

FOCUSWEEK

CURRENT AFFAIRS
FOR ENTREPRENEURS



12SRF.COM

First impressions, whether viewing a résumé or meeting a job candidate, can be misleading. Pre-employment screening can help verify a potential employee's credentials

Screen, vet, check: The new hire power

In a competitive employment market, jobseekers will go to great lengths to impress potential employers, and some may even provide false information about themselves to get ahead. Now, there is a way to separate fact from fiction

WHEN an established company has a job opening, it is likely to receive many applications. Human resource will end up with a large pile of résumés to vet through.

Some applicants will look like the perfect catch - on paper and in the flesh.

But how much can a company learn about the candidate from a résumé? In most cases, they just take the applicant's word for it. In the best case scenario, they get the right man for the job, but in many instances, the new hire may turn out to be unqualified for the job, has a bad attitude or worse: a criminal record.

A bad hiring can be a costly mistake, and in the larger scheme of things, it can even jeopardise the company's business.

However, hiring does not have to be a game of chance. There is a way to make a more informed decision - by pre-employment screening. It is a way for the company to verify the authenticity of the jobseeker's qualifications. It will help the company determine if the candidate has a criminal record, even whether or not he is behind in servicing his credit card debt.

Of course, this is almost like spying on the

person, and there are legal boundaries to worry about.

Bad hires are expensive

Hiring the wrong person can be a costly affair in the long run. For a start, resources expended to train him will go to waste. Worse, employees with bad attitudes can tarnish the company's reputation.

Many businesses now understand that there is a need to pre-screen candidates before hiring them. They can engage companies such as Verity Intelligence to conduct such checks.

Verity Intelligence group managing director (Malaysia and Singapore), Mark Leow, points out that a bad hire can cost the company six to 10 times the errant employee's salary in the form of cost of recruitment, time and lost opportunities to operational, training and re-hiring expenditure.

"If they had screened the individual before hiring him to make sure that he has all the credentials and is who he claims he is, the company would have improved its chances of hiring the best person for the job," Leow says.

"Most companies assume that a reference check is good enough, but there are so many things in the résumé that need to be checked," he adds.

Pre-employment screening, Leow says, helps companies to ascertain if the candidate



by RITA JONG



Leow says running a background check on a potential employee does not incur much cost and can save a company millions in the long run



Shamsuddin points out the PDPA can be a hindrance in verifying the information a job candidate has provided

has lied about his abilities just to get the job. It covers a full range of checks that most companies will find difficult to conduct. "This is just a due diligence process before a decision is made to hire someone," he adds.

Verity Intelligence was set up in 2011 to promote due diligence in every business transaction, starting with employment screening and company screening. Its clients include multinational corporations, government-linked companies, public-listed companies and small and medium businesses in the finance, IT services and outsourcing, oil and gas, logistics, manufacturing and the pharmaceutical industries.

Leow points out that for a company to ensure high productivity, it must have the right team in place. "The talent or team is one of the most important factors in ensuring the success of any company. If you don't have a proper employee screening procedure in place, you risk damaging an already high-yield work environment," he says.

Despite the risks, some companies still ignore the need for pre-employment screening because they think it's costly and intrusive, and not needed for all employees given that not everyone poses a threat.

The general impression is that such a procedure is necessary only when hiring senior staff.

"The truth is that it is not expensive, neither is it invasive. It is necessary given that every employee poses a risk at different levels within the company," Leow says.

"A driver, secretary, accounts clerk or sales person can pose risks that will hurt the company, other employees or the customers," he adds.

However, such screening can be done only with the expressed permission of the candidate. The Personal Data Protection Act (PDPA), which was enforced in November 2014, requires full consent from the individual before he can be screened.

Companies like Verity Intelligence secure and then manage such information on behalf of their clients. To ensure that it does not fall into the wrong hands later, the information is destroyed once a decision has been made on the job application.

