UK BACKGROUND SCREENING TRENDS

eBOOK – 2021

GET PREPARED FOR NEW TECHNOLOGY

PERSONNEL
CHECKS

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Hiring technology has advanced incredibly in a short period of time. Back in 1999, online job boards paved the way for what has evolved into one of the most competitive global markets. Forecasts suggest that by 2027 it will be worth over £2 Billion internationally.

With new technologies readily available to developers, we are witnessing what is being called the Fourth Industrial Revolution. Much of this new technology is designed to aid human interaction and decision making which makes it the perfect tool for recruitment.

As a background screening firm, Personnel Checks have been preparing for an industry renaissance. While 95% of US organisations background check their job applicants as standard practice, this number falls to about 15% in the UK. While the technology is there, UK businesses seem to be a bit slow on the uptake.

Too often do people consider background screening a tick box exercise. The societal cost of allowing a high-risk hire far outweighs any fiscal cost to a business. Background screening is one pillar supporting the safeguards we have in place in society.

It is our belief that by embracing new technology we can work together to achieve a more **protected workplace and a safer society for the future.** Background screening isn't just for high-risk security roles anymore, it's the only way to ensure a safe and compliant workforce.

As with any new technology, it is vital that you understand it before integrating it into your current processes. Relying on technology that isn't understood is fraught with risks. This report aims to highlights the key pieces of tech that might have caught your eye and the considerations for their use."

JACK MELLOR
Managing Director

PERSONNEL CHECKS

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THE COSTS OF A BAD HIRE

Since the 2008 financial crash, the way businesses approach the management of their economic security has changed. Over a decade of financial austerity, followed by a global pandemic, means that even huge enterprises are looking to trim costs from their organisations.

Financial risk aversion is increasing, as a generation raised in the middle of a financial crisis become leaders in the workplace. But one major financial risk that is often overlooked is the cost of a bad hire.

A report from the Recruitment and Employment Confederation (REC), suggests that a bad hire at a mid-managerial level can cost a firm up to £132,000. Associated costs relating to training and the damage to team morale quickly add up.

That figure would buy around 3000 Basic DBS Checks, enough to satisfy the background screening needs of a business making 100 hires a year for 30 years! This illustrates how a small investment in background screening can protect you from unexpected costs in the future.

EVALUATING NEW TECHNOLOGY

The worrying increase in recruitment fraud means these situations are becoming increasingly common. Fortunately, the ongoing digital revolution means new technologies are constantly emerging that can help combat employment fraud and improve the quality of hiring decisions.

However, part of the problem with being in the midst of a digital revolution is the volume of choice. As technology becomes more accessible it means more and more firms are competing for the same market share. In a survey of 1,063 employers by digital recruitment consultants ONGIG, 48 distinct Applicant Tracking Systems were identified.

While this might be the sign of a healthy economy it also means it is inherently difficult to evaluate what technology your organisation should adopt. No one want's to be in a position where they adopt the wrong tech. What could be a huge financial outlay could end up costing more than you expect.

Evaluating the usefulness of technology in the context of your organisation is vital to ensure you don't make any tenuous investments.

The aim of this report is to outline and assess the value of 4 areas of technology that we believe will define the landscape of recruitment, HR and background screening in the coming decade.

ARTIFICIAL TECHNOLOGIES

Electronic solutions aimed at hiring managers are often marketed as Artificial Intelligence's (AI). In the 1950's AI was defined as "the science of making machines do things that would require intelligence if done by men". This broad definition means it is an area often fraught with conflicting ideas. This means it can be hard to get a true picture of what you are being sold.

In 2021, the majority of machines perform a role that would have previously required human intelligence. However, we don't go around all day referring to machines as AI, so what's the deal?

According to the Royal Society, research into the societal narratives surrounding AI reveals that people tend to view it as a 'Master Technology'. The kind of revolutionary tech that has the potential to disrupt the way we do things across all facets of our society.

'Disruptive Innovation' has been a key idea in business theory since 1995. Many of the world's top executives in business and education are strong adherents to the belief that technological disruption is the best way to become market leaders.

The broad definition of AI means that developers can market themselves as disruptive innovators, even if their product is still decades away from what most people think of as an AI. This is why we have chosen to refer to these technologies as 'Artificial Technologies'.

WHAT ARE ARTIFICIAL TECHNOLOGIES?

Artificial Technologies covers a range of things like machine learning, scripting software, algorithmic decision-making and endless array of bots and apps. The one thing that they have in common is that they greatly improve organisational efficiencies through automation.

They can automatically sort CV's, chase references, and assess the quality of your candidates. Integrating reporting mechanisms allow you to make data-driven decisions in real time. Enabling you to make identify key areas to improve.

