



Beyond the résumé

Background screening to protect
organisational integrity



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Heightened need for keeping a vigil against “bad actors”

With increased concerns about security, ever changing and stringent regulatory environment, organisations adopting hybrid or differentiated working patterns, there is an increased need to prevent unscreened personnel from entering organisations and, accessing critical information. An oversight in this area could result in an irreversible damage to corporate reputation and business.



Independent background checks help to identify candidates with suspicious or tainted backgrounds to make right hiring decisions.

This can help an organisation to:

Help organisations achieve their financial and non-financial goals

Strengthen risk framework and minimize incidence of fraud

Give a clear direction to an organisation and its people **to uphold integrity**

Protect brand reputation of the organisation

Build a culture of trust that encourages fearless reporting and whistleblowing



Growing regulatory complexities

With multiple regulations across countries, organisations must provide its candidates with detailed privacy notice that explains ‘what data will be collected’, responsibility of the organisation as custodian of information and candidate’s rights. Accountability and transparency are pillars of General Data Protection Regulation (GDPR), UK and the Digital Personal Data Protection Act (DPDPA), India.

Under

GDPR

an organisation is required to obtain candidate’s clear consent for background check, ensuring minimal data collection, and safeguarding personal information.

With the phased introduction of India’s

DPDPA

organisations are actively enhancing data protection practices and some of the key measures include updating data principle rights (including nomination rights), establishing grievance redressal mechanism, adjusting data retention schedules, strengthening data protection clauses in processing agreements, appointing a data protection officer for significant data fiduciaries, offering privacy notices in multiple languages and conducting regular data protection impact assessment with independent auditors.



By aligning with these regulatory requirements organisations can create a more compliant and ethical hiring processes that builds trust and protects personal data. This approach supports to enhance organisational integrity, reduce risk, and enhances data protection throughout the workforce.

In case of any of any violation, hefty penalties are levied in addition to reputational loss; thus, a clear understanding and adherence to these regulations is critical for the organisation and its partners.

Increasing demand across sectors

Information Technology (IT/ITeS) and Financial Services (FS) sector have been early adopters of formalised and independently conducted background screening process. Most of the best practices pertaining to risk framework and screening mandates received by the IT/ITeS industry were at the behest of their principal clients located overseas. In recent times, several such multi-national companies have setup their Global Capability Centres (GCC) in India.

GCC's have global reputations to uphold as they continue to handle sensitive information, proprietary technology, and critical business processes. Any breach or misconduct can have irreparable repercussions; thus, employee background screening has gained more prominence to prioritise trustworthiness and prevent bad actors entering the organisation through the employee recruitment channel.

The GCC ecosystem in India has emerged as a beacon of growth due to the unprecedented expansion.

The GCC landscape has witnessed the establishment of over

1,580 centres

by FY2023, with many new GCCs being established and existing ones expanding every quarter¹.



GCC have now become central hub for the growth and innovation across multiple sectors, with vast talent pool, innovation capacity, and organisation excellence.¹

They continue to lead the way as they actively focus on minimising risk by further strengthening risk and compliance frameworks. Some of the best practices include on-going monitoring, periodic risk assessment, whistleblower framework and reporting structure, and third-party compliances.

1. GCCs in India: Building resilience for sustainable growth, May 2024 released by KPMG in India"

Technology playing pivotal role in changing background screening industry

Technology has played a significant role in enhancing the background screening process, making it faster, more accurate, and reliable, thereby helping to make better hiring decisions and reduce risk. Innovative digital platforms have further advanced this by providing secure, verified access to personally held documents further reducing screening time, effective compliance with data privacy standards, and minimising the risk of forgery. These technology and digital platforms are also helping to address issues such as moonlighting and dual employment.

Early warning tools to prevent fraud at the pre-hiring stage

Digital tools for image recognition and interview impersonation detection

have become essential in curbing fraud during the hiring process, especially as virtual interviews increase. These tools leverage biometric matching, facial movement analysis, and AI-powered background checks to confirm candidates' identities and detect potential impersonation.

Document tampering detection tools

are also gaining traction, using methods like digital watermark analysis, OCR for text validation, and encrypted QR codes to verify the authenticity of certificates and IDs.



