



Background  
Screening



# Background Screening Index **2014**

MANAGED INTEGRITY EVALUATION (PTY) LTD

WE CHECK YOUR CHOICES

### INTRODUCTION

The importance of background screening was once again thrust into the public domain in 2014 when prominent South African figures were caught altering their CV's in order to obtain high-ranking positions in both the public and private sectors. The South African media had a field day exposing these high-profiled individuals that lied about their qualifications. These individuals were publically identified and the perpetrators named and shamed. Amongst these included the SAA CEO, the SAA Board Chairwoman, the SABC Board Chairwoman, the SABC Chief Operating Officer, KwaZulu-Natal police spokesman, the CEO of Gateway Airports Authority Limited and the former Arts and Culture Minister.

It is safe to say that lying about qualifications is alive and well in South Africa. In fact, this list is only a drop in the ocean of people who have lied and/or forged documents in order to secure the job. There are hundreds of people in the middle and lower ranks of the public service and in the private sector who have been less than honest about their qualifications.

The purpose of the MIE Background Screening Index is to draw attention to those areas where the highest incidences of adverse results occur when conducting a background check. Covering all sectors of South African business, and indeed parts of the African business sectors, the statistics highlight once again the importance of background screening as a critical part of a stringent pre-employment process for all organisations to undertake in order to eliminate any potential risk, negligent hiring and unnecessary costs.



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## AFRICA

MIE offers detailed and specific Background Screening services in the following African countries:

- ✓ Botswana, Ghana, Kenya, Lesotho, Mauritius, Mozambique, Namibia, Nigeria, Rwanda, Seychelles, South Africa, Swaziland, Tanzania, Uganda, Zambia, and Zimbabwe.

In 2014 we strengthened our operations in these regions by solidifying our in-country partnerships and by growing our product bundle:

- ✓ MIE offers a comprehensive suite of Identity, Criminal, Credit, Qualification, Reference and Financial checks in most of the 16 countries listed above.
- ✓ MIE can boast a sophisticated network of in-country suppliers who are specialists in their own right in Fraud Prevention, Risk Assessment and Corporate Governance.
- ✓ Credit checks and Reference checks are currently the highest in demand
- ✓ Most products taper off towards the end of the year, but this trend is mainly due to employment volumes within the HR industry.



MIE is proud about our African expansion and passionate about Africa in general. 2015 is sure to be another year packed with excitement and growth. Please watch out for the release of SpotMIE; our cloud-based, supplier-network solution to background checks in Africa.

Should you be interested in finding out more about MIE in the rest of Africa, please do not hesitate to contact the MIE Africa Team for additional information. Or alternatively, send your requests to [africa@mie.co.za](mailto:africa@mie.co.za). With just a little time and effort the MIE Africa Team will be able to design a screening program and HR solution to fit your organisational needs.





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### CREDIT CHECKS

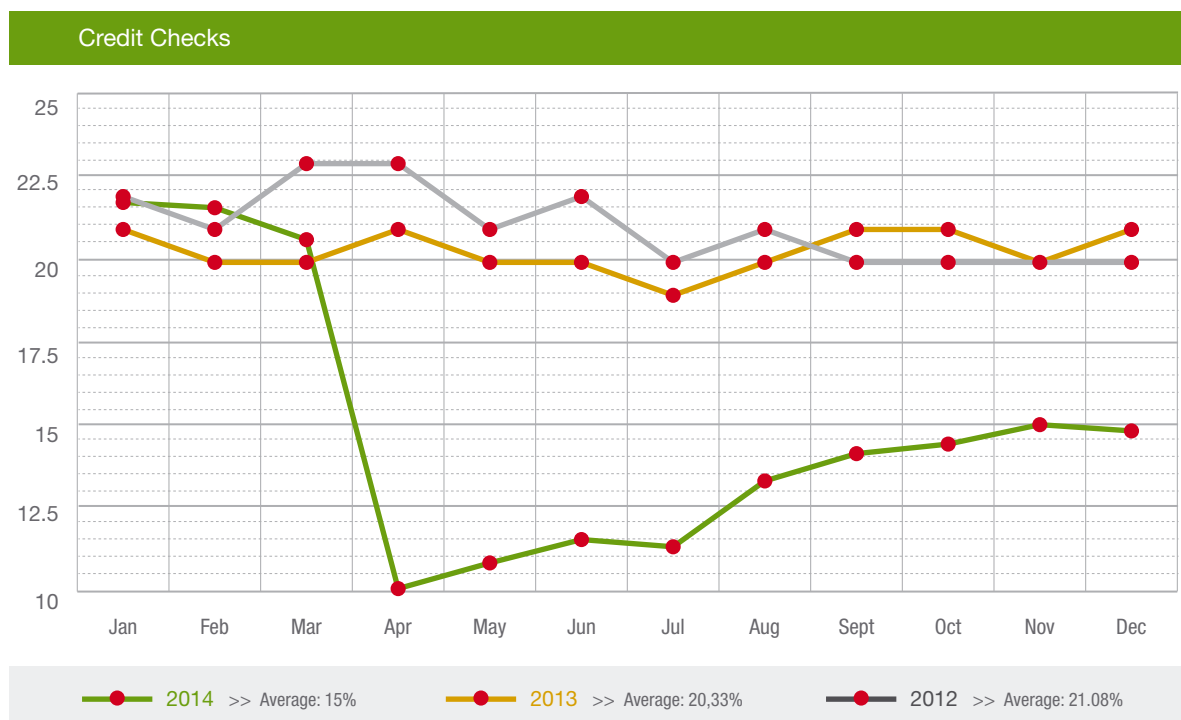
The Credit Amnesty was a hot topic in 2014. It caused mass confusion and misinterpretation by the general public and companies alike. Fortunately the fog has cleared and so let us take a closer look at what this has meant to us as South Africans.

