

# EMPLOYEE THEFT IN THE SOUTH AFRICAN RETAIL INDUSTRY: KILLING THE GOOSE THAT LAYS THE GOLDEN EGG?

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## Abstract

Employee theft has once again come to the fore as a result of the economic crises prevailing world wide. It is a known fact that as economic hardships increase people are looking at other ways and means to supplement their declining income. One such method is unethical behaviour in the form of employee theft. Retail shrinkage as a result of theft by employees and consumers is a serious problem worldwide and has a direct effect on commerce and industry. Not only does it result in a loss of profit but the retailer is also faced with additional costs such as legal expenses, loss of productivity, expensive security measures, product replacements, increased insurance, loss of trained staff and the expense of retraining new staff in the case of conviction of dishonest employees. The cost of employee theft is enormous and it has a definite and detrimental impact on business activities. Industry estimates place shrinkage at between 5 and 7 percent of turnover, with most companies budgeting for at least 3 to 5 percent. The main purpose of the study was to examine the reasons why employees participate in this type of dishonest behaviour and the methods that they use in such instances. The research followed a quantitative approach where a survey questionnaire was used as the data collection method. As few if any person will admit to stealing, projection techniques were used to obtain the information. It was found that employees are aware of a variety of methods by which employees steal. The impression was gained that employees are not aware of the impact and effect losses of this nature have on the future success of a company. Dishonesty creates its own vicious circle. If management is perceived as treating employees unfairly in order to make even larger profits employees become defiant and react in such a dishonest manner. Employees then regard stealing as paying management back for this. This study highlights the areas where corrective action is required and indicates the need for a strict security policy and a beneficial corporate environment to be created by management.

**Keywords:** Retail Industry, Employee Dishonesty, Theft, Shrinkage, Shoplifting

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## 1 Introduction

Retail shrinkage is not simply an affliction of modern times. It is in fact a very ancient form of crime to which reference is made as far back as 1597 in England (Curtis, 1960:91, Segrave, K. 2001). Today, 500 years later, it has been reported that one of the major results of the financial crisis in the world is the increase in employee theft in the workplace which have contributed to the fact that the retail sector is one of the worst affected industries suffering from a rise in employee theft in the workplace over the past two years (Investigate: 2012: 1). It is also agreed that retail shrinkage caused by employee and customer theft is a serious economic problem that affects both commerce and industry. Research conducted by the

Australian Retailers Association have indicated that shoplifting is the most common crime that impacts on retailers, their profit, customers, staff and day-to-day trading practises (Crime Prevention, 2012: 2). According to Murphy (2009) at least 50 percent of inventory losses for retailers can be attributed to employee theft. A study conducted by Arthur Young Associates (Mason & Mayer, 1993: 233) indicated that retailers now attribute more of their losses to employee theft than to shoplifting by customers. Specifically, they believe the breakdown to be as shown in table 1 below and it is expected that these figures will be very similar today.

**Table 1.** Breakdown of shrinkage

Category	%
Employee theft	43
Shoplifting (external)	30
Poor paperwork and control	23
Vendor theft	4
Total	100

Source: adapted from Mason, J .B. & Mayer, M.L. 1993. Modern retailing. 5th edition. Homewood, Illinois: Irwin, p.234.

From this table the magnitude of employee theft is evident and clearly a serious issues as it represents 43 percent of all shrinkage. Shoplifting by consumers account for 30 percent of shrinkage while poor paperwork and control represent 23 percent of shrinkage. According to the retailers who participated in the survey, nearly 40 percent of the losses due to employee theft (of the 43%) occur at the point of sale (front-end), with almost 20 percent occurring on the retail floor (in-store) (Mason & Mayer, 1993:233).

Losses or shrinkage can be attributed to various factors as indicated by a major retailer. According to this retailer losses can generally be categorised in three main groups namely:

- 33,3 percent due to bad administration, waste, breakage, failure to record markdowns and poor stock counting,
- 33,3 percent due to staff theft; and
- 33,4 percent of theft by shoplifters (customers).

The above classification is over-simplified and the figures can be expected to differ widely amongst different types of retailers. As businesses became bigger and more impersonal, many customers and employees began to perceive them as being exploiting and uncaring, with maximum profit as their sole objective (Turner & Cashdan, 1988: 861; Friedrichs, 2010). This creates the ideal climate for shop theft, which is often an act of revenge readily justified by rationalising that big business can afford it and that stealing is not a serious crime (Friedrichs, 2010).

Shrinkage is a phenomenon with many facets and therefore the focus of this study is on one main facet only - employee theft in an outlet of a specific major chain store. Dictionary.com (2012: 1) defines theft as "...the act of stealing; larceny; the wrongful taking and carrying away of the personal goods or property of another". The Federal Bureau of Investigation (2000: 22) defines theft as: "The unlawful taking, carrying, leading or riding away of property from the possession or constructive possession of another. It includes crimes such as shoplifting, pick-pocketing, employee theft, purse-snatching and theft of vehicles, in which no use of force, violence or fraud occurs."

