



# Ethical Behavior of Employees in High Stakes Positions: What You Need to Know

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# High Stakes Positions

- Strong fiscal responsibility for the financial health of the organization
  - Fundraising, sustainability, education innovation
- The recognizable “face” of the organization
  - Externally: Public relations front person, community leader
  - Externally and internally: Perception of leadership and integrity required
- Top-level administrator of the organization
  - Hiring/firing of teachers – role in shaping the next generation
  - Autonomous decision-making role
- Sets the culture and values of the organization
  - Defines the uniqueness of the country day school experience



# A Request...

- Take a moment, and write down your greatest weakness



# Behavior: Nature vs. Nurture

- Turkheimer's first law of behavioral genetics
  - “Everything is genetic”
  - We have learned that nearly any broad behavior or outcome is more a product of nature (genes) than nurture (environment)
  - Often what we attribute to the environment is genetic (nature of nurture)
  - Does this include ethical behavior?





# Behavioral Genetics

- How can one separate nature and nurture?
  - Answer: Studies of twins reared together and apart

Conscientiousness	Reared Together	Reared Apart
Identical (MZ)	<b>.34</b> (67 twin pairs)	<b>.33</b> (47 twin pairs)
Fraternal (DZ)	<b>.08</b> (85 twin pairs)	<b>.07</b> (98 twin pairs)

## Nurture

- Above results show that identical twins much are more similar in their level of work stress than fraternal
- Being reared apart vs. together makes little difference for either type of twins

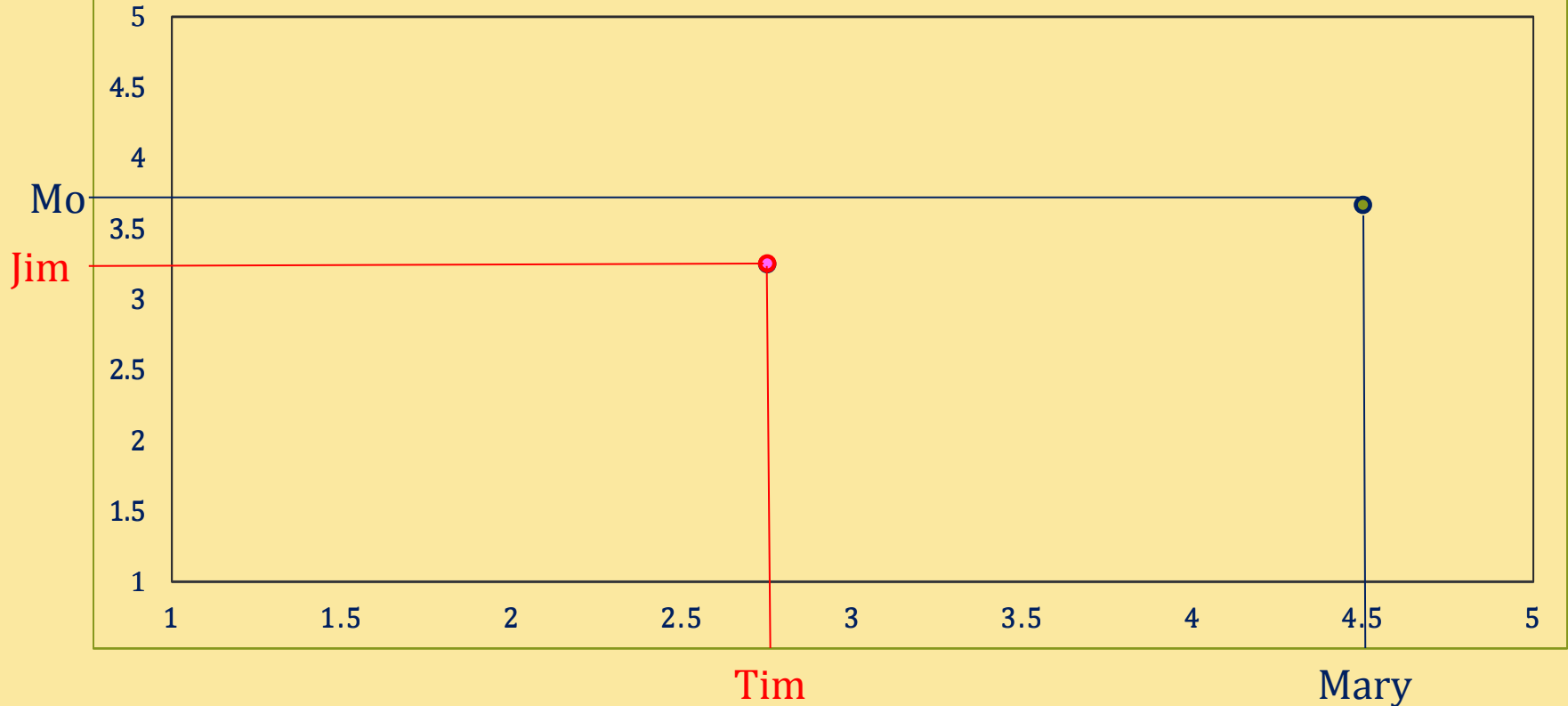
Source: Judge, Ilies, & Zhang, "Genetic Influences ... and Employee Health: A Behavioral Genetics Mediated Model," *Organizational Behavior and Human Decision Processes*, 2012.

