

# + First Advantage Background Screening Trends Report 2015: Asia Pacific



**First Advantage**

A Symphony Technology Group Company

INFORMATION YOU NEED. PEOPLE YOU CAN TRUST.

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## Foreword

Globalisation and technological advancements has transformed the world into a small place. Multinational companies have leveraged this to optimally expand their footprints across the globe. Most of them are looking at developing countries because of the available pool of young, educated candidates. Job seekers too are moving across borders in search of more sophisticated roles and greater opportunities. While the benefits to employers are clear, this trend is not without its shortcomings.

Companies have to become more cautious and careful due to the recent surge in crime and fraud. First Advantage has found that, to avoid any unwarranted and compromising situations, more companies in Asia Pacific are now screening their employees. Even though the concept of background screening is relatively new in the region, it is picking up at a rapid pace. Accepting it as a hiring best practice, more employers are making background screening an integral part of their recruitment process.

**Unlike reference checks, background screening is a complex process that involves multiple stakeholders including education institutes and former employers. In addition, companies will also have to understand local, national and international legislation around anti-corruption, data privacy and consumer protection. These can quickly muddle the screening process, making it a challenge to efficiently perform a background check, especially if the candidate has lived or worked in several countries.**

With the objective of helping employers better manage recruitment risk, First Advantage, a leader in background reporting in Asia Pacific, has developed the Employee Discrepancy Trends Report to share employment screening trends in the region.

First Advantage offers comprehensive screening programmes to more than 2,000 companies throughout the Asia Pacific. We have deployed state-of-the-art technology to ensure accuracy and reduce the time needed for these background checks. Our customer base includes the world's largest financial services organisations, retailers, IT companies, BPO, manufacturing, pharmaceutical companies and many others.

To help companies better understand what is happening at the macro and micro level within this prolific region, this report compiles our deep understanding of localised cultures and compliance requirements with detailed screening statistics gathered from our vast Asian customer base. It highlights fresh trends that employers can use to fine-tune their existing screening practices and benchmark their current programme results against others in the region. The report covers Japan, Korea, China, Hong Kong, Malaysia, the Philippines, Singapore, Australia and New Zealand.

We continue to encourage our users to review this report as a background screening health check and a useful guide to make better hiring decisions.

**Matthew Glasner**  
Managing Director, South APAC  
First Advantage



# + OVERALL DISCREPANCY

## Executive Summary

Conducting background reporting has clearly taken off in Asia Pacific, with notable increases in the number of checks being included in each screening request within key areas. As the number of checks increase, more discrepancies are being unearthed.

Most employers conducted an average of five checks as part of every background screening request to First Advantage. In 2014, more than 67% of all candidates were subjected to five checks, as compared to 42% in 2013. This trend is particularly prevalent in Singapore, Hong Kong, Japan, Australia and New Zealand where more than 45% of all candidates were subjected to six or more checks. Contrast this to just 28% of candidates in China, Philippines and Malaysia. It is worthwhile to note that employers who conducted at least six checks were almost nine times more likely to uncover an alert as compared to those who conducted one or two checks.

With the rise in crime, screening for criminal data has become a priority for many employers, although employment and education checks continue to top the list. Financial-related checks are also gaining popularity.

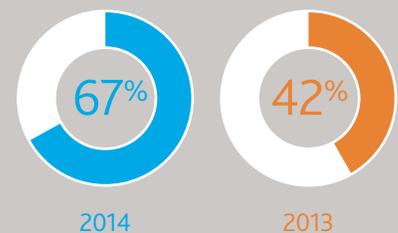
## Overall Discrepancy Rate

In 2014, Asia Pacific saw an overall discrepancy of 18% based on the number of cases with major discrepancies. Discrepancies are defined as an inconsistency in the information a candidate has supplied or the presence of criminal activity found in the background screening process.

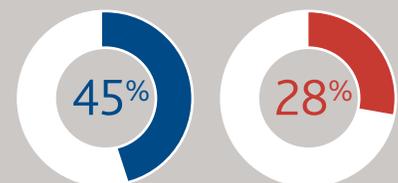
## Country Results

Australia and New Zealand have consistently recorded a higher discrepancy rate across Asia Pacific, followed by Singapore and Hong Kong. We believe that this may be attributed in part to the higher number of checks ordered for candidates in these markets. As indicated in the screening approach, more checks equates to a higher probability of uncovering discrepancies.

In 2014, more than 67% of all candidates were subjected to five checks, as compared to 42% in 2013:



Candidates subjected to six or more checks in 2014:



- Singapore
- Hong Kong
- Japan
- Australia
- New Zealand
- China
- Philippines
- Malaysia

Employers conducting 6 checks or more were almost 9 times more likely to uncover an alert than those conducting 2 checks or less.

