2016

HireRight Employment Screening Benchmark Report

HireRight

Foreword

The HireRight 2016 Annual Employment Screening Benchmark Survey was performed in October and November 2015. The responses came from several thousand human resources professionals, including HireRight customers, who indicated they were knowledgeable about employment screening and recruiting. The report explores key issues, trends, and underlying business drivers affecting screening programs in U.S. organizations. It also covers policy and practices. A complete review of the methodology can be found in the survey overview and methodology section at the end of this report.

Key Themes

Finding qualified candidates, staying compliant, and minimizing the risk of bad hires are always key goals for organizations, especially in an economic environment where employers continue to compete to hire top talent.

Companies utilizing a combination of back-ground screening solutions may experience a better quality hire.

With an increase in global workforce mobility, more U.S. organizations are screening employees who lived, worked, or attended school abroad.

A more efficient hiring process and an improved candidate experience are top screening challenges.

With an improving economy, companies anticipate workforce growth in 2016.

Unemployment rates are now at their lowest since the Great Recession began in 2008[1]

In the wake of the Great Recession, many employers were reluctant to hire. However, various business and economic indicators have signaled a shift toward an era of increased growth and employment. The responses from the survey reflect this trend, as employers have expressed optimism about hiring plans for the coming year.

Estimated organizational growth from survey respondents

77%

19%

4%

↱ Grow

No change

↘ Shrink

77%
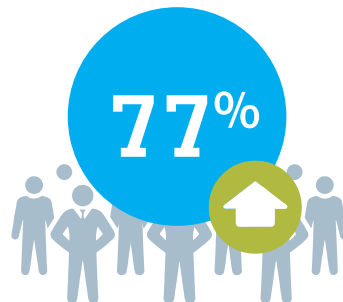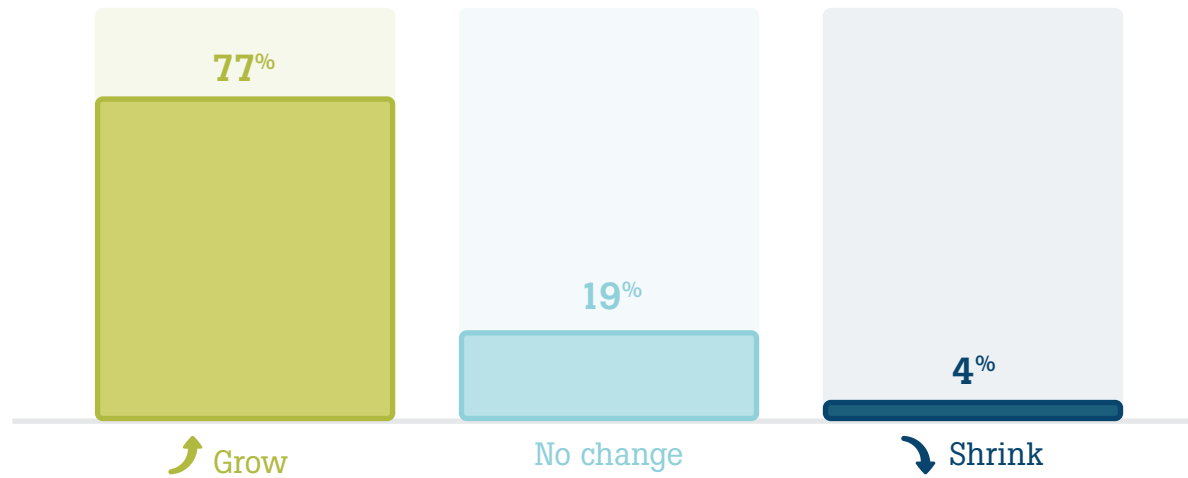
A now-stable economy has encouraged 77% of organizations to anticipate growing their workforce within the next year, an **8% increase over the past three years**.

