

## About AI Nazaha Association

AI Nazaha Association is public association established in 2019 by the virtue of the Ministerial decree No. 133/2019 from the Ministry of Community Development.

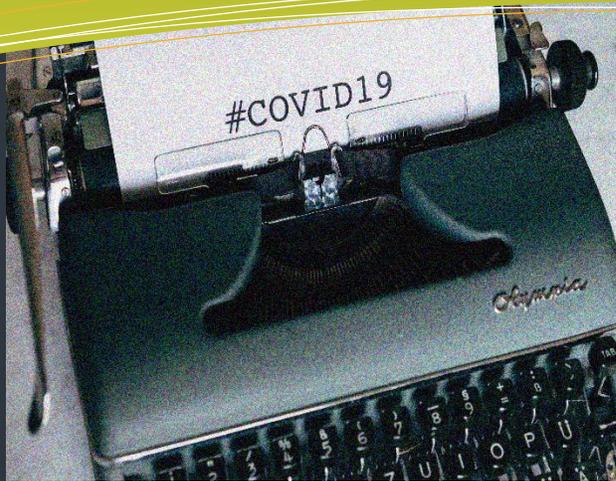
## Affiliation

AI Nazaha Association has established the ACFE-Chapter in UAE in affiliation with the Association of Certified Fraud Examiners (ACFE).



## The ACFE

The Association of Certified Fraud Examiners (ACFE) is the world's largest anti-fraud organization and premier provider of anti-fraud training and education. Together with more than 85,000 members, the ACFE is reducing business fraud worldwide and inspiring public confidence in the integrity and objectivity within the profession.



## Impact of COVID-19 on Corporate Ethics

### Maintaining Corporate ethics During Quarantine

In the space of three months, companies all over the world have had to adapt quickly to a new market dynamic. As Covid-19 corona virus has spread from the initial outbreak in Wuhan China to reach every continent, state measures to counter the pandemic have turned established business practices on their head.

With populations in varying degrees of lockdown and isolation, this has had a devastating effect on some industries, but generated massive growth in others. The hospitality industry has been decimated by bans on gatherings and travel, while at the same time, home delivery services have prospered. Unlikely beneficiaries include many hobby and game producers as a population in isolation looks to stay entertained. However, the impact of this ongoing situation will be felt far beyond the initial fiscal response.

### A Declining Economy

While the eventual economic impact of Covid-19 will likely not be known for months at least, global markets had already been subject to slow down over the last 12-months.

A combination of geopolitical maneuvering, including the increasing trade tensions between the US and China, along with fiscal issues in several leading countries had seen growth projections reduced and the economic outlook made from grim reading even before the pandemic took hold.



Both states and businesses then, were already on the back foot economically before the impact of the pandemic. Businesses then have been seeking consolidation of their positions, reducing costs and minimizing risk, as you would expect as economies begin to slide towards recession.

## Vision

Promote integrity for an aware and promising community.

## Mission

Provide awareness raising and meaningful activities for all social categories in order to foster the concept of integrity and anti-fraud.



Managing widescale redundancies, reduced investment and other cutbacks that have a negative effect on employees, customers and surrounding communities is a key aspect of business ethics today. For many businesses this has meant taking a conciliatory approach, looking to minimize the impact by reducing costs early and trying to maintain that level of employment and investment through the recession. This played out as making tough choices now to protect as many as possible during the hard times.

However, as we now enter an unprecedented situation with Covid-19, those efforts have very quickly been made redundant, and now organizations are facing a new, still unfolding situation that will have a huge impact on every aspect of business activity. The response to this emerging challenge is even more difficult due to the booming in some industries needing to be managed carefully to avoid being perceived as profiteering from misery.

## The Business Response to a Pandemic

To understand the response to Covid-19, we must understand what drives human behavior at its base level. Maslow's Hierarchy of Needs (Figure-1) is a theory that explains our core behavior, and it forms a pyramid of needs that shapes how we as humans respond to the world around us. In this theory, needs are segmented into 5 layers from basic needs (Physiological needs) like food, water, warmth and rest to Self-fulfillment needs (Self-actualization) like achieving one's full potential. It's the Basic needs is the most concerning as it's the most urging need of them all.