Nature



# Identical (MZ) & Fraternal (DZ) Twins

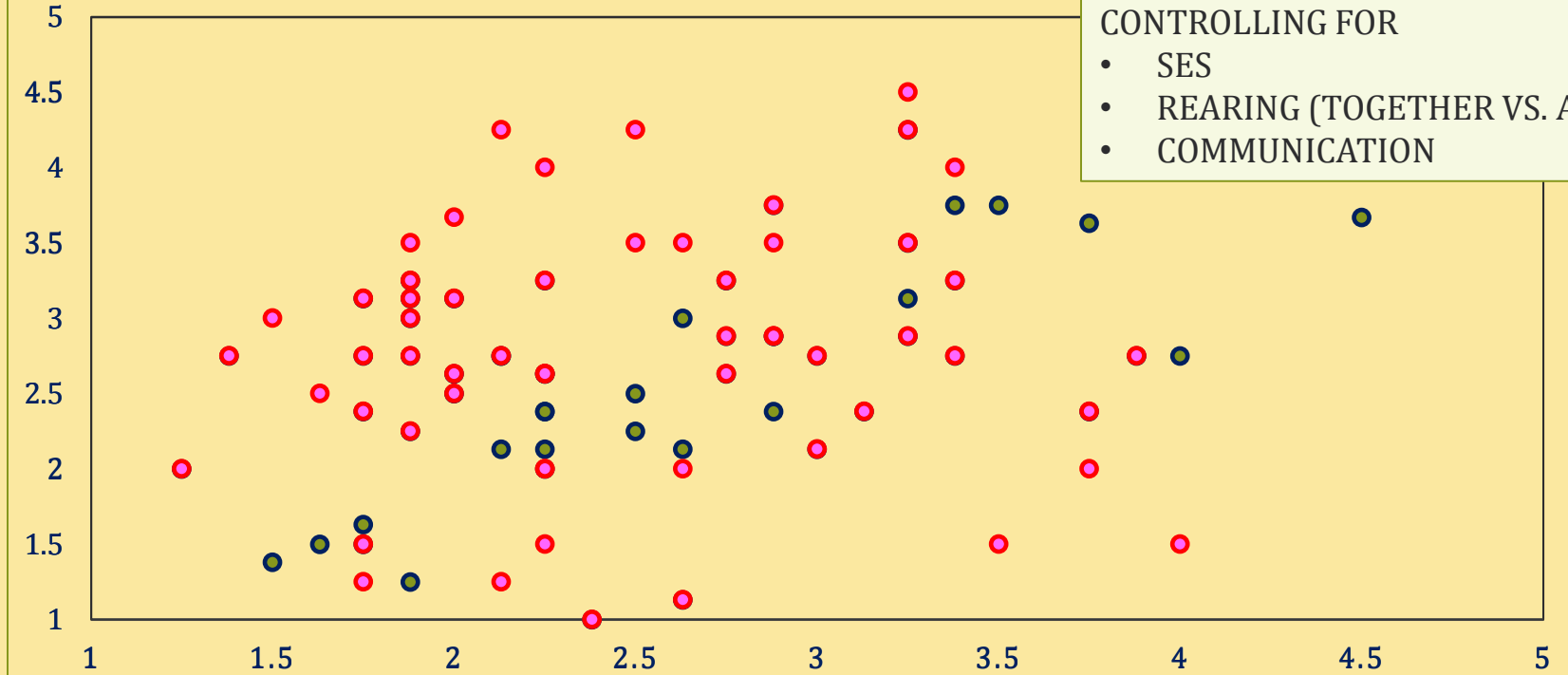
## CORRELATION OF TWIN 1 AND TWIN 2



# Identical (MZ) & Fraternal (DZ) Twins

## CORRELATION OF TWIN 1 AND TWIN 2

Conscientiousness TWIN 2

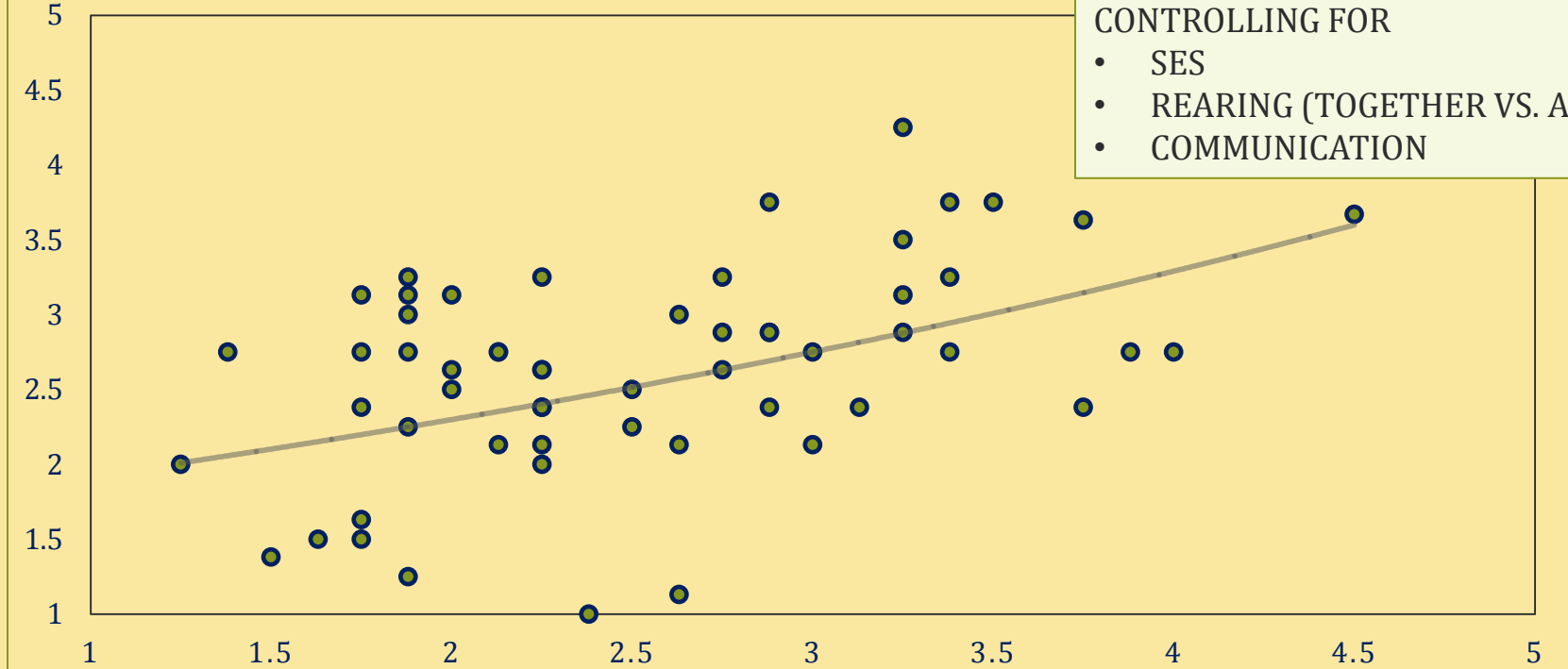


Conscientiousness TWIN 1

# Identical (MZ) Twins

## CORRELATION OF TWIN 1 AND TWIN 2

Conscientiousness TWIN 2



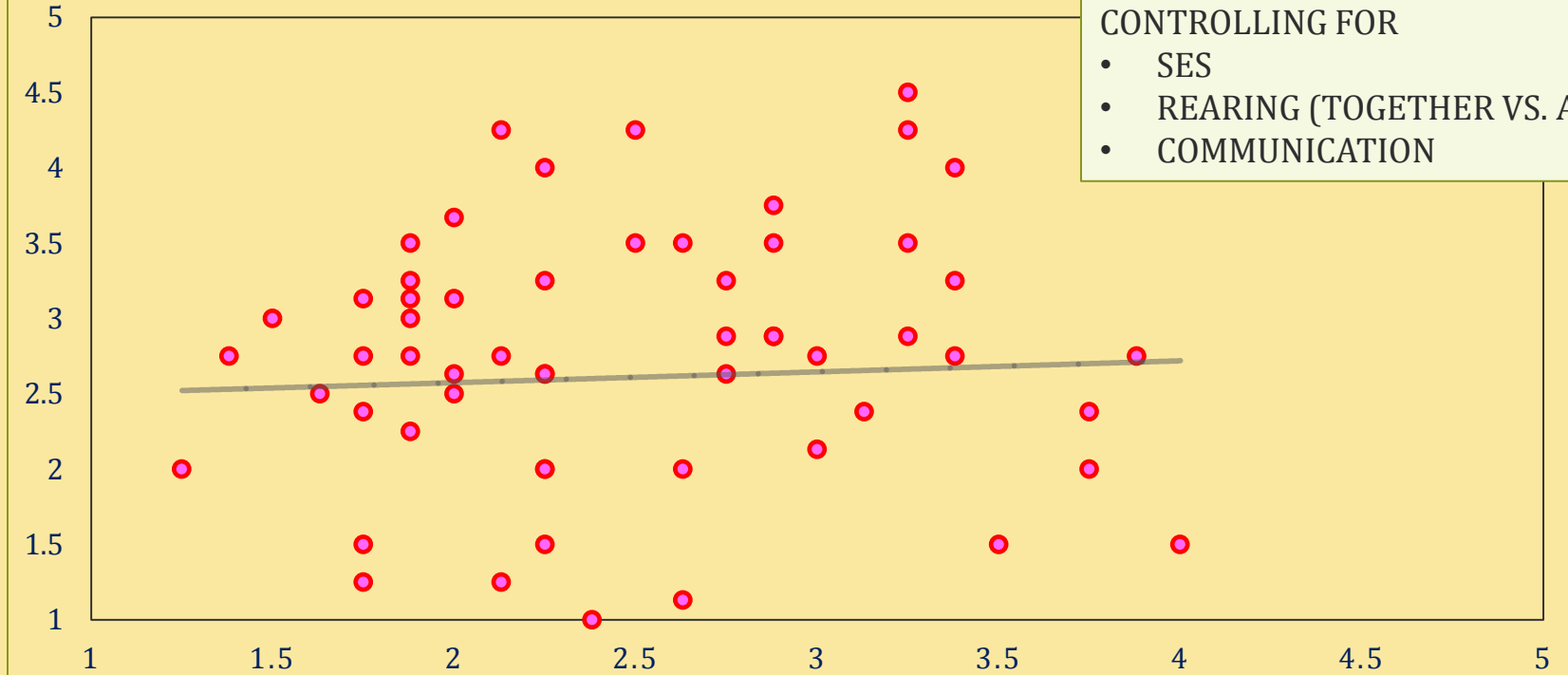
Conscientiousness TWIN 1



# Fraternal (DZ) Twins

## CORRELATION OF TWIN 1 AND TWIN 2

Conscientiousness TWIN 2



CONTROLLING FOR

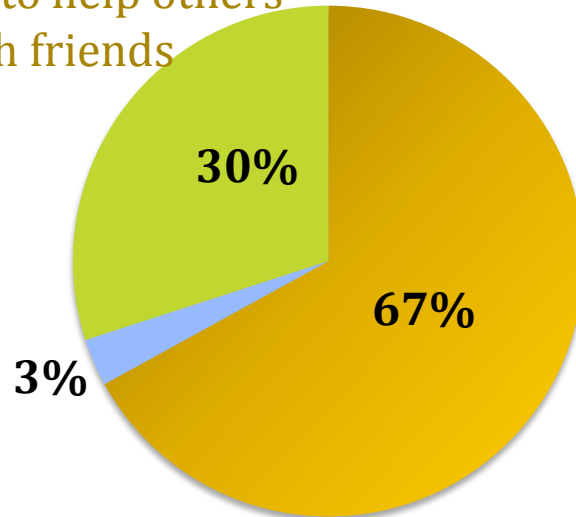
- SES
- REARING (TOGETHER VS. APART)
- COMMUNICATION

Conscientiousness TWIN 1

# Heritability of Altruistic Behavior

As measured by parents' and teachers' rating of degree to which child\*:

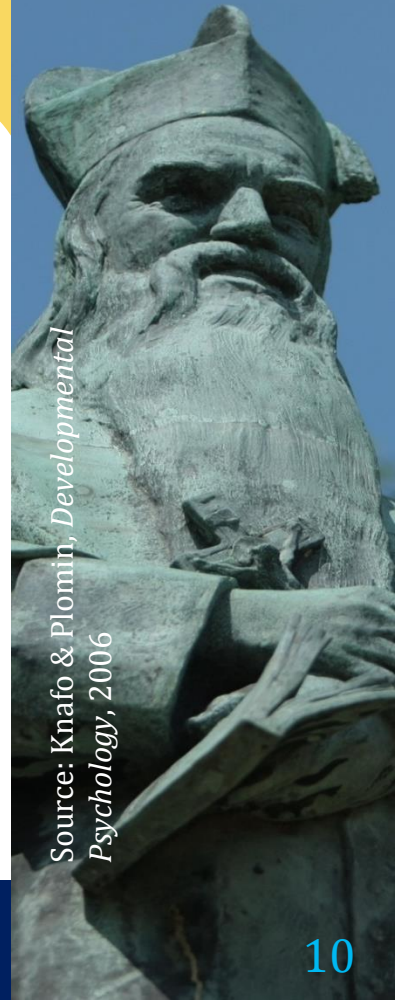
- Will try to help someone who has been hurt
- Often volunteers to help others
- Shares treats with friends



■ Shared genes    ■ Shared environment    ■ Unique

\* When child was age 7.

Source: Knafo & Plomin, *Developmental Psychology*, 2006