The cost of employee theft is enormous and when looking at the problem of dishonest employees, it is advisable to keep in mind that internal theft is costly in various ways (Hess, 2009). Some hidden or additional

costs associated with employee theft include the following:

- the loss of one or more trained employees due to the fact that they were fired or convicted;
- the possible "contamination" or influencing of other employees leading to new losses;
- the cost involved in training replacement employees;
- the cost of destroyed or stolen records;
- the unfavourable publicity and damage to the outlet's image; and
- the lowered morale when suspicion is directed at honest and valued employees.

It would be almost impossible for any retailer to devise security measures to monitor the dishonest activities of all retail employees throughout a working day, especially in complex multi-product, multi-location, multi-price, and multi-national corporate entities (Ferrell & Hirt, 2002: 37-50). In order to be able to reduce or minimise theft of this nature a retailer must focus on securing some sort of buy in or a commitment from its employees. It will also be important to create an environment that is conducive to honesty and loyalty. The need for research into prevailing attitudes underlying employee dishonesty is therefore clear. Only when the retailer knows what the reason for dishonesty and negative attitudes are can he attempt to find ways to improve the situation. In this study recommendations are made to this effect.

## 2 Research objectives

The main aim of the study was to explore the reasons and methods for employee theft in the South African retail industry and to formulate appropriate actions to combat this behaviour.

To achieve the main (primary) objective, the following secondary objectives are proposed:

- To explore the reasons for employee theft, and
- To identify the more common methods by which employees steal.

## 3 Research methodology

In order for the researchers to explore the reasons and methods for employee theft in the South African retail industry, a quantitative approach was followed and the

required data needed was collected by means of a survey questionnaire. Secondary as well as primary data were used to obtain the required information in order to analyse the reasons and methods for employee theft. To address the problem adequately, the research methodology was based on the primary data collection from employees in a particular chain store. The population for the research survey consisted of the employees of a major retail chain store in the Gauteng province in South Africa. In total five stores were identified based on the high levels of shrinkage taking place in them and all the employees of these outlets were included in the survey. There were a total of 185 employees in these stores and all were included in the survey. Due to the sensitive nature of the subject under investigation the interviews were conducted in a group fashion. This was done by bringing all the employees of a particular store together in the training room and by means of a power point slide show, the respondents were requested to complete the questionnaires handed to them.

The questionnaire comprised of a set of two 4-point Likert-scale questions that were used to determine the main constructs of this study. These two Likert-scale questions were found to be highly reliable with a Cronbach's Alpha of 0.7. The first section of the questionnaire examined the employment history of the employees, followed by the different reasons why employees steal. Section two investigated the methods by which the employees feel their colleagues partake in dishonest practices and the last section of the questionnaire comprises of the demographics that describe the profile (characteristics) of the respondents.

## 4 Employee theft

All major chain stores are in agreement that the largest slice of retail shrinkage in South Africa is directly related to employee theft. A major retailer put employee theft at 72 percent of total shrinkage while Murphy (2009) puts the average figure of employee theft at more than 50 percent. To worsen this problem is the fact that employee theft is far more insidious and complex than shoplifting. Large retail outlets employ hundreds of personnel with access to merchandise, and under a wide variety of conditions which heighten the potential for dishonest behaviour (Crime Prevention, 2012: 2). Employee theft comes in many shapes and forms, and may take the form of "borrowing" money from a cash register; taking merchandise, supplies, or tools home in handbags and lunch boxes; or more-complicated manipulations of organisational assets (more recently by computer) for personal benefit.

### 4.1 The causes or reasons for employee theft

Arriving at some consensus as to the causes of employee theft has been an allusive goal for many researchers. Fitzmaurice and Radolf (1961:4), Bullard and Resnik (1983:53) and Sennewald and Christman (2008) indicated four conditions that give rise to employee theft, namely

wrong hiring, temptation, desire and opportunity. These conditions although still applicable today, are a rather one-sided and limited view of the problem. According to these authors, employee theft is influenced by four major opportunities. These are:

- Easy access to company cash and property.
- An inherent lack of integrity.
- Pressure caused by personal problems increases the propensity to steal.
- The organisational climate can be conducive to dishonesty.

When there is little opportunity to steal, even the employee with the lowest level of integrity will find it difficult to do so. Nevertheless, while opportunities can be minimised they cannot be eliminated. In a study conducted by Hollinger & Clark (1983), need was found to be unrelated to employee theft. The study, however, indicated that employee integrity was closely related to theft in the workplace. Those who steal appear to have the attitude that stealing is not unethical, or that it can be justified in some cases.