Almost 1 in 5 screenings uncover major discrepancies (APAC region, 2014)



# + OVERALL DISCREPANCY

## Industry Results

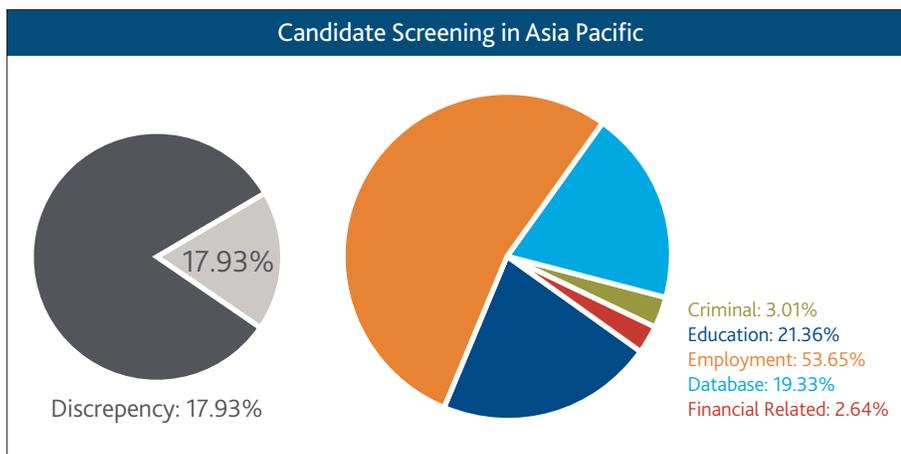
Energy and healthcare were the two sectors that recorded the highest discrepancy rates across Asia Pacific in 2014.

## Discrepancy Type

Out of all employment discrepancies found in Asia Pacific in 2014, 54% came from employment history. Within this category, discrepancies related to designation/job title at the top of the graph at 10.81%, followed by tenure at an organization at 8.59% (with variance not exceeding six months) and 7.43% (with variance exceeding six months). Discrepancies related to reasons for leaving came in at 3.76%, followed by last drawn salary at 3.55% and eligibility for rehire at 2.70%.

Education-related discrepancies stood at 20% in 2014. The three most common discrepancies in this area were graduation dates with a variance of more than six months, graduation dates with a variance of less than six months as well as unconfirmed or unverifiable degrees.

While criminal history checks and financial-related searches have shown low discrepancy percentages in most countries, we believe that candidates with such discrepancies tend to pose a greater legal, compliance, reputational and security risk to organisations than candidates with other types of discrepancies.



# + OVERALL DISCREPANCY

## Most requested background checks by Asia Pacific employers

- **53.65%** Employment verification
- **21.36%** Education verification
- **3.01%** Criminal history
- **2.64%** Financial-related searches

## Future trends in background screening

### • **More is better**

Employers in key markets across the Asia Pacific will include more checks with each screening request—as many as six or more per candidate.

### • **Screening outside the box**

More employers will opt for 'infinity screening', which involves expanding their screening programme to include contractor screening and the annual rescreening of existing employees.

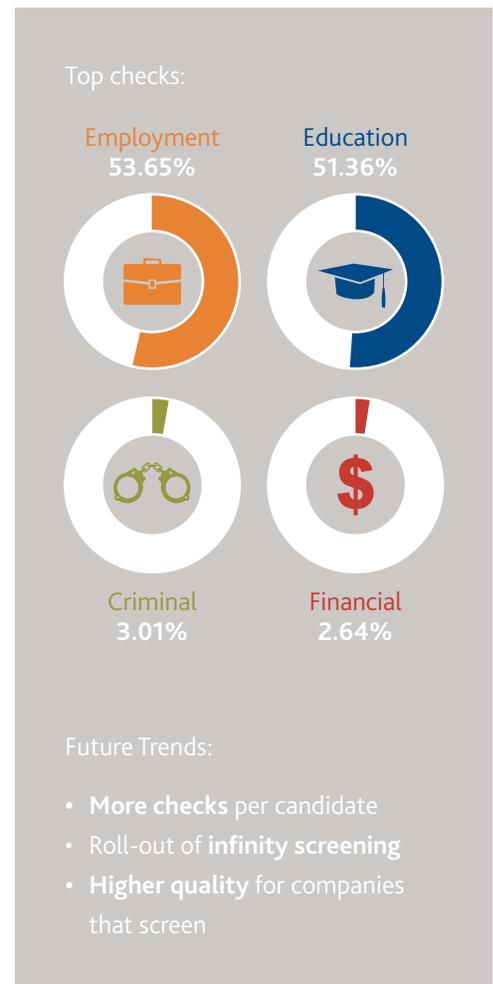
### • **Higher quality candidates**

Tighter background screening will continue to help employers weed out unsuitable candidates and get the best talent onboard. Companies who are not background screening their employees will start to see those candidates who have been screened out from companies conducting background checks applying more frequently to the companies that are not implementing these practices.

## Methodology

The data in this report was drawn from nearly two million employment verifications and reference checks conducted in 2014. The report presents the results across key markets in Asia Pacific—Japan, Korea, China, Hong Kong, Malaysia, the Philippines, Singapore, Australia and New Zealand—and are segmented under five critical discrepancy types—employment, education, financial-related, database\* and criminal. This report also examines the discrepancy breakdown by country and the seven industries where First Advantage conducted the highest volume of checks in 2014.

\* Database checks refer to searches based on name matching from a collection of databases including media, address, online, passport/ID, company registry, address checks and more.



