2020

GLOBAL EMPLOYMENT SCREENING

BENCHMARK REPORT

HIRE RIGHT ®

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FOREWORD

> **The appetite for employment background screening varies widely around the world. Our research has found that in the U.S., around 95% of employees are screened pre-hire. In Australia, it's 25%. In the U.K., it's 15%, and in China, it's just 1%.**

While there is currently still a stark difference in attitudes towards screening between the U.S. and the rest of the world, the gap is closing as more and more companies are starting to better understand the benefits of candidate and employee background checks, and are using background screening to help mitigate their hiring risk.

To open the HireRight 2020 Global Benchmark Report, we take a closer look at the complexities of compliance with regional overviews for Europe, the Middle East, and Africa (EMEA), Asia-Pacific (APAC), and the U.S., to help those of you who are hiring and screening candidates all around the world.

The second section of the report is based on the findings from our 2020 Benchmark Survey and examines how background screening varies globally, comparing three key regions: 1) the U.S. and Canada; 2) EMEA; and 3) APAC. We also look at some of the key ways that background screening practices differ amongst global enterprises and small/medium-sized businesses (SMBs).

Next, we focus on talent acquisition – what are the top priorities for 2020 and beyond, and which channels have businesses found are the most successful at finding the best new talent?

Closing the report, we look at the future of background screening, discussing how technologies like machine learning and Blockchain are changing the background screening process. We also evaluate their potential to improve both turnaround times and the candidate experience.

I hope you find this report an insightful read and that it helps inform your background screening approach. If you have any feedback on it, **we'd love to hear from you**.

GUY ABRAMO

Chief Executive Officer

EXECUTIVE SUMMARY

GLOBAL SCREENING

- **The rate of adoption of background checks around the world varies widely from country to country**

- In the U.S., topics including ban the box, pay equity, and the legal use of marijuana in certain U.S. states, are requiring new rules and policies in the workplace

PRE-EMPLOYMENT SCREENING

- **Globally, the most performed checks are criminal, identity, employment, and education checks**

- Enterprises are more likely than small/medium-sized businesses (SMBs) to perform pre-employment checks — nearly 30% more enterprises conduct education checks than their SMB counterparts

EXTENDED WORKFORCE SCREENING

- **Around half of businesses globally screen their temporary/contingent workers, but almost one in three don't screen any non-employee workers**

- Global enterprises are more likely than global SMBs to use non-employee workers, and they are also more likely to make up a larger percentage of their total global workforce

BENEFITS OF SCREENING

- **A better quality of hire and more consistent safety and security are the most cited benefits globally according to this year's survey respondents**

- Additional benefits cited by those surveyed include better company reputation, greater employee retention, peace of mind, limiting risk, and addressing client requirements

CANDIDATE MISREPRESENTATIONS

- **Most companies that conduct background checks are still finding candidates that are misrepresenting themselves when applying for jobs**

- The most common misrepresentations are seen in previous employment, criminal history, and education credentials

COMPLIANCE

GLOBAL BACKGROUND SCREENING

The rate of adoption of background checks around the world varies from country to country. For some, regulations within specific industries, such as Financial Services, Healthcare or Transportation, require candidates to have their background information checked pre-hire. In others, local laws may forbid certain checks from taking place.

Global background screening is complicated, and companies with a global footprint are continuing to face a number of challenges when it comes to screening workers with international backgrounds.
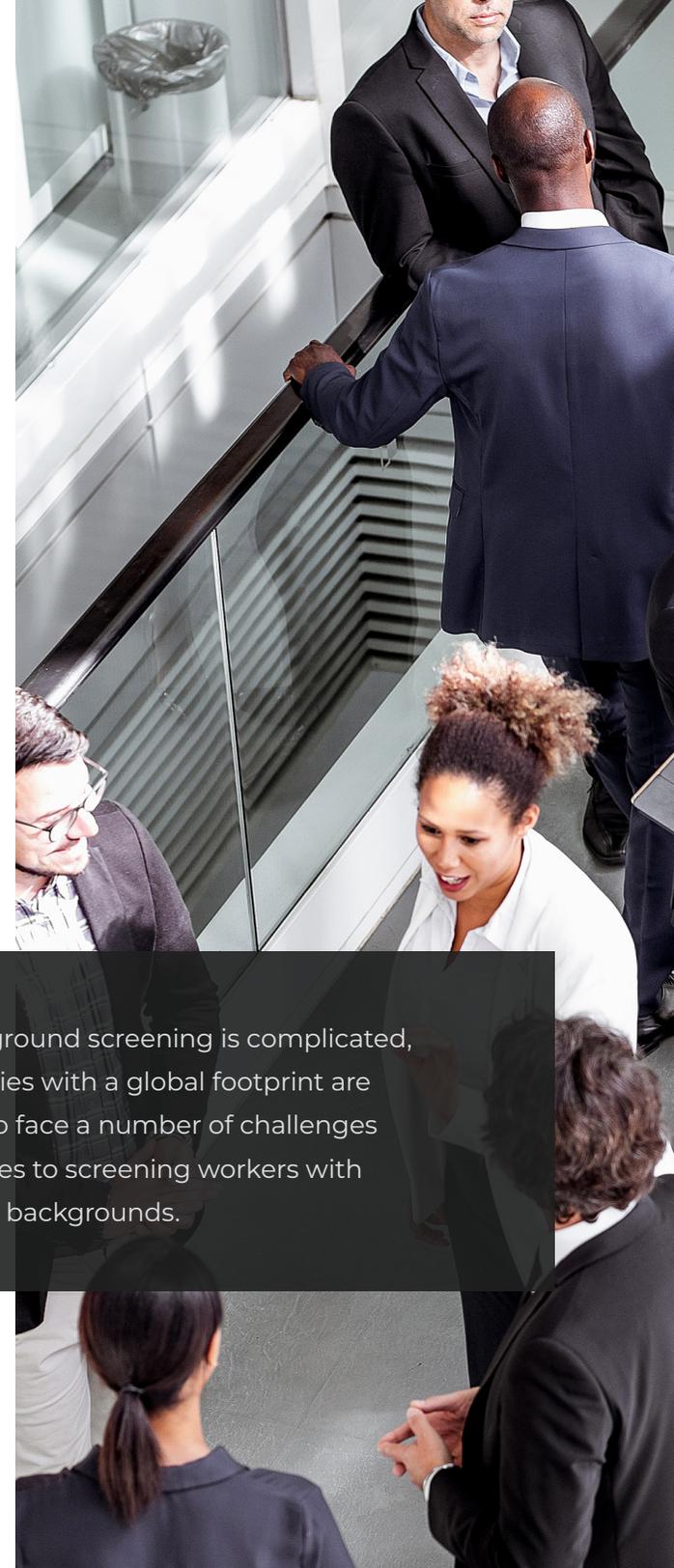
THESE CHALLENGES INCLUDE:

INFRASTRUCTURE
Difficulty sourcing information in certain countries, particularly in remote locations

COST
Some checks in certain locations may be seen as cost-prohibitive

CULTURE
Screening may not be culturally accepted in some countries so it may be difficult to introduce in certain locations

STAFFING
Lack of staffing to manage the screening process (either locally or globally)

REGULATIONS
Local regulations which may prohibit you from performing certain checks

KNOWLEDGE
Not understanding what can and can't be checked in different countries

CANDIDATE EXPERIENCE
Ensuring that the background screening process will not negatively impact the candidate onboarding process

This is why it's important to partner with a global screening provider who can help you navigate these issues — particularly one who understands the nuances of screening regulations applicable to its provision of services in different countries. Almost half of respondents from EMEA and APAC (46%) said that understanding international laws and regulations was one of their main compliance concerns.

This opening section of the report provides an overview of recent compliance updates in the U.S., and shares a suite of country-specific compliance resources covering the EMEA and APAC regions.

ALONZO MARTINEZ

ASSOCIATE COUNSEL, COMPLIANCE

From "Ban-the-Box" Laws to Marijuana Mandates: Laws and Legal Decisions Force Big Changes for Employers

In the past year, employers have been faced with plenty of highs, lows, and turbulence. The start of the year found employers in a period of historically low unemployment, a skilled labor shortage, and new pushes aimed at advancing equality amongst the ranks of job seekers. Little did employers know that by the end of the first quarter, the economy would be placed on pause as the COVID-19 pandemic was declared. In a dynamic shift of events, many workers faced job losses resulting in staggering unemployment figures. Nonetheless, the progression of causes aimed at protecting workers' rights continued to advance undeterred.

"Ban-the-box" legislation, pay equity laws, measures addressing the intersection of technology and privacy, case law affecting background screening, and support across the country for legalized marijuana use are all forcing new rules and policies in the workplace. Here are the employment laws and legal decisions that are reshaping the way employers evaluate job candidates and manage them once they're hired.

BAN-THE-BOX AND 'CLEAN SLATE' LAWS

Ban-the-box laws delay an employer's inquiry into a candidate's criminal history until some later point in the hiring process. They forbid the checkbox on hiring applications that seeks information about an individual's criminal record. In some cases, they may also include special notice requirements and may also limit the types of criminal information that an employer can consider when making their suitability decision.

Mostly in the last decade, nearly three dozen states and more than 150 communities have passed the measures, aimed at ensuring that ex-offenders aren't immediately excluded from consideration for a job simply because of their past legal issues.