Based on the Amnesty one would assume that the credit market would be healthier; however, according to statistics by the NCR, the Consumer Credit Market Report (Second Quarter June 2014) showed an increase in all components related to the credit market:

- ✓ The value of mortgages granted increased by 7.60% quarter-on-quarter from R30.84 billion to R33.18 billion;
- ✓ Secured credit granted, showed an increase from R35.35 billion for March 2014 to R35.76 billion for June 2014 (a quarter-on-quarter increase of 1.14%)

- ✓ Unsecured credit agreements increased from R18.82 billion for March 2014 to R19.32 billion for June 2014 (a quarter-on-quarter increase of 2.64%);
- ✓ Credit facilities which consist mainly of credit cards, store cards and bank overdrafts increased by 2.31% quarter-on-quarter from R16.22 billion to R16.59 billion;
- ✓ Short-term credit showed a quarter-on-quarter increase of 4.75% from R1.23 billion to R1.29 billion;
- ✓ Developmental credit showed a quarter-on-quarter decrease of 66.53% from R3.14 billion to R1.05 billion.

The graph below indicates the influence and severe impact that the Credit Amnesty forced upon the market. MIE reported that the percentage risk for credit checks in 2012 was on average 21% and for 2013 20%. For the year 2014 the percentage risk plummeted to a staggering 15%.



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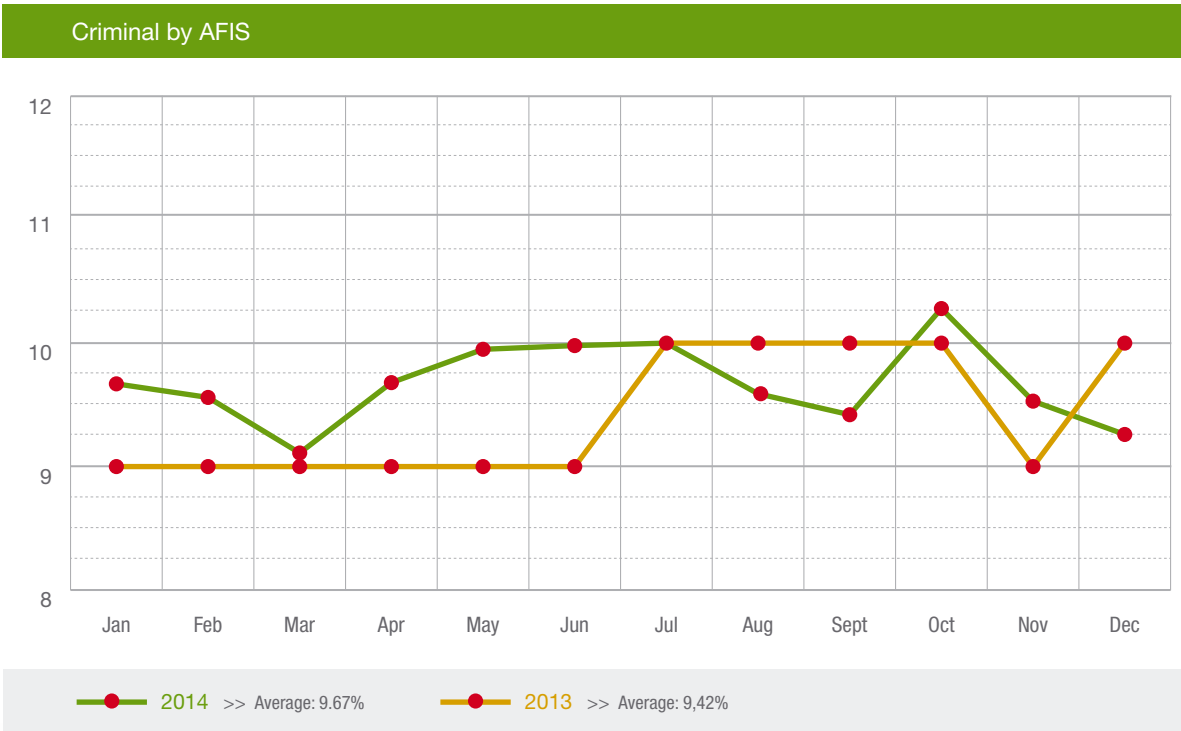
## CRIMINAL BY AFIS

