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## **Workplace Fraud and theft in SMEs: Evidence from the mobile telephone sector in Nigeria**

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### **Abstract:**

**Purpose** - This study investigates employee fraud within small enterprises in the Nigerian mobile phone sector. It also seeks to understand the key factors that motivate employees to engage in fraudulent behaviours against their employers, and the consequences of these fraudulent behaviours on small businesses (SMEs) in Nigeria.

**Design/methodology/approach** - The empirical study involves the use of quantitative research. Data was collected through structured questionnaires from 159 business owners, sales representatives, cashiers and suppliers. Frequency distribution, Percentages, Pearson correlation, and multiple regression analysis were used to analyse the collected data.

**Findings** - The findings from this research shows a significant relationship between personal and organisational factors and employee theft. Particularly, organisational factors made the strongest positive contribution to employee theft. The research also revealed that employee theft had significant effects on employers but less significance on employees. In addition, the research revealed that many businesses did not have preventive measures against employee theft in their firms.

**Originality/Value** – This study shows the relationship between different factors that could cause an employee to engage in fraudulent behaviours, particularly in SMEs in Nigeria.

**Keywords:** Employee fraud, Employee theft, Fraud, Occupational fraud, Workplace theft, SME

**Paper type:** Research paper

## **Introduction**

Nigeria, like many other countries, faces challenges as a result of fraud incidence, theft and other similar unethical practices, which have negatively affected the advancement of the country and its global image (Hamilton and Gabriel, 2012). Unethical behaviours such as theft have resulted in high failure rates in businesses with a resulting adverse effect on the economy (Cant *et al.*, 2013). Particularly, SMEs in Nigeria are not an exception because they have been similarly marred by unbelievable waves of employee theft (Hamilton and Gabriel, 2012). Employee theft cannot be overlooked as it causes huge losses to SME owners in Nigeria. Most importantly, these SMEs have been identified as an essential element for economic development in Nigeria. According to Oyebamiji *et al.* (2013), they are the power house for economic growth and development in every country. For instance, according to the ACFE (2014), SMEs are disproportionately afflicted with employee theft. The report further disclosed that the majority of workplace theft occurred in privately-owned businesses. In support of the ACFE's findings, a study conducted by Marquet International Limited on employee theft presented that the victims of over 1,000 key embezzlement cases were mostly privately-held SMEs (Hrncir and Metts, 2011).

The purpose of this paper is to examine the causes and effects of employee theft within the small enterprises of the Nigerian mobile phone sector. The findings of this paper were also compared with similar studies and existing theories in fraud and theft literature. This paper argues whether there is any relationship between personal factors, organisational factors and employee theft. This paper focuses mostly on employee fraud within small enterprises in the Nigerian mobile phone sector. While there have been studies on fraud in SMEs, there has not been a study on employee fraud in SMEs with particular reference to fraud within Nigeria's mobile phone businesses, which account for significant economic activities in the Nigerian economy.

This research is motivated by an increasing rate of employee theft incidence in the Nigerian SMEs. It is important that every business owner, especially in the mobile phone sector, understands the motivating factors of employee theft in order to aid proper deterrence strategies. In consideration of the vital role SMEs play as the backbone of Nigerian economic development, this research is indispensable because it would bring to light the causal factors of

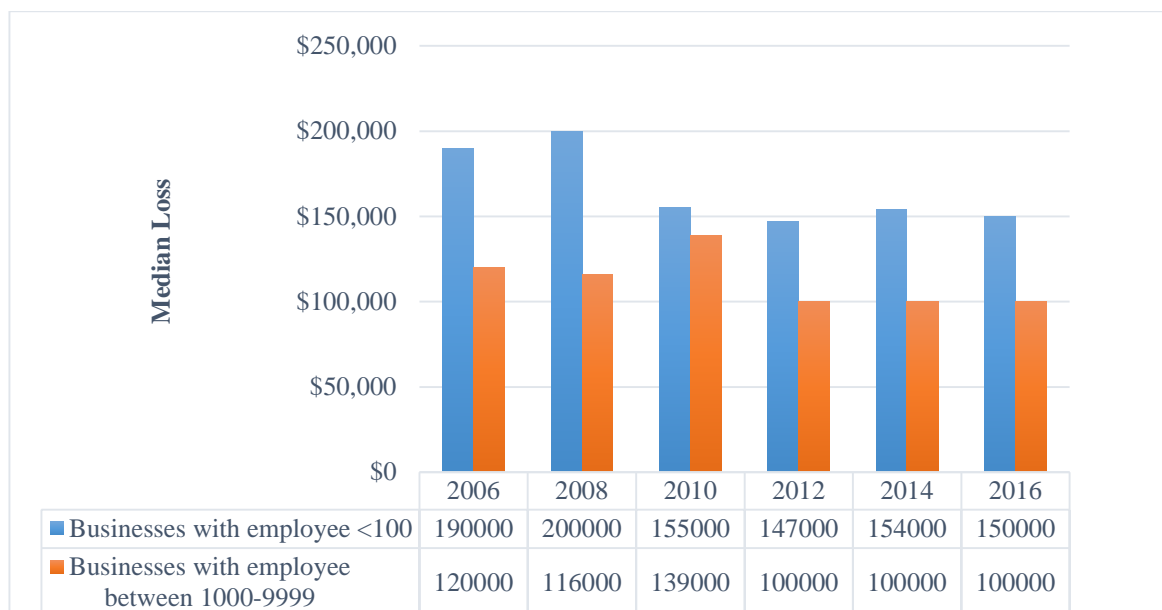
employee theft, the methods employed, and its potential effects on Nigerian mobile phone businesses.