The limitations of these tools include restricted data availability, lack of integration across platforms, algorithmic reliability issues, and potential errors like false positives and negatives. However, service providers are advancing solutions with cross-platform integration, adaptive AI models, and blockchain for document integrity.

Using background screening to uncover and prevent fraud

KPMG in India conducts background checks and due diligence on prospective/existing employees. This practice is a “first aid” risk mitigating tool which assists organisations to make informed hiring decisions. A background check typically includes checks on education, previous employment, criminal and litigation history, residential address, as well as global regulatory and compliance checks, in order to identify any adverse reporting on the individual or target of interest.



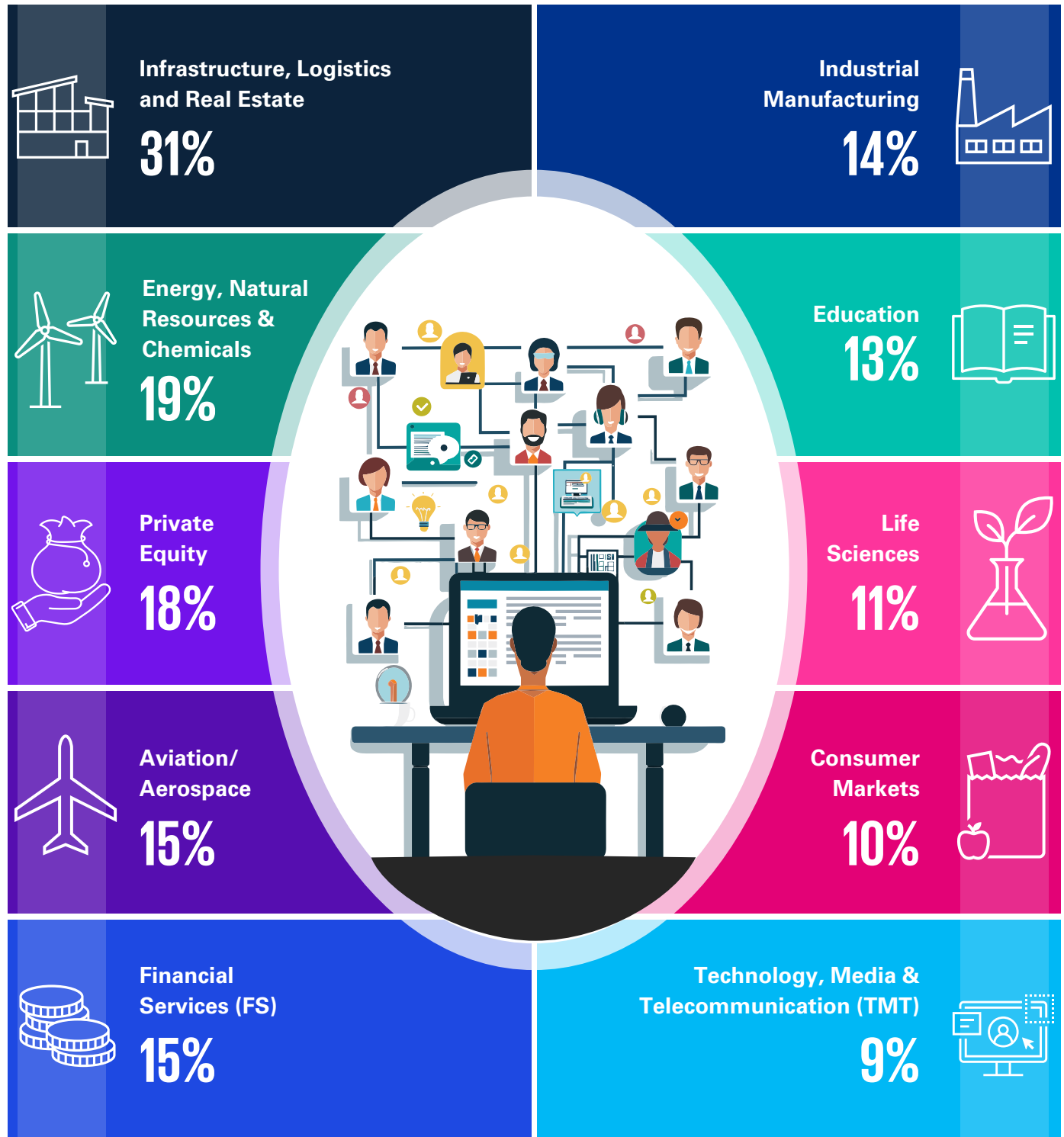
Methodology

In this document we have analysed over one million checks that we have screened for a period of one year. This analysis identifies trends and provides insights with regards to hiring patterns in India and globally. Discrepancies identified through the screening process, information on demographic profile of the candidates' misrepresenting credentials and other relevant industry analysis.