Because many employers use a single employment application for all candidates across the U.S. and standardize their recruiting processes, most employers choose to eliminate the criminal history question from their initial employment applications, and instead evaluate a candidate's criminal history after a conditional offer of employment has been extended.

As ban the box continues to gain acceptance across the United States, it does so with varying degrees of complexity.

While there isn't a one-size-fits-all approach to compliance here are a few best practices for employers:

- Limit criminal inquiries until after a conditional offer
- Do not ask about arrests that did not result in a conviction, sealed, expunged, pardoned, or juvenile records
- Test for job-relatedness
- Document an individualized assessment
- Follow the Fair Credit Reporting Act (FCRA) and state or local pre-adverse/adverse action requirements
- Keep positions open for the requisite waiting period
- Maintain open lines of communication with the candidate

We invite you to download HireRight's **ban the box summary** and **ban the box white paper** available from our online Resource Library as a means to help you unpack ban the box.

LAWS AFFECTING TECHNOLOGY AND HIRING

ARTIFICIAL INTELLIGENCE

For many human resources professionals, artificial intelligence (AI) holds significant benefits for recruiting in the future. Already, many deploy AI tools to manage recruitment. Video interview platforms on the market, for example, use AI to evaluate a job seeker's facial expressions and how they answer questions during a recorded interview. The tools then recommend the best candidates to move forward for consideration.

But not everybody is cheering these solutions. Because of the way the tools are built, critics believe AI could make employment discrimination worse, reflecting institutional and systemic biases.

BIOMETRICS

As employers collect large amounts of information about job candidates and employees, they also could be violating laws that control the use of biometric data, which includes fingerprints and scans of facial features that are commonly used in AI. Illinois is a leader here with its **Biometric Information Privacy Act**, which guides the collection and use of such data. Texas and Washington also have biometrics laws. More states are expected to jump on the biometric bandwagon.

That means that in 2020, employers must not only track new AI and biometrics laws **but be careful as they implement AI solutions and build alternatives** for job seekers who opt-out.
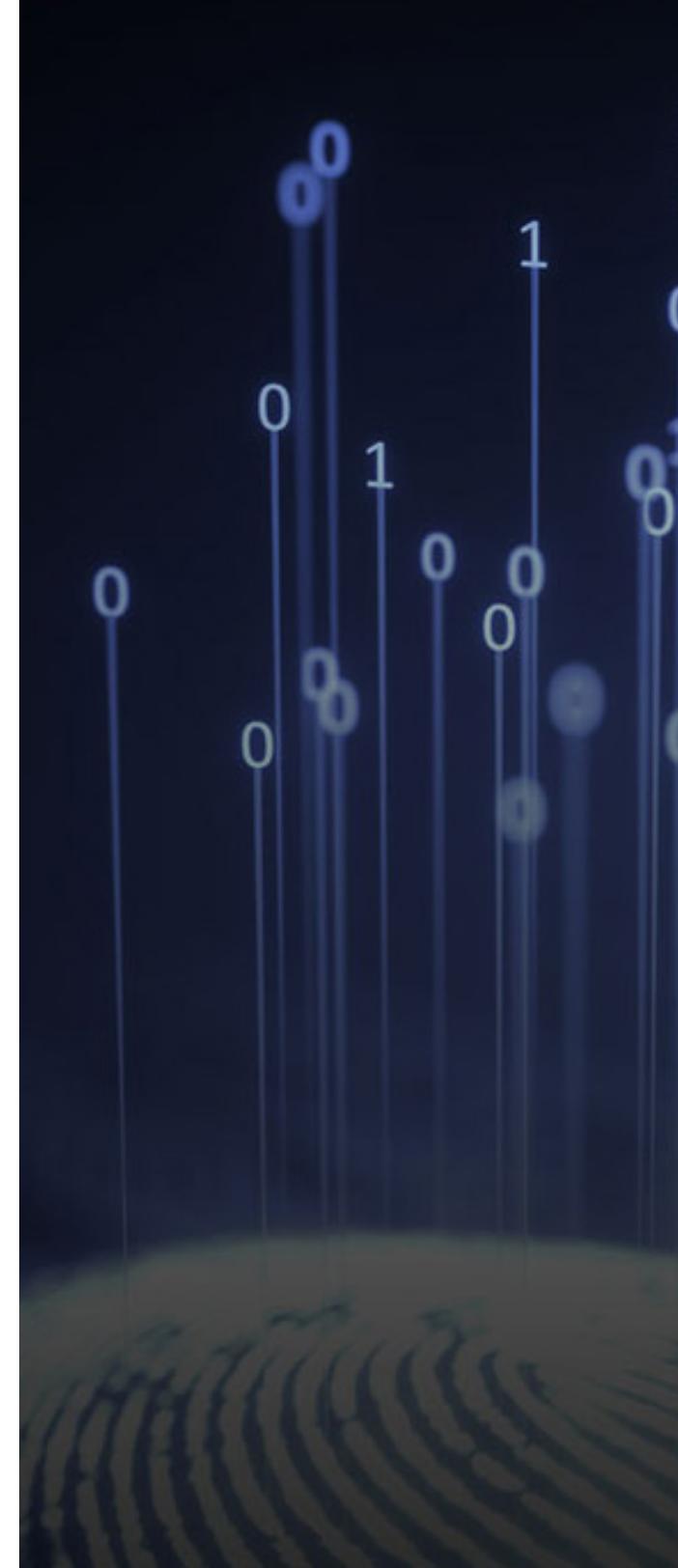
DATA PRIVACY

Just as employers must be cautious with biometric information, they must pay more attention to other personal data they collect as states begin to roll out data privacy laws.

The new **California Consumer Privacy Act** covers companies with gross annual revenues of more than $25 million; who buy, receive or sell personal information of 50,000 or more consumers, households or devices; or who earn 50% or more of their annual revenue from selling consumers' personal information.

As of 2020, these employers must provide privacy notices to employees about the information they gather and maintain reasonable security measures to protect it, among other requirements.

And it's likely this is just the beginning for data privacy in the United States. In 2019, New York lawmakers debated a proposed **New York Privacy Act**, which is similar to California's law. In 2020 and beyond, more lawmakers will bring data privacy measures to the table.

PAY EQUITY AND SAFE HARBOR LAWS

While the pay gap between U.S. men and women has narrowed in recent years, women still earn about 15% less, according to the Pew Research Center, and that difference drives all efforts to reach equal pay. For employers, these expanded laws should force hard looks at their pay practices.

Pay equity laws aim to close the gap for good, limiting when and whether employers can ask about a job candidate's past wages. They seek to prevent employers from basing compensation packages on a new hire's previous earnings, which makes it difficult for women and minorities to earn the same as their higher-paid colleagues.

Oregon, Connecticut, Hawaii, Maine, Washington, Alabama, and Illinois, as well as Kansas City, Missouri, and Suffolk County, New York, all have pay equity laws that have recently become effective, with more slated for 2020 and 2021.

Lawmakers are embracing pay equity, and that means employers must get on board if they haven't already. Now's the time to tailor your workplace policies and practices to ensure that all workers earn a fair and equitable wage based on their work product and skill and nothing else.

HireRight's **summary of pay equity legislation** available on our online Resource Library can help provide more details.

FAIR CREDIT REPORTING ACT COMPLIANCE

Court rulings continue to provide drip-strength guidance to employers clarifying the form of compliant Fair Credit Reporting Act disclosures, which are required for pre-employment background checks.

In its most recent decision on the subject, the **Ninth Circuit Court of Appeals** has continued to provide specific guidance on the murky question of the **Fair Credit Reporting Act's (FCRA)** "standalone" disclosure requirement. The Court also addressed the process to dispute the accuracy or completeness of a candidate's background check per the FCRA's pre-adverse requirements. The decision provides employers with actionable direction for drafting and assessing the compliance of their background check disclosures and adverse action processes.

The Ninth Circuit's decision clarifies that a brief explanation of what it means to obtain a background check for employment purposes is not extraneous and satisfies the FCRA's standalone disclosure requirement, but that disclosure of related processes (such as how to obtain copies of those reports) is extraneous.

Employers should also adhere to the FCRA's pre-adverse and adverse-action requirements, and ensure that the candidate has an opportunity to dispute the report with the consumer reporting agency. As the Ninth Circuit affirmed in Walker, the FCRA does not require employers to instruct candidates to discuss the background report directly with the employer.

Like other litigation that raises similar questions, recent rulings tell us that a plain reading of the act is how courts are interpreting the federal law. To avoid potential lawsuits, it is incumbent upon employers to review and revise the disclosure and authorization forms presented to their candidates and employees, so that information that may be considered extraneous is excluded from their FCRA disclosures just as the law states.

MARIJUANA ACCOMMODATIONS

Not long ago, a workplace drug screening that turned up marijuana use was a fireable offense. These days, employers face a confusing patchwork of federal, state, and local laws regarding drug screening and the consequences of a positive test aren't always clear.

At the federal level, marijuana is still illegal. The **Controlled Substances Act** lists the drug as a Schedule I controlled substance. While the **Americans with Disabilities Act** (ADA) requires employers to make reasonable accommodations for qualified workers with disabilities, possessing and using marijuana for any purpose is still a federal crime, regardless of state law. That means that under the ADA, employers don't need to accommodate marijuana use, even for approved medical reasons.

