

# CONTRACTING **RISX** INDEX

2018

▶ **RISK FACTORS**

Analysis in Mexico, Brazil,  
and Panama / Central America

▶ **DRUG TESTING**

It's time to safeguard your reputation



# THE FIRST **RISK INDEX** ON CONTRACTING **EMPLOYEES** IN LATIN AMERICA

**This year MultiLatin presents the CONTRACTING RISK INDEX - 2018**, the first of its kind in Latin America. Our focus this year is on Mexico, Panama, and Brazil, countries where we carry out a large part of our operation and because of their significance for the region's economy.

For the past four years MultiLatin has offered clients an analysis of its overall findings on the background checks it conducts annually, giving them a perspective on the hidden risks in the labor market. This year MultiLatin goes one step further, giving its clients not only a global perspective on risk in Latin America but also an analysis focused on weighted risk for each industry.

We are pleased to present this first LATIN AMERICA EMPLOYEE CONTRACTING RISK INDEX, to support our clients with best practices in compliance due diligence and in decision-making for their recruitment process.

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# RISK FACTORS

## CRIMINAL HISTORY OF CANDIDATES IN LATIN AMERICA

REPUTATIONAL RISK ALERT FOR LATIN AMERICA

Hiring just one candidate with a criminal history can imply an astronomical economic cost and can even affect a company's operation in a country. MultiLatin again emphasizes the significance of this risk for businesses. Of the almost 42,000 candidates we screened in Latin America during 2017, we identified **more than 500 cases with criminal history**.

### LOGISTICS SECTOR

Criminal history



*\*Figures indicate the number of incidents per 1,000 employees.*

Because of security risks, it is particularly worrying that 20 of every 1,000 candidates in the logistics sector in Mexico have a criminal history. As an example, one of the leading ride-sharing companies saw its operations in the state of Puebla, Mexico affected for two months.

#### ► MEXICO: Taxi company Cabify has license cancelled following student's murder

*Published in RT News: September 19, 2017*

The state government will amend the law so that all such companies are required to hire persons with clean criminal records.

<https://actualidad.rt.com/actualidad/250417-cancelan-puebla-mexico-licencia-cabify>

# TRUST, BUT... ALWAYS VERIFY



Screening of candidates.  
What is "allowable" in Latin America and what is not?

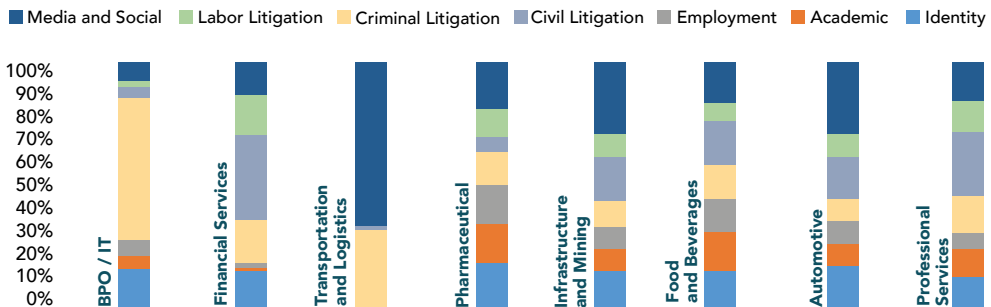
SIGN UP for our newsletter.  
We bring you relevant content on trends in  
candidate background checks at:

[www.multilatin.com](http://www.multilatin.com)

**MultiLatin**  
Background Screening

# METHODOLOGY

## ► Context: preponderance of screened criteria by strategic sector



This graph highlights the number of screenings with criminal records in the BPO/IT sector.

- 1 **Consolidation of information:** all information is collected.
- 2 **Grouping of data by type of screening:** information is segmented according to the volume of screenings by sector to create homogeneous groups.
- 3 **Analysis of inferences:** in-depth interpretation of information is carried out, focused on findings of inconsistencies per case, and an index is obtained.
- 4 **Inference of probability of inconsistencies:** the proportion of inconsistencies is calculated with respect to the total observations for each industry.
- 5 **Principle of credibility:** from the mix of overall indices and the experience observed in each country, an index is obtained for each of the industries involved in our study.

Our screening programs provide Human Resources and Compliance directors with decision-making in the "here and now" in their selection process, answering this question: Does the background of this candidate pose a risk to my company?