Developers in the field try to market the implementation of these technologies as an opportunity to future-proof your organisations. Introducing a scalable intelligence solution that can learn the caveats of your organisation seems like an obvious choice. It does seem likely that artificial technologies will become integral to the working world of the future.

CASE STUDY
Algorithmic Discrimination in Healthcare

Research into the effectiveness of algorithms is inherently difficult as researchers can struggle to gain access, due to understandable data protection concerns. The studies that have been done highlight how existing societal biases can be replicated by algorithmic decision-makers.

A 2019 study, published in Science, investigated this phenomenon by examining commercial prediction algorithms used by US hospitals to identify patients with complex health needs. Hospitals and insurers rely on this algorithm to help provide care for approximately 200 million people in the US, each year.

The alarming study revealed that black patients were significantly less likely to be referred to healthcare programmes than their white counterparts. This despite often being substantially sicker. The results showed that the proportion of black patients' referrals would increase from 17.7% to 46.5% if the algorithm functioned without bias.

Princeton University professor, Ruha Benjamin, believes that part of the problem is the demographic make-up of the development ecosystem. He suggests that a lack of diversity in the field of algorithm design means that developers aren't equipped to anticipate these problems.

CONSIDERATIONS FOR THE FUTURE

As you can see from the case study, artificial technologies can create problems that organisations are unaware of. Hiring decision-makers must understand how the technology they seek to implement processes and evaluates a candidate's data. If they don't, there is a risk of unwittingly perpetuating bias.

Aside from bias concerns, data protection is a key consideration. Despite Brexit, UK businesses are still subject to the General Data Protection Regulation (GDPR). Under GDPR, UK citizens have the right to object to the way their data is handled.

There are provisions in place that govern specific situations where artificial technologies can be used. At the very least, you must gain explicit consent from candidates that they are happy for their data to be processed this way.

Due to the convoluted regulations surrounding these technologies it can be hard to know where you stand. The Equality and Human Rights Commission (EHRC) and the Information Commissioner's Office (ICO) are the two main regulators in this area. Any artificial decision making that happens must conform to their guidance.

A report from the Centre for Data Ethics and Innovation (CDEI) suggests that at present an independent authority is not needed in support of these new technologies. Despite recognising the potential dangers.

We believe as the adoption of these technologies increases amongst larger corporations an independent audit authority will inevitably be needed. An independent authority would enable cohesive guidance to be made available to hiring decision makers. This would help prevent against the bias risk highlighted in the case study.

At the moment, we believe that despite the potential of these technologies they should be approached with caution. In our experience, the average recruiter or HR professional doesn't moonlight as a developer. Without significant knowledge of coding, algorithms, or software it's inherently difficult to identify any problems.

With good software engineers in high demand, finding one to fix some advanced recruitment software could end up being costlier than expected.

DIGITAL IDENTITY

Over the past two decades, digitisation has revolutionised every aspect of the human experience. Much of our lives are now conducted in the digital realm and this is true of the recruitment sector. Online job applications now account for over half of all employment inquiries.

From qualifications to occupational history, you need to be sure that any applicant you engage as a recruiter has skills relevant to their role. Confirming these credentials can often be the most frustrating part of candidate onboarding, costing both time and money.

But what if there was a better way?

WHAT IS DIGITAL IDENTITY?

When we say, 'Digital Identity', we are referring to technology that allows individuals to share their verified credentials digitally with whoever needs their information. This could include everything from education and occupational history alongside references, qualifications, and even medical history.

There are various proposed methods of doing this, one of which is utilising blockchain technology. Blockchain is a digital ledger system predominately used in the trading of cryptocurrency. It functions by keeping a record of transactions that are verified by the parties involved and storing them on a 'block'.

The current use of blockchain means there is a healthy ecosystem of developers able to adapt this technology for other means.

The integration of digital identity is one of the biggest challenges facing the UK economy. As our society becomes increasingly digitised, having to prove your identity using physical documents is fast becoming outdated.

WHAT ARE THE BENEFITS OF DIGITAL IDENTITY?

However you look at the situation, lying on CVs is endemic in recruitment. Some reports show that as many as 63% of jobseekers have lied to help gain employment. Digital identity technologies seek to mitigate this by providing recruitment decision makers with a more reliable system to assess candidate suitability.

Digital ID systems developed on blockchain technology are essentially impossible to tamper with. Each transaction must be verified by all the involved parties before that block of information is added to the record. This means that it would be incredibly difficult to fake a qualification or period of occupational history.

Chasing references and qualifications is usually time-consuming task but the reliability of blockchain technology means this task could become non-existent. Information relating to a candidate's working life would, in theory, be instantly available.

