TO THE POINT | Dispatches from the Ethical Frontier

Buying Integrity

You can’t put a price on the value of ethics and integrity to a company. But the new argument is that you may very well be able to buy these virtues in employees.

After all, if you want an ethical company culture, you have to hire ethical people. And the cost is relatively small, argues Tim Judge, management professor at the Mendoza College of Business at the University of Notre Dame. It’s as straightforward as purchasing and using personality and intelligence tests in hiring.

Sounds simple. So why do only about 20 percent of companies, according to the Society of Human Resource Management, actually do it?

Judge took on the issue at the recent forum sponsored by the Notre Dame Deloitte Center for Ethical Leadership. The second annual event brought academics and executives together to discuss corporate values from the perspective of the classic “make-or-buy” decision. Can a company “make” its values live in its workforce through training programs and culture setting, or should it “buy” values by hiring the right employees?

“I wouldn’t tell companies to throw interviews out the window, but don’t overestimate your ability to detect. Test in addition. The best candidate is a person who converges on everything.”

We’ve all seen examples of an applicant sailing through interviews and turning out to be a dud. For starters, Judge says, most of us overestimate the degree to which we can read others. Even trained professionals like judges, psychiatrists, and Secret Service members have lie-detection rates only marginally above 50 percent (barely better than a coin flip).

That’s why even behavioral and situational interviews are flawed. They do work better than “unstructured” interviews. But even their
Personality tests are absolutely worth incorporating into the selection process. Many are free or modestly priced, most take less than 30 minutes. Visit the Resources tab on the NDDCEL site (listed below) and reference the electronic version of this document for useful links.

Key Points

- Rates of predicting future on-the-job behavior hover around just 55 percent.
- We also may overestimate the degree to which integrity can be developed in people. In the battle of nature versus nurture, nature usually wins out, Judge says.
- Studies of twins raised either separately or together demonstrate the power of nature. They’ve found shared genes are more than twice as likely as shared environment to predict everything from conscientiousness to altruistic, antisocial, and criminal behavior.
- There is good reason to think that ethics, too, are in our genes. So the smart thing to do is assess candidates’ propensity to behave ethically BEFORE they are hired.
- Judge says to start with exactly what we’re talking about—and testing for—when we use the word “integrity.” Psychologists have found it is closely related to the traits of conscientiousness, agreeableness, and emotional stability. People with strong combinations of these traits are likely to behave more ethically.
- “Almost as importantly, the tests are relatively inexpensive and easy to administer, costing as little as $5 per applicant and often taking as few as 10 minutes.”

Integrity is just one of three objective predictors of effective and ethical actions, Judge points out. The others are personality and cognitive ability. When tested for, the latter two can help predict job performance and counterproductive behavior. But all three can easily be tested for—and Judge says smart companies should know that the test results will be more accurate than interviewers’ opinions.

“Evidence clearly shows that statistical predictions based on objective data vastly outperform subjective judgments,” the professor says. “There are probably 50 years of research on medical, hiring, and policy decisions. They compare statistical judgments versus clinical decisions, which include hunches or gut feelings. Statistical models are almost always going to correlate better with accurate results.”

On integrity, testers can ask overt questions about ethics or veiled-purpose questions about personality. Both are effective.

How about the problem of faking? Luckily, Judge says, the desired response isn’t always clear to the faker. And even on the overt questions about ethics, some faking doesn’t necessarily undermine the validity of the results.

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