

# 2022 LATAM Annual Trends Report

Hiring risks in a challenging labor market



# PROUDLY SUPPORTING OUR CUSTOMERS IN LATIN AMERICA AND THE CARIBBEAN



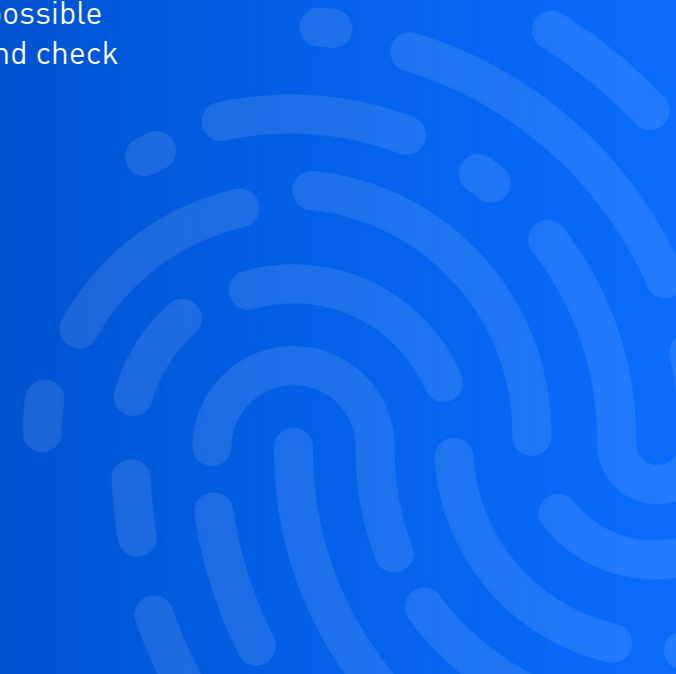
As part of its strategy to support global clients operating in Latin America, First Advantage announced in December 2021 that it acquired a market leader in the region, MultiLatin Background Screening.

Since 2011, Mexico City-based MultiLatin has developed robust regional screening services and verifications operations, localized compliance expertise, highly skilled sales and customer success teams, and a diverse international and local customer base across 30 countries throughout Latin America and the Caribbean.

# FOREWORD

**First Advantage - MultiLatin** is one of the most trusted background check solution leaders for organizations of all sizes, across all industries, throughout Latin America and the Caribbean. With more than 93 million checks conducted globally, and more than 600,000 background checks conducted within Latin America, we've helped our customers make the most informed decisions when hiring employees and onboarding contractors, vendors, and partners.

This year, in addition to deploying multiple enhancements to further improve the customer experience, we launched the LATAM Annual Trends Survey to highlight insights in our customers' hiring and screening processes. The survey responses were cross-referenced against our internal background check statistics and the resulting insights are shared in this report to provide our customers with possible actionable information that can be used to guide and enhance their background check program.



LATAM CUSTOMERS



**+500**  
Customers we supported



**8 years**  
Average Tenure with  
First Advantage-MultiLatin



**+600,000**  
Screens



**1**  
Regional platform

GLOBAL CUSTOMERS



**33k +**  
Customers



**12 years**  
Average Tenure with  
First Advantage



**93M**  
Screens



**1**  
Core Global Platform

# INTRODUCING THE 2022 LATAM ANNUAL TRENDS REPORT

Undoubtedly, 2021 was a defining year for the labor market in Latin America and the Caribbean. Relentless changes driven by the ongoing COVID-19 global pandemic forced our customers to constantly adapt how they operate, manage, hire and onboard talent amid a tumultuous environment of widespread furloughs, layoffs, remote work, virtual hiring, and an accelerated transition to digital processes.

During this time, we worked closely with our customers to help them intelligently adjust and scale their background check programs based on the specific needs of their business and industry. Our recommendations were tailored to help create faster, more inclusive hiring processes that enable them to compete for—and win—top talent while also mitigating employee-related risk from every possible angle.

Our 2022 LATAM Annual Trends Report provides a glimpse into this unprecedented period by revealing how background check volumes and discrepancies

have fluctuated over the past three years. It also provides sought-after context and benchmarking information based on the screening activity of our customers within the region, in addition to proven best practices for optimizing their background check processes and strategies to help LATAM employers hire smarter and onboard faster.

In this information-packed report, readers will gain:

- Access to fresh, industry-exclusive data and illuminating regional perspectives on background check trends.
- A deeper understanding of effective background check strategies during today's extraordinary job market.
- Practical ideas to better position their hiring programs—and their larger organization—for the future.



Our 2022 LATAM Annual Trends Survey provides us with client perspective on screening programs and how they are evolving.



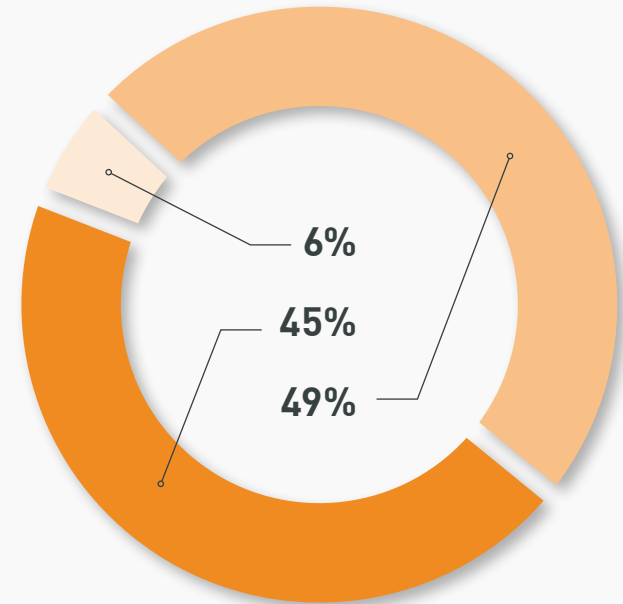
We are market leader in the background screening industry with exclusive access to data points about how hiring decisions are made.

# REGIONAL TRENDS IN REMOTE WORK

Only 6% of responding LATAM employers have returned all employees to the office.

