Fraud & Ethics at the Workplace in Switzerland

Forensic

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Content

Introduction

Unethical behavior at the workplace is an important topic. In the newspapers we regularly read articles about big cases of occupational misconduct. Misconduct within professional organizations can regularly have such a big impact that people and organizations are brought to justice. This is visible in the number of court cases adjudicated in Swiss courts that we measure in our KPMG Fraud Barometer. In 2013 we measured 51 big cases with a total financial impact of CHF 830 million.

This is probably just the tip of the iceberg, since there are also cases which are not detected, not reported, not investigated by police or not settled in court. This leads to the question of how big the problem actually is. How often does unethical behavior occur at the workplace in Switzerland? And what do we know about the different forms of misconduct?

A second question we address in this publication is under which circumstances unethical behavior at the workplace is more likely to occur. Usually one would think that unethical behavior occurs because there are "bad" people who see an opportunity due to a lack of proper internal controls. The first response would then be to add more internal controls. However, our experience is usually that there is more to it than just a "bad apple" and a lot of research has shown that the possibility of unethical behavior at the workplace is influenced by a variety of factors. In this publication we would also like to give a first short overview of some of these factors. Two specific factors that we have looked at in our surveys are employees' work relations and colleagues' behavior.

KPMG, the University of Zurich and ETH Zurich combined their research on this topic in this publication to give an overview of the status of unethical behavior at the workplace in Switzerland. We conducted two surveys. Samples from the Swiss working population were asked on a voluntary and anonymous basis to report on their experiences with unethical behavior at their workplace. The surveys were conducted as part of academic research at the University of Zurich, ETH Zurich and the Erasmus University of Rotterdam.

Chapter 1 gives an overview of big fraud cases in Switzerland in 2013. In chapter 2, we focus on the prevalence of unethical behavior in Switzerland. We also look at the influence of the unethical behavior of colleagues on one's own conduct in chapter 3. Chapter 4 focuses on employees' work relations, specifically: meeting employees' expectations, leadership practices and insecure work relations. This leads to some practical guidance on what our conclusions mean for managing ethics at the workplace in chapter 5.

We hope that this publication contributes more insight into unethical behavior at the workplace and helps improve managing ethical behavior.

1

Fraudsters target the public sector and financial institutions

1. Fraudsters target the public sector and financial institutions

If fraud is committed in Switzerland, perpetrators think big. This is the picture painted by the latest figures reported in the KPMG Fraud Barometer: In 2013, the total loss as a result of white-collar crimes rose 66.8% year on year to CHF 830 million despite a slight decline in the number of cases. Financial institutions and commercial enterprises were hit particularly hard and compared to 2012, there was a strong increase among public authorities.

In 2013, Swiss courts closed a total of 58 cases of white-collar crime. This represents a decline of 9.4% from the previous year (64 cases). The significantly higher total loss amount is primarily attributable to four crimes involving losses in excess of CHF 125 million each. As in 2012, the majority of the 2013 cases pertained to embezzlement (20 cases) and criminal mismanagement (12 cases). Similarly, perpetrators' statements indicated once again that the main use of criminally obtained assets was to bridge financial gaps and to finance the perpetrators' own lifestyle which included gambling and the purchase of luxury goods.

Four particularly serious cases

The total loss incurred in 2013 was inflated considerably by four major cases.

- In abbreviated proceedings in April, Geneva's criminal court convicted a former bank employee of the embezzlement of CHF 134.4 million, whereby it should also be mentioned that fraud and money laundering were listed among the charges in this case which dated back to 2011.
- During the same month, a criminal court in the Canton of Schwyz convicted the main perpetrator in absentia in a case of foreign exchange fraud. The victims in this case were several hundred investors with total losses amounting to CHF 125 million.
- The Supreme Court of the Canton of Zurich also had to hear a case of foreign currency fraud in May. According to the charges, the loss caused by a former bank director came to a total of CHF 150 million. The perpetrator used falsified foreign currency exchange transactions and trading to embezzle client money.
- In Bellinzona in October, six senior executives of a foreign state-owned company were found guilty of either aggravated money laundering and fraud or of aiding and abetting these crimes. Losses in this case amounted to CHF 150 million.

Fewer cases in Zurich

As in the previous year, most cases of white-collar crime were heard by courts in the Canton of Zurich with a decline in the total number of cases (from 30 to 21). With losses amounting to CHF 252.8 million, the canton also tops the list in a regional comparison. In second place in terms of total losses sustained was the Canton of Ticino (CHF 188.5 million). The considerably smaller number of cases here (5) compared to the Canton of Zurich is particularly striking. The situation is similar in western Switzerland where losses from just two cases came to a total of CHF 134.4 million. At CHF 6.5 million, northwestern Switzerland reported the lowest total losses.

Executives cause greatest damage

In 2013, as well, it was primarily employees in executive positions who were convicted of white-collar crimes and, as a group, caused the largest total loss, namely CHF 501.7 million. On the other hand, there was a year-on-year decrease in the number of lower-ranking employees involved (6 cases) and none of the cases were linked to organized crime. A strong decline was also seen in the damage caused by customers. This amount dropped from CHF 31.1 million (2012) to CHF 1 million (2013). Noteworthy here is the fact that the victims in all three cases of customer-perpetrated crimes in which a conviction was obtained were financial institutions.

Greater losses sustained by commercial enterprises and financial institutions

Commercial enterprises and financial institutions were involved in a smaller number of crimes (12 cases) than in the previous year (21 cases). In both victim categories, however, there was a significant increase in the total losses sustained which fits into the picture emerging throughout Switzerland: namely higher losses through a smaller number of cases. In 2013, financial institutions represented the hardest-hit group of victims with total losses reaching CHF 369 million; in the previous year this group had still ranked third in the statistics with losses of CHF 70.7 million. Particularly striking is the drastic increase in losses sustained by commercial enterprises as a group, from CHF 29.6 million in 2012 to CHF 167.6 million. This growth can be attributed to the case of embezzlement, fraud and money laundering mentioned earlier which was committed by a former bank employee (CHF 134.4 million). For the first time, investors were no longer the hardest-hit group of victims.

Public sector a popular victim

Compared to the previous year, the number of cases involving public authorities as victims rose some 80% to 18 cases. With eight cases each of social insurance fraud and criminal mismanagement, these were the most common crimes within this category of victims. A glance at the perpetrators in these cases reveals that the majority of the criminal activities were committed by civil servants either at the senior management level (7 cases) or holding positions as employees (3 cases).

Not all cases go to court

Practice has shown that companies affected by white-collar crime do not by any means take all cases to court. Consequently, KPMG assumes that the number of unreported cases is large and expects the total number of cases to continue to grow. This expectation is also based on the fact that white-collar crimes are usually only discovered after two to three years and the presumed clustering of cases in the aftermath of the financial and economic crisis.

Typical perpetrator is male

Some 82.7% of all crimes were committed by men or groups of men (48 cases). Only four cases involved just women. Public authorities were the victims of criminal mismanagement in two of these while embezzlement and investment fraud were committed in the other two. One striking aspect of these cases is the relatively low value of the average loss incurred, namely CHF 178,000. Six other crimes were committed by mixed groups or pairs of perpetrators.

