



 First Advantage

2022 Annual Trends Report

Navigating the New Normal in the
Background Screening Industry





As an industry innovator, First Advantage processes millions of background screens each year. In 2021 alone, we completed ~93 million searches on behalf of our global customers. But the story doesn't end there. For the past four years, we've taken aggregate data and cross-referenced it against our annual customer survey responses to deliver a report that captures current trends in the background screening industry.

The 2022 Annual Trends Report paints a picture of where the industry is headed as it relates to analytics, risk management, drug screening, and global searches. We hope the trends contained in our report add value and provide the actionable insights needed to shape your background screening program now and in the future.

OUR CUSTOMERS



33k+
Customers



~93M
Screens



~96%
Gross Retention
Rate



50%+
of Fortune 100
and 33%+ Fortune 500



12 YEARS
Average Tenure
with First Advantage

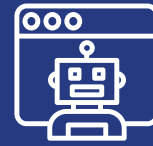
OUR TECHNOLOGY



1
Core Global
Platform



850+
Automated and/or
Intergrated Data
Providers



2,875+
Robotic Process
Automation Bots
Currently Deployed



616M+
Records in
Proprietary
Databases



75+
Human Capital
Management Software
Intergrations

INTRODUCING THE 2022 ANNUAL TRENDS REPORT

2021 was a hurricane for workplaces across the world. Unprecedented challenges came fast and hard, compounding each other and fundamentally changing how many organizations hire, retain, and manage employees.

When the marketplace shakes, savvy movers make the most of the opportunity. In this trends report, we will show you what changed, how you can adapt and outmaneuver your competition, and how First Advantage can help you the whole way.

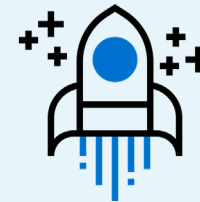
Our unparalleled access to millions of background screening data points and our proprietary surveys provide deep insights on the changing tides of the industry.



The First Advantage Annual Trends Survey provides nearly 500 client perspectives on screening programs and how they are evolving.

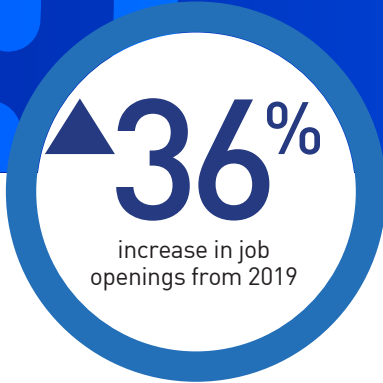


The First Advantage Gen Z recruiting survey asked 231 employers about the unique challenges of working with the new growing workforce.



First Advantage is a market leader in the background screening industry with exclusive access to millions of data points about how hiring decisions are made.

NAVIGATING THE NEW NORMAL



▲ 36%
increase in job
openings from 2019



over
40%
of employees are
looking for a new job

A Flood of Opportunity

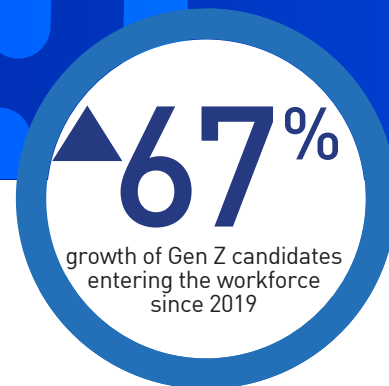
According to the [U.S. Department of Labor's Job Openings and Labor Turnover Survey \(JOLTS\)](#), there were almost 117 million job openings in 2021—an increase of 36% from 2019. Our U.S. screening volume equates to more than 1 in 10 of these hires giving First Advantage a unique on-the-ground perspective of how the workforce changed in 2021.

Not all these jobs were new openings—in fact, most weren't. The number of individuals that First Advantage screened for more than one job within six months nearly tripled from 2019. This pattern of candidates and even employees being screening on more than one occasion and for different positions is also reflected elsewhere, with over [40% of employees admitting they're looking for a new job](#), setting a new [all-time record](#) for resignations between April and September of 2021.

But the same winds that capsizes an unprepared ship will fill the sails of another. The unprecedented number of skilled employees looking for new jobs means that employers who are able to attract and retain high performers are leagues ahead of those whose employees are jumping ship.

So what does the new workforce look like, and how can you recruit them, keep them, and clear the way for them to be as productive as possible?

NAVIGATING THE NEW NORMAL



Meet Your New Crew: Millennials and Gen Z

The proportion of First Advantage screens represented by Gen Z (born after 1996) has increased 67% since 2019, with every other generation's proportion (including the much-talked about Millennials, born after 1980) decreasing. However, even as the number of Gen Z employees grow by leaps and bounds, they still represent less than a third of First Advantage's total screens, and even when combined with Millennials represent only 46% of the workforce. While savvy employers keep an eye on the horizon for these new employees, one size does not fit all, and changes made to attract younger workers should be implemented to benefit every generation.

This youngest group of workers is technologically fluent, willing to change employers, aware of their worth in the marketplace, and more diverse than any other. This makes things like flexible working arrangements, diversity and inclusion initiatives, and fair pay not just a matter of retention, but also survival for any organization looking to the future. These should be viewed not as benefits offered to high-performing employees or high-flying statements of intent, but as table stakes based on how these employees see themselves and are already engaging in the workplace.



4.7%

average increase
in wages in 2021



survey says

39%

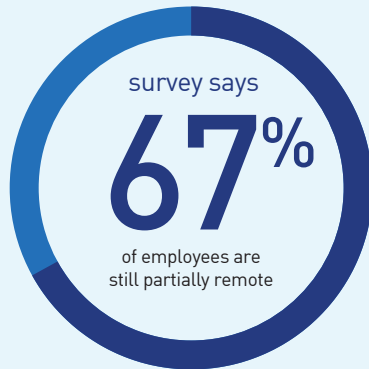
of employees would consider
leaving if their employer were
not flexible about remote work

Wages Aren't Enough

While employers raised wages by [4.7% on average](#) in 2021, the largest such increase [since 2008](#), this increase competes against rising inflation, meaning the average worker saw an effective pay cut. While market-standard pay is a critical part of any retention strategy, it is not enough, by itself, to retain a workforce.

MIT's Sloan Review found that the most effective strategy for retention, even more than pay, was the availability of [lateral moves](#) that allow employees to gain new skills and exposure rather than potentially becoming "stuck" in one role. The availability of [workplace flexibility](#) also ranks as effectively for retention as additional pay. Tools like Continuous Screening can help your organization stay limber enough to offer these opportunities—while mitigating risk.

For hourly and shift workers, having predictable schedules also proved to be an [excellent predictor](#) of retention. While this represents an enormous challenge to those organizations that rely on front-line workers, First Advantage is here to help with tools like Profile Advantage, advanced analytics through Insight Advantage, and automated scheduling tools in Wellness Advantage, all of which can help you quickly and easily plan onboarding.



Flexible is the Default

According to a First Advantage employer survey, of those employers who shifted to remote work due to COVID-19, 67% are still at least partially remote. Two years in, these kinds of flexible work arrangements have become the new industry standard. Currently, [39% of employees would consider resigning](#) if their employer were not flexible about remote work. Among Millennials and Gen Z, [49% would consider leaving](#).

Flexible work can be the rock a solid recruitment and retention strategy is built on; the lack of one can be what sinks the whole ship. According to the [First Advantage Gen Z survey](#), 41% of survey respondents said that offering flexible work arrangements was part of their incentive package to attract Gen Z. Thirty-five percent responded that candidates requiring these arrangements are a “challenge” to recruit. This shows two ways to look at the same situation, but only one prepares an organization for the future.

Along with more flexible work arrangements, organizations are taking a closer look at what reportable criminal records really mean for their organization. [Nearly one in three](#) American adults has some sort of reportable criminal record. This is simply too large a pool of potentially-great employees to ignore. Depending on the type and severity of the records found, as well as the environment in which they operate—including remote work—organizations are taking a closer look at which candidates are offered, or denied, employment.

Since 2019, there has been a 52% increase in the number of seatbelt and safety-related convictions that employers consider hireable by default; at the same time, there has been a 48% decrease in computer-related crimes being hireable by default. No one solution will work for every company, but First Advantage will help find the right answer for you.



BALANCING THE LOAD:

TRENDS IN SPEED, RISK, AND
BACKGROUND SCREEN SELECTIONS

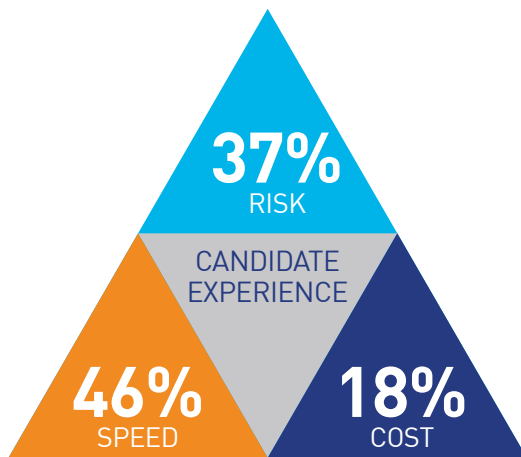
RUNNING A TIGHT SHIP: FINDING THE BALANCE OF SPEED, RISK, AND COST

Designing a background screening program to fit your business needs requires close attention to your company’s risk profile, regulatory responsibilities, geographic footprint, candidate profile, and turnover rate.

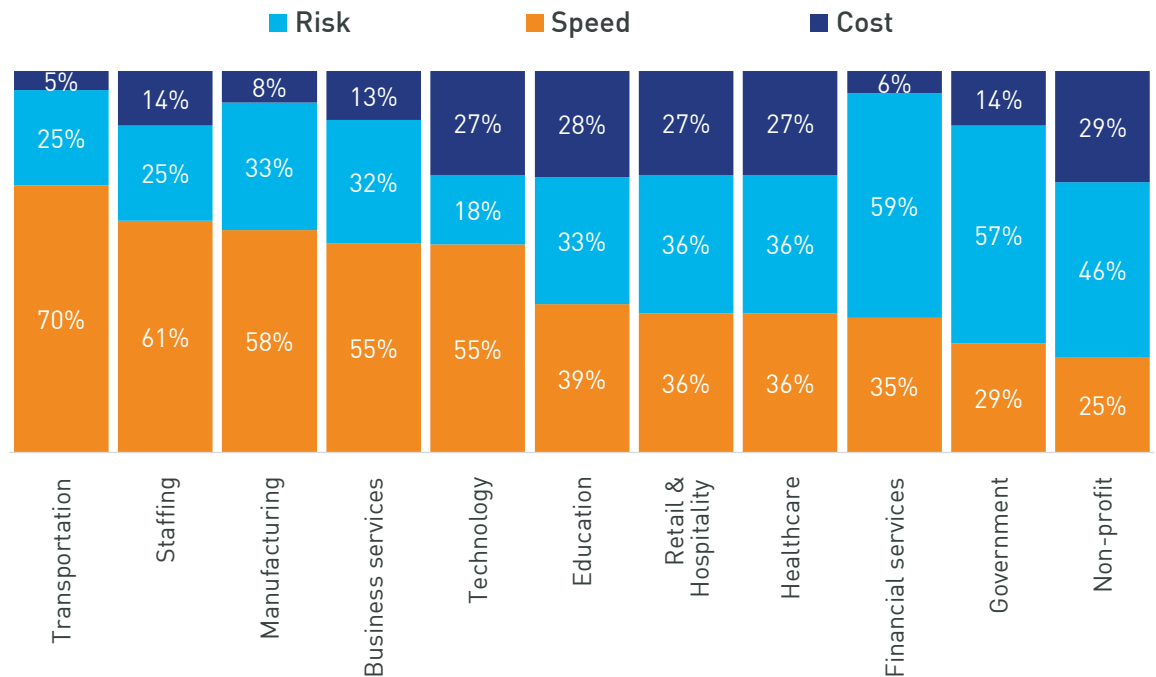
There is a delicate balance among program speed, cost, and risk. For the third year in a row, our survey respondents chose speed as the #1 most important driver of decisions, but risk has regularly followed closely at #2. In some industries like financial services, government, and non-profit, risk took first place.

