

Improve Risk and Safety Programs and Reduce Workers' Compensation Exposure by Hiring the Right People

Hazards are ever-present in the steel plant environment, and a heightened awareness and emphasis on safety is a necessary priority for our industry. This monthly column, coordinated by members of the AIST Safety & Health Technology Committee, focuses on procedures and practices to promote a safe working environment for everyone.

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Comments are welcome. If you have questions about this topic or other safety issues, please contact safetyfirst@aist.org. Please include your full name, company name, mailing address and email in all correspondence.

Optimizing an organization's performance through talent management, also referred to as human capital management, has been a popular topic of discussion for several years with human resource (HR) professionals. Everything done to recruit, hire, retain, develop, reward and enable people to perform at their highest level is part of talent management as well as strategic workforce planning.

Risk and safety have to be part of this strategy as changes to U.S. Occupational Safety and Health Association (OSHA) reporting, local and state ordinances, and modification (MOD) rating have impacted a company's ability to control costs and conduct new business.

Identifying the best people to hire is critical to the success of an organization. The cornerstone of this assertion is based on the idea that people are a company's most valuable asset.

The Problem

How difficult is it to find the best people? Did you know 25–40% of all employees steal from their employers? Employee theft costs employers more than US\$50 billion on an annual basis with more than 55% of theft perpetrators in a management position.

Drug- and alcohol-related abuse by employees total US\$100 billion a year with those employees using three times as many sick days, being four times more likely to be in an accident, and five times more likely to file for workers' compensation.

Nearly 75% of adult illicit drug users are employed and they are 10 times more likely to steal. Workplace theft and substance abuse are just some of the workplace issues facing

employers today. Finding good candidates is difficult, especially when candidates frequently embellish their resumes and studies show that 58% of them contain lies.

Violence in the workplace has been growing at an alarming pace, with more than 2 million cases of workplace violence reported per year, costing employers more than US\$121 billion with non-fatal assaults and US\$876,000 in lost workdays. Violence in the workplace has accounted for more than 5,000 fatalities since 2006 and nearly 35% of workers say they have felt bullied at work.

With the problems affecting the workplace daily, employers are struggling to find solutions that detect these issues.

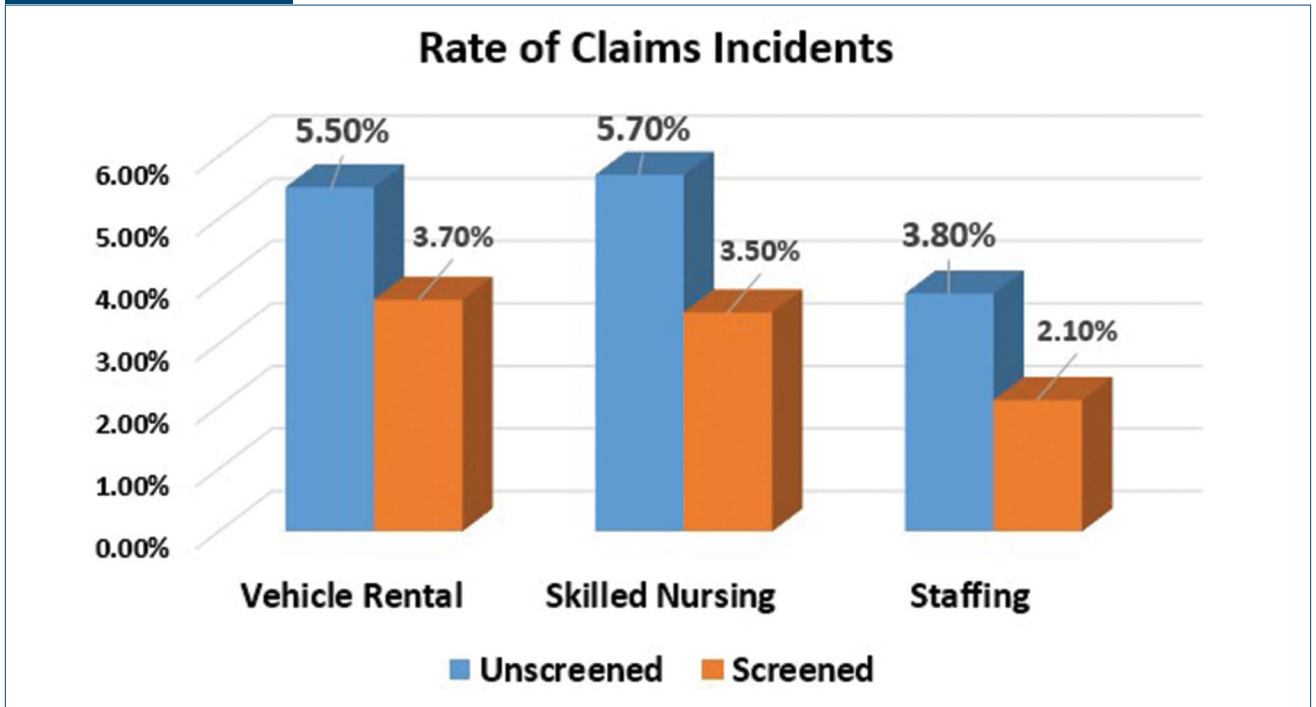
The Solution

Screen out the applicants who engage in counterproductive workplace behavior. HR managers are tasked with identifying the best workers to recruit and hire out of this labor pool every day. This can be a very daunting challenge when one considers the amount of negative workplace behavior, also known as counterproductive workplace behavior (CWB). CWB is employee behavior that goes against the goals of an organization and can take many forms. Some fundamental categories include:

- Lying.
- Hostility.
- Employee theft.
- Drug abuse.