Personal pressure such as economic pressures or performance pressures may lead to a honest employees to become dishonest as he or she need to make the grade or survive. Merriam (1977:386) and Pedneault (2010) have identified similar causes or reasons for employee theft and these include amongst others economic, individual, personal and organisational influences. Each of these causes is briefly discussed below.

Other causes of employee theft that have not been mentioned may exist, but these are the most commonly articulated causes for dishonest behaviour. It should be noted however that these differing causes are probably not mutually exclusive and normally a combination of these factors will be present leading up to dishonest behaviour. .

### 4.2 The methods of Employee theft

The methods used by employees to steal are wide and diverse and not easy to identify or deal with. Employees are also very creative in their methods used to steal. Irrespective of the methods devised to curb theft those who want to be dishonest will be so and employers must be wary thereof. Therefore, any security policy should be constantly evaluated and revised as often as necessary (Reference for Business. 2012).

According to Bamfield (November-December, 1988:23) and Cant (1991: 189), there are perhaps 130 different basic methods by which customers, employees and suppliers' representatives can steal from retailers, and there are at least 47 different ways of stealing at the checkout point, including sweet hearting and under ringing. Retail theft thus embraces a variety of problems and this means that there can be no quick technological fix - or single big idea - which will discourage employees from dishonest practices. While it would be impossible to identify all possible methods of internal theft, the following are some of the more common methods used.

#### 4.2.1 Theft of cash

Sales is the area where cash theft mostly occur, but dishonest employees in the bookkeeping and credit departments can also do a great deal of damage due to their access to larger amounts of money.

The most vulnerable area for cash theft is, as one might expect, the cash register. A common method of theft here is by simply not ringing up a transaction or sale and pocketing the money. This happens most frequently in retail type establishments which have a rapid turnover of customers, such as restaurants or bars, where the employee can keep the register open after an initial sale. A similar type of activity is the "no sale" transaction. Here the employee rings a no sale on the cash register and fails to give the customer a sales receipt. "Underringing" is a method, like the "no sale" transaction, whereby the employee does not give the customer a receipt and pockets the difference.

#### 4.2.2 Theft of merchandise

As with the stealing of cash, merchandise theft methods may range from complex operations involving several employees to the simple taking home of small items in pockets or purses. The merchandise may include items that are offered for sale by the business or tools and other items used by the business. Similarly, the motives may be the resale of the items for cash or alternatively for the personal use of the employee. In any case, the results of merchandise theft may be devastating to the business.

#### 4.2.3 Dishonest practices

Purchasing agents add an additional dimension to the problem of internal theft. Purpa (2008) notes that perhaps nine out of ten purchasing agents take gifts or kickbacks from suppliers. He further points out that some manufacturers include a two to three percent mark-up in their costs to make provision for these items. While this does not appear to be the same as direct theft, the employer still loses money in the transaction.

In the receiving department there can be false counts of shipments in order to cover shortages. These can result from thefts or from conspiracy with vendors who are

charging for goods they never delivered. Another variation on receiving fraud is to arrange the records and paperwork in such a way that the same invoice is paid twice.

It is clear from the above discussion that various methods are used by employees to steal, and it is not really possible to eradicate these types of problems. The best that can be hoped for is to reduce the incidents and opportunities. The implications for the business are quite obvious. The ultimate result is higher prices due to added security, tamper proof packaging, surveillance systems, and so on.

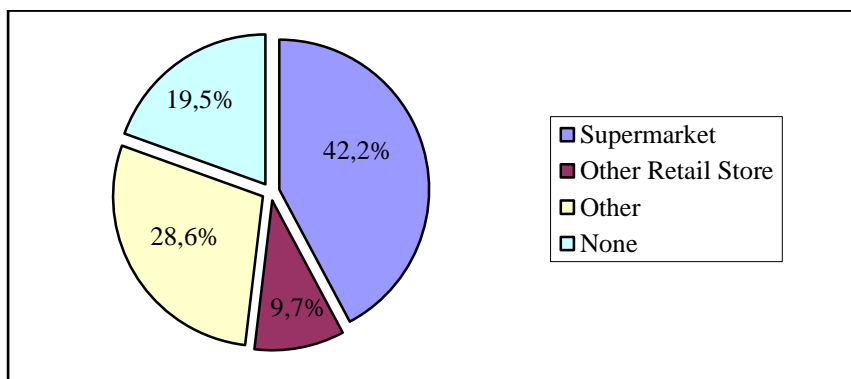
## 5 Research findings

The results of this survey are based on the 185 completed questionnaires received from a census survey of all the employees in the five selected retail outlets. The chain store is the universe from which the sample is drawn. The sample is large enough to be representative of the universe and there is no reason why the conclusions and recommendations drawn from the study, should not also be applicable to the retail sector as a whole. As mentioned previously the selected retail stores are the largest and most "troublesome" branches of the chain store. If top management succeeds in limiting employee theft in these stores, it follows that the same measures in other retail stores would probably also be successful. The following research findings were observed in the study.