Regardless of an organization’s destination on the triangle of risk, speed, and cost, it has become increasingly clear that the candidate experience should be the North Star guiding every decision.

Percentage survey respondents chose as #1



#1 Choices by industry



KNOW YOUR RISKS

Known

Commonly-known risks can be readily addressed by staying in tune with trends and ensuring you regularly review your screening 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 the core objectives at First Advantage is continuous improvement for YOU – our clients and prospects.

Regulatory

Are you fulfilling mandatory requirements?
Are you keeping up to date on regulatory changes?

Position-Specific

Do you have a one-size-fits-all program or are you screening history that is truly relevant to the candidate's future role?

Workplace Type

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

Employee Lifecycle

Does your risk strategy have a built-in expiration date?
Or is this being mitigated after onboarding?

KNOW YOUR RISKS

Unknown

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

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 candidates?

Data Collection

Did the candidate disclose everything you need to know?

If not, how are you going to uncover it?

Reputation & Cultural Fit

Do you have checks in place to minimize risk to your brand?

How can you look beyond the traditional background report?

DECISIONAL TRENDS

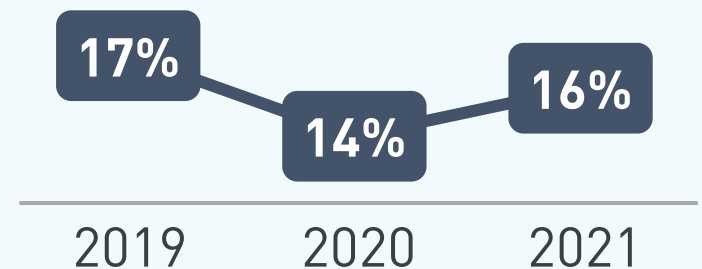
Finding the balance of speed, risk, and cost within a background screening program does not stop at the selection of products and services. Employers must also consider how decisions are made on background screening results.

First Advantage clients can predefine the screening criteria for candidate eligibility so background screening results meeting certain requirements need no manual review by the employer. Clients can also define which results they prefer to manually review before making a hiring decision. First Advantage calls these “decisionals.”

Well-defined rules for candidate eligibility by employers have significant benefits:

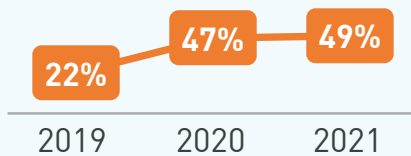
- Reducing conscious or unconscious bias in hiring decisions
- Ensuring consistency and fairness in hiring decisions
- Reducing time to hire
- Reducing resources allocated to reviewing individual cases

Overall decisional rate

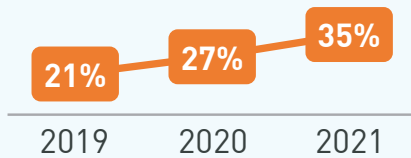


DECISIONAL TRENDS

Technology
decisional rate



Restaurants
decisional rate



Education
decisional rate

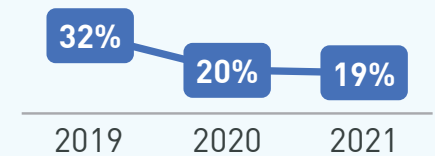


In 2021, First Advantage clients reviewed more decisionals than in 2020. But some industries reduced decisional rates compared to 2019 and capitalized on the benefits of well-defined eligibility rules; Transportation Services (▼41%), Call Centers (▼32%), and Hospitality (▼28%).

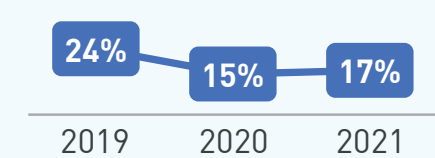
On the other hand, it is somewhat surprising to see the decisional rate rise for Restaurants (▲67%). [According to NPR](#), the number of workers jumping ship from restaurants is driven by many causes including low wages, grueling schedules, and rude customers. When a viable candidate is available, the lack of well-defined eligibility rules means the hiring process will take longer. Candidates may be lost, not just to competitors but to other industries all together.

We highly recommend that clients review eligibility rules at least annually. If certain types of criminal records are typically adjudicated to eligible and there were no adverse consequences from those hires, it is a good indication that type of crime should be considered eligible.

Transportation Services
decisional rate



Call Centers
decisional rate

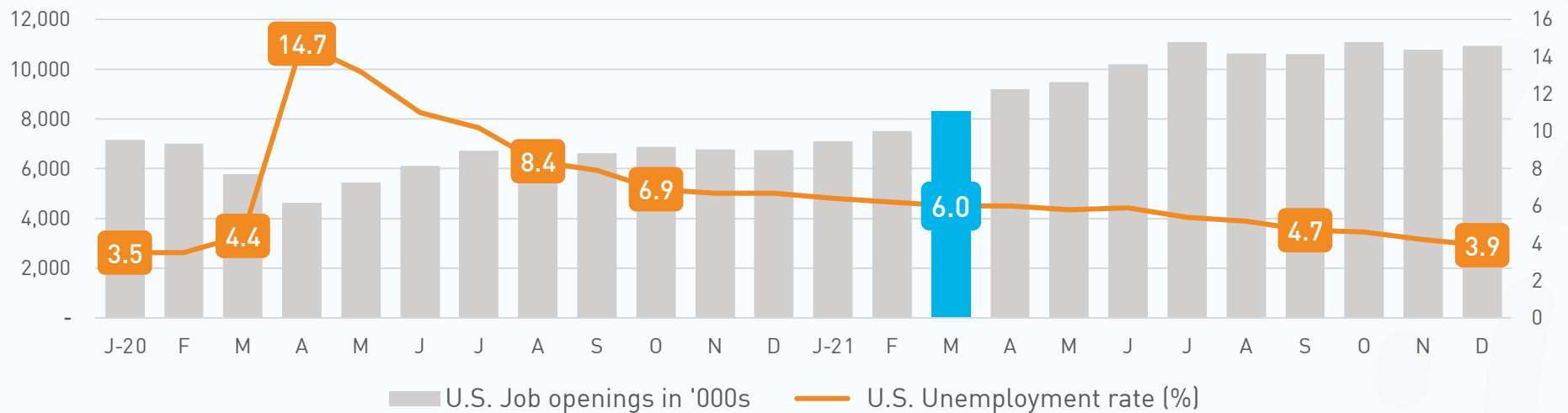


Hospitality
decisional rate



SPEED TRENDS

In 2021 the Great Resignation and the competition for talent spurred innovation across our industry to deliver faster background checks. When the unemployment rate lowered to 6% and the number of job openings grew to more than 8 Million in March 2021, the competition for talent went from hot to red hot.



SPEED TRENDS



46%

of survey respondents say speed is the most important factor in a background check, up **20%** from last year.



46%

In 2021 First Advantage completed
of background checks in less than an hour, and **91%** in less than one day.

First Advantage has and will continue to work with court systems to help transform criminal record information from courthouses and make it available electronically with digital access. We are happy to report that in 2021, an additional 224 courts made their criminal records databases available electronically, benefiting our clients and their job applicants. We leveraged APIs and automation to obtain faster criminal records searches. We partnered with our clients to develop innovative solutions that decrease the time from job application to start date, with some clients seeing 60% faster turnaround times for candidates without criminal records.

“Every year, we are raising the bar when it comes to speed. In this job market, we know it is critical for companies to hire candidates as quickly as possible.”

– Aaron Cook, First Advantage Chief Operations Officer

SPEED TRENDS



616

million records and growing.
Our proprietary databases enable faster
background checks.



49%

of survey respondents say that ensuring
candidates have the right skills and
qualifications are in the top two reasons
to do background checks.

“ In a time of unprecedented job growth and change, the ability to provide people with the ability to instantly verify their credentials has never been more important. Through our combined technology, automation, and machine learning efforts, we can “instantly” verify more than one-fourth of candidates, and we expect the majority of all verifications to be instant by year’s end. ”

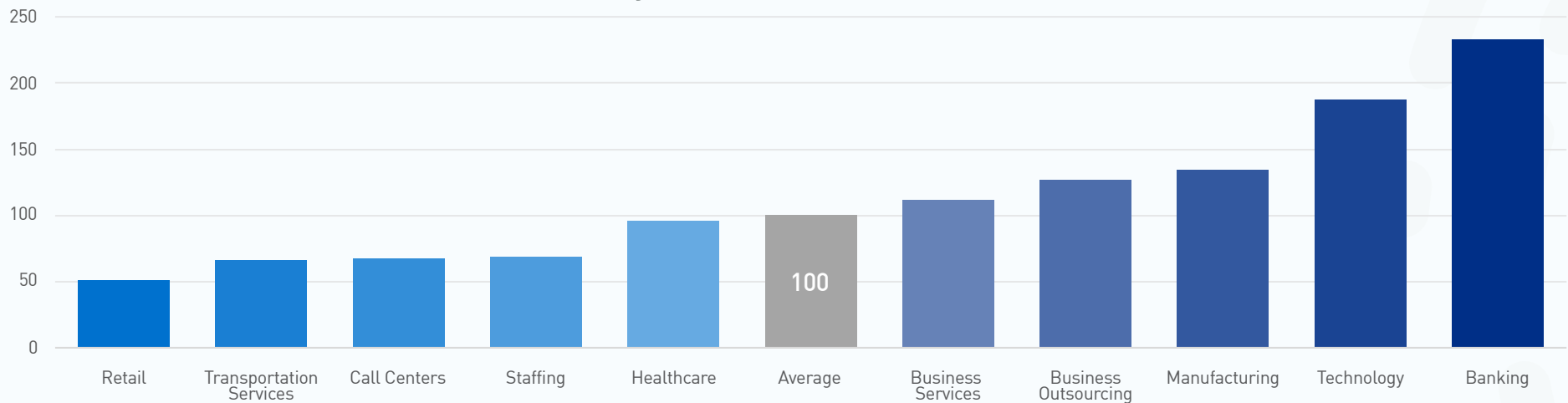
– Ann Marie Dumais, First Advantage Senior Vice President of Data Strategy

SPEED ACROSS INDUSTRIES

Industry screening package selections reflect the onboarding priorities of their business. For example, Transportation Services must navigate government regulations that require specific searches to be performed such as driver qualification regulations. Industries like Banking and Technology emphasize the search for the right candidate with the right qualifications, so they perform extensive non-criminal background searches. Retail and Call Center industries are focused on speed to hire, and their search selections reflect this.

We indexed key industries to highlight how these requirements impact turnaround times. This index compares average turnaround times to the average turnaround time of all clients. Retail has an index of 51, meaning cases are completed nearly twice as fast as the average for all clients. Banking has an index of 233, meaning cases take more than twice as long as the average for all clients.

