

Recession's after-effects could lead to cheating and workplace theft suggests new study

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We like to think we'd stick to our ethical principles no matter what. But when people feel financially deprived—as many did from losses suffered thanks to the last market and banking meltdown—they are more likely to relax their moral standards and transgress to improve their financial situation. They are also more likely to judge other deprived moral offenders who do the same more leniently, says a new paper to be published in *Organizational Behavior and Human Decision Processes*.

"We found that most respondents did not think financial [deprivation](#) would lead them to behave immorally," said Nina Mažar, an associate professor of marketing at the University of Toronto's Rotman School of Management and one of the lead researchers of the study. "Yet, once they actually experienced financial deprivation, they were more likely to loosen their ethical principles."

This could result in workplace sabotage and the pilfering of supplies and equipment, the paper says. Public policies that entrench financial inequalities, such as through regressive taxation plans or tax cuts for the wealthy, could also lead to more cheating inside and outside the office.

And those who interpret or enforce policies or regulations as part of their work—in corporations, law enforcement, or the judicial system—need to be mindful of the deprivation effect too. Temporary upsets in their own financial position could lead them to go easier on

others demonstrating unethical behaviour while under [financial stress](#), the paper says.

There are many ways people assess their financial health. But research has found one of the strongest influences is comparing oneself to other people. A sense of financial deprivation can happen when people simply feel financially inferior to their peers.

The findings are based on a series of experiments that studied people's views about dishonest behaviour, and how they behaved once they were induced to feel financially-deprived themselves. The effects were observed both in experiments where people actually experienced financial loss and in those where they were merely made to feel financially-deprived, relative to others.

The effects were lessened however, when people saw that acting unethically either would be unfair, or would not improve their [financial situation](#)—or when they accepted that their financial position was deserved.

Perceptions of fairness were key to participants' decisions to act honestly or dishonestly, said Prof. Mažar. That suggests that one reason why workplace theft is so common is because employees may see their own, and other colleagues' financial positions as inferior and unfair, relative to the companies and executives they work for.

Provided by University of Toronto

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