HireRight Employment Screening Benchmark Report 2018

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Foreword

2018 marks the 11th annual HireRight Employment Screening Benchmark Survey.

HireRight gathered data from nearly 6,000 human resources professionals to harness their collective wisdom and explore key issues, trends and underlying business drivers affecting background check programs in U.S. organizations. A complete review of the methodology can be found in the "Survey Overview and Methodology" section at the end of this report.

Key themes

Improving job market

With a steadily improving job market, organizations are now competing for the most-qualified candidates and more emphasis is being placed on candidate experience.

"Ban-the-box" regulations

The types of background checks used by employers have stayed relatively consistent over the last decade, although regulations such as "ban-the-box" may have affected how the information gleaned from reports is used.

Global screening policy

Despite the world becoming more interconnected, few organizations have developed a formal global screening policy.

I-9 verification practices

I-9 verification is increasingly being facilitated by background check vendors, however, the percentage of companies prepared for an ICE audit is decreasing.

Marijuana landscape

The marijuana landscape continues to change, but organizations' drug policies are lagging.

Outlook for 2018

Low unemployment rates and Baby Boomer retirements have created a competitive hiring market, particularly for experienced workers.

Employers of all sizes are bullish, with the majority predicting their workforces will grow, and to meet that goal businesses may modify their hiring and recruiting practices to appeal to Millennials, who approach their jobs differently from earlier generations.

2018 projected organizational change in size:

Grow by 6% or more	Grow by 3% to 5%	Grow by 1% to 2%	No change	Decline by 1% to 2%	Decline by 3% to 5%	Decline by 6% or more
25%	26%	22%	22%	2%	2%	1%
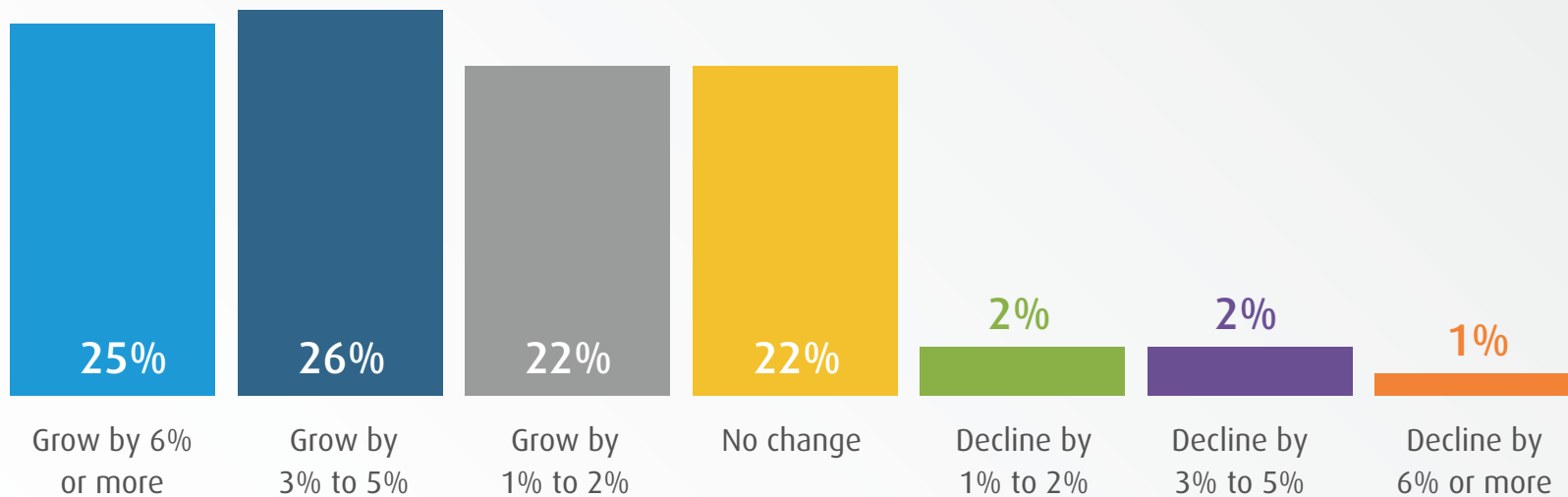
Top priorities remain constant

Viewing employees as one of their most valuable assets, most responding companies plan to invest in finding and retaining talent.

The top four areas for business investment remain unchanged from 2017:

59%
Finding qualified job candidates

58%
Keeping good employees

49%
Making the HR process more efficient

41%
Developing leaders

Talent interaction

To land top talent, employers must reexamine how they interact with candidates. In many industries, a vibrant social media presence and mobile-friendly hiring platform are essential to hiring the most-qualified candidates.

BEST PRACTICE: Companies that prioritize sustained growth of their workforce should take an unbiased look at their interactions with candidates, including those initiated through hiring portals and the interview process.

Planned investment for 2018

|	
59%	Finding qualified job candidates
58%	Keeping good employees/employee turnover
49%	Making HR processes more efficient
41%	Developing leaders within your organization
40%	Developing effective employee training programs
39%	Maximizing employee engagement
39%	Creating a positive corporate culture
37%	Improving the candidate experience from application through onboarding
30%	Creating an employment brand that attracts talent
29%	Using technology to manage acquisitions and talent
7%	No investments planned

66%

of respondents say finding qualified candidates is a challenge and 55% struggle with employee turnover. Meanwhile, for two consecutive years an increasing percentage of respondents plan to invest in developing effective employee training programs, maximizing employee engagement and creating a positive corporate culture.

Methods for ensuring a good candidate experience

While planned investment in improving the candidate experience increased from 35% in 2017 to 37% in 2018, there were significant changes in what companies are actually doing to improve it. Follow-up communication and candidate-friendly emails both decreased 9%; Mobile-friendly application/screening process decreased 3%; Nothing - this is not a priority for us increased 7%; and Other increased 2%.

The discrepancy between planned investment and the commitment to invest in the categories provided may demonstrate that employers are thinking outside of the box.

