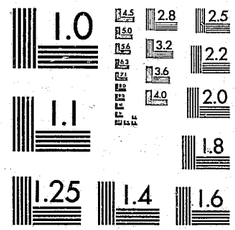

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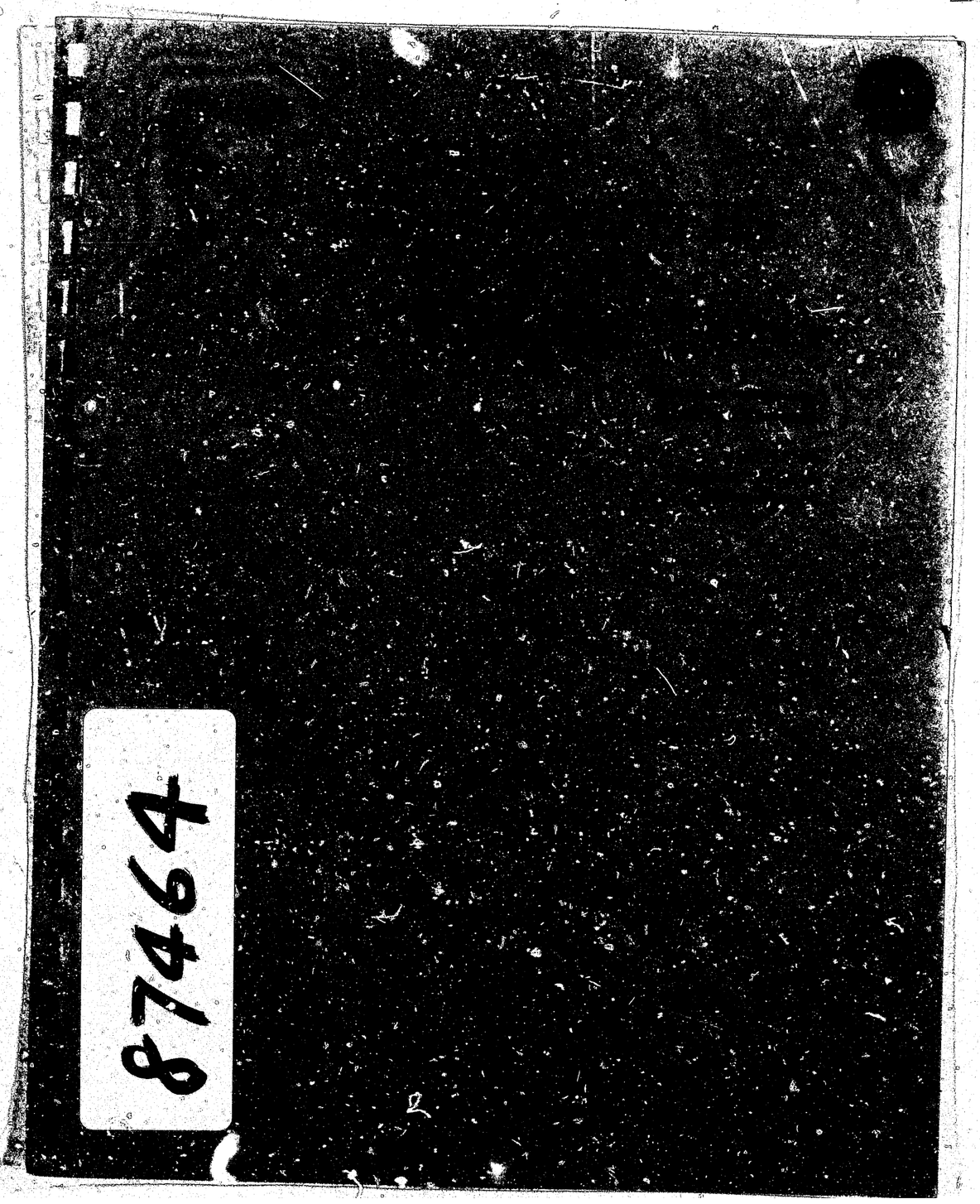

THEFT BY EMPLOYEES

IN WORK ORGANIZATIONS

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To their great credit, the individuals and their associated organizations with whom research team members worked were willing (for a variety of reasons) to cooperate in providing information for our analysis and otherwise to facilitate the research program. Our efforts to plow back the general findings and recommendations through on-scene briefings, presentations to employee and industry associations and this report have been particularly rewarding. We believe this research program has been a very positive example of cooperation among many segments of the community for the benefit of better understanding of a common social concern.

We shall be forever grateful to all those who contributed to the study and who must remain anonymous. We hope the results are useful to those in both scholarly and policy pursuits.

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PREFACE

The following is a detailed presentation of an empirical research study focused upon employee property and production deviance in work organizations. The contents of this final report reflect a primary desire to understand the circumstances of taking company property and violating usual performance standards within three industry sectors: retail department stores, electronics manufacturing firms, and general hospitals. In the following chapters, employee "theft" and production deviance within the above three industries will be systematically compared and contrasted. We refer the readers who only wish to review the major findings of the research to the accompanying "Executive Summary" (pp. viii-xx) or to Chapter X.

EXECUTIVE SUMMARY

"Crime in the street" is not the only form of illegal behavior which negatively affects society. Crimes which occur in the workplace, for example, can have just as serious an impact -- on the business community, the worker, fellow co-workers, and ultimately, the consumer who must bear the cost of such crimes. Recent estimates by the American Management Associations place "employee theft" at the top of the "crimes against business" list in terms of dollar impact. Although estimates of employee theft's seriousness are varied and necessarily approximate, most experts agree that significant economic and social costs are attributable to workplace employee larceny.

Despite the fact that employee theft is recognized to be a significant national problem, little systematic data are available regarding the phenomenon. In order to obtain a better informed understanding of theft by employees in the workplace, this research project was initiated in 1978 resulting in a two-phase, three-city data collection effort. A total of 47 business corporations located in Minneapoolis-St. Paul, Cleveland, and Dallas-Ft. Worth actively participated. Specifically, business corporations were chosen from among the three most populous industrial sectors--including 16 retail store organizations, 21

general hospitals and 10 electronics manufacturing firms. These organizations ranged in size from approximately 150 employees to very large multi-location firms employing in excess of 10,000 workers.

The primary goal of this research effort was to develop information upon which to base a comprehensive understanding of workplace "theft" and related deviant behaviors. Five specific questions guided the study. First, how much employee "theft" and other kinds of workplace deviance is occurring in the typical business organization? Second, under what circumstances (both individual and organizational) would these behaviors be more likely to occur? Third, what might be the most effective steps which management and labor could take to reduce the prevalence of employee theft and deviance in their organizations? Fourth, do community characteristics affect deviance rates inside of work organizations located in different communities? Fifth, can research on such a sensitive topic be successfully conducted?

With the cooperation of the 47 participating organizations (in addition to their respective labor and professional associations) data from three separate sources were successfully collected, fulfilling our fifth objective. First, a random sample of employees at all occupational levels of each organization was asked to

respond to a mailed, self-administered survey questionnaire. A total of 9,175 employee respondents (a 54% response rate when figured in the most conservative manner) anonymously provided data on personal and occupational characteristics, job satisfaction, perceptions of theft deterrents, and most importantly, their personal involvement in a broad range of "deviant" workplace activities, including the taking of company property. In each of the same organizations extensive interviews were conducted with 247 executives who furnished information about a variety of managerial perspectives and practices regarding theft by employees within their respective organizations. Finally, in the latter phase of the research effort, face-to-face employee interviews were conducted in six firms with 256 employees selected from representative occupations. These interviews not only allowed the verification of some survey findings but also provided in the employee's own words essential information on the complex definitional and social processes of property and production deviance. Due to the sensitive nature of the subject matter, the identities of all involved in the research, both the participating companies and employees, have been rigorously kept confidential to insure the anonymity of respondents.

In retail stores, the most commonly reported theft activity was the unauthorized use of the employee discount privilege. Twenty-nine percent of the respondents reported that they had misused this fringe benefit during the past year, 14% of them admitting that the abuse occurs on a monthly or more frequent basis. Other types of theft, such as taking store merchandise or money, were also reported. Seven percent revealed that they had taken merchandise, and 3% of the respondents indicated that they had taken cash from the company.

In hospitals, taking medical supplies from the ward, such as linens, surgical gowns and bandages, was the most often reported theft activity. Twenty-seven percent of the hospital employees responding to the survey indicated that they had been involved in this kind of theft, with 8% revealing a monthly or more frequent level of occurrence. Taking medications intended for patients was also reported, but by a smaller number of employees. Eight percent of the respondents indicated that they had taken medicine from the hospital during the past year, 2% admitting to a monthly or more frequent rate.

Employees from manufacturing firms most frequently reported the taking of raw materials or components. Fourteen percent indicated this kind of theft involvement, 4% on a monthly or more frequent basis. Among other theft

activities reported by respondents were the taking of tools or equipment and the taking of finished products. Nine percent of the individuals surveyed had taken tools or equipment from their employers, with 3% reporting they had taken finished products at least once in the past year.

The research also uncovered consistent patterns of counterproductive behavior among many employees. For example, almost two-thirds of the respondents in the three industry sectors surveyed reported taking excessively long lunch and coffee breaks during the past year, 11% to 16% indicated purposely slow or sloppy workmanship, and between one-fifth and one-third of those surveyed used sick leave when not actually ill. The use of alcohol and drugs while at work was also included in the self-report survey questionnaire. Three percent of the hospital, 8% of the retail, and 13% of the manufacturing employees admitted that they had come to work in the past year while under the influence of alcohol or drugs.

While counterproductive deviant behavior was not the intended primary focus of the study, its prevalence is important for two reasons. First, those employees who reported above average theft were also quite likely to indicate above average participation in production and time deviance as well. Second, those factors which best correlated with higher theft involvement were also

predictive of counterproductive activity. In short, these data suggest that the theft of company property may be a special manifestation quite similar to the less serious and more prevalent forms of workplace deviance. Therefore, employee theft should not be viewed as simply a special form of "street crime;" instead its theoretical explanation is best understood in the context of the employment experience.

As a further confirmation of the above finding, during the second phase of the research project, employees in two similarly sized metropolitan areas with very different "street crime" rates were simultaneously surveyed. This enabled a direct inter-city comparison of theft and deviance levels between retail and hospital workers in Cleveland, Ohio, and Dallas-Ft.Worth, Texas. The results of this comparison strongly suggest that the rate of theft and deviance between cities does not vary nearly as greatly as does the rate within a single city or industry sector. These data indicate that the prevalence of "theft" activity in a work organization does not mirror the level of theft occuring within the surrounding community.

In all three industry sectors, younger and never married employees reported the higher levels of involvement in property misuse. While this does not mean that the younger generation of workers necessarily has less respect

for property, it does underline the dilemma for organizations attempting to reduce the incidence of theft and at the same time systematically recruit younger employees. Younger and unmarried (especially male) employees are less responsive to potential negative sanctions from management, in that, dismissal may pose little deterrent threat to an employee with no dependents, seniority, or career aspirations with his or her current employer.

The occupational positions frequently held by the higher theft employee pose two special problems for the employer. In each industry sector those employees who have the greatest likelihood of being involved in theft are the employees with the greatest unrestricted access to and knowledge about the property which can be taken, namely, sales clerks in retail stores, engineers in manufacturing plants, and registered nurses in hospitals. The fact that employees who indicated above average theft involvement were also more likely to be concerned with improving themselves and achieving personal career goals provides the second occupational dilemma. Since these are precisely the same traits that employers are looking for in prospective workers, efforts to address the underlying causes of theft must be directed at the mainstream rather than the periphery of the workforce.

Although the typical employee in each industry surveyed generally reported satisfaction with his or her job, the dissatisfied employee was found to be more frequently involved in taking company property and engaging in counterproductive behavior. This was especially true among the younger members of the retail and hospital industry workforces. The most consistently expressed sources of worker dissatisfaction were the "immediate supervisor" and the "employer." Where the supervisory personnel were viewed as unhelpful, incompetent, and unconcerned about employees, higher theft and workplace deviance was reported. Further, where the integrity, fairness, and ethical standards of the company itself were questioned by workers, property and production deviance were also more likely to be found.

In addition to the above analysis of employee characteristics, this research also focused upon the rate of property deviance by organization. Specifically, within each industry sector, the participating organizations were ranked according to their respective level of employee "theft" as measured by aggregate employee scores. Personal interviews with key corporate officers attempted to isolate those factors which best differentiate the high from the low theft company. From these interviews with corporate executives, the research focused upon the various control

techniques which firms use to deter and detect employee theft. In particular, the interviews concentrated upon the workings of the security department, official management policies about employee theft, inventory and financial control procedures, pre-employment screening and the corporation's actual practice in regard to apprehension of those taking property.

The analysis reveals that organizational controls do indeed have an effect on the prevalence of property taking within a company. However, some types of controls are more influential than others in directly reducing theft by employees.

Of the controls studied, the strategy least related to theft suspression was the direct effect of the security department's level of sophistication. In each of the three sectors, with the exception of retail, the major thrust of the security operation principally addressed the problem of external theft along with other such responsibilities as building and grounds, working conditions and employee safety (especially fire). In short, guarding against the taking of property by employees was not the highest priority among the security departments studied. Thus, given the limited interest in employee theft by most security operations and taking into account the size and complexity of the workforce, it is quite understandable

that security presence, as it currently exists in most manufacturing plants, hospitals and retail stores, should not be expected to have much deterrent impact on the level of employee theft. Some consistent, but modest, effect was found in the hospital and retail areas.

The research also addressed the relationship between the presence of an explicit corporate policy about theft by employees and its prevalence among them. While many organizations only briefly mention the subject of employee theft (usually once during initial orientation), there is consistent evidence that those companies with a clearly defined anti-theft policy had the lower theft levels. Obviously, it would be naive to assume that simply writing an explicit policy regarding theft will drastically alter its occurrence. These data do suggest, however, that those organizations which repeatedly announce to the workforce that employee theft is not permitted can lower their theft rates, particularly if emphasis is placed on other controls as well. The fact that the subject of employee theft was rarely, if ever, mentioned in post-orientation staff meetings or publications clearly indicates that many employers incorrectly assume that prohibitions about theft in the general community will carry over into the workplace. This study suggests that management must clearly convey via word and deed that taking property is

not acceptable behavior within the organization.

The research also focused on the role of the inventory and financial control officers in reducing employee theft. Although a surprising number of inventory managers, especially in manufacturing and hospitals, thought that theft control was not in their job descriptions, less property deviance was found in those organizations in which theft control had been incorporated as a goal of the inventory control system. If individuals with inventory control responsibilities make a conscious effort to monitor usage patterns, watch for irregularities and then check into why these may be occurring, the organization conveys that it is concerned about its property and its use. In addition, other control operations benefit from the information which effective inventory control can provide.

The data also suggest that pre-employment screening of prospective employees is a modestly effective theft control strategy. In-depth checking on such factors as job history and references of applicants can help eliminate so-called "bad apples" from the list of those wishing employment. Not only will this process cull out employees with a questionable employment history, it may also deter other "bad apples" from applying for work. Moreover, a thorough pre-employment screening process indirectly conveys the message to those employees who are eventually hired that

the organization is concerned with insuring the highest level of integrity among its workforce.

Of the several ways in which explicit organizational response to cases of property deviance can deter others from getting involved, the one which was found to have the most telling effect was the proportion of employees apprehended for property deviance in a year's time. That is, the higher the proportion apprehended, the lower the theft rate. Other deterrence items such as type of eventual outcome, etc., did not seem to have a direct deterrent effect. Again, it would seem plausible to conclude that the effect of apprehension of violators would be greatest if it operated in the environment of other related controls.

Therefore, it appears that an organization can have an effect on theft through implementation of certain control strategies. An even greater effect can be achieved, however, if an organization invokes several of these strategies. Those firms which signal to the employee that taking company property and assets is theft, which establish rules and procedures to detect theft of property by employees, and which are selective in whom they choose to employ generally have lower levels of theft by employees. Those firms which infrequently mention the subject of theft and which fail to implement procedures to

prevent its occurrence best characterize the high theft organization.

Although the presence and quality of organizational controls does, apparently, affect a work organization's rate of employee property-taking, their overall effectiveness is very seriously affected by the manner in which these control prescriptions are communicated and implemented throughout the workforce. Employees consistently report unclarity as to the company's rules about property and production deviance (less so in the retail area). They are only vaguely aware of policies and are much impressed with the lack of concern by management and inconsistent enforcement of the rules. Supervisors inherit both the latitude and responsibility for effecting a control environment which facilitates (at least does not significantly impede) the basic production process. In so doing they "broker" running negotiations of the deviance definition and the response which is to be made to violators. Co-workers exercise the collective interest by constraining disruptive violations of negotiated definitions and supporting the pursuit of the central organizing values of the organizations.

In summary, the control of employee taking of property seems to be a problem that the business organization must keep visible on its list of priorities and objectives. It

cannot be ignored or relegated to a topic of temporary or minimal importance. This research suggests that only by exhibiting a conspicuous and consistent climate of concern about the control of internal theft at all occupational levels can an organization hope to have a significant effect on the behavior of its employees.

CHAPTER I:
EMPLOYEE THEFT

INTRODUCTION

The study of crime has traditionally attempted to understand a minority of society members whose behavior exceeds the limit of the criminal law. Historically, those interested in studying criminality have focused their primary attention on certain types of crime, ignoring others. The most visible locus of both criminal and scholarly activity has been "street crime." This is no doubt attributable to the fact that many of society's more frightening and dramatic crimes, such as murder, assault, robbery and rape, often take place in city streets or other public places. Not surprisingly, the profile of the typical offender has indicated disproportionately higher criminal involvement by members of the lower classes, youth and minorities. As Alexander Liazos has colorfully phrased it, the history of criminology has concentrated almost exclusively on the activities of "nuts, sluts and preverts (sic)" (1972), virtually ignoring the criminality of society's middle and upper classes (Thio, 1973; Box and Ford, 1971).

A notable exception to this trend is exemplified in the work of Edwin Sutherland.. As a result of his classic study of criminal behavior by corporations, the discipline of criminology and the public at large began to recognize the

criminality committed by individuals generally perceived to be "law abiding", a phenomenon which Sutherland called "white collar crime." The term "white collar crime" has come to represent the "socially injurious" behavior of individuals and corporations perpetrated during the course of day-to-day occupational and organizational activity. While Sutherland's 1939 challenge for criminology to abandon its lower class-linked theories of criminal behavior received wide acclaim, only quite recently have criminologists taken the challenge seriously by examining alternative settings of criminal behavior.

One very important and long ignored locus of criminal activity has been the workplace. Consistent with criminology's long held obsession with the deviance of the lower classes, for many years crime has been perceived as an exclusive activity of the non-working or unemployed members of the population. Despite the fact that most individuals spend a major portion of their lives at their jobs, we have either overlooked criminal activity which occurs in the workplace or have referred to it with non-criminal labels, such as, "the fiddle", "pilferage", "fringes", or "just business" (Ditton, 1977).

As theorists have begun to look at the workplace as an environment of possible criminal activity, they have found it useful to make the distinction between crimes "by" business (i.e., "corporate crime") and crimes "against" business by employees (i.e., "occupational crime")(Clinard

and Quinney, 1973). For example, on the subject of crimes "by" business, Clinard and Yeager (1979) have recently documented the pervasive criminal "careers" of some of the largest and most respected Fortune 500 corporations in America. While this is an important dimension of the phenomenon of workplace crime, instead the focus of this report will be concentrated on those acts committed "against" the business organization, more specifically, the theft of organizational assets by employees within the workplace.

EMPLOYEE THEFT

By "employee theft" we specifically mean the unauthorized taking, control, or transfer of money and/or property of the formal work organization which is perpetrated by an employee during the course of occupational activity (Merriam, 1977 and Robin, 1974). The methods by which employees victimize the property of their employers are both profuse in number and elaborate in design. Employee theft may take the form of "borrowing" money from a cash register, "sneaking" merchandise, supplies, or tools home in handbags and lunch boxes, or more complicated manipulations of organizational assets for personal benefit.

Approximations of the impact of employee theft are at best "educated guesses" given the difficulty in measuring the phenomenon accurately. Nevertheless, to satisfy the demand of the business community to "know how much there is"

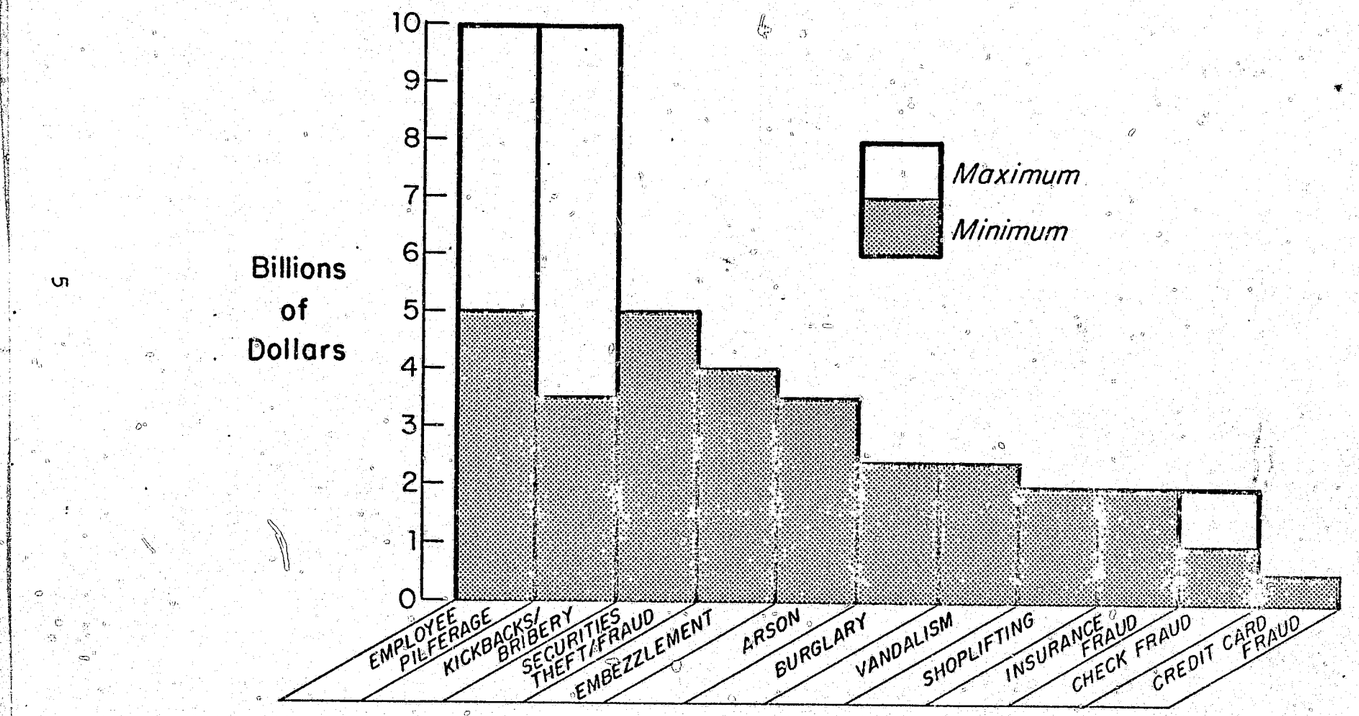
the American Management Associations (AMA) in 1975 collected data in order to estimate the total cost of crimes "against" business. As we can see in Figure 1.1, the total dollar impact of non-violent crimes against business is estimated by AMA to be in excess of forty billion dollars a year. Of these many types of victimizations, the theft of company property by employees is estimated to be the single most significant dollar impact offense category of these eleven crimes committed "against" business (American Management Associations, 1977).

Experts in various industries regularly cite their own figures attributing employee theft as either a relatively minor problem or the single major problem of American business. This glaring discrepancy is no doubt due to the fact that no one really knows for sure the scope of the employee theft phenomenon. For example, in order to calculate the level of theft by employees, retailers work from their "inventory shrinkage" (or shortage) statistics which represent the inventory deficit in dollars which cannot be accounted for after sales reductions and remaining unsold stock have been subtracted. However, even if one can arrive at an exact inventory shrinkage figure (usually expressed as a percent of total sales), the proportion of the figure which is attributable solely to employee theft remains intertwined with other confounding sources of loss. Factors such as clerical and billing errors, conventional theft, and shoplifting, equally as difficult to measure also

Figure 1.1

Estimates of Losses Due to Non-violent Crimes against Business — 1975

(Source: American Management Associations, 1977)



contribute to the total inventory shrinkage level. Most inventory control experts will admit that partialling out the effects of employee theft from these other alternative sources of shrinkage has been virtually an impossible task because of the great difficulties involved in assessing the source of a loss after the fact.

Although there may be difficulties in determining the amount of employee theft, there appears to be little debate as to who pays the cost of such crime. When profits are adversely affected, small firms with limited liquid capital are often forced out of business. The U.S. Chamber of Commerce reports that over 30% of all business failures in a given year may be attributable to significant employee theft problems (Chamber of Commerce of the U.S., 1974:4). Larger companies which can temporarily absorb theft losses eventually must pass the cost along to insurance companies, consumers, and the taxpayer (i.e., as an uninsured business loss deduction). The economic impact of employee theft and other crimes against business is most immediately reflected in terms of higher prices in the marketplace. An estimate made five years ago placed the added "price" of employee theft and pilferage at 12 cents on the dollar (Canadian Business, 1976). No doubt this figure is substantially higher today because of inflation.

Despite these impressive figures, the "bottom line" for employee theft and other crimes against business can not be measured solely in terms of dollars and cents. The "social"

impact, not only to those involved but also to fellow workers and the organization, must be calculated into the total as well.

The negative consequences to the individual employee detected for theft involvement can be rather significant. Although many companies admit that they catch a small minority of the total number of employees who have stolen from the firm, when they do apprehend someone the most common corporate reaction is to terminate the offending worker immediately. The financial implications and emotional stress brought about by immediate job loss are obvious. Further, what is not often understood by the terminated worker is the fact that many companies informally share names of dismissed employees thereby preventing future employment with other participating firms in that specific industry or geographical area (Stores Mutual Protective Association, 1980).

To the knowledgeable employee who is not personally involved, theft by fellow workers may create social barriers which impede the development of co-worker trust. These communication and interaction barriers, between those who are involved in theft and those who are not, negatively affect most aspects of the employment experience.

Many firms react to detected or imagined theft with draconian security devices designed to deter future employee theft (e.g., U.S. News and World Report, 1973). Many employees who are forced to work in these "security

intensive" work environments often report that they feel untrusted by their employers -- probably an accurate conclusion (Management Review, 1972; Rekstad, 1974). Other firms take the "ostrich" approach by ignoring the problem hoping that it will go away before the company is negatively affected (Canadian Business, 1976). Tacitly ignoring the occurence of theft no doubt sends the signal to the entire work force that the firm does not really care about its property or the level of employee integrity. In sum, when we take into consideration the incalculable social costs like those mentioned above, the true "grand total" which is paid for theft in the workplace is no doubt grossly underestimated by the financial figures presented above.

PREVALENCE OF EMPLOYEE THEFT

Given the rather insurmountable difficulties in assessing the extent of employee theft by utilizing dollar loss estimates, other sources of data might be more illustrative of theft's prevalence. The principal alternative estimation strategy relies on determining the percentage or proportion of the work force involved in employee theft. As we found with the financial loss estimates above, available data on the prevalence of employee theft range from "educated guesses" by experts in the private security industry to a handful of empirical research efforts.

The best known statistics on employee involvement in

theft come from the accumulated wisdom of acknowledged experts in the area of private and industrial security. During their years of investigations within all types and sizes of firms, many of the nation's foremost security consultants have made generalized conclusions regarding the percentage of employees involved in theft. For example, Mark Lipman, president of a major industrial security organization and an experienced private investigator in his own right, believes that approximately one-half of all employees steal to some degree, twenty-five (25%) percent of whom take important items, while eight (8%) percent steal in volume (Lipman, 1973). A review of the security literature published since 1973 suggests some degree of consensus on these percentages. However, this apparent consensus may be attributable to the fact that Lipman's personal estimates have been often repeated by others without citation and have thus begun to take on the reputation of a proven "fact" (e.g., Broy, 1974; Chamber of Commerce of the U.S., 1974). Other estimates of the extent of employee theft involvement abound, ranging widely from 9% (U.S. News and World Report, 1977) to 75% (Zeitlin, 1971) -- all depending on the source of the "guesstimations." The reason there is so much diversity in these figures is no doubt due to the fact that there is very little available empirical data upon which to estimate reliably the prevalence of employee theft.

The few empirically supported studies on the incidence of employee theft also yield statistics which vary widely.

For example, Ronald Schmidt (1976) reports that 76% of the workers who received a polygraph examination admitted involvment in employee theft. Fifty (50%) percent of the 98 retail employees non-randomly interviewed by Ronald Tatham (1974) admitted to "taking merchandise from their place of employment without paying for it." Philip Ash (1971) reports that both polygraph examinations and pre-employment screening tests reject an average of 30-32% of the applicants -- many of whom are excluded after admitting to prior theft behavior. And finally, Hollinger (1979) found (in a study which served as a pilot to the present research) that 28% of a random sample of 339 midwestern retail employees admitted taking either money or property from their employers.

Trying to draw firm conclusions from such a small number of self-report studies is quite difficult. Perhaps the most we can say is that theft by employees is a significant and pervasive part of the work experience with between one-half and one-quarter of the typical work force involved in taking company money or property. The reader should note, however, that further complicating the above conclusion is the finding suggested by both Tatham and Hollinger that employee theft exhibits a bi-polar distribution, that is, a very small number of employees take large amounts while the vast majority of those involved in theft take relatively small amounts -- a pattern which parallels the distribution of deviance reported in many

other self-reported studies (Hood and Sparks, 1970).

UNDERSTANDING EMPLOYEE THEFT

Thus far we have recognized that employee theft is a social and economic problem of some significance. However, continuing to dwell solely upon the dollar impact or prevalence issues can be a "dead end" given the more important unanswered questions. Developing a theoretical understanding and explanation of employee theft will not only be the primary focus of the remainder of this chapter, but also the principal objective of this report.

Arriving at some uniform consensus as to the causes of employee theft has been an elusive goal of many authors writing in the disciplines of sociology, criminology, psychology, anthropology, and industrial security. As with almost any complex behavioral phenomenon, a cursory review of the scholarly literature clearly demonstrates the lack of agreement among those who are supposed to be experts on employee theft. Untested and partially tested hypotheses abound. In the last four years alone there have been two exhaustive literature reviews clearly illustrating the plethora of theoretical paradigms available to understand employee theft (Merriam, 1977 and Altheide, et al., 1978). Our purpose is not only to organize the theory which promises to be most beneficial in understanding this phenomenon, but also to test empirically many of the related hypotheses which have been suggested.

The articles which make an attempt to understand employee theft offer many varied explanatory themes. From this extensive body of literature we have been able to identify five separate but interrelated sets of hypotheses explaining employee theft. They include a broad range of variables, including economic, personal, and workplace influences (Merriam, 1977).

External economic pressures. The most frequently observed explanatory theme regarding employee theft is based on "external economic pressures." The assumption commonly expressed is that employees who steal from the company have gotten themselves into an "unsharable problem" (Cressey, 1953), usually involving either "gin, girls or gambling" or "babes, booze and bookies" (Seidman, 1965). Employees choose theft from their employers as a method to acquire the necessary resources to extricate themselves from various financial dilemmas. While this theory has not been conclusively proven (with the exception of Cressey's study of embezzlement), nevertheless, it is a pervasive explanation found most frequently in the industrial security literature (e.g., Backman, 1961). This explanation is very popular with those who believe that the same explanations used to predict conventional (or "street) criminality also apply to employee theft. In other words, it is theorized that when economic pressures get too great (Nekvasil, 1974), people may turn to illegitimate means to achieve socially acceptable goals (Merton, 1938).

Youth and work. Another commonly expressed theory of employee theft focuses on the honesty and integrity of the American worker. More specifically, the argument is made that contemporary employees (especially the young) are not as hard working or honest as those of past generations. Those who advocate this theory suggest that this alleged "epidemic of moral laxity" among the younger members of the work force is causally related to employee theft (see Merriam, 1977 for a more thorough review of these arguments). When one examines the circumstantial evidence for this theory, the results are surprisingly supportive. Two studies of "apprehended retail employee thieves" conducted in the past twelve years suggest disproportionately greater theft involvement among younger and newly hired employees (Robin, 1969; Franklin, 1975). The retail industry's heightened concern about these findings is attributable in large part to the increasingly greater reliance placed upon the younger high school and college-age employee in order to meet consumer demand for longer store hours. The specific question which must be answered is: are younger employees actually more involved in theft than their older co-workers? If so, is their involvement attributable to a generational morality difference, or is it simply a by-product of the type of work which is required of younger employees?

Opportunity. Our third identifiable theory is a more pessimistic corollary to the two explanatory models

discussed above. There are many, particularly those with years of experience in the industrial security profession, who have come to the conclusion that every employee can be tempted to steal from his employer (Astor, 1972). This theory is based upon the assumption that everyone is basically greedy and dishonest by nature with larcenous tendencies lurking only barely beneath the surface. For those who advocate this theory of employee theft the key to understanding this phenomenon is in knowing the relative levels of opportunity which the employee has to steal (e.g., Hemphill, 1969). In other words, with high opportunity there will be correspondingly high levels of employee theft, and vice versa. Although there is an obvious danger in this theory being tautological (i.e., "people steal because they can steal"), reducing employee theft under this model consists of constraining the opportunity for theft in the workplace, in short, "bolting everything down."

Job dissatisfaction. After reviewing the available literature purporting to explain employee theft, Dwight Merriam concludes that job dissatisfaction among members of the work force is "perhaps the most important and least understood cause of employee theft" (1977:395). Until recently the hypothesis that conditions within the workplace may exacerbate or even be the primary cause of theft has not been accepted as a palatable explanatory paradigm (Jones, 1972; Zeitlin, 1971). While preceding theoretical models have looked to the employee's background or other external

conditions for an explanation of theft behavior, this theory proposes that the victimized organization may have a part in determining the level of theft behavior of its own employees by influencing their perceived level of job dissatisfaction (see Dillon, 1973; Mangione and Quinn, 1975; Quinney, 1977:54-55; Ditton, 1977; Hollinger and Clark, forthcoming).

