



# 2005 Background Checking Survey Report Results

**PreemploymentDirectory.com**

**Background Screening Research - March 2006**

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### **About This Report**

In June of 2005, PreemploymentDirectory.com conducted a survey on the current practices that businesses were using to conduct background screenings. The survey explored in depth the full realm of checking applicants backgrounds ranging from the types of checks conducted, to the content contained in background screening policies to key selection factors in choosing an outsourced background screening firm.

The following is a preliminary look at the results. A detailed in depth analysis is in progress and when completed the results will be released.

The number of responses were 273 which based on conventional statistical methods did not meet our defined criteria to be statistically significant. While we believe the data is informative and presents a picture of employer practices readers are advised to be cautious in drawing definitive conclusions based on this data alone

### **About PreemploymentDirectory.com**

Preemployment Screening Directory is the largest and most comprehensive web based directory of background screening firms designed to make it easy for employers to quickly find a company to meet their screening needs. The Directory consist of four sections to guide employers quickly to the company that will serve them best:

1. U. S. Domestic Section (firms are listed by their location, State by State)
2. International Section (firms that conduct background screening internationally)
3. Vendor Showcase (firms that provide services to the background screening industry)
4. Alphabetical listing

The Directory has over 800 firms listed and is continuously growing. Visit us at [www.PreemploymentDirectory.com](http://www.PreemploymentDirectory.com)

# Introduction

In today's turbulent work environments employers are challenged by identify theft, fraud, workplace violence, theft, sabotage, negligent hiring, terrorism, etc. to name a few of the issues. This may be the 'Interesting Times' that Charles Dickens famous quote 'Shall You Live in Interesting times' was meant for. Due to concerns about the above issues background checking has skyrocketed to record levels and is continuing to grow annually. The number of firms that provide outsourced background screening services has leaped to well over 2,000 and is growing daily.

In parallel with the unprecedented growth of the background screening industry we have seen more concerns about privacy and security of the data obtained. ChoicePoint recently settled an issue surrounding a breach of their data for 10 million dollars. This case along with numerous others will inevitably lead to new data protection laws.

Many are predicting the days of using birth date and social security numbers as identifiers are numbered and will give way to biometric solutions, some of which border on science fiction. Consequently, the landscape of background screening will continue to evolve and employers will need to keep up. A very promising trend that has

emerged in background screening is that we are increasingly seeing stand alone screening feeds being integrated into firm's human resource information systems.

A pressing issue that is confronting background screeners is the proliferation of the fake diploma and degree mills. Simply verifying educational background is no longer sufficient. Screeners must now verify that the source of the education is legitimate and for foreign degrees their equivalency.

There are also clear signs that background screening is increasingly going global as the economies in India, China, Europe, etc. continue to prosper and recruiters span national borders to find people. The international marketplace is likely to be the brave new world that background screening must master.

Despite the challenges that will be faced there is no question that background screening has become an integral part of the hiring process. Driven by the need to know whom they are hiring and to discover the best information possible to make quality hiring decisions will continue to make a background screening valuable for years to come.

# Methodology

The survey questions were developed by an Advisory Committee specifically formed for the purpose of creating the survey. The Advisory Committee was composed of a variety of Human Resource, Employment, Background Screening, Security and Management professionals.

The survey was emailed to a cross section of members of the Society for Human Resource Management (SHRM), ASIS International, Association of Threat

Assessment Professionals (ATAP) as well as members of several online HR communities. An invitation to participate in the survey was also posted on the home page of The National Institute for the Prevention of Workplace Violence, web site [www.Workplaceviolence911.com](http://www.Workplaceviolence911.com). 7,000 emails were delivered and each recipient was sent an email invitation containing a link that directed the participant to the online survey. Three email reminders were sent out to sample members in an effort to increase the response rate.

# Key Findings:

It was interesting to see that while 80% of employers conduct background checks on applicants only 58% conducted them on current employees. At one level this is understandable since it is easier to implement a program focused on job candidates versus having to tangle with the complexity of screening employees. From our experience we believe the trend is towards doing more internal screening, however, we will have to see what results in future surveys.