What organizations are doing to ensure a good candidate experience (2018):

51%	38%	26%	24%	6%
Follow-up communication for all candidates	Candidate-friendly emails	Mobile-friendly application/screening process	Nothing — this is not a priority for us	Other
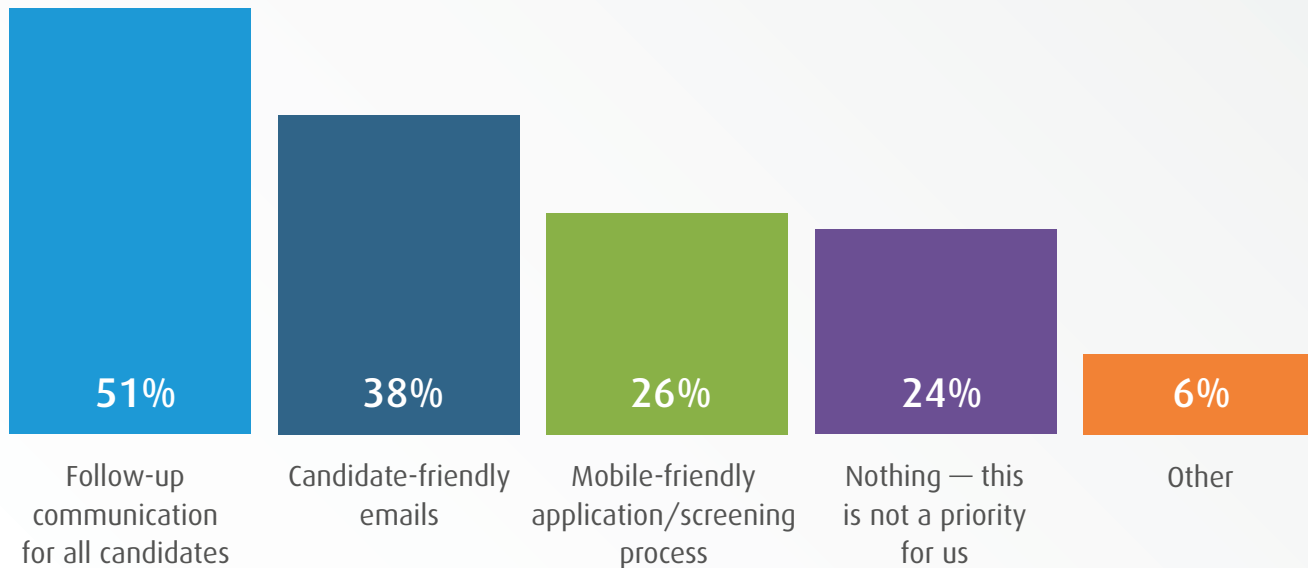
The mobile generation

Millennials, Gen X and Gen Y make up the majority of the workforce, and these "raised-on-tech" workers are frequently using phones and tablets in their job search.

In fact, Millennials comprise the most prevalent generation in the workforce at 32%.[1] They say they interact more with their smartphones than they do with their significant others, parents, friends, children or co-workers.[2] Furthermore, 69% say they "couldn't live without" their smartphone.[3] And Millennials are on track to make up 50% of the workforce worldwide by 2020.[4] Use their preferred mode of communication to best reach them.

Organizations by size that are "Somewhat to Very Likely" to add a mobile-friendly app or process within the next 12 months:

48%	38%	21%	17%	14%
2,500+	500 - 2,499	100 - 499	20 - 99	< 20
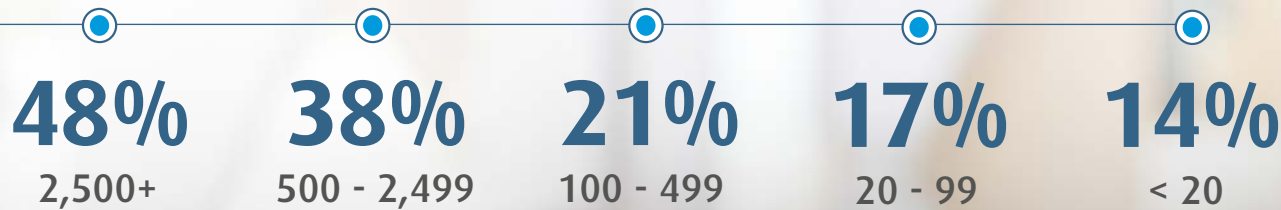
BEST PRACTICE: To attract today's talent, ensure your company's hiring materials — including job applications — are optimized for mobile users.

Sources: 1. http://www.pewresearch.org/fact-tank/2015/05/11/millennials-surpass-gen-xers-as-the-largest-generation-in-u-s-labor-force/
2. http://newsroom.bankofamerica.com/files/press_kit/additional/2016_BAC_Trends_in_Consumer_Mobility_Report.pdf
3. https://www.ipsos.com/sites/default/files/2017-05/vocalink-the-millennial-influence-usa.pdf
4. https://www.navexglobal.com/blog/formal-introduction-five-generations-employees-your-workforce

Regulations affecting candidate screening are becoming increasingly common, raising compliance concerns for HR professionals

Employers — particularly those that hire workers in multiple jurisdictions — recognize that HR legislation is not uniform nationwide. Take "ban-the-box" legislation, which mandates, in part, the removal of job application questions related to previous criminal convictions.

As of March 2018, 12 states have passed ban-the-box legislation, as have 17 cities and counties. But the rules vary significantly with respect to scope, timing, and notice. Similarly, a number of states and cities have passed pay equity laws that bar employers from asking about a candidate's salary history, but again, the specifics of pay equity laws vary from jurisdiction to jurisdiction.

BEST PRACTICE: Legal counsel with expertise in compliance issues should be engaged to advise on new legislation that affects the hiring process.

These conflicting regulations, coupled with today's litigious environment, mean companies must continually ensure they're in compliance with all applicable laws.

Biggest compliance concerns (2018):
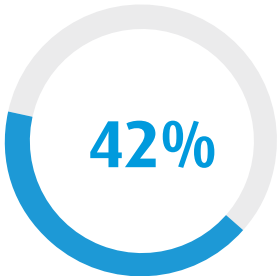
42% Negligent hiring
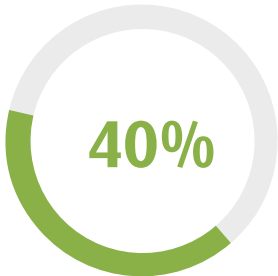
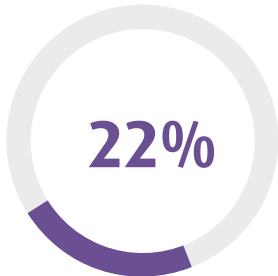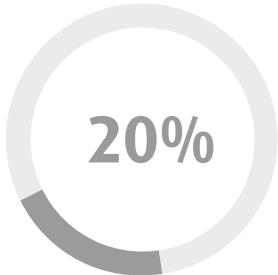**40%** Equal Employment Opportunity Commission (EEOC)
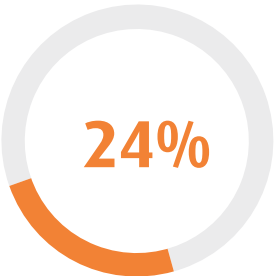
24% Fair Credit Reporting Act (FCRA)

22% Medical marijuana

20% Ban-the-box legislation

20% Immigration and Customs Enforcement (ICE)
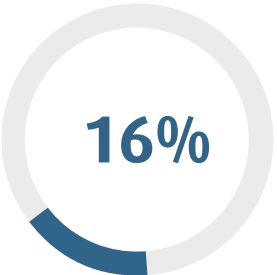
16% Negligent retention
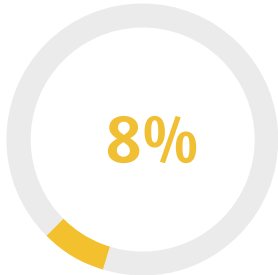
8% Other

