

HIRE RIGHT[®]

**2019 EMEA
EMPLOYMENT SCREENING
BENCHMARK REPORT**





EMEA EMPLOYMENT SCREENING BENCHMARK REPORT

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Foreword

Welcome to the '2019 HireRight Europe, Middle East & Africa Employment Screening Benchmark' Report.

This year, our research finds Human Resources departments across the region are under more pressure than ever to find amazing talent, fast. This is unlikely to change anytime soon: significant business growth is expected in the next 12 months, and technology is still not providing all the answers to people issues.

Despite this, we're finding that some businesses are taking the time to adopt an even more thorough approach to screening. Criminal record checks are increasing in importance for many companies, suggesting risk and reputation management and employee and customer security are front of mind. Having said that, there are still candidates and employees – and senior ones at that – who aren't being checked appropriately during recruitment, or following a promotion or merger. Contract and

temporary workers in particular are less likely to be properly screened. With the gig economy growing in importance, there are clearly gaps in screening processes that need to be closed to ensure that businesses can effectively manage their employment risk.

We hope you find this report and the data within it useful as a benchmark to compare your own background screening practices to. However and whoever you screen, it's never been more important to ensure that your company's screening process is robust, fair and compliant. Do get in touch if you have any questions about the issues that we touch on in this report – we'd be happy to help.

Peter Cleverton, General Manager EMEA, HireRight

Key themes



Brexit: Split down the middle

While many EMEA businesses have taken decisive action and are now confident they're Brexit-proof, the rest are still unsure of what Brexit means for them.



Technology trends: HR's future is smart

HR departments are looking at new ways of using software and digital products to address their most critical human resources issues.



Talent challenges: Pressure is on to hire

Both 2019's top business issue and the biggest screening issue suggest the same thing: that it's never been more essential or more difficult to attract the right talent.



Criminal checks: Rise in the ranks

More organisations are now checking criminal histories than educational qualifications, suggesting a shift in HR priorities when it comes to background screening.



Mind the gap: The areas where errors slip through

While many businesses take a robust approach to screening, there are a number of unexpected roles where candidates could be going unchecked.

Brexit: Split down the middle

Brexit. You might be sick of the sight of the word but it's not going anywhere fast. So, what does it mean for EMEA HR professionals and what is its likely impact on background screening?

At first look, our 2019 Benchmark data suggests Human Resources professionals are gaining confidence in the Brexit situation. The number of people that believe the UK is a less attractive place to hire has dropped each year since the referendum – from 49% in 2017, to 38% in 2018, to 25% today. Similarly, the proportion that believe a post-EU UK will be more complex to screen in is also falling: it has more than halved, from 62% in 2017 to 27% today.

What could have caused this apparent surge in confidence? Many businesses have certainly taken action. We are seeing companies actively updating policies and processes for background screening to make sure they are considering everything they need to in this new world order. Then there are companies, especially in the Financial Services sector¹, who are taking more significant action, relocating headquarters or staff to spread risk away from London.

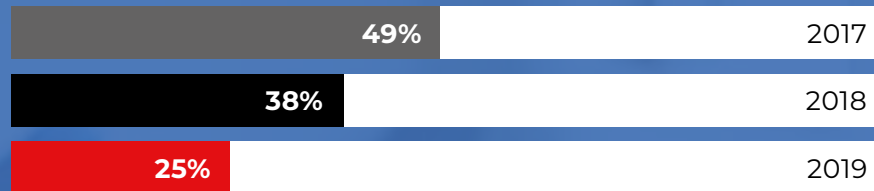
But under the surface, our benchmarking figures reveal another telling story. For each of the three key Brexit questions we asked, between 38% and 43% of the HR professionals who took part in our survey responded with uncertainty, choosing “not sure”.

So, what does this suggest? EMEA businesses are broadly falling into two camps when it comes to Brexit and background screening. They have either taken action already and are confident that they are Brexit-proof, or they are still unsure of exactly what to do or what Brexit means for them.