### 5.1 Employment history

In this section the employment records of the respondents in the sample are examined. Figure 1 below indicated the previous employment experience of the respondents and it is observed that the majority (42,2%) of respondents have worked in a supermarket before, while a further 9,7 percent indicated that they have been employed in a retail store before. This implies that 51,9 percent of the employees have previous experience in a retailing environment and have probably been exposed to the opportunities for dishonesty. In total 36 employees indicated that this was their first job.

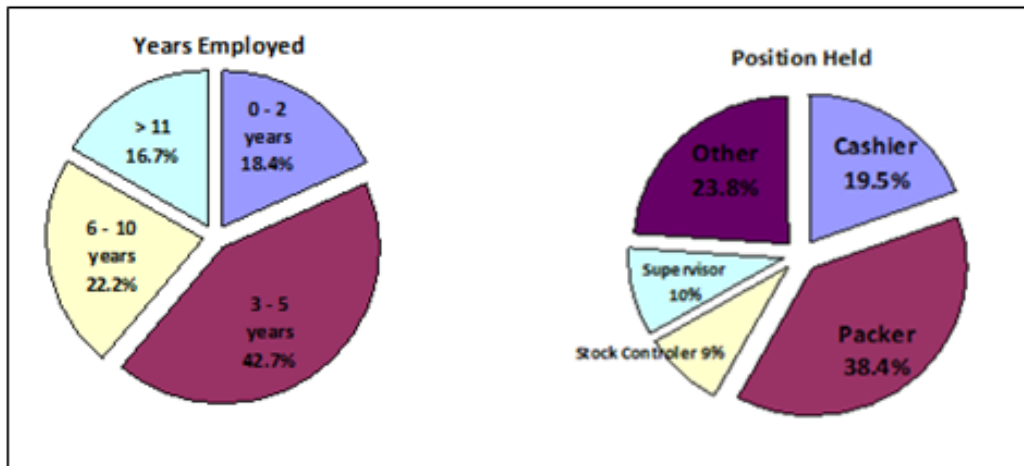
Figure 1. Employment experience



From figure 2 below it is evident that the majority of respondents (42,7%) have been employed by the chain store for between 3 and 5 years, while 38,9 percent have been employed for more than 6 years. Regarding the position held, it is evident that a high number of employees are employed as packers (38,4%), as well as a fairly large number employed as cashiers (19,5%). Compare to the fewer, more senior positions of stock

controller and supervisor (18,3%), it is clear that the task of the latter employees in controlling losses are not an easy one, as they need to control a large workforce. Other positions held represent 23,8 percent of employees and include jobs such as cleaners, casuals and messengers.

**Figure 2.** Years employed and position held at the Chain store



**5.2 Attitude to and awareness of dishonest behaviour**

This section deals with respondents' attitude to and awareness of all forms of dishonesty. Figure 3 below represents the opinion of respondents regarding the question whether or not taking an item in a store, without paying for it, is ever justified. It was found that an overwhelming majority of respondents (88,6%) are of the

opinion that it is never justified for an employee to take an item without paying for it. However it is interesting to note that 11,4 percent of the respondents are of the opinion that it is justified for employees to steal, thereby demonstrating an underlying negative attitude towards honesty.

**Figure 3.** Justification for taking an item without paying for it

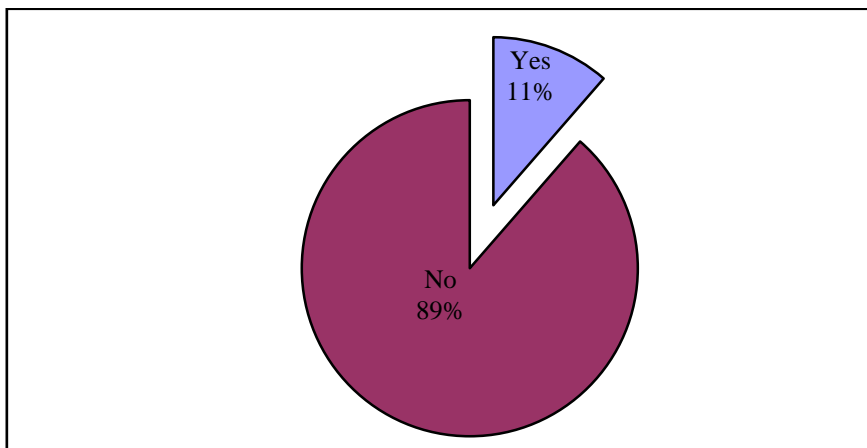


Table 2 below indicates the responses of the respondents regarding the awareness of any dishonest practices in the store as well as the methods used to steal from the store. From the table it is clear that employees

are to a greater or lesser extent aware of all the dishonest practices as mentioned in the table.

