

SAVVYINTEGRITY- PRODUCT CASE STUDY

Background Statistics: Damages Caused by Dishonest Employees

- ☒ **Employee theft** is the largest single source of loss attributable to crimes against business accounting - reaching \$66 billion in business losses a year. (American Management Association)
- ☒ **Worker drug use** is empirically related to **absenteeism** and **turnover** (Normand, Salyards, & Mahoney, 1990), accidents, medical insurance costs, workers' compensation claims, as well as behaviors such as leaving work early, taking long lunch breaks, sleeping on the job, and taking work supplies home (Lehman & Simpson, 1992)
- ☒ **70% of computer hacks come from within the company** causing up to \$100 million damage by computer fraud (Association of American Fraud Examiners)
- ☒ **45% of candidates lie about their criminal record** (AAFE)
- ☒ **30% of all small business failures** result from employee dishonesty (US Chamber of Commerce)

What tool provides a solution to prevent the hiring of dishonest employees?

- ☒ The American Psychological Association published the results of an investigation into **the use of integrity tests as pre-employment screening instruments**. After reviewing nearly 300 studies provided by research publication and test publishers, the overall conclusion reached was that the most of the evidence is supportive of their predictive validity (Goldberg et al., 1991).
- ☒ Wanek (1999) in his review of the utility, reliability and validity of integrity tests concluded that they were useful, reliable and valid.
- ☒ Given the virtually zero correlation between integrity test scores and general ability it is not surprising that Schmidt and Hunter (1998) report the highest validities in their meta – analysis between a composite measure of integrity test and ability test and job performance of 0.63.
- ☒ With regard to the reliability of overt integrity tests (direct integrity, a meta-analysis reported by Ones and Viswesvaran (1998) using 68 estimates of internal consistency reliability yielded a mean of reliability of 0.81 with a mean stability (test-retest) coefficient of 0.85.

Shortcomings of Existing Solutions

Up until now, the majority of integrity tests used as part of the selection process centered around 2 major types of solutions: lie detector test (change in individual's physiology in response to the emotion of fear) and self-report pencil and paper integrity tests.

- **Lie detector/Polygraph as an integrity test:** Despite the fact that polygraph has often been accepted as a highly valid instrument in assessing honesty in the work area it carries in it two inherent problems:
 - The lie detector is considered **invasive, expensive** and is **not a legal option** in many pre-employment arenas
 - The lie detector can only **check for past behaviors** and **not attitudes and values** (problematic for the many young employees that have had no work experience or previous exposure to finances or sensitive data).

- **Pen & Paper as an integrity test:** Although measures of integrity and personality can be valid in the hiring process (Hogan & Hogan, 1989; Hough, Eaton, Dunnette, Kamp, & McCloy, 1990) their apparent susceptibility to faking still evokes a great deal of skepticism regarding their usefulness (Ones, Viswesvaran, & Schmidt, 1993). In fact, the obvious content of many of these tests raises concerns as to how valid such tests can be under conditions where job applicants may be lying. Therefore, an important, related issue **is how to detect job applicants who are faking** (a phenomenon known as *social desirability*) to a potential new employer about negative characteristics (McDaniel & Timm, 1990). **Paper and pen tests, for example are relatively easy to fake** because the applicant can go back and review their answers to make them consistent thereby avoiding detection of inconsistencies often revealed using common investigative techniques.

How would an integrity test be able to provide a solution to social desirability?

Studies have shown that respondents who are "faking good" may be differentiated from honest respondents because respondents who fake good will take relatively longer than honest respondents to endorse negative characteristics about themselves. Consequently, the decision to respond negatively will be delayed by the examination of numerous paths and pieces of information in the faking schema. Based on this schema theory, Holden, Kroner, Fekken, and Popham (1992) have put forth a model of psychological test item response dissimulation that suggests that it is the interaction of a respondent's schema with test item content that is the relevant source of variance. **Specifically, it was predicted that job applicants who are faking on any applicant test will take relatively longer, or deviate from their own standard response time to admit to delinquent behaviors than job candidates who are responding honestly.**

How does SavvyIntegrity represent a major breakthrough in integrity assessment solutions?