***Employee theft***

Employee theft is a class of fraud that involves the illegal collection of monetary or non-monetary items of an entity (Idolor, 2010). It is defined as any unlawful acquisition, control, or conversion of either cash or property (or both) of a company by its employee during the course of a job-related activity (Wells, 2011). This definition is in line with Greenberg’s definition of employee theft as an illegal acquisition of an entity’s property by the employee for personal benefits (Sauser, 2007). However, Greenberg further pointed out that his definition excludes theft of a co-worker’s property and also differentiated petty theft from grand theft. These distinctions are among the features that generate ample instabilities in the monetary cost estimation and incidence of employee theft (Sauser, 2007).

Furthermore, the ACFE (2014) reinforced in their research that SMEs have consistently suffered higher median losses due to employee theft and fraud, unlike the larger businesses. Figure 1 below shows the median losses resulting from employee theft and fraud in small and large businesses between 2006 and 2014.

**Figure 1 Median loss of employee theft in small and large businesses (2006 to 2016)**



**Source:** The ACFE biennial Reports (2006 to 2016)

## **Previous Studies on Employee Theft**

Different researchers from different disciplines have examined employee theft; Psychologists, Criminologists and Sociologists concentrate on the individual, with the intention to establish the behavioural profiles of people who pilfer merchandise or cash at workplaces (Niehoff and Paul, 2000). Particularly, the problem has been of great concern to sociologists and practicing managers (Greenberg, 2002). In order to understand why theft occurs within the Nigerian mobile phone sector, it is essential to examine these factors from the different perspectives of various researchers (Niehoff and Paul, 2000; Jackson *et al.*, 2010).

A study by Hollinger and Clark (1983) found that employee theft was mainly due to workplace conditions. A key conclusion from their study was that employee theft was caused by job dissatisfaction. Murphy (1993 cited in Kulas *et al.*, 2007) supported the finding and pointed out that unsatisfied employees indulge in theft activities at workplaces. However, an earlier study by Cressey (1973) examined the factors that encouraged employees to engage in theft from employers and identified three elements: pressure, opportunity and rationalisation, which constitute the “fraud triangle” (Mackevicius and Giriunas, 2013). The fraud triangle theory formulated by Cressey explains the reasons why trusted employees commit fraud. Since this ground-breaking research by Cressey, several scholars have explored the theory of the fraud triangle and have come up with different conclusions on its ability to explain the motivation for fraud.

Although Cressey’s fraud triangle theory gives an explanation as to the nature of several employee deviances (Wells, 2011), it has been developed and also criticised by several scholars who argued that the theory is not suitable for mitigating, deterring and identifying fraud (Kassem and Higson, 2012). For instance, Dorminey *et al.* (2012) demonstrated that an organised crime such as commercial bribery may involve several people or parties with different motives. In other words, the fraud triangle does not deal with the entire traits of white-collar criminals who engage in these kinds of acts. Albrecht *et al.* (2008) argued that situational pressure, perceived opportunities and integrity might be present; however, an employee can only commit fraud when personal integrity is low. These researchers developed the fraud scale based on an investigation carried out on 212 fraud cases in the early 1980s. In the same way, Wolf and Hermanson (2004) extended the fraud triangle to the “fraud diamond”, stressing that a deviant employee might have the incentive, be pressurised and also rationalise his or her actions, but can perpetrate fraud only if they are capable or skilful. Despite the criticisms of

fraud triangle theory, it is still considered as the basis for the further development of fraud theory.

In addition to the factors discussed above, some studies have presented various causes of employee theft, ranging from behavioural defects and personal predicaments through to disillusionment, deprivation, job dissatisfaction, and the urge for retaliation to work group cultures, disregarding theft coalesced with opportunity (Sausser, 2007). For example, a research conducted by Hollinger and Clark in 1983 revealed that those employees prone to indulging in theft are usually young, under pressure, and emotionally destabilised (Wells, 2011). This is supported by the findings of Krippel *et al.* (2008) whose empirical study on employee theft revealed that employees who engaged more in theft were of the age groups of 21-25 and 26-30 years, while the age group of 60 years and above did not engage in theft incidence. Similarly, a research conducted by Hamilton and Gabriel (2012) showed that young people within the 31-40 age group were most involved in fraudulent activities within Nigerian businesses. Though these researchers found that young people indulged more in theft, this result cannot be generalised because some older employees can also indulge in theft.

Hollinger and Clark explored a strong financial need as one of the hypotheses to explain employee theft. This financial need can be likened to non-shareable financial problems, which was described by Cressey as pressure. According to Cressey's research, most trust violators considered non-shareable financial need as the motivator for their unscrupulous acts (Wells, 2011). In addition, research conducted by Albrecht *et al* in the early 1980s also revealed some personal characteristics of perpetrators, which are similar to those identified by Cressey as non-shareable financial needs. The result of their research showed some highly-ranked factors, which could result in financial need. The factors include "living beyond one's means; high personal debt; undue family pressure; non-recognition of job performance and excessive gambling habits" (Wells, 2011, pg. 23).

