

Global Issues For HR And Recruitment Departments

With estimates ranging between 50 and 230 million, the global workforce – those working outside their home country – is undeniably booming and on the move. While organisations worldwide seek the unique skillset of the global worker and appreciate their contribution to workplace diversity, there are nonetheless challenges facing HR and recruitment professionals.

Global Workers – Where Are They Coming From And Where Are They Going?

While size of the global workforce provides a sense of proportion, their comings and goings offer a sense of perspective when considering the challenges and issues. Here are some relevant statistics:

- Saudi Arabia hosted the largest number of expatriates in 2013, followed by the United Arab Emirates and the United States, according to a study by Finaccord. Other studies show significant expatriate populations in Qatar, Kuwait, Jordan and Singapore
- India accounted for the largest number of expatriates living abroad, followed by China and the UK. Other studies show significant numbers of expatriates whose home country is the US or the Philippines.

Impact On HR And Recruitment Professionals

HR and recruitment departments have taken an increasingly strategic role within their organisations, which is a testament to the value companies place on talent acquisition and talent management. But that does not mean that the tactical and operational aspects of these roles have diminished.

Take Global Mobility professionals, as an example. The RES Forum Report (published in *International HR Adviser*, Spring 2014) “point[s] to an ever increasing burden on mobility professionals in ensuring programmes are compliant with the multitude of areas which their world touches, including payroll, tax, social security, immigration and Sarbanes Oxley amongst others”.

Pre-employment screening is one piece of the on-boarding experience, and it is with a global workforce that the

operational aspects can become vexing for the HR and recruitment professional. How would we verify a candidate’s Indian advanced degree or United Arab Emirates employment? Unfortunately, all too frequently the answer to those questions is “not at all”.

Organisations which do not screen for the ‘international components’ of a candidate’s background face issues on multiple fronts:

- **Compliance:** Many organisations have instituted pre-employment screening programmes to comply with internal audit/control practices whilst others are bound by regulators to demonstrate strong controls (Sarbanes Oxley for publicly traded companies) or due diligence in vetting candidates for risk, honesty and integrity (financial services regulations including the Financial Conduct Authority, the Hong Kong Monetary Authority and others; oil and gas industries for demonstration of safety and controls)
- **Risk:** Along with compliance, organisations across all industries want to ensure they are not exposing the business to reputational or other risk – including the risk associated with making a bad hire (someone not qualified or competent for the role they have taken on)
- **Consistency:** Failing to screen certain components for certain candidates

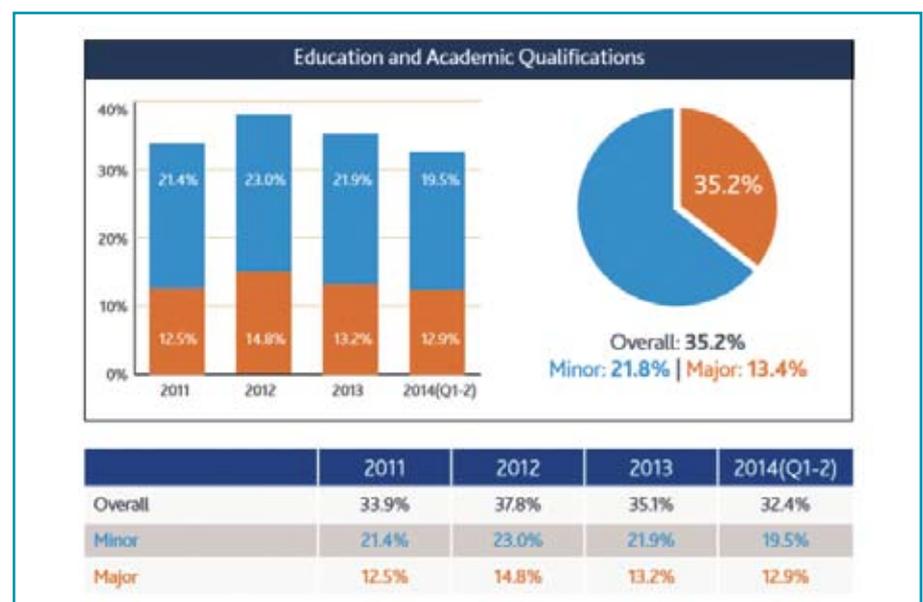
because the screening is “too difficult” creates consistency issues for organisations – as does only screening the international components of candidates with certain geographies in their background. Apart from applying the programme inconsistently, the organisation exposes itself to potential compliance and risk issues related to equal opportunity or discrimination.

First Advantage research on screening trends in the Europe, Middle East and Africa shows that the overall average discrepancy rate is 27.2% - meaning that more than a quarter of all candidate CV verifications turned up an inaccuracy.

In terms of global workforces and expatriate populations, Finaccord analysis shows that “the majority of expatriates in 2013 were classifiable as individual workers (73.6%) followed by students (8.8%), retired expatriates (3.7%) and corporate transferees (1.0%)”.

Moreover, Finaccord predicts that students will constitute the most rapidly growing category of expatriates worldwide between 2013 and 2017, increasing at a compound annual rate of 3.6%, which means there will be an increasing number of people entering the workforce with international degree credentials.

Education qualifications represent the single highest discrepancy rate in the First Advantage research, with a 35.2% overall discrepancy rate.



