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# Employee theft: Determinants of motive and proactive solutions

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Employee Theft: Determinants of Motive and Proactive Solutions

by

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Bachelor of Arts  
San Jose State University  
2005

A professional paper submitted in partial fulfillment  
of the requirements for the

**Master of Hospitality Administration**  
**William F. Harrah College of Hotel Administration**

**Graduate College**  
**University of Nevada, Las Vegas**  
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**ABSTRACT****Employee Theft: Determinants of Motive and Proactive Solutions**

by

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Theft in the workplace, specifically performed by the employees, is a daunting situation for American business - both corporate and small proprietorships. This paper calls upon available literature to provide an in-depth analysis that focuses on employee's motive to steal from their employer and the potential proactive solutions organizations can implement to deter theft by improving morale and trust in the workplace. The topic will be examined from a linear fashion that looks at the concept of employee theft and common motivational determinants such as employer resentment, animosity, and the perception of fairness. Next, numerous organizations have adopted theft detection methods and ethics programs, all implemented in the theory of reducing theft in the workplace. Understanding the employee's motive and proactive solutions that would attempt to reduce theft in the workplace is the highlight. This project will then focus on future research and various constraints associated with analyzing this topic. Finally, this paper will be summarized with potential suggestions geared towards executives and managers.

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Thank You,

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## PART ONE

### Introduction

Through the examination of literature as it relates to theft in the workplace, a key motivational characteristic addressed by many writers and researchers concerns the common perceived attitude that feelings of being treated unfairly can lead to employees seeking opportunities to steal. Another central thread relates to the impact of employee theft and the criminal behavior that can escalate from morally and ethically deficient actions.

Although it's difficult to establish an accurate amount of dollars for annual employee theft in the U.S. that includes workers holding positions of high trust in corporations, one indisputable fact is that employees obtain property or resources through theft-related incidents on a daily basis. Some expert analysts in security have found that as many as 30% of the nation's workforce will at some point steal from their employer. Multiplicities of motivational forces are referenced that are inclusive of: no expected raises or cost of living increase, economic downsizing of a company in difficult times and the general climate of the economy. These are just a few of the reasons the reflected workforce faces in their temptations to quietly help themselves (Sauser, 2007).

Solutions stem from finding the correct balance between the use of crime deterrent systems and trained professional investigators and a full strategic analysis of the problem of employee theft, including symptoms and individual motivation to identifying root causes of low morale. The overriding motivation of the part of management is to take steps to prevent this large and not entirely quantifiable loss of revenue. One way to manage this problematic area is to create a healthier and more functional work environment by making changes that emphasize and recognize individual and group goals and endeavors.

### *Purpose*

The purpose of this project is to provide a review of current research and analysis of employee theft in the workplace. Areas covered include analysis of those who are involved in employee theft or who are inclined to steal from their employer and their motives. Methods are set in place to control and prevent this type of theft; however, they're often viewed as having equally strong positive and negative aspects. Systems that focus on consistent workforce policing - while have the ability to reduce theft from occurring - has the propensity to create a social dynamic of negativity and resentment amongst the employee base. Furthermore, an acknowledgement of the problem has led to creating realizable steps to structure a lively, cooperative organization that strives to be functional and profitable and utilizes employees with many types of skills and levels of occupational expertise. As part of a successful venture, frequently the results are determined by the motivational and communication values of the company culture that can lead to significant increases in overall profitability.

### *Statement of Problem*

As most self-respecting and mature adults would know that it's illegal and unethical to steal from an employer, unfortunately employee theft or "unauthorized appropriation of company property by employees either for one's own use or for sale to another" (Appelbaum, Cottin, Pare, & Shapiro, 2006, p. 175) has risen at a dramatic rate. According to the Shulman Center for Compulsive Theft and Spending (2007), employee theft is the fastest growing crime in America. Seventy-five percent of employees steal from work and most do so repeatedly.

### *Statement of Objective*

Employee motive can range from revenge, resentment, animosity and personal perceptions of unfairness. This paper will suggest that it's potentially in the best interest of the

organization to implement strategic programs that cultivate agreement and team values that are based on career growth opportunities as an effective approach to reduce the problems of employee theft.

### *Justification*

An emerging point of view in this topic is that too much of the previous analysis on employee theft rested on punitive and repressive approaches to resolving the problem whereas other methods could be utilized that focus on employee career development instead of the constant restraint of operating under suspicion.

Programs that emphasize awareness of employee theft can be proven to be useful, yet the root of the problem must be examined: Why did the decision to steal initially take place and why the justification must respond with creative, proactive measures for theft and fraud prevention that are based on current analytical studies and include motivational approaches.

### *Constraints*

One cannot micromanage the research on this topic with specificity to any particular industry and then develop a hypothesis that consists of broad generalizations on employee theft. This analysis is subject to instruments forthcoming from revenue loss units; however, it only addresses employee theft and not theft from clients, guests, or similar causes that exist outside of the intent of this paper. Finally, in no situation or analytical interpretation are there any legal or human resource protocols developed in regard to this project nor are any State and / or Federal legalities addressed.

### *Definition of Terms*

The following definitions of terms are in compliance with the Merriam-Webster Online definitions and word reference (Merriam-Webster Dictionary, 2010).