Our sample dataset includes employee screening processes done for clients across all sectors, including but not limited to Technology, Financial Services, Life Sciences, Consumer markets, Automobiles, Infrastructure, Real estate, etc.

Sector wise discrepancy trend

Based on over one million checks screened between April 2023 – 24 across multiple sectors, it is identified that background check discrepancies are a persistent issue, with the average discrepancy rate across all sectors of approximately 11 per cent. This differs for different sectors as each faces its unique challenges.



Source: KPMG in India analysis 2024

Financial Services (FS)



FS witnesses 15 per cent discrepancy per centage, this is a highly regulated sector operating under stringent regulatory standards that necessitate comprehensive background checks across all levels. The high discrepancy rate underscores both the sector's meticulous attention to compliance and the ongoing difficulty to ensure flawless accuracy, even with in-depth screening.

Technology, Media and Telecommunications (TMT)



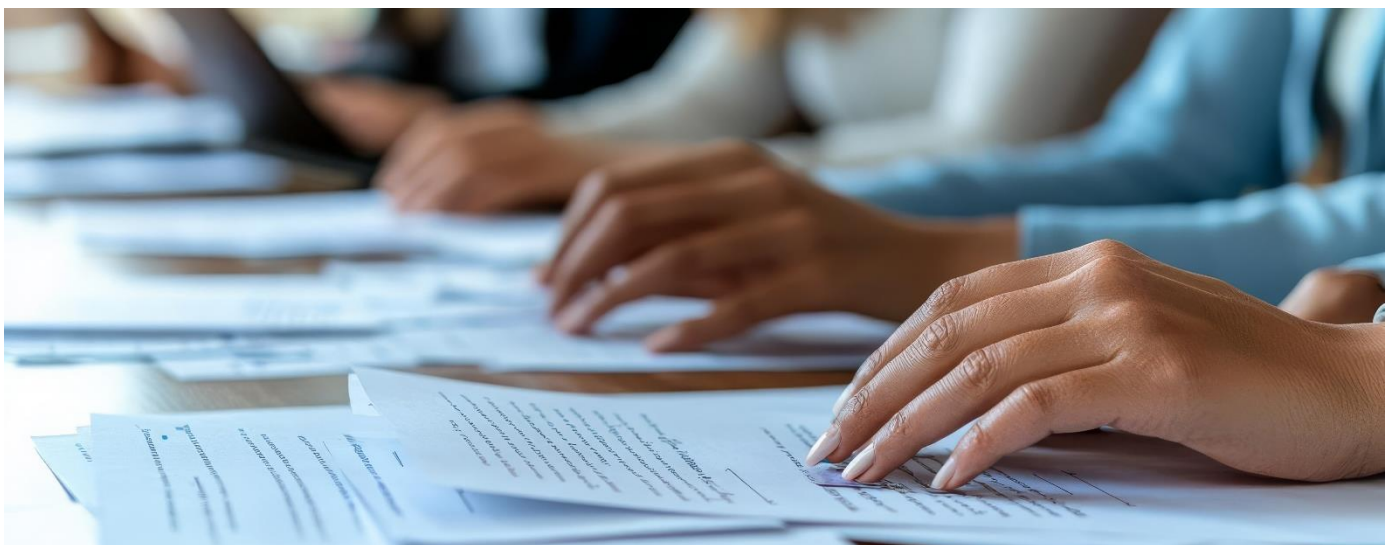
Technology, Media and Telecommunications (TMT) collectively have witnessed 9 per cent discrepancy. Specifically, the technology sector attributes to 10 per cent discrepancy per centage with majority of discrepancies identified in the entry to mid-level roles. Being an early adopter with **mature, consistent, and robust background verification process, has helped to identify and reduce discrepancy occurrence over the years as compared to other sectors.**

Infrastructure, Logistics and Real Estate



31 per cent discrepancies were identified in Infrastructure, Logistics and Real Estate, ranking as the highest contributor amongst all sectors. Typically, these sectors do not have large recruitment requirements undertake minimal screening compared to other highly regulated sectors. Due to the nature of these fields, where hiring is based on project-based contracts or informal recruitment practices are more common, background screening is often less stringent which is resulting in a higher incidence of misrepresentation. Thus, emphasising that background checks is critical as a best practice and should not be treated not just mere tick-in-the-box to meet regulatory requirements.