# + KEY DEFINITIONS

<b>Anti-money Laundering</b>	Checks conducted through cross-referenced databases to identify if alerts are raised on candidates, from institutions around the world including governments and financial authorities.
<b>Bankruptcy*</b>	Checks conducted to confirm whether the candidate has been declared bankrupt or recorded with insolvency in countries specified by the client.
<b>Case</b>	This refers to a candidate/applicant with background screening checks to be conducted.
<b>Check</b>	A check refers to a single element/component of research that may be included in a background screening report (e.g. a criminal, employment or educational qualification check).
<b>Civil Litigation*</b>	A search conducted to identify whether the candidate has been a party to litigation cases in district courts or other appropriate sources of civil litigation history.
<b>Credit Check*</b>	A search conducted through a credit reporting agency, or public or private database. Details may include financial judgments, loan default, litigation and collection matters. Information on payment or debt history may be limited due to country privacy laws and credit reporting structures.
<b>Criminal Record Check*</b>	A search of national or local jurisdiction for criminal record histories or clearance certificate, where available and legally permissible.
<b>Database Check</b>	This refers to search based on name matching from a collection of databases including media, address, online, passport/ID, company registry, address checks and more.
<b>Directorship Check*</b>	A search to determine if a candidate had fiduciary or board of director responsibilities for a company.
<b>Education Verification</b>	Verification of the stated education through contact with educational facilities or their designees. Results may include dates of attendance, course major, degree(s) attained and the date of the degree awarded. The check may also confirm if the candidate did not complete a course or if the qualification was obtained from an unaccredited institution.
<b>Employment Verification</b>	Verification of the stated employment through payroll or human resources. Results may include dates of employment, positions held, responsibilities, direct manager, remuneration and reasons for leaving. First Advantage will highlight any discrepancies in the information provided by the applicant.



# + KEY DEFINITIONS

<b>Financial Regulatory*</b>	Checks to verify if a candidate has been prohibited, disqualified or actioned by a financial regulatory body in the hiring country.
<b>Financial-related Checks</b>	Checks to verify if the candidate has negative financial records regarding bankruptcy, credit, financial regulatory and anti-money laundering.
<b>Global Dataset Search</b>	A search of the largest database of international criminality information available. It has more than 170 million records sourced from governments, courts and other data sources, translated from their local language to English, as required.
<b>Identity Check</b>	A validation and/or verification of the candidate's identity documents.
<b>Major Discrepancy</b>	This is defined as high variance in what the candidate declared and what was verified for education, employment, professional qualifications and other checks. A major discrepancy is also declared when there are adverse findings for criminal and financial-related checks on a candidate's background.
<b>Media Search Searches</b>	Checks conducted through various media databases to identify any articles containing negative references to the candidate. Details of all derogatory articles are provided.
<b>Minor Discrepancy</b>	This is defined as low variance in what the candidate declared and what was verified for education, employment, professional qualifications and other checks.
<b>Reference Check</b>	The candidate's previous supervisors or candidate-supplied contacts will be interviewed to ascertain the candidate's work performance, skill sets, integrity, strengths and weaknesses, professional ability, reasons for leaving and confirmation as to whether the company would rehire the candidate.
<b>Resume Check</b>	Comparison is conducted to validate the information provided in the resume and the online form filled by the candidate. Any discrepancies or non-disclosures are highlighted.

\*There are checks that may be available in some countries only. Note that available checks vary from country to country and are subject to change depending on local laws.



# + ASIA PACIFIC: AN ANALYSIS OF DISCREPANCIES

Across Asia Pacific, screening discrepancies related to employment continued to take top spot in 2014 at 53.65%. One in nine employment verifications identified a discrepancy with the last job title/designation, while one in 27 showed a variance in the reasons for leaving a past job (see Figure 1).

In addition, one in 28 searches identified discrepancies related to previous salary figures listed on the application (Figure 1). We believe that some of these salary discrepancies may be an effort by candidates to obtain a higher salary offer from their new employer.

Employment Details with Highest Discrepancy Rates		
Employment Variance	Discrepancy	Per Total Applicants
Discrepancy in designation/job title	10.81%	One in Every 9
Not more than 6 months	8.59%	One in every 12
More than 6 months	7.43%	One in every 13
Discrepancy in reason for leaving	3.76%	One in every 27
Discrepancy in last salary	3.55%	One in every 28
Discrepancy in eligiibity for rehire	2.70%	One in every 37

Figure 1

Employment discrepancies have consistently been a top Asia Pacific background screening alert. With employment and education verification being a popular screening check ordered by employers, education discrepancies made up one-fifth of all discrepancies discovered (Figure 2).