Industry Turnaround Time Index

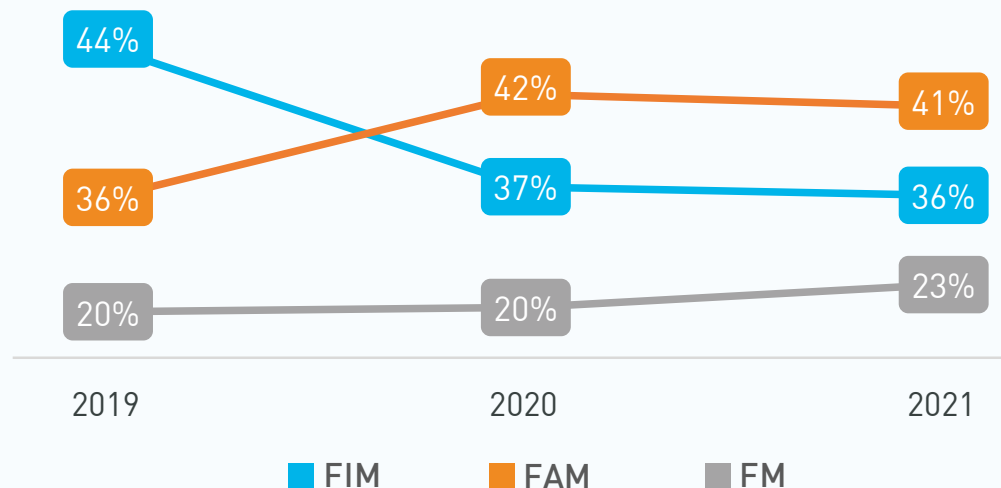


THE EBB AND FLOW OF SCREENING CHOICES

Court Search Trends

The county criminal search is one of the best ways to identify criminal records. First Advantage offers several versions of the county criminal search; from Felony Including Misdemeanor (FIM), our fastest court search which returns misdemeanors only if available in a county's primary index, to more comprehensive options which search multiple court locations and indices. County Seat Felony and Misdemeanor (FAM) searches and Felony and Misdemeanor (FM), now represent **64%** of all searches. This represents a **12%** increase since 2019. This growth trend has been led by many of our large industry-leading clients.

Trends in criminal county search type

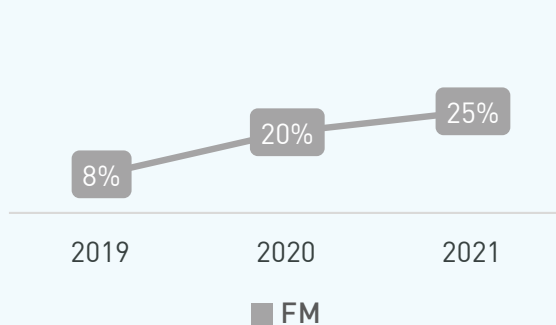


THE EBB AND FLOW OF SCREENING CHOICES

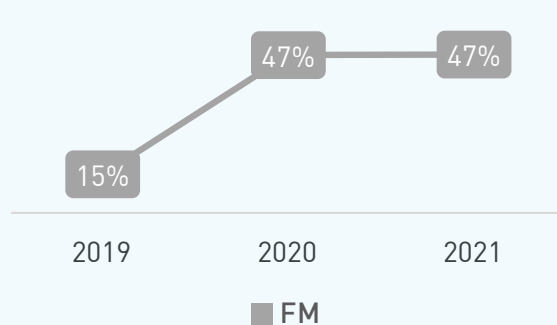
More Retail and Transportation Services candidates were screened using FM, our most comprehensive county criminal search, in 2021 than in previous years. Comprehensive county criminal searches will mitigate risk, but employers should consider searches that develop undeclared aliases and addresses from credit history. These types of searches help mitigate risks associated with candidates who move frequently or are digital nomads.

We will keep an eye on this trend, particularly for industries that have a significant number of work-from-home candidates such as the Technology industry, where the use of FAM and FM seesawed in the prior three years. While on the surface, the risk of future criminal activity and brand damage seem reduced for work-from-home employees, in reality, the risk is simply different. Violent offenders can still be violent toward colleagues or clients, albeit with some additional effort.

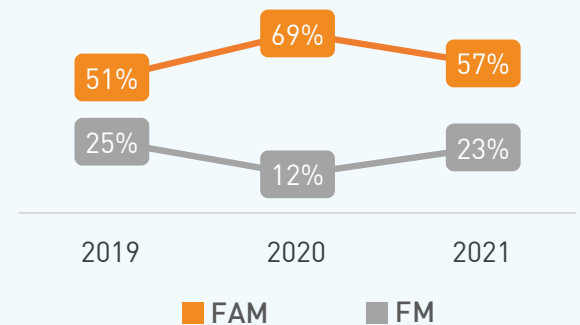
Retail industry trend



Transportation Services industry trend



Technology industry trend



US CRIMINAL RECORDS

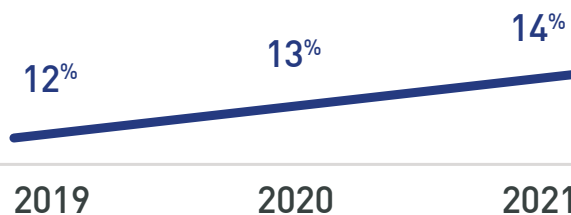
On the Surface

Initially, the three-year trend for the millions of criminal records returned appeared to be relatively consistent, as nearly all were within 1 percentage point of prior years. However, crimes classified as violence and threats broke the mold and increased significantly, from 12% in 2019 to 14% in 2021 (▲16%).

Down Below

We were able to see which top crime categories rose in proportion, while others dropped. The reason for this is likely multivariate; however, there are some plausible theories. For example, marijuana possession, which dropped 8%, has been subject to expungement in states that have legalized marijuana use. Meanwhile, and perhaps a corollary to the shifting substance abuse landscape, the DUI – drug related category grew 33%.

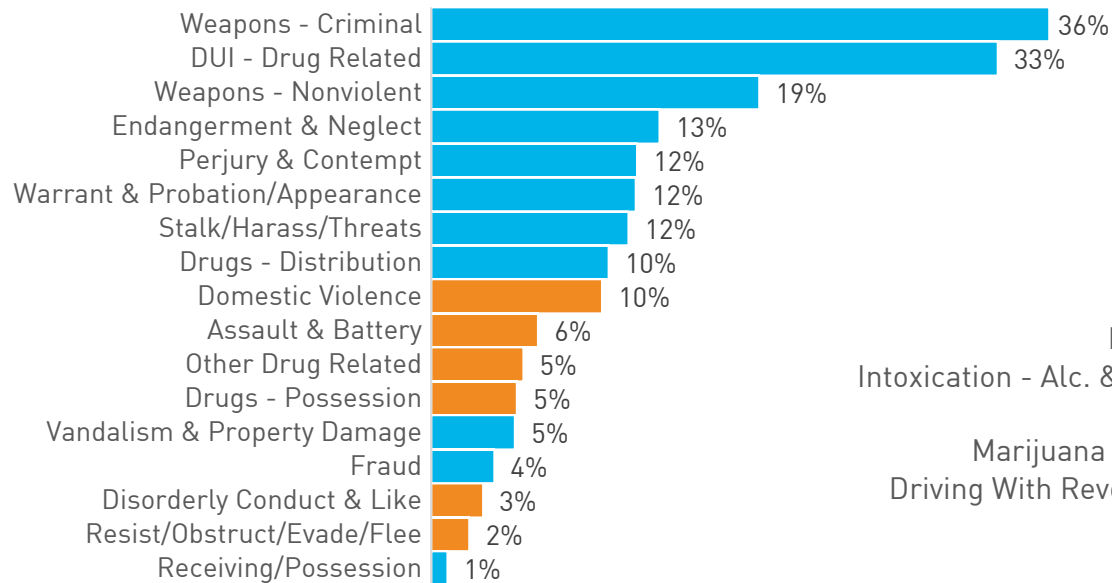
Violence & Threats proportion rose year-over-year



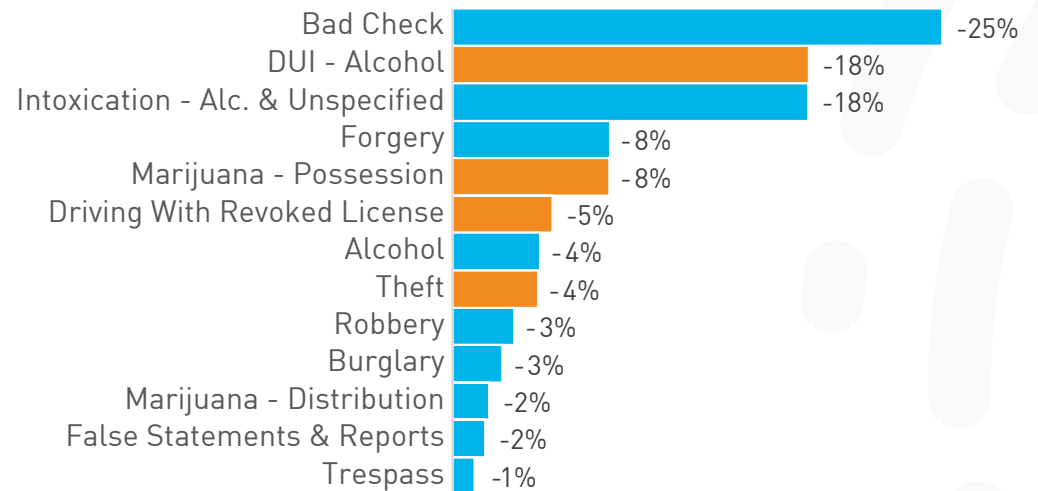
US CRIMINAL RECORDS

Top 30 Criminal Records Returned - Percentage Change in Proportion (Over 2019 to 2021 Timeframe)

↑ Most Increased



↓ Most Decreased



■ Top 10 Records
 ■ Top 11-30

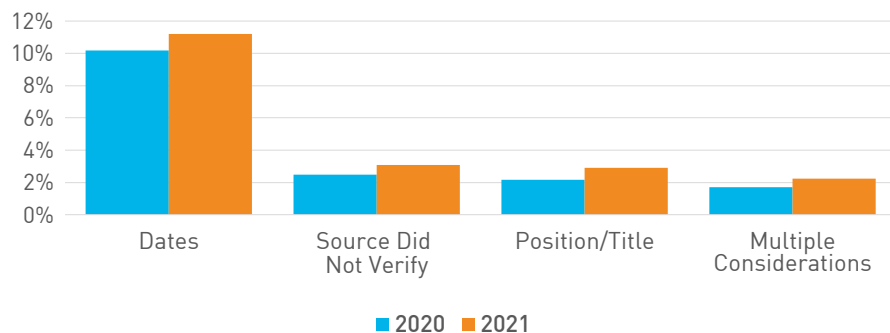
EMPLOYMENT AND EDUCATION TRENDS

DID YOU KNOW?

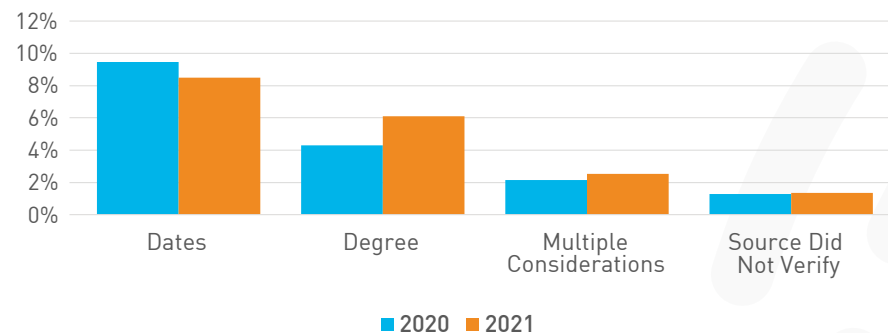
Did you know that **11.2%** of employment discrepancies and **8.6%** of education discrepancies are due to incorrect dates?

