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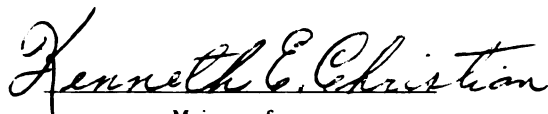
A Study of Loss Prevention Awareness
Among College Students

presented by

Phillip Maurice Hannah

has been accepted towards fulfillment
of the requirements for

Master of Science degree in Criminal Justice


Major professor

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**A STUDY OF LOSS PREVENTION AWARENESS AMONG
COLLEGE STUDENTS**

By

Phillip Maurice Hannah

A THESIS

**Submitted to
Michigan State University
in partial fulfillment of the requirements
for the degree of**

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ABSTRACT

A STUDY OF LOSS PREVENTION AWARENESS AMONG COLLEGE STUDENTS

By

Phillip Maurice Hannah

A research design utilizing a pretest and post-test model was used to compare control and experimental group responses to statements listed on a loss prevention awareness self report questionnaire. The purpose was to determine if subject response would differ once students were introduced to employee theft and shoplifting issues during a loss prevention awareness orientation. It was found that students who were introduced to employee theft and shoplifting issues responded differently to the statements than those students who did not receive the treatment. Students understood what employee theft and shoplifting entailed. For the control group, a significant difference in response existed for 8 of the 10 statements. A significant difference in response existed for only 2 of the 10 statements for the experimental group. Some students were against prosecution of shoplifters and employee thieves. Others were undecided about management and regular/part-time employee's roles in theft reduction.

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The initial plan was to finish my Master's within two years. I did not foresee or expect to spend five years pursuing this goal. Now that I have reached the end of this journey, I am more proud than I have ever been in my life. Returning to M.S.U. was therapeutic and provided a form of redemption for a soul lost in the matters of everyday life. I was blessed to have had a measure of success in my career before returning to college, but to a greater extent, I have been overwhelmingly blessed to have had a circle of individuals to lead and help me through this process. Within the following paragraphs, I acknowledge those who unselfishly gave of themselves so that I might reach a milestone in my life.

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My experience as a graduate student at M.S.U. has been a success. I have grown as a person and as a student. The foundation that has been laid will hold me up as I move on to the next level. I will sing loud, the praises of M.S.U.

"A man's mind, once stretched by a new idea, never regains its original dimensions." OLIVER WENDELL HOLMES

"You can be anything you want to be, if only you believe with sufficient conviction and act in accordance with your faith; for whatever the mind can conceive and believe, the mind can achieve." NAPOLEON HILL

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Chapter One

INTRODUCTION

As early as 1960, retail management and security practitioners saw a need to change from a reactive approach when addressing security concerns. The reactive approach proved costly in terms of mounting losses with little return on investment.

Security management focused on a new objective, to implement what is known as the proactive approach to resolving security issues. The proactive approach sought to reduce losses by using preventative methods.

The idea behind the proactive approach is to eliminate the opportunity for theft, prior to the event. Under the old model, security managers and retail management often would react to an incident of theft. Elimination of theft exposures are a large part of the fight against inventory losses. An excellent example of how the proactive approach can be used in a department store is to ensure that fitting rooms are cleaned out twice an hour and to limit the number of garments a customer may take into a fitting room. This procedure reduces the probability for a theft opportunity. The ratification of the 1971 William-Steiger Occupational Safety and Health Act, helped incorporate safety as a component of loss prevention.¹ Ratification of the OSHA bill forced employers to pay attention to workplace safety or face stiff penalties if violations were found by

¹ Arthur E. Torrington, "The Security Safety Merger", Security World , 12(1) (January 1975): 36-39.

OSHA investigators.

Today, security departments have turned to the employee to assist in their effort to reduce losses. To incorporate management and other employees into the effort, security practitioners had to develop loss prevention awareness programs.

The goal of loss prevention awareness programs is to educate employees about the different forms of theft, safety, and inventory control issues that often arise in a department store environment. Loss prevention awareness programs provide managers the opportunity to sell the objectives of their security programs. Objectives that must be met usually fall in the realm of increased shoplifting apprehensions, increased employee theft apprehensions, reduced inventory control errors, improved safety consciousness, accident prevention, reduced shrinkage figures, and increased company profits. Once educated about loss prevention issues, employees can assist loss prevention and play a role in accomplishing these objectives.

Loss Prevention Awareness

A loss prevention awareness program or employee education program can be defined as any event that increases employee knowledge about issues involving loss prevention. Reward programs, poster contests, loss prevention news letters, monthly loss prevention committee meetings, register over/short programs, and safety programs, all fall under this umbrella.

Michael J. Witkowski suggests that security awareness involves active participation by employees and managers in achieving security goals. He further suggests that educational and motivational efforts to increase such participation are commonly referred to as security involvement programs, security participation programs and security awareness programs. According to

Witkowski, the aim of the security effort is participation. "An awareness program can show employees how security affects the company's future and protects them from physical harm or possible loss of employment by protecting assets", says Witkowski.²

Margaret Kenda author of Crime Prevention Manual For Business Owners and Managers points out that employee education saves lives and it saves property. She recommends, "handled correctly, it does much to cut internal thievery". Employee education is almost always cost-effective, especially in comparison with other security measures, suggest Kenda.³

In 1960, S.J. Curtis, author of Modern Retail Security a former security superintendent for the J.L. Hudson Company, realized the importance of employee educational programs. He suggests that employee educational programs are important to security because they can stimulate an award program and lead to the arrest of important criminals; they can improve store controls; and, they can help setup psychological barriers in the minds of store personnel to prevent them from stealing.⁴

Charles Hemphill points out that losses in a business will vary in direct proportion to attitudes and levels of honesty among employees. He further suggests that losses are increased as exposures increase and that, if the employees are indifferent to the problems of the business, there is likely to be a costly upswing in pilferage, employee theft, shoplifting, and other breakdowns to which the particular business may be vulnerable. Hemphill argues that in many businesses a definite program geared toward guiding employee response and emphasizing to each the importance of his role is needed. With this kind of

² Michael J. Witkowski, "Extra Eyes and Ears", Security Management, (36)4 (April,1992), 44-48.

³ Margret Kenda, Crime Prevention Manual for Business Owners and Managers, (New York: American Management Association, 1982), 86-104.

⁴ S. J. Curtis, Mordern Retail Security, (Illinios: Charles C Thomas, 1960), 75.

approach, employees feel that they are part of the security team and develop a proper sense of value, suggest Hemphill.⁵

The Divisions of Loss Prevention

Shoplifting, employee theft, safety, and inventory control make up the divisions of loss prevention. Each in its own unique way contributes to what is known as shrinkage. Shrinkage can be defined as the difference between a department store's book inventory and its physical inventory. Loren Edwards defines shrinkage as inventory or stock shortage due to unknown losses.⁶ Barry Masuda defines shrinkage as the loss of cash or merchandise due to a complex combination of internal and external thefts in addition to internal management computational errors.⁷ The connection that must be identified is that shrinkage, regardless of the definition, is attributed to some form of loss of cash or inventory. Most department stores perform an inventory twice a year. However, those companies with elaborate inventory control systems may perform inventories just once a year. The calculated shrinkage figure is based on the results of the inventory and is usually defined as a percent of sales.

External Theft

Shoplifting or external theft as it is sometimes referred to, can be defined as inventory losses that are caused by sources outside the company. Charles Sennewald defines shoplifting as an act of theft from a retailer, committed during the hours the store is open to the public, by a person who is or appears to be a

⁵ Mary Margaret Hughes, ed. Charles F. Hemphill Jr., Successful Retail Security: An Anthology, (Los Angeles: Security World Publishing Co, 1979), 23-26.

⁶ Loren F. Edwards, Shoplifting and Shrinkage Protection for Stores, (Springfield: Charles C Thomas, 1975), 3.

⁷ Barry Masuda, "Understanding Your Shrinkage", Security Management, (34)7, (July 1990): 33-34.

legitimate customer.⁸

Internal Theft

Internal theft or employee theft, as it is often referred to, can be defined as inventory losses that occur as a result of employees stealing from inside the company. Barry Masuda cites sales voiding, refund fraud, underringing, till tapping, and deposit theft as just a few examples of internal theft.⁹

Safety

Unlike external theft and internal theft, safety does not have a direct impact on shrinkage results, however, losses to the company can occur within this area. Usually losses occur as result of accidents involving customers or employees. In many retail organizations the responsibility of managing safety is a duty either directed or indirectly assigned to the loss prevention manager. Accidents result in liability or workers compensation claims being filed against the company. Arthur Torrington defines safety as mans ability to set up barriers to guard himself from the duncery of his own negligence.¹⁰ In terms of defining safety, the William -Steiger Occupational Safety and Health Act requires the employer to furnish a safe workplace, free from recognized hazards that can cause, or are likely to cause, death, permanent or partial injury or any physical harm to employees.¹¹

⁸ Charles A. Sennewald and John H Christian, Shoplifting, (Boston:Butterworth-Heinemann,1992), 7.

⁹ Barry Masuda, "Understanding Your Shrinkage", Security Management (34)7, (July 1990): 33-34.

¹⁰ Arthur Torrington, "The Security Safety Merger", Security World, (12)1, (January 1975):36-39.

¹¹ George Matwes and Helen Matwes, A Retailers Guide To OSHA, (New York:Chain Store Publishing,1976), 2.

Inventory Control

The inventory control process can be defined as the system that a department store uses to monitor incoming and outgoing inventory. When this system is managed correctly loss exposures may be identified. Charles Carson author of Managing Employee Honesty, points out that inventory control provides a check point to determine whether employee dishonesty caused any losses of finished product, or of cash in handling sales orders, shipping, and accountability.¹²

The Problem

External theft, internal theft, and inventory control share a common denominator. Each contributes to the shrinkage equation. However, the magnitude of each contribution is significantly different. Losses caused by poor safety regulation can be just as costly.

In 1975, the American Management Association determined that crimes against business cost \$30 to \$40 billion a year. It was revealed that much of this \$30-\$40 billion is passed on directly to the consumers in the way of increased prices, lost employment opportunities, and lost amenities when a business closes because their losses are too great.¹³

A 1991 survey conducted by Ernest and Young in conjunction with the International Mass Retail Association revealed that of 224 retail businesses surveyed, the average loss due to shrinkage was \$16.5 million. The average retail dollars lost per department store in 1991 was \$28 million.¹⁴

¹² Charles R. Carson, Managing Employee Honesty, (Los Angeles: Security World Publishing Co. Inc., 1985), 167-174.

¹³ American Management Association, Crimes Against Business, Background, Findings, and Recommendations, (New York: American Management Association, 1977), 1-9.

¹⁴ Ernst & Young, The Ernst and Young International Mass Retail Association Survey of Retail Loss Prevention Expenses and Trends, (New York, Ernst & Young, 1992), 1-16.

Len Daykin suggests that shoplifting is without doubt the most frequently committed crime against retail businesses, costing merchants perhaps as much as \$16 million a year.¹⁵ The 1992 Uniform Crime Reports compiled by the Federal Bureau of Investigation revealed that shoplifting accounted for 16 percent of all larceny-thefts that were reported in the United States. Federal Bureau of Investigation statistics show that shoplifting is the nation's fastest growing type of theft.¹⁶

Stanley Sklar reports that four million shoplifters are apprehended each year. He further suggests that one out of 35 shoplifters are caught, and that there are approximately 140 million incidents of shoplifting each year.¹⁷

Charles Sennewald reports that the increase in shoplifting is not unique to the United States. He reports that New Zealand, Australia, and the United Kingdom suffer from similar problems. It is a known fact that shoplifting contributes to the shrinkage equation, however, loss prevention managers and researchers may all agree that the problems associated with employee theft far out weigh those of shoplifting. There is an old cliché that loss prevention professionals often use, "shoplifters steal the profits, but, employees steal the company".¹⁸

J. Kirk Barefoot author of Employee Investigations reports that the result of employee theft takes two forms, either business bankruptcy or an increase in consumer prices. He reports suggests that security authorities are quick to point out that most estimates of the costs of employee theft are conservative in nature and that actual losses to United States businesses from internal crime could easily

¹⁵ Daykin, Len ed., Loss Prevention: A Management Guide to Improving Retail Security, (New York: Progressive Grocer Co., 1981), 79.

¹⁶ United States Department of Justice, Federal Bureau of Investigations, Uniform Crime Report 1992, (United States Department of Justice: October 1993), 43-48.

¹⁷ United States Department of Commerce, cited in Stanley L. Sklar, Shoplifting: What You need To Know about The Law, (New York: Fairchild Publications, 1982), 1-5.

¹⁸ Charles A Sennewald and John H. Christian, Shoplifting, (Boston: Butterworth-Heinemann, 1992), 7.

be doubled. Finally, Barefoot suggest that there are no easy ways to develop meaningful statistics for internal business crime because most internal thefts are never reported to the police, and only a small percentage are ever reported to insurance carriers who normally provide fidelity bonds for the business community.¹⁹ Karen Addis suggests that \$120 billion a year are stolen by employees from employers. She further suggests that a third of all employees steal from their companies in some form.²⁰ Harry Bacas points out that employee theft ranges from the grocery clerk munching a candy bar taken from stock to the broker who uses computer techniques to divert thousands of dollars from clients' investments accounts. Bacas reports that the American Management Association has estimated that employee theft causes as many as 20 percent of the nation's business failures. One security professional states, "ten percent of the people you hire will never steal, ten percent will steal regardless of what you do, and 80 percent will stay honest if you create an environment that discourages and detects theft". The same security professional goes even further to suggest that a security manager's job is to keep the first 10 percent honest, to identify and get rid of the second 10 percent, and to protect the other 80 percent against themselves.²¹ Mark Lipman and W.R. McGraw cite inadequate security measures as the cause of millions of dollars being lost to both public and private sources. They point out that employee theft cannot be eliminated, however, it can be controlled by using good management techniques and judicious, intelligent application of acceptable security procedures.²²

Safety, unlike external and internal theft, causes losses to the company

¹⁹ J. Kirk Barefoot, Employee Investigations, (Boston: Butterworth-Heinemann, 1990), 3-25.

²⁰ Karen Addis, "When Employees Beat the System", Security Management, (53)9 (September 1991): 116-119.

²¹ Harry Bacas, "Are Your Employees Stealing You Blind", Nations Business, (June 1987), 16-21.

²² Mark Lipman and W. R. McGraw, "Employee Theft: A \$40 Billion Industry", The Annals of the American Academy of Political and Social Science, (July 1988), 51-59.

from a different angle. There is always a one in a million chance that an accident may happen. The question that must be answered is whether management and employees are trained and ready to react to such a situation. For instance, suppose an employee is fatally injured while making a shoplifting apprehension or an employee is injured during the course of a robbery at the jewelry counter of a department store. Imagine an employee at a distribution center who fails to follow proper lifting techniques and severely injures his back. Think of the customer who, slips and falls as a result of stepping on a spilled milk shake that was not reported to loss prevention and was never cleaned up. Lastly, imagine the child who strays away from a parent while in the children's section of a department store and manages to cut himself on a broken merchandise fixture. These are just a few examples of the type of safety issues that can arise in the department store setting. Eliminating safety exposures is within the frame of reference that safety is incorporated into loss prevention.

The ratification of the 1970 William-Steiger Occupational Safety and Health Act played a major role in the development and enforcement of safety guidelines in the workplace. This statute can be extended to the customer. George and Helen Matwes suggest that because employees go where ever customers go in a retail establishment, to make the place safe for employees automatically makes it safe for customers.²³

The United States Department of Labor's Bureau of Labor Statistics reports that, in 1990, the nation's workers experienced approximately 6.8 million job related injuries and illnesses. The occupational injuries and illnesses occurred at a rate of 8.8 per 10,000 full-time workers. An occupational injury is one which results from a work related event or from a single instantaneous exposure in the

²³ George Matwes and Helen Matwes, A Retailers Guide to OSHA, (New York:Chain Store Publishing, 1976), 3.

work environment. Injuries are reported if they result in death, lost work time, medical treatment other than first aid, loss of consciousness, restriction of work or motion, or transfer to another job. Department stores reported 165,400 cases of injury in 1990. The incidence rate was 11.1 cases per 100,000 full-time workers.²⁴

An occupational illness is any abnormal condition or disorder, other than one resulting from an occupational injury, caused by exposure to factors associated with employment. The wholesale and retail trade experienced 10.4 occupational illnesses per 10,000 full-time workers. In 1990, the wholesale and retail industry experienced 500 fatalities, at a rate of 3.0 per 100,000 full-time workers.²⁵

In an article that appeared in the January 1993, "A.B.A. Journal", Jon Jefferson reports that 10,000 workers were killed on the job in 1990. He further notes that another 1.8 million suffered disabling injuries, millions suffered lesser injuries, and 332,000 contracted job related illnesses. The economic costs of job related deaths, injuries, and illnesses tops 100 billion dollars a year, suggests Jefferson.²⁶

In an article that appeared in the September 1992, issue of "HR Focus", the American Management Association's Human Resource Publication, Virginia Gibson, report that companies, realizing that preventing or reducing the severity of accidental injuries has a direct impact on employee benefit costs and lost time, are beginning to expand the availability of programs that increase safety in and outside the workplace.²⁷

²⁴ United States Department of Labor, Bureau of Labor Statistics, Occupational Injuries and Illnesses in the United States By Industry, 1990 (April 1992). 1-7.

²⁵ Ibid.

²⁶ Jon Jefferson, "Dying for Work", ABA Journal, 79 (January 1993): 46-51.

²⁷ Virginia M. Gibson, "Safety Training Benefits Employees On and Off the Job", HR Focus, (September 1992).

Workers' compensation is the area where the a volume of safety related losses occur. Monitoring and investigating workers' compensation claims can be a major responsibility for the loss prevention manager. Anne Tramposh reports that the costs of insurance to employers, including both health insurance and workers' compensation, skyrocketed since 1980. She further suggests that increases of 40 to 50 percent have been common and that medical costs now average 10 to 15 percent of a company's cost. Tramposh points out that for every dollar a company makes, up to fifteen cents goes to pay for employee medical care in some form.²⁸ William Nelson reports that in 1991 about \$16.8 billion in medical benefits and \$25.3 billion in wage loss compensation was paid in settlement of claims filed for disabled or deceased workers. He further suggest that these benefits were paid out by private carriers, by state funds, or self insuring companies as determined by laws in each state. Nelson cites increases in workers compensation benefits by 157 percent and employer costs by 143 percent over the last ten years. Nelson argues that during this same period, the number of covered employees has risen 22 percent and the amount of coverage for wage and salary payroll, 77 percent.²⁹

The threat of robbery is another safety exposure. If employees are not trained to react properly during this type of emergency situation, many could be physically and emotionally injured. Robbery, as defined in the Uniform Crime Reports, is the taking or attempting to take anything of value from the care, custody, or control of a person or persons by force or threat of violence and/by putting the victim in fear. Reported robberies in 1992 were estimated at 672,478 offenses.³⁰

²⁸ Anne Tramposh, Avoiding the Cracks: A Guide to the Workers Compensation System. (New York: Prager, 1991), 67.

²⁹ William J. Nelson Jr., "Workers Compensation: Coverage, Benefits, and Costs, 1990-91", Social Security Bulletin, (56)3 (Fall, 1993), 68-74.

³⁰ United States Department of Justice, Federal Bureau of Investigation, Uniform Crime Reports.

In 1992, a total estimated national loss of \$565 million was due to robberies. This report suggests that robberies of commercial and financial establishments accounted for 21 percent of the occurrences. The Uniform Crime Report further reports that commercial house robbery increased 27 percent since 1988.³¹

Charles Hemphill author of Management's Role In Loss Prevention suggests that management should engage three basic objectives when dealing with robbery: (1) to provide employee and customer safety, (2) to hold money losses to a minimum, and (3) to furnish police with information that will lead to the identification and apprehension of the individuals responsible.³²

John Moore and Roger Gehrig point out that business can and should provide procedural training for their employees to minimize that risk of this dangerous situation. Moore and Gehrig further note that training employees in ways to deal with a robbery can reduce victims' psychological trauma. Both cite that exposing employees to robbery response training can also increase their confidence and better prepare them for hazards, reducing physical risk, and resulting in a safer work environment.³³ Francius D'Addario a noted security consultant, suggests that it is important that employees be trained to know how to act in a robbery situation.³⁴

Inventory control contributes less to shrinkage than all the other elements of loss prevention. Inventory control must be monitored because of the information that can be gained. It is through increased shortage figures that loss exposures are often recognized.

(October 3, 1993), 26-30.

³¹ Ibid.

³² Charles F. Hemphill, Managements Role In Loss Prevention. (New York: American Management Association, 1976), 149-157.

³³ John D. Moore, C.P.P., and Roger L. Gehrig, "Rehearsing For A Robbery", Security Management, (35)8 (August 1991), 51-53.

³⁴ Leigh Gaines, "Security Serves Up Protection", Security, (February 1988), 38-43.

J. Kirk Barefoot suggests that failure to record markdowns properly in the books invariably results in inventory shortages at the end of the year. Barefoot suggests that other price change considerations include markdown cancellations, markups, and markup cancellations. "All", suggests Barefoot, "if not properly recorded in the inventory books, will affect the book inventory at the end of the year in an up or down manner". Short shipments, breakage, and damage also add to inventory shortages at the end of the year. Barefoot further suggests that human error contributes to inventory losses, and that unintentional under-ringings of sales to customers, the miscounting of goods in customer shipments, errors in typing, and endless other examples could be given of human error that can cause inventory shortages.³⁵

Communication

Communication is undeniably a crucial element in the development and implementation of loss prevention objectives. How a loss prevention manager chooses to present a message to managers and employees can have a major impact on how the entire department is perceived.

When messages are communicated in a clear, professional, and planned manner, both management and employees may perceive loss prevention personnel as being professional. This may lead to better message reception. When presentations are unorganized, the presenter is a poor speaker, and there is a lack of focus, the message that the managers and employees should have received may be unclear. A keystone cops perception of the loss prevention team may develop. The determining factor, that prompts an associate to provide information that may result in an apprehension of a dishonest associate or to cooperate in any other loss prevention activity, may just be how they perceive

³⁵ J. Kirk Barefoot, Employee Theft Investigations, (Boston:Butterworth,1990), 3-25.

the loss prevention department.

Margaret Kenda notes that a company must allow a security education program to work in two ways: communication from company to workers, and response from worker to the company. She further points out that communication is a vital part of any plan to protect employees or to gain their cooperation. Kenda suggests that with effective and sensitive communication, the company can enlist the help of its people.³⁶

A fundamental purpose of loss prevention orientations and all other awareness type programs is to persuade management as well as the line employee to cooperate with loss prevention in an effort to reduce shrinkage and to achieve other loss prevention objectives. The idea of persuading employees is a very important concept. This persuasion process involves changing the employees' attitude about loss prevention issues. Master the tools of education and you will shape peoples attitudes in many way says, S.J. Curtis.³⁷

Carl Roper, an instructor at the Defense Security Institute in Richmond, Virginia, reports that a security professional must change people's attitudes. He contends that a security professional must be an educator. Roper explains that what all this means is that each time you meet an employee- whether he or she is new or long tenured, you must present security in a positive light. He points out that security managers have an inherent duty to mold employee minds, to focus those minds on what is being presented, and to create a desire to practice good security habits daily.³⁸

³⁶ Margaret Kenda, Crime Prevention Manual for Business Owners and Managers, (New York: American Management Association, 1982), 89.

³⁷ S.J. Curtis, Modern Retail Security, (Illinois: Charles C Thomas, 1960). 618-637.

³⁸ Carl A. Roper, "Putting the Punch Into Security Awareness", Security Management (32)6, (June 1988), 105-109.

The Study

In the last thirty years, there has been much debate and an abundance of research performed in some areas of criminal justice. Areas such as law enforcement, corrections, and juvenile justice, have seen extensive scholarly attention, while inadequate attention has been given to the area of security.

A limited amount of attention has been shown in the areas of inventory control, safety, and in many cases management/employee involvement in security. There is no doubt that much more research needs to be conducted in these areas. The main obstacle blocking such research is that these divisions of loss prevention often only cause a fraction of the losses when compared to employee theft and shoplifting. This study focuses on shoplifting, employee theft, and employee/management involvement in loss prevention.

A study of this nature is significant because it allows the researcher and security administrator the opportunity to investigate attitudes of the employee, manager and, in the case of this study, the student. The move to increase and save profits, and to reduce the price of goods and services for the consumer are additional reasons this type of research should be undertaken. Findings in a study of this nature can lead to policy implications that sound the alarm for change.

It is conceivable that knowledge of management and employee attitudes could be helpful during organizational planning, program implementation, and certainly in the area of training. The well-trained manager and employee may be one answer to the loss problems that plague many of our industries.

Purpose

The purpose of this study is to investigate loss prevention awareness among college students. This study in no way attempts to provide solutions for

all the problems that are known to the retail loss prevention manager. However, this study does suggest that the use of loss prevention awareness programs as an orientation tool may affect an individual's responses to questions directed toward loss prevention issues. The theory behind this research is that employee education can be used as a proactive tool by introducing such programs as a loss prevention awareness orientation. When employees are well informed and know the policies and procedures of an organization, they have the knowledge to make sound decisions that reflect theft reduction and loss prevention awareness. This may include reporting a shoplifter, or employee thief. This could involve reporting a safety issue, or carefully preparing inventory control information. Whatever the situation the employer solicits feedback from the employee.

Research Questions

The primary research question for this study is how respondents will rate responses on a self report questionnaire after they are introduced to loss prevention issues during a loss prevention awareness orientation. Demographic variables are examined to determine if such variables impact on how respondents respond to questions on a self report questionnaire.

The secondary research question addresses whether a loss prevention orientation can be used as an effective employee education tool.

Hypothesis

It is hypothesized that students, who are introduced to loss prevention issues during a loss prevention awareness orientation, will rate responses on a self report questionnaire differently than those respondents who do not experience the loss prevention awareness orientation.

Overview

Chapter Two will be the literature review. Research on the topics of shoplifting and employee theft will be reviewed. The blue print of the study will be presented in Chapter Three. Research design, data collection, measurement, and data analysis will be discussed. The findings of the study will be in Chapter Four. Recommendations and conclusions will be discussed in Chapter Five.

Chapter Two

LITERATURE REVIEW

The literature revealed that an abundance of research has been conducted in the areas of shoplifting and employee theft. Time would not permit a review of all studies that have been performed. However, this review has been performed on those fundamental studies that set precedent for current research in the area of shoplifting and employee theft.

External Theft

Cameron's Study

In 1964, Mary Owen Cameron author of The Booster and the Snitch performed an in-depth study on a Chicago based retailer. This study investigated several sociological characteristics of shoplifting. Cameron points out that four kinds of information can be found in her study: (1) how shoplifters function as thieves; (2) how they function as persons aside from their thefts; (3) how some of them are selected for official charge; and, (4) the effect of arrest in so far as subsequent crime is concerned.³⁹

Cameron found that: (1) middle class people steal to off set the gap between earnings and need; (2) many respectable people of lesser social status commit crimes that fail to become part of the public record; (3) the exclusive use of public records as data on criminal behavior has resulted in a considerable underestimation of the amount of crime and of the number of law violations; (4) failure to consider adequately the operation of private agencies of law

³⁹ Mary Owen Cameron, The Booster and the Snitch, (London: Collier MacMillan, 1964), 1-5.

enforcement not only minimizes the total number of crimes and criminals but also distorts the relative frequency of different types of crimes; (5) a private police system acts as a screening agency because only some not all its arrests are officially reported; (6) shoplifting has very little age limitation, it is open to both children and adults, and children are detected shoplifting in disproportionate numbers to their percentages in the population; (7) Negro women arrests and prosecutions are disproportionate to their representation in the general population; and (8) residential spot mapping of women's court cases showed a high concentration of shoplifters in slums and Negro ghetto areas.⁴⁰

Cameron separates shoplifting into peripheral crime and vocational crime. She concludes that the vocational thief will continue to steal regardless of the number of brushes with law enforcement agencies. The peripheral thief steals to enhance social class status. When arrest or apprehension threatens this status, stealing will be abandoned as a means to this goal. Finally, Cameron concludes that noncommercial shoplifting will continue until the experience of arrest forces the shoplifter to abandon the practice or to reconsider the attitude he will have toward the maintenance of a respectable social status.⁴¹

Sutherland's Study

A fundamental study was performed by Edwin Sutherland, who investigated the private life and work environment of the professional thief. His work entitled The Professional Thief provides insight into the day to day operations of this subculture.⁴²

Sutherland hypothesized that professional thieves constitute a group which has the characteristics of other groups and that these group characteristics

⁴⁰ Ibid. 202, 173-182.

