

# teaching note

## *Cases of Employee Theft in the Hospitality Industry*

### Summary

This case study presents actual cases where employee theft behavior is involved in the hotel industry from the manager's perspective. Several methods of internal control are introduced based on interviews with hotel managers. Motivational factors of employee theft are discussed to gain a better understanding of reasons why employees steal from their employers. The need for preventive strategies is demonstrated, and successful preventive strategies are explored to prevent employee theft at lodging operations. By showing how hotel managers learn about employee theft and react to it, the reader is encouraged to think of creative strategies on their own that could be successful in lowering the probability of employee theft at their own place of work or in other applicable settings.

### Learning Outcomes

The case study explores how hotel managers face employee theft on a daily operation and methods of internal control to prevent employee theft. The case emphasizes specific strategies and human resource practices to prevent employee theft at lodging operations. Several reasons that cause employees to steal have been identified. Namely, personal needs, work environment, economic conditions, job dissatisfaction, and how employees are treated in the workplace are crucial factors that can motivate employees towards theft. Effective communication and increasing working standards of employees are great ways to start preventing the commonality of theft in the hospitality industry. This case study is designed for junior or senior students studying hospitality management, lodging operation, human resource management, and hospitality law.

At the end of the case study the student will be able to:

- Have an awareness that employee theft happens in the lodging operations
- Identify motivational factors that cause employee theft at hotels
- Develop preventive strategies to prevent employee theft
- Establish a work environment where employee deviant behavior is minimized
- Implement a procedure designed to eliminate employee deviant behavior and minimize the risk of costs resulting from employee theft

### Before Class

Students should be instructed to read the case study before class as well as the supplementary articles and references used in the case:

Hinkin, T. R., & Tracey, J. B. (2000). The cost of turnover: Putting a price on the learning curve. *Cornell hotel and restaurant administration quarterly*, 41(3), 14-21.

Nasurdin, A. M., Hazlina Ahmad, N., & Arwani Razalli, A. (2014). Politics, justice, stress, and deviant behavior in organizations: An empirical analysis. *International Journal of Business & Society*, 15(2).

Snyder, N. H., & Blair, K. E. (1989). Dealing with employee theft. *Business Horizons*, 32(3), 27-35.

Tersine, R. J., & Russell, R. S. (1981). Internal theft: The multi-billion-dollar disappearing act. *Business Horizons*, 24(6), 11.

Tryon, G., & Kleiner, B. H. (1997). How to investigate alleged employee theft properly. *Managerial Auditing Journal*, 12(1), 19-22.

### Discussion Questions

Discussion questions are used as an opportunity for the students to apply knowledge they have learned, to use their critical thinking capabilities, and develop their own ideas. Here the instructor is looking to see that students not only read the case but they also can process it. The best way to do so is ask them practical implication questions. This question can be discussed as a group. Having the students divide up into teams, then present their ideas to the class is an effective way to get the students involved and make sure they properly interpreted the material.

- Using social exchange theory, explain employee motivations for deviant behavior.
- Knowing these motivational factors, how would you establish a work environment where employee deviant behavior is minimized?
- Knowing employee thefts caught by accidents, think of creative ideas you would use to prevent employee theft if you were a manager who faces internal thefts.
- Let's imagine a manager acknowledges that they have an employee theft problem. How should the manager investigate in a way that does not falsely accuse and yet effectively catch wrong doings?

### Class Instruction (75 minutes)

This case can be discussed in one class period if the students have already read the case and supplemental materials before attending class.

(10 minutes) Have the students answer the questions individually before the start of the class period to make sure they come to class prepared. During this time clarify any confusion they may have on the material and use the teaching note to guide the discussion.

(15 minutes) Then ask students:

- Have you seen employee stealing from their employers in the workplace?
- Have you ever been in a positive work environment in which employee deviant behavior is prevented? Explain.
- Have you ever been in a negative work environment in which

employee morale is low and employee deviant behavior is rather encouraged? Explain.

(15 minutes) After the instructor allows several students to offer their personal examples, ask "After reading this case and knowing what you do now, do you have any ideas to fix the problem?" This will get the class to discuss specific examples from their own life and show how this information is useful.

(15 minutes) For the discussion questions, the instructor is advised to split the class into groups of 3 to 5, depending on the class size. In teams, put yourself in the position of the hotel manager of the XYZ Hotel. It has come to your attention, (use one of the seven cases mentioned above). How will you handle this situation? Be as specific as possible. Address all issues and concerns, including yours and those of the accused, as well as privacy, and finally, recommend a solution, and prepare a short presentation for the class.

(15 minutes) Then each group will present their top ideas to the class as if they are presenting a proposal to a hotel general manager. A way to encourage students to get involved and take the presentation seriously is by offering the winning group extra credit. After the presentation, the instructor will choose the group who best demonstrated the ideas presented in the case and used creativity in their application.

(5 minutes) Have a final wrap up of the material and then explain the homework assignment. The homework assignment is to use the content from the class discussion to write a one-page, single-spaced case analysis based on the case study and in-class discussion. After performing this brief analysis, they will have grasped the concept in its entirety and the instructor can continue to build upon this material for the remainder of the course.