



# 2017

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ANNUAL BACKGROUND  
SCREENING REPORT

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# FOREWORD

Critical to an organisation's success is hiring talent with the right qualifications, experience and skillsets. Furthermore, candidates with the right work ethic and attitude are conducive to healthy organisational structures and cultures. However, it is not always easy to find the right talent – and when the organisation is looking for it.

Similarly, organisations cannot afford to appoint a supplier whose business practices may not be 100% above board, as the potential exposure for the organisation to reputational and financial risks or losses are just too high.

It is not surprising then, that over the past five-years we have seen a steady overall growth of 6.77% in the demand for background screening checks, as organisations increasingly look for opportunities to mitigate and manage their risks – and make intelligent personnel and supplier choices.

During 2017, MIE completed a total number of 2 869 637 transactions. The number is slightly down from the total number of transactions completed for 2016, however, this is in line with the tougher economic climate and fewer new employment opportunities being created over the same period. It is still positive to see that despite clear strain being felt in the marketplace, organisations know that background screening is critical to their ongoing and future success.

Overall, MIE's annual report observes key trends and underlying drivers, as well as challenges in the background screening industry in South Africa. 2017 marks the seventh year that we have compiled our Background Screening Index (BSI) report.

# snapshot

## 2017 KEY FINDINGS



Demand for background screening remains in high demand



Criminal records remain the most requested checks

Qualifications frequently found to be misrepresented, fraudulent or inconsistent included:

- National Secondary Department (matric pre-1992) = **25.2%**
- Tertiary Short Course = **22.76%**

Misrepresentation and fraud of qualifications remains alarmingly high



Companies are looking for a total solution when partnering with a background screening service provider



Supplier vetting uptake by MIE clients has **increased**

Unemployment in South Africa has decreased by 1% for Q4 2017, though remains high at

**26.7%**

Decline in requests for credit checks due to amendments to the NCA and legislation changes

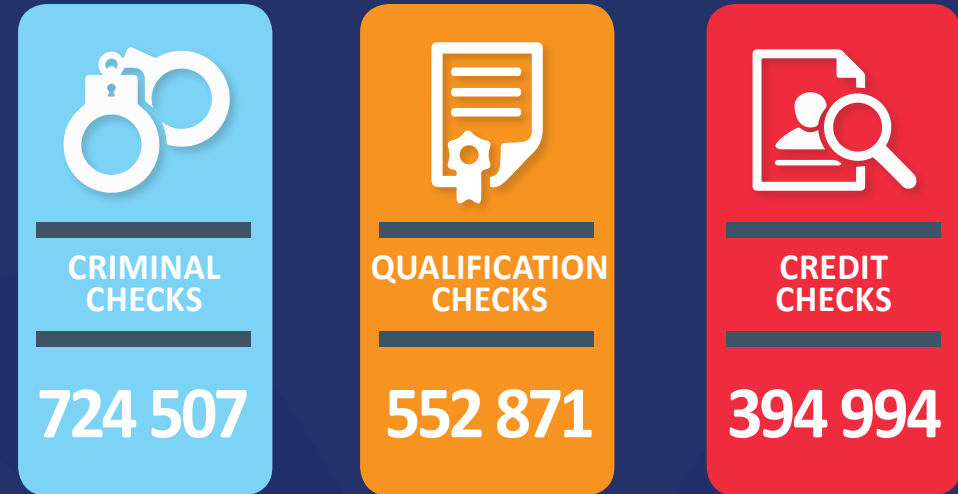
# why

## DO BACKGROUND SCREENING?

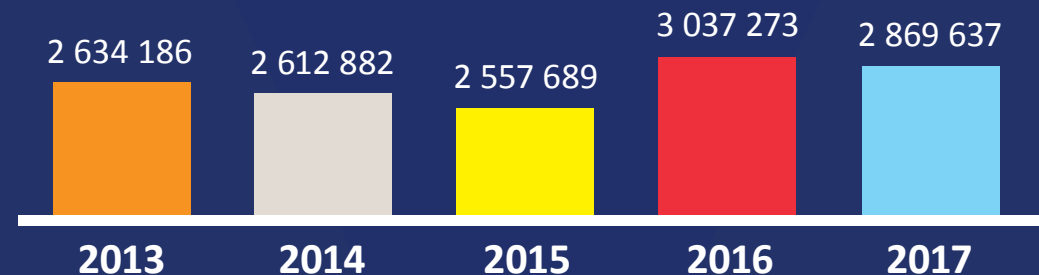
Proactive screening adds value to the hiring process and the organisation, through:



## MOST REQUESTED CHECKS BY MIE CLIENTS



## MIE TRANSACTIONS 2013-2017



# CRIMINAL RECORD CHECKS

MIE is the operator of the MIE Fingerprint Zone, offering a National Footprint (over 110 locations, and constantly growing) whereby candidates can have their fingerprints captured for criminal record check purposes.

