Resume padding: Bad for individuals, good for society?

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Creatively enhancing a CV, a practice known as "resume padding," has the potential to cast the sender in a bad light.

But can this "self-reported signaling"—the conveying of information that may or may not be true—ultimately have a positive effect in the grand scheme of things? Two Cornell researchers think so.

"If you wind up using resume padding to get a higher-level job that you're not qualified for—and that job is really important, like the [U.S. Rep.] George Santos case—that's not a good thing," said Michael Waldman, the Charles H. Dyson Professor of Management in the Samuel Curtis Johnson Graduate School of Management, in the Cornell SC Johnson College of Business.

But, Waldman said, resume padding can ultimately have a positive effect—if the long-term result is decreased misrepresentation.

Waldman is co-author of "Self-Reported Signaling," published in *American Economic Journal: Microeconomics*. The other author is Thomas Jungbauer, assistant professor of strategy and business economics at Johnson.

It has long been believed that education used to signal worker ability can lead to overinvestment in education from a societal standpoint—that is, more students getting higher-level degrees than is warranted based on the human capital generated by the higher education levels.

"But if I introduce resume padding regarding the education level, that raises questions regarding the validity of the signal," Waldman said. "As a result, the reward for getting a higher-level degree goes down a little, and so does the investment in education."

Waldman and Jungbauer explored the idea of "self-reported signaling," a

concept that extends the idea of signaling first identified more than 50 years ago by then-Harvard doctoral student Michael Spence in his thesis. He shared the 2001 Nobel Memorial Prize in Economic Sciences for his work.

The difference between the two concepts: In Spence's world, the signal is always valid. In self-reported signaling, the signal can be a lie, as in the Santos case.

A CV is an example of self-reported signaling: Most of the information on it is not widely known, and the recipient expects it to be accurate and truthful. There are items that can be verified via investigation—education level, previous employment—and others that cannot, such as leadership qualities and work ethic. But verification is costly.

In their modeling, the researchers considered a single sender (job applicant) and a pool of identical receivers (hiring officers). The sender chooses an action (education level) that is not publicly known but can be verified, although at a potentially high cost in time and money.

Assumptions regarding the veracity of the resumes, the hiring officers' willingness to verify the information, and the risk-benefit of dishonesty regarding education levels are factored into the model. Their modeling uncovered two major results:

- The possibility of resume padding reduces the return to investing in higher education levels. This is because, even if the claim of a higher education level is truthful, the possibility that it could be untruthful lowers the amount hiring officers are willing to pay; and
- The subsequent reduction in investments in education can "undo" the overinvestment typically associated with signaling, thus

increasing the "social welfare," as the researchers call it, of all senders.

"There is the possibility," Jungbauer said, "that all this misrepresentation just lowers the incentive of investing in the signal, whether it be education or other standard activities that serve as signals, which could have a positive effect on the economy."

The researchers also applied this modeling to college admissions—particularly in the area of applicants' self-reported extracurricular activities and leadership roles. Their modeling and analysis revealed that the possibility of misrepresentation reduces overinvestment in these types of activities, and may actually increase overall social welfare.

"We typically think of lying as being unambiguously bad," the authors wrote. "At the same time, however, we know that signaling results in distortions which serve to lower social welfare. If self-reports of actions serve as signals … there can be a social welfare benefit as the misrepresentation reduces the signaling distortion."

Waldman said the nonstop news regarding Santos' misrepresenting his past could trigger a lessening of that type of behavior.

"I would think that the stigma associated with being caught resume padding might be higher now, because of all the publicity," Waldman said. "I'm guessing it might, at the margins, slightly reduce the amount of resume padding."