

HIRE RIGHT[®]

**2019 INDIA
EMPLOYMENT SCREENING
BENCHMARK REPORT**





HireRight | 2019

INDIA EMPLOYMENT SCREENING BENCHMARK REPORT

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Foreword

Welcome to the 2019 HireRight India Employment Screening Benchmark Report.

Earlier this year, India was host to the largest democratic exercise in the history of the world – with almost 900 million eligible voters, our elections made front-page headlines across the globe. But what resulted in Modi and the BJP’s landslide victory was not without its setbacks – economic challenges continue to loom.

Government figures suggest that unemployment is at a 45-year high, and that the Indian economy is slowing, losing the top spot in growth rankings to China. Meanwhile, a recent research paper by former chief economic adviser, Mr. Arvind Subramanian, has cast a shadow of doubt over previous growth figures^[1].

However, according to the 2019 Budget, India is on the cusp of great change, with aspirations to become a \$5 trillion economy by 2025. By investing heavily in infrastructure, digitalisation and entrepreneurship, the nation hopes to achieve an aggressive real GDP growth rate of 8 percent.

The message is clear - to power these ambitions, India needs good talent. And lots of it. So HR departments have their work cut out for them.

As Indian businesses increasingly look further afield for growth and investment opportunities, other challenges also come into play - for example, with the advent of GDPR, which opens up a whole new can of data privacy worms. How do we balance these many roles and responsibilities to ensure India is able to attract, retain and nurture the best talent, all while standing on the global stage? Surely, something has to give?

This year’s India Benchmark Report explores the good, the bad and the ugly of the hiring process, celebrating the victories and sounding the alarm as risks emerge in the workplace.

Marcellus Solomon, General Manager, India



[1] The Economist, A former official casts doubt on India’s GDP figures, <https://www.economist.com/finance-and-economics/2019/06/15/a-former-official-casts-doubt-on-indias-gdp-figures>

Key themes



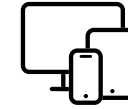
Talent challenges: Filling the ranks

2019's top business, HR and screening issue all suggest the same thing: that it's never been more essential or more difficult to attract the right talent.



The screening landscape: Cutting corners?

More talent is being screened than ever before - but less extensively, and with different rules for different candidates.



Investing for the future: Digitalisation takes hold

With a growing range of roles falling under HR's remit, organisations are turning to technology to bridge the divide.



GDPR: The cost of foreign investment?

Many Indian organisations have turned a blind eye to the GDPR - but could this impact their ability to secure investment?



Discrepancies: When the cracks appear

While discrepancies are in decline overall, 1 in 8 HireRight screenings in India still had a discrepancy in 2018.

The rush to fill the ranks

Where once, the allure of a position in a Western corporation would have been enough to tempt good talent, local conglomerates and rapidly growing Indian startups have quickly turned up the heat in the competition for the best of the best.

More than 4 in 5 (84%) organisations in India expect their workforce to grow in the coming 12 months - almost half (44%) estimate by at least 6%. The outlook is slightly less bullish than 2018 (50% expected 6% growth), but there are also fewer companies that anticipate any form of decline in their workforce this year compared to the last report (11% in 2019 versus 13% in 2018).

It's therefore no surprise that finding, developing and retaining talent was deemed by far the most significant business challenge of 2019, with a third of respondents in India (33%) putting this in their top three priorities for the year. Making up the rest of the top three were growing revenues (19%) and maintaining a competitive edge (18%).

The pressure is on HR to deliver - and they know it. Top talent acquisition concerns this year included creating an attractive employer brand (26%), reducing employee turnover (19%) and

unearthing the qualified candidates needed to power growth (18%). For context, 2018 respondents were far more likely to prioritise employee experiences, with the top three challenges being creating a positive corporate culture, maximising employee engagement, and making HR processes more efficient.