Social control. The fifth and final explanatory theme which we have been able to identify is a social control theory of employee theft. Again, as with job dissatisfaction above, the primary explanatory variables in this theory come from within the workplace. Social control theory suggests that theft persists due to the broadly shared informal and formal social structure which has developed over time. Here we are interested in the normative sanctions (both positive and negative) which determine and regulate the tolerable limits of deviant behavior in the work setting. There are a number of recent qualitative studies which document the role which the work group's norms play in controlling theft by employees (e.g., Horning, 1970; Mars, 1973 and 1974). In addition, there is evidence of a relationship between supervisory/management personnel and employees in constraining or encouraging theft behavior (e.g., Gouldner, 1954; Bensman and Gerver, 1963; Jaspan, 1974).

Although not yet empirically tested, from the above studies it becomes clear that the phenomenon of employee theft can also be viewed from a "deterrence doctrine"

(Gibbs, 1975) theoretical perspective. This "deterrence" model assumes that deviant workplace behavior may be affected by the threat of negative social sanction, either from the organization itself or the criminal law. Specifically, theorists using the "deterrence doctrine" in order to explain law violative behavior suggest that there are three critical variables -- certainty, severity, and celerity of punishment -- which are important to understanding the deterrent effect which a social control will have on behavior. The most recent consensus of empirical research has concluded that of these three factors, certainty of punishment has been shown to be more salient in shaping behavior than either severity or celerity of punishment (Tittle and Logan, 1973; Jensen et al., 1978). In the employment setting we would hypothesize, then, that employees who perceive the sanction threat of detection and punishment to be non-existent or minimal will be more involved in various types of employee theft.

There may exist other theories of employee theft which have not been mentioned, but we feel that these are the most commonly articulated hypotheses. The reader should be aware, however, that these differing theories are probably not mutually exclusive. In other words, they each may help to explain some aspect or category of theft among this rather diverse group of deviant workplace behaviors.

EMPLOYEE DEVIANCE

Although our expressed topic of interest is employee theft, it is evident that the taking of company property and money is not the only type of deviance possible by employees which is detrimental to the interests of the work organization. In fact, a review of the literature in the sociology of work over the past few decades suggests that "counterproductive behavior," not theft, may be the more pervasive form of rule-breaking behavior committed by employees. When we consider the various documented forms of counterproductive employee behavior, such as the unauthorized use of time saving tools (Bensman and Gerver, 1963), "goldbricking" (Roy, 1952), informal co-worker interaction (Roy, 1959), "wildcat" strikes (Gouldner, 1954), or industrial sabotage (Taylor and Walton, 1971), the total range of deviance possible in the workplace broadens significantly. From a theoretical standpoint, then, the more inclusive phenomenon under study might more accurately be labelled "employee deviance" -- having two primary subcategories -- acts by employees against the <u>property</u> of the organization and the violations of the norms regulating acceptable levels of <u>production</u> (Hollinger, 1979).

Since we cannot theoretically divorce deviant acts against the property of the organization (i.e., employee theft) from the more prevalent and less serious instances of production deviance, we strived to obtain information regarding both subcategories of employee deviance throughout

our research. Therefore, in the following chapters of this report we will be considering the broader concept, employee deviance, operationalized in terms of its two most common manifestations, property and production deviance. Our principal emphasis will remain focused on property deviance or employee theft. (The reader should note that we will refer to "property deviance" and "employee theft" interchangeably in subsequent chapters of this report.) However, when appropriate we shall also examine the correlates of production deviance (or counterproductive behavior) as well. By broadening our horizon of interest in this way we hope to understand better workplace theft, particularly its relationship to the more prevalent non-property manifestations of employee deviance.

As should be readily apparent by now, to make any more cogent or informed statements about the nature of employee theft and deviance it will first be necessary to design a research methodology which does not suffer from the substantial empirical limitations discussed earlier, and at the same time permits more broadly defined conclusions about the universe of deviant employee behavior. Specifically, this is the primary theme of the next chapter.

CHAPTER II:
AN EMPIRICAL STUDY OF EMPLOYEE THEFT AND DEVIANCE

INTRODUCTION

The most significant limitation of the available studies on property and production deviance by employees has been the absence of a representative source of data upon which to make reliable generalizations. Conclusions about employee theft which are based upon an individual's personal observations or a single company's inventory shrinkage statistics cannot substantially contribute to a comprehensive understanding of this phenomenon. Even the qualitative case studies which in the past have yielded such colorful anecdotal findings about specific instances of documented property and production employee deviance are grossly inadequate when answering questions concerning representativeness and generalizability. For this research effort to add significantly to our knowledge of this phenomenon, a substantially different research methodology was required.

Our decision not to base this research study on existing data sources was not made capriciously. Prior to proposing any new research methodologies, we first explored what was presently known about the prevalence of employee deviance, particularly property theft. Unfortunately, a review of the available studies, corporate data on theft, conversations with industrial security experts, and our own

exploratory research told us what we had already suspected -- no one really knows the scope of the employee theft phenomenon. Even companies with sophisticated "state of the art" inventory control systems cannot accurately determine how much of their inventory shrinkage is attributable to theft by employees. And further, since no trade association, insurance company, law enforcement or government agency has access to any data sources independent from the inexact estimates provided to them by private firms, it will be impossible to study theft utilizing secondary data sources. In sum, unless one wants to study apprehended workers, generally considered to be an extremely skewed sub-sample, (e.g., Robin, 1969; Franklin, 1975) the only viable alternative was to develop an innovative data collection effort not reliant upon existing information sources.

In this light, this study will measure theft involvement reported by the employees themselves, attempt to determine organizational knowledge of and response to theft, and discover the processes by which employees become involved in theft. Towards these objectives, this chapter will outline a research plan which includes three data sources: 1) a self-report questionnaire survey of employees; 2) interviews with organizational executives; and 3) face-to-face employee interviews.

SELF-REPORT SURVEY

Our preliminary work on this research problem suggested that methodological techniques used in the past to study deviant behavior in other settings might also prove adaptable to measuring the deviant acts by employees against their companies. Specifically, as the major data collection technique we utilized a "self-report" survey, that is, requesting a random sample of present employees to report anonymously on their own personal involvement across a wide range of deviant behaviors in the workplace, including theft of company property and money.

Before selecting the self-report survey design, other direct data collection techniques were considered but later rejected because of their particular limitations. Direct "on-site" observation, given the surreptitious nature and rarity of theft occurrences, would be extremely costly, both in terms of time and money, and would yield an unrepresentative sample. Having researchers pose as employees would also violate the employees' right to privacy and informed consent. Intensively interviewing employees from a single work group or company was incorporated (and is discussed later) as an important component of the total methodology, but the limitations in sample size, in addition to the anonymity protection issues, prevented its use as the primary data collection technique. The self-report survey technique was selected because it could afford the greatest anonymity protections

to the participating employee and also yield the most reliable data, given the large numbers of employees and work settings which we desired to incorporate into the study.

We must point out that the self-report method is not without its own criticisms. However, recent studies have shown that the obvious questions of response reliability and item validity are not as problematic as once believed. Regarding the question of reliability of the response when using this method, Hindelang et al. (1979) report that a number of separate studies have demonstrated that test/pretest or split-half checking procedures have consistently yielded quite respectable correlations on the order of .9. Indeed, a study conducted by one of the senior authors has shown a relatively small amount of both under and over-reporting of deviance when reliability was verified via a polygraph examination (Clark and Tifft, 1966). While validity is significantly harder to establish, concurrent checks of official records (e.g., Hardt and Peterson-Hardt, 1977), studies using the known group method (Nye, 1958; Erickson and Empey, 1963), in addition to reports of informants (Gold, 1970) have all shown that self-reports can also yield data which are substantially valid.

The primary validity inadequacy of the self-report method is with "serious" criminal behavior. When official data are compared to self-report results, the discrepancy noted between these two data sets is primarily attributable

to the fact that the self-report instrument will underestimate the level of serious crime --particularly violent personal offenses (Hindelang, 1979). This is perhaps why this technique has been used most extensively with various forms of non-serious deviant activity, most commonly adolescent delinquency. Accordingly, given the non-violent nature of workplace deviance and lesser perceived seriousness of the harm associated with employee theft, we believe the self-report method can offer us far larger, more representative and informative empirical data on the employee deviance phenomenon than ever before achieved.

INTERVIEWS WITH ORGANIZATIONAL EXECUTIVES

Despite the fact that we know information regarding this phenomenon is quite limited, as a second source of data certain key management executives were personally interviewed to determine their organizations' knowledge of and response to employee theft (i.e., property deviance). This concerted effort to focus on the nature of the work organization arose out of our review of available research on this subject, signalling clearly that all organizations are not alike in their approach to employee theft. While some organizations seem to ignore the phenomenon, other business organizations take a very resolute stance as exemplified in their formal policies and procedures.

Realizing that we did not have the time, expertise, or financial resources to evaluate exhaustively each

organization on all aspects related to employee theft, the next best choice was selected. In each of the participating organizations, we personally interviewed the chief executive officer (or administrator), chief financial officer (and internal auditor, if possible), personnel manager, inventory control manager, and security director. Each provided us with information on the employee theft phenomenon from his or her particular area of responsibility within the organization.

EMPLOYEE INTERVIEWS

From its earliest planning stages this research effort has been frustrated that budgetary and confidentiality concerns precluded the conducting of large numbers of face-to-face interviews with employees. When Phase II was funded, this desired component was supplemented to the research design, namely, a systematic attempt to interview typical employees from representative companies already surveyed by questionnaire and executive interview during Phase I. A rich source of qualitative data was thought to be critical to a comprehensive understanding of the circumstances under which employees misuse property and production time within work organizations.

Over a period of several months, extended structured "conversations" were held with employees from six specific organizations. These interviews were designed to elicit answers to questions which could not be discerned from the

pages of a returned questionnaire booklet or from the opinions of a corporate executive. Through these face-to-face interviews, workers provided us with their unique insights on the processes, patterns, meanings, and perceptions of the complex factors impinging upon employees during their daily work routines. This final qualitative component of the research project thus complemented the more quantitative sources of data discussed above, yielding a truly "multi-method" approach to the central research problem.

TWO-PHASE RESEARCH DESIGN

To collect data about the employee theft phenomenon both from individual employees and corporate executives, we designed a two phase research methodology. During the first phase we would limit our study to the organizations and the work force of one community, while the second phase would be spent replicating the research in two additional communities in addition to conducting qualitative employee interviews.

Phase One. For the first phase of the study, we implemented our research design in the Minneapolis-St. Paul Standard Metropolitan Statistical Area (SMSA). Our primary reason for selecting this metropolitan area was the established good relationship between the local business community and the University of Minnesota, under whose auspices the project was conducted. This was important

because, in order to obtain the desired information about employee theft, we would have to acquire the complete cooperation of a significant number of business organizations.

When we initiated the study, we recognized that industries vary widely by such features as the characteristics of their work forces, their technologies, and the products they handle. On the one hand, we wished to incorporate the breadth of workplace variety, yet we also wanted to make our results as focused and industry specific as possible. Therefore, as a compromise we chose to focus on the three most populous sectors of American industry: retail, manufacturing, and service.

Specifically tailoring the study to represent the strengths of the Twin Cities' business community within the above three sectors, we narrowed our focus to retail merchandise corporations, electronics manufacturing firms, and general hospitals. Since the decision to participate was totally made by the organization, we could not design a perfectly representative sample. Instead, our goal was to obtain the permission of approximately ten typical organizations in each of the three industry sectors.

The entree procedure into organizations began with press releases about the project from the University of Minnesota and the American Management Associations. Subsequently, with the help of the Minneapolis and St. Paul Chambers of Commerce, executive officers from Twin Cities

businesses were briefed on the study. Eventually, 35 organizations agreed to participate in the study: nine (9) retailers, ten (10) manufacturing firms, and sixteen (16) hospitals. A brief description of these organizations follows.*

Of the nine retail organizations in the first phase of the study, three operate full-line department stores which sell a wide variety of products including clothing, jewelry, furniture, and appliances. Two organizations operate discount stores which are essentially "self-serve" operations. That is, a customer enters a store through a single point-of-entry, selects merchandise, and takes it to a central checkout cashier. Three other companies operate specialty shops, i.e., stores which concentrate on a single line of merchandise such as clothing or sporting goods. Also included in the retail sector sample is a "catalog showroom" in which the customer selects items from a display or catalog to be delivered at a central checkout. All nine of the organizations have stores throughout the Twin Cities metropolitan area, and for all but two of these firms, stores are located in both the center-city and the

*The American Management Associations of New York (principally Mr. Leonard Smith) was a sub-contractor of the first phase of this project. As can be deduced at places in this report, American Management Associations generally and Mr. Leonard Smith personally assisted our entree into companies and also our development of specific policy recommendations.

suburbs.

The Twin Cities are internationally known for their prominence in the field of electronic data processing development and manufacturing. As one might suspect, this prominence has resulted in an industrial environment that not only includes the production of main-line computer and peripheral data processing products but also the electronic components and parts used in manufacturing. Although not all ten of the organizations in the study produce exclusiyely computer related products, every one but three manufactures items that are utilized in some aspect of the electronic data processing industry. The three non-data processing companies in our sample manufacture products such as electronically controlled appliances and medical equipment.

While nearly all sixteen of the hospitals in the sample can be considered general community hospitals, there is still considerable diversity among them. For instance, the sample includes both public (tax supported) and private institutions, and among the private hospitals, both religiously affiliated and non-affiliated hospitals. The participating hospitals are located in all parts of the metropolitan area: downtown, residential urban neighborhoods, and the suburbs. Although there is an under-representation of very small hospitals, there is still substantial variety with regard to the size of the institutions. The largest hospitals in the study employ

nearly 3,500 individuals and contain 800 beds, while the smallest have approximately 700 employees and 200 beds.

It should be pointed out that all 24 labor unions and professional associations present in the 35 corporations included in the Minneapolis - St. Paul study were specifically contacted and briefed on the project in the same way as was the management of each corporation. Most of these unions and associations were supportive of the project although several did not wish to sponsor it officially. In no case, to our knowledge, was there overt resistance exercised by the employee groups against the research, although in two cases (one a labor union and the other a professional employees' association) the group was firmly convinced of the potential worthlessness of our efforts.

Phase Two. In the second phase of our research, we broadened our study of employee theft and deviance to include two additional major metropolitan areas, Dallas-Fort Worth, Texas, and Cleveland, Ohio. An important consideration in selecting these two communities was the fact that their size, industries, and employee populations are approximately equal, in addition to representing two different geographical areas. However, the primary reason for specifically choosing these two communities was the wide differences in their officially reported rates of crime.

Our research design for Phase II of the project called

for us to test the hypothesis that the incidence of employee theft in a company is a reflection of the rate of non-violent larceny in the larger community. The basic theoretical assumption is based upon the idea that if a company draws indigenous employees from that community, their aggregate theft behavior while at work may correspond to the general level of theft present in the community. According to this design, one of the cities in the study should be a "low" and the other a "high" larceny city. Based upon information taken from the FBI's Uniform Crime Report (1978), of the thirty-five largest metropolitan areas in the country, Cleveland ranked thirty-third with 2,127.8 larceny/thefts per 100,000 people. Dallas-Fort Worth, on the other hand, ranked fifth highest in the country, reporting 4,106.1 incidents per 100,000 inhabitants. In addition, data collected from victimization studies in 26 of the same cities support the F.B.I. official statistics. Cleveland ranked eighteenth with a personal crime of theft/1,000 inhabitants rate of 85. The victimization studies indicated a rate of 116.5 (ranking ninth) for Dallas-Fort Worth -- a rate almost half again as large as the incidence rate for Cleveland (U.S. Department of Justice, 1976).

Within each of these communities, the Phase II research design concentrated on only two of the three industry sectors included in the Minneapolis-St. Paul study: retail stores and hospitals. (The manufacturing

sector was excluded from our plans for Phase II of the project because, in the formative stages of this research, we realized that finding two other communities with the level of specialization currently found in the Minneapolis-St. Paul electronics manufacturing sector would be difficult.)

Further, budgetary constraints precluded our studying as many organizations in each Phase II community as we had in Minneapolis-St. Paul. Instead, we planned to survey approximately three of the largest organizations from each industry sector in both Dallas-Fort Worth and Cleveland. To gain entree into these organizations, we contacted by mail and telephone approximately five of the largest retailers and general hospitals in each community. We subsequently traveled to both communities and personally presented our research proposal to the executive officers of each targeted organization. The reader should note that, unlike Minnesota, the work forces in the vast majority of the organizations we contacted are not unionized. The hospitals in Cleveland are an exception, in which case we also briefed the union on the design and goals of the project. Twelve firms eventually agreed to participate in the second phase of the research; seven retail stores (four in Dallas-Fort Worth, three in Cleveland) and five hospitals (two in Dallas-Fort Worth, three in Cleveland). These twelve organizations are briefly described below.

Since in Phase II we were mainly interested in involving large corporations, we focused on the major retail merchandise companies in each community. In Dallas-Fort Worth, three of the four participating retail organizations operate full-line department stores while the fourth is a suburban self-service discount store. All four of these organizations have a number of stores located throughout the metropolitan area.

The retail sector in Cleveland includes two organizations that operate full-line department stores and one discount merchandiser. The two department store corporations have stores both in downtown and suburban mall locations. The discounter, however, primarily has sites in surburban neighborhoods.

The hospital sector in the second phase of the study is composed of five large, general community hospitals. In Dallas-Fort Worth, one of the participating hospitals is a public, tax supported institution, and the other is a religiously affiliated private hospital. Each of the hospitals employs more than 2,000 individuals, and both are located in residential neighborhoods near the central business district.

Among the three hospitals studied in Cleveland, one is publicly supported, and the other two are affiliates of religious organizations. The smallest of the three employs slightly over 1,500 individuals, while the largest has over 3,000 people on its payroll. All three of these hospitals

are located in urban, residential neighborhoods.

The personal employee interview portion of the overall design was also implemented in the second phase of the project, allowing the interviews to be guided by the findings of the Minneapolis-St. Paul survey. For purposes of data and analytical integration, organizations were selected from among corporations which had already been studied via questionnaire survey and organizational interviews in Phase I. Several criteria influenced our selection of specific firms for the qualitative study. For example, we concentrated on the larger organizations surveyed in Minneapolis-St. Paul so as to have a wide range of occupations represented in each firm's work force. The primary criterion, however, was the amount of theft found in each firm by the Phase I employee survey. In order to obtain the greatest insight into the processes leading to involvement in theft, we wanted to interview employees in each sector from an organization which had a high rate of self-reported theft and from a firm which had a low rate. Two organizations were selected from each of the three sectors, i.e., two retail corporations, two hospitals and two electronic manufacturing firms. We approached these six corporations with the request that we be allowed to continue our research, and all six of the firms agreed.

DATA COLLECTION

Employee self-report survey. In both phases of the research, after securing the active cooperation of the participating organizations, a random sample of employees at all levels of each firm was asked to respond to a mailed, self-administered questionnaire. The questionnaire asked employee respondents anonymously to provide data on personal and occupational characteristics, job satisfaction, perceptions of social controls deterring theft, and their personal involvement in a range of counterproductive and theft activities.

In order to draw random samples of employees, we asked each organization to supply us with its most recent mailing list. In most cases we obtained a complete mailing list, assigned each name a number, and randomly included employees in the sample by drawing four digit numbers from a random number table. Some organizations could only provide the project with a partial mailing list. In those cases, names were randomly excluded from the sample rather than included. For two hospitals, it was impossible to obtain a mailing list. In one case, the hospital provided a list of social security numbers. We drew a sample from those numbers and the hospital supplied us with the names and home addresses for those individuals. In the other instance, the hospital would not release any home addresses but would provide names and work addresses. We sent letters describing the proposed research to one-third of

that hospital's employees at work. A post card was enclosed in each letter, and we asked the employees to write their home addresses on the cards and return them to us. Each person returning a post card was included in the survey.

After a group of potential respondents had been selected for an organization, mailing labels and all survey materials were prepared by the research staff. Individuals in each organization received identical survey materials, and all materials were addressed "Dear (company name) employee." Respondents were told that their questionnaires could be identified as belonging to employees of a particular company but that actual names and addresses would remain confidential throughout the research process.

The mail survey procedure in Minneapolis-St. Paul involved sending four pieces of mail:

1. An introductory letter explaining the project and its purpose. The letter also assured respondents of their anonymity and explained how their names were obtained.

2. The questionnaire and cover letter. The letter once again explained the project and assured anonymity. Also included with the questionnaire was a postage-paid return envelope.

3. A reminder post card thanking those who had participated and asking those who had not returned the questionnaire to do so.

4. A replacement questionnaire and cover letter. The letter repeated our appreciation to those who had participated and asked them not to complete a second questionnaire. We reassured those who had not responded that the questionnaires were anonymous and asked them to consider participating.

The reader should note that we used slightly different

questionnaire booklets and survey procedures in the second phase of the research. After Phase I (Minneapolis-St. Paul) was completed, there were internal and external reviews of the research process. As a result of these reviews, we slightly modified the survey instrument and design methodology in order to improve further the second phase of the project. In regards to the questionnaire instrument, we posed more specific questions about personal involvement in theft activity. (We discuss this in more detail in the next chapter which deals with the reported prevalence of employee theft.)

We also wanted to maximize the response rate in Phase II. Thus, we modified our design methodology to be consistent with Donald Dillman's (1978) "Total Design Method" of mailed survey research. While in Phase I we sent the questionnaires and the follow-up reminders by non-profit permit bulk mail, in Phase II using Dillman's recommended techniques the initial and follow-up mailings went First Class. We also added "mail control numbers" to the questionnaire booklets which allowed us to direct the follow-ups only to those who had not responded. The survey process still involved sending four pieces of mail. However, the introductory letter was eliminated and a second replacement questionnaire was added. This final reminder was sent by Certified Mail to ensure that our

mailings reached every person who was sampled.*

During the two phases of this research project, 9,175 employees returned questionnaires, or 53.8 percent of those sampled. In the first phase of the study, a total of 4,985 individuals (or 50.8 percent of those sampled) returned completed questionnaires, and of those who were sampled in Phase II, 4,190 (or 57.9 percent) returned completed booklets. Based upon generally accepted standards of survey research, this return rate was not as high as we originally hoped. Social scientists generally feel the most confidence in their survey results when they have reached the 70 percent return rate level (Goudy, 1978). However, we were not able to achieve this level even after adopting a "state of the art" survey methodology during the second phase of the project. Our return rate was undoubtedly diminished by a long questionnaire booklet, a sensitive topic, and inaccurate mailing lists. The rate of return was also artificially depressed, however, by high turnover among the work forces in the participating organizations. From conversations with personnel directors of those firms, we know that attrition is high, particularly in the retail and hospital industries. As a result, some of the people we

*Examples of the questionnaires and survey mailing materials for both phases of the research are included in Appendix A.

sampled certainly terminated their jobs over the course of the survey procedure and may well have had little interest in completing a questionnaire about their past employer. This extensive attrition of the sample is not a problem that must be faced by surveys of the general population which have received response rates of 70 percent or higher.

We do not have data on the extent of attrition among the samples from Phase I organizations, but we do have data for Phase II. At the end of the survey procedure in the second phase of research, we systematically compared our mailing lists with current payroll records in five randomly selected organizations to see how many non-respondents had terminated employment since the mailing list was created. In those five firms, when the terminees were removed from the sample, the "adjusted" return rate was at least 74 percent in the first organization, 69 percent in the second organization, 66 percent in the third organization, 75 percent in the fourth organization, and 56 percent in the fifth organization.

From the above examination of mailing list accuracy, when former employees are removed from the sample using the turnover criteria supplied by the organizations we estimate the "adjusted" return rate might be as high as 65-70 percent. We mention this because we do not believe that the accuracy of the conclusions drawn from these data is significantly affected by the artificially depressed "actual" rate of return. On the contrary, given the

unaccounted for high attrition in the sample, we have the same degree of confidence in our data as if we had approached the 70 percent return level from a survey of the general population. In the next chapter of this report we discuss how we used these survey data to assess the prevalence of employee theft and deviance in the workplace.

Executive interviews. Within all of the participating organizations we conducted personal interviews with key management executives. In particular, we wanted to learn about each organization's emphasis on the dissemination of anti-theft policies, the control of materials and money, screening of prospective employees, and the deterrent effect of security operations. In the first phase of the study, we completed 180 interviews with executives of the 35 participating firms, and 67 interviews were conducted in the 12 organizations studied in Phase II.*

The reader should note that in Minneapolis-St. Paul we went to each of the participating organizations in person to conduct the interviews. Due to budgetary constraints, the interviews with organizational executives from Dallas-Fort Worth and Cleveland were conducted by long distance telephone. As a result, for the second phase of the research we refined the interview guides and made the questions more concise so that the telephone time required

*Copies of the interview guides used in both phases are included as Appendix B.

for the interview would be minimized. In both phases, however, the interviews solicited essentially the same information.

Although we completed 247 interviews during the two phases of this research, we must point out that the executive interviews rely heavily on verbal evaluations and personal assessments by members of the management team. However, given the variety in the corporate management responses to the problem of employee theft, we feel confident in our ability to differentiate among participating organizations, both among industry sectors and within each sector.

Employee interviews. In order to conduct direct interviews with an organization's work force, a personal letter was sent to a mailing list of about 100 randomly selected employees (excluding any employee formerly sampled in the study) from each of the six corporations. The letters informed the employee of the nature of the research and the confidentiality and anonymity of their voluntary participation. Enclosed in each letter was a stamped, self-addressed post card which, if they wished to be interviewed, employees were asked to sign, list their telephone number and general occupational category, and return to the University project office. Over one-third of the sampled employees did so, and they became a pool from which the initial interviewees were drawn. This voluntary sample was supplemented via a purposive snowball method in

the interest of achieving some notion of "coverage" with unrepresented occupational categories and physical locations within the workplace. Together, the two sources of respondents served to provide an adequate number and variety of employee perspectives and experiences. During the qualitative portion of the research, we conducted 256 interviews; 87 in the retail sector, 79 in the hospital sector, and 90 in the manufacturing sector.

Three researchers were involved in the employee interview process, each focusing his efforts on a single industry sector. The overall thrust represented an unusual team approach to qualitative research, in contrast to the classical "Lone Ranger" approach wherein a single researcher pursues a phenomenon of interest. Although the "Lone Ranger" approach has produced many enlightening and important works, some scholars and practitioners point to its limitations. Specifically, the solitary researcher who seeks an in-depth examination of a complex social phenomenon must almost by definition restrict the scope of her or his study, thereby possibly limiting its full theoretical contribution and its generalizability. The team approach, on the other hand, provides a framework in which the quality of data received can be improved through extensive debate, cross-checking, stimulation and support. Frequent interaction among team members regarding issues of field operations, interview techniques, interview substance, etc., was strongly encouraged throughout the

data collection and analysis phases.

Relevant literature reviews and preliminary results obtained from exploratory qualitative studies between the first and second phases provided us with the specific scholarly and policy areas of interest for the interviews. Our basic objectives for the employee interview portion of the study were:

1. To understand the patterns of individual, occupational and organizational behavior (i.e., the processes which explain the quality and quantity of worker deviance),
2. To understand more thoroughly the specific correlates of employee property and production deviance,
3. To capture the "meanings" of worker deviance in the work setting, and
4. To assure the validity of findings derived through other data sources and methods in the study.

Although the employee interviews were specifically focused, they certainly remained open-ended or unconstricted enough to permit freedom for interviewees to introduce topics of their choosing into the conversation. The phenomenon of primary interest, employee theft, was broached through a procedure often referred to as "card sorting." Midway through each interview, respondents were given a set of approximately 30 cards containing brief descriptions of possible deviant activities commonly associated with their particular work environment. The cards depicted two types of deviance, the misuse of production time and the misuse of property. Each

respondent was asked to sort the cards according to whether or not he or she was aware of their occurrence. Interviewees were cautioned to identify as "occurring" only those activities which they personally knew had actually happened in their place of current employment. Following the card-sort, respondents were asked several sets of questions designed to illuminate the nature and process of the activities identified as occurring.

These face-to-face employee interviews, like our other two sources of data, are not without their limitations. Since we interviewed a small number of individuals, it was not possible for us to talk with employees from every area of an organization. Moreover, our initial method of contacting employees by mail allowed them to self-select themselves into the sample. Thus, we recognize that opinions expressed during these interviews are not truly representative of the perceptions of each industry's work force. However, by using a "snowball" sample to help insure adequate coverage of each organization and by studying two separate organizations in each sector, the interviews provided us with unique insight into the processes by which people become involved in theft and

other types of workplace deviant behavior.*

*The interview guide used for the employee interviews is included as Appendix C. See Appendix D for a description of the qualitative data analysis procedure.

CHAPTER III:

PREVALENCE OF EMPLOYEE DEVIANCE

INTRODUCTION

The most basic question which this research effort attempted to answer was, "How much employee deviance, particularly property theft, occurs in a typical retail store, hospital, or manufacturing plant.?" As we discussed in Chapter I, very little comprehensive data currently is available about deviant workplace activities. This paucity of information exists for very good reasons--employee deviance by definition is generally hidden from the view of employees, fellow workers, the general public, and also social science researchers. In order to remedy this situation, we designed our research effort to assemble what information is presently available and to develop new and innovative data collection strategies. In this chapter we will present what we have learned about employee deviance utilizing three sources of data, 1) estimates by organizational executives, 2) self-report questionnaire survey results, and 3) face-to-face employee interviews.

ORGANIZATIONAL ESTIMATES OF PROPERTY DEVIANCE

As noted in Chapter II, our preliminary research told us that organizations have little exact knowledge regarding the extent of employee theft. This finding was confirmed by our interviews with corporate executives. During these

interviews, we sought to obtain information that would indicate how much theft was occurring in each of the forty-seven participating organizations. Although organizational officials would not generally know which specific individuals were perpetrating theft, we thought that they might have some measure of the aggregate effects of employees' stealing. In particular, we asked for two sources of corporate data which could indicate the pervasiveness of theft: security records and inventory shrinkage rates.

Security records. Reports of theft incidents were the first type of security department record which we examined. Typically, when either organizational property or an employee's personal property is unaccounted for and theft is suspected, an incident report is filed with the security office. From these records we hoped to determine how much theft within an organization during the last calendar year was attributable to employees. Unfortunately, the use of these reports was unproductive in all three industry sectors. At best, the security departments in the hospitals, manufacturing firms and retail stores in our study could only give us the total number of thefts of all types discovered within a company. Since the actual perpetrator of the vast majority of these incidents was never identified, there was no way of knowing what portion of the total number of reported thefts was committed by employees when compared to those committed by non-

employees.

Since examining the number of formally reported occurrences of employee theft was not possible, we turned to an alternate corporate security statistic, the annual number of theft apprehensions. Again, problems arose with this measurement of the prevalence of theft. First, nearly half of the organizations had not maintained thorough enough records to reveal how many employees had been apprehended. More often than not, we found no centralized summary of employees who had been caught stealing. The only place where information might exist about an employee's participation in theft was on a termination notice which was kept in the individual's personnel file. Because reasons for termination are often kept vague due to the legal "defamation of character" implications, this was also not a useful data source on employee theft prevalence.

Another complication associated with using apprehension records to measure the amount of theft was discovered, namely, these records may be more a function of the departments' reacting than the employees' offending. Employee theft apprehension rates, like arrest rates generally, often are more a reflection of "policing" practices than the actual criminal behavior. Thus, to use apprehension records as an indicator of employee theft prevalence in organizations would lead to serious problems of validity and reliability. These data are important, however, as in Chapter VIII we utilize them as an

independent variable to determine whether apprehending employees is a deterrent to theft.

Inventory shrinkage. As noted in Chapter I, a company's inventory shrinkage rate represents the inventory deficit in dollars which cannot be accounted for after sales reductions and unsold stock have been subtracted. Many factors other than internal theft (e.g., shoplifting, bookkeeping error, spoilage, and breakage) can affect the magnitude of inventory shrinkage. Nonetheless, the figure does partially reflect losses due to theft.

There were several serious problems associated with our using inventory shrinkage statistics as a measure of the extent of employee theft. First, not all of the firms included in the study (such as manufacturers and hospitals) calculated such a figure. Second, some organizations produced shortage statistics only for certain departments. For example, in hospitals it is common to calculate a shortage only for the main storeroom, central supply and pharmacy. And third, not all firms used the same formula in deriving the figures. Even in retail the data were not totally comparable.

Thus, as we had suspected, the official organizational sources of data did not permit us to measure the level of theft involvement within each of our 47 organizations. (This issue will be more thoroughly discussed in Chapter VIII.) Instead, we were forced to focus heavily on the self-reported involvement of employees to measure the prevalence

of both property and production deviance.

SELF-REPORTED DEVIANCE OF EMPLOYEES

A self-administered questionnaire survey of employees in the retail, hospital, and electronics manufacturing industries provided us with acceptable data to test the various hypotheses about the phenomenon of employee theft. Via a questionnaire booklet, each respondent was presented with a list of specific examples of workplace deviant behavior. We requested that the respondents anonymously indicate by circling choices on the questionnaire the extent of their involvement in each activity.

The items of deviant behavior corresponding to property deviance dealt with specific acts of theft of property belonging to the company, fellow workers, or outsiders (e.g., customers in retail stores or patients in hospitals). Some of the property deviance items of necessity varied by industry sector because of the substantial differences in the nature of property among the three industries. That is, articles which can be taken by employees in a retail store differ rather dramatically from those things which a hospital or electronics manufacturing worker can take. Thus, in the retail sector questionnaire we included items about misusing the discount privilege, taking or damaging merchandise, and underringing purchases. While in the hospital sector we asked about the taking of supplies, medication, and equipment. Manufacturing

employees, on the other hand, were surveyed about the theft of precious metals, raw materials, and finished products.

The examples of deviant behavior also included counterproductive behavior, which refers to acts by employees which violate corporate policy regulating the use of time and the amount and quality of work accomplished. Incorporated under this heading are activities such as doing slow or sloppy work and coming to work under the influence of alcohol or drugs. Since it was felt that participating in these behaviors was possible for all employees regardless of occupation or industry, the same five items were included on each sector's questionnaire.*

The specific items which were developed to measure various forms of employee deviance in the retail and hospital sectors in Minneapolis-St. Paul, Dallas-Fort Worth, and Cleveland, and in the manufacturing sector in Minneapolis-St. Paul, are listed in Tables 3.1 through 3.7. These tables also indicate the reported levels of respondent participation by item.