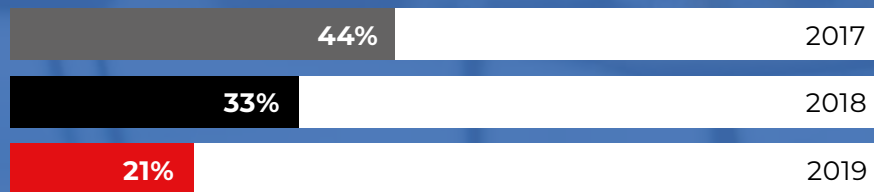
One thing's for certain, as Brexit rolls on, next year's data will make interesting reading.



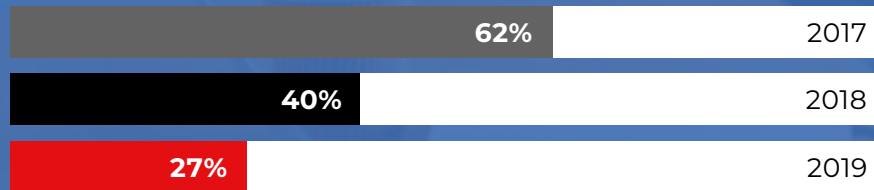
UK is a less attractive place to hire since Brexit was announced



Regulatory uncertainty is making it harder to recruit and screen UK nationals



It will be more complex to screen once the UK leaves the EU



-49%

Percentage change since 2017

43%

Proportion "not sure"

-52%

Percentage change since 2017

38%

Proportion "not sure"

-56%

Percentage change since 2017

42%

Proportion "not sure"

Technology trends: HR's future is smart

Introducing tech into the HR role is not a new phenomenon, but this year departments are thinking of new ways to use software and digital products to address their biggest challenges. Or are they?

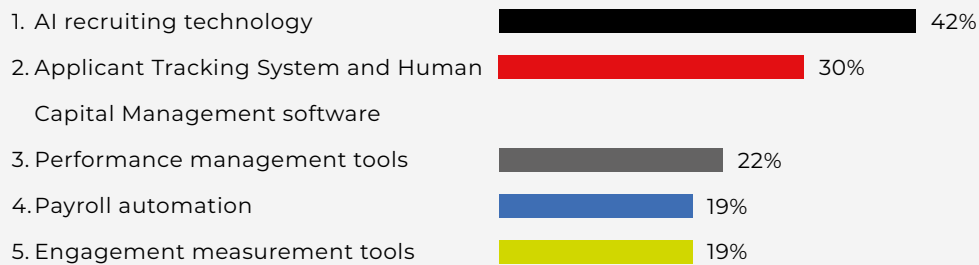
Technology has the power to change the face of the HR profession, enabling faster and more diverse hiring decisions to be made, fair and thorough performance management, engagement and KPI tracking, training and development plans... the opportunities are endless. HR professionals understand this: 45% are putting aside more than 10% of their entire departmental budget in 2019 to invest in tech.

So, what are today's game changers? Which technologies are most likely to transform HR within the next year? The answer might not be what you're expecting. It isn't the technology that feels very close to being implemented far-and-wide, such as ATS software and payroll automation. Sitting at the top of the charts as the most likely technology to disrupt HR in 2019 is Artificial Intelligence (AI) recruiting technology. It's far-and-away the most popular choice of the HR experts that participated in our survey, receiving 12% more votes than any other type of technology. This chimes with research from IBM finding HR professionals believe that AI will transform their talent acquisition capability².



Why did AI come out top? As you'll see, the need for a better, faster way of recruiting is right at the forefront of HR professionals' minds. Could AI recruiting technology be part of the solution?

Biggest HR technology game-changers in 2019



Despite knowing the potential of AI to change everything, 78% of HR professionals are not looking to invest in any HR technology in the next six months at all. Of those that are planning to, Applicant Tracking Systems and Human Capital Management software are the top areas for investment (44%), followed by performance management tools (35%). Surprisingly, fewer than 10% plan to invest in AI in 2019.