🐦 Tweet

Organizations' top business challenges are consistent with their planned investments for 2016

Although managing costs, finding/retaining competitive advantages, regulatory changes, and growing revenue are priorities, acquiring talent was shown to be more than twice as important.
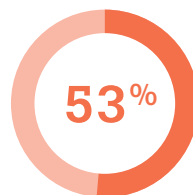
Plan
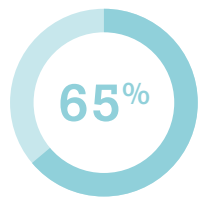
65% Sixty five percent of respondents will be making an investment in 2016 to improve their ability to find qualified job candidates.
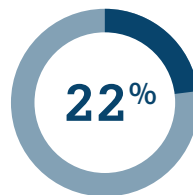
55% More than half of all respondents said that retaining talent is a top initiative for 2016.
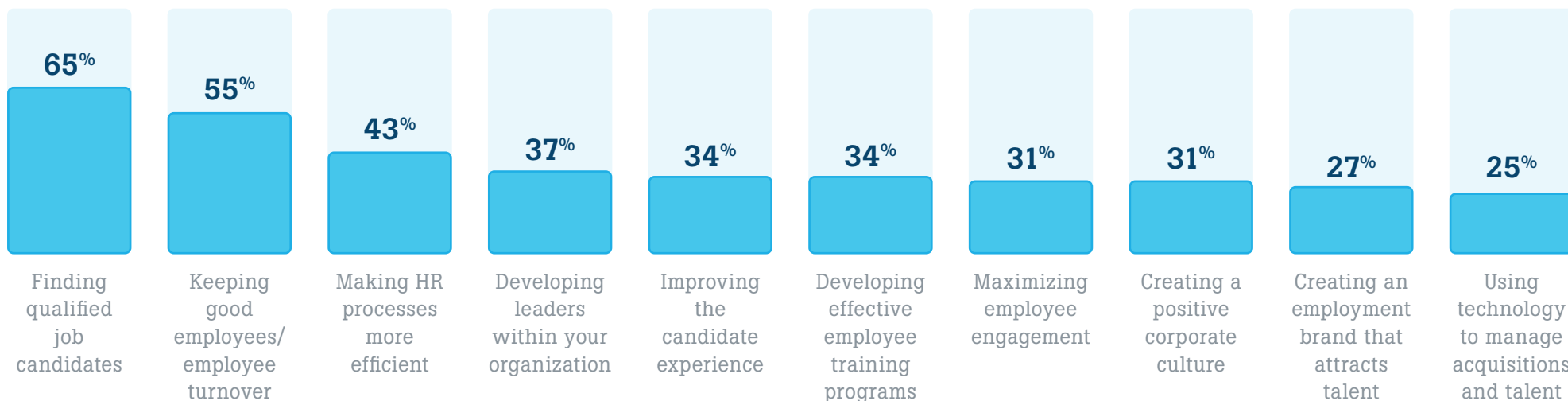
Challenges

53% Fifty three percent of respondents note that finding, retaining, and developing talent remains the top business challenge, consistent with past years.

22% Twenty two percent of respondents also said that finding and/or retaining competitive advantages was a significant priority.

Planned investment categories

65%	55%	43%	37%	34%	34%	31%	31%	27%	25%
Finding qualified job candidates	Keeping good employees/ employee turnover	Making HR processes more efficient	Developing leaders within your organization	Improving the candidate experience	Developing effective employee training programs	Maximizing employee engagement	Creating a positive corporate culture	Creating an employment brand that attracts talent	Using technology to manage acquisitions and talent

Reducing time-to-hire, improving screening efficiency and ensuring a better candidate experience are top screening challenges for 2016

In a tight labor market, it is critical to quickly identify and hire the best talent. However, organizations are struggling in this regard.

Reducing time-to-hire
43%

Verifying information
32%

Improving overall screening efficiency
30%

Getting quality information
24%

Not experiencing challenges at this time
21%

Ensuring a positive candidate experience
20%

Managing screening costs
16%

Meeting regulatory requirements
15%

Applying screening policies consistently
12%

Other
5%

*With a burgeoning economy and a more-competitive job market, organizations are now placing more emphasis on **speeding time-to-hire to acquire top talent.***

Tweet

# Better quality of hire is the leading benefit of screening

A large numbers of respondents stated that screening provides more consistent safety and security as well as improved regulatory compliance. Clearly, organizations that engage in pre-employment background checks feel that there is a positive and measurable return on their investment.

