


# 2024 Benchmark Report

Employment Background Screening for Small  
and Medium-Sized Businesses



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# Foreword

## Welcome to our SMB Benchmark Report for 2024.

The data presented here is based on HireRight's 17th Annual Global Benchmark Survey, in which 457 small and medium-sized businesses (SMBs) participated. Most of these SMBs are located in the US (87%).

The survey interviewed Human Resource, Risk, and Talent Acquisition Professionals worldwide to learn how their companies handle recruitment, background screening, and talent acquisition. This report shares the survey's insights and presents the latest SMB hiring trends in the United States.

# Foreword

Our report begins by examining employment background screening in SMBs, including the types of checks these business owners typically conduct and the reasons behind their choices. We then explore drug and social media screening, post-hire background checks, how SMBs navigate candidate discrepancies, and using AI in the background screening process.

Next, we touch on the utilization of non-employee contractors by SMBs and how SMBs apply their background screening program to their extended workforce. This section is followed by a deep dive into talent acquisition and recruitment trends, including the use of applicant tracking systems and the challenges SMBs face in 2024.

We conclude our report with a review of workforce management and a critical evaluation of remote and hybrid working models in SMBs.

Small and medium-sized businesses often experience greater staffing challenges than their larger counterparts, and we hope this report can help you identify opportunities to transcend them!

# Executive Summary

Small and medium-sized businesses often face greater recruitment and staffing challenges than larger enterprises. They operate within tighter budgetary constraints and may lack the brand recognition that attracts top job candidates.

We created this report to provide quantitative, actionable data for HR professionals. It sets a benchmark against which SMBs can critically evaluate their recruitment, background screening, and workforce planning strategies.

## A Positive Outlook for SMBs

Our first key finding is that recruitment rates are currently stable and predictable, with 55% of SMBs saying hiring continued as usual in 2023. The general sentiment amongst employers is positive—24% of SMBs hired additional workers last year, while only 5% had no new hires.

The outlook for the future is also positive, with 40% of SMBs expecting their workforce to grow by the end of 2024. Of the remaining 60%, only 4% expect to downsize.

## Shifting Away From Traditional Ways of Working

Perhaps one of the biggest drivers of workforce growth is the rise of the gig economy. Today, over half (58%) of SMBs work with independent contractors. These workers are not formal employees and are typically more cost-effective than traditional staff.

Of all the non-employee workers SMBs hire (interns, volunteers, and temps), independent contractors are the least likely to undergo pre-employment background checks. This is despite the fact that they often have similar access to sensitive information and pose similar workplace risks as full-time employees.

## Background Screening is Here to Stay

Despite the shifting legal landscape in the US and worldwide, many SMBs run background checks on their employees.

Employers conduct background screening during the hiring phase as a pre-employment due diligence. However, 40% of hiring managers also run a post-hire screening program. Such programs may include regular rescreening or continuous monitoring to maintain ongoing workplace safety and regulatory compliance.

Continuous monitoring programs are most common in industries where public safety is a concern, such as transportation or childcare, or for high-profile occupations such as C-suite executives or senior financial staff.

## AI in Background Screening and Recruitment

Despite its prevalence in many workplaces, a quarter of SMBs still prefer not to incorporate AI in the background screening process. The vast majority, however, appreciate its ability to reduce costs, minimize human error, and speed up the process.

Other emerging recruitment tools of note are applicant tracking systems (ATS). However, only 37% of SMBs currently use an ATS. Those using them are interested in ATS software that integrates with background screening platforms.

## Employee Retention is Top of Mind

Maintaining a stable workforce is all about retaining skilled workers. In 2023, 29% of SMBs introduced additional training and professional development programs to support employee retention. Training is still the primary retention strategy for SMBs in 2024. We're also seeing SMBs providing wellbeing initiatives such as mental health support, healthy snacks, mindfulness workshops, and group exercise classes.

Retention may be part of the solution to the recruitment challenges SMBs currently face. In 2023, 21% of SMBs reported high new-hire turnover rates, while 22% reported high resignation rates. Investing in targeted retention strategies could help to lower these figures. Additionally, 29% of SMBs had vacancies that remained unfilled for 3 - 6 months during 2023. One way to fill these gaps may be hiring from within the existing workforce. This approach supports career development — a crucial ingredient for employee retention.

### **Remote Work on the Rise**

39% of SMB respondents say hybrid/remote work improves employee retention. A further 20% reported job candidates dropping out when remote work was off the table. To meet the changing demands of the modern workforce, nearly half (45%) of SMBs offered remote positions in 2023.

However, remote work doesn't come without its challenges. Many employers report reduced collaboration, communication breakdowns, and a reduced sense of company culture with fully remote working models.

### **The Solution**

The insights in this Executive Summary are drawn from 457 small and medium-sized businesses.

We encourage HR professionals to use this data as a catalyst for future workforce planning.



# Key Takeaways for SMBs

Accuracy is the most important factor to consider when choosing a background screening provider

1

Workforce size is stable or growing in 91% of SMBs. This is supported by consistent recruitment rates.

2

Two-thirds of SMBs are satisfied with the use of AI or automation to streamline certain administrative aspects of the background screening process, reducing cost and human error.

4

The top employee retention strategy in SMBs is offering training and professional development.

3

Over half of SMBs (58%) work with independent contractors.

5

Remote/hybrid work is here to stay. Two-fifths of SMBs say they support retention. Over half agree that it increases employee wellbeing.

6

# Employee Background Screening

# Why SMBs Do Background Checks

While some businesses must conduct certain background screenings, the majority perform them voluntarily to mitigate risks and help ensure a safe working environment for their staff. According to our survey, only 7% of SMBs do not conduct background checks on their staff.

Background checks can help small and medium-sized businesses make informed hiring decisions that may save them the cost of replacing unsuitable hires.