The most popular types of background checks
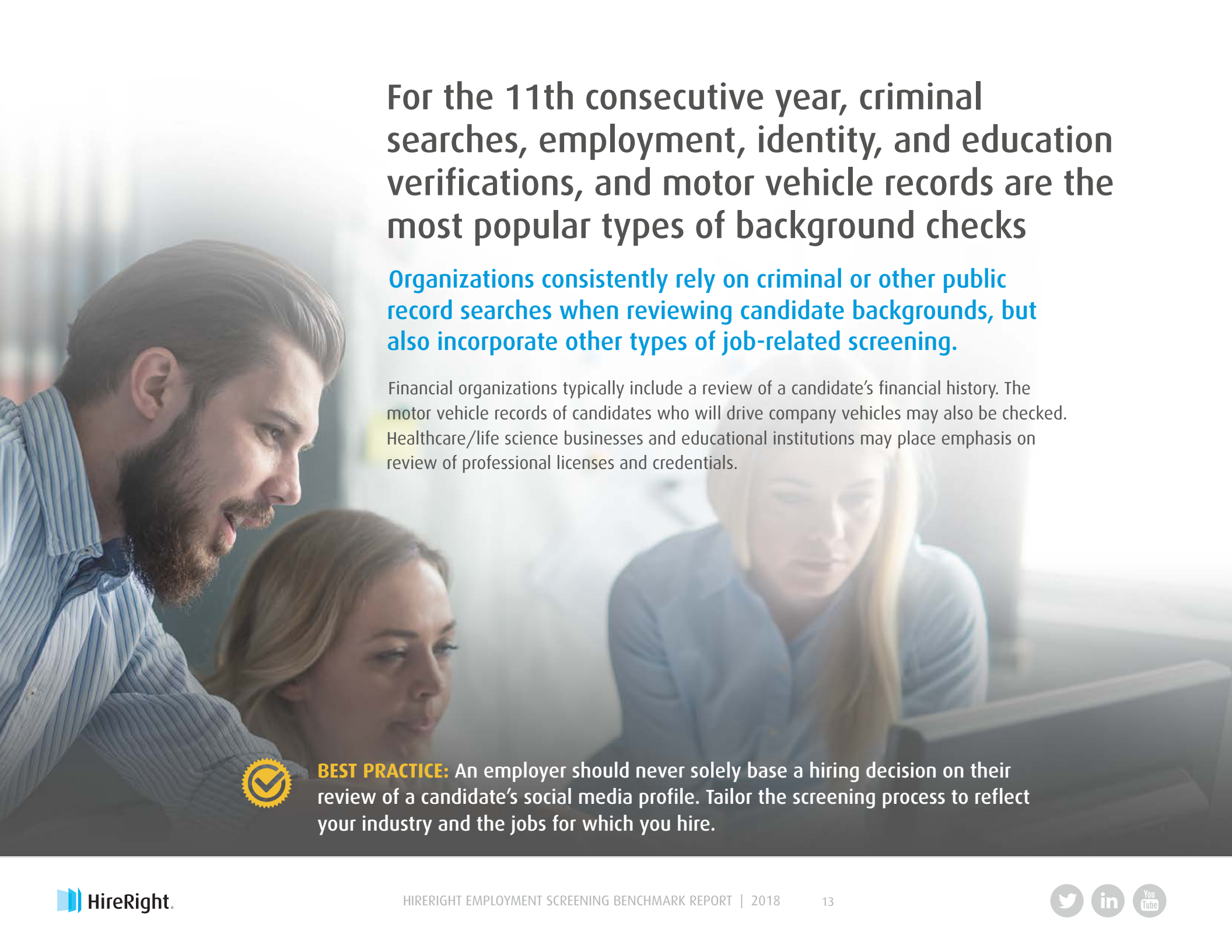
Organizations of all sizes and in every industry depend on background checks to help ensure a sound hiring decision.

Background checks performed by organizations (2018):

84%	Criminal or other public record searches
73%	Previous employment and/or references
66%	Identity
51%	Education verification
50%	Motor vehicle records
44%	Professional license/qualification verifications
29%	Credit history
14%	Social media
13%	Fingerprints
11%	Re-screening current employees
5%	None
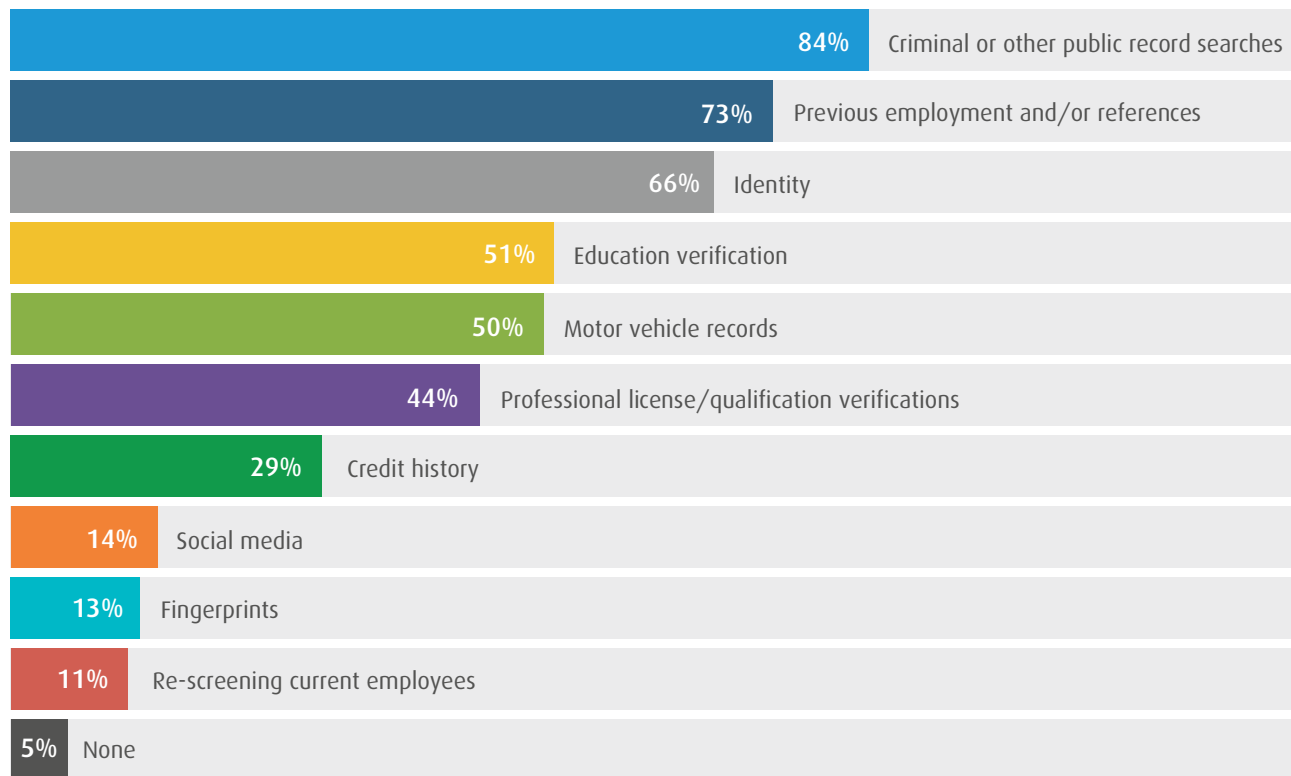
3%

increase in employers reviewing social media over 2017. But remember that social media can reveal information about a candidate's age, gender, race, religion, sexual orientation and more. Declining an applicant based on a social media profile may open employers up to discrimination lawsuits.