Benefits of employment screening

Better quality of hire

52%

More consistent safety and security

46%

Improved regulatory compliance

40%
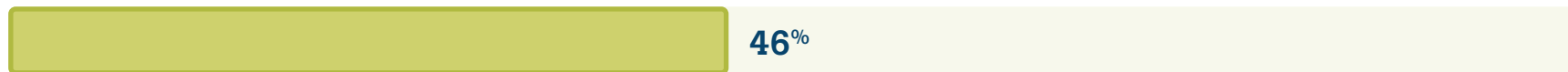
Better company reputation

21%

Greater employee retention

16%

*Organizations recognize that screening provides a **better quality of hire** as well as **greater safety and security in the workplace**.*

Tweet

Screening uncovers lies and misrepresentations in resumes

Falsehoods, deceptions and exaggerations are common in resumes and job applications. In fact, consistent with past years, 88 percent of respondents said that they found these types of misrepresentations. In addition, 84 percent of respondents said that screening had revealed deceits that they may have not otherwise caught, highlighting the potential benefits of diligent employment screening. Candidates may provide inaccurate information in order to get a job. A thorough background check may expose dishonest statements made by candidates prior to hire.

Recruiters who have found a lie or misrepresentation on resumes and/or job applications

88%
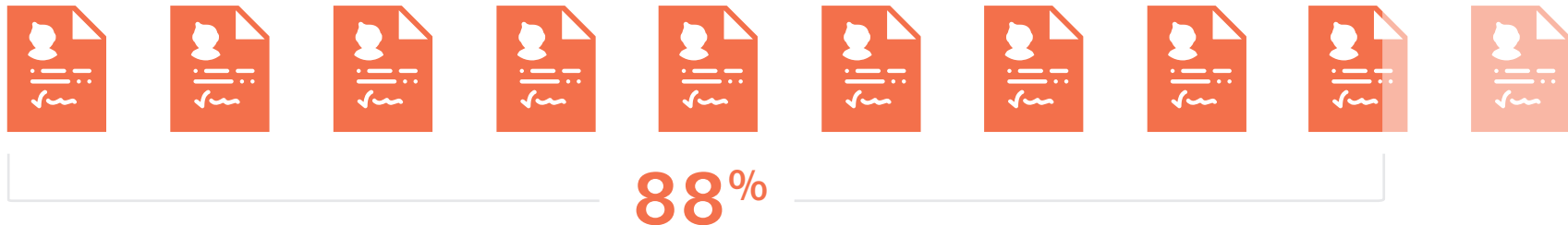
Screening has uncovered issues that would not have been caught otherwise
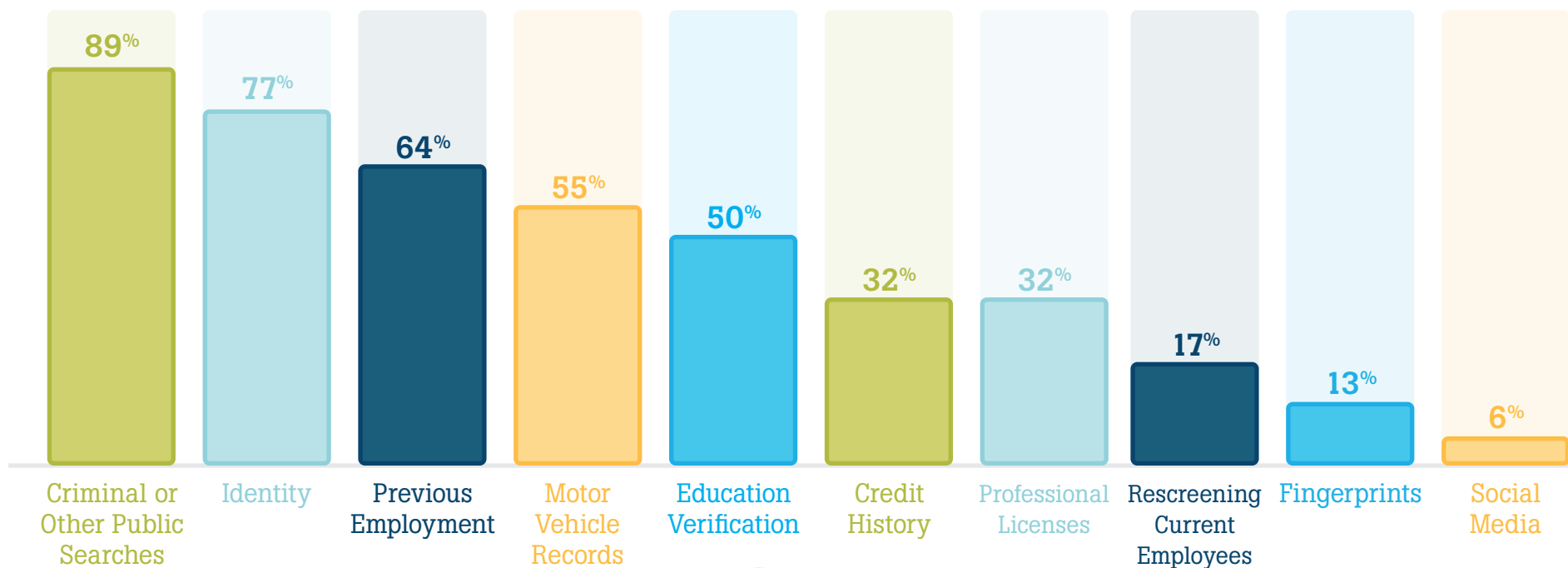
84%
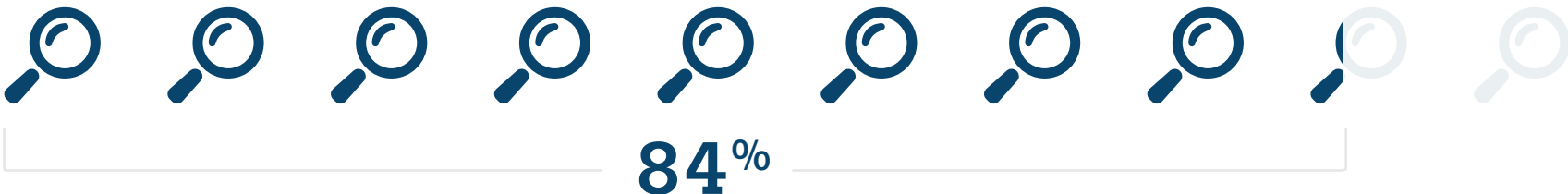
*Organizations report that background checks are instrumental in **uncovering misrepresentations** and other untruthful information provided by the candidate.*