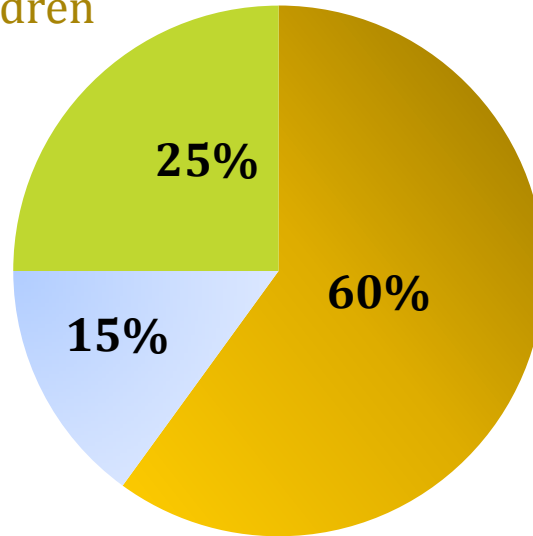


# Heritability of Antisocial Behavior

Aggressive antisocial behavior was rated by parents using items such as:

- Destroys one's own and others' belongings
- Fights with other children
- Attacks others
- Threatens others

**Sample:**  
1,480 pairs of  
Swedish twins

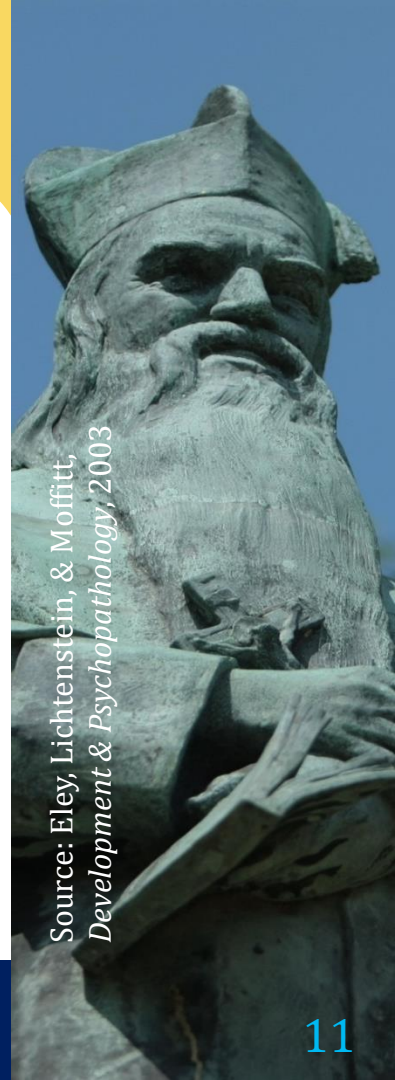


■ Shared genes

■ Shared environment

■ Unique

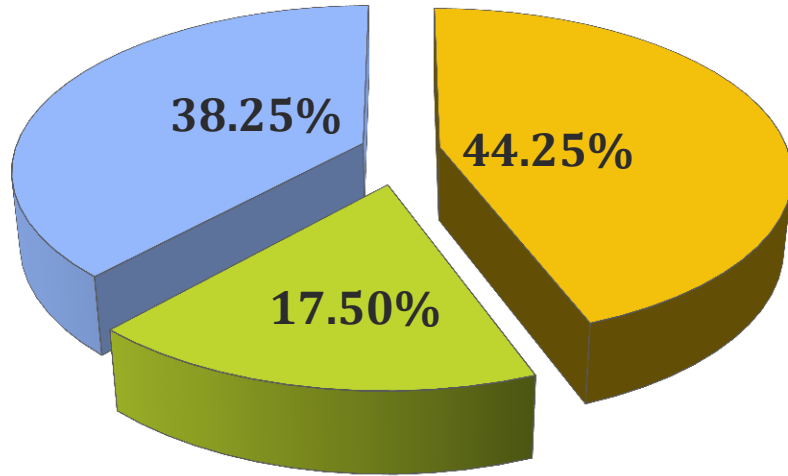
By the way,  
heritability  
*increases* with  
age, and change  
itself is heritable



Source: Eley, Lichtenstein, & Moffitt,  
*Development & Psychopathology*, 2003

# Heritability of Criminal Behavior

## Meta-Analysis of Behavioral Genetics Studies on Criminal Behavior



■ Genes   ■ Environment   ■ Unique

Source: Rhee and Waldman,  
*Psychological Bulletin*, 2002

# Heritability of Drug Use

Drug	Genes	Environment	Unique
Any	77%	0%	23%
Cannabis	76%	0%	24%
Stimulants	76%	0%	24%
Psychedelics	81%	0%	19%
Opiates	44%	33%	23%
Cocaine	44%	13%	43%
<b>AVERAGE</b>	<b>66%</b>	<b>8%</b>	<b>26%</b>