So, it seems that while HR teams know the potential of AI, they're leaving it to other businesses to make headway with it before they dive in. Perhaps it's to avoid any teething problems that may arise from the new technology. More likely, it's because many companies need to get their house in order first, taking steps to make their hiring process as efficient and fast as possible before bringing in new technology.

2019's biggest business challenges

Every year we ask Human Resources professionals their top business concern, and every year they tell us it's this: finding, retaining and developing talent. And in 2019, it came out as a bigger concern than ever: it's a major challenge for 54% of businesses, up 4% on last year.

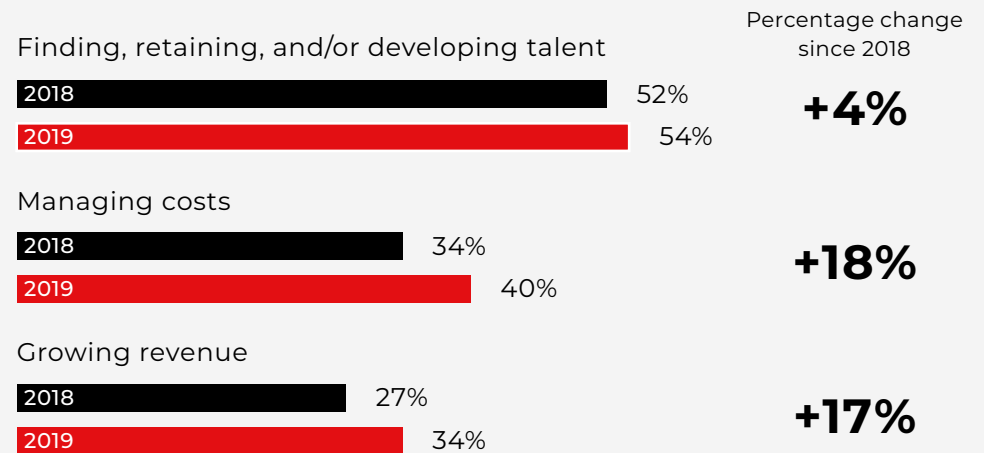
The pressure is on, with three quarters (76%) of businesses expecting their workforce size to grow in the next year, and only 7% expecting

it to decline. As many as a third (33%) have sizeable growth plans, expecting to hire at least an additional 6% of their current workforce.

It's worrying that it isn't getting any easier to find and retain this talent. That's despite the possible talent pool now being international in scope and there being so much technology at our fingertips. More than a third (34%) of HR departments plan to invest in using technology to acquire and manage talent this year, but will that be enough?



Business challenges (ranked in the top 3)



How do businesses find candidates?