As SMBs without a screening program grow, they may consider reviewing their hiring policies to determine whether implementing a screening program could be beneficial to their organization.

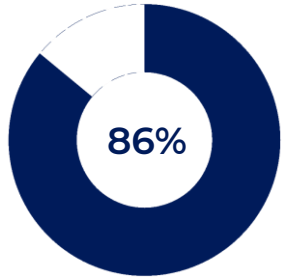
of SMBs run background checks on their employees.



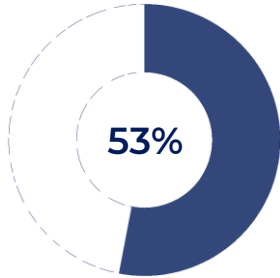
Top 6 Reasons SMBs Conduct Background Checks



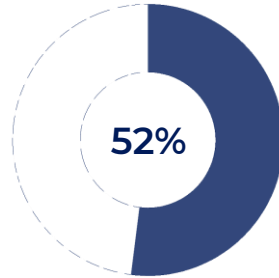
# Types of Background Checks



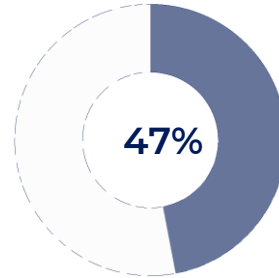
Criminal Record Checks



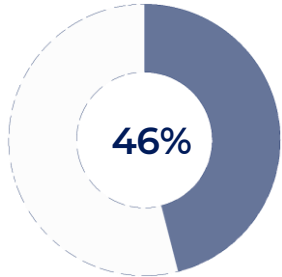
Identity information checks  
SSN Verification



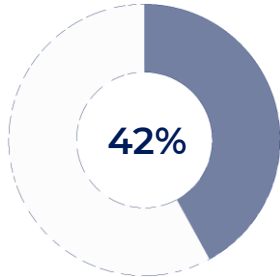
Employment Verification



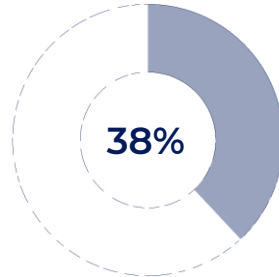
Sex Offenders Registry Check



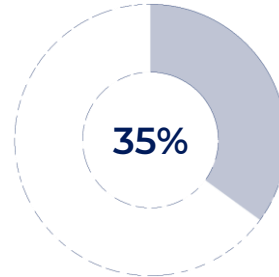
Form I-9/employment authorization/right to work



Drug and Alcohol Testing



Education Verification



Motor Vehicle Records

We asked our SMB participants what background screening services they typically include in a pre-employment candidate screening.

The most popular background screening service SMBs utilize is a criminal record check. These may include searches of state and county courthouse records, terrorist watchlists, and corrections department databases.

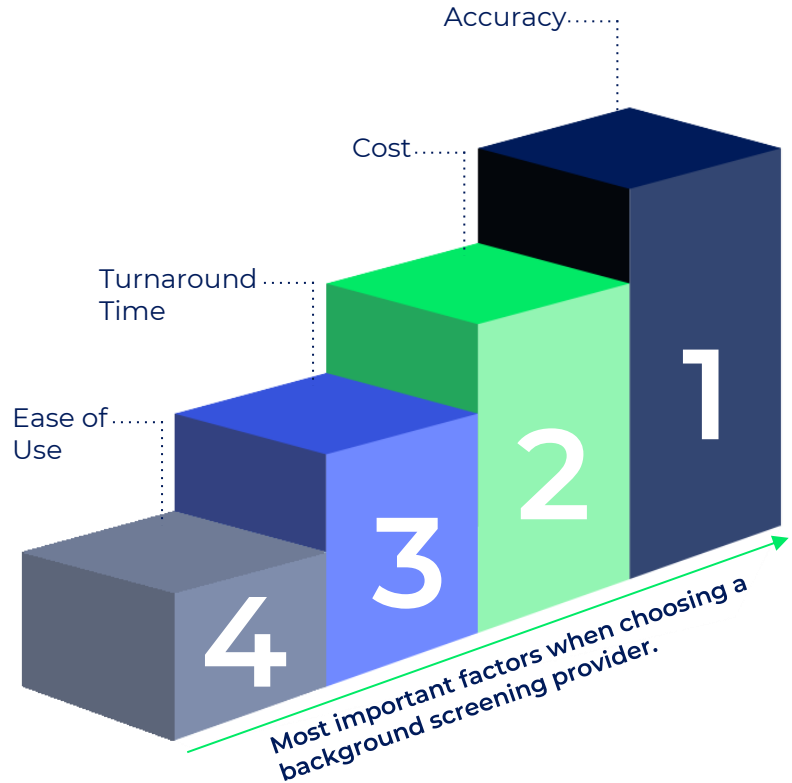
Criminal record checks can give employers more insight into a candidate's criminal history, including convictions and sentences served.

# Pre-Employment Screening

Running background checks on job candidates is an integral part of the hiring process for many SMBs. It allows HR professionals to vet new hires for job suitability and uncover potential red flags, such as a lack of necessary qualifications or recent, job-relevant criminal convictions.

Comprehensive screening can be time-intensive and complicated. Perhaps because of this, most small and medium businesses outsource some or all the work to third-party background screening service providers, while 8% of SMBs conduct all their background screening in-house.

When reviewing third-party background screening providers, accuracy and reliability are crucial and ranked first on our SMB's priority lists.

