

DISHONESTY IN THE RETAIL STORE ENVIRONMENT – PART 4

by Linda Carter

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In last month's newsletter we discussed the fact that 85% of all employees are basically honest but can steal under the right set of circumstances. We also reviewed two actual incidents I was involved in and some of the many ways in which employees steal from their retail store employer. This month we will discuss steps you can take to keep from hiring dishonest employees and how you can keep your existing employees honest.

The best time to weed out dishonest employees and the problems they cause is by not hiring them in the first place! There are too many retailers who do no checking at all of potential new hires. At the minimum, you should be checking references to see if the prior employers would hire this person again. A criminal background check is also a good thing to do. A drug test is also an excellent tool to use. People who use drugs, which are illegal and expensive, are more likely to have need for cash beyond their paycheck and more willing to use illegal means to obtain it. Another tool the store owner has is what is called an "Integrity Test". This is a test taken either with paper and pencil or on-line to check the applicant's potential for dishonesty. The goal of these tests is to eliminate the candidates most likely to steal from the company. They are, however, no guarantee that the person you hire will not steal sometime in the future. We have reviewed a number of these tests in our office and following are 4 that we feel did a good job.

1. The Reid Report Test

The Reid company was founded in 1947 by John E. Reid, an attorney and criminologist and often referred to as the Father of the Polygraph. Mr. Reid partnered with Fred Inbau, Professor Emeritus at Northwestern School of Law and started to identify patterns in behavior and psychological attitudes that resulted in the Reid Report for use in evaluating prospective employees, which in 1950 became the first commercially available written integrity test.

The test is not lengthy (50 questions) and the questions are worded in such a way as to leave much gray area to be defined by the prospective employee. It is through this definition process of the gray area that the patterns start to emerge. To review this test, we used an on-line format. The test-taker remarked that the font was small and difficult to read—enough that it slowed the test taking procedure some. However, this is a well-rounded test that measures attitude, social behavior, substance abuse and work background. Vangent, currently marketing the Reid Report Test, can customize the test for an individual company and the test can be administered on a computer or by paper and pencil. Cost in June of 2008 was \$20 per test. For more information on the Reid Report test visit web-site link: <http://www.vangent-hcm.com/Solutions/SelectionAssessments/>

2. IntegriView:

IntegriView was founded in 1983 as CHC Forecast and has more than 20 years of experience helping leading retailers in the US and Canada reduce employee theft and dishonesty. They are also active members of the National Retail Federation. This was a well-rounded, well-worded test. The test-taker commented that it would have been helpful to freeze the answers so that as the screen scrolls up the answer choices remain visible. The questions are positively worded and not, in any way, offensive to the test taker. The IntegriView test further suggests questions for a business owner to ask to clarify anything that has potential to be a problem later.

This test is also available printed and/or online. The base price of this service is \$12 per test, but there are volume discounts. There is no annual fee and no contract. For more information on the IntegriView test, visit their website at: <http://www.integriview.com/index.php?Action=>.

3. Smart Moves:

SmartMoves! was founded in 1997 by Barbara Spector, a management consultant with 24 years experience. SmartMoves! serves the entire United States and Canada, offering web based assessments, training and coaching.

In review, the SmartMoves! test, also easy to take, seemed almost totally focused on drug usage. While that may be a leading cause of theft, I thought the questions were repetitive and related to drug usage almost exclusively, not to integrity. However, the test was quick and easy- both easy to read and not open to much interpretation by the test taker. Both questions and answers were very black and white. For more information, visit smartmoves at. <http://www.smartmovesinc.com/employee-assessment.php>

4. Psych Tests

PsychTests.com is a subsidiary of Plumeus Inc., a privately owned high-tech company. The psychologists, statisticians, and artificial intelligence specialists that make up the PsychTests.com team all have years of experience in the online testing field. Their mission is to provide anyone interested with assessment tools of the highest quality. The long-term extension of this mission is simple: to give both individuals and corporations the opportunity to evaluate aptitudes, attitudes and personality traits in an interactive way. By bringing state-of-the-art tests to new markets, PsychTests continues to lead the way.

This site was set up to be a self-test. My test-taker scored a 91 out of a possible 100, which according to the results means she should assumed to be an honest employee. The cost to purchase the report was \$6.25 per test as is on-line. Test took about 25 minutes. Questions were well-worded, the font was easy to read. All answer choices repeated with each question. This test provided answer choices that were varied with little interpretation needed. This company will re-work their master test for individual purchasers on company letter head or will score the test in greater detail for a price. To get more details on pricing information for your company, check out the website: <http://www.psychtests.com/about/faq/commercial.html>.

Store owners have a responsibility to themselves, their store and their employees to try to keep people honest. In addition to properly screening out dishonest people so they are not hired, the other step that needs to be taken at your store is to build an atmosphere of honesty so people not only are not tempted to steal but will alert management if they see another employee stealing. This can be difficult. A number of years ago, Peter Berlin, in the Berlin Report told about what he called the “Code of Silence” that keeps an employee from turning another employee in to management for dishonesty. According to Peter, this goes back to the childhood honor system of not ‘ratting’ on siblings or friends. This has been carried forward into adulthood and keeps honest employees from reporting dishonest co-workers to company management. One way to combat this is to hold a company meeting in which employee stealing is addressed.

Company management needs to let employees know that dishonest employees are hurting not only the company but the other employees as well since management may have to reduce costs in other areas to make up the losses. This can result in lower benefits or elimination of bonuses.

From Peter Berlin’s report: “By getting everyone to talk about it, employees begin to realize that their co-workers don’t like stealing any more than they do, and that the 'code of silence' is based on a bedrock of

nothing.” Such discussion should lead honest employees to take action when they see other employees stealing from the company.

One way to encourage employees to report dishonest activity is to have a “hot line” they can call and give anonymous tips to management. That way they are doing the right thing but no one needs to know who reported the problem.

Management must also accept it’s share of the blame for employee theft. If attitudes and controls are lax it sends the message to employees that management does not care. Employees then feel it is OK to take merchandise for themselves or to help themselves to cash in the register. This is why it is very important that managers and owners scrupulously follow all procedures so there is never any appearance of unethical actions on their part. If the owner wants to take merchandise out of the store for personal use, the appropriate paperwork must be done so employees can see that even the owner follows all the rules.

We hope this series has been an eye-opener to many of you out there. Shrinkage CAN be reduced! It is up to YOU to make sure it happens.

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