



The moonlighting dilemma



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01 Moonlighting - types and global opinions

The new ways of working have led to organisations rethinking the modern workplace policies. *Moonlighting* is one such area that is gaining popularity these days.



“Moonlighting” may be defined as the practice of working for another organisation while committing oneself to one company as primary workplace typically without the employer’s knowledge.

Instances of moonlighting can be categorised under two buckets



Non-conflicted moonlighting

Zero or minimal overlap of time/professional commitments between the sources of employment an individual has. The employee is abiding by the ethical construct of corporate culture.



Conflicted moonlighting

Violating time, professional, ethical or code of conduct commitments towards both the concurrent sources of employment along with direct or apparent conflict of interest.



Instances of conflicted moonlighting are on the rise across industries and is a common concern amongst employers.



Another factor contributing to moonlighting phenomenon is the booming start-up eco-system in the country with colleagues working together to form start-ups and using time or resources meant for their incumbent employers



An article published by Germany’s international broadcaster reveals that more than 3 million people in Germany worked at more than one job in 2020, with financial constraints being the prime motive. Secondary employment is permitted by law in Germany as long as the second job is outside of working hours of the main job.



As per *United States Census Bureau*, a steady fragment of workforce in the United States has always had a second job. The reasons for the same include need for an extra income, gaining different experiences and exploring varied interests.

How is moonlighting of today different from pre-Covid times?

As jobs in pre-Covid era involved working on-site at employer premises, workers would have a clear shift in mindspace from the main job to their “side hustles” as they moved from one workplace to another.

Being “overemployed” can especially be a significant issue for knowledge-based jobs where worker productivity is directly linked to the attention given and the state of mind of the worker.

Trying to flip between two jobs in a knowledge-based working environment can cause a significant loss of productivity.

Worker might intentionally tend to perform average in both the jobs to avoid any limelight and keep lower expectations and lesser workload at the workplace.

02 Moonlighting - factors to consider

It is imperative to consider new families of roles and employee mindset when planning actions to identify and mitigate the risks from moonlighting phenomenon

Virtual working Employees are required to work remotely, and leverage cloud based online collaboration tools for carrying out their jobs.	Flexi hours Employees with pressing personal commitments outside of their primary employment may opt to dial down work.	In the on-site work arrangements, there is higher visibility and lower bandwidth available with the employees to engage in moonlighting compared with virtual and hybrid ways of working. Similarly, while moonlighting is common for Gig workers, it is not as common for Neo-Gig workers as they have exclusivity agreements. Instances of moonlighting are rare with employees working flexi-hours on their primary jobs.
Hybrid working Employees are required to partially be present in office and partially work remotely basis their job requirements.	Neo Gig Exclusive contracts with professionals such as specialists and freelancers to deliver projects over a period of 2 to 3 years.	
Work on site Employees are required to work on-site only. These are pre-dominantly adopted in manufacturing, and essential services sectors.	Gig Secondary employment options such as vendors/ /contractors/freelancers who work with organisations on short term projects.	

Employee mindsets can be broadly categorised as follows:

<p>Learner Wants to learn new things, explore new areas and is intrinsically motivated.</p>	<p>Performer Strives for excellence in their performance and seeks validation for the same.</p>	<p>Community contributor Wants to contribute to society at large apart from their own profession.</p>	<p>Passionate/hobbyist Inclined towards following their hobby/ passion beyond her regular job.</p>	<p>Entrepreneurial Wants to explore opportunities of their own, extremely motivated and independent.</p>
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The following table represents the probability of an employee moonlighting Vs family of roles

Mindset	Learner	Performer	Community contributor	Passionate/hobbyist	Entrepreneurial
Virtual	●	●	●	●	●
Hybrid	●	●	●	●	●
Onsite/ In office	●	●	●	●	●
Flexi hours	●	●	●	●	●
Neo-Gig*	●	●	●	●	●
Gig	●	●	Not Applicable	●	●

The table above shows probability of employees with different mindsets to engage in moonlighting

*probability of moonlighting for neo-gig shall also depend on the work contractual terms

● High ● Medium ● Low ● NA

03 Moonlighting - potential risks to consider

Following are a few potential risks for companies to consider ring-fencing and managing moonlighting:



Non compete/ conflict of interest - Managing conflict in the sources of employment by having a robust policy which prohibits the same.



Data privacy - Ensuring that the organisation has safeguards in place to prevent transfer of confidential information. This could also expose the firm to data leakage including leakage of unpublished price sensitive information



Non compliance - There are certain regulatory compliances that might need to be followed by law for certain roles.



Employee productivity - Employees might lose productivity if their mind space are occupied by multiple tasks at once.