The reader will note from these tables that slightly more deviant involvement was reported by the Minneapolis-St. Paul Phase I sample than by the Dallas-Fort Worth and Cleveland samples in Phase II. Although many factors may have contributed to this difference, we believe it was

*A third category of behavior, positive deviance, was also included in the Minneapolis-St. Paul study. This category refers to those items which measure activities that exceed formal requirements for the job (e.g., "doing work above and beyond the call of duty")

Table 3.1

Percent of Minneapolis-St. Paul Retail Employees Responding to Deviance Items

HOW OFTEN DO YOU ENGAGE IN EACH ACTIVITY?	DAILY	WEEKLY	MONTHLY	YEARLY	HAPPENED ONCE	NEVER	NOT APPLICABLE	TOTAL VALID CASES
1. Take unauthorized long lunch or coffee breaks.	12.5	21.6	18.7	5.2	9.4	26.9	5.7	1,372
2. Give up lunch or coffee breaks in order to work.	16.9	28.1	19.9	5.3	8.9	18.7	2.2	1,372
3. Punch a time card for an absent employee.	.2	.2	.5	.3	1.9	86.3	10.6	1,375
4. Do slow or sloppy work on purpose	.4	2.3	6.5	4.9	5.4	78.1	2.4	1,375
5. Work under the influence of alcohol or drugs	.6	1.0	2.3	2.1	4.4	88.6	1.0	1,374
6. Use the discount privilege to buy merchandise for non-employees.	1.2	5.5	21.7	16.0	12.8	41.6	1.2	1,375
7. Take unauthorized money or gifts from business clients	.1	.2	.7	1.6	2.6	74.3	20.5	1,375
8. Come to work late or leave early without approval	.9	4.6	13.2	7.5	10.7	60.2	3.0	1,375
9. Take store merchandise	.3	.8	2.3	2.5	5.9	85.7	2.5	1,374
10. Use sick leave when not sick	--	.1	3.9	8.2	9.7	62.3	15.8	1,375
11. Get paid for more hours than were worked	.1	.5	1.5	2.3	4.7	85.0	5.9	1,374
12. Damage merchandise so that you can buy it on discount	--	.1	.4	.7	1.1	90.2	7.5	1,377
13. Work extra hours without overtime pay or other rewards	5.0	11.0	14.1	7.6	7.3	48.7	6.3	1,373
14. Are reimbursed for more money than spent on business expenses	.4	.2	.9	1.5	1.2	48.4	47.4	1,372
15. Purposely under-ring purchases	.2	.4	2.1	1.0	1.9	68.5	25.9	1,373
16. Borrow or take money from employer without authorization	.1	.1	.4	.4	1.1	85.2	12.7	1,375
17. Take personal property of co-workers or non-employees	--	.1	.1	.1	.5	97.5	1.7	1,377
18. Short-change or overcharge customers	.4	.9	2.1	3.2	7.8	63.1	22.5	1,370
19. Fail to report theft of employer's property	.4	.6	1.6	2.1	4.0	83.5	7.8	1,366
20. Do work above and beyond the call of duty	21.4	28.0	24.6	7.6	3.7	11.8	2.9	1,368

Table 3.2

Percent of Dallas-Fort Worth Retail Employees Responding to Deviance Items

WITHIN THE PAST YEAR, HOW MANY TIMES DID YOU	ALMOST DAILY	ABOUT ONCE A WEEK	ABOUT ONCE A MONTH	BETWEEN FOUR AND ELEVEN TIMES	TWO OR THREE TIMES	ONCE	NEVER	TOTAL VALID CASES
1. Take a long lunch or coffee break without approval?	3.0	7.3	7.0	5.8	19.6	8.8	48.5	1,303
2. Fill out or punch a time card for an absent employee?	.1	.4	.3	--	1.2	1.1	96.9	1,308
3. Do slow or sloppy work on purpose?	.2	.9	1.1	1.4	6.9	5.3	84.2	1,309
4. Come to work while under the influence of alcohol or drugs?	.4	.6	.4	.7	2.1	3.4	92.4	1,310
5. Use the discount privilege in an unauthorized manner?	.4	.3	.9	2.0	5.1	5.4	85.9	1,310
6. Take office or clerical supplies?	.2	.4	.2	.8	4.7	5.0	88.7	1,307
7. Take an item of store merchandise with a retail value of $5 or less?	--	.1	.1	.2	1.3	2.3	96.0	1,309
8. Take an item of store merchandise with a retail value of more than $5?	--	.2	.1	--	.7	.8	98.2	1,309
9. Take unauthorized money or gifts from a vendor or supplier?	.1	.1	.1	.2	.8	1.5	97.2	1,308
10. Come to work late or leave early without approval?	.7	3.0	3.3	5.4	13.3	8.3	66.0	1,306
11. Purposely underring a customer's purchase?	.1	.2	--	.2	.9	.8	97.8	1,297
12. Use sick leave when not sick?	.1	.1	.5	2.2	6.1	8.2	82.8	1,306
13. Get paid for more hours than were actually worked?	.2	.2	.2	.3	1.3	2.4	95.4	1,310
14. Damage an item of merchandise in order to buy it on discount?	--	--	--	.2	.2	.5	99.1	1,308
15. Be reimbursed for more money than spent on business expenses?	--	.2	.1	.1	.3	.5	98.8	1,303
16. Take company equipment or tools?	--	.1	--	.1	.8	1.1	97.9	1,309
17. Borrow or take money from employer?	--	--	.2	.5	1.6	1.3	96.4	1,305
18. Take personal property of co-workers or customers?	--	.1	--	--	.1	.1	99.7	1,311
19. Short-change or overcharge a customer on purpose?	--	.1	.1	.1	.3	.4	99.0	1,304
20. Ignore an instance of pilferage or shoplifting?	.1	.1	.1	.2	1.2	2.4	95.9	1,306

Table 3.3

Percent of Cleveland Retail Employees Responding to Deviance Items

WITHIN THE PAST YEAR, HOW MANY TIMES DID YOU	ALMOST DAILY	ABOUT ONCE A WEEK	ABOUT ONCE A MONTH	BETWEEN FOUR AND ELEVEN TIMES	TWO OR THREE TIMES	ONCE	NEVER	TOTAL VALID CASES
1. Take a long lunch or coffee break without approval?	3.7	8.8	7.9	6.7	17.0	8.6	47.3	822
2. Fill out or punch a time card for an absent employee?	.2	.4	.1	.5	.8	1.1	96.9	826
3. Do slow or sloppy work on purpose?	.2	.8	1.5	1.2	6.3	3.8	86.2	827
4. Come to work while under the influence of alcohol or drugs?	.6	.8	.5	1.0	1.6	3.1	92.4	828
5. Use the discount privilege in an unauthorized manner?	.1	.7	1.8	4.2	7.4	4.3	81.5	827
6. Take office or clerical supplies?	--	.8	.6	1.1	5.2	3.9	88.4	828
7. Take an item of store merchandise with a retail value of $5 or less?	.4	.2	.2	.4	2.4	3.0	93.4	828
8. Take an item of store merchandise with a retail value of more than $5?	--	.6	.2	--	.4	.7	98.1	826
9. Take unauthorized money or gifts from a vendor or supplier?	--	--	.7	.2	1.6	1.5	96.0	825
10. Come to work late or leave early without approval?	1.5	2.1	4.6	5.3	11.9	5.6	69.0	825
11. Purposely underring a customer's purchase?	.1	.1	.5	.5	.9	.5	97.4	819
12. Use sick leave when not sick?	.2	.1	1.6	2.4	7.1	7.7	80.9	823
13. Get paid for more hours than were actually worked?	.4	.5	.7	1.1	1.8	3.4	92.1	826
14. Damage an item of merchandise in order to buy it on discount?	.1	.1	--	.1	.6	.5	98.6	827
15. Be reimbursed for more money than spent on business expenses?	--	--	.4	--	.6	.5	98.5	816
16. Take company equipment or tools?	.1	--	--	.6	.5	2.3	96.5	826
17. Borrow or take money from employer?	.1	.4	.1	.2	.9	1.7	96.6	825
18. Take personal property of co-workers or customers?	--	--	.1	.2	--	.2	99.5	827
19. Short-change or overcharge a customer on purpose?	--	.2	.1	.2	.4	.5	98.6	821
20. Ignore an instance of pilferage or shoplifting?	.2	--	.2	.7	1.7	3.1	94.1	821

Table 3.4

Percent of Minneapolis-St. Paul Hospital Employees Responding to Deviance Items

HOW OFTEN DO YOU ENGAGE IN EACH ACTIVITY?	DAILY	WEEKLY	MONTHLY	YEARLY	HAPPENED ONCE	NEVER	NOT APPLICABLE	TOTAL VALID CASES
1. Take unauthorized long lunch or coffee breaks	14.1	19.6	21.7	7.1	4.6	25.3	7.6	2,025
2. Give up lunch or coffee breaks in order to work	19.8	34.0	25.1	4.4	4.4	9.6	2.7	2,031
3. Punch a time card for an absent employee	.4	.5	.6	.6	1.8	60.5	35.6	2,040
4. Do slow or sloppy work on purpose	.3	1.2	5.5	3.5	4.4	82.9	2.2	2,040
5. Work under the influence of alcohol or drugs	.2	.4	.7	1.2	3.4	92.5	1.6	2,043
6. Take hospital supplies (e.g., bandages, thermometers, linens)	.2	1.0	9.4	13.3	13.0	60.0	3.1	2,034
7. Take unauthorized money or gifts from business clients	.1	.1	.3	1.6	.5	76.4	19.0	2,042
8. Come to work late or leave early without approval	1.2	4.6	11.2	10.2	8.4	61.3	3.1	2,039
9. Take or use medication intended for patients	.1	.5	2.0	3.7	3.5	77.6	12.6	2,037
10. Use sick leave when not sick	--	.3	6.5	24.6	16.4	49.8	2.4	2,034
11. Get paid for more hours than were worked	.3	.6	2.2	2.4	4.0	87.0	3.5	2,041
12. Take or eat hospital food without paying for it	5.9	9.7	10.9	4.9	3.9	58.4	6.3	2,035
13. Work extra hours without overtime pay or other rewards	8.4	17.8	20.7	8.7	4.3	37.5	2.6	2,038
14. Are reimbursed for more money than spent on business expenses	.1	.1	.3	.5	.9	48.9	49.2	2,038
15. Take hospital tools or equipment	--	.1	.5	3.3	4.1	87.2	4.8	2,041
16. Borrow or take money from employer without authorization	--	--	.1	.1	.4	80.2	19.2	2,042
17. Take personal property of co-workers or non-employees	--	--	.1	.3	.6	97.9	1.1	2,309
18. Charge one patient for services or medication given to another	.2	1.8	2.5	2.7	2.4	63.8	26.6	2,037
19. Fail to report theft of employer's property	1.2	.8	2.7	2.9	2.5	78.4	11.5	2,017
20. Do work above and beyond the call of duty	19.9	25.6	27.8	9.8	3.2	9.7	4.0	2,011

Table 3.5.

Percent of Dallas-Fort Worth Hospital Employees Responding to Deviance Items

WITHIN THE PAST YEAR, HOW MANY TIMES DID YOU	ALMOST DAILY	ABOUT ONCE A WEEK	ABOUT ONCE A MONTH	BETWEEN FOUR AND ELEVEN TIMES	TWO OR THREE TIMES	ONCE	NEVER	TOTAL VALID CASES
1. Take a long lunch or coffee break without approval?	2.9	9.1	6.6	4.9	19.7	7.3	49.5	899
2. Fill out or punch a time card for an absent employee?	.2	.2	.2	.2	.4	.8	98.0	907
3. Do slow or sloppy work on purpose?	.1	.5	1.3	1.7	4.5	2.3	89.6	906
4. Come to work while under the influence of alcohol or drugs?	.1	.6	.7	.3	1.1	1.3	95.9	907
5. Take patient care supplies?	.1	.1	.7	.9	4.7	3.4	90.1	907
6. Take office or clerical supplies?	.4	.6	1.0	1.7	7.3	5.6	83.4	904
7. Take housekeeping or janitorial supplies?	--	.2	.5	.1	2.3	1.4	95.5	908
8. Take linens, uniforms or gowns?	--	--	.2	.4	3.2	5.6	90.6	905
9. Take unauthorized money or gifts from a vendor or supplier?	--	--	.5	.1	.3	1.0	98.1	904
10. Come to work late or leave early without approval?	.6	3.0	3.3	3.8	10.0	7.0	72.3	900
11. Take or use medication intended for patients?	--	.3	.7	1.2	3.6	3.0	91.2	905
12. Use sick leave when not sick?	--	.2	1.1	2.7	12.1	10.6	73.3	904
13. Get paid for more hours than were actually worked?	--	.6	.2	.2	2.4	2.0	94.6	905
14. Take or eat food intended for patients?	1.3	1.0	2.0	3.4	5.6	4.7	82.0	904
15. Be reimbursed for more money than spent on business expenses?	--	.1	--	--	--	.7	99.2	902
16. Take hospital equipment or tools?	--	.3	--	.2	1.6	2.2	95.7	905
17. Borrow or take money from employer?	--	.5	.2	.1	1.9	1.8	95.5	908
18. Take personal property of co-workers or patients?	.1	.1	--	--	.1	.1	99.6	908
19. Take hospital property with a value of $5 or more?	--	.2	--	.2	1.1	1.1	97.4	908
20. Ignore an instance of pilferage?	1.5	.7	1.2	1.1	4.3	2.5	88.7	886

Table 3.6

Percent of Cleveland Hospital Employees Responding to Deviance Items

WITHIN THE PAST YEAR, HOW MANY TIMES DID YOU	ALMOST DAILY	ABOUT ONCE A WEEK	ABOUT ONCE A MONTH	BETWEEN FOUR AND ELEVEN TIMES	TWO OR THREE TIMES	ONCE	NEVER	TOTAL VALID CASES
1. Take a long lunch or coffee break without approval?	2.5	5.7	8.2	6.0	19.6	8.2	49.8	1,077
2. Fill out or punch a time card for an absent employee?	.2	.2	.3	.2	.9	.9	97.3	1,085
3. Do slow or sloppy work on purpose?	.1	.4	1.2	1.1	5.4	2.3	89.5	1,091
4. Come to work while under the influence of alcohol or drugs?	.1	.2	.1	.1	.9	1.3	97.3	1,090
5. Take patient care supplies?	.1	.2	.8	.6	6.3	3.5	88.5	1,085
6. Take office or clerical supplies?	.1	.4	1.0	1.8	9.8	6.5	80.4	1,088
7. Take housekeeping or janitorial supplies?	--	--	.4	.3	1.1	1.4	96.8	1,086
8. Take linens, uniforms, or gowns?	--	.3	.2	.3	2.9	5.3	91.0	1,087
9. Take unauthorized money or gifts from a vendor or supplier?	--	.1	--	.1	.5	1.3	98.0	1,087
10. Come to work late or leave early without approval?	.9	1.7	3.9	4.8	12.1	6.1	70.5	1,085
11. Take or use medication intended for patients?	.1	.1	.5	1.4	3.4	3.3	91.2	1,081
12. Use sick leave when not sick?	--	--	1.5	4.1	17.0	12.2	65.2	1,087
13. Get paid for more hours than were actually worked?	.2	.2	.6	.8	2.0	1.9	94.3	1,088
14. Take or eat food intended for patients?	.7	.9	1.1	1.4	4.6	2.3	89.0	1,084
15. Be reimbursed for more money than spent on business expenses?	--	--	--	.2	.2	.5	99.1	1,078
16. Take hospital equipment or tools?	.2	--	.1	.3	2.1	1.9	95.4	1,083
17. Borrow or take money from employer?	--	.1	--	.1	.9	1.6	97.3	1,085
18. Take personal property of co-workers or patients?	--	--	--	--	--	.2	99.8	1,086
19. Take hospital property with a value of $5 or more?	.1	.2	--	.2	1.4	.9	97.2	1,087
20. Ignore an instance of pilferage?	1.2	.4	.9	1.6	5.0	4.0	86.9	1,067

Table 3.7

Percent of Minneapolis-St. Paul Manufacturing Employees Responding to Deviance Items

HOW OFTEN DO YOU ENGAGE IN EACH ACTIVITY?	DAILY	WEEKLY	MONTHLY	YEARLY	HAPPENED ONCE	NEVER	NOT APPLICABLE	TOTAL VALID CASES
1. Take unauthorized long lunch or coffee breaks	18.0	23.5	22.0	7.2	4.6	19.9	4.8	1,470
2. Give up lunch or coffee breaks in order to work	19.7	27.3	19.0	3.9	6.3	21.6	2.2	1,474
3. Take metals used in production (platinum, gold, copper, etc.)	.1	.1	.5	1.0	1.4	67.7	29.2	1,472
4. Do slow or sloppy work on purpose	.5	1.3	5.7	4.4	4.3	81.5	2.3	1,467
5. Work under the influence of alcohol or drugs	1.1	1.3	3.1	6.4	6.4	80.1	1.6	1,474
6. Take other materials used in production (raw materials, components)	.1	.4	3.5	9.7	7.3	66.2	12.8	1,470
7. Take unauthorized money or gifts from business clients	--	.1	.4	1.8	1.1	73.6	23.0	1,471
8. Come to work late or leave early without approval	1.9	9.0	19.4	12.2	7.6	45.3	4.6	1,471
9. Discuss confidential company information with non-employees	.9	.9	2.5	5.6	3.0	72.9	14.2	1,467
10. Use sick leave when not sick	--	.2	9.6	26.6	10.9	45.8	6.9	1,473
11. Get paid for more hours than were worked	.2	.5	2.9	4.8	3.7	79.4	8.5	1,473
12. Use unauthorized computer time for personal reasons	.3	1.0	2.2	3.0	1.6	63.2	28.7	1,470
13. Work extra hours without overtime pay or other rewards	10.0	16.6	18.5	6.9	4.2	40.1	3.7	1,471
14. Are reimbursed for more money than spent on business expenses	.1	.6	1.4	5.5	2.4	57.0	33.0	1,471
15. Take company tools or equipment	--	.1	1.1	6.9	8.6	77.5	5.8	1,472
16. Borrow or take money from employer without authorization	--	--	.2	.4	.3	81.9	17.2	1,473
17. Take personal property of co-workers or non-employees	--	--	.1	.1	.2	98.2	1.4	1,471
18. Take products manufactured by the company	--	--	.4	2.2	3.9	89.0	4.5	1,471
19. Fail to report theft of employer's property	1.8	1.1	2.4	3.7	3.9	75.4	11.7	1,453
20. Do work above and beyond the call of duty	16.2	25.2	27.1	12.0	3.4	13.0	3.1	1,455

primarily the result of asking Phase II respondents about their activity within a specific rather than a general time period. When we surveyed employees in Minneapolis-St. Paul, we asked them to indicate how often they engaged in each of the items of deviant behavior. The possible response choices were: a) almost daily, b) weekly, c) monthly, d) yearly, e) happened once, f) not applicable, and g) never. As was noted earlier, for the Dallas-Fort Worth and Cleveland phase of the study we modified the survey instrument to obtain more information about the frequency of employee involvement in theft and other counter-productive activities. To this end, we asked respondents how many times they had committed each act within the past year and gave the following response choices: a) almost daily, b) about once a week, c) about once a month, d) between four and eleven times, e) two or three times, f) once, and g) never.

The reader should also note that in Dallas-Fort Worth and Cleveland we asked more detailed questions about the theft of company property. This was done to ensure that property deviance was better measured across the entire range of employees. For example, in Minneapolis-St. Paul one of the items on the hospital questionnaire dealt with the taking of hospital supplies, and retail employees were asked one question about merchandise theft. For the Dallas-Fort Worth and Cleveland study, we asked hospital respondents several questions about particular kinds of

supplies: clerical, janitorial, linen, and patient care. We also divided the retail merchandise item into two questions: merchandise worth less than five dollars, and merchandise worth more than five dollars. Thus, the reader is cautioned not to compare directly the percent of people involved in a specific activity in Minneapolis-St. Paul with the percent involved in Dallas-Fort Worth and Cleveland. Due to Phase II instrument similarities, the responses from Dallas-Fort Worth and Cleveland can be directly compared, however.

PROPERTY DEVIANCE DEPENDENT VARIABLE

Because of the differing nature of the deviant behaviors included on the questionnaire, not all of the items could be used as an employee theft dependent variable for this study. On the other hand, no single item encompassed enough of the possible manifestations of theft behavior to stand alone as the dependent variable. Thus, it was necessary to construct a sector-specific index to represent the phenomenon of employee theft for each industry. Before we could create this index, however, we had to make adjustments due to item and response choice differences between Phase I and Phase II.

First, responses from Phase I had to be adapted to reflect involvement within one year's time so as to conform with the time frame used in Phase II. This was done by recoding the responses of the Minneapolis-St. Paul

employees who answered "happened once." If a respondent indicated that he or she had been involved in an activity "once" and had worked for the participating organization less than one year, then the response was recoded as "yearly." If the respondent had worked for the firm more than one year, the response was recoded as "never." This left us with five response categories: a) daily, b) weekly, c) monthly, d) yearly, and e) never/not applicable.* In Phase II, however, we used seven response categories. Thus, the responses from Dallas-Fort Worth and Cleveland were collapsed into five classifications into which the Minneapolis-St. Paul responses could also be incorporated: a) almost daily, b) about once a week, c) between four and twelve times a year, d) one to three times a year, and e) never. In addition, for the Dallas-Fort Worth and Cleveland respondents we consolidated the four supply items in the hospital sector and the two merchandise items in retail stores into single "supply" and "merchandise" items. This was necessary since only one question was asked about each subject in Phase I.

By making these adjustments in the data, we could combine the responses from both phases of the research. The question then became which of the items should be included in the index measuring employee theft. Due to the nature

*"Never" and "not applicable" were combined because both responses indicate that the employee was not involved in an activity.

of the deviant behaviors, relatively small amounts of admitted behavior were reported for each of the items, making traditional methods of scale or index development using statistical criteria impossible. Instead, judgments concerning the inclusion of an item in the index were based upon "face validity" using the following criteria:

1. Selection included only those items which were thefts of goods, materials, or money.
2. Items could be included only if they were asked in both phases of the research (e.g., taking clerical supplies in retail was only asked in Phase II).
3. Items were excluded which were not thefts victimizing one's employer (e.g., taking personal property of co-workers or non-employees).
4. Items were excluded which, due to varying organizational policies, were questionable as to whether they were actually viewed as larcenous behavior (e.g., in hospitals, taking or eating hospital food without paying for it).
5. Finally, items were also excluded if there was such restricted opportunity to commit the act that its inclusion would be meaningless (e.g., taking money or cash in the hospital and manufacturing sectors).

Employing these selection criteria left us with the sector-specific employee theft items presented in Table 3.8. This table also combines the questionnaire responses from both phases of the research and presents the admitted levels of employee involvement for each theft item within each sector.

From an examination of Table 3.8, we can see that the most prevalent theft item in the retail sector was the unauthorized use of the discount privilege, with 29 percent

Table 3.8

Combined Phase I and Phase II
Property Theft Items and Percent of
Reported Involvement by Sector

ITEMS	PERCENT OF INVOLVEMENT: Almost Daily	About Once a Week	4 to 12 Times a Year	1 to 3 Times a Year	Total
Retail Sector (N = 3,567)					
Misuse the discount privilege	.6%	2.4%	11.0%	14.9%	28.9%
Take store merchandise	.2	.5	1.3	4.6	6.6
Get paid for more hours than were worked	.2	.4	1.2	4.0	5.8
Purposely underring a purchase	.1	.3	1.1	1.7	3.2
Borrow or take money from employer without approval	.1	.1	.5	2.0	2.7
Be reimbursed for more money than spent on business expenses	.1	.2	.5	1.3	2.1
Damage merchandise to buy it on discount	--	.1	.2	1.0	1.3
TOTAL PERCENT INVOLVED IN PROPERTY THEFT					35.1
Hospital Sector (N = 4,111)					
Take hospital supplies (e.g., linens, bandages)	.2	.8	8.4	17.9	27.3
Take or use medication intended for patients	.1	.3	1.9	5.5	7.8
Get paid for more hours that were worked	.2	.5	1.6	3.8	6.1
Take hospital equipment or tools	.1	.1	.4	4.1	4.7
Be reimbursed for more money than spent on business expenses	.1	--	.2	.8	1.1
TOTAL PERCENT INVOLVED IN PROPERTY THEFT					33.3
Manufacturing Sector (N = 1,497)					
Take raw materials used in production	.1	.3	3.5	10.4	14.3
Get paid for more hours than were worked	.2	.5	2.9	5.6	9.2
Take company tools or equipment	--	.1	1.1	7.5	8.7
Be reimbursed for more money than spent on business expenses	.1	.6	1.4	5.6	7.7
Take finished products	--	--	.4	2.7	3.1
Take precious metals (e.g., platinum, gold)	.1	.1	.5	1.1	1.8
TOTAL PERCENT INVOLVED IN PROPERTY THEFT					28.4

of the respondents reporting this act, 14 percent admitting involvement on four or more occasions within a year's time. The theft of property in the form of store merchandise was reported by nearly 7 percent of the retail respondents. Of the various items concerning the theft of money, the most prevalent was receiving pay for hours which were not worked. About 6 percent of the respondents reported involvement in this item. Directly borrowing or taking money from an employer without approval was reported by slightly less than 3 percent of the respondents.

In the hospital sector the most reported theft item was the taking of hospital supplies, in which over 27 percent of the respondents reported involvement, 9 percent reporting four or more occurrences over the period of a year. In addition, almost 8 percent of the hospital respondents reported that they had taken medication intended for patients, 2 percent noting that this had happened on four or more occasions in a year. Five percent of the employees indicated that they had taken tools or equipment from the hospital, and approximately the same portion of hospital respondents as retail respondents (6 percent) reported being paid for hours not worked at least once a year.

In the manufacturing sector the most reported theft item was the taking of raw materials used in the production process, with 14 percent of the respondents indicating that they had been involved in this form of theft. In contrast

to the retail and hospital sectors, "being paid for more hours than were worked" was the second most prevalent item with 9 percent of the respondents reporting involvement, over 3 percent admitting to four or more occurrences within a year. About 9 percent of the respondents reported taking company tools. A small portion (1.8 percent) reported taking precious metals. This percentage is noteworthy because of the value of the items taken.

The reader should note that the percentages of involvement for each of the theft items presented in Table 3.8 cannot be added to equal the number of employees in each sector who reported some theft. We have calculated the proportion of employees involved in at least some theft, however, and indicated this in Table 3.8. Due largely to the proportion of people reporting misuse of the discount privilege, over 35 percent of the 3,567 retail store employees who completed questionnaires reported some involvement in the seven retail theft items. In the hospital sector (N = 4,111), the percent of those involved in at least some type of theft was approximately 33 percent. Lastly, in the manufacturing sector, 28 percent of the 1,497 respondents reported theft involvement in at least one of the six items included in the analysis. (Although these data do represent a significant level of activity in each of the three industry sectors, the reader is cautioned not to compare directly these figures because the number and type of theft items varied greatly from

sector to sector.)

PROPERTY DEVIANCE SCORE CONSTRUCTION

When various survey items are added together to make an index, the usual assumption is that the items are of equal "weight." That is, indices generally assume a direct additive quality of the included items. Considering that the above examples of theft vary not only in seriousness, but also in frequency of commission, an alternative to the simple additive index was necessitated. In order to construct an employee theft index, within each sector we had to represent each of the theft items as mathematically equivalent by transforming each item's raw scores into Standard Scores (or Z-scores) which have a mean of zero and a standard deviation of one. Thus, Z-scores represent an individual's response to a deviance item in terms of the number of standard deviations it is from the average survey response. The advantage of using a technique such as this is its greater sensitivity to the contribution of particular items. For example, a score of "almost daily" involvement on a less serious item (where the mean was also "almost daily") would not overwhelm a score of "one to three times" on an item whose mean score was "never." Standardizing each of the included theft items on its mean therefore allows us to add each of the items together, yielding a composite dependent variable index equally representing the contribution of each measure of theft

involvement.

PRODUCTION DEVIANCE DEPENDENT VARIABLE

Since our theory of employee deviance suggests that we examine both employee theft and counterproductive behavior in our research, we also constructed a sector-specific index of employee production deviant behavior. The admitted levels of involvement for each of the production deviance questionnaire items used to construct the index are presented in Table 3.9. This table, which combines responses from Minneapolis-St. Paul, Dallas-Fort Worth, and Cleveland, allows us to examine identical counterproductive behaviors across industry sectors. (The reader should remember that data for the manufacturing sector were collected only in Phase I.) As we have already said, there was a difference in the level of involvement reported in Phase I and Phase II because of the time frame differences in the two questionnaires. Thus, directly comparing the reported level of involvement in the manufacturing sector with the levels in the other two sectors must be done with caution.

The table does clearly show, however, that the most prevalent item in every sector was "taking long lunches or breaks." In all three sectors, more than one-half of all respondents reported involvement in this activity. In the retail sector, the second most prevalent item was "coming to work late or leaving early." Nearly one-third of the

Table 3.9

Combined Phase I and Phase II
Production Deviance Items and Percent of
Reported Involvement by Sector

ITEMS	PERCENT OF INVOLVEMENT: Almost Daily	About Once a Week	4 to 12 Times a Year	1 to 3 Times a Year	Total
Retail Sector (N = 3,567)					
Take a long lunch or break without approval	6.9%	13.3%	15.5%	20.3%	56.0%
Come to work late or leave early	.9	3.4	10.8	17.2	32.3
Use sick leave when not sick	.1	.1	3.5	13.4	17.1
Do slow or sloppy work	.3	1.5	4.1	9.8	15.7
Work under the influence of alcohol or drugs	.5	.8	1.6	4.6	7.5
TOTAL PERCENT INVOLVED IN PRODUCTION DEVIANCE					65.4
Hospital Sector (N = 4,111)					
Take a long lunch or break without approval	8.5	13.5	17.4	17.8	57.2
Come to work late or leave early	1.0	3.5	9.6	14.9	29.0
Use sick leave when not sick	--	.2	5.7	26.9	32.8
Do slow or sloppy work	.2	.8	4.1	5.9	11.0
Work under the influence of alcohol or drugs	.1	.3	.6	2.2	3.2
TOTAL PERCENT INVOLVED IN PRODUCTION DEVIANCE					69.2
Manufacturing Sector (N = 1,497)					
Take a long lunch or break without approval	18.0	23.5	22.0	8.5	72.0
Come to work late or leave early	1.9	9.0	19.4	13.8	44.1
Use sick leave when not sick	--	.2	9.6	28.6	38.4
Do slow or sloppy work	.5	1.3	5.7	5.0	12.5
Work under the influence of alcohol or drugs	1.1	1.3	3.1	7.3	12.8
TOTAL PERCENT INVOLVED IN PRODUCTION DEVIANCE					82.2

respondents reported being involved in this behavior. Two other items, "using sick leave when not sick" and "doing slow or sloppy work," were each reported by over 15 percent of the retail respondents. Working under the influence of alcohol or drugs was the least prevalent item at 8 percent, although 3 percent indicated four or more occurrences in a year.

In the hospital sector, "sick leave misuse" was the second most prevalent item, followed by "coming to work late or leaving early." About 30 percent of the hospital respondents reported involvement in each activity. As among retail respondents, "doing slow or sloppy work" ranked fourth, and "working under the influence of alcohol or drugs" ranked fifth in reported prevalence. In the hospital sector, however, the percentage of respondents who reported working under the influence of alcohol or drugs was less than half as large as the percentage of retail respondents involved in the same activity.

In the manufacturing sector, "coming late or leaving early" was the second most prevalent item, and "misuse of sick leave" was third. About the same percent of the manufacturing respondents reported being involved in each activity. "Working under the influence of alcohol or drugs" and "doing slow or sloppy work" were the least prevalent activities, with nearly the same percent of respondents reporting involvement in each item.

As with the property theft items, the percents of

involvement in Table 3.9 can not be directly added together. We have noted on the table the percent of respondents in each sector who reported at least some involvement in any of the counterproductive activities. The figures clearly show that these activities were more prevalent than the theft items. In fact, production deviance was participated in by the majority of the respondents. Of the 3,567 retail respondents, 65 percent reported being involved in at least one of the five activities. Sixty-nine percent of the 4,111 employees in the hospital sector who returned questionnaires indicated some involvement in the counterproductive behavior items. In the manufacturing sector, 82 percent of the respondents (N = 1,497), reported some involvement. (Again, the reader is cautioned not to make direct comparisons between the manufacturing sector and the retail and hospital sectors.)

PRODUCTION DEVIANCE SCORE CONSTRUCTION

Since the five questionnaire examples of production deviance vary in seriousness and in frequency of occurrence, we needed to construct a scale of production deviance as well. As with the employee theft items, within each sector we represented the production deviance items as mathematically equivalent by transforming the raw scores into Z-scores. We subsequently summed the standardized scores for the five items to arrive at a dependent variable that equally takes into account each measure of

counterproductive behavior.

RELATIONSHIP BETWEEN PROPERTY AND PRODUCTION DEVIANCE

As was said in Chapter I, we collected data on both property and production deviance because we believe the behaviors are theoretically related. As a result of the self-report survey of employees, we are now able to demonstrate that relationship.

Table 3.10 indicates that in all three sectors the two dependent variables are highly correlated, with coefficients of .48 in retail, .45 in hospital, and .39 in manufacturing. This would suggest that those employees with higher levels of involvement in property theft may in fact also be more likely to participate in production deviance. Through our analysis of the survey data, we shall occasionally in later chapters elaborate on the possible causal nature of the relationship between these two subcategories of employee deviance.