Through analysis of millions of records and over hundreds of client consulting engagements, we have found that humans are very bad at remembering employment and education dates. We recommend that clients review acceptable start and end date ranges for current and previous employment and focus on graduation dates for education.

Employment discrepancies



Education discrepancies



Position discrepancies represent **2.9%** of all employment discrepancies. While positions such as Vice President and Associate are very different, technology and retail employers must review these carefully in light of a recent revelation by the [Washington Post](#): “In widely used databases that companies refer to for verification of job information, Apple changes the job title for every employee, whether they’re a PhD in computer science or a product manager, to ‘associate,’ the company confirms.”

Degree discrepancies increased by **42%** from 2020 to 2021. While in some instances these can be benign such as poor translations of degree names, in other cases they are more substantive. We recommend that clients review both position and degree discrepancies carefully to mitigate risk.

First Advantage mitigation services can help you manage these risks by obtaining additional documentation from the candidate.

CONTINGENT HIRING TRENDS

Throughout 2021, First Advantage clients discovered a need to convert candidates to employees more quickly than ever. The tight labor market and high hiring demands, especially in retail and transportation, led to a push to get workers started in not weeks or even days, but hours. For some, time-to-work is the new time-to-hire.



First Advantage is working with major U.S. employers to develop new processes for contingent hiring. Using a phased approach to clearing candidates is becoming more commonplace, and many employers have switched to onboarding their candidates before background screens are fully complete. Using fast and broad criminal check solutions like the National Criminal Records File first, allows many candidates to clear for work almost immediately.

The more thorough and time-consuming checks are completed after the employee is already providing value to the company. Their permanent employment is contingent upon the outcome of those additional checks. Using this method, employers are getting candidates to work quicker, sometimes accelerating the time-to-work for candidates without a criminal record by more than 60%. It also prevents employers from losing good candidates to competitors.

We can't ignore the increase in risk that comes with this new style of hiring. Careful consideration must be taken. It's important to measure the value of getting employees to work faster against the risk of giving employees access to the business before getting a full picture of their criminal records and/or employment histories. First Advantage provides the smart analysis and data you need to understand the costs and benefits of decisions like these.

THE HIGH SEAS: DRUG POSITIVITY RATES

As expected, marijuana remains the most commonly found drug, appearing in **67%** of positive tests, distantly followed by amphetamines (**17.6%**) and opiates (**5.7%**). Opiates, despite being the third most-found drug, are down **▼ 23.6%** from 2019.

For most industries, there was little change in overall drug positivity rates from previous years. Staffing, for instance, saw almost 0% change.

However, BPO and Call Center employees tested positive at much greater rates than previous years, increasing **▲ 79%** since 2019. Oil and Gas, Healthcare, and Transportation/Trucking candidates all saw increases of over **▲ 20%**.

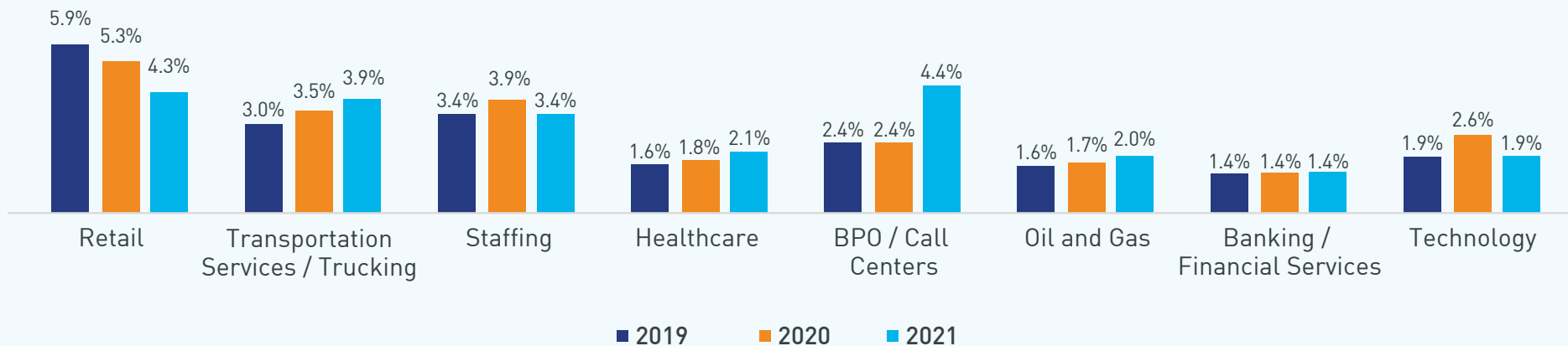
This is counterbalanced by Retail, where **▼ 41%** fewer candidates tested positive than in 2019.



31%

of respondents to the First Advantage employer survey listed marijuana and cannabis laws as a top compliance concern.

Non-negative rate by industry



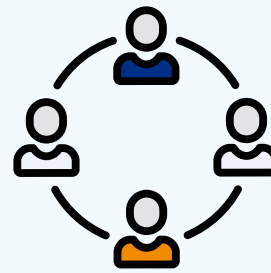
REPUTATION & CULTURAL FIT TRENDS

Every day brings a new story of a company mitigating reputational disaster after an employee makes a controversial comment on social media, or an executive takes a perceived moral misstep in the public eye. Controlling reputational risk is increasingly vital to the survival of businesses and background screening programs are adapting accordingly.



The candidate's history

Background screens have been traditionally focused on credentials, employment history, crimes, and “who the candidate was yesterday and the day before.”



The whole candidate and the cultural fit

Today's background screens consider the candidate's history and...

- Who is the candidate today?
- Can the candidate be a successful extension of our brand?
- How do we protect our clients and employees?

SOCIAL MEDIA SCREENING

Myth

- Only identifies irrelevant personal behavior
- My company wouldn't want something like this
- This isn't common practice in the banking industry
- There is no risk for my recruiter to handle internally

Fact

- ✓ Clients report that they are already checking social media in-house.
- ✓ It's being increasingly adopted across industries.
- ✓ Brand protection is more important than ever.

Why it matters

- Helps to protect brand
- Assists with cultural fit
- Present behavior vs. historical records

What it does

- Only uses publicly available information
- Flags what clients care about (per a matrix)

Why work with First Advantage?

- ✓ FCRA compliant
- ✓ Assists employer with being compliant with applicable employment laws
- ✓ Standardizes process

CONTINUOUS SCREENING

Myth

- Periodic rescreening is the best way to reduce risk

Fact

- ✓ Clients in many industries are using this method to monitor compliance of sensitive positions like drivers, in-home contractors, security guards, etc.
- ✓ First Advantage is currently monitoring almost 2.4 million employees for our clients, spanning non-profit organizations, transportation companies, government contractors, retailers, banks, and more.
- ✓ Criminal records reporting percentage varies dramatically by industry and employee pool. Overall, in 2021 about 2.5 reportable criminal records were found for every 1,000 candidates monitored.

Why it matters

- Helps to protect brand
- Assists with risk mitigation
- Present behavior vs. historical records

What it does

- Reports criminal records on monitored employees
- Flags what clients care about (per a matrix)

Why work with First Advantage?

- ✓ Embedded in Enterprise Advantage workflow
- ✓ Standardizes process

EXECUTIVE SCREENING WITH EXECUTIVE ADVANTAGE

Myth

- Only applies to C-Level hires
- One-size fits all
- Our company-standard screening works for Executive Hires
- Promotions do not need screening

Fact

- ✓ The average shareholder loss per executive indiscretion is \$226M.
- ✓ Brand protection is now central to risk mitigation strategies, as it considers the sensitivity of a candidate's future role.
- ✓ Thorough investigative research for higher level positions is needed to determine the fit of a candidate, including those being promoted within.

Why it matters

- Helps to protect brand
- Assists with risk mitigation

What it does

- In-depth searches and reports by investigators

Why work with First Advantage?

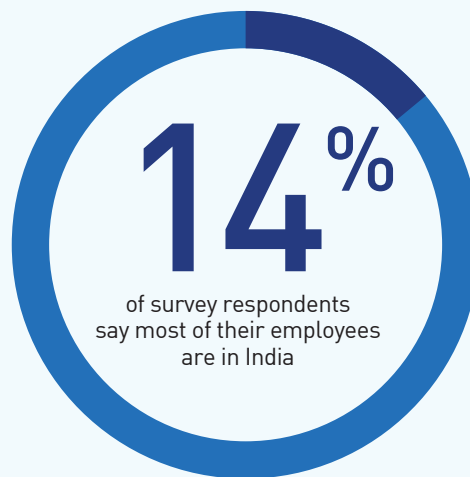
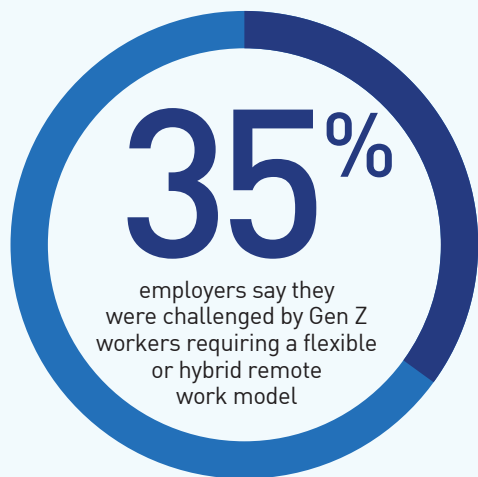
- ✓ An industry-leader with decades of experience
- ✓ Licensed investigators and investigative journalists
- ✓ One of the most comprehensive and customizable reports in industry



ACROSS THE SEVEN SEAS:

ADAPTING FOR CANDIDATES AROUND
THE GLOBE AND ACROSS THE COUNTRY

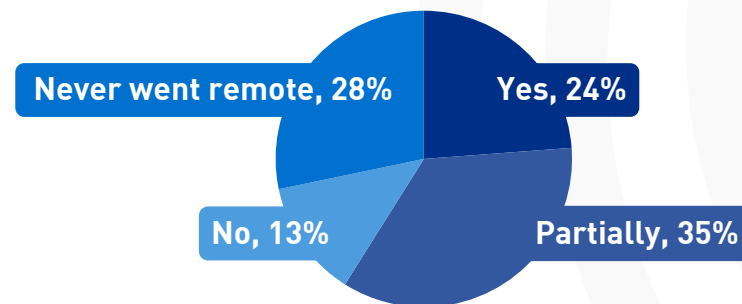
The ability and desire to work from anywhere, or to at least have flexible work models, grew during the pandemic and will continue to grow as Gen Z enters the workforce. Certain industries like retail and transportation services generally cannot offer this flexibility. But companies in technology, business services and other industries can offer this flexibility; Twitter, Shopify, Dropbox, Atlassian, and others all announced some form of [work from home for all or most of their staffs](#).



Distributed workforces are a reality today and the trend will grow in the foreseeable future. The trend will also increase the number of digital nomads, meaning those who can work from anywhere with a sufficiently fast web connection. The flexibility to work from anywhere can benefit entire families. If one partner can work from anywhere, and the other partner works in retail, then theoretically both can work from anywhere. Winters in Florida or in Australia anyone?

