

Your Cheating Heart

HR Magazine, Vol. 56 No. 6

Researchers say integrity tests provide employers with reliable tools to predict undesirable behaviors at work.

6/1/2011

By Bill Roberts

In an effort to reduce workers' compensation claims, Hospitality Management Corp. launched pre-employment integrity testing at one hotel to see if the tests could weed out applicants likely to be dishonest, take dangerous risks or engage in other undesirable behaviors. The result? After six months, workers' compensation claims were down among new hires.

That was 2005. Since then, the 850-employee Dallas-based company has used integrity testing at all 20 properties it manages, says Jane Underwood, director of human resources. "The first step in our hiring process is to take this integrity test. It is pass-fail. If you fail, you go no further," she says. "We have a better pool of employees now." Integrity tests were the first personality tests used in pre-employment screening. Although the tests continue to evolve, employers have used them for decades to measure candidates' attitudes toward theft, dishonesty, absenteeism, violence, drug use, alcohol abuse and other counterproductive behaviors.

Test publishers, academicians and employers have found integrity tests to be valid measures of these behaviors. The tests are also inexpensive to administer, they provide measurable results and they're legal. It seems odd, then, that integrity tests are not more widely used to manage risk.

Long History

Integrity testing was first used more than six decades ago, according to Deniz S. Ones, a professor of industrial psychology at the University of Minnesota in Minneapolis and a widely published expert on the topic. In the 1940s, she says, the University of Minnesota was a hotbed for the creation of psychological tests, most notably the Minnesota Multiphasic Personality Inventory, one of the earliest tests for diagnosing clinical personality disorders.

AT&T uses integrity tests to weed out applicants likely to steal, cheat or defraud the company.

One doctoral student, Harrison Gough, was developing a more general inventory for normal personality traits. His inventory would become the highly respected California Psychological Inventory, published in 1956. While the test was still in development, recruiters for retailer Bloomingdale's contacted him, looking for a test that would identify applicants likely to cheat, lie or steal. Gough offered a subset of his questions.

"That was the granddaddy of personality-based integrity tests," Ones says. "You can still find integrity tests and pieces of personality tests that look like these questions. These have been proved in statistical analysis to be predictive of theft and other negative behaviors on the job."

Today, there are two types of integrity tests: overt and covert. Overt tests contain questions that leave little doubt about what is being determined. For example, "What is the most you have ever stolen: a) \$0; b) \$1-\$200; c) \$201-\$500; d) more than \$500."

In a covert test, the questions are indirect; the answers give a sense of the individual's conscientiousness, emotional maturity and the like. Gough's test was covert.

Both types of tests include questions designed to determine dishonesty. An answer of "a" above, in conjunction with other too-good-to-be-true answers, would suggest dishonesty and would be statistically factored into the results.

Integrity and Personality Tests

Integrity testing fared well through the 1990s, getting a boost from the federal Employee Polygraph Protection Act of 1988. The act banned the use of pre-employment lie detector tests, except for certain jobs. But employers began to want—and vendors began to offer—more broad-based personality tests, which are also valid and shed light on many character traits, including integrity.

Many employers have switched to the broader personality tests or versions tailored to particular occupations, such as sales and management. Such inventories typically look at:

- Conscientiousness.
- Sociability.
- Introversiveness and extroversiveness.

- Emotional stability and maturity.
- Openness to new ideas.

“Since 2000, integrity testing has fallen off the radar while broader-based personality testing has replaced it, looking at both the dark side and the bright side of the candidate,” explains David P. Jones, president of Growth Ventures Inc., an HR consulting company in East Jordan, Mich. Jones compares integrity tests to a rifle shot and personality tests to a shotgun blast.

“Personality testing gives you a broader lens; integrity testing tends to be one dimension of character. There are still many settings where integrity testing makes sense,” Jones says.

Retail stores, nuclear plants, law enforcement agencies and child care facilities are among the settings where recruiters typically use integrity tests.