- 94% still have some, or all, of their employees working from home




Source: First Advantage - MultiLatin 2022 LATAM Annual Trends Survey



## Helpful Tips

Scan now to learn more about our insightful content.



-  No, our offices have not yet reopened
-  Yes, all employees have returned to the office
-  Yes, some employees have returned to the office

# REGIONAL BACKGROUND

Two years have passed since the onset of the COVID-19 global pandemic, and we're still waiting for the economy and employment within the region to rebound to pre-pandemic levels. According to the [International Labor Organization](#), lagging employment numbers across Latin America could stretch into the next two years, as roughly 4.5 million of the 49 million jobs lost during peak phases of the pandemic have yet to return.

These conditions have created a challenging labor market that's accelerating workplace trends, leading to new forms of employment, and driving increased automation and digitization in the hiring process. Teleworking and employment on digital platforms are clear examples.

In this new era, applicants must continually learn the latest technologies and sharpen both their hard and soft skills to adapt to evolving job requirements. Likewise, in an environment with limited applicants for every open position, employers must create applicant-friendly hiring processes that keep prospective employees engaged and interested, while also ensuring they are a good fit for the business.

This is where background checks fit into the process by helping companies hire smarter and onboard faster. At First Advantage - MultiLatin, our next-generation background check solutions help enhance their onboarding process by enabling them to identify and quickly hire the top talent to grow and protect their business as we advance toward a new normal in the Latin American workplace.

“Two of the clear manifestations of technological progress during the pandemic have been the **significant increase in teleworking** and **digital labour platforms.**”

Source: International Labour Organization  
2021 LABOUR OVERVIEW Latin America and the Caribbean

**BALANCING THE LOAD:**  
TRENDS IN SPEED, RISK, AND  
BACKGROUND CHECK SELECTIONS





# THE VOICE OF OUR CUSTOMERS

A key driver of solution enhancement at First Advantage – MultiLatin is the voice of our customers. Everything we do hinges on the needs of their business, their hiring teams, their applicants, and their employees.

With this in mind, the results of our 2022 LATAM Annual Trends Survey provide a high-level overview of why our customers perform background checks. Understandably, risk is the biggest motivator, with 38 percent of customers saying they do it to mitigate the risk of possible future criminal activity.

Surprisingly, however, brand protection landed in the bottom spot. All it takes is one negative employee incident to hurt a company's reputation, especially if the incident is publicized in the media. The fallout can weaken customer confidence, degrade the company's industry standing, threaten critical funding streams, partnerships, and sponsorships, and detract critical resources away from the core business.



## Screening for brand protection

To mitigate the impact that employee-related incidents can have on our customer's brand reputation, background checks are useful to carefully vet all employees, particularly those with access to:

- Vulnerable populations
- Proprietary information
- Financial accounts
- Trade secrets

**Helpful Tip!**



# BALANCING SPEED, RISK, AND COST

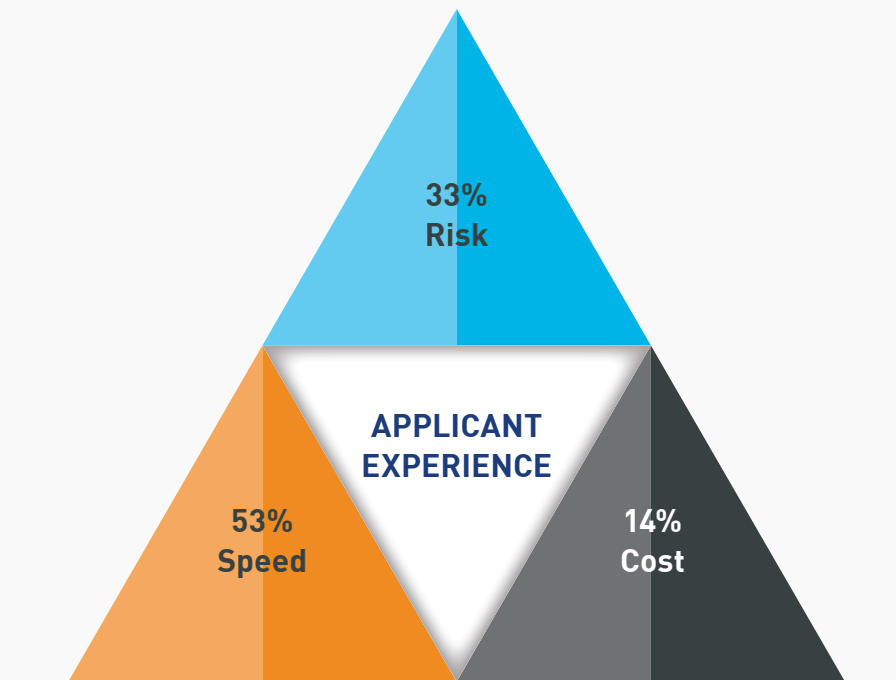
Designing a background check program to fit a customer's business needs requires close attention to the company's risk profile, regulatory responsibilities, geographic footprint, applicant profile, and more. Put simply, it's a delicate balance of program speed, risk, and cost.

According to our 2022 LATAM Annual Trends Survey, our customers chose speed as the most important factor in their background check program, followed by risk mitigation, and cost, respectively.



## Helpful Tips

Scan now to learn more about our insightful content.

