

## **Employee Theft, Drug Use and Absenteeism Identify It Before You Hire It**

Employee theft and other forms of counter-productive behaviours are highly significant factors in determining the success, or failure, of any business. In this article I'd like to focus on the various means by which businesses can screen job applicants who may have a propensity of engaging in workplace theft and other problematic behaviours.

Many business owners I talk too are quite "blind" to the frequency with which employees engage in theft, drug use and other counter-productive behaviours. Just Google "employee theft" and your head will spin with the amount of statistics available.

Last year, Retail Systems Research asked retailers to name their top three sources of theft. Sixty eight percent named employee theft of merchandise as one of their top concerns. While employee theft of cash is a smaller portion of retail crime than merchandise theft has become of increasing concern to retailers. More than 45 percent list theft of cash by employees as one of the top three concerns.

New Zealand research in 2002 found that up to 9% of men and 3% of women 'took an alcoholic drink first thing in the morning' and 32% of men and 16% of women would meet clinical criteria for alcohol abuse or dependence.

When it comes to counter-productive behaviours, the cost to New Zealand businesses of drug and alcohol abuse alone is conservatively estimated at \$140 million and that doesn't take into account its contribution to workplace accidents and injury. In 2002 the cost to New Zealand business of absenteeism from illness and injury was an estimated \$3 billion!

This same research found that an employee with substance abuse problems can cost between 25 - 50% of their salary through low productivity, sickness and accidents. And we haven't started to factor in other counter-productive behaviours like surfing the web, workplace aggression and sexual harassment.

The above findings are the tip of the iceberg, but it's enough to jolt hiring managers into the need to address these issues when evaluating job applicants for

employment. The main hiring tools that are helpful to address these issues are reference checks, criminal background checks, interviews, drug testing and written integrity testing. Let's look at the predictive value of each one.

### **Reference Checking**

Managers rarely structure reference checking. In many cases employers will take a written reference on face value, dangerous when you consider a job applicant is not knowingly going to put forward a referee that may be detrimental to their job success.

Reference checking is time-consuming, it also requires permission from the candidate and many past employers are weary of giving truthful references. As for third-party referencing, via say a recruiter, I have never seen a bad one yet!

We suggest a couple of good referencing tips in our recruitment kits available for immediate download at <http://www.helpmehireright.com>

### **Background Checking**

This is a worthwhile exercise since past behaviour is a good predictor of future behaviour. Background checking is also relatively inexpensive. Criminal background checks are useful in helping determine whether a prospective employee will steal from an employer. It's not just criminal activities, but also background checking of education, driving record, bad debts etc. Most of this information is in the public domain. Checking these areas can be a useful basis for denying employment depending on the specific job duties.

### **Interviews**

The way most hiring managers conduct interviews they might as well not waste their time. Unstructured interviews have such poor validity that they are more dangerous than what they are worth. Whilst they can be useful when conducted by trained professionals using a structured format (once again check-out our recruitment kits) they are generally very poor predictors of counter-productive behaviours.

### **Drug Testing**

Relatively new to New Zealand, they are expensive, invasive and in terms of positive hits, quite low. America's leading testing agency, Quest Diagnostics reports 3.8 percent of applicants test positive. Experienced drug users merely refrain for a few days before submitting samples. But they do help "self select out" regular users.

## **Written Integrity Tests**

These have been used for over 40 years and have been developed to predict whether an applicant will engage in various forms of workplace counter-behaviours. Research in this area has constantly shown that these tests are extremely effective in addressing workplace counter-productivity.

Here's a representative quote from an extensive psychological review of the research on written integrity tests:

*"Results indicate that integrity test validities are substantial for predicting job performance and counter-productive behaviours on the job, such as theft, anger in the workplace, drug use and absenteeism".*

These tests have been administered to millions of job applicants over the last 40 years. They are inexpensive compared to all of the hiring procedures discussed above. The use of these tests is further facilitated by the fact that they can be easily and quickly administered online. As a result, higher risk applicants can be screened from contention for a job early before wasting time and money on interviews, background checking, references and drug testing.

A word of caution; there are literally dozens of written integrity tests available through the Web. Many of these are poorly constructed and offer poor predictive outcomes. It's important that a test is constructed by qualified organisational psychologists, have been cross checked legally, and have well documented manuals that including robust validity and reliability figures.

## **Conclusion**

Given the amount of damage employee counter-productive behaviours can have on a business, it makes good business sense to employ some form of effective screening right up front of the selection process. This will enable employers to effectively combat these problems early in the screening process, thus avoiding wasteful and costly recruitment time.

Given the overwhelming evidence of the effectiveness and utility of written integrity tests, hiring managers should not hesitate to strongly consider their implementation early in the selection process.

The PeopleCLUES testing platform includes an excellent counterproductive online test that takes about 15 minutes to complete. It can also be incorporated into our

online applicant tracking system. It measures honesty (theft), workplace aggression, substance abuse (drugs and alcohol), conscientiousness (absenteeism), sexual harassment and computer abuse (restricted and social website surfing).

Do you think it would be worth investing \$35 to check out a candidate for the above behaviours BEFORE you hire? It's a "no-brainer!"

To understand more, go to <http://www.assess.co.nz/pages/clues.htm>

Also see how the CLUES written integrity test works within our online application system; see a 5 minute video at <http://www.assess.co.nz/CLUESaps/CLUESaps>

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We'll Help You Avoid Hiring a Horror Story!!!