**CONTRACTING RISK INDEX** takes prevention a step further, presenting a broader perspective on risk in the market: At what level and to what type of risk am I most exposed when looking for candidates in my sector in Latin America? This is the first solid analysis of risk when hiring candidates in Latin America, backed by LOCKTON's team of actuaries and solid methodology:

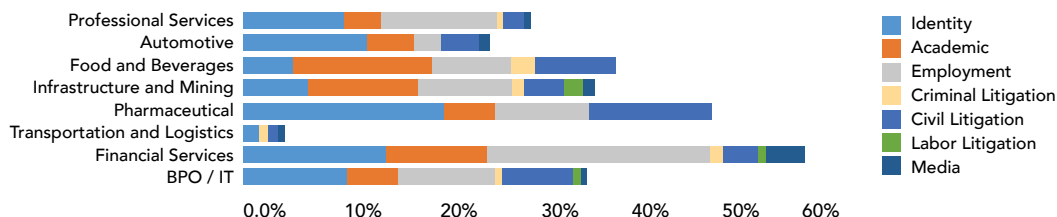
*"MultiLatin is at the forefront of screening and compliance processes for hiring employees and has developed in-depth and extensive knowledge on Latin America. We are proud to support this work, which benefits the growth of businesses in the region".*

Fernando Ortega Amieva / Chairman Lockton Mexico



# INCIDENTS AND RISK MAP

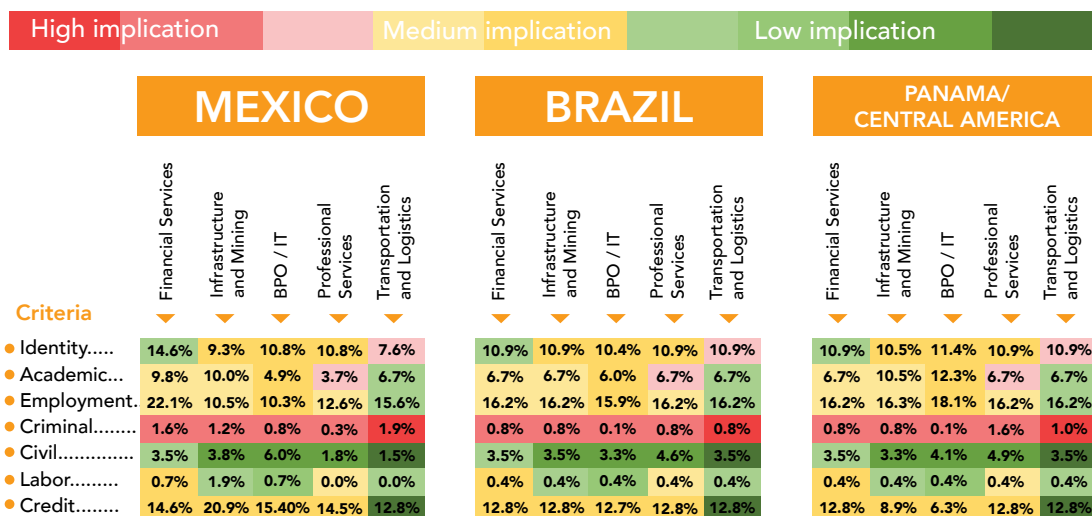
CONTRACTING RISK INDEX analyzes the degree of misrepresentation in statements made by employment candidates and offers a perspective on the trends in lies and inconsistencies in different sectors and screening levels.



This graph highlights the high incidence of false statements in the Financial Services compared to other sectors. Within this same sector, the number of inconsistencies in the candidate's employment history is an indication of high risk.

## Risk by country with percentages of inconsistencies

### Heat map - Risks



This heat map highlights the type of risk detected for each industry. For example, the major repercussions of an undetected criminal history for the logistics sector, shown in red, and or something of lower relevance, shown in the green color. Similary, not detecting a misrepresentation in a candidate's credit history would not have a serious impact.





# 2018.

WE WILL CONDUCT  
**MORE THAN 150,000**  
CANDIDATE SCREENINGS  
**IN LATIN AMERICA**

Raise your screening standards

Put a number on your hiring risk.  
Are you interested in finding out your company's risk index?  
Contact us

[www.multilatin.com](http://www.multilatin.com)

**MultiLatin**  
Background Screening

## RED FLAGS - COUNTRIES AND SECTORS

### MEXICO

#### ▶ **FOOD AND BEVERAGES SECTOR** *Criminal History*

The number for criminal history also has a high impact on the Food and Beverages sector in Mexico, with an incidence of 20 out of every thousand candidates.



#### ▶ **INFRASTRUCTURE SECTOR** *Credit History*

Inconsistencies regarding credit history in the Infrastructure Sector in Mexico are almost double what they are in Brazil and Panama and Central America.



#### ▶ **FINANCIAL SERVICES SECTOR** *Inconsistencies in Employment*

Human Resources areas in Mexico's Financial Services Sector should be aware of the high level of inconsistencies in candidates' professional background. 221 out of every thousand lie about their professional experience on their CVs.



#### ▶ **FINANCIAL SERVICES SECTOR** *Criminal History*

In the Financial Services Sector in Mexico the number of candidates with criminal history is almost 75% higher than in Brazil and Panama and Central America.



### BRAZIL

#### ▶ **FOOD AND BEVERAGES SECTOR** *Criminal History*

Similar to Mexico, the incidence of criminal history in this sector in Brazil is very high, 19 out of every thousand candidates, and is more than double that of Panama and Central America.



#### ▶ **FOOD AND BEVERAGES SECTOR** *Academic Inconsistencies*

The percentage of inconsistencies in candidates' CVs for the Food and Beverages sector in Brazil is almost double that of Mexico.



\* Figures indicate the number of incidents per 1,000 employees.



