Safeguarding Systems and Processes to Minimize Employee Malpractices in the Jewellery Business

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Abstract

The study underscores the need for a balanced approach that integrates security technology with strong internal controls to ensure the long-term success of jewellery businesses.

Jewellery businesses, particularly those maintaining traditional practices, are highly susceptible to internal risks such as theft and fraud. This study explores strategies to safeguard such businesses from employee malpractices while minimizing the need for constant supervision. The research focuses on Kesariya Jewellers, highlighting the challenges faced in implementing security measures that are both effective and sustainable. Using a purposive sampling method, data was collected from key stakeholders in the jewellery industry. Findings reveal significant reliance on surveillance cameras and inventory management systems, though many safeguards are perceived as only somewhat effective. Recommendations include the adoption of advanced technology, regular employee training, and fostering a culture of integrity. The study underscores the need for a balanced approach that integrates security technology with strong internal controls to ensure the long-term success of jewellery businesses.

The jewellery industry is inherently vulnerable to employee malpractices due to the high value and portability of precious materials. For businesses like Kesariya Jewellers, which operate under traditional and informal practices, the risk of internal theft, fraud, and unauthorized access is significant. Current security measures, often centred around constant supervision, have proved inadequate and resource-intensive, limiting strategic growth and operational efficiency. This research aims to identify robust security measures that can minimize supervision while effectively mitigating internal threats.

The motivation for this study stems from observing the operational challenges faced by Kesariya Jewellers, where the inefficiency of current safety systems has required continuous oversight by the senior leadership, notably impacting the transition to the next generation of management. This study seeks to address these challenges by investigating both traditional and technology-driven solutions to improve security and operational efficiency.

Research Objective

The primary objective is to develop systems and processes that eliminate employee malpractices, thereby reducing the need for constant supervision in the jewellery business.

Data Collection

Data was collected through purposive sampling, focusing on individuals with in-depth knowledge of security practices in the jewellery industry. Respondents included business owners, managers, and security

experts. A structured questionnaire captured information on current safeguards, their effectiveness, challenges faced, and potential improvements.

Procedures

The research employed qualitative and quantitative methods, analyzing responses from key stakeholders to identify common malpractices and evaluate existing security measures. New procedures, such as the integration of advanced surveillance and inventory tracking technologies, were explored to determine their feasibility and impact on minimizing risks.

Results

Current Safeguards

1. Surveillance Cameras: Used by 87.5% of respondents, indicating a high reliance on visual monitoring.
2. Inventory Management Systems: Employed by 87.5%, underscoring the importance of accurate inventory tracking.
3. Regular Audits: Conducted by 75%, though their effectiveness varied.
4. Background Checks and Employee Training: Implemented by 62.5% and 43.8%, respectively, with potential for improvement.

Common Malpractices

● Theft: Reported as the most prevalent issue (68.8%).
● Inventory Manipulation: Noted by 56.3% of respondents.
● Unauthorized Access: A concern for 31.3%, highlighting the need for robust access control.

Challenges

● Limited Resources: Cited by 50% as a major obstacle.
● Employee Resistance and High Turnover: Each reported by 37.5%, affecting the consistency of monitoring efforts.

The survey results and observations present a comprehensive understanding of the current practices and challenges faced by jewellery businesses, specifically in the context of minimizing employee malpractices. The discussion focuses on analyzing these findings in relation to best practices and emerging technologies, with the aim of proposing actionable strategies for businesses like Kesariya Jewellers.

Effectiveness of Current Safeguards

The widespread use of surveillance cameras (87.5%) and inventory management systems (87.5%) demonstrates a reliance on conventional security measures. However, the survey data indicates a gap between implementation and effectiveness. Many respondents rated these safeguards as only "somewhat effective," which suggests that while these tools help to deter and detect malpractices, they may not be sufficient to address sophisticated or well-concealed internal threats.

