

## PRESENTATION BY JENNY REID – CRIMSA CONFERENCE 2009

### IS EMPLOYEE SCREENING ENOUGH TO KEEP EMPLOYEES HONEST?

Today more so than ever before organisations are extremely concerned about their bottom line. The recession is hitting hard but we do not realise how deeply this thread runs through our organisations.

In August 2009 we were told that the South African GDP had gone down by a further 3%. The Time says that the financial situation of many South Africans was worsening as the recession continued. Inflation is soaring and basic food items are becoming unaffordable. People are struggling to survive let alone save. Many employees are faced with the threat of retrenchment and having to support family members who either striking or not employed.

More than 400 000 South Africans have lost their jobs since the beginning of the recession and many employed people are struggling to keep up with the payments on their accounts. People believe that they are financially worse off than they were a year ago. NUMSA said that the financial situation is not only affecting the working class, top management has also been affected.

In July this year it was reported that the number of employed people fell to 13.37 million in the quarter and the number of people who had not actively looked for a job for the month of June, referred to as discouraged workers, surged to 1.52 million. The number of officially unemployed people in South Africa is 4.18 million.

Your staff members who are employed have not only themselves to support but are also often faced with the challenge of supporting unemployed family members.



**Tony Pettengell** – Personneltoday.com says that there is no doubting that people do indeed have the capacity to be great. And good people can help things go smoothly, help the profits grow, build goodwill and a great reputation. But people can also be a whacking great liability. People can cock things up, do the wrong thing, make bad choices, destroy reputations and leave organisations in ruins.



Let's look at an average administrator in today's environment:

CATEGORY	EXPENSES	INCOME
Wages and Bonuses		7000.00
Rent	2000.00	
Groceries	1500.00	
Child Support / School	500.00	
Provident / Pension Fund	525.00	
Electricity	300.00	
Car Payments / Transport	500.00	
Fuel	500.00	
Clothes	300.00	
Toiletries, Household Products	300.00	
PAYE / SITE	201.00	
Telephone (Land Line, Cell)	200.00	
Vehicle Insurance	200.00	
Grooming (Hair, Make-up, Other)	200.00	
Cable TV/Videos/Movies	199.00	
Insurance		
Repairs & Maintenance		
Eating Out, Lunches, Snacks		
Medical Expenses		
Fitness		
Credit Cards		
Other Loans		
Hobbies		
Vacations		
Vehicle Repairs & Maintenance		
Savings		
Emergency Fund		
Gifts/Donations		
TOTAL	7424.00	



I find this a really scary picture and what it highlights is that people exist they are no longer able to "live".

It is inevitable that this is going to create stress which is one of the greatest contributors to ill health and statistics have shown that healthy employees take up to nine times fewer sick days than their ill colleagues. They also make up to 60% fewer errors than their colleagues.

I have spent the last fifteen years in the security industry and one area I have been heavily involved in is the employee screening environment. Most organisations today are taking time to implement an employee screening programme. In 2002 only 18% of companies were doing this and now I believe that almost 65% of companies are doing it. They invest in trying to make sure that honest employees work for their organisations.

- Criminal record checks are one of the most used screening tools. We know that for reasons we are not here to debate that the accuracy of these records leaves a lot to be desired. Never mind the number of criminals who escape the judicial system for whatever reason.
- Credit checks – many people say to me that they believe every single South African is listed at a credit bureau. What is the point in doing that?
- Educational qualifications – up to 30% of the qualifications verified are fraudulent.
- Integrity testing – in one organisation only 1 in 10 of the candidates is getting through the test. They tested their own HR department and none of them passed.

But, what I have found is that people are doing little to ensure that their employees stay honest and loyal once working for a company.

Am I saying don't employ people. No but conduct the necessary employee screening tests and once people are in your organisation you need to protect them and yourself from temptation and syndication. Develop a culture of honest, ethical, productive and loyal employees.



## HONEST EMPLOYEE

Most definitions of workplace honesty speak about “refraining from lying”, “upholding high ethical standards” and “high levels of integrity”.

What this means in practice is difficult to define. Every situation is different. A person who is completely honest about everything may not be an effective worker or a good team player.

Buzzwords like integrity and business ethics are easily tossed around but how many understand them? Integrity is a broader concept than honesty.

Someone with integrity usually means someone who acts in accordance with personal beliefs. However, in terms of this definition, Hitler had integrity.

Obviously the definition needs to include acting in accordance with universal standards of right and wrong. It involves concepts of consistency, reliability and fairness. Fairness in doing do what is best for all involved.

Ethics is concerned with what is good or right in any social situation. It involves making a moral choice for the good of all parties involved, not just oneself.

It can be difficult to be ethical when there is no perceived personal gain or when the organisation has questionable ethics.



### **ETHICAL EMPLOYEE**

*Webster's* defines ethics as "the discipline dealing with what is good and bad or right and wrong or with moral duty and obligation." (Unabridged, 1961.) In other words the values held by society but what is society telling people today?

What support is the average person getting from society?