For the 11th consecutive year, criminal searches, employment, identity, and education verifications, and motor vehicle records are the most popular types of background checks

Organizations consistently rely on criminal or other public record searches when reviewing candidate backgrounds, but also incorporate other types of job-related screening.

Financial organizations typically include a review of a candidate's financial history. The motor vehicle records of candidates who will drive company vehicles may also be checked. Healthcare/life science businesses and educational institutions may place emphasis on review of professional licenses and credentials.

BEST PRACTICE: An employer should never solely base a hiring decision on their review of a candidate's social media profile. Tailor the screening process to reflect your industry and the jobs for which you hire.

Background checks help companies hire better employees

The vast majority of employers – 84% – continue to derive significant benefits from background checks.

- Individuals with questionable backgrounds may seek out employers that don't do background checks.

- In the event of employee violence, many states will hold an employer legally liable if it should have known an employee posed a threat to others.

Benefits of employment screening (2018):

3%

53% | Better quality of hires
47% | More consistent safety & security
38% | Improved regulatory compliance
23% | Better company reputation
19% | Greater employee retention
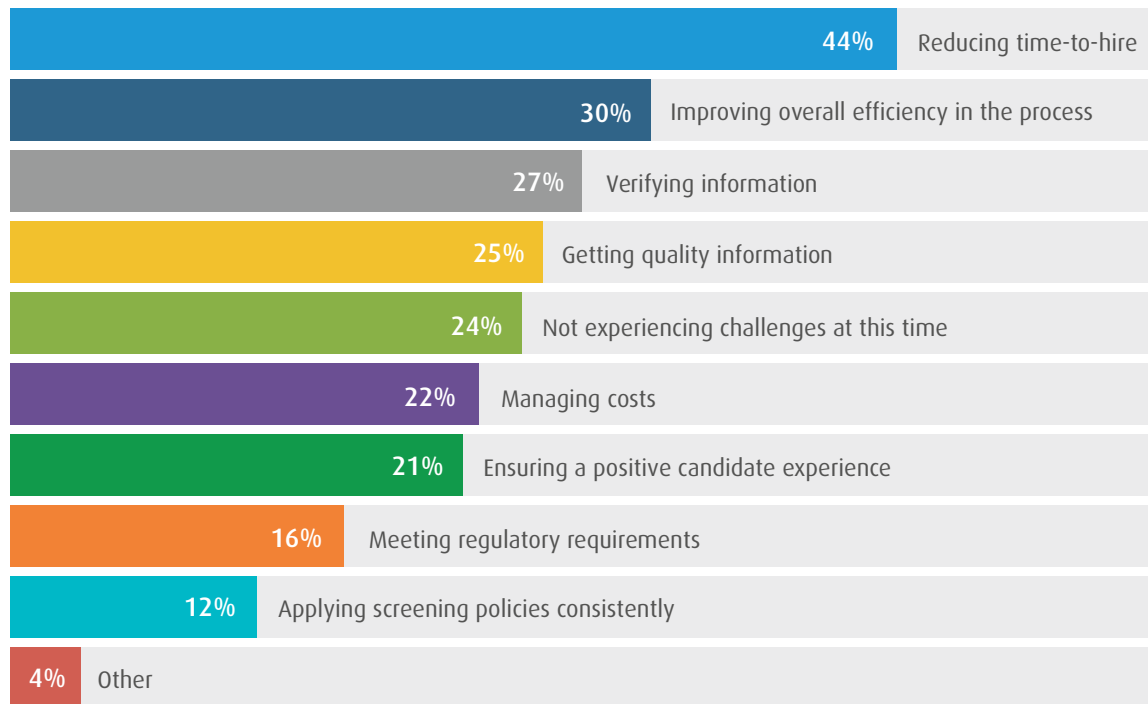**16%** | No benefits at this time
Other

BEST PRACTICE: Background checks can help protect the company's reputation, which can be tarnished by employee actions as well as disgruntled employees who air their grievances on social media.

Companies strive for improved efficiencies in the hiring process

Landing top talent quickly is critical in a competitive job market, but it's just as important to ensure a thorough screening process. With more complex candidate backgrounds – including self-employed workers, as well as those who have lived overseas – and employers' increased emphasis on workplace safety and data security, organizations are struggling to find a balance between speed and accuracy.

Most significant background check challenges (2018):

44%	Reducing time-to-hire
30%	Improving overall efficiency in the process
27%	Verifying information
25%	Getting quality information
24%	Not experiencing challenges at this time
22%	Managing costs
21%	Ensuring a positive candidate experience
16%	Meeting regulatory requirements
12%	Applying screening policies consistently
4%	Other

Integrating an Applicant Tracking System (ATS) with the background screening system not only speeds up the hiring process, it provides an improved user experience, real-time status updates and a dramatic reduction in candidate frustration.

The vast majority of companies conduct background screening on executive-level candidates

However, some companies may think that candidates for executive-level and board positions don't need to have their backgrounds checked, wrongly assuming that prior employers have already screened them.

BEST PRACTICE: Protect your company's brand and reputation by screening high-visibility, executive-level employees.

That's the wrong mindset

Because of the responsibilities and high visibility of executive-level employees, consider making these background checks more extensive than other background screenings. This additional layer of scrutiny can be a critical step to help protect your company's brand and reputation.

The larger the company, the more likely it is to conduct executive-level screenings:

96%
of companies with more than 2,500 employees
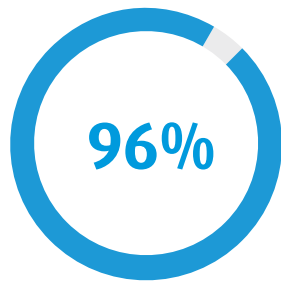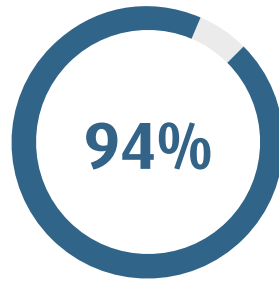
94%
of companies with 500 to 2,499 employees
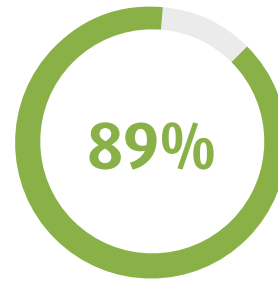
89%
of companies with 100 to 499 employees
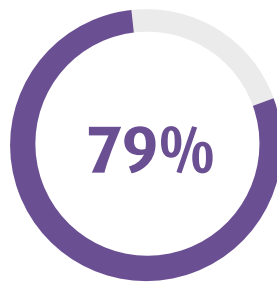
79%
of companies with 20 to 99 employees
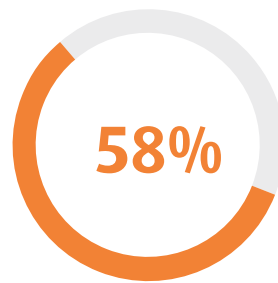
58%
of companies with fewer than 20 employees

84%
of respondents on average conduct background screenings on executive-level candidates.