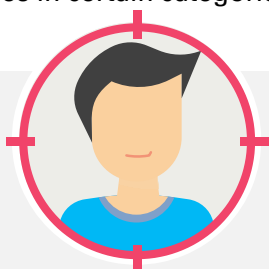
Overall, these trends illustrate the importance of tailor-made background screening practices across industries. Highly regulated sectors having stringent compliance needs and, continue to grapple with the challenge of achieving complex accuracy. Whereas sectors that are not governed by stringent regulatory requirements face issues tied to minimal screening practices. The discrepancy landscape thus reflects both the varied nature of industry demands and the common need to improve screening measures to ensure workforce reliability and integrity.



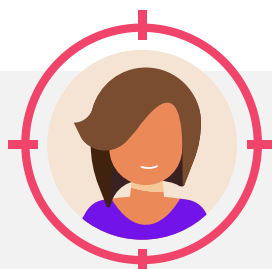
Demographic profiles

Gender analysis

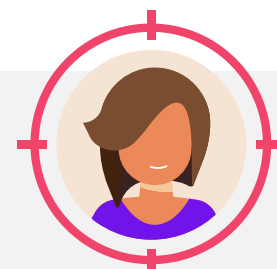
Based on the global screenings performed by KPMG in India, the discrepancy trends reflect higher background check discrepancies for male candidates. The discrepancy figures, as a percentage of the type of background checks done, reflect various challenges in verification process for both genders with notable differences in certain categories.



Out of all cases screened for **male** candidates, **14 per cent** discrepancies were identified

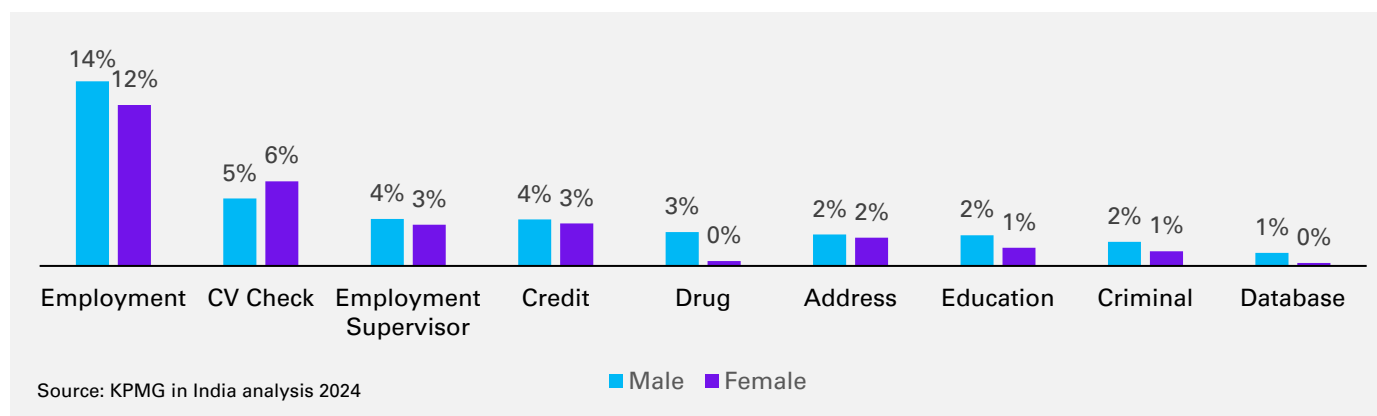


Out of all cases screened for **women** candidates, **10 per cent** discrepancies were identified



25 per cent of the overall discrepancies were identified for **women** candidates