But at the state level, the path forward isn't so clear. So far, 34 states plus the District of Columbia have exercised their rights to legalize marijuana for **medical reasons**. In 11 states and the District of Columbia, smoking pot for recreational purposes is legal too.

With these conflicting federal and state laws, what does an employer do when a drug screening reveals that a candidate or an employee has used marijuana? Can the individual still be fired?

As the rules evolve and jurisdictions pass more robust protections for marijuana users, it depends. Whatever the decision, emerging laws make it clear that organizations must assess how they approach their employees' permissible pot use and make changes to their policies and processes to stay in compliance.

When it comes to marijuana, many organizations are still digesting the rapid shifts in rules and regulations. As efforts to legalize or decriminalize marijuana continue to pick up speed across the country, employers must act now to consider their own business needs and revise their policies and screening practices in consultation with their legal counsel accordingly.

PARTING THOUGHTS

While 2020 has brought us much uncertainty, one thing that is guaranteed is that lawmakers will continue to advance legislation that protects workers' rights. Movement towards equality in all aspects of the employment process, if not society in general, will continue to be top of mind. And as such, employers should remain nimble and amenable to changes in their approach to hiring and the employment lifecycle.

You can download the full unabridged version of the U.S. Compliance Update in our **Resource Library**.

EMEA COMPLIANCE OVERVIEW

CAROLINE SMITH
DEPUTY GENERAL COUNSEL, INTERNATIONAL

We are now two years on from the implementation of the General Data Protection Regulation (GDPR) and the Supervisory Authorities are active in handing out fines. As we track those fines, we are gaining great information around what those Supervisory Authorities are focused on: what is clear is that the intention of the GDPR to provide individuals with more rights and Supervisory Authorities with more clout has worked.

The EU Commission has just published its review of the GDPR and it concludes, "the GDPR has met most of its objectives, in particular by offering citizens a strong set of enforceable rights and by creating a new European system of governance and enforcement."

For more information, you can read the full summary and report on the EU Commission's website.

EMEA COMPLIANCE HIGHLIGHTS

To help navigate the murky waters of international screening, we have produced a series of country overviews, which focus on some of the key regulations in specific countries in the EMEA and APAC regions, which could impact what can and can't be screened. Here are some highlights from the country overviews within EMEA – you can click on each country to download the asset in full.

United Kingdom

It is common practice in the U.K. to carry out background checks on candidates. The most common checks are employment, education, and criminal checks.

Poland

There are no laws in Poland that explicitly govern offers of employment and, as such, an offer of employment could implicitly create an employment relationship despite the negative outcome of a pre-employment background check. Therefore it may be advisable to first verify the information provided by the candidate and then make an offer (or not).

Italy

The practice of carrying out background checks in Italy can be limited but, in general, prospective employers do carry out education and employment checks. This is not to say that the law prevents such background checks but that certain requirements should be met by a prospective employer and the checks must be proportionate to the role.

Portugal

Portuguese law sets out a general principle of good faith to be upheld by the future employer in the process of selecting an employee to hire. The search or request for information must be made in accordance with both privacy regulations and discrimination laws.

Ireland

Due to a number of legal restrictions and practical issues, background checks can be difficult to carry out in practice in Ireland.

EMEA COMPLIANCE HIGHLIGHTS

France

Employers should be aware of **CNIL's guidelines on recruitment procedures**; the French Labour Code, and the Data Protection Law.

Czech Republic

It is standard practice to carry out basic background checks in the Czech Republic, but it significantly depends on the area of business. It is also permissible for the employer to appoint a third party to carry out these checks on its behalf.

Spain

Whilst it has not been common practice in Spain to complete background checks on prospective employees, it is permissible to do so if such checks are proportionate and reasonable in the context of the role the candidate is applying for.

Belgium

There are a number of pieces of legislation that govern recruitment and selection of employees in Belgium but the rule of thumb is that the employer is not allowed to ask questions that are not relevant for the vacancy, so whether or not a question or check is lawful depends on the nature and performance requirements of the position the candidate has applied for.

Germany

Background checks should be conducted before an offer is made to the candidate. Clauses that make employment subject to the successful completion of the checks are not legally enforceable. The candidate should be made aware at the outset of the nature of the checks that may be carried out.

APAC COMPLIANCE OVERVIEW

CAROLINE SMITH

DEPUTY GENERAL COUNSEL, INTERNATIONAL

2019 and into 2020, as we predicted, has seen shifts in the privacy landscape in APAC. Even early adopters of GDPR-type provisions (Japan, China, and Singapore) are looking to re-review their laws to exert tighter controls over the handling of personal data by both controllers and processors.

As we saw in the EU in 2018, these laws are designed to put the individual in control of their personal data. COVID-19 has seen some delays in implementations, e.g. Thailand, but we can look forward to revised laws in Hong Kong, Singapore, Japan, India, and China in the months and year to come.

APAC COMPLIANCE HIGHLIGHTS

Singapore

The most common types of background checks relate to a candidate's employment record, educational background, criminal history, and financial record/history.

Prospective employers are also recommended to take into account the Tripartite Guidelines on Fair Employment Practices ("TGFEP") and avoid asking for information that is irrelevant to the assessment of a candidate's suitability for a job as this may constitute a discriminatory practice.

Whilst information in the public domain, such as information that can be obtained via media checks, is not subject to conditions of consent, they are still subject to the "relevance/reasonableness" test.

Indonesia

It has become standard practice in Indonesia to carry out background checks but these should not be used in a discriminatory way in the recruitment process. Culturally credit checks are quite rare.

Checks can be carried out provided that:

- the relevant consents of the candidate have been obtained, including the consent for the collection, processing and analysis, storing, display, publication, transfer, dissemination and/or disclosure of any of the candidate's personal data for background checks purpose; and
- the background checks undertaken must be appropriate and proportionate to the position being applied for

India

There are very few restrictions under Indian law in respect of the type of information that can be gathered and it has become standard practice in India to carry out background checks on candidates, with employment and education checks being the most common.

It is also permissible for the data controller (the employer) to engage a third-party data service provider to perform the checks on their behalf, provided that any requirements in respect to collection, storing, processing and transferring of sensitive personal data or information have been fulfilled by both the service provider as well as the employer (as applicable).

APAC COMPLIANCE HIGHLIGHTS

Philippines

It is standard practice in the Philippines for employers to carry out background checks on candidates. The gathering of any personal data is governed by the Data Privacy Act of 2012 (the "Act").

The Act confirms that before the processing of any personal data, consent should be obtained. However, if the personal information is already in the public domain, the Act will not cover this and as such consent is not required, though would still be best practice.

Japan

It has become standard practice in Japan to conduct pre-employment background checks. However, not all checks should be undertaken in all circumstances. With that in mind, an employer should always review the need for the background check and weigh this against the risk of liability if the background check is challenged and compensation sought.

Background checks are usually carried out in order to decide whether an offer of employment shall be made or not. Accordingly, after the decision to offer employment is made, in principle background checks are not permissible as they are no longer necessary.

Malaysia

It is standard practice in Malaysia for employers to carry out background checks on candidates. However, such checks are subject to the consent of the candidate and/or other conditions, usually that the collection of personal data should not be excessive to the purpose.

Thailand

The practice of carrying out background checks in Thailand varies widely among employers. Where background checks are carried out, generally speaking, it is common to check the educational background, professional credentials, employment records, and criminal records.

BACKGROUND SCREENING

THE BENEFITS OF CONDUCTING BACKGROUND CHECKS

A better quality of hire and more consistent safety and security are the most cited benefits globally according to this year's survey. This remains consistent with our survey results from 2019, and in previous years.

What are the main benefits your company experiences from employment screening?

Global

1. A better quality of hire (57%)
2. More consistent safety and security (48%)
3. Improved regulatory compliance (41%)

U.S. and Canada

1. A better quality of hire (58%)
2. More consistent safety and security (49%)
3. Improved regulatory compliance (40%)

EMEA

1. Improved regulatory compliance (53%)
2. More consistent safety and security (48%)
3. A better quality of hire (42%)

APAC

1. A better quality of hire (61%)
2. More consistent safety and security (46%)
3. Improved regulatory compliance (40%)

Additional benefits cited by those surveyed include "better company reputation", "greater employee retention", "peace of mind", "limiting risk", and "addressing client requirements".

Companies worldwide that conduct background checks are continuing to see multiple benefits to their businesses.

A "better quality of hire" could be attributed to a number of things:

- Candidates having their credentials verified to ensure they can do the job they're hired for
- Candidates who don't meet the required job specification may be deterred from applying if they know they will be screened
- Candidates know that they won't be able to get away with misrepresenting themselves on their resume/CV/application forms
- Candidates may be more likely to be open and transparent in their interview if they know their details will be checked at a later stage

Meanwhile, "more consistent safety and security" could also be due to a number of factors:

- Background screening can help identify details of a candidate's past that may make them unsuitable for your workplace
- Rescreening and/or employee monitoring can help to keep you aware of any changes to your employees' circumstances that may impact their ability to do their job
- Background screening shows your candidates that you take your hiring due diligence seriously
- Screening can also help you to protect the public image of your brand

"Through screening, organizations minimize risk and can be assured that candidates are who they say they are. A consistent background screening process also ensures all candidates are treated fairly in the recruitment process, improving company reputation. This is especially important in India where the growing economy means that good talent is required to power the country's expansion ambitions."

