

Securing the workplace from Internal Threats

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The workplace is no longer simply a place where you leave the past behind and carry on with your lives. In growing instances of workplace threats, companies are getting even more careful of who they are employing and what the background of the individual is. This has been made necessary following instances of not just workplace violence and harassments but also of instances of major frauds in companies and theft of data, which to some companies is crucial. Several companies including BPOs have now made it mandatory that a complete background check of an individual is done before he is given employment.

Some companies, to guard against data theft, have even banned the use of any external communication device including using of pen drives and lap tops to ensure that confidential information remains so and company's data is kept secured.

Pinkerton India, a company that is heavily involved in conducting these checks says that

An expert in a back ground check agency recounts a story doing the rounds about a top ranking Delhi based executive, who was placed at a very senior position in a company. He had all the ingredients of being an extremely competent and well educated man.

A degree from Delhi University and further degrees of advanced studies from universities abroad. Until the time that the management decided to outsource a system that is called background checks before they elevated the officer to an even more senior position. All the degrees of his advanced studies as well as degrees of management skills were right to the core. Except one. The background checks revealed that his basic degree from Delhi University was a fake.



Mr Clifford Dweltz, Director-PES Pinkerton India

with the arrival of multinationals in India, the idea of back ground checks has gained momentum. For a long time, background checks was merely something that was heard of in companies abroad. Mr Garry Singh of Pinkerton India says that although his company is being entrusted with background checks of middle level employees of a company, the

concept of pre employment checks is also gaining speed now. “Companies do not want to risk employing someone simply on the basis of the resume that he has submitted



while seeking an opening in the company. They would want to be doubly sure about the candidate’s social background, his professional background and even if he is prone to violence,” says Mr Singh. The HR department’s role is now relegated to merely recommending a candidate on the basis of papers that he has submitted.

So what are the kinds of companies who are seeking Pinkerton’s professional assistance in this investigation? Mr Clifford Dweltz, Director-PES Pinkerton India says that in various companies, departments like Finance and Procurement are extremely keen to get information about the candidate before they finally recruit him. “This warrants relentless and detailed checks since it involves finance and purchase. BPOs are most interested in getting these checks on most of their employees because here too information guarding is a must” says Mr Dweltz. He says that in IT companies the concept of carrying out detailed checks has really caught on while in some other companies it is restricted to middle level employees already with the company. “I would say in IT companies there is nearly a 100 per cent background check conducted on every employee. This means employees at low, middle and top management level,” says Mr Dweltz. In manufacturing units, this check system is invariably limited to middle and top management level.

Pinkerton India, that has offices in 19 Indian cities does not outsource the exercise of conducting checks on people. “We prefer to do so ourselves since outsourcing this exercise could jeopardize the basic

intention of getting checks done,” says Garry Singh. Mr Singh however adds that the entire format of checks depends largely on the company that recruits their services.

Normally most companies tell these specialised investigative agencies what are the kind of checks they need done. “Most companies have a set format for these checks since the areas of concern for various companies differ substantially. A Finance company for instance would be keen to know whether the potential employee has any past history of irregularities or whether he has been careless when it comes to handling finance. “Although there are times when we advise the client what are the kind of checks that may be required in their area of functions, generally it is the company that tells us what it wants to know of either a potential candidate or someone who has over a period shown tendencies that may be detrimental to the company’s interests” says Mr Karan Bains of Pinkerton India.

There are instances where companies may try and save money by carrying out basic checks themselves and then hire professionals to carry out more advanced checks.

In such cases these outsourced background check agencies stick to the format that the companies give them.

Mr Garry Singh, the MD of Pinkerton India also says that companies are keen to know the real reason why an employee has quit the services of another company to join them. “Invariably a new employee will cite a desire to move on as a reason for quitting the previous company.

But that may not be true since he may have been terminated for incompetence or some glaring error in his functions. This is also one avenue where companies are hiring services of experts like Pinkerton to establish truth”. Although the exact methodology of these checks is obviously a secret, evidently



Mr Garry Singh, the MD of Pinkerton India

the back ground check agencies nurture contacts who provide them with



relevant information. The charges of these services could range from as low as Rs 500 to several lakhs, depending on the range of services that have been taken.

With the job market improving and employers being under pressure to hire, many potential candidates are spicing up their resumes to make brighter their chances of getting hired. They know employers don't have time to verify everything they read. Candidates are faking their skills, degrees and even employment history. More so since professionals who create such impressive resumes are in plenty in the market. Hence the need to be sure that the contents of a resume have not been spiced up to impress the employer.

In India, with the recent fake pilot scam shaking the aviation industry, companies in other sectors have woken up to the need of carrying out background verification of their new as well as existing employees. Human resource officials of various companies are now cross-checking each and every detail of job applicants prior to hiring them.