Challenges in Monitoring and Compliance

Limited resources emerged as a major barrier for 50% of respondents, underscoring the difficulties small and medium-sized enterprises (SMEs) face when attempting to implement comprehensive security systems. Budget constraints can limit the adoption of advanced technologies like AI-powered cameras or

biometric access controls. High turnover rates and employee resistance (both cited by 37.5%) compound these challenges, as consistent monitoring and training are disrupted by frequent changes in staff.

Role of Technology in Enhancing Security

The discussion emphasizes the potential of technology-driven solutions to bridge the gap between the need for supervision and the desire for a secure, autonomous work environment. AI and machine learning, mentioned by 31.3% of respondents, can revolutionize security practices by detecting anomalies in real-time and learning from historical data to predict and prevent malpractices. For example, AI can analyse employee behaviour patterns and flag suspicious activities without human intervention.

Blockchain technology, though less commonly cited (12.5%), offers a promising avenue for transparent and tamper-proof record-keeping. By creating an immutable ledger of transactions and inventory movements, blockchain can significantly enhance accountability and reduce opportunities for fraud or inventory manipulation. Similarly, biometric access controls (preferred by 75% of respondents) can ensure that only authorized personnel have access to sensitive areas, further reducing the risk of unauthorized activities.

Cultural and Human Factors

The research highlights that security is not solely a technological issue but also a cultural one. Employee training programs (43.8%) are crucial in instilling a culture of integrity and ethical behavior. However, the mixed perception of their effectiveness points to a need for more engaging and regular training sessions. Beyond technical knowledge, these programs should focus on building a sense of ownership and responsibility among employees.

Employee resistance remains a challenge that needs to be addressed delicately. Surveillance and monitoring can create an atmosphere of mistrust if not implemented thoughtfully. Therefore, it is important to balance security measures with employee empowerment and transparency. An anonymous reporting mechanism, though less popular (25%), can play a critical role in encouraging employees to report suspicious behavior without fear of retaliation, thereby fostering a sense of trust.

Strategic Recommendations

1. Invest in Scalable Technology: For SMEs like Kesariya Jewellers, adopting scalable security solutions such as AI-driven surveillance and real-time inventory tracking can be game-changers. Prioritizing cost-effective yet impactful technologies is essential.
2. Enhance Employee Training and Engagement: Training should be interactive and ongoing, emphasizing ethical conduct, the consequences of malpractices, and the value of a secure work environment. Engaging employees in developing and refining security protocols can reduce resistance and increase buy-in.
3. Foster a Culture of Integrity: Recognizing and rewarding ethical behaviour, alongside open communication channels, can help build a culture where employees feel valued and trusted. Ethical leadership from management is crucial in setting the tone for the entire organization.

This research highlights the critical need for robust, multi-layered security measures in the jewellery industry to combat employee malpractices effectively. While traditional safeguards such as surveillance cameras and inventory management systems are widely adopted, they often fall short in providing

comprehensive protection. The findings underscore the importance of integrating advanced technologies like AI, machine learning, and blockchain to strengthen security frameworks.

However, technology alone is not a panacea. The success of these measures relies heavily on a supportive organizational culture that prioritizes integrity and continuous improvement. Training programs that engage and educate employees, coupled with transparent and fair monitoring practices, are essential to fostering a secure and collaborative work environment.

For Kesariya Jewellers, implementing these recommendations can facilitate a smoother leadership transition, reducing the operational burden on senior management. By adopting a balanced approach that leverages technology and cultivates a culture of accountability, the business can minimize risks, enhance operational efficiency, and ensure long-term sustainability. This research serves as a guide for jewellery businesses striving to modernize their security practices while preserving the trust and loyalty of both employees and customers.

The study also opens avenues for further research, particularly in conducting cost-benefit analyses of various security technologies and exploring the psychological factors that influence employee behavior. Addressing these gaps will provide a more comprehensive understanding of how to safeguard high-value assets effectively in a rapidly evolving business landscape.

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