Top 6 methods

Corporate website

58%

Online job boards

55%

Referrals

41%

Social networking

37%

Outside recruiters/
temp agencies

37%

University and
college programmes

29%

2019's biggest screening challenges

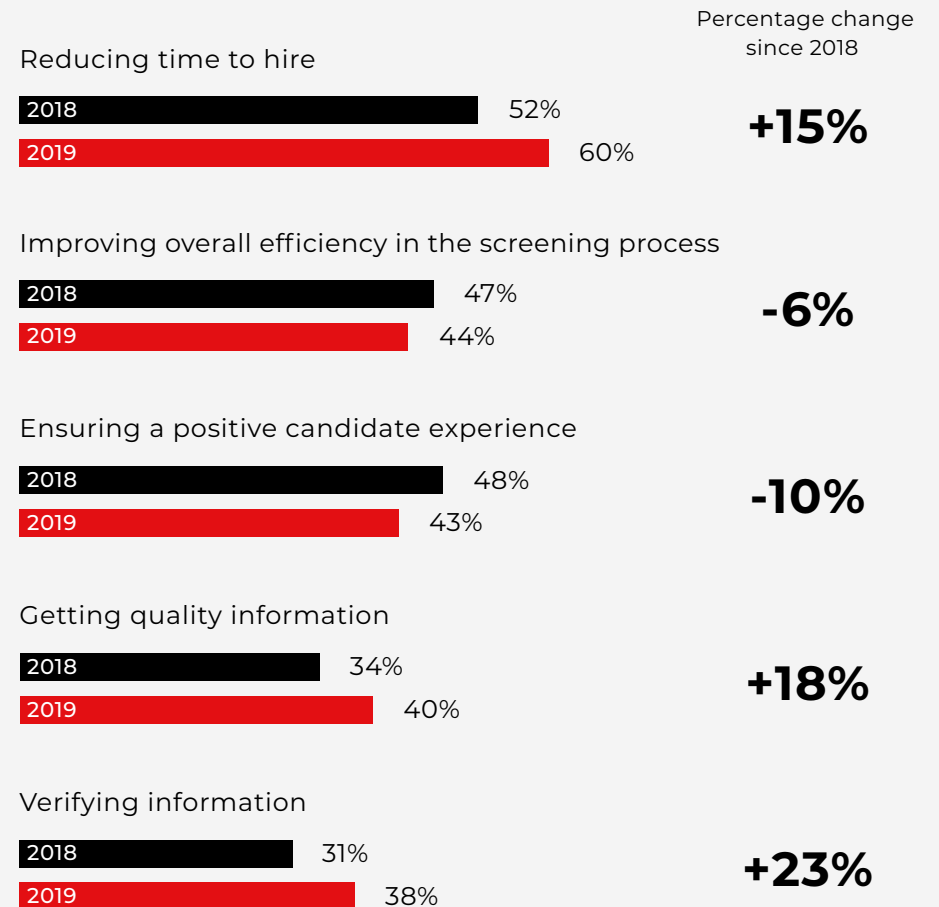
By far the top screening challenge in 2019 is reducing time to hire. It's a concern for 60% of HR professionals, up 15% since 2018. Two in five (42%) rank this as their number one challenge.

The demand to hire fast is also reflected in the issue that is 2019's second biggest screening challenge: improving overall efficiency in the screening process (44%).

This push to speed up hiring has, this year, even overtaken the need to ensure a positive candidate experience. Until now, improving the candidate experience had been growing as a concern—rising in importance by as much as 14% last year.

All this suggests that the impetus is really building in HR departments to find talent and get it into organisations as quickly as possible, deprioritising anything that isn't seen as essential to achieving this key aim.

Screening challenges (ranked in the top 3)



Investing in people

HR professionals are clear on where their priorities lie and the data shows that their businesses are investing accordingly:

Where businesses plan to invest in 2019

57%

Keeping employees/
reducing staff turnover

56%

Making HR processes
more efficient

53%

Maximising employee
engagement

49%

Creating a positive
corporate culture

48%

Finding qualified
job candidates

Top 10 background screening checks in 2019

Once again, a candidate's employment record is the area most likely to be checked by an employer pre-hire. But there are two notable shifts in 2019 in the top ten areas where organisations are carrying out background checks.

Shift 1 – 13% more companies are carrying out criminal record checks now than last year

Criminal checks are now the second most likely check to be conducted by employers, pushing education verifications into third place.

One of the reasons for this shift could be the introduction of the Senior Managers Regime in the UK Financial Services sector, which made these checks a necessity in more roles. As more organisations are checking candidates' criminal histories, this could be an indication that businesses are taking a more belt-and-braces approach to screening. With over 10,000 cases of employee theft reported in England and Wales each year³, it's not surprising that companies may be looking for additional ways to mitigate the risk of new hires.

Shift 2 – 46% fewer companies are carrying out social media checks

The proportion of employers looking into candidate's LinkedIn, Facebook and Twitter profiles has dropped significantly this year. Why?