# Extension Beyond Ethics

- This same analysis – with very similar results – applies for virtually all *life* outcomes of interest
  - **Morningness** (Cavallera et al., *PAID*, 2008)
  - **Religiosity** (Vance et al., *JMND*, 2008)
  - **Happiness** (Bartels et al., *TW&HR*, 2010)
  - **Infidelity** (Cherkas et al., *Twin Res.*, 2004)
  - **Marriage/Divorce** (Jerskey et al., *PAID*, 2010)
  - **Income** (Rowe et al., *Intelligence*, 1998)
  - **Political preferences** (Fowler & Dawes, *JofP*, 2008)
  - **Health** (Judge et al., *OBHDP*, 2012)





# Extension Beyond Ethics

- This same analysis – with very similar results – applies for virtually all *work* outcomes of interest
  - **Leadership** (Zhen et al., *OBHDP*, 2012)
  - **Work stress** (Judge et al., *OBHDP*, 2012)
  - **Job satisfaction** (Arvey et al., *PAID*, 1994)
  - **Perceptions of organizational climate** (Hershberger et al., *JAP*, 1994)
  - **Work engagement/“flow”** (Mosing, *PAID*, 2012)
  - **Creativity** (Reuter et al., *Brain Research*, 2006)
  - **Entrepreneurship** (Nicolaou et al., *OBHDP*, 2009)



# The Environment

- Genes *do* interact with environment
  - Individuals self-select into different environments based on genes
    - Social effects on crime, drug use
  - Purported environmental effects often have genetic basis (“nature of nurture”)
    - Reared by nurturing parents
  - Genes interact with environment
    - Smoking → cancer depends on genetic markers
  - Epigenetics: Genotype to Phenotype
    - Environment activates/silences genetic markers
  - Policy implications are complex



# Summary

- In the war of nature vs. nurture, a clear winner has emerged...

## NATURE

- More generally, evidence clearly shows that statistical predictions based on objective data *vastly outperform* subjective judgments



# The “Buy It” Argument

- Most of who we are is “set in stone”
- When people do change, we do not change them
  - Thus who we hire is who we get
- If we want an ethical culture, we need to hire ethical people
  - We overestimate the degree to which we can read others
  - We should try to assess the propensity to behave ethically: (a) objectively and (b) before they enter our organization



# How Do We Do That?

- We have learned that using standard hiring processes to determine ethicality is an exercise fraught with error
- Objective tests are accurate – and vastly underutilized
- Let's deal with each of these assertions



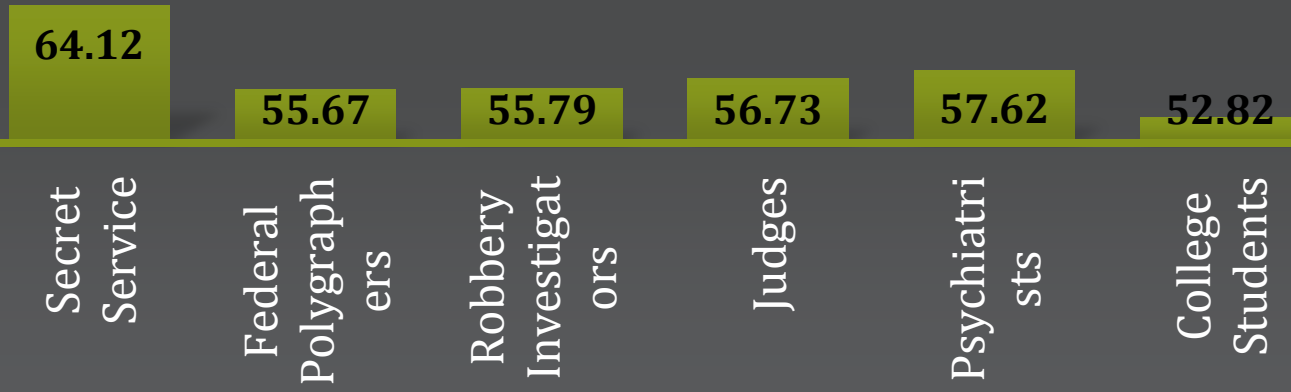


# Who Can Catch a Liar?

Probability of Detecting When Individual Was Lying  
(Note: Coin toss = 50)

Upshot: We over-estimate our ability to subjectively judge moral behavior in others

If trained experts can't tell, how can interviewers?



CHANCE ALONE



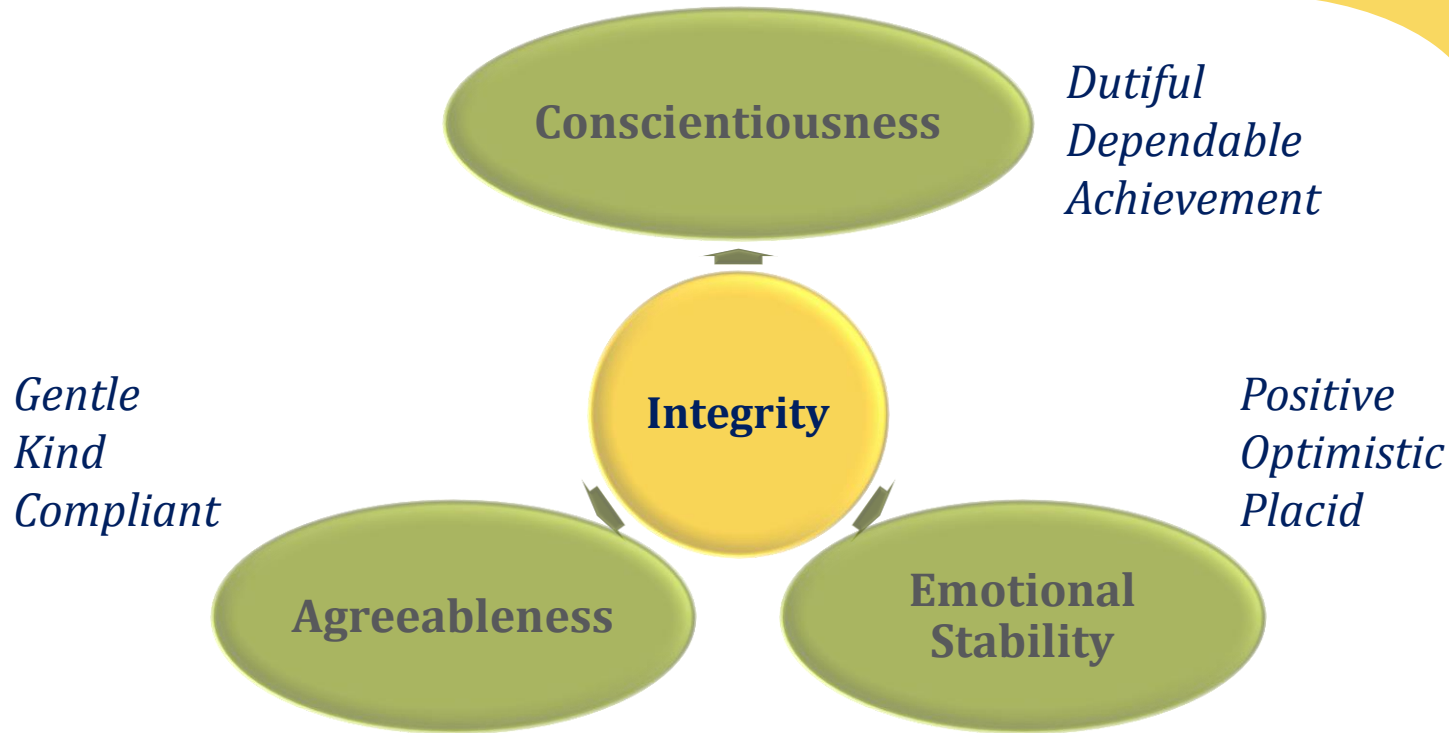


# Testing

- Three Objective Predictors of Effective and Ethical Behavior
  - Integrity tests
  - Personality tests
  - Cognitive ability tests
- Tests are relatively inexpensive and easy to administer
- Yet use is less than 20%