# + ASIA PACIFIC: AN ANALYSIS OF DISCREPANCIES

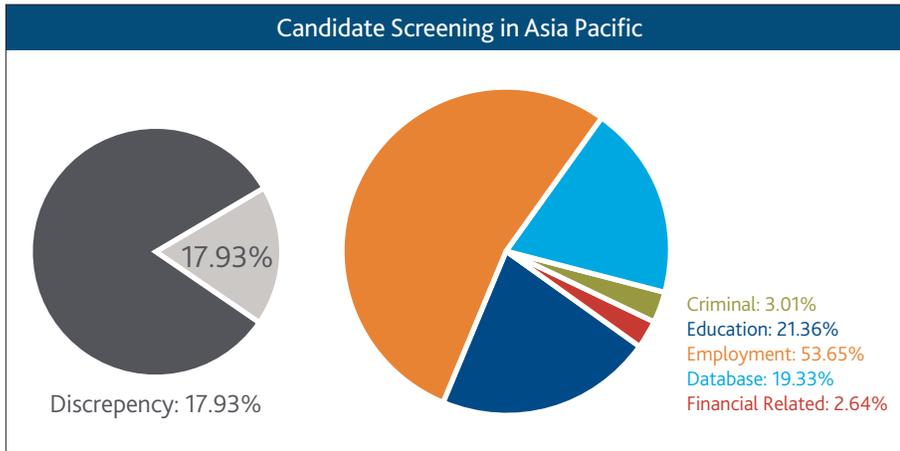


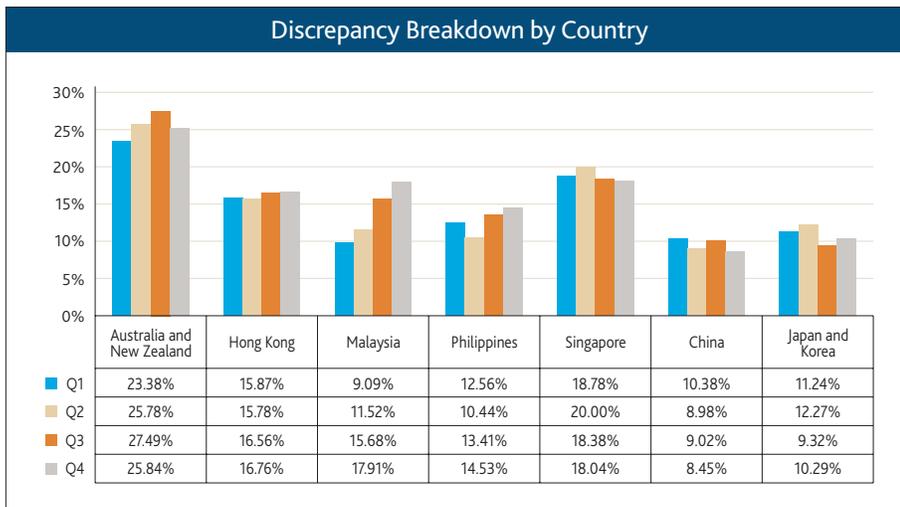
Figure 2

Within education screening alerts, a variance in graduation date proved to be the most common – one in 16 involved a difference of more than six months and one in 19 had a date variance of less than six months (see Figure 3). It is accepted that some of these graduation date discrepancies may be unintentional mistakes by candidates. For instance, a senior executive with two decades of experience may have long forgotten his exact graduation date, triggering a discrepancy in his employment form. As a result, we classify most of such mistakes as minor discrepancies. Inconsistencies with the issuing authority of degrees and confirmation of incomplete degrees are more often classified as major discrepancies. Unconfirmed degrees were found in one out of every 29 candidates while discrepancies related to the type of qualification were discovered in one out of every 80 candidates.

Educational Details with Highest Discrepancy Rates		
Education Variance	Discrepancy	Per Total Applicants
Graduation Date > six months	6.19%	One in Every 16
Graduation Date < six months	5.11%	One in every 19
Unconfirmed Degrees	3.40%	One in every 29
No record found	2.14%	One in every 46
Type of Qualification	1.24%	One in every 80

Figure 3

# + COUNTRY RESULTS



## Overview

The discrepancy rate in China remains the lowest at 8.45% in Q4, compared to all other countries in the Asia Pacific region. With the country expected to see strong economic growth over the next decade, it is likely that global and local organisations alike will continue investing heavily in key city hubs. This will bolster China’s attraction as a career destination for the global workforce and should lead to a stronger influx of foreign talent, skills and best practices. The sheer volume of college graduates may also increase competition for jobs, potentially leading to higher screening discrepancies as candidates feel compelled to compete at a higher level. The increasing affluence among the candidates will also expose China to greater people risk. Coupled with the expected gradual increase in checks per candidate conducted, China’s discrepancy rate is expected to rise over the next few years.

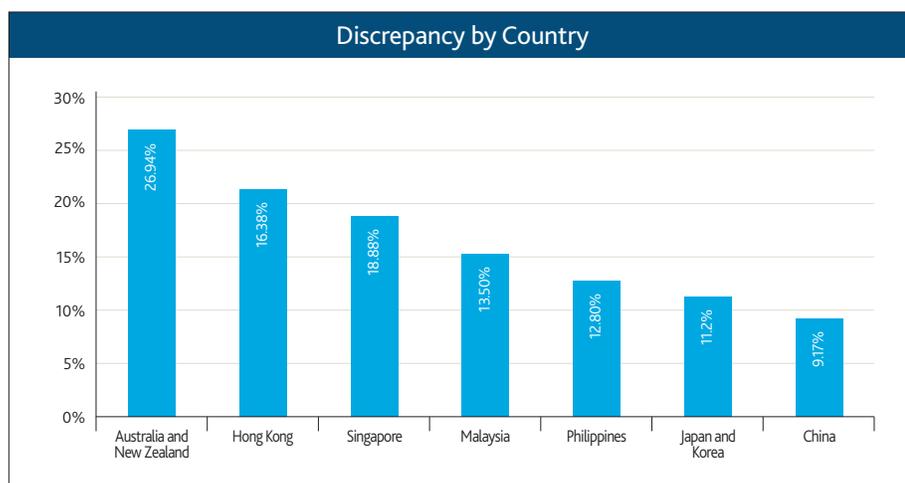
In more mature economies such as Singapore, Australia and New Zealand, discrepancy rates have clearly stabilised. This comes with an increased awareness of the importance of background screening and a growing demand for infinity screening. Infinity screening involves extending the screening programme to include contractors and vendors and the periodic rescreening of existing employees. Since employees would have passed their pre-employment screening, discrepancy rates tend to be significantly lower than first-time candidates. Employers also typically request for fewer checks for rescreening employees.