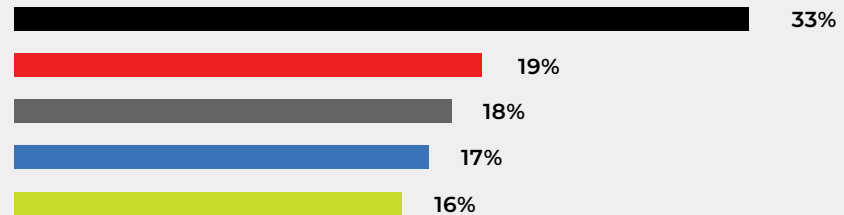
What's more, it's clear that companies need to fill positions quickly. A third of respondents (35%) voiced their struggles to reduce time-to-hire, and 28% were looking to improve efficiencies in their screening process.



Top challenges of 2019

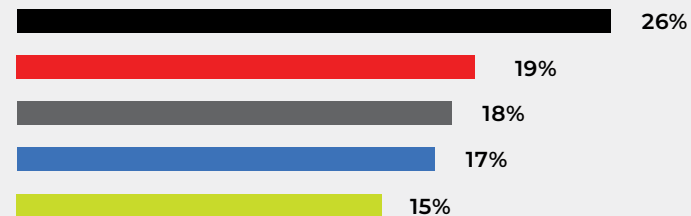
Business

1. Finding, retaining and/or developing talent
2. Growing revenue
3. Finding and/or retaining competitive advantages
4. Defining strategy
5. Managing costs



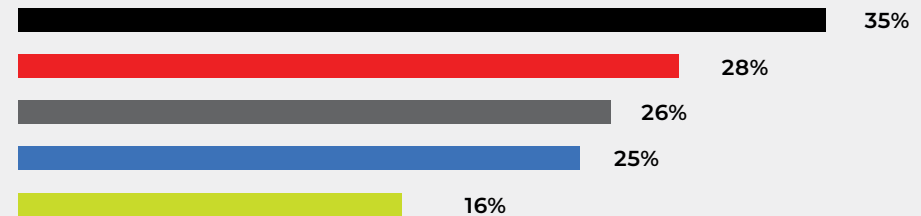
Talent acquisition

1. Creating an employment brand that attracts talent
2. Reducing employee turnover
3. Finding qualified job candidates
4. Developing leaders within the company
5. Making HR processes more efficient



Screening

1. Reducing time-to-hire
2. Improving overall efficiency in the screening process
3. Verifying information
4. Getting quality information
5. Ensuring a positive candidate experience



How do businesses find candidates?

Top 5 methods

Referrals

31%

Online job boards

29%

University and
college programmes

26%

Outside recruiters/
temp agencies

19%

Corporate website

18%

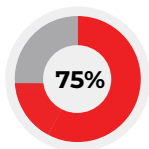
Cutting corners?

With companies scrambling for talent, the challenge is getting people secured and through the door before your competitor. But could the pressure to fill the talent pipeline be leading to businesses cutting corners?

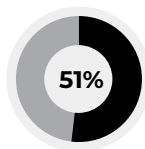
Almost 4 out of 5 (79%) organisations in India conduct checks on all job candidates, making India one of the most consistent screening nations in the world. And why? A massive 75% of respondents report that screening helped them to secure better quality candidates - this compares to 60% globally. Meanwhile, half of Indian respondents (51%) said screening provided their organisations with more consistent safety & security, 44% believed checks led to a better company reputation, and an impressive 38% felt it helped with employee retention.

Why conduct background screening?

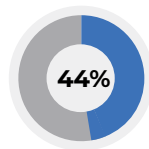
India



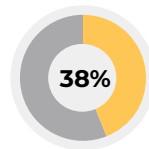
Better quality of hires



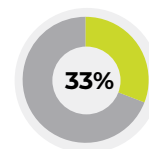
More consistent safety & security



Better company reputation

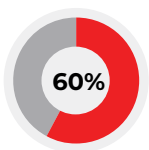


Greater employee retention

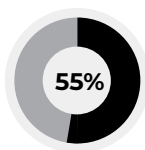


Improved regulatory compliance

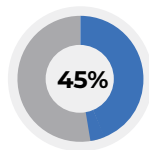
Global



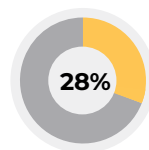
Better quality of hires



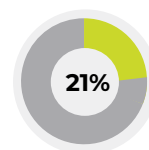
More consistent safety & security



Improved regulatory compliance



Better company reputation



Greater employee retention



Shift 1 - 19% increase in both employment and education checks compared to last year



The most common checks in 2019 included employment checks (88%), education verifications (83%) and identity checks (59%) - pushing criminal checks down to fourth place. Interestingly, this differs quite significantly from global trends, which prioritise criminal (88%) and identity checks (63%) above all else.

