problem.

Yet, only 4 in 10 have integrated background checks with their talent management solution. Although this is an increase over last year, there remains significant room for improvement. The case for integration is compelling. It can reduce the need for repetitive data entry, reduce the risk of data entry errors, speed time to hire and improve the candidate experience.

- 40% of respondents ranked “reducing time to hire” as their #1 most significant screening challenge
- 56% of respondents do integrate or have a plan to integrate background checks with a talent management solution
Ensuring a positive background check experience

Organizations have made big strides in an effort to deliver a better candidate experience. As important as it is to today’s job candidates, a positive candidate experience is key to successful recruitment efforts.

A poor experience puts the organization at risk of losing top talent and potentially damaging corporate reputation. In fact, more hiring managers are putting candidate experience front and center. Eighty-two percent have specific initiatives to improve, up from 76% in last year’s survey.

What is your company doing to ensure a positive experience for your candidates?

- Keeping candidates updated via email: 60%
- Mobile-friendly application/screening process: 32%
- Keeping candidates updated via phone call: 29%
- Keeping candidates updated via text: 15%
- Other: 4%
- Nothing – this is not a priority for us: 18%

60% of respondents keep candidates updated during the process via email, up significantly from 38% in 2018.
Validating candidate information often exposes misrepresentations

87% of respondents believe that some percentage of candidates misrepresent themselves on applications and or resumes.

The percentage of employers who said more than 20% of candidates misrepresent their experience or background has doubled, from 10% in 2018 to 20% this year.

What percent of individuals misrepresent information on their resumes and/or job applications?

- None, 0%: 51%
- 1% - 10%: 16%
- 11% - 20%: 13%
- More than 20%: 20%
## Challenges of validating candidate information

### More companies uncover criminal convictions during checks.

Almost three-quarters of organizations have uncovered criminal convictions during background checks – a dramatic increase over prior year, when just 54% said they discovered such discrepancies. This may be in part due to the increased prevalence of Ban-the-Box legislation which can result in employers becoming aware of a criminal background convictions later in the hiring process.

Organizations regularly uncover discrepancies in motor vehicle records, drug testing, previous employment and education as well. Misrepresentation happens at every job level.

### In which screening areas have you uncovered discrepancies with job candidates in the past 12 months?

<table>
<thead>
<tr>
<th>Screening Area</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Criminal convictions</td>
<td>72%</td>
</tr>
<tr>
<td>Driver motor vehicle records</td>
<td>40%</td>
</tr>
<tr>
<td>Tested positive on drug screen</td>
<td>36%</td>
</tr>
<tr>
<td>Previous employment discrepancies</td>
<td>35%</td>
</tr>
<tr>
<td>Educational credentials</td>
<td>30%</td>
</tr>
<tr>
<td>Credit</td>
<td>9%</td>
</tr>
<tr>
<td>Professional licenses</td>
<td>8%</td>
</tr>
<tr>
<td>Identity</td>
<td>7%</td>
</tr>
<tr>
<td>Other</td>
<td>1%</td>
</tr>
</tbody>
</table>

71% of organizations say they have uncovered issues as the result of a background screen that they wouldn't have caught otherwise.
Best Practice:

Inaccurate information provided by a candidate can pose a risk to employers. Partnering with a highly-reputable background check provider that conducts thorough checks can alert employers to misrepresentations and can help ensure the most accurate information related to the candidate is available.
Non-employees misrepresent information, too

According to the survey, more than a third of candidates applying for temporary and contract work mispresent information on their resumes and/or applications.

More than one-third of hiring managers stated that they had uncovered issues with non-employees through background checks that would not have otherwise been uncovered, underscoring the importance of background checks for all workers, employees as well as non-employees.

34% of respondents said screening uncovered issues with non-employees that their company wouldn't have caught otherwise.
Trends in employee rescreening

Today's employees may change positions and employers more often than in the past. As a result, employees may not stay with an organization long enough to be a part of regularly-scheduled repeat screening.

