The Positive Side of Workplace Surveillance

Employee theft is a widespread problem and on the rise. According to the US Chamber of Commerce, 75 percent of employees steal from their workplace, leading to billions in lost revenue. Surveillance technology promises to help employers detect theft and weed out “bad” employees.

But Lamar Pierce argues that identifying and firing all employees guilty of misconduct is not a smart or even tenable solution. It’s not primarily an issue of “bad people” versus “good people,” according to Pierce. “It’s about whether or not there are ways to set up people to succeed.” In other words, how can management use best practices and new technology to change employee behavior?

Professor Pierce and his colleagues set out to discover if an information technology (IT) solution partnered with pay-for-performance incentives could redirect employees away from theft and improve productivity. The researchers evaluated sales and theft data before and after the implementation of an IT theft monitoring system at 392 casual dining restaurants across five restaurant chains. The IT product, called Restaurant Guard, allowed managers to review theft on an individual employee basis.

Restaurant servers typically earn money through fixed salary and tips. Customers provide tips as a percentage of the total bill and the quality of service provided, so servers can increase their income by selling customers more items, such as drinks or desserts, or providing better service. Servers can steal from their customers or employers by voiding and “comping” sales after customers pay by cash, or by transferring items from customers’ bills after they have paid.

Restaurant Guard reviewed all of these scams and produced a weekly report for the most severe cases. Data collected by the monitoring system, integrated with point-of-sales data, pointed to a 22 percent decrease in detectable theft after system implementation. Total revenue increased by $2,975 per week, or 7 percent of revenue on average per location.

The researchers found that the implementation of the Restaurant Guard product not only reduced theft but also increased employee productivity because server tips increased by $0.58 per hour. These results suggest that without the additional income from theft, the servers focused on increased efforts toward productivity. The results also could reflect servers’ awareness that their performance was being monitored.

Pierce believes these findings can be applied to many other workplaces and industries where managerial solutions such as IT monitoring can realign incentives and dramatically reduce corrupt behavior. Using IT monitoring, managers can focus more on increasing productivity and output, rather than on theft.

The IT system tested was not complex, yet had meaningful results. “This monitoring is not cameras. It is not checking people’s emails. This is a system that does not infringe on privacy and is most equivalent to counting the till. And when you implement this type of monitoring, employees steal less and produce more,” Pierce says.

**KEY TAKEAWAYS for Managers**

- Simple monitoring tools mixed with managerial practices can improve employee productivity and reduce theft.
- Corrupt employee behaviors can be redirected using smart management tools.

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"Cleaning House: The Impact of Information Technology Monitoring on Employee Theft and Productivity"

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Employee theft is a widespread problem and on the rise. According to the US Chamber of Commerce, 75 percent of employees steal from their workplace, leading to billions in lost revenue. Surveillance technology promises to help employers detect theft and weed out “bad” employees. But Lamar Pierce argues that identifying and firing all employees guilty of misconduct is not a smart or even tenable solution. It’s not primarily an issue of “bad people” versus “good people,” according to Pierce. “It’s about whether or not there are ways to set up people to succeed.” In other words, how can management use best practices and new technology to change employee behavior?

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