ANALYSIS PLAN

In the chapters which follow we utilize both correlation coefficients and contingency tables to present our analysis of these data. For the latter, the dependent variables are dichotomized on the mean scale score for each sector. That is, respondents who reported no deviance or less than average deviance are placed in the "below average" category and are then compared with those scoring

Table 3.10

Pearson Product-Moment Correlations
Property Deviance with Production Deviance*

	RETAIL	HOSPITAL	MANUFACTURING
	Property Deviance		
Production Deviance	.48	.45	.39

*All coefficients at the $p \leq .001$ level.

above the mean. This procedure is purposely conservative, in that one could argue that we should compare those respondents who have no involvement in employee deviance with those who have any involvement. However, we felt that such a division could distort our findings as it would include in the "deviant" category employees whose involvement was extremely low. With our procedure, on the other hand, we intend to determine whether respondents who reported a level of deviance above the industry sector average are significantly different from employees whose involvement is below average. In Chapter VIII, when we focus on organizations and organizational controls, we aggregate the individual theft scores of each firm's respondents and obtain a mean theft score. This allows us to compare the influence of controls on organizational theft rates.

EMPLOYEE AWARENESS OF DEVIANCE

Although the face-to-face interviews conducted with retail, hospital, and manufacturing employees in Minneapolis-St. Paul were not specifically designed to provide us with an alternative measure of employee involvement in property and production deviance, the interviews did confirm our basic findings about the prevalence of these behaviors.

As described in detail in Chapter II, during each interview the interviewee was asked to participate in a

"card sort" exercise. The employee was presented with approximately thirty cards which described property or production deviance activities associated with the interviewee's work environment. Included among these activities, which are listed in Table 3.11, were the items of deviant behavior from each industry sector's self-administered questionnaire booklet as well as additional items which were developed through a pretest of the procedure. Interviewees were asked to go through the set of cards and select, or "sort out," those which they personally knew occurred in their organization. For the two corporations in each industry this procedure provided us with a rough indication of employee "awareness" of property and production deviance.

PREVALENCE AND AWARENESS

In all three industry sectors, a high proportion of the interviewed employees reported that they were aware of production deviance activities such as "coming to work late or leaving early," "using sick leave when not actually sick," "coming to work under the influence of alcohol or drugs," and "taking long lunches and coffee breaks." As one employee told an interviewer:

> Taking longer lunch and/or coffee breaks: everybody's done it. (Sales Clerk, Retail Sector)

Moreover, employees from the three industries reported that these production deviance activities occurred quite

Table 3.11

Employee Interview Property and Production Deviance Activities for Each Sector

RETAIL

1. Using sick leave when not sick
2. Getting paid for overtime not worked
3. Taking longer lunch and/or coffee breaks than authorized
4. Punching a time card for an absent employee
5. Coming late to work or leaving early without approval
6. Doing slow or sloppy work on purpose
7. Faking injury to receive workman's compensation
8. Using computer tire for personal reasons or selling it to others
9. Working while under the influence of drugs or alcohol
10. Keeping samples
11. Taking and keeping personal property of co-workers
12. Taking care of personal business on company time
13. Actively helping another person take company property or merchandise
14. Giving away company property without the authority to do so
15. Falsifying a company document for personal gain
16. Using company copying machines for personal purposes
17. Making personal long distance calls at company expense
18. Purposely mistreating or breaking company property
19. Using company tools or equipment for personal reasons away from the workplace
20. Keeping company office supplies or equipment
21. Taking money from the company
22. Not reporting theft of company property by another employee
23. Disclosing confidential company documents or information for personal gain
24. Accepting money or gifts from competitors or clients
25. Taking company property that is of nominal value
26. Taking valuable company property or merchandise
27. Purposely damaging company merchandise so someone can buy it at a discount
28. Getting paid for more hours than scheduled
29. Underringing customer purchases for personal monetary gain
30. Using the discount privilege in an unauthorized manner

MANUFACTURING

1. Using sick leave when not sick
2. Getting paid for overtime not worked
3. Taking longer lunch and/or coffee breaks than authorized
4. Punching a time card for an absent employee
5. Coming late to work or leaving early without approval
6. Doing slow or sloppy work on purpose
7. Faking injury to receive workman's compensation
8. Using computer time for personal reasons or selling it to others
9. Working while under the influence of drugs or alcohol
10. Keeping samples
11. Taking and keeping personal property of co-workers
12. Taking care of personal business on company time
13. Actively helping another person take company property
14. Giving away company property without the authority to do so
15. Falsifying a company document for personal gain
16. Using company copying machines for personal purposes
17. Making personal long distance calls at company expense
18. Purposely mistreating or breaking company property
19. Using company tools or equipment for personal reasons away from the workplace
20. Keeping company office supplies or equipment
21. Taking money from the company
22. Not reporting theft of company property by another employee
23. Disclosing confidential company documents or information for personal gain
24. Accepting money or gifts from clients
25. Deliberately sabotaging production
26. Taking valuable company property
27. Taking obsolete or defective parts or components, tools, or other types of equipment
28. Taking company property of little value

HOSPITAL

1. Using sick leave when not sick
2. Getting paid for overtime not worked
3. Taking longer lunch and/or coffee breaks than authorized
4. Punching a time card for an absent employee
5. Coming late to work or leaving early without approval
6. Doing slow or sloppy work on purpose
7. Faking injury to receive workman's compensation
8. Using computer time for personal reasons or selling it to others
9. Working while under the influence of drugs or alcohol
10. Keeping samples
11. Taking and keeping personal property of co-workers
12. Taking care of personal business on hospital time
13. Actively helping another person take hospital property
14. Giving away hospital property without the authority to do so
15. Falsifying a hospital document for personal gain
16. Using hospital copying machines for personal purposes
17. Making personal long distance calls at hospital expense
18. Purposely mistreating or breaking hospital property
19. Using hospital tools or equipment for personal reasons away from the workplace
20. Keeping hospital office supplies or equipment
21. Taking money from the hospital
22. Not reporting theft of hospital property by another employee
23. Disclosing confidential documents or information for personal gain
24. Accepting money or gifts from sales representatives or patients
25. Taking or using medication intended for patients
26. Taking home hospital linen or other supplies
27. Taking home disposable patient supplies
28. Taking or eating hospital food without paying for it
29. Taking hospital supplies that are of nominal value
30. Taking and keeping a patient's property or money for personal use
31. Intentionally charging one patient for services or medication given to another
32. Taking hospital stock

often. The phrase "pretty frequent" is an accurate reflection of how informants responded when asked about the frequency of these behaviors:

> Longer breaks, I'd have to say that's pretty frequent. (Medical Technologist, Hospital Sector)

Phrases such as "a lot of people do it" and "people do it all the time" were also given to explain how often these activities occur. Sometimes a specific incident or type of occurrence was used to make an estimate of frequency. For example, the phrase "he's always loaded" is a very graphic illustration of how an employee noticed others working under the influence of drugs or alcohol:

> Like this working under the influence of drugs or alcohol. There is one cleaning man that has such a drug problem -- I mean, he's an alcoholic. He's always loaded. I mean I do see that. (Nursing Assistant, Hospital Sector)

Of the various property deviance activities presented in the card sort, most retail employees were aware that the discount privilege was misused, and they indicated that this activity was widespread.

> When I started working there and everybody was giving discounts to their friends and stuff it struck me because you can't give away discounts to everybody, but then they said it's better than having them hold it for them and then you buy it for them. So I just figured, you know, I can do it a couple of times, too. (Sales Clerk)

Among hospital interviewees, activities under the general heading of "taking hospital supplies" were the most often selected property deviance behaviors during the card sort. Employees reported that activities which would be

included under this heading (e.g., taking hospital linen, taking disposable patient supplies) occurred frequently.

> The example I thought of is -- I know quite a few people have taken home uniforms and stuff like that. Use them as pajamas.
>
> WHAT'S THE SCALE OF THAT? I MEAN, HOW MUCH DO YOU SEE?
>
> It's not an unusual thing.(Orderly)

Of the property deviance behaviors in the manufacturing sector, most employees were aware of the taking of production materials, and we were told that this was not an uncommon activity.

> The parts themselves--everybody wanted to take a part home, everybody in our line when they shut down second shift--everybody took a part home that cost over $185. Cause everybody, you know, they go, well, just to see what I've worked on and so everybody took the part home to show everybody what they worked on and nobody would return it. That can hurt. Especially when a part's $185 and there's, what, 30 of us in our line taking parts home. And who knows how many people are on the line before. And there's first shift--they've got about a hundred and some odd people on that line and a lot of them have taken parts home. That's quite a bit of money that they've lost out on. (Assembler)

Fewer interviewed employees reported that they were aware of other property deviance activities, and we were told that they occurred less frequently. For example, only a small number of hospital employees were aware of the item "taking and keeping a patient's property or money." When one employee who was aware of that activity was asked to cite an instance of that behavior, she referred to an incident several years in the past.

> We did have an employee once . . . this was a few years ago, that was just fired under Civil Service. There was a lighter missing, and it was a very unique lighter of a patient's property, and a nursing assistant . . . was found with it, had it at work right after. It was dumb. If somebody told you "I'm missing a lighter" and described it, you would remember it because it wasn't like this or anything like that. It probably wasn't worth that much. I mean how much can a lighter be worth unless it's gold or silver or something. He was caught right with the goods . . . .
>
> SO HOW LONG AGO WAS THAT?
>
> Oh, again, it has to be, I'd say five years ago. (Nurse Practitioner)

Similarly, in the retail sector, when asked about large-scale theft of merchandise or money, employees cited "spectacular" events which had received a great deal of attention in the organization (e.g., $10,000 worth of merchandise stolen, $30,000 worth of merchandise purchased for a store by someone without the authority to do so).

> We've had a lady admit to stealing $4,000 worth of money and our garbage man had gotten fired, too, because he'd taken merchandise, put it in his bin, and taken it out to his car. He got out $4,000 worth of merchandise he stole, too. (Sales Clerk)
>
> One of the girls in the . . . department admitted to at least $500 in theft, and they think she probably took up to $5,000 worth. (Buyer)

The intensive interviews thus confirmed some of our general survey findings about the prevalence of property and production deviance. In addition, the interviews added to our knowledge about the prevalence of these activities by suggesting a reason for the differing prevalence of behaviors, namely, more discount misuse than other forms of

property deviance in the retail sector; more production than property deviance in all three industries.

During the intensive interviews, employees consistently indicated that some of the activities included in the card sort would not always be defined by employees as deviant. Some employees could not draw the line between activities that go on and activities conventionally labelled theft or stealing. For example:

> I know people copying for personal uses--copies of our weekly golf schedule they hand out to the other golfers. That's sort of a personal thing, but it's a company sponsored thing. I think of copying . . . I don't know what the heck you could . . . unless you're going to run off 500 copies for church, but maybe I look at that differently. (Engineering Manager)

The qualitative employee interviews revealed the importance of organizational and employee definitions of the situation within which acts occur and are interpreted. That is, definitional processes within the workplace shaped informants' responses to items in the card sort exercise. Some acts were not perceived as deviant within certain contexts of the work setting. For example, taking longer breaks and taking certain items of a nominal value were found to be acceptable and normal patterns of employee behavior within some work locations. These intensive interviews with employees thus suggested that the way in which an activity is defined by employees and the work organization influences its prevalence in the work force and its status as employee "deviance." This issue will be

discussed further in Chapter IX of the report.

CONCLUSION

All three of our data sources (the mail survey of employees, organizational interviews, and face-to-face employee interviews) gave us information about employee deviance. Only the self-administered questionnaire survey of employees, however, provided us with data to assess quantitatively the prevalence of property and production deviance in the workplace. In the following chapters we utilize the two dependent variables constructed from the survey data (i.e., property and production deviance) to test hypotheses about the phenomenon of deviance by employees.

CHAPTER IV:

EXTERNAL ECONOMIC PRESSURES AND PROPERTY THEFT

INTRODUCTION

Perhaps the oldest and most pervasive of the available theories of employee theft concerns the effect of external economic pressures on the employee. As exemplified in Donald Cressey's (1953) work on embezzlers, the most consistent theme found was the employee who turned to theft as a solution to a financial bind, what Cressey calls a "non-shareable problem." Under extreme economic pressure, the employee violates his employer's trust and "borrows" from the company. While this theory has most commonly applied to the study of cash embezzlers, the model has been frequently utilized to understand the phenomenon of employee theft as well. Not only would we expect the employee who is under a financial burden to steal cash, but we also would expect such an employee to be involved in all types of property theft that would be of direct financial benefit.

The reader should realize that the self-administered questionnaire study of employees was not designed to detect large scale thefts of money, and for this and other reasons we cannot test exactly Cressey's "non-shareable problem" hypothesis. However, in this chapter we can test the validity of its property theft corollary presented above.

METHODS

External economic pressures can operate at two levels, the individual and the social structural. On the individual level, we wished to examine whether those specific employees with economic difficulties were more involved in property deviance than their more financially secure peers. Specifically, the extent of financial pressure on survey respondents was determined by asking questions about: a) their household income, b) the adequacy of that income, and c) their concern about their present financial situation. At the social structural level, we wanted to know whether employees working in economically depressed communities were more prone to turn to crime as the "innovative" means to blocked economic goals (Merton, 1938). This was measured by comparing the amounts of employee theft reported by respondents from two different communities in which we simultaneously collected data.

FINDINGS: PERSONAL ECONOMIC DIFFICULTIES

Income. The employee survey presented respondents with ten different income ranges, varying from "less than $5,000" to "$50,000 or more." We asked employees to indicate which range corresponded to their household's total yearly income.

The size of a family's income does not necessarily indicate the presence or absence of financial pressure. Circumstances could arise which could cause a household

with any income level to face economic difficulties. However, if a family's annual income is extremely low, that family will almost certainly be under a financial strain due to the ever increasing cost of living. For our examination of the variable "family income" we predicted that, if financial pressures influenced involvement in property theft, individuals whose families subsisted on lower incomes were more likely to be involved.

In Table 4.1 we see that in no sector did we confirm the above hypothesis. In the retail sector the relationship between family income and employee theft involvement was bipolar. That is, respondents who were more likely to be involved in theft came from families with very low incomes (i.e., under $5,000) as well as from households where the annual income exceeded $20,000. In the hospital sector, we found a significant relationship between income level and theft involvement, but the results were counter to those that had been predicted, in that, respondents from higher income families were more likely to be involved. In the manufacturing sector, Table 4.1 shows the relationship between family income and theft to be curvilinear. Higher levels of theft were reported by manufacturing employees whose families earned between $15,000 and $35,000 per year. In sum, when using household income as a measure of economic need, we found no consistent evidence to support the hypothesis that financial difficulties motivate an individual to become involved in property deviance at work.

Table 4.1

Employee Theft by Household Income of Respondent

	RETAIL SECTOR			HOSPITAL SECTOR			MANUFACTURING SECTOR		
	EMPLOYEE THEFT			EMPLOYEE THEFT			EMPLOYEE THEFT		
INCOME	Below Mean	Above Mean	N	Below Mean	Above Mean	N	Below Mean	Above Mean	N
Less than $5,000	69.4%	30.6%	108	74.7%	25.3%	87	75.0%	25.0%	8
$5,000 to $9,999	83.5%	16.5%	340	73.3%	26.7%	382	85.5%	14.5%	62
$10,000 to $14,999	80.8%	19.2%	447	67.9%	32.1%	695	72.6%	27.4%	179
$15,000 to $19,999	80.0%	20.0%	486	67.2%	32.8%	680	68.0%	32.0%	231
$20,000 to $24,999	74.1%	25.9%	599	65.9%	34.1%	704	70.0%	30.0%	357
$25,000 to $29,999	72.4%	27.6%	431	63.2%	36.8%	527	71.7%	28.3%	269
$30,000 to $34,999	75.2%	24.8%	331	62.6%	37.4%	364	70.0%	30.0%	170
$35,000 to $39,999	75.8%	24.2%	223	68.1%	31.9%	191	73.4%	26.6%	94
$40,000 to $49,999	64.9%	35.1%	211	61.7%	38.3%	193	71.2%	28.8%	66
$50,000 or more	72.9%	27.1%	214	63.8%	36.2%	174	75.0%	25.0%	44
TOTAL	76.0%	24.0%	3,390	66.5%	33.5%	3,997	71.4%	28.6%	1,480
	$X^2 = 42.66$, 9 df; p = .000 Gamma = .119			$X^2 = 19.30$, 9 df; p = .023 Gamma = .082			$X^2 = 8.52$, 9 df; p = NS Gamma = .016		

The fact that we discerned a somewhat puzzling set of relationships between family income and employee theft in each sector could be due to the differing natures of the three particular industries surveyed and their work forces. For example, the bipolar relationship in the retail sector might be explained by the relatively low wage scale of the industry and its heavy reliance on student workers who live with their parents. In hospitals, on the other hand, the greater involvement of employees from higher income families might reflect the fact that high status professionals comprise a large portion of that industry's work force. Thus, our analysis of "household income" instead suggests that occupational and personal characteristics of employees might be the more important variables to understand employee involvement in deviant behavior. These alternative variables are discussed in later chapters.

Income adequacy. To ascertain the adequacy of a family's income, we asked each respondent to indicate whether the household's income was sufficient to meet the usual bills and expenses. The possible response choices to this question in the Minneapolis-St. Paul Phase I study were: a) always, b) usually, and c) never. Since the majority of the respondents answered "usually," we felt that we inadvertently had constrained the variance on this question. Therefore, for the second phase of the research in Dallas-Fort Worth and Cleveland we added an extra

category between "usually" and "never" and called this additional choice "seldom." In examining this variable, we predicted that a person whose income was never sufficient would be under more economic pressure than one who could always meet expenses. If economic pressure influences involvement in property theft, the employee respondents who answered "never" should be more involved.

Since the response choices for this question differed slightly between the Minneapolis-St. Paul study and the research in Dallas-Fort Worth and Cleveland, our analysis dealt with respondents from each phase separately. In Table 4.2 we present two retail sector contingeny tables, and Table 4.3 contains two crosstabulations for the hospital sector and one for manufacturing. These tables show that the relationship between property deviance involvement and income adequacy was non-significant in the hospital sector in Minneapolis-St. Paul and in the retail sector in Dallas-Fort Worth and Cleveland. In the retail and manufacturing sectors in Minneapolis-St. Paul and the hospital industry in Dallas-Fort Worth and Cleveland, the results were significant, but the opposite of what was predicted. That is, the tables show that respondents who reported their incomes were "never sufficient" were less likely to be involved in theft. In conclusion, this variable provided us with no evidence that an overwhelming economic burden was pushing individuals into involvement in workplace property deviance.

Table 4.2

Employee Theft by the Adequacy of the Respondent's Income

RETAIL SECTOR
MINNEAPOLIS-ST. PAUL

INCOME ADEQUACY	EMPLOYEE THEFT: Below Mean	Above Mean	N
Always	60.0%	40.0%	505
Usually	67.2%	32.8%	756
Never	71.3%	28.7%	122
TOTAL	64.9%	35.1%	1,383

X^2 = 9.28, 2 df; p = .010
Gamma = -.156

RETAIL SECTOR
DALLAS-FORT WORTH & CLEVELAND

INCOME ADEQUACY	EMPLOYEE THEFT: Below Mean	Above Mean	N
Always	83.2%	16.8%	560
Usually	83.4%	16.6%	1,103
Seldom	82.2%	17.8%	320
Never	83.1%	16.9%	148
TOTAL	83.2%	16.8%	2,131

X^2 = .27, 3 df; p = NS
Gamma = .013

Table 4.3

Employee Theft by the Adequacy of the Respondent's Income

HOSPITAL SECTOR MINNEAPOLIS-ST. PAUL			
	EMPLOYEE THEFT		
INCOME ADEQUACY	Below Mean	Above Mean	N
Always	68.2%	31.8%	730
Usually	67.0%	33.0%	1,162
Never	70.0%	30.0%	160
TOTAL	67.7%	32.3%	2,052

X^2 = .71, 2 df; p = NS
Gamma = .005

HOSPITAL SECTOR DALLAS-FORT WORTH & CLEVELAND			
	EMPLOYEE THEFT		
INCOME ADEQUACY	Below Mean	Above Mean	N
Always	58.9%	41.1%	475
Usually	63.1%	36.9%	1,069
Seldom	73.6%	26.4%	311
Never	88.2%	11.8%	153
TOTAL	65.7%	34.3%	2,008

X^2 = 55.87, 3 df; p = .000
Gamma = -.260

MANUFACTURING SECTOR			
	EMPLOYEE THEFT		
INCOME ADEQUACY	Below Mean	Above Mean	N
Always	70.3%	29.7%	508
Usually	69.8%	30.2%	839
Never	86.7%	13.3%	143
TOTAL	71.6%	28.4%	1,490

X^2 = 7.78 [illegible] df; p [illegible] 0

Financial concern. The third variable of interest from the employee survey was obtained by asking respondents to indicate how concerned they were about their current financial situation. We presented every respondent with eight issues of possible interest: a) personal health, b) neighborhood crime, c) family welfare, d) pollution, e) present job f) religion, g) financial situation, and h) education/career training. We asked the respondents to rank these issues from one through eight, based upon the order of their personal importance to the respondent.

Being "concerned" about finances and being under financial pressure are not necessarily the same. However, if a respondent considered his or her finances as one of the most important issues, that concern could be partially due to "unshareable economic problems" or it could also be that current realities are not matching one's financial aspirations regardless of the objective or income being realized. Thus, we would predict that there would be higher levels of involvement in employee theft among respondents who were highly concerned about their financial situations, regardless of actual income level.

The results of this analysis in Table 4.4 indicate that the relationship between property deviance and financial concern is consistent across all three sectors. In each case, the results are significant, with higher theft individuals more likely to be concerned about their finances, particularly those who ranked finance as the

Table 4.4

Employee Theft by Respondent's Concern with Personal Finances

RANK OF FINANCIAL SITUATION AS A CONCERN	RETAIL SECTOR EMPLOYEE THEFT Below Mean	RETAIL SECTOR EMPLOYEE THEFT Above Mean	RETAIL SECTOR N	HOSPITAL SECTOR EMPLOYEE THEFT Below Mean	HOSPITAL SECTOR EMPLOYEE THEFT Above Mean	HOSPITAL SECTOR N	MANUFACTURING SECTOR EMPLOYEE THEFT Below Mean	MANUFACTURING SECTOR EMPLOYEE THEFT Above Mean	MANUFACTURING SECTOR N
First	70.9%	29.1%	244	58.3%	41.7%	218	61.7%	38.3%	94
Second	72.1%	27.9%	587	64.0%	36.0%	550	64.6%	35.4%	268
Third	76.2%	23.8%	881	65.1%	34.9%	1,025	72.6%	27.4%	441
Fourth	75.7%	24.3%	837	63.1%	36.9%	1,007	73.1%	26.9%	361
Fifth	80.1%	19.9%	544	70.5%	29.5%	638	74.0%	26.0%	196
Sixth	78.5%	21.5%	200	76.2%	23.8%	336	77.8%	22.2%	63
Seventh	74.3%	25.7%	101	70.2%	29.8%	121	81.5%	18.5%	27
Eighth	68.6%	31.4%	35	72.2%	27.8%	54	100.0%	--	13
TOTAL	75.6%	24.4%	3,429	66.1%	33.9%	3,949	71.4%	28.6%	1,463
	X^2 = 15.12, 7 df; p = .035 Gamma = -.080			X^2 = 34.41, 7 df; p = .000 Gamma = -.106			X^2 = 19.73, 7 df; p = .006 Gamma = -.152		

Financial concern. The third variable of interest from the employee survey was obtained by asking respondents to indicate how concerned they were about their current financial situation. We presented every respondent with eight issues of possible interest: a) personal health, b) neighborhood crime, c) family welfare, d) pollution, e) present job f) religion, g) financial situation, and h) education/career training. We asked the respondents to rank these issues from one through eight, based upon the order of their personal importance to the respondent.

Being "concerned" about finances and being under financial pressure are not necessarily the same. However, if a respondent considered his or her finances as one of the most important issues, that concern could be partially due to "unshareable economic problems" or it could also be that current realities are not matching one's financial aspirations regardless of the objective or income being realized. Thus, we would predict that there would be higher levels of involvement in employee theft among respondents who were highly concerned about their financial situations, regardless of actual income level.

The results of this analysis in Table 4.4 indicate that the relationship between property deviance and financial concern is consistent across all three sectors. In each case, the results are significant, with higher theft individuals more likely to be concerned about their finances, particularly those who ranked finance as the

first or second most important issue. These relationships are as we predicted.

This analysis thus suggests that an individual's financial situation may play a part in influencing theft involvement. However, when all three of the variables presented above are considered, it appears that financial pressures on an individual may not be the best explainers of employee involvement in property deviance.

FINDINGS: COMMUNITY PRESSURE

In addition to the measures of economic pressure provided by responses to the employee survey, we hypothesized that vet another source of employee deviance pressure may be provided by the financial climate of the community. That is, the economic situation within the community in which an individual lives and works could affect that person's financial viability and hence influence his or her decision to become involved in employee theft.

Since we simultaneously surveyed employees in Dallas-Fort Worth and Cleveland, this afforded us a unique opportunity to compare the amounts of theft reported by respondents from two different communities. As noted in Chapter II, we specifically included Dallas-Fort Worth and Cleveland in the second phase of the research because of their differing official crime and victimization survey rates. We wanted to see if the level of observed crime in

the community would be reflected in the amount of employee theft in the workplace.

Along with having different rates of crime, however, the two metropolitan areas are also economically distinct. Cleveland is an example of a northern industrial city which is losing both population and industry. Between 1970 and 1980, the population declined 8.1 percent, and during the four month period in 1980 when this research was conducted, the unemployment rate in the community ranged from 6.2 to 9.1 percent. Dallas-Fort Worth, on the other hand, is the epitome of the booming "sun-belt" city. Both the population and economy are expanding; the population increased 24.7 percent from 1970 to 1980. In contrast to Cleveland, the Dallas-Fort Worth unemployment rate during the survey period in 1980 varied from only 3.8 to 4.8 percent.

From a theoretical standpoint, exactly how the economic situation in a community would affect employee theft involvement is uncertain. In a city such as Cleveland which has high unemployment, the state of the economy could lead to increased crime among all members of the population. On the other hand, among employed individuals, the poor economic situation might lead to lesser amounts of employee theft. Specifically, with fewer jobs available people might not want to run the risk of stealing and subsequently losing their jobs.

In Dallas-Fort Worth, a healthy economy and full

employment could usher in a period of generally lower crime in the workplace. However, relatively low unemployment might also lead an individual to have less fear of losing his or her job; a person terminated for involvement in theft could most likely find immediate employment with another organization. Since the economic situation could variously affect theft by employees, we were not willing to predict which of the two communities was more likely to have higher amounts of reported theft involvement.

From Table 4.5 we see that, in the retail sector, respondents from Cleveland were slightly more likely to be involved in employee theft (with a weak gamma of .130), while the relationship in the hospital sector was non-significant.

Since there were different results for the two sectors, we wanted to be certain that the significant relationship in the retail sector was real and not a result of the varying characteristics of the specific retail organizations included in the study. In this sector, we have two separate technologies represented: full-line department stores and discount stores. Department stores carry different lines of merchandise than discounters, and employees in a department store are engaged in different activites than their counterparts in a discount operation. Therefore, to be certain that we obtained an accurate picture of the influence of a local community's economy upon employee theft in the retail industry, we dropped the

Table 4.5

Employee Theft by Community

	RETAIL SECTOR			HOSPITAL SECTOR		
	EMPLOYEE THEFT			EMPLOYEE THEFT		
COMMUNITY	Below Mean	Above Mean	N	Below Mean	Above Mean	N
Dallas-Fort Worth	77.6%	22.4%	1,322	66.4%	33.6%	920
Cleveland	72.8%	27.2%	837	65.3%	34.7%	1,111
TOTAL	75.7%	24.3%	2,159	65.8%	34.2%	2,031
	X^2 = 6.30, 1 df; p = .012			X^2 = .21, 1 df; p = NS		
	Yules Q = .130			Yules Q = .024		

Table 4.6

Employee Theft by Community:
Full-Line Department Stores

RETAIL SECTOR			
	EMPLOYEE THEFT		
COMMUNITY	Below Mean	Above Mean	N
Dallas-Fort Worth	84.6%	15.4%	1,085
Cleveland	81.8%	18.2%	710
TOTAL	83.5%	16.5%	1,795

X^2 = 2.21, 1 df; p = NS
Yules Q = .099

two discount stores in the sample, thus testing for community differences only in the full-line department stores. As we see in Table 4.6, there was no significant relationship among similar technology organizations. We therefore have to conclude that our data do not provide sufficient evidence to support the hypothesis that community economic pressures affect an individual employee's involvement in theft.

CONCLUSIONS

From our examination of various measures of an individual employee's perceived economic difficulties, we found very little evidence in support of the hypothesis that employees become involved in theft because of greater economic pressure. There may, indeed, be a pool of people who turn to employee theft to solve economic difficulties. But our data suggest that pool probably includes a small number of individuals.

We also considered the economic situation of the community as an influence upon employee theft behavior. However, we found no influence. The only relationship that appeared from the analysis was attributable to the technology of the participating organizations rather than the community. The overall results presented in this chapter thus suggest that factors external to the organization are not the best nor the most consistent predictors of employee involvement in workplace property devi-

ance. Therefore, in succeeding chapters we direct our attention to those factors internal to the work organization for explanations of the phenomenon of employee theft.

CHAPTER V:

YOUTH, WORK AND PROPERTY DEVIANCE

INTRODUCTION

One of the more perplexing research and policy questions which has arisen from the analysis of apprehended employee thieves is the disproportionately higher number of younger workers found involved in theft activity. One recent analysis of a major midwest retail department store's theft records indicated that although the 18 to 22 year old age group made up only 12 percent of the total workforce, they accounted for 69 percent of the violations for employee theft (Franklin, 1975). Further, Franklin observed that 62 percent of the employees apprehended for theft were unmarried. A similar retail study conducted ten years earlier found that 33 percent of those employees detected for involvement in theft were with the company less than six months, two-thirds employed less than two years (Robin, 1969). These statistics, if correct, paint a very bleak portrait of young, single, short-tenured employees and their involvement in deviance, particularly theft. Their image is so tainted that one author writing in an industry trade journal warns that the "part-time, teenage" employee is the single greatest business theft threat (Daykin, 1970).

The purpose of this chapter is to examine the self-report data from the present study in an attempt either

to confirm or reject the pessimistic official statistics on youth and theft presented above. Additionally, if these data do verify the negative relationship between age and theft involvement, what causal hypotheses might we use to explain the inordinately high level of deviance involvement among such a large number of employees who are just beginning their employment careers?

FINDINGS

Few other variables in this study have exhibited such a strong relationship to theft as did the age of the employee. As Tables 5.1, 5.2, and 5.3 show, there seems to be little doubt that the official statistics compiled from employees apprehended for theft are an accurate reflection of the true theft picture. Among our three industry sectors, retail, hospital and manufacturing, we found zero-order correlation coefficients of -.26, -.19, and -.17 respectively. Younger employees did seem to report higher theft levels than their older peers. The critical question seems to be, "Why?"

The numerical age of an individual by itself is not a social variable. The negative correlations found between age and employee theft involvement have little theoretical meaning unless we can understand their sociological underpinnings. For example, an individual's age has implications for one's physical, psychological, and social development. In addition, age is highly correlated with structural variables present in society (in this case the

TABLE 5.1

EMPLOYEE AGE, ITS COVARIANTS AND EMPLOYEE THEFT INVOLVEMENT IN THE RETAIL SECTOR*

	Property Theft	Marital Status	Concern with Education/Career	Looking for a New Job	Tenure with Company	Age
Property Theft	1.0					
Marital Status	.18 (.08)	1.0				
Concern with Education/Career	-.21 (.06)	.44	1.0			
Looking for a New Job	-.17 (-.07)	-.27	-.34	1.0		
Tenure with Company	-.14 (.02)	-.25	-.41	.34	1.0	
Age	-.26	-.44	-.63	.45	.62	1.0

* All coefficients at the $p \leq .001$ level.
(Coefficients with age controlled in parentheses).

TABLE 5.2

EMPLOYEE AGE, ITS COVARIANTS AND EMPLOYEE THEFT INVOLVEMENT IN THE HOSPITAL SECTOR*

	Property Theft	Marital Status	Concern with Education/Career	Looking for a New Job	Tenure with Company	Age
Property Theft	1.0					
Marital Status	.07 (.05)	1.0				
Concern with Education/Career	.16 (.09)	.18	1.0			
Looking for a New Job	-.11 (-.06)	-.13	-.22	1.0		
Tenure with Company	-.12 (.00)	-.08	-.30	.26	1.0	
Age	-.19	-.15	-.40	.31	.63	1.0

* All coefficients significant at the $p \leq .001$ level.

(Coefficients with age controlled in parentheses).

TABLE 5.3

EMPLOYEE AGE, ITS COVARIANTS AND EMPLOYEE THEFT INVOLVEMENT IN THE MANUFACTURING SECTOR*

	Property Theft	Marital Status	Concern with Education/Career	Looking for a New Job	Tenure with Company	Age
Property Theft	1.0					
Marital Status	.07 (.03)	1.0				
Concern with Education/Career	.09 (.02)	.26	1.0			
Looking for a New Job	-.06 (-.02)	-.12	-.22	1.0		
Tenure with Company	-.05 (.08)	-.21	-.28	.25	1.0	
Age	-.17	-.26	-.40	.26	.65	1.0

* All coefficients at the $p \leq .001$ level.
(Coefficients with age controlled in parentheses).

work setting), such as, tenure, wage and occupational status. Thus, to appreciate better the social effects of age it is necessary to review the theoretical models explaining the disproportionately higher involvement levels of younger employees in acts of theft against the work organization.

One commonly expressed theoretical model states that younger employees just are not as honest or ethical as those of previous generations. Advocates of this theory point to the official retail theft statistics presented earlier and conclude that there are significant generational differences among today's younger work force. The further implication from this model is that these higher levels of employee deviance and theft will only increase as greater numbers of this less ethical generation of employees enter the work force. Unfortunately, our self-report survey does not provide the kind of longitudinal data necessary to test this "generational integrity" hypothesis. Perhaps when and if this study is replicated in the same companies some years from now it might be possible to determine the validity of this model.