7%
of companies with 20 or fewer employees do not conduct background checks on executive-level candidates, but plan to, while only 1% of organizations with 2,500 or more employees stated they don't but plan to.

Candidates at all levels — even top executives — misrepresent information on their resumes

Although resume fabrications are most common among junior-level job seekers, many senior-level executives and government officials have found themselves in the uncomfortable spotlight after it was revealed they misrepresented their experience.

Fabrications are commonplace, often centering on educational credentials:

84%
of respondents have found a lie or misrepresentation on a resume and/or job application — that's up dramatically since 2012, when 66% reported finding fabrications

23%
of respondents say background checks have revealed misrepresentations in educational credentials

A newly-hired high school principal resigned after her school's journalism students found she'd claimed two degrees from a university that closed years before she supposedly graduated.

The head of a city housing authority was terminated after the agency's board realized he couldn't keep his story straight when discussing degrees he allegedly earned.

A government appointee withdrew his nomination after allegations of resume padding; the nominee blamed the discrepancies on a tornado that hit his prior employer.

A state agency hired a new spokesperson despite knowing he'd fabricated information on his resume — a fact that thrust the agency into an uncomfortable spotlight once the media learned of the situation.

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Periodically rescreening employees protects co-workers and customers, as well as the company and its reputation

Financial problems, the loss of professional licenses, and recent criminal history are just some of the issues that might surface during the rescreening of employees. But despite the benefits of rescreening, many organizations haven't embraced the idea.

Who is rescreened post-hire? (2018):

Do not rescreen post-hire	Employees who are promoted or changing roles	Other	Employees with no status change	Contingent and/or contract workers	Temporary workers	Volunteers and/or unpaid workers	Vendor representatives
52%	19%	16%	11%	10%	9%	2%	2%
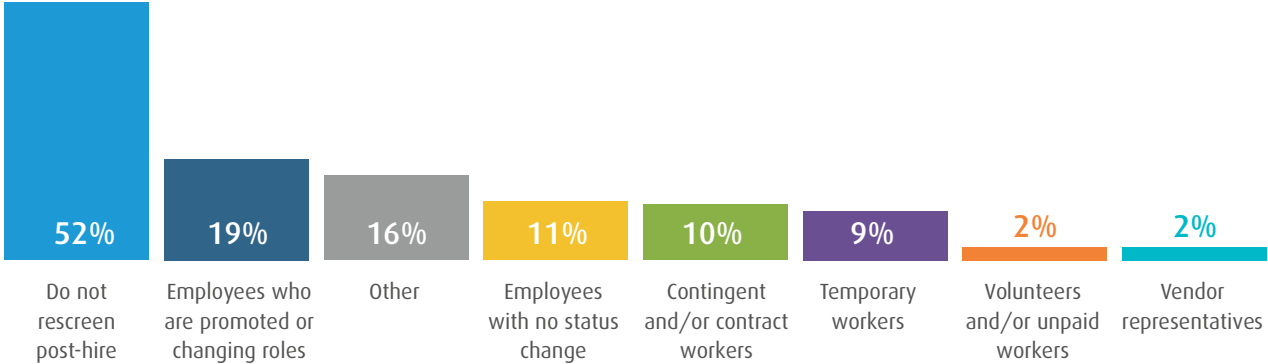
48%

of respondents in 2017 said they do not rescreen workers post hire. This increased to 52% in 2018 which harkens back to 2013 when 53% of employers said they do not rescreen.

19%

of those organizations that rescreen, do so when employees are promoted or change roles. Only 10% rescreen contingent and/or contract workers — the same as 2017, but down from 31% in 2013.

Slightly more than half of organizations that conduct background checks beyond the U.S. have policies guiding how global verifications are conducted

When asked why they don't screen globally, 40% said it's because they don't have workers with global work experience or education.

Only 16% of respondents said they verify international backgrounds of U.S.-based employees; 15% said they screen employees based outside of the United States — a 2% increase since last year, yet still 4% fewer than 2016.

BEST PRACTICE: The percentage of foreign-born U.S. workers is small — only 27 million people, or about 17% of all workers — but growing. (There were 23 million foreign-born workers a decade earlier.) This growth underscores the need for employers to have a comprehensive global screening policy for candidates who were born, lived, were educated or worked abroad. Companies should also anticipate that these complex background checks may take longer than those for candidates who have resided only in the United States.
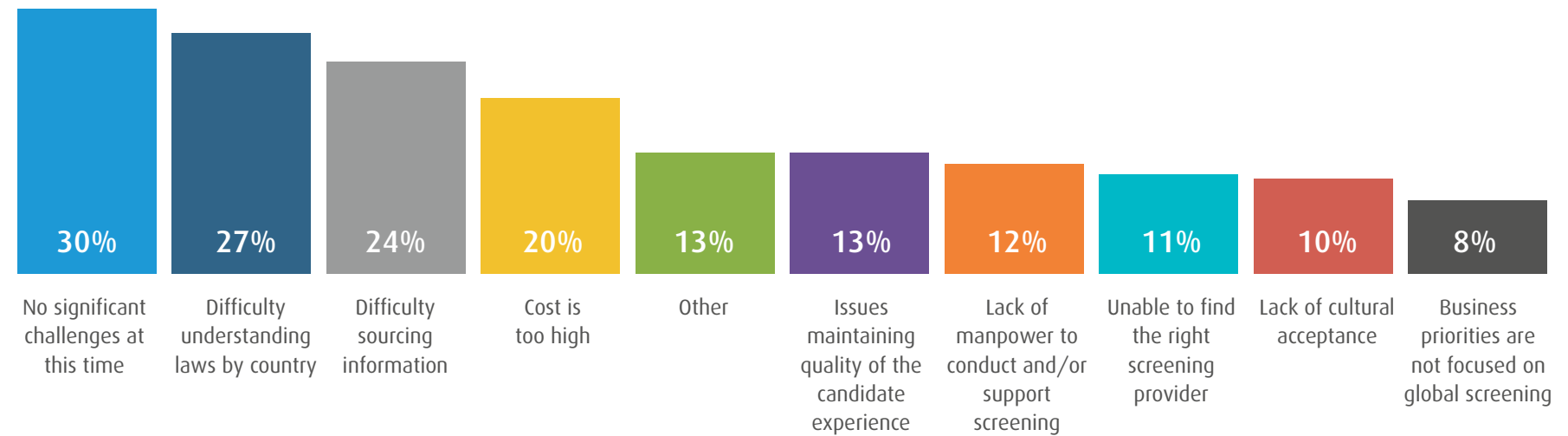
Sources: https://www.bls.gov/news.release/forbrn.nr0.htm
https://www.bls.gov/news.release/archives/forbrn_04252007.pdf