AT&T’s recruiters, for example, use integrity tests for thousands of applicants seeking jobs at the company’s 2,200 retail stores. “It is another way we are able to make sure we hire the right people to deliver the right customer experience,” says Seth Zimmer, AT&T’s executive director for organizational performance.

Indianapolis-based hhgregg Inc., an appliance and electronics retailer with 6,000 employees in 15 states, opts for a broad personality inventory that includes integrity questions, according to Cathy Avallone, vice president of human resources. One version of the test examines personality traits specific to sales, as well as integrity and dependability.

Some employers use both types of tests. “We use personality tests and an integrity test for our retail hires,” Zimmer says. For most of AT&T’s other customer-facing employees, either test may be used during recruitment. The communications giant has 265,000 workers.

AT&T uses the integrity tests to weed out applicants likely to steal, cheat or defraud the company. Theft is a concern because AT&T retail stores sell popular mobile computing devices. The broader personality test suggests whether a candidate is likely to succeed as a salesperson, Zimmer says.

Validity

By any measure—scientific, legal and return on investment (ROI)—integrity testing gets at least a passing grade. And compared to other pre-employment screening options such as checking credit histories and criminal records, there is no comparison.

Both credit checks and criminal background checks provide historical data that don’t necessarily predict future behavior. Both also face growing legal and legislative scrutiny.

In contrast, integrity tests have been validated repeatedly by developers, independent researchers and HR professionals at the many companies using them. Ones conducted a meta-analysis of validation studies, which concluded that the tests are statistically valid and predict what they purport to. 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, Ones says.

That said, not all tests are equal, Jones cautions. “Make sure you are using a tool that has validation that it works—that the vendor can show you what has happened to theft, shrinkage, drug use,” he says.

Among the many providers of integrity tests: Merchants Information Solutions Inc., Phoenix; SHL PreVisor Inc., Roswell, Ga.; SkillSurvey Inc., Wayne, Pa.; Success Performance Solutions Inc., Lancaster, Pa.; Vangent Inc., Arlington, Va.; and Wonderlic Inc., Vernon Hills, Ill.

Most providers offer the tests online. A candidate goes to the employer’s recruiting site, completes the application and is directed to the test. Results are usually analyzed and forwarded to the employer immediately. At volume pricing, the cost per test can be under \$10.

New Approaches, Old Issue

Integrity testing is more than six decades old, but there are new variations.

Thomas E. Becker, a professor of management at the University of Delaware in Newark, is critical of the longtime approach to integrity testing and says it is not as effective as a test he has developed.

The questions on his test require judgment. Each describes a situation and offers four responses. Each answer is given a score of zero, one or minus one. The aggregate score is what counts. Becker says this situational test better reflects the nuances workers encounter in the real world.

Becker explains the theoretical foundation for his approach in a 2005 paper, Development and Validation of a Situational Judgment Test of Employee Integrity. He followed a rigorous validation process in developing the questions, scoring each answer as well as the entire inventory. His test has not been commercially published and is in the public domain for anyone to use, complete with questions and an explanation of the development and validation process.

Another approach isn’t a test at all. SkillSurvey Inc. developed a product that applies the 360-degree

Another approach for a test at an employer is to develop a product that applies the 360-degree performance review concept to recruitment. A 360-degree review typically involves feedback from a range of an employee's workplace associates, not just the employee's supervisor.

SkillSurvey's recruitment tool asks applicants to list five references, usually a combination of managers and peers. Each reference gets an e-mail asking him or her to anonymously complete a questionnaire that includes integrity-related questions about the applicant. The company combines the answers from all five references and provides a single score to the employer. No one ever knows how any one reference assessed the individual.

