



**2015**



**Background Screening Index**

MANAGED INTEGRITY EVALUATION (PTY) LTD

## Executive Summary

### 2015 AT A GLANCE

Managed Integrity Evaluation (MIE) has noted a significant increase in demand for background screening services in South Africa and Africa over the last five years.

This increase is due to growing recognition of background screening's benefits for business:

- Improves quality of hires;
- Improves staff retention;
- Mitigates risk and reputational harm;
- Assists in managing costs; and
- Uncovers discrepancies.

While background screening in Africa was hardly visible two years ago, awareness among organisations operating in Africa - as well as those recruiting from the continent - that the service is possible and resulted in more and more of these companies vetting candidates across the region.

### BACKGROUND SCREENING CHALLENGES

- Information availability
- Compliance requirements\*
- Turnaround time
- IT security
- Lack of industry regulation

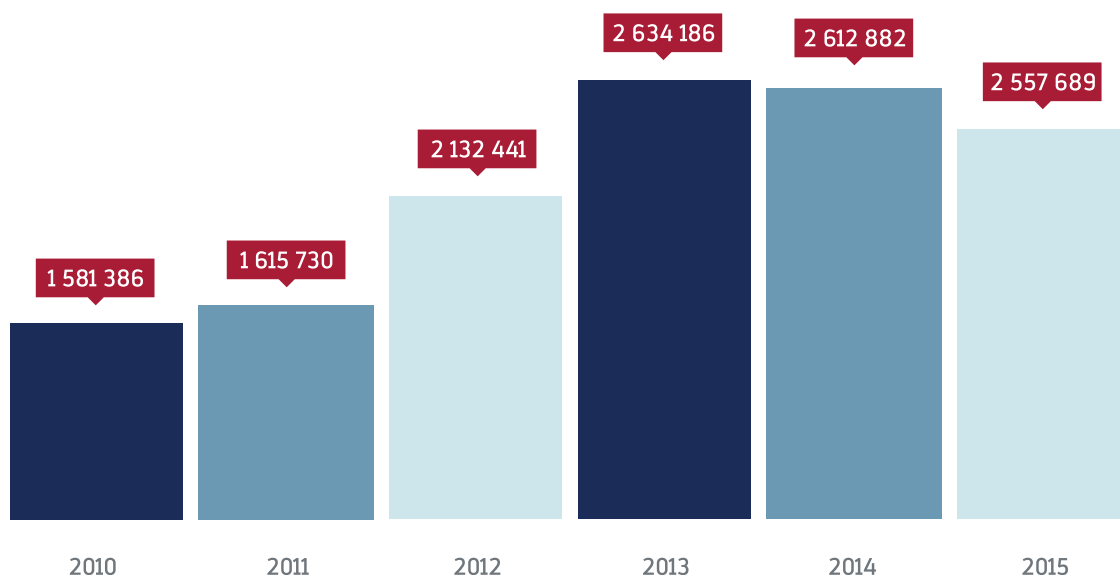
\* Challenges include the compliance to the National Credit Act Amendment 19 of 2014 (NCAA). The Protection of Personal Information (POPI) Act promotes the mandatory requirement of obtaining consent from candidates before screening.

### DID YOU KNOW?

#### Post-hire screening

- Has increased in demand over the past decade
- Is essential across all industries
- Is a necessity for people working in the financial sector
- Frequency of re-screening is industry dependant
- Long-serving employees may have never been screened
- Employees may have acquired a criminal record after being on-boarded

### MIE TRANSACTIONS 2010 - 2015





## Introduction

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### WHAT IS BACKGROUND SCREENING?

Also known as 'background checks', 'suitability checks' and 'probity checks', background screening is the process of verifying and authenticating various personal and confidential information of an individual or organisation.

#### Why do businesses utilise background screening?

- Peace of mind that an appropriately skilled and experienced candidate is chosen to fill the relevant position
- Reduced training and employee development costs
- Higher levels of productivity within screened roles
- Improved regulatory and HR compliance during the hiring process
- Risk and litigation mitigation

#### SCREENING TIP

The primary objective of background screening is to ensure that an organisation's workforce is honest, appropriately qualified, skilled and experienced - ultimately avoiding negative financial, legal and productivity implications.

#### DID YOU KNOW?

Demand by businesses for background screening has increased by 11% over the last five years.



