

# WHY GOOD PEOPLE DO BAD THINGS

Higher Education Compliance Conference  
June 7, 2016, Baltimore, Maryland

Paul Fiorelli, J.D., M.B.A., C.C.E.P  
Professor of Legal Studies  
Xavier University  
fiorelli@xavier.edu

---

---

---

---

---

---

---

---

---

---

## PERCEPTION

CAN TWO PEOPLE  
LOOK AT THE SAME  
THING,  
COME TO DIFFERENT  
CONCLUSIONS,  
AND BOTH BE RIGHT?

---

---

---

---

---

---

---

---

---

---

## **BREAKING THE RULES**

- STRICT CONSTRUCTIONIST
- ALTRUISTS
- PRISONERS
- SLIPPERY SLOPE
- PRESSURE
- GROUPTHINK/AUTHORITY
- RATIONALIZERS
- GREED

---

---

---

---

---

---

---

---

---

---

# STRICT CONSTRUCTIONIST

Definition of *strict construction* in English:

**strict  
construction**

Syllabification: strict con-struc-tion

NOUN *Law*

a literal interpretation of a statute or document by a court.

---

---

---

---

---

---

---

---

---

---

# STRICT CONSTRUCTIONIST

- JUST SKIMMING THE SURFACE OF LEGAL COMPLIANCE DOESN'T LEAVE ROOM FOR ERROR
- IF LAWS ARE WHAT WE MUST DO, THEN ETHICS ARE WHAT WE OUGHT TO DO

---

---

---

---

---

---

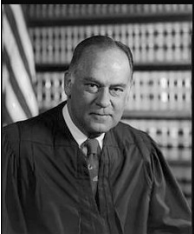
---

---

---

---

# STRICT CONSTRUCTIONIST



Ethics is knowing the difference between what you have a right to do and what is right to do.

(Potter Stewart)

izquotes.com

---

---

---

---

---

---

---

---

---

---

# BREAKING THE RULES

- STRICT CONSTRUCTIONIST
- ALTRUISTS
- PRISONERS
- SLIPPERY SLOPE
- PRESSURE
- GROUPTHINK/AUTHORITY
- RATIONALIZERS
- GREED

---

---

---

---

---

---

---

---

Definition of altruism in English:

## altruism

Syllabification: al-tru-ism  
Pronunciation: /ˈaltruː, ɪzəm 40 /

NOUN

the belief in or practice of disinterested and selfless concern for the well-being of others.  
*Some may choose to work with vulnerable elderly people out of altruism.*

MORE EXAMPLE SENTENCES

1.1 Zoology behavior of an animal that benefits another at its own expense.

MORE EXAMPLE SENTENCES

Derivatives

altruist  
NOUN

---

---

---

---

---

---

---

---

## ALTRUISTS

- HOW DO WE TREAT EMPLOYEES THAT ACT IMPROPERLY, BUT IT APPEARS TO BENEFIT THE COMPANY?
- GOOD SOLDIER
- STEALS FOR THE ORGANIZATION - NOT FROM IT
- LOYALTY
- MISGUIDED



---

---

---

---

---

---

---

---

# ALTRUISTS

- DO NOT WINK AT VIOLATIONS
- EXPLAIN THE IMPORTANCE OF ETHICS AND COMPLIANCE
- EVEN WHEN THE COMPANY APPEARS TO BENEFIT FROM A BREACH
  - THERE ARE CONSEQUENCES



---

---

---

---

---

---

---

---

---

---

# BREAKING THE RULES

- STRICT CONSTRUCTIONIST
- ALTRUISTS
- PRISONERS
- SLIPPERY SLOPE
- PRESSURE
- GROUPTHINK/AUTHORITY
- RATIONALIZERS
- GREED

---

---

---

---

---

---

---

---

---

---

Definition of *prisoner* in English:

## prisoner of circumstances

Syllabification: pris-on-er  
Pronunciation: /ˈprɪz(ə)nər/

**WOUN**

1 a person legally held in prison as a punishment for crimes they have committed or while awaiting trial.