However, while employment, education and identity checks are being conducted more rigorously, it is worrying to note that all other forms of checks remained either stagnant, or saw a decline - potentially exposing organisations to significant risks.

Shift 2 - Big drops in social media, credit and professional licence checks



The biggest losers were social media (-52%), credit (-36%) and professional licence checks (-9%) - the latter being of particular note, given previous scandals in India such as the fake pilot scare of 2011, which saw 14 commercial pilots have their licences revoked following 'checks for irregularities'^[2], and a 2016 report by the World Health Organization (WHO), which suggested that over half (57%) of those in India who claimed

to be allopathic doctors in 2001 had no medical qualifications to their name^[3].

But why take the risk in the first place? An employment screening check will typically take between 10-15 working days to complete, but this depends heavily on the nature and scope of the background check requested.

For example, the process to verify educational qualifications in India involves submitting documentation to the school for validation - this alone can take several days to be reviewed. Meanwhile, confirming details of previous employment can sometimes involve a physical visit to confirm the registered address, which again can be time-consuming.

Considering that reducing time-to-hire is a key screening concern, the temptation may be to reduce the number of checks that need to be conducted in the first place in order to speed up the process. Worryingly, there seems to be little incentive to add more checks - half (49%) of the Indian organisations surveyed had no plans to introduce new screenings in the coming months.

[2] BBC, India revokes licenses of 14 fake pilots, <https://www.bbc.com/news/world-south-asia-12857742>

[3] World Health Organization, The Health Workforce in India, https://www.who.int/hrh/resources/16058health_workforce_india.pdf

What's more, it's clear that once you're in, you are in.

Only 1 in 7 (14%) Indian organisations conduct any form of rescreening, while globally, the figure stood at 29%.

However, rescreening is important to consider as employee circumstances are liable to change - for example, what happens if an employee is promoted? Perhaps their first screening wasn't comprehensive enough to cover the increased responsibility that comes with their new role. There may also be scenarios, such as M&As, where

the employee may not have gone through the same level of checks as their peers.

It's also worth noting that certain data won't necessarily be up to date - as could be the case in criminal records, the status of professional licences, or drug screenings. However, curiously, among those who did rescreen, the most common checks were education (71%) and employment (57%) - both of which are more likely than not to remain static over time.

Top background screening checks in 2019

1. Employment and references



2. Education



Percentage change since 2018

+19%

+19%



3. Identity



4. Criminal



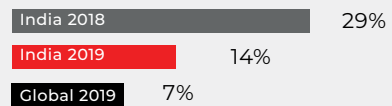
5. Professional licences



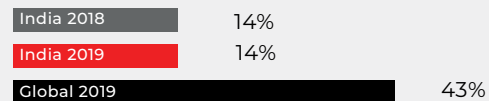
6. Credit



7. Social media



8. Drug



Percentage change
since 2018

+11%

0%

-9%

-36%

-52%

0%



A tale of inconsistency

It's not just the checks that are changing - but also the people who are subject to them. Our survey uncovered a number of discrepancies by comparing various candidate groups.

International candidates

Our data suggests that the majority (71%) of organisations in India conduct some form of screening on candidates who have lived, worked or studied internationally. Almost 9 in 10 of those (87%) screen their employment references, while nearly two thirds (61%) review their educational qualifications. Comparatively, the global average for international employment screenings stood at only half (53%) of respondents.

Meanwhile other forms of checks were lacking. **In particular, the number of criminal and identity checks being conducted in India was significantly lower than the global figure** – 37% and 26% compared to 56% and 34% respectively, following overall screening trends.