## Africa

MIE offers detailed and specific background screening services in 15 African countries (in addition to South Africa).

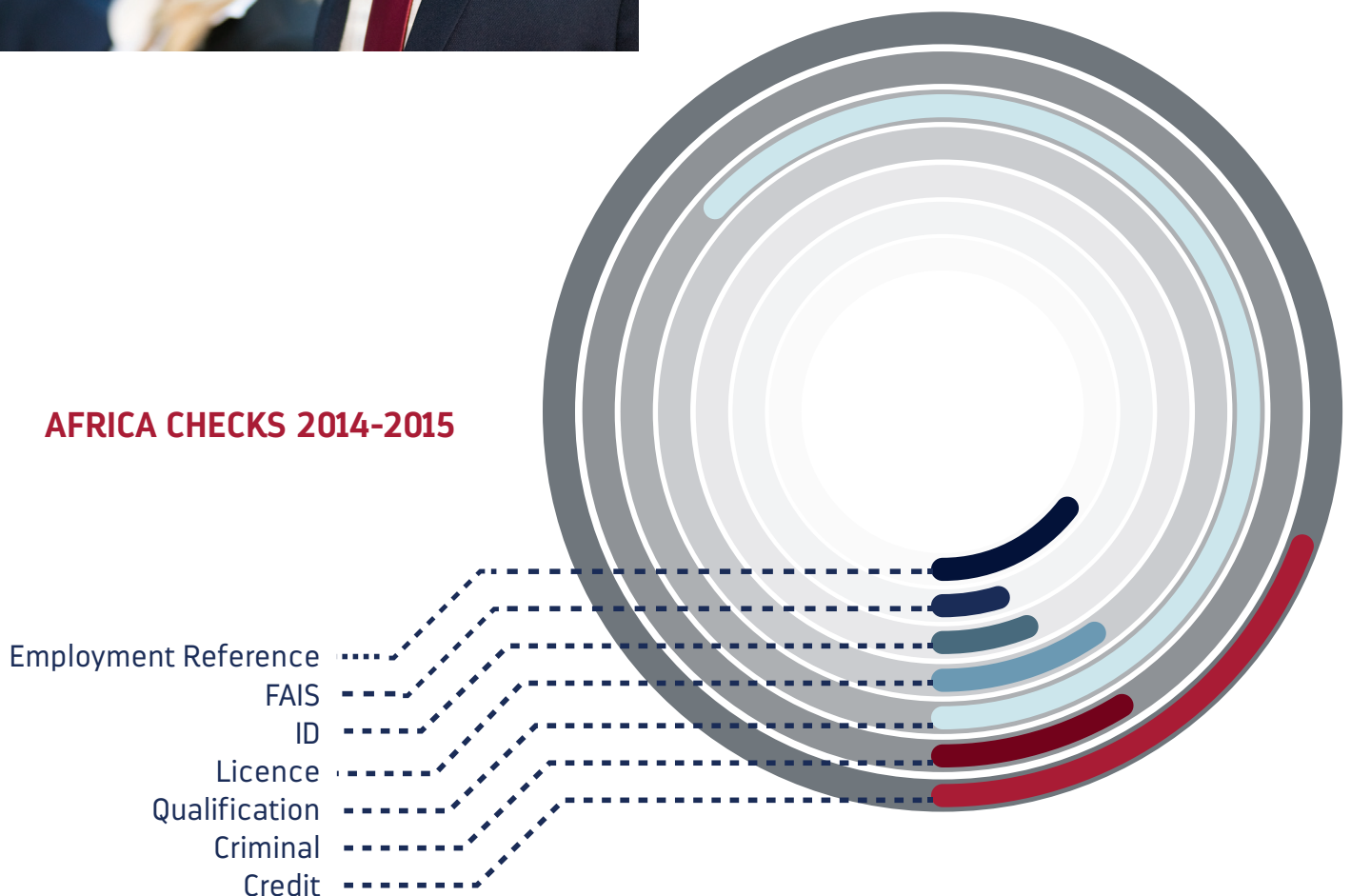


Background screening services are typically required by in-country organisations employing local nationals as well as organisations from around the world which employ candidates from Africa.

### MIE's African vetting services include:

- Credit checks
- Criminal checks
- Qualification verification
- Drivers licence checks
- Employment reference verification
- Media search
- World checks

## AFRICA CHECKS 2014-2015





## BACKGROUND SCREENING CHALLENGES IN AFRICA

African countries have their own, unique legislation – or lack thereof.