White-collar crime broken down by region/geographical distribution

	2013		2012		2011	
Region	Amount (CHF)	Number of cases	Amount (CHF)	Number of cases	Amount (CHF)	Number of cases
Mittelland region	30,157,207	9	41,225,000	6	12,373,000	13
Geneva	134,400,000	2	4,338,000	3	270,900,000	3
Northwestern Switzerland	6,470,000	4	58,480,512	6	37,649,557	9
Eastern Switzerland	85,697,975	10	7,714,600	10	114,258,000	12
Ticino	188,450,000	5	74,569,100	5	23,501,275	4
Central Switzerland	132,038,000	7	132,456,000	4	17,781,694	5
Zurich	252,796,322	21	178,695,816	30	43,115,126	23
Total	**830,009,504**	**58**	**497,479,028**	**64**	**519,578,652**	**69**

White-collar crime broken down by perpetrator

	2013		2012		2011	
Perpetrators	Amount (CHF)	Number of cases	Amount (CHF)	Number of cases	Amount (CHF)	Number of cases
Employees	147,986,800	6	26,184,916	11	55,308,982	20
Professional fraudsters	108,615,000	8	155,024,920	9	68,785,000	5
Customers	1,030,000	3	31,095,000	2	44,794,850	7
Management	501,713,227	25	273,031,600	24	8,936,000	5
Organized crime	0	0	2,610,000	3	10,000,000	1
Other	70,664,477	16	9,532,592	15	331,753,820	31
Total	**830,009,504**	**58**	**497,479,028**	**64**	**519,578,652**	**69**

Note: the "Other" category comprises perpetrators that cannot be assigned to any other group of perpetrators. In 2013 this included welfare cheats, legal representatives and independent asset managers, for example.

White-collar crime broken down by victim

	2013		2012		2011	
Victims	Amount (CHF)	Number of cases	Amount (CHF)	Number of cases	Amount (CHF)	Number of cases
Financial institutions	368,995,000	8	70,680,000	11	45,335,850	8
Investors	274,224,000	15	312,258,000	14	117,576,694	11
Commercial enterprises	167,589,746	4	29,606,100	10	66,828,982	19
Public authorities	10,514,417	18	3,415,592	10	7,524,126	11
Other	8,686,341	13	81,519,336	19	282,513,000	20
Total	**830,009,504**	**58**	**497,479,028**	**64**	**519,578,652**	**69**

Note: the "Other" category comprises victims that cannot be assigned to any other group of victims. In 2013 this included customers, relatives, foundations, tenants and noncommercial homeowners, for example.

2

Unethical behavior at the workplace:

How often does it occur?

2. Unethical behavior at the workplace: How often does it occur?

Unethical behavior can be defined as behavior that is illegal or violates the moral standards of society.[1] Examples of such behavior at the workplace would include stealing from the company, falsifying documents, sexually harassing colleagues, or paying bribes. Still, the line between ethical and unethical behavior is not always easy to draw, and the task is even more difficult if we take into account the differences in moral standards between societies and cultures.

There are different ways of obtaining information about the frequency of unethical behavior at the workplace. For example, KPMG's Fraud Barometer reports on the occurrence of fraud based on published decisions by Swiss criminal courts. For 2012, the Fraud Barometer reports 64 cases in Switzerland causing damages in the amount of CHF 497.5 millions. The Association of Certified Fraud Examiners (ACFE) regularly publishes reports about occupational fraud and abuse. The ACFE concludes that a typical organization loses 5% of its revenues to fraud each year. Other available surveys on fraud and unethical business practices are based on reports by board members, executives, and managers.

Such data only provides a limited view of unethical behavior at the workplace. For example, only a small fraction of cases of unethical behavior eventually are brought to (criminal) court. Even more important is the large dark figure of cases of unethical behavior: Many incidents are probably never detected, or at least not detected officially by a person in charge of addressing and investigating unethical behavior.

To circumvent such problems in capturing data about unethical behavior, we surveyed a sample of 428 persons working for organizations (including companies and the government sector) in the German-speaking part of Switzerland in an anonymous web survey that was carried out for us by the market research firm DemoSCOPE. We asked participants to indicate on a scale from never (1) to (almost) always (5) how frequently they had observed unethical behavior by their colleagues, and how frequently they had engaged in unethical behavior themselves in the past twelve months.

By asking participants both how often they had observed unethical behavior by their colleagues, and how often they had engaged in unethical behavior themselves, we essentially have two different perspectives on the occurrence of unethical behavior. Each perspective has its limitations, but combining them allows a useful comparison.

In comparing the two perspectives on the occurrence of unethical behavior, we first focus on unethical behavior within the organization, and then look at unethical behavior towards external stakeholders.

[1] See Jones (1991).

2.1 Unethical behavior within the organization

Employees can behave unethically towards their colleagues, or they can behave unethically towards the organization as such. Unethical behavior towards colleagues involves behaviors such as sexual harassment, discrimination, not respecting employees' privacy, or violating wage, overtime or benefit rules. Unethical behavior towards the organization as such includes behaviors like stealing or misappropriating assets, misusing confidential or proprietary information, or falsifying/manipulating financial reporting information.

For five items of unethical behavior towards employees, on average, respondents reported a score of 1.10 for unethical behavior they had committed, and a score of 1.38 for unethical behavior they had observed (Figure 1).[2] In other words, on average, participants more frequently observed their colleagues behaving unethically towards other employees than they engaged in such behavior themselves.

Both average scores are close to the minimum score possible, namely 1. As respondents answered to each item on a scale from never (1) to (almost) always (5), this means that a large proportion of respondents never observed, and never committed each of the behaviors respectively. Table 1 illustrates this, and shows that the violation of workplace health and safety rules is the most frequently observed and committed form of unethical behavior affecting employees.

Figure 1

Average scores for unethical behavior towards employees (N=428)

Survey 2: Unethical behavior in organizations

Table 1

Percentage of respondents having observed and committed unethical behavior towards employees respectively

Unethical behavior towards employees	% of respondents who observed it	% of respondents who committed it
Violating workplace health and safety rules or principles	37.5%	20.6%
Violating employee wage, overtime, or benefit rules	29.3%	10.1%
Discriminating against employees (on the basis of age, race, gender, religious belief, sexual orientation, etc.)	22.1%	5.2%
Breaching employee privacy	21.1%	5.4%
Engaging in (sexual) harassment or creating a hostile work environment (e.g., intimidation, racism, pestering, verbal abuse, and physical violence)	15.7%	2.3%

Survey 2: Unethical behavior in organizations

[2] The average score reported in this and the following figures is calculated in two steps: First, for each respondent, his answers to the different items of unethical behavior within a group of behaviors (here: five items for unethical behavior towards employees) are aggregated to a score for this respondent by taking the average of his answers to the items. For example, if a respondent answered the five items of unethical behavior with 1 (never), 1 (never), 2 (rarely), 1 (never), 1 (never), his score is calculated as (1+1+1+1+2)/5 = 1.2. Second, from these scores of all respondents, the overall average score for the sample is calculated.

Turning to employees' unethical behavior towards their own organization (10 items), respondents reported an average score of 1.12 for unethical behavior they had committed, and an average score of 1.26 for unethical behavior they had observed (Figure 2). Again, participants had more frequently observed than engaged in unethical behavior towards their organization. The proportions of respondents who had observed and engaged in unethical behavior towards their organization respectively are provided in Table 2.

Wasting, mismanaging, or abusing organizational resources is the most frequently observed and committed category of unethical behavior towards the organization, with more than half of respondents who observed it, and more than a third of respondents who engaged in such behavior. By contrast, less than 1% of respondents had observed and engaged in insider trading. Insider trading is only possible if employees have information that is relevant for trading and if trading possibilities exist. It appears likely that only a few employees find both conditions fulfilled at their workplace, and therefore insider trading is rarely committed and also difficult to observe. Other behaviors, such as wasting, mismanaging, or abusing the organization's resources, or using working time for private purposes, do not require any specific situations or conditions: Almost every employee has the opportunity to waste or abuse resources in one or the other way and it is likely to be fairly easy for others to observe this.