In addition, employees who closely associate with deviant employees are also likely to indulge in employer theft (Niehoff and Paul, 2000). This is affirmed by Edwin Sutherland's theory of differential association, which posits that crime is learnt from close personal groups (Wells, 2011); possibly due to peer pressure. Supporting this view, McClurg and Butler (2006) noted that the tendency of an employee to steal from their employer is present when the degree of compliance with unethical group norms increases alongside heightened social bonds in the group. Employee theft is also encouraged by group cultures, which possibly condone, appraise,

or fail to undermine such behaviour (Niehoff and Paul, 2000). In contrast, Albrecht *et al* (2008) argued that theft can take place only when the employee has low veracity. Therefore, the theory of differential association can only apply when an employee has low integrity.

Some researchers (Ekechi, 1990; Ovuakporie; 1994) have also confirmed that some factors such as internal control, poor hiring practices, lack of accountability, poor ethical values and poor physical security trigger employee fraud within Nigerian SMEs (Hamilton and John, 2012). This factor is multi-faceted, and could include company policy regarding compensation, appraisal of job performance, ethical behaviour, grievance policy, behaviours of the top managers and other employees, and the internal control structure in an organisation. Suffice it to say that unfair treatment towards employees give rise to dissatisfaction, poor commitment and a tendency towards vengeful behaviours (Niehoff and Paul, 2000).

Employees indulge in theft due to several factors, but inequity is extensively recognised as the most potent (Greenberg, 2002). For this purpose, the equity theory explains that employees steal from employers to reinstate balance, especially when they feel their inputs are not commensurate with their compensation (Appelbaum *et al.*, 2006). In particular, this kind of theft is in synchronisation with insufficient payment made to employees. Researchers (Colquitt and Greenberge) who found that employees are inclined to pilfer from employers when they feel their salaries were not commensurate with their tasks at their workplaces (Greenberge, 2002).

It can be deduced from the above reviewed literature that the presence of the factors discussed heightens the risk of employee theft and possibly costs Nigerian SMEs millions of naira. Nevertheless, the causes reviewed gave rise to diverse effects on the business owners as well as the employees of the organisation.

## **Research Methodology**

### ***Data Collection***

The authors administered 400 questionnaires to the employees and business owners of SMEs within the Nigerian mobile phone sector. The questionnaires were emailed with an enclosed cover letter explaining the purpose of the research whilst emphasising the confidentiality of the respondents' responses. The population for this research involves all the small enterprises within the Nigerian mobile phone sector. The authors received the respondents' email addresses from the Phone and Allied Products Dealers Association of Nigeria (PAPDAN).

The data was acquired via a five-section structured questionnaire, which encompassed 36 items. The data collection was done mainly in Lagos. The authors collected data from the employees of different departments (such as sales, supply, accounts, cash) and owners of Nigerian mobile phone businesses based in Lagos State using stratified sampling method. The stratification of the sample is relevant because the data collected from each stratum offered a unique view towards the research problem.

IBM Statistical Package for Social Science (SPSS) was used in analysing the quantitative data generated from the questionnaires. Specifically, descriptive and inferential statistics such as frequency distribution, percentage, Pearson correlation coefficient, and multiple regressions were used in this research. Whilst the descriptive statistics were used at the exploratory stage for transforming raw data to a more understandable form, the inferential statistics were used afterwards to ensure the research questions were addressed correctly.

### **Model Specification**

The models for the causes and effects of employee theft are stated as follows:

1.  $AEMTHEFT = f (AVTPEFAC, AVORGFAC);$
2.  $ABOEFECT = f (LAR, BIL, SKM, EXR);$
3.  $AEMEFECT = f (LAR, BIL, SKM, EXR);$

Table 1 describes the variables used in the models.

### **Table 1 : Variable Description**

The causal factors of employee theft,  $\beta$  (independent variable) are measured based on personal and organisational factors, while the dependent variables (employee theft) are measured with larceny, billing, and skimming and expenses reimbursement. The effects of employee theft are measured based on employer and employee effects. The econometric specifications of the models are as follows:

1.  $AEMTHEFT = \beta_0 + \beta_1 AVTPEFAC + \beta_2 AVORGFAC + \alpha$
2.  $ABOEFECT = \beta_0 + \beta_1 LAR + \beta_2 BIL + \beta_3 SKIM + \beta_4 EXD + \alpha$
3.  $AEMEFECT = \beta_0 + \beta_1 LAR + \beta_2 BIL + \beta_3 SKIM + \beta_4 EXD + \alpha$

For the causes of employee theft, where;

$\beta_0$  = Intercept

$\beta_1$  = personal factors

$\beta_2$  = organisational factors

$\alpha$  = Regression residual

For the effects of employee theft, where;

$\beta_0$  = Intercept

$\beta_1$  = Larceny

$\beta_2$  = Skimming

$\beta_3$  = Billing

$\beta_3$  = Expenses reimbursement

$\alpha$  = Regression residual

## **Data Analysis and Interpretation**

### ***The Victims of Employee Theft***

Respondents were asked to rate the extent to which they had experienced employee theft in their businesses.

### **Table 2: The Victims of Employee Theft**

### **Level of Involvement of different Age Groups in Employee Theft**

The respondents were asked to give their views of the age groups of employees that indulged more in theft incidence in their businesses.