So, while **24%** of survey respondents plan to return to the physical workplace, they need to understand how that choice may impact their current employees and the ability to recruit future candidates. Will the **48%** of companies that will only partially return to the office or not return to the office at all have a competitive advantage in the battle for talent?

Percentage of survey respondents returning to the physical workplace



ADAPTING BACKGROUND SCREEN PROGRAMS TO REDUCE GEOGRAPHIC RISK

Don't be left high and dry

Candidates may not provide a clear picture of their address history and/or may have lived all over the world or country. This can create a challenge in knowing where to search for criminal records.

How can you control for this?

1. **With your candidate:** setting clear expectations on the need for accurate and complete history and using Profile Advantage's built-in scope validation.
2. **With First Advantage solutions:** developing undeclared addresses and names from credit history (US) and running global sanctions and media checks.
3. **With First Advantage data analytics:** identifying broad-based trends and using those insights to select the most appropriate searches to mitigate risk.

What does the data show for the U.S.?

21%

U.S. criminal checks were outside of candidate's current state of residence

14%

U.S. criminal records were located in states other than the candidate's current state of residence

44%

U.S. criminal checks were outside of candidate's current county of residence

39%

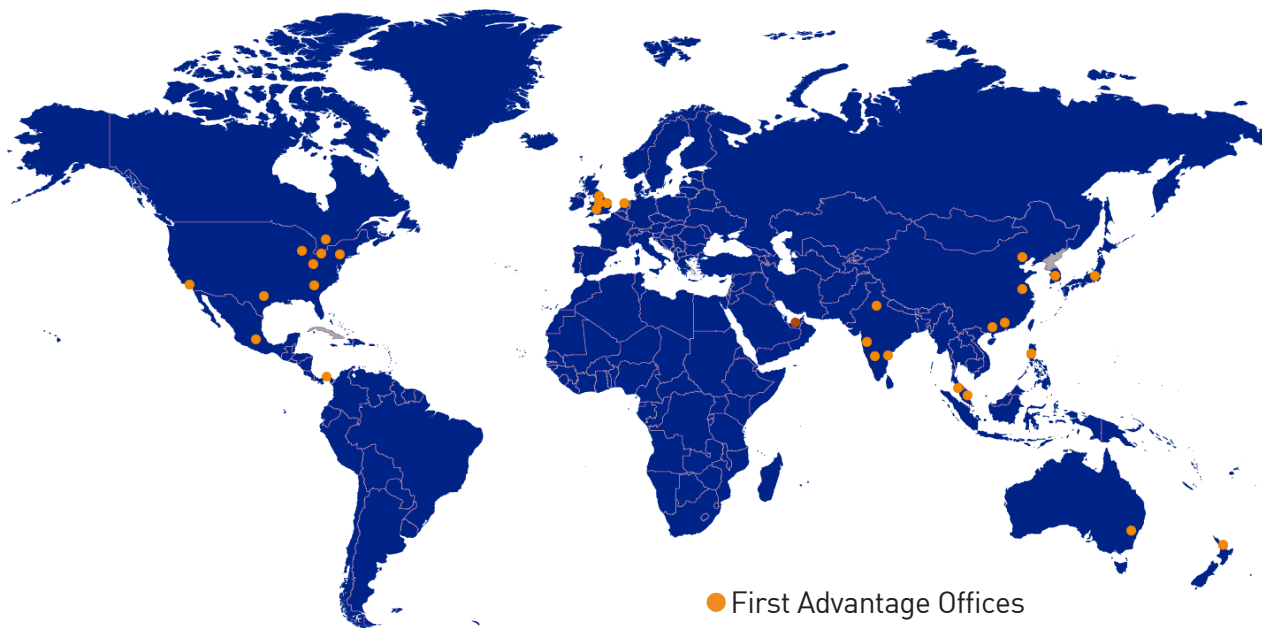
U.S. criminal records were outside of candidate's current county of residence

What does this mean?

A program looking at current address alone could miss 39 out of 100 records if county searches are used, and 14 out of 100 criminal records if statewide was used (not available for California).

ADAPTING BACKGROUND SCREEN PROGRAMS TO REDUCE GEOGRAPHIC RISK

Global background checks in 200+ countries and territories



And Globally?

A program looking at in-country or in-region histories only could miss **17% - 32%** of candidates' declared in-scope histories.

32%

Checks were outside of candidate's current country of residence

17%

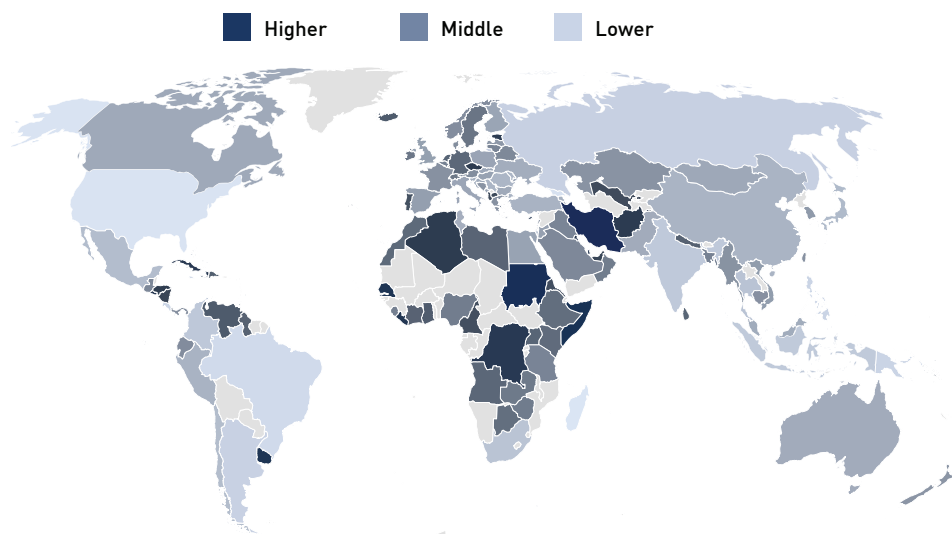
Checks were outside of candidate's current region of residence

FROM SEA TO SEA

Candidates could have history from anywhere in the world. Does your screening program stop at a national border, or do you have a truly global risk mitigation strategy?

In 2021, First Advantage screened candidates in 202 countries and territories. Among the top 50 countries, international history (i.e. from outside of their current country of residence) ranged from a high of 30% of checks for the United Arab Emirates down to a low of only 0.2% for the United States.

Percentage of international checks by current country of residence



Regarding the U.S.:

Despite the low rate, it's actually the highest volume of international checks (beating the next closest country of India by 3x). Taken together, the rate and volumes for the US are representative of both the immense size of the US screening market weighing down the rate, and the high incidence of relevant international history being declared and screened.

What to do:

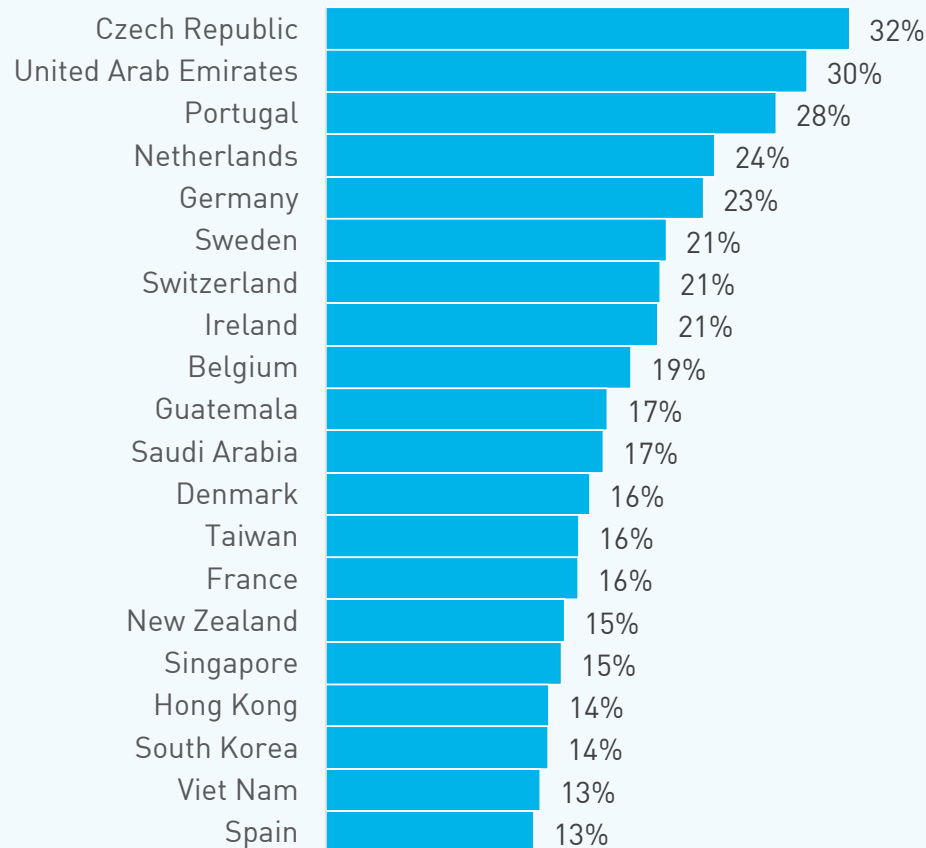
A majority of new First Advantage clients, and many current clients, are taking the lead on extending their programs to cover all global history. Most non-US-based programs have been doing this for years. Consider your candidates' global histories - do not overlook them just because it is outside of the country of hire.

Where to be on the lookout

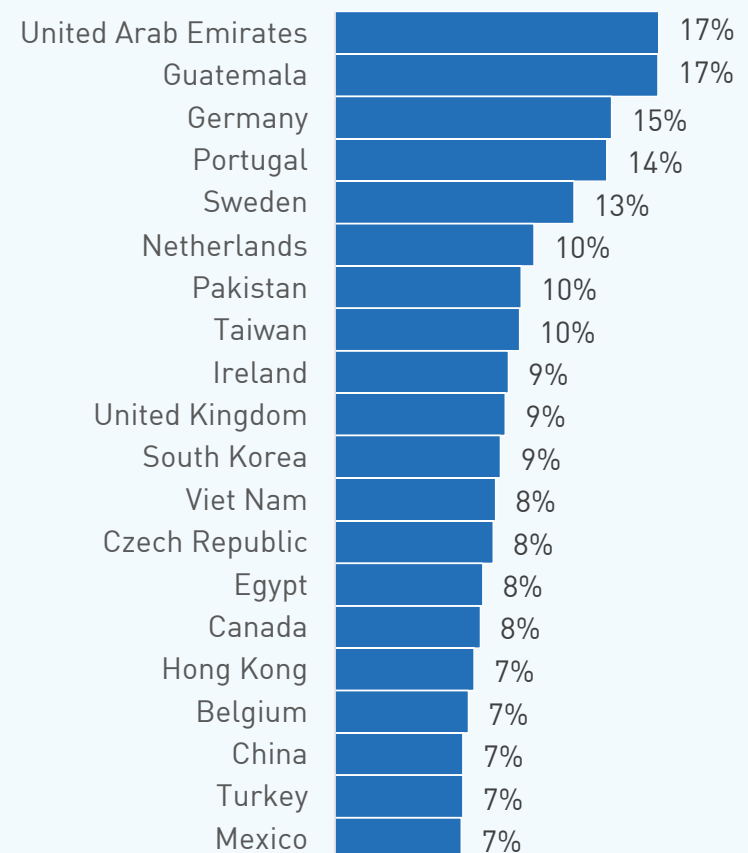
Candidates currently residing in certain countries have much higher rates of international history. This can be a function of proximity to other countries, such as many in Europe, or countries that leverage workforces sourced from around the world, like the United Arab Emirates.