The employee verification process includes finding out the genuineness of work experience, educational documents and whether the candidate has any criminal record or not. But this is still restricted to only some industries since others still fight shy of getting experts to carry out these checks to guard against fake resumes, fake certificates and other fake documents that could get a wrong person into a job of importance.

According to a recent industry survey, only 62% of companies have done any form of background check before hiring an employee. But indications are that this may well change with more and more scams of this nature coming out in open and companies getting more careful on who they are hiring even if on the face the

candidate appears qualified and eligible for the opening.

Unable to do the verification themselves, companies are now increasingly outsourcing the employee verification process to specialised third party agencies who cross-check each and every detail of the job applicant. This has become a niche industry, which is still in its nascent stage in India. But clearly the circumstances are ensuring that this sector of the private security industry is ready change gears in a major way.

According to an estimate, the industry is growing at the rate of 30-40% annually – a clear indication

of how Indian firms are ready to move beyond the traditional internal HR process, which has been found lacking in unearthing the authenticity of submitted data or documents by employees. The focus at the moment has been more on the newcomers rather than on the ones who have been in the system for a while and proved their credentials over a period of time.

It isn't just the aviation industry that is reeling under the impact of fake licenses and scam for jobs. The IT industry is another industry where fakery in certificates submitted for securing jobs has reached endemic proportions, making it that much more difficult for companies to pick the right candidate.

A study reveals that between 10 and 12 per cent of all job applications sent to IT companies are fake. The faking includes falsification of resumes, with as many as three of four reporting educational qualifications



and experience that they do not possess. Considering the fact that the size of the Indian IT industry's manpower is nearly 2.5 million, it gives a fair idea of the numbers that apply for jobs every year. Hence identifying them before and after



hiring and weeding them out itself has become a full-time job for many a human resources department. This, in turn, has sired hundreds of companies specialising in running background checks.

Another study reveals that of all discrepancies or misrepresentations in resumes during October-December last, 75 per cent related to past employment data. About 42 per cent provided false employment information, 35 per cent gave incorrect tenures, 13 per cent inflated their designations, 9 per cent received negative supervisor / HR feedback and 1 per cent inflated their compensation. There is more: 3 per cent manipulated educational data. A humungous 74 per cent gave fake documents, 22 per cent had degrees from either unrecognised institutes or fake institutes, while 4 per cent did not complete the courses they claimed to have done. About 22 per cent candidates gave wrong address, held back criminal record, failed identity checks, global regulatory and compliance database checks and drug testing.

Despite having large HR departments, many IT companies have been obliged to hire these third-party screening companies, which specialise in background screening and offer what they call end-to-end risk mitigation. KPMG puts the number of screening companies in India at over 2,000. They work for all industries, not merely for IT. KPMG itself also does similar work.

KPMG screens at least 30,000 resumes every month for over 250 clients globally. It has detected misrepresentation of facts in 8 to 10 per cent of the



resumes. Small or big, all IT companies have faced and continue to face the scourge. Wipro, Infosys, TCS, Cognizant and others say they have taken corrective measures to stop the fakes from getting hired. The concept of spending money to ensure that they are not hiring a potential internal threat is steadily on the rise in the more established companies even if the number of those who still bank on the intelligence and competence of their HR departments when it comes to hiring.

But as the companies get smarter, so do job seekers with nothing much to show. Many companies still unknowingly hire such candidates who are eventually found out. But by the time that happens, the employee with questionable certificates hops to the next company. In many companies, a candidate is first hired then checked much later for background. This gives him a window to join another company, usually a smaller one which does not have the wherewithal to run such extensive checks. This job hopping also ensures that the employment history of a particular person remains shrouded in mystery.



Another strange revelation is that in cases where a company is aware of a suspect employee amidst them and after carrying out checks discovers that the person is guilty of faking his resume, they still do not want to pursue whatever crime that the person may have committed against the company. They still simply terminate the person's employment and forget about it. Effectively if the terminated person moves on to another company by claiming that he left his employers of his own free will, there is nothing to prove him wrong. This incidentally is where the background check conducted by the new company on the employee will reveal the real reason for his exiting his previous company. But as far as the older company is concerned the matter ends there. This holds true in most countries including India.

IT companies are in fact becoming so jittery over the sheer pace of scams that are being unfolded that there have been instances where these companies have even wanted a polygraph (lie detector) tests as a part of pre employment checks on a candidate. Although this is still rare, the fact remains that the desire to ensure that they have the right employee who is not an internal threat to the company is growing all the time in companies.

In several countries there is even a test called the psychometric test that is being done as a part of the pre employment check. Mr Clifford Dweltz of Pinkerton says that the concept is still a rarity in India although it is quite common in other countries. "I would say that abroad there may be 50 to 60 percent instances where this test is done whereas in India it may be even less than



1 percent" says Mr Dweltz.