The Afiswitch Criminal Illicit Activity Check is the only criminal background check available to the South African public and private enterprises as it accesses the most up-to-date criminal record database: The *South African Police Service's Automated Fingerprint Identification System*. Non-AFIS criminal background checks bring adverse risk into the equation and, as such, are not sanctioned by MIE.

According to the risk analysis, monthly 2013 data on adverse results for criminal by AFIS checks all fall between 9 and 10%.

This trend continued in 2014, with the lowest of 9.11% (March) and the highest of 10.28% (October). The average adverse risk percentage was 9.67% (up from 9.42% in 2013).

It is unclear why there was a slight increase, but this increase is negligible. What is clear, however, is the importance of checking the criminal backgrounds of your prospective/current employees. If, on average, 1 in 10 checks carry risk then for a small to medium enterprise of 50 employees, you can expect at least 5 adverse risk-carrying criminal by AFIS results.



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## CRIMINAL DETAIL PER CATEGORY

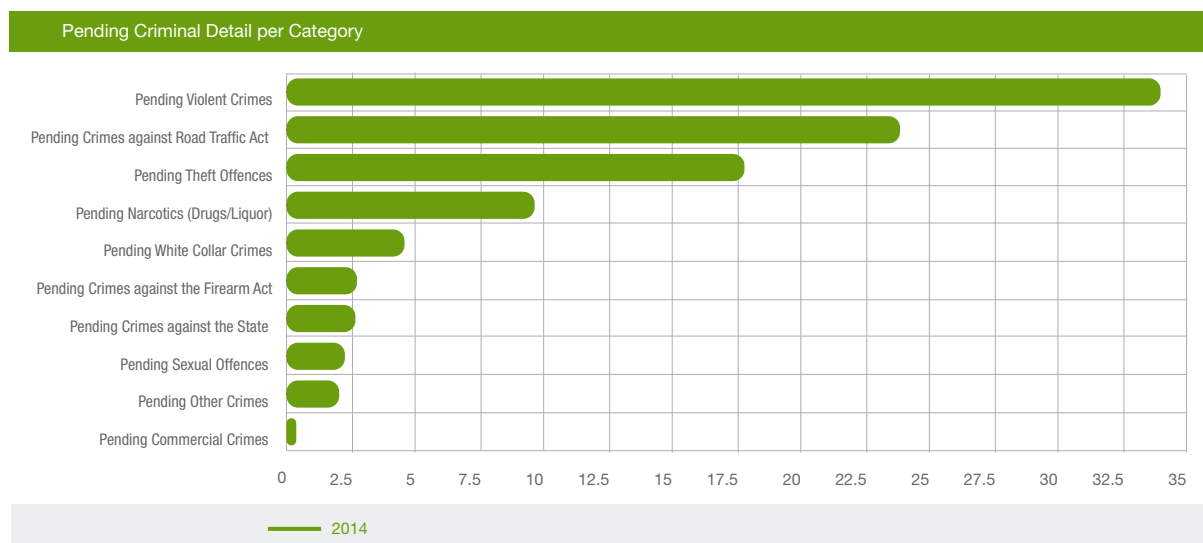
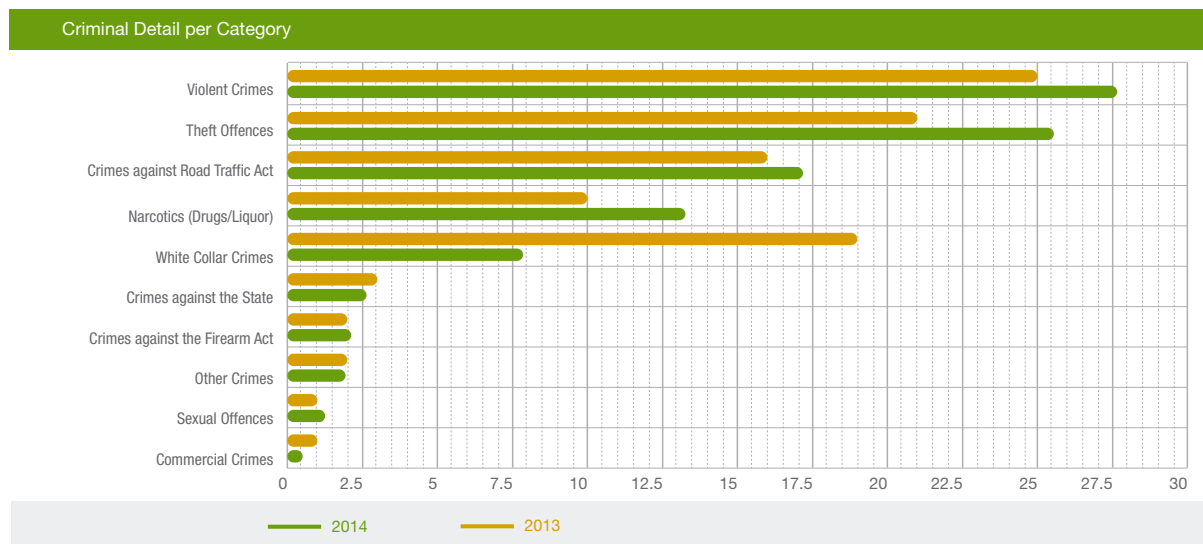
### Did you know?

