



# **INTEGRITY BY MCCARTHY INC**

Preventing & Resolving Workplace Harassment, Violence, Wrongdoing & Fraud

**The Dark Side of Remote Work During COVID-19 – April 29, 2020 with Rhapsody Strategies**

**Maintaining a Healthy Workplace Under Physical and Social Distancing – April 30, 2020 with the Barrhaven Business Improvement Area**

# Overview



- COVID-19 Business Response
- What Leaders Should be Thinking About
- New Risk Drivers for Virtual and Remote Workplaces
- Some Specific Examples of Crossing the Line
- Fraud Triangle
- Insider Threat and Corruption
- What Business Leaders Should Absolutely Not Do
- What Business Leaders Should Do
- Closing Thoughts
- Example Simplified Business Risk Profile

# COVID-19 Business Response



- Launched emergency management and business continuity plans.
- Directed employees to follow public safety orders.
- Creatively enabled employees to work remotely (i.e., from home) or virtually (e.g., social media platforms).
- Sent tools to facilitate remote work (laptops, portable devices).
- Adjusted operations with physical distancing and safety controls.
- Laid off employees or adjusted work hours.
- Adjusted operations with minimal number of employees (e.g., locked doors and curbside service).
- Discontinued operations altogether.
- Re-invented themselves.
- Continued to engage current and laid-off employees through social media and other means (e.g., video calls, virtual happy hours, mental health check-ins).

# What Leaders Should Be Thinking About



**INTEGRITY BY MCCARTHY INC**

Preventing & Resolving Workplace Harassment, Violence, Wrongdoing & Fraud

- Are you operating with a plan, or are you simply surviving?
- Many workplace risks that pre-existed COVID-19 did not simply disappear when social and physical distancing kicked in.
- You can no longer see all of the human interactions that are going on between your employees and with your clients.
- If your employees are still working for you, you still have responsibilities to protect them from a workplace safety and health perspective, even if they are not standing in front of you.
- If you authorized or permitted them to use certain tools or techniques to carry on business, you need to be ready to deal with the consequences of your decisions.
- If your employees have been laid off, but you are hoping to bring them back, how you act now will determine how they respond.
- You cannot let your guard down and believe that COVID-19 has improved professional conduct and integrity.
- A number of avoidable incidents are showing up on the radar.

# New Risk Drivers for Virtual and Remote Workplaces



**INTEGRITY BY MCCARTHY INC**

Preventing & Resolving Workplace Harassment, Violence, Wrongdoing & Fraud

- Lack of concrete emergency or business continuity plans.
- Lack of concrete telework /working from home policies.
- Departure from workplace formality – video calls in the bedroom, wearing lounge wear.
- Lack of business owner or manager presence in the virtual world.
- Fewer employees, fewer sets of eyes.
- Lack of standard controls (e.g., against theft, fraud, etc.) in the virtual world.
- COVID-19 stress - financial, family, health, fear of the future.
- Mourning the loss of what used to be normal – shock, denial, pain, guilt, anger, bargaining.....
- Maslow’s hierarchy of needs: basic physiological and security needs are in jeopardy; psychological needs of belonging and esteem are in jeopardy as well; self-fulfillment needs could be off the table.
- Anxiety inducing video calls (research by Professor Jeremy Bailenson, founding director of Stanford University’s Virtual Human Interaction Lab).
- Lack of concrete business resumption plans.