With information and data security becoming a major challenge to guard in companies these days, the background screening is becoming a crucial part of every employer's efforts. Already India has been cited as one of the countries where data theft is amongst the highest. Also studies have revealed that almost 40 percent of Indian companies have suffered because of data theft with the source of the trouble being an insider. Employees have been known to leak crucial information to rival companies in exchange for cash. This invariably also means that the employee who is doing this is prone to such other activities. Detailed screening of such persons thus becomes a must. After all no company wants that a person who is evidently their most hard working employee turns out to be a wolf in sheep's clothing!

Appreciating the value of employee background checks

Screening job applicants is one of the most essential actions that employers can take in order to acquire honest employees. Resorting to employee background checks provides employers insights into the work ethics of a prospective candidate and also allows them to check whether or not the candidate has any criminal records that could tarnish the reputation of the company. These days, most companies mandate compulsory background checks for their would-be employees to have effective understanding of their professional backgrounds.

Studies have shown that employee background checks offer several benefits to both companies and

employees. For one, such screening programs are said to increase the safety of the company and the productivity of employees. This is because a background check helps ensure the company that they would be hiring a person who has the right set of skills, qualifications, and experience, which in turn would help the candidate to easily adapt to the company. This could also minimize the chances of potential lawsuits since the organization can be assured that the potential employee has a clean criminal record and has never been convicted.



Employee background checks usually involve checking through various personal and public domain facts in order to know whether an individual is employable or not. Some of the most notable records that companies usually look through include employment history, educational verification, driving records, sex offender lists and other references. There are also companies



that go through an individual's litigation record, social security number, drug tests, military records as well as financial information.

There are many ways through which companies could facilitate

thorough background checks on their prospective employees. Many large organizations have departments that are responsible for doing background checks on their would-be employees. However, most of the time, organizations outsource their background checks to third-party companies that offer such services. Yet, most of these service providers only provide general screening such as education history, employment background, credit history and the like.

It should be taken into consideration, however, that potential candidates and employees also have rights to certain areas that permit them to file lawsuits against anyone who breaches the limits associated with background checks. Information concerning financial aspects, criminal background, and medical records

can only be acquired with a written permission from the involved person, and after their release should be kept confidentially by hiring companies or employment verification services as such information could be abused by unscrupulous people and institutions. In addition, there are also governing bodies that regulate the use of public domain information.



Based on the information outlined above, one cannot simply disregard the importance of background checks on potential employees. As more and more companies are becoming cautious of their operation and reputation, this is one of the safest actions to take in order to protect their interest against unscrupulous individuals. However, if you consider applying this as a part of your company's policies and regulations, make sure that you are aware of the legalities involved in this matter as well as your limits as an employer. This way you can be assured that what you are doing is adherent to the law and would not negatively affect the lives of your applicants.

Crisis management essential to counter internal threats

In the past two decades, crisis management has become one of the fastest growing of the business sciences. The reason for this interest is that a single crisis – any unexpected, negative event that could impair an organization – could lead to a loss of life as well as injure the reputation and profitability of a business.

Hundreds of potential threats exist for every organization, ranging from a plant fire to loss of competitive secrets. To assess whether a particular company has a higher exposure than others to categories of crisis, a company may employ a risk



or crisis manager who may prepare statistical models, review industry data, or work with consultants to understand how one or more crises could affect the organization. Once this process of risk assessment is completed, many companies then design a crisis management plan to determine how negative events can be avoided or reduced in scope.

Internal and external threats

The list of corporate crises may include violence in the workplace, product defects and product liability, embezzlement and extortion, chemical spills, sabotage and terrorism, and natural disasters – such as earthquakes, hurricanes, or floods – that can destroy corporate

assets. Any of these events – as well as numerous others – can cause an immediate and prolonged financial loss to a company, require an intensive communications effort directed to investors, employees, consumers and other publics, and may present a series of regulatory, community relations, and competitive challenges.

During a crisis, a single voice



During and throughout a crisis, the challenges presented to a company can be overwhelming. Crisis management strategists typically suggest that an organization engage the services of one spokesperson to reduce the possibility of contradictory statements. For instance, when Perrier Group of America voluntarily recalled bottled water because of abnormally high levels of benzene in 1990, two news conferences were held – one in Europe and one in North America – and executives of the company made remarks that were embarrassingly contradictory.

Although crisis management is practiced by many large and medium-sized firms, the responsibility for assessing and preventing a disaster may be headquartered in a company's human resources, public relations, regulatory affairs, or safety departments; there is no single model that

applies across industries. Today, many companies are implementing crisis management programs (CMPs); many others schedule simulations to test managerial response. Books, journals, and conferences have emerged to guide managers through this high-profile process. A study found that 67 percent of the Fortune 500 and 39 percent of the Fortune 1000 had a CMP in place in the early 1990s.

