Are happier employees less likely to steal?

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If you're a multi-unit B2C organization, your front-line employees are your greatest asset. There's no one who can have a bigger impact on your customers, and the customer experience. And as consumers we've all encountered it—a single employee can be the difference between a purchase and an experience.

That's why it's so important to measure employee engagement: so you can be constantly driving toward happy employees, who create loyal customers, who will impact your bottom line.

But no matter your efforts, there may be a small subset of your employee base that ends up costing you. Not long ago in Westminster, Vermont, a 49-year-old woman was charged with skimming $55,000 from a local solar company[1]. A few days later, a supermarket in Reed City, Michigan, had to close after three employees were convicted of stealing more than $100,000[2].

According to a report from Statistic Brain[3], employees steal more than $50 billion from U.S. businesses annually. Many businesses focus on putting cameras and other controls in place to prevent theft by customers, but dishonest employees actually steal approximately 5.5 times more than shoplifters[4]. With these numbers, it shouldn't surprise anyone that more than 30 percent of business bankruptcies are due to employee theft[3].

So how can you avoid it?

Is it all about making the right hire?

In a word, no. It's nearly impossible to know if one employee is more likely than another to steal from their employer. For instance, sources vary on whether men or women steal most often. Employees with all levels of education—from no high school diploma to a postgraduate degree—steal. Though age is not a good predictor either, it is notable that 34 percent of 18-to 29-year-old employees believe it's justifiable to steal from their employer[4].

The good news is that you don't have to try to figure out which type of employee is more likely to steal, because fraud doesn't start with dishonesty[5]. It starts with some kind of pressure, either personal or professional. There are several types of personal pressure, such as debt and addictions, that you'll never be able to control. Rather, a business should focus on how it can reduce professional pressures in the workplace.

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How to minimize professional pressures

Professional pressure starts with ambiguity. Employees crave clear expectations—needing to know how they are being measured and how they add value. They also need to have realistic objectives clearly communicated to them. In an SMG report, *5 things we learned from talking to one million employees*, almost 60 percent of unhappy employees noted a lack of engagement with work due to one of three reasons:

1. Not feeling valued
2. Needing more support
3. Lacking communication

So, how can you gauge your employees' happiness? First, you have to ask. SMG recommends executing a company-wide, annual employee survey to identify areas of weakness. Next, you have to act. Usually, that means developing a strategy to make changes based on that feedback. You can also implement short, periodic pulse surveys to track progress against this strategy. And most importantly, you need to communicate to your employees how you are taking action based on their valued input. This can help your company not only mitigate fraudulent activity, but also create engaged employees, who are more likely to be innovative, productive brand ambassadors. SMG Associate Voice® delivers a comprehensive program that assesses engagement and turns employee insights into results.

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What can be done about personal pressure?

Sometimes, high engagement isn't enough to overcome intense personal pressures. That makes it critical to minimize any opportunity to steal with internal controls and technology. A report by Balance Innovations noted that 26 percent of retailers say cash theft is their top cause of loss[6]. It's not hugely surprising, as cash is liquid and can be easy to steal from a safe or cash register.

Balance Innovations' VeriBalance® software platform, which is integrated with a store's POS, can quickly identify an over/short regardless of the device being used to count funds. Corporate staff get real-time alerts about exceptions and suspicious activity so it can be quickly identified. At the store level, VeriBalance also lets retailers use lane accountability, in which multiple cashiers use one drawer throughout the day, while still maintaining visibility and control over cash. Lane accountability lets the retailer keep far less cash in the store, reducing exposure risk and idle cash, and spend less time reconciling drawers throughout the day. Employees then have more time to spend with your customers, which is exactly where they prefer to be and where they need to be to have the most impact on your business.

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Can theft control technology drive engagement?

The right technology can have the added benefit of making your employees more engaged, too. Remember when we noted 34 percent of 18- to 29-year-old employees believe it's justifiable to steal from their employer? Another SMG learning is that millennials like their companies to use the best technology available to help them get their jobs done. For example, when it comes to communication, if it can be digital, it should be. Millennials appreciate having the tools they need to do their jobs and streamline processes.

Conclusion

It's clear employee theft can be an issue for U.S. businesses. Seventy-five percent of employees have stolen at least once from their employer. Half of those have stolen at least twice[3]. But employers can reduce this risk for their own businesses by:

1. Creating a positive culture where employees feel valued
2. Using technology to minimize opportunity for theft

At a minimum, if employees are engaged and know there are tools in place to prevent fraud, they are less likely to steal. Furthermore, with the right focus on company culture, engaged employees can provide incremental and enduring value to a brand by providing the best possible experience for its customers. ●

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