- ✓ Over One hundred and sixty one thousand people murdered in South Africa since 2004
- ✓ 47% of all drug related crime in the country occurs in the Western Cape.
- ✓ 5900 crimes are reported by the SAPS everyday day!
- ✓ Over 43 people murdered on-average every day in South Africa.

- ✓ It's been estimated that SA has lost R650-billion to corruption over the last 18 years.

- Published by Crime Stats SA

There are 29 different crime categories used by the SAPS for reporting crime stats. MIE has classified all crimes into 10 major categories.



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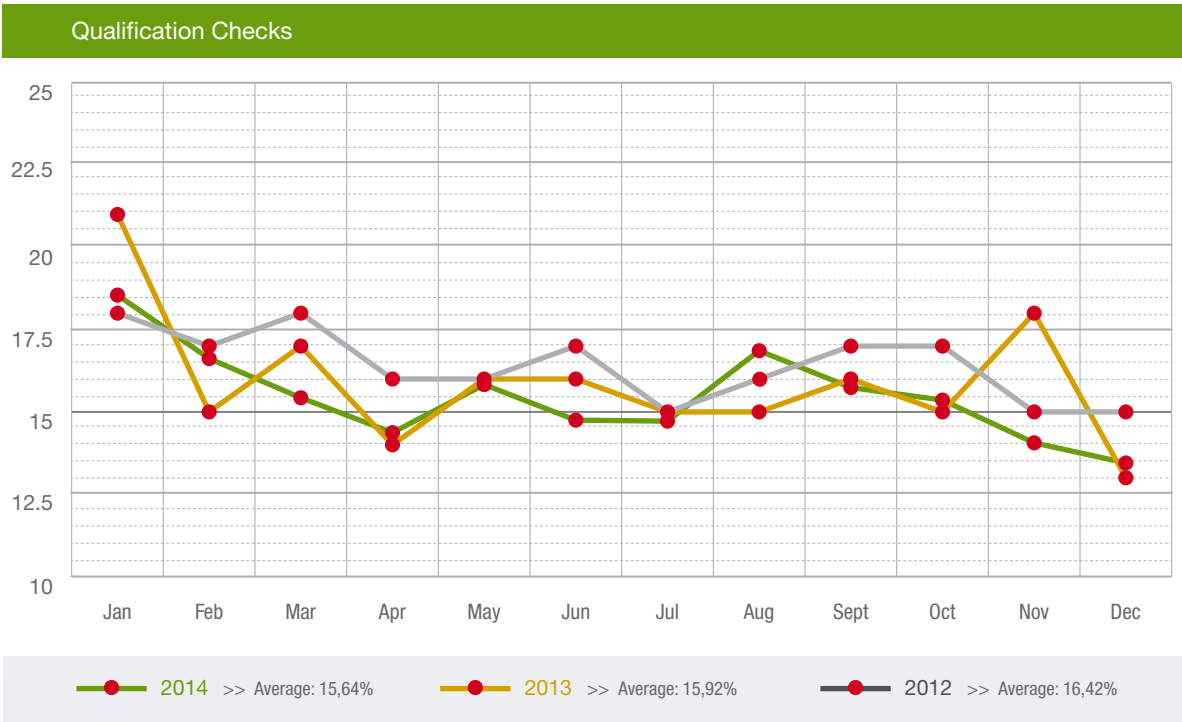
## QUALIFICATION CHECKS

2014 Was indeed the year that had seen a number of high-profile officials named and shamed publicly for their fraudulent qualifications. The issue is continuing to grow and has become a huge concern especially due to the nature of the positions held by those who have been exposed.