We do, however, have data to evaluate a competing hypothesis regarding the relationship between age and theft. And fortunately, if correct, this model offers a less gloomy picture of the future regarding employee theft and the younger employee. Specifically, we posit that higher levels of theft among younger employees may simply be a function of

"lesser commitment" to the organization, combined with "lesser social risk" to those employees actually involved in the theft behavior. This model holds that employee theft always has and always will be greater among younger, unmarried, short-tenured workers. Accordingly, the retail industry has noticed the higher theft involvement of younger employees due to the greater reliance of retailers upon these workers, especially during the peak Christmas holiday sales period.

In order to understand better the social meaning of this "lesser commitment/lesser risk" hypothesis, we have included in Tables 5.1, 5.2 and 5.3 an empirical examination of four variables which co-vary with age.

Tenure. When we compared the number of months employed to self-reported prevalence of theft involvement, a significant negative relationship was observed for workers in all three sectors (i.e., retail: $r = -.14$, hospitals: $r = -.12$, and manufacturing: $r = -.05$). When the age of the employee was controlled (coefficents included in parentheses) this relationship all but disappeared among retail and hospital employees and actually becames positive in manufacturing. Thus, we conclude that younger employees involved in theft were more likely also to have very little tenure with the organization.

Concern about education/career. Each respondent was asked to rank order eight "concerns" ranging from one's health, crime in the neighborhood, pollution, family

welfare, and religion to those more directly related to job, financial situation, and education/career training. Only one of these concerns consistently predicted theft involvement, namely, concern about one's education and career. In other words, those employees who were most concerned about their education and career development were also the most likely to be involved in employee theft. As with tenure above, when we controlled by age the relationship lessened dramatically in all three industry sectors indicating that this is a trait most commonly held by the younger members of the work force. To these employees the present job may simply be a temporary means of earning money until the goal of educational training is achieved.

Looking for a job. Although we also include this variable in the chapter which discusses job satisfaction and theft (Chapter VII), the fact that an employee anticipates leaving his or her present job to look for another is an indirect measure of minimal commitment to a work organization. In all three sectors (i.e., retail: r = -.17, hospitals: r = -.11 and manufacturing: r = -.06) we found statistically significant negative correlation coefficients with theft behavior for those employees who were looking for a new job. Controlling by age reduced each of these three coefficients by more than half. Again, we observe that more often it was the younger employee who had intentions of moving on to a different employment experience, perhaps even

to a career which would be obtained by completing the above mentioned educational program.

Marital status. Marital status for both sexes can be utilized as a measure of organizational commitment and social risk. In all three industry sectors, especially retail (r = .18), we found that unmarried employees were more likely to be involved in theft activity against the work organization. We expect that unmarried employees may be more occupationally mobile and also be at less serious economic risk if detected for theft activity. In other words, the employee who has no immediate dependents can change jobs without significantly disrupting the financial welfare of others. Further, we would predict that the threat of being detected and terminated for theft activity would be much less salient to the employee without a spouse or family depending on the employee's income. As expected, when we controlled by age we found that these unmarried employees were much more likely to be concentrated in the younger age groups.

CONCLUSIONS

Although we do not have longitudinal survey data to evaluate adequately the moral or ethical "generational integrity" hypothesis, these data did strongly support our alternative theoretical model suggesting that many younger employees are simply "less committed" to their present place of work and are also under "less social risk" if detected.

We found that the younger employees who reported higher involvement in theft were more likely to have very little tenure with the organization. Further, they indicated greater personal concern with their current educational and career training than their present jobs. In addition, they were the employees who were more likely to be looking for a new job in the coming year. Finally, many of the employees who were more likely to be involved in theft activity were unmarried, thus, without the associated financial responsibilities.

In summary, we found that the employees who had lower levels of commitment to their present work organization reported higher levels of theft activity. By definition these employees are also more likely to be younger workers. There is an exisiting theoretical explanation for the above in the criminological literature which may help us to understand this phenomenon. A juvenile delinquency theory (which has later come to be incorporated in "control theory"), posited first by Briar and Piliavin in 1965 works remarkably well in understanding the higher level of deviance by the younger worker. These authors propose that the central process of social control is determined by one's "commitment to conformity" (1965:39). In other words, assuming that all employees are subject to relatively the same deviant motives and opportunities, the probability of deviant involvement will be dependent upon the "stakes" that one has invested in conformity. In subsequent empirical

tests of this social control model both Piliavin et al. (1969) and Hirschi (1969) demonstrate the importance of understanding the rewards (or "stakes") that a deviant employee places in jeopardy while committing rule-breaking behavior. Thus, in the employment setting it is clear that the younger employee has much less to lose than his older co-worker if apprehended and punished for theft.

The policy implications derived from these findings may be more related to the way in which these "marginal" employees are treated by the organization than to their moral or ethical inclinations. In other words, if we accept the proposed "stakes in conformity" explanation, the traditional organizational view of the younger employee should be extensively modified, especially in those industries which have large proportions of younger workers, such as retailing and hospitals. Rather than treat these younger employees as threats to the work organization, companies should afford younger workers many of the same rights, fringes, and privileges of the tenured, older employees. In fact, by signaling to the younger employee that he or she is temporary or expendable, the organization may be inadvertently encouraging its own victimization by the very group of employees which is already least committed to the expressed goals and objectives of the owners and managers.

CHAPTER VI:

OPPORTUNITY, OCCUPATION AND EMPLOYEE DEVIANCE

INTRODUCTION

One of the most commonly expressed theories of employee theft and counterproductive activity is predicated upon the supposition that the opportunity to indulge in such acts is the key factor to understanding deviant employee behavior. Many industrial security practioners maintain that all employees have larcenous "tendencies" and, if given the chance, they will take or abuse the property and other assets of their employers. Followers of this theoretical model advise that the most efficient method to reducing theft in the workplace is to "bolt everything down" and "watch everyone," that is, drastically curtail the opportunity for theft, thereby reducing the temptation to steal. Of course, this line of thought deals only with differential access to materials and does not directly address differential exposure to or involvement in social structures which tend to suuport deviant behavior (see Coward and Oblin, 1960).

Those who advocate an opportunity theory of employee deviance generally accompany their pessimistic warnings with various suggestions by which an organization can minimize losses. These changes are generally directed toward tightening organizational security, personnel, financial, and inventory controls (e.g., Hemphill, 1969).

The relationship between these various formal organizational controls and the level of employee theft involvement is an important and complex one, meriting a separate treatment in Chapter VIII of this report. In the present chapter, however, we shall focus more carefully on a basic premise of the opportunity hypothesis, namely, that the prevalence of theft and deviance throughout an organization varies by occupation or job title.

In the corporate work world an underlying perspective of opportunity theory maintains that an employee's ability to engage in theft is constrained by his or her occupational position in the company. Specifically, an employee's direct contact with and knowledge about those things to be taken should correlate with theft involvement levels. For example, a person holding a job as a cashier would be in contact with cash and would know the systems for reporting over-charges and underrings. Persons holding other occupations in an organization could have more restricted access to money and might not know the procedures used to account for cash transactions.

In this chapter, then, we focus on the occupations of employees. In particular, we examine the effect of differential job opportunity to become involved in property deviance. And, since property and production deviance are both subcategories of employee deviance, we also will consider the relationship between job related opportunity and production deviance. Our intention is to test the

hypothesis that people in occupations which allow a greater opportunity to become involved in employee deviance have higher levels of participation.

METHODS

The self-administered questionnaire survey provided us with information on the general occupational titles of employee respondents. In each sector, respondents were presented with a list of approximately thirty jobs usually found in the respondent's industry sector (i.e., hospital, retail department stores and manufacturing). We asked each employee to indicate the occupational category that best described his or her current job. To test our opportunity hypothesis, we compared the average amounts of property and production deviance reported by respondents in each of the major occupational categories.

The reader should note that some of the items included in the property deviance dependent variable were not equally applicable to all employees. For example, the ability to be reimbursed for more money than actually spent on business expenses was limited to those persons on expense accounts. Differences in applicability could lead to more theft being reported by people in some occupations than others. However, given the variety of activities included in the dependent variable, we feel it can be used to give us an indication of differential occupational involvement.

FINDINGS

Figures 6.1, 6.2, and 6.3 present the average levels of property theft reported by each occupational category in the retail, hospital, and manufacturing sectors, respectively. The figures also indicate the number of sampled respondents representing each category. To facilitate presentation of the data, each sector's occupations are divided into four sub-groups based upon occupational status rankings as utilized by the United States Bureau of the Census.

These figures consistently show that within each industry, theoretically predicted sets of occupational categories report above average levels of property deviance. As expected, within each industry sector, the occupational categories with higher average levels of theft tended to involve close and/or unrestricted access to materials or money. Sales clerks, stockroom workers, and buyers in retail stores all are in daily contact with store merchandise, and sales clerks and cashiers work with cash. In the hospital sector, most of the above average theft occupations were patient-care ward related jobs. Registered nurses, residents, physicians, technologists, therapists, and nursing assistants use hospital supplies when caring for patients on a day-to-day basis. In the manufacturing sector, the majority of the occupations which reported an above average level of theft were professional or technical occupations (mechanical and electrical engineers, computer

Figure 6.1

Average Level of Property Deviance for Each Occupational Classification: Retail Sector

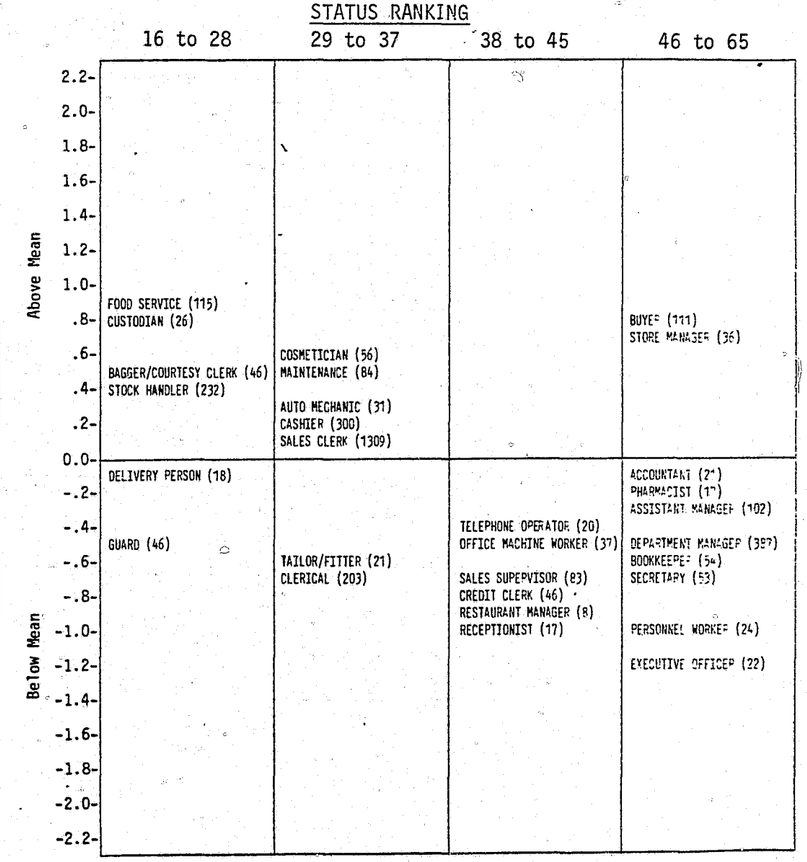


Figure 6.2

Average Level of Property Deviance for Each Occupational Classification: Hospital Sector

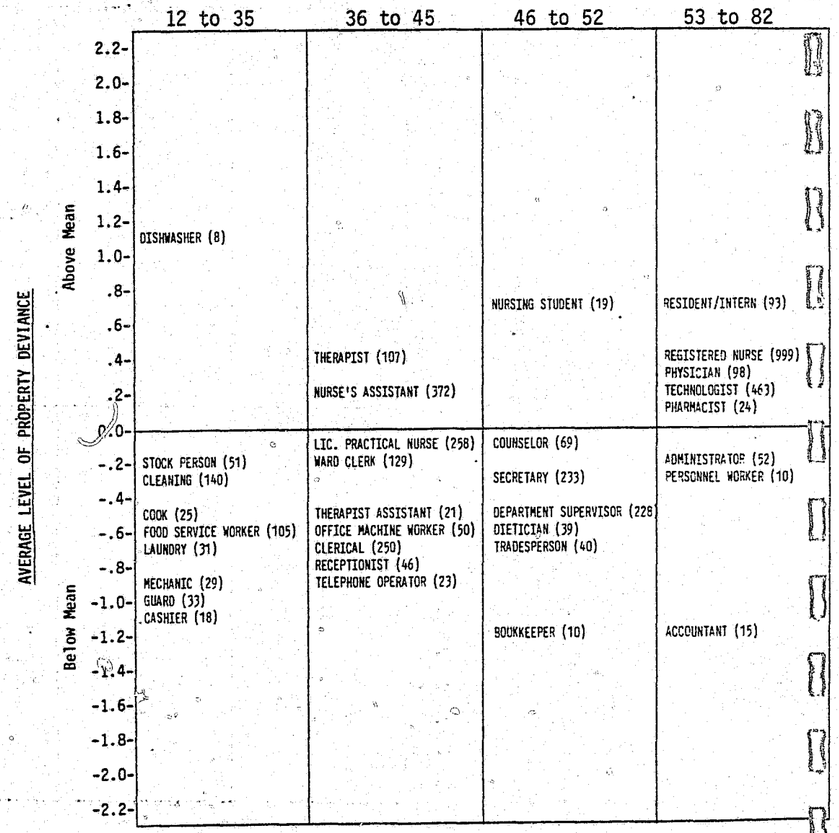
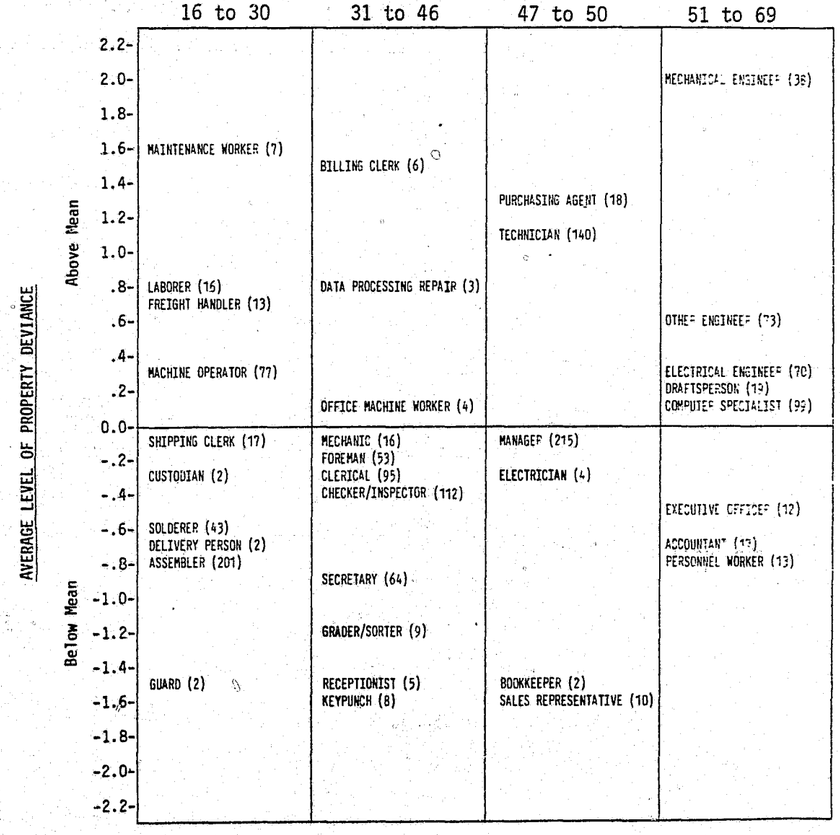


Figure 6.3

Average Level of Property Deviance for Each Occupational Classification: Manufacturing Sector



specialists, technicians), all occupations generally with unrestricted access to tools, raw materials, and finished products. The figures tend to confirm that an employee's involvement in theft may be related to the physical opportunities furnished by his or her occupation.

We also computed the production deviance averages reported by each occupation. From Figure 6.4 we can see that in the retail sector most of the occupational groups that had above mean levels of property deviance also reported higher amounts of production deviance (sales clerks, buyers, cashiers, stock handlers). For the manufacturing sector (Figure 6.5) a similar situtation is evident, in that people holding professional or technical occupations reported above average involvement both in property and production deviance. Figure 6.6 for the hospital sector, however, shows that in that industry the occupations with above mean levels of production deviance differed from those with above average property deviance. That is, some of the primary patient-ward occupations with high levels of property theft (registered nurses, nursing students, residents, physicians) reported below average levels of production deviance.

Figure 6.4

Average Level of Production Deviance for Each Occupational Classification: Retail Sector

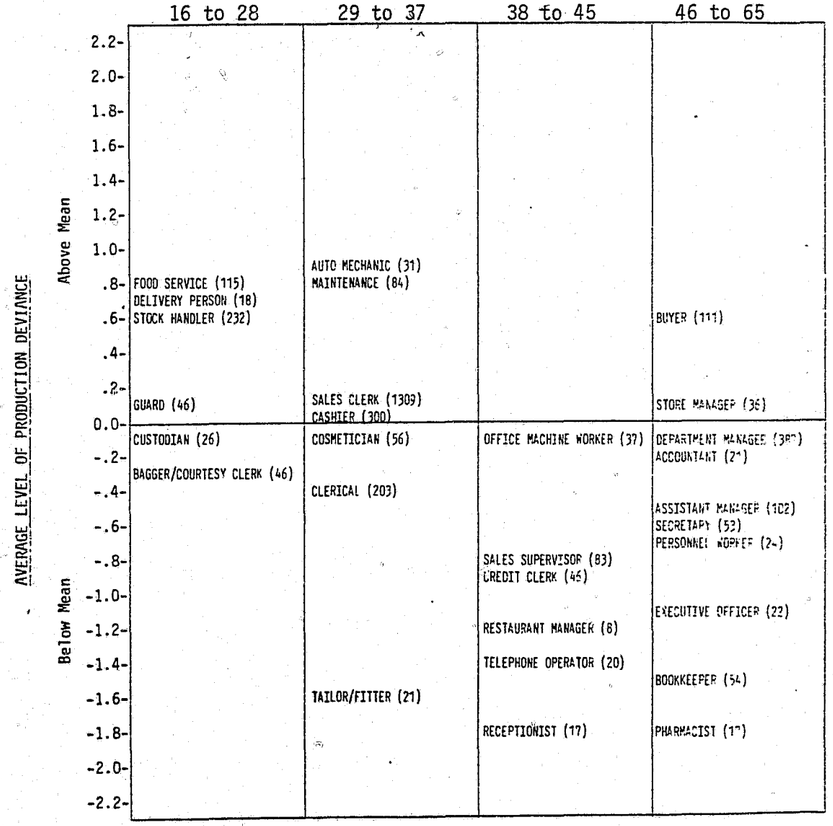


Figure 6.5

Average Level of Production Deviance for Each Occupational Classification: Hospital Sector

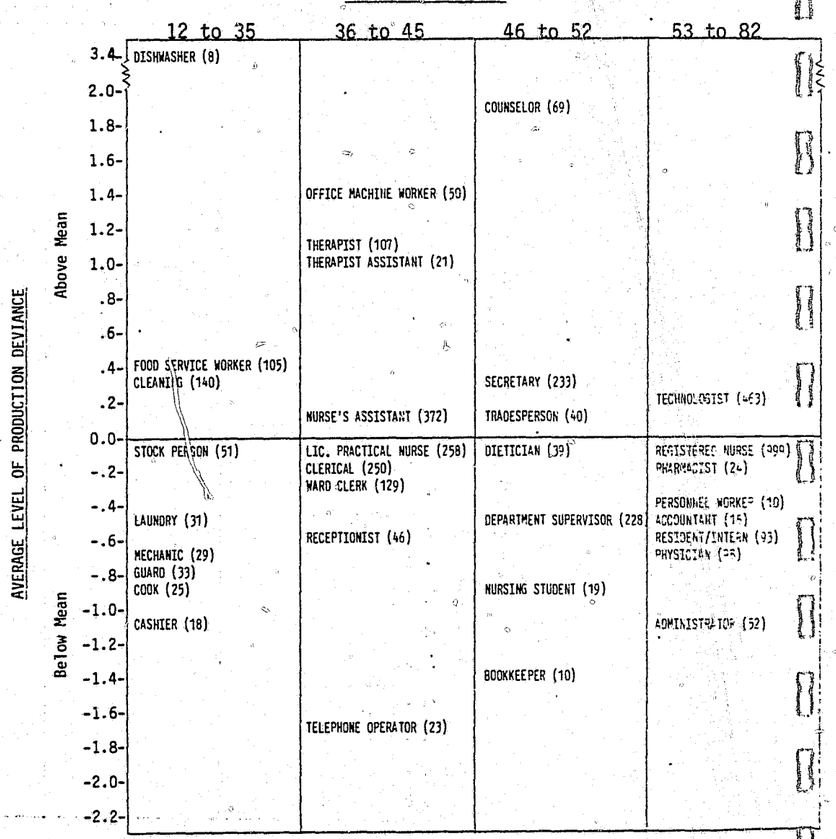
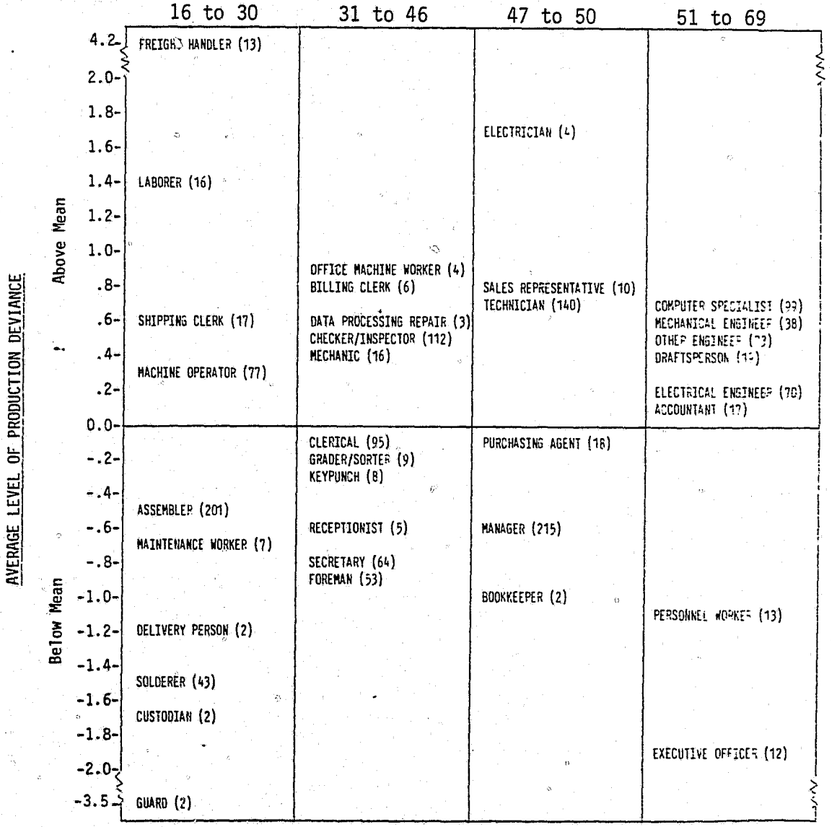


Figure 6.6

Average Level of Production Deviance for Each Occupational Classification: Manufacturing Sector



CONCLUSION

Not surprisingly, at first glance our data suggest that the highest theft occupational categories in all three industry sectors are those positions with almost unrestricted access to those things of value in the work organization. However, this general observation was not without its industry specific qualifications. In short, the fact that the "high opportunity/high theft" hypothesis seemed to operate differently in each industry sector examined, strongly implies that our opportunity hypothesis is not as simple as we have predicted.

The retail sample conforms most closely to our hypothesized relationship to employee theft. Generally, the most theft was reported by those occupational categories with the greatest access and least social status in the work organization. In that the things to be taken in a retail store have great desirability across all employee levels, we did find the greatest theft levels among those employee categories who handle cash and merchandise on a daily basis.

Before we immediately confirm the direct effect of opportunity, let us examine two contradictory additional findings. First, when we also examined production deviance by occupational category, we found almost exactly the same job title groupings. Since production deviance is more equally possible among all retail occupations, this suggests that opportunity is not the only variable

operating here. Second, we note that in retail the high property and production deviance categories (with the exception of buyers and store managers) are clustered in the lower social status occupational categories. While we cannot dismiss the effect of opportunity in retail, it seems quite likely that another variable may be correlated to both occupation and theft, giving us a spurious relationship. That variable might possibly be job satisfaction, which we will discuss in the chapter to follow.

In manufacturing we found a pattern different from retail, in that, the high theft employees seemed to be grouped among the high status engineering and technical employees. In fact, the low status assembly line personnel--assumedly those with the greatest direct access to the company's property--as a group reported one of the lowest levels of theft. This finding strongly suggests that it is not simply "access" that is important here. Among manufacturing employees, "knowledge" about the things to be taken or nature of the control environment also seem to be critical to understanding the effect of opportunity (as we shall see later).

Unlike retailing where merchandise and cash have intrinsic economic value, the tools, equipment and raw materials of an electronics manufacturing plant have little social or monetary value unless one knows what they can be used for. Our personal employee interviews with

manufacturing personnel confirm that electronic components have no direct worth to an assembly-line person, but to the electrical engineer building his own "ham radio," microwave, television, or microcomputer or "gadget" these items have great worth. It is interesting to note that in this industry sector we found the majority of the inventory controls directed toward the very employees (i.e., assembly personnel) to whom the property has little value. Engineers, however, have almost uncontrolled access to tools, equipment, and materials in the manufacturing plant because it is argued that to control stringently these employees would constrain their development and inventive creativity. Thus, we find yet another qualification to the opportunity hypothesis, namely, that "access" without "knowledge of the social and economic value" does not yield high levels of theft.

Among hospital employees we again find an inconsistency in our opportunity hypothesis. In the health care industry, like manufacturing, we observed that most of the property theft was reported by a cluster of the high status employees, most importantly the registered nursing staff. With one exception (i.e., dishwashers), we found most of the high property theft occupations to be those directly responsible for the delivery of patient care services on the ward. Many other employees in the hospital have equal or greater access to the property which can be taken in a hospital but have lower theft levels (i.e., food

service personnel). As with manufacturing we again find "knowledge" having a direct effect on theft levels. Despite the recent popularization of "surgical greens" on college campuses, most of the items with social value in a hospital are only appreciated by the professionals who use them on a daily basis.

Another interesting finding emerges from the hospital employees' responses, providing yet a further refinement to our opportunity theory. The reader will recall that in both retail and manufacturing essentially the same occupational groups were involved in both property and production deviance. However, in hospitals we found that the nursing/patient care staff, although more highly involved in property deviance, indicated below average levels of production or time deviance. The reason for this specialization of deviance may be due to the professional commitment of these patient care personnel. In other words, to commit production deviance the victim would be the patient--not the organization. This observation came through quite clearly in our personal hospital employee interviews, namely, it is much more acceptable to victimize the hospital organization than to reduce productivity which may have a deleterious effect on the welfare (even lives) of patients. Even if property deviance occurs on the wards, many nurses told us that seldom are items taken that would jeopardize the health or safety of a patient. Thus, for the highly skilled and professionalized hospital

employee, higher commitment to patient care than to the hospital organization means that most employee deviance will be directed toward non-essential property of the institution.

In summary, there is no doubt that "opportunity" is an important factor in understanding employee theft and deviance. However, as we have just seen, opportunity may be only a secondary factor which constrains the actual manner in which the deviance will be manifested. For a complete understanding of the phenomenon of employee deviance, we will have to look beyond simple opportunity to other social factors present in the work experience.

CHAPTER VII:

JOB SATISFACTION AND EMPLOYEE DEVIANCE

INTRODUCTION

Although not often explicitly stated, a single underlying assumption runs through the vast majority of the qualitative field studies of employee deviance, namely, both property (i.e., employee theft) and production deviance can be interpreted as a response to the perceived quality of the employment experience. The hypothesis that subjective perceptions of the work experience may affect the prevalence of employee deviance is this chapter's primary topic of inquiry.

Existing work on the behavioral effects of worker dissatisfaction has concentrated heavily on "physical withdrawal" from the workplace as the dependent variable, for example, turnover (Price, 1977), absenteeism (Porter and Steers, 1973), and attendance (Smith, 1977). Although the available empirical research has been less than completely consistent in its findings, a recent writer concludes that attitudes toward the job can predict workplace behavior, but only when such behavior is under the voluntary control of the employee (Herman, 1973). Thus, in the absence of organizational coercion or constraint, perceptions about the quality of the work experience have been shown to influence employee acts against the organization. However, since the preponderance of available studies concentrate on quitting

or not showing up for work, few of the possible "while-on-the-job" manifestations of deviance have been examined in terms of their relationship to the subjective quality of the employment experience.

The only available empirical study which assesses the association between the perceived level of job satisfaction and both property and production deviance is reported by Mangione and Quinn (1975). Their study is based upon data collected from a separate mini-questionnaire administered to selected respondents from the University of Michigan Survey Research Center's larger 1972-73 Quality of Employment Survey (Quinn and Shepard, 1974). The authors cautiously conclude that general satisfaction with one's job was significantly related (in the predicted negative direction) to six types of counterproductive and theft behavior, but only for males 30 years of age and older.

Although Mangione and Quinn's study is an innovative and significant piece of research, the data were limited, due primarily to the brevity of the one page instrument -- included as a self-administered addendum to the larger Quality of Employment Survey. Since job satisfaction was measured by a single "general" item, it was not possible to identify the relative salience of various perceived dimensions or facets of the work experience.

The specific purpose of this chapter is to build and expand upon Mangione and Quinn's exploratory work, examining the relationship between both "general" and "specific"

dimensions of perceived job satisfaction and two separate manifestations of unauthorized worker behavior, namely, property and production deviance.

METHODS

The individual employee's perception of the quality of the work experience was operationalized via three different job satisfaction measures, specifically, two separate single item measures in addition to a multi-dimension index. First, a question was presented to the respondent intended to tap employees' general overall perception of job satisfaction, "All in all, how satisfied are you with you present job?" (4 = very satisfied, 3 = somewhat satisfied, 2 = somewhat dissatisfied, 1 = very dissatisfied). Second, the respondent was additionally asked, "Considering how you feel at this time about your job, how likely is it that you will make a genuine effort to find a new job in the next year?" (3 = very likely, 2 = somewhat likely, 1 = not at all likely). Finally a series of shorter items was presented to the respondent intended to measure various distinct dimensions of job satisfaction. Fifty statements, in large part drawn from the University of Michigan Quality of Employment Survey (Quinn and Staines, 1979), were presented to respondents whom we then asked to indicate whether the statement was very true (4), somewhat true (3), not very true (2), or not at all true (1) about their particular jobs.

Using both Varimax Factor and Reliability analysis techniques, eight distinct dimensions of job satisfaction were derived, each reflecting a unique aspect of the work experience. These job satisfaction dimensions or facets consist primarily of slightly regrouped University of Michigan items, plus an additional dimension constructed from original items. The eight dimensions, including the thirty specific items which they represent, are presented in Table 7.1 along with the "item-to-total" correlations and Cronbach's Alphas.

Each of the eight job satisfaction dimensions addresses a distinct aspect of the work experience. The first of these dimensions focuses on the employee's appraisal of the fairness and ethical standards exhibited by his/her employer. The nature of the relationships with co-workers is the second dimension. The third dimension concerns the employee's evaluation of his/her immediate supervisor's performance. Whether the employee has been given enough information and authority to get the job done is our fourth dimension. The extent to which the job provides adequate task challenges is the underlying factor of the fifth dimension. The sixth dimension concerns the quantity of the daily workload required of each employee. Finally, the seventh and eighth dimensions refer to perceived satisfaction with pay and promotional opportunities. A separate score was derived for these eight dimensions by summing the item responses to each.