China discrepancy rate set to rise, due to increasing competition for jobs and higher numbers of checks per candidate

Discrepancy rates in mature economies stabilising, due to increased awareness of screening

# + DISCREPANCY RATES

## Countries compared



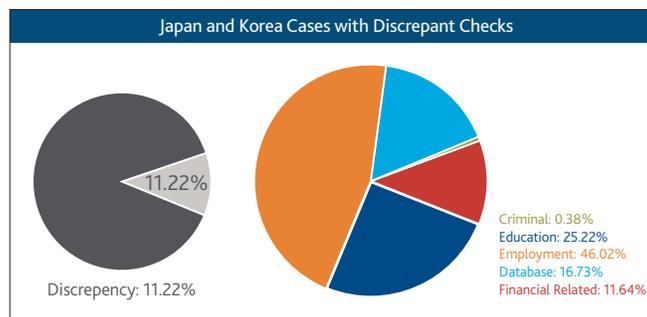
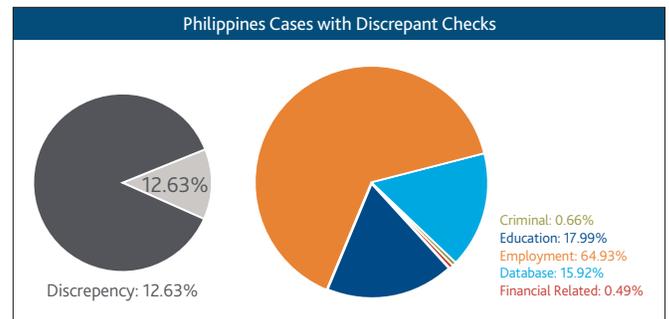
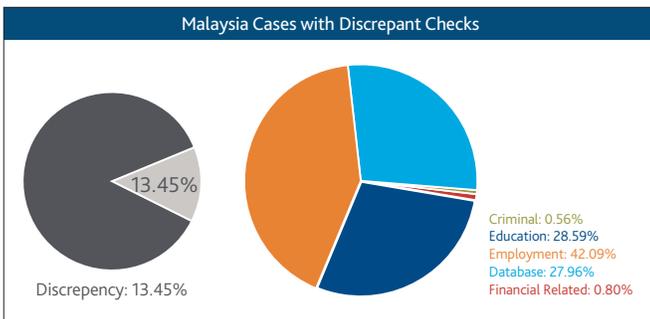
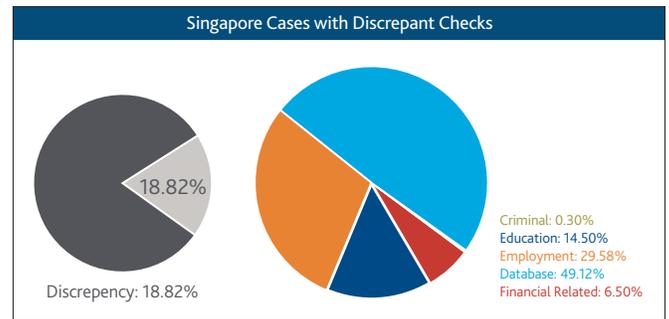
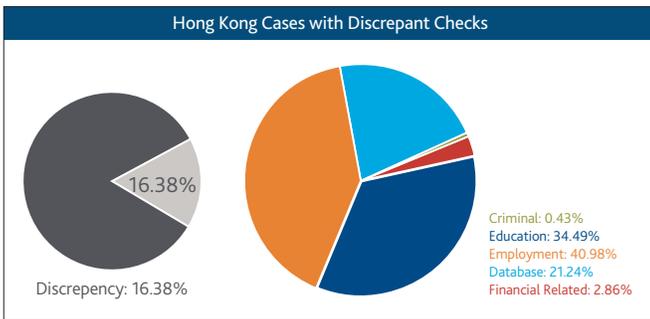
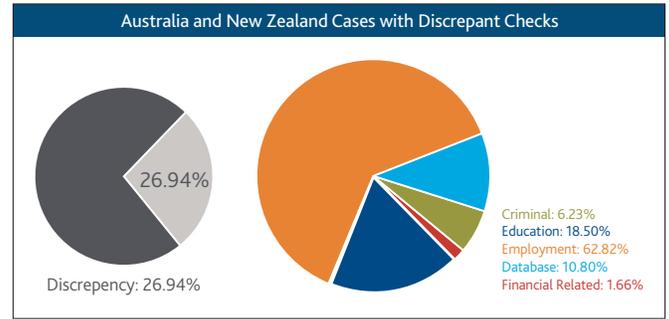
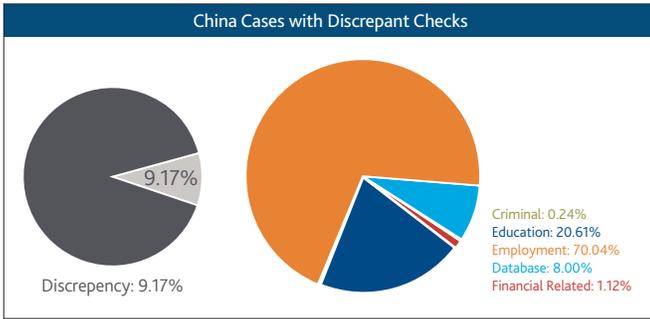
**Most Common Discrepancy by Region in 2014**

	Criminal	Education	Employment	Database	Financial Related
<b>ASIA PACIFIC</b>	<b>3.01%</b>	<b>21.36%</b>	<b>53.65%</b>	<b>19.33%</b>	<b>2.64%</b>
Australia and New Zealand	6.23%	18.50%	62.82%	10.80%	1.66%
Hong Kong	N.A.	34.49%	40.98%	21.24%	2.86%
Malaysia	0.56%	28.59%	42.09%	27.96%	N.A.
Philippines	0.66%	17.99%	64.93%	15.92%	0.49%
Singapore	N.A.	14.50%	29.58%	49.12%	6.50%
China	0.24%	20.61%	70.04%	8.00%	1.12%
Japan and Korea	0.38%	25.22%	46.01%	16.73%	11.66%



# + CASES WITH DISCREPANT CHECKS

## By Country



# + DISCREPANCY RESULTS BY INDUSTRY

In examining the 2014 discrepancy results by industry across Asia, the energy sector led the pack with 26.67% and the Finance sector at 19.88%. The two sectors that had the highest discrepancy rates in countries like China, Singapore, Australia and New Zealand. This is primarily due to a higher number of checks conducted in markets that are established business hubs for such sectors. (see Figure 4).

