

HOW TO PREVENT AND DETECT EMPLOYEE THEFT

Employee theft is recognized as one of the major factors responsible for the failure of small businesses. Small businesses are especially vulnerable to employee theft as they do not have the resources of larger businesses. This article addresses the effects of employee theft on small businesses and measures that can be taken to prevent it.

Employee theft can have an adverse effect on small businesses, as theft of merchandise, inventory, cash and other assets can cause major losses to a business.

Employees can steal both money and merchandise from your business, they steal money while they are handling it directly, they can steal money by giving incorrect change, they can report false losses or by diversion of company money from the safe into his/her own pocket.

WHAT CAN BE DONE TO PREVENT AND DETECT EMPLOYEE THEFT?

HIRE RESPONSIBLE AND TRUSTWORTHY INDIVIDUALS- take precautions to only hire individuals you can rely upon. To achieve this, screen applicants using background checks, reference checks, character examinations, recommendations from previous employee and any other examinations you may deem necessary.

SET UP INTERNAL CONTROLS- internal controls are procedures and policies that define the role and responsibilities of each employee to ensure the correct action is taken to effect the smooth running of the business.

Internal controls help to ensure accountability, as each employee will have his own role. The employee responsible for handling cash will know his role and be responsible for it, the employee in charge of stock and inventory will be equally be responsible for such items and the same should apply for all employees.

USE ACCOUNTING AND POS SOFTWARE- this automates the whole process, and it makes it easier to monitor the inflow and outflow of cash.

CLOSELY MONITOR EMPLOYEES WORKING DIRECTLY WITH MONEY- keep a close eye on cashiers and other employees that handle cash. Conduct regular audits of invoices, receipts, and cashbooks.

TAKE ADEQUATE PHYSICAL SECURITY MEASURES- install multiple and strong locks. Install deadbolt or padlock keys to secure your doors. Also use bars and grates on your windows. Make sure your place of business as cameras installed in strategic places for proper supervision. You can also consider alarm systems

USE PASSWORDS AND ACCESS AUTHORIZATION TO PROTECT COMPANY SOFTWARE AND APPLICATIONS- use passwords for your in-house software and to protect administrative access to the company's website. This is primarily to prevent valuable company information and customer data from being stolen.

MONITOR EMPLOYEE BEHAVIOR AND CHANGE IN LIFESTYLE- radical changes in employee lifestyle is a major indicator that an employee is being supplementing his wages with company cash.