WITH NEARLY 1 IN 3 AMERICAN WORKERS ADMITTING TO SOME DEGREE OF EMPLOYEE THEFT, LET'S EXPLORE THE SCOPE OF THE PROBLEM.

- 10% of the employee population is responsible for most theft.
- 95% of the total losses from employee theft.

ESTIMATED ANNUAL IMPACT on U.S. businesses from employee theft and fraud

IT'S 15 TIMES MORE LIKELY that a business will be targeted by an employee than anyone else.

EMPLOYEE-RELATED CRIMES that go unnoticed

- 75%
INDUSTRIES MOST SUSCEPTIBLE TO FRAUD AND THEFT

Banking  | Financial services  | Government  | Healthcare  | Manufacturing services

DOLLARS AND MORE DOLLARS
With the frequency that employee fraud is happening, how much is it costing business owners and what’s the effect on the bottom line?

$2.9 TRILLION

That’s enough to buy a new MacBook Pro for every worker in the U.S., China, and Europe.
That’s enough to contribute about $25,000 to the retirement accounts of every American who has them.
That’s enough to buy homes for every person living on the streets in the U.S.

AVERAGE AMOUNT STOLEN PER CASE

$715.24

$129.12

1 IN 3 BUSINESS FAILURES linked to employee theft and fraud

Employee theft and fraud

Shoplifting
BUSINESS ETHICS 101: Why do People Cheat

True or False?
“Ethics has to do with whether my feelings are right or wrong”

True – but we must realise that sometimes our feelings can cloud our judgement and make it difficult to see both sides.

True or False?
“Ethics has to do with my religious beliefs.”

True – it can be linked to religious beliefs, but remember it is much more than this.
True or False?

“Being ethical is doing what the law always requires”

True – people and business have to follow law, but remember that some laws may be unethical.

True or False?

“Ethics consists of standards or behaviour our society expects.”

True – but remember that society is sometimes unpredictable and cruel.

Can ethics be taught?

✘ Academics say yes...
✘ ...but real-life would tell us otherwise...

☑ Just think of all the scandals and ethical lapses we see in the news
☑ Aren’t most these individuals educated?
Can ethics be taught?

✘ I can’t tell or teach anyone to be ethical

✔ What we hope to provide people with is:
  - A decision making framework
  - Principles and foundations on what is right & wrong

✔ At the end of the day, everyone will all make their own decisions!

What are sources of ethical development

✔ Transparency and Openness
✔ Childhood Upbringing
✔ Cultural Upbringing
✔ Later Life Experiences
✔ Religious Beliefs
✔ Discussions with others
✔ Ethical Philosophers
✔ Ethical Dilemmas

Me

Pouya Safi
psafi@uottawa.ca
It is important to define yourself to those around you.

Have you always done right?

- Exaggerating accomplishments on college/job applications
- Lying about their age
- Using a false excuse to delay taking an exam or turning in an assignment
- Taking low-cost items from a retail store/workplace
- Taking small amounts of money from parents' wallet without their permission
- Copying from another student on a test
Have you always done right?

- Helping someone else cheat on a test
- Copying material and turning it in as their own work
- Asking another student who has previously taken a quiz or exam for the questions or answers prior to taking the test
- Changing a response after a paper or exam is returned and then reporting a grade error to the instructor
- Taking home office supplies from work
- Buying a garment, wear it, and return it
- Being in an express line with too many groceries

What are unethical business practices?

- Cheating/Lying
- Theft or Fraud: Personal Use of Company Property or Expense
- Expense Account Misrepresentations, Accounting Fraud
- Abusive or Intimidating Behaviour
- Discrimination
- Receiving/Offering Bribes, Kickbacks, or Incentives
- Sexual Harassment
- Termination without Fair Notice or Cause
Why do People Cheat?

Most of us are 98- percenters: “1% of people would never steal, another 1% would always try to steal, and the rest of us are honest as long as we’re not easily tempted.” (Locks)

We rationalize it: “The biggest driver of dishonesty is the ability to rationalize our actions so that we don’t lose the sense of ourselves as good people.”

Source: The Honest Truth About Dishonesty
Why do People Cheat?

- **Psychological Distance:** "Our willingness to cheat increases as we gain psychological distance from our actions". Pencils okay, money not.

- **We cheat more when it's for other people:** "People are able to cheat more when they cheat for other people." Ability to rationalize.

- **One (dishonest) thing leads to another:** "Once you behave badly, at some point, you stop thinking of yourself as a good person at that level and you say—What the hell".

- **Encourage Honesty > Discouraging Cheating:** We don't react as well to punishments of cheating as we do to encouragement of honesty.

- **Mind:** "Small reminders of ethical standards can be very powerful."

Source: The Honest Truth About Dishonesty

Who cheats more?

1. (A) Bankers or (B) Politicians?