MORE EXAMPLE SENTENCES

SYNONYMS

1.1 a person captured and kept confined by an enemy, opponent, or criminal:  
*'the heroine was being held prisoner in a cave'*  
*'200 rebels were taken prisoner'*

MORE EXAMPLE SENTENCES

SYNONYMS

1.2 a person who is or feels confined or trapped by a situation or set of circumstances:  
*'he's become a prisoner of the publicity he's generated'*

---

---

---

---

---

---

---

---

---

---

**PRISONERS OF CIRCUMSTANCES**  
**MINDING MY BUSINESS**

- FORCED TO DEAL WITH PROBLEMS CAUSED BY OTHERS
- IT HAPPENED UNDER MY WATCH



---

---

---

---

---

---

---

---

**PRISONERS OF CIRCUMSTANCES**  
**YOUR PROBLEM IS MY BUSINESS**

- HUMAN NATURE
  - NO ONE WILL NOTICE
    - MAYBE I CAN HIDE IT
  - PROBLEM WILL GO AWAY
  - I'LL GO AWAY



---

---

---

---

---

---

---

---

**PRISONERS OF CIRCUMSTANCES**

**• WATERGATE**

- WHAT DID YOU KNOW?
- WHEN DID YOU KNOW IT?
- WHAT DID YOU DO WHEN YOU KNEW IT?
- COMPANIES MUST DEVELOP AN ENVIRONMENT OF TRUST
  - TAKE ACTION
  - DON'T SHOOT THE MESSENGER
- ENCOURAGE OPEN COMMUNICATION & TRANSPARENCY
- DEAL WITH PROBLEMS - DON'T WISH THEM AWAY

---

---

---

---

---

---

---

---

# BREAKING THE RULES

- STRICT CONSTRUCTIONIST
- ALTRUISTS
- PRISONERS
- SLIPPERY SLOPE
- PRESSURE
- GROUPTHINK/AUTHORITY
- RATIONALIZERS
- GREED

---

---

---

---

---

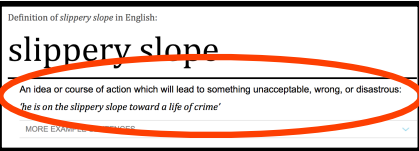
---

---

---

---

---



---

---

---

---

---

---

---

---

---

---

# BREAKING THE RULES

- STRICT CONSTRUCTIONIST
- ALTRUISTS
- PRISONERS
- SLIPPERY SLOPE
- PRESSURE
- GROUPTHINK/AUTHORITY
- RATIONALIZERS
- GREED

---

---

---

---

---

---

---

---

---

---

Definition of pressure in English:

# pressure

★ Top 1000 Frequently used words

Syllabification: pres-sure  
Pronunciation: /ˈpresʃər/

NOUN

1 the continuous physical force exerted on or against an object by something in contact with it:  
*"the slight extra pressure he applied to her hand"*

MORE EXAMPLE SENTENCES

1.1 the force exerted per unit area:  
*"gas can be fed to the turbines at a pressure of around 250 psi"*

MORE EXAMPLE SENTENCES

SYNONYMS

2 the use of persuasion, influence, or intimidation to make someone do something:  
*"the proposals put pressure on Britain to drop its demand"*  
*"the many pressures on girls to worry about their looks"*

MORE EXAMPLE SENTENCES

SYNONYMS

2.1 the influence or effect of someone or something:  
*"oil prices came under some downward pressure"*

MORE EXAMPLE SENTENCES

2.2 the feeling of stressful urgency caused by the necessity of doing or achieving something, especially with limited time:  
*"you need to be able to work under pressure and not get flustered"*  
*"some offenders might find prison a refuge against the pressures of the outside world"*

MORE EXAMPLE SENTENCES

SYNONYMS

---

---

---

---

---

---

---

---

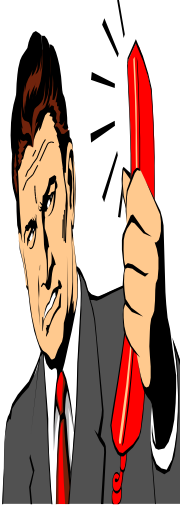
---

---

---

## PRESSURE

- WHY DO PRESSURED EMPLOYEES CHEAT?