MIE utilises AFIS, the Automated Fingerprint Identification system, where all fingerprints are captured and electronically checked against the South African Police Service (SAPS) database.



powered by **MiE**



## CRIMINAL RECORD CHECKS

Balancing organisational risk and fiduciary duties, with fair employment opportunities.

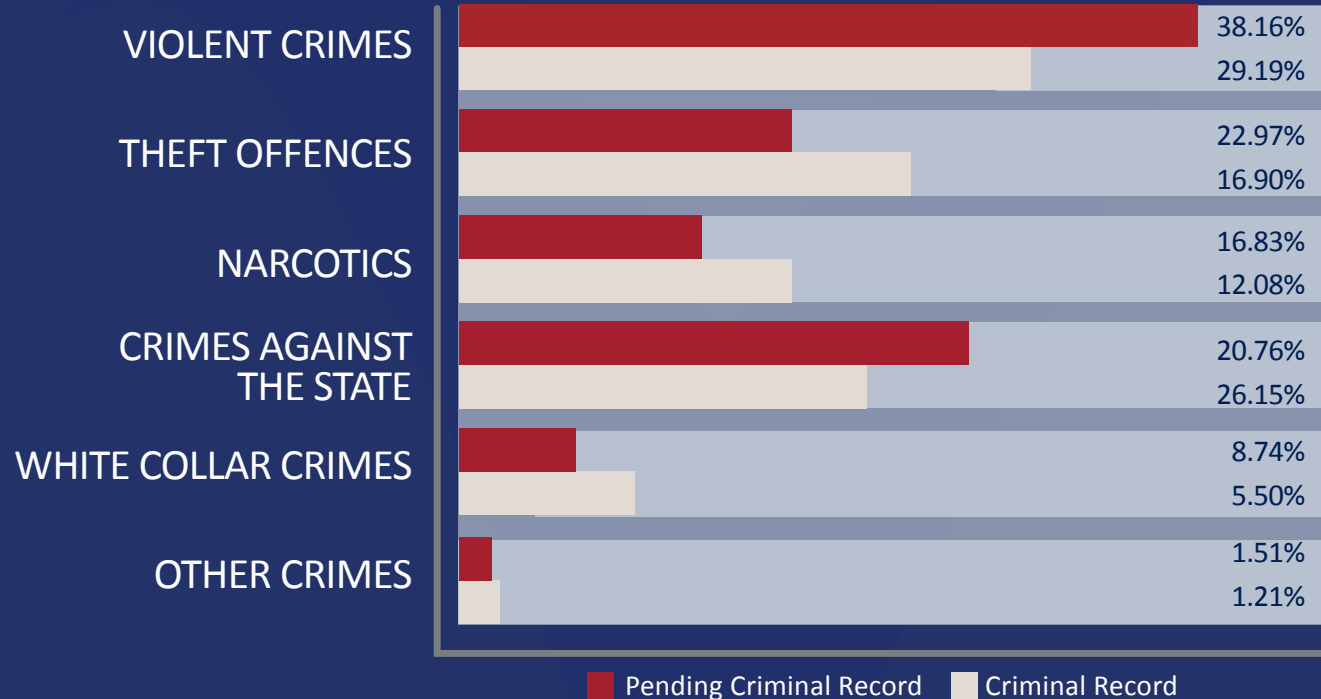
- ✓ Criminal records remain the most frequently requested check in South Africa
- ✓ 724 507 criminal checks conducted in 2017 of which 9.91% were found to have a criminal or pending criminal record
- ✓ Fingerprints captured electronically by using AFISwitch technology



- MIE assists candidates with the expungement of criminal records, if:
- ✓ You were given the option to pay a fine of less than R20 000
  - ✓ The criminal record is older than 10 years
  - ✓ You were informed that paying a fine will not result in a criminal record only to discover you have a criminal record



## CRIMINAL RECORD BY CATEGORY STATS



# CRIMINAL RECORD CHECKS

Important to note:

- Of the 724 507 criminal checks conducted, 52 021 (or 7.18%) of these candidates were dishonest about having a criminal record
- Apart from HR & Recruitment, which consists of various industries; the Retail industry received the highest number of criminal check requests – yet has one of the lowest associated risks\*.
- The two sectors found to have the highest associated risk\* are Mining (18.09%) and Manufacturing (16.50%)
- The growing demand for criminal background checks within public sectors and SOEs is significant – particularly in the fight against corruption.