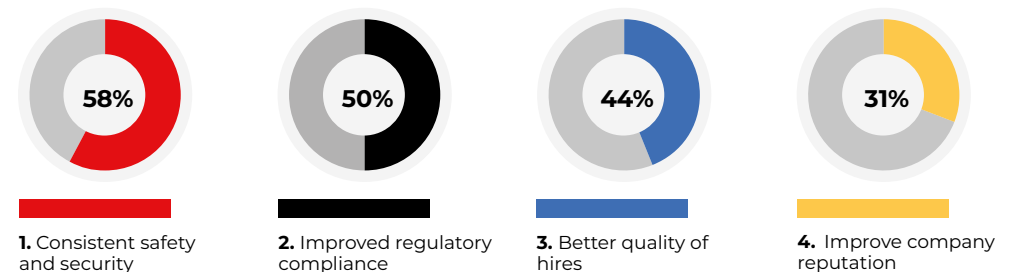
Building a diverse workforce without bias is key to success in today's business landscape. McKinsey⁴ data shows companies in the top quartile for gender or racial and ethnic diversity are more likely to have financial returns above their national industry medians.

Certainly hiring bias is an increasing concern for many in HR and searching social media profiles could reveal protected characteristics that might influence hiring decisions, subconsciously or otherwise.

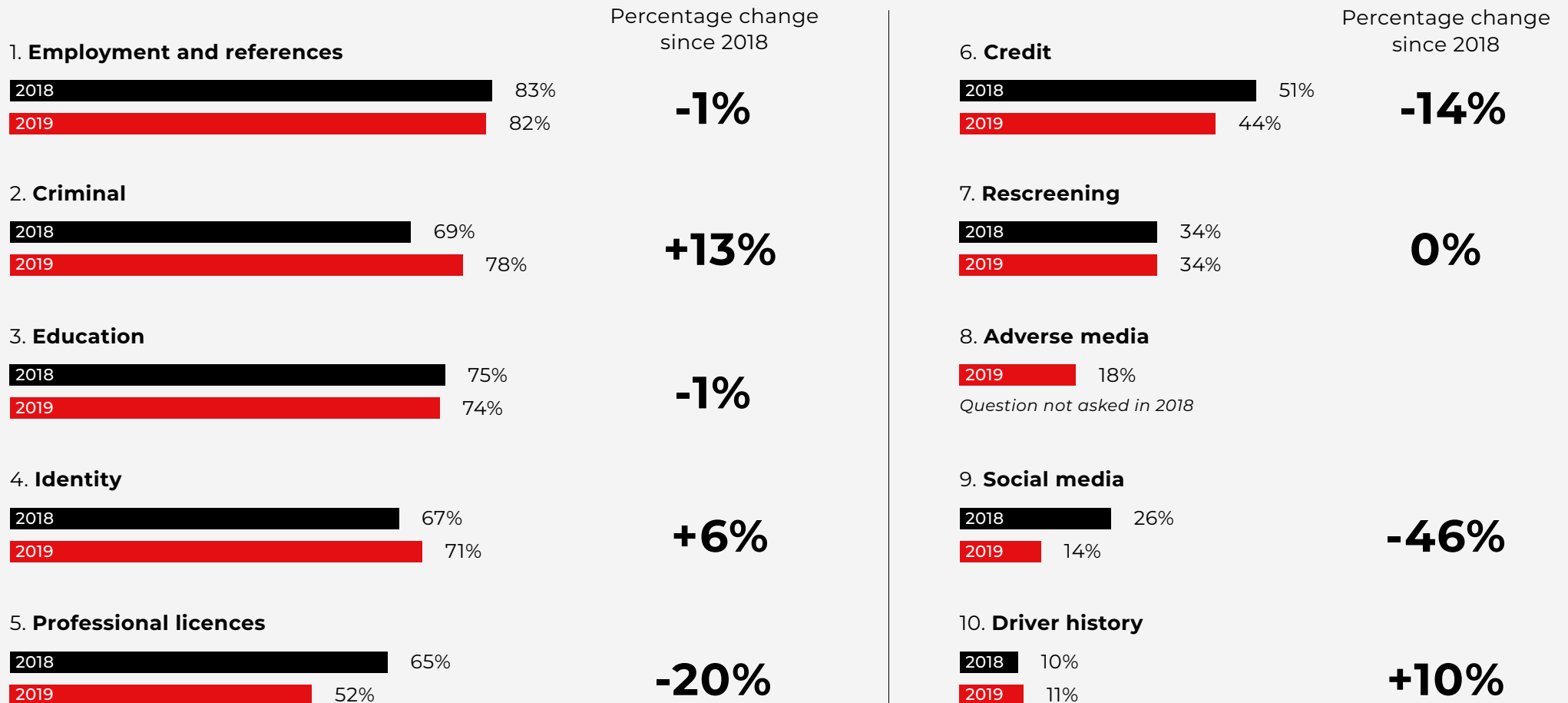
While social media checks appear to be in decline, we are seeing more businesses now carrying out adverse media checks to help prevent any reputational issues post-hire. Thorough media checks are one way to prevent embarrassing and even harmful information being found publicly about hires, particularly those in senior and newsworthy positions.