Discrepancy rates highest in the energy and financial sectors

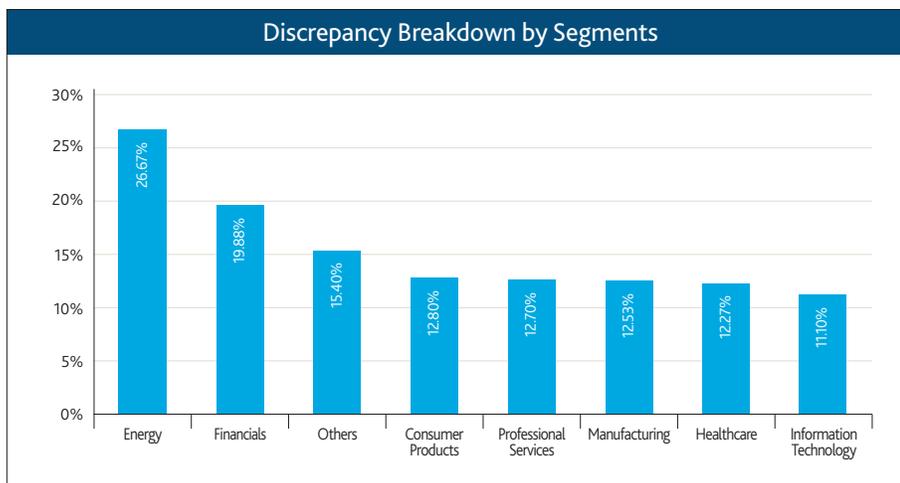


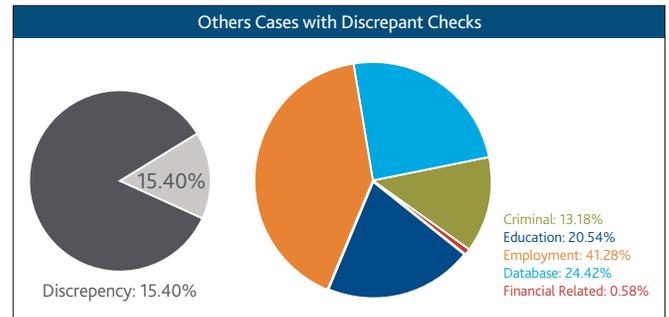
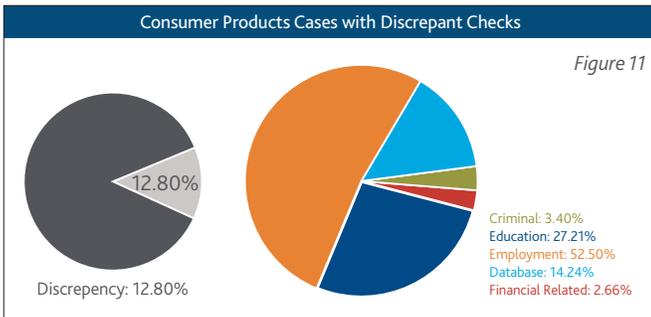
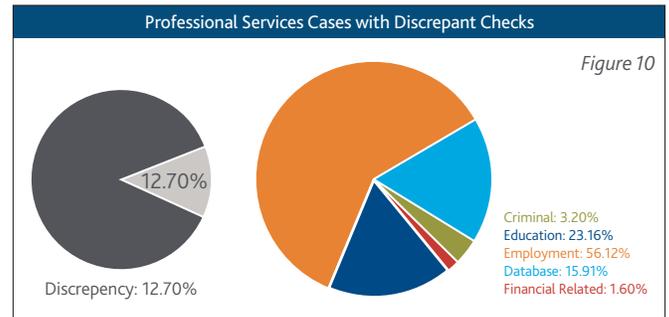
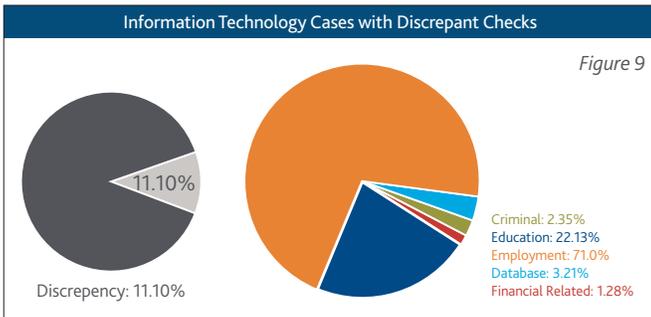
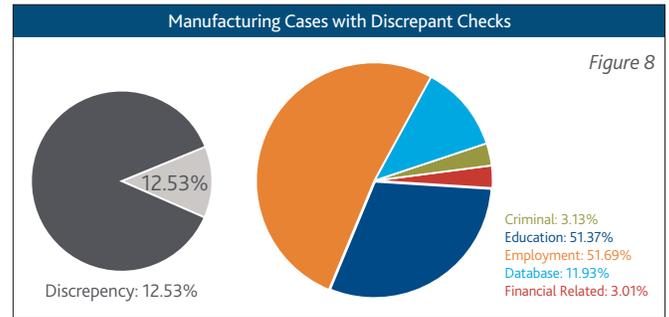
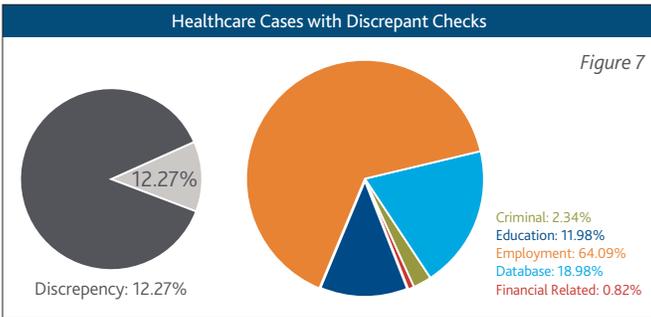
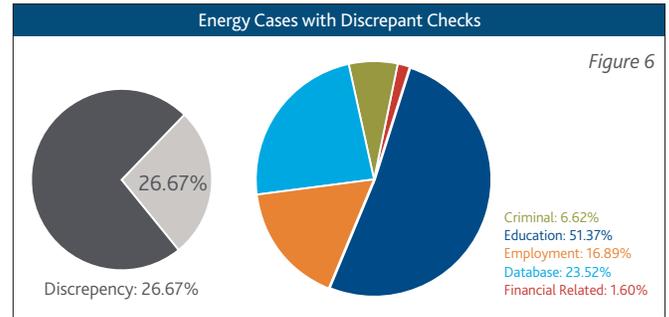
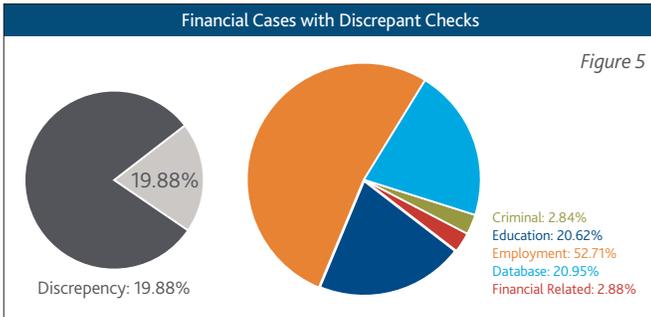
Figure 4