Component discrepancy across gender

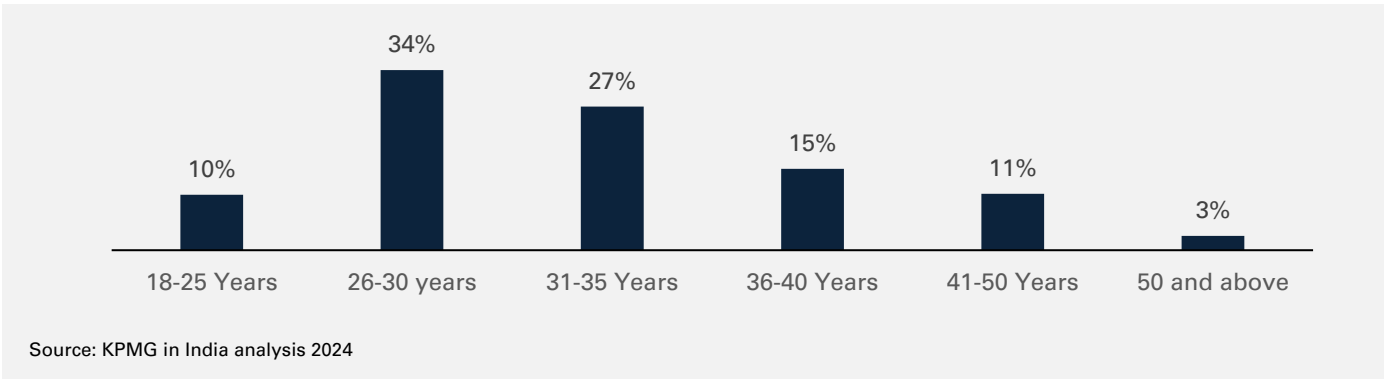


Key insights on gender analysis:

- Both men and women employment history discrepancies are the primary issue. High competition and career progression demands lead candidate to overstate their work experience to meet job requirements. Typically, this arises from misrepresentation of employment history such as inaccurate job titles, remuneration, inconsistent employment dates, which are often due to career transition or the need to meet job requisition criteria.
- Résumé fraud/CV check such as inaccurate education/qualification, incorrect skill listing or false certifications are more prevalent among women compared to men. Several factors could influence such as returning women may face challenge post sabbatical or lack of upskilling opportunity leading some to adjust their CVs to align with competitive standards.
- Credit checks, although not mandatory across all industries and job levels, contributes to discrepancies for both genders with 4 per cent contribution rate. This figure represents inconsistency or issues related to financial background information, which can impact candidate assessment, particularly for financial reporting and oversight roles.

Age level analysis

The highest discrepancy rates in background screening are primarily observed among individuals in the 26 to 35 age group.



Senior profile misrepresentation and discrepancies

Ever since the pandemic, businesses have grown rapidly which has changed the way organisations are recruiting. With rapidly growing organisations, there is an urgent need to rapidly fulfil talent requirements especially at senior level. Since most organisations have increased their notice period, the lead time required for hiring senior level candidates has increased, and with scarce talent all this has further added layers of complexity to CXO/senior level hiring.

CXOs/Senior level candidates with access to information, power, and influence have direct impact on an organisation's culture. A simple background check may not suffice as it may not provide insights that helps the hiring decision. Senior Management Due Diligence (SMDD) is a deeper diligence conducted on the candidate as this includes gathering human intelligence on the candidate. In recent times, there is an increased demand from Private Equities (PE) to conduct SMDD on CXO's in their portfolio companies.

Having conducted several hundreds of diligences on CXO/Head of Departments or candidates in critical roles, we have observed that despite candidates clearing multiple rounds of interviews, when a deeper diligence was conducted.

In many cases misalignment with organisation's culture and values was observed. 30 per cent cases were identified with red flags impacting hiring decision of the candidate.

Red flags such undisclosed/actual reason for leaving previous employer, legal disputes, behavioural traits with their juniors and peers indicating misalignment with organisation's culture, were identified. In recent years, conflict of interest, Prevention of Sexual Harassment (PoSH) allegations/related issues and feedback elucidating poor performance of candidates have been recurring instance of red flags.