- Accountability: being liable for executed actions.
- Ameliorate: to improve or make the situation better.
- Animosity: feelings of hatred or hostility.
- Buttress: encouragement or support.
- Compliance: conforming to protocol, rules and regulations.
- Deviance: behaviors that are characterized to violate cultural norms.
- Emotional Development: personal feelings about ourselves and our ability to function.
- Implementation: to put into effect or carry out.
- Injustice: violations of rights or enacted protocol.
- Mitigation: to lessen the effect of, or act less severe.
- Motive: stimulus that would cause a person to act a certain way.
- Opportunity: that availability of a position, or chance to act.
- Organization: a place or business (corporate or sole proprietorship).
- Resentment: disturbing experiences that occur again and again.
- Retribution: the dispensing of a reward or punishment.
- Revenge: the vindictive nature of enacting punishment upon others or the individual.
- Smuggling: to export (or hide) items in violation of the law.
- Sociological Perspective: a core assumption regarding the realistic study of the social world. The ability to see the general in the familiar.
- Surveillance: to keep watch over a person or group.
- Susceptible: capable of submitting to an action.
- Team Value: ability to work cooperatively.
- Theft: the unauthorized taking or control of another individual's property.

## PART TWO

### Literature Review

#### *Introduction*

For the past several decades, auditors, financial investigators and managers, corporate and U.S. government investigators have analyzed and reported on the recurrent and increasing problem of theft among the workforce. The most widely accepted definition of employee theft comes from Greenburg's (2002) analysis, described as "the unauthorized taking, control, or transfer of money and/or property or time theft of the formal work organization that is perpetrated by an employee during the course of occupational activity". Since theft in the workplace is estimated to cost organizations as much as \$600 billion in annual revenue loss and growing, it would seem that almost all organizations and countless individuals will continue to be adversely affected by employee theft (Schmidtke, 2007).

In this light, it seems obvious that large corporations, the government, small to medium-sized businesses and even sole proprietors would want to develop strategies and procedures for the identification, apprehension and prosecution of employee theft. Greenburg (2002) also discovered in a survey of Fortune 1000 companies, that 78% of the company responses indicated that a corporate ethics program was in place and each employee was familiar with the policy and procedure related to the prevention and punishment for employee theft. Greenburg (2002) also found, however, that the corporate ethics program seemed to have the greatest effectiveness on employees who had most recently attended the program. The extent to which the ethics program will inhibit theft behavior seems to diminish as time progresses when employees become more comfortable in their surroundings. The evidence in support of this idea however is mainly anecdotal.

### *Employee Theft Prevention*

We may never be able to eliminate employee theft, but there do seem to be many reasonable courses of action that can be put in place to control and minimize its impact on business. The awareness and pursuit of justice in cases of employee theft, for example, may be aided through modern detection systems and most likely would lead to dismissal and possibly local or even federal prosecution.

Today, among many large corporations in particular, computer-supported security systems and investigative units manage the registration, identification, security and compliance of the materials or individuals to be controlled within a work environment. These security and anti-theft mechanisms are often implemented under a manager of business investigations. Detection systems to deter unlawful behavior among employees can serve to a considerable extent in providing close oversight and employee supervision, particularly in regard to financial regulatory compliance and overall corporate program management (Sausser, 2007). For anyone who appears to be trying to slip something in under the radar, that type of action can be mitigated by both the influence and quality of modern security systems, but also by continuous repetition of the general principles of group cohesiveness and a management reporting system that is used to curb any and all instances of employee theft.

A different and somewhat novel approach to the problem of corporate theft control is to focus on employee motivation and how that may be influenced positively to mitigate employee theft. The more dissatisfied the employee becomes with a workplace situation the more likely that employee would be inclined toward engaging in criminal behavior such as theft (Bassett, 2003). A better understanding and recognition of potential problems gained through reference and background checks may reveal past instances of theft or negative personality characteristics,

but that approach is not considered a particularly reliable predictor of employee theft (Latto, 2007). Researchers have also analyzed other factors such as socioeconomic status, personal experience and personality as other ways of understanding and thus preventing employee theft, but because the employer cannot control those variables they are not the focus of this paper.

Motivational therapists and coaches regard effective communication, shared organizational goals and integration of team values as a method to buttress solid work ethics. It is also known that dependable work relationships can exist and thrive between workers, co-workers and management in many cases; however, some caveats must include satisfactory worker rewards, adequate monetary compensation for productive work accomplished, respectful treatment by supervisors and full recognition of any outstanding individual or team performance (Appelbaum, Laconi, & Matousek, Positive and negative deviant workplace behaviors: causes, impacts, and solutions, 2007).

Other organizations are attempting to adopt motivational policies and company cultures that emphasize shaping the influence of the workforce by combining ongoing communications with continuous training in company operations and procedures. Corporate America has implemented the utilization of flexible work schedules (with accountability), achievement of performance goals, awards and bonuses to motivate their workforce (Traub, 1996). This approach can also enhance the organization's purpose and methodology based on objective financial and industrial record keeping. Competitive industrial analysis helps a company define where it stands and what would be required to advance to the next level through greater employee efficiency, creation of breakthrough strategies and overall bottom-line of corporate or business unit profitability.

Though internal controls are necessary to maintain management of financial security and physical inventory, less obtrusive methods of deterrent administration in the workforce exist, most notably by including individual accommodation and recognition.

### *Motive and Opportunity*

The analysis of this topic suggest that successful results to improve the problem of employee theft have been developed based on employee motivation. If motivation alone may mitigate employee theft, this approach and how it's implemented may be positively used to improve the entire business team's productivity and overall sense of personal accomplishment (Heath, 2008). It seems somewhat ludicrous to believe that all instances of negativism and defeatism would disappear entirely even under the most humanistic management methods. An organizational culture that assigns high value to individual contribution, proper motivation and fair treatment of all their employees could be a key development in advancing beyond the negative and defeatist approach that management must be there to constantly and incessantly guard and watch over the actions of their workers.