*\*Percentage has been calculated based on the volumes of requested checks per industry.*



## CRIMINAL RECORD STATISTICS PER INDUSTRY

### Transport & Logistics



12.89%

### HR & Recruitment



10.3%

### Mining



18.09%

### Manufacturing



16.5%

### Professional Services



12.17%

### Insurance



8.84%

### Retail



8.07%

### Financial Services



6.38%

### National Government



6.54%

### State Owned Enterprises (SOE)



12.95%

### Security



12.63%

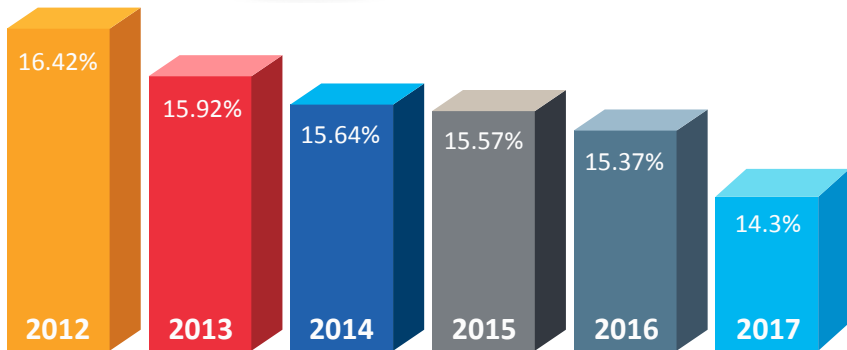
### Telecommunication



10.90%

# QUALIFICATION CHECKS

## QUALIFICATION RISK 2013 - 2017



The volume of requests for qualification checks for the 2017 period (552 871) was slightly lower when compared to the data for the 2016 period (561 346), which is in line with strained growth in the economy and fewer new job opportunities being created in the marketplace. However, misrepresentation and qualification fraud remains alarmingly high.

Aspects of a CV most frequently found to be misrepresented or incorrect:

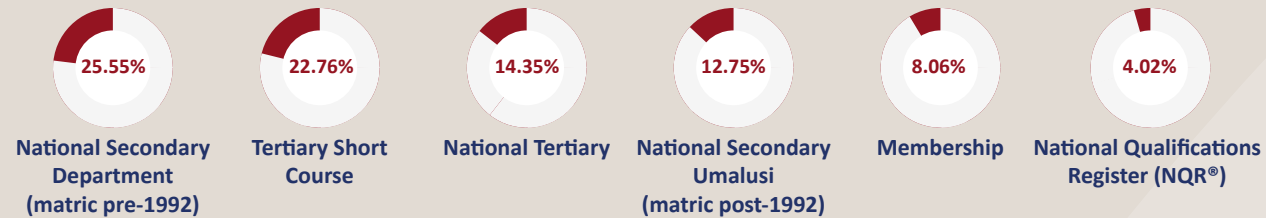
- Skills
- Job titles
- Responsibilities
- Period of employment
- Reason for leaving
- Employment history



- Owned and operated by MIE
- Database of over 4.2 million graduate records
- 27 subscribing institutions
- Fast & accurate qualification verifications

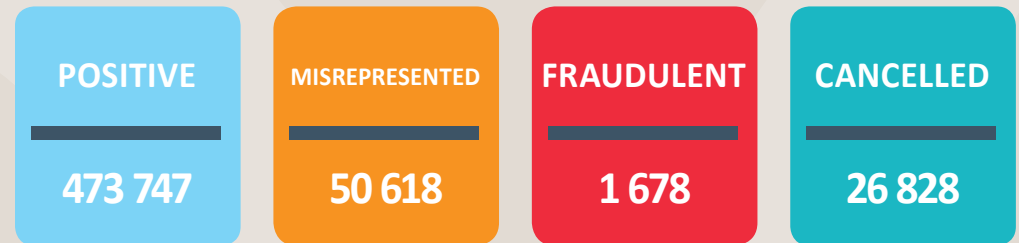
## QUALIFICATION DISCREPANCIES

Types of qualifications MIE found to be frequently misrepresented, fraudulent or inconsistent – by percentage:



## QUALIFICATION VETTING VS. DISCREPANCIES

Number of instances qualifications were vetted and found to be positive, or have discrepancies or the transaction was cancelled:



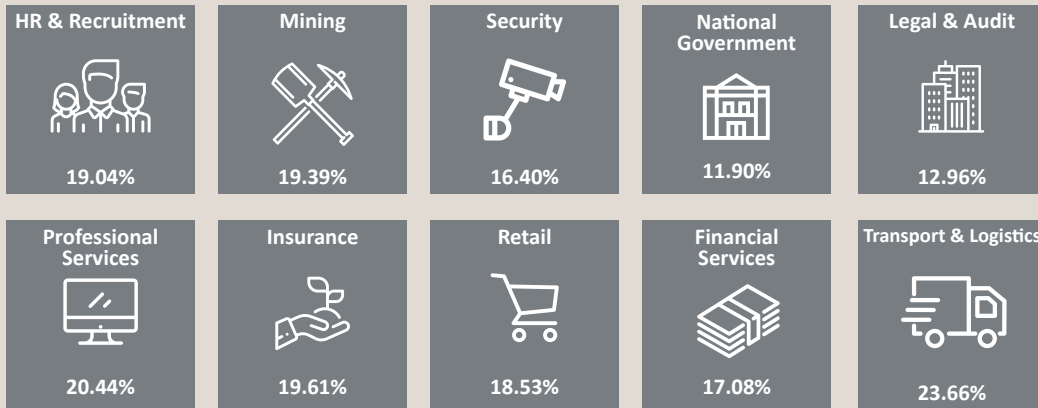
Important to note: Number of qualifications found to be fraudulent has decreased (was 2 049 in 2016), however, the number of misrepresented qualifications has increased (from 44 880 in 2016)

Results show that a candidate's qualification(s) is the most likely aspect to contain discrepancies when compared to other background screening checks. Important aspects to note:

- A candidate being dishonest about having a qualification or who altered their certificate or results is seen as a major discrepancy; and
- A candidate being dishonest about having completed their studies, whilst still busy studying is seen as a minor discrepancy.

# CREDIT CHECKS

## CREDIT CHECKS STATISTICS PER INDUSTRY



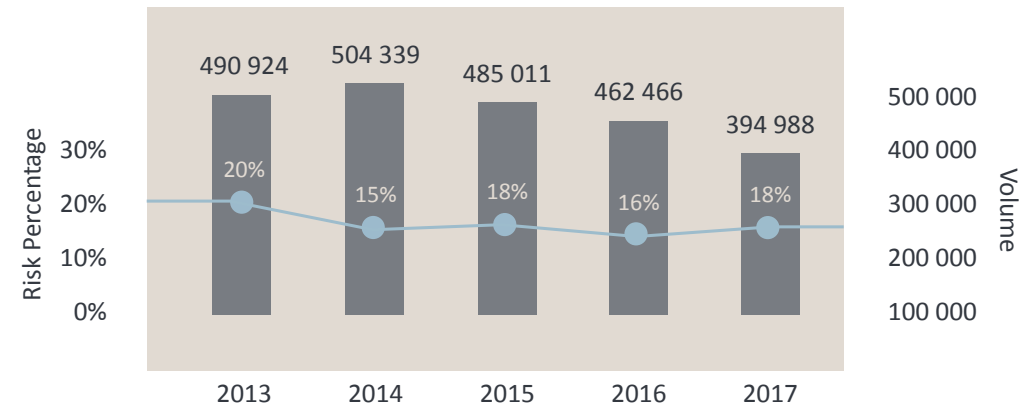
### Important to note:

- Highest volumes of credit checks were requested by HR and Recruitment professionals; however, this spans several sectors.
- Beyond HR and recruitment, the sector with the highest volumes of requested credit checks is Financial Services.

### The findings demonstrate two key facets:

- There is positive movement in the Financial Services industry with new job opportunities being created, for instance, in banking, audit and accounting, consumer finance and investment companies etc.
- The risk associated with bad credit in the industry remains high.

