

2015 Employer Background Screening Survey Summary Report

The following results are based on the survey that was conducted at the 2015 SHRM Annual Conference held on June 28 – 30th, in Las Vegas at the exhibit booth of PreemploymentDirectory.com. Human Resource professionals that visited our booth were asked to participate in the survey and to complete the questionnaire. We received a total of 165 completed surveys.

While this survey does not rise to the level of being statistically significant, we believe it offers some key insight on what end users are thinking about background screening and their service providers.

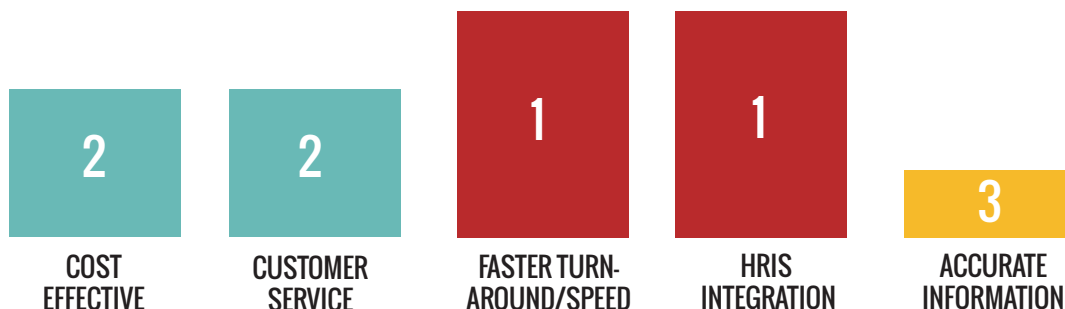
QUESTION #1: What are the leading **challenges** that you are experiencing with your current background screening service provider that you would like to see corrected or changed? (Rank top 3 in priority; Mark the top priority with 1)



Commentary: Staying consistent with the last several years, ‘Timeliness of Service, Cost and Accuracy of Data’ were rated as the top three challenges that end users face with background screening, in that order. In our opinion, ‘Timeliness’ ranks as the top issue because HR professionals are under unprecedented pressure to get talent onboard faster and with hiring continuing to increase the pressure continues to mount. The tolerance for a slow background check that impedes the hiring process is diminishing. The search for firms with faster turnaround times will intensify and may grow to be the differentiating factor in the selection criteria used to choose a background screening provider.

‘Lack of Integration with HRIS’ regained its fourth ranking this year, tied with ‘Compliance with Legal Requirements.’ We are starting to hear rumbles about ATS systems not keeping pace with recruiters’ needs that may tie to the resurgence of the integration issue and with all the FCRA class action lawsuits it’s no surprise that compliance is on peoples’ minds.

QUESTION #2: What innovation(s) would you like to see a background screening service provider offer to you?

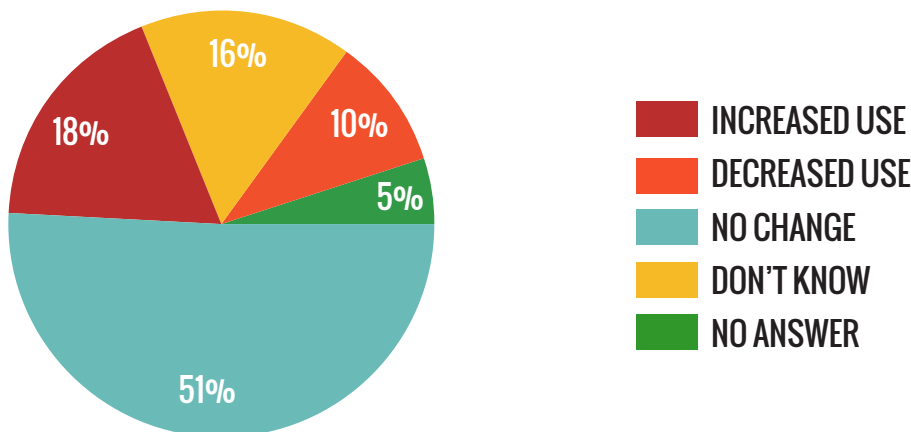


Commentary: Also consistent with past years, ‘Faster Turnaround/Speed’ and “HRIS Integration” tied for the most frequently mentioned innovation sought. ‘Cost Effective’ and “Customer Service” tied for the second most mentioned items and ‘Accurate Information’ ranked as the third most mentioned innovation desired.

