Why Good People Do Bad Things:  
*The Psychology of Workplace Deviance*

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**Agenda**

- Ethical crisis!
- Deviance defined
- Moral philosophy
- Moral disengagement
- Scare conditioning
- Culture of integrity
Ethical Crisis!
27% of employees believe their organization’s leadership is unethical.

48% of employees admit to committing unethical or illegal acts in the past year.

76% of people believe the ethical compass of corporate America is pointed in the wrong direction.

Employees who believe their workplace is ethical are 6 times more likely to stay.

Ethical Crisis

- Employee theft costs **$50 Billion** per year.
- **One in every 40** employees is apprehended for stealing at work each year.
- **30% - 40%** of all business failures are caused by employee theft.

1) US Department of Commerce; 2, 3) Jack L. Hayes International, Inc.; 4) US Small Business Administration

Ethical Crisis

- Psychological contract:
  - **67%** of employees are apathetic
- Norm of reciprocity:
  - **25%** show up just to get a check
- Reciprocal deviance:
  - **20%** sabotage their employers

Ethical Crisis

“When the organization as an entity, or in the person of the supervisor, has defaulted on the obligations of the organization to its members, reciprocal deviance can result.”

Theodore Kemper


Ethical Crisis

• Reciprocal Deviance
  • Employee retaliates for perceived injustices
  • Objective is to get even with management

Ethical Crisis

- Parallel Deviance
  - Employee emulates deviance by leadership
  - Clients and other third parties are victimized

What is Deviance?

Organizational

Production Deviance
• Leaving early
• Taking excessive breaks
• Intentionally working slow
• Wasting resources

Property Deviance
• Sabotaging equipment
• Accepting kickbacks
• Lying about hours worked
• Stealing from the company

Political Deviance
• Showing favoritism
• Gossiping about coworkers
• Blaming coworkers
• Competing non-beneficially

Personal Aggression
• Sexual harassment
• Verbal abuse
• Stealing from coworkers
• Endangering coworkers

Interpersonal

Minor

Major

Decisions, Decisions

• What would you do if you found...
  • $120 cash in wallet with ID?
  • $1,200 in small bills inside an envelope with no ID?
  • $12,000 cold cash in a rubber band?
“Thieves from the outside can be guarded against, but how to handle the ones inside?”

*Chinese Proverb*

**Honesty**

- **Moral Honesty** –
  - Subconscious
  - Developed during childhood
  - Internal sense of responsibility

- **Conditioned Honesty**
  - Conscious decision
  - Influenced by external forces
  - Fear of being caught

For some, the decision to do the right thing...

...is greatly influenced by their perception of being caught

Discussion Question

• Why do employees steal?
  • Due to greed 49%
  • To get even 43%
  • Due to financial need 8%

Kessler, M.
Dishonesty

- There are people who WILL NOT steal, no matter what 21%
- There are people who WILL steal, no matter what 13%
- There are people who can go either way, depending on circumstances 66%

Moral Philosophy

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Moral Philosophy

Deontological Ethics
• Evaluates decisions based on *what is right*

Teleological Ethics
• Evaluates decisions based on *outcomes*

Moral Absolutism

Moral Relativism

Deontological Ethics
• Inner dialog:
  Q: “Is this the right thing to do, despite the consequences?”

Teleological Ethics
• Inner dialog:
  Q: “Will this action produce a good or desirable outcome?”
Moral Disengagement

- Social Cognitive Theory of Moral Agency
  - Albert Bandura
- Separating a deviant act from moral reactions
- Disengaging moral self-regulation
- Cognitively restructuring a deviant act into something justifiable with a moral purpose

Moral Disengagement

Moral justification
- “I’m a good parent with a family to feed”

Euphemistic labeling
- “So I bent the rules a little”

Advantageous comparison
- “It’s not like I robbed a bank”

Displacement of responsibility
- “Besides, I was just following orders”

Diffusion of responsibility
- “Everyone does it”

Disregarding or distorting consequences
- “It’s not like anyone got physically hurt”

Dehumanization
- “Those filthy-rich ‘fat cats’ can afford it”

Attribution of blame
- “If they paid better I wouldn’t have stolen”

The Fraud Triangle

- Need or Desire
  - “Times are tough”
  - “I need to make ends meet”

- Rationalization
  - “I deserve better”
  - “My boss has it coming to him”
  - “The organization can afford it”

- Opportunity
  - “No one will ever know”
The Fraud Triangle

- We have almost no influence over employees’ needs and desires
- We have limited influence over employees’ motives or rationalizations
- We have the most influence over employees’ opportunity to steal

Scare Conditioning
Mitigating Deviance

Perception of Being Caught vs Conditioned Honesty

- High Perception of Being Caught vs. High Conditioned Honesty
- Low Perception of Being Caught vs. Low Conditioned Honesty
- High Perception of Being Caught vs. Low Conditioned Honesty
- Low Perception of Being Caught vs. High Conditioned Honesty

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Mitigating Deviance

Culture of Integrity
Culture of Integrity

• **Managers** who demonstrate ethical values report 12% higher employee performance

• **Companies** with open communication deliver 5% higher shareholder returns

• **Employees** in high-integrity organizational cultures are 67% less likely to experience deviance

Brotherton, P. (2011)

• What controls do you currently have in your internal control environment that can help you monitor and/or audit for ethical leadership?
Culture of Integrity

Leadership
- Inspiring example
- Human focus

Communication
- Interactions, top down and bottom up

Culture
- Ethical values, symbols, rituals, and assumptions

Attitudes
- Moral honesty
- Moral obligations

Behaviors
- Employee expectancy
- Employee equity

Integrity
- Employee satisfaction

Adapted from ISACA (2009)

ISACA (2009)

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1. Set an ethical tone at the top
2. Establish a code of ethics
3. Carefully screen job applicants
4. Assign proper authority & responsibility
5. Mandate fraud and ethics training
6. Implement effective disciplinary action

7. Implement a confidential hotline
8. Establish a whistleblower policy
9. Follow up on reports of misconduct
10. Promote effective internal controls
11. Prevent reprisals
12. Create a culture of doing what’s right
Questions?

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References


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