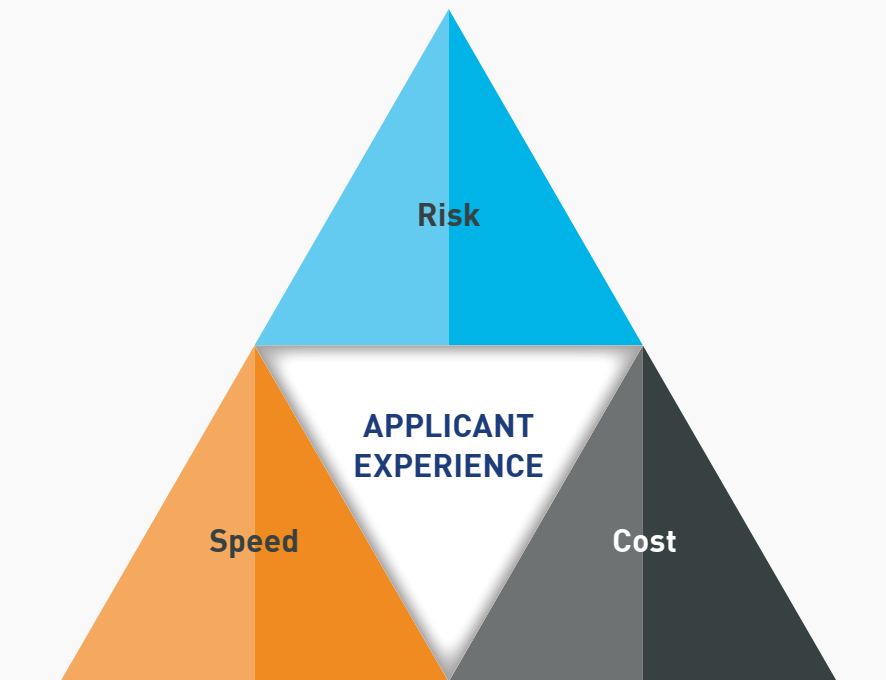


# THE APPLICANT EXPERIENCE MATTERS

Apart from the triangle of risk, speed, and cost, it is increasingly clear that the applicant experience should be the “North Star” guiding every background check program.

To improve the job applicant experience during the background check process, companies must:

1. Be clear and concise with the information and deadlines they need.
2. Align their processes to data privacy laws to ensure job applicants feel their personal information is safeguard and protected.
3. Use advanced technology and automation to speed and enhance job applicant’s hiring and screening experience.
4. Provide continuous support to their job applicants, engaging with them anytime during the hiring and background check process.



# KNOW YOUR RISK



## Known Risks

Commonly known risks can be readily addressed by staying in tune with trends and regularly reviewing your background check practices. From the constant engagement of our Customer Success teams to the methodical, data-driven improvement projects led by our industry-leading strategic consulting team, one of our core objectives is continuous improvement for our valued business customers and prospects.



## Unknown Risks

Other risks require a deeper dive, relying on big data and in-depth analysis. Our proven experience, unparalleled data assets, and wide-ranging strategic consulting engagements provide unique risk insights that only become clear and reliable when viewed at scale.

# KNOW YOUR RISK



KNOWN  
RISKS

## Regulatory:

Are you fulfilling mandatory industry requirements?  
Are you up to date on local, regional, and international regulatory changes?

## Position-specific:

Do you have a one-size-fits-all program, or are you screening for information that is relevant to the applicant's future role?

## Workplace Type:

How does an applicant working from home differ from one working in an office, factory, store, or warehouse?

## Employment Lifecycle:

Does your risk strategy have a built-in expiration date? Do you rescreen employees on a recurring basis to mitigate risk after onboarding?

## Adjudication:

Are you looking at results that are relevant to the hiring decision? Are you consistent and fair in your adjudication?

## Geographic:

Does your program account for the distributed and varied history of today's highly mobile applicants?

## Data Collection:

Did the applicant accurately disclose everything you need to know? If not, how are you going to uncover it?

## Reputation & Cultural Fit:

Do you have the right mix of checks to minimize risk to your brand? How can you look beyond basic background checks to better understand applicants?



UNKNOWN  
RISKS

LATAM REGIONAL BACKGROUND CHECK  
PRIORITIES AND TRENDS



# LATAM REGIONAL BACKGROUND CHECK PRIORITIES

Throughout Latin America and the Caribbean, companies understand the importance of conducting background checks. Not only does it help customers hire the best talent from a vast pool of unknown job applicants, but it can also help mitigate employee-related physical, financial, reputational, legal, and compliance risks.

At First Advantage – MultiLatin, we apply our advanced technology and leading experience in the region to help our customers intelligently prioritize their background checks and create specialized screening programs based on specific areas of employee risk that matter most to their business.

As part of our 2022 LATAM Annual Trends Survey, we asked our customers from the region to prioritize the services they request most often, picking employment verifications as their number one priority.

## Top Priority Background Checks

1. Employment verification
2. Criminal checks
3. Academic verification
4. Drug screenings

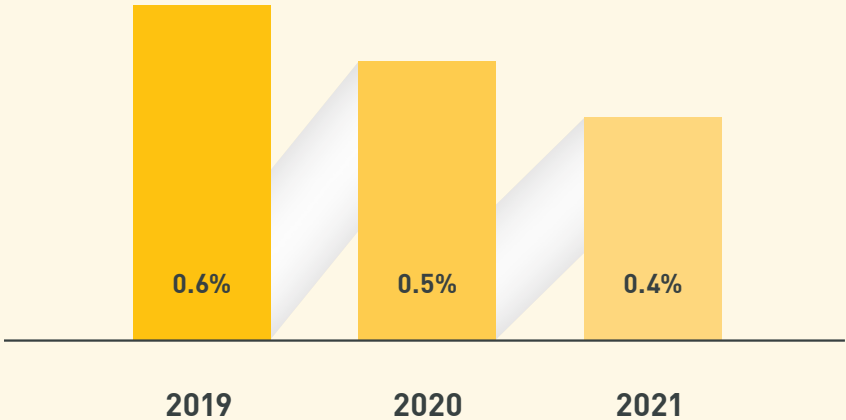
Other interesting findings are revealed in the following pages as we dig deeper and provide key metrics associated with these services by country and by industry.

**31%** of our LATAM customers say most **of their employees live outside the region.**

Source: First Advantage - MultiLatin 2022 LATAM Annual Trends Survey

# TRENDS: CRIMINAL CHECKS IN LATAM

According to our internal, year-over-year data, we have seen a slight decrease in criminal record check reporting within the region. Next, we provide an explanation for this drop, along with closer look at key countries.