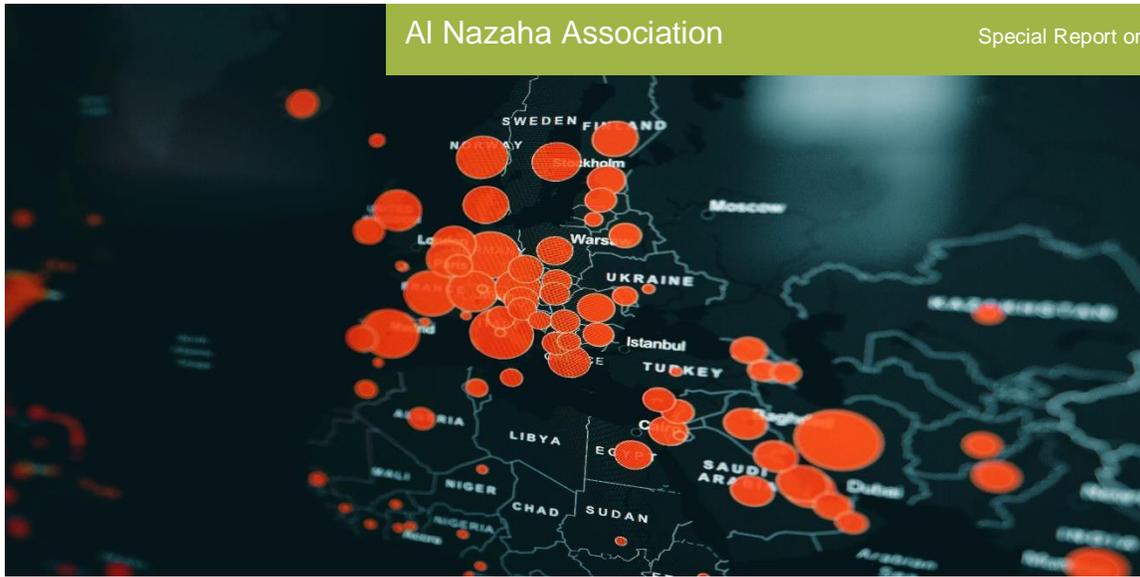


Figure 1 - Maslow's Hierarchy of Needs

Understanding human behaviors in response to corporate ethics dilemmas

Physiological needs are the most concerning.

During an economical slowdown, managers and employees alike are influenced by the same human behavior. In that situation, the focus is entirely on survival. Business owners will seek to preserve what they have, cutting costs and reducing expenditure to maintain their own investments even if it negatively affects others, such as employees. This follows Maslow's theory precisely, where the dominant need is the physiological. The basics required to survive, and they drive the response. This affects employees in the same way, they will push for individual benefits, seek to maintain their income. Including jumping ship to a better offer if it is made. Loyalty and dependability disappear, if employees think redundancy is likely, they will be gone if they can find a more secure alternative. The idea of a group pulling together falls away as all seek to secure those basic needs.



In such extreme circumstances though, there are other opportunities for unethical behavior. As the Fraud Triangle shows us, there are three components that lead to fraudulent activity. Opportunity, Pressure and Rationalization.

With often chaotic situations, there is certainly an opportunity for fraud, as owners find opportunities for unethical behavior, so do employees. Theft from the workplace and other issues can rise under these stressful situations as people at every live find the opportunity and Pressure, along with a convenient but real uncertain future to rationalize the choice.

### How does that play in our reality?

If we take the example of retail stores in malls, where during quarantine they are left with no store traffic, and no income at all from their premises. They may be seeing mail order still if they have an online presence, but with no real idea of how long quarantine will be in place, this is a concerning situation.

In addition, with reduced oversight providing an opportunity and the uncertain future both an incentive and rationalization, fraud can become an issue too. For employees, this could be taking stock to resell, especially with in-demand products, while business owners have multiple opportunities to do similar. In addition, both the need to secure their own basic needs and the opportunity for unethical behavior can lead owners to make choices that may see them profit, but it can have a hugely negative impact on public perception of their brand.

A good example of this has taken place very publicly in the UK, where one hotel chain, , immediately laid off a large number of employees, including some resident staff, essentially making them homeless during a pandemic. Others in the industry sought to make arrangements for their staff once the government ordered the closure. Within days a support package for business and employees was announced, allowing companies to furlough staff, with the government paying 80% of employee wages for three months.