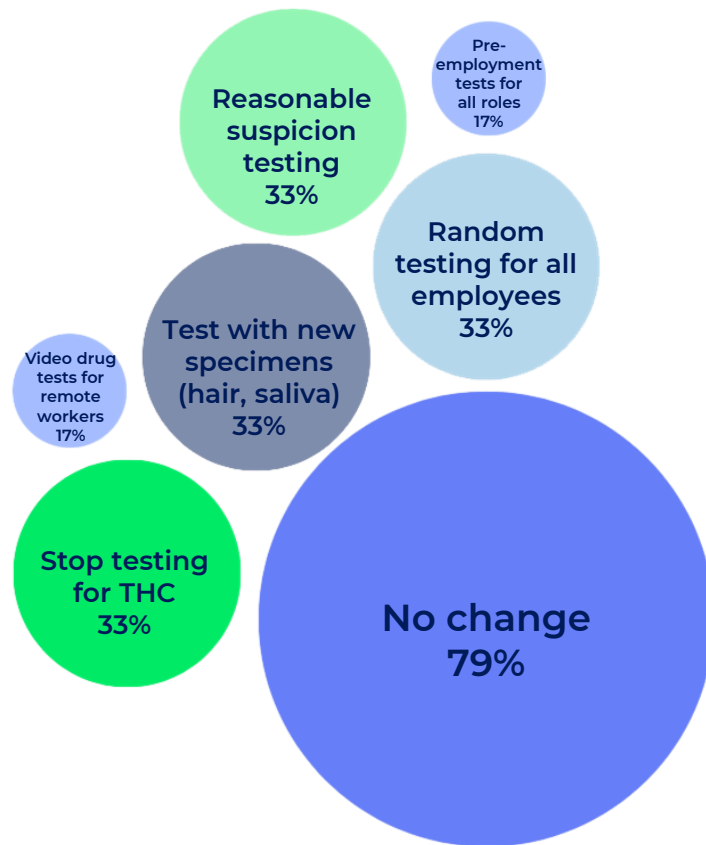


# Drug Screening

When it comes to drug and alcohol testing, 53% of SMBs say they have an existing drug and alcohol testing program. Companies regulated by the Department of Transportation (DOT) must meet regulatory drug testing requirements for candidates and employees in certain roles, while many other industries have more flexibility regarding drug-free workplace policies.

Additionally, many SMBs are shifting their attitude towards cannabis. This may in part be due to the patchwork of legislation across the U.S., some of which requires reasonable accommodation for medical marijuana users or restricts pre-employment cannabis testing.

Of the SMBs who responded to the survey, 79% were happy with their current drug testing programs and planned no changes for 2024. Others had plans to make changes such as eliminating THC screening, implementing random drug tests, incorporating reasonable suspicion testing into workplace policies, or starting to use new specimens for their drug tests.



Drug Testing Policy Changes 2024

# Candidate Discrepancies

Discrepancies arise when the information a job candidate provides contradicts what a background check reveals—for example, finding no record of attendance at the college an applicant listed on their resume.

The most common background check discrepancies in SMBs are **inaccurate employment records** and **undisclosed criminal history**. Other examples include falsified education credentials and positive drug test results.

Employment verification may uncover discrepancies such as false job titles and inaccurate dates of employment. While dishonesty may be a red flag, it's important to note that not all candidate discrepancies are deliberate deceptions.

They may also arise from clerical errors or incorrect recall of events. Such instances call for further investigation and are not necessarily grounds for immediate disqualification.



# Using AI in Background Screening

In background screening, AI-based tools can streamline administrative processes and reduce human error, but humans are kept in the loop and make the final decisions.

Our survey found that SMBs generally feel less comfortable with the use of AI by their screening provider than larger enterprises, and 26% say they prefer their background check providers not to use artificial intelligence.

However, some employers appreciate the potential cost, accuracy, and speed benefits AI may have when used by a background screening provider.

- When it *speeds up the process* (46%).
- When it *reduces human error* (52%).
- When it *saves costs* (45%).

**When are SMBs comfortable for the background screening provider to use AI in researching or compiling a screening report?**



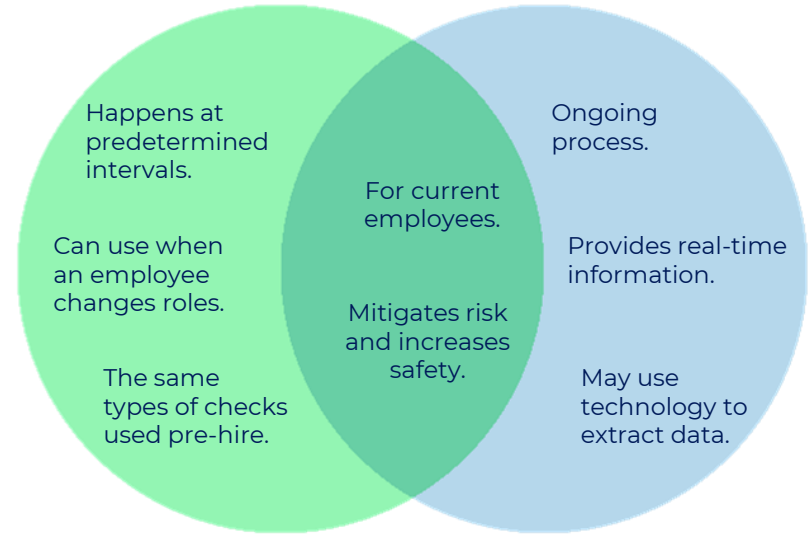


# Post-Hire Background Screening

Background screening is primarily considered a one-off process during recruitment, and **60% of SMBs do not conduct employee background checks after hire**. One possible reason for this lack of post-hire screening could be that regulation does not require it. However, this may be a missed opportunity.

Implementing a continuous monitoring program or re-screening current employees regularly can help employers maintain a safe workplace for their staff. It may also help SMBs identify potential risk to the business and take proactive measures to reduce them.

To uphold workplace standards, continuous monitoring could involve monitoring job-relevant aspects of an employee's background, such as criminal history or driving records, to get alerts when something changes. Rescreening involves revisiting job-relevant, non-static aspects of an employee's background at pre-determined intervals to identify anything that may have changed since the prior screening.