Mirroring the discrepancy breakdown by country, the industry breakdown of discrepancies shows that employment searches make up the highest percentage of discrepancies across most industries.

The energy sector (see Figure 16) is one standout where education and database searches currently make up over 74% of all discrepancies while the Information Technology (Figure 9), manufacturing (Figure 8), consumer products (see Figure 11) and professional services (see Figure 10) sectors show comparatively higher levels of employment discrepancies. In the finance sector (see Figure 5), where First Advantage screens heavily, over 94% of all discrepancies found came from employment, database and education checks.



# + DISCREPANCY RESULTS BY INDUSTRY



# + CONCLUSIONS & RECOMMENDATIONS

With the rise in demand and supply of candidates in the robust Asia Pacific market, employers are having an increasingly tough time identifying and recruiting the best talent.

It is imperative that employers collect detailed information about their candidates in order to ensure that they hire individuals with the knowledge, skills and expertise that each position demands. As such, more employers are making background screening an integral part of their hiring strategy, and even more are increasing the number of checks to gain a thorough understanding of each candidate's background.

To protect their organisation's brand name, employers are also ordering infinity screening for their contractors and existing employees. While their employees would have been put through pre-employment screening, infinity screening helps safeguard the organisation against any new offences or violations that may have occurred during employment.

There are still some Asia Pacific employers who are limiting their screening process to calling references provided by the candidate. In these cases, employers must take care to implement controls that help ensure the references provided by the candidate are qualified to comment on the candidate's performance, abilities and attitude. This is essential to facilitating reliable, better-informed hiring decisions.

Every industry and every position comes with its own set of demands. Considering that the appropriate education and relevant work experience is closely related to the success of each role, employees should conduct thorough employment and education checks to ensure that candidates are suitable and well qualified. With a view of strengthening internal security, employers should also consider conducting criminal, credit, bankruptcy, anti-money laundering checks.

As more Asia Pacific businesses embrace the practice of performing comprehensive employment screening, candidates will come to expect background checks and, as a result, we expect to see a reduction in overall discrepancy rates.

Employers understand that by integrating background screening into their hiring process, they are opening themselves to a multitude of benefits, including:

- Higher compliance levels with required employee due diligence programmes
- Lower employee-related risks
- Stronger integrity of the recruitment process
- Reduced recruitment and business costs associated with bad hires
- Improved business performance from better quality employees



## The world's most trusted provider of people intelligence

First Advantage provides comprehensive screening solutions including employee screening, vendor screening, consumer screening and 'know your customer' offering. We are proud to support tens of thousands of clients globally, including hundreds of Fortune 1000 companies, by providing integrated, single-source solutions that feature quality products and business practices, configurable technology, helpful compliance and managed services and highly responsive client support.

As a talent acquisition solutions provider, First Advantage offers companies around the globe solutions to improve their decision making process for talent acquisitions across the employment continuum. Tailored for each client, our solutions cover recruiting, screening and assessment, on-boarding, and re-screening. As employers tackle the challenges of recruitment and talent management, they turn to us for integrated solutions.