⁴¹ Ibid. 184-186.

⁴² Edwin, Sutherland, The Professional Thief, (Chicago: The University of Chicago Press, 1937).

are in no sense pathological. He further hypothesized that tutelage by professional thieves and recognition as a professional thief are essential and universal elements in the definition, genesis, and continued behavior of the professional

Technical skill, status, consensus, differential association, and organization are the essential characteristics of the profession of theft as described to Sutherland by thieves. Two conclusions can be derived from this information. The first is that the characteristics of the profession of theft are similar to the characteristics of any other permanent group. The second is that certain elements run through these characteristics which differentiate the professional thieves sharply from other groups.⁴³

Sutherland's interpretations lead to several well defined findings. He found that: (1) the professional thief has a complex of abilities and skills, just as do physicians, lawyers, or bricklayers; (2) the division between professional and non professional thieves in regard to this complex of techniques is relatively sharp; (3) some of the techniques are specific, therefore, professional thieves tend to specialize on a relatively small number of rackets that are related to one another; (4) the professional thief, like any other professional man, has status; (5) the profession of theft is a complex of common and shared feelings, sentiments, and overt acts; (6) differential association is the characteristic of the professional thieves, as of all other groups; and, (7) the profession of theft is organized crime.⁴⁴

⁴³ Ibid. 197.

⁴⁴ Ibid. 209.

Kraut's Study

In 1974, Robert Kraut conducted a study using college students as subjects. He examined the correlates of shoplifting which might influence a shopper's decision to steal, focusing primarily on the social psychological variables suggested by the deterrence and labeling models of deviance.⁴⁵

The purpose of Kraut's study was to examine; the cognitive factors suggested by deterrence and labeling theories that are associated with shoplifting; the respondent's perception of the risks associated with shoplifting; his approval of shoplifting; his perception of others' approval of shoplifting and their approval of him or her as shoplifter; and reasons for shoplifting. Another purpose was to examine the disequilibrating effects of apprehension on these cognitive factors.⁴⁶

Kraut found that demographic variables such as sex, age, social class, ethnicity, and race were mildly associated with shoplifting. He further found that the respondents who shoplifted most saw the smallest amount of risk associated with shoplifting. This included the likelihood of getting caught, and severity of informal social disapproval.

On the other hand, Kraut found that respondents saw lower risks in terms of the negative consequences of apprehensions. This included relative minor consequences such as lecture by store personnel or having parents notified to major consequences such as arrest, conviction, or jail, or harming career opportunities. Kraut found that shoplifters saw lower risks in terms of informal sanction. This included other peoples' disapproval of shoplifting generally and themselves as shoplifters. The threat of apprehension had little effect on those shoplifters who had never been caught, however, for those shoplifters who had

⁴⁵ Robert E. Kraut, "Deterrent and Definitional Influences On Shoplifting", Social Problems, (23)3, (February 1976), 358.

⁴⁶ Ibid. 359-360.

been caught their belief was that they would be caught again and would receive some form of severe sanction.⁴⁷

Kraut investigated the reasoning why people steal. He reports that those who had shoplifted at least once attributed their behavior to their own desires and values and the opportunity the situation provided, rather than to situational presses as need, inability to pay, social pressure, or accident.⁴⁸

Overall, Kraut found that most of the shoplifters felt that the reason why they shoplifted were their desire not to pay for an item, their desire of the item, and the small risk of apprehension that they foresaw. On a different note, non shoplifters could only imagine themselves shoplifting as a result of an accident or oversight, a strong need, or an inability to pay.⁴⁹

Another interpretation of Kraut's findings suggests that involvement with shoplifting may defensively distort cognitive variables in two ways. First, shoplifters may defensively distort their beliefs about themselves and the environment in order to justify their behavior to themselves and to others. Second, the way that involvement influences beliefs about self and the world is by making no information available. This concept is illustrated when a thief successfully steals. The thief receives knowledge that he or she is a good thief. This contributes to the lowering of the risks of stealing.⁵⁰

Buckle and Farrington's Study

Abigail Buckle and David Farrington, researchers at Cambridge University performed a study that investigated systematic observation of shoplifting. The purpose of their research was to develop an observational

⁴⁷ Ibid.

⁴⁸ Ibid. 363.

⁴⁹ Ibid.

⁵⁰ Ibid.

methodology suitable for investigating the nature and incidence of shoplifting.⁵¹

The question that these two researchers sought to answer dealt with how criminal statistics and records could better reflect the true levels of offending. The problem that both researchers identified was that official crime statistics and records are influenced by the behavior of official agencies and that of the offender. It was hypothesized that direct systematic observation of shoppers would better reflect the offending patterns of shoplifters.

Buckle and Farrington found that between one and two percent of customers entering a store to shoplift and that men are proportionally twice as likely to shoplift as women. It was further found that the probability of any given shoplifting act leading to apprehension and official action is less than one percent. The researchers found that the majority of stock shrinkage is not attributed to shoplifting, and that customers aged over 55 are especially likely to shoplift.⁵²

Buckle and Farrington drew attention to time. They suggest that offending per unit time might be a feasible dependent variable. The time measure might be regarded as an index of opportunity. The researchers point out that it might be possible to draw conclusions about the causes and effects, or derive equations specifying the effects of independent variables, by studying changes in the rate of offending over time.⁵³

Buckle and Farrington conclude that the shoplifters seemed very concerned with minimizing their likelihood of being detected by, (a) looking carefully to check that nobody was watching them, (b) stealing small low cost items, and (c) buying goods as well as stealing. They suggest that shoplifting

⁵¹ Abigail Buckle and David P. Farrington, "An Observational Study of Shoplifting", British Journal of Criminology, (24)1, (January 1964), 63-73.

⁵² Ibid.

⁵³ Ibid.

could be reduced if the subjective probability of detection could be increased.⁵⁴

Schlueter, O'Neal, Hickey, and Seiler's Study

In 1989, a group of researchers performed a study that examined rational and non rational shoplifting types. The purpose of this research was to determine the difference between shoplifters who steal for rational and those who steal for non rational reasons. This study focused on a number of policy related issues. The researchers suggest that demographic characteristics of the subjects, the subjects' perceptions of shoplifting and its consequences, the nature of theft, and the effects of the arrest on the subject are variables that may effect the rationale behind shoplifting.⁵⁵

This study revealed that non rational shoplifters tend to be over forty, married, and well educated. Non rationals tend to be members of a faith other than Protestant and Catholic and have strong religious beliefs.⁵⁶

Non rational shoplifters are distinguished by the existence of problems in their lives prior to the incident. The researchers report that those subjects, who reported having no problems, were much more likely to be rational types, while those who had problems weighing on their minds were more likely to be non rational or mixed types. Schlucter, O'Neal, Hickey, and Seiler's findings did not confirm the findings of other researchers that women rather than men tend to be non rational shoplifters. It was revealed that financial variables were not related to differences between rational and non rational types. The researchers found that there was no difference between the types in terms of the frequency of past

⁵⁴ Ibid. 71.

⁵⁵ Gregory R. Schlueter, Francis C. O'Neal, Jo Ann Hickey, and Gloria L. Seiler, "Rational Vs. Nonrational Shoplifting Types; Implications for Loss Prevention Strategies", International Journal of Offender Therapy and Comparative Criminology, (33)3, (December, 1989), 227-239.

⁵⁶ Ibid. 230.

shoplifting incidents.⁵⁷

In terms of perception of shoplifting and its consequences, the researchers report that since shoplifters are ambivalent about the seriousness of shoplifting, a major source of informal deterrence has been neglected. They further suggest that many shoplifters are not deterred by the more formal methods of social control-arrest and prosecution-since they don't think about the likelihood of getting caught, or if they do, they don't see the probability of being arrested or prosecuted as being very high.⁵⁸

As far as the physical act of shoplifting , the researchers found that there were rather significant differences between non rational, rational, and mixed types. The non rational type tends to think about their problems rather than to think about the act of stealing just prior to the event.⁵⁹ The researchers found that there was a significant relationship between shoplifting type and who the subjects told that they had been arrested. Non rationals and rational types were much more likely to tell family members than mixed types who were more likely to tell friends (lovers) and neighbors. Non rational types were more likely to tell their story to professional counselors than to their friends.⁶⁰

The researchers reported that being arrested affected the subjects' attitudes towards the experience in different ways. Non rational shoplifters reported that the experience had either a positive or negative effect on their self concept more frequently than they reported changes in their attitudes about shoplifting. Finally, the researchers found that rational and mixed types view shoplifting as a more serious offense as a result of their experience. Both thought that shoplifting was more risky in terms of the probability of being caught, than non rationals.⁶¹

⁵⁷ Ibid. 231.

⁵⁸ Ibid. 233.

⁵⁹ Ibid. 234.

⁶⁰ Ibid. 235.

⁶¹ Ibid. 236.

The researchers conclude that non rationals cannot be dismissed as a threat to store security. They further conclude that non rationals are troublesome because they do not consider the possibilities of apprehension and once apprehended the experience does not change their attitudes towards shoplifting. Finally, the researchers conclude that highly visible uniformed security officers might deter these non rational shoplifters. It is suggested that this may remind shoplifters of the seriousness of shoplifting and the probability of getting caught.⁶²

Davis, Lundman, and Martinez's Study

A study, conducted by a group of researchers in 1991, sought to discover the factors shaping the decision by private justice systems to pursue civil recovery as a result of a shoplifting incident. The researchers suggest that merchant privilege statutes and appeals rulings have given private store police routine powers permitting detention, search, and interrogation with far fewer constraints than public police. They further suggest that civil recovery increased the power of private store police by giving them the option of exacting civil penalties using state law. The purpose of their study was to discover the factors that shape the use of these powers.⁶³

Davis, Lundman, and Martinez found that after the implementation of the civil recovery program shoplifting arrests declined as a percent of apprehensions and civil recovery increased. The researchers found that the civil recovery program reduced the cost of the stores' responses to shoplifting.⁶⁴

Using what was described as the general model of analysis, the

⁶² Ibid. 237.

⁶³ Melissa G. Davis, Richard Lundman, Ramiro Martinez Jr., "Private Corporate Justice Store Police, Shoplifters, and Civil Recovery", Social Problems, (August 1991), (38)3, 395-411.

⁶⁴ Ibid. 400-402.

researchers found that retail value, sex, physical resistance, neighborhood social economic status, and minority security involvement in an apprehension shape private corporate justice decisions. It was found that males were less likely to be arrested because they were apprehended with items worth less at retail than women. It was also found that physical resistance of police authority increased arrest probability, and shoplifters who lived in more affluent areas were less likely to be arrested, while those who lived in lower class areas were more likely to be arrested. Under this model, the researchers found that minority security personnel were more likely to make more arrests and apprehensions. By using what was described as the best model of analysis, the researchers found when comparing whites to people of minority, ethnic, and other racial status, minorities were significantly less likely to be arrested. This occurred because these minorities lived in areas where the median incomes for blacks were higher than those of whites.

It was found that when zip codes were missing, civil recovery was not applicable. Another example can be found in the case of missing values for the merchandise that was stolen. This indicated that the individuals who were apprehended were less likely to be from the area or state that the store was located in. One other example is missing neighborhood social class values. This indicated no telephone service.⁶⁵

Davis, Lundman, and Martinez conclude that civil recovery reduced arrest by giving store police an appealing civil penalty alternative. They further concluded that civil recovery performed by private corporate justice is powerfully shaped by the corporations legal department. The researchers conclude that the retail value of the merchandise, physical resistance, and the absence of ties in the local community all increase the probability of arrest.

⁶⁵ Ibid. 405.

Finally, they conclude that the ability to pay civil recovery is an important determinant of distribution, and that store police pass over the affluent for civil recovery and ship the less affluent to the public criminal justice system.⁶⁶

Cambridge University Study

An experiment was conducted by a group of researchers from Cambridge University and several security practitioners from a well established British retailing group. The purpose of this study was to evaluate the effectiveness of three methods of preventing shoplifting: electronic tagging, store design, and the uniformed guard. The researchers in this study found that: (1) tagging caused a decrease in shoplifting that was maintained over time; (2) redesign caused a decrease in shoplifting that was not maintained over time; and (3) the guard had no beneficial effect on shoplifting. Farrington, Bowen, Buckle, Howell, Borrows, and Speed, conclude that their experiment was effective because it showed the effectiveness of tagging, the short lived effectiveness of store redesign, and the ineffectiveness of the guard. They conclude that savings in the long run will exceed the costs of tagging, and that redesign is an inexpensive strategy, even though its effectiveness decreases over time. The researchers further conclude that it may be desirable to develop some form of incentives for the staff to minimize losses. Finally, they conclude that the counting method could be the most effective strategy for reducing shoplifting in relatively small stores.⁶⁷

Prestwich's Study

Dr. Leonard Prestwich, a professor at the University of Nebraska explored

⁶⁶ Ibid. 406.

⁶⁷ David P. Farrington, Sean Bowen, Abigail Buckle, Tony Burns Howell, John Borrows, and Martin Speed, "An Experiment on the Prevention of Shoplifting", cited in Ronald V. Clark ed., Crime Prevention Studies, (Criminal Justice Press: New York) (1), 1993, 95-119.

consumer awareness of the costs to the consumer that is caused by shoplifting. The purpose was to chart the best target for an educational anti-shoplifting program.⁶⁸

Customers located at three different malls were asked to fill out questionnaires that rated their attitudes towards shoplifting. Dr. Prestwich formed several conclusions based on the survey: (1) The customers who participated in this study were aware of the shoplifting problem and recognized that they paid higher prices for merchandise as a result of it. The customers did show concern and presented a anti-shoplifting attitude. (2) A significant number of consumers see little reason for concern. The reason for this is that these consumers are of a younger age, of lower income groups, and lower educational levels. Prestwich's research reports that these consumers would be prime targets for educational programs to inform and change attitudes. (3) Consumers were aware that shoplifting costs and causes other inconveniences. Prestwich suggests that they too should be targets for educational programs. (4) Those people who acknowledge the costs of shoplifting could benefit from an educational program. Prestwich further suggests that this would reinforce present attitudes.⁶⁹

Housel's Study

A study was conducted by Thomas Housel an instructor in the Department of Communications at the University of Utah. Housel's work sought to explore consumer attitudes towards shoplifting by exposing the consumer to shoplifting incidents that they thought were real. The purpose of this study was to determine if, and which shoppers would report observing thefts, and why.⁷⁰

⁶⁸ Dorothy B. Francis, Shoplifting: The Crime Everybody Pays For, (Lodester Books, E. P. Dutton: New York, 1980), 104-105.

⁶⁹ Ibid. 108.

⁷⁰ Ibid. 108-109.

For this study, the researcher used teams made up of students to play the roles of shoplifter and observer. The observer watched the shoplifting event happen and recorded the reactions of the shopper who witnessed the theft. In some locations regular incidents were performed. At other locations persuasive anti-shoplifting signs were posted though out the stores and the regular shoplifting incidents were performed.

Housel found that a large number of shoppers over thirty years of age reported shoplifters before the signs went up. He found that a smaller number reported shoplifters after the signs went up. Shoppers who were under thirty years of age reported a smaller number of incidents. When the signs went up they reported a much higher number of incidents.⁷¹

Housel concluded that before the signs were displayed, many shoppers had no idea what action to take if they witnessed a shoplifting event. He further concluded that the signs reduced the number of shoplifting reports by older consumers. The researcher suggests that this may have been partly due to the older consumers resenting having their freedom of choice restricted.⁷²

The Reactive Study

The studies conducted by Mary Owen Cameron and Edwin Sutherland were pioneer research that examined the sociological and operational environment of the shoplifter and professional thief. Each of these studies certainly opened the door for future research in this area.

The problem identified in these studies is that they are reactive in nature. Both studies concentrate on the physical act of shoplifting or theft on a professional level. They fail to take a deterrence posture. To understand how

⁷¹ Ibid. 110.

⁷² Ibid.

shoplifters steal and how professional thieves grift is important. But this leaves one side of the coin unturned. What may be of greater importance is how to deter the shoplifter or the professional thieves.

Kraut's study examined social psychological, demographical, and cognitive factors that cause an individual to shoplift. This is a reactive study. Although this study examines cognitive processes of the shoplifter, Kraut makes an attempt to examine attitudes related to the involvement of the shoplifter. Even so, no loss prevention position is taken.

The Buckle and Farrington study examines a new approach to measuring shoplifting. They felt this new approach would reflect more accurate offender statistics and records. What makes this study interesting is that the researchers attempt to observe the shoplifter in the act. The physical act is investigated. Again, this study does not take a loss prevention posture. It is reactive.

The Schlueter, O'Neal, Hickey, and Seiler study of rational and non rational reasons for shoplifting examines the different demographic characteristics of subjects' perception of shoplifting, consequences of shoplifting, nature of theft, and effects of arrest. This is relatively reactive, but, one form of a loss prevention position is taken. The authors conclude that a visible uniformed security officer might deter non rational shoplifters.

The Proactive Study

Studies that take a loss prevention position can be called proactive studies because they investigate issues and make recommendations that could prevent or deter theft opportunities. The study of how the corporate private justice system makes decisions that shape who will be arrested or who will get civil recovery is an excellent example of a proactive study. The Davis, Lundman, and Martinez study does not necessarily investigate the attributes of shoplifters, but

instead, investigates a byproduct of shoplifting, civil recovery. Although this study examines decisions made by the corporate private justice systems, civil recovery can be viewed as a proactive security measure. It is certainly possible that, after a shoplifter is apprehended and placed in a civil recovery program, the shoplifter would question whether to shoplift in that particular store again. It is possible that civil recovery can operate as one form of deterrence.

The study conducted by the Cambridge University researchers and the retail management group is another example of a proactive study. The research team examines the impact that merchandise tagging, store redesign, and use of uniformed guards have on shoplifting. This certainly can be considered proactive because tagging merchandise, changing store design to provide security, and the use of uniformed guards are all proactive loss prevention methods. Each provides some form of deterrence and saves profits that can be reinvested into the security program. The researchers go on to determine which methods provide the best form of protection against shoplifting. This study takes a loss prevention position.

The studies conducted by Dr. Leonard Prestwich and Thomas Housel are excellent examples of proactive studies. Dr. Prestwich's study examines consumer awareness of the costs of shoplifting. What this study did was to gather information about consumer attitudes towards shoplifting. This attitudinal information was used to direct efforts of a anti-shoplifting educational program. This study is considered proactive because it seeks to develop an educational program that could work to help deter shoplifting.

Thomas Housel's study sought to determine if shoppers would report shoplifting acts that they observed. Signs were used as a persuasive tool. The signs told shoppers what action to take if they observed a shoplifting incident. What occurred in Housel's experiment was more than just signs being placed in a

store. The signs operated in two ways. First, the signs gave instructions to customers as to what action to take if they observed a shoplifting incident. Second, the signs sent a warning to potential shoplifters that people other than security personnel may be observing them. Thus, the probability of being observed increases. The use of the signs and the involvement of the customer is clearly proactive.

The present study, Prestwich's, and Housel's research are similar. All three incorporate some measurement of attitudes of an individual in an effort to direct some form of loss prevention awareness information. Thus far, two important distinctions have been made. Just as approaches to security and measures for prevention can be identified as reactive or proactive, so can research that has been performed in the area of shoplifting. The studies reviewed are separated according to purpose and intent. Several identify and diagnosis the problem. Some go as far as to suggest preventative actions (proactive) that reduce theft exposures. Clearly the most important concept that can be gathered from examination of this topic is the need to perform more attitudinal or self report research. This type of research can provide understanding about the cognitive processes of the customer, employee manager, and thief.

Internal Theft

Sutherland's Study

In 1949, Edwin Sutherland investigated white collar crime. His work entitled, White Collar Crime was a study that set precedent and brought internal theft to the forefront demanding examination. This study is a comprehensive examination of criminal violations in seventy corporations. Two thesis statements were used to formulate this study. Sutherland felt that social

and personal pathologies were not an adequate explanation of criminal behavior. He contends that the general theories of criminal behavior, which take their data from poverty and the conditions related to it, were inadequate and invalid.⁷³ His second thesis suggests that persons of upper socio-economic class engage in just as much criminal behavior as those of the lower socio-economic class.⁷⁴

Violations of the law by persons of upper socio-economic class are called white collar crimes, according to Sutherland. He defines white collar crime as a crime committed by a person of respectability and high social status in the course of their occupation.

Seventy corporations from the mining, manufacturing, and mercantile industries were used as subjects. His goal was to tabulate the decisions of the courts and administrative commissions against these organizations. He felt this would give some idea of the extent and nature of white collar crime.

By evaluating the statistical records from these seventy large corporations, Sutherland wanted to paint a clear picture of crimes committed by persons of upper socio-economic class. He tabulated the decisions of the court, and administrative commissions against these manufacturing, mining, and mercantile corporations.

An analysis of the statistical records revealed that each of the corporations had at least one or more decisions against it. The maximum number of decisions against a single company was fifty. A total of 980 decisions were made by the courts or commissions. This data revealed that 16 percent of the decisions were made by the criminal courts, with 60 percent of the seventy large corporations having been convicted by the criminal court. The average number of convictions was four.⁷⁵

⁷³ Edwin Sutherland, White Collar Crime, (New York: Holt, Rinehart, and Winston, 1949), 1-9.

⁷⁴ Ibid.

⁷⁵ Ibid. 22-25.

Sutherland makes a strong effort to point out, that in many states during the period that this research was conducted, four convictions of a crime was sufficient for the offender to be defined as a habitual criminal. He argues that the frequency of convictions of the large corporations under criminal jurisdiction might be sufficient to disprove theories that crime is due to poverty and that personal and social pathologies are connected with poverty.

Two problems are identified. The first deals with the word "crime", and how it is applied to the behavior and decisions that were made. The second problem deals with failure of the criminological community to regard white collar crime as a crime, and why this concept is not viewed on the same level as ordinary crime.⁷⁶

Sutherland focuses on the issue of whether illegal acts of corporations are equal to crimes such as burglaries, robberies, and other crimes that usually fall under the umbrella of the theories of criminal behavior. He argues that differential implementation of the law is applied to corporations to reduce the stigmas associated with the commission of crime. Sutherland argues that differential implementation of the law can be explained according to three factors. First, the way laws are enforced are adapted according to who the violators are. Second, the trend away from penal sanctions has contributed to differential implementation. Third, unorganized resentment of the public toward white collar crime has played a role in differential implementation of the law.⁷⁷

Sutherland argues that differential implementation of the criminal law explains the status of businessmen, the lack of punitive methods, and the lack of organized resentment of the public toward white collar crimes.⁷⁸

⁷⁶ Ibid. 29.

⁷⁷ Ibid. 30-49.

⁷⁸ Ibid. 51-52.

To provide a complete understanding of the dynamics of white collar crime, Sutherland compares the white collar criminal to the professional thief. Both, the businessman and the professional thief operate within a close knit subculture. He identifies similarities and differences: (1) the criminality of the corporations, like that of the professional thieves are persistent: a large proportion of the offenders are recidivists; (2) illegal behaviors of white collar criminals are much more extensive than prosecutions and complaints indicate; (3) businessmen who violate laws do not customarily lose status among their business associates; (4) and businessmen customarily feel and express contempt for law, for government, and for government personnel.⁷⁹

Sutherland argues that the most significant differences lie in the offenders' conception of themselves and in the public's conception of them. He reports that the professional thief perceives himself as a criminal as does the public. On the other hand, the businessman thinks of himself as a respectable citizen and is so regarded by the public. Sutherland argues that these characterizations of how a white collar criminal conceives himself is important in criminology because many criminologists believe that white collar criminals are not criminals because they do not conceive of themselves as such.⁸⁰

Another comparison that Sutherland makes between white collar criminals and professional thieves is found when the white collar criminals attempt to maintain their status, and their conception of themselves as non-criminals. To maintain status corporations employ experts in areas such as law, public relations, and advertising. They operate as the corporation's mouthpiece. The corporation's mouthpiece is equal to what is known to the professional thief as his mouthpiece. The mouthpiece for a professional thief functions as a

⁷⁹ Ibid. 217-220.

⁸⁰ Ibid. 221-222.

representative whose primary job is to defend his client against charges. The function of the mouthpiece for the white collar criminal is to influence the enactment and administration of the law as it applies to his clients, to advise his clients in advance as to methods that will be used with relative impunity, and defend his clients in court and before public charges are brought against them.⁸¹

In order to achieve set objectives, a corporation has to manipulate people. The corporation must have a means that helps to rationalize their illegal activities. Sutherland suggests two aspects of what he calls rationality of the corporation in relation to illegal behavior. He points out that corporations choose crimes that involve the smallest amount of danger and identification. Another aspect of rationality of the corporation in relation to illegal activities is selection of crimes in which proof is difficult. Again, Sutherland compares both points that have been raised to that of the professional thief.⁸²

A third rationale for the corporation is adoption of the policy of fixing cases. Sutherland compares fixing cases to that of the professional thief in that a professional thief saves money and tries to stay in good standing with the fixer who can fix almost any case if there is a weak link. One difference is mentioned in terms of this aspect of the relationship between the white collar criminal and the professional thief. He argues that fixing white collar crimes is more inclusive than the fixing of professional theft cases. He notes that a corporation fixes a specific accusation against it, and then tries to promote good will, and to some extent prevent the implementation of the law.

Sutherland suggests that the theory of white collar crime is basically no different than the fundamental theories that are associated with most other criminal behavior. He uses the well defined hypothesis of differential association

⁸¹ Ibid.

⁸² Ibid. 230-231.

to suggest that criminal behavior is learned in association with those who define the behavior as positive and in isolation from those who see this criminal behavior as negative. This hypothesis suggests that the person will choose the criminal behavior to be involved in after an evaluation process occurs, where favorable outcomes outweigh unfavorable outcomes.

Diffusion of illegal practices is another example of how white collar criminals try to rationalize their behavior. Diffusion of illegal practices even further supports the theory that white collar crime is linked to differential association, suggests Sutherland.