Tweet

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Criminal, identity, employment and education verifications remain, by far, the most popular types of background checks

Eighty-nine percent of respondents conduct either criminal or other public record searches. Further, periodic re-screening of the workforce is becoming more accepted. In fact, large companies with mature screening programs tend to re-screen employees more frequently than smaller firms.

Most popular types of background checks

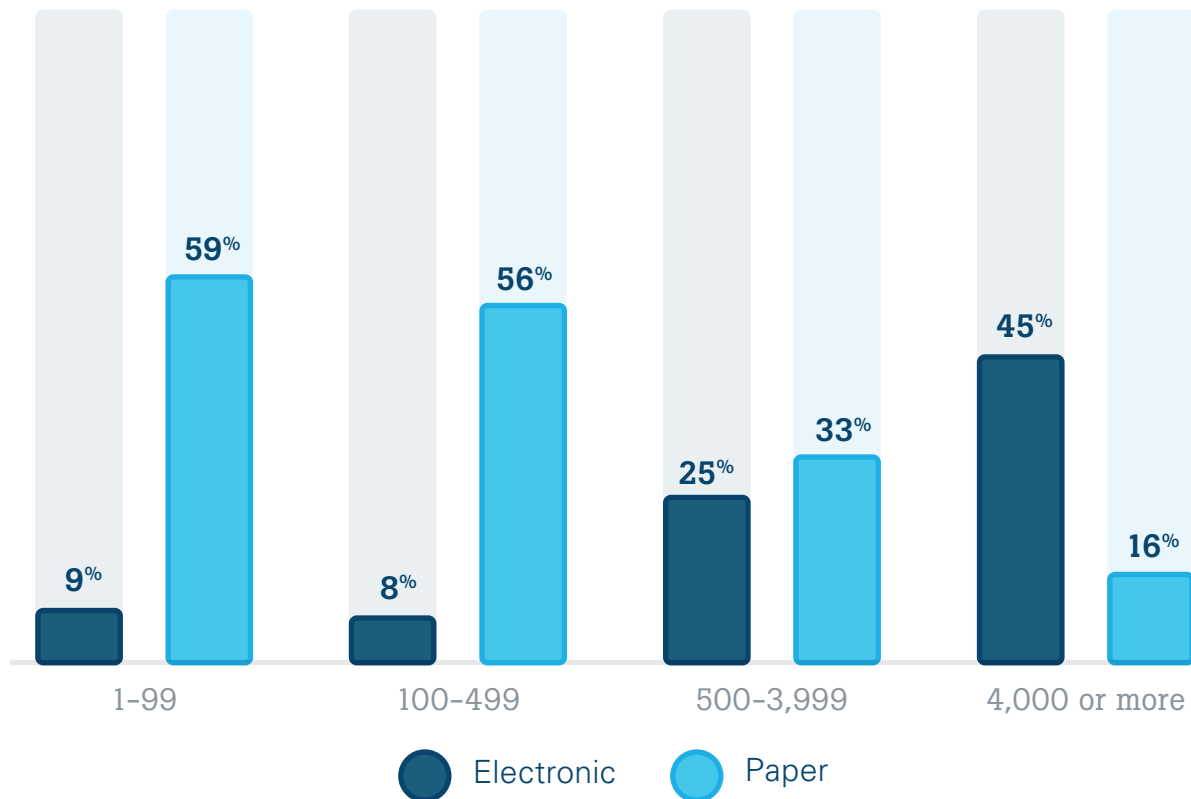|	
Criminal or Other Public Searches	89%
Identity	77%
Previous Employment	64%
Motor Vehicle Records	55%
Education Verification	50%
Credit History	32%
Professional Licenses	32%
Rescreening Current Employees	17%
Fingerprints	13%
Social Media	6%

While criminal background checks remain the most popular type of screen, more organizations are realizing the value of including other types of screens.

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While many organizations still store paper I-9 forms, electronic storage use is growing

As companies grow, the practical benefits of maintaining an electronic record system become more obvious and provide the impetus to replace a paper system. There was a five percent increase of organizations moving to an electronic I-9 format since last year. Most organizations feel prepared for an ICE inspection, though only 34 percent have been through an audit either by the government, a third party, or internally.

**How organizations complete and store I-9 forms**
(by number of employees)

Employees	Electronic	Paper
1–99	9%	59%
100–499	8%	56%
500–3,999	25%	33%
4,000 or more	45%	16%

● Electronic ● Paper

More companies are recognizing the value of storing their I-9 documents electronically.

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Organizations seek to reduce risk in their contingent, temporary, and contract workers by ensuring they have been screened

A significant number of organizations require that staffing agencies providing them with temporary employees run background checks to all assigned staff prior to engagement. This practice tends to be most prevalent in larger companies.
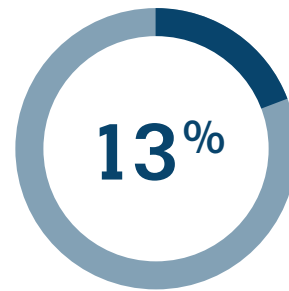
Non-employees subject to background screening
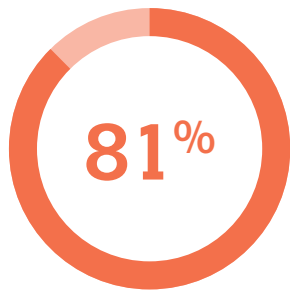
81%
Contingent, contract and temporary workers
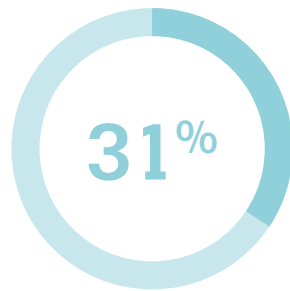
31%
Volunteers or other unpaid workers

13%
Vendor representatives

6%
Other

As the popularity of an extended workforce grows, organizations are realizing the importance of screening this segment as thoroughly as they screen regular employees.