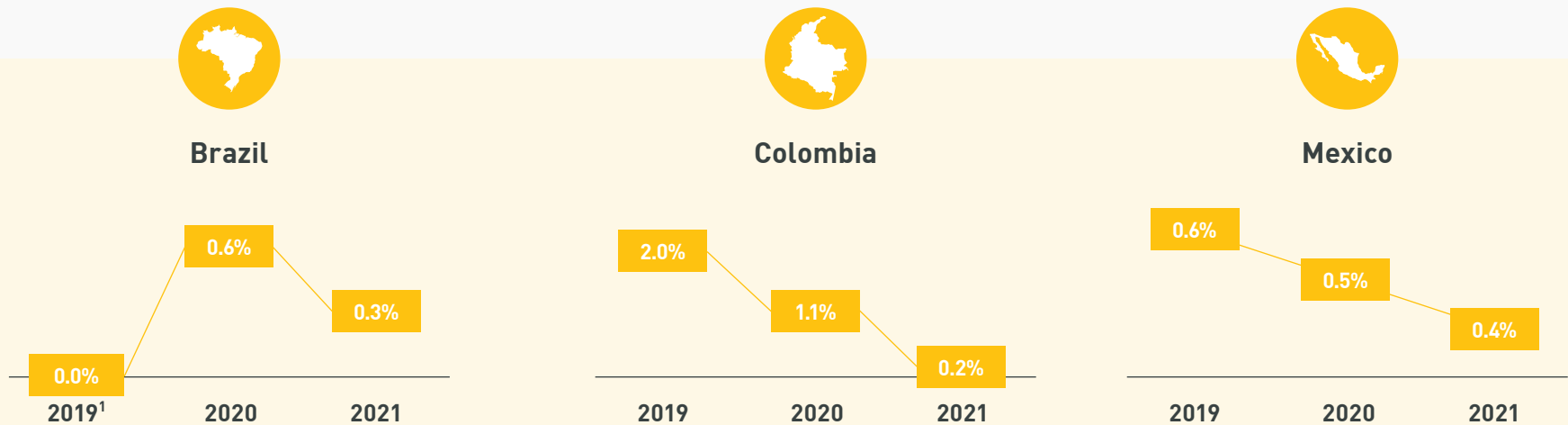




# TRENDS: CRIMINAL RECORDS IN MAJOR LATAM MARKETS

Brazil, Colombia, and Mexico represent the three largest markets for conducting criminal checks. In all of them, criminal record reporting rates have declined in the past three years.

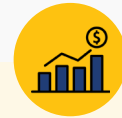
One reason for this is our solid process for locating reporting of criminal records. For example, in Brazil and Colombia, public records include dual identifiers including government-issued ID numbers, which helps increase the accuracy rate of criminal records reporting. If no match is identified with the job applicant's name, then no discrepancy is considered.



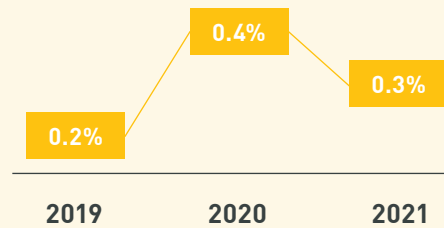
<sup>1</sup>In 2019, there were no criminal records detected in Brazil.

# TRENDS: CRIMINAL RECORDS BY INDUSTRY

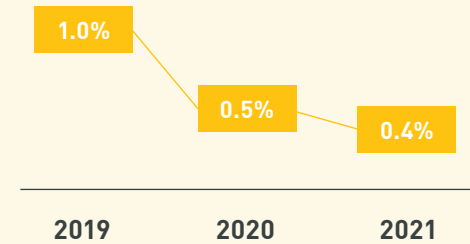
When looking at criminal record reporting rates by industry, we see a mixed trend. While Business Services and Manufacturing show a decrease, we see a small uptick in Technology services. The manufacturing industry criminal record reporting decreased to nearly 0 in 2021 compared to 1.9% in 2019.



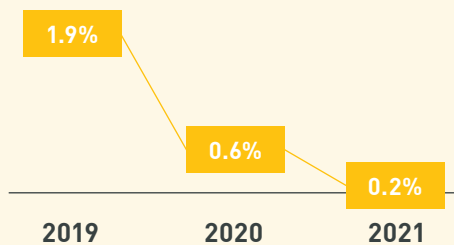
**Finance & Banking**



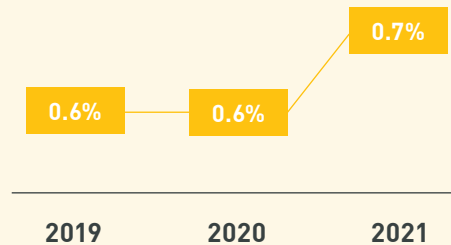
**Business Services**



**Manufacturing**



**Technology Services**



# TRENDS: LATAM EMPLOYMENT AND ACADEMIC DISCREPANCIES

Often, an applicant's academic background and work experience directly correlate with their ability to perform a specific job. Knowing this, it is no surprise that our customers want to verify the qualifications and credentials of their job applicants, and most rely on background check services to help them do it.

According to the results from our 2022 LATAM Annual Trends Survey, 19 percent of our regional customers requested employment checks in 2021, while 18 percent requested academic checks.

However, discrepancy rates among employment and academic verifications are moving in opposite directions. Employment verification discrepancies are

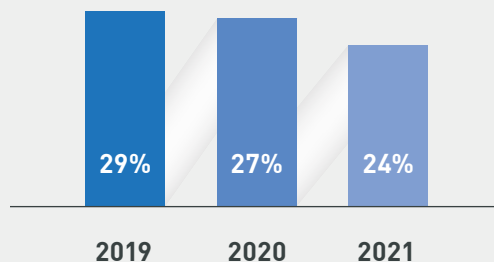
decreasing while academic verification discrepancies are increasing. Next, we'll explain why and provide an overview by country and by industry.