It was also interesting to note that less than 50% of responding firms conduct background checks on applicants from other countries. Given the increasing focus on globalization juxtaposed on top of concerns about terrorism and the viewpoint that many of these individuals are from countries outside of the US it would appear that our background screening processes are out of sync with this perspective. Or perhaps this reflects the challenges and complexity of conducting international background investigations or vetting with the myriad of legal, privacy, political, cultural and language issues. Either way, this may be an issue that senior management may want to take a closer look at to ensure that their background screening practices are consistent with their risk management profile.

The most prevalent types of background checks were criminal records, previous work history and references and 85% of companies conduct background screenings for all open positions.

Overwhelmingly firms are using Authorization & Disclosure forms with 90% of respondents stating they use them. Despite this high number this potentially means that 10% of responding firms are apparently operating outside of established Fair Credit Reporting Act procedures.

Two Thirds of businesses outsource their background screening to an external service provider and 66% of these firms were either 'extremely or very satisfied' with the level of service provided by background screening firms. In addition, 25% were moderately satisfied with the services they were receiving. These findings support indicators that the professional background screening industry is experiencing rapid growth and the number of background checks being conducted continues to grow.

The survey results clearly indicated that Human Resources was the discipline primarily responsible for overseeing background screening. 83% of respondents indicated that Human Resources was the responsible function and 11% indicated Security held this responsibility.

63% of firms responding have a formal background screening policy contrasted with 74% having a workplace violence prevention policy. This was interesting given that a progressive workplace violence prevention policy should include background screenings as one of the tools that must be used in the battle to prevent workplace violence. So

either there are some problematic workplace violence prevention policies that need tightening up or our line of questioning did not account for firms that have background screening provisions within their workplace violence prevention policy.

With regards to the demographics of firms responding to the survey:

- 56% were from employers with less than 500 employees
- 69% from private sector employers
- 32% had revenues of less than 10 million, 28% more than 10 million and 41% had revenues of more than 50 million

# Final Survey Results

1) Does your company conduct background checks in the US on applicants?	Response Ratio
<b>Yes</b>	79.45%
<b>No</b>	20.55%
2) Does your company conduct background checks in the US on employees?	Response Ratio
<b>Yes</b>	58.33%
<b>No</b>	41.67%
3) Does your company conduct background checks on applicants from other countries outside of the US?	Response Ratio
<b>Yes</b>	47.14%
<b>No</b>	52.86%
4) Does your company conduct background checks on employees that work in other countries outside of the US?	Response Ratio
<b>Yes</b>	30.43%
<b>No</b>	69.57%
5) What kind of background checks does your company conduct?	Response Ratio
<b>Criminal Background check</b>	88.57%
<b>Previous Work History</b>	84.29%
<b>Reference check</b>	75.71%



<b>Social Security Number verification</b>	64.29%
<b>Motor Vehicle Records</b>	60.00%
<b>Education verification</b>	60.00%
6) At what stage of the process does your firm conduct background checks?	<b>Response Ratio</b>
<b>We check all applicants</b>	14.29%
<b>We only check final candidates</b>	55.71%
<b>We only check post offer</b>	25.71%
<b>Other</b>	4.29%
7) Which positions does your firm conduct background checks for?	<b>Response Ratio</b>
<b>All positions</b>	85.71%
<b>Only professional and managerial positions</b>	2.86%
<b>Only specific categories of jobs such as Financial positions or Security or truck drivers</b>	8.57%
<b>Only specific sensitive or high risk jobs</b>	1.43%
<b>Other</b>	1.43%
8) Has your firm identified sensitive and/or high risk jobs?	<b>Response Ratio</b>
<b>Yes</b>	53.52%
<b>No</b>	46.48%
9) If you answered yes to Question 8, what criteria was used for identifying the sensitive and/or high risk jobs?	<b>Response Ratio</b>

