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Part 2

Identifying Black Sheep through Leadership Assessments

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Financial losses, liability risks and damage to a person or organisation's reputation as a result of fraud are unpleasant for everyone concerned. All too often, we see people underestimate their personal risk until they are practically up against the wall. Leadership assessments, however, are an effective preventative instrument for assessing the risk of misconduct. Combined with well-founded forensic know-how and taking the overall situation into account, they can provide a forward-looking evaluation.



Assessing the risk of misconduct through leadership assessments - that is prevention. (Image: 123RF)

In our first article – “[What We Can Learn from Black Sheep](#)” ^[3] – we concluded that assessments and integrity tests are unable to accurately predict misconduct, and that relying on such results is foolhardy, if not to say irresponsible. We also posited that genetic tests are equally ineffective. In summary, we agreed that basically every human being is capable of breaking the rules.

In our first article, we explained that finding preventative measures is a question of finding the causes of misconduct. In order to develop effective defence mechanisms which prevent rules from being broken and laws from being violated, gleaning as many insights as possible from past cases – “lessons learned” – has established itself as the “best practice” in many companies. Our conclusions strongly suggest that this not only makes prevention easier, but also helps to raise more awareness and facilitate investigations.

White sheep are not always snowy white

At the end of the 1960s, there was an increased call for Leadership Assessments in Switzerland. Fred W. Schmid, Swiss pioneer of Leadership Assessments, labelled those who objected to assessments “selectivity nihilists” due to their vehement opposition to selective executive recruitment. They considered Leadership Assessment to be impossible and thus frivolous, and they also considered it irresponsible, because ethics and morals were not sufficiently taken into account. In retrospect, Schmid admitted in 2011 that “Top managers were not expected to behave like choirboys (...) We heard a lot from our candidates about energy-sapping conflicts and intrigues in top management (...) Occasionally we even heard allusions to ugly practices, some of which bordered on the illegal.»

Today, we have psycho-diagnostic evaluation methods at our disposal which enable us to assess the risk of misconduct. However, most of the better known methods have one problem in common: the results they yield can only be interpreted accurately and reliably when analysed by a person with relevant experience and comprehensive expertise. The procedures used must also consistently meet test quality criteria – as one can and should expect from a personality questionnaire.

Examples include IBES (Inventory of Work-Related Attitudes and Self-Assessments), TOP (Dark Triad of Personality at Work), HDS (Hogan Development Survey; personality-based performance risks and derailment behaviour), MCMI (Millon Clinical Multiaxial Inventory), PSSI (Personality, Styles, and Disorders Inventory), integrity tests such as squares and cut-e, and many more.

“Understanding” triggers for misconduct

In our experience, the quest to understand people and triggers for misconduct is less complex when test results

- a. are transparent, not stigmatising, and discussed openly,
- b. are, following an open discussion, and taking the career situation and all other assessment insights into account, seen in context as part of the overall picture, and
- c. are accompanied by forensic experts who have well-founded and relevant experience (ideally, experience with persons who have been proven guilty of misconduct or who have been formally convicted).

Taking all known results into account, a holistic and expert approach of this nature can describe the conditions under which risk tendencies can become problematic.

Situation	Potential, scope of thought, action and performance	
	Self-management	Consciousness
		Forensic practice
		Behaviour
Needs and motives		

Table 1: Understanding misconduct and describing it in context

Assessing risks using well-founded expertise

Taken out of context, test results cannot provide a solid or valid assessment of potential future misconduct. But such results can be processed in an open discussion if they are placed in an overall context by a professional and experienced expert, and if the results of additional Leadership Assessments are also taken into account. In combination with well-founded expertise (including forensic expertise), this creates transparency. The personal experiences of top managers can be systematically recorded and corroborated by situation-specific examples. Taking existing insights into account, it is possible in many cases to gain a deeper understanding of the situations and persons involved, and assess future risk in a forward-looking manner.

The goal is to make top managers aware of their self-management in a clear and situation-specific manner. This sheds light on the implications of their decisions and the consequences of misconduct. Managers realise that they always serve as examples, and sometimes – in fact, very often – as role models. They shape the corporate culture and control the “tone at and from the top”. This triggers an essential defence mechanism, because being aware of the potential and limitations of self-management is an effective way of preventing misconduct.

List of sources:

- Fred W. Schmid, II S. 64, 2011, <http://www.ortsgeschichte-kuesnacht.ch/pdf/2011-2012/Kuesnachter-Jahrheft-2011-Motivation-und-Beruf-Eine-autobiographische-Skizze.pdf> ^[4]



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