Yet security is a fundamental issue and no company culture, especially during difficult economic times, would be advised to overlook any obvious opportunities for employee theft. Theft-reporting systems such as those that rely on taking personal observations of inappropriate actions and behavior by a co-worker directly to a supervisor, however, have been associated with a range of negative outcomes, depending on many circumstances, and as a result that method of prevention may be the least desirable method to control employee theft. So in this sense the attempts to directly motivate employees through positive influence and self-esteem are generally regarded as more desirable than to a corporate culture based on fear, use of informants and possible job loss as reprisal.

Potentially, work content and location are huge motivators, but what else can be looked at that are directly related to positive motivational elements of worthy labor in the workplace? As an obvious response, friendly competition is a great motivator. Pickup basketball games, beach volleyball, mountain-bike rides with pals are the activities that sound like fun to many. These activities nonetheless generally take place outside of work hours. The point remains, however, that fun is essential. So an astute manager can use this technique of friendly competition as a strong motivational tool. Appealing challenges kept within a reasonable timeframe can increase the enjoyment of an ordinary work schedule and there are many other similar beneficial opportunities that may also work to incentivize people toward diligence and success rather than to plot opportunities to steal from their employer.

Other aspects that could improve a tightly controlled bureaucracy and rigid management structure would be the sharing of some aspects of decision-making and problem solving by integrating first-person experience and knowledge that relates specifically to meeting of goals and achieving solutions for the organization. As Wells (2001) and Kulas, McInnerney, Demuth, & Jawinski (2007) argue, most of the concluded research which identifies why employees commit theft from the employer in the first place has nothing to do with the opportunity to steal, but more of a motivation to steal. The more dissatisfied the employee becomes with the workplace situation, the more likely the employee would be susceptible to engage in criminal behavior. According to Wells (2001), all of us have a sense of our own self-worth; however, if it's perceived that we are not being adequately compensated, then financial pressures can be a determining motive to seek retribution.

An unfortunate effect through the theft of property becomes the loss of revenue or a gain of overhead expenses in an effort to replenish company product. Appelbaum, Cottin, Pare, &

Shapiro (2006) argue, however, that many employers simply consider the entire endeavor a modern part of doing business, as the constant policing of every employee over every office product is just too daunting a task. Sauser (2007) points out that there are numerous individuals who engage in employee theft, but they perceive their actions to be socially acceptable in the sense that other employees conduct the same actions.

According to Kulas, McInnerney, Demuth, & Jawinski (2007), employee theft is more involved than quietly pocketing a few office supplies or \$20 out of the register. The issue of theft is commonly analyzed as a social behavior; hence, theft at the workplace is categorized as a form of deviant behavior. With theft behavior, the action can be placed into two distinct behavior categories: property deviance and production deviance.

➤ **Property Deviance:** This exhibits the behavior pattern that is commonly associated with theft in the workplace, inclusive of the unauthorized taking, control or transfer of money by an employee during or while they are in the scope of employment. Kulas, McInnerney, Demuth, & Jawinski (2007) specifically note that the boundary of this deviance category does not include any theft behavior which would potentially be exhibited upon the property of a coworker.

➤ **Production Deviance:** This behavior exhibits an indication that could be known as "work withdrawal". Rather than the theft occurring through acquired property of product or monetary funds, the production deviance is commonly a sabotage of company time, namely through reduced productivity. This behavior would commonly be found in absenteeism and tardiness, personal Internet use on company time, and low job involvement. Once these motives eventually conflict with the employee's formal job responsibilities, the formal job duties suffer as a loss of company productivity.

Kulas, McInnerney, Demuth, & Jawinski (2007) take the approach of categorizing theft into a form of workplace behavior that ultimately revolves around the "climate for theft" (the opportunity to steal based on the employee's attitude). Kripple (2008) & Bassett (2003) both find that cash and inventory - along with food and beverages - are the most typical targets for theft in the workplace. Daigle, Morris, & Hayes (2009) argue that the majority of theft occurs from employees who have been with the employer for approximately one to five years. As time marches on, the employee has a greater propensity to steal from the employer because they have become familiar and comfortable with knowing how the environment functions.

#### *Ideology of Theft and Perception of Fairness*

There is growing evidence that indicates a high percentage of employee theft is initiated as a means to compensate for perceived unfairness among the employees. Specifically, research has shown that people are inclined to steal when they feel underpaid, and the opportunity to steal as a response to even-out the situation exists as a clear motive in solving this situation (Greenberg, 2002).

The continuing debate is based on the perception of whether or not an employee's attitude reveals emotional ideologies of unfairness or inadequate treatment from his/her employer, and to signify where the relationship begins for the creation of motive to steal from the employer. The behavior that deals primarily with theft or fraudulent actions is a consistent and growing concern because these are some of the behaviors that can be detrimental to the financial interests of the organization. Whether the behavior entails petty theft, falsification of records or embezzlement, the behavior acts as a method of productivity sabotage (Appelbaum, Laconi, & Matousek, 2007).