Reduce the time, cost and risks associated with candidate recruiting, applicant tracking, screening, and ongoing retention processes with First Advantage. Visit [www.fadv.com](http://www.fadv.com).

### Verifications Offered

- Education
- Employment
- Criminal
- Address
- Identity
- Database
- Anti-money Laundering
- Financial Regulatory
- Resume Check
- Global Data Set Search
- Civil Litigation
- Directorship



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# We can help. For more information, contact First Advantage today:

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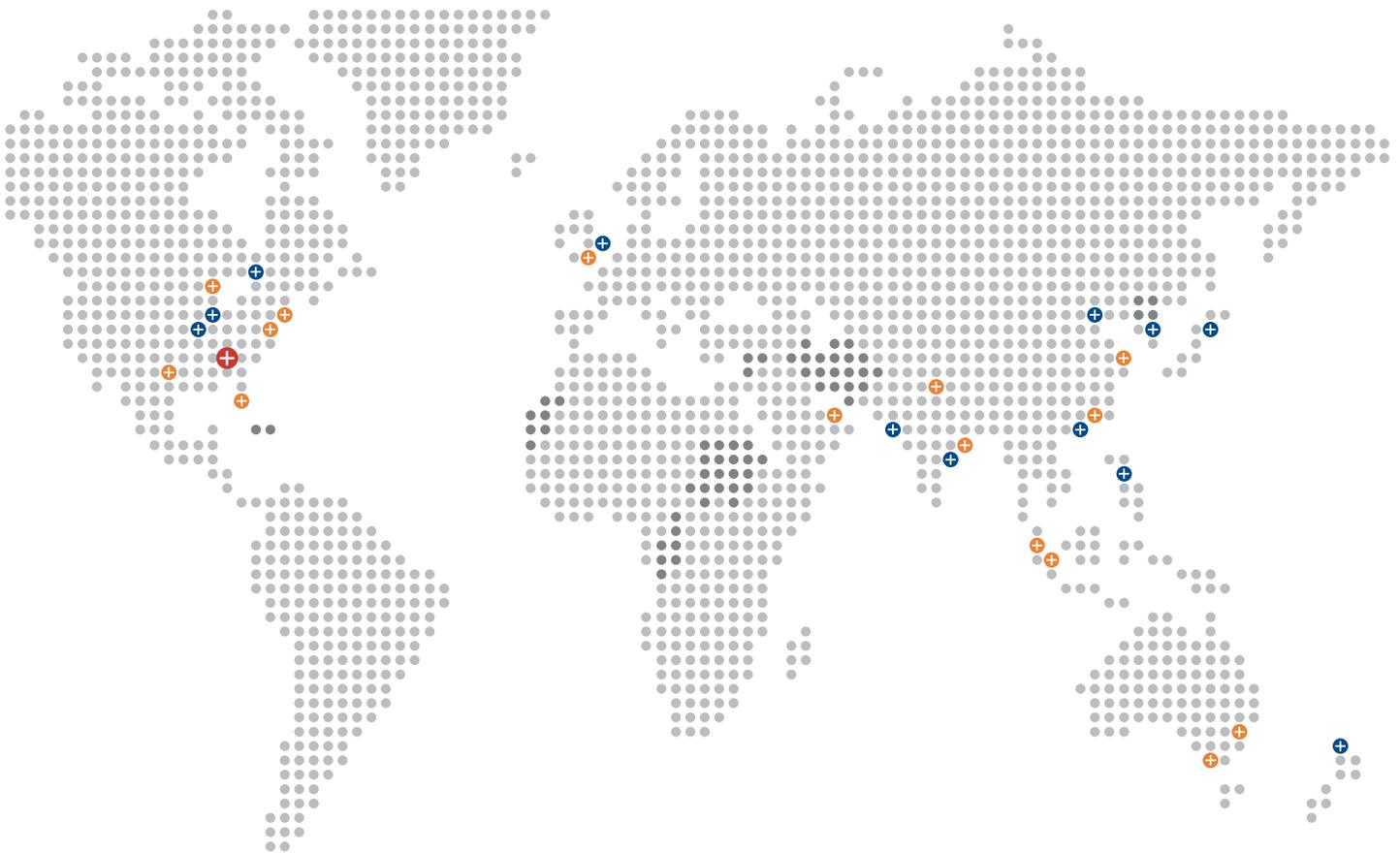
 First Advantage Corporate Global HQ  
and Operational Center

 First Advantage  
Operational Centers

 First Advantage  
Offices

 Countries First Advantage  
Conducts Screenings

 Countries First Advantage  
Conducts Limited Screening



As the trusted partner of over 45,000 organizations worldwide, we at First Advantage provide easy-to-understand background screening results so you can confidently make decisions about prospective employees, vendors and renters. Not only does this safeguard your brand, but you also arrive at dramatically better background insights – insights you can rely on.

It's time to partner with First Advantage. Now in 27 locations, 13 countries and conducting over 54 million international background screens on 16.8 million applicants annually. **Trusted Knowledge.**

**Exceptional People.**



**First Advantage**

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# First Advantage

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The purpose of this report is to categorize and the quantify the discrepancy trends found while conducting background screening on current and potential employees in Asia Pacific. First Advantage presents this report to provide employers throught Asia Pacific a glimpse into the trends observed in background screening results of organizations country-wide and to help employers benchmark their current background screening practices against their peers and adopt the industry best practices.

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