

EMPLOYERS VERSUS EMPLOYEES

Vladimir John

MERIGLOBE ADVISORY HOUSE

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Vladimir John

EMPLOYERS VERSUS **EMPLOYEES**



52 STORIES
ABOUT HOW
EMPLOYEES
TYPICALLY
TRICK
THEIR
EMPLOYERS



The Truth
Revealed
about
Business
Risk



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THE MOUSE PROBLEM

I decided to start this book in a relatively unusual way: with a story about something that happened to me and that, however amusing or banal it may seem, actually says a lot about the different approaches of employers and employees.

At the beginning of my entrepreneurial career, some thirty years ago, my parents gave me a house in a small town. It was rather a spacious house, so, being a business rookie, I used the ground floor as my offices. I furnished them and hired new employees.

One autumn day, I came back from an out-of-town appointment and wanted to reply to some client orders. As soon as I arrived, several female employees swooped on me with questioning and scared looks. I thought they were having a serious work problem, but I was relieved to discover that it was just a mouse hiding somewhere under the furniture. However, I didn't yet know how much of a problem it would become.

Logical thinking

Without much excitement, I asked some manly members of staff to catch the mouse or at least chase it away. Having made the request, **I considered the problem solved** and asked my employees to get back to work.

If you happen to have a mouse in your house, what do you do? Quite logically, you catch it – you take care of the problem – and I expected the same from my employees.

Two days later, I asked them about the mouse's fate. But I got no clear answer. They said they hadn't found it, it had probably run away.

Everyone makes their own odour

However, a couple of days later, an unpleasant odour started to waft throughout the ground floor of my house. With a great deal of irony, I told my employees that they must have underestimated the success of their mouse hunt and I left for a meeting.

I expected that the smell **would motivate them** to find the rodent in its state of decomposition and throw it away. After all, they spent most of their time in the office, so it was in their own interest to sort out the problem.

To my great surprise, when I returned I could now smell a mix of dead mouse and several perfumes in all the offices on the entire ground floor. Again, the employees said that they had failed to find its remains, so they had tried to improve their work environment by spraying perfumes around every now and then.

What I could smell was awful. I thought again about whether they would solve the problem the same way in their homes, but I concluded that since I was often away on business and they were the ones who had to work in that atmosphere, they should bear the consequences of their actions. I expected that they would eventually come to their senses **and figure it out**.

Avoidance instead of minimal effort

I was wrong – again. My employees started coming up with all kinds of ideas, just to avoid having to be in the office. I've never heard so many inventive excuses!

Fortunately, the smell completely disappeared after several weeks and everything went back to normal – even my employees' work performance.

When I was moving the office to a building in the city centre that I hired some years on, I started clearing the ground floor myself. I was astonished to find a dried-up mouse under the smallest and lightest cabinet that was just next to the entrance door.

What is the lesson to be learnt?

- I didn't get it immediately, but after some time I realized how **symbolic** it was. The little dead mouse at the beginning of my business career was a warning to me of what I could expect from my employees in the future. **My company doesn't belong to them; that is why they behave this way** in almost all cases and situations.
- This scenario actually taught me to be more thorough, not to underestimate supervision and not to be afraid to manage people in a more severe manner. Since then I have always demanded clear results from my employees and I don't settle for "perfume spraying".

INTRODUCTION

Every employer's dream is to have perfect employees. That means hardworking people who are reliable, punctual, loyal, honest and resistant to intrigue, corruption and temptation in any form one can think of. If you have luck and good intuition when picking them and happen to find such human treasures, then you should cherish them and be sure not to take them for granted.

You are more likely to come across employees who are far from perfect. It isn't disastrous to have employees who **don't use their brains when working for you, but whose efforts are in line with their salaries**, as they say. But this book does not deal with such employees. Here the focus is on employees **who need or just want to improve their situation at others' expense: and who do so deliberately**, often with almost incredible sophistication. Sometimes they improve their situation at the expense of their colleagues, but most typically they do it at the expense of their employer, that is you.

Such employees may seem to be decent people, and you would never guess they are capable of anything like that. You wouldn't even imagine that there are so many creative ways such people can achieve their mischievous goals. When you read the stories I've written for you, you'll probably be taken aback by some of them, wondering whether anything like that is actually possible. I'll tell you straight away: yes, it is!

Donald R. Cressey, a US criminologist and sociologist, created the world-famous **Fraud Triangle** (Figure I.1) theory about dishonest employees. According to the theory, there are three conditions that lead to fraudulent behaviour: *motivation, opportunity and rationale*.