A persistent challenge facing risk and HR professionals in Europe and around the world remains the need to balance business risk with individuals' fundamental privacy rights. In few areas this is more pertinent than when conducting pre-employment background checks, which necessarily involves collecting, storing and processing personal data. Here are some factors to consider in light of data privacy and data protection:

Understand Your Company's Risk Profile

While many organisations consider brand and reputational risk among the top reasons to conduct pre-employment screening, not all businesses face the same types and levels of risk. While organisations understandably wish to avoid bad publicity, risk profiles inevitably vary between companies, industry sectors and primary hiring location. For example, the HR and risk team of a widget manufacturing company is likely to take a very different view of bad-hire risk than the same team in a dynamite manufacturer. Other risk-profile considerations include whether or not the company has regulatory responsibilities to demonstrate due diligence in hiring, such as financial institutions and those working with sensitive or vulnerable people.

For companies with offices in countries with significant expatriate populations (United Arab Emirates and Singapore, for example), the risk profile changes significantly and is compounded if the business is in an industry with a regulatory overlay.

Build A Consistent Policy

Pre-employment screening sets the tone of an organisation and establishes expectations for potential and existing employees. (In a purely operational sense, it also provides the framework and principles on which the day-to-day screening programme depends). When developing a screening best practice policy, it is important to consider:

- **Consistency** – applying the same package and depth of checks for all employees of the same level, to ensure fairness and integrity of reporting
- **Transparency** – the existence and nature of your pre-employment screening programme must be well communicated and universally understood. In some countries, any

measures a company takes in relation to its employees need be discussed with local works councils

- **Proportionality** – this tenet of privacy applies equally to pre-employment screening. In short, the background screening and collection of information should not be excessive, or disproportionate to the risk. So, while it would be considered proportionate to conduct a credit check on a person who is handling money, it might be considered excessive to do so for all employees (unless they were working in financial or payment card industries, for example).

Determine Who 'Owns' Pre-Employment Screening

In some organisations, HR owns screening as part of recruitment/on-boarding whilst in others – particularly regulated ones – risk/compliance teams may take responsibility. In some organisations, responsibility for expatriate or global workforces sits with Global Mobility, who would necessarily need to partner with HR and risk as expert advisors on local country practices. Establishing ownership is important as it also establishes accountability.

Mind The Details

- **Draft a consent form.** In the privacy frameworks of the European Union, some Asia Pacific countries, the United States and the United Arab Emirates, it is required that the individual understands the purpose of data collection, along with how the information will be used and stored. As pre-employment screening is the collection and verification of candidate-supplied information, consent is a must in countries with privacy frameworks and best practice everywhere else
- **Build packages of services.** Creating pre-defined service packages ensures that your screening policy will be consistently applied. Best practice entry-level packages include:
 - Criminal check
 - Global sanctions and watchlists
 - Verification of identity documents (e.g. passport).

Depending on the position level or banding, more detailed screening would be required. In expatriate assignments for example, the 2014 Global Mobility Survey (*International HR Adviser*, Summer 2014) notes that the most difficult assignments

to fill are at the VP/Director level, where higher levels of screening are required, such as:

- Directorship
- Adverse media
- Academic qualifications
- Employment history
- Employment gap.

Understand Local And Regional Screening Variance

When building a programme, it is critical to understand that not all countries take the same view of availability and use of certain types of pre-employment screening information. For example:

- **Address verification.** In the US, the individual's address history is generated based on the candidate's Social Security number (SSN) and comes from generally recognised credit bureaus; candidates generally are not required to provide a listing of their address history because the SSN provides the means for verification. In that regard, the US is an exception. In the United Kingdom, address history also comes from the credit bureau and electoral roll, but the candidate must provide the details of their addresses, which are then run against the information on file with the credit bureau and the electoral roll. In India, address verification is conducted, but through a process which is different to both the UK and US. In many other jurisdictions, the address history is simply what the candidate has reported (and cannot be comprehensively verified)
- **Credit checking.** While it would be usual in the UK and US to conduct credit checking for relevant positions, certain countries do not allow consumer credit information to be used for anything other than determining credit worthiness. That said, the US and UK credit checks vary widely in terms of the depth and breadth of information that is reported. Other countries, such as Hong Kong and Singapore, use civil litigation and bankruptcy searches more commonly than credit checking.
- **Criminal checks.** The Basic Disclosure is the most basic level of criminal record check in the UK and is available for all job roles; such is the case with US criminal record checking. However, this is not the case in many other jurisdictions. In Hong Kong and Japan, for example, third-party access to criminal records would not be

permitted. In Ireland, criminal checking would only be permitted for persons applying for certain roles (such as those working with sensitive or vulnerable populations). In other jurisdictions, a candidate can always get a copy of their own criminal history (certificate of good conduct), but local regulations vary as to whether employers can require candidates to produce it as part of their pre-employment screening.

So, how can an organisation build a consistent policy and screening programme when searches and availability vary from country to country? Alternative or substitute searches provide a mechanism to apply the highest level of consistency without compromising local regulations around access to records. For example, where criminal checks are not available, a combination of adverse media and global sanctions could be considered a reasonable alternative. In Asia Pacific, civil litigation is commonly used where credit checking is not appropriate.

Final Thought

With an increasingly globalised workforce and greater demands on the HR,

recruitment and mobility professionals to support them, making an up-front effort to create a consistent global screening programme provides a template to mitigate and create controls during a crucial phase of the hiring/on-boarding process.



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