# Some Specific Examples of Crossing the Line (or almost)

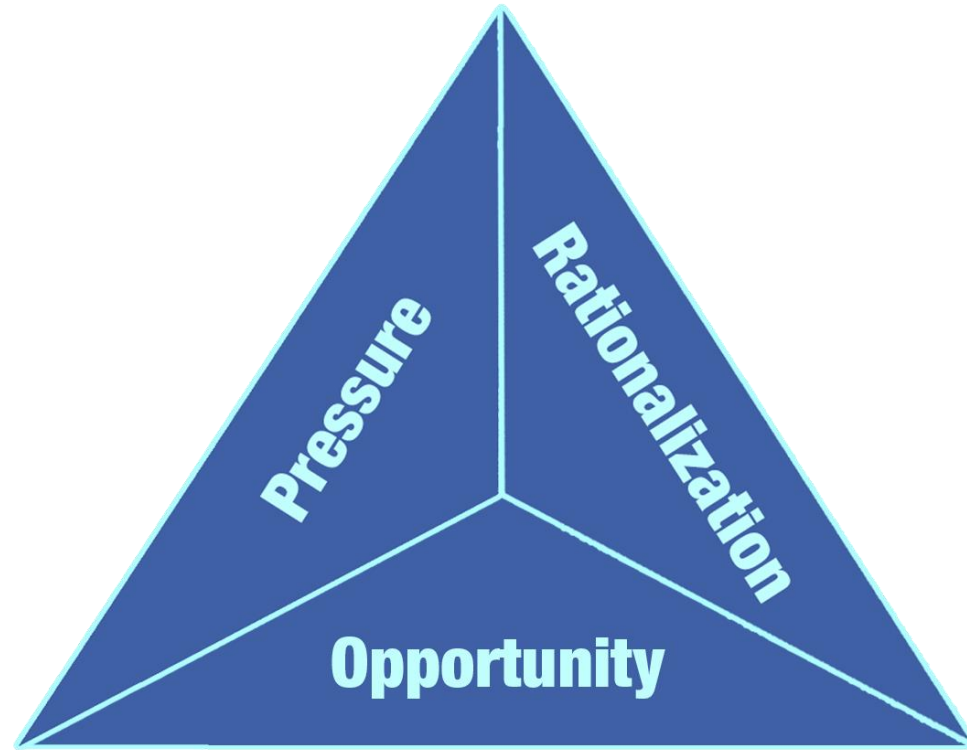


**INTEGRITY BY MCCARTHY INC**

Preventing & Resolving Workplace Harassment, Violence, Wrongdoing & Fraud

- Commenting on an individual's quarantine weight gain or real hair colour.
- Commenting on what an individual is eating or how they are eating it.
- Private messaging a co-worker during a video call to flirt or make an unwelcome comment.
- Making inappropriate comments to or about others through a file sharing interface or video calling platform, whether the volume is on or off.
- Wearing inappropriate, offensive or no clothing at all during a video call.
- Hosting pyjama party business calls.
- Having inappropriate or offensive books, photos, paraphernalia in the background.
- Openly drinking to excess during virtual happy hours.
- Isolating an individual by not inviting them to a video call or not equipping them to participate.
- "Zoom-bombing" with racist or pornographic content.

# Fraud



**Fraud Triangle**

**“The use of one’s occupation for personal enrichment through the deliberate misuse or misapplication of the organization’s resources or assets.”**

Association of Certified Fraud Examiners .

Simply put – “An intentional act to secure an unfair or unlawful gain.”

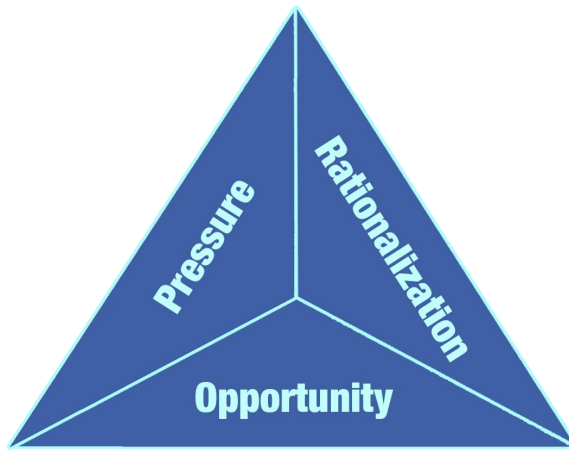
Typically falling into:

- Asset Misappropriation
- Financial Statements and Records
- Corruption

Model can also explain other wrongdoing.

*Trusted persons become trust violators when they conceive of themselves as having a financial problem which is non-shareable, are aware this problem can be secretly resolved by violation of the position of financial trust, and are able to apply to their own conduct in that situation verbalizations which enable them to adjust their conceptions of themselves as trusted persons with their conceptions of themselves as users of the entrusted funds or property.<sup>1</sup>*

<sup>1</sup>Donald R. Cressey, *Other People's Money* (Montclair: Patterson Smith, 1973) p. 30.



