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## Safeguarding Interests



**People risk is one of the major internal risks an organisation is exposed to**

WHEN INTENTION MEETS OPPORTUNITY, IT IS A perfect environment for fraud. While there is not much that can be done about a person's intentions, there is a lot more that could have been done to control the opportunity, as is evident in this case study.

Over the past decade, the changing scenario of the Indian economy gave rise to an exponential demand for manpower. The pressure for rapid scale-up created a culture of opportunity, which suited people who wanted to mislead, exaggerate or blatantly lie in their resumes.

There are a few fundamental tenets that give rise to resume frauds.

- All crimes against a corporate are perceived to be victimless crimes.
- White-collared crimes are more safer and, at times, consistently more lucrative than conventional forms of deceit.
- Employers too prefer to demand resignations rather than send a message by terminating fraudulent employees.

The laws of our land are not well defined to protect employer interests against wrong information. Employers do not quantify the tangible losses and risks that a small cost can save, while pursuing the historical process of recruiting on face value. Considering the amount an organisation spends on recruitment, training and managing a resource, wrong recruitment can be a costly error.

In addition, there is a serious lack of public record databases in India, which allows fraudsters to circulate undetected. In countries such as the US, criminal record databases, credit history records and universal social security numbers facilitate tagging of such undesirable profiles.

Why is Sushant Deo a potential risk to Dhir and his organisation? Unfortunately, the cases of Sushant and Duleep (in KK's company) are not unique.

The risks of 'unscreened' employees range from the trivial to some very serious ones. In India, this fudging takes place in about 7-10 per cent CVs, which is far higher than in the US or Europe. The most common form of falsification is exaggerated salary. Either the candidate forgets to mention that the salary figures he men-

tioned included a variable, performance-linked bonus, etc. Or in more serious cases, he will just present a doctored pay-slip. In either case, he basically ends up getting a much higher salary jump between jobs, than he deserves.

Higher up the risk scale are people who fudge their education or employment background. There are numerous instances of fake educational records, of people claiming to have acquired higher degrees than they actually have. Or, a more classic case will be of an individual, who has a gap in his education or employment, and will paper it over by saying he was working in the 'family business' or had a 'personal crisis', or (like Sushant Deo) was recovering 'from an accident'. All of which draw an employer's natural sympathy, and are difficult to dispute.

The most dangerous of such cases are candidates who have a past criminal history, or have been terminated from a previous company, because of fraud or behavioural issues. These kind of employees have clearly shown dangerous tendencies, and no organisation would want to tolerate having such high-risk employees.

These are not such imagined situations. These are some of the real stories that background screening agencies discover when they dig into a candidate's past.

The human resource will always remain one of the most potent routes for risk to enter an organisation. In India, on average, close to 10 per cent of CVs are found to contain fake information. But you multiply that and it means if you run a 1,000 strong organisation, you are likely to have almost a hundred employees, who have lied, hidden or faked something about their past. A hundred employees who have access to other employees, clients, data, financial health, etc.

A blemish, a lie, a crime in the past does not necessarily mean that the person must be branded as a criminal, and never given a second chance; but the fact that the candidate is willing to continue to lie about it is not a good first step towards reform. In today's troubled times, every organisation must do all it can to safeguard its own interests, and those of all its stakeholders. And from that perspective, it is better equipped if it has does not allow risk in the form of a dishonest employee.

People risk is — and will continue to be — one of the major internal risks an organisation is exposed to. By understanding its nature, damage potential, and adopting effective background screening programmes, organisations can insulate themselves from this risk to a large extent. The key to achieving this is to balance employee goodwill and strong controls.

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