**Employee Re-Screening** vs **Continuous Monitoring**



# Extended Workforce Screening

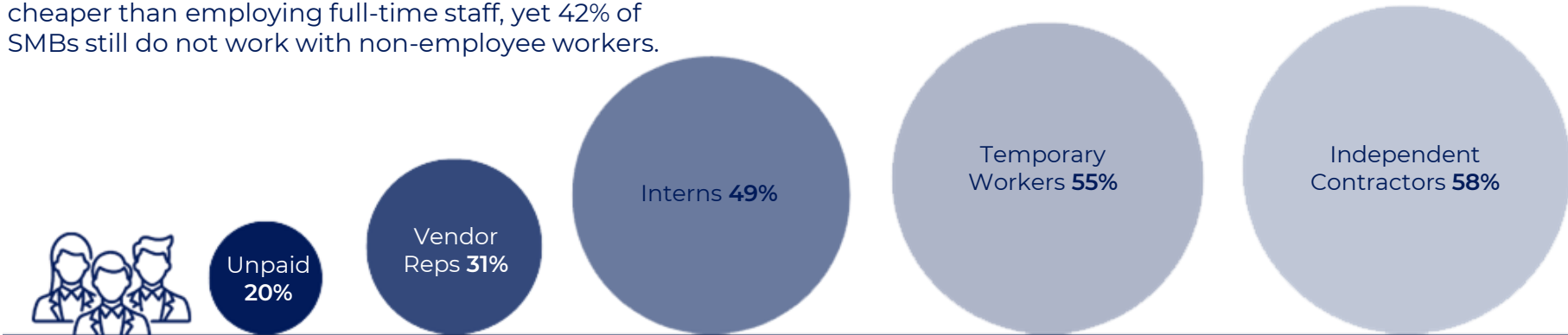
# Non-Employee Workers in SMBs

The gig economy is growing. A recent Upwork survey\* found that 64 million Americans (38% of the workforce) performed freelance work in 2023. Since the COVID-19 pandemic, many employers have shifted to work-from-home or hybrid models, allowing more contract, part-time, and freelance work.

Hiring freelancers and other gig workers is typically cheaper than employing full-time staff, yet 42% of SMBs still do not work with non-employee workers.

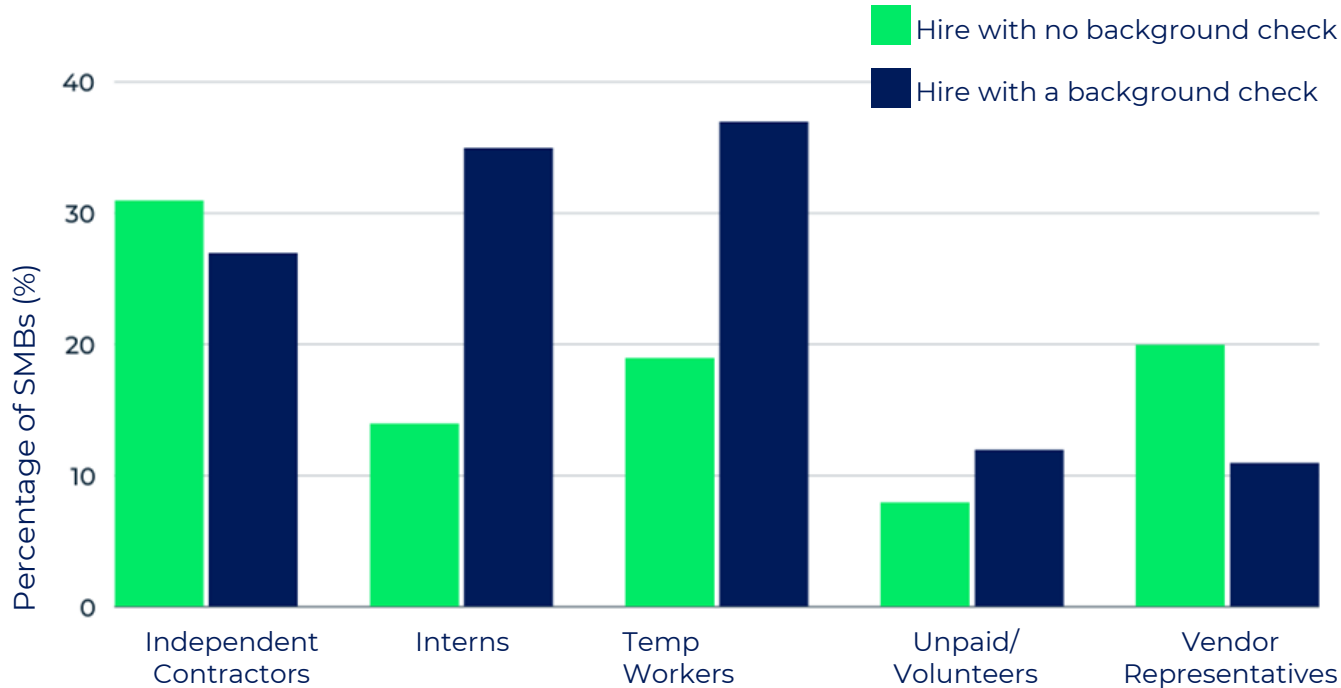
As companies grow, however, the need for non-employee workers may increase.

Having an extended workforce at your disposal can offer additional benefits above cost savings. Freelancers may often be experts in their field and highly committed to completing projects on time to uphold their professional reputation.



Which non-employee workers does your SMB use?