**Of the 61 percent** of survey respondents who detected discrepancies, **the vast majority of discrepancies- 87 percent- were detected within employment and academic verifications.**

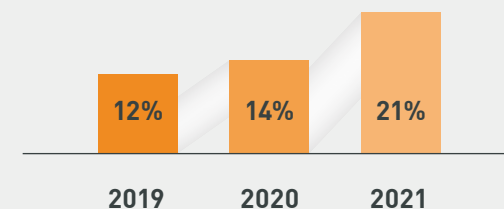
Source: First Advantage - MultiLatin 2022 LATAM Annual Trends Survey



### Employment Discrepancies

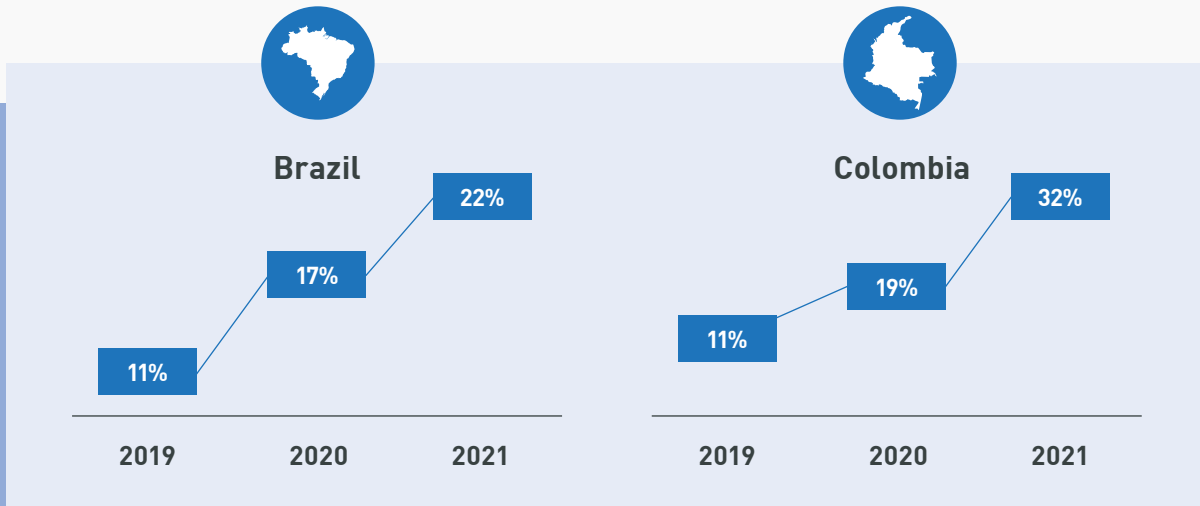
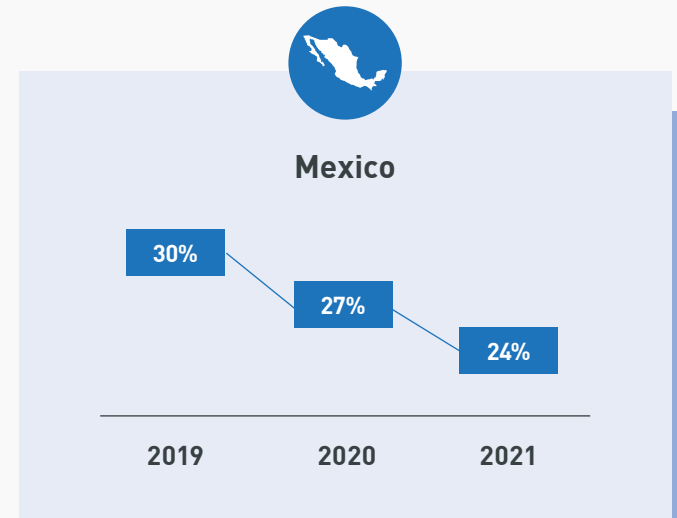


### Academic Discrepancies



# TRENDS: EMPLOYMENT DISCREPANCIES IN MAJOR LATAM MARKETS

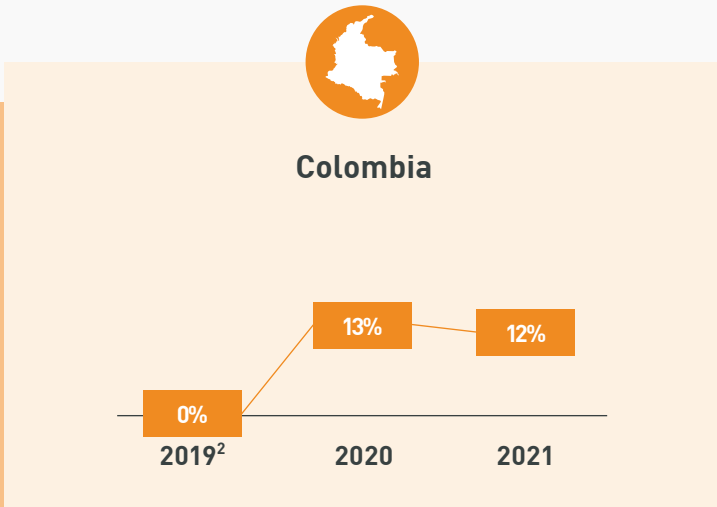
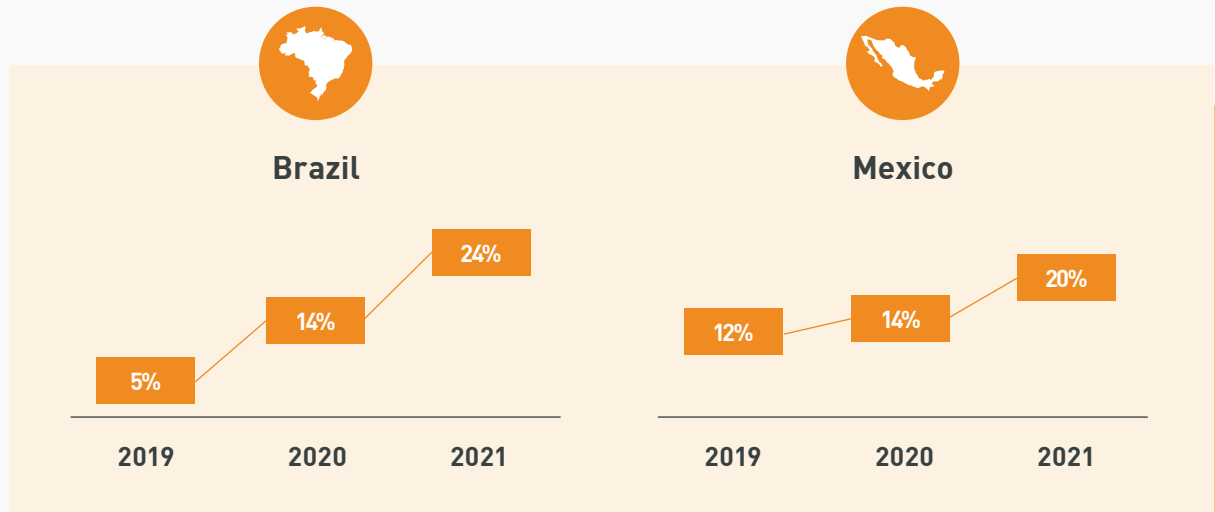
With the economic recovery in 2021, employers returned to hiring and the annual volume of employment verifications in Mexico increased three fold compared to 2019. Surprisingly, the level of discrepancies reported in employment verifications decreased by 25 percent, which we attribute to fewer applicants misrepresenting their employment dates or unreported jobs or being more precise and accurate in their reporting.