2. (A) Americans, (B) Canadians, (C) Chinese or (D) Israelis?
Practical Realities of the Theoretical Basis

Corruption by Power, Numbers & Suffering

What is Ethics? What Makes One Ethical?
It's not EASY to be ETHICAL

1. Corruption by POWER/MONEY
2. Corruption by NUMBERS
3. Corruption by SUFFERING

Laurens van der Post, A Far-Off Place – Recounting ancient philosophy of the Bushmen

If you could have ANYTHING...

Corruption by POWER
Seven most cited principles of ethical analysis are: self-interest, personal virtues, caring, utilitarian benefits, universal rules, individual rights, and justice.

Challenges to ethics in business includes simplistic approaches, myths, and lack of awareness.

Bring mundane fortune to conscious awareness.

Good examples are the ability to think, walk, talk, see, hear and enjoy those around us...

And, if we are lucky, to impact the world positively!

What would our day look like if one or more of these factors were not present?

We are so often tempted to compare ourselves with others.

Constant marketing and social pressure does not make it easy to be content with who we are and what we have.
Corruption by Suffering

Get off center stage:

- So often we place ourselves squarely in the middle of situations.
- Especially in difficult times we feel that the world is out to get us.

Realizing that bigger-picture love is not always evident

Applying exercise 1 & 2 will ensure our ability to be accepting of, and effectively manage, not only our unique selves, but also the inevitable randomness, chance, and the wild-card factor that life so regularly throws at us.

Universal Ethical Standards and Forces that Shape Business Ethics
Ethics and Social Responsibility

**A Close Relationship, but not the same**

- Ethics: Belief about right and wrong.
- Social Responsibility: The obligation of a business to contribute to society.

Ethics and the Law

- Legal requirements often represent an ethical minimum.
- Personal ethics standards generally exceed legal standards.

Business Ethics: Not an Oxymoron

- Ethical Dilemma:
  - Two unfavourable options with negative consequences.
  - Most challenging business decisions seem to arise when Values are in Conflict.

Business Ethics is the Application of Right and Wrong in the Workplace.
**Don't forget our Stakeholders**

Company Responsibility to...

<table>
<thead>
<tr>
<th>Employees</th>
<th>Creating Jobs that work</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customers</td>
<td>Value, Honesty, and Communication</td>
</tr>
<tr>
<td>Investors</td>
<td>Fair Stewardship and Full Disclosure</td>
</tr>
<tr>
<td>Community</td>
<td>Business and being good citizens</td>
</tr>
<tr>
<td>Environment</td>
<td>Sustainable Development</td>
</tr>
<tr>
<td>Government</td>
<td>Follow laws, regulations, pay taxes</td>
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**Don't forget our Stakeholders**

Responsibility to Employees: Creating Jobs that Work

- Meet legal standards
- Workplace Safety
- Minimum wage/overtime requirements
- Value employees
- Provide work/life balance

**Don't forget our Stakeholders**

Responsibility to Customers

**Consumerism:**

- The Right to be Safe
- The Right to be Informed
- The Right to Choose
- The Right to be Heard
Don’t forget our Stakeholders

Responsibility to Community

✓ Corporate Philanthropy – business donations to non-profit groups, including both money and time.
✓ Corporate Responsibility – The actions of the business rather than donations of money and time.

Responsibility to Environment

✓ Green Marketing – Marketing environmental product and practice to gain a competitive edge.
✓ Greenwashing – Marketing environmental practices when there is no real green effort.

Universal Ethical Standards

Trueness

Speak the truth, do what you say you’ll do.
**Universal Ethical Standards**

<table>
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<th>Trustworthiness</th>
<th>Be honest. Don't deceive, cheat, or steal. Do what you say you'll do.</th>
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<td>Respect</td>
<td>Treat others how you'd like to be treated. Be considerate. Be tolerant of differences.</td>
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<tr>
<td>Fairness</td>
<td>Provide impartiality. Be open-minded. Don't take advantage of others.</td>
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<td>Be self-controlled and self-disciplined. Be accountable for your choices.</td>
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<th>Fairness</th>
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<td>Provide equal opportunity. Be fair-minded. Don't take advantage of others.</td>
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<th>Caring</th>
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<td>Be kind. Be compassionate. Express gratitude.</td>
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**Forces that Shape Business Ethics**

[Diagram showing various forces affecting business ethics]
PRACTICAL DECISION MODEL

1. Does my decision fall within the acceptable standards that apply in business today?

2. Am I willing to see the decision communicated to all people and groups affected by it?

3. Would the people with whom I have a significant relationship approve of the decision?

A SOURCE OF EVIL: OBEDIENCE

The Milgram Experiment

Managers hold Power, with the power to Corrupt by Numbers.
THANKS

Any questions?
You can find also reach me at psafie@uottawa.ca

Slide Credits & Sources

- Inside Job Infographic
- Teaching Managerial Ethics: Content and in-class Exercises
- London Life Code of Conduct
- A265-office powerpoint presentation
- The (Honest) Truth About Dishonesty