Table 7.1

DIMENSIONS OF PERCEIVED JOB SATISFACTION

FACTOR 1: EMPLOYER (Cronbach's Alpha = .80)	ITEM TO TOTAL CORRELATION
My employer cares about his/her employees.	.66
My employer seeks to provide safe working conditions	.51
My employer is honest.	.64
My employer is fair in handling of complaints by employees.	.66
FACTOR 2: CO-WORKERS (Cronbach's Alpha = .65)	
The people I work with take a personal interest in me. (M)	.48
The people I work with are friendly. (M)	.49
I have a lot in common with the people I work with.	.44
FACTOR 3: SUPERVISOR (Cronbach's Alpha = .88)	
My supervisor is successful at getting people to work together. (M)	.70
My supervisor is friendly. (M)	.69
My supervisor is helpful to me in getting my job done.	.74
My supervisor is competent in doing his/her job. (M)	.71
My supervisor is very concerned about the welfare of those under him/her. (M)	.74
FACTOR 4: INFORMATION AND AUTHORITY (Cronbach's Alpha = .71)	
I have enough information to get the job done. (M)	.48
I feel like I know "what's going on" at work.	.44
My responsibilities are clearly defined. (M)	.57
I have enough authority to do my job. (M)	.50

(continued on next page)

Table 7.1 continued

FACTOR 5: TASK CHALLENGES (Cronbach's Alpha = .79)	
I have an opportunity to develop my own special abilities. (M)	.63
The work is interesting. (M)	.55
I am given a lot of freedom to decide how I do my own work. (M)	.53
I am given a chance to do the things I do best. (M)	.69
I can see the results of my work. (M)	.46
FACTOR 6: WORKLOAD (Cronbach's Alpha = .73)	
I receive enough help and equipment to get the job done. (M)	.53
I am not asked to do excessive amounts of work. (M)	.58
I am free from the conflicting demands that other people make of me. (M)	.43
I have enough time to get the job done. (M)	.56
FACTOR 7: PAY (Cronbach's Alpha = .65)	
The pay is good. (M)	.49
My fringe benefits are good. (M)	.49
FACTOR 8: PROMOTIONAL OPPORTUNITY (Cronbach's Alpha = .77)	
The chances for promotion are good. (M)	.54
Promotions are handled fairly. (M)	.61
My employer is concerned about giving everyone a chance to get ahead. (M)	.66

(M) = University of Michigan Survey Research Center, 1972-73 Quality of Employment Survey Item

FINDINGS

When we compared our "general" measure of job satisfaction to self-reported involvement in both property theft and production deviance, as expected, we found negative associations. Although weakest in the manufacturing sample ($r = -.07$), Table 7.2 presents correlations at the -.10 level between job satisfaction and property deviance among hospital and retail employees. For production deviance we can report even stronger zero-order correlation coefficients, ranging from -.19 in the hospital sector to -.23 in the retail sample. We may conclude that those employees who were generally more dissatisfied with the quality of their employment experience were also likely to be more involved in deviant acts against the workplace -- both taking property and engaging in counterproductive behavior. The second of our "quality of work experience" measures, the employee's estimate of the likelihood of leaving the job was found, as hypothesized, to be positively related to both property and production deviance. Specifically, when we examined the relationship between an employee's intention to leave the job in the near future and property deviance, we found correlations among retail and hospital employees of .18 and .11 respectively, with a positive (but somewhat weaker) association for manufacturing employees. Additionally, we observed that the employee's assessment of future continuation with one's present job was even more strongly associated with production deviance in

Table 7.2

PEARSON PRODUCT-MOMENT CORRELATIONS WITH PROPERTY & PRODUCTION DEVIANCE BY INDUSTRY SECTOR (AND PARTIALS CONTROLLING FOR AGE)

	Property Deviance			Production Deviance		
	Retail	Manufacturing	Hospital	Retail	Manufacturing	Hospital
"General" Satisfaction	-.11 (-.07)	-.06 (*)	-.09 (-.06)	-.23 (-.17)	-.20 (-.17)	-.19 (-.15)
Looking for a Job	.18 (.08)	.06 (*)	.11 (.06)	.30 (.14)	.19 (.12)	.20 (.12)
8 Dimensions:						
1) Employer	-.12 (-.10)	-.05 (*)	-.11 (-.09)	-.22 (-.16)	-.17 (-.16)	-.18 (-.14)
2) Co-workers	-.04 (*)	* (*)	* (*)	-.07 (-.04)	-.07 (-.07)	-.04 (-.03)
3) Supervisor	-.09 (-.06)	* (*)	-.08 (-.06)	-.18 (-.15)	-.11 (-.11)	-.17 (-.15)
4) Information and Authority	-.06 (*)	-.09 (-.09)	-.08 (-.06)	-.13 (-.08)	-.15 (-.14)	-.12 (-.09)
5) Task Challenges	-.13 (-.06)	* (*)	-.05 (*)	-.23 (-.13)	-.18 (-.17)	-.15 (-.11)
6) Workload	-.06 (-.04)	* (*)	-.06 (-.04)	-.12 (-.10)	-.07 (-.07)	-.06 (-.03)
7) Pay	-.09 (-.06)	* (*)	-.06 (-.03)	-.13 -.10	-.13 (-.10)	-.06 (*)
8) Promotional Opportunity	-.09 (-.09)	* (*)	-.06 (-.05)	-.15 (-.16)	-.16 (-.18)	-.16 (-.15)
Age	-.26	-.17	-.18	-.40	-.31	-.28

all three industry sectors. Thus, these data suggest that those employees who did not expect to continue working for their present employers exhibited a greater propensity for workplace theft and counterproductive behavior.

Since our "general" measure of job satisfaction was found to be negatively correlated to both property and production deviance, we expected that many of the eight "specific" dimensions of job satisfaction would also predict deviance involvement. An examination of the lower half of Table 7.2 confirms that this is indeed the case. With the exception of manufacturing, most job satisfaction dimensions indicate significant negative correlations with both property and production deviance.

When we specifically examined property deviance and our eight dimensions of job satisfaction for the retail and hospital employees, all relationships (except co-worker satisfaction which is theoretically independent from the other factors) were found to be significant ($p \leq .05$) and in the predicted negative direction. Among manufacturing respondents we found only dissatisfaction with two dimensions, "employer" and "authority," to be associated with our property dependent variable at the $p \leq .05$ level of significance.

While our various measures of job satisfaction correlated reasonably well with property deviance involvement for retail and hospital employees, relationships for the manufacturing sample consistently were weak or

non-existent. The lack of a significant relationship may quite possibly be attributable to the reduced "social worth" of the property which can be taken in an electronics manufacturing plant. In other words, the dissatisfied manufacturing employee is less likely to find items of high desirabilty and practical usefullness among company property when compared to his retail and hospital peers. Instead, in this situation of limited intrinsic property worth, we would expect that employee dissatisfaction would behaviorally manifest itself in deviance against the norms of production, not property. This explanation seems to be confirmed by the data.

When we examined our second dependent variable, production deviance, Table 7.2 indicates much greater consistency among the three industry sectors, in that, all eight job satisfaction dimensions were significant at the $p \leq .05$ level. The relative strengths of manufacturing coefficients for production deviance were equal to, or in some cases exceeded, those found in retail and hospitals, suggesting that dissatisfaction among manufacturing employees was much more likely to manifest itself in violation of production norms, rather than property theft.

Since recent research continues to suggest a significant postive relationship between employee age and satisfaction with employment, age was included as a control variable in the analysis (Wright and Hamilton, 1978). Our data are, in fact, consistent with the above finding, with

zero-order correlations ranging from .12 to .20 between age and our "general" satisfaction variable. This relationship, in addition to the fact that we observed significant negative correlations between age and employee deviance (as shown in Table 7.2 ranging from -.17 to -.40), prompted us to inquire whether our negative coefficients between job satisfaction and deviance might simply be a function of the employee's age. In other words, does the younger worker's relatively greater dissatisfaction with the employment experience and correspondingly higher incidence of deviance yield a spurious relationship between these two variables, especially in the retail and hospital industries which have greater concentrations of younger employees?

When age was held constant most relationships between job satisfaction and employee deviance remained significant, although slightly reduced in magnitude. For example, "partials" (contained in parentheses) from Table 7.2 indicate coefficients between property theft and our "general" satisfaction variable were reduced approximately by one-third. Controlling for age reduced our measure of the "likelihood of leaving the job" association with property theft by approximately one-half in the retail and hospital samples, disappearing entirely for manufacturing.

When we examined our "specific" dimensions of job satisfaction, we found that controlling for age negated relatively few previously significant correlations. For example, in retail only dissatisfaction with co-workers and

information/authority seemed to be a function of age. In manufacturing, one of our two significant dimensions was explained by the age of the employee -- dissatisfaction with employer. And in hospitals, opportunities for challenging tasks seemed to be explained by age, in as much as age often covaries with tenure, seniority, and occupational status. Thus, while the variable age did neutralize some of our previously observed relationships (especially in retail), we certainly have not discovered a spurious correlation between property theft and job satisfaction.

The results observed above follow similar patterns when production deviance was correlated with our quality of work measures while controlling for the age of the employee. Most relationships were only slightly reduced in magnitude, while the remainder correlated at the same level with even an occasional increase in strength. In only one instance, pay satisfaction in hospitals, did age account for the previously observed relationship. Thus, even though many younger workers perceived a greater level of dissatisfaction with the employment experience, this factor alone did not explain the preponderance of negative relationships found between job satisfaction and deviant behavior by employees against the work organization.

CONCLUSIONS

Dissatisfaction with the quality of the work experience has long been recognized as an important factor in

predicting a diverse range of occupationally related behaviors. Consistent with that tradition, these data have attempted to link worker dissatisfaction with two theoretically related categories of "on-the-job" employee deviance, namely, property and production deviance. Among samples of retail and hospital employees, we were able to demonstrate negative correlations between workplace attitudes and theft of money and property from the company. Additionally, in each of the three industry sectors surveyed, retail, manufacturing and hospitals, we established an empirical relationship between job dissatisfaction and a number of counterproductive employee activities, such as, slow or sloppy workmanship, sick leave abuse, and tardiness.

Recognizing the disproportionately greater levels of job dissatisfaction and employee deviance among contemporary younger workers, age was explored as a potential antecedent factor (see also Chapter 5). When the age of the employee was controlled, however, it became clear that this variable accounted for a relatively minor proportion of the explained variance. In short, these findings suggest that all age groups of employees who are dissatisfied with the quality of their present employment experience, especially the younger worker, are significantly more likely to seek unauthorized redress for these perceived inequities from the organization itself, via its tangible property or expected levels of productivity.

Given the minimal strength of the relationships reported above we cannot claim to have "explained" employee deviance. Job dissatisfaction is apparently only one variable set related to the occurrence of deviance within the work setting. However, when we compare these quantitative results to the rich literature of qualitative field studies, the observed consistency in the findings allows us to conclude that employee deviance is best understood within the "social context" of the work environment which includes perceived job dissatisfaction as a principle component. For example, Jason Ditton (1977:57) documents a lengthy history of "wages-in-kind" through which employees "situated in structurally disadvantaged parts (of the organization) receive large segments of their wages invisibly." The anthropologist Gerald Mars has consistently observed that in both the hotel dining room (1973) and among maritime dockworkers (1974:224) pilferage was not viewed as theft, but instead was "seen as a morally justified addition to wages; indeed, as an entitlement due from exploiting employers." Other sources of field data on the phenomenon of employee deviance reported by David Altheide et al. (1978:102) indicated that theft is often perceived by employees as a "way of getting back at the boss or supervisor." The Altheide study informants, like the survey respondents in this study, indicated that job satisfaction was even more important than wages in affecting the "social meaning of employee theft" (1978:106). In summary, the

available data, both qualitative and quantitative, strongly support the theoretical model which views deviance by employees as a reaction to the social conditions internal, not external, to the work milieu.

Theodore Kemper (1966:293-295) argues that this "social context" model of employee theft and counterproductive behavior is theoretically more consistent with traditional sociological explanations of deviance which are based upon structural variables present in the formal work organization. Kemper predicts that "when the organization as an entity, or in the person of a superior, has defaulted on the obligations of the organization to its members, reciprocal deviance can result." By "reciprocal deviance" Kemper refers to employee behavior which is "punitive" in nature intended to reconcile organizational failures to "recognize merit" (e.g., dissatisfaction with pay and promotional opportunity) or an "inordinate increase in amount of work expected" (e.g., dissatisfaction with workload, task challenges, information and authority). Further, if the upper levels of the organization exhibit behavior which could be interpreted as deviant or unethical by lower levels of employees, Kemper expects to find instances of "parallel deviance" where employees mirror the questionable example set by their superiors (e.g., dissatisfaction with employer and supervisor).

The reader is reminded that this study has concentrated on a limited aspect of the total work experience, the

subjective perceptions of individual employees. Undoubtedly more research will be necessary before we adequately comprehend the other complex sets of variables which affect deviance in the workplace. The major thrust of this study suggests, however, that the most theoretically salient studies will be those which focus on factors intrinsic to the nature of the present employment experience.

CHAPTER VIII:

FORMAL ORGANIZATIONAL CONTROLS AND EMPLOYEE THEFT

INTRODUCTION

As was noted in Chapter VI, within organizations there are formalized measures aimed at shaping employee behavior. In this chapter we examine several such practices to ascertain how they impinge upon theft activity. The underlying assumption of this discussion is that organizations are not passive victims of employee deviance. On the contrary, a concerted effort is made within organizations to control employee behavior and protect corporate property. Our goal is to evaluate whether certain organizational control efforts do, in fact, lead to a reduction in the prevalence of employee theft.

ORGANIZATIONAL CONTROL

Organizational theorists have for many years emphasized the importance of control in formal (complex) organizations. Indeed, the problem of control is more acute in complex organizations than in any other type of social organization (Etzioni, 1967, 1975). Unlike the family or the community, formal organizations are intentionally created to achieve certain limited objectives. Because of this goal orientation, organizations are extremely reliant on formalized control efforts to shape member behavior in order to meet these objectives.

Particularly in a "free market" environment, concentrating organizational efforts as effectively as possible determines to a considerable extent the "competitive position" of the enterprise.

One employee activity which clearly interferes with effective goal attainment is the taking of corporate assets. Such theft hampers organizational efforts in at least two ways. First, stolen property must be replaced. Consequently, resources of time and money are diverted from the direct pursuit of organizational goals. Second, the loss of materials from theft may lead to disruptions or uncertainties within an organization. Organizations cannot function smoothly if essential materials are unavailable when they are needed. In short, organizations have a vested interest in controlling employee theft. In this discussion, we focus on several relatively common control mechanisms geared to accomplishing this task. These include policy, selection of personnel, inventory control, security and punishment.

In the following paragraphs, we discuss how each of these five types of control effects employee theft. In addition to these specific consequences, however, we should also note that the implementation of these controls has the general effect of signalling to the work force that the organization is concerned about the proper use of its assets. By alerting employees to this fact, organizational officials may act to define the situation in such a way

that theft of organizational property becomes less likely.

Control through policy. In the bureaucratic model of organizations, formalized policies and rules are considered fundamental methods for maintaining control. Workers are explicitly told what they are expected to do and are held accountable for its completion. (Weber, 1947). Prior research has demonstrated that policies affect employee behavior. For example, in the case of absenteeism, the existence of a strict policy has been related to a decrease in this activity (Baum, 1978; Baum and Youngblood, 1975). One might, therefore, expect similar results for policies governing employee theft.

The treatment of employee theft as a matter for policy may serve a variety of functions in an organization. The most obvious of these is one of definition and deterrence. A corporate policy could serve as a formal announcement that the taking of organizational property is considered to be a serious matter and will be treated as such. Thus, employees may refrain from stealing because they fear the consequences.

An important related deterrence argument is that policy itself increases the likelihood that supervisors will react when theft is discovered. The fact that a supervisor is backed by corporate policy may help him or her overcome the hesitancy often associated with reacting to such a sensitive matter. As Gouldner (1954) states, one function of bureaucratic rules is that rule enforcement

becomes viewed as a job requirement, not as a personal option or vendetta. In addition, rules tend to legitimate the use of management sanctions because they constitute a public warning as to the type of behavior which will provoke sanctioning. In some sense, then, a rule creates a climate of fairness because the person acted against has been forewarned that his action could result in punishment. In short, supervisors would feel they are in a more secure legal and ethical position to take action in a theft case if there is a specific policy backing them up.

Threatening punishment, however, is not the sole function that anti-theft policy may serve. Through the promulgation and communication of policy, management may try to create a normative climate in which people prefer not to steal. For example, it is likely that most employees want to consider themselves, and have others view them, as being honest. Still, these same employees can often take home certain types of corporate goods without thinking twice about it. The reason for this apparent inconsistency is that neither employees nor their co-workers define the taking of this property as stealing (Horning, 1970). Without this connotation associated with the activity, there is little danger that the individual will suffer loss of face either to himself or his colleagues at work.

The role corporate policy plays in this regard may be to convince employees that taking from the company is no

different than stealing from another individual--something most employees would never consider. A concerted policy effort may seek to accentuate the fact that the taking of organizational property is not a perk; it is theft.

In a similar vein, policy may be focused on educating employees about employee theft. Many employees view theft in terms of discrete acts which in themselves cost an organization little. What employees often fail to consider is the aggregated consequences of such activity. If employees were to learn of the cumulative effects and how they must be passed on to customers or patients, they might willingly cease their own theft behavior and even attempt to convince other employees to do the same. In sum, if organizational policy can be used to persuade employees that the taking of corporate property has both moral and financial implications, theft may be greatly reduced. Moreover, this reduction may be attained not through heavy handed threats but through the establishment of a normative system in which workers themselves discourage theft. In conclusion, we would hypothesize that organizations which implement anti-theft policy and communicate it to employees will suffer less employee theft.

Control through selection of employees. An important but commonly ignored aspect of organizational control is the ability of the organization to select its members (Etzioni, 1965). Control is exerted through the hiring of persons who will best conform to organizational

CONTINUED

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expectations and the turning away of those who will not. Thus, the task of corporate gatekeepers is to identify and hire employees who will not violate organizational norms. In conducting evaluations of potential employees, the primary focus is typically upon whether they possess requisite job skills, not upon their honesty. Corporate officials also realize, however, that it is counterproductive to hire an individual who is technically competent but who would deplete an organization's resources by engaging in theft or other disruptive behavior. Therefore, an organization would benefit by identifying such individuals and weeding them out in the hiring process.

The idea that it is desirable and possible to identify, and thus "screen out," dishonest persons follows from the so-called "bad apple theory" of employee theft. This theory holds that in a population of potential employees there will be some individuals who have a propensity toward theft. If they become employees, these "bad apples" will steal from the organization; and, to carry the metaphor a bit further, "one bad apple might spoil the whole barrel." That is, the presence of these individuals in the organization may somehow influence law-abiding employees to violate anti-theft norms. The "bad apple theory" has gained considerable currency in security and personnel circles, yet there is a paucity of empirical support for it. Our study's objective was to assess

empirically the utility of pre-employment screening as a social control mechanism.

Typically, a variety of pre-employment screening methods are utilized to judge an applicant's honesty. Potential sources of information are impressions given by a candidate himself, recommendations from former employers or other references, and more impersonal assessments such as polygraph examinations and personality tests. Using some combination of the above, the person doing the hiring tries to assess whether the applicant is a potential troublemaker.

Certainly, the ability to select is less than perfect. A major reason for this is that the mechanisms used for screening on honesty are quite fallible. They possess a number of inherent limitations and constraints which we should briefly discuss.

One such problem revolves around the sheer difficulty of gathering information about an issue as sensitive as previous employee theft involvement. With a job on the line, few applicants will volunteer that they have a history of participation in theft. Similarly, employers rarely are cognizant of the thievery of past employees. Even on those occasions when they are aware of prior incidents, they are often hesitant to mention it for fear of possible lawsuits. Therefore, former employers often cannot or will not provide valid data concerning theft behavior. Finally, several difficulties are associated

with the utilization of polygraph and personality tests. These tend to be quite expensive to administer. In addition, their use is surrounded in controversy with regard to issues of ethics and validity.

The above limitations are not the only problems connected with pre-employment screening. A number of constraints are also commonly involved with selection processes. For example, internal factors such as budgetary considerations may mitigate against extensive screening especially in high turnover industries, such as retailing. Other external conditions may also impinge. Some states prohibit the use of polygraph examinations for general pre-employment screening. Furthermore, in a tight labor market, an organization may not be afforded the luxury of choosing among many candidates. Whoever is available may have to be hired.

Despite all of the above limitations, one should not totally dismiss the effectiveness of selection as a control. If for no other reason, background checks and hiring interviews do at times uncover information which allows for more rational selection to take place. Certainly one would be hard put to argue the opposite case that ignorance is superior to some, albeit partial, data on applicants. Moreover, screening may provide an additional benefit in terms of the control of employee theft. If an organization obtains a reputation for thorough pre-employment checking, a person who does have a history of

known thefts may be dissuaded from even applying. The consequence is that one less potential thief is included in the pool of job candidates. In conclusion, based upon the above discussion, one would expect that, all things being equal, organizations with more intensive pre-employment screening will have less employee theft.

Control through inventory control. A third approach to the control of employee theft is related to inventory control.* At the outset we should mention that the systems to be discussed here are not devised primarily to prevent theft. Most are considered standard accounting and inventory practices which are instituted to assure that organizational assets are used in a cost effective manner. Thus, even if employee theft were not a concern, these practices would be required to provide accurate information about the quantities and deployment of various corporate assets. In short, inventory control is an intelligence system which keeps the organization informed about its assets. Without this knowledge, the survival of the organization would be in jeopardy.

An additional benefit of thorough accounting and inventory controls, however, relates to the curtailment of employee theft. The same procedures which an organization

*We also examined financial control systems. However, because reports of cash theft were so rare (especially in hospitals and manufacturing firms), analysis of the impact of financial controls on the theft of money was not considered reasonable.

initiates to detect errors, avoid waste, and ensure accurate record keeping can also serve as a protection against employee theft. For example, having two individuals count inventory supplies increases accuracy and provides a check on employee pilferage as well. Similarly, inventory records, which are necessary to maintain adequate supplies, can also signal that materials are being stolen.

There are several ways in which inventory controls could act upon a company's theft rate. First, an organization which closely monitors its assets would possess more reliable and up-to-date information about the occurrence and amount of theft. Gathering such information is a necessary first step in taking effective action against the problem. Second, since many controls are designed to prohibit certain employees from gaining access to protected assets, a company using such controls could easily trace losses to those employees who are authorized to handle these assets. If employees know that they can be held accountable for their theft, they are more likely to be deterred from thieving. Finally, the effort directed at the operation of a materials management system may be seen by the workforce as a sign of management's concern for asset protection. If this concern is perceived to be high, employees may be more reluctant to engage in larcenous behaviors. With the above rationale in mind, we hypothesized that those organizations judged to have more sophisticated inventory control systems would have less

employee theft.

Control through security. Of all the organizational controls which might be directed at employee theft, those implemented by security departments are perhaps most obvious. Security, more than any other department in an organization, is given primary responsibility for controlling the problem of internal theft. To achieve this goal, security officers are engaged in numerous proactive and reactive measures (e.g., making rounds, surveillance, theft investigations) which aim to counteract theft behavior. Through these activities, they seek to instill in employees the perception that employee theft will result in apprehension and punishment. Because of this deterrent effect, we would hypothesize that the greater the security effort of an organization, the lower would be that firm's internal theft problem.

Control through punishment. A final means through which organizational officials can control employee theft is through sanctioning apprehended offenders. Theoretically, punishing those who have stolen should deter others in the work force from engaging in theft in the future. For internal theft, a number of sanctioning options are available. These include one or more of the following: doing nothing (note: apprehension in and of itself may have a deterrent effect even if no other penalty would follow (Robin, 1967; Gibbs, 1975)), internal discipline but retention of the employee, termination of the worker,

restitution, and prosecution.

Previous research on the deterrent effects of punishment demonstrates that the greatest deterrent effect is derived by making punishment relatively certain (Gibbs, 1968; Bailey and Smith, 1972; Tittle and Rowe, 1974). We would expect these same relationships to hold for employee theft and predict that the greater the certainty of punishment, the lower the incidence of theft.

Prior research on deterrence is less clear as to whether an increase in severity of punishment has a similar effect (Antunes and Hunt, 1973; Tittle and Logan, 1973). It may well be that for a crime such as employee theft, the harshness of the sanction is of minor consequence (Robin, 1967). A mild sanction may have the same deterrent effect as a harsher one. Thus, we would hypothesize that severity of punishment is not a significant factor in deterring employee theft.

Perceptions of detection and punishment. In the previous paragraphs, we have listed five types of organizational control. With the exception of pre-employment screening where the control effect inside the organization is relatively unclear, all of these have at least some implications for a deterrence framework, i.e., they lessen theft involvement by signalling to employees that the likelihood of detection and punishment. If these controls are to act as effective deterrents, one would expect that they do so by affecting an intervening variable-

-the employee's perception that detection will follow theft behavior. We would posit that a deterrent effect would occur through the following social psychological process:

Increased Control → Increased Perceptions of Certainty of Detection → Decreased Theft Involvement

In the following analysis, we examine not only the effects of control on an individual's reported theft but also on the employee's perceptions of the likelihood of detection and punishment.

METHODS: MEASURES OF ORGANIZATIONAL CONTROLS

The independent variables to be studied in this chapter rely primarily on materials gathered in the executive interviews and searches of corporate records (see Chapter II). In the following paragraphs we provide the operational definitions of these variables.

Policy. The objective of this index is to determine whether organizations treated employee theft in policy and, if so, the degree to which they communicated the policy to employees. In order to rank organizations on their policy stance toward employee dishonesty, we asked corporate executives to provide the following information:

1. Did the organization possess a formal written policy or rules prohibiting employee dishonesty? (Code: Yes=1 No=0)

2. Were new employees made aware of this policy during their orientation? (Code: Coverage in both

verbal presentation and written materials = 2, Coverage either in writing or verbally = 1, Not covered at orientation = 0)

3. Was the policy disseminated to all employees or just certain occupational groups? (Code: Given to all = 2, Given to some = 1, Not disseminated = 0)

4. Was the topic of employee theft covered in any other forum other than orientation (e.g., newletters, bulletin boards)? (Coded 1 per method of coverage)
(Cronbach's Alpha for the policy index constructed from the above items: .782)

Selection. To determine the degree to which an organization controlled theft through selection, we asked personnel directors to describe the extent of pre-employment screening performed by their departments. Specifically, we sought to know whether a candidate's application was accepted at face value or whether inquiries actually were made into the person's background. Data were gathered regarding five specific areas where follow-up investigations could be made.* These areas were references, job history, conviction record, extent of indebtedness and previous involvement in employee theft. Each item was coded 4 to 1 depending on whether information was investigated for all candidates, most candidates, some, or none. Based on the results of a factor analysis, two separate dimensions seem to underlie these five items.

*Some of this information (such at conviction records and past involvement in employee theft) are not readily available. Some organizations do attempt to obtain it, however, through informal networks with either the police or acquaintances in other organizations.

Two of the items--checking on references and job history--are geared towards measuring past occupational performance. Thus, we combined the two to form an index which we called performance checks. The Cronbach's Alpha for this index was .848.

The remaining three items bear more directly on obtaining information on problem areas in a person's past. The index created by adding together the items of conviction record, indebtedness, and prior involvement in theft was called problem checks. The index had a Cronbach's Alpha of .750.

Control through inventory control. Of the control systems which we attempted to measure, inventory control posed the most serious problems. Limitations of time and money prohibited us from trying to conduct operational audits or tests of the internal control systems of each of the 47 organizations. Even if these had been possible, it would have been difficult for us validly to compare and rank the quality of such highly complex and diverse systems. Consequently, our measures of inventory control rely on executive evaluations of these systems. Specifically, we asked those executives most knowledgeable of their organizations' controls (e.g., inventory control officers, materials management directors, internal auditors) to assess the impact of their control systems upon employee theft. Clearly, these measures are less "objective" than our other indicators of control. In

addition, there is the danger that officials whom we interviewed would feel a responsibility to defend their systems and thus provide invalid data. In defense of these measures, however, two comments might be made. First, many inventory control specialists did not view theft control as a priority of their systems. Thus, they had little invested in their evaluations concerning their systems affect on theft. Secondly, a sufficient number of officers gave negative evaluations of their systems to suggest that they were not over-estimating the capabilities of these controls. Still, the reader should be aware that there may be measurement problems associated with these indicators.

To measure the ability of inventory controls to curtail theft, we asked executives to provide their opinions on the following three topics:

1. To what extent was theft control viewed as a priority within the control systems? (Coded: Very high priority = 5 to very low priority = 1)
2. How satisfied were they with inventory controls as those controls related to employee theft? (Coded: Very satisfied = 4 to very dissatisfied = 1)
3. How vulnerable was inventory to theft by employees? (Coded Very vulnerable = 1 to Not very vulnerable = 3)

Control through security. In our examination of security departments we sought to measure certain structural characteristics associated with them. Three relevant dimensions were tapped.

The first index, called security sophistication,

examined the degree to which an organization's security department was a specialized function directed by experts in the field. In order to measure this dimension, we obtained the following information:

1. Does the organization have a functionary identified as a "security director?" If so, does this individual perform the task on a full-time or part-time basis? (Coded: Full-time = 2, Part-time = 1, No director = 0)
2. Is the security director a security "professional?" Does he have previous law enforcement experience, and does he participate in the larger security community by belonging to a professional security association (e.g., American Society for Industrial Security)? (Coded: if director had both previous experience and membership in association = 2, if one of these but not both = 1, if neither = 0)
3. What is the nature of the security staff? Is there a full-time, in-house staff or are security personnel hired from outside agencies (e.g., contract guards)? (Coded: full-time, in-house = 2, contract = 1, no staff = 0)

(Cronbach's Alpha for the security sophistication index constructed from the above items: .879)

The second security indicator, security size, measured the number of full-time equivalents on the security department staff. In order to be sure that this was not just a reflection of total organizational size, we computed a ratio: number of security staff/number of total employees.

Finally, for the third index, security priority, we sought to measure how the prevention and detection of employee theft compared to other security responsibilities. In order to assess security priority, we

asked security directors to examine a list of sixteen duties often assigned to security departments. Three of these tasks dealt with forms of employee theft. We then asked the directors to select the duties for which their department had responsibility. Of those chosen, we requested that the directors rate the five most important duties and the five on which the department spent the most time. Our scale on security priority is a composite based on the number of times the director claimed that the three employee theft items were a) part of the department's responsibility, b) one of the five most important duties, and c) one of the top five to which time was devoted. Cronbach's Alpha for the security priority index was .757.

Control through punishment. In order to assess the impact of punishment on employee theft, we collected data regarding the apprehension and disposition of employee offenders. Because security records were often kept at an aggregate level, the measures of punishment are relatively crude. For instance, it is not possible to determine which particular combinations of punishment have the highest deterrent value. The data we did gather are:

1. Apprehensions - Number of employees apprehended for theft in the previous year.
2. Terminations - The percentage of apprehended employees who were terminated by the organization.
3. Prosecutions - The percentage of apprehended employees who were referred for prosecution.
4. Restitution - The percentage of apprehended employees who made some restitution for their theft.

METHODS: MEASURES OF PERCEPTIONS OF PUNISHMENT

In addition to trying to measure organizational controls, we sought to determine whether individual employees' perceptions of punishment for theft were related to control efforts. Two measures were created with this in mind. Both were asked on the self-administered employee questionnaire.

Certainty of detection index. We asked each respondent to indicate agreement or disagreement with the following four statements regarding his or her perceptions of the certainty of being detected:

1. I believe I would be caught if I took something belonging to my employer.
2. My employer knows when people take company property.
3. Employees here are often checked-on for violation of company rules and regulations.
4. There are some things at work that no one would care if I took.

(Cronbach's Alpha for the certainty of detection index constructed from the above items: .690)

Severity of management sanctions. Each respondent was asked to answer the following question: For each of the theft items contained in the dependent variable, "What would the most common reaction of persons in authority be?". The choice of answers included: 1) reward/promote, 2) do nothing, 3) reprimand/punish, 4) fire/dismiss, and 5)

inform the police. To achieve a single management sanction score for each respondent, we standardized the responses for the variance of each item and then summed across the group of items.

METHODS: STATISTICS

Before reporting the findings, it is necessary to comment briefly on the statistical procedures which were utilized. In the forthcoming analysis, we use two different measures of association. When independent variables are at an interval level, we utilize a Pearson's Product Moment Correlation. When independent variables are ordinal, relationships are measured with Kendall's rank order correlation (Tau B). In this analysis, Kendall's Tau B was chosen over Gammas, which are shown in other parts of the report, for two reasons. First, it is the most suitable ordinal measure to use if two or more cases receive the same score for a variable (i.e., tied cases), and second, Tau B is an appropriate statistic for relatively small samples. Since part of the forthcoming analysis is based on sub-samples of 21, 16, and 10 organizations, rather than thousands of individuals, this was an important criterion for the analysis.

Another comment which should be made at this point relates to the use of significance tests in our analysis. The sample of organizations studied in this research was selected purposively, not randomly. Thus, the use of

significance tests is problematic. On the one hand, the lack of a random sample creates difficulties with regard to inferences. Without a random sample, selection biases and problems of non-representativeness are much more likely. With such a situation, providing significance levels can be misleading to the reader. On the other hand, failure to include tests of significance deprives the reader of one more bit of information with which to judge the merit of the reported relationships. The significance level furnishes a form of a yardstick by which one can estimate the likelihood that relationships are "real" as opposed to chance occurrences. Thus, we were faced with a dilemma as to whether or not levels of statistical significance should be included in the organizational analysis. The decision was made to provide them, thinking that they furnished additional data for the reader. When in doubt, we felt it would be better to err in favor of reporting facts which might be useful in interpreting the data rather than excluding them. Once again, however, it should be stressed that in the organizational analysis, one should be most cautious in interpreting significance levels.

DATA ANALYSIS: ORGANIZATIONAL RATES OF EMPLOYEE THEFT

In the initial analysis in this chapter, we try to shed some light on the issue of organizational theft rates. First, we examine how rates of employee theft and levels of organizational control vary from organization to

organization. Second we explore how these rates are related to various forms of organizational control. Before proceeding with this analysis, two caveats are in order. First it is important for the reader to realize that in this first part of our analysis it is the organization, not the individual, which is our unit of analysis. Rather than studying subsamples of 3,567 retail workers, 4,111 hospital employees, and 1,497 manufacturing workers, we are studying 16 retail stores, 21 hospitals and 10 manufacturers.

Second, one must be very careful in terms of the conclusions drawn from this analysis. The relationships with which we are dealing (at least initially) are between organizational level variables. To conclude that these relationships also hold true for the individual members of these organizations is not justified. If one were to make such an inference there is a danger of committing what sociologists call an "ecological fallacy". One cannot assume that relationships describing collectives (e.g., organizations) also hold true for the individuals within those collectives (Robinson, 1950).

The first question to be addressed in our analysis examines whether rates of employee theft do, in fact, differ from organization to organization. One method of determining whether employee theft varies across organizations is to compare the percentage of each firm's work force which is involved in theft. Table 8.1 provides the average percentage of involvement for each sector. In

TABLE 8.1

DESCRIPTIVE STATISTICS:
PERCENTAGE INVOLVEMENT IN EMPLOYEE THEFT
PER ORGANIZATION BY SECTOR

	Mean	S.D.	Range
Retail	41.8	18.3	19.2 to 76.9
Hospital	32.2	6.4	17.7 to 41.7
Manufacturing	26.2	5.9	20.0 to 37.8

addition, standard deviations and ranges are presented to illustrate the degree of differences across organizations. As the table shows, the percentage of individuals involved in theft does vary within each industry sector. In retail firms, the percentage of persons involved in employee theft ranged from 19.2 at one end of the continuum to 76.9 at the other. In the hospital with the fewest reports, only 17.7 percent of employees admitted stealing whereas the figure was 41.7 percent in the hospital with the most individuals involved. Finally, manufacturing firms demonstrate somewhat less variation. Here the range was from 20.0 percent to 37.8 percent.*

It is important to realize what these data do and do not tell us. First, in all organizations, some theft was reported. At least 15 percent of the respondents from each organization admitted to some theft behavior. If nothing else, this tells us that no matter what the organizations in this study had done to prevent theft, some employees were still able to beat their systems. Second, in no organization did all employees report stealing. Even in organizations where conditions were such that many employees engaged in theft, some employees remained honest. Finally, it should be noted that in most

*The reader may have noted a discrepancy in the figures presented in Table 8.1 and those given in Table 3.8. This is due to the fact that the figures provided here are sensitive to differences in the sizes of organizational samples.

organizations, involvement in theft was confined to less than half the workers. In only six organizations did a majority of workers admit to taking property.