**Table 2.** Awareness of dishonest practises

Practice	Yes		No	
	n	%	n	%
Underringing of the cash register	57	30,8	128	69,2
Failing to ring up sales	57	30,8	128	69,2
Overcharging of customers	69	37,3	116	62,7
Cashing of bad cheques for friends	42	22,7	143	77,3
Fictitious refunds	55	29,7	130	70,3
Taking cheques payable to cash	46	24,9	139	75,1
Trading of unpaid for merchandise with friends in other departments	38	20,5	147	79,5
Hiding goods in stairways, public lockers, etc. To take later	46	24,9	139	75,1
Taking goods from the warehouse with cooperation of warehouse employees	38	20,5	147	79,5
Giving employee discount to friends	43	23,2	142	76,8
Putting on clothes and wearing them home	49	26,5	136	73,5
Intentionally soiling garments for damaging merchandise so employees can buy them at reduced prices	34	18,4	151	81,6
Smuggling out goods in trash and refuse containers	50	27	135	73
Giving a cut-price to friends	41	22,2	144	77,8
Taking packages from the delivery trucks	40	21,6	145	78,4
Hiding of small items in a regular employee package	41	22,2	144	77,8
Switching of price tags	62	33,5	123	66,5

Taking the answers at face value, the table indicates that the following practices of employee dishonesty are the most popular forms of dishonesty and are taking place in the chain store quite often:

- Overcharging of customers – 37,3 percent;
- Switching of price tags – 33,5 percent;
- Underringing of the cash register – 30,8 percent;
- Failure to ring up sales – 30,8 percent;
- Fictitious refunds – 29,7 percent.

### 5.3 Reasons for employee theft

Various reasons as to why employees steal have been discussed above. These reasons can be grouped in specific categories. Table 3 shows the reasons why employees steal. In order to understand the answers they were grouped according to “fully agree” and “agree” on the one side and “don’t agree” and “totally disagree” on the other side.

**Table 3.** Reasons why employees steal

Reason		Fully Agree	Agree	Don't Agree	Totally Disagree
They are under paid	n	76	39	29	41
	%	41,1	21,1	15,7	22,1
See it as part of their pay packet	n	42	35	50	58
	%	22,7	18,9	27	31,4
The company would not feel it	n	34	23	59	69
	%	18,4	12,4	31,9	37,3
Because it is easy	n	28	31	61	65
	%	15,1	16,8	33	35,1
There is no strict security	n	37	43	45	60
	%	20	23,2	24,4	32,4
They like to do it	n	31	38	64	52
	%	16,8	20,5	34,6	28,1
They see it as a challenge	n	33	44	57	51
	%	17,8	23,8	30,8	27,6
They know they can get away with it	n	36	29	61	59
	%	19,5	15,7	33	31,8
Need to do it to keep up with their living standard	n	45	40	43	57
	%	24,3	21,6	23,3	30,8
To pay gambling debts	n	36	23	57	69
	%	19,5	12,4	30,8	37,3
They are influenced by their friends	n	34	30	44	77
	%	18,4	16,2	23,8	41,6

From the table it is evident that according to the respondents, the most important reason why employees steal is because they are underpaid (62,2%). The current economic climate is a contributing factor to this, and it can be accepted that this is a major reason why employees steal. The second important reason why employees steal is because they need to keep up with their living standards (45,9%). This fact goes hand in hand with worsening economic climate and the reluctance of people to adapt their living standards accordingly. It is clear from the two main reasons why employees steal that the economic climate has a definite influence on theft by employees. The third important reason why employees steal is because there is no strict security (43,2%) and they have indicated that they will not be caught if they stole something. These findings pose serious questions regarding the effectiveness of current methods used to curtail losses of this nature. The fourth important reason why employees steal (41,6%) is because they see it as part of their pay package. This implies that employees regard it as their right to take some items for themselves at the expense of the company. The fifth reason as indicated in the table is that employees regard theft as a challenge

(41,6%) and therefore they steal. If the situation in which they find themselves is therefore challenging, they may opt for stealing. This probably means that there are opportunities for them to steal.

The remaining reasons offered by respondents seem to indicate that employees steal because it is either fun or easy or the fact that the company owes them something. It would seem as if they feel it is their right to react in this way.