MARCEL SOLOMON,
GENERAL MANAGER, INDIA

When comparing regions, the three most common benefits of background screening are virtually uniform, with very slight variations in ranking:

- Companies in EMEA are the most likely to report "improved regulatory compliance" as a benefit of background screening
- All other regions cited a "better quality of hire" as the most frequently seen benefit
- Seventy-one percent of respondents from India said that they saw a "better quality of hire" as a key benefit from conducting background screening

PRE-EMPLOYMENT SCREENING

Background screening practices continue to vary worldwide, but which checks are the most common in each region?

Which background checks does your company include in its pre-employment screening?
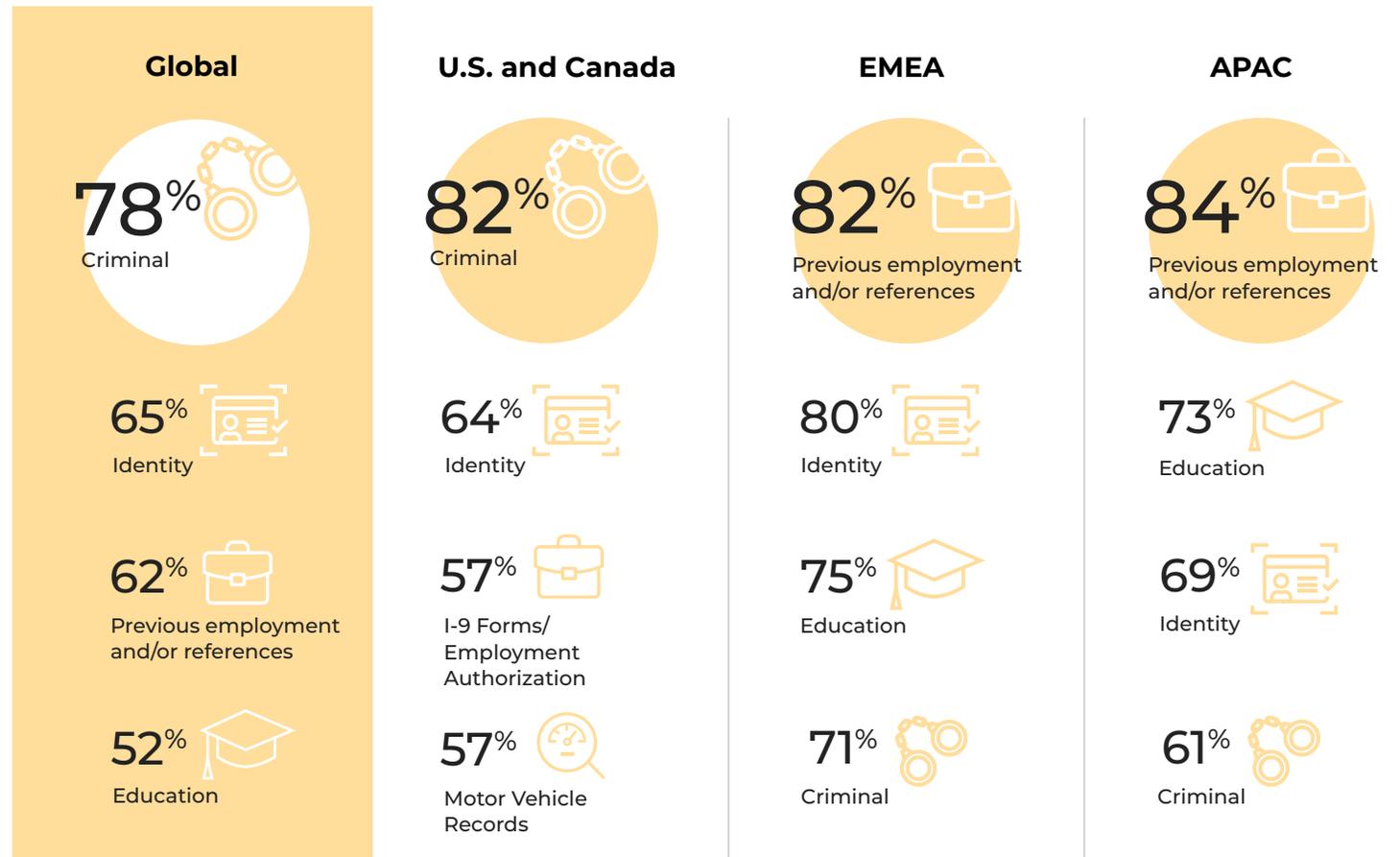
Global

78% Criminal

65% Identity

62% Previous employment and/or references

52% Education

U.S. and Canada

82% Criminal

64% Identity

57% I-9 Forms/Employment Authorization

57% Motor Vehicle Records

EMEA

82% Previous employment and/or references

80% Identity

75% Education

71% Criminal

APAC

84% Previous employment and/or references

73% Education

69% Identity

61% Criminal

Globally, the most performed checks are criminal, identity, employment, and education checks.

However, two of the most common checks in EMEA and APAC, employment and education, seem to be a lot less important in the U.S. and Canada, ranking just fifth (55%) and seventh (45%) most common in the region.

"The continuing trend we are seeing with our multinational customers of all sizes and industries is to approach their onboarding processes, including screening programs and policies, with consistency globally at the forefront – adjustments being made as needed at the region or country level, based on cultural trends and practices.

"Some of the most common adjustments are supported by this data; such as the heavier reliance on employment verifications and references in APAC and EMEA to gain additional insights, particularly in countries where the use or availability of criminal data is not customarily accepted."

ELISE EIDEMILLER
SVP, CUSTOMER SUCCESS

Screening in EMEA and APAC is most frequently undertaken in industries such as Financial Services, Healthcare, and Technology, where a college/university education is often a requirement for many or all roles. This may explain why there is more of a focus on candidates' education history in these regions.

Conversely, in the U.S., where almost all job candidates are screened in some capacity, employers working in industries such as Transportation, Manufacturing and Retail may be less concerned by their candidates' education history and more focused on their criminal history, identity, and their right to work in the country (I-9 Form/employment authorization).

However, as we are hearing about more global employers removing college/university degree requirements as a barrier to entry for certain positions, will there be a decline in education checks globally?

Some other checks which are common in the U.S. and Canada are rare outside of North America. Fewer than 10% of EMEA and APAC participants check motor vehicle records and none of them conduct drug and/or alcohol testing, compared to 49% in the U.S. and Canada. This may be due to the lack of availability of drug and/or alcohol testing outside of North America, and the size of the U.S. Transportation industry, which widely uses both of these checks for its workforce.

GLOBAL ENTERPRISE VS SMB PRE-EMPLOYMENT SCREENING

Enterprises are more likely than small/medium-sized businesses (SMBs) to perform pre-employment checks - nearly 30% more enterprises conduct education checks than their SMB counterparts.

Which background checks does your company include in its pre-employment screening?

Global Small-Medium Business (SMBs) (1-499 employees)

73% Criminal

60% Identity

55% Previous employment and/or references

39% Education

Global Enterprises (500+ employees)

85% Criminal

71% Previous employment and/or references

71% Identity

68% Education

For the purposes of this Report, "SMBs" are classed as businesses with fewer than 500 workers globally and 'enterprises' are those with more than 500 workers globally.

"The difference between the adoption and robustness of background screening in larger organizations and small/medium sized businesses is surprising given the additional vulnerability small/medium-sized business may have.

"While larger businesses may be able to absorb the cost of a poor hire, for smaller businesses an under-qualified candidate who may have embellished their background with fake or misleading credentials and experience could have a large negative impact to their business."

JIM DAXNER
CHIEF DIGITAL OFFICER

Employee theft, damaged reputation, and additional recruitment costs are just three of the ways that a bad hire could negatively impact your business.

Find out more about the impact of trying to take shortcuts during the screening process in our white papers: **No Detours** (U.S. and Canada) and **No Shortcuts** (EMEA/APAC).

EDUCATION CHECKS

A worrying 61% of SMBs may be leaving themselves open to additional employment risk by not checking their candidates' education details. The information provided by candidates (such as institution name(s), study dates, course title(s), and grade(s) attained) could be inaccurate, or even completely made up.

Background screening can help to mitigate this risk by verifying a candidate's education credentials directly at source, and by checking an institution's credentials against databases of known diploma mills.

"Diploma mills" are companies that claim to be higher education institutions but provide illegitimate academic degrees and diplomas for a fee. They typically do not require any academic study and can be used by candidates to bolster their education history without having any experience. Between 2009 and 2015, Pakistani software firm Axact allegedly sold fake degrees to [over 200,000 people in 197 countries](.).

Candidates who misrepresent their education history can catch out employers of all sizes globally, and if unchecked pre-hire, they may never have their education credentials verified.

Read our blog posts **["Fake Degrees, False References, and CV Lies Revealed"](.)** and **["Getting Schooled in Education Verification"](.)** to find out more about organizations that have been tricked by candidates — including C-level executives — who lied about their schooling.

THE EXTENDED WORKFORCE

Many companies of all sizes across the world rely on an extended workforce to support their permanent staff. However, in spite of these workers often having the same access to sensitive company data as regular employees, businesses are not always screening their full workforce and may be leaving themselves vulnerable to risk.

The "Extended Workforce" is the non-employee worker base including contingent/temporary workers, contractors, interns, volunteers, vendor representatives, and other non-employee workers.

What percentage of your company's workforce is comprised of non-employee workers?