This could help to explain why in this year's survey, fewer companies say they are rescreening current employees.

Of the one-third of organizations that rescreen their employees, 60% will do so for all employees, and nearly half do so “periodically,” rather than based on a specific event. Promotions, transitions to new roles, license renewals and company mergers are perfect opportunities to conduct an updated screen.

While a thorough and professional pre-employment background check provides a snapshot of a candidate's past at the time of hire, things can change. Without periodic or regularly scheduled follow-up screenings, problems may arise that could seriously affect your business.

70% of companies say they do not rescreen existing employees

Best Practice:
Rescreening workers at regular intervals can promote a safer, more secure work environment and can help ensure workers maintain the qualifications and standards needed for the job. Rescreening can also help protect individuals with whom employees come into contact including customers and patients. Such precautions can help reduce threats and prevent damage to your business.

When does your company rescreen current employees?

| Periodically | 47% |
| When an employee is promoted or changes roles | 23% |
| When licenses are renewed | 12% |
| Following an acquisition/ merger | 5% |
| Other | 31% |

70% of companies say they do not rescreen existing employees
The increasing globalization of U.S. companies

The increasing number of organizations operating and conducting business overseas has led to a surge in the need for international background checks.

Nearly a third of companies surveyed operate beyond the U.S., and about 8 in 10 have policies for conducting background checks for positions based in other countries.

Does your company have operations in countries outside of the company’s home country?

- Yes: 29%
- No: 71%

Does your company have a policy in place directing how screening is conducted for positions in other countries?

- Yes: 79%
- No: 15%
- No, but we plan to: 6%
Screening candidates with international backgrounds

With the competition for talent at an all-time high, more companies are open to candidates with international backgrounds and experience. When they do find the right candidate, two-thirds say they conduct global background checks.

Organizations hiring employees who have lived, been employed or gone to school overseas conduct the same types of background checks as those that do not, although there’s a difference. For candidates with international backgrounds, global education checks are conducted as often as global criminal checks, while the most typical background check in the U.S. is the criminal background check.

Do you conduct background checks on candidates who have lived, worked, or received their education internationally?

Yes 67%
No 33%

What is your process for conducting background checks on candidates who have lived, worked, or received their education internationally?

- We conduct global education checks: 59%
- We conduct global criminal checks: 58%
- We conduct global work experience/reference checks: 46%
- We conduct global identity checks: 31%
- We conduct other types of global checks (credit, etc.): 9%
- Other: 12%
Companies find global background checks challenging

Conducting accurate, comprehensive background checks in other countries can be complex. Many companies experience difficulty understanding the laws and cultural differences of other countries.

Difficulty sourcing information and an inability to maintain a high-quality candidate experience make screening international candidates more complex.

What are your most significant challenges in screening job candidates outside your home?

<table>
<thead>
<tr>
<th>Challenge</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Difficulty understanding laws by country</td>
<td>41%</td>
</tr>
<tr>
<td>Difficulty sourcing information</td>
<td>40%</td>
</tr>
<tr>
<td>Issues maintaining quality of the candidate experience</td>
<td>28%</td>
</tr>
<tr>
<td>Cost is too high</td>
<td>24%</td>
</tr>
<tr>
<td>Business priorities are not focused on global screening</td>
<td>23%</td>
</tr>
<tr>
<td>Lack of manpower to conduct and/or support global screening</td>
<td>21%</td>
</tr>
<tr>
<td>Unable to find the right screening provider</td>
<td>16%</td>
</tr>
<tr>
<td>Lack of cultural acceptance</td>
<td>15%</td>
</tr>
</tbody>
</table>

Best Practice:

Forming a strong partnership with a background check company that has both global reach and local presence in countries around the world is essential to vetting international candidates. With a comprehensive global background check program in place, companies can deliver a consistent and uniform process that follows local employment laws, cultures and languages.
The state of testing for drug and alcohol use

The majority of U.S. companies conduct drug tests on all candidates.