Figure 2

Average scores for unethical behavior towards the organization (N=428)

Survey 2: Unethical behavior in organizations

Table 2

Percentage of respondents having observed and committed unethical behavior towards the organization respectively

Unethical behavior towards the organization	% of respondents who observed it	% of respondents who committed it
Wasting, mismanaging, or abusing organizational resources	54.6%	36.4%
Engaging in activities that pose a conflict of interest (e.g., conflicting sideline activities, favoritism of family and friends, use of working hours for private purposes, executing conflicting tasks)	40.0%	24.8%
Falsifying time and expense reports	16.6%	4.9%
Breaching computer, network, or database controls	16.6%	8.6%
Violating document retention rules	14.7%	9.4%
Stealing or misappropriating assets (e.g., money, equipment, materials)	13.1%	4.9%
Abusing or misusing confidential or proprietary information of the organization	12.2%	4.0%
Falsifying or manipulating financial reporting information	8.2%	2.6%
Providing inappropriate information to analysts and investors	2.6%	0.9%
Trading securities based on inside information	0.7%	0.2%

Survey 2: Unethical behavior in organizations

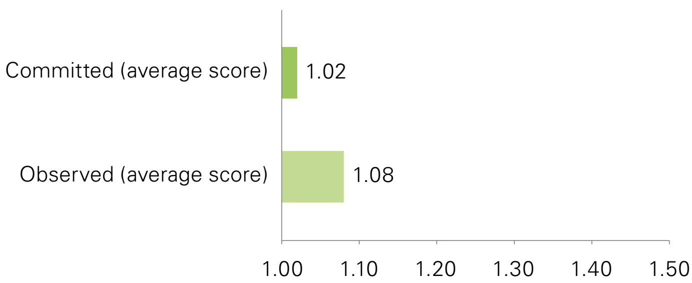
2.2 Unethical behavior towards external stakeholders

Unethical behavior by employees can not only affect colleagues or the organization itself, but it can also cause harm to customers, suppliers, or the general public. If, for example, employees do not properly perform quality or safety checks on the toys the company produces, the company's end customers – the children – may suffer. Or if procurement employees accept kickbacks from one of the suppliers competing for a contract, the other suppliers do not have a fair chance to win the contract.

Respondents in our survey reported an average score of 1.02 for unethical behavior towards customers they had committed, and an average score of 1.08 for observing such behavior (Figure 3). These average scores are very close to the minimum score possible, suggesting that only a very small proportion of the respondents had observed and committed such unethical behavior. Indeed, only 14% of respondents had observed and 5.2% had engaged in false or deceptive sales and marketing practices and these percentages are the highest in this category of unethical behaviors (see Table 3).

Figure 3

Average scores for unethical behavior towards customers (N=428)



Survey 2: Unethical behavior in organizations

Table 3

Percentage of respondents having observed and committed unethical behavior towards customers respectively

Unethical behavior towards customers	% of respondents who observed it	% of respondents who committed it
Engaging in false or deceptive sales and marketing practices (e.g., creating unrealistic expectations)	14.0%	5.2%
Breaching customer or consumer privacy	10.5%	3.0%
Fabricating or manipulating product quality or safety test results	5.9%	2.1%
Improperly gathering competitors' confidential information	5.1%	3.5%
Submitting false or misleading invoices to customers	4.9%	0.9%
Engaging in anticompetitive practices (e.g., market rigging, quid pro quo deals, offering bribes or other improper gifts, favors, and entertainment to influence customers)	4.7%	0.7%
Entering into customer contract relationships without the proper terms, conditions, or approvals	3.7%	1.2%
Violating contract terms with customers	2.6%	1.2%

Survey 2: Unethical behavior in organizations

Similarly, the average scores for observing and committing unethical behavior towards suppliers are very low and, accordingly, the shares of respondents having observed and committed such unethical behaviors are very low as well (see Figure 4 and Table 4). The most frequently observed and committed form of unethical behavior towards suppliers is accepting gifts, favors or kickbacks from suppliers: 12.6% of respondents have observed it and 5.2% of respondents have done it.

Turning to unethical behavior towards the general public or society, reported average scores for observing and committing such behavior are higher than the average scores for unethical behavior towards customers and towards suppliers, but still lower than for unethical behavior towards employees and towards the organization. On average, respondents report a score of 1.04 for having committed unethical behavior towards society, and of 1.11 for having observed such behavior (Figure 5).

The most frequently reported form of unethical behavior towards the general public, both for behavior committed (17.1%) and observed (26.4%), is the violation of environmental standards and regulations (Table 5), while making improper political or financial contributions to officials is least frequently reported (0.2% and 1.2% respectively). Similar to the arguments above in relation to insider trading, it seems likely that only few employees are in a position at their workplace to make political contributions and that it is therefore rarely reported to have been committed and observed. By contrast, more employees may have a role in their organizations in which they need to respect environmental laws and, by implication, could also violate them.

Figure 4

Average scores for unethical behavior towards suppliers (N=428)

Survey 2: Unethical behavior in organizations

Table 4

Percentage of respondents having observed and committed unethical behavior towards suppliers respectively

Unethical behavior towards suppliers	% of respondents who observed it	% of respondents who committed it
Accepting inappropriate gifts, favors, entertainment, or kickbacks from suppliers	12.6%	5.2%
Violating or circumventing supplier selection rules	9.6%	2.4%
Violating contract or payment terms with suppliers	7.3%	2.3%
Doing business with disreputable suppliers	7.0%	2.1%
Entering into supplier contracts that lack proper terms, conditions, or approvals	3.3%	1.6%
Violating intellectual property rights or confidential information of suppliers	2.6%	1.4%
Paying suppliers without accurate invoices or records	2.3%	1.2%

Survey 2: Unethical behavior in organizations

2.3 Summary

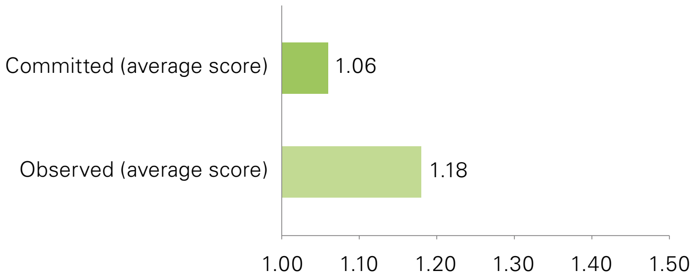
Figure 5

Average scores for unethical behavior towards the general public or society (N=428)

Survey 2: Unethical behavior in organizations

Figure 6

Average scores for unethical behavior aggregated across all categories (N=428)



Survey 2: Unethical behavior in organizations

Table 5

Percentage of respondents having observed and committed unethical behavior towards the general public respectively

Unethical behavior towards the general public	% of respondents who observed it	% of respondents who committed it
Violating environmental standards or regulations	26.4%	17.1%
Making false or misleading claims to the public or media	8.4%	1.4%
Providing regulators with false or misleading information	7.5%	1.4%
Exposing the public to safety risks	5.9%	2.1%
Violating international labor law or human rights	5.8%	1.6%
Doing business with third parties that may be involved in money laundering or are prohibited under international trade restrictions and embargos	1.6%	0.7%
Making improper political or financial contributions to domestic or foreign officials	1.2%	0.2%

Survey 2: Unethical behavior in organizations

Taking a summary view over all five categories of unethical behavior that we have discussed, 83% of the respondents reported having observed at least one of the 38 forms of unethical behavior in the past twelve months and 64% of respondents reported having engaged in at least one of the 38 forms. We can also conclude that the respondents in our study reported observing unethical behavior more frequently than committing it themselves (Figure 6).