Figure I.1 The Fraud Triangle

It is interesting to look into the figures from the latest research conducted by PricewaterhouseCoopers that surveyed what led employees with no tendency towards fraudulent behaviour to eventually commit fraud. In more than 70 per cent of the cases it was motivation, or pressure if you like, exerted on such people. Opportunity was the decisive factor in only 15 per cent of the cases and the ability to excuse their behaviour (rationale) in 12 per cent of the cases.

David T. Wolf and Dana R. Hermanson later complemented the triangle theory with a new factor: **capability**. That means that employees have to be capable of committing the fraud – with respect to their job position and, for instance, their intelligence or talent for lying. The result of their theory is the **Fraud Diamond**, shown in Figure I.2.

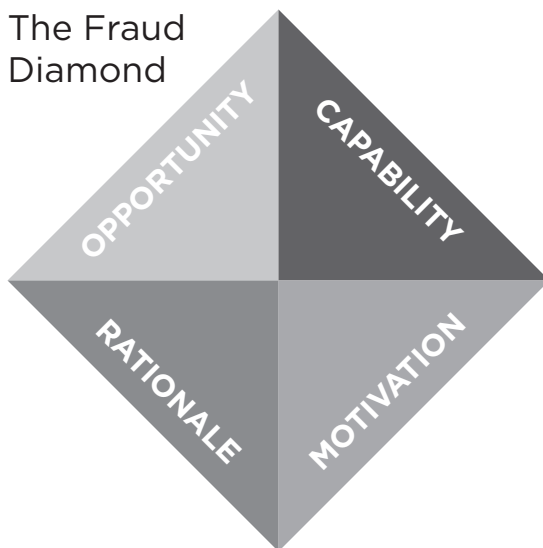


Figure I.2 The Fraud Diamond

At least the part that concerns employees' competences and job-related conditions is fully in the employer's hands. The other factors need to be watched out for by supervising and checking all your employees: in other words, it is about knowing and being ready.

WHY THIS BOOK IS FOR YOU

This book is intended primarily for entrepreneurs and employers. It should warn you of the risks related to dishonest employees, and – more importantly – help you recognise such employees in time. As I have mentioned, the fraudulent palette used by employees is varied almost beyond imagination, but fraud is often linked to typical features: those that can help you identify and reveal such employees.

Most of the risks can be prevented if you take appropriate measures. When you know what to look for and you notice warning signs early enough, your employees will have a hard time carrying out their dishonest intents. So, you should be as cautious as you can. And this book will help you to prepare.

Statistics don't lie

According to generally accepted statistics, **every second employee** is capable of damaging a colleague or the company they work for as long as there is something in it for them. It doesn't matter if the companies such people work for are state-owned or private, the principle of “what is yours is not mine” applies across countries and political regimes.

And there is a great variety of things that can be stolen, from bathroom soap to ideas and company money. Similarly, there are many ways of cheating employers, from the seemingly innocent faking of an illness to forging documents to thoroughly thought out team corruption.

Learn from someone else's experiences

You might think I'm far too harsh when talking about employees, but my conclusions are based on many years of business

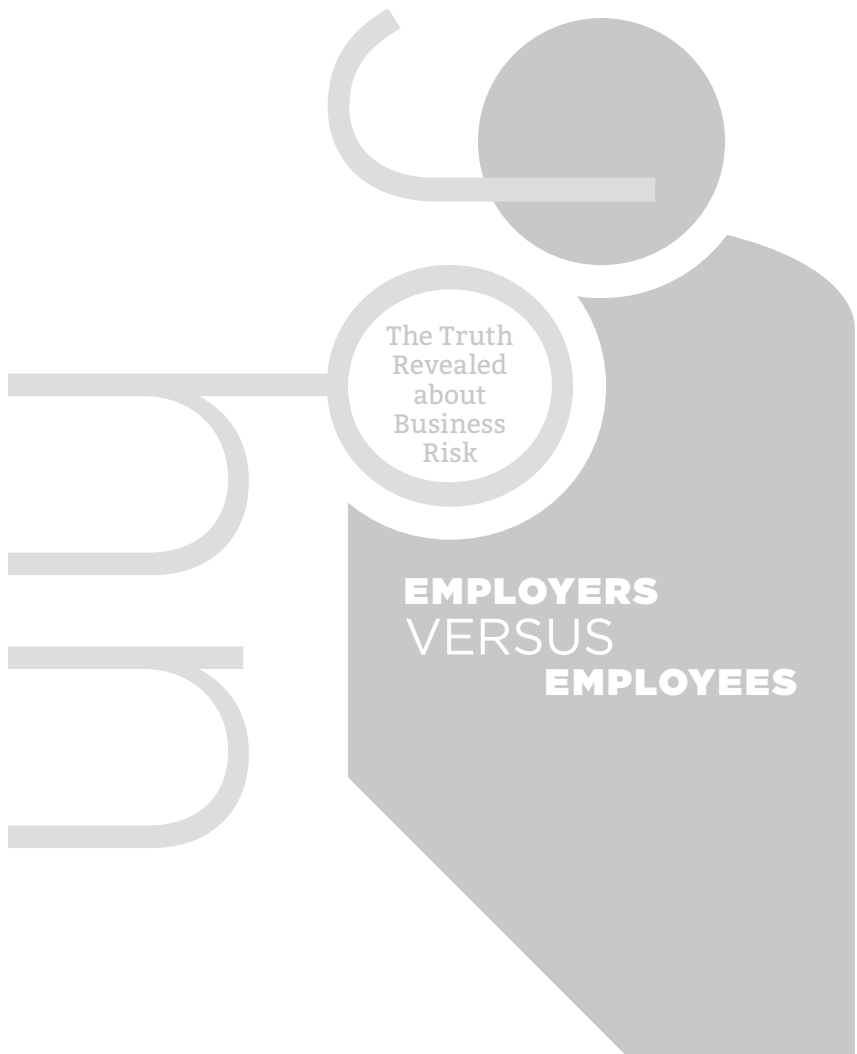
experience and many stories of things that actually happened. I'm going to tell you more about some of them in this book.