Isolation is another concept that Sutherland suggests is central in the relationship between differential association and white collar crime. He points out that businessmen are isolated from and protected against agents that are unfavorable to white collar crime. He argues that agencies that define the criminal code for ordinary crimes fail to do so for white collar crimes. He suggests several reasons for this. First, mass media is managed by large corporations who have the same attitudes and agenda as white collar criminals. Second, mass media makes a large portion of their profits from advertisements that are purchased by corporations. Third, the mass media are often involved in white collar crime, therefore, businessmen are shielded from criticism of the media, and isolation is further strengthened. Finally, the government protects businessmen from criticism by governmental officials by passing laws that remove the stigma of crime that can be associated with illegal activities.⁸³

A final component to the relationship between white collar crime and differential association is social disorganization. Sutherland argues that differential association is a hypothetical explanation of crime from the point of view of the process that a person is initiated into crime. Social disorganization is

⁸³ Ibid. 247-248.

a hypothetical explanation of crime from the point of view of the society.⁸⁴

Sutherland points out that social disorganization is a form of lack of standards or conflict of standards. He suggests two conditions that are favorable to disorganization of our society in the control of business behavior. First, behavior is complex, technical, and not easy to observe by inexperienced citizens. Second, the society is changing fast in its business practices.⁸⁵

Sutherland argues that the clear-cut opposition between the public and the government on one hand, and the businessmen who violate the law on the other, is non-existent.⁸⁶

An investigation of the variations in the crimes of the corporations found that variations in the crimes of the seventy corporations and the decisions made against them came about as a result of variations in age of the corporation, size of the corporation, position of the corporation in the economic structure, and personal traits of the executives of the corporations.⁸⁷

The way that the position of a corporation in the economic structure contributes to the crime rate is by setting the standard for the other corporations that one interacts with. An example of this occurs when corporations who are involved in the same industry pull together to fix prices and conduct unfair labor practices. Sutherland argues that when one corporation adopts an illegal labor practice others do likewise.⁸⁸

Sutherland suggests that how personal traits of the executives in corporations effect violations of the law are explained in Marshall Clinard's hypothesis of personal traits as an explanation of white collar crime. He argues that Clinard's hypothesis of personal traits should be included in the

⁸⁴ Ibid. 253.

⁸⁵ Ibid. 254.

⁸⁶ Ibid.

⁸⁷ Ibid. 258.

⁸⁸ Ibid. 263.

explanations of criminal behavior as supplements to, rather than as substitutes for, the cultural definitions which have been suggested under the headings of differential association and social disorganization.⁸⁹

The overall conclusions of Sutherland's study are two fold. He concludes that the present evidence reveals that persons of upper socio-economic class commit many crimes and these crimes should be included within the scope of the general theories of criminal behavior. He supports this conclusion by suggesting that this has been proven because the sample of large corporations were found to have violated laws with great frequency. Sutherland concludes that the evidence does not justify a conclusion that the upper class is more criminal or less criminal than the lower class, for the evidence is not sufficiently precise to justify comparisons nor are common standards and definitions available. Lastly, Sutherland concludes that the explanations of criminal behavior have not been developed in this study. He notes that the hypothesis that crime is due to personal and social pathologies does not apply to white collar crime, and that, differential association and social disorganization may be applied to white collar crimes.⁹⁰

Cressey's Study

In 1953, Donald Cressey performed a study similar to that of Edwin Sutherland. Cressey's work entitled "Other Peoples Money", investigated the social pathology of embezzlement. Like Sutherland's research, Cressey's work made a major contribution to the understanding of internal theft.

According to Donald Cressey, the study of violation of trust falls into two joining sociological contexts. First, the purpose is to determine crime causation

⁸⁹ Marshall Clinard, "Criminological Theories of Violations of War Time Regulations", American Sociological Review, (June 1946), (11), 258-270.

⁹⁰ Ibid. 266.

and its relationship to criminological research. The second is to determine explanations of financial trust violation and its relationship to the work of the sociologist and social psychologist who work to develop sociological theories of social learning.⁹¹

One purpose of Cressey's study was to account for the difference in behavior indicated by the fact that some persons in positions of financial trust violate that trust, whereas other persons or even the same person at a different time, in identical or very similar positions, do not. According to Cressey, the problem associated with trust violation begins with how the determination is made as to what definable sequence of evidence is always present when criminal trust violation is present and never present when trust violation is absent.

The subjects for this study were taken from informal contacts with prisoners whose behavior met the criteria that fell within the range of what Cressey defined as criminal violation of trust. The prisoners were found in the Illinois State Penitentiary at Joliet, and the California Institution for Men at Chino, and the United States Penitentiary at Terre Haute, Indiana. Inmates who had been confined for embezzlement, larceny by bailee, confidence game, forgery, uttering fictitious checks, conspiracy, grand theft, theft of government property, and falsification of bill of lading used in interstate shipment were interviewed. Five hundred and three subjects were gathered. Those who did not meet the criteria set forth by the research were eliminated. The remainder of the group were granted short interviews.

Cressey hypothesized that trusted persons become trust violators when they conceive of themselves as having a financial problem which is non-sharable, and are aware that this problem can be secretly resolved by violation of the position of financial trust, and are able to apply to their own conduct

⁹¹ Donald Cressey, Other Peoples Money, (Illinois: The Free Press, 1953), 11.

verbalizations which enable them to adjust their conceptions of themselves as trusted persons with their conceptions of themselves as users of the entrusted funds or property.⁹²

To establish an understanding of the role of the non sharable problem in trust violation, Cressey defines the non-sharable problem as a financial problem that the trust violator cannot share with an outsider.⁹³

He identified six situations that are associated with the non-sharable problem in trust violation. The first is violation of ascribed obligations. This type of situation is defined as non-sharable by those who subsequently violate their positions of trust which the trusted person considers to have resulted from prior behavior which actually violated the trust reposed in him, though not necessarily in a criminal or even a financial manner. The second situation that is associated with the non-sharable problem in trust violation are problems that result from personal failure. A third situation considered to be non-sharable by those in trusted positions is the problem that results from legitimate economic reversals. These are problems that are brought out as a result of a war breaking out, and/or economic depression. The fourth situation related to the non-sharable problem that is found among trust violators is the problem which arises because the trusted person is physically isolated from persons whom he can turn to for help in solving the pressing financial problems.⁹⁴

The fifth situation that is related to the non-sharable problem is related to status gaining. Cressey argues that an individual aspires to live at a certain level and then considers this aspiration to be a financial one, therefore, a non-sharable situation is created. He reports that the trust violation does not occur because the individual is living beyond their means, but, is a result of the non-

⁹² Ibid. 30.

⁹³ Ibid. 34.

⁹⁴ Ibid. 34-42.

shareability of the situation.⁹⁵

Another situation that is related to the non-shareability of a problem results from employer-employee relations. The problems with employer-employee relations occur when an person resents his status within the organization in which he is trusted. Cressey points out that this may take the form of feeling underpaid, or overworked, or unfairly treated in some other way than involving finances. Cressey reports that this situation becomes non-sharable when the individual feels that to make suggestions for alleviation of his felt maltreatment will threaten his actual and desired status in the organization.⁹⁶

One concept identified by Cressey, is the identification of the opportunity for trust violation. He argues that the opportunity for trust violation by an individual in a trust position is evident, yet, the individual may fail to realize that their position of trust can afford an opportunity to resolve a non-sharable problem.⁹⁷

What Cressey identifies as important in the relationship between trust violation and opportunity is how a person uses language to justify the trust violation. He reports that language such as "it occurred to me", or "it dawned on me", that the funds, the entrusted individual was responsible for, could be used to solve a non-sharable problem are present before the trust violation occurred. He further argues that perception words such as dawning or occurring represent the connection between the non-sharable problem and the illegal solution, that this connection is a process of knowing and rationalizing that the problem could be solved by violation of trust. Cressey ends the discussion of the relationship between trust violation and opportunity by suggesting that the trust violator must have knowledge of the information about a trust violation in general. He

⁹⁵ Ibid. 53-55.

⁹⁶ Ibid. 57.

⁹⁷ Ibid. 77.

maintains that the trust violator must know that violation of his trust will aid in the solution of the problem. How the trust violator verbalizes indicates the perception that the entrusted funds could be used. He suggests, that this perception involves awareness of the fact and a rationalization of the behavior. He argues that technical skill is present long before the non-sharable problem is identified.⁹⁸

Further analysis of the data gathered for this study of embezzlement led Cressey to investigate the violators' vocabularies of adjustment. Cressey maintains that the criteria for problem solution such as a independent, secret, and safe means by way of general and technical information about trust violation leaves situations where the potential trust violator identifies the possibilities for resolving the problem by violating his position of trust, and defines the relationship between the non-sharable problem and the illegal solution in language which enables him to look upon trust violation as essentially non criminal, as justified, and as part of a general responsibility for which he is not completely accountable. This concept deals with how the violator rationalizes his illegal activities. Cressey found that, in the cases of trust violations that were encountered, significant rationalizations were always present before the criminal act took place, or at least at the time it took place. He argues that the issue of borrowing is important because as the trust violator takes small amounts of money over a period of time he rationalizes that it is borrowing, keeps a record of his indebtedness, and after a few more instances of stealing, forgets about these manipulations altogether.⁹⁹

The other group that Cressey identifies are the absconders. An absconder is an individual who violates his trust then runs and hides. Cressey reports that

⁹⁸ Ibid. 77-78, 90-91.

⁹⁹ Ibid. 93, 119.

the situations which are non-sharable for absconders are always associated with isolation. These violators are isolated from individuals who could help with the problem. According to Cressey, the absconder deliberates for long periods of time about the question of whether to abscond. He argues that the lack of primary group relationships and lower occupational status of the absconder permit rather ordinary non-sharable problems to be formed and provide ease with which the rationalization is used because the person absconding can cut all social ties. Two other concerns are pointed out by Cressey. First, he argues that absconders verbalize their actions with an "I don't care attitude". Second, he reports that unlike businessmen, who blame their crimes on unusual situations, absconders blame their crimes on personal defects.¹⁰⁰

Based on the discussion of violators' vocabularies of adjustment, Cressey found that the rationalizations which are used by trust violators are necessary and essential to criminal violation of trust. He further concludes that the rationalizations used in trust violation are linked with the manner in which the trust is violated and to some extent with the social and economic position of the offender.¹⁰¹

Cressey found that three events make up the conditions under which trust violation occurs, and the term cause may be applied to their conjuncture since trust violation is dependent upon that conjuncture. He further found that whenever the conjuncture of events occur, trust violation results, and if the conjuncture does not take place there is no trust violation.¹⁰²

According to Cressey, this theory provides an adequate explanation for the criminal violation of financial trust and indicates that violation is both cultural and a psychological phenomenon. Cressey further found that violators

¹⁰⁰ Ibid. 128, 130-136.

¹⁰¹ Ibid. 136-137.

¹⁰² Ibid. 139

of trust use verbalizations that they apply to their own experiences. Once this occurs they are able to look at themselves other than as a trust violator.¹⁰³

Personal traits of violators do not play a role in selection of their crimes, suggests Cressey. However, he does recognize that personal traits do play a role in the structuring of a problem as non-sharable¹⁰⁴

Cressey found that the criminal violation of trust theory has an advantage over other theories because: (1) it is verifiable by the simple expedient of observing language used by trust violators; (2) it is suggested by the trust violators themselves and was therefore derived from data rather than being imposed on it; (3) and, it emphasizes the fact that the attitudes and values of persons other than trust violators are of great significance. Social characteristics of the violators such as age, sex, race, religion, nationality, and socio-economic status are significant to trust violation if it is based on conjecture, suggest Cressey. He points out that social factors such as age and social status are higher for trust violators than for other types of criminals because of the nature of obtaining their positions of trust.¹⁰⁵

An implication that is brought forth by Cressey deals with the relationship between differential association and trust violation. He maintains that the theory of criminality is that personal and social characteristics of criminals are significant in crime causation only to the extent that they affect the ratio of contacts with criminal and anti-criminal behavior patterns. A second implication suggests that a gradual modification of the subject's values in regard to deceit, trust, and honesty, eventually results in the criminal violation of financial trust.¹⁰⁶

¹⁰³ Ibid. 139-142.

¹⁰⁴ Ibid. 143.

¹⁰⁵ Ibid. 144-145.

¹⁰⁶ Ibid. 147-149.

The third implication made by Cressey suggests that the criminal trust violator cannot identify his contacts either with criminal behavior patterns or anti-criminal behavior patterns. Cressey does note that the criminal trust violator does observe other associates committing what he calls technical violations.¹⁰⁷

The fourth implication that Cressey makes is that trust violations are perpetrated by employees who have been in positions of trust for a number of years. He points out that this may indicate that the learning of the rationalizations took place while the person was in a position of trust, and hence that an over-balancing of the ratio in favor of criminal behavior patterns must have taken place.¹⁰⁸

The fifth implication that Cressey makes explains non-violation in terms of contacts with criminal and anti-criminal behavior patterns once encountered. Cressey argues that rationalizations cannot explain trust violation alone, a non-sharable problem must be present, along with awareness that violation of the position of trust may provide a solution to the problem.¹⁰⁹

Cressey concludes that fluctuations in trust violation rates cannot be determined based on this study nor the theory of differential association. However, he maintains that a partial explanation of the variations can be found. He further concludes that the general implication of his study is that increase or decrease in the amount of criminal trust in a society is dependent upon the social conditions which affect either the events in the trust violation process or the conjuncture of the events. He admits that the theory that he presents has few practical implications either for prevention and detection of trust violation or for treatment of apprehended offenders. He argues that the trust violation rates might be reduced by means of paternalistic company programs designed to

¹⁰⁷ Ibid. Ibid.

¹⁰⁸ Ibid.

¹⁰⁹ Ibid. 151.

eliminate or reduce the number of non-sharable problems among employees. He further suggests that educational programs emphasizing the nature of the verbalizations used by trust violators, rather than the immoral nature of some non-sharable problems might enable a larger number of trusted persons to realize that they could become violators and identify with non violators when non-sharable problems occur.¹¹⁰

In terms of recidivism, Cressey concludes that there are no simple ways to measure the number of violators who will commit trust violation again because few companies will hire a violator once a violation has been recorded. He points out that bonding companies fail to provide a measure because they conduct poor background investigations, if any. Cressey concludes that official treatment as a criminal, whether by incarceration, probation, or merely arrest, would most effectively prevent further trust violation in those cases in which the violator has not at the time of apprehension readopted the values of the groups which he identifies as criminal. He further concludes that conception of self as a criminal could result in the readoption of non criminal values rather than the values of the criminal group. According to Cressey, upon official treatment three things might occur. First, official treatment might influence the violator to readopt the attitudes of his pre-violation group, and hence toward abandoning his rationalizations. Second, official treatment might influence the violator toward becoming a hardened criminal, one who accepts the rationalizations and justifications of criminal groups and applies them to conduct in or out of positions of trust. Third, treatment will have no effect.¹¹¹

Cressey's final conclusions reflect that the theory of criminal violation of financial trust applies to all trust violations that were encountered in this study.

¹¹⁰ Ibid. 152-153.

¹¹¹ Ibid. 154-155.

He further concludes that no subject became a violator except through experience with the conjuncture of events, and the conjuncture was not present in the experience of any persons who had not violated their positions of trust. Last, Cressey concludes that since his first hypothesis was revised, his final generalizations must be revised too. In other words, Cressey maintains that the testing of his theory must remain inconclusive in a single study.¹¹²

Merriam's Study

In 1977 Dwight Merriam a professor at Yale Law School wrote an article that appeared in Criminal Justice Abstracts. His work entitled "Employee Theft", was an analytical evaluation written to push for further research in the area of employee theft and white collar crime. Part I of this two part analysis, investigates the difficulties found in defining employee theft and white collar crime. Part I also examines the difficulties that are found in current research methodologies that are being used. Part II examines the identification, measurement, etiology, and control of employee theft. Merriam defines employee theft as the unlawful taking control, to transfer of an employer's property with the purpose of benefiting the employee or another not entitled to the property.¹¹³

Merriam reports that the major obstacle to orderly study of employee theft has been the absence of acceptable research methodologies. Research needs include the determination of the extent and types of employee theft factors associated with theft, including those which reduce the desire to steal and those which deter by increasing fear of apprehension. The researcher identifies what he calls the offense cycle of employee theft. His argument is that employee theft

¹¹² Ibid. 156-157.

¹¹³ Dwight H. Merriam, "Employee Theft", Criminal Justice Abstracts, (December, 1977), 375-406.

is part of a dynamic open system that is needs oriented. He argues that the employee thief is motivated by the desire to satisfy socially and psychologically conditioned needs; when conventional means of satisfaction are frustrated, the employee may turn to deviant work place behavior depending upon the nature of the work experience and the influence of external values.¹¹⁴

The detection process, apprehension, and disposition are all interactive subsystems that are part of the offense cycle. Merriam argues that these processes are influenced by norms of civil and penal law and various factors including the presence of unions, public and private regulations, civil rights, and such conditions as the use of fidelity bonds.¹¹⁵ He notes that the laws covering employee larceny and embezzlement contain penal sanctions with gaps and overlaps in coverage. He argues that existing statutory independence of larceny and embezzlement, and obtaining property under false pretenses has resulted in duplication, incomplete coverage, diverse penalties for misconduct, and confusion.

Three aspects of the white collar crime and the employee theft are investigated. The way employee's steal, economic impact, and extent of employee involvement are cited as contributors to the extent of employee theft.¹¹⁶ Merriam suggests that the ways people steal are important for two reasons. First localized methods may not be affected by more conventional control strategies. He points out that generalizations should not be made from patterns of behavior which are the product of unusual conditions. Second, some methods require collusion and may exhibit a level of theft beyond which employees no longer fear informal social control by other employees.

In his effort to understand the economic impact of employee theft,

¹¹⁴ Ibid. 377.

¹¹⁵ Ibid.

¹¹⁶ Ibid. 378-386.

Merriam identifies what he calls the "dark figure". He defines the "dark figure" as the unreported or unknown amounts of criminal behavior. He suggests that this problem results from the acceptance of a degree of inventory shrinkage and the consistent failure to report and prosecute thieves. He further points out that estimates of the impact of employee theft are based on differing criminal acts that have not gained a full universal definition.¹¹⁷

The difficulty that is found in determining employee theft's contribution to shrinkage is that it may be connected with benign factors such as the procedural "phantom" of bookkeeping error, spoilage, and breakage, suggests Merriam. The final issue of economic impact caused by employee theft is the "crime tariff" that is handed directly down to the customer.¹¹⁸

Merriam reports that there are many estimates about the involvement of employees in theft activities, but no empirical research has been done on the distribution of employee involvement. He argues that the proportion may vary by the size and type of business, as a function of opportunity, or as a result of differences in characteristics of the employees.¹¹⁹ He suggests that the few studies that have been performed on employee involvement provide a limited variation of involvement.

Casual theories cite the problem of internal theft as caused by moral laxity, bad apple theory, neurosis, living beyond one's means, and germ theory, suggest Merriam. He argues that a defensible etiology of employee theft must go beyond these themes. He points out that the offense cycle indicates that needs of the employee must be satisfied. Merriam explains that when the needs are not satisfied by non-deviant activity, the employee may turn to stealing at work as one alternative. Two important questions are asked; (1) Why does one person

¹¹⁷ Ibid.

¹¹⁸ Ibid.

¹¹⁹ Ibid.

steal in a given setting when another does not? (2) What inter-organizational differences explain variations in employee theft? The first question according to Merriam can be restated. Under what conditions do people demand more than the work experience can provide and what influences them to steal rather than to suppress or displace their demand? These needs, he suggests, are beyond survival needs. He argues that these needs are socio-cultural in origin as are the norms and values which condemn or condone employee theft. He further notes that the employee has a personal referent in an internalized set of norms and values, but he also looks to the workplace and to activities and influences external to the workplace for guides and criteria to be used in personal decision making and for cues about what is an acceptable demand schedule. Merriam suggests that the needs oriented model requires consideration of at least three centers of influence. Merriam notes that the issue of inter organizational variation raised in the second question is more focused because of the developing theory of human resource management and workplace centered approach to control strategies. The researcher argues that frustration of the effort to satisfy psychological needs is an important consideration as an intermediate factor with the failure to provide for the hierarchy of employee needs limiting job satisfaction and increasing the chance of theft.¹²⁰

Merriam argues that employees who have not fully internalized norms and values of honesty succumb to theft opportunities most immediate. Planning and carrying out a burglary or robbery involves a conscious commitment to deviant activity, but stealing merchandise or cash at work can be done on impulse, suggests the author. He points out that some workplace crime does involve extensive planning, but high order thefts may take place after an employee has desensitized himself by several minor thefts of opportunity.

¹²⁰ Ibid. 386-391.

Merriam suggests that it would be useful to analyze the development of theft patterns for robbers and burglars to discover whether there is a learning process and to compare internalized value systems among external and internal thieves to discover whether there are thresholds at which premeditated internal theft and external theft become conceivable and acceptable.¹²¹

The researcher reports that the workplace offers the unique rationalization of "theft discounting" and permits destruction of clear boundaries of property rights. He argues that an employee frequently observes waste and knows that his theft by itself is of little economic consequence. Merriam reports that the daily use of items at work may eliminate boundaries of property rights and permit employees to convert their employers property with little or no conscious sense of theft. Longer periods of exclusive use and possession may facilitate a rationalization of personal ownership, suggests Merriam.¹²²

According to Merriam, external influences appear to be reflected primarily as economic needs such as the desire for affluence and status or unusual family expenses. Satisfaction of legitimated needs through deviant means may be described using Merton's theory of anomie, but in the long run effort to create a research methodology it would be of limited utility since anomie is essentially a typology and the least useful construct, suggests Merriam. He points out that legitimate needs may be non-sharable problems made non-sharable by an impersonal and unsatisfactory work place environment. Even an influence such as economic need which appears uniquely external is closely linked with the personal dimension and characteristic of the work place, suggests Merriam. He argues that external influences predominately ones of economic need, are considered an important causal factor in employee theft. He argues that

¹²¹ Ibid.

¹²² Ibid.

economic need resulting from behavior which itself is deviant is substantially different from legitimated economic needs. The development adjustment, and satisfaction of this latter need may be more amenable to study by a sociological methodology, but empirical research must be directed toward employees before apprehension.¹²³

Merriam identifies four job related work factors that can be considered to be work place influences. These are opportunity, differential association, managerial dishonesty, and low job satisfaction. Merriam argues that Cressy's concept of the role of opportunity is useful, but little is known about the elasticity of the relationship between opportunity and theft. He points out that an economically efficient control strategy requires some knowledge of the effects of varying levels of reduced opportunity.¹²⁴

In response to Sutherland's differential association theory, Merriam argues that the comparative frequency and intimacy of conduct with employees involved in workplace theft is a learning process. Merriam cites the typical post apprehension research design as the cause of limited knowledge about the learning process in the work place. Merriam suggests that managerial dishonesty as a cause of employee theft overlaps differential association in that managerial dishonesty is seen as setting the standard. He further notes that managers and supervisors often have greater opportunities to steal than the employees and, as a class, are protected by class ethic. He points out that managers who steal not only establish a norm for their employees but also frequently escape sanctions.¹²⁵

The researcher indicates that the presence of differential association and the role that managers play in setting standards suggest a unique environment

¹²³ Ibid.

¹²⁴ Ibid. 391-396.

¹²⁵ Ibid.

for learning to steal, one that is distinct from the milieu in which other property crimes occurs. The researcher argues that where managers observe conventional norms, values, work ethic, desire for achievement, and honesty, employees have to separate behavior patterns by continuing to follow some and abandoning others. He points out that nothing is known about the informal social controls that pressure strictly honest employees to steal, but, such controls do exist just as they do in gangs and other small groups who participate in deviant activity.¹²⁶

Merriam argues that some range of employee theft is simply not considered deviant by the majority. Taking office supplies, using the company car to run errands, leaving work early or taking extra few minutes lunch are just a few examples. Merriam points out that these behaviors take resources from the employer, but occur so commonly that few people seriously object or would consider who does such a thing dishonest.¹²⁷

The researcher indicates that an important distinction between employee theft and other theft is the high frequency of dishonesty in the work place and its linkage with other wise honest workers that result in comparatively indistinct delineation in the value system and produce weak guides for individual behavior.

According to Merriam, low job satisfaction, is perhaps the most important job influence and the least appreciated cause of employee theft. Merriam reports that the trade literature some times alludes to employee dissatisfaction in the analysis of vandalism and poor management. Merriam ends his discussion of the causal theories of employee theft by suggesting that the high level of interdependence between personal, external, and work place influences demand

¹²⁶ Ibid.

¹²⁷ Ibid.

a wider analysis. He adds that the work place appears to be the most useful orientation because it affords an opportunity to study differential association and the development of value and normative systems.¹²⁸ Merriam suggests that the workplace is the source of worker satisfaction and dissatisfaction and it is the arena with in which the most practical control efforts may be made.

Screening applicants, procedures and devices which make theft more difficult or apprehension easier, improvement of employee job satisfaction, and the process of apprehension and prosecution are strategies that form four distinct clusters, suggests Merriam. He reports that screening applicants is essential in reducing employee theft, but few employers do so. He points out that the goal of background checks is allegedly to insure that businesses hire only qualified candidates with unblemished backgrounds. Because millions of persons are arrested each year, and many are not convicted, employers in some cases have to disregard arrest records as a screening tool, suggests Merriam. He points out that the polygraph has less overall impact on the screening process than does background checks, however, one advantage is that it can reveal prior thefts which have not resulted in apprehension. An alternative to the polygraph is the Psychological Stress Evaluation. The PSE is a technique by which voice patterns are analyzed to detect lying, suggests Merriam.

The researcher points out that the PSE raises serious problems that have not been addressed in the literature. He further points out that existing regulations, case law, and union contracts may not adequately control the use of the PSE. In situations where the polygraph or PES cannot be used, the employer may use an attitude inventory, biographical data, and admissions of past delinquencies to predict the likelihood of future theft. Merriam argues that all of the pre employment methods of detecting potential thieves are open to attack as

¹²⁸ Ibid.

possibly discriminatory and as unreasonable invasions of privacy. He suggests that more information is needed concerning the use and efficacy of these procedures, along with the development of appropriate controls.¹²⁹

In his analysis of procedures and devices which make theft more difficult or apprehension easier, Merriam notes that typically the problem of employee theft is treated as one which can be solved by simply installing detectors or incorporating new procedures. He notes that the procedural approach takes four forms. First, businesses are urged to increase control over merchandise through changes in work flow and task assignment. Second, theft may be deterred by decreasing an employee's opportunity to manipulate records to cover up theft. Third, computer ran inventory models may be designated to detect unusual inventory status. Fourth, employees may be subjected to searches of their person and property.¹³⁰ Merriam uses the example of an employee who was terminated because he refused to open his lunch box during an unannounced search. This situation resulted in a strike. Merriam argues that if procedural controls including unannounced spot checks are to work, employees must know about them and agree to them in advance.¹³¹

The researcher argues that procedures and devices which make theft more difficult or apprehension easier are essentially opportunity reducing. He notes that both changes in procedures and the installation of devices can be "armed camp" approaches and have deleterious effects on morale and productivity. He points out that a balanced approach, while suggested, will continue to be impossible as long as little is known about the nature of non economic effects.¹³²

¹²⁹ Ibid. 296-405. As of 1988, the use of the polygraph was constitutionally outlawed by the U.S. government as a tool for pre-employment screening. It is still used to screen applicants for special circumstance positions, or in criminal investigations.

¹³⁰ Ibid.

¹³¹ Ibid.

¹³² Ibid.