Does society in general encourage ethics?

### **PRODUCTIVE EMPLOYEE**

An individual's productivity is measured by that person's potential to reach the highest level of productivity possible. A person has certain skills that determine his or her level of capability but an individual's experiences, personal circumstances and education usually determine his or her skill level regarding a particular job.

Other factors, such as a positive environment (working with a good team, having a good boss, liking the physical surroundings in the workplace being appreciated, etc.) and how motivated one is to do a job, also contribute to productivity

### **LOYAL EMPLOYEE**

Fortune Magazine says that "Loyalty isn't dead, employers have to earn it". Everything the companies on Fortune's 100 Best Companies to Work For list do is aimed at keeping employees happy so they won't quit. But are workers less loyal than they used to be?

The employers on the Fortune list of the 100 Best Companies to Work For believe in piling on the perks - anything from flextime and telecommuting to in-house gyms and free gourmet food. Surveys say that as many as 75 percent of employees are job hunting Robert Levering,



co-founder of the Great Places to Work Institute (which compiles the list), "Everything these companies do is designed to inspire loyalty in employees."

If your definition of loyalty requires patriarchal companies offering lifetime job security to a workforce pledging steadfast allegiance -- then loyalty is indeed dead. Workers today face the reality that whether they work for a large conglomerate or a smaller entrepreneurial firm, there are no employment guarantees. And management, in turn, is dealing with a workforce whose values differ tremendously from those of their predecessors.

With traditional loyalty, everyone knew the rules: Management gave employees a sense of "family," of job security. Even if old Joe wasn't pulling his fair share, he could expect the company to take care of him by allowing him to stay in his current position or by finding him another job within the organization.

In exchange, workers gave up the right to question authority, to criticize the company, or to do their jobs in any way but the "one right way" approved by the organization. They wore the company uniform, used the company product or service, and supported the organization's position on community matters. Orders were handed down the bureaucratic chain of command, to be followed precisely, and then released to the next level.

Today, the traditional view of loyalty no longer applies. Recent changes in the business world and in the workforce require a different approach. Workers can no longer expect lifetime, or long-term, employment. Nor can they expect stability. Change has become a fact of corporate life to be accepted and dealt with.

Employers, on the other hand, are encountering a far more sceptical workforce, with a different set of expectations and demands. Employees today no longer believe that top management will guide their career progression. Workers are creating their own career paths, and, in most cases, consider job-hopping a normal route to professional success. Today's employees are educated to expect that they may work for as many as twenty different companies - in perhaps four or five different careers - over the course of their professional lives.



Employees yearn to feel emotionally connected to their work. It is the right time to address these mutual needs and to redefine loyalty in ways that will serve both organizations and employees. The need for Employee Wellness and Assistance programmes has been growing but can we not grow this concept and create an Employee Wellness and Appreciation Programme?

What would employees gain from this?

- HEALTH BENEFITS

Approximately 15% of our population have some form of medical aid cover. Many of them are merely covered in the case of a dire emergency and day to day issues are not covered. For an employee often the stress of being ill is not only the illness that they have to deal with but the whole idea of getting assistance from a competent medical professional; the transport to get to the professional and then the cost of paying for the assistance.

In addition to the concerns surrounding the cost of ill employees international research shows that only one in every three sick days taken is genuine sick leave.

Sickness absence costs UK employers around £12.2 billion each year. Between 2% and 16% of the annual UK salary bill is spent on sickness absence.

Estimates say that sick leave costs South African employers in the region of R12 billion per annum. It is being said that one in three South Africans will be taking sick leave during the world cup in 2010 just to watch a game. It was stressed that the costs of illness among employees could not only be measured by direct medical costs, such as medical scheme payouts, but that work absenteeism, and long-term and short-term disability were hidden costs in terms of productivity levels. A different issue is the so-called presenteeism (where an employee is present, but unproductive, because of ill health) and this represented 63% of these hidden costs to a company.



We are not saying that a full time medical doctor with prescription medication needs to be available 24 x 7 but employees should consider educating their employees about general health and wellbeing. How to make simple choices in life that will enhance their general health.

Basic nutritional advice and possibly some recommendations on basic supplements could go a long way to ensuring a healthier workforce and making the employee feel cared for.

- PERSONAL FINANCES

Does an employee's personal financial position affect the security of your organisation?

Isn't it true that everyone aspires to financial freedom? We all want the finer things in life whether we can afford them or not. The media jumps on board with a 'you've got to have it now – you owe it to yourself' mentality'.

How does all of this impact on your business environment?

Statistics have shown that employees whose debts aren't manageable anymore pose a serious risk to businesses in the following ways:

- They fear the next telephone call as it could be another creditor demanding payment.
- They constantly have to think up excuses because their take-home pay just doesn't cover all debt repayments.
- They often moonlight to supplement their income, neglecting one or both employers.