Why carry out background screening?

In 2019, the benefits that businesses are most likely to experience from screening candidates are:



Top 10 background screening checks in 2019



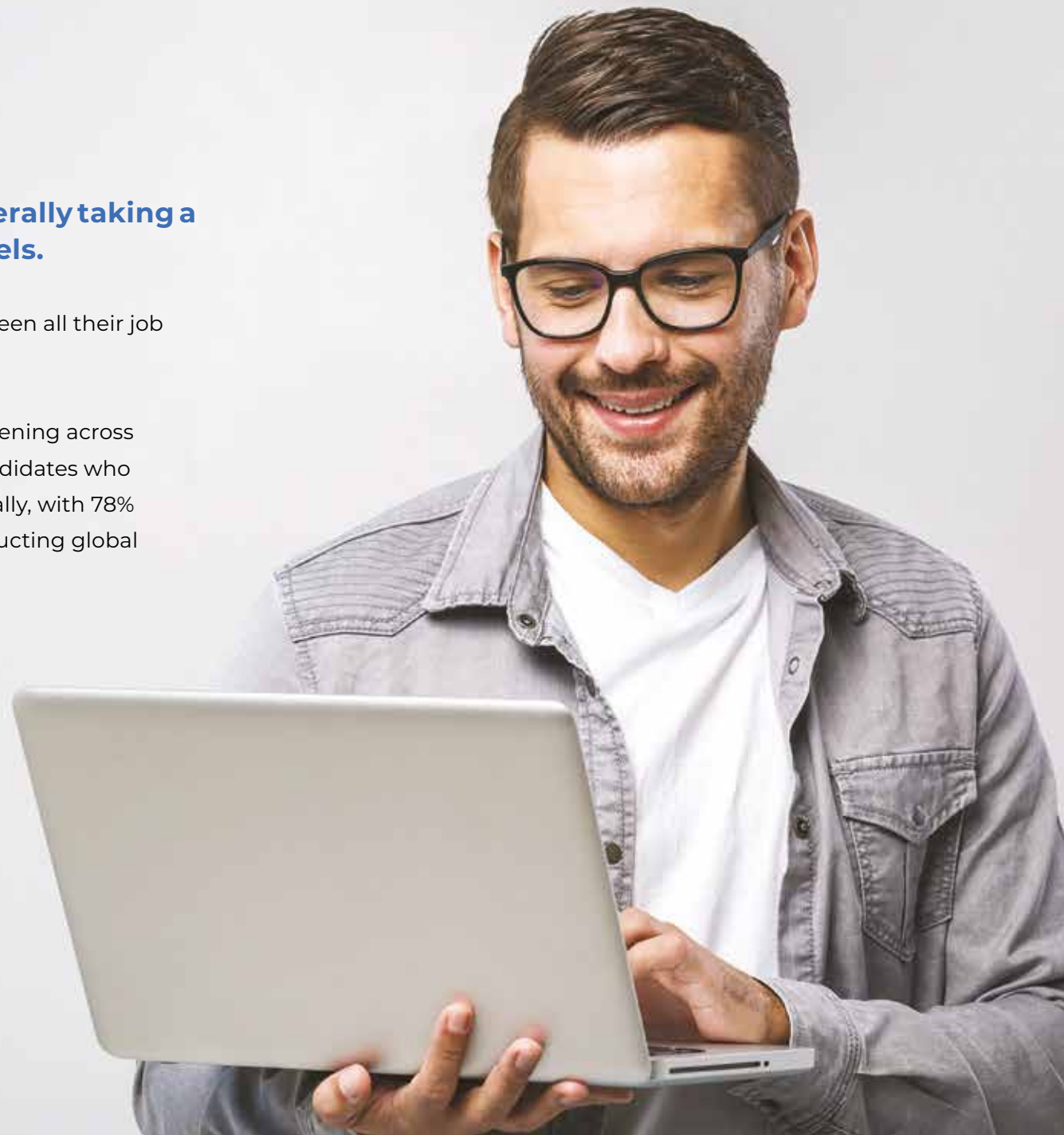
Global screening

Our data suggests that businesses are generally taking a thorough approach to screening at all levels.

81% of the companies who responded to our questions screen all their job candidates, regardless of job level.

Businesses are also performing well when it comes to screening across the world. Of those with global operations, 93% screen candidates who have lived, worked or received their education internationally, with 78% conducting global work experience checks, and 69% conducting global criminal checks.

But this is only one side of the story. There are a number of areas where businesses could be missing out on finding vital information about their workforce...



Falling through the gaps?

Trouble at the top

While we know senior hires are a real focus for screening efforts, there are still clearly gaps in processes. More than a third (38%) of HR professionals believe it's possible board members in their company have never been screened. Over a fifth (21%) think their organisation puts new CEOs through fewer tests and interviews than entry level hires.

Worryingly, 19% of respondents found discrepancies during the screening of senior level applicants, showing they are not immune to making mistakes. It's therefore advisable to screen new applicants at all job levels to best mitigate your company's employment risk.

Once you're in, you're in

Only 34% of businesses are currently carrying out any sort of rescreening. Any issues potentially impacting a person's ability to perform a role may occur after being hired and might not be spotted until it's too late for an employer to offer support or take action.

Of those businesses that do rescreen, few (29%) rescreen when employees are promoted or changing roles and only 9% after a merger. This creates more potential gaps in the screening of senior people within businesses.

Your wider workforce

Due to the changing world of work and the growth of the gig economy⁵, businesses are increasingly working with contractors and freelancers. But often the processes have not been put in place yet to ensure they are treated with the same level of rigour as permanent hires.

