

The Development, Marketing, and Use of Integrity Tests in the American Workplace

**William G. Harris
Guest Speaker**

**Management & Organizations Dept.
College of Business
University of Iowa**

December 19, 1997

KEY EVENTS IN INTEGRITY TESTING

● 1950's

Reid Test of Reid Psychological Systems

● 1960's

Stanton Survey of the Stanton Corporation

● 1970's

PSI of London House

● 1980's

London House-IPO & Acquired by the Maxwell

Stanton Corp Acquired by REVCO DS

**PDI Enters the Integrity Testing Market w/ the
EI**

**Virtual Banning of Polygraph Spawns New
Integrity Tests**

**Office of Technology Assessment Examines
Integrity Tests**

Qualitative Reviews of Integrity Tests Emerge Model Guidelines for Integrity Tests Established

● 1990's

Meta-Analytic Reviews of Integrity Tests Emerge APA Conducts Review of Integrity Testing Five Factor Personality Model Gains Acceptance Mainstreaming of Integrity Testing

An Overview

The earlier period of integrity testing was dominated by the socio-criminological framework of honesty/dishonesty. This framework defined the study of dishonesty (including organizational deviancy) largely because the psychological community had dismissed, by the late 1920's, the value of such research endeavors. Admittedly, a few psychologists did construct inventories to assess "wayward impulses," however, such measurement efforts represented the exception rather than the norm. The socio-criminological framework was instrumental in the ever-increasing role of the polygraph in workplace to address the demands of employers.

Many U.S. businesses, nagged by inventory losses, supported the use of polygraphy to weed out deviant employees. The costs of polygraph detection and spiraling inventory losses prompted employers to demand more cost-effective methods to assess both employees and applicants. To meet the demand of employers to screen out "high risk" employees and applicants in a cost-effective manner, polygraph examiners began to experiment with using pre-interrogation interviews as gross screening devices. Over time, these pre-interviews evolved into "honesty" tests and were eventually marketed as stand-alone devices to screen out dishonest applicants.

During the 1980s, the integrity testing industry devoted considerable time and energy decoupling from its polygraph past and repositioning its products as measurement tools. Competition and government scrutiny fueled these activities. By the mid-80's, the larger integrity testing firms were actively pursuing research programs to demonstrate effectiveness of testing and to differentiate their products from the competition. Moreover, firms developed research programs that focused on moving their testing products away from using polygraph results as the key criteria.

In the late 80's the Office of Technology Assessment's (OTA) policy analysts labeled, albeit inappropriately, integrity tests as "paper and pencil lie detector tests." The crux of OTA's argument against integrity tests was that the base rate for actual theft apprehensions in the workplace was extremely low. OTA argued that a low base rate can only mean that many applicants were being misclassified as dishonest. OTA unable to

produce a sound argument to support its premise of gross misclassification by leading integrity tests. OTA report was critical of integrity tests, but fell short of encouraging a legislative initiative to regulate the use of these tests.

During OTA's lengthy review process, the industry witnessed an increased in the number of integrity tests entering the market. This growth in test products was not immediately accompanied by an appreciable jump in new test revenue. The controversy swirling around integrity tests compelled many large companies to delay purchase decisions until they had reviewed OTA's report.

In the 90's integrity testing regained momentum in the marketplace and moved closer to the mainstream testing and measurement community. Several key events prompted this positive shift. First, the American Psychological Association (APA) released a balanced review of integrity testing. The report acknowledged that these testing programs served a clear need and that the alternatives to integrity testing were less attractive. Secondly, a series of independent studies, using meta-analytic procedures, examined the validities of many of the commercially available integrity tests and found these tests to possess acceptable psychometric properties. Third, the recognition of the value of personality in the pre-employment screening process by I/O psychologists and interest in the Five Factor Model of personality facilitated independent efforts to interpret the underlying structure of integrity tests.

As integrity testing becomes part of mainstream testing, integrity testing companies can expect greater competition from non-integrity testing companies. Companies marketing Five Factor personality inventories, for example, offer similar capabilities as integrity testing companies to assess a person's degree of conscientiousness, dependability, trustworthiness or integrity.

As competition forces emerge to challenge traditional integrity testing, it will be interesting to examine how the "traditional" companies response to the threat of new entrants and to the threat of substitute products.

OUTLINE

I. INTRODUCTORY

A. Defining Integrity Tests as

1. Linking attitudes and behavior
2. Measuring personality traits
3. Assessing organizational citizenship or deviancy
4. Measuring one's propensity to act in a counterproductive manner

B. Distinguishing among Integrity Tests

1. Item Content

- a. Overt - Self-Report
- b. Subtle
- c. Mixed

2. Attitudinal vs. Trait (beliefs, attitudes, values & traits)

3. Market Demands

- a. Face Validity
- b. Loss Prevention vs. Human Resources

4. Narrow vs. Broad-band Criteria

a. Narrow

- (i). Theft Apprehension
- (ii). Self-Report of On-The-Job Theft

b. Broad

- (i). Corrective Action Memoranda
- (ii). Insubordination
- (iii). Absences
- (iv). Job Dissatisfaction
- (v). Others

C. Assigning Scale Names

1. Typical Personality Labels

Honesty, Dependability, Trustworthiness, Reliability, Conscientiousness, Prosocial Behavior (low impulsiveness, low feelings of alienation, compliant, etc.)