Research conducted by MIE during 2014 point out that there are almost 700 "degree mills" worldwide with the list continuing to grow each year. This includes websites that offer fraudulent certificates whilst posing as a legitimate tertiary institution. Even though the buying and selling of fraudulent qualifications is a

criminal offence, the demand for fake certifications is on the rise for both secondary and tertiary qualifications.

The notion of due diligence is too often overlooked. It is the responsibility of all employers, from the smallest businesses to the highest reaches of government, to thoroughly vet all their employees before employing a candidate. The earlier in the process this is discovered the better. Avoiding damaging your corporate image, your corporate performance standards and longevity of your business is always of the utmost importance.



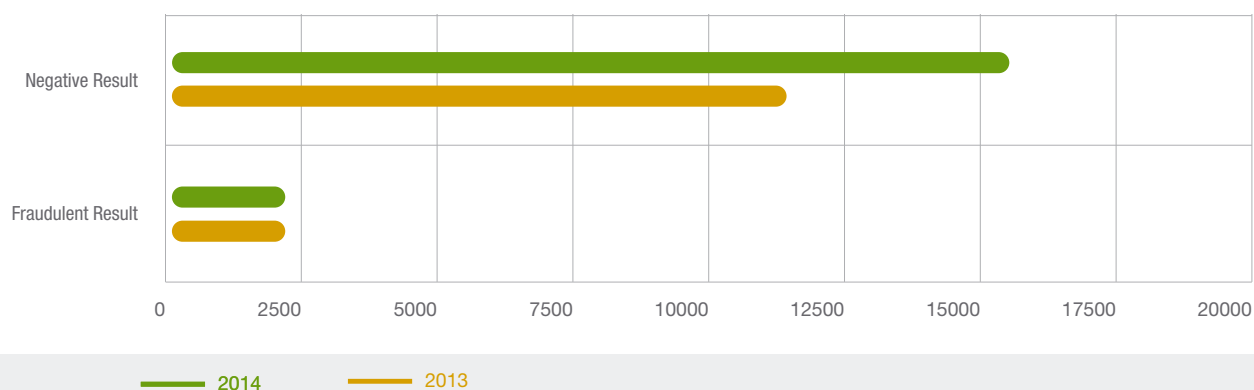
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Every year MIE collects statistical data based on the type of result assigned to the various credentials checked. The table below indicate only a few of the type results that MIE associate with risk, some weighing more than others, when verifying a qualification.

RESULT ASSIGNED	MIE RESULT DESCRIPTION
Busy Not Claimed	The qualification has NOT been awarded to the candidate. The candidate is still busy.
Fraudulent	The qualification has NOT been awarded to Candidate. The qualification certificate supplied by the candidate has been confirmed as not authentic and has been forged or altered.
Incomplete Not Claimed	The qualification has NOT been awarded to the candidate. The candidate did not complete the course.
Negative	Qualification inconsistencies found. Various "whys and wherefores" are included within this result.
Result Blocked	The qualification results for this candidate have been blocked by the institution.

MIE would like to highlight the alarming increase of Fraudulent and Negative results assigned to qualifications, over the past two years.