Courtney D. Brown, director of talent acquisition for the 14,000-employee University of Pennsylvania Health System, pilot-tested the instrument for nurse hires about a year ago and is now rolling it out more widely. The health system uses the 360-degree product for the final two or three candidates and takes the results into account. "There are clusters for different behaviors and one on ethical issues," Brown says, adding that the ethical score is "important for any position."

—Bill Roberts

Return on Investment

The most important results are the business benefits. AT&T is still collecting data for a study of the impact of integrity testing. It has used the broader personality tests longer and has found that higher test scores result in better sales and better customer feedback. "We found compelling data," Zimmer says. "We're getting a better salesperson, and the personality testing is a piece of it."

At hhgregg, sales, performance reviews and turnover among sales associates have all improved since the company began using personality inventories, Avallone says. She cites direct correlation between these measures and test scores. Further, she projects a 48 percent increase in annual sales opportunities for associates who score in the recommended range and who have been with the company for more than three months.

Vendors often tout ROI using metrics such as shrinkage, or lost inventory, absenteeism and customer satisfaction. Another popular metric: workers' compensation claims. Vendors report that customers have reduced these claims by screening out applicants who might commit fraud or who might engage in counterproductive behaviors, including behaviors that lead to accidents.

Two independent researchers at the Center for Hospitality Research at Cornell University in Ithaca, N.Y., studied integrity testing and the reduction of workers' compensation claims. They compared data from a large, unnamed hotel corporation. One group of 27,265 employees was hired before the test was used. Another group of 6,079 employees passed the test before they were hired.

The screened group experienced a markedly lower incidence of claims compared to the unscreened group, and the average claim size was larger for the unscreened group: \$3,466 vs. \$2,119. The differences were statistically significant—that is, greater than would be expected due to chance.

Considering the \$20-per-candidate cost of the test and the cost of the claims, the researchers calculated an ROI of 50 percent in one year. In other words, about half the cost of the tests was recovered in savings from the lower cost of workers' compensation claims.

The researchers later repeated the study with another large, unnamed hotel organization and got similar raw results. Because the researchers factored in a \$7-per-candidate volume price for the tests, and because the second company had higher claims costs to begin with, the ROI in one year was 846 percent.

They're Legal

The use of credit checks and criminal background checks is facing legal scrutiny due to their possible adverse impact on protected groups, but integrity tests have generated few such complaints, according to David Arnold, an industrial psychologist and general counsel at Wonderlic.

These tests "do not cause adverse impact or raise issues with the Americans with Disabilities Act," he says. That statute bars employers from asking applicants about any disabilities, including mental disorders. Arnold knows of 30 to 40 complaints about integrity testing brought before state human rights agencies in the past two decades, but none went beyond the complaint stage. No federal agency, such as the U.S. Equal Employment Opportunity Commission, has challenged integrity testing. "There have not been any landmark cases," he says.

Arnold notes that Massachusetts and Rhode Island limit how integrity tests can be used in employment decisions, however.

Integrity testing is not devoid of criticism. Some opponents raise the issue of false positives.

Integrity testing is not devoid of criticism. Some opponents raise the issue of false positives. Others suggest the tests may weed out more candidates than is necessary.

tests may weed out more candidates than is necessary.

On false positives, Ones says, “All assessments—interviews, resume screenings, other tests—used for employment purposes have false positives and false negatives. The higher the validity of the test, the lower the error rate. Using integrity tests minimizes false positives and false negatives compared to other methods of employee selection.”

As for excluding too many candidates, Ones argues that all counterproductive behaviors are positively correlated with one another. So, if an employer is concerned about many behaviors—rates of employee theft, sabotage, unexcused absences, aggression toward co-workers and so forth—the number of applicants filtered out might be high. By using a test, the employer has the information to manage risk.

“Integrity tests provide predictions about where individuals are likely to fall along that negative behavior continuum,” Ones says. This knowledge allows HR professionals “to manage employee risks to the level that they are comfortable with.”

The author is technology contributing editor for HR Magazine and is based in Silicon Valley in California.