## CREDIT CHECK VOLUMES AND RISKS – 2013 – 2017



In accordance with POPI and the NCAA, a consumer's credit record may only be accessed by an employment agency, recruitment consultant, staffing company or employer when:

- The employer certifies 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; and
- Specific and informed consent of the consumer is obtained prior to the request being made.

**We have seen a decline in the volume of credit checks being requested for the second consecutive year. This is due to the amendment to the nca and legislation changes. However, the potential risk associated with confirmed credit checks has increased when compared to 2016.**

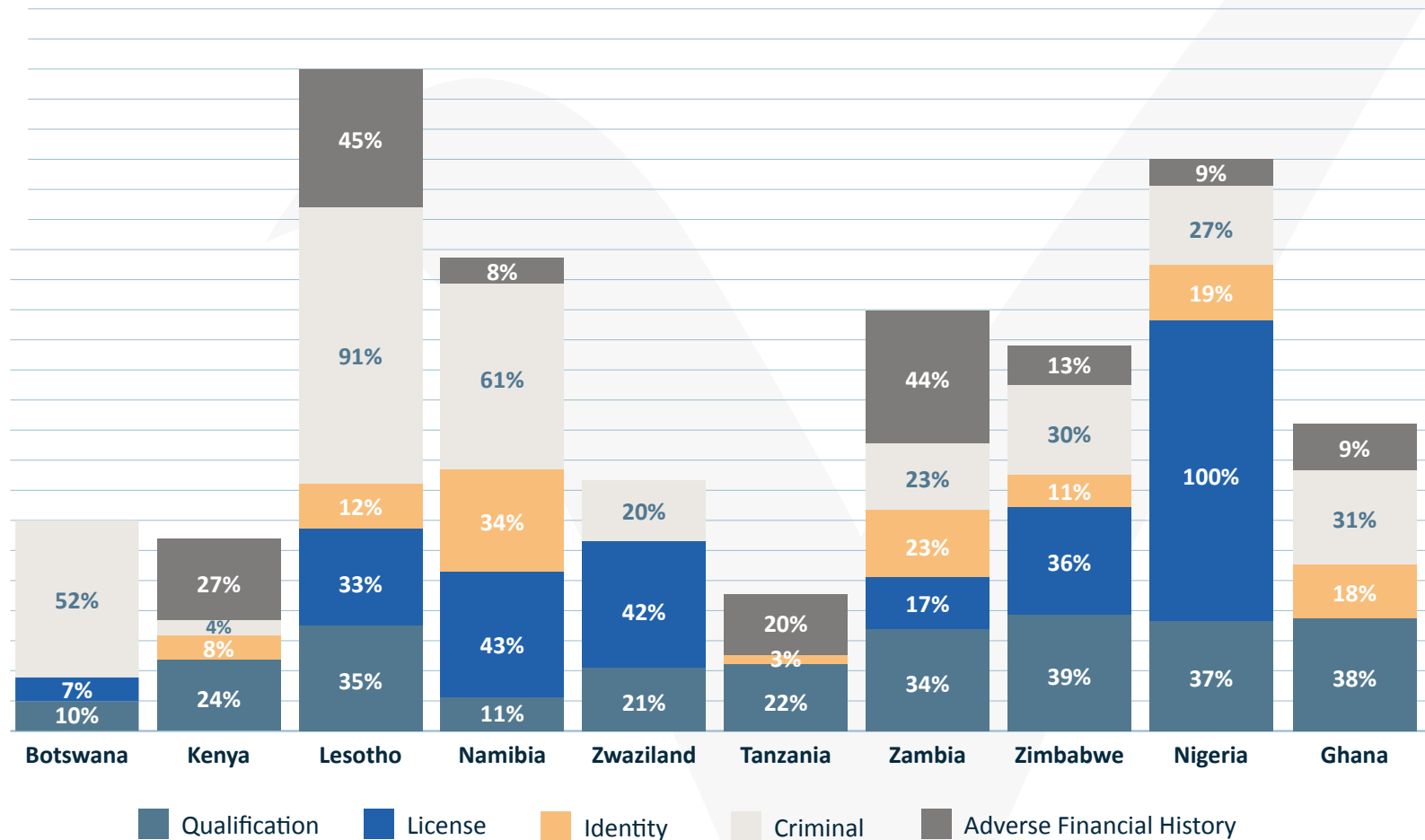


# GLOBAL SCREENING

The MIE Global Screening Department delivers screening services worldwide. As a proudly African company, we are able to deliver a full-suite of screening services in over 30 African countries and counting. Given that MIE is the largest screening company on the continent, many multinationals, and local firms, are looking to MIE when implementing their International Screening Programs.