We see increasing trends in employment discrepancies in Brazil and Colombia from 2019 to 2021. For example, in Brazil discrepancies have doubled since 2019 and in Colombia, they almost tripled.

# TRENDS: ACADEMIC DISCREPANCIES IN MAJOR LATAM MARKETS

Since 2019, we're seeing sharp increases in academic discrepancies from job applicants in Brazil and Mexico. In Brazil, for example, discrepancies jumped nearly five-fold, driven in part by incomplete education data provided by job applicants.



Conversely, the discrepancy rate in Colombia decreased slightly from 2020 to 2021. While the reasons for this decline are unclear at the moment, we will continue to monitor this trend in Colombia to better understand the change.

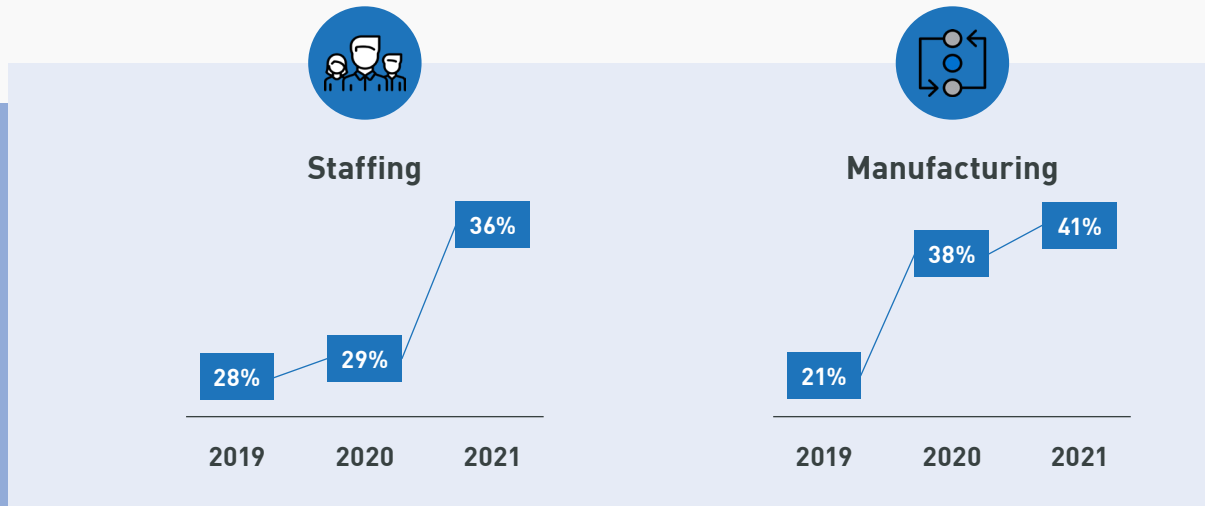
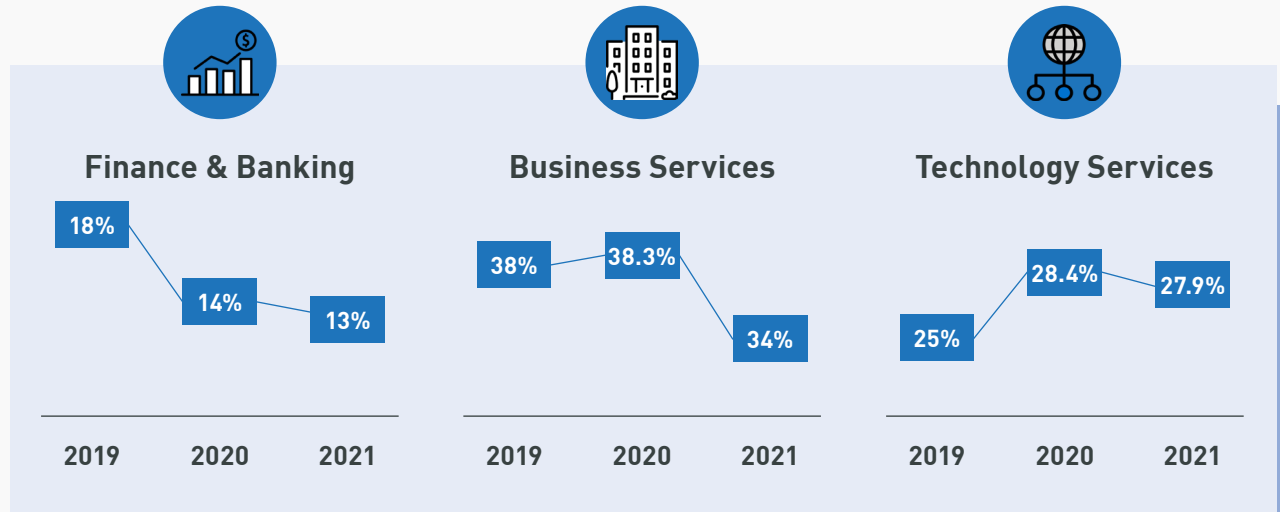
Academic discrepancies can result from unintentional errors regarding dates and degrees; however, in our 2022 LATAM Annual Trends Survey, some respondents reported discrepancies due to what seem to be falsified school degrees and unfinished studies. For this reason, we strongly recommend that employers conduct academic verifications to reduce the financial and reputational risk associated with hiring unqualified applicants.

