The Magnificent Seven: The Coming Trends that Will Impact Background Screening

When you publish the leading newsletter for the professional background screening industry (*The Background Buzz*) your monthly preparation involves reading hundreds of articles and publications that deal with hiring, recruiting, talent management and acquisition. Add to this numerous newspapers from around the world, business journals, blogs of every sort you can imagine and management publications. It's the price I have to pay to stay informed about what is happening in the hiring world to keep the information we provide to our readers fresh and relevant.

Distilling this down to seven key trends at one level is farcical, but from a writing perspective 'magnificent seven' flows nicely and sounds good. Conspicuously absent from my top trends are some items that are, in my opinion, inherently obvious, so I chose not to highlight them. The first is the binge that we are currently on with class action lawsuits for FCRA violations. Several more cases that I am aware of have been filed in January and February, and it is highly likely this pattern will continue throughout 2015. The second issue that is becoming ubiquitous is the march to use mobile technology. The use of mobile devices has stimulated a revolution in consumer marketing and selling; and is now morphing into wearable technologies. Sometime in the not too distant future there will be breakthrough for applying this technology to the hiring process and we will see unprecedented change.

My magnificent seven trends are a mixture of good news and bad news for firms involved in conducting background checks. The good news is that a number of the trends track with the growth in the job market which will feed an increase in the demand for background screening services. The bad news is that the background screening industry is a mature industry and it is only a matter of time before emerging technologies will arrive that will cause catastrophic change in the industry. We are starting to get a glimpse into some of the potential technologies that could wreak havoc, however, if history bares any witness, it is most likely to be something that none of us saw coming.

1. **Ban-the-Box will become the Norm**
   The Ban-the-Box train has left the station and will continue to roll in 2015. We may even reach a tipping point where a majority of the states have passed these laws at which time a national debate will ensue about the need for one overarching federal law to ease the hodgepodge of requirements employers will need to heed.

2. **Pre-hire Reference Assessment Tools to Rise**
   53 million Americans now freelance according to a new study which means 34% of U.S. workers are freelancing. It's a worldwide trend that is being fueled by technologies that enable and facilitate peoples' ability to work from anywhere and to have access to tools that were historically only available to major companies. So what does this have to do with background checking.

   Think about it!

   How do you verify employment of someone that is their own boss?

   Reference checking with freelancers' customers will enter the picture and will further fuel the growth of online pre-hire reference assessment tools.

   In addition, new tools will emerge to meet the need to assess of this emerging worker category.

3. **Fast Hiring Will Drive Changes in the Fundamental Way Background Checks are Performed**
Companies are striving to connect with and hire the top candidates faster than ever before. Advances in connectivity, websites, accessibility and communication platforms have made this possible. Increasingly a measure of success will become how quickly can a company pull in talent they need. According to recent article in Human Capital magazine "What many employers are currently doing is looking at traditional ways of getting resources, but realizing that these channels aren't fast enough. It takes 42 days on average to hire someone, even for short term role, and the vast majority are consequently looking to online options, which can cut this down to as little as three days."[1]

Wow! Three days!

How are you going to revamp your background checking process so it is not an impediment to fast hiring in the future? The firms that figure this one out will reap tremendous benefits and run away profits.

4. **High Turnover Trends will Feed the Increase in Growth of Background Checks**
Every HR publication you read today has content focused on the high growth in turnover and the need for employee engagement to try to stem the tide of employees leaving. Unfortunately, this trend is going to escalate as the economy continues to improve and more jobs become available. Many of the people that hunkered down and stayed put during the recession are now going to make the leap.

This forebodes well for background screening firms because as the job churn continues it will increase the level background checks performed. Cha-ching!

5. **International Background Screening will Continue to Grow**
In the international arena background screening is going to take off in China. Right now, they are in 'the wild, wild west' scenario, but as more companies enter this burgeoning marketplace things are going to get really interesting. We have already seen the first lawsuit filed by a rejected applicant about improper use of background checks and also a case of the owners of a firm being sentence to prison terms for violating privacy laws. The need for standards and regulations will become very apparent and we are likely to see new laws passed relating to the background screening process as this area heats up and government exerts its control.

Fueled by several horrific incidents background checks are now required for people working in schools in India. This will increasingly move the process towards the mainstream and more industries will start to do background checks in India. This will stimulate unprecedented growth in the background screening industry.

We are on the cusp of when the number of background screening firms outside of the U.S. will rival the number of firms in the marketplace historically dominated by U.S. companies.

6. **Big Data Will Change Everything**
"Just like cloud computing, data protection and privacy have been all the rage and the sexy topics over the last several years—we now have a new beauty queen called "Big Data" and she is going to change everything."[2]

While it is not likely to come to fruition in 2015 the road to change is going to start to get paved as an increasing focus on talent and hiring technologies are going to emerge with the current hiring frenzy

intensifying. Experts agree that big data, alongside the right data mining technology, can provide unprecedented new insights and predictive patterns into employees (not just customers), leading to improved recruitment and talent acquisition decisions which may put significant strain on the need for a background check. If employers are able to crack the code to identify the exact mix of information required to hire a candidate to succeed in a specific job who needs to do a background check. Stay tuned because the revolution will not be televised.

7. **Move over Linkedin**
A new contender to the crown will emerge to compete with Linkedin as the darling of B2B social media and it will be designed for job search and use as a pre-employment screening tool unlike Linkedin. The new contender will be FCRA compliant and will give traditional background screening companies a run for their money.

I hope you enjoyed my soiree into the land of predictions and welcome your feedback and comments on my look into the crystal ball.

Bibliography

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About the Author

W. Barry Nixon, SPHR, is the COO, PreemploymentDirectory.com. He is the co-author of the book, Background Screening & Investigations: Managing Hiring Risk from the HR and Security Perspective. He also publishes *The Background Buzz* and The Global Background Screener which keeps professional background screeners around the world informed about latest news impacting the industry.

PreemploymentDirectory.com is also the leading online directory of professional background screening firms featuring U.S., International background screening firms and suppliers of background screening services. Barry is a past recipient of Security Magazine's prestigious recognition having been named 'One of the Top 25 Influential People in Security.'

You can contact Barry at 1(949)-770-5264 or online at wbnixon@preemploymentdirectory.com