Global (All)

Up to 10% of workers
50%

None
18%

Over 10% of workers
32%

Global SMBs

Up to 10% of workers
50%

None
25%

Over 10% of workers
25%

Global Enterprises

Up to 10% of workers
49%

None
7%

Over 10% of workers
44%
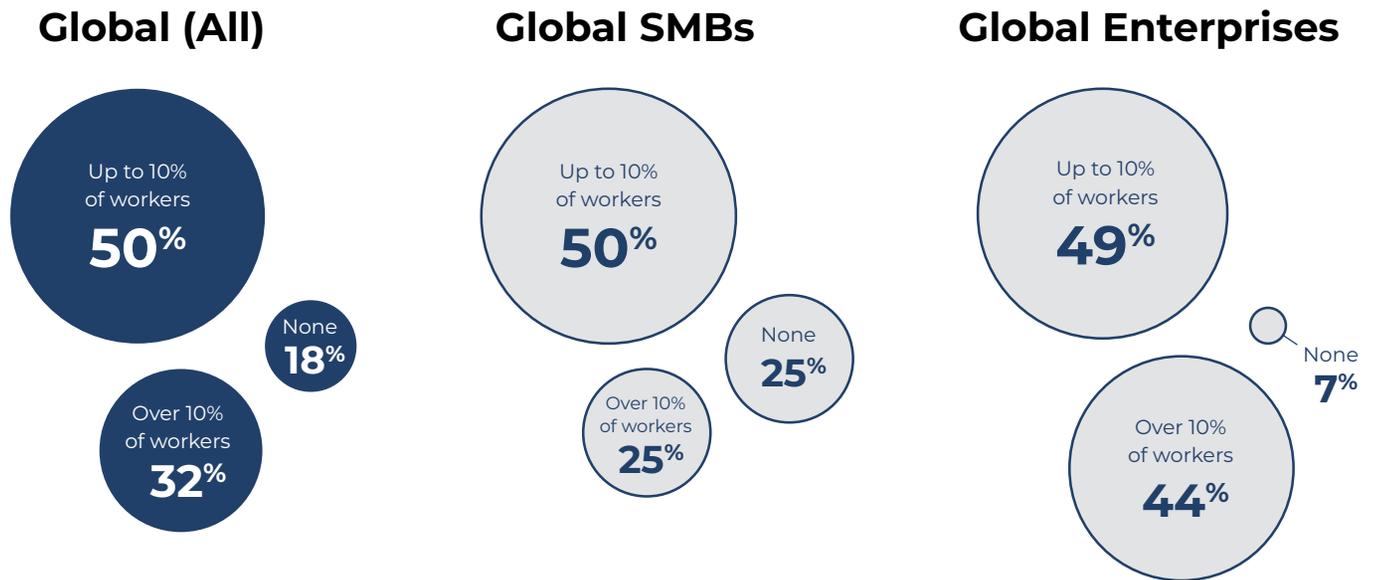
More companies in 2020 are hiring non-employee workers – just 18% of those surveyed globally do not have an extended workforce, compared to 24% in 2019. However, it will be interesting to see how controversial regulation changes, such as IR35 which is set to be introduced in the U.K. in April 2021, will impact the reliance on non-employees in the future.

Seventy-five percent of global small-medium businesses (SMBs) reported that they have an extended workforce: In comparison, 93% of global enterprises said that they have an extended workforce.

Half of all respondents said that up to 10% of their company's workforce is made up by their extended workforce. However, 44% of global enterprises reported that over 10% of their workforce were not permanent employees, compared to just 25% of SMBs who said the same.

These figures show that not only are global enterprises more likely to use non-employee workers, they are also more likely to make up a larger percentage of their total global workforce.

THE EXTENDED WORKFORCE SCREENING

Almost half of businesses (48%) globally screen their temporary/contingent workers.

However, SMBs are nearly twice as likely as enterprises to not run background checks on their non-employees. Perhaps there is a link between the size of a company's extended workforce and the likelihood that they will screen them. With enterprises also more likely to conduct pre-employment screening on their permanent workforce, SMBs appear to be taking more risks by not screening as thoroughly (which checks are run) or as broadly (who is screened) as their enterprise counterparts.

Which non-employee workers are subject to background checks?

Global (All)

Temporary/ contingent workers **48%**

Independent contractors **40%**

Interns **31%**

None **32%**

Global SMBs

Temporary/ contingent workers **36%**

Independent contractors **35%**

Interns **24%**

None **41%**

Global Enterprises

Temporary/ contingent workers **62%**

Independent contractors **46%**

Interns **38%**

None **22%**
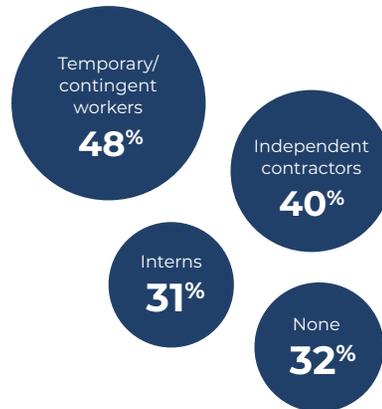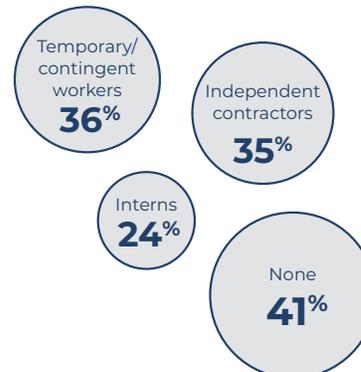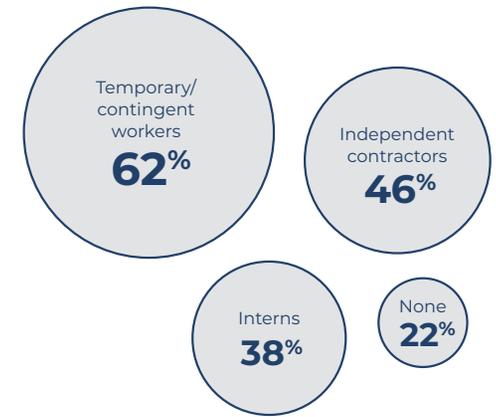
The uptake of extended workforce screening seems to be dependent on a number of factors, including a company's regional location, size and industry. Businesses based in EMEA are the most likely to screen their temporary/contingent workers, and across all regions larger businesses and those working in Finance are the most likely to screen their extended workforce.

"Within EMEA, we're seeing that more and more technology companies are placing a focus on screening their extended workforce. These global tech titans may have hundreds or even thousands of vendors that they work with, and without a proper EWS solution in place, they could be exposed to considerable risk – particularly now that the majority of their extended workforce are working remotely and unsupervised."

PETER CLEVERTON,
GENERAL MANAGER, EMEA

You can read more about the importance of screening your extended workforce in our recent U.S. infographic '**The Importance of Screening Gig Workers**'.

Which non-employee workers are subject to background checks?

Global

Temporary/contingent workers **48**%

Independent contractors **40**%

Interns **31**%

None **32**%

U.S. & Canada

Temporary/contingent workers **46**%

Independent contractors **39**%

Interns **30**%

None **34**%

EMEA

Temporary/contingent workers **58**%

Independent contractors **54**%

Interns **34**%

None **23**%

APAC

Temporary/contingent workers **50**%

Independent Contractors **14**%

Interns **30**%

None **30**%

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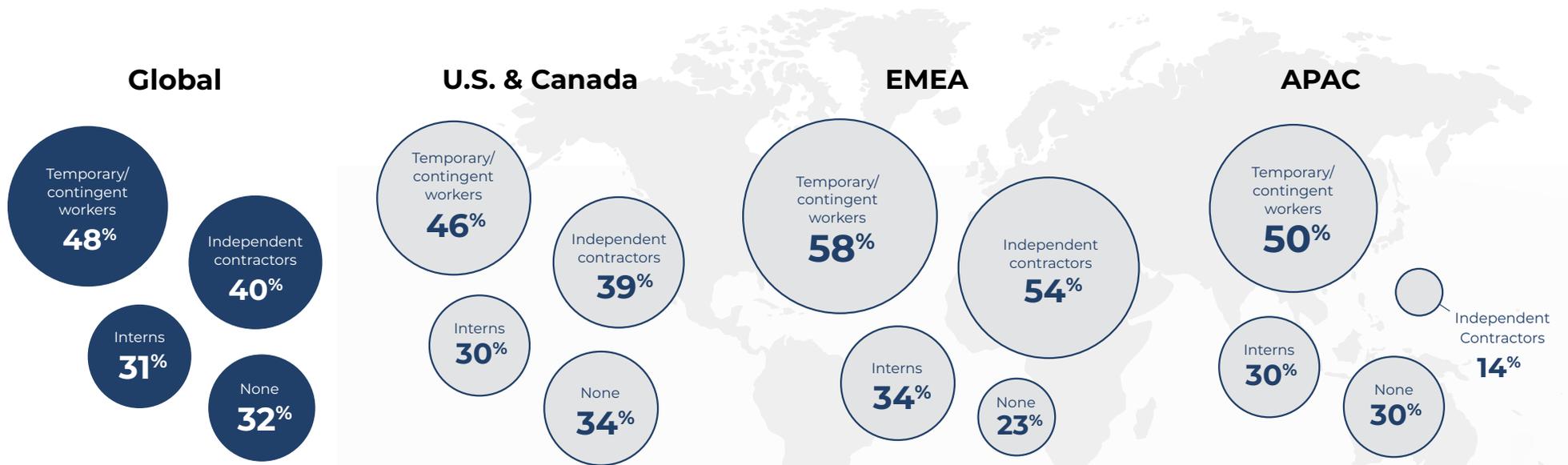
CANDIDATE DISCREPANCIES

Most companies that conduct background checks continue to find that candidates misrepresent themselves on their application forms and CVs/resumes. Businesses are finding discrepancies in all areas of their candidates' information — they are most commonly detected in their previous employment, criminal history, and education credentials. Worryingly, discrepancies are still found at all levels, from interns to C-level executives and board members.