However, it's worth noting this could well be due to challenges in keeping up with the regulatory environment. For example, there are multiple markets in Asia, such as Singapore and South Korea, which have laws specifically prohibiting the use of criminal history for certain purposes, so it's important that

organisations have an in-depth understanding of how these laws impact their screening processes.

If they're not confident in their capabilities, this could explain the shortfall - indeed, almost half (47%) of organisations that didn't conduct international screening cited their screening provider's lack of global reach as the main reason. However, 1 in 5 (20%) simply felt the risk was low.

International checks

We conduct global work experience/reference checks



We conduct global education checks



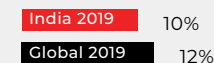
We conduct global criminal checks



We conduct global identity checks



We conduct other types of global checks (e.g. credit)



Why not screen international candidates?

Screening provider's lack of global reach

47%

Limited manpower to screen globally

24%

We think the risk is low

20%

Cost prohibitive

16%



Non-employees

2019 shows a continued reduction in reliance on non-employees such as contractors and temporary workers, with 58% of respondents suggesting that less than 10% of their workforce is made up of non-employees, compared to 43% in 2018. This is interesting, considering that India is the second largest freelancing economy in the world after the US^[4], and suggests that recruitment drives may be focusing predominantly on permanent hires.

That said, the gig economy is growing from strength to strength across the nation. Globally, the IT sector in particular is known as one of the biggest employers for contractors - and given that India's IT outsourcing industry is expected to grow to \$350 billion by 2025^[5], and that India boasts the third highest number of technology-driven startups^[6], it's perhaps no surprise that non-employees do make up 40% of the workforce for approximately 1 in 10 (9%) organisations.

The challenge is often that the processes have not been put in place yet to ensure that freelancers are treated with the same level of rigour as permanent hires. It is therefore concerning that only 61% of respondents in India screen independent contractors at all, while 59% check temporary workers. The number drops to 30% for vendor representatives and a measly 26% for interns. Volunteers and unpaid workers are rarely screened. Could businesses be letting potentially ineffective or harmful individuals into their organisation?

Senior executives

We're used to seeing Indian CEOs and senior executives leading the largest and most influential companies of the world - which is why, although uncommon, it's devastating when it turns out there are issues with their qualifications. Look no further than the stepping down of former Samsonite CEO, Ramesh Tainwala after allegations that his CV was padded with false academic achievements - shares for the company immediately plummeted to a nine-month low following this.

However, that doesn't seem to have set off the alarm bells. Although approximately 1 in 6 Indian businesses have previously uncovered issues with senior hires during screenings, **this year's Benchmark revealed that screening at the upper echelons of a business is becoming less consistent.**

Over two thirds (70%) of respondents admitted to knowing of issues that had arisen at the executive level following an M&A, up from 52% in 2018. Meanwhile, 42% believed it was possible that some members of their board had never had their credentials checked, compared to 29% the previous year.

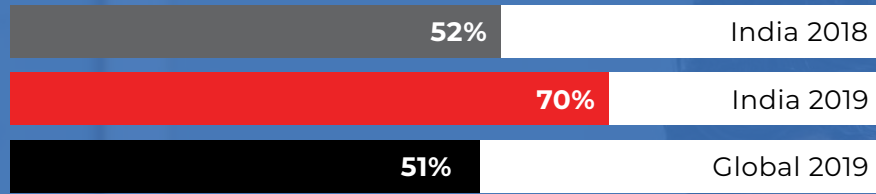
While this challenge doesn't appear to be unique to India, it is worth noting this trend is more pronounced here compared to the rest of the world. For example, only half (51%) of global respondents had known of problems during M&As.

