

TRAINING MODULES

INVESTIGATING, MANAGING AND PREVENTING WRONGFUL EMPLOYEE CONDUCT

“It is quite a three pipe problem”
- Sherlock Homes in Sir Arthur Conan Doyle’s “Red Headed League”

Introduction

Trying to run a business in today’s turbulent economy is hard enough without having to deal with unscrupulous, disloyal, unethical and otherwise disastrous employees! Bad employees can be very expensive! I have seen estimates of employee theft ranging from between \$40 to \$120 billion annually. The damage caused by drug users at work is estimated to be in excess of \$120 billion annually and three out of five people who do drugs have a job.

Then there’s the costs and grief associated with sexual harassment, discrimination and other irresponsible behavior for which the employer is liable. Bad employees not only steal property, they also injure clients and other employees, file frivolous lawsuits, generate legitimate lawsuits, create bad press, contribute to employee turnover and ultimately, can cause business failure. Disastrous employees are not just limited to the rank and file. In fact, quite the contrary. I have seen plenty of “million dollar” executives, and it is not because of how much money they make, it is because of the damage they cause. In fact, there are studies that indicate that the cost of corporate crime in American exceeds many fold the cost of what might be considered our common crimes. For example, the banking industry loses four to five times as much money to embezzlement every year as it does to robbery.

While I will not venture into it during this training session, I believe the best way to avoid these types of employees is to have a workplace culture that builds powerful employment relationships, which includes having a powerful hiring process. Many bad employees should not have been hired in the first place and a company culture can turn a good employee into a bad employee.

In part because we have become so litigious, how you investigate, manage and prevent wrongful employee conduct becomes a significant risk management issue for your company. It is not just your liability you have to be concerned about, but the affect the circumstances can have on the culture of your company. For example, it is well documented that employment litigation generates mistrust, lowered moral and non-productivity, on top of exorbitant legal fees and costs. You not only have to gather facts, you also have to ask questions such as “Am I doing everything necessary to maintain the level of trust within this company?” and “Am I respecting my employee’s rights to privacy in this process?”