Why do good people go “bad”? Sauser (2007) explains theft can occur when three elements are present: (1) motive, (2) desire and (3) opportunity. Combining all three of these elements into basic terminology connotes that "motive is the reason to steal". The motive to steal from the employer could include a feeling of resentment because of being passed over for a promotion or not receiving a scheduled pay raise. Once a motive has been established, then the individual starts to build a retaliatory desire. Both Sauser (2007) and Greenburg (2002) acknowledge that an employee will imagine satisfaction and enjoy a feeling of gratification that could come about by following through with the theft action. Finally, the third element - opportunity - comes about when an opportunity presents itself. Feelings of injustice, anger and resentment will often seek retribution. Based on Sauser's work (2007), an important behavior characteristic to point out is that theft perpetrators come from all walks of life and carry various economic circumstances and social status. Some of the common characteristics can be inclusive of the following: personal financial crises, a drug habit, or desire for revenge. Beyond these, the potential theory explains that some individuals simply enjoy stealing for the thrill of stealing and that the act has nothing to do with the object.

### *Internal Controls*

At a certain point, an incidence of thievery is only one of an individual arriving at a decision that, with some moral support, could be examined, processed and thought through including the individual's motivation. What could be accomplished by this psychological analysis and counseling approach? With a better understanding of the individual's own thoughts and emotions, a counselor could possibly gain insight into an individual's ability to self-examine their potential actions through objectification and analysis. Such a heavy emphasis on personal

psychology and introspection, however, could very quickly turn a corporation into a lethargic, obsessive group of extreme, paranoid malcontents.

Regardless of how honest an ethics program might read, Jerdon (1997) argues that the rule of 20/20/60 effectively applies to describe the usual mix of employees in any business that holds the potential for theft. The rule is described as 20% will absolutely never steal from the company, regardless of the circumstances; 20% will always steal from the company, regardless of the circumstances; and the larger 60% will follow the lead of the other employees and gauge the risk associated with the theft opportunity. Parilla, Hollinger, & Clark (1988) provide the same explanation; however, they specifically describe the percentages as the "Bad Apple theory". The view is mainly based on the assumption that within the employee roster, there will always be a percentage who will have the propensity for theft, regardless of the circumstances..

#### *Consequences of Theft*

While it's evident the direct consequences of employee theft are easily measured, such as the financial loss, the employee turnover and the disappearance of company property, the consequences of the actual theft are not as easily determined. According to Appelbaum, Cottin, Pare, & Shapiro (2006), theft has the ability to affect the interest of three different population groups: employers, employees and the larger society.

- **Employer Related:** As the employer (business) has been victimized due to one of his / her employees stealing from the business, the employers will now face periods of higher turnover. Like victims of similar crimes, the employer will now hold a grudge and have difficulty trusting any new hire due to the fear of employee theft. From a financial overhead aspect, the employer could now be required to bring in a new-hire, thereby creating excess expense to recruit, interview, screen and process.

- **Employee Related:** Consequences of the theft are felt throughout the organization, even after the initial employee has long vacated the organization. There are negative effects of employee theft that filter over to the coworkers when they notice that turnover is high and their coworkers keep changing. A newfound emotional feeling of distrust and uncertainty about the employer will persist, thereby reducing loyalty and productivity.
- **Societal Related Consequences:** These consequences reach out into the local communities and are far more difficult to measure. The impact, nonetheless, is apparent. When employee theft is consistently occurring in the workplace, taxpayers pay more to fund the criminal justice system. Honest employees, on the other hand, now fear possible job loss, rising insurance premiums for lost product or material, and diminished integrity and feelings of belonging between employer and employee. A potential business closure also affects neighboring business (Appelbaum, Cottin, Pare, & Shapiro, 2006).

### *Theft Technique*

The human mind is indeed creative and innovative as, according to Sauser (2007), employees consistently devise new and cutting-edge methods to steal on a daily basis. More than ever, the Internet has now allowed the method of electronic stealing where employees now have the power to transfer funds and conduct securities trading. This method has opened up a new avenue for stealing, including identity theft. Since the inception of the high-speed Internet and the culmination of advanced networking and server technologies, theft of employee information has become a leading source of workplace fraud. Social Security numbers, dates of birth and places of residence have become tempting resources for the electronic thief.

While many theft schemes are well devised and can definitely manage to slip past the untrained eye, Sauser (2007) found various methods that are common among most industries as they carry the label of "tried and true". Some of the common "tried and true" scams include:

- The clerk in the accounts payable department generates checks to the company's contracted vendor list. The name on each check is correct; however, the printed address is for the clerk's home. The husband or wife can then deposit the check into their mutual business account under the same name.
- The service manager at a retail store or restaurant voids the recent sale on the register and then pockets the cash.
- Tossing items in the company dumpster during working hours - then returning to the dumpster late at night to retrieve the goods.
- Paying a creditor or vendor twice, but pocketing the second check.
- A casino dealer hand-mucking chips during the shift and cashing them in at a later date.
- Smuggling pilfered items by hiding them in a lunchbox, newspaper, clothing or hair.
- Issuing a check for returned merchandise that was not actually returned.
- Padding a Time-Card: adding hours for compensation that never officially occurred.

A strategy commonly implemented into larger corporations to reduce pilferage is to simply restrict access to various departments as a means of enhanced internal controls. This method can be accomplished in a number of ways. Employees could be required to use key cards, pass codes or ID check points. Alarms can be installed on exterior doors, and dumpster bins can be replaced with compactors. Counting physical inventory and periodic audits might also serve as an additional deterrent (Traub, 1996). Of course, these types of internal controls are at a substantial financial cost, which to implement not every business can afford.