# What Is Integrity?

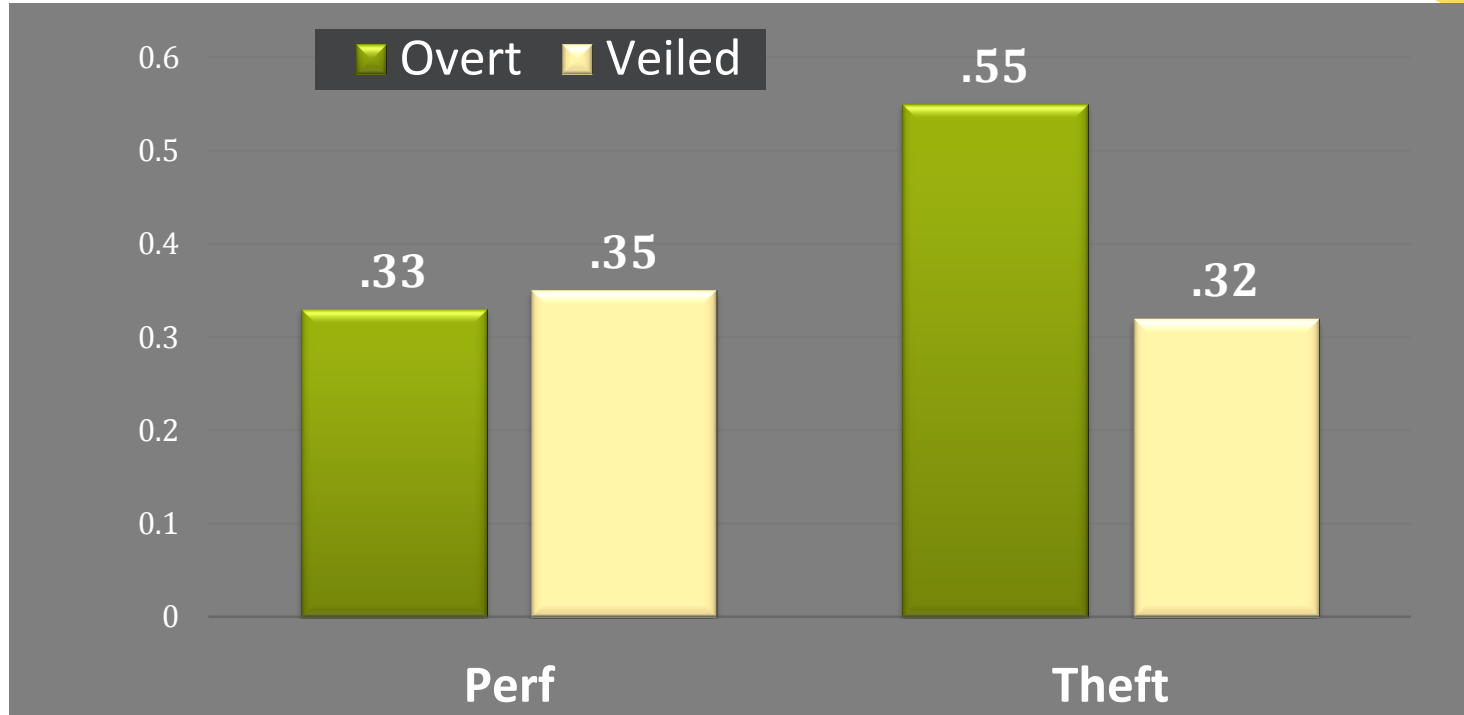


# Types of Integrity Tests

- Two types
  - Overt (clear-purpose)
    - Are you too honest to steal?
    - Are more than 25% of thieves ever actually caught?
    - An employer who pays poorly has it coming to him when employees steal.
  - Personality (AKA covert, veiled-purpose)
    - On the average, how often during the week do you go to parties?
    - How often do you blush?
    - How many days a week do you make your bed?



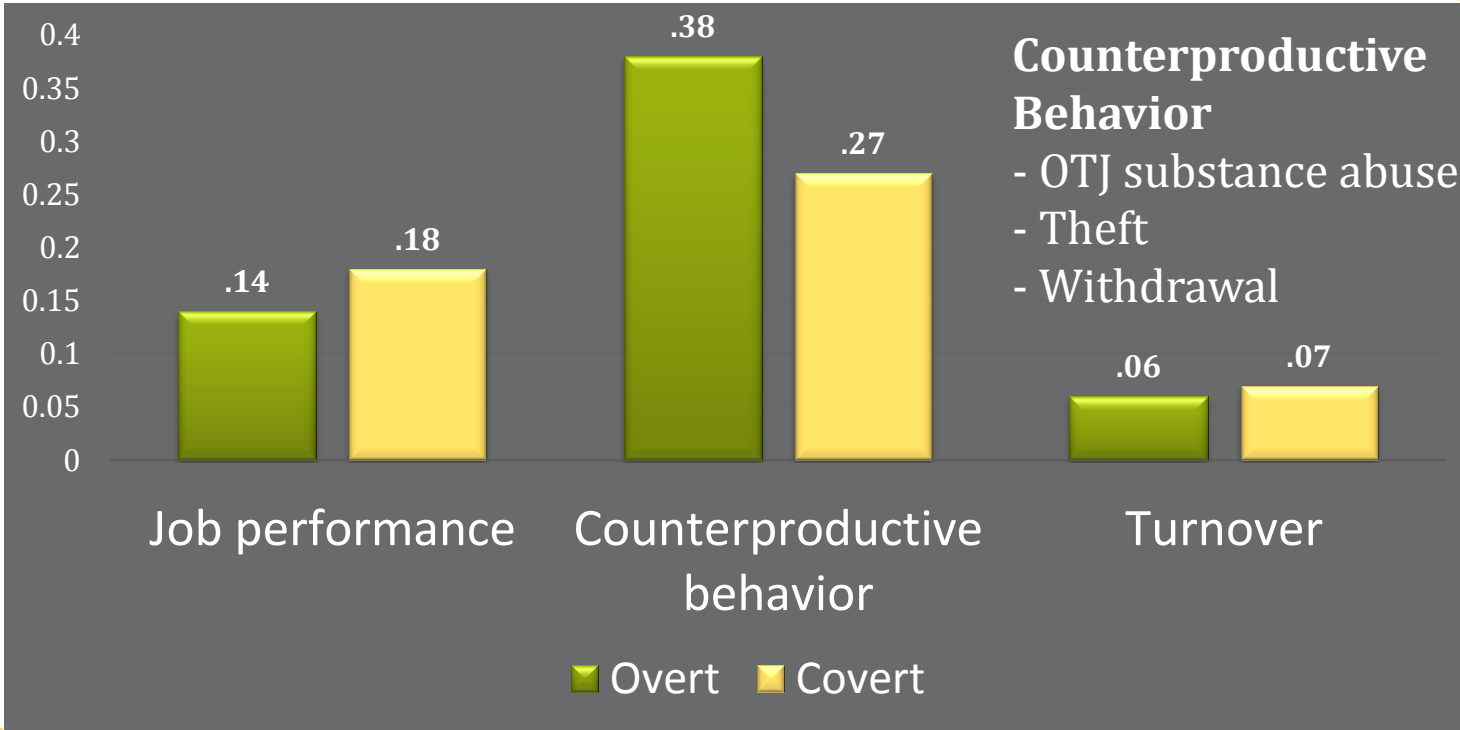
# Integrity Test Predictive Validity



Meta-Analytic Review of 300 Studies



# Integrity Test Predictive Validity



Van Iddekinge, Roth, Raymark,  
& Odle-Dusseau, *Journal of Applied  
Psychology*, 2012