### Fraudulent and Negative Qualification Results





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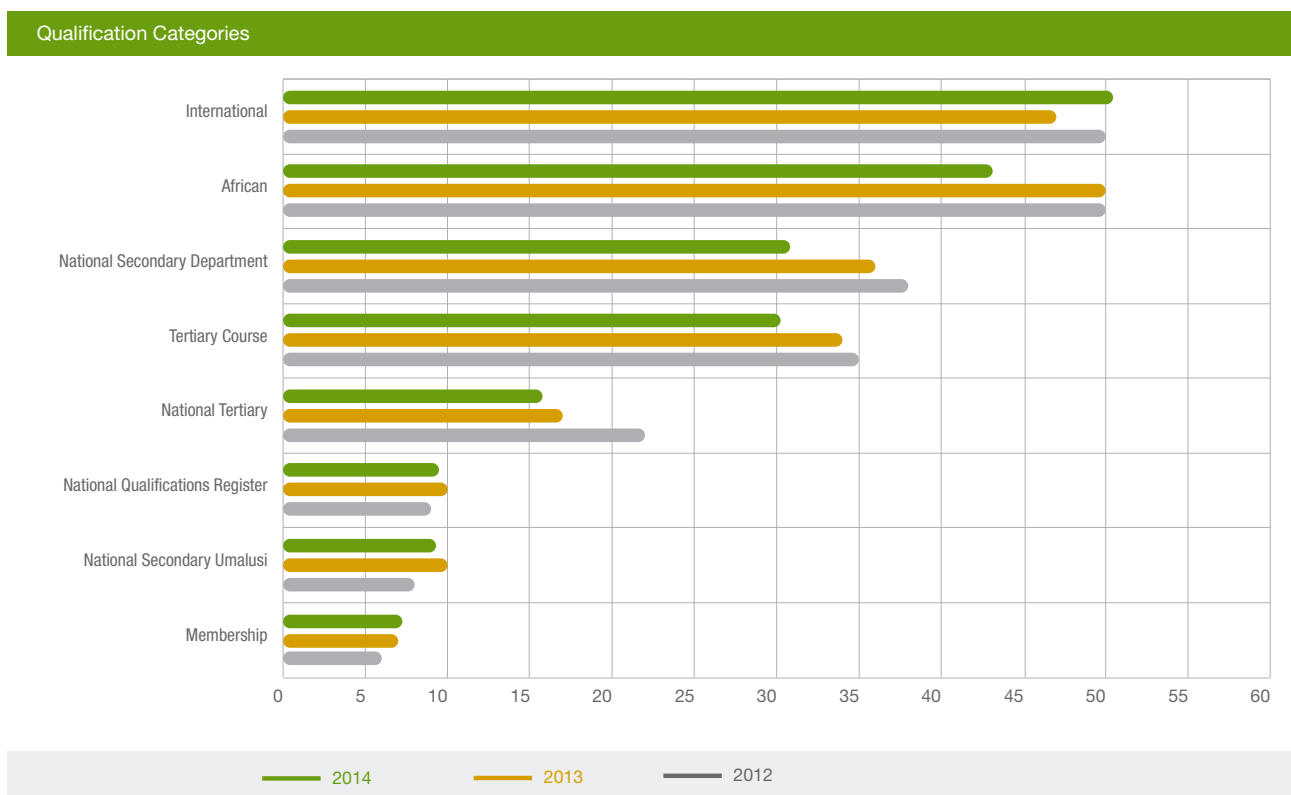
## QUALIFICATION CATEGORIES

MIE currently process a multitude of verifications of qualifications, which are classified according to the level and source of the qualification. The category with the lowest percentage risk has always been the National Qualifications Register (NQR™), a database containing over 3.5 million graduate records operated and owned by MIE. NQR™ verifications are renowned for being quick, accurate and reliable. At present, MIE have 30 tertiary subscribing institutions.

The two categories indicating the highest risk are International qualifications on 50% and African qualifications reaching 43%. In 2014 MIE strengthened its operations in various African regions and formed several in-country partnerships in order to verify African qualifications more efficiently and accurately so that fraudulent practices could be averted.

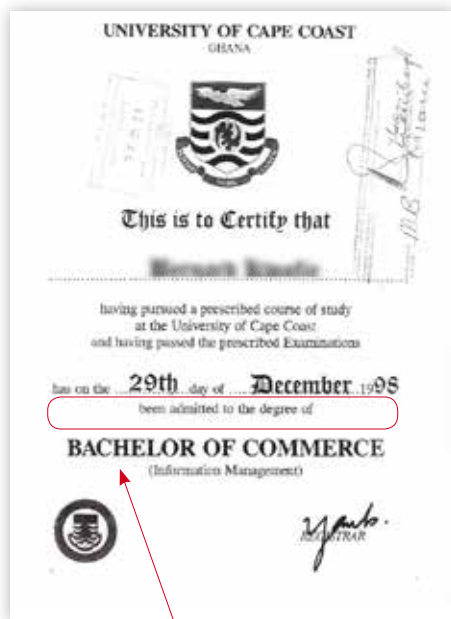
MIE statistics for 2014 indicate that pre-1992 secondary qualifications, which are verified by the Department of Education (DOE), returned a result that carried 31% risk as opposed to post-1992 matric verifications, verified by Umalusi, which only carried 9% risk.

The substantial difference could be ascribed to fact that many records are decentralised and the verification process of archived records is paper based. It might also be perceived as easier to produce or acquire a fraudulent DOE certificate due to the fact that unlike Umalusi, the DOE certificates have limited, if any security features in place.



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### EXAMPLES OF FRAUDULENT QUALIFICATION CERTIFICATES



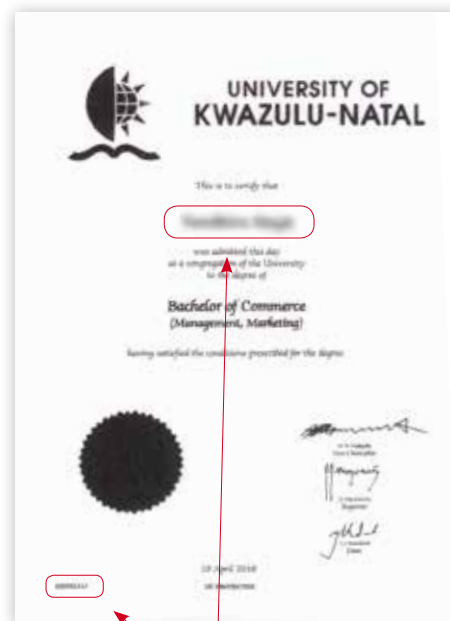
University does not offer a BCom Information Management programme