# Background Screening for Non-Employee Workers

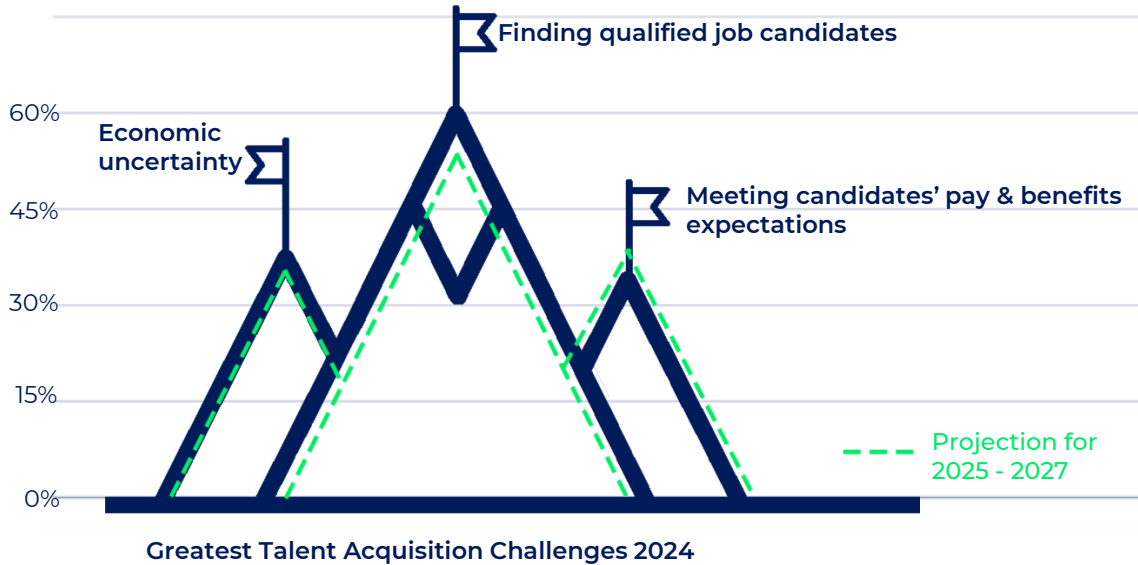


SMBs that work with non-employees often conduct background checks on their extended workforce.

Our data shows that SMBs will likely run background checks on interns and temporary workers. Conversely, most employers feel confident enough to hire independent contractors without subjecting them to a background check.

# Talent Acquisition

# Challenges SMBs face with Talent Acquisition



We asked SMBs to name their most significant talent acquisition challenges for 2024, and 60% of respondents chose finding qualified job candidates.

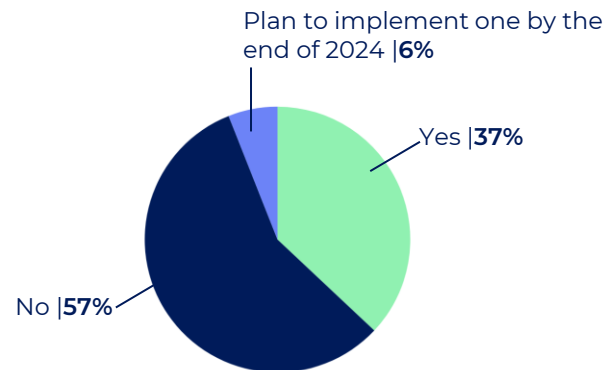
Attracting the best candidates is tricky for small businesses with limited resources when competing against large corporations. In fact, 34% of SMBs listed meeting candidate pay expectations as their greatest talent acquisition challenge.

Economic uncertainty is also a challenge for SMBs, weighing in as the second-largest (40%) talent acquisition challenge for 2024. This hurdle is expected to remain of similar concern (39%) in 2025 – 2027. During this same time period, some SMBs say finding qualified job candidates will become slightly less challenging (54%) while meeting salary expectations is expected to become more difficult.

# Applicant Tracking Systems

An applicant tracking system (ATS) can help streamline recruitment, helping employers parse resumes and review job candidates faster. However, **only 37% of SMBs currently use them**. That means most employers sift through applications manually, increasing time-to-fill rates and leaving room for human error.

The 37% of SMBs that do use applicant tracking systems typically outsource them from third-party providers. While 78% of our respondents were happy with their current providers, 10% say they plan to change providers by the end of 2024—why is this the case?



Do SMBs Use Applicant Tracking Systems?



1  
Functionality  
(75%)



2  
Cost  
(44%)



3  
Support  
(44%)



4  
Coverage  
(31%)



5  
Background Check Integration  
(31%)

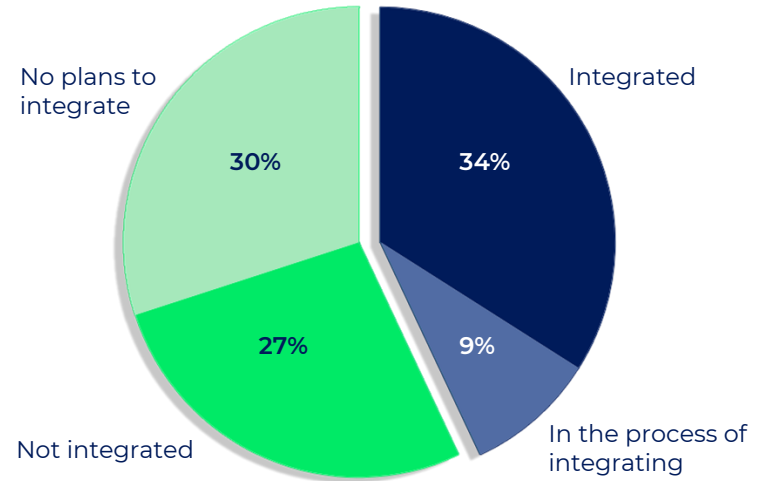
Top 5 Problems SMBs Face With ATS Providers

# Integrating ATS With Background Screening

Applicant tracking systems (ATS') are designed to simplify, enhance, and streamline hiring processes. In many cases, especially for larger organizations, an ATS may also be used to help streamline the background screening step of the onboarding process. The same may not be true for SMBs. Only 34% of our SMB respondents have integrated their ATS with their background screening provider.