Companies hiring in the Asia-Pacific region are the most likely to find discrepancies with their candidates' previous employment details: 87% of companies based in Singapore and 86% of businesses in India reported finding discrepancies in this area.

"Companies in APAC are enforcing stricter screening to attract the best of the best, and in tandem, more candidate discrepancies are coming to light. However, discrepancies could be a result of various issues – not all are deliberate deceptions. Incorrect details such as dates of employment, job title, tenure, or company name also come into the picture. It is important for employers to discuss discrepancies with their candidates to determine if the errors were genuine mistakes."

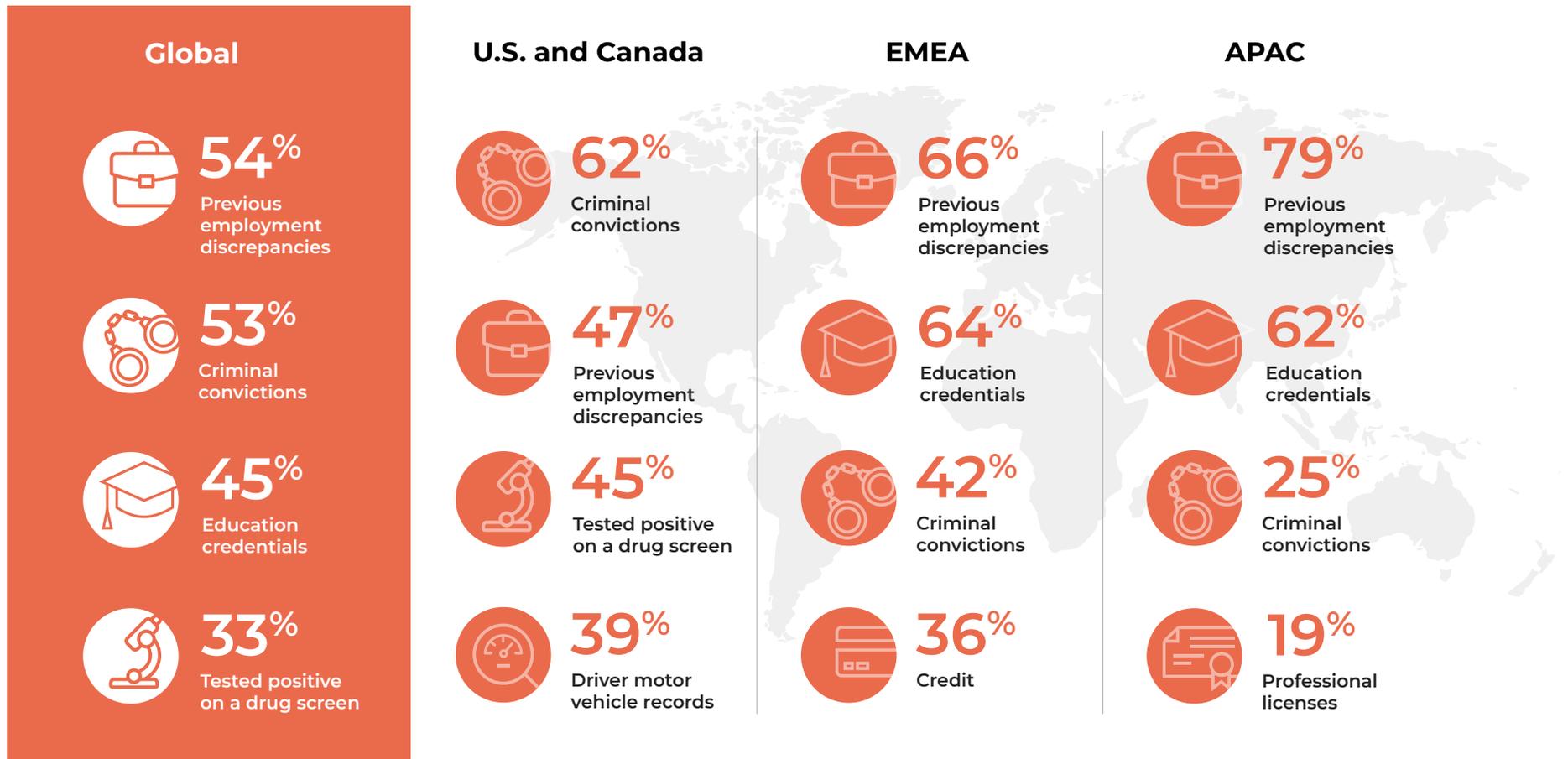**KO HUI YEN,**
GENERAL MANAGER, APAC

Not all candidate discrepancies are intentional – but whether or not a candidate meant to mislead a potential employer, if a hiring decision is going to be based on the information they've provided, it is important to verify the candidate's details to enable you to make an informed hiring decision.

Discrepancies in a candidate's employment history could be for a number of reasons:

- They misremembered their details
- They are trying to look like they held a more senior position, or worked for a well-known company that they did not work for
- They are trying to bolster their resume/CV with fake qualifications*
- They are trying to hide a period of non-employment
- They may have fallen out with a previous employer and don't want them to be contacted for a reference/verification of their employment

*In the U.K., in January 2020, a senior NHS boss who lied about his education history received a two-year suspended prison sentence for falsely claiming he had a classics degree. He was serving as Chief Information and Digital Officer for the NHS for over two years, between August 2016 and September 2018, earning a salary of £135,000 per year in 2017–2018.

In which areas have you uncovered discrepancies with job candidates as a result of background screening?

Global

54% Previous employment discrepancies

53% Criminal convictions

45% Education credentials

33% Tested positive on a drug screen

U.S. and Canada

62% Criminal convictions

47% Previous employment discrepancies

45% Tested positive on a drug screen

39% Driver motor vehicle records

EMEA

66% Previous employment discrepancies

64% Education credentials

42% Criminal convictions

36% Credit

APAC

79% Previous employment discrepancies

62% Education credentials

25% Criminal convictions

19% Professional licenses

The top three discrepancies in EMEA and APAC are consistent: employment, education, and criminal convictions. In the U.S. and Canada, positive drug test results and driver motor vehicle records were amongst the top areas where discrepancies were found. These checks, which are both key components for the U.S. Transportation industry, are rare outside of the U.S. and Canada, which explains why their discrepancy rates were so low internationally.

It is advisable, and in some locations legally required, for you to discuss any discrepancies with your candidates before making your hiring decisions, to help determine if any inconsistencies were likely to have been intentional or accidental.

Globally, over half of all respondents said that they had identified discrepancies with their candidates' employment history and criminal convictions.

FOCUS ON GLOBAL ENTERPRISES/GLOBAL SMBS

Globally, over 60% of enterprises reported finding discrepancies with their candidates' employment history, education credentials, and criminal convictions.

In comparison, our survey found that SMBs are nearly half as likely to find issues with their candidates' education credentials – just 32% of respondents found issues in this area.

With global enterprises far more likely to conduct education checks than SMBs (68% of enterprises check their candidates' education history compared to 39% of SMBs), are they finding more discrepancies because they are conducting a higher volume of checks, or are they conducting more checks because they keep finding discrepancies?

In which areas have you uncovered discrepancies with job candidates as a result of background screening?

Global SMBs

47% Criminal convictions

46% Previous employment discrepancies

32% Education credentials

Global Enterprises

63% Previous employment discrepancies

60% Criminal convictions

60% Education credentials

THE TRUTH, THE WHOLE TRUTH, AND NOTHING BUT THE TRUTH

Are candidates applying to work for larger companies more likely to fabricate details on their applications?

