



Employee Theft during a Recession: What Employers Need to Know

During times of financial insecurity, typically honest employees may resort to theft due to falling housing prices, increasing food costs and a serious credit crunch. Employees may also be motivated to steal if they were given extra responsibilities after others were terminated without an increase in compensation. While they may not normally be so inclined to take advantage of their employer, thieving employees may find themselves rationalizing this behavior because they are panicked about their current financial situation. As a result, companies are wise to look out for increased criminal acts by their employees, especially if layoffs have been commonplace recently within the organization.

Preventing Employee Theft

Theft comes in many shapes and sizes, depending on your organization and employees. Typically, though, employee may embezzle money or steal products, such as food or electronics. In addition, employees may use company time to take care of personal obligations (known as "time theft"). They may use company time to look for a new job, if they are in fear of losing their current one, or may use work time to take care of personal business. Furthermore, if employees are under tremendous pressure due to an uncertain job fate, they may be more inclined to take breaks to surf the Web as a way to reduce some of their stress.

Prevention Techniques

To curb theft at your organization, consider the following safeguards:

- Communicate with your employees about the economy and how it will affect your organization. Be open and honest while discouraging them to panic and resort to theft.
- Conduct more internal audits.
- Increase company oversight by upper management and owners.
- Reconcile bank statements immediately.
- Consider using a payroll service to ensure accuracy.
- Purchase Embezzlement Insurance.
- Consider installing surveillance equipment. Be mindful that this may decrease employee morale if they feel that they are not trusted.
- Upper management may consider taking a pay decrease or not receiving bonuses like lower-

level employees. Then, let employees know that everyone in the organization is affected by the economy.

- Give different employees different jobs, such as one person handling transaction authorizations, one person collecting or paying cash and one person maintaining records. Do not allow one employee to have too much control.
- Encourage employees to use their vacation time. If someone is stealing, it may become more evident once they are away for a few days.
- Establish a fraud hotline for employees to report suspicious or fraudulent behavior. Give them the option to call anonymously.
- Conduct thorough background checks on all your new hires.

For more theft and crime prevention information or to learn more about Embezzlement Insurance, contact Colburn Group at 248-643-4800 today.

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