Global verifications

What is your process for screening candidates who have lived, worked or received their education internationally? (2018):

40%	23%	16%	15%	13%	9%	8%	6%	5%	3%	10%
We do not have workers with global work experience or education	We conduct global criminal checks	We conduct global work experience/ reference checks	We conduct global education checks	We conduct global identity checks	We do not conduct global checks due to screening providers' lack of global reach	We do not conduct checks because we think the risk is low	We do not conduct checks because it is cost prohibitive	We conduct other types of global checks: credit, etc.	We do not conduct checks due to limited manpower to screen globally	Other

The most significant challenges associated with screening job candidates in non-U.S. locations include (2018):

| 30%	27%	24%	20%	13%	13%	12%	11%	10%	8%
No significant challenges at this time	Difficulty understanding laws by country	Difficulty sourcing information	Cost is too high	Other	Issues maintaining quality of the candidate experience	Lack of manpower to conduct and/or support screening	Unable to find the right screening provider	Lack of cultural acceptance	Business priorities are not focused on global screening

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Companies continue to adopt digital tools, such as E-Verify, to confirm candidates' employment eligibility
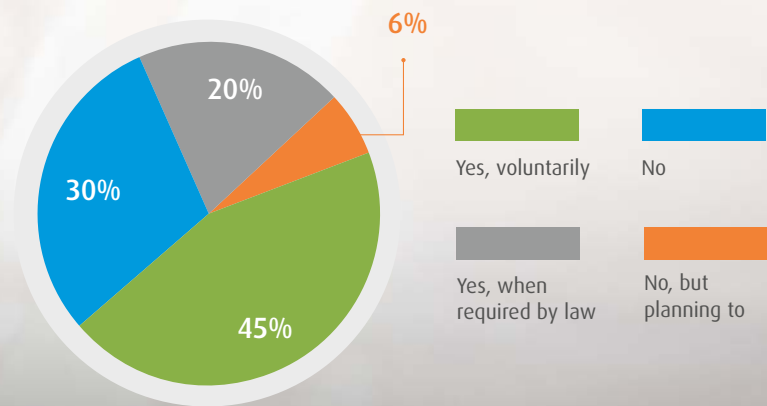
Eleven years ago, 72% of respondents said they used paper I-9 forms, and six years ago, 56% said they did. That percentage continues to drop, now down to 42% as more organizations move to electronic I-9s or a combination of both electronic and paper versions.

Most organizations feel prepared for an ICE inspection, although only 29% have actually been through an audit in the last three years.

Has your organization been through an audit for I-9 documentation in the last 3 years? (2018):

4%
17%
8%
71%

- No
- Yes, internally
- Yes, by a third party auditor
- Yes, by a government auditor
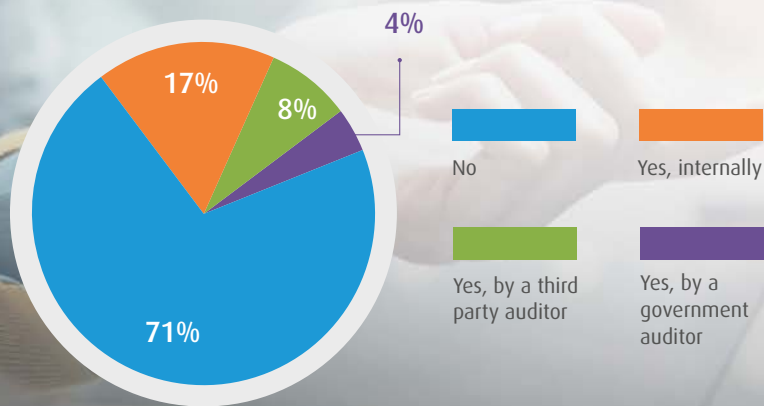
Does your organization use E-Verify? (2018):

6%
20%
30%
45%

- Yes, voluntarily
- No
- Yes, when required by law
- No, but planning to

FACT: Employers that knowingly hire and employ an ineligible employee face fines ranging from $375 to $16,000 per violation. Companies that fail to comply with Form I-9 recordkeeping requirements can be fined $110 to $1,100 per violation.

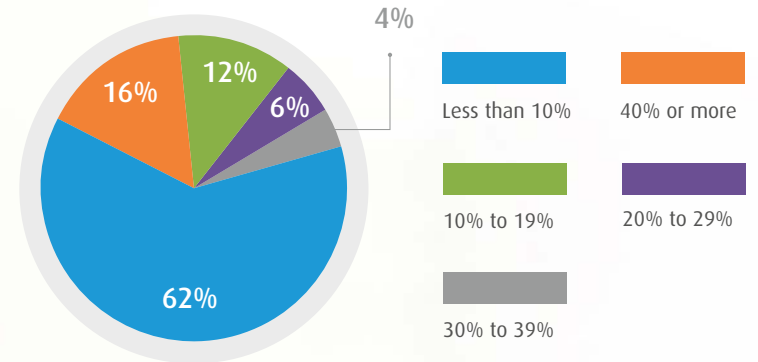Source: U.S. Immigration and Customs Enforcement (https://www.ice.gov/factsheets/i9-inspection)

An overwhelming number of companies that employ contingent, contract or temporary workers screen these individuals
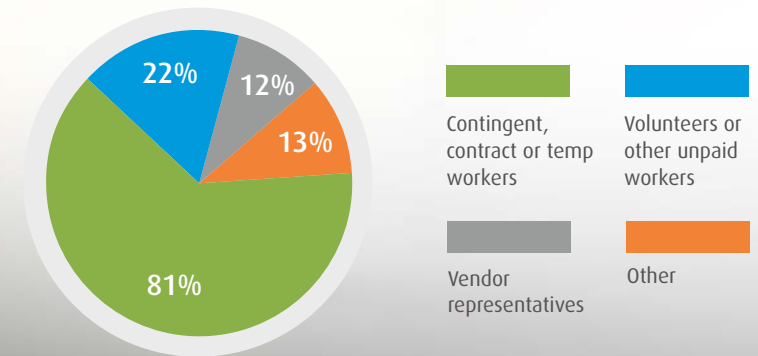
Is the gig economy on the decline? Last year, nearly a quarter of respondents said 40% or more of their workforce is comprised of non-employees; this year, only 16% of respondents said that non-employees constitute 40% or more of their workforce. However, more organizations are screening these workers.