"It is crucial that we understand the requirements and local laws pertaining to personal data whenever we screen an individual. Our process of screening has always been to verify all résumés in a legal, unbiased and non-invasive manner," Leow says.

Fake degrees abound

Businesses cannot be too careful about the hiring process. The number of people bearing bogus qualifications is on the rise.

According to a report in *theSun* in July, the incidence of people passing off fake certificates as genuine ones is on the rise. In the same report, Higher Education Ministry secretary-general Datuk Seri Zaini Ujang advised employers to refer to the Malaysian Qualifications Agency (MQA) to verify job applicants' certificates to "avoid being cheated by people carrying fake diplomas and degrees".

Malaysian Employers Federation (MEF) executive director Datuk Shamsuddin Bardan says pre-employment screening is necessary to ascertain that the information jobseekers provide in their résumés and job application forms is authentic.

"We need to ensure that he has the professional qualifications he claims to have. We need to know if he is already employed in another company and if so his relationship with that

► See next page

PDPA as a stumbling block

► From previous page company as well as his salary," Shamsuddin says.

Unfortunately, he says, companies tend to put off such processes because it can be time consuming.

"Besides checking the person's qualifications, the company also needs to get feedback from the candidate's past or current employers as well as those listed as referees. This can be difficult because of the PDPA," he adds.

"Most companies are reluctant to give any information or respond to any inquiry about the status of a former employee because if it is done without the consent of the person concerned, it would be a breach of the PDPA," he says.

The legislation is a stumbling block. Hirers are left stranded if they do not get the expressed permission of the candidate to verify given information. In such cases, the company will just have to take its chances.

Of course, businesses do have a way to protect their own interests.

Employers would have this overriding clause to say that if they subsequently discover that false information has been given in the CV or application form, then immediate action can be taken against that candidate, including a dismissal.

"But that can be a costly affair," Shamsuddin says. "On the other hand, it is not easy for a company to make verifications on its own."

Legal boundaries

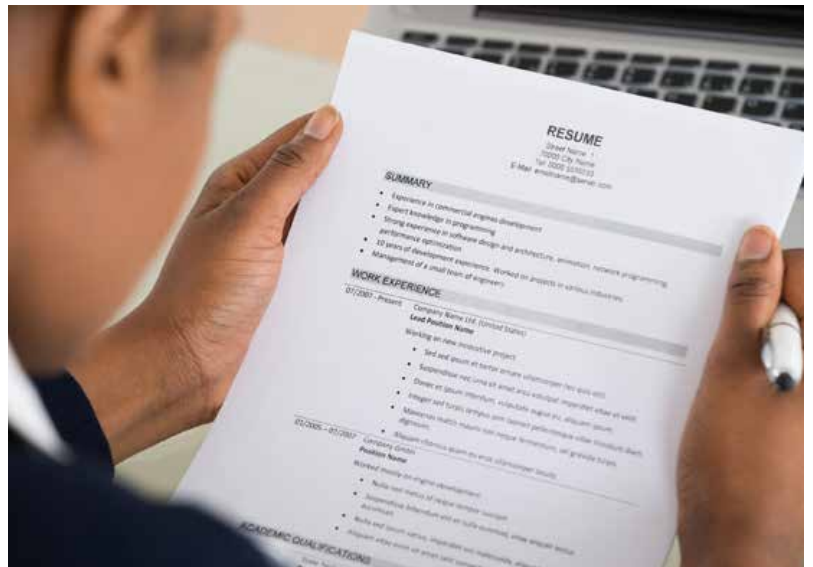
The challenge in pre-employment screening is the PDPA. Lawyer Wong Mun Hoe says such screening is lawful so long as the personal data of the potential employee is handled or processed in accordance with the law.

Such processes include collecting, recording, holding or storing the personal data, as well as retrieving, using, transferring, disclosing, amending and destroying the same data.

"One issue that needs to be addressed is how an employer handles such personal information," Wong says. "Dealing with personal data in relation to employment matters is largely governed by the PDPA as an employment agreement is commercial in nature. However, the company will need the consent of the person to obtain and process that data."