**Fraud Triangle**

## Pressure

- COVID-19 pandemic
- Medical bills
- Expensive taste
- Addiction
- High personal debt or credit
- Greed and Entitlement

## Opportunity

- Lack of controls, monitoring and oversight.
- Can move undetected.
- Your position gives you access and authority.

## Rationalization

- I don't care.
- I need the money.
- It's not hurting anyone.
- The boss can afford it.
- I have earned it.



# Insider Threat and Corruption



**“Any person with authorized access who causes harm, intentionally or otherwise, to the assets of an organization.”**

Public Safety Canada.

Risk factors:

- Personal crisis triggers an action.
- Unusual conduct that others see, but do not recognize or report.
- Predisposing Personality Traits / Behaviours
  - Narcissistic traits (self-centred, entitled, undervalued, arrogant, inflated sense of self worth).
  - Anti-social traits (reject rules of society, lacking remorse, being manipulative)
- Cultivation and elicitation techniques used to corrupt employees.

# What Should Leaders NOT Do?



1. Believe that nothing bad has happened over the past seven weeks. The risks existed before. With controls and guards down, and increased stressors, the risks are greater.
2. Ride out the storm, do nothing, pray for the best, and deal with it later.
3. Waste this opportunity to hit the re-set button

# What Should Leaders Do?



**INTEGRITY BY MCCARTHY INC**

Preventing & Resolving Workplace Harassment, Violence, Wrongdoing & Fraud

1. Talk to your employees. Let them know what you expect from them and what they can expect from you.
2. Hit the re-set button on your business foundation, while you have the time. As Rob Dale from Rhapsody Strategies recently told me – your business values have to start with your own personal values. If you have the luxury to control this, then tackle it now. You can build or re-build your expected standards of conduct for yourself and your employees. These foundational elements are just as critical to workplace health and wellness as they are to marketing and sales.
3. Acknowledge any / all issues that have arisen between staff working remotely or virtually (or any other time), take actions to prevent further damage, and commit to resolving them promptly. You don't want to be dealing with employee relations issues when you are trying to get back on your feet.

# Closing thoughts



- You have a lot on your plates right now, with either reinventing yourself or just simply surviving.
- When you get going again, in whatever form that may look like, you don't want to be dragging an anchor of employee relations issues behind you.
- Take a serious look now at all of your risks: what you can control; what you can influence; and what you need to do.

# Example Simplified Business Risk Profile



**INTEGRITY BY MCCARTHY INC**

Preventing & Resolving Workplace Harassment, Violence, Wrongdoing & Fraud

## Risk Category:

- HR - Employee Relations

## Risk Statement:

- There is a risk that employees will engage in workplace harassment or violence.

## Risk Details / Sources (future focussed)

- Increased stress on employees during difficult times (e.g., COVID-19)
- Stigma attached to whistleblowers.
- Greater awareness of rights (e.g., “me-too” movement)

## Current Controls

- Legislation, regulations, directives and policies (e.g., Code of Conduct).
- Training and awareness.
- Whistle blower and incident reporting mechanisms.
- Trusted partners – auditors, investigators, etc.

## Gaps between risks and controls

- No dedicated HR capacity.
- No management presence after hours
- Lax controls over workplace interactions.

# Example Simplified Business Risk Profile



## Consequences

- Severe incident in the workplace.
- Harm to an employee.
- Negative media attention.
- Inability to attract new employees.

## Risk Evaluation

- Assessment of High-Medium-Low in terms of likelihood and damage
- Can we live with this risk using current controls?

## Risk Response

- Status quo.
- Enhance Code of Conduct.
- Enhance training and awareness.
- Hire an HR manager.



# **INTEGRITY BY MCCARTHY INC**

Preventing & Resolving Workplace Harassment, Violence, Wrongdoing & Fraud

**Ken McCarthy**

**613-794-6127**

**[kenneth@integritybymccarthy.ca](mailto:kenneth@integritybymccarthy.ca)**

**<https://integritybymccarthy.ca>**