

# Hiring Honest Employees - Art and Science

*By Irwin J. Feigenbaum*

Did you know that an estimated 36,000 companies are "stolen out off business" every year - by their employees! This alarming statistic is reported by Profiles International, a developer of assessment survey devices.

According to the recently released 2000 National Retail Security Survey, U.S. retailers lost more than \$13.2 billion from employee theft. According to the study conducted by The University of Florida, employee theft was up almost 2 percentage points from the previous study conducted in 1998.

The National Restaurant Association estimates that 2 percent of all restaurants' gross sales is lost to employee theft every year. Workers steal food, liquor, cash, merchandise, and silverware, often getting away scot-free because they know how to cover their tracks.

According to a National Computer Systems Inc. survey, each restaurant employee steals an average of \$218 worth of inventory annually.

A survey of employed people revealed that 56 percent admitted lying to their supervisors, 41 percent admitted falsifying records, 35 percent admitted stealing from employers and 31 percent admitted abusing drugs or alcohol. This is your applicant pool!

There is an art to hiring "right from the start," and once you understand how to do this and what instruments you will need, you can then eliminate profit-stealing activities such as theft, fraud, turnover, tardiness, and unauthorized sick days. Learning how to "hire smart" requires that you first understand the hiring process itself. It consists of three distinct phases.

## Phase I - The Past

This is the application or resume phase where we get our first glimpse into the candidate's background. We learn about the education and training our candidate received, where the person previously worked, how long they stayed, and why they left.

Even if a candidate sends a resume, an employer should require an application to be completed and signed for many reasons. This is the first test of how thoroughly the candidate follows instructions and completes a task.

Also, when an application contains a signed release form, it gives you permission to conduct background and reference checks.

## Phase II - The Present

This is the interview phase. You can hear and see how the candidate presents him or herself and how she or he responds to various questions- from their previous work experience to what they are looking for in a "new" job.

Ask open-ended questions that cannot be answered with a yes or no answer. From this you begin to put the pieces of the puzzle together, gaining some insight into their personality. Does the information that you gathered in Phase I correlate with what you discover in Phase II?

## Phase III - What Lies Beneath the Surface

Unlike the previous phases, Phase III discovers what lies beneath the surface and is not visible to the naked eye - the person's character and work ethic.

Employers should be doing background and reference checks on all potential employees since many resume writers "write good fiction." Many firms have begun the use of assessment screening to gain entry into the areas that cannot be obtained from the application and interview process.

Hiring smart is only the first step in dealing with issues of honesty and dependability.

It is vital to create a caring and nurturing environment. Research suggests that one of the most effective theft deterrents is to treat employees well by providing them with an encouraging, nurturing environment.

It's impossible to completely eliminate counterproductive behaviors and theft in the workplace, but companies that establish and communicate positive corporate values, can experience a significant reduction.

---

*Irwin J. Feigenbaum, is president of Professional Resource Systems, a firm that provides solutions for hiring, placement, job fit, job, match, performance prediction and competency.*