# Equally Important Tests

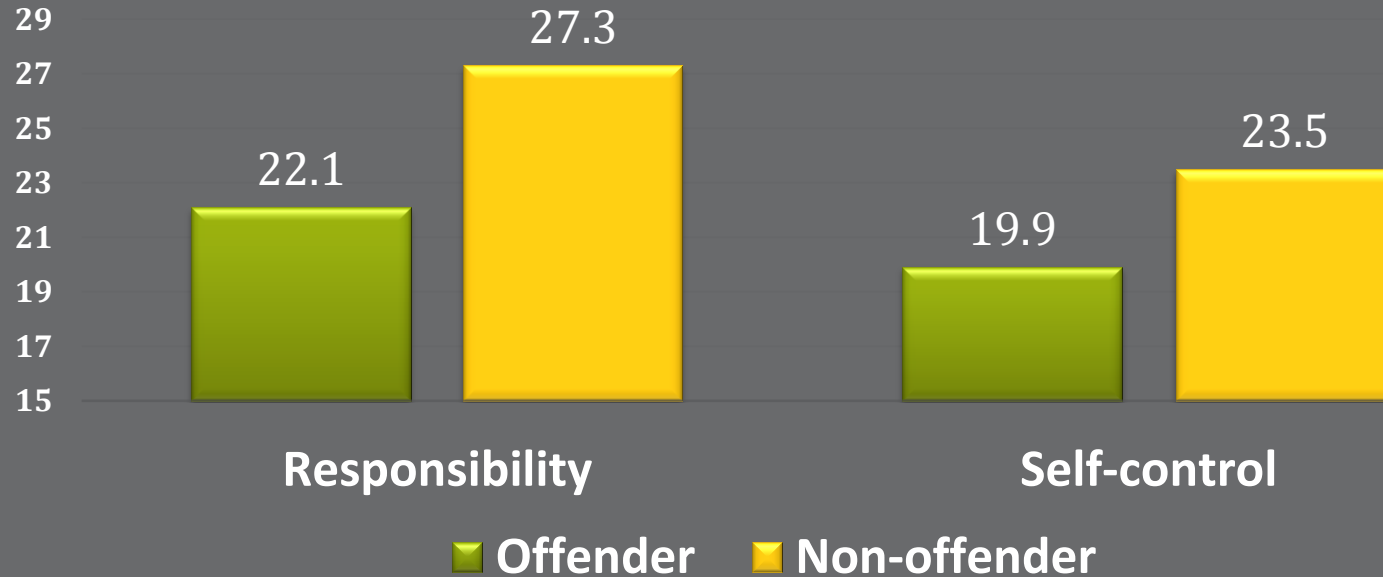
- Integrity tests are only one category of valid employment tests
  - **Personality tests**
  - **Cognitive ability tests**
- These predict job performance and counterproductive behavior





# Power of Personality Tests

## Personality of White Collar Criminals



Source: Collins and Schmidt  
(*Personnel Psychology*, 1993)

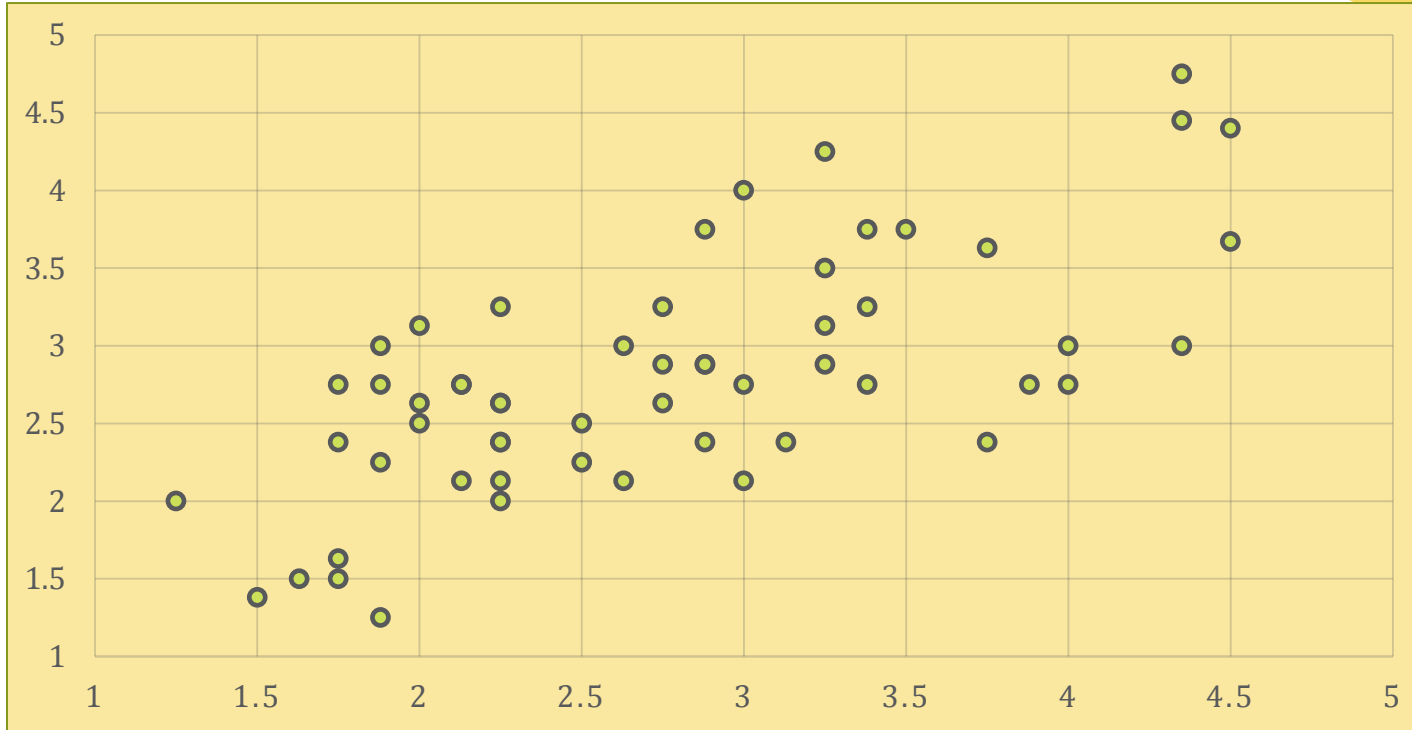
# Benefits of Tests

- A valid test battery can predict quite accurately the propensity to perform job well and to engage in ethical work behavior
- It is not unreasonable to expect following predictive validity of  $r=.60$  using entire battery
- What does this mean?



