

Moral Effect of the Bonding Idea

Instances of the Way It Works Upon Employees—More to It Than Moral Effect—Stories of Manufacturers, Workers and Surety Companies.

A young man walked into a large and fashionable haberdashery in an Eastern city recently and bought a dozen collars and a few other trifles. The clerk who waited on him made out the customary sales slip, received his money, sent it in on the trolley and returned the correct change. As the customer walked out some ties at a dollar caught his fancy. He selected one, stuffed it in his bundle, and handing the salesman the dollar, left immediately. Next morning the purchaser of the tie, wearing it conspicuously attached to the new collar, strolled up to the proprietor of this same haberdashery, and proposed that he take out a blanket bond on all his employees—"because, you know, some of them are crooked, and all will stand watching."

The proprietor rejected the proposal. He was astounded, he said, that anyone should be so carried away by the desire to get business as to make such a statement. Practically all of his clerks he knew personally. Some of them had been with him many years. He would as soon trust these old employees as he would members of his own family.

"Perhaps," admitted the young man. "But consider the situation: Here you have probably a hundred men and women, most of whom, it is likely, consider themselves inadequately paid, many with tastes far beyond their means to indulge. They handle expensive goods, selling them to opulent and fashionable customers—and all this goes on more or less away from the eyes of the boss. Your goods and thousands of dollars of your money pass through their hands every year. You can't watch everything. What you need is to bond your men, all of them, with a blanket bond. What for? Will a bond catch a thief? Of course not! Then what's the good of a bond? First of all—Moral Effect. There's lots more to it than that, but first of all—Moral Effect."

He paused until the proprietor had had his laugh; then pointed suddenly to the floor below. "Look! Do you think that sallow-faced chap in the checked suit down there in Aisle C would have slipped my dollar—your dollar—into his own pocket yesterday if he'd been under bond in a large and strong surety company? No, sir! He'd have been afraid to take the chance. The man under bond is inclined to take the sober second thought. That dollar of mine would have followed the others over your trolley to the cashier's cage. And how many of your dollars, money and property, do you think are similarly diverted in a year's time? I don't know, but I will say this is my first experiment in your shop, and I landed."

Ultimately, I am glad to relate, he landed again—a choice piece of business.

The incident is told, not as an example of somewhat bizarre salesmanship, but as illustrating the thought of modern business as to one phase of the fidelity bond. Merchants bond their employees not only to secure themselves in case of embezzlement, but largely for the preventive effect of the bond. In every large establishment there is, as the young man indicated, pretty sure to be a percentage who have already succumbed to the lure of petty graft. Waste is a horrid thing in a well-managed establishment, but infinitely worse, because of its corrosive moral effect, are the daily peculations by employees of unnumbered trifles. To combat this contemptible form of thievery, to brace up morally the whole establishment, and make each man and woman feel personal responsibility for the scrupulous exactness with which the distinction is made between mine and thine, the fidelity bond is used with excellent results.

Innumerable instances exist of the salutary effect on employees of placing them under bond. A large wholesale

grocery company in the Middle West has its entire force, from executive to office boys, under bond. A schedule or blanket form is used, a single instrument, with the names of every person on the payroll and the amount for which each is bonded. As employees enter or leave the company's service, names are added or taken from the schedule, scrupulous care being taken that none shall be omitted.

For years before this policy was adopted the company had suffered from an amazing shrinkage of small articles. Office boys and clerks made away with stamps. Truckers and others carried away canned goods, soaps and matches in their dinner pails. Travelling salesmen were prone to pad their expense accounts unduly.

The bond scheme at once reduced these losses below any previous record, besides reimbursing the company for several embezzlements of money in considerable amounts.

Again, a manufacturer of soaps was annoyed by his employees, who carried off enough soap to supply their families, and regarded it as one of the perquisites of their employment. For years this practice, established by long usage, continued. There seemed no way of putting an end to it, and the management accepted it as a necessary evil.

Finally, one of the younger executives was permitted to try the effect of the bonding idea. Every worker in the plant was required to make out an application, give references and previous employment. The impression made was instant and profound, and the thefts of soap fell off very materially.

Let us, however, have no misunderstandings as to what a fidelity bond guarantees. It will not reimburse you for a loss unless you can show reasonably that it was caused by the dishonesty of an employee named in the bond, and during the time the bond was in force. It is not sufficient in order to establish a claim merely to show that at the end of a period certain of your goods or your moneys are unaccounted for. You must prove who made off with your property, that the act was dishonest and by a bonded employee.

How deeply it affects some men to be placed under a large bond is amusingly illustrated by a personal experience. I recall the exasperation I felt several years ago over a certain officer of the Government sent out as disbursing agent to take care of expenditures in a large logging job I was engaged in. He had for many years occupied a humble post as clerk in a remote Indian agency, and when promoted had been placed under a \$100,000 bond. The responsibilities of his position, the scrupulous exactness and impeccable honesty with which he felt he must perform his duties, weighed him down. From a rather easy-going disposition he developed extreme hauteur. The haunting horror of doing something irregular, something for which the bonding company would hold him liable, was ever on his mind, and it was next to impossible to get money out of him. He was the sublime tight-wad of my experience—the apotheosis of the human screw. The facility with which he answered my desperate demands for money to meet the payroll by quoting the regulations of the Treasury Department was the triumph of the mind enmeshed in red tape. He kept me telegraphing Washington constantly to get money enough to pay our loggers, and every time he signed a cheque I am sure it gave him acute physical pain.

But the effect of a bond on the rough, untutored mind is even more pronounced. Rashly, we tried the experiment of bonding our logging foremen, and wonderful were the results obtained. The mental anguish they went through in discussing on paper their personal habits was pitiable. Even to own up to the use of tobacco gave some of them a wrench, but when it came to alcohol, that made them all sweat. For to describe, with a nicety that would not incriminate, their occasional lapses into liquor was beyond most of them. When, however, they came to the questions regarding their matrimonial state, they became even more