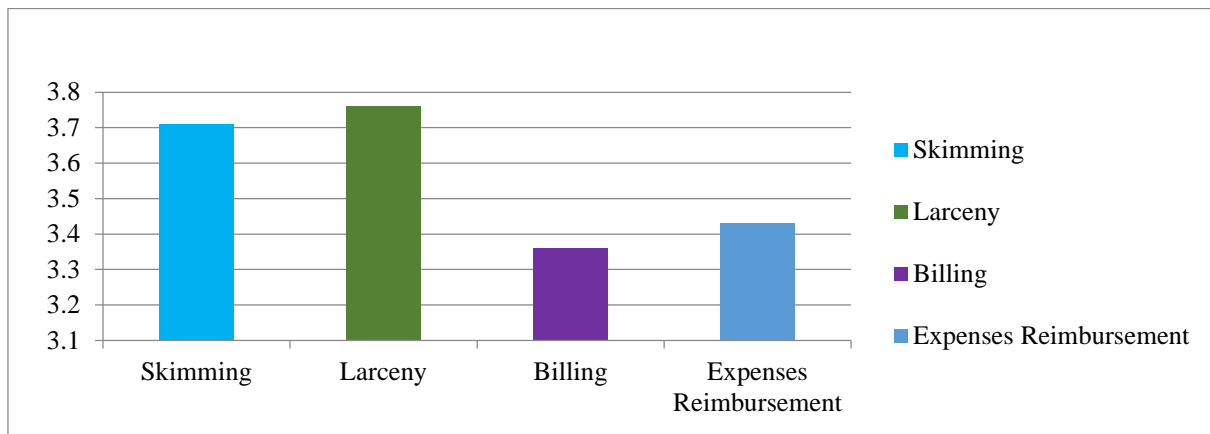
### **Table 3: Level of Involvement in Employee Theft**



### *Employee Theft Methods*

The respondents were also asked to state the extent to which some of the key employee theft methods had been used in their businesses.

**Table 4: Employee Theft Methods**



**Figure 2 : Mean scores for employee theft methods**

### *Causes of Employee Theft*

In order to ascertain the factors that caused employee theft within small enterprises in the Nigerian mobile phone sector, the employees and business owners were asked to indicate their level of agreement to some attributes of an unscrupulous employee, and the organisational factors that presented opportunities for employee theft to occur in their businesses.

**Table 5 Personal Factors of Employee Theft**

**Table 6 Organisational Factors of Employee Theft**

### *Effects of Employee Theft*

In order to find out the potential effects of employee theft within Nigerian mobile phone businesses, the respondents were asked to identify their level of agreement with some key implications of employee theft, based on employer and employee centred effects

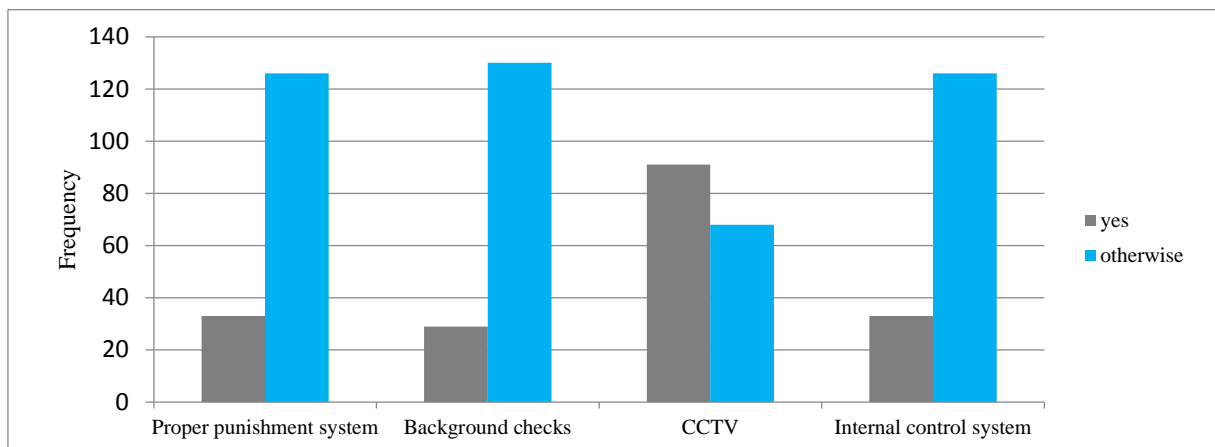
**Table 7 Effects of Employee Theft on the Employers**

**Table 8 Effects of Employee Theft on the Employees**

**Control Measures for Employee Theft**

This research also sought to explore available control measures in the SMEs. The respondents were asked to give their views on the employee theft control measures available in their firms.

**Table 9: Available Employee Theft Control Measures**



**Figure 3:** Availability of control measures

**Pearson Correlation of the Variables**

This paper analysis shows a positive correlation between all of the age groups and employee theft. Hence, the age groups that had the strongest positive relationship with the dependent variable is the age group of 22-30 years ( $r = 0.680$ ;  $p < 0.001$ ), followed by the group below 21 years ( $r = 0.394$ ;  $p < 0.001$ ). On the other hand, the age groups 31-40 years ( $r = 0.124$ ;  $p > 0.001$ ) and 41- above ( $r = 0.120$ ;  $p > 0.001$ ) had the weakest relationship with employee theft at a non-significant alpha level. This implies that the age group of 22-30 years indulged more in employee theft.

Additionally, the correlation coefficient of the personal and organisational factors was ascertained. The results showed a positive relationship between personal factors, organisational factors and employee theft. The organisational factors (0.822) had a higher correlation with the dependent variable (employee theft) than the personal factors (0.278). Moreover, the independent variables did not indicate any multicollinearity.

