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Group 1 Security is a specialist in Retail Asset Protection providing solutions to both large and small retailers nationally, and are a preferred supplier for the Australian Retail Association.

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Understanding employee theft

Every business can be a victim of employee theft

For a business to be successful trust needs to be placed in the hands of employees. Unfortunately, from time to time this trust is abused. So much so that the cost of employee theft goes into the billions.

Across the various business sectors the items employees steal can be placed into six categories: merchandise, plant equipment, cash, business assets, intellectual property, and time.

Obviously, the type of theft will depend on the type of business, ie, if you are in the finance industry, the theft of money will be prevalent, but in the retail industry theft of merchandise will be more prevalent.

In order for theft to occur, four things need to exist: motivation, opportunity, rationalisation and capability. There is no set order in which these four things will occur, however capability and opportunity will always go hand in hand. Let's take a closer look at the four areas.

1. Motivation

This is the factor businesses have the least control over, as an employee's motivation to steal will usually come from outside sources, including:

- Addictions, such as drugs or gambling.
- Excessive debt.
- Sudden loss of income.
- Pressure from other people.
- Lifestyle.

Lifestyle theft will often start out small and increase over time. To give you an example of this, there was one employee who started out by taking \$5 on the odd occasion, just to by lunch. As time went by, both the frequency and dollar amount increased to the point where they were consistently taking up to \$600 a week. Once caught, the only reason given was that “they liked to buy things”.

2. Rationalisation

This could also be described as ‘justification’. Businesses can have an impact on this area. This is because an employee will find rationalisation much easier when/if they are working for a business that treats them poorly.

Having said that, even in the best business in the world employees



may steal. In these cases, their rationalisation won't be work related and might include:

- They (the company) make a lot of money, so they won't miss a small amount.
- I haven't had a pay rise for a long time. How do they expect me to live?
- Other staff take stuff all the time and nothing happens.
- I'm always working extra hours without payment, so this evens things out.
- They don't appreciate the work I do, so why shouldn't I take it?
- I should have been promoted a long time ago; they are costing me money.

As I mentioned before, if you are the world's best employer and an employee is still stealing, chances are they have a very strong motivation and their rationalisation will be more about what will happen to them or their family if they don't steal.

3. Opportunity

As a business owner this is where you have the most control, to reduce or eliminate theft. In order for an opportunity to exist there must be either weak procedures in place, or none at all.

A thorough assessment of potentially vulnerable areas within your business should be made. This should be immediately followed up with the implementation of strong policies and procedures around the identified weaknesses. Some areas you may look at developing procedures around are:

- Opening and closing the business.
- Key controls.
- Cash handling.

- The use of computers and the storage of data.
- Receiving stock.
- Invoicing.
- Credit card transactions.

As soon as you have developed and implemented the relevant procedures you will need to have all of the staff sign off on the procedures, stating they have read and understood what is meant. Once all of this has been done the final step is to ensure the procedures are being followed. The most effective way to do this is by conducting random audits.

Other ways to minimise opportunity is through the implementation of closed circuit television (CCTV) and access control systems, and by restricting high risk areas to key personnel and limiting functions on business computers.

4. Capability

The level of opportunity will be in direct proportion to the employee's capabilities. What I mean by this is that an opportunity can exist, but if the employee doesn't understand how to take advantage of it then theft is unlikely to occur.

An example of this would be where a business has poor procedures in place regarding how they record their invoices and this is common knowledge amongst the staff. The business has an employee who has the motive, has rationalised why it would be okay to steal and who is aware there are poor procedures around the invoicing. Fortunately for the business, the employee doesn't understand how the invoicing works, so they will be incapable of taking advantage of the opportunity that exists. ■