According to Sauser (2007), small businesses are specifically vulnerable to employee theft because they usually are unable to implement the plethora of internal controls large corporations use to combat theft. Small businesses typically function on an informal basis and deal with cash, two negatives that work against the business from the start. Furthermore, the inability to maintain sophisticated surveillance systems and private security teams, due to overhead cost, has the potential to increase the risk for employee theft. For the small business owner, Sauser (2007) found that small proactive controls to greatly improve internal security among the employees include consistently checking on the bookkeeper, running background checks and solely maintaining the financial statements such as credit cards, payroll, utilities and the bank statements. But aren't small businesses also much better at cultivating and maintaining a culture of trust and loyalty? Does this mean that small businesses in particular would be better off trying to influence motive than trying to detect theft?

### *Signals of Theft*

Inadvertently, it's been found that an employee has the propensity to give signals that relate to the behavior of theft. The behavior can be evidenced through a potential change in lifestyle (Jerdon, 1997). In addition, Schmidtke (2007) finds that organizations should pay closer attention to climate and culture that internally revolves around the organization. The importance of ethical climate and culture has an impacting role on employee attitude and behavior, such as the development of resentment which Schmidtke (2007) also finds is a common motive to steal from their place of employment. To the opposite side of this argument, Wells (2001) argues that no matter how tightly internal controls are regulated by a company and whatever methods are used to spot signals, a percentage of employees are not only going to steal from the workplace,

but they're effective masters at creating the illusion they're 100% honest and would never think of engaging in such behavior.

#### *Investigation and Repercussions*

Loss prevention experts exist who conduct interviews and/or interrogations to ascertain information that might lead to certain evidence regarding theft in the workplace. Tryon & Kleiner (1997) state the most common factual and lead information found would be information to corroborate and link evidence to suspects, identify and eliminate any accomplices, and recover any merchandise or monetary funds.

#### *Corporate Proactive Approach*

Where much of the research to date uses attitude variables such as dissatisfaction to predict deviant employee behavior such as theft, Kulas, McInnerney, Demuth, & Jawinski (2007) find that satisfied individuals tend to exhibit behaviors that are pro-social, whereas disgruntled individuals stand a higher percentage of chance in committing property or production theft at company loss. Under this assumption, individuals would steal from their employers to rectify a situation where the employee felt a sense of discrimination.

Although theft in the workplace will never be 100% eradicated, corporations and small businesses alike have implemented prevention techniques by managers in coordination with security and human resource departments. Some of the proactive policies include the development of new hiring procedures, adapting a new corporate culture, and implementing modern surveillance systems. Management teams hold an important position as authority figures in charge of a crew. Appelbaum, Cottin, Pare, & Shapiro (2006) state that one of the most important duties of a manager is to initiate the motto of the corporate culture that focuses on and

reinforces honesty in the workplace while keeping departments fully aware of the punishment procedures for dishonest actions such as theft.

A formal code of conduct or code of ethics is another technique to prevent employee theft. Many corporations have adopted this procedure to provide employees with a form of guidance that could serve to potentially influence their actions. While the presence of an ethics program has the potential and rationale to reduce theft in the workplace, Appelbaum, Cottin, Pare, & Shapiro (2006) note that the process only seems to work efficiently when employees have attained sufficient moral development either within the organization or through outside influences.

#### *Ethics Program*

The first step of employee moral development requires creating an atmosphere of fairness, which starts at the top of hierarchy and works its way down. Then provide a mission statement that the employees understand and with which they feel comfortable. Once these dynamics are mixed into the business environment, a sense of belonging should occur to increase company loyalty. This awareness thereby eliminates or reduces the probability of employee theft. The third and final step is to implement and conduct a personal ethics curriculum for all employees, including management. The training program would be designed to help employees understand ethical issues and disciplinary practices to punish unethical behavior.

Tryon & Kleiner (1997) take the perception that implementing an ethics system that is purposely designed to reward the employees for reporting theft actually has the potential to increase profitability and motivate the employees to remain trustworthy. The opposing argument submits that most employees don't possess a high enough caliber of loyalty to the employer that would motivate them to report theft, or any other type of witnessed misbehavior. While the

rewards of monetary incentives and recognition have the potential to not only reduce company loss, these programs also communicate a hidden message to let employees know the seriousness of theft. While Tryon & Kleiner (1997) present a plausible plan to reduce loss, they also acknowledge a prime pitfall of such a program that revolves around definition. Not only are employees empowered to report theft, but the procedures for reporting theft and what exactly constitutes a theft now need to be addressed to each and every employee. Should the process fail, the employees could feel powerless to implicate others. If the company fails to respond to the employee implications, employees might feel the company doesn't care.

Greenburg (2002) found that during a survey of Fortune 1000 companies, 78% of the company responses indicated that a corporate ethics program was in place and each employee was familiar with the policy and procedure related to the prevention and punishment for employee theft. Greenburg (2002) also found, however, that the primary effect of a corporate ethics program only seemed to have the greatest effectiveness on employees who had most recently attended the program. The extent to which the ethics program will inhibit theft behavior seems to diminish as time progresses as employees become comfortable in their surroundings. The evidence in support of this idea however is mainly anecdotal.

### *Loyalty*

In a comparison of research to date and the social theory of employee theft, on the whole the research does not entirely support the everyday, common theory and social explanation for theft that individuals steal property because they need or want money. In fact, Sauser (2007) points out that theft behavior at the workplace can be condensed into three variables: (1) loyalty toward the employer, (2) attitudes towards deviant and counterproductive behavior, and (3) the informal and social norms of the workplace regarding theft.