Merriam calls for an improvement in job satisfaction. He argues that the level of job satisfaction is associated with employee theft. The researcher suggests that increasing job satisfaction is a desirable strategy in controlling theft because several causes are subsumed in the concept and because it recognizes the individual needs of employees. The process of apprehension and prosecution is a control strategy because of its alleged role in deterrence, although its effectiveness here is open to question, suggests the researcher. He cites the contradictory research that shows that apprehension and prosecution are not effective in deterrence because so few thieves are apprehended and prosecuted. He argues that other research has shown that procedures and devices which make apprehension easier seems to indicate that increasing probability of apprehension decreases employee theft.¹³³

Merriam notes that the decision not to prosecute is complex, but not irrational. The company fears bad publicity, while restitution restores the status quo. The company is unwilling to take the risk of suits for libel, malicious prosecution, and false arrest; criminal prosecution is too expensive in time, and effort; managers fear exposure of their own illegal activities; and, the employer is genuinely sorry for the offender. Merriam points out that businesses believe that if they are aggressive in prosecuting they will gain little at best and there will be bad publicity. According to Merriam, if prosecution is to serve as an effective deterrent, businesses must be required or motivated to report offenders. He suggests collective action because it is essential to eliminating the reluctance to prosecute and increasing the deterrent effect of prosecution. He further points out that businesses themselves might be required or encouraged to report offenders to prosecutors or to a private central information bank that will protect the subsequent employer from unknowingly hiring an applicant with a history of

¹³³ Ibid.

trust violations.¹³⁴

The second mechanism for collective action, suggests Merriam is more use of fidelity bonds. He cites restitution as an important determinant in the employer's decision making process, yet it may be that the employer's special relationship to the employee thief that provides the opportunity for a unique means of sanctioning which is internal, judicial, and formal and which avoids public labeling.¹³⁵

Merriam ends the discussion of employee theft by arguing that all four clusters of control strategies offer some means for reducing internal theft, but, they typically reflect and thus suffer from a lack of understanding about the cause of theft. He argues that they are ad hoc and inefficient. Merriam suggests, that what is required is a balance of screening techniques, procedures which reduce opportunity, effective management, and apprehension and sanctioning processes. Merriam further suggests that with efficient controls must be the consideration of the employee's moral and legal right to a personally and professionally productive occupational experience. According to Merriam, research efforts must not only take into account the present definitional and theoretical confusion including the ad hoc development of penal law, but must, more importantly, comprehend the offense cycle of an employee thief as a systematic process. He concludes, that the most fundamental precursory step in combating internal theft is to expose to labor and management and to the general public the fact that there exists in this country a large unorganized, persuasive, debilitating, and seemingly interactive problem of internal theft.¹³⁶

¹³⁴ A central information bank of employees who have been apprehended, terminated, and prosecuted for theft can be found in Chicago with Stores Mutual Association.

¹³⁵ Ibid. 398.

¹³⁶ Ibid. 406.

Hollinger and Clark Study

In 1983 Richard Hollinger a professor at Purdue University and John Clark a professor at the University of Minnesota completed what perhaps may be the most critical study of its kind performed in the last two decades. Their work entitled Theft By Employees is a comprehensive examination of work place theft and production deviance.

The objective of this research was to develop information upon which to base a comprehensive understanding of work place theft and related deviant behaviors. Hollinger and Clark identify five research questions that guide their study. First, how much employee theft and other kinds of work place deviance is occurring in the typical business organization? Second, under what circumstances (both individual and organizational) would these behaviors be most likely to occur? Third, what might be the most effective steps that management and labor could take to reduce the prevalence of employee theft and counterproductive behavior in their organizations? Fourth, do certain characteristics of communities in which work organizations are located affect rates of deviance within the work place? Fifth, what they consider most important, can this research be conducted successfully.¹³⁷

Several sources of data were used for this study. They include: (1) self report questionnaire survey of employees; (2) interviews with organizational executives; and (3) face to face interviews. A random sample of employees from each participating company anonymously provided data on personal and occupational job characteristics, job satisfaction, perceptions of theft deterrents, and most important, their own personal involvement across a wide range of deviant behaviors in the work place including theft of company property and

¹³⁷ Richard C. Hollinger and John P. Clark, Theft By Employees, (Lexington, Massachusetts, Toronto:Lexington Books, D.C. Health and Company,1983), 10.

money. Certain key management executives were interviewed personally to determine their organizations' knowledge of and response to employee theft. The face to face interviews given by the workers provided unique insight on the process, patterns, meaning, and perceptions of the complex factors impinging upon employees during their daily work routines.

Hollinger and Clark used a two phase methodology to conduct their research. The first phase resulted in the reduction of the organizations and the work force to be studied into one community for three differing industry sectors. The second phase was setup to replicate the research within two alternative communities.

Phase I of this study was conducted in the Minneapolis-St. Paul Metropolitan Statistical Area. This geographical area was selected because of the good relationship between the local business community and the University of Minnesota. The study was conducted under the auspices of the University of Minnesota. Hollinger and Clark chose three sectors of business that they identified as the most populous in United States industry. These sectors were retail, manufacturing, and service. They wanted to represent the strengths of the Twin Cities business community and narrow the selection of the industries to be studied to retail merchandise corporations, electronics manufacturing firms, and general hospitals. Thirty-five organizations participated in Phase I of this study: nine retailers, ten manufacturing firms, and sixteen hospitals.

Phase II of this study was conducted in the Dallas-Fort Worth, Texas and Cleveland, Ohio geographical areas. Considerations that were taken into account when selecting these areas were their size, industries, employee population, and differing crime rates. The hypothesis that was tested in Phase II was that the incidence of employee theft in a community is a direct reflection of the rate of

non-violent larceny in the larger community. Unlike Phase I, Phase II utilizes two of the three industry sectors for the investigation. They are, the retail and hospital sectors. Five hospitals and five retail operations were used as subjects. Over a three year period data was collected on employee theft and deviance.¹³⁸

To understand the prevalence of employee deviance, Hollinger and Clark examined organizational estimates of property deviance. Participates were asked to supply two sources of group data. Information was taken from security records and inventory shrinkage rates. Hollinger and Clark found that for all three industry sectors records were unproductive in providing estimates of property deviance because at best security departments in hospitals, manufacturing, and retail stores only provide the total number of all types of deviant acts discovered within a company. They further point out that since the actual perpetrators of many of the incidents are never identified, there is no way to know what amount of the thefts are associated with employees and what amount is associated with non-employees.¹³⁹

To understand the prevalence of employee theft, the researchers turned to annual apprehension statistics of the companies. Several problems were identified. First, half of the organizations maintained poor records and were not able to reveal how many employees were apprehended. Second, no central summary of records of employees who had been caught stealing existed. The third problem associated with using apprehension records, surrounds whether apprehension rates reflect actual apprehensions or reflect policy practices. Inventory shrinkage figures were initially used as a measure to estimate organizational property deviance, however, Hollinger and Clark identified several problems associated with using inventory shrinkage figures. First, not all

¹³⁸ Ibid. 19.

¹³⁹ Ibid. 30.

companies calculate such a figure. This includes manufacturing and hospitals. Second, some organizations produce shortage statistics only for certain departments. Third, not all firms use the same formula in deriving their figures.¹⁴⁰

Employees from each sector were asked to complete a self-administered questionnaire that surveyed the deviance that each respondent experienced. After evaluating the reported data, the researchers chose property deviance and production deviance as the dependent variables. Hollinger and Clark found that property and production deviance are related. They further report that those employees with higher levels of involvement in property theft may in fact also be more likely to participate in production deviance.¹⁴¹

Face to face interviews were used to determine if employees were aware of deviance in their organizations. The employees who were interviewed reported that they were aware of production deviance activities such as coming to work late or leaving early, using sick leave when not actually sick, coming to work under the influence of drugs, and taking long lunches and coffee breaks. Hollinger and Clark found that retail employees were aware of property deviance such as the misuse of discount privileges. Hospital employees reported that they were aware of the taking of hospital supplies. Manufacturing employees reported that they were aware of the taking of raw materials used in production.¹⁴²

Hollinger and Clark investigated the relationship between external economic pressures and property deviance. They found that external pressures can operate at two levels, the individual and the social structural. Economic pressures that operate at the individual level are basically associated with

¹⁴⁰ Ibid. 31.

¹⁴¹ Ibid. 46.

¹⁴² Ibid. 50-52.

financial problems. Social structural pressure deals with the environment in which the individual lives and if this environment causes the individual to be prone to crime as a means to relieve economic blockage.¹⁴³

For all three industry sectors, Hollinger and Clark report that there was no evidence to support the hypothesis that financial resources motivate an individual to become involved in property deviance at work. They indicate that occupational and personal characteristics of employees might be more important variables to understand employee involvement in deviant behavior. The researchers found that there was no relationship between income adequacy and property deviance. They suggest that this variable provided no clear evidence that overwhelming economic burdens were pushing individuals into workplace property deviance involvement. The researchers found that the relationship between property deviance and financial concern were consistent across all three sectors. They indicate that in each industry, the results are significant with higher-theft individuals more likely to be concerned about their finances.¹⁴⁴

Hollinger and Clark hypothesized that pressure toward employee deviance may be provided by the financial and behavioral climate present in one's community- that is the economic situation within the community in which an individual lives and works could affect that person's financial viability and hence influence his or her decision to become involved in employee theft. Hollinger and Clark found that their data did not provide sufficient evidence to support the hypothesis that community differences regarding economic or crime rates affect an individual employee's involvement in theft. Overall, Hollinger and Clark conclude that little evidence was found to support the hypothesis that employees become involved in theft because of greater economic pressure. They

¹⁴³ Ibid. 53.

¹⁴⁴ Ibid. 54-57.

further conclude that no significant influence was found when the economic situation of the community as an indicator of employee theft behavior was used.¹⁴⁵

Hollinger and Clark examined the relationship between youth, work, and property deviance. They found that in all sectors, younger employees seem to report higher theft levels than their older peers. The hypothesis that was used to test this relationship suggests that higher levels of theft among younger employees may simply be a function of less commitment to the organization, combined with less social risk to those employees actually involved in the theft behavior.¹⁴⁶

Hollinger and Clark found that the employees with little tenure with the organization, were more involved in theft, and were more likely to be younger employees. They further found that concern about one's education or career had a significant relationship with property deviance. This characteristic was found to be most common in younger employees. The researchers report that looking for a new job was found to have a relationship to property deviance. Hollinger and Clark found that more often it was the younger employee who had intentions of moving on to a different employment experience. Marital status was found to have a relationship associated with property deviance. The researchers found (especially in retail) that unmarried employees were more likely to be involved in theft activity against the work organization. When age was controlled, the researchers found that unmarried employees were much more likely to be concentrated in the younger age group.¹⁴⁶

Hollinger and Clark identify what they call the opportunity hypothesis. This hypothesis suggests that the prevalence of theft and deviance throughout an

¹⁴⁵ Ibid. 58.

¹⁴⁶ Ibid. 65.

¹⁴⁶ Ibid. 66-67.

organization varies by occupation or job title. They argue that in the corporate work world, an underlying perspective of opportunity theory maintains that an employee's ability to engage in theft is constrained by his or her occupational position in the community. An example would be a person holding a cashier's job who is in contact with cash and has working knowledge of the systems overcharging and underrring systems.¹⁴⁷

The data taken from the self-report questionnaire revealed that in all three sectors the occupational categories with higher levels of theft tended to involve close and/or unrestricted access to materials or money. The researchers report that sales clerks, stockroom workers, and buyers in retail stores are in daily contact with store merchandise, and sales clerks and cashiers work with cash. They further point out that in the hospital sector most of the above average theft occupations were patient care related jobs. Jobs such as registered nurse, residents, physician, technologist, therapists, and nursing assistants use hospital supplies when caring for patients on a day to day basis. In manufacturing it was found that the majority of the occupations that reported an above average level of theft were professional or technical occupations (mechanical and electrical engineers, computer specialists, technicians), occupations normally involving unrestricted access to tools, raw materials, and finished products. The researchers found that employee's involvement in theft may be related to the physical opportunities furnished by his or her occupation.¹⁴⁸

Hollinger and Clark indicate that there was a connection between occupational title and production deviance. In the retail sector, occupational groups who reported above average levels of property deviance also reported a higher amount of production deviance (sales clerks, buyer, cashiers, stock

¹⁴⁷ Ibid. 69.

¹⁴⁸ Ibid.

handlers). In the manufacturing sector, those people holding professional or technical occupations reported above average involvement in both property deviance and production deviance. Unlike the previous two sectors, occupations in this sector revealed that there were above average levels of production deviance which differed from an above average of property deviance.

Occupations such as registered nurse, nursing student, residents, and physicians reported higher levels of property deviance and at the same time reported below average levels of production deviance. Hollinger and Clark cite greater personal commitment to the patient, which is a characteristic of the more professional occupations, as a reason for the phenomenon.¹⁴⁹

Hollinger and Clark found that for all three sectors, those positions that allowed unrestricted access to the things of value in the work place enjoyed a high theft rate for certain occupational categories. The researchers found that the retail sector conforms close to their hypothesis, because these occupational categories had the most access to things and the least social status in the work organization. Hollinger and Clark acknowledge that opportunity does play a role in property deviance, yet, they found that within the retail sector, opportunity plays no role in production deviance.¹⁵⁰ In the manufacturing sector, the researchers found that high theft status employees were grouped among the high status engineering and technical occupations. On the contrary, the low status employees with the greatest access to the company's property reported low levels of theft. The researchers suggest that this phenomenon occurs because low status employees usually have little knowledge about the property that can be taken. When applied to the opportunity hypothesis, Hollinger and Clark suggest that access without knowledge of the social and

¹⁴⁹ Ibid.

¹⁵⁰ Ibid. 73-75.

economic value of property does not yield high levels of theft.¹⁵¹ The investigation of the hospital sector indicated results contradictory to the opportunity hypothesis. Hollinger and Clark found that most of the theft was clustered with high status employees (nurses). The only exception was the dishwashers. The researchers found that most of the high property theft occupations to be directly responsible for the delivery of patient care services. Other employees have access to property but report lower theft levels. Hollinger and Clark further report that the hospital nursing staff may be highly involved in property deviance, yet, when it comes to production deviance low levels were reported. This relates professional commitment to patient care. The researchers suggest that the patient would be the victim, not the organization. Job satisfaction was another variable that was identified as being related to employee deviance in the hospital sector. The researchers found that those employees who were generally more dissatisfied with the quality of their employment experience were also likely to be more involved in deviant acts against the work place, this includes taking property and engaging in counter productive behavior. It was found that employees of all age groups who were dissatisfied with the quality of their present employment experience, especially the younger worker, were significantly more likely to seek unauthorized redress for those perceived inequities from the organization via its tangible property or expected levels of property.¹⁵²

The effect of an organizations formal controls on employee behavior was investigated by Hollinger and Clark. The purpose was to evaluate whether certain organizational control efforts do, in fact, lead to a reduction in the prevalence of employee theft of company property. Peter Parilla was called

¹⁵¹ Ibid. 77.

¹⁵² Ibid. 82-86

upon to expand on this topic. Parilla argues that employee theft interferes with effective goal attainment. He further argues that theft hampers organizational productivity and profitability in two ways. First, stolen property must be replaced, therefore, time, money, and resources must be diverted from the organization's goals. Second, the loss of materials from theft may lead to disruptions or uncertainties within an organization.¹⁵³

To control employee behavior, organizations must set up control mechanisms. Company policy, selection of personnel, inventory control, security, and punishment are just a few that Hollinger and Clark mention. The purpose of company policies is to make an announcement that certain behaviors are of a serious matter to the organization. Parilla argues that rules tend to legitimate the use of management sanctions because they constitute a public warning as to the type of behavior that will provoke sanctioning. He suggests that rules create a climate of fairness because the person acted against has been forewarned that his actions could result in punishment. Parilla argues that policy can serve to promote a theft free environment. He defines a theft free environment as an organizational environment where employees prefer not to steal and choose to report those who may be stealing. The authors hypothesized that organizations that develop and promote an anti theft policy will suffer less employee theft.¹⁵⁴

Parilla identifies several mechanisms used to control employee theft. One such method is controlling theft through hiring. According to Parilla organizations must hire the best possible candidate who has the ability to conform to organizational expectations. They must in some way identify those individuals who may be less likely to violate organizational norms. Since

¹⁵³ Ibid. Peter Parilla serves as a contributing author for chapter eight of Theft By Employees.

¹⁵⁴ Ibid. 90-91.

corporate officials have concern for honesty among the applicant pool, honesty is evaluated. Parilla cites interviews, references from prior employer, quantitative assessment tests, like the polygraph, and personality tests, as pre-employment screening tools that are used to identify the possible troublemaker. These processes help remove possible thieves from the applicant pool. With this information, the authors hypothesized that organizations with more intensive pre-employment screening will have less employee theft.¹⁵⁵

Inventory control was identified as a second mechanism to control theft. The benefit that an inventory control system offers, is that it can signal when inventory is being stolen. Parilla points out that the same procedures that an organization initiates to detect error, avoid waste, and ensure accurate record keeping also can serve as protection against employee theft. Several ways are identified by which inventory control can affect a company's theft rate. First, organizations with up to date monitoring of assets will be better equipped to identify suspicious property disappearances. Second, many controls prohibit certain employees from gaining access to protected assets, therefore, it is easy to trace losses to the employees who are authorized to work in such areas. Third, programs directed at materials management may be interpreted by the workers as management showing concern about theft oriented behaviors. It hypothesized that those organizations judged to have more sophisticated inventory control systems would have less employee theft.¹⁵⁶

Security or loss prevention was identified as a third control mechanism. Parilla reports that security functions as a control mechanism because its primary responsibility is to control the problem of internal theft. Parilla reports that security officers engage in numerous proactive and reactive measures (for

¹⁵⁵ Ibid.

¹⁵⁶ Ibid. 92.

example, walking grounds, surveillance, and theft investigations) that aim to counteract theft behaviors. The goal security seeks is to instill in employees the perception that employee theft will result in apprehension and punishment, suggests Parilla. It was hypothesized that the greater the security effort of an organization, the lower would be that firm's internal theft problem.¹⁵⁷

The fourth mechanism used by organizations to control employee theft behavior is punishment. Theoretically, punishing individuals who steal should deter others from engaging in this type of behavior, however, this may not always be the case. Parilla suggests that after the apprehension of an employee, the organization has several options in terms of punishment. The company can do nothing following the apprehension, or perform internal discipline, but, with retention of the employee, termination of the worker, restitution, and/or criminal prosecution. The researchers predicted that the greater the certainty of punishment, the lower the incidence of theft. It was hypothesized that severity of punishment is not a significant factor in deterring employee theft.¹⁵⁸

Before conclusions could be developed regarding the researchers' hypothesis's organizational rates of property deviance had to be examined. The researchers found that the percentage of individuals involved in theft varies within each industry. The retail industry had the highest percentage and widest range of employees involved in employee theft, followed by the manufacturing industry, and then the hospital industry. With regard to organizational controls, it was found that retail firms tend to stress anti-theft policy slightly more than hospitals. Hospitals on the other hand, performed a more thorough job of screening on prior job performance than either retail or manufacturing employees. Across all three sectors of industry theft prevention was seen as a

¹⁵⁷ Ibid. 93.

¹⁵⁸ Ibid.

secondary objective in relation to inventory control. It was found that on the average retail firms had the largest security departments. The researchers report that within retail firms security operations tended to be more sophisticated (that is professional) and more oriented toward preventing employee theft than the departments in the other two sectors. They further indicate that retail firms apprehend more employees for stealing, and penalize them more severely. The researchers report that individuals who were apprehended for employee theft in at least two of the three industry sectors were certain to be terminated. It was found that retail firms tended to prosecute the most frequently. On the other hand, manufacturing firms were rather lenient in terms of termination's, but indicated a greater tendency to prosecute than hospitals. Restitution was found to be common in retail firms. In hospitals and manufactories restitution never occurred.¹⁵⁹

Hollinger and Clark found that discharge was automatic in the retail setting, and that prosecution was less frequent. The researchers conclude that the pattern of theft disposition previously found in retail firms is not necessarily found in other industries. Those employees who steal in hospitals and manufacturing tend to be treated less harshly than in the retail organization. The researchers found that controls do seem to have an inhibitory effect on the amount of theft found in an organization, but,, are extremely weak.¹⁶⁰

To understand why organizational controls do not work, Hollinger and Clark asked employees to describe their perceptions of the various controls operating in their work environment. Hollinger and Clark point out that policies that prevent theft must be expressed without creating an atmosphere of distrust and paranoia. When organizations place too much stress on the topic,

¹⁵⁹ *Ibid.* 99-101.

¹⁶⁰ *Ibid.* 102-106.

honest employees may feel unfairly suspected, resulting in lowered morale and high turnover. Hollinger and Clark found that in the hospitals and manufacturing sectors' policies on theft tended to be understated. They indicated that the employees cite that organizational expectancies with regard to property were not clearly expressed. According to Hollinger and Clark, stopping employee theft is not directly related to the primary function of the hospital, so little material is provided on the subject during orientations. Within the retail sector, the approach is different. Protection of the company property is directly related to the primary goals of the organization. The discussion of theft is usually given more than a fair amount of time. Many retail firms require new employees to sign off on training manuals to acknowledge that they have received training about theft related policies, and understand the ramifications if they are violated. Some retailers show loss prevention videos and films about employee theft.¹⁶¹

For the manufacturing sector, policy practices were handled entirely different from the hospital and retail sectors. Hollinger and Clark note that emphasis is placed on formal practices depending on the new employee's occupational classification. They point out that professional and technically skilled individuals tend to receive very little information about organizational rules, regulations, or security measures. Emphasis is placed upon company benefits and promotional opportunities.¹⁶²

In manufacturing, employee classification may be broken down into two categories, exempt and non exempt employees. Hollinger and Clark report that most of the instruction that is provided on policies to exempt employees is performed by the immediate supervisors to whom the employee will be

¹⁶¹ Ibid. 107-108.

¹⁶² Ibid. 109.

assigned. The researchers indicate that in all three sectors, coverage of employee theft during orientations may send an initial signal to employees about an organization's policy stance.¹⁶³

Two issues are identified by Hollinger and Clark concerning the health care setting. First, the overabundance of materials in patient areas that result from a dependence on materials at crucial times causes the employee to have a lack of concern for the efficient use of property. This mentality causes waste and pilferage. Second, the employees indicate that computer tracking of materials has led to the tightening of controls on patient care supplies. Therefore, emphasis is placed on accounting for items that are used. The problem occurs when the charge slips are lost. One problem that Hollinger and Clark observed is that the use of a computerized inventory system tends to strip an object of its monetary value. They point out that because the employee only identifies an object with a bar code, an environment is established where there is no sense of value for objects being used or a sense of monetary, value of patient care.¹⁶⁴

According to Hollinger and Clark, retail employees indicated that the theft of cash is more difficult if a store monitors its inventory by computerized cash registers. Manufacturing employees indicate that effective inventory and distribution procedures have been designed, but are often not implemented. Hollinger and Clark observed that some workers argued that effective monitoring of materials was simply not cost efficient for these organizations.¹⁶⁵

It was found that worker perceptions of security varied across all three sectors. One hospital employee characterized security as being friendly protectors of the work environment. Fire safety, parking ramp patrol, preventing theft from cars, preventing assaults on employees, providing escorts to cars late

¹⁶³ Ibid.

¹⁶⁴ Ibid. 110-112.

¹⁶⁵ Ibid.

at night, assisting employees with difficult patients or unruly visitors are identified as activities for which hospital security officers are responsible. The employees viewed security as trouble shooters, problem solvers, and reliable sources of assistance. Another employee from a second hospital presented an altogether different characterization of the security guards at their location. A registered nurse made the following statement, "But their security guards are not the type of people that make you feel secure (laughter)..... They, you know, are people that can't get any other type of job, basically. And I am sure they're very poorly paid. They're older, I mean they're not in their prime. You can't compare it to policeman, a deputy sheriff or that".¹⁶⁶

Because of the security guards poor image, one employee chose not to have a guard escort her to her automobile. This employee further describes the guards as people who only worked late shifts, and questions why "those types of people" were hired. Hollinger and Clark suggest that this poor image develops when all employees see is the guards sleeping on the job, sitting in the cafeterias, or reading a book. Where the security guards are seen as a positive source of assistance, emphasis on safety precaution far out weigh any emphasis on precautions against theft, suggest the researchers. At the hospital where the security staff was obviously poorly trained, there was no effect on theft behavior. In this case, according to Hollinger and Clark, the hospital employees failed to support the notion that security has a depressing effect on theft by employees.¹⁶⁷

Employees from the manufacturing sector saw security in their organization in a similar light. Employees reported that they were aware of the security staff, but believed that security had little effect on employee theft. One employee questioned the legitimacy of having a security staff, when all

¹⁶⁶ Ibid. 113.

¹⁶⁷ Ibid.

employees have to do is enter the building steal secrets and leave out a side door. A second employee did not even recognize security. A third employee was critical of his company who placed emphasis on shipping merchandise to the customer, but at the same time fails to watch employees who could take products out of a side door. The researchers cite the lack of impact on employee theft as a result of security being assigned a low priority.¹⁶⁸

Employees from the retail sector presented an altogether different view of the guards than the hospital and manufacturing employees. They saw the guards job as primarily dedicated to stopping employee theft. Hollinger and Clark point out that retail security officers are much more likely to aggressively pursue the perpetrators of internal theft.¹⁶⁹

In terms of punishment, the researchers found that most retail employees believed that theft would result in termination. A different picture was painted in the hospital and manufacturing sectors. Hollinger and Clark indicate that accounts of apprehensions for theft were found less frequently and tended to deal with minor thefts. They point out that penalties for these offenses tended to be less severe than those detailed by retail workers.¹⁷⁰

The researchers found that in both retail firms and hospitals various controls were related consistently to lower rates of theft by employees. They further found that this finding held true for corporate theft policy, checks on previous work performance, inventory vulnerability, satisfaction with inventory controls, security size, security sophistication, along with apprehensions and termination's for theft. Hollinger and Clark found that the impact of organizational controls do negatively influence theft prevalence, but the effects must be understood in conjunction with other factors that influence this

¹⁶⁸ Ibid.

¹⁶⁹ Ibid. 115-117.

¹⁷⁰ Ibid.

phenomena.¹⁷¹

Although the examination of organizational theft controls gave Hollinger and Clark the opportunity to investigate the impact controls had on employee theft,

this examination leaves one side of the coin unturned. Completion of the investigation of organizational controls required that Hollinger and Clark examine employee perceptions of theft controls. They paid special attention to the employee's perception of the risk (or certainty) associated with the detection of his or her theft behavior. The researchers hypothesized that organizational controls operate through the social-psychological process, and increased controls heighten the perception of detection certainty that should thus decrease the propensity for theft involvement.¹⁷²

It was found that certainty of detection was inversely related to employee theft. The researchers found that the stronger the perception that theft would be detected, the less likelihood that the employee would engage in deviant behavior. It is pointed out that employees who believe that they would be caught are less likely to steal from their organizations. The researchers identify what is called the social control model. This model is concerned with the social processes and structures that tend to prevent and reduce deviance. Two fundamental social control processes are identified. The first form of social control comes about through internalization of group norms "wherein conformity to norms comes about through socialization". The second social control process is "social retention through external pressures in the form of sanctions from others". Hollinger and Clark argue that employee behavior is mostly directly constrained by the second source of social control-namely,

¹⁷¹ Ibid.

¹⁷² Ibid. !19.

external pressures through both positive and negative sanctions. Hollinger and Clark further hypothesized that maintenance of social order in the formal work organization (as well as in society) will be far more dependent upon the nature of the reaction from one's co-workers than the more formalized sanctions promulgated by either the company or the criminal justice system. The researchers sought to compare the effects of external social controls with formal and informal sanctions in constraining deviant behavior of employees in a formal work organization. They found that employee behavior seems to be constrained more by the anticipated reaction to deviance by one's fellow co-workers than by the threatened formal reaction on the part of management. They found that the relationship between formal and informal sanction, threat, and employee deviance persists independent of the employee's age, gender, and marital status. According to Hollinger and Clark, formal organizational sanctions are introduced to the neophyte employee during orientations and are temporary. On the other hand, informal sanctions are learned once the new employee interacts with their co-workers. Hollinger and Clark found that perceptual severity of formalized sanction threats made by management do provide some social control of employee behaviors, however, this is indirectly accomplished by shaping and reinforcing the prevailing work normative structure in response to deviance by fellow employees. Hollinger and Clark end the discussion on employee perceptions of theft controls by suggesting that employees are differently involved in acts against the organization, and that involvement is at least partially based, upon their perception of getting caught.¹⁷³

Hollinger and Clark felt that an organization must be able to define property and production deviance in the work place in order to develop appropriate control mechanisms. They argue that a high volume of deviant acts

¹⁷³ Ibid. 120-125.

should be brought to the attention of co-workers, supervisors, security officers, and police, but only a handful do. Two explanations are provided for this phenomena: (1) operational definitions of property and production deviance depend upon assessments of the situation by the specific participants, and (2) organizational -control mechanisms are limited in their abilities to prevent and respond to employee deviations.¹⁷⁴

The researchers use the employee discount policy as an example of a procedure that is often interpreted by employees in the retail store environment. Employees usually know that it is against company policy to let non employees use the discount privilege. But within a particular work group it may be acceptable. The researchers suggest that in many cases it is the work group who determines what is unacceptable. This phenomena is called normative incongruity. Hollinger and Clark define normative incongruity as the lack of consensus on standards of behavior within an organization due to the conflict among two or more norms, or the frequent shifting of normative expectations. The researchers point out that there is considerable variance in the standards against which workers judge the acceptability of many activities encountered in the organizational context. They further point out that in all three sectors definitional inconsistencies were found in regards to policies and procedures. The discussions with employees revealed that workers appeared to be uncertain of formal organizational expectancies.