Similar to the past, there was no critical mass of innovations desired identified although there were 68 items identified.

QUESTION #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?

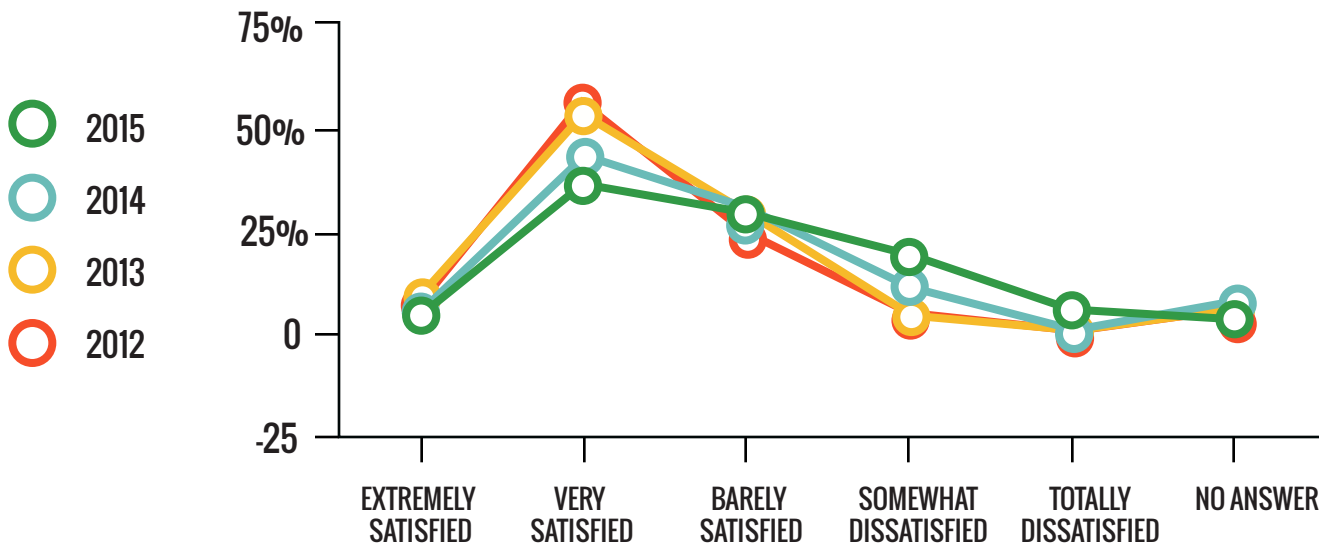
USE OF ARREST/CRIMINAL RECORDS BASED ON NEW GUIDANCE



Commentary: This year's results were very similar to last year with 18% of respondents indicating they increased their usage versus 19% last year and similarly, 51% indicated no change in their practice versus 55% last year. The much talked about view that employers are abandoning criminal records checks, are confused or don't understand what to do and are retreating in the face of the EEOC Guidelines simply is not accurate.

I continued to be perplexed by 16% or one out of six respondents not knowing the impact of the New Guidance on their company's policy. While this certainly suggests that more and continuous education about the Guidelines is needed, I have also concluded that this high percentage is likely to be due to people who have completed the survey that are not involved in the hiring process and therefore are not familiar with employment related laws and requirements.