There are a number of reasons why they might:

- Enterprises may have higher entry requirements than smaller businesses, who might be more willing to be flexible on their candidates' experience

- Enterprises may receive more job applications, so candidates may feel they need to fight to stand out from the competition

- Enterprises may offer higher rates of pay, better perks, or more job stability, which could make them more desirable to work for

- Outside of the U.S., there is a good chance that candidates may not be aware of background screening, and think it's less likely that larger companies will bother to check their references/employment history

Here are some suggestions for deterring dishonest candidates:

- Mention in your job descriptions that job offers will be subject to passing a background check

- Talk about the background screening process during any interviews, so the candidates can know what to expect and can ask questions before it begins

- Talk about your employee rescreening policy, to explain that employee checks (and even ongoing monitoring where available) are part of your company's risk management and that pre-employment screening isn't a 'one and done' process, or just a box to tick
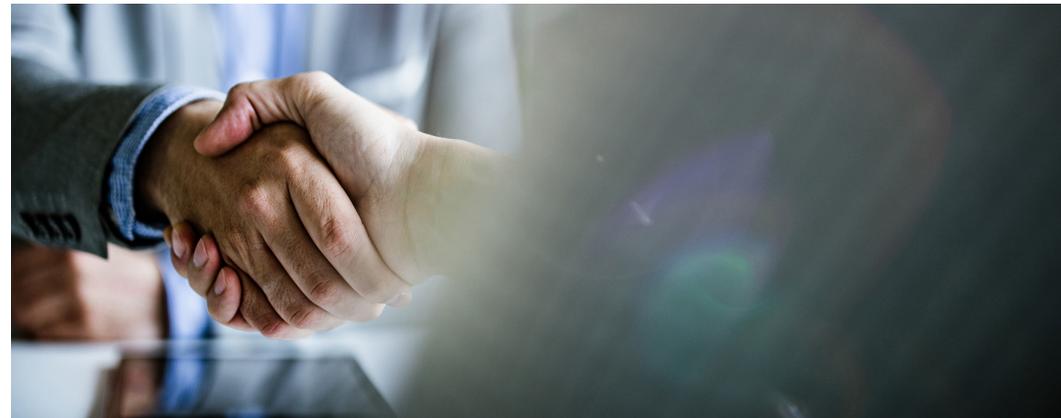
TALENT ACQUISITION

WHAT NEXT? THE FUTURE OF TALENT ACQUISITION

CHELSEA PYRZENSKI

CHIEF HUMAN RESOURCES OFFICER

The data for this report was gathered from our annual Benchmark Survey from March–April 2020, towards the beginning of the COVID-19 pandemic. Fast-forward a few months and many things have changed for people and businesses everywhere. Every person and business has been impacted in one way or another, whether you have essential workers on your team who are still reporting to their usual place of work, professionals who are adapting to working remotely from their homes for the first time, or employees who have had to be furloughed or even made redundant due to declining trade. This is a very challenging time, but there is a light at the end of the tunnel.

Let's look ahead to when the worst of the pandemic is behind us, and ask "What's likely to come next?"

Millions of individuals around the world who have lost their jobs during the pandemic will be searching for employment, and companies globally will be looking to rebuild and grow. So how can businesses attract the best talent to join their organization when everyone else is also hiring? We hope that some of the insights we gathered from our survey respondents pre-COVID may provide actionable strategies to help your business hire the most qualified candidates post-pandemic.

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The top three global talent acquisition challenges identified were:

1 Finding qualified job candidates
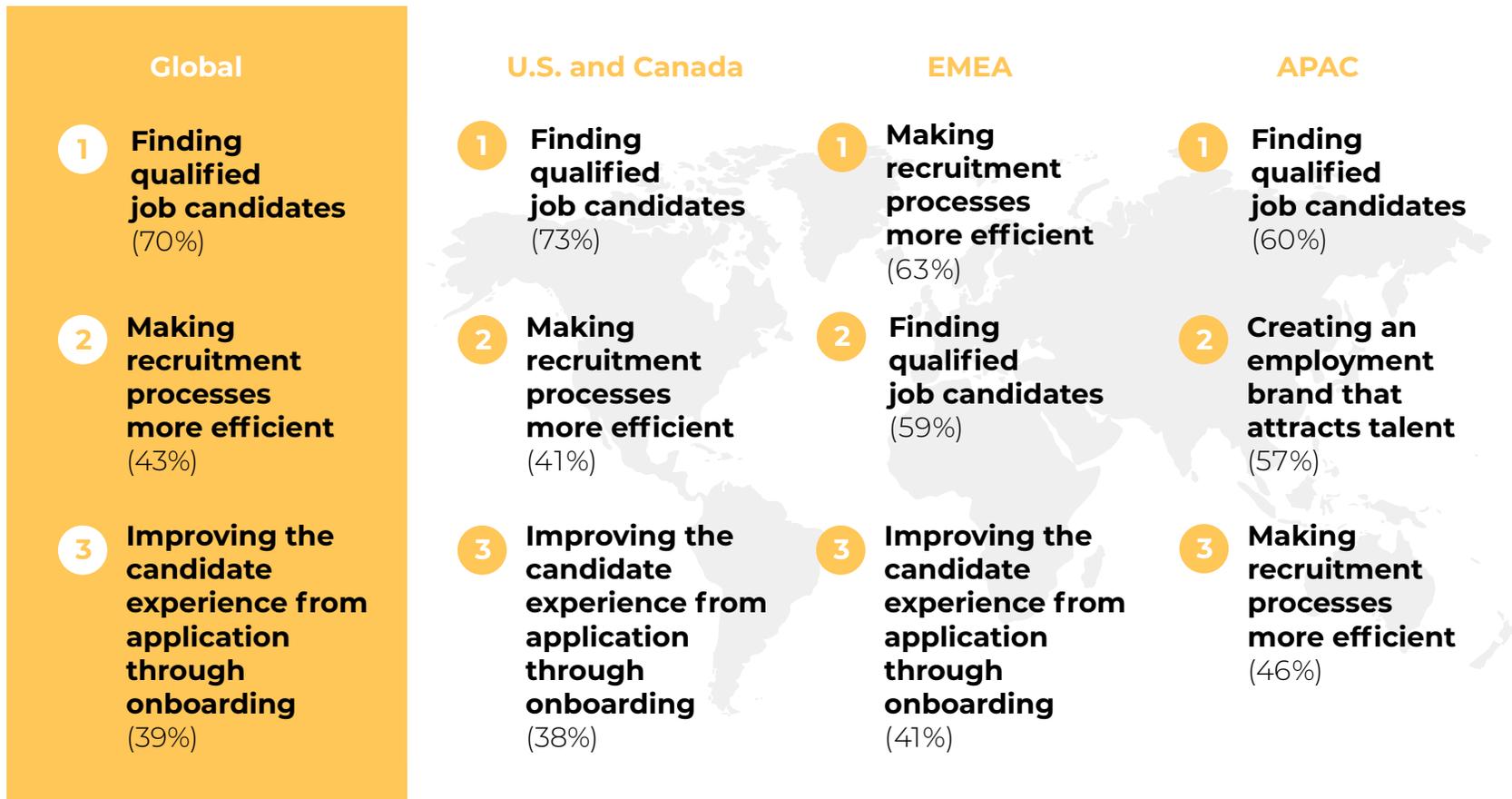
2 Making recruitment processes more efficient

3 Improving the candidate experience from application through onboarding

In spite of all the change in the world, these priorities will likely remain for many business, and arguably may be more important now and in the future than ever before.

Many companies globally may soon be looking to hire at an unprecedented level to replenish a depleted workforce. Beyond getting the right people into the roles, it will be equally if not more important to make the process as efficient as possible to minimize the internal workload, and offer the smoothest candidate experience so candidates don't get cold feet and consider competing offers.

Companies in EMEA saw recruitment efficiency as the biggest challenge overall – 63% identified it as one of their top three challenges. Conversely, in APAC, building employer brand was the second biggest challenge, as voted for by 57% of respondents from the region.
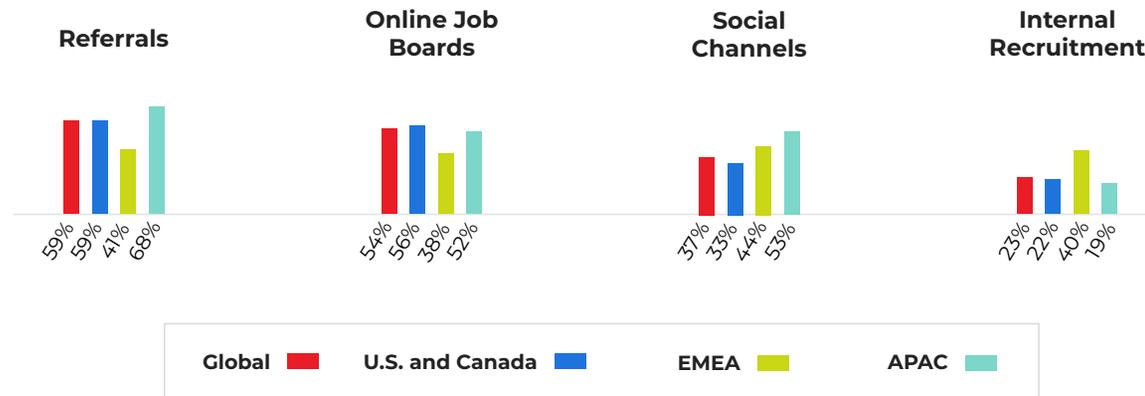
What are your most significant talent acquisition challenges?

Global

1 Finding qualified job candidates (70%)

2 Making recruitment processes more efficient (43%)

3 Improving the candidate experience from application through onboarding (39%)

U.S. and Canada

1 Finding qualified job candidates (73%)

2 Making recruitment processes more efficient (41%)

3 Improving the candidate experience from application through onboarding (38%)

EMEA

1 Making recruitment processes more efficient (63%)

2 Finding qualified job candidates (59%)

3 Improving the candidate experience from application through onboarding (41%)

APAC

1 Finding qualified job candidates (60%)

2 Creating an employment brand that attracts talent (57%)

3 Making recruitment processes more efficient (46%)

THE MOST EFFECTIVE RECRUITMENT CHANNELS

We also asked our respondents which were their most effective recruitment channels. Once again, this will surely be a focus for many businesses in this and coming years. A key takeaway from the accumulated responses is that while most companies use a variety of recruitment channels, the top two channels globally – referrals (59%) and online job boards (54%) – stood out by a fair margin from the other options. In third place was social channels (37%), which seems to be more effective in APAC (53%) and EMEA (44%). Interestingly, there was no difference in the most effective recruitment channels for SMBs and enterprise-sized businesses. It seems that regardless of company size, the top recruitment channels are the same.