To understand the role that supervisors play in defining and managing employee deviance, Hollinger and Clark investigated management's impact on organizational control mechanisms. The researchers report that departmental and work group supervisors in all three industry sectors had two primary functions. One function of supervisory personnel in organizations is to

¹⁷⁴ Ibid. 129.

coordinate the effort of a group of workers toward some end (or set of ends). The second function of the supervisor is to maintain a sense of order in the production process-that is, policing the company and work group behavioral standards. According to Hollinger and Clark, the supervisor must protect the organization's interest and attempt to insure that formally established organizational policies, practices, and expectancies are observed. This allows supervisors to have greater latitude in how organizational expectancies are interpreted. The researchers argue that interpretation of formal organizational expectancies, of the manner in which the employee discharges his or her role, in essence becomes the vehicle through which the department supervisor ensures his or her success. The researchers found that in the hospital and manufacturing sectors supervisors clearly placed more emphasis on the coordinating dimension of their job than on the policing aspect. They found that supervisors in the manufacturing sector, who were involved on the process of production, were more rigid in their interpretation of policies relevant to time misuse than property transgressions. Hollinger and Clark found that supervisors in the hospitals, especially those overseeing workers who spend a major portion of their time with patients, prefer whenever possible to ease tensions rather than to run the risk of creating. The researchers point out that this type of orientation is reflective of the high priority given the quality of patient care in the hospital sector.¹⁷⁵

In manufacturing, it was found that the differences in the level of deviant behavior among occupational groups were related to the way in which supervisors handled exempt and non-exempt employees. Employees in the manufacturing sector indicated that individuals involved in creative activities (exempt employees) must have a work environment that is relatively free from

¹⁷⁵ Ibid. 130-135.

constraint and specified routines since the flow of ideas, unlike the flow of products from a manufacturing process, cannot be regimented. On the other hand, non-exempt employees argued that the mechanical aspects of the production process and physical assemblage of materials require a rigid, more-ordered format.¹⁷⁶

It was found that supervisors gave more freedom to exempt employees and were less strict with them in enforcement of rules. The researchers argue that the differences in the style of the supervision of the workers probably is related to the differential involvement of occupational categories in certain property and production deviance, including theft. The researchers conclude that as long as a given behavior was not perceived to be an obstacle to the organization's pursuit of its primary goals, even though the activity conventionally might be seen as deviant, it would likely be defined as acceptable.¹⁷⁷

The employees in the retail sector viewed the role of the supervisor differently than the employees in the hospital and manufacturing sectors. Hollinger and Clark report that the primary role of the retail supervisor is to show a profit in his or her department. They point out that success or failure in meeting that goal has a direct influence upon a supervisor's career. It was found that behavior that is counter-productive to the organization may not be reacted to as such within the department if it contributes to productivity or at least does not hinder it. For example, the misuse of the discount privilege does not interfere with sales in a department or with the shrinkage calculation, therefore a trade-off between deviance and sales occurs.¹⁷⁸

The researchers found that retail supervisors tend to be less flexible in their interpretations of company policy, particularly when an activity involves

¹⁷⁶ Ibid. 136.

¹⁷⁷ Ibid. 137.

¹⁷⁸ Ibid.

the misuse of company policy. They indicate that this lack of flexibility is a direct reflection of shrinkage awareness, and knowledge about employee theft. The supervisor wants to maximize profits and minimize shrinkage. Hollinger and Clark suggest that this aspect may explain why retail supervisors were often more attentive to the manner in which their subordinates use company property than hospital and manufacturing supervisors.¹⁷⁹

Hollinger and Clark conclude the discussion on deviance in the workplace by suggesting that supervisory personnel in the three industry sectors are expected to coordinate effectively a group of workers, while at the same time assume the role of rule interpreter, enforcer,, and even rule maker. The researchers identify a conflict in roles. They argue that retail, hospital, and manufacturing supervisors often find themselves in a classic dilemma of being both a representative of management and one of the group trying to get things done. They further report that the mandate for cooperation is in direct conflict with safeguarding organizational rules and regulations. To resolve this conflict, Hollinger and Clark note that the supervisors almost always will exercise discretion in their implementation of formal organizational measures in favor of maintaining an effective department or work group. The researchers conclude that negotiations of deviance at all work levels are examples of the dynamic definition of deviance characterized by a process through which supervisors managed the inevitable conflicts between the work place rules (including those about property and production deviance) and the day to day production requirements of the unit.¹⁸⁰

Hollinger and Clark end the study of theft by employees by suggesting that their study does not support the pessimistic assessments regarding the

¹⁷⁹ Ibid. 138.

¹⁸⁰ Ibid. 138-139.

prevalence of property theft by employees. They further suggest that it is important to understand that the theft of property represents a minority share of employee deviance that is discovered in the work organization. Hollinger and Clark end the study of theft by employees by suggesting that their study does not support the pessimistic assessments regarding the prevalence of property theft by employees. They further suggest that it is important to understand that the theft of property represents a minority share of employee deviance that is discovered in the work organization. Hollinger and Clark found persuasive evidence that the same circumstances that foster the taking of company property also are related to the common manifestations of production deviance such as, slow or sloppy workmanship, sick leave abuse, long coffee breaks, alcohol and drug use at work, and coming to work late and leaving early.¹⁸¹

Hollinger and Clark argue that research has concentrated too hard on employee deviance involving theft of tangible property and assets. They note that theft of property should be considered the illegal portion of a much broader continuum that includes all deviant acts occurring within the organization. They further note that a decrease in property theft may lead to an increase in production deviance.¹⁸²

The researchers found that both property theft and counterproductive behavior can be explained best by factors intrinsic, not extrinsic to the work setting. No significant relationship between external economic pressure and employee theft were identified. No difference in employee theft rates between two different metropolitan areas and industry sectors were identified. There also was no significant relationship between street crime and employee theft.¹⁸³

According to the researchers, more important to management interested

¹⁸¹ Ibid.

¹⁸² Ibid.

¹⁸³ Ibid. 142.

in reducing employee theft and counterproductive behavior should be a sensibility to the perception and attitudes of its work force, and in the manner in which the organization is addressing its behavioral standards. The self-report survey and face-to-face interviews revealed that dissatisfied employees tended to be more frequently involved in property and production deviance. It is further noted that employees who were looking for a new job were more involved in work place theft and deviance. Employees who felt that their employers and supervisors were concerned genuinely with their best interest reported the least theft and deviance. The researchers found that when employees felt exploited by the company or by their supervisor (who represents the company in the eyes of the employee) these workers were more involved in acts against the organization as a mechanism to correct perceptions of inequality or injustice.¹⁸⁴

Younger members of the work force reported higher levels of dissatisfaction and high levels of deviance than older co-workers. The researchers found that these employees were not much deterred by the typical corporate sanction of dismissal for employee theft violations.¹⁸⁵

Hollinger and Clark point out that what is essential for companies to understand is the contradictory messages they are sending the younger worker by often failing to treat them as bona-fide employees. Typically organizations reserve most perquisites and fringe benefits for the more tenured and older employees. The researchers found that deviance was less common among those employees who perceived a vested, personal interest in the financial success of the company. The researchers argue that to integrate better the younger (or part time) employee into the company, even if for a short period of time, might be quite cost effective in reducing

¹⁸⁴ Ibid.

¹⁸⁵ Ibid.

theft, counter-productive behavior and turnover.¹⁸⁶

Hollinger and Clark cite certain occupations within a corporation as having higher rates of theft and production deviance. They note that this reflects the differential access to materials and knowledge to utilize the materials by personnel, different control environments imposed by the company, and the nature of the work to be performed.¹⁸⁷

According to Hollinger and Clark, draconian security devices such as cameras, one way glass, mirrors, and the like may be a deterrent to non-employee theft and shoplifting, but when directed at employees they tend to convey a message of distrust. Social controls, not physical controls were cited in the long run to be the best deterrent to theft and deviance in the organization.¹⁸⁸

It was found that the best single predictor of involvement in theft and production deviance was the employee's perceived chance of getting caught. The researchers found rather consistent relationships between the quality of organizational controls and the rate of theft admitted by employees in the self report portion of their study.¹⁸⁹

Several developmental recommendations were made. First, the researchers recommend that a clear policy regarding theft behavior by employees must be formulated by management. Second, the researchers argue that these policies cannot sit on the shelf and collect dust if they are to have the intended deterrent effect. They suggest that policies must be disseminated continually to the work force. The researchers point out that education and training programs must reiterate continually that taking company property is theft and will be negatively sanctioned. Third, Hollinger and Clark recommend that policies

¹⁸⁶ Ibid. 142-143.

¹⁸⁷ Ibid.

¹⁸⁸ Ibid.

¹⁸⁹ Ibid.

must be utilized to sanction deviant workers when they are detected. They argue that policies must be applied to cases of employee theft at all occupational levels on an equal basis.¹⁹⁰

Hollinger and Clark argue that privately sanctioning the specific acts of the apprehended deviant probably does little to deter the many others who presently may be stealing or are considering involvement. They point out that announcing to the work force (without using names) that a number of employees have been sanctioned for theft will allow the remainder of the employees to calculate realistically the risks of getting caught for their deviance.¹⁹¹

The researchers argue that the vulnerability of a firm's inventory control system has an effect on the organization's rate of theft. They note that the factor in its effectiveness is directly related to how employees perceive the system being utilized by management. When employees conclude that the system is just used to re-supply items, the opportunity for theft is ripe, suggest Hollinger and Clark.¹⁹²

Hollinger and Clark conclude that pre-employment screening performed by the personnel department is a control that can have an effect on the rate of theft in an organization, that is, if primary focus is on the selection of new employees who have demonstrated in the past a strong allegiance to their employers. They argue that the primary objective of pre-employment screening should be directed toward the selection of those applicants who best can appreciate and internalize the harm done to the organization from deviant acts.¹⁹³

¹⁹⁰ Ibid. 144.

¹⁹¹ Ibid.

¹⁹² Ibid.

¹⁹³ Ibid. 144-145.

Because industrial-security departments, like the police, cannot eliminate employee deviance, Hollinger and Clark conclude that the most effective role of security in deterring theft by employees is in communicating the loss prevention role that the other departments such as, the executive staff, inventory control, finance, and personnel play in implementing the company's policy on theft activity. They further conclude that firms with the least amount of theft were characterized by a persuasive and consistent message from all departments within the organization that theft was not acceptable behavior.¹⁹⁴

Gossip, ridicule, and ostracism are informal social controls initiated by fellow co-workers. Hollinger and Clark conclude that informal social controls are much more effective than formal sanctions instituted by management. The researchers further point out that property and production deviance are constrained largely by the anticipated reaction of one's co-workers. They point out that this finding implies that actions enacted unilaterally by management will be substantially less effective unless they are correspondingly accepted and integrated into the normative consensus of the various work groups within the organization. Hollinger and Clark conclude that the exact definition of property and production deviance was continually being modified in the work place. They conclude that the absence of either specific organization expectations or consistency of action, fosters circumstances in which situational determinants prevail. This produces involvement in various kinds of employee deviance that is tacitly negotiated with supervisors who broker potential deviance as management resource in pursuit of personal, work-group, or company interests.¹⁹⁵

Hollinger and Clark report that the most important policy implication that

¹⁹⁴ Ibid.

¹⁹⁵ Ibid.

can be drawn from their work is that theft and work place deviance are in large part a reflection of how management at all levels of the organization is perceived by the employee. They conclude that a lowered prevalence of employee theft may be one valuable consequence of a management team that is responsive to the current perceptions, attitudes, and needs of its work force.¹⁹⁶

Rosenbaum and Baumer's Study

In 1982, Dennis Rosenbaum a professor at the Center for Urban Affairs and Policy Research at Northwestern University and Terry Baumer a professor at the School of Public and Environmental Affairs at Indiana University at South Bend, performed a national study titled, "Measuring and Controlling Employee Theft: A National Assessment of the State of the Art".¹⁹⁷

According to the authors, the primary objective of their study was to assess the state of the art in efforts to define and prevent employee theft and shoplifting. Their goal was to present conclusions about the state of the art and focus primarily on why more is not known about employee theft. Rosenbaum and Baumer asked several questions. First, what is the state of the art in research and program evaluation in this field? Second, what are the major obstacles to further research?

This study was performed over an 18 month period. It involved telephone interviews, written communication, site visits, systematic observations, in-depth interviews, archival searches, literature searches, and the use of other¹⁹⁸ methodologies. Organizations such as retail businesses, national and state retail

¹⁹⁶ Ibid. 146.

¹⁹⁷ Dennis P. Rosenbaum and Terry Baumer, "Measuring and Controlling Employee Theft: A National Assessment of the State of the Art", Journal of Security Administration, 1982, 5(2) 67-80. Found in William Terris ed., Employee Theft Research and Applications, (London House, 1985), 83-93.

¹⁹⁸ Ibid. 83-84.

associations, local community and business organizations, educational institutions, police departments, state and district attorneys' offices, state and local crime prevention offices, the criminal courts, and individuals were all contacted.

The researchers indicate that most security experts and practitioners believe that a large percentage of inventory shrinkage is due to employee theft. Yet, there are only a handful of research studies that attempt to measure the extent of the problem. Rosenbaum and Baumer note that, unlike shoplifting which contains numerous profiles based on a variety of research studies, there have been few attempts to create a demographic profile on employee theft.¹⁹⁹

Rosenbaum and Baumer argue that commonly accepted models and hypotheses are often too vague and general to be useful in practice or to generate specific predictions that can be tested through research. The researchers further argue that the national assessment of the state of the art in problem definition suggests that our current knowledge of the extent, nature, and causes of employee theft is extremely limited. Some significant advances in knowledge have been made over the past years, but the overall state of the art in problem definition remains primitive, according to the researchers.²⁰⁰

The researchers cite closed circuit television, pre-employment screening techniques (background checks, physiological devices, written honesty tests), employee training, auditing procedures, and environmental design as diverse strategies that are designed to prevent and detect employee theft. According to Rosenbaum and Baumer, the two questions that must be answered are: What empirical evidence is available to demonstrate that these programs are cost effective? How effective are these programs or strategies? Other questions that

¹⁹⁹ Ibid. 85.

²⁰⁰ Ibid.

must be answered; Are these programs based on defensible theories or assumptions? Are these programs usually implemented to plan? Rosenbaum and Baumer suggest that there are very little data that have been collected in an objective, systematic framework for the purpose of evaluating these programs.²⁰¹

The researchers indicate that larger businesses are known to keep data on shrinkage, apprehensions, investigations, audit, personnel tests, and other factors that might be useful for program evaluation; the fact remains that these data are almost never collected and analyzed in a systematic manner for the explicit purpose of conducting scientifically acceptable evaluations. They further note that without some type of evaluation design, these data tell us very little about program impact. According to Rosenbaum and Baumer, the scarcity of valid research and program evaluation studies are attributable not only to political, economic, and social factors, but also to difficult measurement problems. Rosenbaum and Baumer present several reasons why reliable and valid measurement of employee theft is important. First, without such measurement, the real magnitude of the problem will remain unknown and both political and financial support for anti-theft programs will have been delayed. Second, without good measurement, the quality of programs designed to deter employee theft will continue to suffer. Third, good measurement is needed to evaluate the effectiveness of loss prevention programs and provide feedback that will suggest the continuation, modification, or discontinuation of the programs being studied. The researchers cite poor measurement as the reason for false conclusions about the size of the problem and the effectiveness of the loss prevention program. Rosenbaum and Baumer argue that good measurement is critical for determining the true nature and the extent of the problem, for designing loss prevention programs that address the problem, and for accurately evaluating the impact of

²⁰¹ Ibid. 86.

these programs.²⁰²

The researchers suggest that businesses use several data collection methods that can be modified to provide better measures of the nature and extent of employee theft. Security data, self report data, business records, and observational data are just a few. Security data such as apprehension and investigation records of employees provide an enormous amount of data. Rosenbaum and Baumer indicate that these data are rarely shared with other companies. Both argue that the fundamental drawback of security data is its highly selective nature. Rosenbaum and Baumer argue that there is a real possibility that security figures indicate little more than differences in apprehension and investigation policies across companies, cities, counties, and/or regions of the country. One question that is asked is, to what extent a person who is caught represents the typical employee thief who is not apprehended?²⁰³

Rosenbaum and Baumer identify self report data as a promising method to collect data on employee theft. They argue that anonymous surveys and test questionnaires administered to employees to obtain information is associated with research and not with standard operating procedures. They indicate that this type of data collection has not been utilized in the field of loss prevention. The researchers argue that the attractive feature of self report methodologies is their potential for going beyond the visible signs of theft that are captured with other methodologies, to measure the hidden undetected components of the theft problem. They further argue that self-report methodologies allow us to easily explore the correlates of employee theft so that cause-focused prevention programs can be developed.²⁰⁴

²⁰² Ibid. 87.

²⁰³ Ibid. 88.

²⁰⁴ Ibid. 88-89.

According to Rosenbaum and Baumer, the primary disadvantage of self-report methodologies is the validity problem. They indicate that other researchers have shown that we can not always believe what employees tell us, especially when they are being asked about sensitive, personal issues such as theft. The researchers further indicate that research has shown that people may often-times be apprehensive about being evaluated, and are interested in making a favorable impression, are often unable to predict their own behavior, have attitudes which frequently do not correspond to their behavior, are unaware of the real causes of their behavior. Last, people usually forget some events and do not accurately remember others. Rosenbaum and Baumer argue that if properly designed and implemented, self-report instruments can be very useful tools for measuring attitudes, perceptions, and behavior.²⁰⁵

Business records, in particular inventory records, can be a useful tool as a data collection method. The researchers point out that theft may be indicated by discrepancies between the actual and expected records. Rosenbaum and Baumer argue that the drawback associated with the use of inventory records as a measure of employee theft lies in determining how much of the total shrinkage is due to internal theft and how much is due to either shoplifting or bookkeeping errors. The researchers suggest other business records that can be used to measure employee theft include voided or altered documents, employee purchases, cash refunds, bank deposits, daily receipts, bad checks, and refunds or credits. According to Rosenbaum and Baumer, the major problem with these records is that a discrepancy or deviation from expected performance is not necessarily indicative of employee theft. They argue that even when records are audited for the specific purpose of measuring theft, the usual objective is to detect irregularities on a case by case basis rather than to calculate a general

²⁰⁵ Ibid. 89.

index of the theft problem in certain areas.²⁰⁶

Rosenbaum and Baumer identify shopping services and closed circuit television as examples of observational techniques that can be used to collect data. The researchers argue that the problem that is associated with shopping services is that the sampling procedure typically does not allow one to generate reliable estimates of the rate of theft within or across employees. They point out that several problems limit the ability of CCTV as a preventive tool for measuring the theft problem. First, many companies use CCTV as a measure (without close monitoring the necessary recording equipment, or even without real cameras). The second problem with CCTV as a measurement device is that cameras are frequently positioned in open view to everyone. The researchers argue that this problem underscores the value of unobtrusive measures whenever possible. Rosenbaum and Baumer conclude that their evaluation revealed how little is known about the effectiveness of current loss prevention activities as well as the nature and extent of employee theft. The researchers conclude that the dearth of empirical information is due largely to the absence of scientifically conducted research and program evaluation studies. Last, Rosenbaum and Baumer conclude that the failure of businesses to fully exploit their record-keeping systems has contributed to the problem.²⁰⁷

Several recommendations were made by Rosenbaum and Baumer. First, there is a clear need for more and better research on employee theft to advance our current understanding of this problem. Second, there is a need for scientifically acceptable evaluations to determine the effectiveness of current strategies to deter employee theft. Third, loss prevention programs should be planned and implemented with the aid of empirical information about the crime

²⁰⁶ Ibid. 90.

²⁰⁷ Ibid. 90-91.

problem.²⁰⁸

The overall finding from the work conducted by Rosenbaum and Baumer is that research in the area of employee theft needs an overhaul. To raise the level of the state of the art in employee theft research, scientific research methods must be used that will provide accurate estimates of the scope of the problem as well as accurate program evaluations. Rosenbaum and Baumer recognize self report data as a valuable resource even with the validity concerns.

Holzman and Mueller's Study

In 1983 Harold Holzman and Julia Mueller wrote an article titled "Maximizing the Effectiveness of Deterrence as a Control Strategy for Internal Theft". The objective of this paper was to produce information that might help businesses to strengthen their existing employee theft control strategies.

According to Holzman and Mueller explanations for employee theft offered by professionals in the private security industry, occupational sociologists and criminologist reveal a common theme. They indicate that virtually all the causation hypotheses agree that the decision to take an employer's property is a conscious decision to commit a crime; there is mens rea present. The only exception to this rule is when perks that are accepted as part of the job are involved. The researchers argue that employees and their employers may perceive work place benefits quite differently (legitimate benefit versus larceny). They argue that this perspective on employee theft seems especially applicable to the pilferage of relatively inexpensive, readily consumable products, and small parts of unfinished material that can be labeled as surplus. Holzman and Mueller report that research does exist which suggests that workers look upon some forms of pilferage as harmless if not actually

²⁰⁸ Ibid. 92-93.

legitimized by their status as employees.²⁰⁹

According to the researchers, employee theft can be defined as the unauthorized personal consumption and/or unauthorized removal from the work place of the resources of a business by the employees of that business. Before Holzman and Mueller could study the strategies for controlling employee theft the issue of the number of offenders had to be addressed. The researchers argue that the most striking characteristic of employee theft was its persuasiveness. Holzman and Mueller point out that the private security industry's description of employee theft suggests that a substantial proportion of workers will make unauthorized use of their employers' resources if given the opportunity.²¹⁰

Holzman and Mueller argue that a key research question that underlies their study is not simply",why do people steal from employers"? They argue that from a criminological perspective, the question resolves itself into why so many law-abiding citizens participate in work place larceny? The researchers point out that the discussions of the etiology and prevention of employee theft presented in this study are not about habitual felons or professional criminals. This study is about the law-abiding citizen who chooses to steal from his or her employer.²¹¹

Holzman and Mueller argue that general deterrence can be a basis for controlling employee theft. They argue that the fringe benefit explanation of employee theft by otherwise law abiding citizens suggests the applicability of a general deterrence model of crime prevention to that crime problem. The researchers further argue that the fringe benefit explanation of employee theft

²⁰⁹ Harold R. Holzman and Julia Muller, "Maximizing the Effectiveness of Deterrence as a Control Strategy for Internal Theft", Journal of Security Administration, 1983, 1(1), 53-69.

²¹⁰ Ibid. 54-55.

²¹¹ Ibid.

presupposes a basic lack of information among employees that certain work place behaviors are proscribed and are, in fact, criminal acts. The authors contend that because the deterrence concept assumes that all employees understand that the proscribed behavior is a criminal act, and is appreciated by the target population, it is necessary for the employer to punish workers guilty of criminal acts for the deterrent effect of the threat to be realized.²¹²

The researchers provide support for the idea that general deterrence would be effective in reducing fringe-benefit employee theft given the nature of the offense itself. Holzman and Mueller argue that if much of work place larceny involves incorrect assessment of fringe benefits, such behavior will sharply diminish when that perception is changed with publicity that labels specific behavior as illegal and threatens punishments for offenders.²¹³

Holzman and Mueller ask the question of whether a prevention program grouped in general deterrence could actually change employee perceptions of the limits of company fringe benefits. They point out that the bulk of deterrence research indicates that perception of certain punishment is more likely to prevent target behaviors than severity of sanctions. The researchers note that some research findings have led them to conclude that ostensibly law-abiding employees could be deterred from partaking in illegal perks (work place larceny) by using an educational program that defines the unwanted behavior as illegal and describes the presence of a visible and vigorous rule enforcement program.²¹⁴

The researchers report that their research focuses heavily on the effects of retailers to educate their workers as to the respective company's policy concerning what behaviors were unacceptable and considered to constitute theft.

²¹² Ibid.

²¹³ Ibid.

²¹⁴ Ibid.

Holzman and Mueller suggest that their study is exploratory in nature and seeks to collect data on internal theft loss prevention efforts by retail merchants with a view toward determining if such efforts were compatible with a general deterrence model.²¹⁵

The researchers identified four research questions. They were interested in learning: (1) What control strategies against employee theft were commonly in use? (2) What strategies were thought by private security professionals to be more useful against employee theft? (3) How do private security professionals think existing strategies could be made more effective? (4) How might the response of various components of the criminal justice system to employee theft cases be improved?²¹⁶

The sample for this study was a 40 member retail merchants protective association. The member businesses ranged from small shops to retailers with hundreds of outlets. Large department stores, supermarkets and specialty stores were included. With the cooperation of executive officers and higher up administrators, security managers were approached for an interview.²¹⁷

Security directors were interviewed in person as well as by phone. According to the authors, the firms that were not visited did not significantly differ from those that were visited. The questionnaire used for data collection was made up of two types of questions. The first group of questions involved loss prevention strategies used by the respective firm to combat employee theft. The second group of questions dealt with criminal justice system responses to employee theft. Holzman and Mueller note that respondents were asked about their company's experience with the police, prosecutors, juries, and judges. (How could the respective services of these officials be improved in regard to

²¹⁵ Ibid. 56.

²¹⁶ Ibid. 57.

²¹⁷ Ibid.

employee theft cases?). The researchers suggest that the application of legal sanctions would help insure the effectiveness of a deterrence crime-preventive strategy. Holzman and Mueller found that twenty-four of the twenty-five companies visited subscribe to deterrence as their basic strategy for prevention of employee theft. They further found that nearly three out of four described a mechanical deterrence model (e.g., limiting the opportunity to steal by locking the merchandise down with security devices). When asked to give their conceptualization of deterrence, the remaining quarter of those favoring deterrence presented a conceptualization that seemed congruent with the standard general deterrence model, indicating that they actively sought to maximize apprehension and prosecution of employees to prevent other theft. The researchers point out that an analysis of the actual control operations of the retailers under study indicated that a substantial majority were in fact, making use of general deterrence. Holzman and Mueller further note that elements of the two respective approaches can easily be integrated. They report that this integration was common among respondents.²¹⁸

Holzman and Mueller found that nearly all the respondents indicated that they used some form of mechanical deterrence to inhibit employee theft. They point out that almost all required employees to place packages and purchases in the custody of managers or security personnel during working hours. For businesses with a number of entrances/exits, a designated entrance/exit was chosen for employees so they could be kept under surveillance. The researchers found that two out of three had honesty shoppers. Silent witness or incentive (financial reward) programs were used by, 56% of the respondents, as was direct surveillance of the work place with the use of one way mirrors, cameras (videotape and other wise) and other observation posts. According to the

²¹⁸ Ibid. 58.

researchers 56% of the respondents reported the use of sophisticated cash-register systems that recorded a variety of transactions. These devices were unitized in conjunction with the planned selective (daily) audit of transactions as well as random checks by managers and/or security personnel. The researchers further found that a variety of other measures for combating employee theft including the use of undercover operations were reported.²¹⁹

According to Holzman and Mueller, sixty-four percent of the firms studied had two elements in their employee theft prevention programs that could be considered basic to a general deterrence model of prevention. The elements were sanction and publicity. The researchers report that all employees caught stealing were dismissed and were prosecuted when possible, and that employees were officially informed of incidents where their fellow workers were caught stealing and punished.