## RISK PERCENTAGE, PER COUNTRY/CATEGORY IN AFRICA



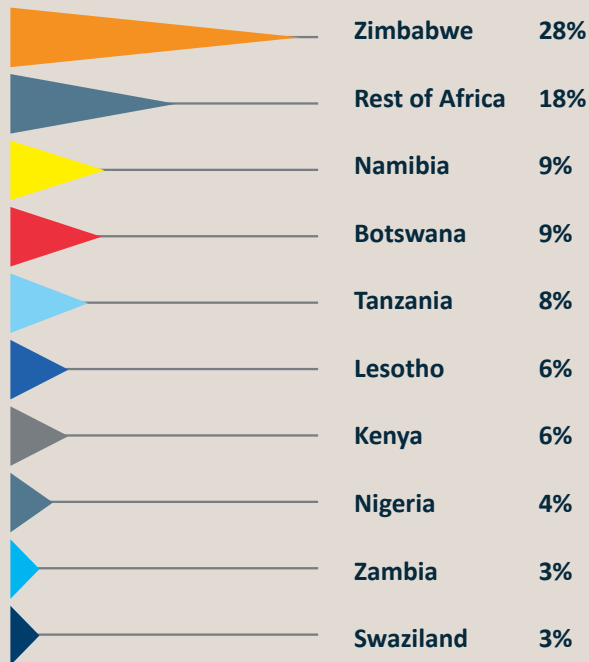
### FINDINGS:

- The risk varies considerably from country to country and within screening categories
- Adverse Financial History checks for Kenya carries the highest risk when compared to other East African countries
- Qualification discrepancies carried the highest associated risk across all countries and this demonstrates the importance of doing thorough background screening
- Southern and West African countries shows considerably higher risk associated with criminal record checks compared to other regions on the continent

# GLOBAL SCREENING

## BACKGROUND SCREENING CHECKS FOR AFRICA

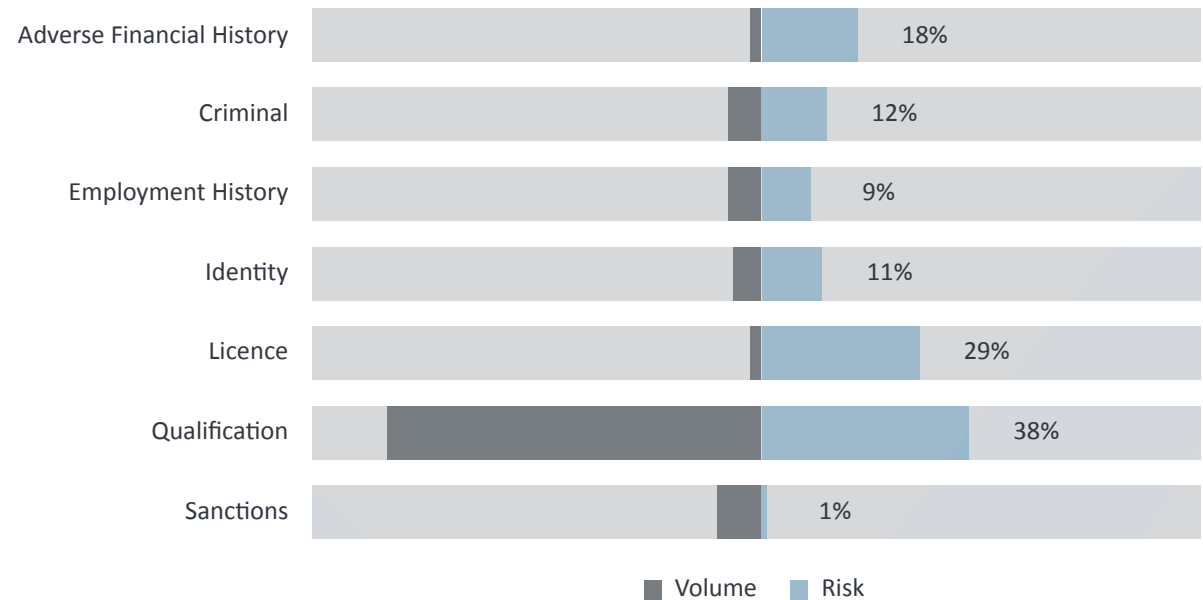
Below is an overview by percentage, of background screening checks conducted for various African countries.



