

# Employees less likely to harm firm if boss is kind and transparent

Firms with such bosses and open policies can reduce staff collusion attempts by 65%: Study

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

Using experiments that monitored workers' responses to managers' behaviours, the research by Nanyang Technological University (NTU) and the 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.

The report, peer-reviewed in the

Accounting, Organisations and Society journal 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 global Association of Certified Fraud Examiners. Half of fraud cases involve colleagues partnering co-workers in schemes, it said.

NTU's Assistant Professor Yin Huaxiang, who led the study, cited as an example staff in the retail sector conniving to steal inventory.

Another example is a group of sales representatives agreeing among themselves to keep competitive information from their managers so that they can use it for their own benefit.

Having transparent policies that let employees learn not only about the company's performance and decision-making behind business moves, but also information involv-



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ing management, such as appraisals and bonuses, could reduce situations of collusion, the professors behind the study 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.

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

When 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 senior hospitality executive Chow Keng Hai said that in practice, 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 at hotels, where staff are pressed to always deliver good service – is the challenge.

Pilferage – of items like stationery and towels – by both customers and employees is considered common and an inevitable "cost of business", Mr Chow added, but organised theft among staff does occasionally happen when cash or high-value items such as bird's 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.

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," Mr Chow said.

"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."

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