On the one hand, this conclusion may not seem surprising: When respondents report about colleagues' behavior that they have observed, they report about several persons' behavior, while they report only about one person's behavior when they report about their own behavior. In addition, respondents may be more willing to report that others have engaged in unethical behavior than admitting that they have done it themselves. On the other hand, the higher number of observed unethical behavior suggests that unethical behavior is not all that covert within organizations: Colleagues actually notice what other colleagues are doing. Thus, there might be several employees who are aware that another employee is behaving unethically.

In the data presented above, we also see that there appear to be forms of unethical behavior (e.g., insider trading, making improper political contributions) that are quite infrequently reported because only a few employees may have the opportunity to engage in these specific forms of behavior. Similarly, employees' specific roles and responsibilities are likely to be one reason why the reported frequencies of unethical behavior towards customers and suppliers were lower than the reported frequencies of unethical behavior towards employees and towards the organization. Only those employees actually in charge of interacting with customers or suppliers have the opportunity to engage in certain forms of unethical behavior, and to observe such behavior by their colleagues who have a similar role.

3

Monkey see, monkey do?

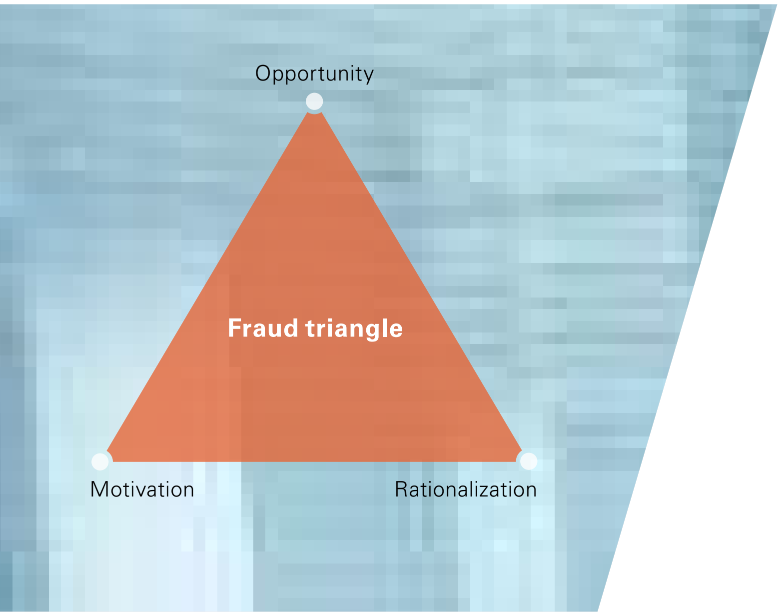
The influence of unethical behavior by colleagues

3. Monkey see, monkey do? The influence of unethical behavior by colleagues

Why, and under what circumstances employees behave unethically is both an intriguing and important question. There appears to be no single answer to this question. A well-known answer to it is the so-called fraud triangle, which postulates that employees commit fraud (or other unethical behavior) when they have the opportunity to do so, when they are motivated to so, and when they can justify or rationalize their behavior.

The fraud triangle was created by criminologist Donald R. Cressey in the 1950s.[3] In recent years, disciplines other than criminology have started to look for answers to the question of why people behave unethically.

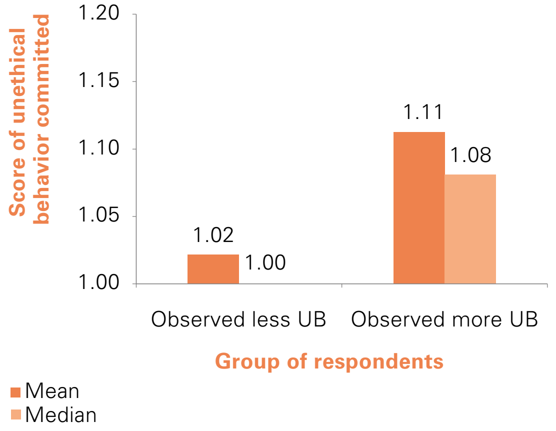
Psychology and social psychology in particular have contributed important insights into people's behavior, often through experiments. A number of experiments and studies have investigated how the ethical or unethical behavior of others influences people's own unethical behavior. The text boxes in this chapter ("Research Boxes") present some examples of relevant research. The general conclusion in this line of research is that people tend to follow the example of others also with respect to unethical behavior. This implies that employees who observe more unethical behavior would tend to commit more unethical behavior compared to employees who observe less unethical behavior in their work environment.



3.1 Observing and committing unethical behavior

Figure 7

Comparing the score of unethical behavior committed for two groups that observed less and more unethical behavior



Survey 2: Unethical behavior in organizations

Do those employees who observe more unethical behavior also engage in more unethical behavior? Indeed, data from the study described in chapter 2 shows such a pattern. Splitting the respondents into two groups (cut point: median score of observed unethical behavior), we see in Figure 7 that the group that observed less unethical behavior has an average score of 1.02 (median score 1.00) for engaging in unethical behavior, while the second group has an average score of 1.11 (median score 1.08). The difference between the two groups in the levels of committed unethical behavior is statistically significant.

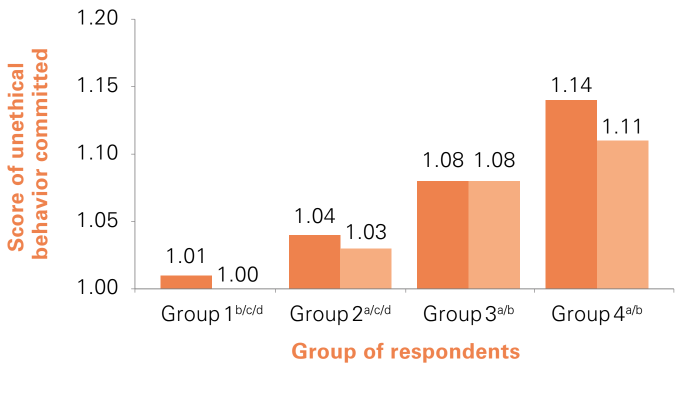
To further investigate this "monkey see, monkey do" effect, we split the respondents into four groups (cut points: quartile scores of observed unethical behavior), with group 1 observing the least unethical behavior and group 4 observing the most unethical behavior. As shown in Figure 8, the more unethical behavior a group reported to have observed, the more unethical behavior this group reported to have committed. The four groups differ significantly in the levels of committed unethical behavior. Detailed comparison of the differences between each possible pair of the four groups shows that group 1 and group 2 differ significantly from each other and from group 3 and group 4, but group 3 and group 4 do not differ significantly from each other. This suggests that it makes a difference whether employees observe almost no, or very little unethical behavior, but once they have observed more than a certain level of unethical behavior, it does not make a difference whether it was a bit more or much more unethical behavior they observed.

[3] Cressey, D.R., Other People's Money: A Study in the Social Psychology of Embezzlement. The Free Press, Glencoe, Illinois, 1953.

3.2 Discussion

Figure 8

Comparing the score of unethical behavior committed for four groups that observed different levels of unethical behavior



[a] Differs significantly from group 1
[b] Differs significantly from group 2
[c] Differs significantly from group 3
[d] Differs significantly from group 4

Survey 2: Unethical behavior in organizations

To further examine when employees tend to follow the example of others' unethical behavior for all kinds of unethical behavior, we compared those who observed less unethical behavior to those who observed more unethical behavior for each of the five categories of unethical behavior presented earlier. The results showed that in all five categories of unethical behavior, those who observed less unethical behavior committed less unethical behavior than those who observed more unethical behavior.