One way to identify these applicants is to have them take an integrity test before they are offered the job.

Figure 1



Rate of claims incidents in different professions.

Integrity testing has been around for more than 40 years and its goal is to identify applicants who are currently engaging in counterproductive behaviors, quite simply because they find these behaviors acceptable.

Integrity Testing Improves Employer's Odds of Success

According to the American Psychological Association task force which researched this topic, pre-employment integrity tests may provide organizations with the best method for identifying the potential of dishonest behavior, as well as offering one form of protection against claims of negligent hiring. The task force further concluded that integrity tests are among the best predictors of integrity-related behavior in the workplace, supporting the effectiveness and impact of pre-employment integrity testing.

Many perpetrators of CWB (e.g., employee theft) have likely been engaging in such behaviors regularly, but just have not been caught yet. Those observations were also cited by *HR Magazine*. "Among all types of pre-hiring assessments, including background screening, research has shown that integrity tests have the highest validity for predicting undesirable behaviors at work."

In their selection assessment methods publication, the Society for Human Resource Management Foundation noted, "there are real and very substantial bottom-line financial results associated with using effective assessments to guide selection decisions." Additionally, when considering their cost-effectiveness, studies have found that integrity testing provides a return on investment (ROI) of up to 846%, which includes reduced workers' compensation costs, turnover, absenteeism, theft, workplace violence, etc. In today's challenging economic times, integrity testing can be a cost-beneficial way for companies to increase their odds of finding the right people.

Types of Pre-Employment Integrity Assessments or Integrity Tests

There are two types of pre-employment integrity assessments or integrity tests that are used as part of the hiring/selection process: overt integrity tests and covert integrity tests/personality-based tests.

Overt integrity tests ask direct questions about actual acts of CWB and attitudes toward theft and other types of high-risk CWB. They are based on the psychological concept of cognitive dissonance whereby individuals rationalize CWB as being normal and are not conflicted to responding honestly to direct questions

about it. In fact, applicants often give surprisingly candid answers.

In contrast, covert integrity tests or personality tests typically do not contain many — if any — items that make direct reference to CWB. Personality tests typically include more disguised-purpose items and are designed to measure several dimensions, the so-called Big 5 or Five-Factor Model (i.e., conscientious, agreeableness, introversion/extroversion, emotional stability and openness to experience).

What's the Connection Between Integrity and Safety?

A groundbreaking study was published in the February 2020 edition of *Journal of Business and Psychology* which shone a spotlight on the connection between integrity testing and reducing workers' compensation costs, workplace injuries and malingering.

The study, "Reducing Injuries, Malingering, and Workers' Compensation Costs by Implementing Overt Integrity Testing," highlights the impact of integrity testing on workers' compensation claims, workplace injuries and malingering. The three companies studied in this paper utilized an integrity service known as IntegrityFirst, which focuses on four counterproductive behaviors: theft, hostility/bullying, lying and substance abuse. There were two goals in the study:

- Goal 1: Clarify the effects of integrity testing on worker's compensation.
 - At the level of the individual employee (average claim and cost per employee).
 - Accounting for the time the employee has worked (because more time worked = more opportunity to incur claims and costs).
- Goal 2: Understand why implementing testing leads to fewer claims and lower costs.
 - Passing integrity tests = more concerned about safety, less likely to get injured and fake or exaggerate injuries.

Stephen W. Gilliland, a professor at Claremont Graduate University and co-author of the study, concluded, "Overt integrity testing predicted both workplace injuries and malingering of injuries. Further, we demonstrated that the effect on injuries was through safety motivation (willingness to exert effort to enact safety behaviors) and safety compliance (compliance with generally mandated safety behaviors)." Highlights from the study include:

- 734% and 866% ROI findings from reduced workers' compensation claim rates and related costs in the two studies conducted.

- Those who pass integrity testing are more safety-conscious than their peers and are motivated to work safely and comply with safety rules, resulting in lower rates of injuries.
- Testing services such as IntegrityFirst measure factors that relate directly to malingering, a key predictor of workers' compensation claims.

Conclusion

In summary, a tremendous amount of evidence exists that suggests organizations should consider adding a proactive, pre-employment integrity screening program to their recruiting process as part of their overall talent management efforts. The program would be designed to identify a job applicant's propensity for engaging in theft, lying, hostility, drug abuse and other CWB. When implemented effectively, applicants who pass these types of assessments will have a propensity to exhibit productive and dependable work behavior, which can produce remarkable results.

References

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2. Roberts, B., "Your Cheating Heart," *HR Magazine*, June 2011, pp. 54–58.
3. Society for Industrial and Organizational Psychology Inc., *Principles For the Validation and Use of Personnel Selection Procedures* 4th Ed., Bowling Green, Ohio, USA. 2003. ◆