



Increase Productivity & Revenue with the RIGHT hire!

With the current tight labor market, many employers are lowering their hiring standards to fill staffing orders or to simply have enough employees to keep up with already booked business. While this may seem an easy solution to an immediate problem, the cost may far outweigh the short-term benefits.

According to Talent Development Advisers, the average cost of a bad hire is two to three times the person's salary. Direct costs include recruitment, interviewing, training, bonuses, and severance. This does not include lawsuits from negligent hiring. Indirect costs result in losses in productivity, morale, job knowledge, reputation, work quality, and customer satisfaction.

Hiring new employees can have risks, as they are typically associated with a higher frequency of workplace injuries. Some job candidates may be desperate for any work and will exaggerate their abilities to get a job. The last thing an employer wants to do is hire their next workers' compensation claim.

According to AMAXX Risk Solutions, there are four steps to optimal hiring.

1. Integrity Testing - Substance abuse, dishonesty, theft, and hostility are not characteristics of ideal job candidates. Integrity testing can reveal those people who are less than optimal.
2. Interview and Conditional Offer - Following the integrity testing, employers interview the remaining candidates to determine who is the best fit and then make a conditional offer of employment.

3. Post Offer Screening - Employers may undertake various tests and searches to ensure the candidate is, indeed, a good fit for the position. Some of these tests may include:

1. Drug Testing
2. Background Screening
3. Record Checks: Driving Records, Credit Reports, SSN Verification
4. Comprehensive medical history and baseline medical measures identify pre-existing conditions that may need medical clearance or proof that the individual is safe to perform their job functions.
5. Job-specific functional testing can ensure the person can complete the residual and essential functions of their job.

4. Hire the Candidate

Hiring decisions eventually impact workers' compensation rates, experience mods, and your bottom line. One employer hired an older worker to fill a heavy-lifting position, knowing that the physical requirements would be too strenuous for the individual. This hire quickly turned into a catastrophic claim cost upwards of \$500,000.

On the backend of a legal claim, we typically ask for a voluntary resignation from the employee. These individuals tend to be accident-prone and are more familiar with the ins and outs of a workers' compensation claim. Although it does cost the employer an employee, it will prevent additional risk with that employee in the future.

While companies all want to fill open positions to increase productivity and revenue, companies need to weigh the value of a quick hire versus the risks of the wrong hire. If you need any help reviewing your hiring practices, BlofGA can assist in examining those practices. Don't hesitate to contact your designated account manager or me for more information and assistance.

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