<sup>2</sup> In 2019, there were not academic discrepancies detected in Colombia.

# TRENDS: EMPLOYMENT DISCREPANCY BY INDUSTRY

In Finance and Banking, employment discrepancies dropped 38 percent from 2019 to 2021.

The trend is mixed for Business Services and Technology Services, while other industries such as Staffing and Manufacturing experienced significant jumps in employment discrepancies. Staffing rose by 29 percent and Manufacturing nearly doubled since 2019.



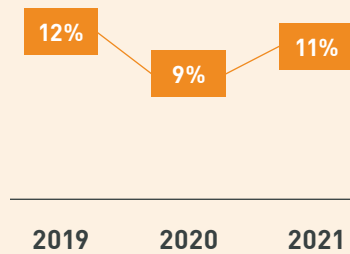
# TRENDS: ACADEMIC DISCREPANCIES BY INDUSTRY

Unlike employment discrepancy rates, which vary widely from industry to industry, education discrepancies are up across the board.

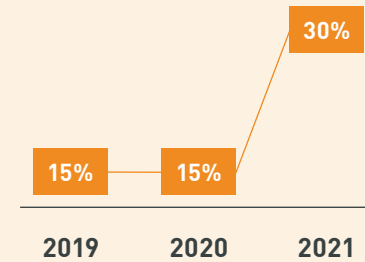
From 2020 to 2021, all industries showed an increase in academic discrepancies. Notably, academic discrepancies in Business Services more than doubled. As mentioned earlier, we believe these trends are due, in part, to applicants providing inaccurate education information.



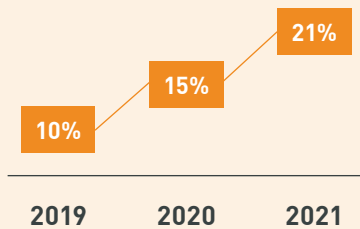
**Finance & Banking**



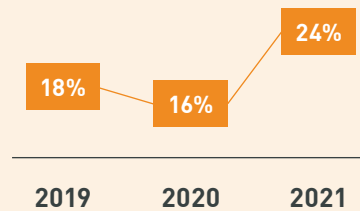
**Business Services**



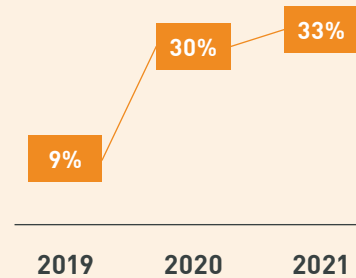
**Technology Services**



**Staffing**



**Manufacturing**



# DRUG SCREENING OVERVIEW: MARIJUANA IS A TOP CONCERN

First Advantage – MultiLatin conducted multiple employment drug screening on job applicants during 2021, and it's no surprise that marijuana was the most detected drug. This situation matters to our customers, as our 2022 LATAM Annual Trends Survey reveals that 31 percent of them disqualify job applicants who test positive for marijuana use.

Their concerns are valid. Marijuana is easily accessible and has a high potential for abuse. It can impair employees for several hours after use, leading to a plethora of workplace risks. Employers with a vested interest in promoting workplace safety are strongly encouraged to continue testing for marijuana and consult with their in-house legal counsel on specific screening restrictions and guidelines.

As of the writing of this report, several governments in the region have approved the use of marijuana for medicinal or recreational purposes—a scenario that could possibly replicate in other territories. Companies operating in those countries and throughout the broader region must acknowledge the changing public mindset regarding the use of marijuana and stay up to date on these evolving regulations.

**9%** of responding employers in the region are concerned about evolving marijuana and cannabis laws.

Source: First Advantage - MultiLatin 2022 LATAM Annual Trends Survey





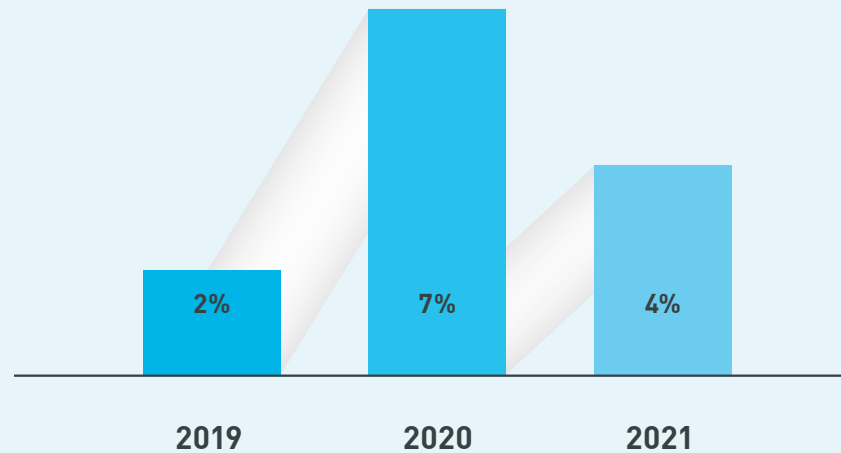
# TRENDS: DRUG SCREENING POSITIVITY RATES IN LATAM

Since 2019, we have seen fluctuations in positivity rates. While rates have decreased roughly 3 percentage points since 2020, our experienced operations team has uncovered an interesting companion trend that helps explain the results.