Credit, labour, data privacy and freedom of information legislation directly impacts background screening capabilities. This presents a challenge for businesses which are required to ensure the legality of their in-country recruitment practices.

## SCREENING TIP

African qualifications carry high risk of being fraudulent, qualification checks are therefore vital when operating in or recruiting from Africa.

## DID YOU KNOW?

The availability and reliability of data presents a major challenge when conducting background checks in Africa.



Companies making use of background screening services in Africa should not only rely on verifying candidate's qualifications, but also check their credit and criminal history in their country of origin.



## Qualification Verification

In 2015, MIE conducted a total of 478 264  
qualification checks.

Increasing demand by businesses to verify the qualifications of potential and existing staff is largely due to increased awareness of the worldwide qualification fraud epidemic – a trend which is rife among entry level to senior executive level employees.

The majority of MIE's qualification verifications are processed through the National Qualifications Register (NQR®) which is owned and operated by MIE. With a database of over 3.5 million graduate records and 24 subscribing tertiary institutions, NQR® verifications are renowned for their accuracy.

### MAJOR VS. MINOR DISCREPANCIES

MIE's results highlight that a candidate's educational history is the most likely to contain discrepancies when compared to all other background screening checks.

With a growing culture of dishonesty and overstatement in this regard, it is important to note the differences between minor and major discrepancies.

Minor discrepancies include negative results such as a candidate currently in the process of completing their qualification rather than having been awarded their qualification.

Major discrepancies on the other hand, include fraudulent results. Examples of fraudulent results include a candidate forging or altering their certificate deliberately or never having been awarded the qualification.

### SCREENING TIP

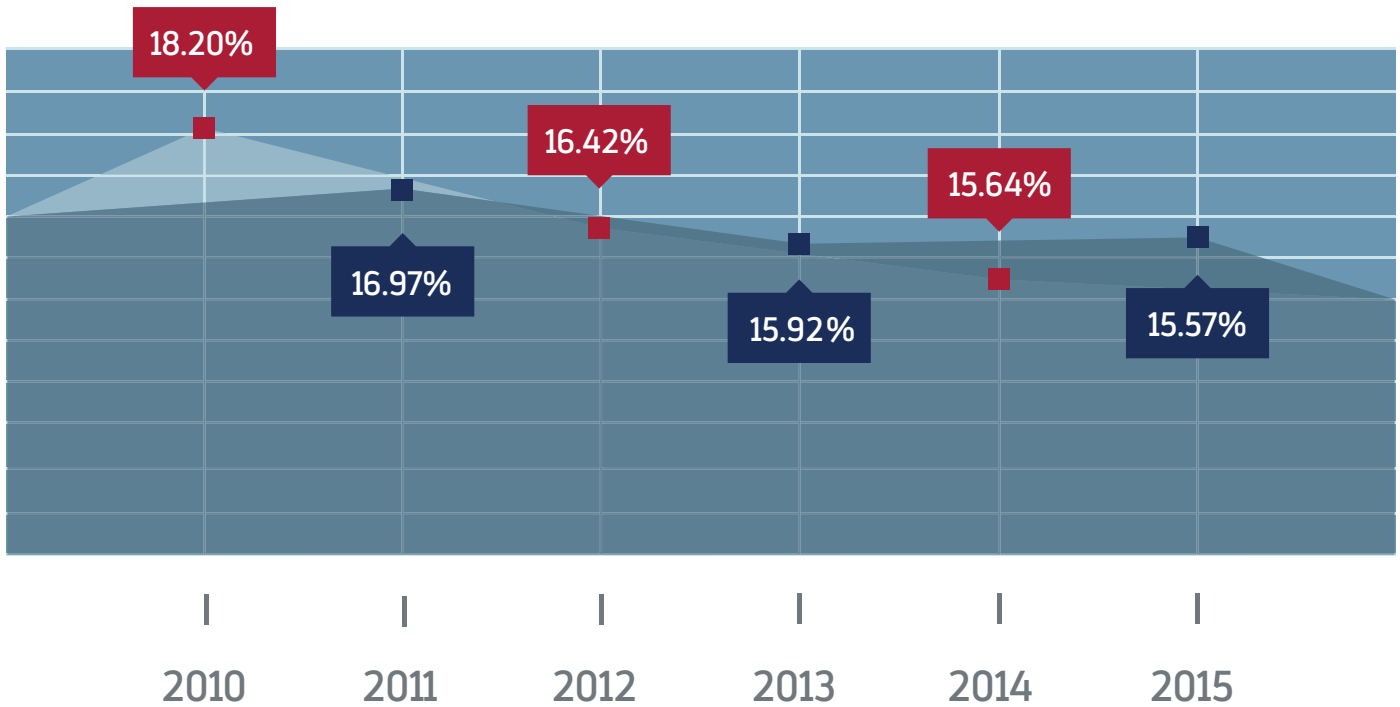
In line with the recent National Credit Act Amendment (NCAA) 19 of 2014 in March 2015, qualification verifications can only be carried out on individuals who have supplied written consent.