It is also important to note what these data do not tell us. We once again remind the reader that direct comparisons across sectors are problematic. Thus one should not conclude that theft was more rampant in one industry than another. In addition, while the data provide some feeling for the number of people involved in theft, they tell us little about how much or how often employees steal. A more sensitive measure of theft in organizations is the organizational theft rate described in Chapter III. This rate, based on the mean of the self reported theft involvement of individuals in each organization, provides a better indicator of how rampant theft is because it is based on the frequency of occurrence and not just on the number of employees involved. Table 8.2 contains some descriptive data concerning these organizational theft rates. Unfortunately, because of the need to standardize scores to reflect seriousness of offense (see Chapter III), the actual rate that we have obtained does not lend itself to an easy or intuitive interpretation. Two bits of information may aid the reader in interpreting the meaning of these rates. First, if an individual reported no theft involvement, his or her score would be -1.55 in the retail sector, -1.33 in hospitals and -1.49 in manufacturing. Thus, if there had been an organization in which no theft

TABLE 8.2

DESCRIPTIVE STATISTICS:
ORGANIZATIONAL THEFT RATES BY SECTOR

	Mean	S.D.	Range
Retail	.417	1.1	-.899 to 3.17
Hospital	-.012	.399	-.770 to .934
Manufacturing	-.143	.379	-.690 to .470

occurred, the rate of theft would be -1.55 for retail, -1.33 for hospitals and -1.49 for manufacturing. Second, if the rate of theft for an organization were identical to the mean theft score for its sector, the rate for that organization would be 0. This holds true for each of the three sectors. It is this organizational theft rate which we use in the initial phase of the upcoming analysis.

DATA ANALYSIS: ORGANIZATIONAL CONTROL

In addition to explaining variation on the dependent variable, we also examine the degree to which organizations differ in terms of organizational controls. In Table 8.3 we find several descriptive statistics which provide some insight into the extent of control across the three sectors. Looking first at policy, we see that retail firms tended to stress anti-theft policy slightly more than hospitals. Manufacturing companies are a distant third in that they seemed to place little policy emphasis on employee theft.

The two pre-employment screening indices show a somewhat different pattern. Hospitals did a slightly more thorough job of screening on prior job performance than either retail or manufacturing companies. This might be due to the relatively high skills required in the medical professions. Checks on problem areas, however, were more detailed in the retail firms than in the other two sectors. This would seem to reflect a greater concern in

TABLE 8.3

DESCRIPTIVE STATISTICS:
ORGANIZATIONAL CONTROLS BY SECTOR

	Retail		Hospital		Manufacturing	
	Mean	S.D.	Mean	S.D.	Mean	S.D.
Policy	5.0	2.42	3.71	2.0	1.4	1.89
Screening						
Performance	6.3	1.77	6.86	.459	6.4	1.57
Problems	6.3	2.18	3.71	.230	4.1	.88
Inventory						
Priority	2.8	1.50	2.76	.99	2.65	1.39
Vulnerability	1.5	.60	2.0	.55	2.30	.55
Satisfaction	3.0	.50	2.7	.35	2.80	.58
Security						
Size	35.7	32.0	14.3	11.4	15.7	25
Sophistication	4.9	2.25	3.95	1.96	2.3	2.16
Priority	7.2	3.08	6.2	1.99	5.1	3.41

the retail sector for weeding out potential employee thieves.

An examination of the three questions evaluating inventory control demonstrates a fair degree of consistency across the three sectors. There was consensus that the control of employee theft was considered to be a medium priority. This should not be taken to mean that employee theft was unimportant. Rather, inventory control personnel generally felt that theft prevention was a lesser goal when compared to their chief goal, which was assuring that sufficient stock was available without tying up corporate assets by having too much material on hand. Some difference is evident concerning views of how vulnerable inventory was to theft by employees. Retailers believed their inventory was most vulnerable; manufacturers felt their materials were least vulnerable. Finally, executives in all three sectors expressed satisfaction with the workings of inventory controls as they related to employee theft.

The last set of variables in Table 8.3 focuses on security departments. Not surprisingly, retail firms had, on the average, the largest security departments. It is also instructive to examine the standard deviations for this variable. Although hospitals and manufacturing firms had similar mean scores, there was considerably more variability found in the size of security departments in manufacturing firms. In fact, of all the security staff

employed in manufacturing companies, over half work in one firm. (The reader should note that it is the ratio of security size/total organizational size which is used in the upcoming analysis.)

The two indices describing security departments demonstrate a similar pattern. Security departments within retail firms tended to be more sophisticated (i.e., professional) and more oriented toward preventing employee theft than those in organizations in the other two sectors. Of these latter two sectors, hospitals tended to score higher on these indices than manufacturers.

The information presented in Table 8.4 provides a somewhat more specific view of how organizations formally reacted against employee thieves. Before reviewing these data, however, two comments are in order. First, the reader should note that over one-third of the organizations possessed no records on dispositions of employee thieves. It is probable that organizations which apprehend and process large numbers of employee thieves are also likely to develop a bureaucracy to perform these actions (including the keeping of records). If this is true, then the organizations which do not keep official records of dispositions would tend to apprehend fewer thieves than the above means suggest. Second, these data are based on official records compiled by security departments. They do not reflect cases of apprehended employees who are handled informally (i.e., without contacting the security

TABLE 8.4

DESCRIPTIVE STATISTICS:
ORGANIZATIONAL DISPOSITION MEASURES
BY SECTOR

	Retail		Hospital		Manufacturing	
	Mean	S.D.	Mean	S.D.	Mean	S.D.
Number Apprehended	91(10)[2]	49	7.2(10)	11.2	10.2(7)	22
Percent Terminated[1]	98(10)	02	91.0(7)	18	39.0(5)	44
Percent Prosecuted[1]	44(10)	30	16.0(7)	21	25.0(5)	43
Percent Making Restitution[1]	67(10)	23	0 (6)	0	2.0(5)	04

[1]Percentage of those apprehended.

[2]Figures in parantheses refer to number of firms that possessed data on these variables.

department).

Turning to the data in Table 8.4, a clear pattern emerges. When compared to the other two sectors, retail firms apprehended more employees for stealing and penalized them more severely. Several additional observations might be made about disposition practices. First, a fairly obvious finding is that only a small proportion of employees who steal are ever apprehended. Even for retail firms, which reported the highest level of apprehensions, the average percentage who had been caught (5% of the work force) was relatively small when compared with the proportion of our respondents who admitted to theft (35%). While approximately 30 percent of those returning questionnaires in the the hospital and manufacturing sectors claimed some involvement in theft, far less that one percent of the total work force was apprehended. Unfortunately, security records did not provide enough detail for us to assess how employee thieves who had been apprehended differed from those who were not.

A second finding derived from these data is that individuals who were apprehended for employee theft were almost certain to be terminated, at least in two of the three sectors. An exception is found in manufacturing where less than half of apprehended workers were fired.

Considerably fewer cases of employee theft resulted in prosecution. Retail firms tended to prosecute the most frequently--about 40 percent of the time. Somewhat

surprisingly, manufacturing firms, which were relatively lenient in terms of terminations, indicated a greater tendency to prosecute than hospitals.

The final type of penalty, restitution, was relatively common in retail firms where some restitution was required in two-thirds of the cases. In hospitals and manufacturing companies, restitution almost never occurred.

In conclusion, the disposition patterns disclosed here demonstrate some similarities with those uncovered in past research but also provide some new insights. The pattern we found in retail stores was fairly similar to the one uncovered in Gerald Robin's (1967) study of three retail department stores. Both our study and his concluded that discharge is almost automatic for theft in retail whereas prosecution is less frequent. Our data may, however, indicate a change in the processing of employee theft. Offenders may be dealt with more harshly now than a decade ago. Robin's data indicate that, on the average, 17 percent of apprehended thieves were prosecuted; 45 percent made restitution. Our study shows that 44 percent were prosecuted, and 67 percent made restitution. Our findings are more in line with prosecution rates reported in surveys by the Mass Retailing Institute and the National Retail Merchant's Association. They found prosecution rates of those apprehended in retail stores to be 31 percent and 39 percent respectively. Finally, our data indicate that the pattern of theft disposition previously found in retail

firms is not necessarily found in other industries. Hospital or manufacturing employees who steal tended to be treated less harshly than their counterparts in retail firms.

DATA ANALYSIS: ORGANIZATIONAL CONTROLS AND RATES OF THEFT

The first set of zero order correlations to be examined provides some brief descriptions concerning which types of organizations have the highest rate of theft. In Table 8.5 we find information about the association between the size of an organization (measured in terms of number of employees) and its rate of theft. In two of the three sectors--hospitals and manufacturers--the relationship is positive, indicating that larger organizations have higher rates. The relationship is, however, statistically significant only in hospitals. In retail firms the relationship is negative and not significant.

Additional descriptive data are provided in Table 8.5, but only for hospitals. The reason for this limitation is that two of the measures--tax supported vs. private and church affiliation--are clearly inappropriate for retail and manufacturing firms. The third, location, could not be readily determined for manufacturing and retail companies because they often have installations in many locations. Since each of the hospitals in the study is located at a single site, it is possible to give each hospital a score for this variable.

TABLE 8.5

PEARSON'S PRODUCT MOMENT CORRELATION: DEMOGRAPHIC MEASURES WITH ORGANIZATIONAL THEFT RATE BY SECTOR

	Organizational Theft Rate		
	Retail	Hospital	Manufacturing
Size	-.24	.39***	.31
Location[1]	NA	-.47***	NA
Public-Private[2]	NA	.51**	NA
Church Affiliated[3]	NA	-.28	NA

[1]Coded: 1=Downtown, 2=Other urban, 3=Suburban

[2]Coded: 1=Tax supported (public),0=Private

[3]Coded: 1=Church Affiliated, 0=Non-church affiliated

*Significant at .001

**Significant at .01

***Significant at .05

According to these data, the closer a hospital is to a downtown area, the higher its theft rate. Similarly, we find a fairly strong correlation between a hospital's being publicly owned (i.e., tax supported) and its having a high theft rate. Federal, state and county hospitals tend to have more theft involvement than privately owned hospitals. The third correlation demonstrates that hospitals affiliated with churches tend to suffer less theft. This relationship is, however, neither particularly strong nor is it statistically significant.

Previously, we had hypothesized that higher levels of control would be related to lower rates of employee theft. The correlations in Tables 8.6 and 8.7 specifically address those hypotheses. Looking first at the relationships described in Table 8.6, several conclusions are immediately apparent. First, within each sector, the associations between the various controls and rates of theft are fairly consistent. Seven of the nine correlations in retail firms and eight of nine in hospitals are negative. Thus, for these two sectors, the relationships between control and theft rates are typically in the expected (i.e., negative) direction. Within the manufacturing sector, however, the relationships are uniformly positive. Second, there is a fair degree of consistency between the retail and hospital sectors. For six of the nine independent variables, the correlations with employee theft hold across the two sectors. Again, manufacturing exhibits little similarity

TABLE 8.6

KENDALL'S RANK ORDER CORRELATION: ORGANIZATIONAL CONTROLS WITH ORGANIZATIONAL THEFT RATE BY SECTOR

	Organizational Theft Rate		
	Retail	Hospital	Manufacturing
Policy	-.62*	-.18	.09
Screening			
Performance	-.24	-.51*	.32
Problems	.01	-.04	.19
Inventory			
Priority	.07	-.23	0
Vulnerability	-.44**	-.20	.21
Satisfaction	-.34***	-.14	.12
Security			
Size	-.18	-.06	.11
Sophistication	-.27	-.17	.12
Priority	-.19	.11	.45***

[1]All variables coded in such a way that a negative relationship is supportive of the hypothesis that higher control leads to lower theft.

*Significant at .001
**Significant at .01
***Significant at .05

TABLE 8.7

PEARSON'S PRODUCT MOMENT CORRELATION:
DISPOSITION MEASURES WITH ORGANIZATIONAL
THEFT RATE BY SECTOR

Organizational Theft Rate

	Retail	Hospital	Manufacturing
Number Apprehended	-.54***	-.43	.56
Percent Terminated[1]	-.43	-.27	.87***
Percent Prosecuted[1]	-.08	.53	.52
Percent Making Restitution[1]	-.51	#	.39

[1]Percent of those apprehended.

No variance on variable.
*Significant at .001
**Significant at .01
***Significant at .05

when compared to the other sectors. Third, if one examines the magnitude of these correlations, the general conclusion is that controls tend to have a moderate to weak association with theft rates. Most of the coefficients are not strong enough to attain the .05 level of significance. Some exceptions do exist, however. In retail, we find a fairly strong correlation between policy and theft. In addition, two of the inventory control variables are statistically significant. Within the hospital sector, checking on prior job performance has a fairly strong and significant relationship with rate of theft. Finally, for manufacturing firms we find a moderate to strong association between one of the security variables--theft priority--and rate of employee theft. It is, however, in the opposite direction than we had hypothesized.

Turning now to Table 8.7, we see a somewhat similar pattern to that just encountered. The effect of punishment on theft rates was relatively consistent within sectors and between the retail and hospital sectors. For these sectors, the numbers of apprehensions and terminations were related to lower rates of employee theft. The effects of prosecution and restitution, however, were much less clear. One should recall when reading this that these latter two sanctions are much less common -- especially in hospitals and manufacturing firms. Only three hospitals and two manufacturing companies prosecuted any employees for theft in the year before this research was conducted.

DATA ANALYSIS: ORGANIZATIONAL CONTROL, PERCEPTIONS OF PUNISHMENT, AND EMPLOYEE THEFT

In the preceding analysis, the focus was on the impact of controls on rates of employee theft. The advantage of such an analysis is that it allows us to determine how control is related to the variation of employee theft across organizations. Thus we can gain some insight into why organizations differ in terms of their theft situations. A disadvantage associated with treating the organization as the unit of analysis is that one is unable to demonstrate the effect of control at the level of the individual. After completing the previous analysis, we still do not know whether the knowledge of an organization's control systems allows us to predict better whether an individual employee within that organization will steal. In addition, an aggregate level analysis does not allow us to speak directly to the social psychological processes which underlie an employee's behavior. To understand these, we must focus on the individual employee as the unit of analysis and examine his or her reported theft score not the mean score of an organization.

In the upcoming paragraphs, we seek to provide some answers to these questions about individuals and employee theft. Specifically, we hope to determine how controls affect both an individual's perceptions and behaviors. As previously mentioned, we propose that for four of the five

controls (pre-employment screening being the exception) a two stage deterrence process is operating:

Control → Perceived Certainty of Punishment → Employee Theft

To test whether this is the case, we first examine the relationship between perceptions of certainty of detection and reported theft behavior. Then for each of the various control systems, we investigate how organizational control is related both to perceptions and to individual reports of employee theft.

Looking first at the relationship between an individual's perceptions of certainty of detection and his or her reported theft, we discover support for the hypothesis that higher levels of perceived certainty are related to lower levels of theft involvement. Examining the first row of coefficients in Table 8.8, one finds that perceived certainty is inversely related to employee theft. The stronger the perception that theft would be detected by an employer, the less the likelihood that the employee would engage in that behavior. In other words, employees who believe that they would be caught tend not to steal. The correlations are consistent and statistically significant in all three sectors.

We also sought to determine whether perceived severity of management sanctions is related to reported theft involvement. The second row of coefficients in Table 8.8

TABLE 8.8

KENDALL'S RANK ORDER CORRELATION:
PERCEIVED CERTAINTY OF DETECTION AND SEVERITY OF
MANAGEMENT SANCTION WITH EMPLOYEE THEFT BY SECTOR

Employee Theft

	Retail	Hospital	Manufacturing
Certainty of Detection	-.27*	-.33*	-.24*
Severity of Management Sanction	-.12*	-.11*	-.12*

*Significant at .001

sheds some light on the effect of perceived severity. These results indicate that perceptions of management sanctions are salient in terms of deterrence. In all three sectors, those who perceived that management would react more severely to theft reported less theft. Again, this finding is consistent and statistically significant in all three sectors. Also, as one might expect from past research on deterrence, perceptions of certainty are more strongly related than are perceptions of severity of punishment.

The relationships which have just been discussed are important ones for our understanding of employee theft. They tell us that employee theft is deterrable behavior. If individuals perceive that engaging in theft will result in unfavorable consequences, they are more likely to refrain from stealing. The key question in terms of the deterrent effect of organizational controls is whether they foster the perception that theft will be punished. In the final stage of this analysis, we attempt to answer this question. To do this, we will proceed in the following manner. First, for each type of organizational control, we provide the zero order correlation between the control and an individual's level of reported theft. Next, for those controls which theoretically might operate through deterrence, we also report the zero order relationship between that type of control and an individual's perceptions of certainty of detection, or depending on the theoretical relevance, severity of sanction. Finally,

using data gathered in the intensive employee interviews, we provide an interpretation for the relationships which we obtain.

To avoid possible confusion, a brief comment is in order. For the statistical analyses which follow, we engage in what is known as a contextual analysis (Lazarsfeld and Menzel, 1969). To examine whether an individual's perceptions and behaviors are related to the controls operating at work, we assign to each employee working in an organization the scores which reflect the level of control in that organization. Since employees in the same organization all work under the same systems of control, every employee in an organization is given the same control score. Thus, all the employees in Company 1 will receive a score denoting the degree of policy (or any other control) which is found in Company 1.

It is important for the reader to realize how this contextual analysis of the relationship between organizational control and individual involvement in employee theft differs from the earlier treatment of organizational control and rates of employee theft. In that previous analysis, we sought to determine whether knowledge of the level of control would help us explain why some organizations suffer more theft than others. In the analysis to come, we hope to learn how well we can explain an individual employee's involvement in theft by knowing what types of control are present in his or her work

environment.

Policy. The first type of control which we examine is organizational policy. The coefficients reported in Table 8.9 exhibit a fairly consistent policy impact in all three sectors. Two findings are evident. First, individuals working in organizations with the greatest emphasis on anti-theft policy are more likely to believe that they will be detected if they steal. Second, when organizations are characterized by a higher policy emphasis, employees tend to be less involved in theft. This pattern of a positive relationship with perceived certainty of detection and a negative relationship with reported theft involvement suggests that policy has a deterrent effect. Through the implementation and communication of policy, organizations appear to increase employees' perceptions that theft will be detected; and this in turn has consequences for their theft involvement.

TABLE 8.9

KENDALL'S RANK ORDER CORRELATION:
PERCEIVED CERTAINTY OF DETECTION AND INDIVIDUAL'S
REPORTED THEFT WITH POLICY BY SECTOR

	Retail		Hospital		Manufacturing	
	Certain	Theft	Certain	Theft	Certain	Theft
Policy	.10*	-.18*	.02***	-.04**	.10*	-.07*

*Significant at .001
**Significant at .01
***Significant at .05

The intensive interviews shed some light on the

reasons organizations are not always effective in communicating a concern for employee theft. The issue of theft by employees is a sensitive one in organizations and must be handled with some discretion. A concern for theft must be expressed without creating an atmosphere of distrust and paranoia. If an organization places too much stress on the topic, honest employees may feel unfairly suspected, resulting in lowered morale and higher turnover. One employee we interviewed recounted having previously been employed at such a workplace.

> Before I came here I worked at a place that made electric fans over in St. Paul. I'm not kidding, they searched us every night when we left work. They searched our lunch boxes and our clothes for tools and those little motors. It used to piss me off. That's why I came here. I don't like being treated like a thief all the time. I heard (present employer)-- was pretty good about that type of thing. They seem to be more worried about tardiness and not showing up for work than anything else. I've worked for a couple (of) supervisors who were really strict on that stuff. My boss now could give a lick. Basically, he just wants the work to get done. It might be different in other areas (of the company). I don't know. (Maintenance Technician)

For most of the firms in our sample--especially in the hospital and manufacturing sectors--policies on theft tended to be understated, not overstated. Many employees told us that organizational expectancies with regard to property are not clearly expressed. For many organizations in our sample, the only attempt made by organizational officials to demonstrate a concern for theft occurs when an individual is initially hired. While this appears to have

some impact, our interviews indicate that reliance only on an employee manual or an orientation program to convey this message is not very successful. Upon entering an organization, a new employee is innundated with information. Employees cope with this situation of information overload by focusing on those topics which are either especially important for their immediate jobs or which are given considerable attention. Thus, hospital employees recall their CPR training and discussions of hospital fire procedures because these are emphasized as being important for patient safety. Few hospital employees had a recollection of policies regarding theft--a not surprising finding since their coverage consists of a single line in an employee manual or a perfunctory remark during a security director's orientation speech.

Given the overall goal of a hospital, such a disproportional allocation of time is sensible. Hospitals are more interested in saving lives than stopping employee theft. Still, one should realize that, since orientation is often the only time that policies on property are discussed, organizational expectations regarding material are not always clear to employees.

In retail firms, protection of property is more directly related to the primary goal of the organization. Thus, treatment of employee theft is elevated in terms of priorities. Coverage of theft in orientation often receives considerable attention. Several of the retail firms

require new employees to sign a policy statement acknowledging their awareness of rules concerning property and that violation of those rules may result in prosecution. At least one retail company in our study shows a film on employee theft to all incoming employees. It seems likely that such measures might impress upon employees that their new employer treats theft as important.

The manner in which formal organizational practices are presented to incoming manufacturing workers and the emphasis which is attached to these formal practices vary significantly depending on the new employee's occupational classification. Professional and technically skilled individuals tend to receive very little information about organizational rules, regulations, or security measures. Rather, emphasis is placed upon company benefits and promotional opportunities. Generally, if there is any policy instruction given to incoming exempt workers, it is provided by the area supervisor to whom the employee is likely to be assigned. Even this practice appears somewhat uncommon, however, as most exempt employees that we interviewed suggested that information about formal matters was gained for the most part from co-workers and by trial and error.

In contrast to this rather loosely structured approach to organizational rules is the environment experienced by non-exempt employees in manufacturing firms. When persons

destined for non-exempt classifications are processed for employment in these companies, they receive a rather formal introduction to the policies, procedures and security practices relevant to their particular work area. For example, when an assembler is hired to work the line, he or she first meets with the personnel officer who goes over the rules and expectations one by one. Often the individual will also be briefed by a supervisor who will again cover the rules and mention any others that might be specific to the work area. In addition to this, the new employee will receive a "worker's manual" which he or she is required to read.

In any of the three sectors, coverage during orientation of the topic of employee theft may send an initial signal to employees about an organization's policy stance. Whether employees maintain such an impression probably depends on whether they observe policies as being enforced. Thus, over a period of time they may form other views on organizational concern for theft depending on what they observe on a day to day basis. As we shall discuss in Chapter IX, the meaning of policy in an organization is principally determined during the daily interaction among an employee, co-workers, and the immediate supervisor.

Screening. As mentioned at the beginning of this chapter, pre-employment screening provides for control without using deterrence. Consequently, it would not make theoretical sense to examine its relationship to the

perceptual variables. Thus, Table 8.10 provides only the zero-order correlations between individuals' reported theft and the degree of screening. The effects of screening are not very consistent. The data indicate that for retail firms and hospitals there is a statistically significant relationship between screening on past performance and involvement in theft. These associations suggest that hospitals and retail organizations which do a better job of checking on references and job history tend to hire employees who report less theft. One explanation for this finding is that organizations which check more concientiously obtain more complete information about an applicant's character upon which a hiring decision is then made. The relationship does not hold for manufacturing firms.

TABLE 8.10

KENDALL'S RANK ORDER CORRELATION:
INDIVIDUAL'S REPORTED THEFT WITH PRE-EMPLOYMENT
SCREENING BY SECTOR
Employee Theft

	Retail	Hospital	Manufacturing
Screening			
Performance	-.10*	-.04*	.03
Problems	.12*	-.01	-.05***

*Significant at .001
**Significant at .01
***Significant at .05

Screening on specific problems, however, does not appear to have a similar effect. The relationships here

are far ranging as we find a positive relationship in retailing, a negative one in manufacturing, and no relationship in hospitals. Clearly, no consistent impact is found. One reason may be that such information is much less likely to be known by a prior employer; or, if known, it is less likely to be communicated. Thus, asking about these issues may be less productive in reducing future problems. Realizing this, few personnel directors specifically ask former employers about previous troubles with employees.

Inventory Control. Examining the coefficients in Table 8.11, we see that the impact of inventory controls on individuals' reported theft is also mixed. In retail, two of the three indicators are positively related to perceived certainty of detection and negatively related to theft involvement. Thus, there is some evidence of a minor deterrent effect. In hospitals, the quality of inventory controls are negatively related to employee theft but tend not to be related to certainty of detection. Thus, it is unlikely that deterrence is at work. Manufacturing exhibits a pattern opposite to that which we had expected. Inventory controls do not result in lowered theft.

TABLE 8.11

KENDALL'S RANK ORDER CORRELATION:
PERCEIVED CERTAINTY OF DETECTION AND INDIVIDUAL'S
REPORTED THEFT WITH INVENTORY CONTROL VARIABLES BY SECTOR

	Retail		Hospital		Manufacturing	
	Certain	Theft	Certain	Theft	Certain	Theft
Priority	-.01	.02	.00	-.03***	-.01	.05***
Vulnerable	.08*	-.10*	.01	-.04**	-.08*	.08*
Satisfaction	.06*	-.05*	-.03**	-.02	-.07**	.07*

*Significant at .001
**Significant at .01
***Significant at .05

During the course of the intensive interviews, we obtained some insight into the workings of these systems. Retail employees mentioned that theft of cash is more difficult if a store's inventory is monitored through the use of computerized cash registers.

> Stealing from the register is very hard because everything is computerized and you can't ring up a sale at less than the amount because it's all computerized, the amount and the merchandise number. If something is on sale, you have to ring in that and put in all these numbers and then put the difference of the prices in. So it's really hard, I think, to steal from the register. At least, I couldn't think of any way to steal from the register. It's much more complicated than a lot of places.(Sales Clerk)

In hospitals, our interviews revealed two main points about inventory. One concerns the seeming overabundance of materials in patient areas of the hospital work environment. The second point deals with an unintended ramification associated with the computerization of

inventory control systems.

The concern for patient care has a very definite effect on materials' inventory. In strategic areas where patient welfare may depend on supplies being available at crucial times, staff cannot afford to deplete an area of essential items. Consequently there is a tendency to overstock supplies rather than risk running out. The concern for patient care may therefore be said to have a very definite, although indirect effect on promoting theft of materials. A corollary of such over-stocking is that personnel develop a lack of concern for the efficient use of property. Because of this mentality, waste and pilferage are more likely to occur.

> Oh, I know what I was going to say before about--what surprised me a lot is how available the syringes and needles are, you know, that--I mean, they would just be easy for anyone to take . . . I think it'd be nice if those things were a little bit tighter controlled . . . I don't know how you'd stop people from taking like surgery equipment. Because again, you know, when you see it all laying out there and you see it in big numbers (quantities), it seems like it--it doesn't cost anything, you know, it seems like its just free in a way, and I don't know how you'd ever change that. (Intern)

The computerization of inventory systems may also influence how employees view inventory. On the one hand, employees reported that the new inventory systems have led to an overall tightening up on stock. This is particularly noticeable in the area of controls over medications and expense items on the wards. We were told that more emphasis is currently placed on accounting for items which are

used. It is no longer just a question of taking something from stock. Rather most items come complete with a charge slip which must be entered on to the patient's account. Missing charge slips are a source of consternation. Employees cited frequent examples where supervisors, ward clerks, or co-workers expressed a concern for knowing how particular items of stock had been used. This was needed so that they could fulfill the obligation to "charge it" and thus account for its use. In hospitals where higher concern is manifest, employees seem to be less involved in theft.

There is a disturbing side effect, however, to computerized inventory controls . It is our impression that the use of such inventory systems strips an object of its monetary value. According to our interviewees, in the past they had entered the dollar value of items on patient charge sheets. Now the employee merely punches in a series of code numbers. The result is an environment wherein employees have little sense of the values of items used and of the actual monetary costs involved in patient care

> Maybe I'm off the subject, but when I started in hospital supply, it was much different than it is now, we had to make out charges ourselves. We had a big book with the prices, so I was very aware of what the prices were. Now it all goes into a computer and I don't think that many people really know how much things cost, because its all done by numbers. But all the time I was really suprised at how much things did cost, and so now everything's done so much by computer that people lose sight of this, and they had a program recently, a fair with big display tables set up in the cafeteria where the cost of things was emphasized, on how much things do cost. (Hospital Employee)

Finally, in interviews with manufacturing employees we found a fair amount of agreement that effective inventory and distribution procedures have been designed but are often not implemented.

> YOU'VE MENTIONED THE THEFT OF SOME PRETTY VALUABLE ITEMS. DO YOU GET A SENSE THAT THERE'S MUCH OF A CONCERN ABOUT THAT KIND OF THING HERE?
>
> No, I don't get that feeling. And it's partly the way the organization is that propagates that type of thing. It's not my department; I'm not going to be concerned about it. Let me give you an example. An item came to me, or I should say, a pack of items were shipped to me inadvertently by mistake. I can't tell you specifically what the items were, but I can tell you they were worth over $1,500. I easily could have taken them and sold them. There was absolutely no record that I had received the package. Some workers argued that the effective monitoring of But I took the trouble to trace back who most likely would have been asking for those things...Most departments won't do that. . . .(Engineer)

Some workers argued that the effective monitoring of materials (and perhaps time as well) was simply not cost efficient for these organizations. It may be that bureaucratic efforts to control the utilization of resources are more of a financial burden to the firms under study than are the costs stemming from their misuse.

Security. The fourth type of control to be examined is that exercised by security departments. According to the data in Table 8.12, there is no evidence that characteristics of security departments are consistently related either to perceptions of certainty of detection or to reported theft behavior. In the following paragraphs,

we offer an explanation as to why this may be the case.

TABLE 8.12

KENDALL'S RANK ORDER CORRELATION:
PERCEIVED CERTAINTY OF DETECTION AND INDIVIDUAL'S
REPORTED THEFT WITH SECURITY VARIABLES BY SECTOR

	Retail		Hospital		Manufacturing	
	Certain	Theft	Certain	Theft	Certain	Theft
Sophistication	.02	.04**	.04**	-.01	.01	.02
Priority	.03***	.04**	-.03***	.01	-.03	.06**

*Significant at .001
**Significant at .01
***Significant at .05

Of all the relationships described above, those for retail are most surprising. If security departments do act to deter individuals from stealing, we would expect to find that effect in retail security departments which are more theft conscious than those in the other two sectors. Yet, our findings indicate a slight positive, not negative, relationship. A closer examination of our data demonstrate that the associations between the two security variables and reported theft are somewhat misleading. The relationships are actually more curvilinear than positive. Increasing the degree of security tends to decrease the likelihood of theft involvement, thus supporting the deterrence hypothesis. This effect occurs, however, only to a point. At the very highest end of the security spectrum, we find that additional increments in security do not lead to a concomitant lessening of theft involvement.

In fact, involvement increases slightly. Because those organizations at this high end of the security continuum are typically large companies, they tend to have a greater impact on the coefficient--resulting in the slight positive relationships.

The reader should realize, however, that the positive relationships discovered for retail security variables may be a statistical artifact. Gross comparisons between those retail firms with virtually no security and those with very high security demonstrated a negative, not positive, relationship with employee theft. Those retailers with medium to high levels of security, however, had even less self-reported theft than those with very high levels.

While retail security may in fact have some deterrence consequences, the lack of relationships in hospitals and manufacturing firms appear to reflect accurately the fact that security in those sectors has little or no effect on theft. The reason for this is that matters relating to employee theft receive relatively low priority from these security departments. Since stopping employees from stealing is not a major objective, one should not expect much of an effect.

The intensive employee interviews demonstrate worker perceptions of security in these two sectors. In one of the hospitals involved in this part of the research, employees characterized security as being friendly protectors of the work environment. One of their primary

tasks is fire safety. In addition, they patrol the parking ramps to prevent thefts from employees' cars and assults on employees, escort nurses to their vehicles late at night when the evening shift changes, make rounds, assist employees with "difficult" patients or unruly visitors, and are generally "on call" to deal with any problem that may occur.

Some employees on the nursing floors at this hospital said that security was highly visible, officers made rounds throughout the hospital and were prompt in responding to calls for assistance. The phrase "Call Security" provided some insight into how other employees perceive security officers' roles. Security responds as trouble-shooters, problem solvers and a reliable source of assistance. The following is typical of the kind of response one obtains to the question "What kinds of things does the security department do?"

> You mean in their job? They walk around a lot. Take care of calls, you know, "There's such and such a person here and they're making a commotion." Basically, I look at their job more as a protection of the hospital from outsiders rather than a protection of the hospital from the insiders. We jokingly tell them they're making the world safe for democracy. (Hospital Employee)

At the second hospital, the picture of security is strikingly different. The majority of employees appeared to have an extremely poor image of their security guards:

> But their security guards are not the type of people that make you feel secure, should I say now? (Laughter) They, you know, are people that can't get any other type of job, basically. And

> I'm sure they're very poorly paid, you know. They're like older, I mean they're not, not in the prime, you know. You can't compare it to like a policeman, a deputy sheriff, or that. (Registered Nurse)

The reasons for the security guards' poor image are based partly on the employee's direct observations and partly on rumor. On probing, the following clerical informant indicated her unwillingness to let security guards accompany her out to her car.

> I know if you worked a night shift, I'm sure you'd see more of them and I think maybe they even, if you would ask them, they would walk you out to your car. Things like that.
>
> WOULD YOU WANT THEM TO ESCORT YOU?
>
> Well, I don't know any of them personally, but from some of them that I've seen, probably not. You know, I have at times wondered why an institution like that would hire those types of people.
>
> TELL ME WHAT YOU MEAN "THOSE TYPES OF PEOPLE?"
>
> Well, they certainly are not professional looking or acting, and they look like they're just off the streets.

Part of the poor image develops when all employees see the guards doing is sleeping on the job, sitting around in the cafeterias, or reading a book. Employees were vague concerning the duties of the hospital's security guards since they were rarely seen on the wards or in any other place except the front lobby.