Regarding the employer effect on employee theft; the correlation result showed a positive relationship of  $r = 0.450$  ( $p < 0.001$ ). The employee effect, on the other hand, showed a negative correlation of  $r = -0.053$  ( $p > 0.001$ ). This result implies that employee theft only had an effect on the employers, but not on the employees themselves.

### **Hypotheses Testing**

The hypotheses formulated to aid the achievement of the research objectives are tested below:

#### **Hypothesis 1**

***Ho 1: There is no significant relationship between personal, organisational factors and employee theft.***

**Table 10: Regression Analysis Result Showing the Relative Contributions of Personal and Organisational Factor to Employee Theft**

Table 10 show that organisational factors made the strongest contribution ( $\beta = 0.621$ ;  $P < 0.05$ ) to employee theft at a significant alpha level, while personal factors made less contribution ( $\beta = 0.202$ ;  $P < 0.05$ ). The multiple regression coefficient ( $R^2$ ) of 0.48, implies that the variables were jointly responsible for a 48% variance in the dependent variable. The remaining 52% unexplained variation was possibly caused by a variable that was not included in the regression model. The result also revealed that the model is statistically significant in terms of its general goodness of fit ( $F = 72.166$ ;  $p < 0.05$ ). Although the two factors made an unequal contribution to employee theft, they were both significant at an alpha level of  $p < 0.05$ . Hence, the null hypothesis was rejected.

**Table 11: Extent of Individual Contributions of the Personal Factors on Employee theft**

In addition to the outcome shown in Table 11, it also shows that strong financial need made the strongest contribution ( $\beta = 0.327$ ;  $p < 0.05$ ); next is unhappiness with job ( $\beta = 0.307$ ;  $p < 0.05$ ); followed by close association with unscrupulous colleagues ( $\beta = 0.271$ ;  $p < 0.05$ ); excessive pressure from family members ( $\beta = -0.159$ ;  $p < 0.05$ ); excessive gambling habits also made negative significant contribution ( $\beta = -0.220$ ;  $p < 0.05$ ); and lastly, not recognising employee theft as an unethical act made a negative contribution at a significant level ( $\beta = -.175$ ;  $p < 0.05$ ). This implies that these items of personal factors (strong financial need, unhappiness with job, close association with unscrupulous colleagues, excessive gambling, and not recognising employee theft as an unethical act) jointly made significant contributions to employee theft at workplaces, while the living beyond one's means ( $\beta = 101$ ;  $p > 0.05$ ) did not. No multicollinearity was found in any of the items examined.

**Table 12: Extent of Individual Contributions of the Organisational Factors on Employee theft**

Table 12 also shows the outcome of analysis conducted to determine the individual contribution of all the items of the organisational factors. The result shows that underpayment for lots of work done made the strongest contribution ( $\beta = 0.583$ ;  $p < 0.05$ ) to employee theft at a significant alpha level; followed by non-separation of duties ( $\beta = 0.187$ ;  $p < 0.05$ ); unfair treatment received from workplaces ( $\beta = 0.158$ ;  $p < 0.05$ ); no frequent review of duties ( $\beta = 0.140$ ;  $p < 0.05$ ); unrecognised job performance ( $\beta = 0.061$ ;  $p < 0.05$ ); lastly, inadequate control of cash or store items also made a positive contribution at a significant level ( $\beta = 0.075$ ;  $p < 0.05$ ). All the items positively contributed significantly to employee theft incidence, except placing too much trust on key staff ( $\beta = 0.004$ ;  $p > 0.05$ ). The result also showed the absence of multicollinearity in the items examined.

### **Hypothesis 2**

*Ho<sub>2</sub>: There is no significant effect of employee theft on employers (business owners).*

#### **Table 13: Regression Analysis Result Showing Relative Contributions of Predictor Variables of Employee Theft on Employer Centered Effect.**

Table 13 shows that the t-ratios of skimming and larceny were significant at alpha level ( $p > 0.05$ ), while those of the billing and expenses reimbursement scheme did not make a significant contribution. Also, the variables used to predict the effect of employee theft on employers (business owners) produced a multiple regression coefficient ( $R^2$ ) of 0.211. This indicates that employee theft accounted for 21% of the perceived variance in the dependent variable (employer effect). The remaining 79% unexplained variation was possibly caused by a variable that was not included in the regression model. As indicated earlier, the variance analysis of the multiple regression data also produced a significant F-ratio of 10.59 ( $p < 0.05$ ). This denotes that employee theft had employer effects on Nigerian mobile phone businesses. Therefore, hypothesis 2 is rejected.

### **Hypothesis 3:**

*Ho<sub>3</sub>: There is no significant effect of employee theft on employees.*

#### **Table 14: Regression Analysis Result Showing Relative Contributions of Predictor Variables of Employee Theft on Employee Centred Effect.**

As shown in Table 14, none of the t-ratios for each predictor variables were found to be significant, except for skimming. The employee theft methods used to predict employee effects only yielded a multiple regression coefficient ( $R^2$ ) of 0.047. This infers that the four predictor variables only accounted for 4.7% of the employee centered effect, which is not significant at alpha level ( $p > 0.115$ ). The remaining 95.3% unexplained variation was possibly caused by a variable that was not included in the regression model. The table also shows that the multiple regression data yielded a significant F-ratio of 1.89 ( $p > 0.05$ ). With this result, it can be said that employee theft is not a significant predictor of the employee centred effects investigated in this research. Hypothesis 3 is accepted.