We have found that across all forms of unethical behavior, employees who reported having observed more unethical behavior also report to have engaged in more unethical behavior compared to those employees who reported having observed less unethical behavior. For organizations, this means that once an employee has engaged in a certain unethical behavior, there is a risk that others who have observed it or know about it will follow that example. In other words, there is a risk that unethical behavior spreads from one to the next employee. Organizations often focus only on making it clear to employees what the rules and regulations are. This is certainly necessary, however, the rules and regulations, the so-called prescriptive norms, can be undermined or challenged by the so-called descriptive norms that are created by the behavior of peers (see also Research Box 1).

If the rules on paper say "turn left", but an employee observes his colleague(s) turning to the right, there is a chance that the colleagues' behavior has more influence than the rules on paper.

The power of others' behavior is particularly strong when the person observed is a role model for the employees. A very experienced colleague, a supervisor or a member of management can be role models for others. If their behavior is unethical and contradicts the rules established by the organization, then the "monkey see, monkey do" effect is particularly likely to occur, and unethical behavior can spread.

In order to avoid or at least limit such "monkey see, monkey do" dynamics in unethical behavior, organizations should make sure that employees observing unethical behavior know how to react in the right way, and feel empowered to do so, rather than just following the bad example, or looking the other way. Whistle-blowing facilities as well as a culture that encourages employees to raise their concerns to their line managers or management can help limit the spread of unethical behavior.

Research Box 1

"It's ok, that's what people do around here": Norms, littering, and disorder

Robert Cialdini and his colleagues conducted experiments in which they examined under what conditions people would or would not litter the environment. The researchers prepared the environment in a garage in two ways: Either they cleaned it of all litter, or they littered the floor with cigarette butts, paper cups and candy wrappers. They also put flyers on all cars under the windshield wipers on the drivers' side reading: "This is automotive safety week. Please drive carefully."

When the environment was clean, 14% of the people threw the flyer under the windshield wiper to the floor, compared to 32% in the littered environment. Thus, when people see evidence – the litter on the floor – that many others are dropping the litter, they are likely to do the same.

The researchers added an additional tweak to their experiment: When people returned to their cars, they crossed a confederate of the researchers. The confederate, in half of the instances, was reading a flyer identical to the one under the windshield wipers and dropped it to the floor after reading it. In the other half of the instances, the confederate just

Research Box 2

The bad apple and the barrel: Contagion of unethical behavior

Francesca Gino and her colleagues conducted laboratory research on how social norms created by the behavior of one person can influence the unethical behavior of a group. The participants at the University of Pittsburgh had to solve 20 simple, but time-consuming mathematical problems within five minutes and could earn 50 cents per correctly solved task. In the experiment, the researchers introduced different conditions.

In some conditions, participants had the opportunity to cheat when reporting the number of correctly solved problems to earn more money. In addition, a professional actor hired by the researchers was present in the group in some of the conditions. This actor told the experimenter one minute after the start of the experiment in front of the whole group that he was finished, and said that he had answered all the questions correctly and had therefore earned USD 10. In one condition, this actor was wearing a plain T-shirt, and in the other condition, he was wearing a T-shirt with the logo of Carnegie Mellon University (a rival university of the University of Pittsburgh).

In the condition where no cheating was possible, participants on average solved seven problems correctly, and received USD 3.50. When cheating was possible (but no actor present), the participants on average reported that they had solved twelve problems correctly. Thus, they cheated on average by five problems. When cheating was possible, and the actor with the plain T-shirt made his statements, on average, the participants claimed to have solved 15 problems correctly, more than double the number of problems in the no-cheating condition.

Research Box 3

Conformity: Others' opinion and ethical judgments

In 1955, Samuel Asch conducted an important experiment designed to assess to what extent social pressure influences people's judgments. Groups of seven to nine college students participated in a task of visual judgment. First, a white card with a single black line, the reference line, was shown to them, and then a second card with three black lines from which each participant in turn should choose the line with the same length as the reference line. In each group, only one participant was a real experimental subject, the others were confederates of the researcher. The real subject was seated at the end of the confederates, such that he heard the choice of the line from walked by without carrying a flyer. 54% of people dropped the flyer to the floor when the environment was littered and when they saw the confederate drop the flyer.

This experiment demonstrates how people look at others' behavior, and at the consequences of what others have done to decide what they should do. When the environment and the behavior of others contradict the rules they have learnt – "do not litter" – they still may follow the example of the others. In other words, the injunctive norms that say what people should do, can be overruled by contradictory descriptive norms that describe what people actually do.

Cialdini, R.B., Reno, R.R. and Kallgren, C.A., A focus theory of normative conduct: Recycling the concept of norms to reduce littering in public places, 1990. Journal of Personality and Social Psychology, 58 (6): pp. 1015-1026.

This shows how one person who obviously cheats can influence the cheating of others in the group: Participants imitated the actor's apparent cheating. When the actor wore a T-shirt with the logo of the rival university, the participants only claimed to have solved eight problems correctly. This number is much lower compared to when the cheating actor was believed to be a student from the same university. Surprisingly, the number is also lower than in the condition where cheating was possible, but no actor was present.

This experiment shows that when people see that the "bad apple" belongs to their group, the bad apple's behavior contaminates the whole group's behavior. But when the bad apple is part of a rival group, people cheat less – they want to show that they are better than the bad person from the other group.

Gino, F., Ayal, S. and Ariely, D., Contagion and differentiation in unethical behavior: The effect of one bad apple on the barrel", 2009. Psychological Science, 20 (3): pp. 393-398.

Gino, F., Gu, J. and Zhong C., Contagion or restitution? When bad apples can motivate ethical behavior, 2009. Journal of Experimental Social Psychology, 45(6): pp. 1299-1302.

all confederates before he gave his opinion. The researcher had instructed his confederates to all give the same clearly wrong answers after a few rounds of the exercise where they gave correct answers. Would the real subject now stick to his correct solution, or yield to the majority? In 36.8% of the choices made, the real subject agreed to the majority's obviously wrong answer.

Asch, S.E., Opinions and social pressure, 1955. Scientific American, 193 (5): pp. 31-35.

4

Deviant behavior at the workplace:

Impact of employees' work relations

4. Deviant behavior at the workplace: Impact of employees' work relations

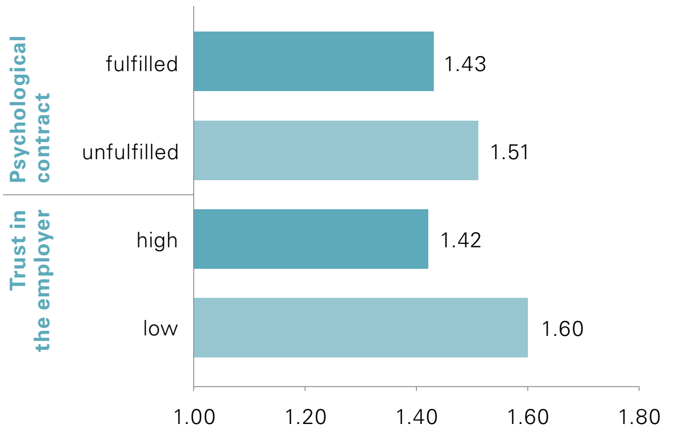
In the following we analyze the impact of employees' work relations on deviant workplace behaviors. Results are based on data from the Swiss Human Relations Barometer (HR Barometer) 2012, which provides an inside look into employees' work relations and deviant behaviors at the workplace.[4] The representative employee survey contains the answers of about 1,500 employees working in different industries and companies in the three main language regions of Switzerland. To measure deviant workplace behavior we used the 12-item scale of Bennett and Robinson (2000). Respondents had to indicate on a scale from 1 (never) to 7 (daily) how often they engaged in behaviors such as spending too much time fantasizing or daydreaming instead of working, coming in late to work, dragging out work in order to get overtime or taking property from work without permission.