Those businesses that pushed for help are now able to maintain their employees during the government restrictions and enjoy a positive response from the general public, while the hotel chain is still trying to manage the negative consequences and facing calls to boycott their hotels post quarantine.

It's not just negative impact driven by our base behavior. Take a food delivery company that is seeing rapidly increasing sales, more demand than they can meet. In this situation, Here, the business is doing more than well, essential needs are all met, and so as in Maslow's theory, it is the drive to reach potential that is overriding for owners and employees alike. However, when we look at the fraud triangle, there is ample opportunity to profiteer from the situation. An almost captive audience that need the product, raising prices is an obvious move for owners, but the temptation to take in-demand items to sell on for profit increases vastly for workers. Owners are able to rationalize such price raises with internal arguments of "If I don't, someone else will", while for employees taking product, it is easy to pretend that this is just in case they lose their jobs.

## Objectives

Promoting corporate integrity anti-fraud, and developing the profession and its members in the UAE community. In doing so the association may conduct training and awareness programs in the integrity and anti-fraud domains.

Developing studies, research and publications about integrity and anti-fraud in accordance with local and International standards, and based on information issued by the official authorities.

Developing strategic partnerships for the purpose of collaboration and knowledge sharing in the integrity and anti-fraud domains to provide the best services to the association's members.

## Membership

AI Nazaha Association is now accepting membership to the association. The board of director of the association has announced the acceptance of registration for new members and the exemption of the registration fees for the year 2020 for all new members.

## Participation

AI Nazaha Association is looking for active participants to bring most engaging and helpful information to the public. If you would like to contribute via writing articles, providing trainings, or any other initiatives please feel free to contact us at [info@alnazaha.ae](mailto:info@alnazaha.ae).

## Contact us

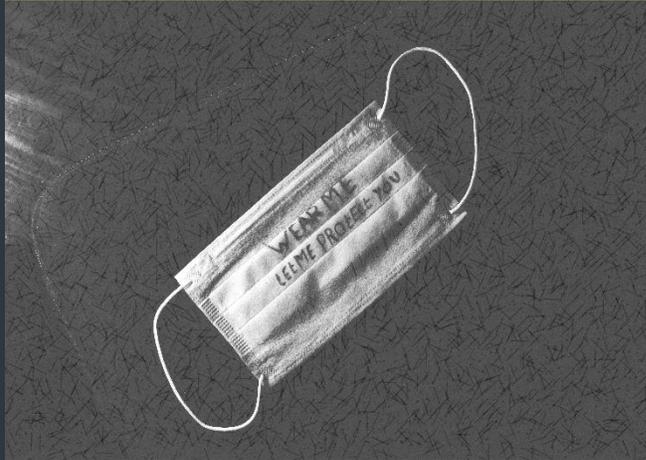
We would love to hear your feedback and comments. You may reach out to us on the following channels:

 <https://alnazaha.ae>

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# Perception is as important as reality

To be perceived to be acting unethically is to act unethically

The Corona Virus event is challenging in many ways, but in one way it is entirely unique. There are downsides to doing well. It's a fine line between enjoying a boost to business and being seen to profit from a global disaster. From grocery delivery services to online streaming services, there are some industries that are booming while a full third of the world is living under lockdown. However, while it makes business sense to take full advantage of this, avoid raising prices unless absolutely necessary, as this will be perceived as profiteering whatever the underlying reason. If costs have gone up, be very clear about those underlying reasons for price rises, take control of the narrative first and explain why.

Even without price rises, as this pandemic progresses, it is likely that resentment will build for those enjoying a positive outcome from the situation. This too can be effectively managed by setting out a narrative before the negative view appears. From helping the vulnerable, charity or offering added value to the community, there are many options to take,

but the important thing is to be seen to be giving back in a time when you are enjoying benefits compared to the majority.

When dealing with a crisis like this, it is important to remember that perception is as important as reality. To be perceived to be acting unethically is to act unethically, with all the consequences that can bring. Focus then, on ensuring that perception is always positive, providing your own narrative of ethical action that is visible and easily digested.