Student was never enrolled for a course at the University



Vaal Triangle Technikon name changed in 2004



Student Number on certificate belongs to someone else

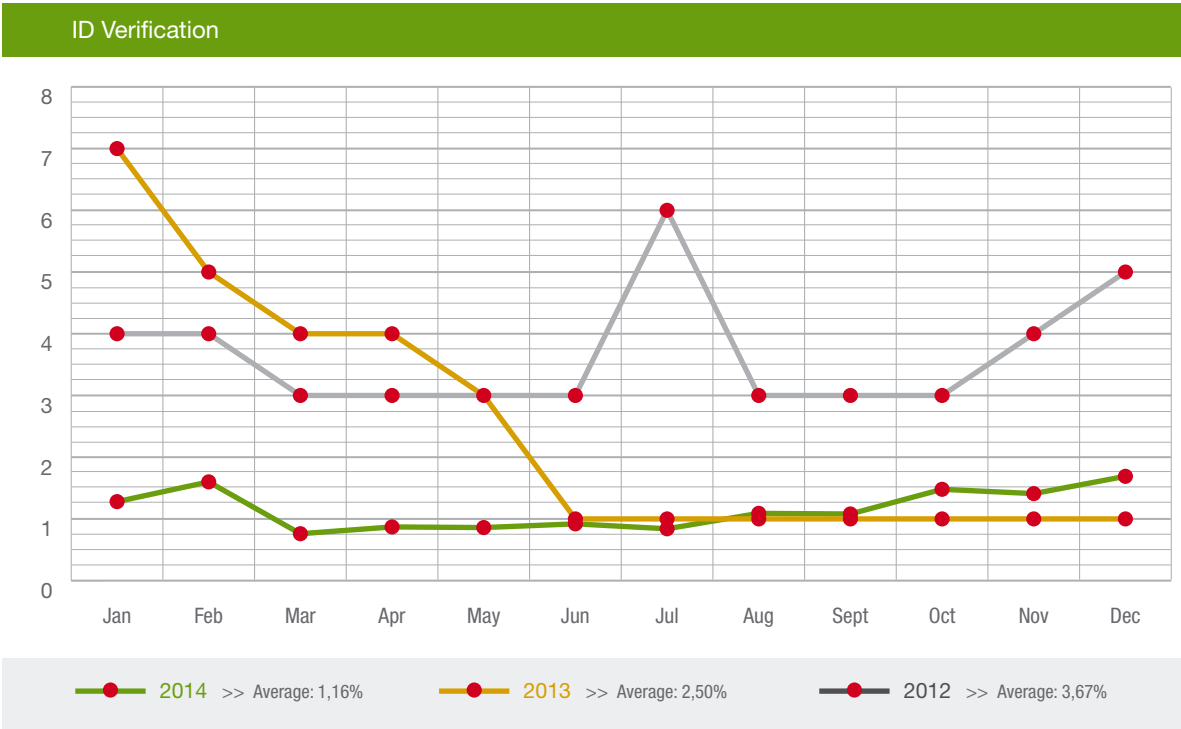
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## ID VERIFICATIONS

Identity Theft within South Africa is rife and techniques used to acquire personal information have expanded over the years. The most common technique is that of phishing - an email is sent to an individual requesting for private and confidential information to be provided via a website link. Once the link is accessed all personal information is retrieved.

The roll out of the Smart ID Card in February 2014 attempts to combat fraud. The green indemnity book has now been replaced by an ID card which incorporates modern biometric technology able to record a wide range of personal details on a memory chip.

The downwards trend stipulated in the graph below definitely indicates an awareness being created within the market towards ID fraud.