### **Summary of tested hypothesis and findings**

#### **Table 15: Summary of Findings**

From the findings, the authors can show that majority of the respondents had fallen victim to employee theft in the small enterprises of the Nigerian mobile phone business. The result also showed a positive significant contribution of both personal and organisational factors. The results further showed that employee theft had significant effect on the business owners. In other words, an increase in employee theft incidence resulted to a corresponding increase on employer effects. However, employee theft did not make any significant contribution to employee effects.

### **Conclusion**

Employee theft is a menace to SMEs for several reasons. The result revealed that organisational factors were a greater motivator of employee theft than personal factors. This therefore suggested that the deviant and non-previously deviant employee(s) may be tempted to indulge in theft due to low pay, unjust treatment, and weak internal control systems. Though some personal factors such as strong financial need, job dissatisfaction and close association with unscrupulous colleagues encouraged employee(s) to engage in employee theft; the availed opportunity for such incidence is still the major cause of employee theft. Therefore, this confirms that the occurrence of employee theft is due to a combination of non-shareable financial need, opportunity, and rationalisation.

It should be noted that the motivating factors for employee theft may vary according to the nature of the business. This is because the entire personal and organisational factors reviewed

in this research have been found to have made significant contributions to employee theft in various researches. However, personal factors such as living beyond one's means did not contribute significantly to employee theft. Then, for the organisational factors, a high degree of trust towards key employees did not contribute to employee theft.

This research also found that employee theft resulted in business failures, a reduction in profit, and also caused emotional stress to business owners. However, it found that employee theft did not result in job loss, reduced trust and salary within the small enterprises reviewed. Obviously, the employers were affected by employee theft, unlike the employees, who were not affected. This is an indication that the employers independently bear the employee theft consequences in the SME reviewed. Moreover, the perceptions of employees, as well as the operational systems of Nigerian mobile phone businesses, differ from other SMEs. Hence, disparities in the results should be expected when such an investigation is conducted across different business environments.

It is clear from the findings of this research that effective preventive measures such as grievance policy, employee background checks, effective internal control systems, and the physical control of employee theft were not available in most of the firms. The result revealed that the unavailability of these control measures in the businesses encouraged employee theft, and it is evident that some of these measures were ineffective in some companies. This might be due to a lack of resources; however, the development and implementation of effective employee theft control measures should be paramount in these enterprises. These findings, therefore, should encourage business owners to reinforce internal controls in order to minimise theft risk and further losses.

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Table 1 describes the variables used in the models.

**Table 1 : Variable Description**

<b>Variable</b>	<b>Definition of Variable</b>	<b>Type</b>
AEMTHEFT	Employee theft	Dependent
ABOEFECT	Employer effect	Dependent
AEMEFECT	Employee effect	Dependent
AVTPEFAC	Personal factors	Independent
AVORGFAC	Organisational factors	Independent
LAR	Larceny	Independent
BIL	Billing	Independent
SKM	Skimming	Independent
EXR	Expenses reimbursement	Independent

**Table 2: The Victims of Employee Theft**

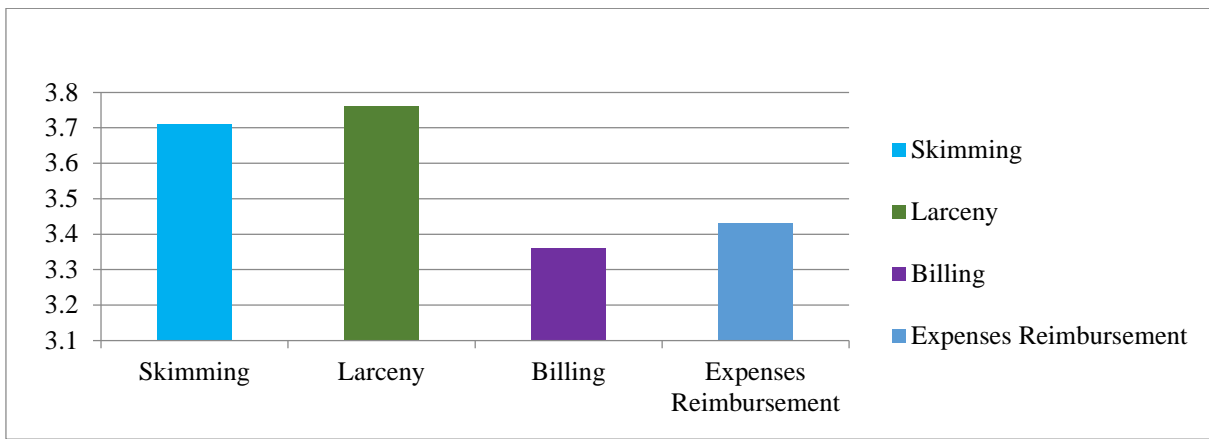
Scores	Frequency	Percentage
Never	2	1.3
Hardly	58	36.5
Sometimes	79	49.7
Most of the time	17	10.7
All the time	3	1.9
Total	159	100

**Table 3: Level of Involvement in Employee Theft**

Age group	Very low level		Low level		Moderate level		High level		Very high level	
	Freq	%	Freq	%	Freq	%	Freq	%	Freq	%
Below										
21	30	18.9	41	25.8	21	13.2	34	21.4	33	20.8
22 - 30	16	10.1	15	9.4	24	15.1	43	27.0	61	38.4
31-40	40	25.2	28	17.6	17	10.7	55	34.6	19	11.9
Over 41	78	49.1	39	24.5	13	8.2	18	11.3	11	6.9