Percentage of organization's workforce that is comprised of non-employee workers (2018):

4%
12%
16%
6%
62%

Less than 10%   40% or more
10% to 19%   20% to 29%
30% to 39%

Which non-employee workers are subject to background checks? (2018):

22%   12%
13%
81%

Contingent, contract or temp workers   Volunteers or other unpaid workers

Vendor representatives   Other

BEST PRACTICE: Don't be complacent in screening simply because a seasonal worker won't be with the company for long. With access to facilities, data, and inventory, these workers pose significant risks to businesses, making it worth investing in comprehensive background screenings.

The majority of companies are not fully prepared to comply with the EU's GDPR

If an employee resides in the European Union, even if he or she is not an EU citizen, the employee is afforded the rights and protections of the GDPR.

All companies, regardless of size and location, that collect personal information of EU residents must comply with the General Data Protection Regulation (GDPR), which strictly governs how personal data is collected, used, protected and retained. Certain types of data deemed sensitive — such as physical and mental health information, and criminal history — are subject to more stringent protections.

39%

My organization is fully prepared for the introduction of the General Data Protection Regulation

37%
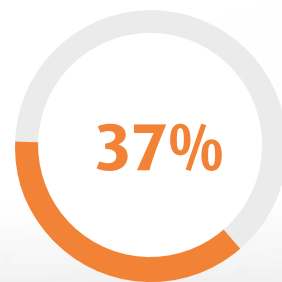
We know what we need to do to comply with the GDPR when it comes into force

32%
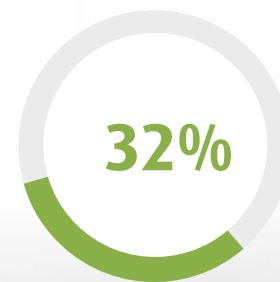
I understand how the GDPR differs from the existing Data Protection Directive

FACT: GDPR penalties are steep. Companies found to have committed serious violations face fines of up to €20 million or 4% of the company's worldwide gross annual revenues. Fines are cut in half for lesser violations.

Source: https://www.littler.com/publication-press/publication/ten-steps-us-multinational-employers-towards-compliance-europe%E2%80%99s-new
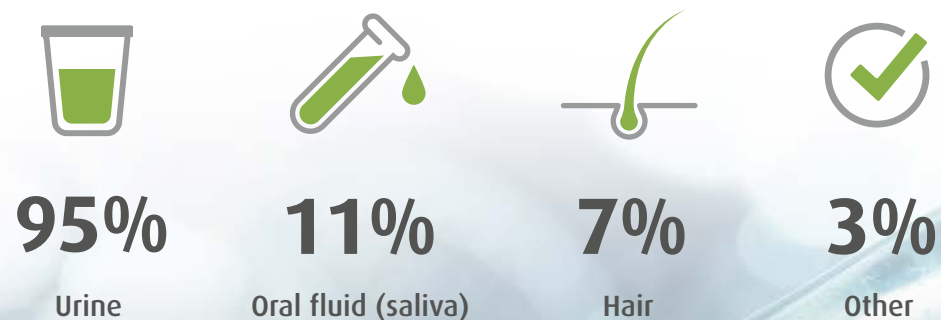
Urine testing is the most commonly used form of drug test – and continues to grow in popularity

Drug and alcohol screening tests remain a prominent part of the background check process, with 63% of responding organizations conducting this type of screening. That rate has remained relatively consistent over the last 10 years, except for an uptick in testing in 2012 and 2013 (78%).

Does your organization use an electronic chain of custody (eCOC) form? (2018):

51%	**42%**	**7%**
Yes	No plan at this time	No, but plan to
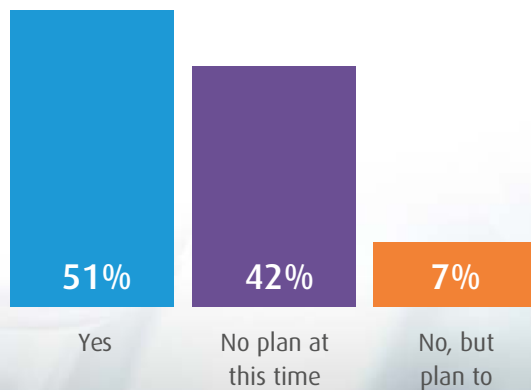
Commonly used types of screening (2018):

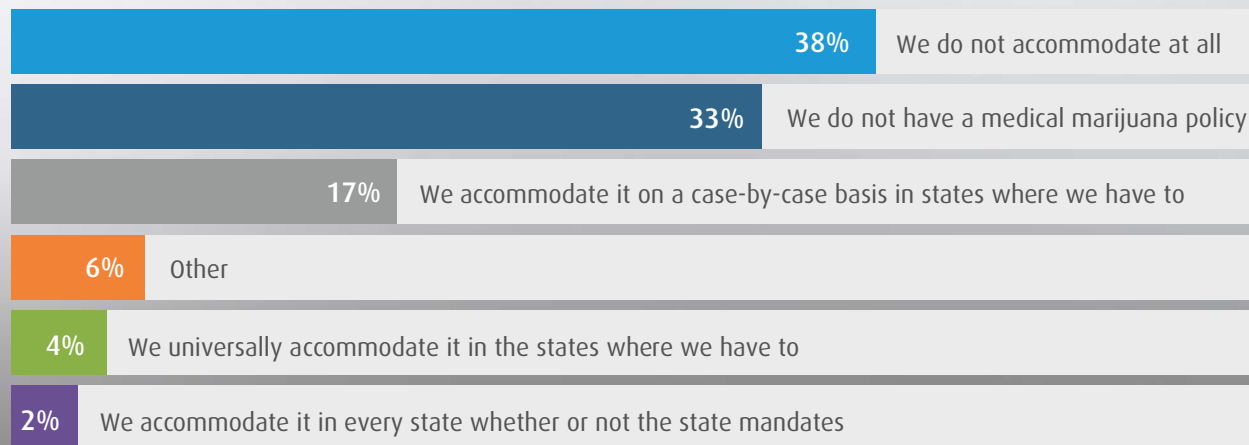|			
95%	**11%**	**7%**	**3%**
Urine	Oral fluid (saliva)	Hair	Other

BEST PRACTICE: Although urine testing is the most common form of drug testing — and the only one approved for federally mandated drug tests — it's not foolproof, but no drug test is. Companies should evaluate the pros and cons of each type of drug test to determine which is best for their purposes.

Organizations continue to grapple with policies regarding marijuana use

Six years ago, 79% of respondents said they did not have a policy nor had plans to create a policy addressing medical use of marijuana. Today, 67% of respondents do have a medical marijuana policy.

Although marijuana remains illegal under federal law, 29 states plus the District of Columbia have now legalized the use of medical marijuana, and nine states plus Washington, D.C., have legalized the recreational use of marijuana. But organizations continue to struggle addressing marijuana use among employees and candidates, with 22% citing medical marijuana use as one of their biggest compliance challenges.