[4] Truelancer, Freelance Job Opportunities in India, Trends and Future, <https://www.truelancer.com/blog/freelance-jobs-india/>

[5] India Brand Equity Foundation, IT and ITeS Industry in India, <https://www.ibef.org/industry/information-technology-india.aspx>

[6] Live Mint, India is the world's third biggest tech start-up hub: Study, <https://www.livemint.com/Companies/piX6u3ZqZE7ldd08BNPgSK/India-is-worlds-third-biggest-tech-startup-hub-Study.html>

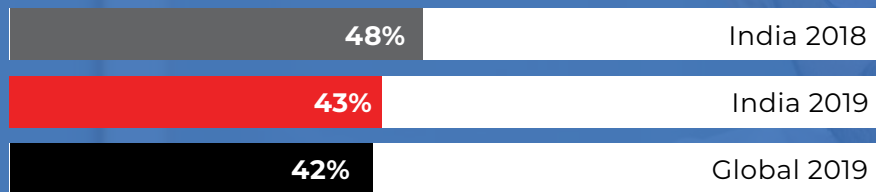
I know of issues that have arisen as a result of senior executives being screened during an M&A



+35%

Percentage change since 2018

I have known people in my organisation to rely on 'gut instinct' when recruiting for high-profile positions



-10%

Percentage change since 2018

It's possible that people on my board have never in their career had their qualifications, experience and criminal record checked



+45%

Percentage change since 2018

People go through fewer tests and interviews to get a job as a CEO than an entry level hire in my organisation



+9%

Percentage change since 2018

When the cracks appear

Screening is now widely practiced across India, which has consistently resulted in the market achieving some of the lowest discrepancy rates across the Asia Pacific region. However, by no means does that mean India is immune to candidate inconsistencies.

Every year, we perform an internal audit, reviewing more than 500,000 background checks conducted by HireRight across the Asia Pacific region - and in 2018, 1 in 8 (12.5%) HireRight screenings identified inaccuracies in the information candidates supplied in India. Overall, this does represent a strong improvement on 2017 (15.8%), and means that India continues to retain its top position as the market with the least discrepancies in the region.

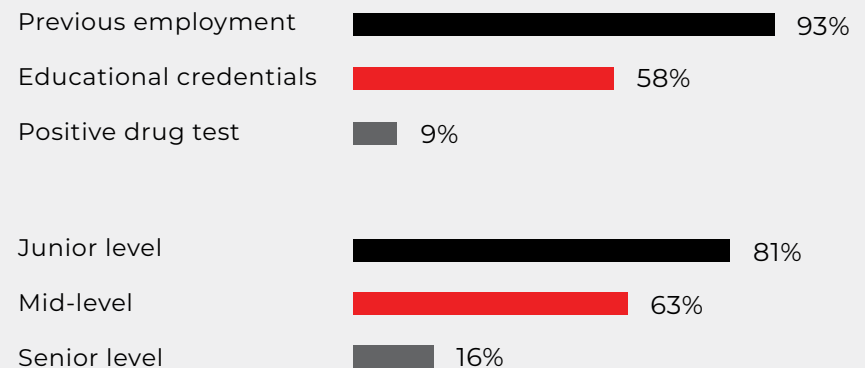
However, despite a significant increase in the number of employment (up 25% YoY) and education checks (up 10% YoY) being conducted, the HireRight audit found that discrepancy rates in these categories remained stagnant.

It's not surprising that Indian businesses have invested so heavily in these two checks in particular - according to our findings this year, the most common discrepancies