However, that number may be growing, with an additional 9% currently in the process of integrating the two. Working with a background screening provider that offers ATS integrations can reduce time-to-hire and improve the candidate application experience. It centralizes all hiring activities in one portal for more streamlined and scalable recruitment workflows.

Still, 30% of SMBs do not plan to integrate their background screening provider and applicant tracking system. Reasons for this may include the cost or complexity of integration or low hiring volumes that do not warrant an integrated system.



**Are Your Background Screening Provider and ATS Integrated?**

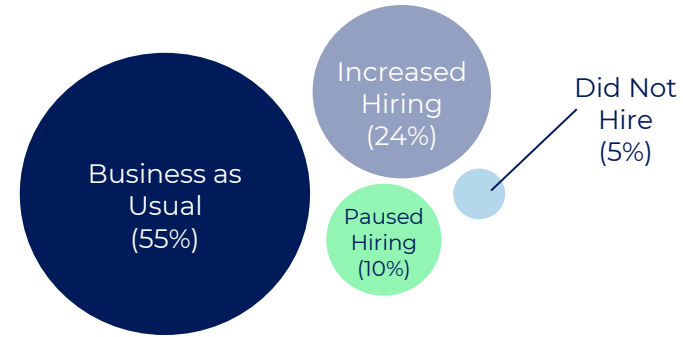




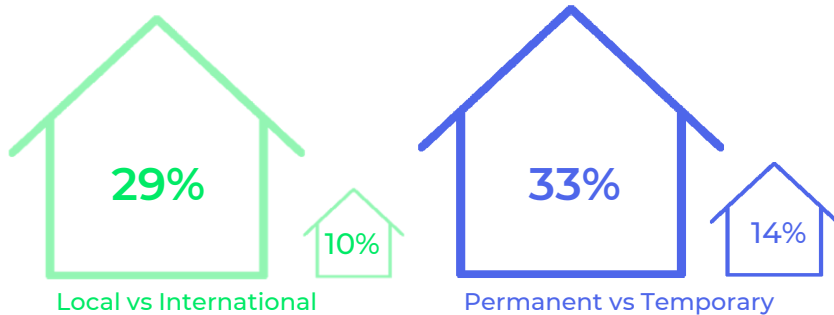
# Recruitment

# Recruitment Trends 2023

Despite the concerns over economic uncertainty, recruitment is reported to be stable and increasing at a healthy rate. In 2023, 55% of SMBs said their hiring predictions were accurate, and recruitment continued without hindrances. Over the past year, 24% of SMBs hired additional workers to meet increasing business demands, highlighting positive growth for small businesses. Only 5% of SMBs did not hire any new workers in 2023.



2023 Recruitment in Review



Types of Remote Workers SMBs Hired in 2023

Furthermore, nearly half (45%) of SMBs hired remote workers in 2023. The data reveals that most remote hires are permanent employees based in cities/towns where the company has no office. Remote working models allow SMBs to expand their talent pool beyond local limits or across international borders.

# Recruitment Challenges SMBs Face



## Unfilled Positions

In 2023, 29% of SMBs had job positions that remained unfilled for 3 - 6 months. A further 11% had unfilled positions for over 6 months.



## High Turnover

In 2023, 21% of SMBs experienced higher than normal new-hire turnover rates. Additionally, 22% reported higher-than-expected resignation rates.



## Under-Resourced

Understaffing in HR departments was a concern for 15% of SMBs in 2023. An additional 8% had to cut recruitment budgets, while 14% implemented a hiring freeze during the year.



## Long Hiring Time

19% of SMBs experienced longer than normal time-to-hire in 2023.

## Remote Work

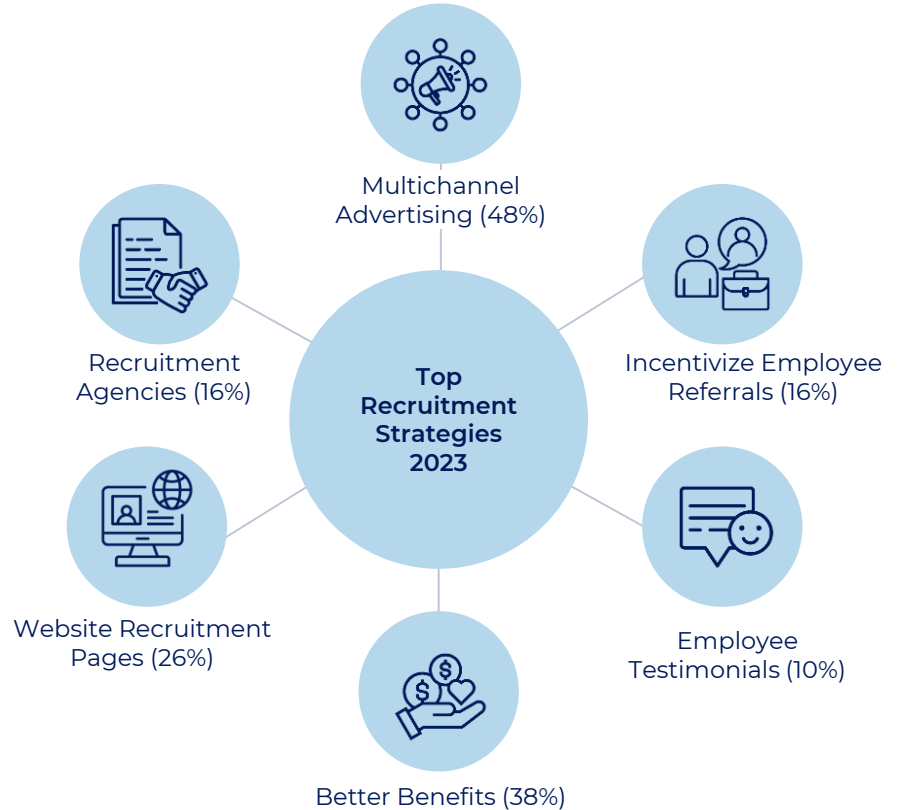
20% of SMBs reported job candidates dropping out if remote work was not offered.



