

# WHAT ARE YOU GETTING OUT OF A BACKGROUND CHECK—PEACE OF MIND OR PERFORMANCE?

A common refrain we hear time and time again in defense of blanket background check policies is: *A criminal history indicates lack of responsibility and will bring undesirable behaviors into my business. I just want to save the headache and screen for a better workforce.*

We totally get it, but let's talk.

Late last year, we started a series of white papers on background checks to help employers like you better understand the complexities, shortcomings, and benefits of such reviews. In Part 1, we posed the overarching question, "Are background checks as accurate, legal, and prophetic as you'd think?" and focused our efforts on answering the first two questions. Specifically, we addressed the accuracy, timeliness, and legal considerations of various checks and provided advice on how to craft job-specific policies. Our recommendation is to institute policies *only* for positions where a specific criminal history may be detrimental to business proceedings (such as checking for a history of financial crime or theft when you hire a new accountant) because this is easiest to uphold if your company is ever challenged, it speeds up your hiring process (which is invaluable in today's marketplace), and it helps you cast the widest recruiting net possible. Now it is time to discuss the efficacy of background checks as a method of crafting a higher-performing workforce. You may be surprised to learn our database does not hold supporting evidence that a screened workforce outperforms an unscreened one.

Here's what we know to be true:

## UNSCREENED WORKERS STICK AROUND LONGER

One measure of success on the job is the length of time a worker sticks around because tenure equates to reduced recruiting and training costs, increased productivity, and, often, higher levels of satisfaction and engagement. We looked at all assignment ends from August 2015 to August 2016 and calculated the amount of time each associate worked on an assignment before it ended with a hire or a voluntary or involuntary termination.

Figure 1 depicts the sum of the percentage of assignment ends. On the whole, assignments—both successful and unsuccessful—for screened associates ended sooner than those for unscreened associates. But, this begs the question: *Why did assignments end earlier for screened associates; was it because they were hired onto the customer's payroll quickly or because they quit or got fired earlier?*

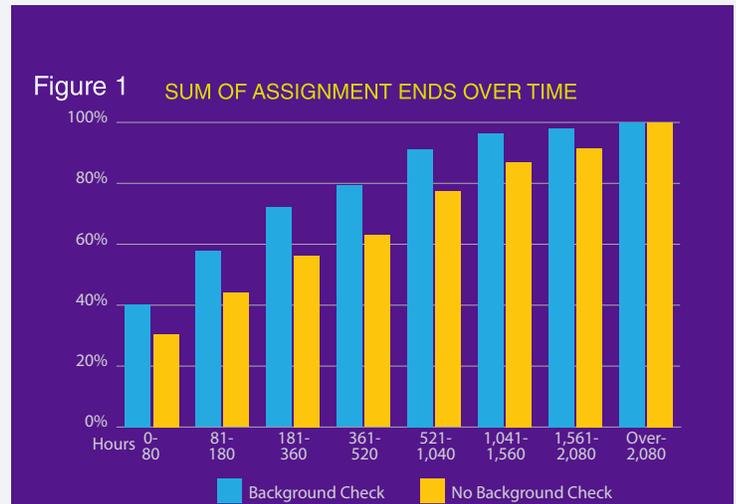


Figure 2

## ASSIGNMENT END REASONS

	SCREENED	UNSCREENED
<b>Hired by Company</b>	8.43%	19.42%
<b>Involuntary</b>	43.93%	35.91%
<b>Voluntary</b>	47.64%	44.68%
	100.00%	100.00%

Because it would have unfairly bolstered our argument, we excluded one obvious measure of success from our analyses: "assignment complete," which is when an employee completes a project with a defined start and end date. 75% of these assignments are the direct result of day labor or short-term projects (4 weeks or less) with relaxed hiring requirements and rules, making successful completion relatively easy for any employee. So, while unscreened associates absolutely outperformed screened peers in a measure of completed assignments, it's a misleading indicator of success.

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## UNSCREENED WORKERS OUTPERFORM THEIR PEERS

A second measure of success on the job is the reason an assignment ends. A successful match ends when an associate makes the leap off of our payroll and onto our client's (read the paragraph under Figures 1 and 2 on the previous page to understand why we intentionally exclude "assignment completions"), and an unsuccessful match ends in a voluntary or involuntary departure. Using the same data set as before, we analyzed all assignment end reasons.

As displayed in Figure 2, we found unscreened associates outperformed their peers in every measure of success, with the two most important being the proportion hired by our customers and the proportion terminated by their employers.

- A higher proportion of unscreened associates were hired by our clients than screened associates (19.42% and 8.43%, respectively)
- A lower proportion of unscreened associates were terminated by our clients than screened associates (35.91% and 43.93%, respectively)

These data tell us a few things. First, employers don't seem to be happier with the performance of screened employees—if they are, they sure have a funny way of showing it because they are less apt to hire these workers. And, while you could argue that perhaps employers who require background checks may just have more stringent hiring standards, which makes meeting hiring criteria more difficult, that further underscores our point: Background checks don't solve for the overall quality issues employers strive to rectify. Second, screened workers—presumably those who are better rule (law) followers—actually get fired more frequently than unscreened counterparts; once again, a problem not solved by a background check.

## CONCLUSION

We ask you again: What are you getting out of a background check—peace of mind or performance? In many cases, we believe it's merely peace of mind. Of course, we stand by our original recommendation to require appropriate levels of background checks for specific positions where certain past behaviors could affect business proceedings. But, when you require background checks merely to secure a "better" workforce, we think you're missing the mark.

Read **BACKGROUND CHECKS: FRIEND, FOE, OR "FRENEMY"?** at [www.elwoodstaffing.com/whitepapers](http://www.elwoodstaffing.com/whitepapers)

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