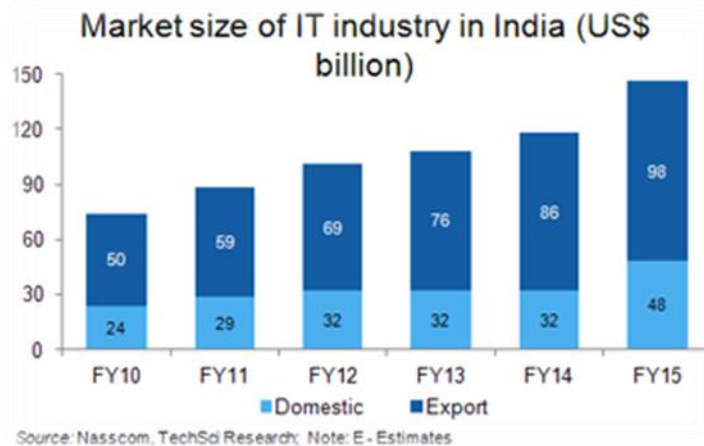# BUILDING THE BEST BACKGROUND SCREENING FOR IT – ITES INDUSTRY

Screening Made Smart

India's IT industry amounts to 12.3 percent of the global market. The Business Process Management (BPM) segment accounted for 23.46 percent of total IT exports during FY15.

Market size of IT industry in India (US$ billion)

Source: Nasscom, TechSci Research; Note: E - Estimates

The Indian information technology market is primarily dominated by IT software and services, including system integration, IT consulting, application management, custom applications, infrastructure management, software testing and web development. Aggressive elements like skilled employees, robust telecommunication networks and enhanced policy & regulatory environment have enabled both domestic and foreign firms to rapidly expand in the internationally competitive Indian grounds of IT sector.

- India's technology and BPM sector (including hardware) is estimated to have generated US$ 146 billion in revenue during FY15 compared to US$ 118 billion in FY14, implying a growth rate of 23.72 percent.

- Contribution of the IT sector to India's GDP rose to approximately 9.5 per cent in FY15.

Demand for IT in the global market is also witnessing a tremendous growth, in view of changes happening in economic and business environment. It is appended with technology innovation, internet utilization and development in globalization. The market has become more aggressive and has forced corporations to take innovative and unique approaches of doing business. The service enterprise has additionally entered into a brand new era, with the developing recognition of IT based offerings.

These days, IT organizations are expanding their service base from application development and maintenance to high-end services like testing, consulting and engineering designing. The global delivery model effectively facilitates the companies in delivering an exceptional quality output and at the same time helped in controlling their costs. The quality of work, of course, depends on the employees of the companies. So, hiring a qualified, as well as smart applicant performs a totally critical role in IT sectors. With a high employee turnover dealt within the IT enterprise, a comprehensive employee background screening solution that works fast and assists employers in ruling out the candidate, who might not match the company's values and simultaneously figuring out the best employee, who will suit your requirements is a must.

IT organizations, who are the highest shareholders and biggest market players in India, are showing zero tolerance towards corporate fraud and fraudulent employees. The fact behind this kind of behavior is they run a thorough background check on each and every worker they hire. The Uber rape case in New Delhi, for instance, has found out the risk that an employer faces in the absence of

Screening Made Smart

background check or omission of a proper background investigation. Uber is not the one and only company who faced such a scenario. In a growing economic system like India, companies are often found to be in a rush while doing mass recruitments. Tight timelines for hiring and cost-consciousness frequently tempts recruiters to move smooth and easy with candidate screening and verification. However the present state of the market also points that it is not tough to get fake documents in our country. Various surveys conducted in India reveal countless companies and institutions, which function only for imparting faux employment and educational certificates. A 'wrong' hire can end up creating a huge irrecoverable loss. Below are a few incidents that can substantiate why the background checks are really important in IT sectors (Courtesy: Ernest & Young).