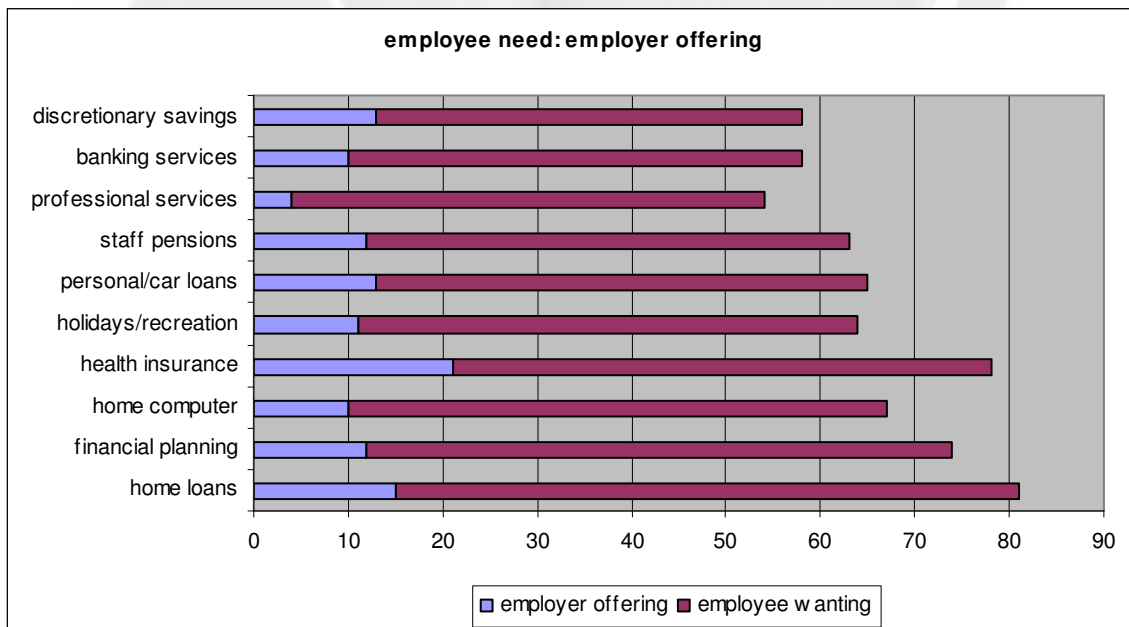


- They constantly try to borrow money from their employer or other colleagues, spending vast amounts of time scheming where they will find the money to repay them.
- Many resort to gambling in the belief that this will relieve their financial woes. Gambling will most likely compound their problems.
- As a last resort, a previously honest employee might resort to theft from his employer, always believing he will repay his employer when his luck turns.

Extensive research done in the USA showed that employees basically want to:

- Reduce debt
- Build wealth
- Increase net income
- Afford a quality retirement

While these might not seem to be lofty goals very few people actually achieve them. Statistics show that only 6% of people will ever be financially independent.



Source: Mercer 2002



When employers don't help employees with the above, employees often select unsuitable financial products. If employers provide the requested services, employees are closer to achieving their goals. Employers benefit because employees are:

- Less stressed
- More secure
- More focused and less distracted
- Healthier
- More productive, creative and energetic

Embarking on such a programme could be far more beneficial to the employer than first imagined. Securing your business in such a way could be more cost-effective than installing additional cameras, doing lie detector tests and having to fire delinquent employees. Setting up a solid financial programme for employees will also go a long way toward establishing yourself as an employer of choice.

- **FITNESS LEVELS**

Does a physically fit person create a more productive employee?

Statistics show that a healthy organization increases employee morale, improves the ability to attract and retain key people, while having more alert and productive employees. Per <http://www.fitnessworks.com>, a study of 200 people at three major corporations revealed that an employee's quality of life, mental performance, and time management was 15 percent better on days when they exercised.

The workers' physical activity and physical fitness had a significant impact on their work performance. More physically active workers reported higher work quality and better overall job performance. As physical fitness increased, so did the quantity of work performed. In addition, more fit workers needed to expend less extra effort to do their work.



Physical inactivity has major health consequences – including obesity, coronary heart disease and cancer – and in England is estimated to cost the wider economy £8.2 billion per year.

Many people ask is it possible to implement a physical fitness programme without paying gym fees of approximately R400 per employee per month or installing a gym in the workplace at the cost of R250 000.

There are many possible solutions and one of the simple ones is that you can encourage employees to merely walk – the use of pedometer is amazing and will just encourage people to be doing something.

We have an interesting concept of Kangoo Boots which is an exercise programme which can be rented for as little as R2 000 per month and can assist 20 people doing ten minutes of exercise three times a week.



Can you have honest, ethical, loyal and productive employees?

Yes, I believe that you can.

Encourage your employees :

- To be more healthy
- To be more physically fit
- To feel safe and secure in their work environment
- To have financial advice and guidance
- Have access to facilities where they can discuss issues of concern of a personal or work nature

In conclusion I would like to stress that the world has changed and employees are no longer delighted to be employed by your organisation but if you show that you care and want them to work for you, you will achieve a more honest, ethical, productive and loyal employee.