While almost two-thirds of respondents drug test all candidates, the remainder of companies drug test only candidates for specific positions. The percentage of companies with a policy to test all candidates dropped by 12% since our 2018 survey.

Which workers are subject to drug/alcohol tests?

- All job candidates: 62%
- Candidates for safety/security concerned roles: 10%
- Candidates for non-exempt/hourly positions: 10%
- Candidates for director and manager positions: 7%
- Candidates for positions dealing with finances: 6%
- Candidates for C-suite/executive positions: 5%
- Temporary or contingent workers: 5%
- Independent contractors: 3%
- Interns: 2%
- Volunteers: 1%
- Vendors: 1%
- Other: 21%
The vast majority of respondents have not changed their policies about marijuana and have no plans to do so in the future, even as marijuana is rapidly becoming legalized across the U.S.

With the increasing legalization and gradual lessening of the stigma around marijuana, has your company changed its drug testing policy for marijuana in the past 12 months?

<table>
<thead>
<tr>
<th>Response</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>no change</td>
<td>48%</td>
</tr>
<tr>
<td>yes, we updated our policy</td>
<td>6%</td>
</tr>
<tr>
<td>we plan to change our policy</td>
<td>6%</td>
</tr>
</tbody>
</table>
Dealing with medical marijuana

Almost three in four companies operate in states where marijuana is legal for medicinal purposes, yet almost 40% do not have a policy in place to deal with medical marijuana users who test positive.

What is your company policy when a donor is positive for marijuana on a drug test and he/she is a medical marijuana user?

- We do not have a medical marijuana policy: 38%
- We do not accommodate it at all: 29%
- Accommodate it on a case-by-case basis in states where we have to: 19%
- We universally accommodate it in the states where we have to: 5%
- Accommodate it in every state whether or not the state mandates: 2%
- Other: 10%
The state of recruiting

Digital methods are preferred.

Most recruiting is conducted online, with corporate websites and online job boards frequently ranked among the top three methods utilized by respondents. Companies primarily utilize their corporate website and online job boards for their recruiting efforts. The reliance on referrals as a recruiting method has dropped significantly. In 2017, 76% of firms said referrals were a top resource for finding prospective hires, compared to just 43% today. Although fewer companies are using the corporate website (59% vs 65%) and online job boards (66% vs 76%) today, as compared to 2017, these digital resources are the primary methods for recruiting.

University and college internships also play an important role as employers compete for new graduates.

How does your company recruit, attract or find new employees?

- Online job boards: 66%
- Corporate website: 59%
- Referrals: 43%
- Social networking: 27%
- Job fairs: 25%
- University or college internships/programs: 24%
- Outside recruiters/temp agencies: 19%
- Professional/trade associations: 8%
- Print media: 7%
Best Practice:

Organizations should pay close attention to how they represent their business, culture and career growth opportunities to prospective employees on their websites and on online job boards.
The transition away from paper forms

Businesses are transitioning away from reliance on paper forms. While some companies continue to use both paper and electronic forms, others are committing to electronic-only.

The number of companies that use an electronic chain-of-custody form remained steady from last year’s survey at about half. Although this is an easy way to improve efficiency, only five percent of companies not currently using electronic forms say they plan to adopt this practice in the future.

36% of companies say they are electronic only for I-9 documentation, up from 20% last year.

Does your company use an electronic chain-of-custody (eCOC) form?

Yes 49%
No plan at this time 46%
No, but plan to 5%

How does your company complete and store I-9 forms?

Paper and electronic 38%
Electronic only 36%
Paper only 26%
E-Verify & ICE notice of inspection

According to the survey, more than 9 in 10 companies are at least somewhat prepared to respond to an ICE Notice of Inspection within 3 days.

54%

of companies are now using E-Verify voluntarily, up from 45% from 2018. This shift directly corresponds to the decrease in the number of companies that were not previously using it.

