Staff Dishonesty in the Retail Sector: Understanding the Opportunities

Adrian Beck,

University of Leicester

University of Leicester

Purpose of the Presentation

- Background to Staff Dishonesty

- Methodology Used

- Findings

- Recommendations

- Conclusions

Background

- A Perennial Concern

Background

- **A Perennial Concern**
- Scale of the Problem

Scale of the Problem

- Imprecise Art
- Official Statistics of Limited Value

Extent of the Problem

Study	Estimates
Florida studies (1991 -)	40-47%
ECR studies (2000 and 2004)	24-28%
Retail Theft Barometer (2006)	28%
Food Marketing Institute (2006)	40%

University of Leicester

Scale of the Problem

- Imprecise Art

- Official Statistics of Limited Value

- Unknown Loss Clouds Measurement

University of Leicester

Background

- A Perennial Concern

- Scale of the Problem

- Viewed as Highly Sensitive

Background

- A Perennial Concern
- Scale of the Problem
- Viewed as Highly Sensitive
- Overshadowed by External

UNIVERSITY of Leicester

Background

- **A Perennial Concern**
- **Scale of the Problem**
- **Viewed as Highly Sensitive**
- **Overshadowed by External**
- **Previous Research**

University of Leicester

Previous Research

- **Focused Primarily on the Who, How Much and the Why Questions**
  - Interview General Retail Staff
  - Analyse Company Statistics
  - Interview Security Staff
  - Theorise from Research Done in Other Areas

University of Leicester

Background

- A Perennial Concern

- Scale of the Problem

- Viewed as Highly Sensitive

- Overshadowed by External

- Previous Research

- Defining Staff Dishonesty

Definition of Dishonesty

- 'the unauthorised taking, control or transfer of money and/or property of the formal work organisation perpetrated by an employee during the course of occupational activity which is related to his or her employment' (Hollinger and Clarke, 1983)

- Focus Upon Property Deviance Rather than Production Deviance

Background

- A Perennial Concern
- Scale of the Problem
- Viewed as Highly Sensitive
- Overshadowed by External
- Previous Research
- Defining Staff Dishonesty
- Understanding Why

University of Leicester

Understanding Why

- External Financial Pressure

- Opportunity

- Job Dissatisfaction

- Poor Pay

- Company Culture

- Type of Staff

- Neutralisation of Behaviour

Aims and Objectives

- Gather real insights into how workers in the supply chain exploit company procedures and processes to steal cash and goods.

- Understand offender perspectives on current shrinkage management strategies in order to understand what currently works, what does not and what might work in the future.

- Provide a greater appreciation of the nuances of 'sweet-hearting' at the till and understand how operators do it, how they make sure they are not caught, and the types of till procedures that facilitate or inhibit this activity.

Methodology

- **Interviews with offenders**
  - 2 companies agreed to take part
  - Total of 35 interviews completed
- **Analysis of existing company records**
  - Wilkinson's in the UK
  - 15 taped interviews
- **Interviews with security staff**
  - Ahold: Poland and the Netherlands
- **Questionnaires completed by security staff**
  - Albert Heijn in the Netherlands
  - 31 questionnaires completed

Methodology

- **Limitations**
  - Representativeness of Data Set
  - Reliability of Respondents
  - Relatively Small Numbers
- **The Data Set**
  - Total of 74 Usable Cases
  - Highly Varied: €0.55 to over €150,000
  - From Pickers to Store Managers
  - Total of 99 'Dishonest' Events Analysed
- **Meaning of 'dishonesty'**
  - Theft of cash and goods
  - Serving family and friends
  - Claiming points on Loyalty Card
  - Reducing the price of items for own purchase
  - Allowing friends and family to use discount card

University of Leicester

Type of Staff

Type	Number
Till Operators	47
Shop Floor	12
Security Officers	4
Warehouse	4
Management	3
Chief Cashier	2
DC Pickers	2

UNIVERSITY of Leicester

Findings: Place of Offending

Type	Number
Till	68
Warehouse	16
Shop Floor	5
Refund Counter	2
Retail Distribution Centre	2
Cash Office	2
Other	4

UNIVERSITY of Leicester

Offending at the Till

Type
Stealing cash
Non scanning of items for family, friends or colleagues
Allowing family and friends to use staff discount card
Serving family and friends
Adding points to own loyalty card
Stealing phone top-up cards
Using and deliberately accepting counterfeit money
Short changing customers and stealing the cash
Stealing credit cards left behind inadvertently by customers
Stealing gift cards
Stealing discount vouchers
Last item voiding
Giving extra change to family and friends

Offending at the Till

- Little effort to disguise

- Multiple usage of till to cover tracks

- Become greedier as their offending continues

- Use quiet moments to remove cash or straight after customer transaction

University *of* **Leicester**

Non Scanning

- 'lots of staff were doing it for each other – I would do it at least once a week, felt a bit under pressure to do it as she [the other member of staff] can be quite dominating … thought nobody would notice and it [the loss] would be put down to shoplifters'.

Serving Family and Friends

- Not regarded as a problem
- Viewed as minor misdemeanour

Offending in the Warehouse

Type
Eat stock
Walk out back of store with items
Hide items outside
Put items in clothing or bag
Hide/set aside stock to wait for discount

Other Areas of Offending

- Cashier's Office

- Refund Counter

- DC

- Not on the shop floor

- Some evidence of security staff involvement

University of Leicester

Process Failures and Offending

- Inadequate Security Searches
- Till PIN Abuse
- Poor Till Procedures: Emptying and Checking
- Abuse of Staff Exit Policies
- Poor Use of Security Cage
- Unauthorised Access to Warehouse
- Lack of Supervision at Night

Offending and Prevention

- Role of CCTV
- Staff Searches
- Better Training on Use of Till
- Staff Awareness of Security Capability
- Better Staff Screening
- More Awareness of Company Policies
- Greater Degree of Supervision and Checking

University of Leicester

Recommendations

- **Data Mining Capacity at the Till**
  - Regular Investigations
  - Regular Advertising
  - Development of Key Deviance Indicators
  - Setting of Tolerance Levels
  - Store Level Access to Reports
- **Staff Monitoring**
  - Night Shift
  - Backroom Areas
  - Random Searching
  - Use of CCTV
  - Till Operator Performance Meetings

Recommendations

- **Regular Review of Key Vulnerable Processes**
  - Monitoring of Adherence
    - Stock Deliveries
    - Security Cage
    - Markdowns
- **Product Vulnerability Reviews**
  - Has the Focus Moved?
  - Product Checking in the Warehouse
  - Goods Stored in the Secure Cage

Recommendations

- **Staff Awareness Programmes**
  - Capabilities of Data Mining Function
  - Capabilities of Surveillance
  - Risk and Consequence
  - Need to be Overt and Regular
- **Management Performance Reviews**
  - Importance of Example Setting
  - Monitoring of Security Staff

University of Leicester

Recommendations

- **Sharing Data on Previous Offenders**
  - Deterrent Impact
  - Reduce Access to Previous Offenders
- **Reward/Incentivise Staff**
  - Incentivise Intolerance
- **Create a Culture of Honesty**

University *of* **Leicester**

Conclusions

- New insights
- Relative simplicity of offending
- Till highly vulnerable
- Importance of surveillance
- Role of checks and balances
- Staff integrity
- Non scanning of goods

Thank you for listening

For a free copy of the report
contact me at: bna@le.ac.uk