#### 5.4 Methods used by employees to be dishonest

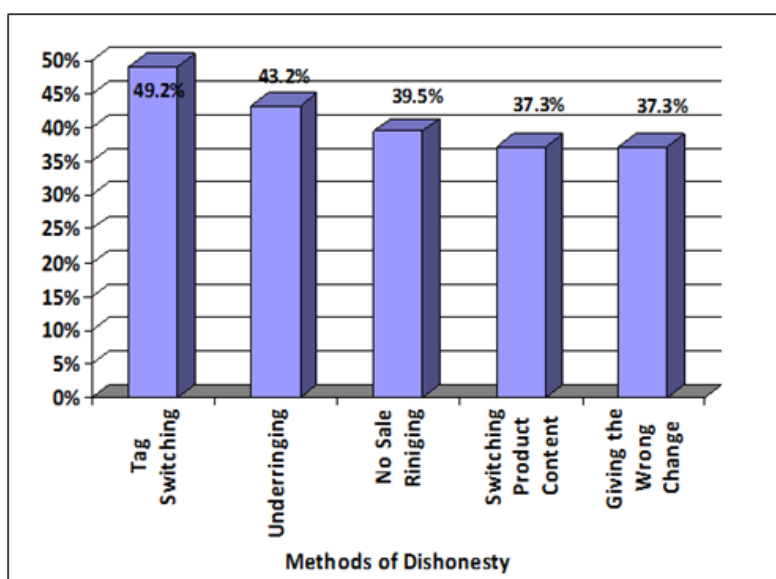
Various methods are used by employees to be dishonest. By asking employees to indicate the methods used by other employees to be dishonest, it was hoped that an idea would be obtained as to which methods are used. Below in table 4, the frequency of employee responses are indicated on a scale question. The responses "mostly used" and "often used" are added together as this would provide a more realistic picture of the methods used to be dishonest.

**Table 4.** Methods used by employees to be dishonest

Methods		Mostly Used	Often Used	Seldom Used	Never Used
Tag switching	n	55	36	25	69
	%	29,7	19,5	13,5	37,3
Underringing	n	35	45	31	74
	%	18,9	24,3	16,8	40
Switching the contents of products	n	32	37	33	83
	%	17,3	20	17,8	44,9
No-sale ringing	n	42	31	30	82
	%	22,7	16,8	16,2	44,3
Overcharging of customers	n	31	30	36	88
	%	16,8	16,2	19,5	47,5
Giving the wrong change	n	32	20	33	100
	%	17,3	27	17,8	54,1
Hiding goods and taking it later	n	30	22	33	100
	%	16,2	11,9	17,8	54,1
Taking goods from the warehouse with assistance from them	n	30	19	24	112
	%	16,2	10,3	13	60,5
Giving employee discount to friends	n	20	17	23	125
	%	10,8	9,2	12,4	67,6
Putting on clothes and wearing them home	n	25	18	33	109
	%	13,6	9,7	17,8	58,9
Soiling of garments to buy it at lower prices	n	23	21	31	110
	%	12,4	11,4	16,8	59,4
Hiding of small items in employee package	n	32	26	22	105
	%	17,3	14,1	11,9	56,7

The more important methods used by employees to steal have been discussed above. An encouraging sign from the table is the relatively high percentages in the "never used" column (average  $\pm 50\%$ ). Even so, this means that one half of the employees still have knowledge of the 13 methods mentioned in the table.

Form the table it would seem that the methods mostly and often used by employees to be dishonest are tag switching (49,2%) and Underringing (34,2%). The five methods mostly used by employees to be dishonest are presented in figure 4 below.

**Figure 4.** Methods mostly used to be dishonest

In table 2, “employees’ awareness of dishonest practices” was determined. Some of the responses in table 2 are more or less in line with the responses in table 4, where 33,5 percent of employees indicated that they are aware of tag switching taking place, 30,8 percent are aware of Underringing and 30,8 percent awareness of “no sale” ringing.

The percentages in the “no” column of table 2 also correspond largely with the percentages in the “Never Used” column of table 4. In table 2, 81,6 percent of employees indicated that they are not aware of employees deliberately soiling garments in order to buy it at a reduced price. In table x, 59,4 percent of employees indicated this method is never used. Similarly, 79,5 percent of employees are not aware of employees taking goods from the warehouse with the co-operation of warehouse employees, as opposed to 60,5 percent who indicated that this method is never used. Giving employee discounts to friends are probably not widely used as 76,8 percent indicated that this method is never used. The fact that these percentages are closely matched supports the validity of the results.

The listed five methods all warrant urgent attention as they all relate to employees working on cash registers who can collaborate with employees and/or friends. This presents a serious threat to any business if employees in positions of trust abuse this trust.

The methods used to steal are not all easily traceable and to a large extent management has to rely on the honesty of employees. Dishonesty involving customers can have a very negative effect on the image of the

company if customers realise they are being overcharged, or given the wrong change. This may lead to customers not patronising the store, or even “spreading the word” by means of word of mouth.

### 5.5 Demographic profile of the respondents

Lastly, the respondents were asked to indicate their demographic information for the purpose of the study. Questions such as the respondent’s gender, age, marital status and number of children were asked. The following information were gathered from the respondents and used to establish the demographic background of respondents who participated in the study.