Companies can never be too careful when assessing potential employees. A recent newspaper report says the number of people passing off fake degrees as the real deal are on the rise

Wong says screening is lawful so long as the personal data of the potential employee is handled in accordance with the law



He says that in Malaysia, one of the biggest challenges a company faces is "vicarious liability", where the employer is indirectly held responsible for the wrongdoing of its employee.

"In other words, if an employee has committed a legal offence in the course of his or her employment, the employer can be held liable for the employee's action," he adds.

"However, if someone is engaged to carry out a particular job but there is no element of employment, he is called an independent contractor. Generally, the person who has engaged an independent contractor will not

be liable for the wrongful act of the contractor."

Wong says an employer who shares the personal data of a current or former employee with a potential future employer can be in breach of the PDPA.

In such cases, a company will have to obtain the consent of its former employee before it can provide such information.

Screenings on a steady rise

Leow says that in more developed countries, pre-employment screening is common and part of the recruitment process.

"More than 90% of corporations in these countries insist that their candidates are screened before they are hired," he says.

"I would say Malaysia has about 1,000 companies that conduct pre-employment screening, which is few compared with the United States and United Kingdom. However, this has steadily grown in the last few years."

He says with the recent spate of fraud, violence and growing concerns for public safety, companies are also urged to conduct screening of potential employees to see if they have criminal records.

"Companies have a duty of care to their employees, customers and the public, to ensure that the person they hire does not pose a risk to anyone. Having said this, all the other checks that we have are equally important to determine the integrity and skill sets of an individual.

"These may include financial checks, conflict of business, civil and industrial court searches, employment history and education checks. Any discrepancy here may have a negative impact, and can be detrimental to the business," Leow says.

He adds that the public should be educated on the risk and dangers of not screening before hiring to adopt a safer workplace and better hiring policies.

"We take pride in saving our customers millions every year from wrongful hiring and hope to educate the market in promoting safe hiring practices," says Leow. [FocusW](#)

Credit checks vital for organisation that offers financial advice

IT IS very important that every employee of the Credit Counselling and Debt Management Agency (AKPK) has a clean financial record.

It is, after all, an institution that provides not only financial literacy but also counsels people who are in debt.

In an interview with **Focusweek** early this year, CEO Azaddin Ngah Tasir says intervention is important to ensure that those in the younger generation become more financially disciplined and one way to do this is by engaging the help of their employers.

"At AKPK we practise what we preach. We tell people to be prudent so we have to be prudent. We talk about financial wellness so we too have to start within our organisation," he says.

"Hence, when we recruit people, the first thing we do is check their Central Credit Reference Information System (CCRIS) report. Yes, education and experience matters, but understanding their financial standing is also important. If they fail on that aspect, we will not hire them."

He says AKPK also checks the CCRIS report of its employees annually. This is only fair considering they are the ones giving financial advice.

Many companies underestimate this, he says, not knowing that the employee's financial position greatly affects work productivity.

Besides just screening their financial status (to ensure they are not debt ridden), the same would apply to the other aspects.

But how is a pre-screening employment procedure done?



Azaddin says AKPK practises what it preaches, which means its employees must have clean financial records

According to Verity Intelligence (Malaysia and Singapore) group managing director Mark Leow, their screening package starts with a minimum number of checks, from low

to high risk. The high risk packages consist of its full range of checks.

"Hence, the type of checks that we conduct will depend on the risk exposure of the job that the individual is hired for. Upon receiving the individual's consent and résumé, we will start our process of verifying the information by calling the companies the candidate has worked for to verify the details given, along with reference checks," he says.

"If we are asked to verify the individual's education certificate, our team would then contact the university to verify their certificate and at the same time cross check to make sure that the university is accredited, and not a degree mill."

Leow says that other checks such as financial probity, regulatory and non-regulatory blacklists, criminal background and business ownership (that may be a conflict of interest) are screened through legally available databases to make sure that the individual has not been blacklisted.