

What makes up corporate theft?

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A company's ownership of its equipment, furnishings and supplies, as well as its employees' time, would seem to be an obvious fact. To appropriate company property is theft, or if money - then embezzlement.

But if we look closer, we will see that some form of corporate theft is happening every day in every workplace, and it may be difficult to know what is theft and what is not. Perhaps you phone your husband from the office. That's technically theft of facilities but widely accepted everywhere. Charging-up your cell-phone is using the company's electricity. If you work in a clothing factory, there'll be clothes that can't be sold, owing to faulty cutting or stitching. But they can still be worn, and if you don't take them, they'll just go in the bin. That perhaps seems reasonable enough - except that it could encourage dishonest workers to produce rejects to order!

Consider the theft of usable merchandise. I once knew a storeman in a small bakery who liked to bake his own bread at home, and the manager was happy to let him have a bucket of dough every few weeks. As nobody else was involved, there were no complaints. However, this kind of gesture could be taken, by the bakery owner, as theft, i.e. supplying or taking company property without payment or authority.

And scale is the key to this issue - the danger of small pilfering turning into something more serious, i.e. serious theft.

For example, the collapse of Baring's Bank, in UK, started with one tiny financial transaction, according to Nick Leeson, the trader who was the cause of the collapse. One of his staff had made a small error, which came to his notice late on a Friday afternoon at the end of the trading week. For convenience, he hid it in a phantom account, intending to rectify the situation on the Monday and or at least as soon as his superiors raised the matter. But week after week, they didn't notice, so he decided to use it as his own personal, secret account, risking ever larger sums until he'd lost almost a billion pounds sterling for his employer.

A similar spiral-effect was behind a sad case I knew of a manager who'd been running a small hotel in the country. Eventually he became a director of one of the big-name London hotels, and this new five-star environment tempted him to take company property. He just couldn't believe how easy it was to take home a piece of the finest crockery or bed-linen, undetected. Next, it was carpets and television sets. Before long, he had furnished his whole house with the hotel's property. His eventual arrest and public disgrace was not a pretty sight.

So corporate theft is not strictly a black and white matter. It needs human judgment to decide whether an abuse is taking place, and to stamp it out before it becomes endemic, as Barings ex-bank managers must wish they'd done.

Pilfering: It adds up

- Appropriating company property may seem like a straightforward crime
- There are grey areas, such as phone calls or small items of merchandise
- The danger is that small-scale abuses can spiral into a catastrophic failure

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