Important to note:

- The highest demand for MIE's background screening is for our Southern and East African services.
- The country where MIE conducts most of our screening (apart from South Africa) is Zimbabwe

## — GLOBAL VOLUME AND RISK BY PERCENTAGE PER CATEGORY



## 2017 IN REVIEW: KEY NOTES FROM GLOBAL FINDINGS

- Globally, volumes for all screening categories, apart from Criminal Record Checks, have increased in 2017
- Associated risks vary between each category; with qualifications (38%) and driver's licenses (29%) carrying the highest risk of being misrepresented outside of South Africa's borders, where sanctions (1%) and employment history (9%) has the lowest associated risk
- The biggest demand for screening globally and across Africa is still qualification verification. This is not surprising as the risk of misrepresented qualification remains alarmingly high. By percentage:
  - Rest of the world = 43.10%
  - Africa (excludes South Africa) = 31.83%
- Given the high percentage of risk associated with qualification verifications, organisations must be vigilant and check the qualifications of all their recruits, irrespective of their country of origin
- Data availability and accessibility in Africa continues to pose a challenge to effective comprehensive background screening checks. Despite this, organisations across Africa are finding more value and are increasingly requesting comprehensive background screening checks (across criminal, adverse financial history, employment history, identity, etc.)
- We also expect to see increased growth in criminal vetting and employment history in 2018 and beyond

# forecast | 2018 AND BEYOND

Background screening at executive level expected to increase as business becomes more aware of the need for director due diligence in line with King IV

Compliance will become more stringent when POPI is enacted

Background screening to become more mainstream as organisations look to mitigate risk and make informed people and supplier choices

Social media screening grows in prevalence as organisations place more value in maintaining organisational culture

Lack of supporting regulation remains a critical challenge for overseeing and growing the background screening industry

Companies will become more cognisant of commercial vetting to combat corruption as pressure mounts on private and public sector to conduct their affairs ethically

# Looking Ahead

At MIE, we constantly look for opportunities to improve on and expand our inclusive background screening service. We have included details on our social media screening service launched in 2017, as well as on the rest of our suite of business-to-business services and solutions.

## System Integration

MIE offers the ability to fully integrate the background screening process from client's own applications to MIE's backend system. Benefits of integration include:

- Simplifying the background screening process
- Eliminating duplication of work
- Capturing an applicant's information in your own system
- Receiving verification results back on your own system

## Candidate contact

MIE provides a candidate intervention service to assist organisations, by following up with candidates on any unresolved aspects or requests linked to a candidate's application and that are still needed, for example:

- Making a booking for the candidate to have his/her fingerprints captured at any of MIE's AFIS Fingerprint Zone Offices
- Qualifications, or any other outstanding information needed

## Social Media Screening

MIE has partnered with a reputable provider and now also offer comprehensive screening of all social media activities of potential employees for organisations globally.

The service includes all social media platforms, where complete assessments are conducted in compliance with the latest legislation and guidelines for the protection of information. The comprehensive social media checks are structured around a number of elements that are assessed, scored and reported on.

## Vendor Vault - MIE Vendor Management

Vendor Vault is a secure and convenient online application and custodian of verified supplier data. Assisting organisations across all industries in simplifying their procurement process while also preventing procurement fraud. Vendor Vault supports the vendor management process for organisations by storing verified information securely on a web-based application. The searchable database with advanced filters also allows for the easy creation and management of a vendor list. Information verified of vendors include:

- B-BBEE verification
- Company checks
- Bank account verification
- Director ID checks
- SARS VAT and TAX verification

## ZoomOut™

Designed by MIE, this technologically savvy software assists in identifying adverse links in your procurement and employment processes. ZoomOut™ uses multiple data suppliers to gather and correlate information on your organisation's suppliers and employees. The system then makes use of a complex rule engine to identify any links that may exist between these entities. ZoomOut™ offers advance supplier vetting capabilities to benefit organisations in several ways:

- Highlighting any fraudulent activity relating to vendors and employees
- Prevents financial mismanagement
- Identify tender collusion and irregularities
- Ensuring procurement compliance
- Highlighting conflict of interest between employees and vendors