### DID YOU KNOW?

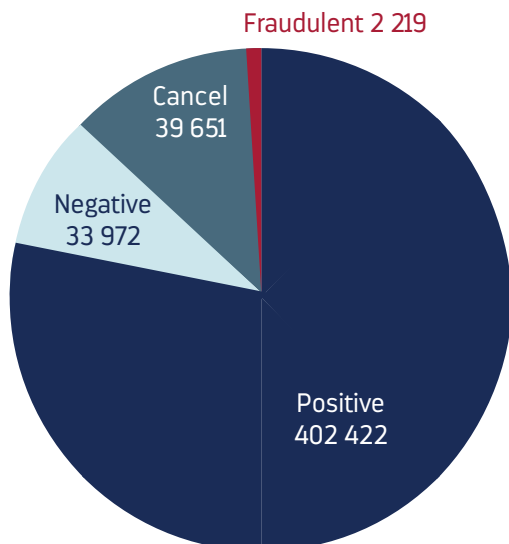
MIE has found that qualification checks are the most requested background screening service.



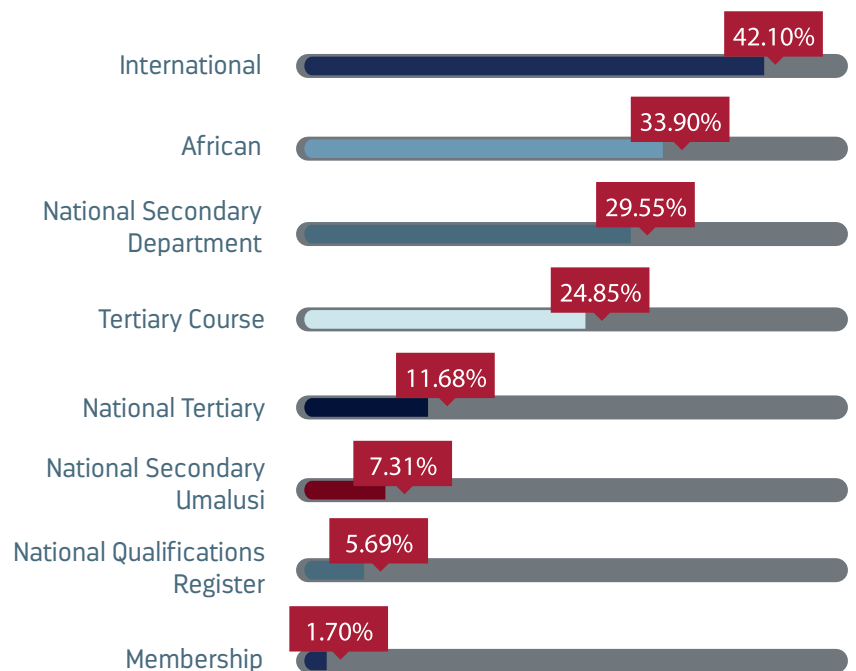
### QUALIFICATION RISK 2010-2015



### FRAUDULENT VS. NEGATIVE VS. CANCEL VS. POSITIVE QUALIFICATIONS - 2015



### QUALIFICATION BY CATEGORY DISCREPANCIES



## Criminal Checks

In 2015 MIE conducted  
582 203 criminal checks

It is important for company leaders to consider the position the applicant is applying for and to weigh up their past criminal behaviour with the job at hand. If an applicant committed a minor offence (such as shop-lifting) a number of years ago, it is arguable that this may not impact his or her ability to perform well in the workplace environment.