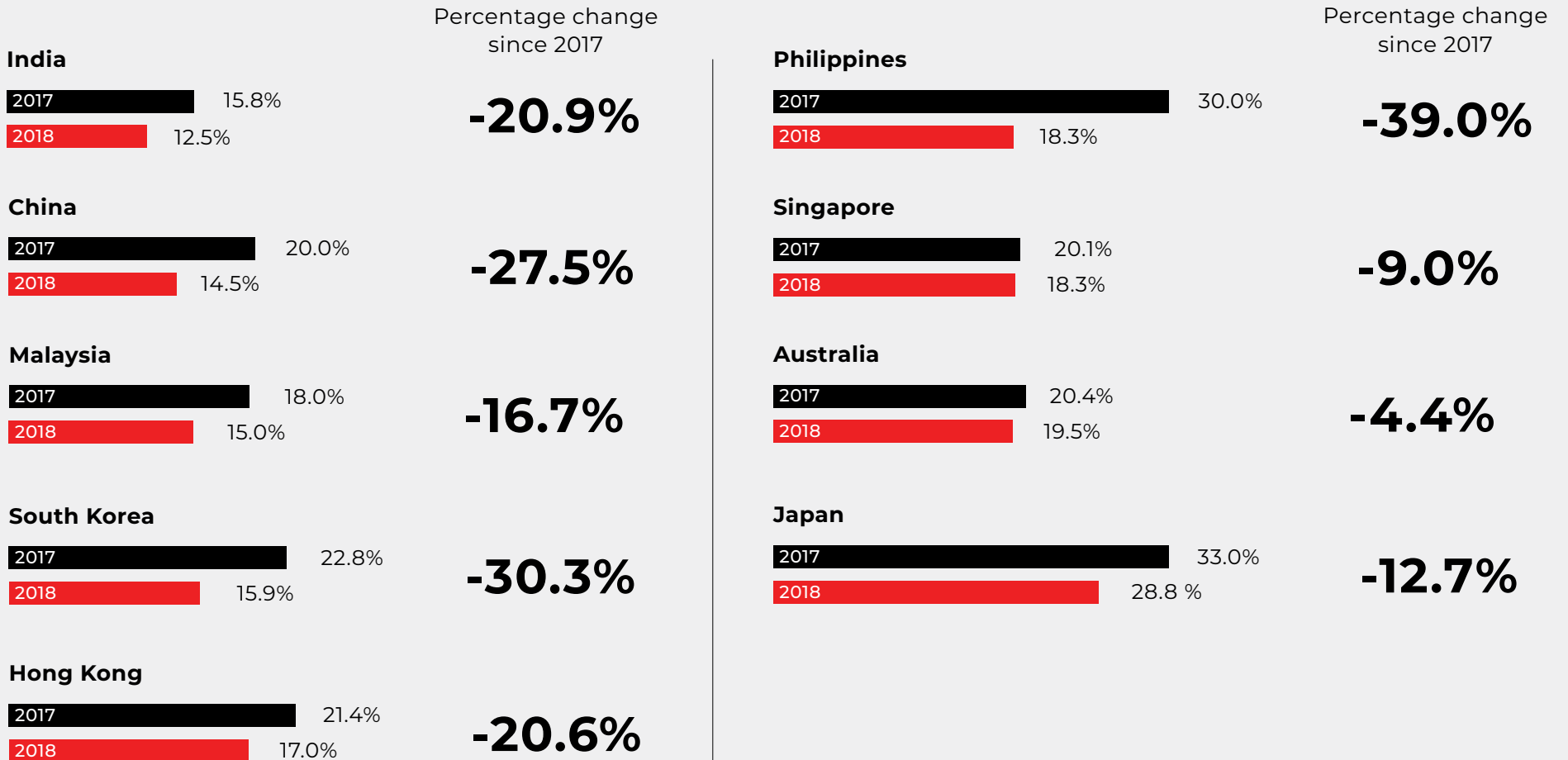
encountered by respondents were around employment history (93%), and education (58%). However, this may mean that other areas could end up being neglected.

That's not to say that fraud is rampant - most Benchmark respondents (62%) believe that fewer than 1 in 10 candidates misrepresent information on their CVs. However, it's important that we recognise even a small risk is still a risk - two thirds (63%) admitted that they had uncovered issues through screening candidates that would otherwise have gone unnoticed.

Where are the discrepancies?



Candidate discrepancies by market



NB: Please note, this audit is based on completed years only.

