

Retail sector to check employee background

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To contain pilferage of goods by employees, the domestic retail industry is in the process of creating a database of people employed by it and verifying their backgrounds.

The Retail Association of India (RAI) has tied up with CRP Technologies, a human resources (HR) consultancy and background verification firm, to create the database.

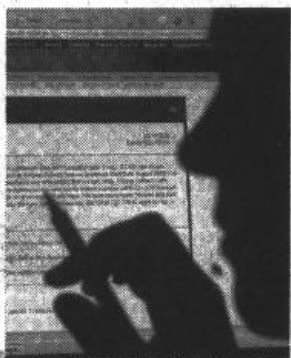
The Indian retail industry employs around 25 million people, of which 5 per cent are employed in the organised sector. Close to 20 organisations have shown interest in participating in this initiative, and RAI is hopeful of roping in 100 companies by 2010-end.

"We are trying to make sure that some amount of background screening is available within the industry. We also want to create a database of people employed in this sector. We have chosen CRP Technologies for this as they have the database capability," Kumar Rajagopalan, chief executive officer, RAI, told *Business Standard*.

The database will have a person's professional as well as educational details. Companies which will agree to share this database will take permission from employees before they join. "There will be a statement within the joining form that states their willingness to share details. Also, when an employee exits, the details of that will be with us," said Modi.

India was at the top of the 'Global Retail Theft Barometer' survey for 2009. The country topped the retail "shrinkage" rate (a term that bunches shoplifting, employee theft and process failures) among 41 countries surveyed across the world, for the second year in a row. Indian retailers have the highest 'shrinkage rate' at 3.2 per cent of sales. This amounts to a shrinkage loss of \$2.6 billion, "equivalent to \$156.22 (about Rs 7,350) honest tax per family", according to the survey.

"This is the first time that an industry association is working and initiating a background verification system for the in-



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dustry. While Nasscom does have a repository of the employees working within the industry, background search still happens on the instance of companies. The system that we are planning to put in place, will initially update the data on a fortnight basis," said Nipa Modi, chief executive officer, CRP Technologies.

CRP Technologies has created a similar system for the insurance sector. "We have most of the top private insurance players part of this initiative. As of now, we have a database of 300,000 employees working in the life and general insurance sector. By the end of this year, we will touch 500,000. The database gets updates once a fortnight, so that all the member firms have the latest data on employees," added Modi.

However, the Indian IT industry is the first one to create such kind of database. Nasscom started the National Skill Registry (NSR) in 2006, that aims to create a centralised database of all employees engaged in this sector. So far, about 560,000 professionals have registered on the NSR.

Unlike the Indian IT and ITeS industry, there are very few sectors that have made an effort to verify employees background. All the major IT firms like Tata Consultancy Services, Infosys Technologies and Wipro conduct background screening. "Within the top IT firms, they circulate a negative list. The names on the list are of the people who are generally never hired," said an HR Consultant.