In this case, the hiring company can play a critical role in assisting the individual in their rehabilitation process. Being accepted in the community to the extent that one is able to find a job, lessens the possibility of the individual turning back to crime as a form of income.

On the other hand, applicants who have a recent history of white collar fraud or theft, may not be best suited to a career in which they are responsible for large sums of money.

Criminal record checks provide organisations with the insight and information they require regarding their potential and existing employees' criminal backgrounds.

MIE's criminal background checks are conducted through the South African Police Service's Automated Fingerprint Identification System (AFIS) - the most up-to-date criminal record database.

### SCREENING TIP

To ensure accurate and legal employee vetting, use a reputable background screening company.

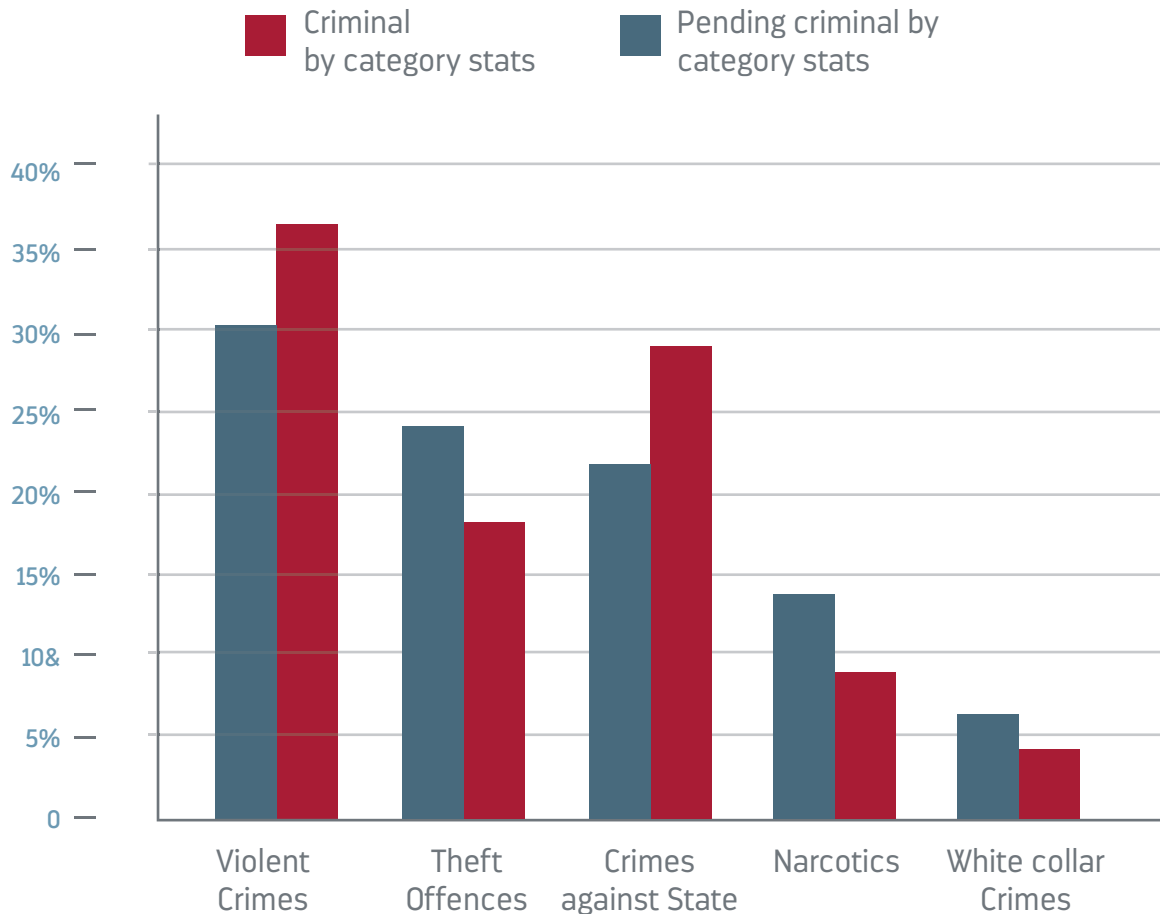
### DID YOU KNOW?