2. Typical Attitudinal Labels

General Theft, Opportunistic Theft, Employee Theft, Leniency, Employee Discounting, Association, Theft Proneness

II. THE PAST

A. Belonged to sociological/criminological perspective

1. Psychology relinquished the study of integrity (honesty)(see Hartshorne & May (1928) Studies in the nature of character)
2. Socio-criminological explanation of theft tendencies
 - a. Differential Association (Sutherland, 1940)
 - b. Minimization of wrongful actions (Sykes & Matza, 1957)

B. Efforts to Measure the Integrity of Employees & Job Applicants

1. Use of the Pre-Polygraph Interrogation Interview
2. Drawbacks to the Interrogation/Polygraph Procedure
 - a. Time consuming
 - b. Expensive
 - c. Used for Mostly for Sensitive Positions
 - d. Used to Narrow Theft Investigations
 - e. Reactionary - After-the -Fact
3. Market Demands the Screening Out of Theft Prone Applicants
 - a. Experiment with Using the Pre-Interview Questions of the Polygraph
 - (i). The Launching of Paper and Pencil Honesty Tests
 - b. Value Based on Comparing Response Patterns to Polygraph Outcomes

C. Spawning of Paper and Pencil (PP) Lie Detector Tests (Honesty Tests)

1. Cost Effective
2. Allows for Assessment of All Job Applicants

3. Embraced by Loss Prevention Depts
4. Displaces the Polygraph in Most Pre-employment Settings

D. Proving Value in PP Lie Detector Tests

1. Initially Shown by Comparing Paper/Pencil outcomes to Polygraph Results
2. Competition Forces the Issue (Reid and Stanton)
 - a. Efforts Geared to Demonstrate Better Lie Detection Capability
 - b. Polygraph Results Represent the Gold Standard

III. THE PRESENT (FROM THE MID 1980s TO THE PRESENT)

A. Low Barriers To Entry

1. Entrance of London House (actually 1970s)
 - a. Position Company as Research-Driven
 - b. Overt Integrity Testing - Personality
 - c. Initially Targets LP Depts
2. Entrance of PDI
 - a. Position Company as Research-Driven & Emphasizes non-Theft Criteria
 - b. Subtle Item Content - Personality
 - (i). Uses PRB (Gough, 1972) to Assess Construct
 - c. Differentiates Product as an Alternative to Integrity Tests
 - d. Perceives Purchase Decision in HR
3. New Entries Partly Responsible for Spotlighting the Importance of Psychometrics
 - a. Begins Shifting Criteria Away Polygraph Results

b. In-House Measurement Staffs Formed at Reid and Stanton

B. Qualitative Review Increases Visibility

1. Formal Reviews of Honesty Testing (Sackett & colleagues, 1979, 1984, 1997; Guastello & Rieke, 1991; O'Bannon & colleagues, 1989)

C. Years of Turbulence

1. A Virtual Banning: Employee Polygraph Protection Act (1988)

a. Testimony of Dr. Katkin on behalf of APA before the Committee on Labor and Human Resources (1987)

(i). Creation of APTP by Leading Integrity Testing Firms

b. OTA Report: **The Use of Integrity Tests for Pre-Employment Screening (1990)**

(i). Begrudgingly Recognized I. Tests as Different from Polygraph Examinations
(ii). Base Rate Issue
(iii). Social Consequences of Labeling Applicants as Dishonest
(iv). Validities Positive Across Situations

c. APA Task Force Report: **Questionnaires Used in the Prediction of Trustworthiness in Pre-Employment Selection Decisions (1991)**

(i). Acknowledges the Need Exists to Identify Persons Likely to be Untrustworthy
(ii). Describes Questionnaire & Polygraph Results as Different

(iii). Assessment Framework
**- Standards (1985) &
Principles (1987)**

2. State Activities Directed at Integrity Tests: MA, RI, CT,
VA, NY, PA

**3. Soroka v. Dayton Hudson Corporation, H-14379-3,
1989**

D. Quantitative Review and Independent Studies

1. Ones, et al. (1993) Comprehensive Meta-Analysis of
Integrity Test Validities

a. Integrity Tests Predict Overall Job
Performance w/ Moderate & Generalizable
Validities

b. Useful for Both Overall Job Performance
Criteria & Counterproductive-Behavior
Criteria

2. Schmidt et al. (1997) Validity of Integrity Tests for
Predicting Drug & Alcohol Abuse: A Meta-Analysis

3. Ones & Viswesvaran (in press) Gender, Age & Race
Differences on Overt Integrity Tests

4. Reconsidering the Role of Personality in Personnel
Selection

a. Big Five Personality Model

5. Mainstreaming of Integrity Tests Continues

IV. FUTURE OF INTEGRITY TESTING

A. Slam Dunks-Highly Probable

1. Technology-based Testing Media for Delivering Tests
Grow

2. Preference for Multi-Dimensional Tests

a. Increased Competition from Multi-
Dimensional Personality Tools

3. Integrity and Honesty Labels are Avoided -
Conscientiousness-Dependability

a. Distinction b/w Overt & Personality-
Based Integrity Grows Increasingly Blurred

4. Fewer Integrity Tests Marketed

5. Need to Assess Organizational Citizenship Remain
Strong

B. Free Throws-Moderately Probable

1. Market's Interest in Single Dimension Measures of Theft
Detection Wanes

a. Technology-based Inventory Control &
Audit Systems Prompt the Deconstruction of
LP Depts

b. Assessing Strictly Theft Potential Loses
Importance

c. Neglect Hiring Grows in Importance

2. Full Service Firms

a. Provide background checks, structured
interviewing, increased testing of line and
management applicants

C. Three Pointers-Less Probable

1. Overseas Markets Grow with US Retailers Leading the
Growth

2. Greater Emphasis on Cultural Adaptation of Measures

V. LESSONS LEARNED FROM THE NINETIES

A. Testing Industry Needs Its Own Trade Association

1. APTP Led to ATP

2. Self-Regulation -Model Guidelines

3. Advocacy & Education Role Important in Informing the public and legislative bodies

4. The Testing Industry Must Explicitly Manage Its Future