

HIGHER WAGES CAN BUY HONESTY: STUDY SAYS IT REDUCES EMPLOYEE THEFT



Employers are normally reluctant to raise worker wages and no reason that you give is good enough for them to up your remuneration. Well here is one reason that they will be hard-put to deny and happily concede to, if they concur with the findings of a new study from University of Illinois business professor Clara Xiaoling Chen and University of Southern California researcher Tatiana Sandino. "There's actually very little research on the effect of wages on employee theft," Chen said. "A seminal study conducted in the field has examined what happens after a firm cuts workers pay. What is different in our paper is that there is no such shock as a pay cut, whose effect is typically short-lived and does not persist. The fact that we can document the relation in our study using cross-sectional data suggests that the effect of wages on employee theft can persist over time." The new study says that the higher the wages of retail workers, the less likely they are to steal or pilfer things from the store. In fact the study says that the increase in salary, with all its inherent benefits, like increasing worker morale, increase in productivity, worker retention and other benefits, will also greatly reduce theft at the workplace. 40 percent of the cost of wages increment will be met by savings of lowered incidences of theft. The study says that if you add other benefits like reduced turnover, reduced training costs and greater efforts, the benefits of paying a higher wage may actually be more than what it is going to cost the employer. The study found that increased wages would develop a culture amongst employees that will make it less likely that employees will conspire together to steal merchandise. Meanwhile, employees happier with their higher salaries would start valuing their job more and would be reluctant to put their jobs on jeopardy and feel that stealing was not worth the possibility of being fired, if caught. Higher wages would also increase their worth and value and their feelings towards the boss would change from dislike to something more generous, inasmuch they would start feeling that the boss is concerned about their welfare. The study predicts that higher wages will dissuade employee theft for a couple of reasons. They will be disinclined to commit theft, as they will respond positively to their employers and want to retain and safeguard their jobs. On the other hand employees receiving comparatively lower wages are more inclined to commit theft due to a desire to strike back against their employers, believing that they are being treated unfairly and have disregard and lesser motivation towards their jobs. The National Retail Security Survey revealed that last year retail industry lost more than \$15 billion to employee theft. If higher wages can curtail this, then the employers have a valid reason for raising the salaries. The Security Survey showed that the retailer's bottom lines were greatly impacted and employee theft was one prime reason for it. The survey said that employee theft was much larger than all other thefts, including shoplifting. In spite of knowing that their businesses are victims of theft, many employees are not paying their workers the big bucks and it has become an industry that has become notorious for its low pay. According to a recent report from the National Employment Law Project, two thirds of America's low- wage workers work for highly-profitable companies like Walmart. The retail industry has the third largest percentage of low-wage workers in the country. Retail Action Project, a nonprofit advocacy group, released a report earlier this year that said that more than 50 percent of New York City retail workers make less than \$10 an hour. For another 35 percent things are even worse, unable to manage on their meager wages, rely on some kind of government assistance to meet their expenses. Inability to meet expenses, by the way is the reason most employees give to justify their kleptomania. However, Chen says that if financial constraints find you unable to increase higher wages there are other ways to encourage positive reciprocity among employees. "You can show that you care about the workers, and you can find other ways outside of compensation to recognize their efforts," she said. "Paying employees' higher wages is not the only way to cultivate positive reciprocity, but it certainly is a good way to foster employee loyalty and honesty." Looking for Retail jobs? [Click here.](#)