You might shake your head in disbelief when reading them or shrug your shoulders, or you may even find some of them funny. It is very likely they will give you answers to your own business problems. They will bring you closer to being able to recognize a perfect employee, and if you are really lucky, you may find that you already have one or two such employees.

In conclusion, I'm going to sum up the most important ideas that you will encounter in the book and outline some important advice that might come in handy when looking for good employees or tracking down the bad ones. Anyway, I hope that you find between the lines of the following true stories exactly what you need for your business.

Chapter I

Perks of the job - seemingly innocent thefts



The Truth
Revealed
about
Business
Risk

**EMPLOYERS
VERSUS
EMPLOYEES**

As I don't want to scare you away with catastrophic scenarios right from the beginning, I've decided to start on a lighter note with something that some may consider just a minor offence. Well, unless they've happened to experience a similar situation with such "imaginative" employees. In that case, they would call it what it is: theft.

Even very "minor pinching", as is common among employees, may grow from the appropriation of seemingly trivial things such as a pen, a couple of envelopes or several sheets of office paper into vast damage that will significantly affect the employer's economic situation. As everyone knows: the more one has, the more one wants!

Smugglers

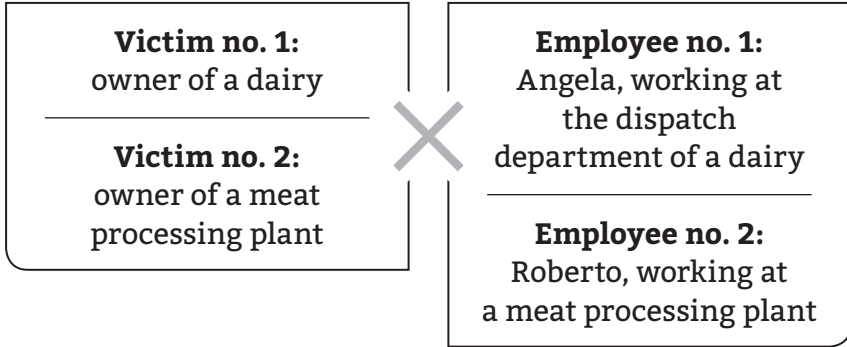
Some employees seem to be so modest and inconspicuous that it would never cross your mind to suspect them of doing anything dishonest. The contrary may be the case. As the good old saying goes, sometimes the darkest place is under the candle flame. The following story will take us to Italy, but the truth is that it could have happened anywhere. Small-time thieves like Angela and Roberto, the main characters of the story, are to be found all over the world.

I would like to use this story to demonstrate that people can steal virtually anything, and although such theft may seem a totally negligible trifle at first, it may later result in something much more serious. Small things can add up to something big, if accumulated day in and day out.

When you learn of the life story of the two plunderers, you might feel sorry for them. Well, as long as the things they steal don't belong to you!

Place: **Italy**

Main characters:



Newlywed troubles

You may find this story amusing or even absurd. One really doesn't often encounter a match as perfect as Angela and Roberto certainly were. Their symbiosis rested mainly on **how they could strategically supply their kitchen through their joint efforts.**

The young couple was at the beginning of their relationship. Neither of them was earning big money and they had been living in a rented flat for just a couple of months while discovering what it took to live on their own and the expenditures of running a household. They often didn't have the money to pay for a proper meal, let alone enough to furnish their new love nest.

As is well known, love can move mountains, so it was out of the question that they would give up on that. Together they looked into ways they could effectively reduce their household expenditure. It didn't take long before they realized they had the solution within arm's reach – literally.