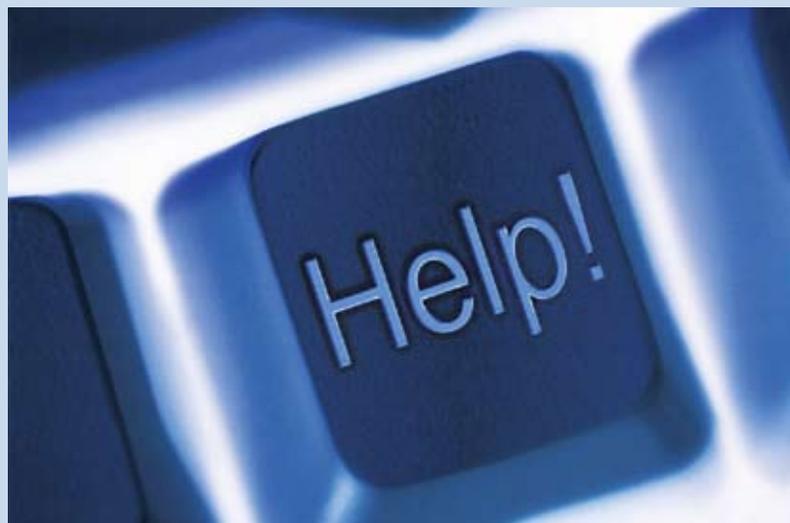
For example, British Petroleum (BP) Exploration in Anchorage, Alaska, prepared a CMP that details how different teams of managers would respond to any incident, ranging from an earthquake to an industrial accident. The plan also designates how business relationships will be managed, ranging from trade associations to vendors of the company. Every day of the year at least three BP managers are on call around-the-clock to assume leadership during any serious incident that could challenge the company internally or externally.

Crisis management and product liability

The process of insurance and risk management is as important to crisis management as is public relations. For instance, after more than 20 years of denying that their products posed any serious health threats to women, manufacturers of silicone breast implants acknowledged in 1994 that hundreds of thousands of patients had suffered from multiple, serious side effects. As a result, a \$4.3 billion trust fund was established by firms that had previously competed feverishly against one another, constituting the single-largest product liability case of its kind in history.

Up until a federal judge allowed the 1994 trust fund to disperse these funds to patients and their families, implant manufacturers such as Dow Corning Inc. had





faced a crisis of unprecedented proportions: a former engineer with the company, Thomas Talcott, engaged in whistle-blowing and frequently testified in court, producing documents suggesting that Dow Corning executives knew for more than 20 years that their product could cause serious harm.

Numerous women won major lawsuits against the implant manufacturers, including judgments that reached over \$6 million in a single case. Insurers of these manufacturers were eager to see the trust fund established so that their exposure to thousands of potential, individual lawsuits could be avoided. Increasingly, insurance companies are urging both corporations and nonprofit organizations to design and implement a CMP so as to reduce their exposure to a crisis.

Disaster recovery

Natural disasters such as flooding and earthquakes can seriously disrupt a company's computer and communications systems. These are especially critical to financial institutions and securities exchanges, among others. To help companies deal with such crises, numerous firms have begun to offer disaster recovery services. IBM, which accounts for about 10 percent of the international disaster recovery market, is one company that provides disaster recovery services around the world; Hewlett-Packard is another. The size of the international disaster recovery market has been estimated at \$4.5 billion a year with a projected growth rate of 14 percent.

Disaster recovery services typically involve developing a contingency plan in case of a crisis. While the cost of

such a plan varies with the size of the firm, Hewlett-Packard estimated that it would cost a medium-size bank about \$95,000 a year to implement a backup plan, while a large full-scale bank's program could cost as much as \$750,000 a year. Among the disaster recovery services provided to customers are dedicated office space, currency trading rooms, maintenance of backup data, and the handling of all telecommunications needs in case of a crisis.

Crisis communications

Public relations practitioners become heavily involved in crisis communications whenever there is a major accident or natural disaster affecting an organization and its community. Other types of crises involve bankruptcy, product failures, and management wrongdoing. After the San Francisco earthquake of 1989, the Bank of America utilized its public relations department to quickly establish communications with customers, the financial community, the media, and offices in 45 countries to, assure them the bank was still operating. When faced with bankruptcy, Chrysler Corp. embarked on an extensive public relations campaign under the direction of its public affairs department to persuade Congress to approve a \$1.2 billion government loan guarantee. In some cases, crises call for an organization to become involved in helping potential victims; in other cases, the crisis may require rebuilding an organization's image.