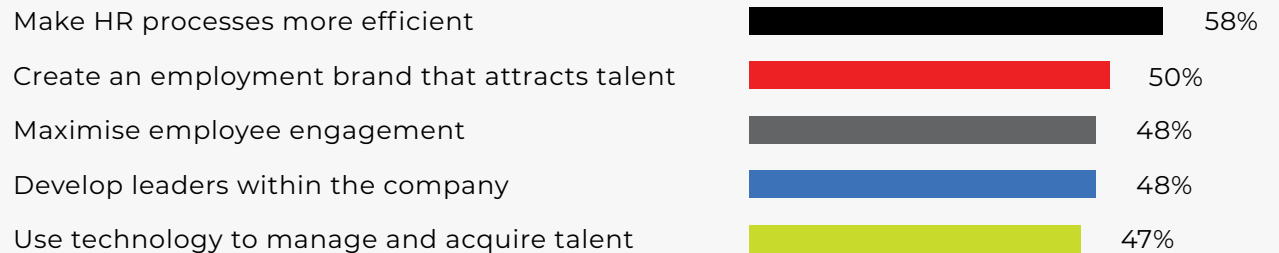
Digitalisation takes hold

With all this in mind, we start to question - just what is HR nowadays? Talent acquirers and recruiters, of course. But now, it seems the department can also be tasked with branding, culture, leadership, risk management, compliance... the list goes on.

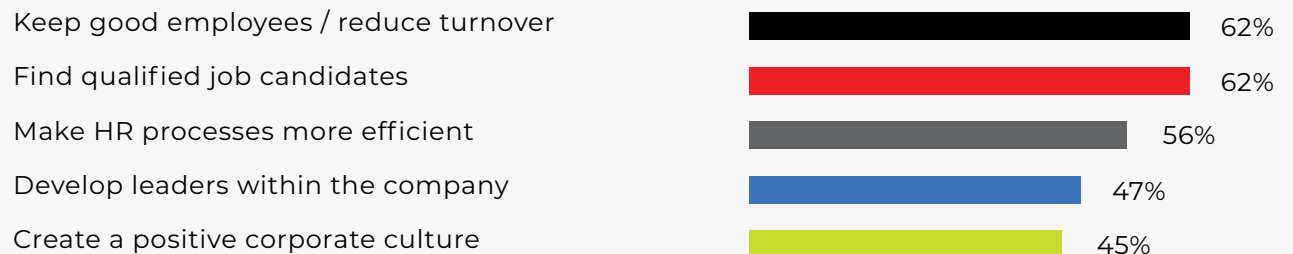
With an expanding remit of roles and responsibilities, it's perhaps no wonder that Indian HR professionals' top investment priority for 2019 was to make HR processes more efficient (58%). However, it's interesting to note, given that their top challenge was talent acquisition – indeed, the global results are more indicative of a talent crunch. That said, an attractive employment brand still came high on the priority list.



Planned initiatives (India)



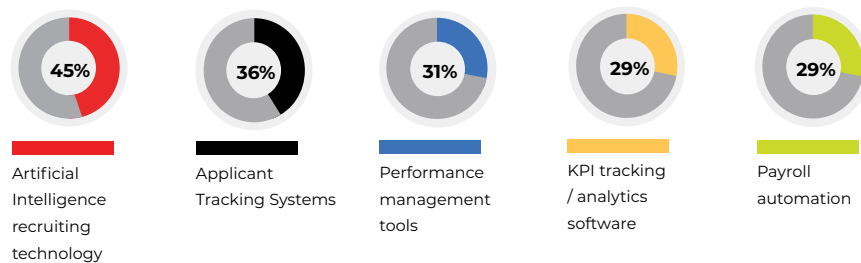
Planned initiatives (global)



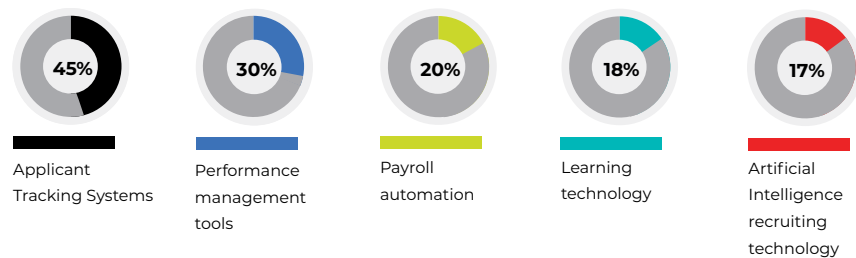
And how do they plan to tackle this challenge? Technology, of course.