---

---

---

---

---

---

---

---

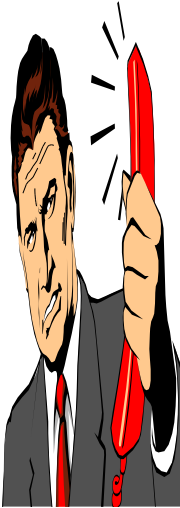
---

---

---

## PRESSURE

- DOES NOT LIVE UP TO BOSSES EXPECTATIONS
- ARE THE EXPECTATIONS REALISTIC?
- CAN SET AGGRESSIVE GOALS
- MUST BE ABLE TO ACCOMPLISH WITH REASONABLE - ETHICAL EFFORTS, CONSISTENT WITH THE MISSION OF THE COMPANY



---

---

---

---

---

---

---

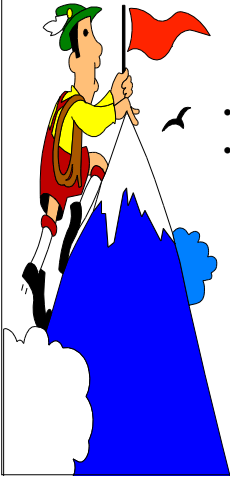
---

---

---

---

## PRESSURE



- SET REALISTIC GOALS
- CHALLENGE HOW AGGRESSIVE GOALS ARE OBTAINED
- CAN THESE ETHICAL TECHNIQUES BE SHARED WITH OTHERS

---

---

---

---

---

---

---

---

---

---

## BREAKING THE RULES

- STRICT CONSTRUCTIONIST
- ALTRUISTS
- PRISONERS
- SLIPPERY SLOPE
- PRESSURE
- GROUPTHINK/AUTHORITY
- RATIONALIZERS
- GREED

---

---

---

---

---

---

---

---

---

---

Definition of *groupthink* in English:

### groupthink

Syllabification: group·think  
Pronunciation: / group THINGk /

**NOUN** chiefly *North American*

the practice of thinking or making decisions as a group in a way that discourages creativity or individual responsibility:

there's always a danger of groupthink in a group

MORE EXAMPLE SENTENCES

---

---

---

---

---

---

---

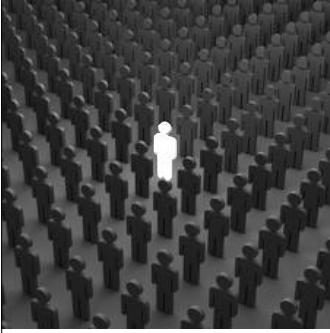
---

---

---



## GROUPTHINK



- BE WILLING TO STAND OUT IN A CROWD
- DON'T JUST GO WITH THE GROUP ANSWER
- YOUR TEAM MAY BE STRONGER BY HAVING DIVERSE PERSPECTIVES

---

---

---

---

---

---

---

---

---

---

## AUTHORITY

- RESPECTFULLY QUESTION AUTHORITY
- ASK FOR AN EXPLANATION
- "THAT'S HOW WE DO IT HERE", OR "THAT'S HOW WE'VE ALWAYS DONE IT" ISN'T GOOD ENOUGH

---

---

---

---

---

---

---

---

---

---

## BREAKING THE RULES

- STRICT CONSTRUCTIONIST
- ALTRUISTS
- PRISONERS
- SLIPPERY SLOPE
- PRESSURE
- GROUPTHINK/AUTHORITY
- RATIONALIZERS
- GREED

---

---

---

---

---

---

---

---

---

---

## RATIONALIZERS

- WHAT REASONS DO RATIONALIZERS GIVE ABOUT WHY THEY ACTED UNETHICALLY?

---

---

---

---

---

---

---

---

## RATIONALIZERS

- THEY'LL NEVER MISS IT
- THEY'LL NEVER FIND OUT
- EVERYONE IS DOING IT!