An employee's loyalty toward the company he / she works for is a direct reflection of how they perceive they are being treated by that company. As previously mentioned, based on prior research the primary rationalization for stealing is that the employee has the idea that he / she is underpaid and not appreciated for their efforts (Krippel, 2008). The loyalty to an employer gradually grows in proportion to the tenure and overall record of the employer meeting the employee's needs, both financially and emotionally. In theory, if the employer is supplying adequate compensation and recognition, then the employee should internalize the goals of the employer (Bassett, 2003).

Krippel (2008) found that while employee theft is directly related to the employee's loyalty to the company, considerable theft in the workplace goes unreported due to the co-workers' perception of loyalty to their employer. The potential thief could be in an authoritative position to terminate the employee or make his / her life miserable (Bassett, 2003). Another possibility is that the thief could be an employee whom the majority of all other employees like or admire. Should the information ever come about that the employee provided information about the well-liked employee, that person could find him or herself taking "heat" from others in the company.

Parilla, Hollinger, & Clark (1988) argue that general unwillingness of employees to report theft extends to company supervisors. Some managers completely ignore employees pilfering of menial company items because they believe it will increase morale among the employees, which will transition into an increase in productivity. Thus, the supervisors use a personal level of discretion to manage any occurrence of theft by their employees, as opposed to the constant prohibition and policing of it.

Once theft by an employee has been determined, numerous choices can be taken as to what action should be implemented. Appelbaum, Cottin, Pare, & Shapiro (2006) argue that the more obvious and common suggested options include prosecution of the offender; the prosecution can take on numerous actions. From the perception of business, prosecution could include termination of employment for theft of company time, or pilferage of raw material; prosecution could include a trial and prison time for theft of payroll and retirement funds. While the prosecution of thievery in the workplace is important, companies primarily hope the action itself will generate a vibe among the organization, letting employees know that said actions will not be tolerated. Termination of employment for thievery is a way to root out the dishonest employee; however, Appelbaum, Cottin, Pare, & Shapiro (2006) note that businesses must expedite the process of the punishment and maintain consistency with all unfortunate situations that may occur. Conversely, if a business should show inconsistency or a lax attitude in prosecuting employees that steal, the employee is now empowered to become unafraid of potential repercussions.

### *Conclusion*

Businesses, both large and small, need to implement internal control programs that are consistent with deterring those potentially responsible for committing theft at the workplace. Mistrust and increased surveillance in the workplace could definitely contribute to the reduction and apprehension of thieves; that same technology, however, might further alienate the workers that could create a hostile atmosphere and more deviant behavior (Traub, 1996). By understanding whomever would have the propensity to steal from the workplace and why they would do so, managers could be better prepared to prevent theft from occurring in the first place. This knowledge is important in predicting and being able to control those instances of behavior

violations. Creating a workplace atmosphere could serve better if it were based on trust, as opposed to suspicion. Yet considering the "Bad Apple" theory, there would always be 20% of the company workforce lurking to steal. To find a plausible equilibrium, corporations and small business might fare better by meeting the needs of the workers in a judicious and equitable way. The general principle is not to imply that every worker should have their individual or unrealistic needs met; however, meeting the needs of the workers in a judicial way where resentment and animosity could be neutralized could have a more significant impact on security and productivity.

## PART THREE

### Introduction

The vast majority of articles presented during this literature review are inclusive of one or more suggestions for initially curbing employee theft, that of which stems from the employee's motive to steal. The majority of the previous research suggests a multifaceted technique that not only attempts to eliminate an employee's motive and conjuring actions to steal, but implements long-term organizational change for the betterment of the organization - as well as the employees (Sauser, 2007).

Organizational losses occur as a result of employee theft. Previous research projects have important implications for small and large organizations. The full mediation of previous research suggest there is a direct correlation between an employee's dissatisfaction with their place of employment and their motive to steal. Furthermore, prior research projects have consistently looked at the perception of workplace climate as a decisive variable in attributing to the understanding of how and why an employee becomes involved in theft behavior at the workplace.

### *Methodology*

The primary purpose of my research investigation has been to examine a broad spectrum of professional analysis to make a determination of the motives behind employee theft. To achieve this objective I conducted a literature review of recognized authorities in this field, analyzed the extent of their involvement in the topic and the value of their contribution based on their innovative hypotheses. The authors included in this project have conducted prior expert research analysis on employee theft. The extensive literature review of these authors reveals a qualitative analysis that surpasses the efforts of less distinguished contributors. Through a preliminary database query, I reviewed approximately seventy-five authors appearing in academic, peer-reviewed journals related to this topic, and applied a substantive measure based on the depth of their perception in formulating key solutions.

### *Publication Analysis*

Publications were first analyzed in which an article appeared to ascertain if it was peer-reviewed and if the reviews furthered the discussion of the author. I then performed a review of all case studies implemented by these researchers to determine the plausible effects of their analysis. Through this process I eliminated the outdated research that did not meet the requirements to develop new and innovative perceptions and the authors who approached the problem through a response that did not include motivation and an adequate sampling in demographics. Qualifying determinates of expert research to be implemented into this project is inclusive of the following variables:

- ethical behavior in terms of theft of physical property (internal & external). This subject matter is inclusive of material that would be found inside the building, as well as the extremities on the outside.

- use of company assets and moral constraints that are identified in the company rules and regulations regarding theft.
- measurement of job satisfaction and perception of employer in the attempts to collect information on motive for theft. Perceptions would be inclusive of coworker permissiveness involving theft at the workplace and the potential to be "caught in the act" for stealing (Kulas, McInnerney, Demuth, & Jawinski, 2007).
- All research from noted authors in this project must have incorporated a methodology that addresses the legal and ethical concerns to keep respondents from incriminating themselves.