<b>Position has wide access to facilities/property such as access to top secret/confidential projects or highly sensitive data or expensive equipment or wide IT access or master keys to facilities</b>	53.85%
<b>Position has access to substantial funds or significant fiduciary responsibility such as CFO or Payroll Manager or Sr. Managers or Accounts Payable staff</b>	53.85%
<b>Based on clear identification of 'critical behavior traits' that a successful candidate should have</b>	12.82%
<b>Potential of person in position to do harm to others based on nature of the work and/or has access to or deals directly with the public or clients or employees such as equipment operator or occupational nurse or armed security guard or truck driver</b>	41.03%
<b>Positions for which falsification of skills or experience or background would put firm at substantial risk</b>	43.59%
<b>Other</b>	
10) Does your firm have applicants sign a separate written release form giving your firm permission to conduct background checks and to get information from previous employers?	<b>Response Ratio</b>
<b>Yes</b>	90.14%
<b>No</b>	9.86%
11) If you answered yes to Question 10 please identify the information that is included on your written Release Authorization form:	<b>Response Ratio</b>
<b>States time period that the Release is valid for/date of expiration</b>	32.81%
<b>States that Release is in effect until revoked by ex-employee</b>	21.88%

<b>by ex-employee</b>	
<b>States that applicant releases your firm from legal liability for providing information regarding their employment history</b>	60.94%
<b>Request information on Performance Reviews</b>	9.38%
<b>Request information on Disciplinary Actions related to workplace violence</b>	7.81%
<b>Makes generic statement about comprehensive background checks will be conducted</b>	56.25%
<b>Specifically identifies the types of background checks that may be conducted such as criminal records or educational records</b>	51.56%
<b>Request date of birth</b>	50.00%
<b>If date of birth requested also includes statements regarding purpose for request and that providing information will not be affect hiring decision</b>	34.38%
<b>Provides a check box indicating that an applicant has the right to obtain a copy of the report that is provided</b>	53.13%
<b>Has provision that grants permission to perform future background checks if the person becomes an employee</b>	37.50%
<b>Form was created by or has been approved by labor attorney</b>	40.63%
<b>Other</b>	4.69%
<b>12) Do you use an external firm to conduct your background checks?</b>	<b>Response Ratio</b>
<b>Yes</b>	67.61%
<b>No</b>	32.39%

	Very Important	Somewhat Important	Generally Important
13) If you use an external firm, please identify the information that is important for you to have to assist you in choosing a firm to conduct background checks?			
Types of Checks conducted	89.13%	6.52%	2.17%
Turn around time for background checks	84.78%	13.04%	2.17%
Scope of background checks offered, e.g., local, county, state, National, International	82.61%	13.04%	4.35%
Certification of compliance with all appropriate legal statues that impact background checks	67.39%	19.57%	6.52%
Firm's level of system security	58.70%	19.57%	10.87%
Certification that all forms provided in background checking process have been legally approved	56.52%	23.91%	8.70%
Cost of services	54.35%	32.61%	8.70%
Uses National Database	54.35%	23.91%	15.22%
Has comprehensive disclosure release form	52.17%	30.43%	10.87%
Financial stability of the firm	52.17%	21.74%	19.57%
Level of training of their staff	50.00%	34.78%	8.70%
Firm has advanced technology tools	50.00%	30.43%	13.04%
Firm uses technology compatible with my firms	50.00%	28.26%	10.87%
Level of customer service provided	58.70%	26.09%	8.70%
Conducts 'hands on' checks of court records	47.83%	34.78%	10.87%

14) Which function or department is responsible for conducting and/or overseeing the external firm that conducts background checks?	Response Ratio

<b>Human Resources Department</b>	83.61%
<b>Security Department</b>	11.48%
15) If you conduct background checking in house, what type of training does the responsible person receive specific to background checking?	<b>Response Ratio</b>
<b>Receive on the job training</b>	58.97%
<b>Receive training from a HR or Security Specialist</b>	35.90%
<b>Receive training on our Background checking policy</b>	28.21%
<b>Attend outside training on background checking</b>	25.64%
<b>Receive Background Checking Certification Training</b>	12.82%
16) If you use an external firm to conduct background checks what type of training does your internal employee responsible for reviewing search results receive specific to background checking?	<b>Response Ratio</b>
<b>Receive on the job training</b>	62.22%
<b>Receive training on our Background checking policy</b>	35.56%
<b>Receive training from a HR or Security Specialist</b>	35.56%
<b>Attends outside training on background checking</b>	15.56%
<b>Receive Background Checking Certification Training</b>	13.33%

17) Does your firm have a written Background Checking policy?	Response Ratio
<b>Yes</b>	62.86%
<b>No</b>	37.14%
<b>18) If you checked yes for Question 17 indicating your firm has a Background Checking policy please identify the items from the following list that are included in your policy:</b>	
<b>Procedure for notifying applicants that are rejected</b>	76.19%
<b>Protection of consumer confidential information</b>	69.05%
<b>Specifies criteria to be used in checking background such as nature of criminal record or date of offense or relevance to work or number of years past history that is checked or where checked</b>	64.29%
<b>Compliance with FCRA and EEO and other relevant laws</b>	61.90%
<b>Management responsibility to use the information and consequences for not using</b>	59.52%
<b>Provision addressing new hire starting to work before background check results are completed</b>	59.52%
<b>Process for dealing with alleged inaccurate information</b>	47.62%
<b>Procedure for dealing with missing information</b>	45.24%
<b>Separate guidelines for applicants and current employees</b>	38.10%
<b>Requires contractors and temporary agencies to pre-screen referrals</b>	35.71%

19) How long ago was your Preemployment Background Screening policy created?	Response Ratio
<b>Created within last 12 months</b>	8.77%
<b>Created within last 2 years</b>	21.05%
<b>Created more than 2 years ago</b>	15.79%
<b>Created more than 5 years ago</b>	43.86%
<b>Other</b>	10.53%

20) If your firm has a background checking policy what issues or concerns led you to create the policy?	Response Ratio
<b>It is normal for us to create a policy when a new process is introduced</b>	47.06%
<b>Concerned about consistent treatment of applicants and/or employees to avoid possible discriminatory issues</b>	41.18%

21) Please mark all of the following items that are included in your firm's Employment Application.	Response Ratio
<b>Notify applicants that making false statements or material omissions may be grounds for termination</b>	89.86%
<b>Ask applicants about conviction record</b>	88.41%
<b>Notify applicants that references will be checked</b>	82.61%
<b>States that marking yes to conviction will not automatically disqualify him/her from consideration for employment</b>	72.46%
<b>Have a process in place that verifies applicants sign the application</b>	68.12%
<b>Statement made that background checks will be conducted and are valid for future use if person is hired</b>	53.62%

<b>Ask applicants for resident address for last seven years</b>	47.83%
<b>Does not include any of the above information</b>	5.80%
22) Does your firm have a written workplace violence prevention policy?	<b>Response Ratio</b>
<b>Yes</b>	74.65%
<b>No</b>	25.35%
23) How would you rate the overall success of your background checking program in identifying potentially problematic information about applicants and/or employees?	<b>Response Ratio</b>
<b>Extremely successful</b>	11.43%
<b>Very successful</b>	55.71%
<b>Moderately successful</b>	24.29%
<b>Not very successful</b>	5.71%
<b>Completely unsuccessful</b>	2.86%
24) How many people are employed by the organization?	<b>Response Ratio</b>
<b>Less than 500 employees</b>	56.34%
<b>Less than 1000 employees</b>	11.27%
<b>Less than 5000 employees</b>	11.27%
<b>Less than 10000 employees</b>	5.63%
<b>More than 10000 employees</b>	15.49%
25) Is your organization in the public/government or private sector?	<b>Response Ratio</b>



<b>Public/government sector</b>	30.56%
<b>Private sector</b>	69.44%
26) Is your organization for profit or not for profit?	<b>Response Ratio</b>
<b>For profit</b>	65.71%
<b>Not for profit</b>	34.29%
27) Your firm's annual revenue?	<b>Response Ratio</b>
<b>Less than 10 million?</b>	31.88%
<b>More than 10 million</b>	27.54%
<b>More than 50 million</b>	40.58%