Employees' relations with their supervisors and the employer are of extremely high relevance for organizations as they improve employees' engagement, performance, willingness to cooperate and their identification with the organization. On top of that, we show in the following that employees' work relations have an impact on employees' deviant workplace behavior. We divide employees' work relations in three different categories. The first category is related to meeting employees' expectations, which includes a fulfilled psychological contract and the employees' trust in the employer. The second category addresses leadership practices such as the quality of the employee-leader exchange and participative leadership. The third category focuses on qualitative (losing important job aspects) and quantitative (losing the job as such) insecurities in employee-employer relationships.

4.1 Meeting employees' expectations: psychological contract and trust

Figure 9

Mean level of deviant workplace behavior for unfulfilled versus fulfilled psychological contract and low versus high levels of trust in the employer



Survey 3: Swiss HR Barometer 2012

Psychological contracts are unwritten contracts derived from individuals' beliefs and implicit expectations about the mutual obligations between themselves and the employer. These implicit expectations about the exchange relationship are subjective and complement the explicit contract of employment. From an employee's perspective the possibility for development, interesting job contents, job security and adequate pay are contents that are of high relevance. A psychological contract is breached if an employee perceives the employer to have failed to fulfill the promised obligations. Unfulfilled psychological contracts lead to a diverse set of negative outcomes for the organization including more deviant workplace behaviors. Results from the Swiss HR Barometer 2012 show that employees who experienced a psychological contract breach engage significantly more often in deviant workplace behaviors than employees who perceive their psychological contract as fulfilled (Figure 9).

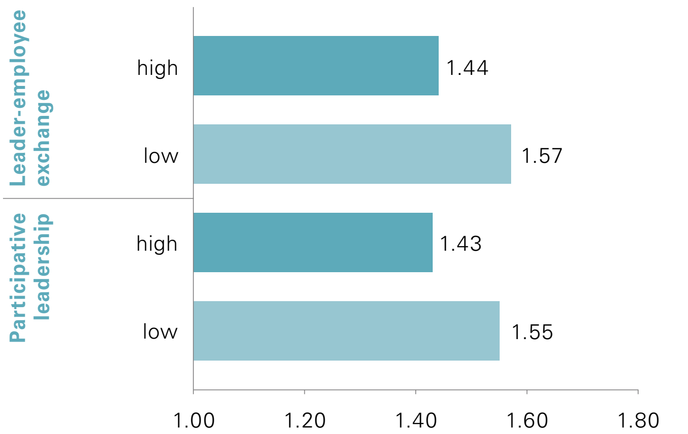
Not meeting employees' expectations can also erode employees' trust in the employer. Trust reflects the confidence that the exchange partners will not harm one another and will not exploit the other's vulnerability. Having the impression that the employer did not fulfill the implicit promises undermines two central components of trust: benevolence and integrity/consistency. If employees doubt that the employer is concerned about their needs and perceive the employer's actions as incongruent with past promises, employees will not be able to fully trust the employer which leads to adverse outcomes. Our results show that employees with low levels of trust in the employer are significantly more likely to behave in a deviant manner than employees with high levels of trust in the employer (Figure 9).

[4] See Grote, G. and Staffelbach, B. (Ed.), Schweizer HR-Barometer 2012: Fehlverhalten und Courage. Zurich: ETH Zurich and University of Zurich, 2012.

4.2 Leadership practices: quality and participation

Figure 10

Mean level of deviant workplace behavior for high versus low participative leadership and high versus low quality of leader-member exchange



Survey 3: Swiss HR Barometer 2012

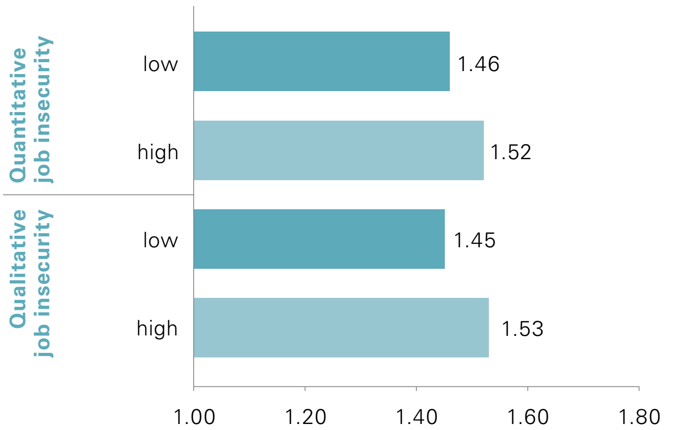
Employees do not only establish relations with their employers, but also with their supervisors or leaders. The quality of such employee-leader exchange relationships depends on the leaders' ability to understand the professional needs of their subordinates, whether leaders use their influence to help employees and whether employees perceive their supervisor as effective. The quality of employee-leader relations has an impact on employees' attitudes and behaviors including deviant workplace behavior. As Figure 10 shows, employees who rate the employee-leader relation as high engage significantly less often in workplace deviance than employees who rate the employee-leader relation as low.

In addition to the quality of the employee-leader relation, leaders differ in the degree to which they involve employees in the decision-making process. Participative leaders inform employees regarding organizational decisions, let employees participate in the organizational decision-making process and give them the possibility to proffer suggestions for improvements. By doing so employees feel more involved and thus are more motivated. Moreover, results from the Swiss HR Barometer show that employees who have the possibility to participate in the organizational decision-making process are significantly less likely to engage in deviant workplace behavior than employees who have lower chances of getting involved in decision making (Figure 10).

4.3 Insecure work relations

Figure 11

Mean level of deviant workplace behavior for high versus low quantitative and qualitative job insecurity



Survey 3: Swiss HR Barometer 2012

Especially in times of worldwide economic uncertainty, employees are frequently confronted with organizational changes such as reorganizations, restructurings or even mass layoffs. For employees, such changes can feel threatening as the future continuity of the job is in danger (quantitative job insecurity). However, employees may not only feel insecure about losing their job as such, but also about losing valued aspects of their job (qualitative job insecurity) such as career progress, status, working hours or income. Both, perceived quantitative and qualitative job insecurity, can lead to a variety of negative outcomes such as lower levels of job involvement, well-being or job performance. In addition, the results of the Swiss HR Barometer 2012 show that employees who experience a greater fear of losing their job are significantly more likely to engage in deviant workplace behaviors than employees with lower levels of quantitative job insecurity (Figure 11).

The same results are revealed for qualitative job insecurity: Employees who experience a greater fear of losing valued job aspects such as career progress, income or status are significantly more likely to engage in deviant behaviors at work than employees with low levels of qualitative job insecurity (Figure 11).

4.4. Summary

Overall the results of the Swiss HR Barometer 2012 show that employees' work relations have a significant impact on employees' behavior. First, meeting employees' expectations is a key driver to reduce deviant behaviors at work. Employees' who perceive their psychological contract as fulfilled and place high trust in their employer are less likely to engage in dysfunctional behavior such as littering the work environment, intentionally working slower, stealing or falsifying a receipt. Second, leadership practices are also of high relevance in order to reduce workplace deviance. Employees who perceive the exchange relation with the direct supervisor as insightful, helpful and effective and have the opportunity to participate in the decision-making process behave less often in a deviant manner at work. Third, insecure work relations increase the possibility of workplace deviance: Employees who feel insecure about the continuity of their job or valued aspects of their job engage in more deviant workplace behavior than employees who feel secure.

5

Implications:

How can we manage ethical behavior?

5. Implications: How can we manage ethical behavior?

From the research presented in the previous chapters, we can draw three conclusions:

1. A broad variety of deviance, unethical behavior and criminal behavior is occurring across organizations in Switzerland.

2. How employees feel at the workplace, the atmosphere, and the culture at the organization have an impact on their deviant behavior.