# PANAMA AND CENTRAL AMERICA

## ► EMPLOYMENT RECORDS IN PANAMA

### *Inconsistencies in Employment*

Employers in Panama should take extra care to verify the employment history of their candidates. Our analysis indicates a high probability of falsification, 16%, which is a relevant risk factor.



## ► BPO/IT SECTOR

### *Academic Inconsistencies*

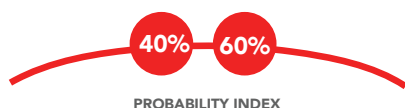
The probability of finding inconsistencies in the academic curriculum of candidates in the BPO and IT sectors in Panama is double that of other countries studied. This signifies an important red flag for companies that hire through outsourcing or technology implants.



## ► PROFESSIONAL SERVICES

### *Criminal History*

In Panama and Central America, the possibility of finding candidates with criminal history in the Professional Services sector is between 40% and 60% greater than in other sectors.



\* Figures indicate the number of incidents per 1,000 employees.

## OTHER FINDINGS

### ► FINDINGS BY GENDER / Criminal History

The findings for candidates with criminal history are 12 male to 3 female for every thousand candidates in Latin America. This finding implies that hiring females involves only a quarter of the risk of hiring males with criminal history.

### ► FINDINGS BY GENERATION / Inconsistencies

In 2017, information was verified on 5,500 candidates in the Millennial category, which found that 20% had inconsistencies in some of the criteria checked.

## ► IT'S TIME TO SAFEGUARD YOUR REPUTATION

DRUG TESTING, safeguards from start to finish in Latin America. The case of Mexico.

The private sector in Mexico carries out around 20 million drug tests annually, and that number is expected to increase between 15% and 20% every year. According to the national Survey on Drug, Alcohol and Tobacco Consumption from 2016-2017, the prevalence of drug use increased in men from 18.5% to 22.8 and in women from 4.6% to 7.6%. Concerns about mitigating risk are on the rise.

Growing alcohol and drug use is a public health issue. It not only affects the personal lives of individuals and their families, but companies as well. Drug and alcohol use has gone from being a clinical issue to one with a legal-labor bearing. Its handling and prevention requires compliance with local regulations.

Foreign companies operating in Mexico are taking actions to prevent possible labor conflicts due to the consumption of narcotics by employees at different job levels. The findings (presumptive positives) as a result of an initial drug test will have to be handled within the framework of local laws. A presumptive positive result from the initial test needs to be corroborated. At this point, many international companies send the test to their countries of origin for corroboration, a process which is costly in terms of time and money.

## ► **MULTILATIN** *guarantees a comprehensive drug testing process with Diagnose.*

MultiLatin can offer the possibility of a comprehensive process that ensures the highest standards of custody. Through our partner in Mexico, **Diagnose**, we can validate presumptive positives through the analysis of chromatic gases conducted by toxicological specialists. The analysis can serve as sufficient evidence for legal purposes. International companies no longer need to invest time and money in corroborating data abroad and can instead complete the entire process in Mexico.



MultiLatin aligns its screening processes with the international standards recommended by **NAPBS**, (National Association of Professional Background Screeners); and with **DATIA** (Drug and Alcohol Testing Industry Association) for toxicological testing.



# ► DRUG TESTING PROCESS: CHAIN OF CUSTODY



1

## REQUEST

When the applicant completes capturing information for their Background Check, a "Service Order" for drug testing will be generated for printing.



2

## CONTACT

MultiLatin contacts the applicant by email or telephone to provide additional instructions regarding the process.



3

## RESPOND

When notified by MultiLatin, the applicant will report to the laboratory with the printed Service Order.



4

## CUSTODY

Laboratory personnel will deliver a "chain of custody" to the applicant and request their signature on a consent form in order to take a sample.



5

## OBTAIN

The applicant is given a urine specimen cup. Laboratory personnel accompany the applicant to a designated area to ensure that the sample is deposited correctly and free of tampering, and they will corroborate that the sample has not been altered.



6

## SEAL AND SIGN

Once the process is completed, the specimen cup is sealed and signed by the applicant.



7

## PROCESS

The sample is processed to obtain results for required substances. The results can be negative or non-negative.



8

## REPORT

MultiLatin obtains a report in order to continue with the Background Check process.

## THE SCOPE OF A BACKGROUND CHECK

**IDENTITY** / ACADEMIC/ **PROFESSIONAL** / LITIGATION / **CIVIL** / LABOR / **CRIMINAL** / INTERNATIONAL WATCH LIST / **CREDIT** / MEDIA AND SOCIAL / **NETWORKS** / **DRUG TESTING**

*MultiLatin understands the consequences of drug use on workplace health and safety. At Diagnose, we use our accumulated experience as addiction counselors and our knowledge of laws and regulations to apply protocols, resulting in careful and accurate results.*

**Eduardo Sandoval / Director of Development**



**MultiLatin**  
Background Screening

Is your candidate screening process bulletproof?

**TAKE  
THREE MINUTES  
FOR A  
QUICK ASSESSMENT**

[www.multilatin.com/assessment/](http://www.multilatin.com/assessment/)

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Background Screening

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