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Urine testing remains the most popular type of drug screen

Ninety-two percent of organizations cite urine testing as their preferred method. Electronic Chain-of-Custody (eCOC) is slowly becoming more accepted among organizations, with 55 percent of organizations surveyed either now use or plan to use eCOC.

Commonly used types of screening
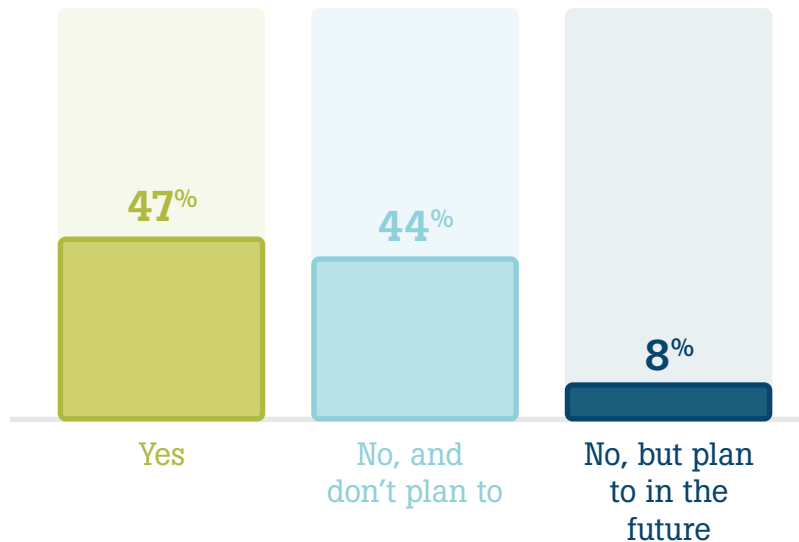
92% Urine

24% Breath Alcohol Test (BAT)

8% Hair

8% Blood

7% Saliva

5% Other

Does your organization use an electronic Chain-of-Custody (eCOC) form?

47% Yes

44% No, and don't plan to

8% No, but plan to in the future

While urine testing remains the most popular form of testing, blood, hair, saliva and breath alcohol tests are also employed for drug screening. Each type of test offers unique advantages and drawbacks.

While 52 percent of companies surveyed do not have a policy regarding an employee's use of medical marijuana, more companies may be considering implementing such a policy

Less than half of respondents have a policy in place to address medical marijuana usage. Thirty-nine percent said they did not have a policy and did not plan to implement one. In spite of the fact that more states are decriminalizing marijuana for medical or recreational use each year, only five percent of companies said they had such a policy in place.

Use of medical marijuana policies

We do not have a policy

52%

We do not accommodate, nor do we have plans to in the next year

39%

We do have a policy to accommodate medical marijuana use

5%

We do not accommodate, but may in the next year

5%
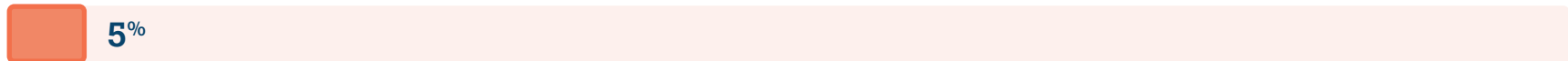
Most companies surveyed indicated they screen prospective employees who have lived, worked or studied abroad

19%

Fifteen percent of respondents last year said that they screened candidates with a non-U.S. background vs. 19 percent this year—a four percent increase.

70%
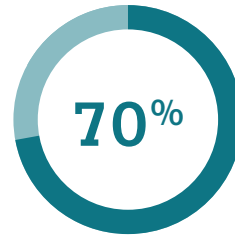
Of the 19 percent who screen non-U.S. candidates, 70 percent have or plan to put a global screening policy in place.

