**2013 Employers Background Screening Survey**

The following results are based on the survey that was conducted at the 2013 SHRM Annual Conference held on June 16 – 18th, in Chicago at the exhibit booth of PreemploymendDirectory.com. Human Resource professionals that visited our booth were asked to participate in the survey and to complete the questionnaire. In addition, a post card mailing was conducted to the pre-conference attendee list which directed attendees to an online version of the same survey. We received a total of 376 completed surveys up from 325 last year.

While this survey does not rise to the level of being statistically significant we believe it offers some key insight on how background screening service providers from the end users perspective.

1. **What is the leading challenge that you are experiencing with your current background screening service provider that you would like to see corrected or changed? (Choose 3 of the following items and rank in priority with (1) being the top priority)**

| Challenges | Total Priority Ranking |
|---|---|
| Timeliness of service | 1 |
| Cost | 2 |
| Accuracy of data | 3 |
| Lack of integration with HRIS | 4 |

**Commentary**:
Once again, 'timeliness, cost and accuracy' were rated as the top three challenges that end users face with background screening in that order. We believe that 'timeliness' continues to be the leading concern because HR professionals charged with responsibility for hiring continue to be challenged by the shortage of talent and the increasing competition to hire the best talent. In addition, as the pressure continues to rise on employers to 'close the deal' quickly with top talent HR will demand the speedy delivery of background checks to avoid impeding the hiring process. Total time to report results from the start of the background check will continue to be a differentiating factor in the selection of background screening providers

It is also noteworthy to point out that 'lack of integration with HRIS' once again ranked fourth. The need for integration with HRIS and ATS continues to be a growing need as employers push for increasing efficiency in HR processes. ATS systems are starting to evolve and background checking process need to follow suit.

Legal Compliance ranked a close fifth.

2. **What innovation(s) would you like to see a background screening service provider offer to you?**

| Innovations Desired | |
|---|---|
| Quick turnaround and timely service | 1 |
| Online capability/web based | 2 |
| Better Integration with HRIS | 3 |
| Ease of Use | 3 |

**Commentary**:
The top innovations sought by end users that responded to the survey remained identical to the top ranked responses in 2012: Quick Turnaround, Online Web Based Capability and Better Integration with HRIS. Although, 'Ease of Use,' tied for the third spot with 'Better Integration with HRIS.' This consistency in the ranking reaffirms the continuing focus by organizations to integrate their data streams and continuously improve their processes efficiency. We believe this trend will continue to influence all processes in organizations.

We also believe that 'Ease of Use' will emerge as requirement that is necessary as organizations continue to focus on efficient and try to eliminate complexity at all levels.

Given the high ranking on the first question 'timely service' is clearly something that end users want, however, for it to be written in as an innovation that is needed suggest that there are clients that feel this is an area of performance that is lacking.

It is noteworthy to mention that 'online web based capability' was ranked very close to the top ranking item. The high ranking of 'online web based capability' also speaks to increasing the speed of the flow of information which is emerging as a primary area that end users are demanding. The responses to this question also reinforce that 'integration with HRIS' is becoming an increasingly important factor.

Businesses are increasingly using hiring metrics to improve performance in their hiring activities and this focus is putting pressure on background screening to not hinder the 'time to hire' metric and to contribute to the overall efficiency of the hiring process through better use of technology.

3. **Has your company changed its use of criminal background checks as a result of the EEOC or OFCCP New Guidance on use of arrest and criminal records?**

| Use of Arrest/Criminal Records Based on New Guidance | |
|---|---|
| | 2013 |
| Increased Use | 6% |
| Decreased Use | 56% |
| No Change | 26% |
| Don't Know | 6% |
| No Answer | 2% |

**Commentary**
While no one will be surprised that the leading answer was 'Decreased Use' at 56%, I did find it interesting that 6% actually 'Increased Use.' It would be great to know what led to this response.

I also thought that for 6% of respondents indicating they did not know whether they had changed their usage was high although this could be attributed to the level of responsibility of the person responding to the survey.

4. **What is your level of satisfaction with your current provider?**

| Level of Satisfaction | | |
|---|---|---|
| | 2012 | 2013 |
| Extremely Satisfied | 9% | 6% |
| Very Satisfied | 53% | 56% |
| Barely Satisfied | 26% | 26% |
| Somewhat Dissatisfied | 5% | 6% |
| Totally Dissatisfied | 1% | 2% |
| No Answer | 6% | 6% |

**Commentary**:
Overall, the satisfaction level (Extremely Satisfied and Very Satisfied) remain exactly the same as last year at 62%. Barely Satisfied also remained the same at 26%.

There also was virtually no change in the 'not thrilled with their providers' categories with the percent rising from 6% in 2012 to 8% this year. This means that roughly one third of end users responding are vulnerable to other providers enticing them to change providers.

We also believe that this level of potential dissatisfaction with services being provided plays into price being used as a differentiator, thus perpetuating the view of the background screening being a commodity.

As we stated last year, in our opinion, to transform the background screening industry from being viewed as a commodity, a higher percentage of screening firms must achieve a higher level of service and support scores. We believe that 'extremely and very satisfied' needs to reach a ranking of more than 80% for the

industry to be viewed as producing 'high quality' services and products which will start to shed the view that it is a commodity product. It is a time tested premise that goods and services that are viewed as 'high quality' demand a higher price.

It will be interesting to see the long term impact that NAPBS' Accreditation process will have on improving the perception and reality that the industry is providing high quality services. Only time will tell.

**5. Are you considering changing your current background screening provider in the next 12 months?**

| Considering Changing | | |
|---|---|---|
| | 2012 | 2013 |
| Yes | 12% | 18% |
| No | 43% | 38% |
| Undecided | 39% | 38% |
| No Answer | 6% | 2% |
| No Provider | - | 4% |

Commentary
While overall the numbers remained very close to the 2012 levels the number of firms indicating a definite 'Yes' that they were going to change provider did go up by 6 points, from 12% to 18%. The number of firms that were 'Undecided' remained virtually the same.

The key assessment from this question is that 55% of the respondents may be open to changing their provider which means background screening firms need to step up their problem identification and resolution process to focus on retention as a key business strategy. We also suggest you consider the implications of the 'Innovations' that end users are identifying because we are sure that some of the willingness to seek a new provider is driven by employers seeking more and better levels of service.

**Demographics of Respondents:**

| Demographics (# of employees) | |
|---|---|
| ➢  **100 employees** | **15%** |
|   **101 – 999 employees** | **42%** |
|   **1,000 – 4,999 employees** | **14%** |
| ➢  **5,000 employees** | **12%** |
| ➢  **No Answer** | **17%** |

The demographic picture of respondents remains remarkably consistent.