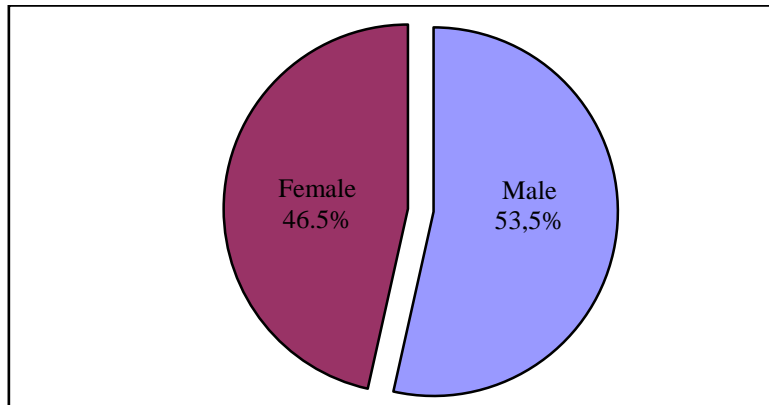
Below in figure 5 it is evident that there is more of less an even distribution of males (53,5%) and females (46,5%) employed at the retail outlets.

In figure 6, it can be seen that there is a concentration of respondents (29,2%) in the 26-30 years age group, followed by the 31-35 years age group (22,2%) and the >40 years age group (18,3%). Youngsters in the under 20 years age group (1,1%) and 20-25 years of age group (12,4%) comprise a relatively small proportion of the respondents.

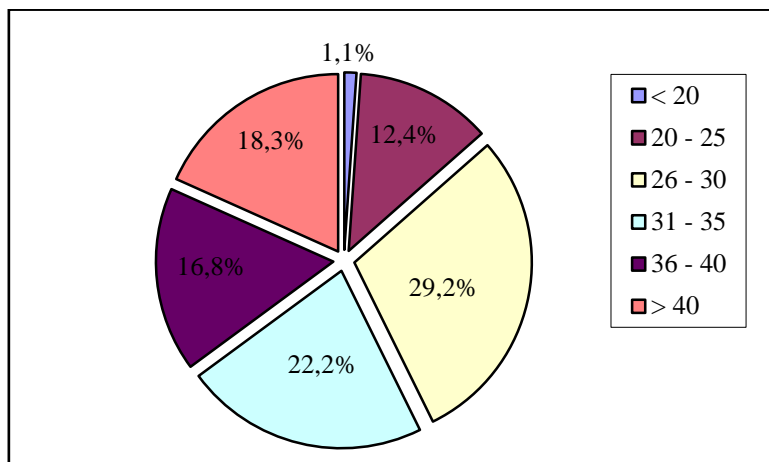
From figure 7 below it is clear that the majority of the respondents (55,7%) are married. A substantial number of respondents are single (35,1%), while divorced or widowed respondents comprise only 9,2 percent of the sample.



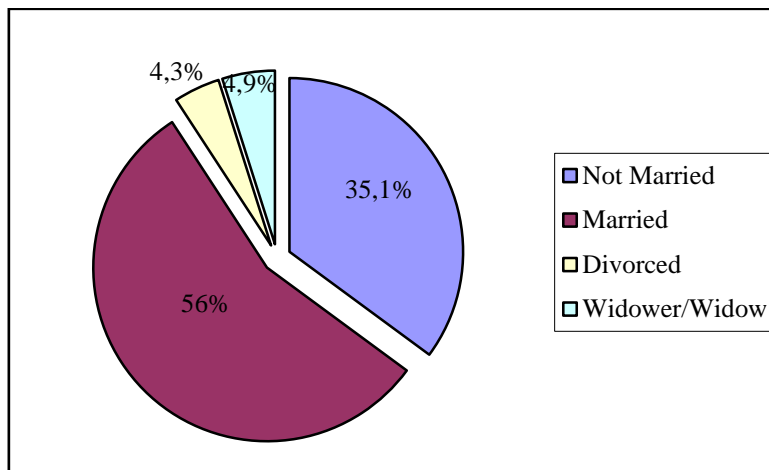
**Figure 5.** Gender profile of respondents