**30 per cent cases
identified with red flags**

**impacting hiring decisions of
senior level candidates**



Component-wise discrepancy trends

Out of the total discrepancies identified, previous employment history remains the largest contributor to discrepant reports. Below is the percentage of incidences of discrepancies identified in various components.



Key insights



Employment history

67 per cent of all discrepancies identified are due to **misrepresentation in employment history**

Key issues include **mismatching period of employment, designation, and remunerations claims**

10 out of every 100

new previous employers researched was identified as suspicious based on our comprehensive diligence and robust screening process

This is crucial to maintain hiring integrity and prevent risk associated with candidates whose employment history is involved with such dubious employers



CV check

CV check is the **second largest contributor** accounting for

9 per cent of the total discrepancies

Résumé/CV is the primary document for bench-marking considerations at the pre-hiring stage

Such misrepresentation can lead to inaccurate hiring decisions, which could be costly for the organisation both in terms of resource and impact on team dynamics. The higher frequency of this discrepancy highlights the importance of meticulous CV check as part of the hiring process



Criminal and litigation checks

An astounding **7 per cent** of all discrepancies **identified** **pertains to hits identified** while performing criminal and litigation records checks

51 per cent of all such hits identified pertain to candidate's **involvement in criminal cases,**

36 per cent to civil cases, and the remaining

13 per cent to other type of cases (including but not limited to misdemeanours, motor vehicle violations etc.).

Criminal cases are often prioritised due to the potential risk they pose to organisation safety, trustworthiness, and reputation

Generally, civil cases are viewed as less severe, however depending upon candidate's role and responsibility (especially handling financial responsibilities or market/client facing roles), this check should be a key consideration for the organisation



Education

7 per cent of the total discrepancies identified in **education check**

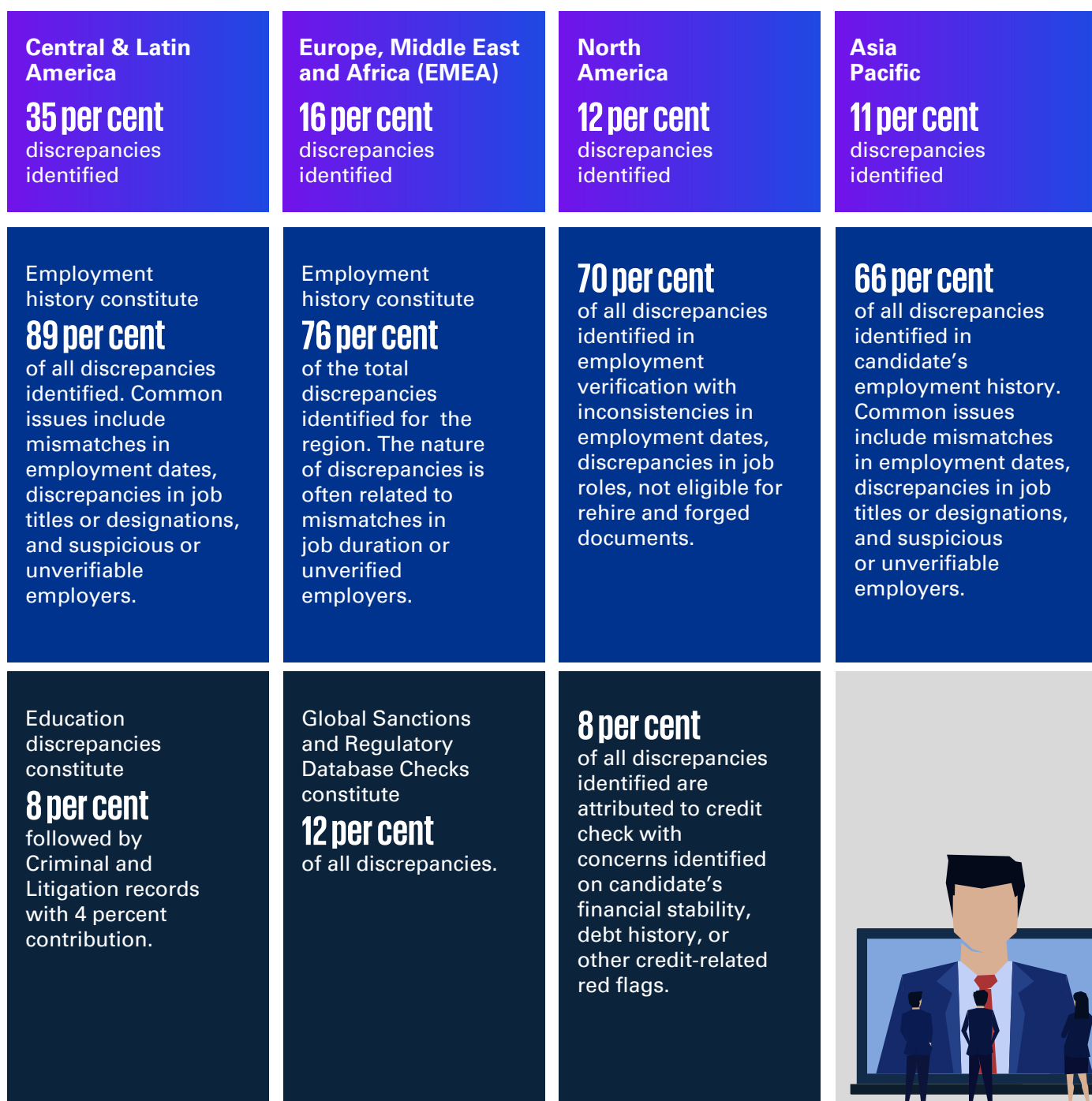
Out of these, **68 per cent** pertain to **suspicious institutes and diploma mills** which lack proper accreditation or recognition from government bodies to impart the said education