SavvyIntegrity uses a number of uniquely crafted technologies to create a computer model that is a synthesis of **highly accurate physiological body response** (polygraph-like) **measures** with tried and true **investigative / interview techniques**. Embedded in a user friendly multimedia platform, the test achieves high levels of accuracy with:

- inherent sophisticated scoring algorithms
- precise response measurement (up to .10 sec) - latent response technology,
- control questions and scaled response items,
- advanced social desirability tracking

Measuring the candidate on the following 6 constructs **the test overcomes to a significant extent** the problems encountered in pen and paper integrity tests by detecting attempts at **response distortion, impression management and countermeasure:**

- theft,
- bribery,
- loyalty,
- accountability,
- substance abuse and gambling

The **user friendly** nature of **SavvyIntegrity** is tangible in a variety of compelling features:

- For the User -Non invasive interactive multimedia test
- For the Administrator - Simple to use interface & operation
- For the Manager – On the spot conclusive reports indicating problematic areas

What is the business case for using SavvyIntegrity test as part of the assessment solution?

- ☒ **"False Negatives" - Not using the SavvyIntegrity tests - or using one whose predictive validity is relatively low** will naturally lead to the acceptance of candidates that, were though to be honest but in reality present a potential but potent risk to the company. Known in the recruitment world as a *"False Negative"*, these candidates, invariably to cause either direct damage (theft of products, property or services) or indirect damages (sabotage or negligent behaviors) to an organization.
- ☒ **Counterproductive Behaviors** - Additionally, correlative studies have shown that reliable integrity tests, such as **SavvyIntegrity**, have a broader use in identifying those people who are also likely to engage in behavior of a more generally "counterproductive" nature (individuals prone to a range of behaviors and attitudes that are not conducive to efficient and effective work practice).
- ☒ **Legal Backup** – Unstructured interviews are the most frequently challenged selection methodology (losing the legal battle in 59% of the time. On the other hand, the **structured interview**, a series of predetermined, set questions (**as is the case with the SavvyIntegrity product**), has survived 100% of the legal challenges against it.
- ☒ **Deterrent/ Preventative Measure** - The very fact that candidates with something to hide will usually shy away from integrity tests gives those enterprises utilizing integrity tests the extra advantage of screening out those that are afraid to disclose negative information. The inherent use of **SavvyIntegrity** within a company's selection process sends a very strong message to applicants – and an even stronger one to their clients that **the company is serious about guarding their hard earned profits**.

Global Implementations: (12,000 tests a month in 2004 around the world)

SavvyIntegrity Implementation as a go/no go prerequisite pre-screening tool for candidates at any position including top management:

- ☒ **Israel:** in Office Depot, Israel Discount Bank, Ace (DIY), Jafora Tabori (2nd largest Israeli beverage company), Kimberly-Clark, Hilton Hotels, Mei Eden (Mineral Water), VISA (financial services), Home Center, Migdal insurance.
- ☒ **Mexico:** Federal Government of Mexico, Secodam (Government Controllers Administrative Office), Secretaria Seguridad Publicisise (Mexican Secret Services), Inbursa (financial services), FedEx, Coca-Cola, SAT (Federal Tax Institution).
- ☒ **UK:** AXA
- ☒ **Brazil:** Carrefour (2nd largest department store in the world), CBD (largest retailer in the country).

Market Feedback:

- ☒ We have been using **HRVision's** Integrity's test for over 4 years and its ease of use and highly reliable results allows Office Depot to comfortably hire 3 out every 4 candidates and trust them in any position."- Ilan Schwartz, Head of Risk Management, **Office Depot**, Israel.
- ☒ "The Savvy Integrity test which takes just 25 minutes, allows HR to get important information on dishonest candidates that we never would have gotten through the regular interviewing process". - Amnon Dayagi, VP HR & Purchasing, **Jafora Tabori**, Israel
- ☒ "Using Savvy Integrity within the company we have noticed a general drop in theft index" - **FedEx**, Mexico
- ☒ "4% of top performers failed **SavvyIntegrity** versus 30% poor performers that failed **SavvyIntegrity** (existing worker population) implying the connection/correlation between integrity and counterproductive behaviors" - **Coca Cola**, Mexico
- ☒ "Internal figures show that 65% of the dishonest employees would have gone undetected without **SavvyIntegrity**" – **Federal Government**, Mexico