

# WHITE PAPER

## The Critical Role of Pre-Employment Testing in Healthcare Settings

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## Introduction

### THE RESEARCH QUESTION

- ◆ *Why has the private sector embraced pre-employment testing while the healthcare industry seems to be slow to adopt this change?*

The discussion that follows will highlight some of the major reasons why healthcare seems to be trending towards the use of pre-employment testing more slowly than other private sector industries. Our assertions stem primarily from EASIÉConsult's decades of experience working with organizations across industries to develop, validate and implement various pre-employment screening tools. Whenever relevant, data (from our own case studies as well as published research) will be presented to substantiate our observations on this topic.

## Relevant Assertions

### ASSERTION #1

- ◆ *Many private sector organizations use some form of pre-employment testing.*

According to a 2001 survey of 1627 U.S. organizations by the American Management Association, pre-employment testing is utilized as follows:

- 41% of employers test job applicants in basic literacy and/or math skills
- 68% of employers engage in various forms of job skill testing
- 29% of employers use one or more forms of psychological measurement or assessment
- 20% of employers use cognitive ability tests
- 8% of employers use interest inventories
- 14% of employers use some form of managerial assessments
- 13% of employers use personality tests
- 10% of employers use physical simulations of job tasks

These numbers are believed to have risen greatly over the last decade. In particular, Seegull and Caputo (2006) note that psychological testing in the employment arena is a \$400 million industry and is expanding annually at a rate of 10 to 15 percent.

### ASSERTION #2

- ◆ *Environmental and cultural factors unique to healthcare may account for some of the discrepancy in the use of pre-employment screening tools relative to other industries.*

Historically, healthcare organizations have been in the business first and foremost of saving lives (and rightly so). Many healthcare institutions trace their roots back to non-profit organizations (Drucker, 1990). According to the American Hospital Association (2013), 2,903 of the 5,724 U.S. Registered Hospitals are Nongovernment Not-for-Profit Community Hospitals. This number has declined only slightly since 1990 when there were 3,191 Nongovernment Not-for-Profit hospitals

(U.S. Census Bureau, 2012). This may account, in part, for a slower evolution within healthcare towards viewing employees as human capital and thus seeing the need for proactive screening.

At the same time, technical skills are critical within the healthcare industry, both for overall performance as well as safety. Therefore, the healthcare profession has gone to great strides to develop educational programs, licensures, and certifications to ensure quality technical skills within this profession. As a result, healthcare organizations have focused on screening potential employees based on their qualifications and certifications which represent what they *“CAN DO.”* Yet, selection research has increasingly demonstrated the importance of employees’ attitudes toward work (i.e., what they *“WILL DO”*) on overall performance (Barrick & Mount, 1991; Brown & Stizmann, 2011). Yet, it seems within the healthcare industry that the focus in hiring has been based on technical skills rather than behavioral components, thereby potentially overlooking critical components of employee effectiveness.

Finally, unlike many professions that are saturated with individuals seeking employment, healthcare has faced a shortage of nurses for a number of years (Toh, Ang, & Devi, 2012). In fact, Toh et al. (2012) found that nurses who are more qualified and have higher performance scores are more likely to leave an organization when they are short staffed. That is, when a healthcare institution is short staffed, it is more likely to continue to lose people, including the solid performers. Yet, Jones (2008) also indicates that healthcare organizations are not using good techniques to find new nurses and are therefore spending more and more money trying to replace them. In many instances, hospitals have had to consider alternative staffing strategies (e.g. traveling nurses, international employees, part-time staff, etc.) to meet their needs. Given this shortage, it is difficult to expect hospitals to raise the standards for the people they do select. Yet, ultimately, a hospital may end up doing more harm than good by only selecting based on technical skills and *“hoping”* the rest will work out. Indeed, turnover is higher than average within healthcare and is continuing to increase at an alarming pace (Jones, 2008), so organizations can no longer afford not to hire the right people the first time.

### **ASSERTION #3**

- ◆ *It will be critical for healthcare organizations to adopt best-practices around pre-employment testing in the future to adapt and thrive.*

Higher quality employees provide a higher quality of care. Higher quality care does not emerge from better technical skills alone. Standards for technical skills are and need to continue to be set. Yet, achieving higher quality of care will result from a shifted focus on relevant behavioral competencies. Due to governmental changes in the way Medicare and Medicaid reimbursements will operate in the future, (see Centers for Medicare & Medicaid Services) hospitals will be forced to pay much more attention to their employees, and in particular, how they interact with patients. Not only will top notch patient technical care continue to be essential but the way in which that care is delivered will be just as important. A doctor or nurse who enters a patient’s room to perform procedures without thought of the patient’s overall experience can do more harm than good for the healthcare facility if that experience negatively impacts the hospital’s HCAHPS outcome scores.

The HCAHPS (Hospital Consumer Assessment of Healthcare Providers and Systems, pronounced *“H-caps”*) survey is the first national, standardized, publicly reported survey of patients’

perceptions of their hospital experience (see HCAHPS Quality Assurance Guidelines Manual). Under current healthcare mandates, Medicare and Medicaid reimbursements to healthcare facilities are now linked to their HCAHPS scores. So, hospitals, in particular, must take steps to maintain or raise their scores by hiring the right employees with the behavioral skills necessary to provide excellent patient care and satisfaction. Pre-employment screening tools can take the guesswork out of finding those employees.

## Conclusions

In addition to the observations discussed above, it is also possible that healthcare organizations may simply not be aware of pre-employment screening options and how this type of testing can benefit their organization. In fact, a recent Return on Investment (ROI) study, conducted by EASIEConsult, LLC, among Nurse Leaders at a large hospital chain on the West Coast, found that the use of a pre-employment screening tool resulted in an annual increase in productivity (improved performance) equal to over \$10,000 per new hire (EASIEConsult, LLC, 2013). For non-supervisory healthcare workers, an annual increase in productivity closer to \$3,500 could be expected when utilizing a pre-employment screening tool. This is consistent with findings from a study across manufacturing organizations (EASIEConsult, LLC, 2012). Pre-employment testing may not have been a priority within healthcare in the past, but will be essential moving forward as healthcare shifts towards patient-focused customer service.

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