Expungement of one's criminal record is possible if:

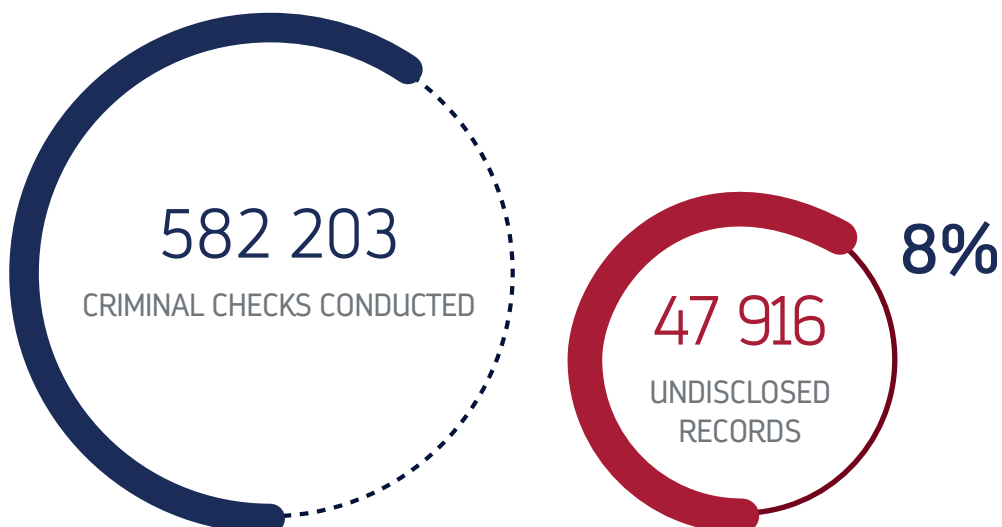
- It has been in existence for a minimum of 10 years with no subsequent convictions
- You were given the option of paying a fine of less than R20 000
- The offence is considered to be of a trivial nature or the punishment is no longer constitutional
- If you were told that paying a fine would not result in a criminal record and have since discovered the existence of such a record



### CRIMINAL BY CATEGORY STATS



### 2015 CANDIDATES WHO DISCLOSED THEIR CRIMINAL RECORD VS. THOSE WHO DID NOT



## Credit Checks

### WHO SHOULD CONDUCT CREDIT CHECKS ON EMPLOYEES AND WHY?

Utilising credit (or Bureau) checks enables businesses to identify how employees manage budgets and finances. This is particularly vital for financial industries who invest a great deal of trust in employees responsible for handling large amounts of money.

With an increase in candidates' credit histories being found as unfavourable, it can be argued that more individuals who are qualified to work in the financial industry may not be suitable to do so. Financial departments and institutions are therefore at higher risk of facing liability and unnecessary financial losses if they do not screen potential and existing employees.

### SCREENING TIP

The HR policies of organisations which relate to vetting employees should be reviewed on a regular basis.

### DID YOU KNOW?

MIE only conducts credit checks on candidates and employees who meet the legal criteria for us to do so.





## 2015 LEGISLATION CHANGES

MIE is a registered Credit Bureau and is therefore required to comply with the regulations as set out in the National Credit Act Amendment 19 of 2014 (NCAA) which came into effect on 13 March 2015.