74%
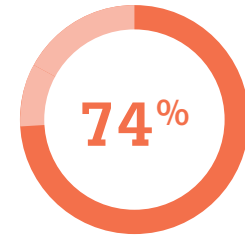
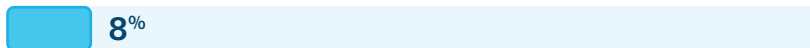Of those 19 percent who screen non-U.S. candidates, 74 percent of all job candidates are screened, regardless of the position being applied for.

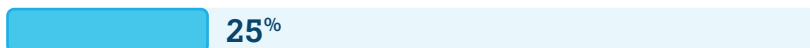## Does your organization have a global screening policy in place?

Yes
65%

No, but we plan to
8%

No
25%

Even companies who hire only domestically are affected. Many organizations are addressing the talent deficit by recruiting individuals who have lived, worked, or studied in another country, and are placing an emphasis on checking those individuals' backgrounds.
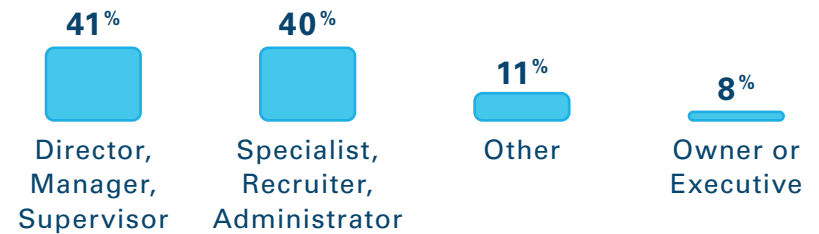
Survey Overview and Methodology

The 2016 HireRight Employment Screening Benchmark Report is the largest of its kind, and includes responses from 3,459 Human Resources professionals, worldwide, from small, medium and large-sized firms. This report provides valuable insight about best practices and industry trends that may help human resources professionals create more comprehensive and effective hiring policies and procedures. The information included in this report reflects information provided by U.S. based organizations only. 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.
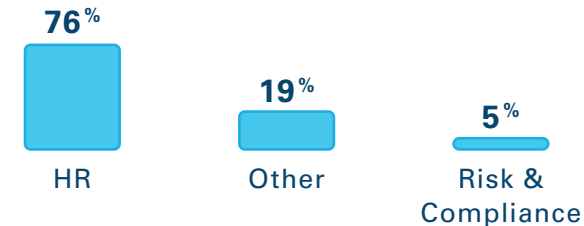
Respondent Industries

15%	General Business	**4**%	Non-profit
14%	Transportation	**4**%	Staffing
10%	Health Care	**3**%	Retail
9%	Manufacturing	**2**%	Insurance
7%	Technology	**2**%	Leisure/Hospitality
7%	Professional Services	**2**%	Telecommunications
6%	Finance	**2**%	Government
6%	Energy/Utilities	**1**%	Media
5%	Education	**1**%	Defense/Aerospace

Respondent Role

41% Director, Manager, Supervisor

40% Specialist, Recruiter, Administrator

11% Other

8% Owner or Executive

Function

76% HR

19% Other

5% Risk & Compliance

Workforce Size

30% 1 – 99

29% 100 – 499

21% 500 – 3,999

20% 4,000+
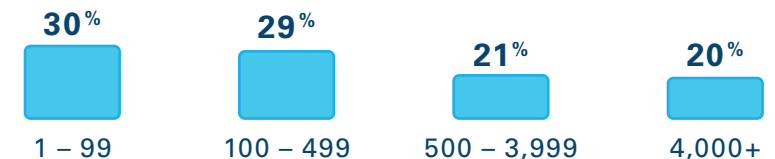
About HireRight

HireRight delivers global background checks, drug testing, and employment verification services through an innovative platform to help companies automate, manage and control their screening programs so that they can hire the right candidates. HireRight offers comprehensive screening solutions that can be tailored to the unique needs of the organization, helping to give employers peace of mind about their people and background screening processes. HireRight's platform can be integrated with many existing HR platforms, making it easy to use and giving candidates an efficient screening experience. HireRight is headquartered in Irvine, Calif., with offices across the globe.

www.HireRight.com