Holzman and Mueller indicate that the programs of slightly over half of the retailers in this group included the presentation to new employees of explicit threats of apprehension and/or prosecution for theft. Holzman and Mueller note that the communication of such threats to workers is another element of a general deterrence model which is necessary in order to foster an awareness among workers that certain behaviors are not tolerated. They found that the retailers studied seem to invest relatively little effort in the education of their new employees about security arrangements and therefore, may be failing to maximize the deterrence value of their prevention program. Holzman and Mueller report that six firms provided their employees with only printed information on security arrangements. The researchers point out that data on security arrangements, company rules, and associated warnings and admonitions were usually presented with much other information in a handbook

²¹⁹ Ibid. 59.

or manual. The researchers reported that three respondents provided no orientation at all. They further report that the majority of the sample required new employees to see a film or video tape on retail security and/or had security personnel give a lecture, followed by a question and answer period. In cases where films and lectures were used, security orientations for new employees averaged 52 minutes. The orientations covered both internal and external security. Nearly all respondents indicated that line employees were given periodic reminders, lectures, and orientations on security. According to the authors this was accomplished during monthly meetings and through company newsletters, and newspapers.²²⁰

Holzman and Mueller suggest that neither internal nor external crimes against retailers are of particularly high priority for the criminal justice system. They found that of the three major criminal justice subsystems that interact with the retailers (law enforcement, prosecution, and judicial) the police repeatedly received the highest ratings. According to the researchers, respondents repeatedly stated that if they did their homework on cases that is, carefully prepared evidence and associated information, the police were apt to be extremely cooperative and to furnish good service. The researchers found that prosecutors were unable to be as prepared to defend retailers because of the heavy caseloads. Holzman and Mueller point out that security professionals who were interviewed did not routinely deal with juries, but, those who did were of the opinion that juries were likely to be more in sympathy with the defendant than with the victim. Holzman and Mueller found that two-thirds of the sample expressed unhappiness with the actions of judges. The typical security director cited judges as being too lenient in sentencing employee thieves. They were seen as downright unsympathetic to the retailers' vulnerability.

²²⁰ Ibid. 59-60.

Holzman and Mueller point out that since an employee theft deterrence program is based to a large degree on the successful prosecution and subsequent punishment of offenders, the nature of the criminal justice system's response to the victimization of retailers is believed to be of critical importance.²²¹

Holzman and Mueller found that although retailers were clearly working to deter work place larceny (some of the respondents annually apprehended hundreds of employees for theft), they did not maximize, through employee education, the deterrent value of the personnel and equipment allocated for crime prevention. They further found that, as a group, the respondents did not seem to consider the anti-theft education of new employees to be of high priority. The researchers note that there was an appearance that there was widespread reluctance to aggressively foster the awareness among established employees because of the possible unfortunate consequences of work place larceny. It is further noted that the criminal justice system offers little support with fighting employee theft. Holzman and Mueller argue that the criminal justice system's less than aggressive pursuit of adequate dispositions does not encourage aggressive deterrence programs among retailers.²²²

The researchers argue that since deterrence requires that the target population be informed of both what behavior is forbidden and what consequences offenders will suffer, the relative security of vigorous employee education program may serve to diminish the deterrent efforts of the prevention programs presently in use. Holzman and Mueller argue that a workplace that fails to communicate the consequences and illegality of employee theft to its employees clearly and repeatedly is consistent with the perpetuation of a value system that supports work place larceny. The researchers indicate that this

²²¹ Ibid. 61.

²²² Ibid. 62.

situation results in the misrepresentation by employees of the real purpose of mechanical security devices and other forms of surveillance, whose purpose is to catch the employee thief. According to Holzman and Mueller, a review of the private security literature indicates that employee education programs that specifically focus on employee theft correctly are not seen as an integral component of strategies to control theft behavior. Holzman and Mueller advocate what they call an enhanced awareness strategy. This strategy is grounded in the notion that a significant portion of thefts are committed by the so called law abiding majority of workers who view work place larceny as a legitimate fringe benefit. The researchers argue that the employing organizations must clearly and repeatedly communicate those behaviors that are forbidden. They argue that unauthorized use of company resources should be referred to as stealing. According to the researchers, education programs should pointedly emphasize that honest people do not steal.²²³

The researchers argue that workplace rules and associated messages must be conveyed to new workers and repeatedly communicated to the work force as a whole. They further argue that employees should be informed that a variety of techniques are being used to apprehend thieves. The researchers suggest making it clear to employees that some people will be apprehended. Holzman and Mueller note that legal consequences of apprehension should be presented, thus enhancing the threat of acquiring a criminal record with threat of punishment as well. They suggest that employees should be given general information, for example, the number of apprehensions, termination, and prosecutions. According to Holzman and Mueller, the proposed enhanced awareness strategy is built upon the assumption that elements associated with general and mechanical deterrence are already used by the retailer. This strategy

²²³ Ibid. 63.

is relatively inexpensive, suggest the authors. Holzman and Mueller argue that by energetically educating the potential employee thief about company rules and their enforcement, the enhanced awareness strategy seeks to maximize perception of certainty of apprehension and punishment while minimizing the opportunity to steal. Holzman and Mueller indicate that most of the security professionals interviewed in this study maintained that their employee theft prevention activities were designed to keep the honest people honest, usually citing opportunity as the major cause of employee dishonesty. They note that the basic objective of the proposed enhanced awareness strategy is to convince people that there is really very little opportunity to engage in theft activity without getting caught. During the course of their study several respondents expressed concern about informing employees as to the procedures involving the techniques used to check and verify transactions with customers. The respondents simply did not want to teach employees how to steal. Holzman and Mueller address this concern by arguing that not informing employees of the capability of management to check their work is inviting employees to invent scams. The researchers cite refund fraud as a prime example.²²⁴

Tuckers's Study

In 1989, James Tucker, a professor at the University of Virginia, at Springfield, wrote an article that appeared in the interdisciplinary journal, Deviant Behavior. His work entitled, "Employee Theft As A Social Control", was an analysis of employee theft from a social control perspective and not from the traditional deviant behavior standpoint. According to Tucker, employee theft in many instances is a reaction to deviant behavior. He argues that in many cases employees steal to vent grievances or as a form of self-help due to job

²²⁴ Ibid. 64-65.

dissatisfaction. Tucker argues that a theory of social control rather than a theory of crime may be appropriate in explaining much theft by employees. Tucker indicates that employee theft, as a mode of social control, is most likely found among those who occupy marginal positions in work organizations. He hypothesized that employee theft is inversely related to one's position in an organizational hierarchy, length of tenure, and degree of social integration.²²⁵

Tucker cites three popular explanations for employee theft. First, he identifies the security professionals who support the theory that work place deviance can be traced to the deviant individual's background. He argues that those who support this contention put little effort in demonstrating the processes involved in development of employee thieves. He suggests, that instead, they concentrate on devices that catch employees who steal. Second, Tucker identifies those who support the opportunity theory for employee theft. According to Tucker, supporters of this view advocate a number of mechanisms to keep opportunity to a minimum or to provide constant surveillance over employee activity. The third explanation for employee theft due to financial strains that force employees to take company funds or property. He argues that the evidence that has been collected on employee theft does not lend support for the above explanations.²²⁶

According to Tucker, social scientists who are concerned with work place theft are focusing less on deviant individuals, physical opportunity, and financial stress. He suggests that they are increasingly directing attention to the relationship that appears to exist between employee dissatisfaction and deviance in the work place. Tucker points out that the theoretical approach taken in this paper is consistent with this view, although it is argued that the presence of

²²⁵ James Tucker, "Employee Theft As Social Control", *Deviant Behavior*, 10(4), 1989, 319-414.

²²⁶ Ibid. 320-321.

dissatisfaction alone is inadequate in accounting for theft by employees.

Tucker argues that taking company property should be considered one of the ways that employees will respond to deviant behavior performed by management. He points out that when employees have a grievance with their employers, they may remedy the situation through means other than the law. Tucker argues that taking the matter into their own hands is an example of what is considered a form of self-help.²²⁷

This self-help as a mode of social control entails expression of a grievance by using unilateral aggression. Tucker reports that this self help can be displayed in forms such as verbal criticism, harassment, destruction of property or human life, and appropriation of property. He argues that an entire justice system that includes strikes, sabotage, work slowdowns, absenteeism, and turnover can be found if one views this concept. Tucker indicates that strength of the relationship between the parties involved in a disagreement conditions how the grievance will be handled. He argues that employee theft varies depending on the nature of the social relations of the parties in the relationship, for example, the employee and the employer. Tucker hypothesizes that employees who are marginal members of an enterprise tend to be more likely to steal an employer's property as a way of handling grievances. Several features that determine the marginality of an employees position are identified. First, there is location in the organizational hierarchy. Tucker suggests that low status employees are more marginal. He argues that low wages are one effect. Tucker points out that employers in the low ranks are treated much differently than those of the higher ranks. He further argues low level employees may be excluded from pension plans, educational reimbursement programs, and other fringe benefit that managers and professionals get. The length of service or

²²⁷ Ibid. 322.

tenure is the second dimension of marginality. Those employees in short term positions are usually more marginal in an organization. The third dimension of marginality is social isolation. Tucker points out that social isolation conditions how people respond to deviant behavior. He points out that social isolation is most common in firms organized by the principles of "bureaucratic control". Tucker notes that this type of organizational structure differentiates employees by salary and function and creates competition for positions in a hierarchy. He argues rather than to oppose employers, employees generally handle conflicts without the assistance of others. He cites theft as one way in which grievances can be pursued individually and covertly.²²⁸

Tucker argues that employee theft appears to vary directly with the degree of marginality. He points out that the low status temporary socially isolated employee should be most likely to engage in theft activity. Tucker hypothesizes that the greater the number of marginal occupations a company has the more employee theft it should experience.²²⁹

Tucker argues that the marginality proposition can explain the well documented relationship between theft and age. He asserts that most of the research that has been performed in this area cite the nature of young people as the cause of their higher participation in theft. Tucker argues that it is young peoples' disproportionate presence in marginal occupations that causes them to be represented in higher theft rates.²³⁰

Tucker notes that his analysis has implications for reduction of employee theft. He concludes that present solutions used to combat employee theft fail to address the fact that theft is social control and therefore depends on the social organization of the workplace. He concludes that to make substantial progress in

²²⁸ Ibid. 323-326.

²²⁹ Ibid.

²³⁰ Ibid.

reducing theft, the relationship between organizations and theft prone occupations must be modified. Tucker recommends that strengthening the ties between employees and employers in potential high theft settings should have a considerable effect on how grievances are handled.²³¹

Lifetime employment, job rotation, and collective decision making are examples of what some companies are doing to reduce marginality in the work place. Another method used to reduce marginality in some organizations is employee ownership. Tucker reports that research has shown fairly substantial increases in commitment and loyalty among employees who own the company they work for. He cites employee discounts, company picnics, and holiday bonuses as examples of practices designed to make workers feel more attached to their organizations. Tucker suggests further research in the area.²³²

Summary

The review of literature that has been completed on internal theft has revealed some interesting facts. One fact that is observed throughout many of the articles and studies that were reviewed, is that criminal justice scholars and security practitioners have little knowledge about the extent of employee theft and the actual dollar amount that businesses lose each year. A second fact that was revealed is that few studies provide measurable results that can be implemented in the real life setting. Most are diagnostic at best. A third fact that is brought forth is that few studies are actually performed in the real life setting such as a retail environment, and few studies use self report data that provide an opportunity to investigate and measure employee attitudes. Much of the work performed on internal theft is not preventative because much of the data is

²³¹ Ibid. 326.

²³² Ibid. 327.

collected after the fact.

Edwin Sutherland's and Donald Cressey's work on white collar crime and embezzlement are studies that brought the issue of employee theft to the forefront in terms of acknowledgment from the academic community. These studies make diagnostic contributions rather than presenting a preventative guide to internal theft reduction. Both studies suggest that further research be completed in the area.

Dwight Merriam's article is an examination of past strategies used to combat employee theft. Like Many other researchers he recognizes that criminal justice research still needs acceptable research methodologies. He identifies what he calls the "dark figure" and points to the need for a universal definition of which criminal acts makeup employee theft. Merriam cites failure to report and prosecute those apprehended for internal theft as a major cause of this "phantom figure". He makes the point that no empirical research has been conducted on the distribution and involvement of employee theft. Causal theories are examined. A valid point is made when Merriam discusses the socio-cultural needs of employees and how employees internalize norms and values that either condone or condemn employee theft. Merriam recognizes the need to direct research toward employees before apprehension and cites post apprehension research designs as the cause of limited knowledge about the learning process in the workplace. Topics such as job satisfaction, managerial dishonesty, screening applicants, procedures and devices, probability of apprehension, and a company's fear of prosecuting apprehended employees are discussed in terms of their relevance to developing a result oriented loss prevention program model. The most significant contribution that this article raises surrounds what Merriam calls collective action. Collective action is defined as companies banding together to share information on apprehended employees. This concept is central to the

idea of businesses coming together to collectively establish a central information bank where violators can be reported. This system removes those who have been apprehended for employee theft from the applicant pools of participating members. This idea is most proactive. The remainder of the information in Merriam's article is reactive at best and does nothing to provide fuel for theft reduction.

Hollinger and Clark's investigation of theft by employees and production deviance proved to be a thorough analysis of the origins and problems associated with internal theft. Different from Sutherland's and Cressey's work, Hollinger and Clark take their study further by leaps and bounds. These researchers investigate the roles that management plays in controlling theft. They examine organizational controls, and employee attitudes toward organizational controls. Punishment and chances of getting caught are investigated in terms of deterrence. Hollinger and Clark zero in on the problems that are associated with theft, but are not defined as theft. Specifically, production deviance. Rather than suggesting that further research be conducted on the subject, Hollinger and Clark provide tangible recommendations that loss prevention directors and retail management can use to build sound loss prevention programs and environments that provide the stimulus for goal attainment and theft reduction by employees. This study makes very important contributions to the body of knowledge pertaining to employee theft. What makes this study stand out most, is the empirical analysis and the wide range of samples that were used. It was identified that much of the data that is used in criminal justice research is reactive. That is, the data is usually gathered after the incident has occurred. For example, Sutherland's and Cressey's research studies were performed on subjects who had been convicted of white collar crimes or embezzlement. On the other hand, Hollinger and Clark's data was gathered from self report questionnaires

and interviews from subjects who still were under the employment of organizations during the period of the study. The difference in these two studies may simply be the time period of which they were conducted and that, one group was able to gain access to company employees, which is often difficult for researchers to do.

In terms of the proposed study, Hollinger and Clark's research makes a significant contribution in providing a model that self report questionnaires can be used. Employee thoughts and attitudes were recorded. Another important point that Hollinger and Clark contribute is acknowledgment of the roles that loss prevention awareness and employee education play in theft reduction. The research that was conducted by Dennis Rosenbaum and Terry Baumer presents an excellent example of research that investigates the problems that are associated with the measurement of and the control of employee theft. They acknowledge the importance of using systematic and scientifically acceptable evaluations for the purpose of problem solving. Rosenbaum and Baumer embrace self report instruments as tools to collect data about attitudes of subjects. The present study will use self report data to measure subject responses to theft related issues. This work is diagnostic at best, however, it does raise an important issue in regards to scientifically conducted research and program evaluation.

The work of Harold Holzman and Julia Mueller is most interesting because it is survey research based on personal interviews and phone interviews. The researchers identify the forms of deterrence that loss prevention administrators are using. Communication of what behaviors that are illegal and employee education seem to be the principal proponents of their study. This study highlights what loss prevention methods that departments are using and to what degree that these programs effect deterrence. The most startling finding was

that retailers place low priority on employee education, therefore, they fail to maximize their deterrent capability. This study uses a loss prevention awareness orientation as a tool to communicate loss prevention issues. When used correctly, this type of program can maximize a departments deterrence capability. One other point that Holzman and Mueller argue is that the purpose of security devices and the variety of techniques that are being used to catch thieves should be communicated to employees. An example of a way to communicate how employee thieves are caught is for a loss prevention manager to take new employees on a tour of the loss prevention office so they can observe the CCTV in action, or post the monthly apprehension statistics and other important loss prevention information on the bulletin board in the employee lounge or break room.

The research conducted by James Tucker presents an alternative method of viewing employee theft. His social control theory takes an interesting approach, because it requires investing in the employee as a way to reduce employee theft. Improving job satisfaction, part ownership of the company, company picnics, life time employment, job rotation, and collective decision making are ways to reduce what he calls marginality. This study identifies students as one group of employees who hold part time, low status positions that possess the most marginality. Hollinger and Clark found that the younger worker with short job tenure is often found to have higher rates of involvement in employee theft and production deviance. These findings are important because the present study uses students as the focus of the research. Tucker's research makes an interesting contribution to the body of knowledge about employee theft because he offers an alternative that many other countries are using. The problem with his research, like many other studies seems to be the lack of empirical data to support these findings. At best, his work is diagnostic

with a proactive twist.

Chapter Three

RESEARCH METHODOLOGY

Introduction

The research problem that this study attempts to address is whether loss prevention awareness programs can be used to impact employees views on loss prevention issues. This section identifies key concepts that are interrelated throughout this study. Loss prevention awareness is the primary focus from which all other concepts are derived. Loss prevention awareness examines one's knowledge of the concepts of shoplifting and employee theft. It is believed that if an individual or group are introduced to the phenomenon of shoplifting and employee theft, at some point they will acquire at least a minimum level of awareness of the subjects.

This study also examines attitudes towards loss prevention. It is conceptualized that once an individual or group of individuals have developed some level of loss prevention awareness, attitudes toward issues that are related to loss prevention will develop. Whether these attitudes are positive or negative is unknown. The connection between a loss prevention awareness, shoplifting, employee theft, and attitude, make up the theoretical framework for this study.

Research Design

This study takes place at a midwestern university. Students from two different sections of a introductory criminal justice course were asked to volunteer as subjects. These criminal justice classes were not randomly selected. Only a small percentage of the subjects within the sample were actual criminal

justice majors. Therefore it is believed that the sample did not represent the attitudes of students who were strictly criminal justice majors. It is, however, feasible to suggest, that the subjects enrolled in the criminal justice courses are representative of the wider undergraduate student population because enrollment into the courses is determined on a first come first serve basis and the courses are open to any student in the university. Anonymity was offered to all subjects.

This study utilizes a pretest/post-test format, with a control group and an experimental group. Class A is identified as the control group and class B is identified as the experimental group. Both the control group and the experimental group were asked to complete a loss prevention awareness questionnaire (See Appendix A). The purpose of the pretest was to get initial responses to statements pertaining to shoplifting and employee theft. For the experimental, the purpose of the post test was to measure the subjects response to the statements resulting from the exposure to the treatment. For the control group, the purpose of the post test was to measure the subjects response and to determine if changes in the subjects response were due to the laws of chance. The post test helped to validate the strength of the measurement tool and to determine if the questionnaire had reliability.

At the beginning of a class session , the control group was asked to respond to a questionnaire. Once the questionnaires had been completed, the professor continued with the planned lecture. This group was not introduced to any treatment. At the end of the class session, these subjects were asked to complete a second questionnaire.

The experimental group was asked to complete the same loss prevention awareness questionnaire that was completed by the control group. Once the subjects had finished, a loss prevention awareness presentation was conducted

(See Appendix B). Upon completion of the presentation, each subject was asked to complete the post-test questionnaire. The questions on the post-test were arranged differently from those on the pretest in order replication of previous responses. The treatment, identified as the loss prevention awareness orientation, consisted of two parts. The first part involved a presentation of the elements of shoplifting. The second involved a lecture on employee theft. After each segment a brief video tape was shown. The first video focused on shoplifting, and the second examined employee theft. At the end of each presentation a question and answer period followed. Upon completion of the question and answer period, each respondent was asked to sign a letter of consent (See Appendix C).

The Survey

The instrument that was used to collect data on the subjects was a 10 item self report questionnaire. Each statement was structured in a Likert Scale format. The questionnaire was divided into two sections. Section I was made up of five statements related to shoplifting and five questions related to employee theft. Section II was comprised of basic demographic questions. One statement was designed to indicate whether the subjects had a clear understanding of the concepts of shoplifting and employee theft. The remaining statements were used to record subject responses to their likelihood of observing a shoplifter and reporting that observation, perceived responsibilities of managers and employees in relation to theft reduction, witnessing an employee theft incident and the likelihood of reporting it, and the potential prosecution of shoplifters and employees who steal. Variables that may be considered as intervening or moderator variables were age, sex, ethnic background, marital status, educational level, retail work experience, and prior loss prevention training, and major in

school.

A five point Likert Scale was used to categorize each subject's response to the statements. Each response was recorded in terms of strongly disagree, disagree, undecided, agree, and strongly agree (See Appendix A).

Loss prevention awareness was measured in terms of strongly disagree representing the lowest level of loss prevention awareness and strongly agree representing the highest level of loss prevention awareness. Changes in responses between the pretest and the posttest should indicate that some form of cognition occurred. The cognition was construed as attitude change. Two dependent variables were identified, level of loss prevention awareness and attitude change. The loss prevention awareness orientation served as the single independent variable. The level of measurement for each response in Section I was interval. The level of measurement for the demographic variables was nominal except for educational level, which is ordinal, and age which is ratio. The hypothesis for this study fell in line with the modes of measurement because the goal was to determine if some form of attitude change occurred between pretest and post-test. These modes of measurement allowed for the observation of such changes.

Data Analysis

The goal of this project is to perform an investigation of loss prevention awareness among the student subjects. Univariate analysis was used to analyze the data. Inferential statistical analysis was used to measure the characteristics of a sample from the population, and then inferences, or estimates about the value of the characteristics in the population from which the sample was drawn were made. Frequencies were calculated and used as the initial data examination tool. Measures of central tendencies were identified, and the mean

was used for the purpose of further data reduction. Paired t-test was used to test for differences in means among two groups. The alpha level for significance was .05 with a two tailed probability. The goal was to test the null hypothesis, of no difference between pretest and post test means for subject response to the statements on the questionnaire. The Statistical Program for the Social Sciences was used to compute and analyze the collected data.

Chapter Four

FINDINGS AND ANALYSIS

The purpose of this study is to determine if exposure to a loss prevention orientation will have an effect on the way students perceive issues related to shoplifting and employee theft. The results of the data analysis are detailed in chapter four. This chapter is divided into two sections. Section I consists of the analysis and breakdown of the demographic characteristics of the subjects who served in the experimental and control groups as well as an examination of the frequencies of the subject response to the statements listed on the self report questionnaire. Section II consists of the results of the analysis that were generated by the paired t-test. The goal was to compare pretest and post-test subject response means of both the control and experimental groups.

The Sample

A total of 183 students participated in this study. The experimental group contained 93 subjects and the control group contained 90 subjects.

Age

The data that was collected on age revealed that 70 percent of the subjects who participated in the experimental group fell in the age range of 19-21 years of age, while 16.0 percent of the participants were in the age range of 16-18 years of age, 13.0 percent were ages 22-24, and 1.0 percent of the subjects fell in the age range of 22-24 years of age.

In the control group 69.0 percent of the subjects fell in the age range of 19-

21 years of age, while 22.0 percent of the subjects were ages 16-18, 9.0 percent of the subjects were ages 22-24. None of the subjects were age 25 or older. The breakdown of age for the groups is shown in Table 4.1

Table 4.1 Age of Experimental and Control Groups

Years of Age	Experimental N=93		Control N=90	
	Frequency	%	Frequency	%
16-18	15	16.0	20	22.0
19-21	65	70.0	62	69.0
22-24	12	13.0	8	9.0
25-Over	1	1.0	-	-
Total	93	100	90	100

Sex

In terms of sex, the experimental group contained 50.0 percent female and 50.0 percent male. The examination of sex among the control group revealed that 40 percent of the participants were male, and 60 percent of the participants were female. The breakdown of sex for the groups is shown in Table 4.2.

Table 4.2 Sex of Experimental and Control Groups

Sex	Experimental N=93		Control N=90	
	Frequency	%	Frequency	%
Female	47	50.0	36	40
Male	46	50.0	54	60
Total	93	100	90	100

Ethnic Background

The examination of ethnic background revealed that the experimental group was composed of 85.0 percent Caucasians, 11.0 percent African

Americans, 2.0 percent Hispanics, and 2.0 percent Asians. The categories of Native American and Other were not represented. The examination of ethnic background for the participants from the control group revealed that 87.0 percent of the subjects were Caucasian, 5.0 percent of the subjects were African American, 3.0 percent of the subjects were Asian, 1.0 percent of the subjects were Hispanic, 1.0 percent of the subjects were Native American and, 3.0 percent of the subjects were identified as Other. The breakdown of ethnic background for the participants of the experimental and control groups is illustrated in Table 4.3.

Table 4.3 Ethnic Background of Experimental and Control Groups

<u>Ethnic Background</u>	<u>Experimental</u> N=93		<u>Control</u> N=90	
	<u>Frequency</u>	<u>%</u>	<u>Frequency</u>	<u>%</u>
Caucasian	79	85.0	78	87.0
African American	10	11.0	4	5.0
Hispanic	2	2.0	1	1.0
Native American	-	-	1	1.0
Asian	2	2.0	3	3.0
Other	0	0	3	3.0
Total	93	100	90	100

Marital Status

The examination of marital status for the experimental group revealed that 99.0 percent of the participants were single. One subject was married. All 90 participants of the control group were single. The breakdown of marital status for the experimental and control groups is illustrated in Table 4.4.

Table 4.4 Marital Status of Experimental and Control Groups

	Experimental N=93		Control N=90	
<u>Marital Status</u>	<u>Frequency</u>	<u>%</u>	<u>Frequency</u>	<u>%</u>
Single	92	99.0	90	100
Married	1	1.0	-	-
Divorced	-	-	-	-
<u>Separated</u>	-	-	-	-
<u>Total</u>	<u>93</u>	<u>100</u>	<u>90</u>	<u>100</u>

Class Level

The examination of class level for the experimental group revealed that 39.0 percent of the participants were sophomores. First year students represented 31.0 percent of the group, while juniors represented 17.0 percent and seniors 13.0 percent. The examination of class level for the control group revealed that 47.0 percent of the subjects were first year students, while 24.0 percent were sophomores, 18.0 percent were juniors, and 10.0 percent were seniors. The breakdown of class level is shown in Table 4.5.

Table 4.5 Class Level of Experimental and Control Groups

	Experimental N=93		Control N=90	
<u>Class Level</u>	<u>Frequency</u>	<u>%</u>	<u>Frequency</u>	<u>%</u>
First Year	29	31.0	43	48.0
Sophomores	36	39.0	22	24.0
Juniors	16	17.0	16	18.0
<u>Seniors</u>	<u>12</u>	<u>13.0</u>	<u>9</u>	<u>10.0</u>
<u>Total</u>	<u>93</u>	<u>100</u>	<u>90</u>	<u>100</u>

Retail Work Experience

The examination of retail work experience for the experimental group revealed that 56.0 percent of the subjects reported having retail work experience, while 44.0 percent of the subjects reported having no retail work experience.

On the other hand, the examination of retail work experience for the control group indicated that 64.0 percent of the subjects reported having retail work experience, while 36.0 percent of the subjects reported having no retail work experience. The breakdown of retail work experience is illustrated in Table 4.6.

Table 4.6 Retail Work Experience of Experimental and Control Groups

	Experimental N=93		Control N=90	
<u>Work Experience</u>	<u>Frequency</u>	<u>%</u>	<u>Frequency</u>	<u>%</u>
Yes	52	56.0	58	64.0
No	41	44.0	32	36.0
Total	93	100	90	100

Loss Prevention Experience

The examination of loss prevention experience for the experimental group revealed that 84.0 percent of the subjects had no prior loss prevention experience, while 16.0 percent of the subjects reported having some loss prevention experience.