Thus, **emphasising need for deeper diligence of educational institute** for accurate benchmarking of the candidate

Insights on key international regions

Based on our experience of screening across 190+ countries/regions and available data, the regions with the highest discrepancy trends are Central and Latin America, followed by EMEA (Europe, Middle East & Africa), North America (USA and Canada) and APAC (Asia Pacific including India).

Employment history discrepancies remains consistent theme across all regions, accounting for most anomalies identified in background check process. CV check, Education verification and Regulatory database checks also frequently reveal inconsistencies, especially in U.K., U.S.A., and Philippines. The focus on these areas reflects the growing importance of verifying credentials and regulatory compliance in the hiring process, particularly as companies operate in a global market and manage significant risks tied to fraud and misrepresentation.



Future outlook

Employee background screening is a high-risk process that requires exceptional safeguards, technical knowledge, adherence to stringent processes, and deep understanding of evolving regulatory environment to mitigate risk of reputational loss.

These discrepancies reveal potential risk which may not be identified during several interview rounds or hiring process. Thus, highlighting the need for bespoke and comprehensive screening methods to suit industry and organisation requirements. This approach ultimately supports more accurate hiring decisions, mitigate risk, and helps build trust at the workplace.

India is moving at lightning speed in its digital journey, and this will continue to have a positive impact on strengthening our fraud mitigation framework. Future directions for fraud detection in hiring include better data-sharing policies, improved AI, and real-time verification via cloud-based platforms. While current tools have limitations, ongoing advancements are likely to make fraud detection more accurate and accessible.

However, while increased availability of digital information will enhance access to information, but human expertise will continue to play a pivotal role to identify false positives for accurate reporting.



KPMG in India contacts:

Akhilesh Tuteja

Head – Clients & Markets

E: atuteja@kpmg.com

Manoj Kumar Vijai

Office Managing Partner and Head – Risk Advisory

E: mkumar@kpmg.com

Maneesha Garg

Partner and Head – Managed Services

Forensic, F&A, HR, Learning, Insight Led Sales, Digital Business Operations and Sourcing

E: maneesha@kpmg.com

Ankit Mishra

Partner – Managed Services, Forensic

E: ankitmishra@kpmg.com

Roli Pawar

Partner – Managed Services, Forensic

E: rpawar@kpmg.com

Sanjay Narvekar

Partner – Managed Services, Forensic

E: sanjay@kpmg.com

Rajesh Bathija

Partner – Managed Services, Forensic

E: rajeshbathija@kpmg.com

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KPMG Assurance and Consulting Services LLP, Lodha Excelus, Apollo Mills Compound, NM Joshi Marg, Mahalaxmi, Mumbai - 400 011 Phone: +91 22 3989 6000, Fax: +91 22 3983 6000.

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