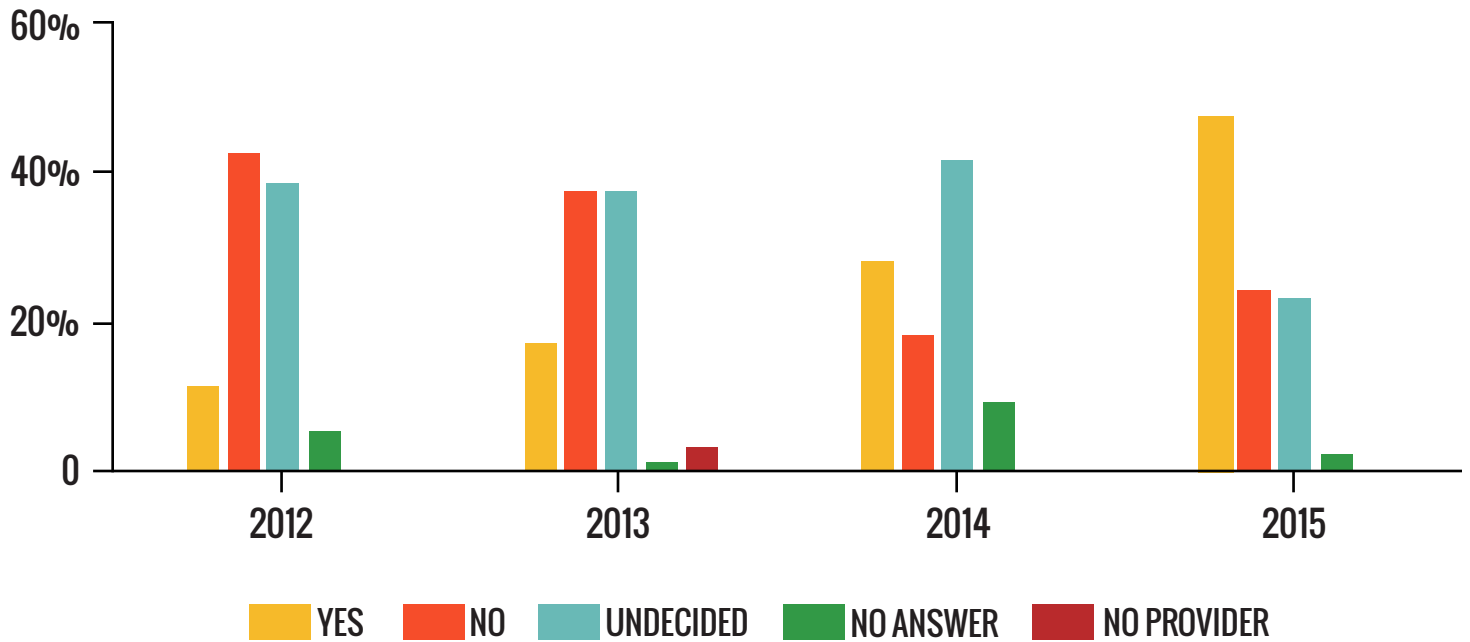
QUESTION #4: What is your level of satisfaction with your current provider?



Commentary: There appears to be a gradual shift in firms that are satisfied with their service provider with a drop from 79% being satisfied last year to 69.5% this year. This is the fourth consecutive year that the 'Satisfied' numbers have trended downward.

In contrast, the dissatisfaction numbers are trending upwards significantly. The level of dissatisfaction has jumped from 6% in 2012 to 25% in 2015. This does not forebode well for client retention rates and more than ever screening firms need to hone in on client satisfaction.

QUESTION # 5: Are you considering changing your current background screening provider in the next 12 months?



Commentary: As was the case last year, we see a consistent pattern with the slide in satisfaction ratings in question #4 with the number of responding firms indicating interest in changing providers going from 29% last year to 48% this year. Even more significant is the jump from 18% saying 'Yes' to changing in 2013 to 48% in 2015.

The number of firms stating that they are undecided decreased significantly, however, it appears that people got 'off the fence' and decided to respond affirmative to changing providers.

With 72% of respondents either actively considering changing or undecided, it is crucial that firms step up their problem identification and resolution process to focus on retention as a key business strategy.

Given the continuous growth in the level of dissatisfaction with providers and the willingness to change providers, it may be time for firms to seek professional assistance in helping them to build an effective retention strategy since it does not appear that their efforts are successful.

DEMOGRAPHICS OF RESPONDENTS:

