2012 Employers Background Screening Survey

The following results are based on the survey that was conducted at the 2012 SHRM Annual Conference held on June 25 – 27th, in Atlanta, GA 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 325 people completed surveys.

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:
Similar to the 2011 information reported 'timeliness, cost and accuracy' once again were rated as the top three challenges that end users face with background screening. We believe that 'timeliness' is becoming even more important to HR professionals charged with responsibility for hiring due to the shortage of talent and the increasing competition to hire the best talent. We believe that speed of delivery will continue to be a differentiating factor in the selection of background screening providers as the pressure continue to rise on employers to 'close the deal' quickly with top talent.

Last year, 'lack of integration with HRIS' was fifth in the rankings and this year it moved up to fourth and started to get very close to making the top three. The need for integration with HRIS and ATS is becoming very apparent as employers push for increasing efficiency in HR processes

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

Commentary:
The top innovations sought by end users that responded to the survey, quick turnaround, online web based capability and better integration with HRIS all deal with the increasing focus by organizations of all kinds to integrate their data streams and continuously improve their processes efficiency. We believe this trend will continue to influence all processes in organizations.

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.

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 focusing on.
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. What is your level of satisfaction with your current provider?

Level of Satisfaction	
Extremely Satisfied	9%
Very Satisfied	53%
Barely Satisfied	26%
Somewhat Dissatisfied	5%
Totally Dissatisfied	1%
No Answer	6%

<u>Commentary:</u>
Overall, the satisfaction level was up to 88%, up 6 points, from 82% last year. which indicates that end users continue to view of background screening firms positively.

However, a closer look suggest that 32% were not thrilled with their providers if we consider 'barely satisfied' at 26%, 'somewhat dissatisfied' at 5% and 1% indicating total dissatisfaction. This means that 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. In our opinion, to transform the background screening industry form 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 score 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 they are commodity providers. 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 has on improving the perception and reality that the industry is providing high quality services has on diminishing this view about being a commodity.

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

Considering Changing	
Yes	12%
No	43%
Undecided	39%
No Answer	6%

<u>Commentary</u>

The good news is that all the categories in this question improved. 43% of end users are definitely staying with their current provider and this moved up 13 percentage points from 30% last year; those that were undecided improved by 6 percentage points from 45% and those definitely changing went down from 23% to 12%. Despite the overall positive movement on this question the stark reality remains that 51% of end users responding are potentially open to making a change from their current provider. This means that the highly competitive nature of the industry will continue to put pressures on pricing.

Cross referencing the result to Question #3 it appears that the 62% that were 'extremely or very satisfied' did not translate into a commitment to stay with their current provider, the 43% that said they are not changing. This survey is not of sufficient detail to determine the reason for the discord in the data. Even without specific information, I believe it is reasonable to suggest that all providers should canvas their current clients to detect any dissatisfaction to try to avoid an exodus.

Demographics of Respondents:

Demographics (# of employees)	
➢ 100 employees	15%
101 – 999 employees	43%
1,000 – 4,999 employees	17%
➢ 5,000 employees	14%
➢ No Answer	11%