**Figure 6.** Age distribution of respondents

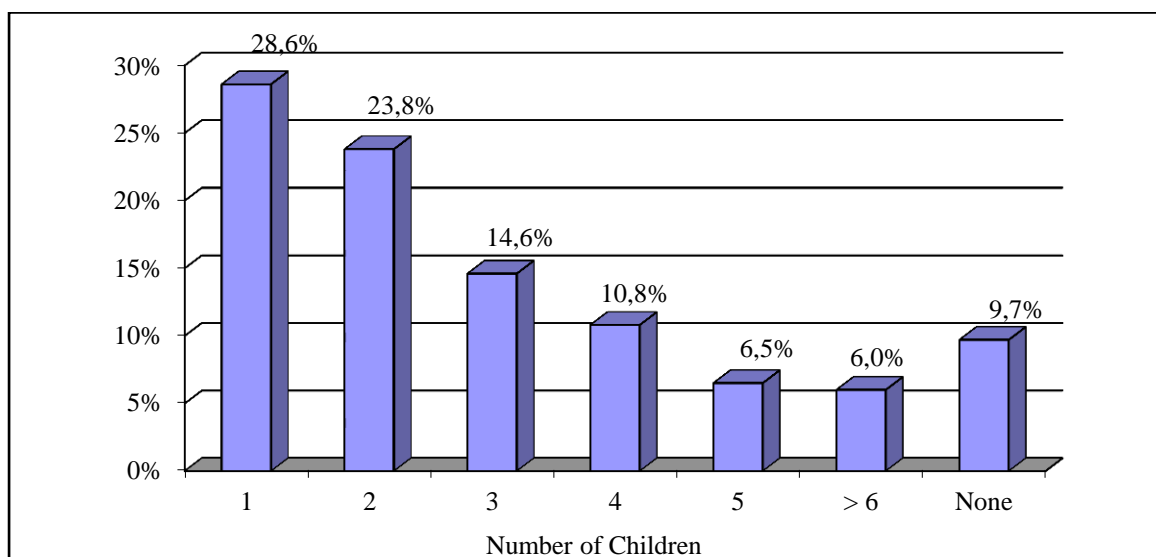


**Figure 7.** Marital status of respondents



From figure 8 below, it is clear that the overwhelming majority of respondents (28,6%) have only one child. A fairly large proportion of respondents (37,9%) have three or more children. The implication of this is that, generally, the larger the family the harder pressed they are to make ends meet. It is known that age

and family size have an influence on the incidence of theft – especially in times of economic hardship. From the responses it would seem that no difference is apparent between the different groups and therefore no distinction is made in the subsequent analysis.

**Figure 8.** Number of children

## 6 Recommendations

It would seem from the discussion of the main findings that the reason for employees to be dishonest in the workplace is due to the fact that they feel they are under paid, that they need to keep up with their living standards, there are no strict security, they see it as part of their pay package and they regard theft as a challenge. It can therefore be recommended that the management of the chain store should implement better and more advanced security systems and a written policy should also be enforced. A real need exists for a properly constructed security policy, but in order for such a policy to be acceptable, it is essential that everybody in the company work together. It is recommended that such a policy should cover all relevant topic areas and should strictly be adhered to.

They should also improve on communication between the employees and management with the aim to also improve on the relationship between them in order to make the employees feel comfortable to talk to management regarding personal matters such as illness, underpayment, other employees that are practicing dishonest behaviours and as well as to make the employees feel that the management are supporting them. The support of employees can, however, only be achieved if management is instrumental in creating a climate of mutual trust. Employees must feel free to approach management with problems and they must feel that management really cares about them. This implies that the right culture must be cultivated in the company, one in which managers are seen as the heroes, that is, people to look up to and follow. The examples set by management are therefore essential if the right climate is to be established. Without this, no loss prevention programme will be effective. The basic pre-requisite for creating a beneficial climate is for management to set the example.

In order to create a climate of mutual trust and respect, management needs to address those areas which

contribute to distrust and negative attitudes. One such area which needs to be improved is working conditions. The majority of employees indicated that they are underpaid. While a large portion indicated that the reason as to why they steal is because it is easy, and because there is no strict security. By improving working conditions and making employees aware of how their working conditions compare with those of other similar companies, the perception that management does not care can be rectified. Furthermore, the ease with which stealing can be accomplished needs to be removed by means of stricter security and the establishment of a participation security force, where employees are actively involved in loss prevention programmes. The problem of employee theft will never be totally eradicated, but there are preventative measures by which losses of this nature can be limited

## 7 Conclusions

Theft from retail stores is a very ancient form of crime. As far back as 1735 it appears that shoplifting became so common and so detrimental to the retailers in London that an application was made to the government for assistance in apprehending the offenders. Today, hundreds of years later, retailers still experience the same problem. Little is known about the extent of shoplifting, employee theft and the methods used to steal from retailers. This study was undertaken to help close the information gap and to provide a clearer insight in this phenomenon. The primary objective for this study was therefore to explore the reasons and methods for employee theft in the South African retail industry. Both the primary and secondary objectives set for this study was achieved. The survey determined the reasons why employees steal and it also determined the most common methods by which employees steal. The impression gained from this survey is that there are a variety of methods by which employees steal, perhaps even some unknown to management and

that it would not be easy to eliminate them. Both management and employees offer reasons as to why employees are dishonest. Some of the reasons being underpaid, keeping up with living standards and there aren't strict security. The establishment of a more honest climate can only be achieved if the reasons for these actions are known. Furthermore, the survey showed that the methods used to steal vary and are not all easy to detect. Some methods have serious consequences, not only for employees, but also for customers. Further research can be conducted in order to determine if the employees are motivated in the work place and if effective communication between employees and management takes place.

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