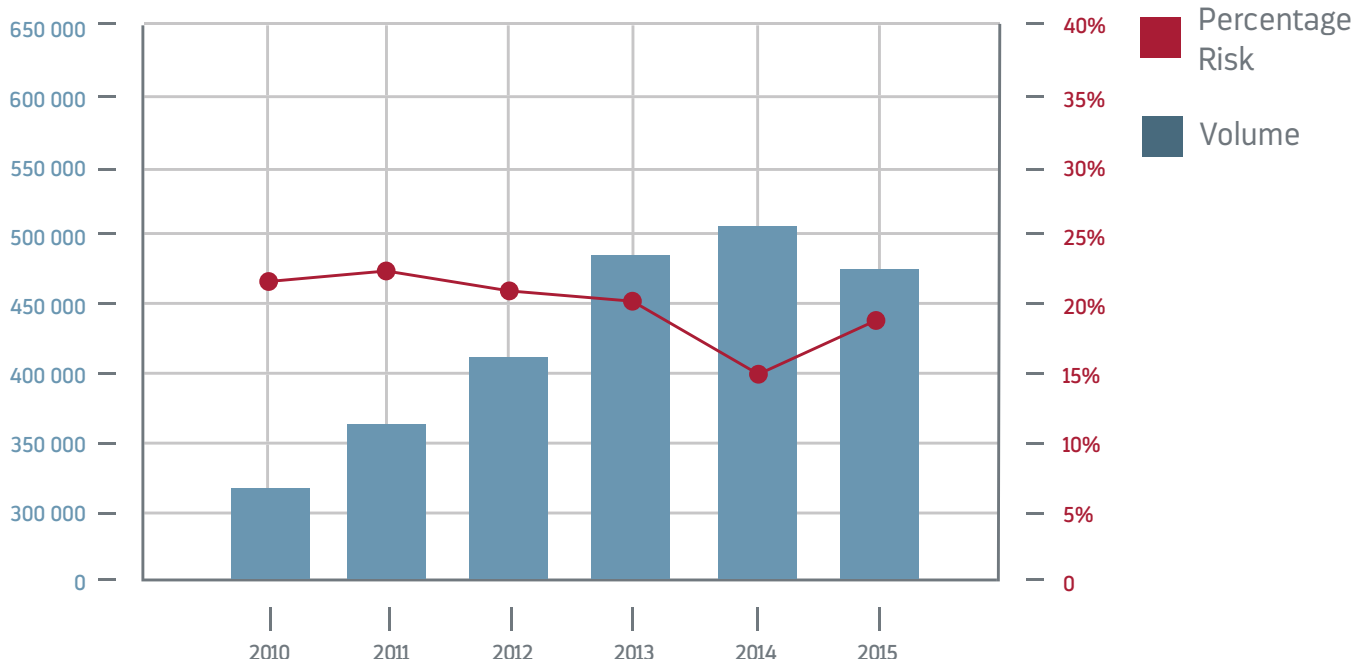
In line with the recent Amendment, a consumer credit record may only be accessed by an employment agency, recruitment consultant, staffing company or employer when:

- They certify that the request for consumer credit information relates to a position requiring honesty in the handling of cash or finances
- There is a job description in place that stipulates the requirement of trust and honesty in the handling of cash or finances
- Specific and informed consent of the consumer is obtained prior to the request being made.

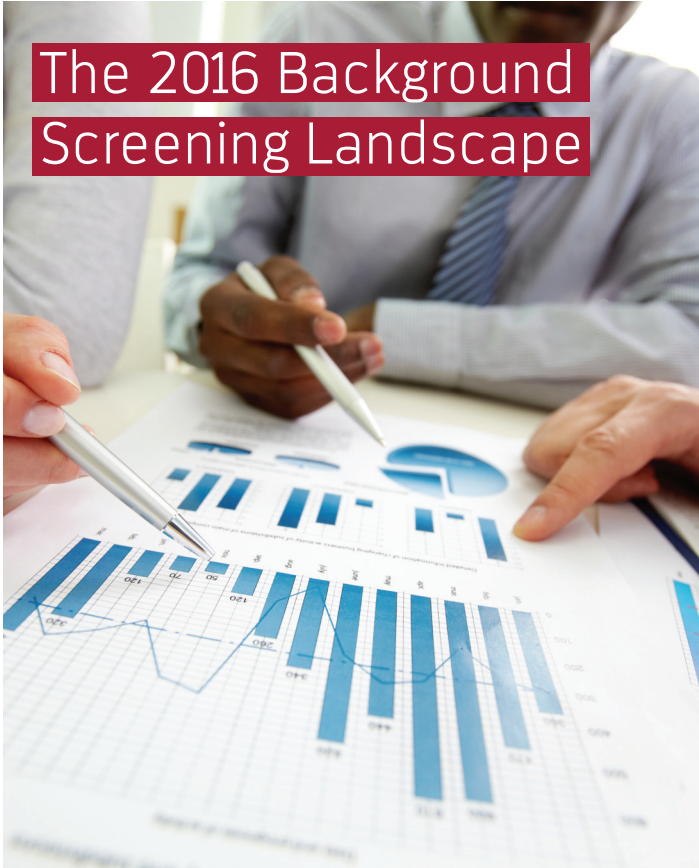
The volumes below indicated an interesting trend – due to the recent Amendment to the Credit Act, MIE has noted a decline in the number of requests received to conduct credit checks.

Any company collecting, storing and reporting on certain categories of personal information has to be a registered Credit Bureau in terms of the National Credit Act No.34 of 2005.

