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Founder & President

- Former Director of Fraud Investigations for global lodging company with ~180,000 employees in more than 100 countries
- Provider of MyEthicsSuite, an anonymous employee reporting and incident tracking platform
- Personally conducted or led close to 2,000 investigations spanning 75 countries and has advised on more than 10,000 employee ethics line reports.

VIRTUAL



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Restaurant Theft:

The Influence of Peers

Relevant Studies

“The Influence of Peers in Worker Misconduct: Evidence From Restaurant Theft”

- Olin Business School at Washington University

Association of Certified Fraud Examiners 2019 Report to the Nations

- Occupational Fraud in the Foodservice and Hospitality Industry

Relevant Studies (cont.)

The Olin study was conducted based on transaction and theft data from:

- 83,153 servers at 1,049 restaurants from 34 chains;
- in 46 states;
- over a period of seven years.

Peer Influence

Restaurant employees who engage in unethical or illegal behavior influence others to participate in similar misconduct.

Servers steal less, as peers steal more on a given day.

- To avoid the threat of detection by point-of-sale software designed to alert managers to the risk of theft.

Reflection Effects

Organizational implications (reflection effects):

- Doubling a single worker's average theft amount will increase total theft in an average restaurant by 76%; and
- Doubling all workers' theft amounts increases totals by 550%.

Theft peer effects on new employees are strongest in the first month of employment and disappear after the fifth month.

Cost of Influence

Managerial implications:

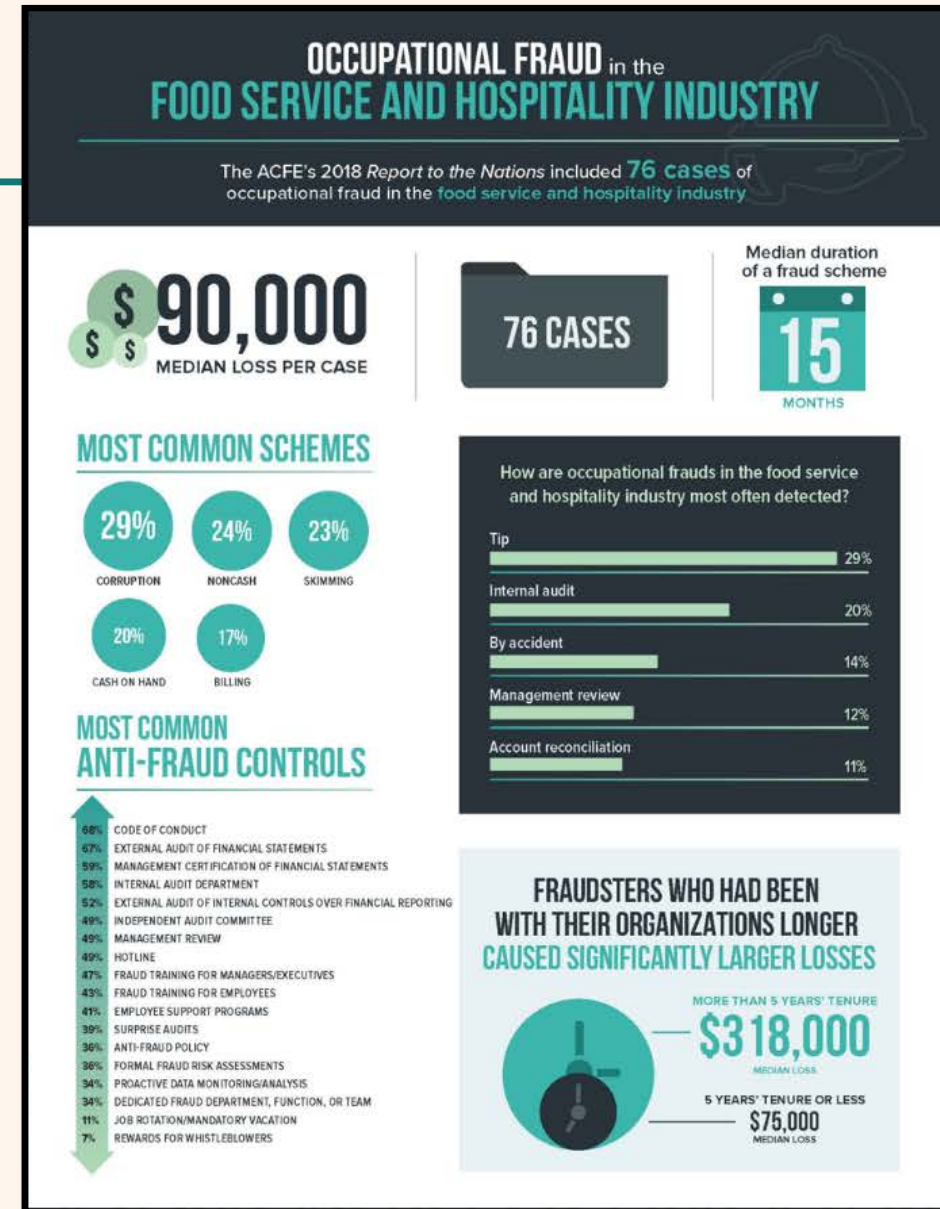
- Cost of employing unethical workers is higher than the direct cost of those workers' misconduct.
- “Contagion” can be mitigated through managerial oversight and monitoring of misconduct.

Study found management use of, and response to, POS monitoring system varied.

- Intervention only when theft was repeated and substantial.

Industry Fraud

- Each instance of fraud cost roughly \$90,000 and lasted 15 months before it was identified.
- Lack of reporting options for employees to report concerns about fraud.



Prevention and Detection

Three Basic Fraud Prevention Techniques

- Review onboarding and training materials;
- Give each employee a variety of options for reporting witnessed misconduct or theft as part of the onboarding process and refresh at least annually;
- Ensure that ALL reports are addressed promptly.