In some cases, this history comes from within the region, whereas others regularly come from much more distant locales.

Top 20 highest out-of-country rates



Top 20 highest out-of-region rates



Case Studies

Czech Republic current residents have the highest international history at 32% of overall checks run, but 76% of that history was from another country in the Europe-Middle East-Africa (EMEA) region. This is compared to 16% in Asia-Pacific (APAC), and 7% in Latin-America (LATAM). Top countries included the UK, Russia, and Slovakia.

A regional focus here would cover most history, but there would still be significant misses with APAC and LATAM.

Interesting Fact: US to India and vice versa were the two most commonly paired countries. This is natural given they host the world's second and third largest populations and are major screening markets.

United Arab Emirates current residents initially appear similar to the Czech Republic with 30% of history coming from outside the UAE. However, history from APAC was nearly as high as history from EMEA (43% and 38% of international checks, respectively). Much of the APAC history was driven by India, the Philippines, and Singapore. The US also was also a major factor at 17% of such checks.

A global focus would be an imperative here to ensure the screening follows the demographics.

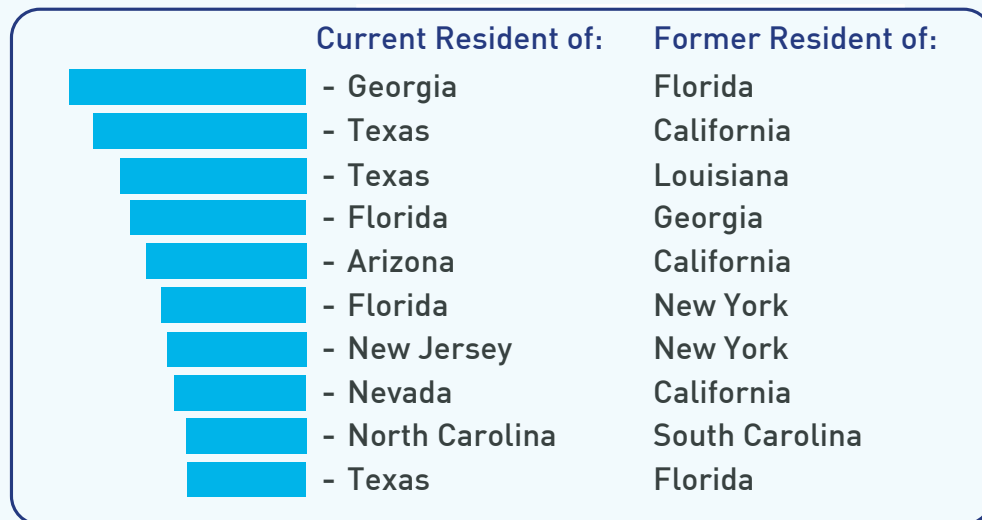
FROM STATE TO STATE

Candidates in the U.S. are geographically mobile. The [U.S. Census Bureau](#) shows that 27 million people reported moving in 2021. Now that many more employees can work from anywhere, employers must develop a nationwide screening strategy, even if they are regionally focused. In fact, First Advantage clients with this strategy found more than 160,000 out-of-state criminal records in 2021. With increased candidate and employee mobility, comes the complications of selecting where to perform criminal record searches. Searching counties based on current and recent residence may not be enough:

- Nevada-based candidates had a tsunami of records from out-of-state at 44%. This is no surprise as [73% of Nevada residents are transplants from another state](#). Of those, 40% of checks and 52% of criminal records were from California. This mirrors the in-migration trend that 43% of new [Nevada residents came from the Golden State](#).
- In contrast, California had one of the lowest rates, at 13% of checks and 6% of checks with records. This reflects both the [cratering of in-migration](#) and the fact that the nation's largest state population of 39 million will dwarf the data of more recent arrivals.

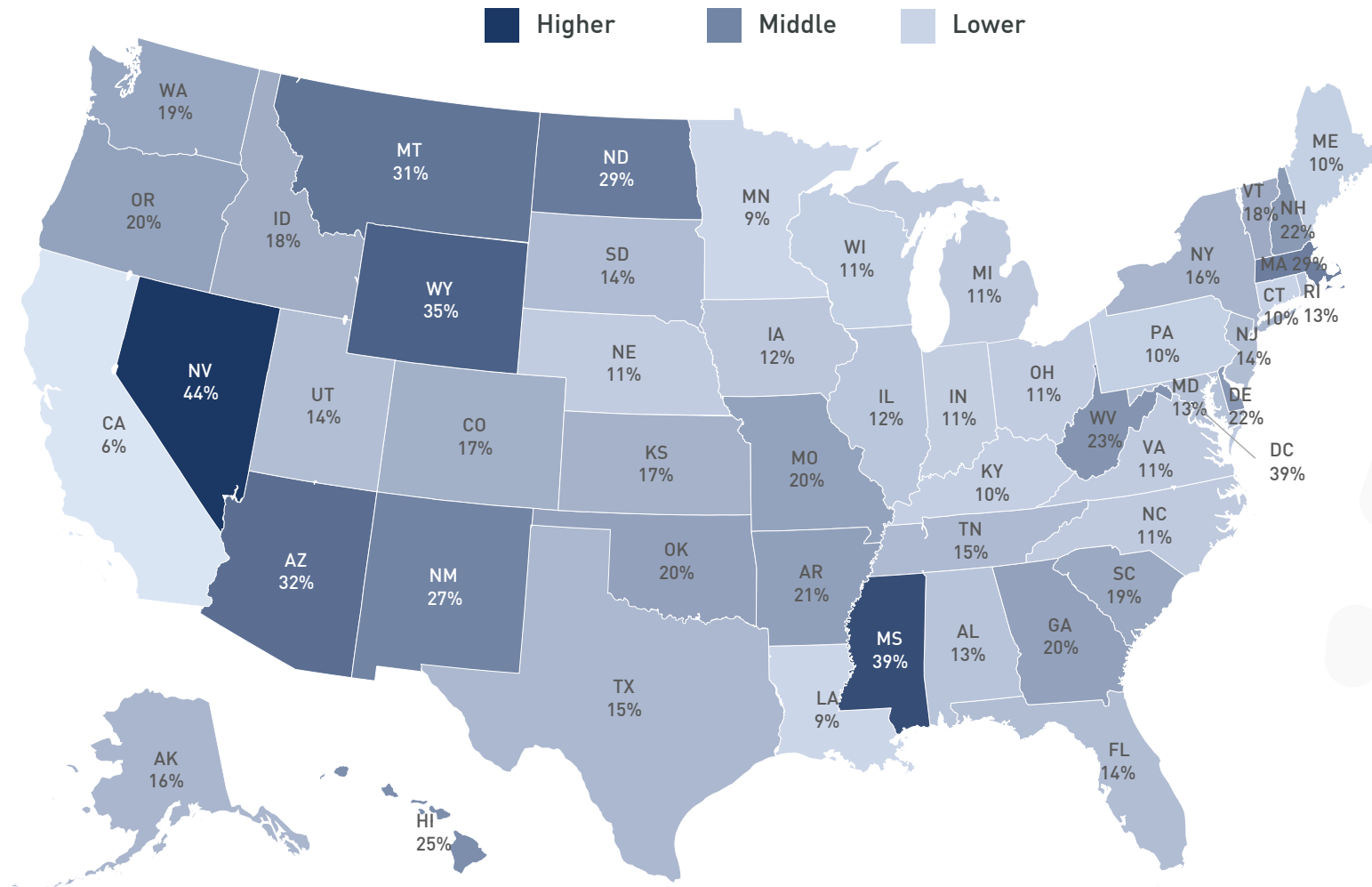
Interesting Fact: Wyoming from Rhode Island was the least common state combination at only 6 searches, but two of those found criminal records.

Top 10 most common state combinations:



FROM STATE TO STATE

Percentage of criminal records located outside of current state of residence



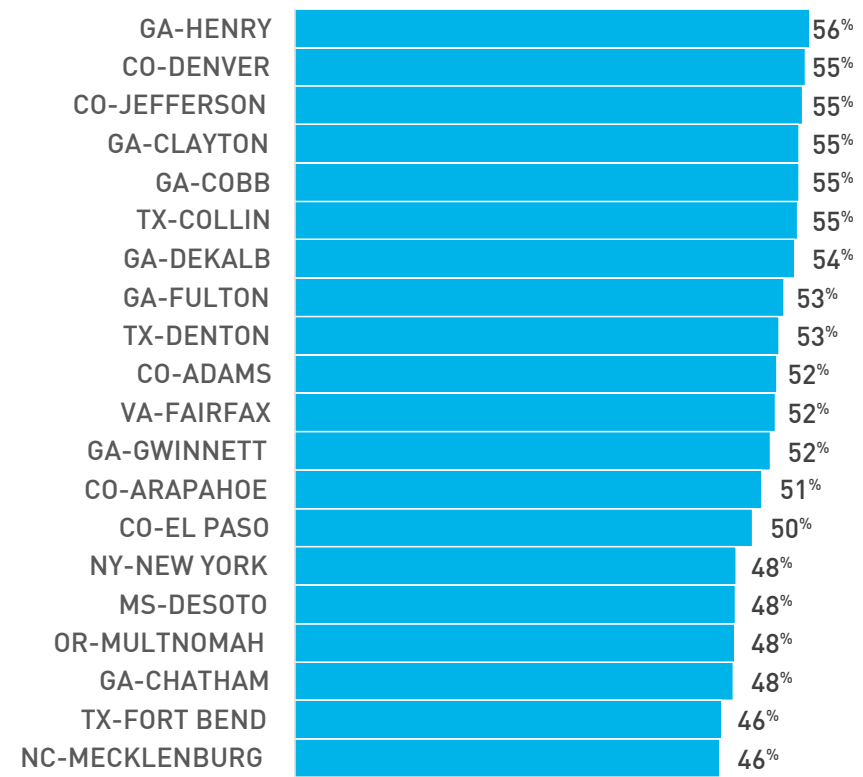
WHERE TO BE ON THE LOOKOUT

If your program is primarily driven by county searches, it may be time to consider evaluating ways to enhance the search such as using developed addresses and/or refining the scope years. Alternatively, using Statewide or the newly available Continuous Check are options to transform your risk mitigation strategy.

21st Century ports of call

Fast-growing Southern and Western counties reflected their growth by appearing among the top counties with out-of-county screens. New York County (home to Manhattan) appeared on this list as a geographic outlier; however, it rose on the sails of the seventh largest numerical gain between the [2010](#) and [2020 Censuses](#). An outside-the-box solution is needed when so much history comes from outside of the county of current residence.

Top 20 highest out-of-county rates



FROM COUNTY TO COUNTY

Analyzing candidate movement at a state level is easier to visualize, but many more moves are within the same metro area. With county courthouses forming the backbone of the US court record system, it is crucial to consider how this impacts screening.

First Advantage can help you understand the complexities of your unique geographic hiring footprint and how to mitigate for this type of risk.

Two Case Studies

The Texas Triangle is a 35-county megaregion, home to 72% of the state's 29 million people. It covers the major cities of Austin, San Antonio, Houston, and Dallas. It was also host to three of the top four highest volume counties screened in 2021.