It's an applicant behavior known throughout the region as the "Surprise Factor" (or *Factor Sorpresa*) because it catches employers off-guard when applicants deliberately skip their drug screening. This happens

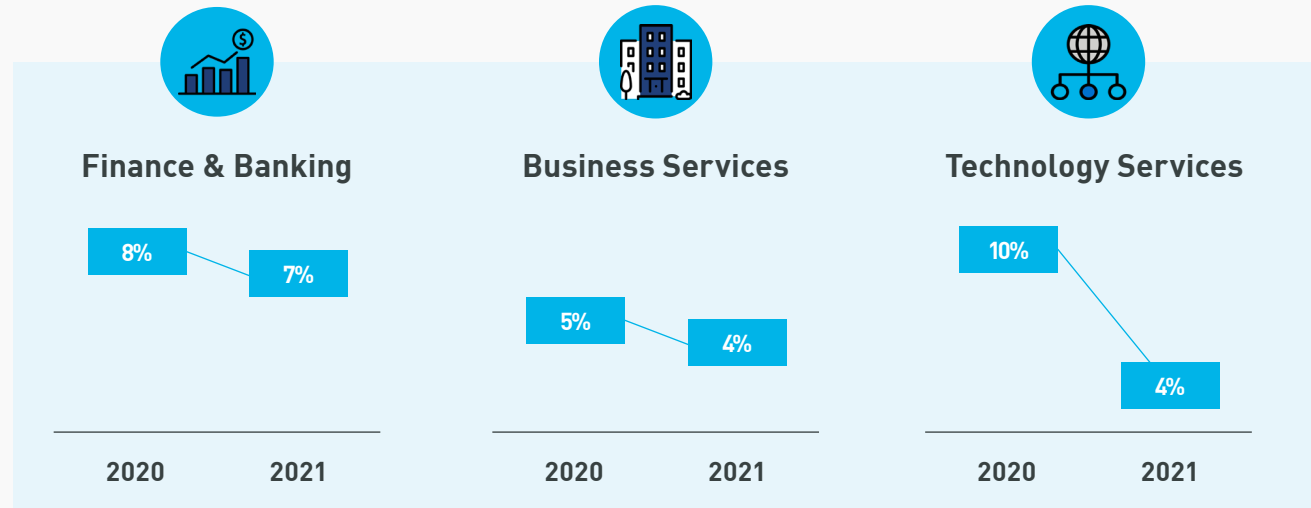
when job applicants fail to attend their drug screening appointment because of recent drug consumption that would cause them to test positive. Instead, they may reschedule their appointment several times until the drug is potentially undetectable. Our drug screening experts believe the Surprise Factor might be partly responsible for the reduced positivity rate.

Next, we explore drug screening positivity rates across key industries.

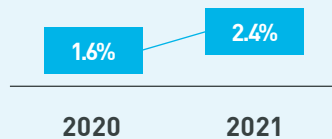


# TRENDS: DRUG SCREENING POSITIVITY RATES BY INDUSTRY

Finance and Banking, Business Services, and Technology Services all experienced lower drug screening positivity rates from 2020 to 2021. The sharpest decline was seen in Technology Services, which decreased by more than half.



## Manufacturing



Conversely, the positivity rate in Manufacturing increased, almost doubled.

**INSIGHTS:**  
**NEXT STEPS**



Based on the trends identified in this report, here are a few questions for customer to think through as, together, we explore the “new normal” in hiring and background check.

## INSIGHT 1

### Pay special attention to academic records

As employment slowly returns to the region in coming months and years, and competition for open positions intensifies, applicants may intentionally misrepresent or exaggerate their academic background, degrees, and certificates to appear as more promising prospects, especially for higher-paying positions.

- Do we have a reliable screening solution in place to help us quickly verify educational history and credentials?

## INSIGHT 2

### Always verify employment history

In some countries, particularly in Brazil and Colombia, employment verification discrepancies are on the rise, with incorrect employment dates and unreported employers being the main drivers for the increase. Having the right work experience directly impacts an applicant’s ability to competently perform a job, achieve productivity goals, and advance the business. Mistakes in this area can cost a business dearly.

- Are we verifying employment history in-house, or should we shift gears and outsource this task to a qualified vendor to improve the consistency, speed, and accuracy of our verification results?

**38%** of our customers **screen their applicants more strictly** in light of today's current recruiting challenges.

Source: First Advantage - MultiLatin 2022 LATAM Annual Trends Survey

## INSIGHT 3

### **Adapt your background check strategy in challenging times**

During today's difficult labor market, one way to expand your applicant pool and hire faster is by reducing unnecessary or outdated screening requirements. Look closely at key areas of your program and question long-held standards.

- Do our background check requirements still serve our business needs? How can we intelligently modernize and scale our program?
- What parts of our background check program can we automate and consolidate to boost speed and efficiency?

## INSIGHT 4

### **Work from home and global mobility are a new norm**

As the boundaries of your workplace and your applicant pool broaden, consider adjusting your screening scope to commensurate with the risk.

- Do we have a plan for screening applicants with experience and education in different countries?
- Can our program identify applicants with criminal histories in other countries?
- Should we perform different background checks on our remote workers than our employees who work in the office?

# Hire Smarter. Onboard Faster.™

Today's labor market looks very different than it did three years ago. As employers navigate uncertain employment conditions in the wake of the COVID-19 pandemic, they are moving toward a new normal—one that involves relying on data-driven applicant insights and the use of advanced technology to help them quickly and confidently hire the top talent to grow their business.

To do this, businesses will need more tech-forward services, faster turnaround times, and tailored solutions from their background check partners.

At First Advantage – MultiLatin, we are committed to delivering all this and more. As a world-leading background check solution provider, we help employers build flexible screening programs that can be easily adjusted to fit their precise needs, size, and scope so they can streamline hiring under any market conditions.

By leveraging technology and strategic acquisitions, First Advantage is well positioned to serve our customers' needs today and well into the future. We can't wait to share more exciting information and innovations in coming months to support them to **hire smarter and onboard faster.**





# THANK YOU GRACIAS OBRIGADO

For more information, contact First Advantage - MultiLatin today:

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Visit: [multilatin.com](http://multilatin.com) / [fadv.com](http://fadv.com)

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