The examination of loss prevention experience for the control group indicated that 28.0 percent of the subjects reported having loss prevention experience. On the other hand, 72.0 percent of the subjects reported that they had no loss prevention experience. The breakdown of loss prevention experience is shown in Table 4.7.

Table 4.7 L. P. Experience of the Experimental and Control Groups

	Experimental N=93		Control N=90	
<u>Loss Prevention Experience</u>	<u>Frequency</u>	<u>%</u>	<u>Frequency</u>	<u>%</u>
Yes	15	16.1	25	27.8
No	78	83.9	65	72.2
Total	93	100	90	100

Major In School

When major in school was examined, it was revealed that 81.0 percent of the subjects from the experimental group were not criminal justice majors, while 19.0 percent of the subjects reported that criminal justice was their major. The examination of major in school for the control group revealed that 8.0 percent of the subjects were criminal justice majors, while 92.0 percent of the subjects reported their major as other. A breakdown of major in school is shown in Table 4.8.

Table 4.8 Major In School of Experimental and Control Groups

	Experimental N=93		Control N=90	
<u>Major In School</u>	<u>Frequency</u>	<u>%</u>	<u>Frequency</u>	<u>%</u>
Criminal Justice	18	19.0	7	8.0
Other	75	81.0	83	92.0
Total	93	100	90	100

Discussion

The comparison of the demographics unique to the control and experimental groups suggests interesting commonalties and differences. First, over 70 percent of the subjects from both groups fell in the age range of 19-21 years of age. Second, 85 percent of the participants in both groups were Caucasians, while all other minorities totaled less than 20 percent. Third, all of the subjects in both groups were single, with only one exception. Fourth, first year students and sophomores comprised over 70 percent of both groups, while juniors and seniors made up less than 30 percent of the both groups. With these commonalties some differences were identified.

The control group comprised a 60/40 split between female and male subjects, while the experimental group comprised a 50/50 split between the

sexes. With retail work experience, it was found that 65 percent of the control group reported having some form of retail work experience. For the experimental group, 56 percent of the subjects reported the same. In terms of previous loss prevention experience, 83 percent of the experimental group reported having no such experience, while 72 percent of the control group reported the same. In regard to major in school, 92 percent of the subjects from the control group reported having majors other than criminal justice, while 80 percent of the experimental group reported having majors other than criminal justice.

Examination of this data has revealed two distinctions. Since the demographic characteristics of both groups closely match with only mild deviations in certain characteristics, it is fair to assume that these groups came from the same population. How students choose which sections of a class to take is controlled by the laws of chance. Second, when class level, age, gender, and ethnic origin are compared to university enrollment reports it is fair to suggest that both samples compare in terms of overall proportionally of representativeness.²³³

The exception to this summation is that figures unique to this particular study may seem large. The figures unique to the enrollment reports may seem small. This phenomena occurs because the sample for this study is a subgroup taken from the overall population. The figures from the enrollment report are divided among all subgroup classifications such as, graduate students, professional students, life long education students, and etc.

Subject Response

In this section of the data analysis, the subject response to the items on the

²³³ Michigan State University, Office of Register Enrollment Report, Fall Semester 1994.

self report questionnaire will be discussed. First, the control group pretest and post-test response will be compared. Next, the experimental group pretest and post-test response will be compared. Each statement will be listed as presented on the test instrument. At the end of the analysis a summary will be completed that details the similarities and differences between the findings.

To begin this analysis, the hypotheses must be restated. It can be hypothesized that students who are introduced to loss prevention issues during a loss prevention awareness orientation will develop attitude change toward such issues. It can be hypothesized that students, who are not introduced to loss prevention issues will not develop attitude change towards such issues. For operational purposes these two hypotheses are combined to better define the direction of the research. For instance, it can be hypothesized that students who are introduced to shoplifting and employee theft issues during a loss prevention orientation will rate issues related to these topics differently on a self-report questionnaire, than students who did not experience the loss prevention awareness orientation. A more focused original hypothesis allows for the suggested observation of attitude change.

Pretest/Post-test Response

To determine if the subjects understood the definition of shoplifting, subjects from the control and experimental groups were asked to respond to the following statement: Shoplifters are people posing as customers who steal articles of value that are on display during the stores business hours.

The control group pretest response indicated that 50.0 percent of the subjects agreed with this statement, while 43.0 percent strongly agreed, 4.0 percent disagreed, and 2.0 percent were undecided.

The control group post-test subject response to this statement indicated

that 53.0 percent of the subjects agreed with the statement, while 40.0 percent of the subjects strongly agreed, 3.0 strongly disagreed, 2.0 percent disagreed, and 1.0 percent were undecided. The control group pretest and post-test subject responses suggest that 93.0 percent of the participants understood what the definition of shoplifting.

The experimental group pretest subject responses to the same statement indicated that 55.0 percent of the subjects agreed with the statement, while 39.0 percent strongly agreed, 5.0 percent were undecided. 1.0 percent strongly disagreed.

The experimental group post-test response to this statement indicated that 59.0 percent of the subjects strongly agreed with the statement, while 39.0 percent agreed, and 2.0 percent disagreed. The comparison between the experimental group pretest and post-test subject response for this statement indicated expected increases in the central tendencies. There was an increase in the category of strongly agree and decrease in the category of agree. These gains are attributed to the losses in the categories of strongly disagree and undecided. This data suggest that during the treatment (presentation) students gained a stronger understanding of the nature of shoplifting.

To determine how subjects might respond after witnessing a shoplifting incident, subjects were asked to respond to the following statement: If I witnessed a person shoplifting, I would contact my manager or loss prevention manager immediately.

The control group pretest subject responses to this statement indicated that 54.0 percent of the subjects strongly agreed with this statement, while 26.0 percent agreed, 17.0 percent were undecided, 1.0 percent disagreed, and 2.0 percent altogether strongly disagreed.

The control group post-test subject responses to the statement indicated

that 38.0 percent of the subjects agreed with the statement, while 33.0 percent strongly agreed, 20.0 percent were undecided, 7.0 percent disagreed, and 2.0 percent strongly disagreed. In terms of reporting a shoplifting incident, the control group participants indicated that they would report an incident of shoplifting if they were to witness such an event. A majority of 80 percent (pretest) and 71.0 percent (post-test) reported such a finding.

The experimental group pretest subject responses to this same statement indicated that 50.0 percent of the subjects strongly agreed with the statement, while 37.0 percent agreed, 11.0 percent were undecided, 2.0 percent disagreed, and 1.0 percent strongly disagreed.

The experimental group post-test subject responses to the statement indicated that 45.0 percent of the subjects agreed, while 38.0 percent strongly agreed, 11.0 percent were undecided, and 7.0 percent disagreed.

The comparison of the experimental group pretest and post-test subject response indicated a switch in response where subjects strongly agreed with the statement, and agreed before the treatment. After the treatment, more subjects reported that they agreed with the statement. At the same time a decrease was observed in the category strongly agree. The data suggest that the subjects would report an incident of shoplifting if they were to witness one. The data also suggest that after exposure had occurred, subject response remained similar, but, the configuration of how the response fell about the mean changed.

To determine how the subjects perceived the relative importance of management versus regular and part-time employees role in shoplifting reduction, subjects were asked to respond to the following statement:
Management should play more of a role in preventing shoplifting than the regular and part-time employee.

The control group pretest subject response to the statement indicated that

33.0 percent of the subjects agreed with the statement. On the other hand, 30.0 percent of the subjects disagreed with this statement, while 19.0 percent were undecided, 16.0 percent strongly agreed, and 2.0 percent strongly disagreed.

The control group post test subject responses to this statement indicate that 40.0 percent of the subjects agreed with the statement, while 23.0 percent were undecided, 23.0 percent disagreed, 11.0 percent strongly agreed, and 1.0 percent strongly disagreed. The subjects from the control group perceived that it was more of management's responsibility for reducing shoplifting. On the other hand, a portion of the group either rejects this idea or were undecided about the issue.

The experimental group pretest subject response to this statement indicated that 32.0 percent of the subjects agreed with the statement, while 31.0 percent disagreed, 16.0 percent strongly agreed, 15.0 percent were undecided, and 5.0 percent strongly disagreed.

The experimental group post-test subject response indicated that 51.0 percent of the subjects agreed, while 21.0 percent strongly agreed, 16.0 percent disagreed, 11.0 percent were undecided, and 1.0 percent strongly disagreed. Pretest subject response to the statement indicated a balanced response. After the exposure to the treatment, observable alteration in subject response occurred. More of the subjects perceived that management should play more of a role than regular/part time employees in preventing shoplifting. Perceptions changed as indicated by the decreases noted in the categories of disagree, undecided, and the increase in the category of agree.

To determine how subjects perception of regular and part time employees' role in reducing shoplifting, subjects were asked to respond to the following statement: Regular and part-time employees have more of a responsibility for preventing shoplifting than management because they work directly with the

customers.

The control group pretest subject responses to this statement indicated that 31.0 percent of the subjects disagreed with this statement. On the other hand, 30.0 percent of the subjects agreed with the statement, while 11.0 percent strongly agreed, and 4.0 percent strongly disagreed.

The control group post-test subject responses indicated that 31.0 percent of the subjects agreed with the statement, while 28.0 percent of the subjects disagreed, 23.0 percent were undecided, 13.0 percent strongly agreed, and 4.0 percent strongly disagreed. The overall control group subject response indicated that the participants perception was that regular/part time employees should play more of a role in reducing shoplifting. When subject responses for the categories of agree and strongly agree are combined, response indicated that 41.0 percent (pretest) and 44.0 percent (post-test) held this point of view. On the other hand, 31.0 percent (pretest) and 28.0 percent (post-test) of the participants held an altogether different perception. Subject response indicated that 23.0 percent of the participants were undecided.

The experimental group pretest subject responses to this same statement indicated that 44.0 percent of the subjects agreed with the statement, while 27.0 percent disagreed, 18.0 percent were undecided, 9.0 percent strongly disagreed, and 2.0 percent strongly disagreed.

The experimental group post-test subject response to this statement indicated that 43.0 percent of the subjects agreed with the statement, while 23.0 percent strongly agreed, 22.0 percent disagreed, 12.0 percent were undecided, and 1.0 percent strongly disagreed. After the exposure to the treatment, an observable increase occurred in the category of strongly agree, while losses can be observed in the categories of undecided and disagree. Those subjects who were indecisive may have been convinced to make a choice after the exposure to

the treatment.

To determine how subjects perceived prosecution of shoplifters, subjects were asked to respond to the following statement: All shoplifters should be prosecuted to the full extent of the law, regardless of the value of the merchandise that was stolen.

The control group pretest subject responses indicated that 42.0 percent of the subjects disagreed with this statement. On the other hand, 21.0 percent of the subjects agreed, while 21.0 percent were undecided, 9.0 percent disagreed, and 7.0 percent strongly disagreed.

The control group post-test subject response indicated that 36.0 percent of the subjects disagreed with the statement, while 27.0 percent of the subjects were undecided, 23.0 percent agreed, 10.0 percent strongly agreed, and 4.0 percent strongly disagreed. In terms of prosecuting shoplifters, 49.0 percent (pretest) and 40.0 percent (post-test) of the control group participants rejected the idea of prosecuting shoplifters to the full extent of the law regardless of the value of the merchandise that was stolen. On the other hand, 30.0 percent (pretest) and 33.0 percent (post-test) of the participants saw no problem with such a measure. Subject responses indicate that 21.0 percent (pretest) and 27.0 (post-test) were undecided about the issue. The experimental group pretest subject response indicated that 36.0 percent of the subjects disagreed with this statement, while 26.0 percent agreed, 19.0 percent were undecided, 14.0 percent strongly disagreed, and 5.0 percent strongly agreed. The experimental group post-test subject response indicated that 31.0 percent of the subjects disagreed with the statement, while 27.0 percent agreed, 22.0 percent were undecided, 16.0 percent strongly agreed, and 4.0 percent strongly disagreed. When the experimental group pretest and post-test subject responses are compared, the comparisons suggest that a decrease from pretest to post-test occurred in the categories of

disagree and strongly disagree. It seems clear that after the subjects were exposed to the treatment, subject perception of prosecution of a shoplifter changed.

To determine if subjects understood the definition of employee theft, the subjects were asked to respond to the following statement: Employee theft is caused by people who steal from inside the company.

The control group pretest subject responses indicated that 51.0 percent of the subjects strongly agreed with this statement, while 43.0 percent of the subjects agreed, 3.0 percent were undecided, and 2.0 percent disagreed.

The control group post-test subject response indicated that 58.0 percent of the subjects agreed with the statement, while 40.0 percent strongly agreed, and 2.0 percent disagreed. The control group subject responses to the definition of employee theft suggest that the subjects understood the meaning of what employee theft entailed.

The experimental group subject pretest responses to this statement indicated that 52.0 percent of the subjects strongly agreed with the statement, while 47.0 percent agreed, and 1.0 percent disagreed.

The experimental group post-test subject response indicated that 63.0 percent of the subjects strongly agreed with the statement, while 34.0 percent agreed, and 2.0 percent disagreed. The data suggest that from the pretest to the post-test a shift in subject response occurred. The change is observed between the categories of agree and strongly agree. These data suggest that after exposure to the treatment, the subject's understanding of what employee theft entailed increased.

To determine what action a subject might take if they witnessed a fellow employee steal, subjects were asked to respond to the following statement: If I witnessed a fellow employee commit an act of theft, I would immediately report

the incident to my manager or to loss prevention.

The control group pretest response indicated that 39.0 percent of the subjects were undecided in regards to this statement. On the other hand, 32.0 percent of the subjects agreed with the statement, while 20.0 percent strongly agreed, 4.0 percent disagreed, and 4.0 percent strongly disagreed.

The control group post-test responses indicated that 41.0 percent of the subjects were undecided about the issue, while 28.0 percent agreed with the statement, 21.0 percent strongly agreed, 6.0 percent disagreed, and 4.0 percent strongly disagreed. In terms of reporting an incident of employee theft, control group participants indicated that they would report an incident of employee theft committed by an fellow employee. As a matter of fact, a combined (strongly agree and agree) indicate that 59.0 percent (pretest) and 48.0 percent (post-test) of the group held this perception. On the other hand, 38.0 percent (pretest) and 41.0 percent (post-test) were undecided about this issue.

The experimental group subject response to this statement indicated that 37.0 percent of the subjects were undecided, while 34.0 percent agreed, 18.0 percent strongly agreed, 8.0 percent disagreed, and 3.0 percent strongly disagreed.

The experimental group post-test subject response to this statement indicated that 36.0 percent of the subjects agreed with the statement, while 31.0 percent were undecided, 29.0 percent strongly agreed, 2.0 percent disagreed, and 2.0 percent strongly disagreed. When compared, a slight shift in response can be observed in the category of undecided to the category of strongly agree. The data suggest that treatment helped those subjects who were indecisive to make a decision.

To determine subjects perception of management's responsibility versus regular and part time employees responsibility for the reduction of employee

theft, subjects were asked to respond to the following statement: Management should play more of a role than the regular and part time employee's in reporting and reducing employee theft.

The control group pretest subject response indicated that 36.0 percent of the subjects agreed with the statement, while 27.0 percent were undecided, 27.0 percent disagreed, 10.0 percent strongly agreed, and 1.1 percent strongly disagreed.

The control group post-test subject responses indicated that 34.0 percent of the subjects agreed with the statement, while 29.0 percent disagreed, 23.0 percent were undecided, 12.0 percent strongly agreed, and 1.0 percent strongly disagreed. Participants from the control group perceived that management should play more of a role than the regular/part time employee in reporting and reducing employee theft. In fact, 47.0 percent (pretest) and 47.0 percent (post-test) reported such findings. On the other hand, 27.0 percent (pretest) and 29.0 percent (post-test) held the opposite perception regarding the this issue. Subject response indicated that 27.0 percent (pretest) and 23.0 percent (post-test) of the participants were undecided.

The experimental group pretest subject response to this statement indicated that 47.0 percent of the subjects agreed with the statement, while 24.0 percent disagreed, 16.0 percent were undecided, 10.0 percent strongly agreed, and 3.0 strongly disagreed.

The experimental group post-test subject responses to the statement indicated that 36.0 percent of the subjects agreed, while 29.0 percent disagreed, 16.0 percent strongly agreed, 14.0 percent were undecided, 4.0 percent strongly disagreed. Comparison between the experimental group pretest and post-test subject responses for this statement indicated a reconfiguration of subject responses after the exposure to the treatment, but, fails to indicate a change in

how the subjects perceived management versus regular/part-time employee responsibility for reducing and reporting employee theft. A shift in subject responses can be observed in all categories, but, most notably, the changes occurred in the categories of strongly agree and disagree. The overall perception of the subjects seems to suggest that management should play more of a role in reducing and reporting employee theft.

To determine subject perception of the responsibility of regular and part time employees versus management in reporting and reducing employee theft, subjects were asked to respond to the following statement: The regular and part time employees should play more of a role than management in reporting and reducing employee theft.

The control group pretest subject response indicated that 33.0 percent of the subjects disagreed with this statement. On the other hand, 28.0 percent of the subjects agreed, while 26.0 were undecided, 8.0 percent strongly agreed, and 6.0 percent strongly disagreed.

The control group post-test subject response indicated that 33.0 percent of the subjects were undecided, while 31.0 percent disagreed, 27.0 percent agreed, 6.0 percent strongly agreed, and 3.0 strongly disagreed. The perception of the control group was that management should hold more of the responsibility for reduction and prevention of employee theft.

The experimental group pretest subject responses to this statement indicated that 39.0 percent of the subjects disagreed, while 32.0 percent agreed, 20.0 percent were undecided, 4.0 percent strongly agreed, and 4.0 percent strongly disagreed.

The experimental group post-test subject response indicated that 36.0 percent of the subjects agreed with the statement, while 27.0 percent disagreed, 17.0 percent strongly agreed, 14.0 percent were undecided, and 5.0 percent

strongly disagreed. The comparison between the experimental group pretest and post-test subject responses for this statement regarding regular/part time employee versus management responsibility for reducing employee theft indicates a change in how the subjects perceived this statement. The data suggest that changes in subject responses occurred in all categories, but, changes occurred most heavily in the categories of disagree (decrease), agree (increase), and strongly agree (increase). The results of the experimental group subject responses to this statement after exposure to the treatment suggest that subjects perceived that the responsibility level of regular/part time employees was important, when reporting and reducing employee theft.

To determine the subjects perception of prosecution of the employee thief, subjects were asked to respond to the following statement: Depending on the circumstances, employees who are caught stealing from the company should be fired and prosecuted to the full extent of the law.

The control group pretest subject response indicated that 49.0 percent of the subjects agreed with this statement, while 21.0 percent of the subjects strongly agreed. On the other hand, 20.0 percent of the subjects were undecided, 9.0 percent disagreed, and 1.0 percent strongly disagreed.

The control group subject post-test response indicated that 58.0 percent of the subjects agreed with the statement, while 18.0 percent disagreed, 13.0 percent strongly agreed, 8.9 percent were undecided, and 2.0 percent strongly disagreed. In terms of prosecution of the employee thief, 70.0 percent (pretest) and 71.0 percent (post-test) of the participants reported that an employee should be prosecuted and fired depending on the circumstances of the incident. On the other hand, 20.0 percent (pretest) and 9.0 percent (post-test) of the participants were undecided.

Control group subject response indicated that 10.0 percent (pretest) and

20.0 percent (post-test) of the participants held a different perception on this issue. At face value, the analysis of the control group response to items on the questionnaire suggests slight differences in subject response. This phenomena is observed in the reconfiguration of the subject response from pretest to post-test. Because no treatment was given to the control group, it may be possible that these slight differences are attributed to human error or the natural laws of chance.

The experimental group subject pretest response to the statement indicated that 54.0 percent of the subjects agreed with the statement, while 17.0 percent were undecided, 17.0 percent strongly agreed, 10.0 percent disagreed, and 2.0 percent strongly disagreed.

The experimental group post-test subject response to the statement indicated that 45.0 percent of the subjects agreed with the statement, while 30.0 percent disagreed, 9.0 percent strongly agreed, 9.0 percent strongly disagreed, and 8.0 percent were undecided. After the exposure to the treatment, experimental group subject response indicated that 45.0 percent of the subjects agreed with the statement, while 30.0 percent disagreed, 8.0 percent were undecided, 9.0 percent strongly agreed, and 9.0 strongly disagreed. The data suggest that after the exposure to the treatment a decrease in response occurred in the categories of agree, strongly agree, and undecided. After exposure, the majority of the subjects still agreed with the statement, however, the large increase in response for the category of disagree must be recognized.

Discussion

When the control group pretest and post-test subject response to the statements listed on the loss prevention awareness questionnaire are compared to the response from the experimental group, a number of observations can be

made. First, the examination of the central tendencies for the control group pretest and post-test indicate only slight increases in means and standard deviations. Second, the changes in response that did occur were not significant. These shifts in subject response may be attributed to simple human error or the natural laws of chance. Third, the comparison of the experimental group pretest and post-test subject response indicated larger increases in subject response to the items on the loss prevention awareness questionnaire. After the subjects experienced the orientation, measures of central tendencies increased or were re configured. In other words, once subjects experienced the treatment changes occurred in their response. As expected the treatment played a role in how the subjects perceived the statements listed on a loss prevention awareness questionnaire.

Preliminary data analysis to this point suggest that: Students who are exposed to a loss prevention awareness orientation rated statements listed on a loss prevention awareness questionnaire differently than students who were not introduced to the orientation. However, the hypothesis must be tested. For this reason, the next step in this analysis included hypothesis testing.

Paired T-test

The results of the paired t-test that was used to determine rejection or acceptance of the null hypothesis and to determine if significant differences exist between pretest and post-test means for both the experimental group and the control group are presented in this section.

The examination of the data generated from the paired t-test conducted on the control group subject responses to the statement: Shoplifters are people posing as customers who steal articles of value that are displayed during a store's business hours, indicates that the pretest mean was 4.2444 and the post-test mean

was 4.5333. The difference between the two means was -.2889. The t-value was -3.22 with a .002 two tailed probability. Based on these findings, the null hypothesis is rejected. This finding suggests that there was a significant difference in the control group pre and post-test subject responses.

The examination of the paired t-test conducted on the experimental group for this same statement indicated that the pretest mean was 4.3226 and the post-test mean was 4.2688. The difference between the two means was .0588. The t-value was .71 with a .478 two tailed probability. Based on these findings, the null hypothesis is accepted. This finding suggests that the experimental group pretest and post test subject responses did not differ. The pretest and posttest means, the difference between the two means, and the t-values for the control and experimental groups are illustrated in Table 4.9.

Table 4.9 Control and Experimental Group Pretest and Post-test Means For Definition of Shoplifting		
	Control N=90	Experimental N=93
Pretest	4.2444	4.3226
Post-test	<u>4.5333</u>	<u>4.2688</u>
Difference	<u>-.2889</u>	<u>.0588</u>
T-test	<u>-3.22*</u>	<u>.71</u>

The examination of the data generated from the paired t-test conducted on the control group subject response to the statement: If I saw a person shoplifting, I would contact my manager or loss prevention immediately. indicated that the pretest mean was 4.3111 and the post-test mean was 4.1333. The difference between the two means was .1778. The t-value was 1.97 with a .052 two tailed probability. Based on these findings, the null hypothesis is rejected. This

* Finding significant at .05 confidence level.

finding suggests that the control group pretest and post-test subject response to the statement did differ.

The examination of the paired t-test conducted on the experimental group for the same statement indicated that the pretest mean was 4.2903 and the post-test mean was 3.9462. The difference between the two means was .3441. The t-value was 5.10 with a .000 probability. Based on these findings the null hypothesis is rejected. This finding suggests that the experimental group pretest and post test subject responses did differ from the pretest to the post-test. The pretest and post-test means, the difference between the two means, and the t-values for the control and experimental groups are illustrated in Table 4.10.

Table 4.10 Control and Experimental Group Pretest and Post-test Means For Witness of A Shoplifting Incident

	Control N=90	Experimental N=93
Pretest	4.3111	4.2903
Posttest	4.1333	3.9462
<u>Difference</u>	<u>-1778</u>	<u>.3441</u>
<u>T-test</u>	<u>1.97*</u>	<u>5.10*</u>

The examination of the data that was generated from the paired t-test conducted on the control group subject response to the statement: Management should play more of a role than the regular/part time employee in preventing shoplifting, indicates that the pretest mean was 3.2000 and the post-test mean was 3.7667. The difference between the two means was -.5667. The t-value was -3.96 with a .000 two tailed probability. Based on these findings, the null hypothesis is rejected. This finding suggest that the control group subject responses did differ from the pretest to the post-test.

Finding significant at .05 confidence level.

* Finding significant at .05 confidence level.

The examination of the paired t-test for this same statement conducted on the experimental group indicates that the pretest mean was 3.3226 and the post-test mean was 3.3441. The difference between the two means was -.0215. The t-value was -.19 with a .851 two tailed probability. Based on these findings, the null hypothesis is accepted. This finding suggests that there was no difference in subject response from the pretest to the post-test for the experimental group. The pretest and post-test means, the difference between the two means, and the t-values for the control and experimental groups are illustrated in Table 4.11.

Table 4.11 Control and Experimental Group Pretest and Post-test Means For Management's Versus Regular/Part Time Employee Responsibility For Shoplifting Reduction.

	Control N=90	Experimental N=93
Pretest	3.2000	3.3226
Post-test	3.7667	3.3441
Difference	-.5667	-.0215
T-test	-3.96*	-.19

The examination of the data that was generated from the paired t-test conducted on the control group subject response to the statement: Regular /part time employees have more of a responsibility for preventing shoplifting than management because they work directly with the customers. indicated that the pretest mean was 3.3111 and the post-test mean was 3.6333. The difference between the two means was -.3222. The t-value was -2.81 with a .006 two tailed probability. Based on these findings, the null hypothesis is rejected. This finding suggests that there is a difference in subject response from the pretest to the post-test.

The examination of the paired t-test performed on the experimental group

* Finding significant at .05 confidence level.

for the same statement indicated that the pretest mean was 3.1183 and the post-test mean was 3.2366. The difference between the two means was -.1183. The t-value was -1.39 with a .167 two tailed probability. Based on these findings, the null hypothesis is accepted. This finding suggests that for the experimental group there is no difference in subject response from the pretest to the post-test. The pretest and post-test means, the difference between the two means, and the t-values for the control and experimental groups are illustrated in Table 4.12.

Table 4.12 Control and Experimental Group Pretest and Post-test Means For Regular/Part Time Employees Versus Management's Responsibility For Shoplifting Reduction

	Control N=90	Experimental N=93
Pretest	3.3111	3.1183
Post-test	3.6333	3.2366
Difference	-.3222	-.1183
T-test	-2.81*	-1.39

The examination of the data generated from the paired t-test conducted on the control group subject responses to the statement: All shoplifters should be prosecuted to the full extent of the law regardless of the value of the merchandise that was stolen, indicated that the pretest mean was 2.7444 and the post-test mean was 3.1778. The difference between the two means was -.4333. The t-value was -4.00 with a .000 two tailed probability. Based on these findings, the null hypothesis is rejected. This finding suggests that for the control group there is a difference between subject response from the pretest to the post-test.

The examination of the paired t-test performed on the experimental group for the same statement revealed that the pretest mean was 2.8172 and the post-test mean was 3.0108. The difference between the two means was -.23 with a

* Finding is significant at .05 confidence level.

.028 two tailed probability. Based on this finding, the null hypothesis is rejected. This finding suggests that for the experimental group, there was a difference in subject response from the pretest to the post-test. The pretest and post-test means, the difference between the two means, and the t-values for the control and experimental groups are illustrated in Table 4.13.

