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## Boss is open and kind, so we are less likely to cheat our company



Employees want to work in an environment where they are appreciated and well looked after. PHOTO: PEXELS



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SINGAPORE - You know that kinder and more transparent workplaces can lead to better productivity and happier employees. A new study now shows that those traits also restrain staff from teaming up to steal, lie or engage in schemes that cause harm to their companies.

Using experiments which monitored workers' responses to managers' behaviours, the research by Nanyang Technological University (NTU) and University of Amsterdam found that by being open and kind, bosses could mitigate attempts by their workers to collude by 65 per cent.

Conversely, it means that mean bosses who work in secrecy make workers two times more likely to plot together to cheat the company.

Their report, published and peer-reviewed in *Accounting, Organisations and Society* in August, will be an aid in the global battle against employee fraud, which costs firms US\$4.5 trillion (S\$6.1 trillion), or 5 per cent of their annual revenues.

This is according to 2021 global statistics released by the world's largest anti-fraud organisation, the Association of Certified Fraud Examiners.

Half of the fraud cases involve colleagues partnering co-workers in schemes, it added.

NTU's Assistant Professor Yin Huaxiang, who led the study involving 104 participants in Amsterdam, said the retail sector, where staff connive to steal inventory, is an example.

A group of sales representatives agreeing among themselves to keep competitive information from their managers, so they could use it for their own benefit, is another.

Citing a 2016 report by KPMG, the professors noted that employees working together could elude even strong internal controls, which was the case in 11 per cent of the fraud incidents surveyed by the consultancy.

Having transparent policies that let employees learn not only about the company performance and decision-making behind business moves, but also information involving management, such as appraisals and bonuses, could reduce situations of collusion, the professors suggest.

But "transparency alone can also backfire", said Prof Yin.

If workers are poorly paid, toil in deplorable conditions or do not get proper support and training, giving more information to disgruntled staff is akin to giving them the key to the vault, he added.





ST ILLUSTRATION: CEL GULAPA

In such instances, employees are more likely to actively suss out colleagues to join their conspiracies.

A retail worker, who does not want to be named, said she used to help herself to samples or promotional gifts meant for customers, when she was employed in a beauty product store previously.

"The store manager did it, so it seems okay for everyone to do so," she added.

"At our level, we don't get to meet top management, or wonder about big company decisions. Bag checks may be more effective, though definitely not popular."

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Asked about the profile of workers who are more susceptible, Prof Yin pointed to existing studies. "Men are more likely to do bad things," he said.

"Also, employees who are in financial distress, and employees who suddenly show a change in lifestyle are those you want to look out for."

The professors' findings have not been time-tested but, in practice, senior hospitality executive Chow Keng Hai said internal controls such as proper bookkeeping, surveillance cameras, access curbs and audits are in place to deter dishonest partnerships at workplaces.

Compliance with these measures in fast-paced environments, such as where hotel staff are pressed to always deliver good service, is the challenge.

Pilferage - small nicks of stationery, towels - by both customers and employees is considered common and an inevitable "cost of business", he added, but organised theft among staff does occasionally happen when cash or high-value items such as

birds' nest and liquor are involved.

Emphasising honesty and integrity as part of a company's values as well as naming and shaming offenders raise deterrence, he said.

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As for open and kind managers, they may actually persuade employees against harming their companies more than the survey suggests.

"It may be higher than 65 per cent. Employees want to work in an environment where they are appreciated and well looked after. They will treasure their jobs more and act in the interest of their managers and the company to ensure continued and sustainable growth," he noted.

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