# Recruitment Strategies

Recruitment strategies are the methods companies use to attract and retain top talent. Every business has unique needs, so what works for one may not be suitable across the board. We asked SMBs which strategies they used to drive recruitment in 2023, to which the most popular answer (48%) was taking a multi-channel recruitment approach.

Online job boards and social media are fast becoming more-popular recruitment channels among SMBs. These platforms help employers to reach a wider audience and build a more diverse talent pool. Offering benefits such as health insurance, retirement contributions, and internet allowances are other popular recruitment strategy (38%) among SMBs.



# Recruitment Channels

In 2023, **48% of SMBs expanded their recruitment efforts to include additional channels**. A multichannel approach helps employers collect more applications to find the best candidates for a particular role. Examples of recruitment channels include job boards, careers pages on corporate websites, LinkedIn, referrals, networking events, paid online ads, and social media.

Our survey revealed that 26% of SMBs added a recruitment page to their company websites in 2023. This approach is ideal for long-term talent acquisition because it can, depending on its design, help employers collect resumes on a rolling basis. It's a way to nurture relationships with potential employees and source workers directly from your own website.

Another valuable approach to staffing is internal recruitment, where employers fill vacancies with existing employees rather than seeking external candidates. This method is often much cheaper than traditional recruitment and allows for career progression - an attractive prospect that can increase retention rates.



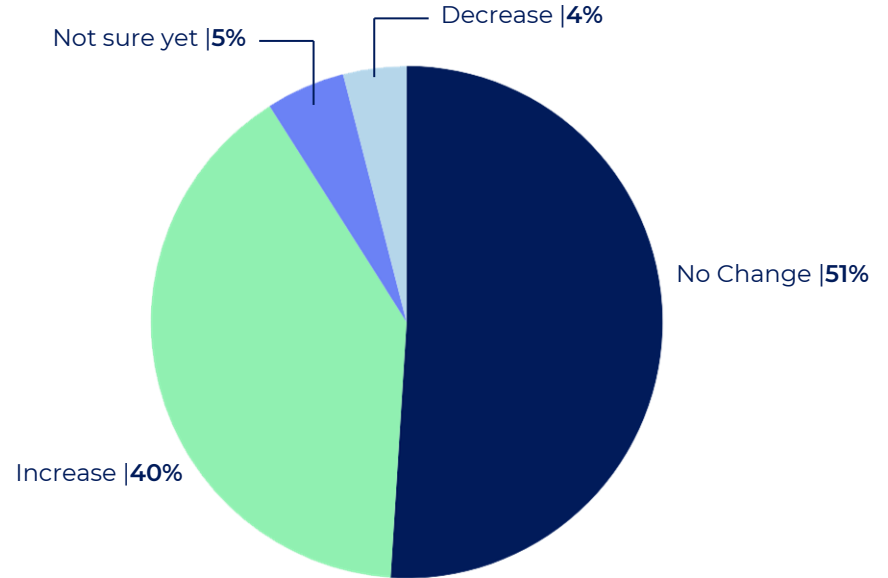
# Workforce Management

# Workforce Size Projections for 2024

Most SMBs who participated in this survey (90%) have 11 - 500 employees. The remaining 10% employ fewer than 11 people. When asked about how they expected their workforce size to change by the end of 2024, 51% of respondents said they expected no change, while 40% of SMBs expect their workforce to grow.

Only 4% of respondents expect their workforce to decrease, and only 5% are unsure about the future. This data reveals a general sense of optimism and stability among SMBs in 2024 despite the previously expressed concerns over economic uncertainty.

However, it's important to note that a growing workforce is not the only indication of prosperity. With the use of technology and streamlining of processes becoming more prevalent across all industries, many companies may be able to scale their operations to a certain extent without significant additional labor.



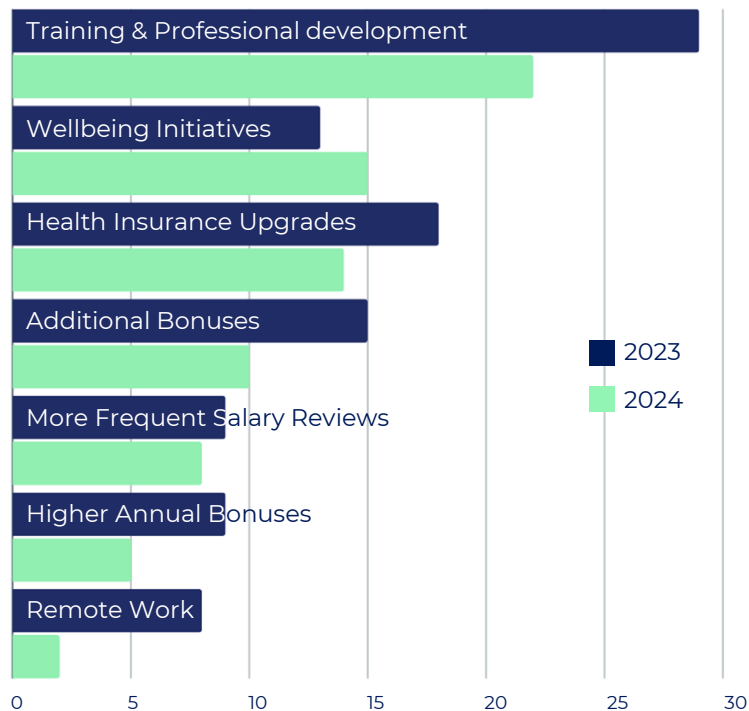
How Do You Expect Your Workforce Size Will Change in 2024?