Conflicting priorities - Multiple responsibilities might lead to employees being distracted while performing the tasks they are supposed to under their primary employment



Legalities around company licensed software - Most organisations are leveraging licensed tools, which could be leveraged for performing activities of another job.



Seepage of ROI - Reduced ROI for firms if employees are leveraging their proficiencies on multiple avenues.



Deterioration in performance of critical roles - Performance of employees with critical influence on firm's big picture decisions might get affected.

Next steps for organisation:

- With abundant availability of talent in the market, employees seeking heterogeneous and challenging assignments and evolving gig economy, people have access to more opportunities than ever to indulge in moonlighting.
- Organisations must ensure that the moonlighting policy is extremely transparent and strict.
- There should be clear communication around the same to all employees.
- Self-declarations for organisations to decipher any conflict of interest or breach of contractual obligation.
- People should know exactly where they stand in terms of acceptable and unacceptable moonlighting gigs.

How should organisations proceed?

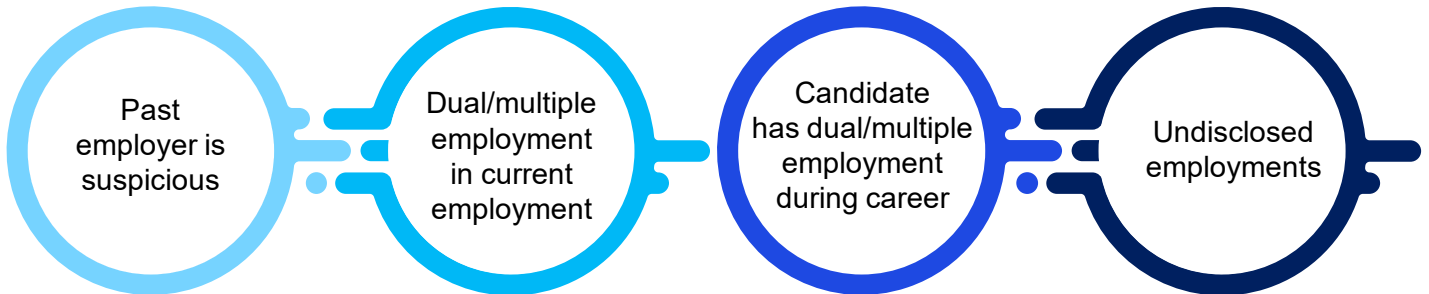
- **Moonlighting verification and as-is impact assessment**- Conduct an as-is assessment for all roles in the organisation. Define clear parameters basis which the impact of employees holding those roles moonlighting can be assessed.
- **Role based – moonlighting risk assessment**- Assess the impact of moonlighting basis the defined parameters on various roles existing in the firm.
- **Moonlighting mitigation strategy design**- Basis the anticipated impact for each of the roles, devise a moonlight mitigation strategy in alignment with all relevant stakeholders.
- **Re-design of operating model, HR policies and process manuals**- Align the operating model and processes basis the moonlight mitigation strategy
- **Leadership assurance dashboard / policy governance controls checking**- Analyse and devise process checkpoints to monitor moonlighting
- **Employee engagement survey** – Run employee survey to capture engagement levels. A highly engaged workforce mitigates the risk for moonlighting.

KPMG in India can extend support to organisations in all these areas and help them in their journey of managing moonlighting.

Case study: how to identify moonlighting

Moonlighting screening can be done through simple but powerful digital platforms. Apart from identifying moonlighting instances, this screening can also provide valuable information on remuneration that can help in offer benchmarking and expedite employee onboarding without compromising on a seamless employee experience

A typical moonlighting screening can help identify four types of discrepancies



Client case



A large Information Technology company had received a whistleblower complaint about employees engaging in moonlighting. KPMG in India was engaged to conduct moonlighting verification to identify dual or multiple employments and any other potential risk on the employment history of the employee.

Industry:
Information Technology



Employee headcount:
25,000



Challenge

Client works with multiple customers in BFSI, pharma and other regulated sectors and recently has been facing increased attrition rate. Hence, they have decided to allow employees to WFH for selected projects. However, the Human Resource (HR) team received a whistle-blowing complaint that few employees were engaged in moonlighting.

Approach

KPMG in India conducted moonlighting verification on a sample of 2000 employees to identify dual or multiple employments and any other potential risk on the employment history of the employee. With our domain knowledge, forensic expertise and access to governmental databases we were able to verify employment history of the candidate through credible sources.

Impact achieved

1%

Suspicious employers identified - candidates with no relevant experience

4%

Dual employments identified in current or previous employments

13%

Undisclosed employments identified; possible involuntary separation

82%

No risk identified

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