## CREDIT CHECKS



## The 2016 Background Screening Landscape



### DID YOU KNOW?

MIE expects background screening to continue growing in Africa in 2016.

Looking ahead into 2016, MIE forecasts continued growth in demand for background screening services.

A factor contributing to this growth is that businesses are increasingly recognising the benefits of screening their existing and potential employees. From improving the quality of hires, to uncovering discrepancies, background screening not only ensures that an organisation's workforce standards are upheld but also mitigates financial and reputational risk.

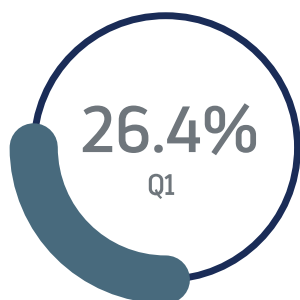
### SOUTH AFRICA'S UNEMPLOYMENT RATE

The job market is becoming increasingly competitive and job-seekers are becoming more and more desperate for employment. This desperation increases the risk of job-seekers lying about their professional, criminal and academic histories.

While students were out of class protesting for #FeesMustFall, they may have missed out on crucial time needed to prepare themselves for their final examinations. It is a concern that due to this lack of preparation, these students may not perform to the level required to enter their career of choice and may find themselves taking extreme measures (such as misrepresenting or overstating their qualifications) to secure an opportunity.

With this in mind, background screening will be vital consideration for businesses hiring entry level employees in 2016.

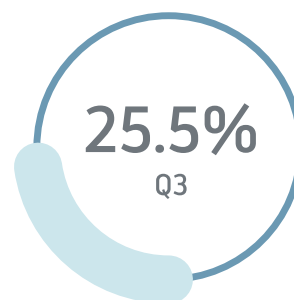
### SOUTH AFRICA'S UNEMPLOYMENT RATE



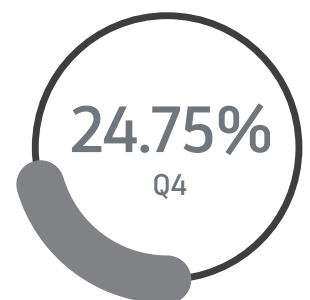
2015-05-06



2015-07-29



2015-10-27



2016-02-10

\*\* Q4 forecast – source ([www.ieconomics.com](http://www.ieconomics.com))

## CHANGING BUSINESS NEEDS

As the business environment is constantly changing and adapting to new technological trends, the needs of organisations to meet business and staffing objectives have evolved. MIE has, in turn, developed new products and services to fulfil these needs.

The industry is becoming more automated and electronic background screening verifications will soon become the norm.

MIE's electronic Candidate Capturing System (eCCS) is the first of its kind in South Africa and is poised to change the background screening landscape.

The portal requires for client organisations to make a screening request, the respective candidate then receives a link and is required to complete the process online.

Another trend unfortunately on the rise in the South African business environment is corruption and procurement fraud. Being in the spotlight of a corruption scandal exposes companies to increased costs from fines or investigations as well as reputational damage.

Recently developed and introduced to the market - as a possible solution to mitigate such risk and combat procurement fraud - ZoomOut™, is a software application which filters through employee and vendor information. Potential conflicts of interest or corrupt relationships within an organisation's supply-chain is then flagged for attention.

## AFRICA

MIE expects background screening to continue growing in popularity in Africa in 2016 with technological developments transforming the way vetting is conducted on the continent.

In addition to expanding its list of African countries in which MIE offers screening services, the company aims to add a number of institutions to the Africa Qualifications Register (AQR).





## About MIE

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Established in 1988 as the very first commercial Background Screening company in South Africa, MIE withstood turbulent political and economic times to emerge as Southern Africa's Background Screening market leader. Conducting only 500 background checks in 1988, MIE embarked on a growing spree that continues unabated today – completing over 2.5 million transactions in 2015.

Key to MIE's success has been the company's uncompromising commitment to providing a focused, cost-effective and high quality Background Screening service. Having accumulated a wealth

of knowledge and experience, MIE has defined screening process in Southern Africa, and has revolutionised the technological systems required to be the most reputable and trustworthy vetting company in South Africa and Africa alike.

The EOH Group acquired MIE in November 2014, signalling a new era for the company. This merger brought the expertise of both companies together, culminating in continued growth and quality services. The acquisition resulted in MIE becoming 100% owned by EOH Holdings Limited.

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