Table 4.13 Control and Experimental Group Pretest and Post-test Means For Prosecution of Shoplifters		
	Control N=90	Experimental N=93
Pretest	2.7444	2.8172
Post-test	3.1778	3.0108
<u>Difference</u>	<u>-.4333</u>	<u>-.1935</u>
<u>T-test</u>	<u>-4.00[#]</u>	<u>-2.23[*]</u>

The examination of the data generated from the paired t-test conducted on the control group subject response to the statement: Employee theft is when people steal from inside the company, indicated that the pretest mean was 4.4778 and the post-test mean was 4.5778. The difference between the means was -1.000. The t-value was -1.35 with a .181 two tailed probability. Based on these findings, the null hypothesis is accepted. This finding suggests that for the control group there is no difference between the subject response from the pretest to the post-test.

The examination of the data generated from the paired t-test conducted on the experimental group subject response for the same statement, indicated that the pretest mean was 4.3763 and the post-test mean was 4.3763. The difference in the means was .0000. The t-value was .00 with a 1.000 two tailed probability. Based on these findings, the null hypothesis is accepted. This finding suggests that for the experimental group there is no difference between subject response to

[#] Finding is significant a .05 confidence level.

^{*} Finding is significant a .05 confidence level.

the statement from the pretest to the post-test. The pretest and post-test means, the difference between the two means, and t-values for the control and experimental groups are illustrated in Table 4.14.

Table 4. 14 Control and Experimental Group Pretest and Post-test Means For Definition of Employee Theft

	Control N=90	Experimental N=93
Pretest	4.4778	4.3763
Post test	<u>4.5778</u>	<u>4.3763</u>
Difference	<u>-.1000</u>	<u>.0000</u>
T-test	<u>-1.35</u>	<u>.00</u>

The examination of the data generated from the paired t-test conducted on the control group subject response to the statement: If I witnessed a fellow employee commit an act of theft, I would immediately report the incident to my manager or the loss prevention manager. indicated that the pretest mean was 3.5667 and the post-test mean was 3.8556. The difference between the two means was -.2889. The t-value was -4.40 with a .000 two tailed probability. Based on these findings, the null hypothesis is rejected. This finding suggests that for the control group, there was a difference in subject response to the statement from the pretest to the post-test.

The examination of the paired t-test conducted on the experimental group for the same statement indicated that the pretest mean was 3.5914 and the post-test mean was 3.5806. The difference between the two means was .0108. The t-value was .16 with a .870 two tailed probability. Based on these findings, the null hypothesis is accepted. This finding suggests that for the experimental group, there was no difference in subject response to the statement from the pretest to the post-test. The pretest and post-test means, the difference between the two means, and the t-values for the control and experimental groups are

illustrated in Table 4.15.

Table 4.15 Control and Experimental Group Pretest and Post-test Means For Witness of An Employee Theft Incident

	Control N=90	Experimental N=93
Pretest	3.5667	3.5914
Post-test	<u>3.8556</u>	<u>3.5106</u>
Difference	<u>-.2889</u>	<u>.0108</u>
T-test	<u>-4.40*</u>	<u>.16</u>

The examination of the data generated from the paired t-test conducted on the control group subject response to the statement: Management should play more of a role than regular and part time employees in reporting and reducing employee theft, indicated that the pretest mean was 3.3667 and the post-test mean was 3.3222. The difference between the two means was .0444. The t-value was .34 with a .736 two tailed probability. Based on these findings, the null hypothesis is accepted. This finding suggests that for the control group, there was no difference in subject response to the statement from the pretest to the post-test.

The examination of the paired t-test conducted on the experimental group for the same statement indicated that the pretest mean was 3.2688 and the post test mean was 3.2903. The difference in the two means was -.0215. The t-value was -.20 with an .841 two tailed probability. Based on these findings, the null hypothesis is accepted. This finding suggest that the experimental group subject response to the statement did not differ from the pretest to the post-test. The pretest and post- test means, the difference between the means, and the t-values for the control and experimental groups are illustrated in Table 4.16.

* Finding Significant at .05 confidence level.

Table 4.16 Control and Experimental Group Pretest and Post-test Means For Management's Versus Regular/Part Time Employee's Responsibility For Reporting and Reducing Employee Theft

	Control N=90	Experimental N=93
Pretest	3.3667	3.2688
Post-test	<u>3.3222</u>	<u>3.2903</u>
Difference	<u>.0444</u>	<u>-.0215</u>
T-test	<u>.34</u>	<u>-.20</u>

The examination of the data generated from the paired t-test conducted on the control group subject response to the statement: The regular and part time employee should play more of a role than management in reporting and reducing employee theft, indicated that the pretest mean was 2.9444 and the post-test mean was 3.3222. The t-value was -2.89 with a .005 two tailed probability. Based on these findings, the null hypothesis is rejected. This finding suggest that the control group subject response to the statement varied from the pretest to the post-test.

The examination of the paired t-test conducted on the experimental group for the same statement indicated that the pretest mean was 2.9785 and the post-test mean was 3.0215. The difference between the two means was -.0430. The t-value was -.58 with a .567 two tailed probability. Based on these findings, the null hypothesis is accepted. This finding suggests that there was no difference in experimental group subject response from the pretest to the post-test. The pretest and post-test means, the difference between the two means, and the t-values for the control and experimental groups are illustrated in Table 4.17.

Table 4.17 Control and Experimental Group Pretest and Post-test Means For Regular/Part-Time Employee Versus Management's Responsibility For Employee Theft Reporting and Reduction

	Control N=90	Experimental N=93
Pretest	2.9444	2.9785
Post-test	<u>3.3222</u>	3.0215
Difference	<u>-.3778</u>	<u>-.0430</u>
T-test	<u>-2.89*</u>	<u>-.58</u>

The examination of the data that was generated from the paired t-test conducted on the control group subject response to the statement: Depending on the circumstances, employees who are caught stealing from the company should be fired and prosecuted to the full extent of the law, indicated that the pretest mean was 3.7556 and the post-test mean was 3.1333. The difference between the two means was .6222. The t-value was 3.89 with a .000 two tailed probability. Based on these findings, the null hypothesis is rejected. This finding suggest that the control group subject response to the statement did differ from the pretest to the post-test.

The examination of the paired t-test conducted on the experimental group subject response for the same statement indicated that the pretest mean was 3.7849 and the post-test mean was 3.6237. The difference between the two means was .1613. The t-value was 1.01 with a .313 two tailed probability. Based on these findings, the null hypothesis is accepted. This finding suggest that the experimental group subject response to the statement did not differed from the pretest to the post-test. The pretest and post-test means, the difference in the two means, and the t-values for the control and experimental groups are illustrated in Table 4.18.

* Finding is significant at the .05 confidence level.

Table 4.18 Control and Experimental Group Pretest and Post-test Means For Prosecution of An Employee Thief

	Control N=90	Experimental N=93
Pretest	3.7556	3.7849
Post-test	<u>3.1333</u>	<u>3.6237</u>
Difference	<u>.6222</u>	<u>.1613</u>
T-test	3.89*	1.01

Summary

The means for the control group pretest/post-test subject response and the experimental group pretest/post-test subject response indicate clear dissimilarities in how subjects viewed the statements regarding the loss prevention issues.

For each statement, the difference in pretest/post-test means for the experimental group are larger than the differences in the pretest/post-test means for the control group. There are two exceptions. The control group subject response to the statement: Management should play more of a role than regular and part time employees in reporting and reducing employee theft, indicated that the difference between the pretest/post-test mean are larger than the difference between the pretest/post-test means for the experimental group. The same is true for the statement: Depending on the circumstances, employees who are caught stealing from the company should be fired and prosecuted to the full extent of the law.

These findings suggested that students who were introduced to loss prevention issues during a loss prevention awareness orientation responded differently to the loss prevention statements on a self-report questionnaire than those students who did not experience the loss prevention awareness orientation.

When this analysis is taken one step further, the overall results generated

* Finding is significant at .05 confidence interval.

from the paired t-test conducted on the control and experimental group subject response further indicates that differences exist between the control group response and the experimental group response.

For the control group, the null hypothesis is rejected eight out of ten times. Therefore it is fair to suggest that significant differences in subject response existed between pretests and post-tests. There were two exceptions to this finding. For the statement: Employee theft is caused by people who steal from the company: The null hypothesis was accepted suggesting that there was no difference between control group pretest and post-test subject response for this statement. In this same manner, for the statement: Management should play more of a role than regular and part time employees in reporting and reducing employee theft: The null hypothesis was accepted suggesting that there was no difference in control group pretest and post-test subject response for this statement.

The results of the paired t-test conducted on experimental group subject responses present findings that are opposite those of the control group. The experimental group subject responses indicated that the null hypothesis is accepted eight out of ten times. This finding suggests that significant differences did not exist between pretest and post-test subject response. This finding is true with two exceptions. For the statement: If I saw a person shoplift, I would contact my manager or loss prevention immediately: The null hypothesis is rejected suggesting that significant differences existed between experimental group pretest and post-test. In this same manner, the statement: All shoplifters should be prosecuted to the full extent of the law, regardless of the value of the merchandise that was stolen: Indicates that the null hypothesis was rejected suggesting that significant differences existed between experimental group pretest and post-test.

These findings are discussed in further detail to determine why the subjects responded in the manner that was recorded.

The researchers initial expectation in terms of the results of this study assumed that significant differences would be found between the experimental group pretest and post-test responses. After all, it was the experimental group that received the treatment. However, as observed, this was not the case. It was the control group that reported significant differences in subject responses between the pretest and post-tests.

Two factors may best explain the results of this study. First, the control group may have become sensitized to the test instrument because of the small amount of time allocated between the pretest and the post-test. Second, the overall attitude of the control group participants may have been ambivalent toward the study from the start. After all, the subject matter that was discussed between the pretest and the post-test was a review of what would be on the final exam.

On the other hand, students who participated in the experimental group responded to the statement in a consistent manner. Between the pretest and the post-test, the experimental group participants were shown two videos and exposed to an precise in-depth presentation examining issues related to loss prevention. The treatment caused the experimental group pretest subject response to be replicated on the post-test. This phenomena resulted in consistent experimental group pretest and post-test subject response. The information received from the videos and presentation caused the students to take a serious posture toward the study. Therefore, the efforts of the students to respond to the statements in an attentive manner reduced response inconsistency.

Two major findings seem to be apparent. First, students who were

exposed to the loss prevention awareness orientation did respond differently to issues related to shoplifting and employee theft. Second, the inconsistencies of the pretest and the post-test subject responses for the control group, when compared to the consistency of the pretest and the post-test responses of the experimental group suggest that no educational exchange or value was present for the control group. However, the experimental groups consistent responses on the pretest and the post-test suggest that some form of educational exchange or value was present. It is clear that these findings fall in line with the original research questions and research hypothesis.

Chapter Five

SUMMARY, CONCLUSIONS, RECOMMENDATIONS, AND LIMITATIONS

Overall Summary

This research project has examined loss prevention awareness among college students. The project investigated how students viewed issues related to shoplifting and employee theft. A complete summary with several conclusions and recommendations are presented in chapter five.

The perception of the security professionals as strictly rent a cops has been erased due to an emphasis being placed on education and professionalism in the field. Colleges around the nation offer security related courses. In many locations complete programs are offered that grant degrees specializing in security management. This metamorphosis is synonymous with what occurred during the sixties and seventies in the field of law enforcement.

Among the changes that have occurred, particular attention has been shown in how security management reacts to theft related issues. This is especially true in terms of saving profits and preventing losses resulting from internal theft, external theft, inventory control and in some cases safety exposures. Security practitioners have placed much emphasis on problem evaluation, resolution, prevention, and program implementation.

What has impacted the security field the most, is the direction in which program implementation has went. The use of reward programs, poster contests, news letters, safety meetings, loss prevention committee meetings and other awareness building activities has resulted in employees getting involved in

the theft prevention process. This element has lead the security field from the age old reactive approach of theft exposure resolution to what is now known as the proactive or preventative approach.

Embodying the need to reduce losses related to internal and external theft, elimination of errors created during inventory control procedures, and elimination of safety exposures in the work place helped to merge the fields of security, safety, and inventory control into what we now know as the field of loss prevention.

Young people 17-25 years of age have been identified as high risk employee's because of their likelihood to be involved in shoplifting and employee theft situations. In the work environment, they are viewed as marginal, less stable, and lack commitment to the employing organization. In most cases loyalty is questioned.

The purpose for using college students and for conducting a study of this nature was to determine how college students would respond to statements related to shoplifting and employee theft. By introducing students to theft related issues, in the form of a loss prevention awareness orientation, it was assumed that the responses to the statements might change between pretest and post-test survey's. The general academic work that has been conducted in the areas of security, especially in the those related to shoplifting and employee theft appear in abundance. The problem with this research is that much of the work is diagnostic. This research takes on the same persona as the reactive program implementation that has been reminiscence of past security practices.

Studies performed by well known scholars such as Sutherland, Cressey, and a host of others analyze and present finding about the origins associated with shoplifting and employee theft, but fall short in the area of problem resolution. This trend has slowly changed. Davis, Lundman, and Martinez,

Cambridge University researchers, Prestwich, Housel, and others by pass the diagnostic approach of examining theft related problems to research systems and programs that are in place specifically to reduce losses related to theft. Much of their work is proactive and results in policy implications that effect program implementation. With the exception of Hollinger and Clark, these studies fall short in terms of measurement of employee attitudes and overall involvement in loss prevention practices.

Today the trend is to incorporate every employee into the loss prevention process. Companies now realize that regardless of the number of sensormatic tags, observational booths, cameras, chains, and in some cases store detectives, the bottom line responsibility for theft prevention falls on the well trained and informed employee. This is certainly an important milestone in the direction of program implementation for many loss prevention departments. Employers should be concerned with what their employee's think. Actively involving the employee in the loss prevention process may be the single most cost effective move an employer can make. The most efficient means to determine how employee's feel is to ask. This task can be accomplished producing an employee opinion survey that measures the quality of loss prevention awareness among employees.

This Study of Loss Prevention Awareness Among College Students is a move in the proactive direction. This effort was to focus on the student, who is the future employee. This work is an example of how self report materials can be used to gather data and spread information about loss prevention. This study can serve as a model for loss prevention managers to use. More importantly, this research is an example of how loss prevention managers can use a self report like survey to gage the levels of loss prevention training needed in a particular environment whether it be in the retail, hospital, or the

manufacturing industries.

Merriam, Rosenbaum and Baumer, and Holzman and Mueller are critical of the current methodologies being used to accurately evaluate the extent of the employee theft problem. The research design used in this study purposely incorporated elements of the scientific experiment with the uses of a self report questionnaire. The pretest/post-test design gave a measure of control and strengthened the reliability of the test instrument. Some may take the position that failure to use a larger random sample and the use of students from two sections of criminal justice classes may have bias the study to suggest that the findings are only representative of criminal justice students. This is a legitimate concern, however, if we examine the demographics detailing the majors of the subjects who participated in the control and experimental groups, it is clear that a overwhelming majority of the students were not criminal justice majors.

Conclusions

The college students who participated in this study had a high level of loss prevention awareness. This is especially true in terms of understanding the definitions of shoplifting and employee theft. Students seem to have no problem reporting incidents of shoplifting and employee theft. There seemed to be confusion in terms of deciding whether management or the regular/part time employee had more of a responsibility for preventing, reporting, and reducing, shoplifting and employee theft. Although students had no problem reporting shoplifters or employee thieves, when it came to prosecuting shoplifters and employee thieves their attitudes or views changed. The students clearly rejected the idea of prosecuting shoplifters regardless of the value of the merchandise that was stolen and prosecuting the employee thief regardless of the circumstances of the incident. These findings highlight the reasons why security managers use

loss prevention awareness programs. When training employees, management must make sure that the individuals being trained understand the subject matter that is being taught. On this same note, the employee must understand their role in terms of responsibility level for carrying out their proscribed duties. Employees must understand the ramifications for rule violation and how deviant behavior undermines the goals and purposes of the organization.

The most important conclusion resulting from this study is that students will respond to information when it is well prepared, organized, informative and presented in a professional manner. This phenomena can be viewed in terms of how the control group responded to the non treatment and the experimental group responded to the treatment. This conclusion is similar to the implication that was drawn by Hollinger and Clark, who suggest that theft and work place deviance are in large part a reflection of how management at all levels of an organization is perceived by the employee. In sum, how the students perceived the presenter, the information presented, and the videos influenced how they responded to the statements on the loss prevention awareness questionnaire.

Recommendations

It is important that research be applicable to the trends that exist in business or industry. Several recommendations based on how this type of study can be used in the real world setting are presented.

Retailers, security practitioners, and loss prevention managers should consider employee attitudinal evaluations from a training stand point. Use of a self report questionnaires to measure training and educational levels may result in considerable cost reductions.

This study primarily deals with situations related to the retail industry.

Future research should be conducted in a setting conducive for accurate program evaluation. This will allow for an examination that will include safety and inventory control. A retail department store offers such a setting.

Since researchers identify youth between the ages of 15 and 25 as the group that contributes more to shoplifting and employee theft than any other age category, research should be focused in that direction.

It may be more advantageous to use a multi-variate type statistical analysis to analyze data that are collected from a self report questionnaire such as the one used in this study. As opposed to hypothesis testing, multi-variate analysis offers the opportunity to examine variables that might interfere with a subjects response to items on a questionnaire. In the case of this study, age, sex, martial status, ethnic background, class level, pervious retail work experience, previous loss prevention experience, and major in school may influence responses.

Limitations

Some may argue that the sampling technique used in this study limits the ability to generalize to the broader population. For this reason, it is recommended that a sampling technique be employed that will cover a wider population.

The overall recommendation stemming from this research points to a need for more research in this area. This is especially true in terms of using self-report questionnaires as a data collection tool on subjects prior to an incident of theft and as an attitudinal measure for training purposes, in other words as a proactive measure.

APPENDICES

APPENDIX A

Appendix A

Below are the self report questionnaire that was used as the pre-test data collection instrument for the control group

Consent Letter

Thank you for participating in this loss prevention awareness study. The purpose is to investigate loss prevention awareness among college students. Please complete the self report questionnaire at the beginning and at the end of this class session. Your participation is warranted on a volunteer basis. Should you choose not to participate no penalty will be levied against you. subjects can discontinue participation at anytime without penalty. It should be understood that all names of participants will be held in strict confidence and will remain anonymous. Should you have questions regarding this study you may contact Phillip M. Hannah at 517-372-3305. "You indicate your voluntary agreement to participate by completing and returning this questionnaire".

Signature _____

Loss Prevention Awareness Pretest (Control)

You have been hired by ABC Department Store as an management trainee. Before you can assume your responsibilities you must first complete a loss prevention awareness questionnaire at the beginning and at the end of this class session. The purpose for collecting this data is to determine your level of loss prevention awareness.

This questionnaire is divided into two sections. Section I is ten questions in related to shoplifting and employee theft. Section II is several basic demographic questions.

Section I

Please complete all questions by placing an "X" in the space preceding the appropriate response. Please choose only one response. Responses to each question are listed as such:

SD=Strongly Disagree, D=Disagree, U=Undecided, A=Agree, and SA=Strongly Agree

1. Shoplifters are people posing as customers who steal articles of value that are on display during a stores business hours.

__SD__D__U__A__SA

2. If I saw a person shoplifting, I would contact my manager or loss prevention immediately.

__SD__D__U__A__SA

3. Management should play more of a role in preventing shoplifting than the regular and part-time employee.

__SD__D__U__A__SA

4. Regular and part-time employees have more of a responsibility for preventing shoplifting than management because they work directly with customers.

__SD__D__U__A__SA

5. All shoplifters should be prosecuted regardless of the value of the merchandise that was stolen.

__SD__D__U__A__SA

6. Employee theft is caused by people who steal from inside the company.

__SD__D__U__A__SA

7. If I saw a fellow employee commit an act of theft, I would immediately report the incident to my manager or loss prevention manager.

__SD__D__U__A__SA

8. Management should play more of a role than regular and part-time employees in reporting and reducing employee theft.

__SD__D__U__A__SA

9. The regular and the part-time employee should play more of a role than management in reporting and reducing employee theft.

__SD____D__U__A__SA

10. Depending on the circumstances, employees who are caught stealing from the company should be fired and prosecuted to the fullest extent of the law.

__SD__D__U__A__SA

Section II

Place an "X" in the space preceding the response that best describes you.
Please choose only one response.

1. Age
_____16-18_____19-21_____22-24_____25-Over
2. Sex
_____Female_____Male
3. Ethnic Background
_____Caucasian_____African American_____Hispanic
_____Native American_____Asian_____Other
4. Marital Status
_____Single_____Married_____Divorced_____Separated
5. Class Level
_____Freshman_____Sophomore_____Junior
_____Senior
6. Retail Work Experience
_____Yes_____No
7. Previous Loss Prevention Experience
_____Yes_____No
8. Major in School
_____Criminal Justice_____Other

APPENDIX B

Appendix B

Loss Prevention Awareness Orientation Outline

Located below are the order of in which the loss prevention awareness orientations were conducted for both the control and experimental groups.

Loss Prevention Awareness Experiment Part I (Control)

A.	Pass Out Self Report Survey	Before Class
B.	Introduction	
	1. Consent Letter	
	2. Purpose of Project	
	3. Four Digit Identification Number	5 min.
C.	Complete Questionnaires	7 min.
D.	Review of Final Exam	60 min.
E.	Complete Post-test Questionnaire	7 min.
	Total	79 min.

Loss Prevention Awareness Experiment Part II (Experimental)

A.	Pass Out Self Report Survey	Before Class
B.	Introduction	
	1. Consent Letter	
	2. Purpose of Project	
	3. Four Digit Identification Number	5 min.
C.	Complete Pretest Questionnaire	7 min.
D.	Loss Prevention	
	1. Definition of loss Prevention	
	2. Shoplifting	
	3. Employee theft	
	4. Safety	
	5. Inventory Control	
	6. Shrinkage	10 min.

E.	Shoplifting	
	1. Definition of Shoplifting	
	2. Shoplifting Techniques/Tools	
	3. Elements of Shoplifting Apprehension	
	4. How To Apprehend Shoplifters	
	5. Prosecution	
	a. Retail Fraud I	
	b. Retail Fraud II	
	c. Restitution	10 min.
F.	Shoplifting Video	10 min
G.	Question and Answer Period	5 min.
H.	Employee Theft	
	1. Definition of Employee Theft	
	2. Cost to Businesses	3 min.
I.	Employee Theft Techniques	
	1. Till Tapping	
	2. Sweethearting	
	3. Refund Fraud	
	4. Credit Fraud	5 min.
J.	Employee Theft Apprehension	2 min.
K.	Methods Used to Apprehend Employees	
	1. Purse Shop	
	2. Salt the Till	
	3. Concealed Camera	
	4. Professional Shopping Service	
	5. Undercover Operations	5 min.
L.	Prosecution	
	1. Embezzlement	
	2. Larceny in a Building	
	3. Restitution	2 min.
M.	Employee Theft Video	10 min.
N.	Question and Answer Period	2 min.
O.	Complete Post-test Questionnaire	7 min.
Total		83 min.

APPENDIX C

Appendix C

Below are the self report questionnaire that was used as the data collection tool for the experimental group.

Place a four digit Identification number here_____

Consent Letter

Thank you for participating in this loss prevention awareness study. The purpose is to investigate loss prevention awareness among college students. Please complete the self report questionnaire at the beginning and at the end of this class session. This study will occupy no longer than one class period. Your participation is warranted on a volunteer basis. should you choose not to participate no penalty will be levied against you. Subjects can discontinue participation at anytime without penalty. It should be understood that all names of participants will be held in strict confidence and will remain anonymous. Should you have questions regarding this study you may contact Phillip M. Hannah at 517-372-3305. "You indicate your voluntary agreement to participate by completing and returning this questionnaire".

Signature_____

Loss Prevention Awareness Pre-Test Experimental

You have been hired by ABC Department Store as a management trainee. Before you can assume your responsibilities you must first go through a loss prevention awareness orientation. This includes completing a loss prevention awareness questionnaire before and after the loss prevention training. the purpose of this training is to make you aware of the shoplifting and employee theft problems that you may encounter while working.

This questionnaire is divided into two sections. Section I is ten questions that are related to shoplifting and employee theft. Section II is several demographic questions.

Section I

Please complete all questions by placing an "x" in the space preceding the appropriate response. Please choose only one response. Responses to each question is listed as such: SD=Strongly D=Disagree, D=Disagree, U=Undecided, A=Agree, and SA=Strongly Agree

1. Shoplifters are people posing as customers who steal articles of value that are on display during a store's business hours.

____SD____D____U____A____SA

2. If I saw a person shoplifting, I would contact my manager or loss prevention immediately.

____SD____D____U____A____SA

3. Management should play more of a role in preventing shoplifting than the regular and part-time employee.

____SD____D____U____A____SA

4. Regular and part-time employees have more of a responsibility for preventing shoplifting than management because they work directly with the customers.

____SD____D____U____A____SA

5. All shoplifters should be prosecuted to the full extent of the law regardless of the value of the merchandise that was stolen.

____SD____D____U____A____SA

6. Employee theft is caused by people who steal from inside the company.

____SD____D____U____A____SA

7. If I witnessed a fellow employee commit an act of theft, I would immediately report the incident to my manager or the loss prevention manager.

____SD____D____U____A____SA

8. Management should play more of a role than regular and part-time employees in reporting and reducing employee theft.

____SD____D____U____A____SA

9. The regular and part-time employee should play more of a role than management in reporting and reducing employee theft.

____SD____D____U____A____SA

10. Depending on the circumstances, employees who are caught stealing from the company should be fired and prosecuted to the full extent of the law.

____SD____D____U____A____SA

Section II

Place an "x" in the space preceding the response that best describes you. Please choose only one response.

1. Age
____16-18____19-21____22-24____25-Over
2. Sex
____Female____Male
3. Ethnic Background
____Caucasian____African American____Hispanic
____Native American____Asian____Other
4. Marital Status
____Single____Married____Divorced____Seperated
5. Class Level
____Freshman____Sophomore____Junior____Senior
6. Retail Work Experience
____Yes____No
7. Previous Loss Prevention Experience
____Yes____No
8. Major In School
____Criminal Justice____Other

APPENDIX D

Appendix D

Below are the self report questionnaire that was used as the data collection instrument for the post-test for both the experimental and control groups. The questions on this instrument are ordered differently from the initial pre-tests.

Place your four digit identification number here_____

Loss Prevention Awareness Study Post-Test

Please complete all questions by placing an "x" in the space preceding the appropriate response. Please choose only one response.

1. Whether an employee should be fired and prosecuted for employee theft, depends on the circumstances of the incident.
 ____SD____D____U____A____SA
2. A shoplifter can be defined as a person posing as a customer, who steals merchandise from a store during business hours.
 ____SD____D____U____A____SA
3. Regular and part-time employees should play more of a role than management in reporting and reducing employee theft.
 ____SD____D____U____A____SA
4. If I observed a shoplifting incident, I would contact by manager or the loss prevention department.
 ____SD____D____U____A____SA
5. Management should play more of a role than the regular and part-time employee in reporting and reducing employee theft.
 ____SD____D____U____A____SA
6. Management should play more of a role in preventing shoplifting than the regular and part-time employee.
 ____SD____D____U____A____SA

7. If I witness a fellow employee commit an act of theft, I would immediately report the incident to my manager or the loss prevention department.

____SD____D____U____A____SA

8. All shoplifters should be prosecuted to the full extent of the law regardless of the value of the merchandise that was stolen.

____SD____D____U____A____SA

9. Employee theft is when people steal from inside the company.

____SD____D____U____A____SA

10. Regular and part-time employees have more of a responsibility for preventing shoplifting than management because they work directly with the customer.

____SD____D____U____A____SA

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