CASE STUDY Estonia, leaders of the future

Despite being the fourth smallest EU-member state, Estonia is a global leader in digital innovation. 99% of public services are available online 24 hours a day, thanks to their pioneering e-government initiatives. Their digital expertise has also made them instrumental in the leveraging the UN's digital response to COVID-19.

By embracing technologies such as digital identity, internet voting, and e-residency they are, in their own words, "years ahead" of other nations.

Adopting the first iteration of digital identity in 2002, 98% of all Estonian citizens use their state issued digital ID cards. This technology allows them to:

- to prove identity when logging into bank accounts
- to give digital signatures
- to vote using i-Voting system
- to check medical records
- use e-Prescription service
- to establish a company
- submit tax declarations

Estonia have learned by observing the tangled mess of bureaucracy characteristic of most other developed European countries. By providing comprehensive digital infrastructure they have made it easier for the populace to access services and made it easier to govern.

CONSIDERATIONS FOR THE FUTURE

With the success of digital identity in smaller economies such as Estonia, it is clear that this technology is here to stay. There is still some refinement needed in regard to how this is implemented.

The main problem with digital identity systems based upon blockchain is that verification of any credentials is dependent on both the individual and employer. While this makes it hard to fake someone's details, human error is inevitable when it comes to entering data. If a mistake is made on someone's record, at present, there is no way to rectify this which could cause a whole host of problems.

Currently, in the UK we are limited to the GOV.UK Verify system. This system allows you to create a digital account for government services like the DVLA, HMRC and DBS.

However, this technology is most effective once it's rolled out on a national scale, which we can see from Estonia's success. This is an area we advise keeping a close eye on as it will revolutionise the onboarding process of every organisation in the UK.

APPLICANT TRACKING SYSTEMS

90%+ of enterprise businesses use ATS, as they are inundated with thousands of applications for every job role. Applicant Tracking Systems (ATS) may seem like a strange addition to our list of background screening trends for the future, as they are already a common feature in corporate HR and recruitment. However, as with any technology, it improves over time.

LinkedIn now has its own built in ATS and in fact, if you're applying for any job online the likelihood is that you will be screened by an ATS before your CV ever reaches someone with a recruitment decision making powers. But first, what is an ATS?

WHAT IS AN APPLICANT TRACKING SYSTEM?

Most ATS's are very similar to Customer Relationship Management (CRM) software, focussing on the recruitment lifecycle as opposed to sales. They help HR professionals track, sort, and contact potential applicants all in one place.

Initially, ATS still involved a lot of manual work but they are becoming more advanced every day. Leading ATS have functionality to be able to extract info and keyword search CV submissions, streamlining the sorting process. Many also integrate with popular online job boards meaning you can manage job ads and their responses all within the same system. Appropriate protection of candidate data is expected from any recruiting organisation and most ATS can help give you peace of mind. A common feature is the ability to track and manage data consent and automatically delete information after set periods in line with regulations like GDPR.

CONSIDERATIONS FOR THE FUTURE

As the ATS development ecosystem grows, the software is inevitably becoming cheaper and, in some cases, even free! Business software review platform Capterra, have outlined their top 3 free, open-source ATS. Not suitable for huge organisations but perfect for start-ups or SME that are wanting to drive efficiencies in their recruitment process.

Despite the benefits of a functional ATS, there are drawbacks. The main problem with relying on an ATS is that they can create invisible problems. Some of the ATS on the market rely on out-dated auto import software. This means something as simple as the formatting on a candidate's CV could cause the ATS to mark them as inappropriate. Not only does this mean you are potentially missing out on great candidates, but you could also leave yourself open to discrimination lawsuits.

CONTINUOUS BACKGROUND SCREENING

Pre-employment screening (PES) is a common term in the background screening industry, but it can cause organisations to become complacent. It is certainly logical to screen staff prior to employment but the phrase itself can lead people to believe that employee screening is a tick box exercise.

According to research, from the Centre for the Protection of National Infrastructure, over 75% of malicious acts against businesses were carried out by employees whose loyalty had changed after becoming employed. When these statistics are considered, PES is clearly only one part of a successful background screening process.

According to global recruitment specialists, HireRight, only 11% of organisations currently rescreen their employees. This means employers are potentially blind to any damaging offense committed by an employee.

WHAT IS CONTINUOUS BACKGROUND SCREENING?

Continuous Background Screening (CBS) services attempt to mitigate risk on behalf of employers by making relevant information available as soon as possible. This allows decision-makers within an organisation to respond swiftly to any potential threats.

Currently, CBS generally consists of manually rescreening candidates at specific intervals in their employment. This is generally done on an annual basis but does vary between employers. Some regulated industries, such as healthcare, already mandate continuous screening in certain instances.