# Workforce Retention

Employee retention plays a significant role in sustainable business growth. Retaining quality hires helps companies conserve knowledge. It also minimizes the need for continuous hiring, reducing recruitment and training costs.

We asked SMBs which initiatives they implemented to support retention in 2023 and what they plan to implement in 2024. The most popular retention strategy was offering training and professional development opportunities.

Interestingly, only 8% of SMBs introduced fully remote work in 2023. This response comes despite 39% of respondents saying hybrid or remote work improves employee retention.

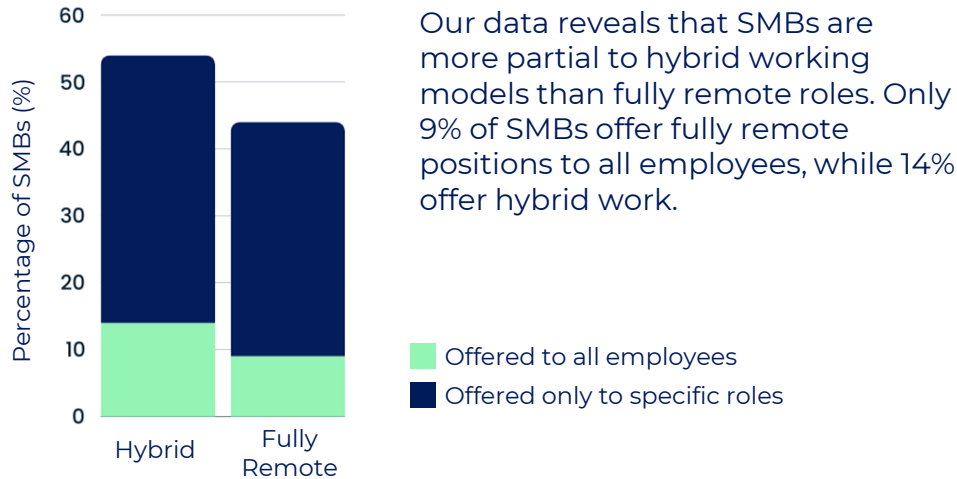


Number of SMBs That Introduced Retention Strategies (%)



# Remote Working Trends in SMBs

The pressure to offer fully remote or hybrid working models is prevalent in many industries. A sizable 20% of SMBs reported that job candidates drop out when remote work is impossible. However, 20% also say remote working is not viable for their business.



It also reveals that hybrid/remote work is typically role-dependent in SMBs. Jobs not requiring in-person collaboration may be easier and even more cost efficient to do remotely. 35% of SMBs fill suitable roles with fully remote workers, while 40% do the same with hybrid positions.

Since hybrid and remote work were popularized in 2020, most companies still offering this type of work have settled into a comfortable routine. Hence, 65% of SMBs do not expect their approach to remote work to change this year. Of the companies still finding the right approach, 17% expect to increase remote/hybrid working in 2024, while only 6% plan to reduce it.

# Benefits and Challenges of Remote/Hybrid Working Models



**Conclusion**

# Conclusion

The future of recruitment looks promising for small and medium-sized businesses. Despite challenges of economic uncertainty, remote working demands, and HR budget constraints, SMBs have demonstrated a resilience in 2023 that is projected to continue into 2024 and beyond.

A significant portion of SMBs are experiencing steady hire rates with the potential to expand. Extended workforce members such as independent contractors, temporary workers, interns, and volunteers have granted small businesses more adaptability to scale their operations at a lower cost.

Despite shifting workforce compositions, background screening remains essential to the hiring process. Most SMBs rely on traditional criminal background checks, employment and identity verifications, drug testing, and sex offender registry checks to vet employees pre- and post-hire.

However, there is room for innovation in the background check process, with a portion of SMBs are becoming more open to their background screening provider using artificial intelligence (AI) or automation for researching or compiling a screening report to help improve candidate experiences, reduce costs, speed up the screening process, and reduce human error.



# Methodology & About Us

## About [backgroundchecks.com](https://backgroundchecks.com)

backgroundchecks.com serves thousands of customers nationwide, from small businesses to Fortune 100 companies, by providing innovative and comprehensive screening services.

The data in this report is based on the findings from HireRight's 2024 Global Benchmark Survey, with participants anonymously sharing their experience and knowledge of their company's employment screening and recruitment practices with us.

The survey was available between March 7 and March 28, 2024, receiving a total of 457 responses from SMBs globally.

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

backgroundchecks.com is part of the HireRight family of companies.

# References

1. [HireRight's 2024 Global Benchmark Survey](#)
2. [HireRight's 2023 Global Benchmark Report](#)
3. <https://www.backgroundchecks.com/criminal-background-checks>
4. <https://www.maynardnexsen.com/publication-artificial-intelligence-in-the-workplace-a-new-civil-rights-frontier>
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6. <https://www.hireright.com/resources/navigating-compliance-2023-year-in-review?source=thank-you>
7. <https://www.backgroundchecks.com/learning-center/social-media-background-check>
8. <https://www.youtube.com/watch?v=ep44imT5fiA>
9. <https://www.backgroundchecks.com/background-screening-101/communicating-ongoing-background-checks-effectively>
10. <https://www.upwork.com/research/freelance-forward-2023-research-report>
11. <https://www.youtube.com/watch?v=QpbHMX6yJNk>

# Additional Resources

## White Papers:

- [Red Flags on Background Checks](#)

## Webinars:

- [Navigating Compliance - 2023 Year in Review](#)

## Blogs:

- [What Employers in 2023 Need to Know About Background Check Compliance and Regulation](#)
- [Spotlighting SMBs in the Transport Sector: Approaches for Driver Recruitment and Retention](#)

# Contact Us

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