# Validating a Testing Battery

Job Performance or Counterproductivity

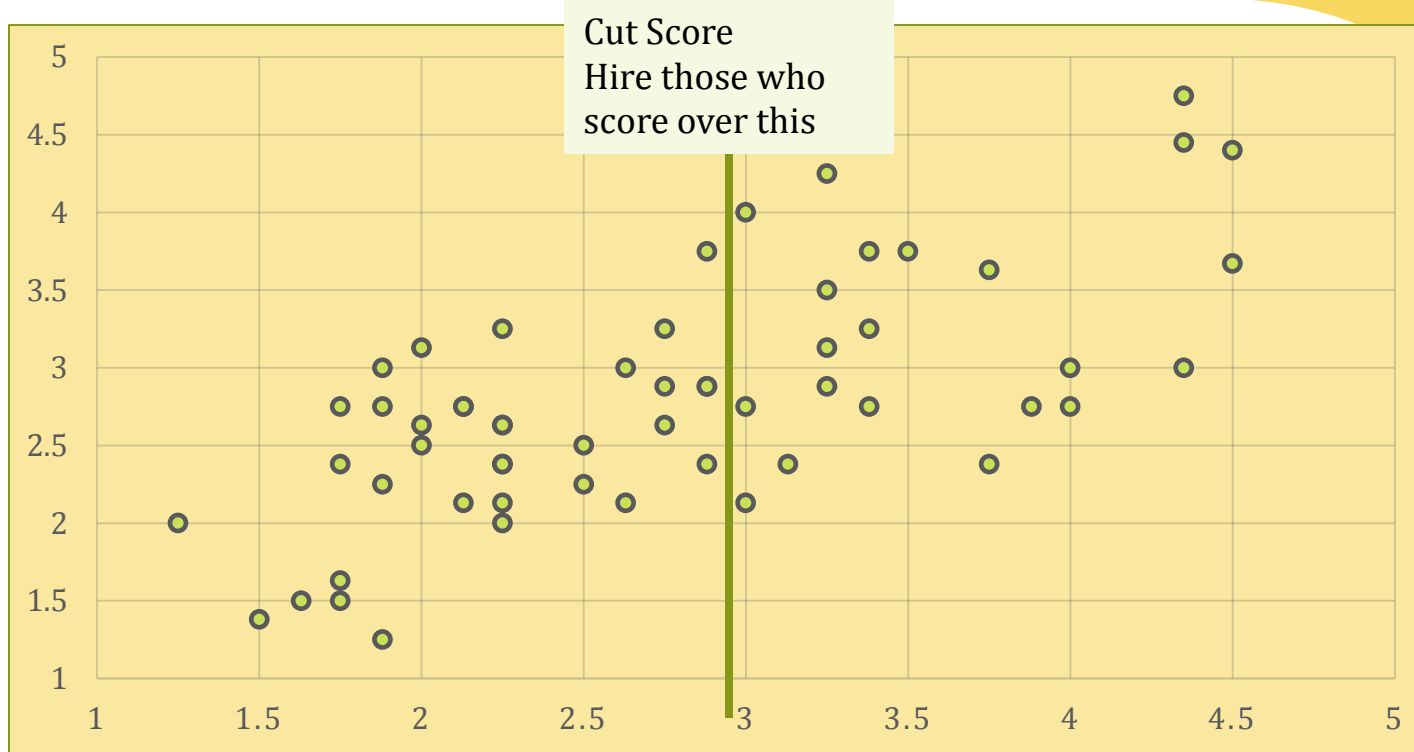


Score on Testing Battery (Total Score)



# Validating a Testing Battery

Job Performance or Counterproductivity

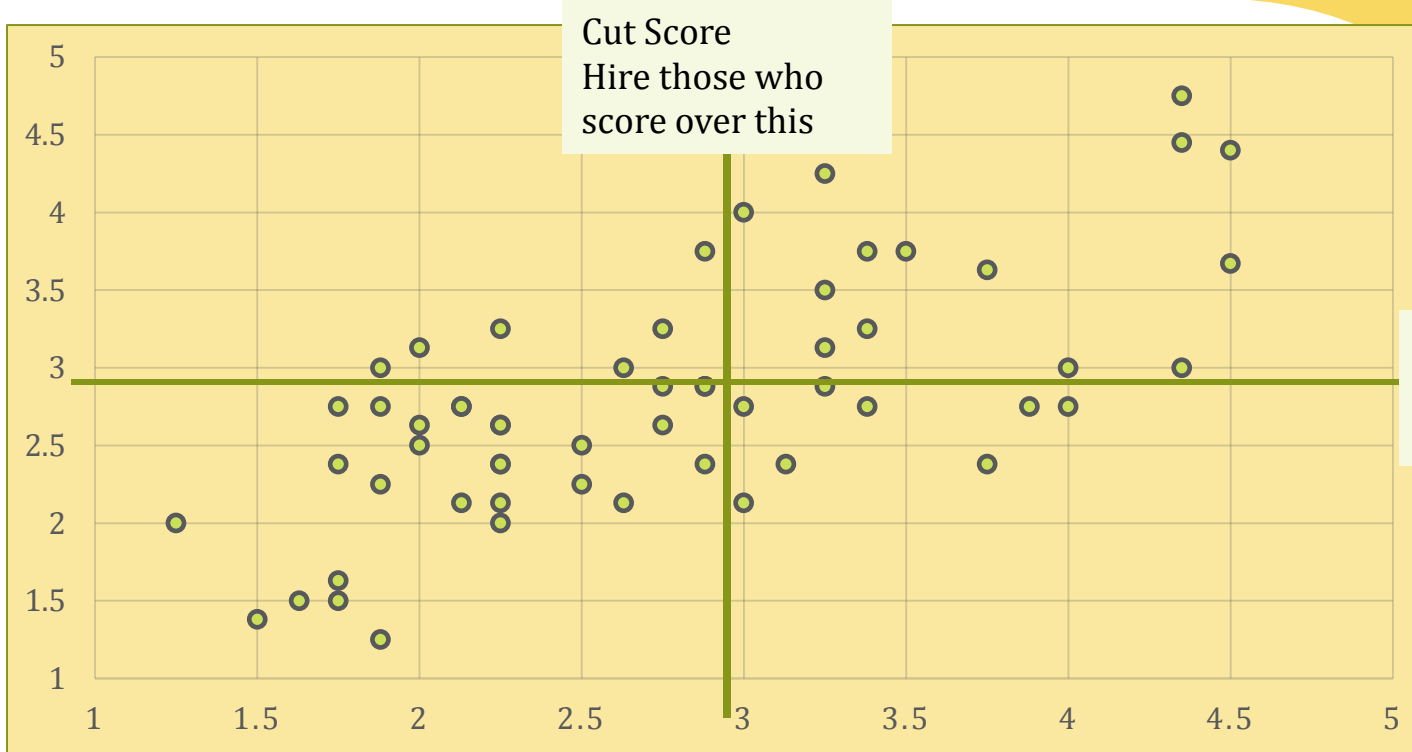


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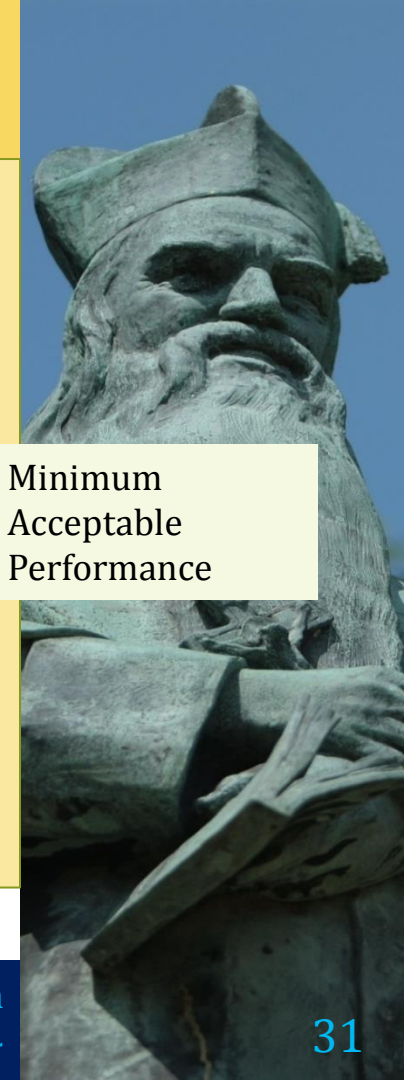