#### *Relevancy*

The authors incorporated into this research project are relevant to this study because they provide inferences specifically related to employees motive to steal and analyze the emotional conflict that employees deal with in relation to their wanting fair treatment as an individual. Inclusive researchers provided case studies with statistical evidence of the larger propensities to steal from employers evaluated by industry, age, type of position held and cultural values. Due to the seriousness of this issue, some authors emphasized proactive solutions that could be implemented into organizational programs as a strong deterrent to theft.

#### *Results*

The following bulleted list is inclusive of the most notable works analyzed in relation to this paper and the historical findings in previous research:

#### *Greenberg (2002)*

The works of Greenberg (2002), found compelling determinants of employees motive to steal from their place of employment. Based on individuality per employee, theft appears

consistently greater amongst employees with low moral as opposed to those with higher moral. Second, the majority of the results among these works found that lower moral per organization did not have an ethics program in place. To understand the impact of the implicated results, the variables in the research projects must be understood. All projects shared the findings that higher moral development could be achieved when a corporate ethics policy or organizational code of conduct was implemented into the pipeline. The greatest effect of such programs was found to be the greatest benefits to those employees who already possessed a sensitized definition to the rules and norms that are guided as acceptable behavior within a society (the difference between right and wrong).

*Parilla, Hollinger, & Clark (1988)*

Implications from these projects primarily discovered that an organizations ability to control the behavior of its employees has a great deal to do with the characteristics of the workforce in general, as opposed to the formal constraints set in place by the organization. The ironic factor here is that when the workforce is consistently mobile or in a transient setting, methods of control were found to be of the greatest benefit and easier to implement as opposed to being in a controlled environment. Given the substantial differences between individual employee perceptions, attitudes and the very nature of the various industries - Parill, Hollinger, & Clark (1988) revealed that the greatest influence over deterring attitude of an employee's perception to steal will come from his/her fellow coworkers.

*Kulas, McInnerney, Demuth, & Jawinski, (2007)*

The works of this research endeavor implemented the use of an Employee Perceptions Survey. By delivering over 2000 surveys to 19 different organization locations and analyzing data using Lisrel (measurement software analysis) - results once again revealed - climate for theft in the

workplace a contributing factor to the employee's motive, along with the ease of being caught and the satisfaction to be initially gained. Although these items do not reflect every dimension which contributes to an employee's motive, their important elements in the construct because job satisfaction seems to be a determining factor in the prediction of theft in an organization.

*Sauser (2007)*

The works of Sauser (2007) was able to test a model that focuses on the behavior of theft and the motive to steal in the workplace by using the concept of "climate for theft" as the primary mechanism of explanation. The results were able to extrapolate that dissatisfaction has a direct influence on employee behavior and has the ability to influence the individual perception of the organization's climate for theft. As previously noted, climate for theft includes the opportunity to steal and the perceptual norms of the organization that conducts business. Within these norms lies the attitudes of the employees and their ethical standpoint on theft. Through the use of organization survey sampling, Sauser (2007) was able to reveal the following results:

- Job Satisfaction: Organizations were found to have significantly higher incidences of theft among employees who reported low job satisfaction. Immediate supervisors were targeted as the sole culprit to the dissatisfaction with opportunities for promotion, workload, and appreciation being the primary issues.
- Personal Characteristics: Results revealed employee theft can be significantly higher among organizations that employ young, single, males who never married and are concerned about their financial and/or educational future.

- Occupational Characteristics: Results revealed, and those of others noted in this lit review, that employee's motive is heightened among lower-paying jobs and those positions that have easy access to money or merchandise.
- Policies: Results revealed that organizations that did not already have an ethics program in place, nor did they actively promote one, suffered an exceeding percentage of theft in the organization.

### *Future Research & Constraints*

Despite the potential limitations that hinder the current study, the provided results carry relevant information to future researchers and organizations. There are numerous factors that should be considered for future research. Specifically, research should take into account that not all types of theft committed from employees are considered the same, nor does every theft action get reported. As a secondary note, organizations might want to determine the various perceptions of theft held by employees. What constitutes theft behavior from the perception of "rank & file" employees? Out of those behavior patterns - what would be considered appropriate responses to answering that question? Future studies have the ability to offer an elegant analysis of the subject matter, specifically because of the general nature of this sensitive topic requires a complex analysis to understand an employee theft epidemic (Schmidtke, 2007).

There is the initial personal and professional hope that Social Scientists will take on the additional research to answer some of the initial questions in this paper - as opposed to simply understanding the motive behind why an employee commits theft at the workplace. Some of these questions include the following:

- What is the median financial loss per organization on a per employee case?

- What are the most widely used tools or concepts to steal from the organization (industry specific)?
- What is an effective methodology for eliminating or reducing the potential for biased data ?
- Provide a quantitative analysis of managers who are reluctant to report theft from their departments subordinates to company executives out of fear that a managing supervisor will question their leadership ability and possibly use that action as a justification for their dismissal.

For further research into this subject matter, it would be interesting if a qualitative method was implemented into future case studies with stakeholders of public companies. One of the most common ideologies and stereotype at best, is that Stakeholders are interested in quarterly earnings. Consistent in-depth interviews have been conducted at the employee level within the organization to gain understanding into this complex behavior; however, the perceptions of those who have a stake in the company could have a different level of importance when it comes to ethical issues understanding why, how, when and from who an employee steals from the organization.

### *Subjectivity*

Previous research projects on this topic has been subjected to criticism, particularly if the survey and interviewing processes are to take place within the confines of the organization studied - which is a common place of theft occurrence. First, the specific nature and the number of questions that can be asked of employees are limited by the organization's legality policies; the result, there are potential questions that could have clarified the results of the studies - but they're not included.