**Table 4: Employee Theft Methods**

Employee theft methods	Very low extent		Low extent		Moderate		High extent		Very high level	
	Freq	%	Freq	%	Freq	%	Freq	%	Freq	%
Skimming	14	8.8	22	13.8	22	13.8	39	24.5	62	39.0
Larceny	7	4.4	25	15.7	27	17.0	40	25.2	60	37.7
Billing	23	14.5	28	17.6	25	15.7	34	21.4	49	30.8
Expenses Re-imburement	18	11.3	25	15.7	34	21.4	35	22.0	47	29.6



**Figure 4 :** Mean scores for employee theft methods

**Table 5 Personal Factors of Employee Theft**

Personal factors	Strongly agree		Agree		Neutral		Disagree		Strongly disagree	
	Freq	%	Freq	%	Freq	%	Freq	%	Freq	%
Living beyond one's means.	57	35.8	47	29.6	17	10.7	24	15.1	14	8.8
Strong financial need.	74	46.5	43	27.0	17	10.7	17	10.7	8	5.0
Excessive pressure from family members.	71	44.7	50	31.4	21	13.2	14	8.8	3	1.9
Excessive gambling habits.	65	40.9	52	32.1	27	17.0	15	9.4	0	0
Unhappiness with job.	68	42.8	42	26.4	20	12.6	19	11.9	10	6.3
Close association with unscrupulous colleagues	66	41.5	48	30.2	29	18.2	16	10.1	0	0
Not recognising employee theft as an unethical act.	57	35.8	51	32.1	30	18.9	14	8.8	7	4.4

**Table 6 Organisational Factors of Employee Theft**

Organisational factors	Strongly agree		Agree		Neutral		Disagree		Strongly disagree	
	Freq	%	Freq	%	Freq	%	Freq	%	Freq	%
Unfair treatment received from workplace.	68	42.8	37	23.3	16	10.1	13	28.	23	15.7
Underpayment for lots of work done.	69	43.4	45	28.3	26	16.4	19	11.9	0	0
Placing too much trust on key staff.	22	13.8	28	17.6	17	10.7	29	18.2	63	39.6
Unrecognised job performance.	44	27.7	52	32.7	24	15.1	23	14.5	16	10.1
Inadequate control of cash and store items.	78	49.1	48	30.2	20	12.6	13	8.2	0	0
Non-separation of duties.	79	49.7	46	28.9	19	11.9	10	6.3	5	3.1
No frequent review of store items.	73	45.9	45	28.3	19	11.9	12	7.5	10	6.3

**Table 7 Effects of Employee Theft on the Employers**

Employer centred effects	Strongly agree		Agree		Neutral		Disagree		Strongly disagree	
	Freq	%	Freq	%	Freq	%	Freq	%	Freq	%
Business failure	67	42.1	43	27.0	18	11.3	19	11.9	12	7.5
Reduction of profit.	60	37.7	39	24.5	25	15.7	15	9.4	20	12.6

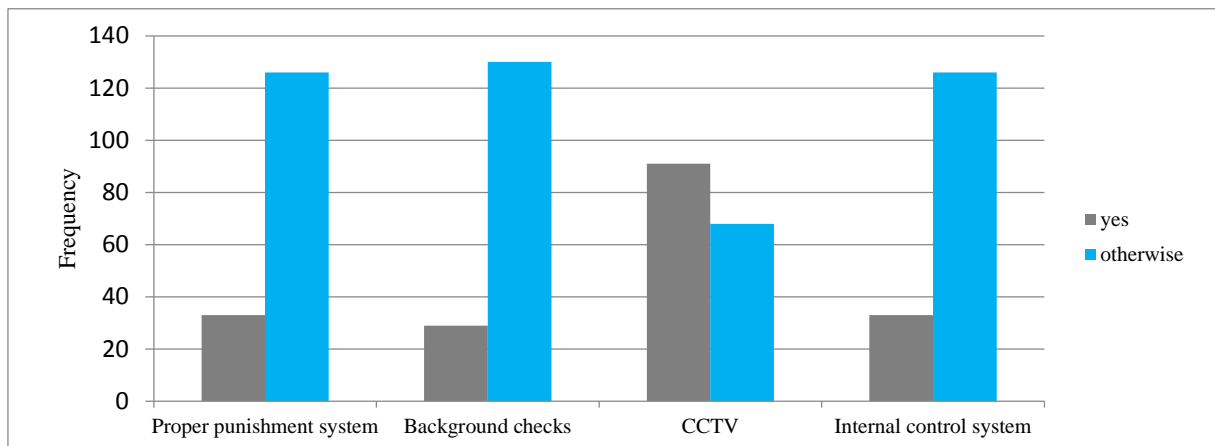
Causes										
emotional stress										
to business										
owners	53	33.3	30	18.9	23	14.5	24	15.1	29	18.2

**Table 8 Effects of Employee Theft on the Employees**

Employee centered effects	Strongly agree		Agree		Neutral		Disagree		Strongly disagree	
	Freq	%	Freq	%	Freq	%	Freq	%	Freq	%
Loss of job.	77	48.4	50	31.4	17	10.7	12	7.5	3	1.9
Loss of trust on the staff.	72	45.3	50	31.4	20	12.6	14	8.8	3	1.9
Reduction of salary.	64	40.3	48	30.2	28	17.6	14	8.8	5	3.1