Policy when a candidate is positive for marijuana on drug test and is a medical marijuana user:

38%	We do not accommodate at all
33%	We do not have a medical marijuana policy
17%	We accommodate it on a case-by-case basis in states where we have to
6%	Other
4%	We universally accommodate it in the states where we have to
2%	We accommodate it in every state whether or not the state mandates

BEST PRACTICE: For specific information concerning medical marijuana laws in each state in which your company operates, contact your legal counsel. The National Conference of State Legislatures, NORML and ProCon.org offer resources and talking points.

Excuses for failing drug tests

The excuses for failing drug tests are far and varied—and sometimes quite funny. Here are a few of the most imaginative:

"I didn't know it would show up."

"I had to drive through the state of CO and had my windows down."

"How long does weed stay in your system? Can I come back at the end of the month and try again?"

"I ate a muffin or bagel (or 96!) with poppy seeds."

"Someone threw a bag of marijuana on a bonfire."

"I spent $100 to clean up my test and it didn't work!"

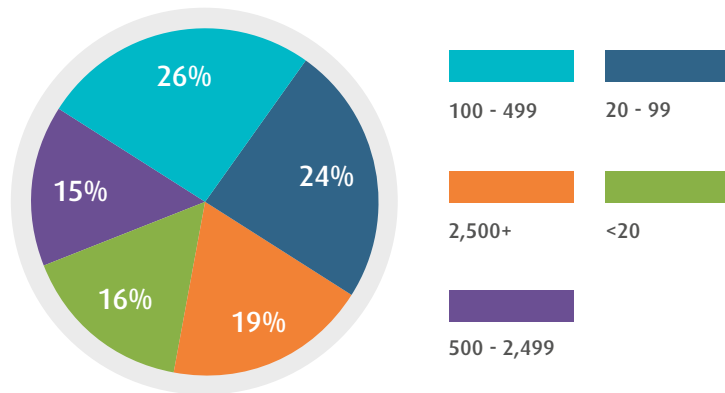"The pot pie I had at Thanksgiving must have had pot in it."
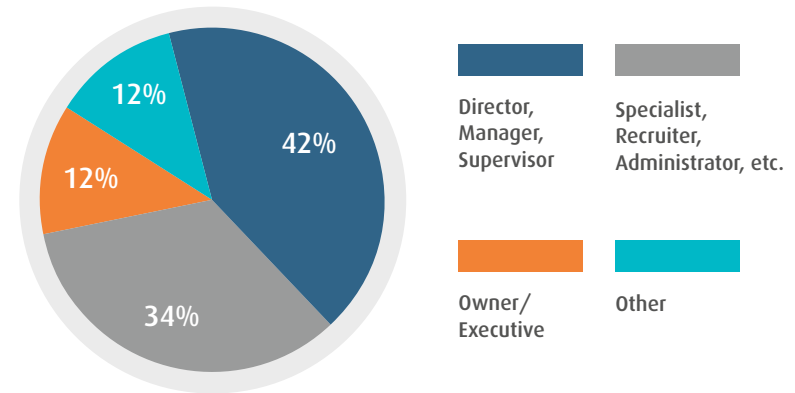
"I fell into a vat of cocaine."

Survey Overview and Methodology

The 2018 HireRight Employment Screening Benchmark Survey, conducted between August 14 and September 9, 2017, is the largest of its kind, and includes responses from nearly 6,000 human resource professionals (from small-, medium- and large-sized firms worldwide) knowledgeable about employment screening and recruiting. This report provides valuable insight into 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.
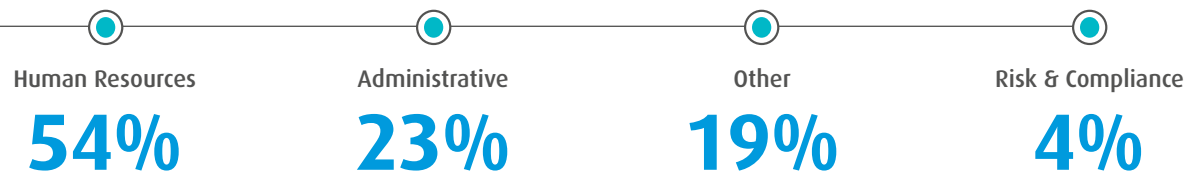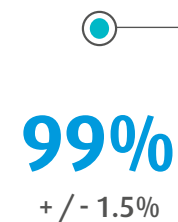
Organization Size (number of employees)

- 26% — 100 - 499
- 24% — 20 - 99
- 19% — 2,500+
- 16% — <20
- 15% — 500 - 2,499

Respondent Role

- 42% — Director, Manager, Supervisor
- 34% — Specialist, Recruiter, Administrator, etc.
- 12% — Owner/ Executive
- 12% — Other

Function

Human Resources	Administrative	Other	Risk & Compliance
54%	**23%**	**19%**	**4%**

Confidence Level

99%
+ / - 1.5%

HireRight®

Respondent industries

19%
Transportation

9%
Healthcare

8%
Manufacturing

6%
Education

5%
Technology

5%
Non-profit

5%
Retail

4%
Professional
Services

4%
Finance

4%
Staffing/
Recruitment

2%
Insurance

2%
Energy/
Utilities

2%
Leisure/
Hospitality

2%
Government

1%
Telecommunications

1%
Media

1%
Defense/
Aerospace

14%
Other

Share the Data on Social Media

73% of employers expect their workforce to grow in 2018.

59% of businesses plan to invest in finding qualified job candidates.

66% of employers said finding qualified job candidates is their biggest talent management challenge.

Only 39% of organizations are fully prepared for the introduction of the General Data Protection Regulation (GDPR).

96% of companies with more than 2,500 employees conduct executive-level screenings, yet only 58% of companies with fewer than 20 employees do.

37% of companies plan to invest in the candidate experience in 2018.

Individuals with questionable backgrounds may seek out employers that don't conduct background checks.

81% of employers screen contingent, contract, or temporary workers.

Today, 67% of organizations have a medical marijuana policy.

84% of employers perform background screenings on executive-level candidates.

42% of businesses report negligent hiring as their biggest compliance concern.

84% of employers have found a lie or misrepresentation on a resume or job application.

Reducing time to hire is the biggest background check challenge for 44% of companies.

45% of organizations voluntarily use E-Verify.

23% of organizations say background checks have revealed misrepresentations in educational credentials.

HireRight

About HireRight

HireRight delivers global background checks, drug testing, education verification services, and electronic Form I-9 and E-Verify solutions through an innovative platform to help companies hire the right candidates, so they can grow successfully, and efficiently — no matter their size or where they operate.

HireRight offers extensive screening solutions that can be tailored to the unique needs of organizations, giving employers additional peace of mind about their people and vetting processes. HireRight's platform can be integrated with existing HR platforms, making it easy to use and giving candidates the best possible experience.

Visit us at
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