Which of the following have been most effective in recruiting and attracting new employees to your company?

Bar chart: Referrals — 59%, 59%, 41%, 68%; Online Job Boards — 54%, 56%, 38%, 52%; Social Channels — 37%, 35%, 44%, 53%; Internal Recruitment — 23%, 22%, 40%, 19%.

Legend: Global, U.S. and Canada, EMEA, APAC

We're confident that you already know the best way to recruit new people into your business, but given these unusual times where competition for candidates will be fierce, it may be worth considering additional channels to help support your recruitment activity and ensure that you have the breadth of reach across multiple platforms to achieve your recruitment objectives for 2020 and beyond.

THE FUTURE

THE FUTURE OF SCREENING

CONAL THOMPSON
CHIEF TECHNOLOGY OFFICER

Background screening will always be heavily dependent on technology. It impacts nearly everything our business does, including the products we offer, the way our operations teams work, and the delivery of our award-winning candidate experience.

As new technologies are being developed, HireRight is at the forefront of tracking and applying these technologies, to ensure that we continue to get it right for our customers.

This final section of the report takes a look at some of the recent technologies that have influenced the background screening industry and are helping lay the foundation for the future of screening.

- Artificial technology is already being used by some companies in the recruitment process to help shortlist select candidates, but what is its application for background screening and could it be used to reduce unconscious bias?
- Blockchain is a term that's been around for many years now with some initial adoption, but could it hold the key to a revolution in the way candidates are screened in the future?
- Cloud technology offers many benefits, but how do these help background screening providers develop new products quicker?
- How do Identity Proofing tools not only help to confirm a candidate's ID, but also give them a better experience and more control over their own data?

You can find out more about the new technologies HireRight is working on at the moment by visiting our **Innovation** page.

HIRE RIGHT

TECHNOLOGIES THAT ARE CHANGING THE FUTURE OF BACKGROUND SCREENING

SJ PORTER

LEAD DATA SCIENTIST

SATHISH THIRUGNANAVELU

DIRECTOR OF TECHNOLOGY RESEARCH

ARTIFICIAL INTELLIGENCE / MACHINE LEARNING

Machine learning can be compared to the advent of the Internet. The Internet started as a bleeding-edge technology (the very forefront of technological development), only available to research institutions and the military – use cases were minimal, but promising. However, over time, the internet became available to corporations and households, eventually becoming a part of everyday life that many of us couldn't imagine living without. Similarly, only in the past decade or so has machine learning become accessible to the average developer.

In the background screening industry, machine learning has exceptional potential for business problems regarding text classification, natural language processing (NLP), and quality assurance (QA). HireRight has already begun using deep learning models for all three of these purposes and our investment in this technology will continue to grow.

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Use Case: Text Classification

With each source, for example, a local court which maintains information using their own vocabulary and often reporting it in free-form text, it's difficult to refer to a particular crime consistently. The ramifications of inconsistent references to the same classification of crime are enormous. The verification process includes manual processing of information obtained from the courts, quality assurance, the application of client and regulatory rules, and, finally, presenting the results in the consumer report.

Text classifications can help solve this problem by normalizing free-form text and different terminology into a consistent language, which, in turn, improves turnaround time and reduces manual errors.

Background screening providers like HireRight have the advantage of their own historical records that have already been mapped from inconsistent terminology to a standard meaning by many of its researchers. This institutional knowledge captured in this form of data helps to train a machine learning model, and help it mimic human intelligence.

Unlike other screening providers who may utilize the machine learning models to replace human involvement, HireRight takes a unique approach in verifying human decisions with the model's decision. This provides an additional line of defense, while at the same time continually improving the model. As the model evolves, it could be utilized to process non-adverse decisions, while still having a human to double-check potentially adverse decisions.

BLOCKCHAIN AND VERIFIABLE CREDENTIALS

If there's one thing that slows the verification process, it's chasing down education and employment details. The credentials that the candidate holds today in their physical form must be verified with the original issuer every time. This year's Benchmark Survey found that, globally, 45% of respondents have found discrepancies in their candidates' education history. These discrepancies take time to investigate and ultimately slow down the onboarding process, for the candidates and their prospective employers. But what if the candidate could hold a verified credential in a digital format in one place and only have to verify it once, ever?

That is the promise of Verifiable Credentials technology. Powered by this technology, candidates themselves will manage their data, hold it in an encrypted, tamper-proof digital wallet, and control who sees what, right from their mobile device. Imagine that.

Verifiable Credentials represent a monumental shift in how identity functions on the Internet. Basically, it's a system of identity management that gives each individual total control of their personal information. In the future, paper-based credentials like birth certificates, citizenship papers, university degrees, licenses or other certifications will become digital and each individual will have the power to safely share their credentials with an organization via their own digital wallet to prove their claims.

Here's how it works:

1   A registry is established, powered by distributed ledger technology

2   An issuer registers themselves and declares the credentials they offer

3   The candidate establishes a private connection with the issuer through their wallet

4   The issuer assigns a credential (ex. College Transcript) to the candidate in digital form

5   At the time of verification (ex. employment), the candidate establishes a private connection with the Verifier through their wallet

6   The candidate presents a package of claims from multiple different credentials they hold to the Verifier

7   The Verifier can instantly look up the Issuer information from the registry and verify the credential for validity, revocation, and trustworthiness without contacting the Issuer

Empowering individuals to manage their information, directionally, aligns with regulations such as GDPR and privacy-protection requirements. However, this of course requires a careful review from a legal and compliance standpoint before implementation.

Blockchain and Verifiable Credentials have the potential to significantly improve the turnaround times of certain verifications (such as education and employment checks), whilst also removing the scope for errors, improving the candidate experience, and allowing the candidate to have more control over their own data.

This is one of the areas that the **Velocity Foundation**, a non-profit consortium of which HireRight is a founding member, is developing a solution for.

You can find out more about the Velocity Foundation and the 'Internet of Careers' in their white paper **Together: Building the "Internet of Careers"**.

CLOUD TECHNOLOGY

Cloud technology offers several benefits to businesses, including improved accessibility, reduced costs (both upfront and running costs), outsourced security and maintenance, and scalability to be as flexible as your business demands.

There have been significant improvements made to the major cloud platforms that our business has used over the past few years. What used to require the coordination of multiple departments within IT can now be accomplished by small teams (or even individuals!). This allows technology departments to rapidly develop, test, and deploy new products far more quickly – a process which often took years of investment in the past. In a nutshell, if rightly used, cloud enables quicker time-to-market by experimenting and implementing new features quickly.

Additionally, a design practice known as "Infrastructure as Code" (IaC) can help businesses achieve architectural resilience and recoverability.

Ultimately, cloud technology will help businesses like HireRight to protect their data, maintain their regulatory compliance, and enhance their product development process.

BIOMETRICS AND IDENTITY PROOFING TECHNOLOGY

Identity Proofing technologies from companies including Mitek and Onfido can help validate someone's identity through their mobile device. By taking a picture of the individual's government ID, new technologies enabled by AI could verify if the identity document is valid and not tampered with.

Additional biometric-based checks, such as face scans, can be performed to compare the ID to and ensure the person is scanning their own identity. The same selfie-check could be used to authenticate the individual as an additional layer of security.

The idea of Identity Proofing is explored in detail in a 2019 Report by Gartner titled 'Identity 2020: Bring your own identity from social networks to Blockchain Self-Sovereign Identity'. The report predicts that, "by 2023, identity corroboration hubs will displace existing authentication platforms in over 50% of large and global enterprises". An identity corroboration hub would be a combination of Identity Proofing tools and User Authentication designed to detect familiarity signals, risk signals, and attack signals, to ultimately prove that an individual is who they say they are.

These technologies, when developed in a manner that is transparent to the candidate, also have the scope to improve the candidate experience, making it easier than ever for candidates to upload their supporting identity documents, without the need for photocopiers or scanners. In addition, employers could be confident the screening is performed on the right individual.

METHODOLOGY/ABOUT US

RESPONSE

The 2020 Global Employment Screening Benchmark Report explores trends and attitudes from people professionals around the world. It is based on our online global survey, with participants anonymously sharing their experience and knowledge of their company's employment screening and recruitment practices with us. The survey was available between March-April 2020 and received a total of 1,686 responses globally.

The regional splits of this are 1) U.S. and Canada: 1,232, 2) APAC: 294, and 3) EMEA: 131. The split of SMB (companies with fewer than 500 employees) to Enterprises (over 500 employees) is: 1) SMB: 827 and 2) Enterprise: 659.

FORMAT

Survey questions included multiple choice, multiple selections, and open text. Figures may not add up to 100% due to rounding or multiple-selection questions.

ABOUT US

HireRight helps employers hire the right candidates by delivering global employment background checks. Employers can tailor HireRight's extensive screening solutions to their unique needs, giving them peace of mind about their hiring and vetting processes.

HireRight's platform integrates with existing HR platforms and applicant tracking systems, giving companies and candidates the best possible experience.

HireRight is headquartered in Irvine, California, with offices around the globe including regional headquarters in London and Singapore.

CONTACT US

If you have any comments of feedback on the contents of this report, we'd love to hear from you.

You can **submit your feedback here**.

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