Employers screening county by county here should be aware that geography is a major factor, especially in the case of Dallas. It is centered on the line of two counties (Tarrant and Dallas) and spills over into several others (namely, Denton and Collin). Forty-three percent of Dallas County residents had address history in other counties: 11% in Tarrant, 7% in Collin, and 5% in Denton. Of the criminal records returned for current Dallas County residents, 41% were from other counties. Screening all counties in metro Dallas, never mind all 35 counties in the region, would be cost prohibitive.

Texas Statewide (Dept. of Public Safety) is an effective solution here as it has broad coverage, an average turnaround time of two days, and no form or fingerprint requirements.

Metro Atlanta covers 29 counties, including 15 with populations over 100,000 people. Similar trends as the Texas Triangle emerge, but the Georgia Statewide (Crime Information Center) requires that all applicants complete an authorization form and, in the event of an inconclusive record match, provide fingerprints.

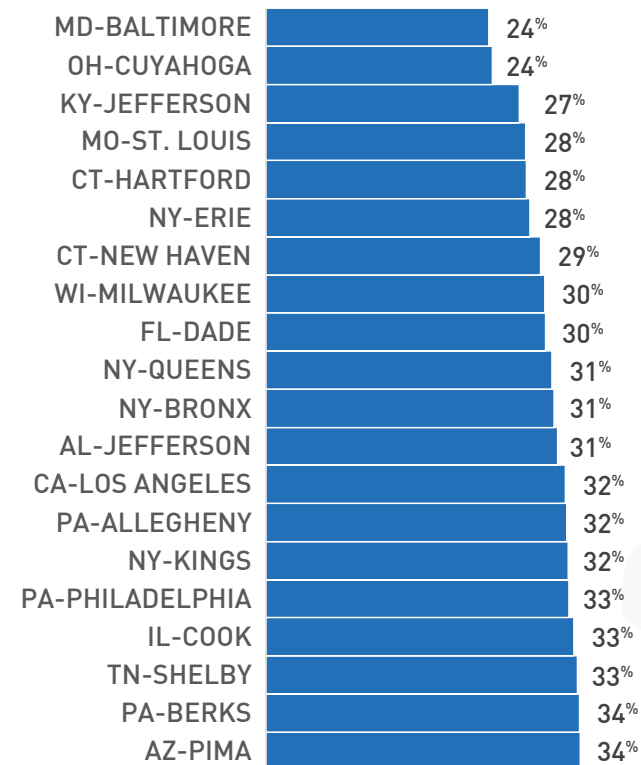
Many clients choose this search due to effective risk mitigation, but others are unwilling to accept the speed and candidate experience trade-offs. In that case, it is important to be aware that out-of-county history was more pronounced in this region than any other major market in the US. In fact, more history out-of-county than within in it: 54% of searches run and 52% of records returned. Much of the history, 42%, was still within the metro though, with Fulton and DeKalb counties frequently trading history.

SAFE HARBORS

Home Ports

The majority of counties with lower rates of out-of-county history were centered on cities in the Northeast and Midwest. This aligns with [studies](#) that show these areas tend to have a higher percentage of [residents who were born in the area](#). Despite the lower rates in these areas, one in five criminal records were returned from out-of-county searches.

Top 20 lowest out-of-county rates

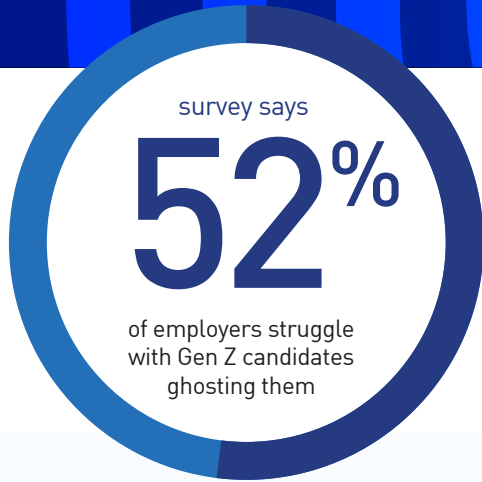




**ADAPTING THE BACKGROUND
SCREENING EXPERIENCE TO
THE MODERN WORKFORCE**

THE NEW CREW: GEN Z

Gen Z (born after 1996) has been entering the workforce for years now, but what was a trickle is rapidly becoming a tidal shift. Younger, more tech-savvy, and easier to lose than any generation before, employers must learn to adapt in order to hire and retain them. The First Advantage focus on candidate experience helps employers keep Gen Z engaged, while meeting even the most challenging compliance requirements.

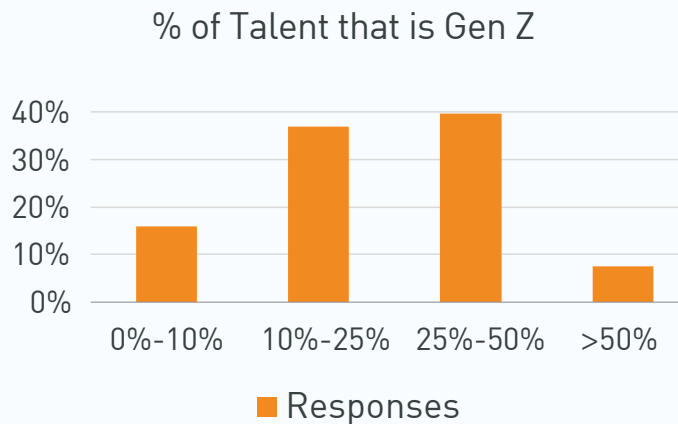


Ghost(ing) Stories

Previously, employers could afford to ignore candidates they weren't hiring immediately. But in 2021, everyone started fearing "ghosts" – good candidates who simply stopped responding.

Candidates "ghost" for a variety of reasons, but one way to minimize the impact of this shift is for employers to evolve their hiring practices to capture and maintain the attention of their incoming workforce.

What are employers saying about Gen Z?



What's important to Gen Z?



Fast & Easy to Use

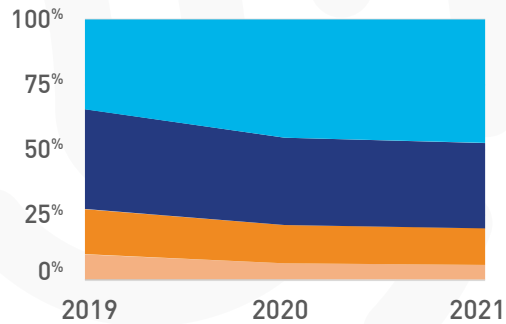


Responsive & Flexible



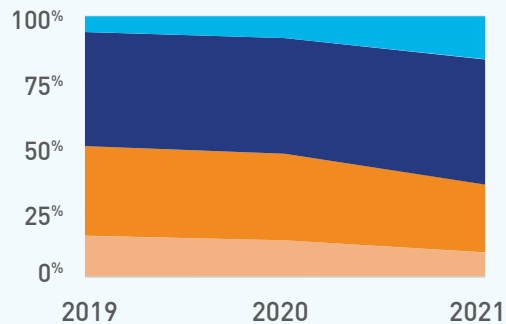
Connection, Culture & Values

Retail



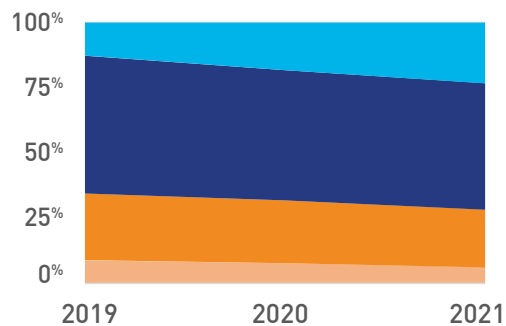
Just as generations before it, the first port of call in the workforce for many Gen Z members is retail. From independent record stores to big box home goods stores, working in retail is a rite of passage for many Americans. Gen Z made up **47%** of retail employees in 2021, up from **34%** in 2019. Compared to other industries, Gen Z is **33%** more likely to work in retail than any other industry.

Healthcare



As Gen Z starts to earn associate's, bachelor's, and advanced degrees, they are charting a course to higher paying positions such as nurses and doctors. While they are still under-represented, making up only **16%** of total healthcare workers, they account for twice as many workers in the industry today as they did in 2020. Still, they are only **half as likely** to work in healthcare as any other industry.

Manufacturing

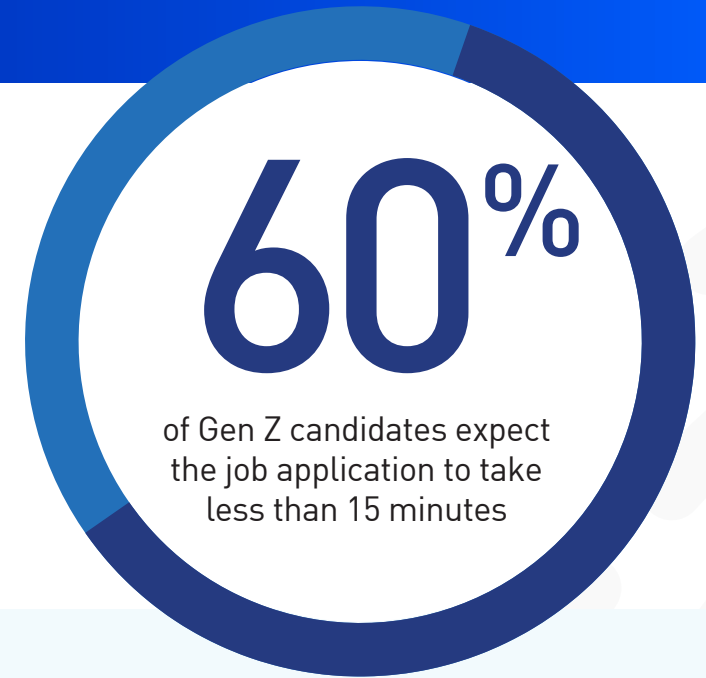


Manufacturing is also seeing some interest from Gen Z. The percentage of Gen Z workers in the industry almost doubled from **13%** in 2019 to **23%** in 2021. Some reasons for the rapid increase may include an increase in onshoring, the process of relocating production within the US, and typically no higher education requirements.

■ Gen Z ■ Millennials ■ Generation X ■ Baby Boomers

KEEP IT EASY AND KEEP CANDIDATES HOOKED

Quick and easy mobile applications are crucial for recruiting Gen Z employees. Considering these workers have no shortage of job opportunities and no qualms about leaving jobs (real or potential) behind when they no longer serve their needs, employers need to move quickly and strategically to secure the best candidates.



Based on strategic consulting engagements and First Advantage case studies, candidates take the longest time filling out employment history. Particularly for new graduates and entry-level employment—the jobs Gen Z is most likely to apply for—gathering employment history may be over-screening, and employers should seriously consider whether a given position requires it. The adaptive workflow within Profile Advantage, a mobile-optimized First Advantage platform, ensures candidates are only asked those questions that matter.

Some industries, like Transportation have always required geographic flexibility in their screening. Since candidates can be anywhere, at any time, a robust, nationwide network of full-service wellness service providers has always been critical. With the advent of not only remote work, but remote hiring, other industries are catching the benefits as well.

DID YOU KNOW?

Candidates are **7%** more likely to complete an application for background check if it's mobile optimized like Profile Advantage.

Gen Z candidates are 9% more likely to fill out a mobile-optimized application over a desktop-focused platform, slightly more than previous generations. In today's lightning-fast world of recruitment and hiring every completed background check counts.