- Employee embezzlement fraud: An employee of a large software company stole the password of the bank account of the company and was involved in large scale embezzlement.
- Intellectual property infringement fraud: An employee of a software development company in India sold off the source code of the new software developed by the company to its competitors.
- For-Ex fraud: An employee without proper authorization hedged the foreign exchange receivable by the company outside the normal course of the company's hedging process, which resulted in a loss of US$20 million to the company.
- Data theft: An employee sold a CD, which is suspected to contain some confidential data pertaining to the customers of a British bank.
- Refund fraud: Two employees misused their authority and created 30 dummy customer e-mail IDs and embezzled more than US$91K, which was supposed to be paid as a refund for dissatisfied customers.
- Procurement fraud: Two employees were sacked for allegedly showing preference to certain vendors/service providers and demanding favors from certain other vendors, in lieu of the timely processing of their invoices/bills and the renewal of contracts.
- Recruitment fraud: The entire recruitment team of a large IT company was sacked for allegedly accepting bribes from prospective employees and recruitment consultants.
- Payroll fraud: An employee drew a salary even after six months of leaving the company.
- Misappropriation of funds: Few employees from a large Indian BPO opened several dummy accounts to transfer the customer funds to these fictitious accounts.

As per Gartner survey, a typical IT organization will spend up to 30% of its budget on risk, security and compliance, and will allocate 10% of its people to handle these security functions. That's triple the levels of 2014. While companies in India are willing to spend to improve their fraud protection level, it appeared that such funds are not being invested appropriately. In the best interest of the IT-ITES companies, they need to proactively undertake a background verification process for their new hires and present employees. IT-ITES companies need to ensure that the employee screening process is robust and operating effectively to prevent the occurrence or recurrence of such incidents mentioned above. Most common background screening checks conducted by IT-ITES companies includes:

- Employment History verification.

- Criminal Record search.

- Education Verification.

Screening Made Smart

- Credit check.

- Professional Reference Verification.

- Address Verification.

- Drug Testing

Employment History Verification:

Reducing the risk by making sure the applicants are truly qualified and an authentic employee by nature is a critical part of the hiring system. In most of the resumes, previous employment history revealed in is dramatic and is solely overstated. Many applicants fake their employment details to get better jobs, higher salaries and better designations. They bring about that kind of forged information because they're in a rush to make excellent cash and they had a strong thought that the system might permit them to get away with it. This trend has stuck on majorly within the IT sector.

The true incidents mentioned earlier help to understand better, as to why this verification is vital. Also, fraud instances have resulted in the loss of business, damage to the reputation of the company &exposure towards civil and criminal liabilities. Simply due to the absence of verifying a fabricated employment history deteriorates an employer's value.

Making employment history verification as an obligatory procedure in recruitment practice, contributes immensely to avoid most horrible events inside the company campus appropriately. These services include verification for previous positions held, beginning and ending dates of employment (tenure), eligibility for rehire and the applicant's performance. At A-Check, we additionally offer reports on behavior patterns, attendance history, motivation, work conduct, the reason for leaving and salary details for the period served.

Criminal Record Check:

There has been a sharp rise recently, in fraud and theft inside IT-ITES sector, using different approaches and it mainly encompasses the data theft and financial embezzlements. Research on the applicant's criminal history helps you protect your organization from the increasing hazard and additionally assist in averting any bad exposure after hiring that candidate. The criminal record verification process proves to be an eminent factor in helping you keep the trust and responsibility on a 'verified' employee. Mitigating a threat towards company's property, financial assets and other cultural factors area must and checking the criminal history record performs a very crucial function in accomplishing this goal. The criminal check looks into the records of the Police and Court archives of the respective jurisdictions. At A-Check, criminal history check is accompanied by a thorough report of the candidate's name processed with the national online database of civil and criminal records.

Educational Qualification Verification:

Resumes nowadays are found be incorporated with erroneous statistics regarding the employee's academic background. Getting a plum IT job with high pay & perks is a dream for many applicants and the job market is flooded with huge competition. So a fabricated qualification and a fake degree

Screening Made Smart

are all that is needed to make-up the race. (Courtesy: Indian Express) A leading IT solutions company almost hired a person with a manufactured IIM-A degree. However, during the interview applicant's blatant lack of professional communication skills did not go down well with the educational record that he had produced. On verification, it was revealed that the IIM-A degree that he had brought to the table was fake. From the scenario referred here, it is crystal clear that understanding the reality behind the applicants' education before they are hired is important; otherwise hiring someone absolutely unqualified for the position is a massive danger. An unqualified employee can create varieties of issues from low performance in their job to limitless troubles in the working environment. In a vast country like India, without a proper system or procedure, it is extremely difficult to trace the history of the candidate. Education background check will validate the applicants and discover discrepancies in:

- Period of Study
- Enrolled Course
- Course Type
- Degree received
- Grade attained
- Graduation date

Credit Records Verification:

India's reputation as a 'one stop' destination for all IT needs has made many organizations to set-up their offshore facility centers in India. With lots of cash flow and money handling operations within those companies, employees in this organization are to be strictly vetted from a financial perspective. When hiring employees, their integrity score is calculated using the projection of many things in their resume and essentially a part of the score is allocated to the credit reports. A de facto choice for companies in removing those 'bad-credit' applicants from sneaking in is by verifying their credit background. Professional background screening companies can assist organizations in discovering the extent of obligation, that can be given to the task applicant whilst he/she is hired and act as a guard to their employer, employees and clients. To counter the menace of the dubious applicant with a horrific credit score, A-Check takes extra efforts by conducting a detailed and thorough verification about a candidate using its proprietary databases and other online credit databases that supply credit history of a person. These reports can be used by the companies to alleviate falsified resumes from their screening and cope with risks of fraud, negligence and theft.

Professional Reference Verification:

Though a candidate is aright match for the potential job role, engaging in professional reference check is really a crucial part of the recruitment process. Regardless of how credible the recruitment process is, no employer should ever allow the reference checking system slip through the cracks. Reference checks take a look at the 'gray areas' from the candidate's CV or from their interview, including:

- Professional History
- Performance facts
- Technical Competence
- Work Ethics

Screening Made Smart

- Behaviors inside organizational environment.
- Motivation and attitude
- Personal characteristics

If required, the reason for leaving the previous job can also be found out using reference verification. So corporations should never cling-up reference check.

Address Verification:

Despite the extensive employee screening procedures followed in IT-ITES industries, the fraudulent activities spawned in varied angles and variety of spaces is still rising, with bogus address declaration emerging to the front, for candidates who expose themselves under a false identity. Address verification is useful for employers while performing criminal document searches for the applicants under the residential jurisdictional area. Undertaking address checks are no longer the act of a simple validation of already acquired statistics, but it often deals with extra addresses, family names and other identity-related specifics that need to be checked for possible criminal interests. This data can be obtained from multiple sources, like online databases, local records from government offices, etc. So it's strongly recommended to perform address verification (physical site visit) at current & permanent addresses of the prospective employee, as an essential part of the background screening process.

Drug testing:

Drug testing is a must to ensure the safety of others in the workplace, the health of the employees, ethical conduct inside the office campus, etc. Also from the employer's perspective, engaging the employees in the drug screening process may lessen tardiness, absenteeism, turnover, mindset troubles, robbery, reduced productivity, crime and violence. Primarily a five-panel drug test, which includes Marijuana (THC), Cocaine, PCP, Opiates (inclusive of codeine and morphine) and Amphetamines (which includes methamphetamine) are performed. Some employers use 10-panel or 12-panel drug test kits, which includes medically prescribed drugs that are legal to possess and use. Employers can also test for the drug taken in the form of pills, as well as excessive alcohol usage can be spotted out in this check. A-Check uses Inst-A-Check kit (first of its kind in the Indian market), which provides the drug screening results in minutes; thereby, helping the employers make well-informed decisions in a timely manner.

In the past, IT-ITES industry in India focused on measures to hire the 'SMART' candidates and their basic hiring procedures are directed towards ensuring the selection and retention of the employees. But today, the scenario has changed and the whole hiring mechanism is engrossed towards picking the 'SMART & SAFE' candidate for a vacant position. While HR departments of the IT companies initiate the recruitment, they simultaneously employ a professional background screening company to do the necessary research on a potential candidate.

With the information shared in this E-Book, it's clearly understood that it is essential to run a background screening on the applicants to be hired. Also, it is the organization's responsibility to

Screening Made Smart

exercise reasonable caution or due diligence by uncovering any potential problems a person may have in their past that they could bring to the workplace. According to research firm Gartner Inc., India's IT market is projected to grow annually at a rate of 4.95% between 2015 and 2019—the fastest globally—to touch $85.3 billion by the end of 2019.

NASSCOM reports that the Indian IT-BPM sector continues to be one of the largest employers in the country, directly employing nearly 3.5 million professionals, adding over 2,30,000 employees with focus on skill over scale. With the indicated stats, IT companies in India can safeguard themselves from negligent hiring and liaising themselves with 'wrong' hire which in turn affects them financially and legally by associating with background screening practice. In India, identification of frauds through External Audit/ Investigations has increased materially from 5 percent in 2013 to 30 percent in 2015 implying the role external agencies can play. At A-Check Global, we ensure your company is risk-free and void of any threat from a potential candidate. For more details: contact@acheckglobal.in.

Screening Made Smart