3. How often employees observe colleagues behaving unethically has an impact on their own unethical behavior.

The first conclusion implies that organizations are not only affected by (hopefully rare) major frauds, but also by considerable minor cheating. Well-known prevention measures such as establishing rules and procedures, the four-eye principle, or audits are important for organizations to prevent some of the big frauds, and also a few of the small cheats. The second and third conclusions, however, point beyond those traditional controls. We should also consider the broader context in the organization: Do our employees feel treated fairly by their managers and are they satisfied? What do employees see others do? These factors in the broader organizational context can be seen as "behavioral factors" or "soft controls" that influence employees' behavior beyond the impact of the traditional controls. This type of controls has received much less attention in the past than the well-established "hard" controls that are typically implemented in an internal control system. Therefore we would like to give practical guidance and examples of these behavioral controls to manage ethical behavior more effectively.

5.1 Get insight into the behavioral factors that influence unethical behavior

Occurrence of unethical behavior affects all work environments. Establishing formal internal controls will not always prevent unethical behavior because human behavior is influenced by a multitude of factors. More "general" behavioral factors which, at first glance, might not have a direct relationship to the specific unethical behavior, can stimulate unethical behavior. From the research of the Swiss HR Barometer 2012 we can learn that trust, leadership, and job security have an influence. Experimental research shows that factors such as authority, conformity, peer pressure and even smell and light have an influence.

From our experience with fraud investigations we know that time pressure, financial pressure (both on the personal as well as the organizational level) and operating in a very competitive environment are likely to influence unethical behavior as well.

Organizations that want to manage ethical behavior should take the necessary time and resources to look at behavioral factors that influence employees' behavior in their organization. Attention to these factors contributes to a better understanding of fraud and unethical behavior and can help create more effective and efficient internal control systems and compliance management.

Example

New thinking on compliance:
Looking at behavioral factors for compliance

The compliance department of a multinational company had a well-established Compliance & Integrity program, which already comprised numerous elements of best practice. There was a structural risk assessment, a Code of Conduct, a hotline, e-learnings and classroom training. The level of misconduct was not considered very high. In an effort to further strengthen the program, the compliance department decided to develop a model of compliance behavior. The aim was to increase the effectiveness of the compliance efforts by enabling targeted interventions at circumstances where misconduct was more likely.

At first, an employee survey on ethical culture was conducted. The data of this survey was compared with data from the whistle-blower reports and the incidents reported. This led to some interesting insights on the effectiveness of the Compliance & Integrity program. Giving training to employees proved important to raise the awareness on compliance topics. But what was more interesting was: Training given by managers instead of professional external trainers proved to be more effective for this organization. This led to more emphasis on so-called "train the trainer" approaches which also turned out to be more cost-efficient.

5.2 A Code of Conduct for providing clarity

Employees have to know a lot. And every new rule or control that is set up in the organization has to be implemented. At the same time employees usually know quite well what accepted ethical behavior is and what is not. It might be wise to draft a basic set of general rules that act as guidelines instead of trying to regulate everything. A clear, consistent, motivating set of guidelines written down in a document is usually called a Code of Conduct.

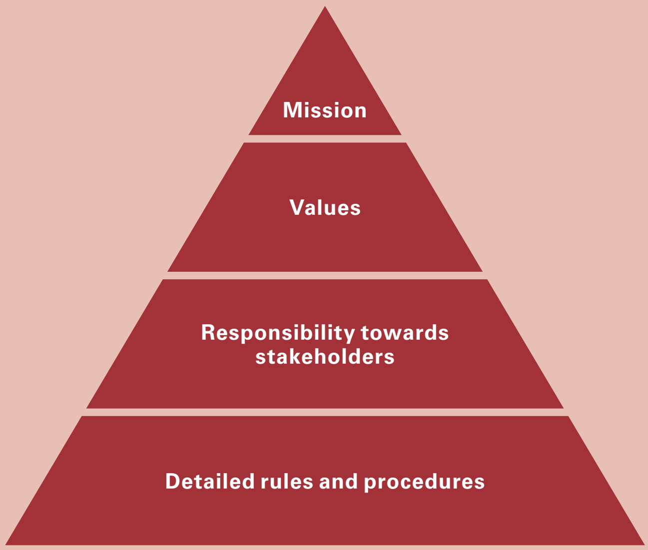
In our view and our experience, the crucial factor for a successful, living code, is a code that is not too long, has motivating texts, relevant topics and is well implemented via communication and training.

A properly implemented code gives employees clarity, motivation and also serves as an anchor point for discussing their doubts and dilemmas.

Example

The structure of a good Code of Conduct

A good code has four layers. Each layer is a building block that should logically derive from the layer above. The top layer consists of the company's mission: Why does the company exist? What is its reason for being? The mission should lead to the types of values that the company bases its operations on in order to accomplish its mission. If the goal of a company is to provide innovative solutions, logical values ensuing from its mission are "curiosity", "innovation driven" and "identifying problems". The third layer consists of its responsibility towards stakeholders. Above all, this requires a definition of who the company considers to be its main stakeholders. The final layer consists of the rules and procedures set down by the company in order to fulfill its responsibilities towards the stakeholders. These rules and procedures can be structured into different topics.



5.3 Communication and training for the right exemplary behavior

Active training and communication help clarifying the right behavior. There is also a multiplying effect that this good behavior will be seen by colleagues and therefore be copied. Communicating and training employees about the right behavior help setting the right examples in the organization. Of course, this should be done in combination with properly established internal controls.

According to our research about codes of conduct, 85% of the companies have issued their code to more than 95% of their personnel.[5] Some of the ways in which codes of conduct are brought to people's attention are:

- By including the code in letters or emails;
- By setting up a separate intranet site on ethics and compliance;
- By including a section on the code in the in-house magazine;
- By making copies of the code available at busy locations in the organization (such as the reception, waiting rooms and the cafeteria);
- By developing interactive instruments such as a hard copy or a digital/online game;
- By organizing special information events and site visits;
- By referring to the code in speeches (such as at the New Year reception, in company broadcasts or at anniversaries) as well as at meetings and in other consultation gatherings;
- By having an app for mobile devices.

Training courses on the code are a frequently used resource. At 74% of the companies, at least three-quarters of the managers had attended a classroom training session during the past three years.[6]

Example

Dilemma casebook for discussing difficult issues

If employees had to choose between making improper payments or not making improper payments, most of them would easily pick the right choice. However, in our daily practice things tend to be far more complicated and situations may not always present themselves in black or white. The real ethical litmus test occurs when there is a situation where a choice has to be made between alternatives that are not clearly right or wrong but both right and/or both wrong.

Dilemmas can be defined as situations where interests, norms, rules, values or principles are in conflict with each other and usually can be simplified towards offering two main solution alternatives, neither of which is fully acceptable in solving the problem. That's why dilemmas are so hard, because they can't be solved with only one answer. There are several possible solutions that apply for the same case.

A Swiss multinational therefore developed a dilemma casebook together with KPMG to raise awareness and understanding of the Code of Conduct and to help employees develop skills in recognizing and dealing with difficult ethical issues. In this way the casebook stimulates and enhances compliance. The casebook provides practical dilemma cases, facilitating open discussions about integrity issues, and can be used by all of the various business units. It also is a valuable management resource for fostering a culture in which integrity and ethical issues can openly be discussed. This casebook has proven to be most effective when relevant cases were selected for each classroom training. Employees value this case-based, practical, and realistic approach.

[5] KPMG, Business Codes of the Global 200, 2008, pp. 15-16.

[6] KPMG, Business Codes of the Global 200, 2008, pp. 15-16.