Half (50%) of the respondents in India said they are looking to adopt new HR technologies in the coming 6 months - compared to only 1 in 5 (21%) globally, demonstrating a real appetite to digitally transforming the HR function.

Planned technology investments (India)



Planned technology investments (global)



Budgets are, however, limited - most (44%) can only afford to put aside up to 10% of their organisation's HR budget for technology. As a result, cost is a barrier to entry for many (61%). With a need to reduce time-to-hire, it's also no surprise that many are concerned with the amount of time it will take to make changes and adjust to implementations (39%). That said, India is embracing digitalisation in an industry-leading manner, considerably outpacing peers within the region and further afield.

For example, delving specifically into background screening, 16% of organisations currently use mobile-friendly screening to ensure a positive candidate experience. However, a further 24% are exploring how to introduce mobile in the coming months.

Meanwhile, looking at the wider department, almost half of respondents (44%) are considering adopting AI recruiting technology. This compares to only 17% globally, and 38% APAC-wide - so India is clearly charging ahead. Indeed, there already exist a number of government initiatives to propel the usage of artificial intelligence in India, so perhaps the eagerness could be attributed to nationwide enthusiasm.

Over a third of respondents are additionally looking into Applicant Tracking Systems (ATS) (36%), while Performance Management Tools complete the top three (31%). In fact, apart from AI, Indian respondents are generally investing equally across all other technology areas (between 20-30%), whereas global participants indicate some clear priority areas.

The cost of international investment

Of course, there was another large change last year that may have had a dramatic impact on business procedures worldwide - the introduction of the General Data Protection Regulation (GDPR) in May 2018.

Considered one of the most important changes made to global data privacy in the last 20 years, the GDPR was designed to give EU citizens more control over their personal data by not only ensuring that their data is gathered legally and with their explicit consent, but by also holding companies collecting that data accountable for protecting it from misuse and exploitation.

While it may appear to be Europe-centric, it's important to note that the GDPR essentially means if you're processing data anywhere in the world, but it belongs to an EU resident, you must comply with the GDPR. So whether you're hiring international candidates or, as more than half (55%) of the Benchmark respondents did, have overseas locations, India is no means shielded from its scope.

With proposals for India to loosen foreign investment rules for several sectors in the coming months as it pushes towards its

ambitious \$5 trillion economy target, it's all the more reason to heed changes in the global regulatory landscape.

However, interestingly, only 37% of Indian businesses believed they were affected by the GDPR - and all of them were confident that their company had taken the necessary steps to be compliant, while 9 in 10 (90%) felt their organisations were now more focused on data privacy than before the GDPR was introduced.

What's more, while about two thirds of respondents were concerned with both keeping up to date with relevant regulations (64%) and with making sure their organisation is compliant (62%), an surprising 1 in 5 (17%) felt that keeping up with changes in screening laws simply wasn't a priority - up from 10% in 2018.

Despite the protests, we have seen a shift in how organisations monitor changes in background screening regulations. While half (50%) of respondents continue to rely on their in-house counsel, this has seen a big drop from 61% in 2018. Meanwhile, there has been a gradual year-on-year increase in the use of external legal counsel, up from 26% in 2018 to 30% this year - perhaps an indication of what is to come in the following year.

Any questions?

Get in touch to find out more about the research and how HireRight can help you overcome today's business challenges.

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🌐 www.hireright.com/apac

in <https://www.linkedin.com/company/hireright/>

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About HireRight

HireRight is a leading global provider of background screening services helping organisations mitigate employee risk and make informed hiring decisions. We work in more than 200 countries and territories, and have offices across the globe, including the UK, USA, and Singapore. Almost half of the Fortune 100 and nearly a quarter of the FTSE 100 use our services.

About the research

The 2019 India Employment Screening Benchmark Report explores trends and attitudes from Human Resources departments across India. It is based on global research, with over 4,000 HR professionals anonymously sharing their experience and knowledge of their company's employment screening and recruitment practices with us.

There were 421 participants from India, whose responses are detailed in this report.

Additional reports will become available from the HireRight website, covering other vertical and/or geographical breakdowns of the survey results.

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