According to the Professional Background Screening Association (PBSA), there has been a marked increase in CBS interest as the technology becomes more accessible. Some of these emerging technologies hope to automate current processes but these services rely on complementary technologies, like digital identity.

This technology can definitely be used successfully to drive efficiencies across your organisations onboarding process. Before implementing anything like this, we would advise carrying out extensive analysis on how it can be utilised to support your current onboarding process rather than replacing it.

CONTINUOUS BACKGROUND SCREENING

CONTINUOUS BACKGROUND SCREENING IN THE UK

A cursory search of 'Continuous Background Screening UK' brings up a huge list of companies marketing themselves as PES specialists. This isn't much of a surprise considering the lower incidence of background screening in UK businesses.

CBS is far more prevalent in the US, where background screening is more widespread. The most common background checks carried out in the UK are DBS Checks (formerly CRB Checks). The Disclosure and Barring Service (DBS), the UK Government body who process these checks, recognised the need for CBS. This led to the launch of the DBS Update Service in June 2013.

The Update Service allows candidates who have been the subject of a DBS Check to pay a nominal fee (£13p.a.) to register the details of that check. The DBS will then keep this information relating to this DBS Check updated if any new information.

Employees on the Update Service can provide a reference code to their employer so that they can view this information through an online portal. Employers can then run status checks on these individuals to assess whether their criminal history has changed.

CASE STUDY   Uber

Continuous background screening measures are essential for larger firms like Uber with millions of drivers across the world. As the most valuable privately held tech start-up in the world, it's important that they provide a safe and secure service to their customers.

Following a CNN investigation in 2018, 103 Uber drivers were found to have been accused of sexual assault. This may be a shocking figure, but it's also unlikely to reflect a true number of incidents which for various reasons often go unreported. The main criticism of Uber is that while drivers have to agree to their community standards when signing up as a driver, there is little to no vetting carried out once they are working.

Uber CEO, Dara Khosrowshahi, has stated they are committed to being part of the change in society and part of this initiative was to develop their own continuous screening practices. Continues on next page.

CASE STUDY Continued

Uber have committed to carrying out annual background checks on all their US drivers. To handle any potential convictions in the interim, they have invested heavily in 'New Offense Notification' technology. This will ensure that Uber is notified immediately if their drivers are charged with any offenses relevant to the safety of their customers.

The final step they have committed to is implementing a 'Safety Advisory Board' to help them adapt and respond to any changes. Headed up by former U.S. Secretary of Homeland Security Jeh Johnson, the board is made up of law enforcement, road safety, criminal justice, sexual assault and domestic violence prevention experts.

For an organisation providing services to the public on a daily basis, it is vital that they have the ability to respond quickly to any employee problems. Continuous background screening can make all the difference to customer safety, customer perception and company reputation.

CONSIDERATIONS FOR THE FUTURE

Organisations can only successfully implement new technologies if employees and candidates can understand and use it. Until we have universal access to digital services and levels of digital literacy to match, it seems unlikely that this technology will be as useful as it can be.

The digital divide in the UK means that despite the burgeoning potential of CBS, it could be a while before a fully automated system can be introduced. These services rely on people having some kind of digital identity.

However, there is still hope if you have to carry out DBS Checks for regulatory compliance.

The DBS are investing a lot of time and effort into perfecting the Update Service. It has the potential to revolutionise the way in which organisations manage their DBS checking process. New compliance technologies, the likes of which Personnel Checks are developing, hope to be able to integrate with the Update Service in the future helping drive further efficiencies.

We strongly recommend that any organisation that needs to carry out DBS checks for compliance purposes encourage staff to sign up to this service. It saves all parties involved both time and money. While you cannot mandate that you staff sign up to the Update Service, educating them of the savings can often be enough.

While HR practices have changed significantly in the past 20-years, new technology has been focussed on internal processes, such as data management.

In this sense, only employees need to be familiar with the technology for it to be a success.

The technology hoping to shape the future of recruitment relies on having a resilient digital infrastructure that is available and understood universally.

Unfortunately, in the UK there is still a massive lack of digital literacy. This means, despite being world leaders, the UK is far from being a digitally inclusive nation like Estonia.

While the number of people without access to the internet has steadily decreased since 2011, there are still 5.3 million adults in the UK who have never used the internet.

There is also a significant North-South divide in digital skills. Only 18% of people in the North East of England reported being internet literate, compared to 49% of people in the South East of the country.

No organisation can hope to affect successful technological chance when the nation's workforce is lagging so far behind.

In some areas, you could be excluding over 75% of the local workforce by adopting certain technologies.

CLOSING REMARKS

If you would like to discuss your background screening requirements with one of our experts then please visit our website or email us at sales@personnelchecks.co.uk

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