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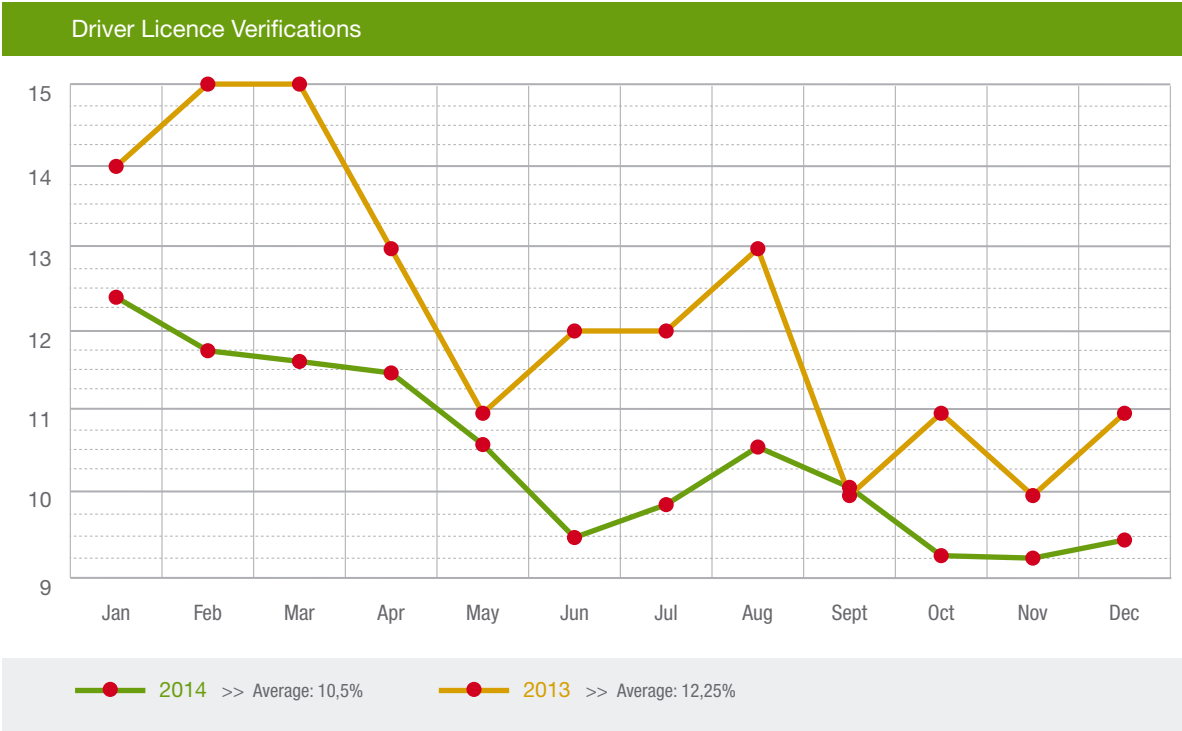
## DRIVERS LICENCE VERIFICATIONS

Corruption and the issuing of fake licences are widespread and on the increase. It is imperative that Driver's Licences are verified, especially when an individual is considered for a position where driving is a requirement.

Not one year has gone by where there have been no fatal accidents on our roads. The 14th of October 2014 marks a horrific accident on the N12 East after a truck collided into

several cars after failing to stop. During December 2014 alone, approximately 38 people died per day on South Africa's roads.

Although statistics below indicate a noticeable decrease in 2014 when compared to 2013, considering the state of our roads and the enduring increase of fatal accidents, drivers licence verifications have become more critical than ever.





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## EXPECTATIONS FOR 2015

Labour law changes include the Labour Relations Amendment Act (No.6 of 2014) (LRAA) which took effect on 1 January 2015 with the exception of s37(c). Amendments introduced relate to employees employed through a Temporary Employment Service ("TES") – also known as labour brokers – and fixed term employees. These employees will, in future, enjoy far greater protection than what is currently available to them, with concomitant limitations placed on employers to utilise such employment structures.

According to Statistics SA, in the 3rd quarter of 2014 the working age population was 35.5 million, between the ages of 15 – 64 years, whereas the labour force amounted to 20.3 million of which only 15.1 million were employed. Long-term unemployment was higher among women (70,3%) than men (61,8%).

## REPORT SUMMARY

Beyond clear-cut cases of collusion between employer and employee it is vital for employers to demand that prospective employees produce proof of the qualifications they claim to have, as well as proof of other personal credentials, so that these can be checked and verified.

To this end MIE offers an impressive bouquet of services that will enhance your organisation's capacity to confirm the validity and authenticity of an individual's credentials. As a result,

The outlook for hiring intentions for the 1st quarter of 2015 looks hopeful according to the Manpower Employment Outlook Survey Q1 2015. Opportunities for job seekers are expected to be strongest in the Construction, the Finance, Insurance, Real Estate & Business Services, and the Transport, Storage & Communication sectors; and weakest within the Mining & Quarrying sector.

Lastly, the greatest focus for 2015 is expected to be on POPI – legal compliance and adherences to the new regulations are critical in order to avoid penalties and hefty fines. For the background screening industry this means the application of stringent processes when it comes to consent prior to conducting of background screening checks.

MIE provides a comprehensive and reliable profile which enables any organisation to make sound decisions regarding the suitability of an individual.

Please visit our website – **[www.mie.co.za](http://www.mie.co.za)** – to keep abreast of important developments within the workplace. For personalised assistance with custom-designed background screening solutions tailor-made to your organisation, please contact the MIE Sales Division.

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