TREAT YOUR COFFEE

5.4. Reacting adequately to possible misconduct

The research presented here shows: Misconduct can spread! This means that if signs of possible misconduct are not recognized and acted upon, an organization runs the risk that further incidents will occur!

At the same time, we as forensic investigators know that most misconduct is being detected by colleagues. Some colleagues act on what they see and report it to their supervisor, internal auditor, compliance officer or top management. The ACFE actually confirms our experience: More than 40% of fraud incidents are discovered by a tip and most of them come from employees.[7]

Questions relating to difficult situations and suspicions of misconduct should, first and foremost, be dealt with by direct line managers. However, this is not always enough to address the issue. Employees can be hindered by barriers when it comes to raising certain issues, particularly if these are of a structural nature or if their immediate superior is part of the problem. Especially in larger organizations, the establishment of a safety net is important in this respect. This is not only often recommended by regulations but may even be mandatory, for example for US listed companies. More than 83% of the companies with a code have a confidential and anonymous hotline or ethics line that employees can use to report misconduct or seek advice.[8]

Smaller organizations sometimes struggle with setting up a formal reporting procedure for employees to voice concerns on possible misconduct. Crucial for setting up a procedure is that it is in line with the organization's culture. Usually a 24/7 whistle-blowing hotline doesn't work for a smaller company because of the scale (you will probably have null to one report coming in per year). For smaller organizations there are more effective and cost-efficient solutions. In our view it is important for every organization to have a proper reporting procedure on possible misconduct for an important behavioral reason: the prevention effect!

Example

External ethics line

For smaller companies it might be hard to establish a proper reporting procedure that safeguards confidentiality and professionalism. Working with an external provider might be an effective and also cost-efficient option.

When employees see that the organization is taking ethics management seriously by establishing proper safeguards for confidentiality there is a strong behavioral effect as well: People start talking more about their doubts to their peers and supervisors. Also the fact that employees can interact with an outside forensic expert helps in raising both awareness and the comfort to report.

Several small and mid-sized companies are using the KPMG Ethicsline email box facilities as their instrument. This combines the advantages of external forensic expertise and safeguarding of the confidentiality with a cost-efficient solution.

[7] A Association of Certified Fraud Examiners (ACFE), Report to the Nations on Occupational Fraud and Abuse. 2012 Global Fraud Study, pp. 14-17.

[8] KPMG, Business Codes of the Global 200, 2008, p. 18.

6

Methodology of the surveys

6. Methodology of the surveys

Survey 1 (chapter 1): Fraud Barometer 2014

The KPMG Fraud Barometer is based on cases of white-collar crime that were closed by a Swiss criminal court during the year under review in which losses amounted to at least CHF 50,000 and which were reported in Switzerland's main daily and weekly newspapers.

Survey 2 (chapters 2 and 3): Unethical behavior in organizations

The study was conducted in March and April 2012 as part of a PhD research project at the Erasmus University Rotterdam. Participants were recruited from the online pool of the Swiss market research firm DemoSCOPE. DemoSCOPE sent 4,482 emails with an invitation to participate in the survey. 447 completed surveys were received, and 428 surveys were retained for analysis after preliminary data quality screening. To guarantee the anonymity of the participants, we received the data in anonymous form.

In the sample, 47% of respondents are female (53% male), mean age is 47.8 years, 39% of participants work part-time, and the mean tenure with the organization is 14 years. 61.7% of participants work as team members, 16.4% as team leaders, 16.6% as middle-level managers, and 4.9% are part of top management, or the board of directors. Table 6 shows the percentage of respondents from different industries. 45.1% of respondents work for organizations with up to 250 employees, 31.8% in organizations with 250 – 5,000 employees, and 22.8% in organizations with more than 5,000 employees.[9]

Table 6

Break down of respondents by industry

Industry	% of respondents
Public sector, not-for-profit organizations	17.5%
Education	13.3%
Healthcare	13.3%
IT, software, and services	8.4%
Manufacturing	7.5%
Banking, finance, insurances	6.5%
Food, retail, mail order business	6.1%
Transportation	5.1%
Communications, media	5.1%
Real estate / construction	4.4%
Crafts	4.4%
Pharmaceutical	1.9%
Energy, chemicals	1.4%
Consulting	1.2%
Hospitality	0.9%

Survey 3: Swiss HR Barometer 2012

[9] A more detailed description of the survey's methodology is provided in the journal article "Painting with the same brush? Surveying unethical behavior in the work-place using self-reports and observer reports" by F. Zuber and M. Kaptein, appearing in the Journal of Business Ethics.

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Zuber, F. and Kaptein, M., Painting with the same brush? Surveying unethical behavior in the workplace using self-reports and observer reports, 2013. Journal of Business Ethics, doi: 10.1007/s10551-013-1920-y.

Survey 3 (chapter 4): Swiss HR Barometer 2012

The Swiss HR Barometer is a joint research project between the ETH (Prof. Dr. Gudela Grote, Professorship of Work and Organizational Psychology) and the University of Zurich (Prof. Dr. Bruno Staffelbach, Chair in Human Resource Management) which annually measures perceptions of the working conditions as well as attitudes, intentions and behaviors of employees working in Switzerland. Since 2012 the Swiss HR Barometer is supported by the Swiss National Science Foundation.

For the sample drawing of the Swiss HR Barometer 2012 the sample register of the Swiss Federal Statistical Office was used which contains all registered individuals in Switzerland. In order to further increase representativeness of the data sample, employees from the three main language regions in Switzerland (German-, French- and Italian-speaking parts) were selected to participate in the survey. However, the sample was restricted to employees who were in dependent, paid employment for at least 40% of the time and were aged between 16 and 65 years. The study was conducted between June and August 2012 in collaboration with the market and social research institute LINK. Respondents were able to choose between an online and a paper-pencil version of the questionnaire (mixed-mode approach) and were assured that all information would be kept anonymous and strictly confidential.

The final sample contained 1,483 employees working in Switzerland of which 45% were female and 55% were male. 70% of the respondents were from the German-speaking, 23% from the French-speaking and 7% from the Italian-speaking part of Switzerland. Mean age of the respondents was 41 years and mean tenure with the employer was 10 years. 73% worked full-time, 15% had a fixed-term contract and 26% a supervisory function. 14% of the respondents worked for a micro employer (≤10 employees), 38% for a small or medium-sized employer (11–249 employees) and 41% were employed in a big company (≥250 employees).

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Contacts

Solveig Rufenacht
Director, Advisory
T: +41 58 249 36 54
E: srufenacht@kpmg.com

KPMG AG
Badenerstrasse 172
PO Box
8036 Zurich

KPMG AG
Rue de Lyon 111
PO Box 347
1211 Geneva 13

KPMG AG
Hofgut
PO Box 112
3073 Gümligen-Bern

Office Locations

KPMG AG
Viaduktstrasse 42
PO Box 3456
4002 Basel

KPMG SA
Rue du Seyon 1
PO Box 2572
2001 Neuchâtel

KPMG AG
Hofgut
PO Box 112
3073 Gümligen-Bern

KPMG AG
Bogenstrasse 7
PO Box 1142
9001 St. Gallen

KPMG SA
Rue de Lyon 111
PO Box 347
1211 Geneva 13

KPMG AG
Landis + Gyr-Strasse 1
PO Box 4427
6304 Zug

KPMG SA
Avenue du Théâtre 1
PO Box 6663
1002 Lausanne

KPMG AG
Badenerstrasse 172
PO Box 1872
8026 Zurich

KPMG AG
Pilatusstrasse 41
6003 Luzern

KPMG (Liechtenstein) AG
Landstrasse 99
PO Box 342
LI-9494 Schaan

KPMG SA
Via Balestra 33
6900 Lugano

kpmg.ch/forensic