Does your company use E-Verify?

54%

Yes, voluntarily

Yes, when required by law

No

No, but planning to

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The outlook for HR investment

A stronger focus on the candidate experience.

In the tight labor market, companies are placing more emphasis on people – from attracting highly qualified candidates to motivating and retaining employees.

Organizations are 5% to 7% more likely this year than in 2018 to invest in initiatives that improve the ability to recruit and retain candidates, as well as to make their processes more efficient.

Looking ahead: game-changing technologies.

Respondents expect new technologies to increase their ability to compete and to drive efficiencies for the HR function.

A third of respondents feel that Applicant Tracking and Human Capital Management Systems are most likely to be game-changing new technologies. AI is becoming more prevalent in consumer applications and 25% of HR professionals also see promise in using artificial intelligence for recruiting.

Top three initiatives respondents are most likely to invest in during 2019

- Finding qualified job candidates: 66%
- Keeping good employees/reducing employee turnover: 65%
- Making HR processes more efficient: 55%

Top three HR technologies respondents are most likely to invest in during 2019

- Applicant Tracking System (ATS)/Human Capital Management System (HCM) software: 50%
- Performance management tools: 28%
- Payroll automation: 17%
Methodology

Response
The survey was conducted online (email & web) between March 25, 2019 and April 29, 2019, among 3,467 US and Canada (3,415 US / 52 Can) human resource professionals knowledgeable about employment screening and recruiting.

Format
Survey questions included multiple choice, multiple selections, and open text. Figures may not add up to 100 percent due to rounding or multiple-selection questions.

Weighting
In some cases, multiple responses were received from the same company. For non-demographic questions, those responses were condensed into one so that each company is weighted equally.

Margin of error
Assuming a 95% confidence interval, a sample of 3,467 yields a margin of error of 1.66%.
### Respondent industries

<table>
<thead>
<tr>
<th>Industry</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transportation</td>
<td>19%</td>
</tr>
<tr>
<td>Healthcare</td>
<td>9%</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>8%</td>
</tr>
<tr>
<td>Education</td>
<td>6%</td>
</tr>
<tr>
<td>Technology</td>
<td>5%</td>
</tr>
<tr>
<td>Non-profit</td>
<td>5%</td>
</tr>
<tr>
<td>Retail</td>
<td>5%</td>
</tr>
<tr>
<td>Professional Services</td>
<td>4%</td>
</tr>
<tr>
<td>Finance</td>
<td>4%</td>
</tr>
<tr>
<td>Staffing/Recruitment</td>
<td>4%</td>
</tr>
<tr>
<td>Insurance</td>
<td>2%</td>
</tr>
<tr>
<td>Energy/Utilities</td>
<td>2%</td>
</tr>
<tr>
<td>Leisure/Hospitality</td>
<td>2%</td>
</tr>
<tr>
<td>Government</td>
<td>2%</td>
</tr>
<tr>
<td>Telecommunications</td>
<td>1%</td>
</tr>
<tr>
<td>Media</td>
<td>1%</td>
</tr>
<tr>
<td>Defense/Aerospace</td>
<td>1%</td>
</tr>
<tr>
<td>Other</td>
<td>14%</td>
</tr>
</tbody>
</table>
About HireRight

HireRight is the premier global background screening and workforce solutions provider. We bring clarity and confidence to vetting and hiring decisions through integrated, tailored solutions, driving a higher standard of accuracy in everything we do. Combining in-house talent, personalized services, and proprietary technology, we ensure the best candidate experience possible. NAPBS accredited and based in Irvine, CA, we offer expertise from our regional centers across 200 countries and territories in The Americas, Europe, Asia, and the Middle East. Our commitment to get it right every time, everywhere, makes us the trusted partner of businesses and organizations worldwide.

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Contact us

For more information, call us at:
800.400.2761 U.S. and Canada
+1 949.428.5800 worldwide
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