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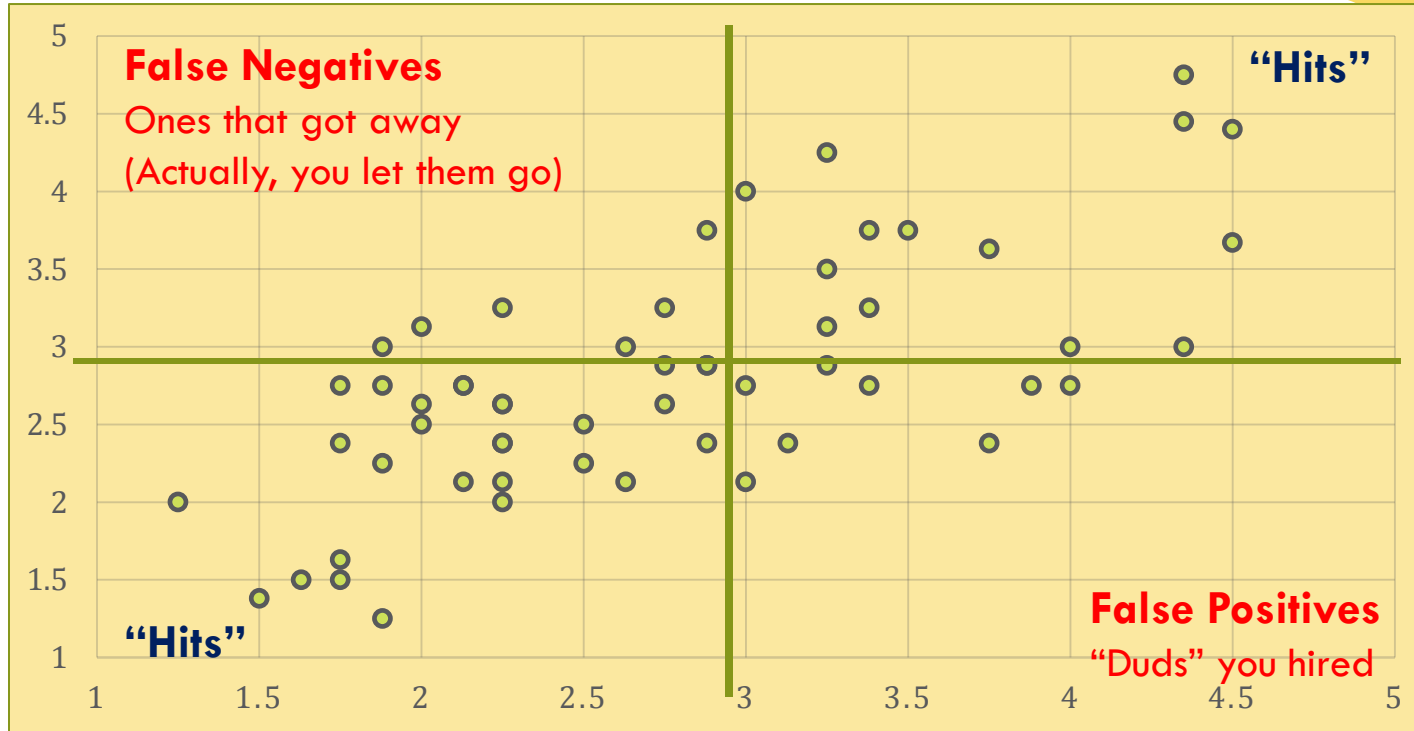


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Job Performance or Counterproductivity



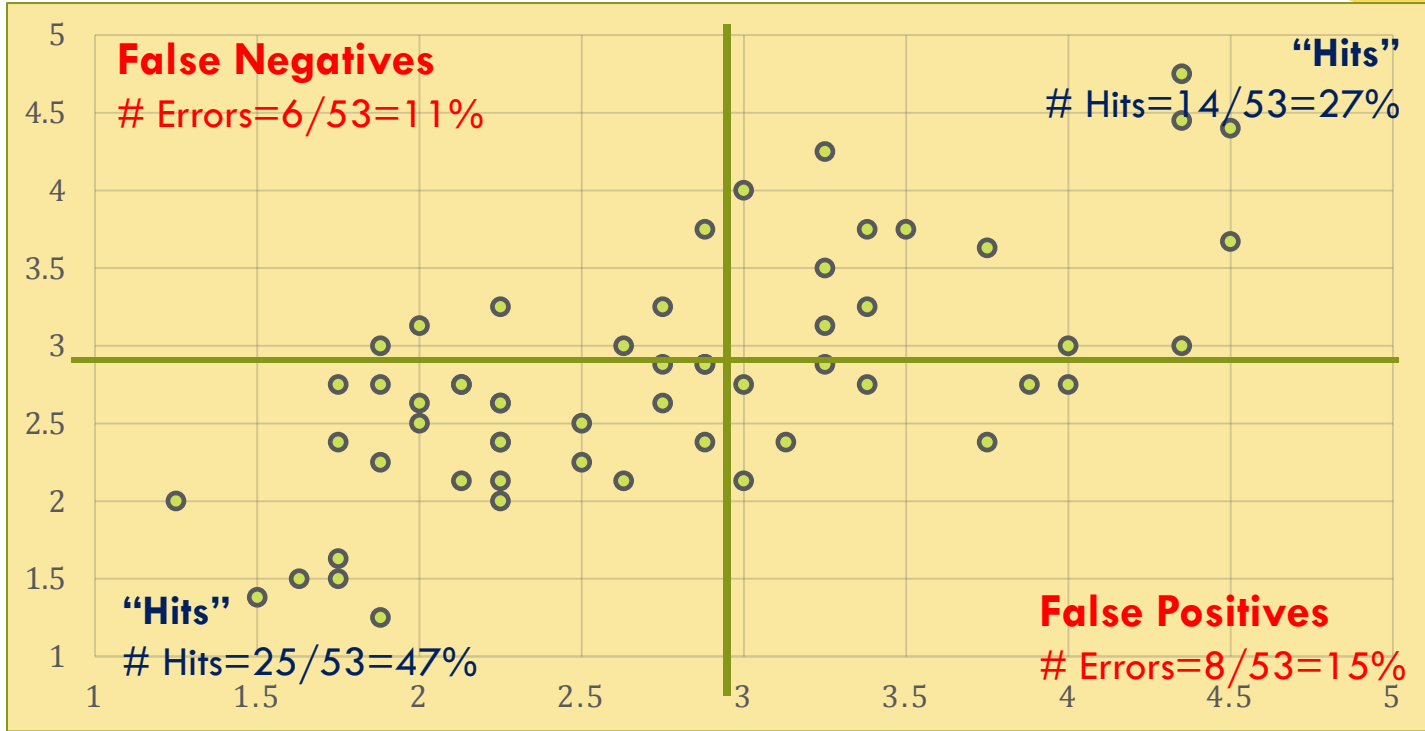
Score on Testing Battery (Total Score)





# Validating a Testing Battery

Job Performance or Counterproductivity



Score on Testing Battery (Total Score)

Three out of four hiring decisions are *demonstrated* to be accurate



# Problem of Faking (Response Distortion)

- Concerns over faking: Do integrity tests reward dishonest applicants?
  - Who would admit to:
    - Have you ever stolen anything?
    - Did you ever write a check knowing there was not enough money in the bank?
- This doesn't appear to be the issue it would seem, for two reasons...



# Why Faking Isn't a Problem

- Desirable response is not always so clear to the faker
  - “I always make my bed each morning”
  - “What is the total \$ value of everything you have stolen in your life?”
- To the extent that some applicants fake, this does not necessarily undermine validity
  - Some level of socially desirable responding is important to perform most jobs



# Caveats

- Very few organizational decision-makers (including, often HR) know much about these tests
- Often we know even less how to validate them = what does effectiveness look like?
- These augment, rather than replace, decision-making



# The Problem with Making It

- Ethical conduct is judged based on an act but *lack of integrity will find the act*
- We cannot possibly constrain all ethical conduct
- One might argue that true integrity is behaving ethically when self interest motivates one otherwise





# Objections to “Buying It”

- Interesting but unnecessary because...
  - I know our hiring process *is* valid
    - “Our return on assets is good”
  - Our HR group has validated our staffing
    - “Show me the money”
  - We don’t know how to do this or aren’t convinced it’s feasible
    - Please contact me!





# A Request, then a Question...

- Write down your greatest weakness
  - What if that weakness was integrity?
  - Do you really trust, that much, your ability to assess this pre-hire?





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accounted for by reason, but recommend themselves  
entirely to the sentiments and affections of mankind.*

– David Hume



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*Man will become better when you show him what he is like.*

– Anton Chekhov



These slides and my articles  
can be downloaded from  
my website:  
[www.timothy-judge.com](http://www.timothy-judge.com)

**Thank you**

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