Successful onboarding requires more than just checking a box. To keep Gen Z engaged, employers need to maintain contact throughout the process, as this generation "[just want\[s\] an update.](#)" Profile Advantage allows candidates to get real-time information and respond immediately to requests, directly from the phone they are already using.



68%

of new Gen Z grads would conduct an entire job search and interview via text

Approximately [75%](#) of employers in the First Advantage employer survey are using phone and e-mail to communicate with Gen Z candidates. However, only 46% are using SMS text—the preferred method of communication for younger candidates.

Profile Advantage supports SMS messaging for candidate updates and support, which fits Gen Z's [appetite for continuous communication.](#)

THE RISING TIDE: CONNECTION, CULTURE & VALUES

- As the future of the American workforce and the most diverse generation in the country's history, Gen Z represents a broad range of experiences, histories, races, cultural and religious backgrounds, genders, family structures, accessibility needs, and identities. More than any generation in history, they are aware that their shared success relies on shared opportunity. For this generation, diversity and equity initiatives need to be more than a mission statement and a potluck now and then. These issues are deeply personal matters of day-to-day life for these candidates, and potential employers need to show that it's just as important to them.
- First Advantage is at the helm of developing initiatives that protect candidates from intentional and unintentional bias. First Advantage systems can mask unnecessary personal information like names and e-mail addresses from reviewers while they evaluate cases and make hiring decisions.
- Individualized assessments can now be done electronically through Profile Advantage, allowing an opportunity for candidates to share a fuller picture of previous reportable criminal history with prospective employers, such as having completed a rehabilitation program.



29%

increase in WOTC-certified hires since 2020 by First Advantage clients



18%

increase in WOTC credits received by First Advantage clients since 2020

THE RISING TIDE: CONNECTION, CULTURE & VALUES

- Employers are required to satisfy many regulations like Fair Credit Reporting Act (FCRA) and Department of Transportation (DOT) compliance. Profile Advantage allows employers a place to capture critical information required to meet these regulations.
- First Advantage clients can also seamlessly incorporate Work Opportunity Tax Credits (WOTC) into their hiring processes. The application process is fully integrated into Profile Advantage and typically adds less than two minutes to the time it takes a candidate to complete their profile.
- WOTC was specifically created to incentivize employers to hire from marginalized groups like those on SNAP assistance, returning citizens, veterans, and those living in underserved areas. Since 2020, First Advantage clients have seen a 29% increase in WOTC-certified hires and an 18% increase in WOTC credits. A solid WOTC program can be the foundation (and funding method) for a robust Diversity, Equity and Inclusion program, allowing employers to fully fund initiatives like employee resource groups (ERGs), equity studies, and volunteer programs.

“ Using Profile Advantage for background screenings and tax credits has been great for our hiring process and credit capture ”

– *Laura McKenna, VP, Global Finance Taxation at Sitel Group.*



CHARTING THE COURSE:

YOUR NEXT STEPS AND THE FUTURE
OF BACKGROUND SCREENING

MAP YOUR ROUTE TO SUCCESS

Together, we've learned and evolved during our voyage across uncharted waters in the last 2 years. Now it's time to put those hard-earned insights to work by asking and answering tough questions that can help you mindfully adjust and align your background screening program with today's changing workforce. Based on the trends identified in this report, here are a few questions you can ask yourself as we explore new, candidate-first vistas in hiring and background screening.

Trend 1:

Rebound hiring created a tighter labor market.

One way to expand your candidate 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 requirements for education levels and employment histories still serve our business needs?
- Does the benefit of testing for marijuana outweigh the cost of losing potentially good candidates?

Trend 2:

With today's empowered workforce, work from home and global mobility are a new norm.

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

- Do we have a plan for candidates with experience and education outside of the US?
- Does our program protect our company from candidates with criminal histories in states and counties beyond current residence?

MAP YOUR ROUTE TO SUCCESS

Trend 3:

Gen Z is an increasingly important part of your candidate base.

Attract younger candidates by “meeting them where they are” via their preferred communication channels and consider developing or strengthening your cultural diversity and equity initiatives.

- Does the pace, style, and method of communication in our onboarding process suit the expectations of GenZ and the new tech-savvy, fast-moving workforce?
- Can we incorporate WOTC into our hiring processes to help fund, support and advance our Diversity, Equity, and Inclusion program?

Trend 4:

Time-to-work is the new time-to-hire.

Given the risk potential associated with “conditional” employment (pending the outcome of a background check), carefully evaluate its appropriateness within your organization.

- Do we really need to put employees to work before a thorough background screening is possible?
- Is the benefit of quickly getting employees working greater than the risk of finding a disqualifying criminal record after they start?

Trend 5:

Culture and values are at the forefront of success.

Authenticity is everything here. Knowing this, ensure all hiring and background check touchpoints, communications, and processes reflect a consistent organizational voice and commitment to your stated culture and values.

- Does our background screening program reflect our company's values?
- Does our program see the whole candidate?
- How does our current search coverage protect our brand and reputation?

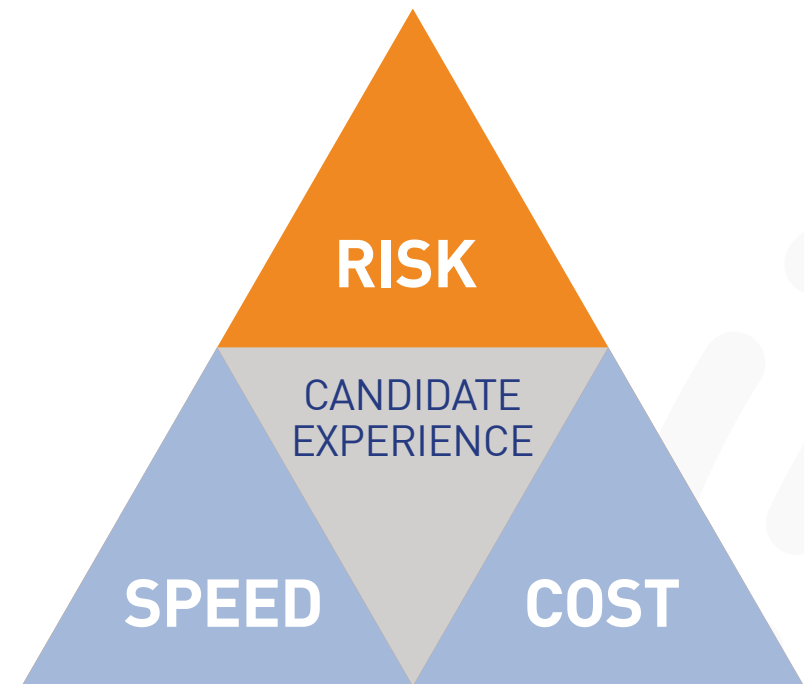
TOWARD THE HORIZON: WHAT TO LOOK FOR NEXT?

The World is Not Flat: The Global Becomes Local

- We may see more nearshoring and onshoring due to supply chain issues, shifting the balance of U.S.-based company screens toward the Americas.
- Global wage disparity could become less dramatic allowing for greater substitution of manufacturing and service markets.
- Will public health rely on the Chinese model, the UK model, or something in between? Widely-varying government responses to future COVID waves may not prevent the return to office, but those same policies and enforcement may mean that sickness will.
- The potential for continued European conflict will impact hiring and background screening in affected regions.

Getting Out of the Weeds

- We are closer every day to Federal decriminalization of small amounts of marijuana for personal use. If it happens, this will fundamentally change background screening, and companies will have to make changes at breakneck speed. Organizations should have contingencies in place.
- Regardless of Federal legislation, marijuana laws will continue to change.
- Marijuana convictions will continue to be expunged, which will impact the records that employers review as part of their background screening process.



TOWARD THE HORIZON: WHAT TO LOOK FOR NEXT?

Rise of the Machines: Automation and Technology-Related Disruption

- Employment verifications will become easier, faster, and more accurate with technology integrations like [Verified!](#)
- Companies are becoming more cost-conscious and are re-evaluating their programs to get more “bang for their buck.”
- The continued development of artificial intelligence and chatbots may reduce reliance on some roles.
- The future of onboarding will continue to evolve toward greater reliance on instant communication with chatbots and texting, providing instant status to candidates and recruiters.

Time to Work is the New Time to Hire

- Because of the tighter labor market, the need for speed is only increasing over time.
- Companies exploring contingent hiring are unlikely to continue the traditional approach of waiting until a background screen is completed before starting work, despite the potential costs of post-hire separation.



TOWARD THE HORIZON: WHAT TO LOOK FOR NEXT?

Deprofessionalization of Driving and Delivery Jobs

- Home delivery has massively increased the demand for delivery drivers, including last-mile delivery and gig drivers.
- The democratization of delivery driver employment has created a landscape where anyone with a driver's license can be a professional driver.
- For those roles that require a commercial driver's license, more employers are willing to train "on the job."

The End of Free Money

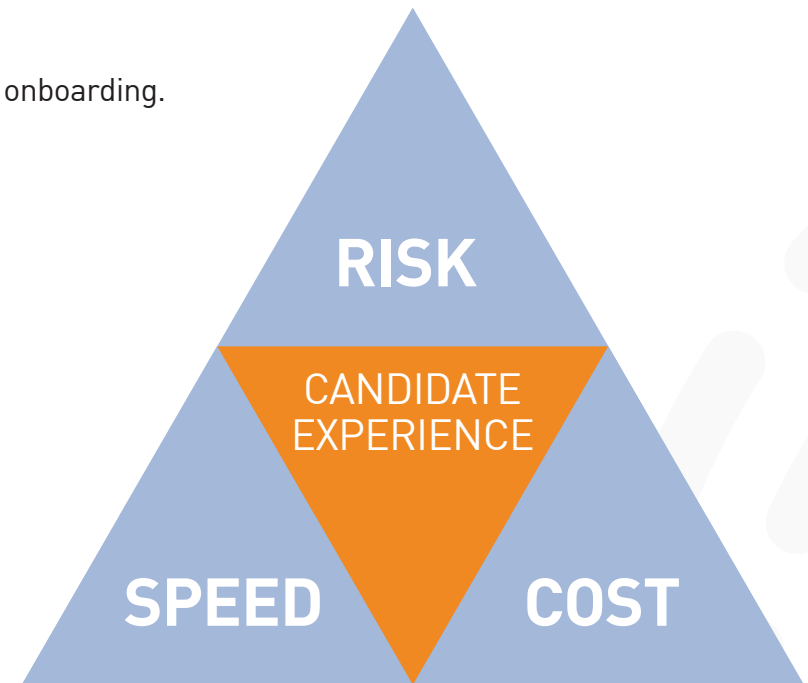
- The economy is experiencing a post-COVID spending rebound as elastic goods come back into play.
- With the labor force being this tight, "the great renegotiation" is going to force mass market adjustments on pay.
- But this can't last forever, especially in light of rising interest rates by central banks and global political instability.



TOWARD THE HORIZON: WHAT TO LOOK FOR NEXT?

Gen Z

- Diversity, Equity, and Inclusion efforts will push forward from recruiting into onboarding.
- Diversity initiatives will no longer be isolated to HR and Recruitment.
- Work from home is here to stay.
- Gen Z demands high-tech solutions and real-time information.





The background screening industry saw significant innovations in the last two years. In the future we expect the pace of innovation to accelerate. This is because our customers demand faster results with increasing research depth and geographic breadth. Leveraging technology and strategic acquisitions, First Advantage is well positioned to serve your needs in the future.

We can't wait to tell you about the exciting things already happening in 2022. Until then, Hire Smarter and Onboard Faster.

For more information, contact First Advantage today:

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Visit: fadv.com