**Table 9: Available Employee Theft Control Measures**

Preventive measures	Otherwise		Yes	
	Freq	%	Freq	%
Grievance policy	126	46.5	33	53.5
Background checks.	130	81.8	29	18.2
CCTV.	91	42.8	68	57.2
Internal control system	33	79.2	126	20.8



**Figure 5: Availability of control measures**



### **Hypotheses Testing**

The hypotheses formulated to aid the achievement of the research objectives are tested below:

#### **Hypothesis 1**

*Ho 1: There is no significant relationship between personal, organisational factors and employee theft.*

**Table 10: Regression Analysis Result Showing the Relative Contributions of Personal and Organisational Factor to Employee Theft**

Variables	Unstandardised Coefficients		Coefficients		Sig.	Collinearity Statistics	
	B	Std. Error	Beta	T		Tolerance	VIF
(Constant)	-.455	.387		-1.178	.241		
AVTPEFAC	.278	.081	.202	3.428	.001	.955	1.047
AVORGFA							
C	.822	.078	.621	10.524	.000	.955	1.047

a. Dependent Variable: AEMTHEFT  
R = 0.693<sup>a</sup>  
R<sup>2</sup> = 0.481  
F - ratio = 72.166  
P Value = 0.000

**Table 11: Extent of Individual Contributions of the Personal Factors on Employee theft**

	Unstandardised Coefficients		Standardised Coefficients		Sig.	Collinearity Statistics	
	B	Std. Error	Beta	T		Tolerance	VIF
(Constant)	2.403	.393		6.119	.000		
Living beyond one's means.	.076	.055	.101	1.387	.167	.876	1.142
Strong financial need.	.271	.073	.327	3.695	.000	.597	1.675
Excessive pressure from family members.	-.152	.071	-.159	-2.147	.033	.854	1.171
Excessive gambling habits.	-.226	.099	-.220	-2.285	.024	.504	1.985
Unhappiness with job.	.244	.064	.307	3.835	.000	.729	1.371
Close association with unscrupulous colleagues.	.271	.102	.271	2.652	.009	.449	2.226
Not recognising employee theft as an unethical act.	-.155	.074	-.175	-2.094	.038	.669	1.494

a. Dependent variable: AEMTHEFT

**Table 12: Extent of Individual Contributions of the Organisational Factors on Employee theft**

	Unstandardised Coefficients		Standardised Coefficients		Collinearity Statistics		
	B	Std. Error	Beta	T-ratio	Sig.	Tolerance	VIF
(Constant)	.261	.138		1.896	.060		
Unfair treatment received from workplaces	.098	.021	.158	4.693	.000	.698	1.432
Underpayment for lots of work done.	.514	.035	.583	14.616	.000	.498	2.007
Placing too much trust on key staff.	.003	.018	.004	.146	.884	.882	1.134
Unrecognised job performance.	.043	.021	.061	2.028	.044	.888	1.126
Inadequate control of cash and store items.	.057	.029	.075	1.998	.048	.557	1.796
No separation of duties.	.161	.031	.187	5.170	.000	.606	1.651
No frequent review of store items.	.107	.029	.140	3.666	.000	.541	1.848

a. Dependent Variable: Employee theft

**Hypothesis 2**

*Ho<sub>2</sub>: There is no significant effect of employee theft on employers (business owners).*

**Table 13: Regression Analysis Result Showing Relative Contributions of Predictor Variables of Employee Theft on Employer Centered Effect.**

Variable	Unstandardised Coefficients		Standardised Coefficients			Collinearity Statistics	
	B	Std. Error	Beta	T-ratio	Sig.	Tolerance	VIF
(Constant)	1.710	.312		5.476	.000		
Skimming	.230	.071	.274	3.239	.001	.716	1.396
Larceny	.298	.076	.326	3.904	.000	.736	1.358
Billing Expenses Reimbursement	-.051	.073	-.065	-.695	.488	.581	1.721
	.029	.078	.035	.377	.706	.586	1.706

a. Dependent Variable: ABOEFECT

R: 0.459<sup>a</sup>  
R<sup>2</sup> 0.211  
F-ratio: 10.586  
P Value: 0.000

**Hypothesis 3:**

***H<sub>03</sub>: There is no significant effect of employee theft on employees.***

**Table 14: Regression Analysis Result Showing Relative Contributions of Predictor Variables of Employee Theft on Employee Centred Effect.**

	Unstandardised Coefficients		Standardised Coefficients	T	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
(Constant)	4.495	.273		16.486	.000		
Skimming	-.140	.062	-.210	-2.261	.025	.716	1.396
Larceny	-.020	.067	-.028	-.301	.764	.736	1.358
Billing Expenses	.075	.064	.120	1.163	.247	.581	1.721
Reimbursement	-.036	.068	-.055	-.533	.595	.586	1.706

a. Dependent Variable: AEMEFECT

R: 0.216

R<sup>2</sup>: 0.047

F Ratio: 1.889

P Value: 0.115

### Summary of tested hypothesis and findings

**Table 15: Summary of Findings**

Hypothesis	Result	Decision
Ho <sub>1</sub> : There is no significant relationship between personal, organisational factors and employee theft.	F-ratio: 72.166 Sig: 0.000	Rejected
Ho <sub>2</sub> : There is no significant effect of employee theft on employers.	F-ratio: 10.586 Sig: 0.000	Rejected
Ho <sub>3</sub> : There is no significant effect of employee theft on employees.	F-ratio: 1.889 Sig: 0.115	Accepted