Our research finds only just over half (58%) of businesses screen independent contractors and only 68% screen temporary or contingent workers.

Could businesses be letting potentially ineffective – or worse – deliberately harmful individuals into their organisation?

Even in a short-term or junior role, the risks are clear if people have access to sensitive or financial information. Our survey found that just 37% of interns are screened, and even fewer (just 16%) volunteers have a background check.

Candidate discrepancies

How many of your applicants make false claims, accidentally or otherwise, during the recruitment process?

Only 17% of HR professionals believe that none of their candidates have misrepresented information, leaving 83% of HR professionals who have found candidate discrepancies on their CVs or job applications.



Where are discrepancies most likely to be found?



The science of compliance

When it comes to their biggest compliance concerns, nearly two-thirds (65%) of HR professionals are worried about keeping up to date with relevant rules and regulations and a similar proportion (64%) about making sure their organisation is compliant.

When we look at vital HR areas such as data privacy and employment regulations, nearly half (47%) of HR professionals are concerned about understanding how these affect their organisation and role. And with international screening becoming the norm, 43% are concerned about their understanding of international laws and regulations.

GDPR: Done and dusted

98%

of HR professionals are confident in how they prepared for the GDPR

95%

know the difference between the GDPR and the EU Data Protection Directive

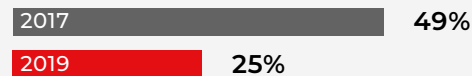
92%

feel their organisation is more focused on data privacy since the GDPR

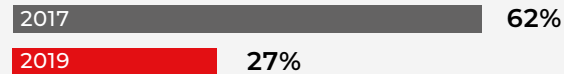
2019 screening snapshot

Brexit split emerges

While the number of HR professionals believing the UK is a less attractive place to hire following the EU referendum falls...



so too does the proportion thinking Brexit will make the UK a more complex place to screen...



and the number of HR professionals unsure about the impact of leaving the EU rises.