---

---

---

---

---

---

---

---

## RATIONALIZERS

- CONVINCETHEMYOU:
  - SHAREVALUES
  - SHARE CONCERNS
  - APPRECIATE THEIR WORTH
    - AS MUCH AS POSSIBLE
  - NOT "EVERYONE" IS DOING IT

---

---

---

---

---

---

---

---

# BREAKING THE RULES

- STRICT CONSTRUCTIONIST
- ALTRUISTS
- PRISONERS
- SLIPPERY SLOPE
- PRESSURE
- GROUPTHINK/AUTHORITY
- RATIONALIZERS
- GREED

---

---

---

---

---

---

---

---

---

---

## GREED

“Just as there is no typical profile for swindlers, neither is there one for their victims. Virtually anyone can fall prey to fraudulent crimes. ... Certainly victims of high-yield investment frauds may possess a level of greed which exceeds their caution as well as a willingness to believe what they want to believe.

However, not all fraud victims are greedy, risk-taking, self-deceptive individuals looking to make a quick dollar. Nor are all fraud victims naïve, uneducated, or elderly.”<sup>[1]</sup>

<sup>1</sup>"Confidence Trick" - Wikipedia [http://en.wikipedia.org/wiki/Confidence\\_trick#cite\\_note-1](http://en.wikipedia.org/wiki/Confidence_trick#cite_note-1)

---

---

---

---

---

---

---

---

---

---

## GREED

“Every company is just one bad decision or one bad employee away from scandal ... one scandal away from a salacious headline ... and one headline away from a flood of lawsuits.”



Bill Lytton - former EVP and General Counsel, Tyco International

---

---

---

---

---

---

---

---

---

---

## GREED

- DON'T THINK PHILANTHROPY WILL KEEP YOU OUT OF TROUBLE
- BETTER BOARD OVERSIGHT & GOVERNANCE REGARDING SENIOR EXECUTIVES
- HIRE AND PROMOTE FOR MISSION
  - BETTER BACKGROUND CHECKS
- BETTER INTERNAL CONTROLS
- ADDITIONAL REPORTING MECHANISMS
  - PEERS VS. AUDITORS

---

---

---

---

---

---

---

---

## TAKE-AWAYS

### DON'T

- SQUEAK BY LAWS WITH RAZOR THIN COMPLIANCE
- WISH PROBLEMS AWAY, EVEN IF YOU DIDN'T CAUSE THEM
- JUSTIFY CROSSING A LINE BY RATIONALIZING
  - ONCE YOU START DOWN THE SLIPPERY SLOPE, ITS TOUGH TO REVERSE
- SET UNREALISTIC GOALS, WITHOUT GIVING EMPLOYEES THE RESOURCES TO ACHIEVE THEM
- ACCEPT RESULTS BECAUSE THE COMPANY SEEMS TO BENEFIT FROM IMPROPER BEHAVIOR
- ACCEPT ORDERS FROM A SUPERIOR OR TEAMMATES, BECAUSE THAT'S HOW THEY'VE ALWAYS DONE IT

### DO

- ALWAYS GIVE YOURSELF AN ETHICAL BUFFER
- DEAL WITH PROBLEMS YOU'RE AWARE OF ON A TIMELY BASIS
- CONVINCING EMPLOYEES YOU VALUE THEM
  - NOT EVERYONE IS "DOING IT"
- EVALUATE YOUR INCENTIVE STRUCTURE AND TRY TO MINIMIZE THE PRESSURE EMPLOYEES FEEL TO CHEAT
- CONVINCING EMPLOYEES YOU DON'T WANT THEM TO STEAL "FOR" THE COMPANY
- RESPECTFULLY ASK FOR A BETTER EXPLANATION

---

---

---

---

---

---

---

---

ANY QUESTIONS?  
Please Contact

Paul Fiorelli  
[Fiorelli@xavier.edu](mailto:Fiorelli@xavier.edu)  
(513)745-2050

---

---

---

---

---

---

---

---