Second, because this research topic is of a sensitive subject matter, the possibility of individuals to respond towards surveys and interview processes could be "padded" in a way that management would deem desirable. In other words, a moderate percentage of skewed answers exists in prior interviews due to employees fearful of repercussions based on their answers supplied to researchers (Schmidtke, 2007). Even though ethical and legal procedures were put in place to guarantee confidentiality, the propensity for individuals to hide their "skeletons in the closet" is evident.

Third, the very nature of the data analyzed in prior studies attempts to provide similarities based on the perception of theft; however, the perception of analysis on behalf of the observer is subjective to bias interpretation. For example, it's possible the researcher - who is engaged in observing and conducting research surveys of a sample - has consistently been involved in theft behavior. Thus, what started out to be a "hard" analysis of employee theft, has turned into a "soft" alternative of skewed data; although, the common sense perspective would ask "how" does one ever go about proving any of that.

Finally, much of the research conducted in previous times has been in experimental situations, usually analyzing ethical concerns of behavior in the workplace and almost always involves theft actions that relate to only a small amount of money or the loss of, off-the-shelf products. The future research projects of analyzing unbiased settings and circumstances that involve "huge" sums of money or products has yet to be conducted.

### *Demographics*

Limitations of prior studies have the propensity to exceed into other areas of concern that would make it difficult to generalize concepts of eliminating employee theft and providing truthful data that addresses this concern. Much of the prior research, mainly the locations of

where the sampling was taken from, has been subjected to the influence of social factors that readily skew the potential for extrapolating findings to large areas of society. First, data is limited which measures the exact length of employee service and the projected turnover exhibited by large and small organizations. Second, demographic numbers that focus on youthful versus older workers - or transient versus less transient workers could potentially provide a more in depth analysis in understanding the problems occurring with theft in the workplace (Poulston, 2008). Third, the majority of studies implemented into the analysis of employee theft have had difficulty in the direct measurement to confirm the strength of relationships between employees and management, mainly in the distinction between termination of employment and any outside influences that occur between coworkers and management (company X-Mass party).

#### *Ethics Analysis*

Part of the analysis in this research project has been the use and recommendation for organizations to implement ethics programs in an attempt to curb the propensity for employee theft and dampen their desire to steal. A noticeable limitation with this concept is that programs - whether they're new or older - are considerably difficult to gauge in their attempt to prohibit theft; however, the generalized theory is still effective in the attempt for organizations to lay a foundation of training and policy procedures that help curb people's desire to steal (Greenberg, 2002). With ethics programs, the concept could also be subjective to interpretation based on the individual cross-reference of cultural ethics. Individual cultural ethics in some cases could be a decisive variable in determining the value and effectiveness of implementing organizational ethics programs - specifically when it comes to individual values and what's deemed to be inappropriate behavior regarding motive.

*Discussion*

It can sometimes appear that employees put the organizational policies and their sociological ethics on the back burner in an attempt to satisfy their own personal endeavors. There is no doubt that organizations - both large corporations and small proprietorships - have a need to implement some type of theft deterrent to effectively control criminal activity; however, the ability to eliminate the motive - that ultimate emotion of having an employee cross the line to seek retribution, financial gain, vengeance or simple self-satisfaction remains a strategy in progress.

On the forefront, technology and policy implementation has the ability to curb theft actions from the organization; however, the flip-side embarks on the potential to increase alienation among the workforce, thereby potentially contributing to an environment where more forms of criminal behavior and misconduct seem applicable. The aspirations of this paper were not meant to provide a Utopian anecdote or solution to combat theft. There is a definite and large probability that employee's motives to steal from the workplace will never be eliminated; although, the policies implemented and specific actions taken will potentially dissuade the behavior from becoming a normal part of conducting business.

On the disputing note, this concept of treating employees well is not the defining, "be all, end all" solution from stopping theft occurrences, that can and probably will take place; however, as a generalization, if the employee roster is filled with individuals who enjoy their work and truly believe in the value of services or products the organization produces - then they quickly allow the organization to spend time (time is money) focusing on productivity. To borrow a statement from Traub's work (2010), the proposed plan of eliminating theft must be

careful "not to adopt a cure that is worse than the disease. The morality of the means is as important as that of the ends" (p. 254).

### *Conclusion*

The development of a social and professional equilibrium that considers the interests of the organization and the workforce could possibly be better served by implementing an atmosphere of trust and direction as opposed suspicion delegation. Implementing such a program might meet the needs of the workforce in an equitable fashion that does not cause resentment, alienation or send the individual employee on the path to seek retribution because he/she feels they're not appreciated.

To potentially reduce the motive for employees to steal from their place of employment - including the perception of unfairness - it's that theft can be reduced by positive reinforcement, which could ameliorate the emotional dynamics of the employee workforce as opposed to the concept of running the organization with an "Iron Hand". Employees garner the ability to be more productive and show a personal sense of loyalty to the organization when they are made to feel as a contributing part of the operational process.

Organizations that choose to implement programs that benefits both the organization and the employees, would potentially find results leading to positive reinforcement, values that generate productivity and the achievement of organizational and individual goals. The employees would benefit from this approach by knowing that the organization understands and appreciates their efforts toward ethical behavior and motivation. This form of business culture would do much to reduce a punitive, oppressive atmosphere that hinders operational efficiencies. A constructive workforce contributes to positive financial gains and minimizes the erosion of profitability including employee theft.

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