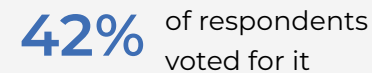
Between **38%** and **43%** responded with uncertainty, choosing “not sure” on 3 key Brexit questions

AI excitement not investment

Many HR professionals are putting aside a significant amount of their departmental budget to invest in tech...

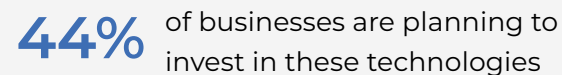


and while AI is seen as the biggest HR technology game-changer in 2019...



very few are investing in it, choosing instead to focus on ATS and HCM.

Applicant Tracking System and Human Capital Management software are the top areas for investment this year.



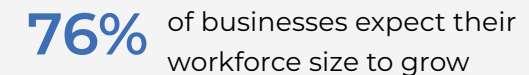
Talent tops business and screening challenges

It's getting even harder to find the right people...

Finding, retaining and developing talent is a key issue in 54% of businesses, up 4% since 2018



and with most businesses planning to grow their workforce this year, the pressure is on to find that talent.



That's why reducing time to hire is key, even overtaking the need to ensure a positive candidate experience.

Reducing time to hire is a key concern for **60%** of businesses, up **15%** since 2018



Criminal records now second most popular check

The most common check carried out remains a candidate's employment records...



but there has been a shift in the second most popular check, as more businesses switch focus to criminal records...



overtaking education verifications.



An accident waiting to happen?

Some HR professionals believe it's possible board members in their company have never been screened but they are not immune to making mistakes...

19% of respondent had found discrepancies whilst screening senior level applicants

and with most businesses not carrying out any rescreening...

Only **34%** rescreen, and only a small proportion of those rescreening at key times, there could well be unscreened senior people in positions of power.

29% rescreen when employees are promoted

9% after a merger

Error of their ways

Fewer than one in five HR professionals believe that none of their candidates have lied on their job applications...



but the rest have found candidates misrepresenting information...



with previous employment being the area where information is most likely to be found to be incorrect. 56% have found employment discrepancies.



Any questions?

How many of your applicants make false claims, accidentally or otherwise, during the recruitment process?

Get in touch to find out more about the research and how HireRight can help you overcome today's business challenges.

About HireRight

HireRight is a leading global provider of background screening services helping organisations mitigate employee risk, and make better informed hiring decisions. We work in more than 200 countries and territories, and have offices across the globe, including the UK, USA, and Singapore. Almost half of the Fortune 100 and nearly a quarter of the FTSE 100 use our services.



About the research

The 2019 EMEA Employment Screening Benchmark Report explores trends and attitudes from EMEA Human Resources departments. It is based on global research, with over 4,000 HR professionals anonymously sharing their experience and knowledge of their company's employment screening and recruitment practices with us.

There were 467 participants from the EMEA region, whose responses are detailed in this report.

Additional reports will be available from the HireRight website, covering vertical and/or geographical breakdowns of the survey results.

Sources

- 1 Reuters, FACTBOX: Impact on banks from Britain's vote to leave the EU, <https://uk.reuters.com/article/us-britain-eu-banks-factbox/factbox-impact-on-banks-from-britains-vote-to-leave-the-eu-idUKKBNIO31F9>
- 2 Personnel Today, Ten ways HR tech leaders can make the most of artificial intelligence, <https://www.personneltoday.com/hr/ten-ways-hr-tech-leaders-can-make-artificial-intelligence/>
- 3 Statista, Number of police recorded 'theft by an employee' offences in England and Wales from 2002/03 to 2017/18, <https://www.statista.com/statistics/303567/employee-theft-in-england-and-wales-uk-y-on-y/>
- 4 McKinsey, Why Diversity Matters, <https://www.mckinsey.com/business-functions/organization/our-insights/why-diversity-matters>
- 5 The Gig Economy Goes Global, Morgan Stanley, <https://www.morganstanley.com/ideas/freelance-economy>

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