> WHAT ARE THEY LIKE?
>
> I've never seen them doing anything but sit. That's basically . . . I think their job is to sit. That's all I've ever seen them do. I come in at the beginning of the shift--the guy's

sitting there--I go out and he's in the same place. (Nursing Assistant)

It is evident that guards in each hospital are viewed differently. We have one organization where security relates to employees as firefighters, where the relations between security and other employees are friendly, where security is protective of staff against outside intruders, and where emphasis on safety precautions far outweighs any emphasis on precautions against theft. In the second organization, we have an ineffectual, low qualified security service which is perceived as part of the problem. Despite these differences, there is no reason to believe that either security department has an effect on theft behavior. In neither hospital do we find the impression that security's goal is to apprehend employees who steal. For this reason, it seems that security has no demonstrable effect on theft involvement.

In manufacturing, a similar situation appears to exist. While employees reported an awareness of the existence of security in their firms, they believed that security has little influence on employee theft. The following two quotes illustrate employees' perceptions of the ineffectiveness of security:

> For some place that is spending millions and millions of dollars a year on research and development; that is recognized as the #1 company in the industry, I think we are horrendously sloppy in the area of security. If I wanted to, or if I were a person from outside the company, if I wanted to get in that plant and have access to top secret stuff going on, shit, I could do

> it. Easy. Easy ways to get a badge from somebody. To walk in unchallenged. To walk right down into the engineering lab and photograph prints, and take parts, and do whatever you want to do. You could do that easy. It'll (the system will) keep people from walking out with a wheelbarrow full of things, but in the area of micro-miniaturization, someone could easily walk out with thousands and thousands of dollars of electronic parts in their lunch pail, and nobody would ever know. (Department Manager)

> I NOTICED THAT YOU HAVE SECURITY GUARDS HERE.

> Ah, security's nothing.

> IF YOU WANTED TO WALK OUT WITH SOMETHING, YOU COULD WALK RIGHT BY?

> Sure. The security guards are . . . what do I want to say? A front...They're just a show piece. (Production Supervisor)

The reason for this lack of impact once again centers on the low priority assigned to employee theft.

> ...these individuals (those in authority) apparently are more worried about what goes out the back door aboard a truck going to a customer, than what's going out the side door where the employees go. However, slowly but surely, I think the company is going to end up looking at both doors, rather than just the one. (Production Supervisor)

These impressions contrast considerably with those held by retail employees. Here workers viewed security as being more consciously directed at stopping employee theft. The following quote is illustrative.

> They (security) are in contact with the supervisors on how to prevent theft. We have a conversation about how to keep theft down in a department. They watch for customers stealing and they watch for employees stealing. If my registers start varying where I don't balance out the way I'm supposed to, Security will be notified and they will watch the department for awhile to see if it's just carelessness on the

sales clerk's part or somebody stealing. I've lost two employees to theft. I started noticing something and I talked to my staff and then I talked to the security manager and they waited and caught them. (Supervisor)

Retail security officers are much more likely to pursue actively the suspected perpetrators of internal theft. Sometimes this includes fairly involved methods.

> Well, sometimes the guards will bait you. They'll leave stuff out and wait for you to take it. There was the case where they had this really nice hunting knife, and they use the knives around the dock area to do the boxes and stuff, but they're usually a regular little orange handle with this blade sticking out and the blade is chopped off. Well, this was a nice hunting knife. It was sitting out. They have these tube stations where you put the tube in and it goes through the thing, it's like at a bank. Well, at the tube station they left one of these knives out and some guy saw one and it's been sitting there and it didn't seem for anybody. Apparently there was no packaging around it. If there wasn't any packaging around it I might think "hey, like, this is company property." But this guy took it and the guards got him. Maybe they thought the guy was a suspicious character and they wanted to see just how suspicious he was so they did that. (Dock Worker)

Another tactic for dealing with theft was described by a security manager.

> Another honesty test we do is we'll put a check, let's say a $20.00 personal check, I'll take out the register drawer and I'll put it in the back. Along with that check, I'll put a $10 or $20 bill, depending on what they like to take. Some people like to take $20 at a time, some people take $10 at a time, or $5, or whatever, but generally what their pattern is. So along with that check at the back of the register I'll put a $10 bill and record the serial numbers. When that employee I suspect is up there working I'll be observing from a blind or somewhere and I'll have Credit or another investigator call and say there's a check missing in register so and so, could you check it out. "Open up the drawer and

> look back there and see if it's back there." Here I'm presenting another opportunity for them. I know it sounds like entrapment, but it isn't. It's perfectly legal and I've prosecuted people on this. It just goes to show that anybody's capable of it. This person probably was good for $200 in cash and he was smart. O.K., he'd just finished 4 years of school. I had him go back to the register. Sure enough, he looked, found the check along with the $10 bill. Immediately he looked around, took the ten, folded it up and put it in his pocket right away. O.K., this is my leverage. So we called him in. I interviewed him and all he'd admit to was stealing that $10 bill. That's all he'd admit to. He would not admit to the $120 that I had him charted out for that I knew he'd stolen but I couldn't prove it. I didn't have him on tape. Another method we use is I've got a video tape recorder with a camera we put over the register and I can record stealing. I've caught 9 people this way in automotive and over in paint. I've got them on tape. (Security Manager)

As mentioned previously, such aggressiveness in theft prevention does seem to have ramifications for employee morale.

> The security system is very good, almost overbearing. One time I purchased a sheet and later on decided to buy a table cloth. I kept the sheet in the linen closet for some time and later when I tried to use it found that the table cloth didn't fit. So I took them both back to exchange them, I left them there without taking care of them and later security called me into their office and grilled me on what I was doing with the merchandise. My husband wanted me to quit right then, that they were accusing me of taking the stuff. I was very upset about the way security handled that. (Sales Clerk)

Punishment. The final set of zero order correlations to be presented focus on the effects of sanctioning practices. In Table 8.13, we have also included coefficients to indicate the relationship between perceived severity of management sanctions and employee theft. The

TABLE 8.13

PEARSON'S PRODUCT MOMENT CORRELATION:
PERCEIVED CERTAINTY OF DETECTION, SEVERITY OF MANAGEMENT
SANCTION AND EMPLOYEE THEFT WITH DISPOSITION MEASURES BY SECTOR

	Retail			Hospital			Manufacturing		
	Certainty	Severity	Theft	Certainty	Severity	Theft	Certainty	Severity	Theft
Number Apprehended	.09*	.11*	-.09*	.04***	.04**	-.03	-.20*	-.16*	.07***
Percent Terminated	-.05**	0	0	.03	.07*	-.01	-.17*	-.14	.07***
Percent Prosecuted	-.05**	-.07*	.04***	.05**	.09*	.02	.09**	.10*	.01
Percent Making Restitution	0	-.05**	-.01	a	a	a	.17*	.12*	.01

a=No cases reported.

*Significant at .001
**Significant at .01
***Significant at .05

results depicted in this table are fairly inconsistent. Only the number of apprehensions is related to perceived certainty of detection, perceived severity of sanction and employee theft in the predicted manner, but only for the retail and hospital sectors. The opposite pattern occurs in manufacturing. The deterrent effects of termination, prosecution and restitution are less clear. Only in hospitals do we find evidence that sanctioning practices do influence perceptions of certainty of detection and severity of reaction. The effect on theft itself is, however, minimal.

The intensive interviews provide additional information about the formal consequences associated with theft apprehension. Retail workers accurately perceived that theft will result in termination. The overall feeling concerning formal sanctions was expressed most succintly by a dock worker who stated simply:

> My interpretation of anything having to do with theft from the store is, if you rob you're going to get caught. People get caught all the time. I've only seen it happen a few times and those people are all gone. (Dock Worker)

Or, as a personnel manager told us when responding to the question "Have you ever not fired someone?"

> No, we terminated someone the other day for $6 worth of stolen cokes, $2 worth of stolen lures from sporting goods, $2,000 worth of cash. Once we do not terminate someone for whatever, then we set a precedent. (Personnel Manager)

Employees base this opinion on what they have heard of past incidents of employees who have been caught stealing.

A number of such stories were circulating among the work force. Generally workers recount instances of major theft.

> We've had a lady admit to stealing $4,000 worth of money and our garbage man had gotten fired too, because he'd taken merchandise, put it in his bin, and taken it out to his car. He got out $4,000 worth of merchandise he stole too. (Sales Clerk)

Some workers did mention that termination also was the penalty for lesser transgressions.

> A couple of weeks ago three people were fired from the men's clothing department and two other people had been fired for theft because they had . . . well, it was really stupid. It was one person's thing in men's clothing, but two others helped. They marked something down to 50 cents; a really nice shirt. When they checked it at employee check, of course the security person goes through there and checks the receipts. She went to the department manager and she said, "No, that isn't right." So they got fired for that. (Sales Clerk)

A very different picture emerges from our conversations with those employed in either hospitals or manufacturing firms. Accounts of apprehensions for theft were found less frequently and tended to deal with minor thefts. The penalties for these offenses tended to be less severe than those detailed by retail workers. For example, manufacturing workers caught stealing a roll of copper wire were in one instance warned informally that future theft would end in termination and in another were suspended for three days without pay.

DISCUSSION AND CONCLUSIONS

The intent of this chapter has been to examine the impact of organizational control on employee theft. In

doing that, we presented two parallel analyses--one at the level of organizations, the other at an individual level. In this final section, we will make some summary remarks concerning what these analyses have told us.

In the initial analysis of the chapter we explored the relationship between organizational controls and rates of employee theft. We found that there was considerable variation across organizations in terms of the levels of control which have been implemented and in terms of their victimization from internal theft. When we correlated the various control variables with organizational theft rates, we found that higher levels of controls in retail firms and hospitals tended to be related to lower rates of theft. This was consistently true for policy, performance-checks, inventory vulnerability, satisfaction with inventory controls, security size and sophistication, apprehensions and terminations. However, organizational controls in manufacturing did not have this same effect.

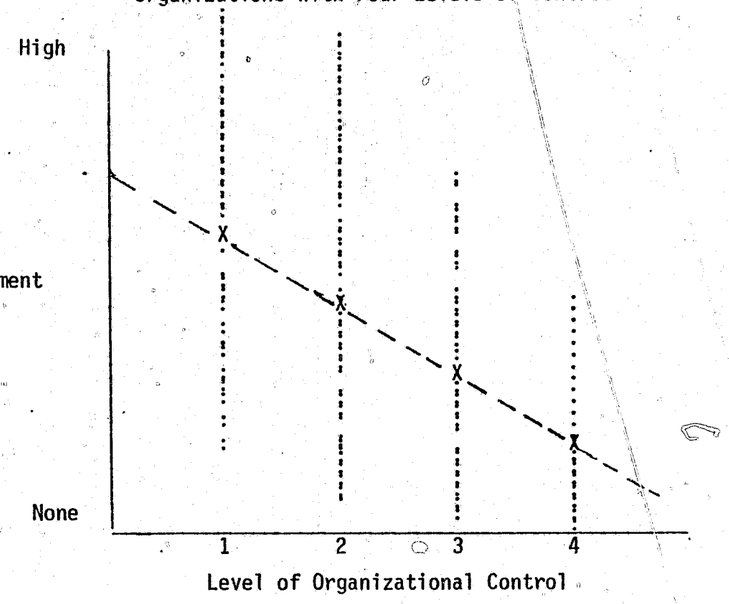
To understand more fully the impact of organizational controls on an individual's behaviors and perceptions, we then conducted a contextual analysis in which levels of control were correlated with an individual's self reported theft behavior. Not surprisingly, the conclusions which we found were relatively similar to those discovered in the analysis of theft rates. In both retail and hospitals, policy, performance checks, vulnerability of inventory, satisfaction with inventory, and apprehensions were still

negatively related to theft behavior. Some differences did emerge, however. The relationships with security variables were no longer consistently negative. In manufacturing, higher degrees of policy and problem checks were associated with lowered theft involvement. Furthermore, although many of these relationships were statistically significant, their magnitude was considerably smaller at the level of individuals. It is worthwhile to note why essentially the same relationships would differ depending on the level of analysis.

One very apparent difference is the change in magnitude of the coefficients. Associations at the organizational level were considerably stronger than their counterparts at the level of individuals. The following factor may account of this. There is a general tendency for the relationship between the same two variables to be higher after they have been aggregated. This is true because grouping procedures tend to increase between group variation relative to within group variation (see Blalock, 1964; Hannan, 1970). Thus, coefficients are more likely to be higher after aggregation. One should note that this does not mean that the correlations between organizational controls and rates of theft are spurious. We do not believe that to be true at all. Rather we would conclude that the effects are real but not very large.

Diagram 8.1 may provide a more intuitive feel for the difference in types of analysis. (Note: this scattergram is

Diagram 8.1
Hypothetical Distributions of Four
Organizations with Four Levels of Control



X=Organizational Theft Rate
•=Individual Employee's Reported Theft

not intended to reflect accurately the actual distributions in our study. If it did, many more respondents would be placed at the level of no reported theft. The diagram is more for heuristic purposes.) In this diagram, each dot represents an individual's reported theft score, each X the mean theft score (theft rate) for that level of control. One should remember that individuals within the same organization will all receive the same score for organizational control. Although organizational control is a constant within an organization, individual involvement in theft is not. In fact, for each level of control, there will be individuals reporting no theft and individuals admitting relatively high amounts. Because individuals vary so much within each category of control, it is not surprising that the resulting coefficients are so low. Knowledge of organizational controls is not a very strong predictor of an individual's theft behavior. However, if one looks only at the mean scores (rates), a more clear-cut pattern is evident. Certainly the correlation coefficients for the organizational level analysis would tend to be significantly higher. In sum, knowledge of organizational controls is a better predictor of theft rates than it is of individual behavior.

The above explanation sheds some light on why magnitudes of relationships differ, it does not necessarily tell us why at times the signs of relationships changed from one analysis to the other (e.g., policy in

manufacturing). One possibility is that the individual level associations are biased toward patterns found in larger firms.

In the analysis of organizational theft rates, each organization is given equal weight, i.e., an association present in one small organization has the same effect on the overall coefficient as an association in a larger organization. In the individual analysis, this is not the case. It could be that a pattern occurring in a smaller company is overwhelmed by another pattern in a larger firm which has contributed many more individuals to the overall sample. However, based on additional analyses in which the effect of organizational size was controlled, we believe that size is generally not a major confounding factor. After controlling for size, the relationships hold.

In conclusion, the data in this chapter provide both good and bad news for organizational authorities desirous of reducing employee theft. The good news is that employee theft is susceptible to control efforts. Certain types of control--policy being the most noteworthy--are related to lowered levels of employee theft. However, the data also indicate that the impact of control is neither uniform nor very strong. In sum, formal organizational controls do influence theft behavior but these effects are minor when compared to other factors present in the work place. As we shall see in the upcoming chapter, it is the impact of an employee's immediate supervisor and of one's co-workers

which seem to be crucial for understanding the control of employee theft.

CHAPTER IX:

THE PROCESS OF DEFINING PROPERTY AND PRODUCTION DEVIANCE IN THE WORKPLACE

INTRODUCTION

The vast majority of employee acts of taking company property or not observing meticulously the conventional rules about production performance do not become explicit organizational control events. Part of the reason, of course, is because they come to no one's attention but the individual employee directly involved. Beyond this, however, there are a large number of acts which could conceivably fall within the control interests of co-workers, supervisors, corporate asset protection specialists, or even social control interests outside the workplace, but only a few in practice do. Two general explanations are available for this selection process: 1) operational definitions of property and production deviance, in fact, vary depending upon assessments of the situation by local participants and 2) organizational control mechanisms are limited in their abilities to prevent and respond to deviations. Based upon the findings of this study, we would further suggest that these two general explanatory perspectives are themselves closely related in that fluid definitions of deviance make organizational control efforts problematic, and ineffective

control performance contributes to inordinately unstable deviance definitions.

This final data chapter is focused upon an analysis of the "social construction" of deviance within the workplace as reported largely in the employee interviews. From the beginning of the research we were interested in discovering the circumstances or processes under which certain acts which could possibly stimulate organizational control response in fact did or did not do so. In the few previous studies of employee theft and other related deviance which were reviewed earlier in this report, most have included observations or findings which suggested significant situational determination of the definition of deviance and the quality of reaction to it. Current social theories of deviance are based upon its definition relative to the immediate social environs in which it is being defined and the possible conflicting deviance definitions which impinge upon the same behavior. There are no reasons why we would not expect this same general principle to operate within the corporate workplace. In fact, other principles of formal organizations would suggest that the circumstances for unique and dynamic definitions of deviance inside modern corporate environments would be abundant (Gross, 1980; Dalton, 1966; Gouldner, 1954a). The major theoretical and policy questions, then, are less of whether definitions

of property and production deviance reflect the social dynamics of the organizational setting in which it occurs, and more of how this influence is manifested and what its consequences are to our understanding of employee deviance.

NORMATIVE INCONGRUITY OR DISSENSUS AND THE DEFINITIONAL PROCESS

Even with the above prior orientation toward the investigation of the taking of property and related acts by employees, we were immediately profoundly impressed with the extent to which, in practice, definitions in regard to our substantive interests were dominated by local work circumstances. At times no specific norm or consistent rule seemed to exist to cover the situation. On other occasions conflicting expectations existed and in effect freed employees to choose from among them or to shun them all. At yet other times production related priorities demanded modifications by supervisors of usual deviance definitions in order for employees to accomplish their basic occupational pursuits.

> When I started working there and everybody was giving discounts to their friends and stuff it struck me because you can't give away discounts to everybody, but then they said it's better than having them hold it for them and then you buy it for them. So I just figured, you know, I can do it a couple of times, too. (Sales Clerk, Retail Sector)

We pass nourishments in the evening and we offer

them juices and pop and cookies and fruit, usually. We'll get fruit and crackers and cheese and as long as they get what they want I don't feel I'm stealing from patients. I mean, they get whatever they want and there's always enough left over. So, that's why I feel comfortable doing this. (Charge Nurse, Hospital Sector)

I do take sick leave when I'm not sick. And I do sometimes take care of personal business on company time. And, I've left work early a couple of times without my boss' say-so. And I have made a few long distance calls to my sister. But, I think that's about the only things I've done. I wouldn't steal. (Clerical Worker, Manufacturing Sector)

Reproduceable in many situations and with many different nuances, data such as these make it evident that there is not consensus among our interviewees on the way acceptable and non-acceptable behavior is defined. For example, in regard to the above retail employee, it is apparently acceptable for workers in her unit to allow friends or relatives to benefit directly from the employee discount privilege. This acceptability may be contingent on any number of factors (i.e., the item is a "gift," the department supervisor "does it all the time," the friend or relative is poor, the employee involved in the transaction is a "good, reliable little worker," etc.) The point to be made here is that, regardless of the criteria of acceptability, the act of extending one's discount privilege to non-employees is "acceptable" within this particular work group (which includes the supervisor) at

this particular point in time. By recognizing that other departments and other work groups in this same retail department store have a different set of conditions for the acceptability of this act, or may even define this act as "unacceptable" under any circumstance, we begin to understand the essence of normative incongruity or dissensus (For a discussion of the more structured aspects of this condition, see Hollinger, 1977).

The notion of normative dissensus, however, does not suggest that the entire span of behaviors in a particular social unit, such as the department store above, is without definitional convention. It may be that the circumstances for the proper use of the employee discount privilege is in fact the only behavior in this organization about which there is a wide variety of practices. Rather, the condition of normative dissensus or incongruity implies that a significant component of the behaviors in a given social context is without a single agreed-upon character. Hence, it is instructive to think of normative dissensus in terms of a continuum. There are, no doubt, degrees of normative unclarity within every social unity. It is unlikely, however, that any social unit is completely without unclarity relative to the parameters of acceptable social conduct. Our point is merely that we have found impressively high degrees of disagreement among

interviewees in the three industry sectors as to the non-acceptability (or the conditions of non-acceptability) for many behaviors that are legally and, external to the organizational context, conventionally held to be not acceptable.

As part of our card-sort procedure (described in Chapter II above), employees for each of the three industry sectors were asked to sort through a set of about 30 cards on which there was a description of activities, conventionally thought to be deviant but commonly associated with the respective sectors. Employees were to select only those cards which described events about which they had personal knowledge in their particular work area. After workers had completed the sort, they were asked to articulate their views, and to the extent they could, those of their work mates, of the behaviors identified.

> (TAKING COMPANY MATERIALS) OK, well, you probably find that everybody in this plant takes stuff. Probably everybody in (the company) takes stuff. And you know, you work in the electrical department. If you want a roll of tape, electricians don't buy tape, they just--you know--basically, take it. He probably wants one roll of tape, fine. Who cares? Nobody really gives a damn. If you would take a box of switches then it's something different. You know, if you're going to set yourself up as an independent contractor in your spare time, on your own time, and so you're using the company, it's company material, that's when it gets serious. But I mean, nobody really cares if somebody maybe wants a plug, and a lot of the time the rule is you ask first. (Electrician, Manufacturing Sector)

> (TAKING HOSPITAL PROPERTY) Linen, you know--people like bachelors and stuff and that--they don't like to pay a lot of money for that--I could see that. I've heard of people doing it--I've never actually seen somebody taking linen. (Nursing Assistant, Hospital Sector)

> (TAKING COMPANY PROPERTY) Things like taking pencils and things home from the office. They'll never come out and tell you it's all right. But they expect it--I'm sure. I know for a fact that they order extra, for what do you call it? "Company take home?" I think you'll find that anywhere. Things like this are not all that important. I'm not saying that it's what we should do. I'm just saying it goes on everywhere. (Technician, Manufacturing Sector)

> (Referring to card-sort activities generally) On the floors, people are more interested in things they feel are vital. They think that a patient's health and well being are vital, and they can't attach too much importance to petty little materials things like using too much stuff or giving it away. I approve of the idea of having your priorities in order as far as people being more important. (Central Supply Worker, Hospital Sector)

> (Referring to activities in card-sort generally) For a lot of these things, you know, you don't necessarily like the fact that it's going on. But, I mean, it's the accepted thing. Well, maybe not accepted, but more people do it than not. There are some things I can't see accepting, though. To me, anything that's worth more than $10 in value is off limits. (Production Worker, Manufacturing Sector)

> (TAKING COMPANY PROPERTY) Any of these kind of depend. There are really unwritten limits on what you can and cannot walk off with, I guess. I see a certain amount of these types of things all over now, and I always have. It doesn't strike me as a real problem unless, obviously, somebody takes 100,000 boxes of paper clips or something. Something like that crosses over the fuzzy area. (Supervisor, Manufacturing Sector)

From voluminous evidence of the type cited above it is evident that workplace expectations and sanctions are permissive enough, in practice, to allow for a wide range and considerable volume of taking of material and non-material company resources. These and other data from interviewees also reveal considerable variance in the standards against which workers judge the acceptability of many activities encountered in the organizational context. This incongruity becomes even more obvious when one contrasts the above views with some of the more extreme perspectives expressed by interviewees on these issues. In all three industry sectors we found definitional inconsistencies within work groups, as well as between them, relative to activities in the card-sort and others which the procedure generated. Not only did the definitional variations reflect the personal interpretations of the interviewee's own behaviors but provided extensive information about the perspectives of work groups and employing organizations. Also noteworthy in the above quotes, but more convincingly so in the extended conversations with employees, is that workers generally appear to be uncertain of formal organizational expectancies relative to most of the activities discussed. This ambiguity is illustrated by the fact that local norms specified by workers often set parameters for the degree of

production time and property misuse that was acceptable in their work context, rather than whether the basic act itself was acceptable or not acceptable. The specified latitude which the local rules permitted varies greatly by work group and situation.

We are alerted to the implications of an ambiguous structure, then, by the many reports like the manufacturing supervisor above when he intimates that he does not see a little time or property misuse as being problematic . . . unless, obviously, somebody takes 100,000 boxes of paper clips. Something like that crosses over into the fuzzy area. It is the "fuzzy area" that symbolizes the perceptual and behavioral implications of an inconsistent or unusually unclear normative environment. To the extent that there is little consensus on the definitional content applied to behaviors in the work setting, the "fuzzy area," the area of normative ambiguity, or dissensus, is inordinately large.

Testimony to there being a "fuzzy area" or "grey area" within which acts can be labelled acceptable or deviant depending upon situational factors was enormous and persuasive. To employees it is not tautological to point out that in circumstances where the "rules of the game" indicate that certain behavior is neither clearly acceptable nor unacceptable, the "fuzzy area" is enlarged

(at the expense of both the distinctly deviant and acceptable) and local situational determinants are more important to the definitional process. In other words, the less employees can predict the reactions of their co-workers and/or officials to certain behavior, the more vulnerable they feel, the more unfair or capricious they view sanctions and the more neglectful and incompetent they view official non-response. In this situation, most constraints or deviance are effected at the work group level either by co-worker pressures or the supervisor on the basis of local legitimation, not organizational,regardless of the level in the company. Thus, employees frequently must define what is acceptable or unacceptable from actions of the supervisor and conventional work group practices which are subject to many company production influences (as we shall see below).

Let us develop this argument further by formalizing something which thus far has been only implicitly characterized in our analysis, namely, the definitional process. This discussion will hopefully lay the proper conceptual foundation for our treatment of supervisory and work group influences on the processes of control and behavioral definition in the organizational context.

Normative incongruity or dissensus emanates from a rather complex matrix of structural and interpretive

factors in the workplace which combine to provide definitional substance to the gamut of work-related behaviors pervasive in the organizational setting. The structural elements of this matrix were outlined in Chapter VIII. An effort was made there to determine whether selected elements of the control structures evidenced within retail, hospital, and manufacturing organizations have an impact on employee deviance levels in these settings. Attention in this discussion was placed on five control variables: the nature of organizational policy (particularly as it was relevant to deviant behavior) and its pattern of communication, inventory control practices, screening (of prospective employees), systems of security, and patterns of organizational reaction to detected deviance. The conclusion drawn was that the effect of organizational controls for minimizing deviance is consistent but modest and that this relation was likely suppressed, at least in part, by the relatively low priority which control of employee deviance receives in these work settings. It was argued that the potential effects of the various control mechanisms were significantly reduced because of the organizations' general failure to 1) communicate their expectancies effectively to workers and 2) consistently react to deviant behavior. These patterns of organizational ineffectiveness are

thought to play a significant role in shaping employee perceptions of the types of conduct that are acceptable in their particular work environments. Hence, we gain some insight into how interpretive reactions by employees (and their implications for employee deviance) become part of the definitional process.

The behavioral definition of deviance, then, is a dynamic process involving both structural and interpretive factors. This process is at once a mechanism of definitional transformation wherein application is made of the label of unacceptable to an activity previously tolerated in the organizational setting (or wherein previously established deviance definitions are erased or eased, rendering unacceptable behaviors now acceptable), and of definitional maintenance, the process of reinforcing previously established labels of acceptable or non acceptable. Rules of the work place are not only "bent to fit the situation" they are constituted and re-constituted to reflect the compelling circumstances of the current situation which is first of all dominated by production demands of the work organization.

We have touched previously upon the major structural and interpretive elements of the deviance defining process, i.e., 1) the production demands of the industry sector and the manner in which employees are organized to pursue

organizational goals, 2) the priority which management assigns to employee behavior which is conventionally thought not to be appropriate to the workplace, and the manner in which these behavioral standards are promulgated, 3) the practice by the company of responding to violations of these explicit and/or implicit standards and 4) the interpretation of employees at all levels of these workplace structures, particularly those of certain personal characteristics such as the young and unmarried, the more disaffected, and those in the lowest control environments. Whereas the factors thus far identified help a great deal to understand why certain categories of individuals and types of organizations are more involved in property and production deviance, more is needed to capture the apparent real dynamic quality of the deviance definition in the routine of everyday work life. To do so, we shall illuminate the role which supervisors and co-workers play in day-to-day determination of what is deviant and what is not and what, if anything, is done about it. Short of an individual's taking action on his or her own deviant behavior and the monitoring-from-afar with selected technology (such as computer monitoring of point-of-sales cash registers), the work group is the basic social unit of control in the workplace, i.e., where "most of the action is" both in the definitional and reactional sense. We have

CONTINUED

3 OF 4

learned earlier that broad-scale organizational controls have limited direct effects. The survey data also revealed that individuals fear negative reactions from co-workers more than they do the negative reactions of management, per se, and that these fears serve as a deterrent to involvement in property deviance. What are the dynamics of this "close-in," highly atomized social control mechanism?

WORK GROUP INFLUENCES: THE MANAGEMENT OF DEVIANCE BY SUPERVISORS

> In a company of this size, of course, you (a supervisor) must have a certain degree of control over the way things are handled. There has to be a right and wrong way to do things. But you can't always go by the book. If a supervisor goes strictly by the book with his people, he won't last long with them. There has to be some give and take. You have to look at the situation sometimes, and not just base your decision on what a policy manual says. This is where a supervisor's experience and judgment is so important. Situations are rarely as cut and dried as the manual would have it. At times, not all the time, but at times, especially when you're dealing with the people who work for you day in and day out, you have to go with your own judgment and experience--at the risk of blowing a policy. (Administrator, Manufacturing Sector)

In the realm of everyday life it is commonly suggested that "Rules are made to be broken." In the work organizational setting it might be accurate to amend this popular maxim to say, "Rules are made to be locally defined and applied." We gain considerable insight into the process of redefinition of acceptable and unacceptable behavior in

the work context from the quote above. The contention of the manufacturing administrator is that there has to be some "give and take" between a supervisor and the workers he or she oversees if the department or work group is to operate effectively. The implication here is that subordinates have some degree of influence over their superiors in setting parameters for work-related conduct. The work environment, then, appears to be a product of negotiation between supervisors and the co-worker group. We will attempt to come to grips with the process of negotiating the definition of deviant behavior at the level of the work group by examining the roles that attend the supervisory position in the organizations studied.

Departmental and work group supervisors in the three industry sectors examined appear to have two (intendedly distinct) functions. The primary function of supervisory personnel in these organizations is to coordinate the efforts of a group or department of workers toward some end (or set of ends). We say that this is their primary task because it appears to be the principal basis upon which supervisors are evaluated in the three sectors.

The secondary function served by supervisors, although the one of most interest to us, is that of maintaining a kind of production-process "order" and an "enforcement" of company and work group standards of behavior; that is,

policing, in a sense. Along with the role of coordinator, then, supervisors are conferred with the responsibility of "protecting organizational interests." This task is presumably accomplished through supervisor's attempts to insure that formal organizational policies, practices, and expectancies are being observed.

As implementors of the wishes of superiors, supervisors are entrusted with considerable power. We found that, in large measure, the source of power wielded by supervisors is less that they directly implement formal controls, but rather that they have considerable latitude to interpret them. It is the power resident in the latitude of rule interpretation that is at the foundation of behavioral control of the work group. Interpretation of formal organizational expectancies of employee behavior and the manner in which the supervisor discharges his/her role, in essence become vehicles through which the department supervisor pursues the ends that ensure his or her success. Hence, the manner in which a supervisor chooses to implement organizational expectancies is a relatively reliable indicator of the emphases or priorities against which employee behavior will be viewed within that particular segment of the organization.

In the manufacturing and hospital sectors, for example, it was clear that supervisors placed considerably

more emphasis on the coordinating dimension of their job than on the policing aspect than was the case in the retail area. The contention, in Chapter VIII, then, that supervisors in the manufacturing sector, particularly those involved in the process of production, were generally more rigid in their interpretation of policies relevant to time misuse than property transgressions, should not surprise us, given that it is time, rather than the materials which are commonly taken, which is the critical element of mass production. However, the production supervisor quoted below maintains that there must be "a happy medium" with rule interpretation.

> There's a happy medium with rules. Some (supervisors) are stricter than others on rules and things, but none that I've seen enforce all the rules all the time. You couldn't--even if you wanted to--and no one would. The people on the line would revolt. I've seen it happen with newer supervisors. They learn. The successful supervisor is one who can find a happy medium--where all parties are satisfied. A supervisor who is overly strict usually loses rapport with his workers. When that happens it's hard to get anything done.

A nursing assistant reveals an attitude relatively pervasive among supervisors in the hospital sector (particularly those who oversee workers who spend a major portion of their time with patients), namely, that they prefer whenever possible to ease tensions rather than run the risk of creating them within the work group.

> I think she would be concerned about theft. I'm sure she would be concerned if there was an incident where someone was punched in who wasn't there. Some gross violations of that nature. In terms of most other aspects (other cards), I think she just has some of the same attitudes as the others--that taking longer breaks or grabbing a few extra aspirins or taking some tongueblades home, within the norms . . . . And she's also good at working with the employees, and even if she felt this was grossly in error, that in order to keep tranquility and good relationships in the department, she would let these things ride. 'Ach, it's not that important. Getting people there on time and having them work well is more important.'

This type of orientation is reflective of the priority of quality patient care in the hospital sector.

Some qualitative difference is revealed about supervisors in clerical areas of hospitals where they adopt more authoritarian stances toward employees and run their departments like "tight ships." There are a variety of reasons that support them in this style that are not present or conducive to the same styles in other occupational categories within hospitals. For example, the nature of the work is more predictable and precise. Updating medical records demands clerical technical efficiency, especially in charging and discharging patients. Moreover, clerical supervisors are not supervising groups composed of a mixture of professionals who by definition have more control over their job performance in terms of more exclusive expertise.

In housekeeping, supervisors appear to separate their roles and identities more sharply from those of their subordinates than in other situations in hospitals. Supervisors create more social distance and remain further apart from work group tensions. They seem more likely to use formal policies to discipline employees than informal attempts to maintain group cohesiveness.

In sum, hospital interviewees suggested that, in nursing work groups, less formal control is exercised over employee behavior than is the case for clerical and housekeeping workers. This difference in supervision reflects a more lax control environment and is related to more workplace deviant behavior among nurses and related patient ward employees.

The hospital interviews also indicated that the way in which different occupational groups interpret the primary goal of the industry sector, patient care, influences involvement in property and production deviance. If theft or some act of production deviance negatively affects patients, then that in itself may be sufficient cause for supervisors and other employees to label an activity as undesirable. The interviews suggested that, while a less restrictive level of supervision over nurses could lead to their being more involved in property deviance, the importance of patient care to these employees suppresses

some kinds of production deviance activity because such activities could be detrimental to the patients' welfare.

In the manufacturing sector, interviewees indicated that the differences in the level of deviant behavior among occupational groups were related to the way in which supervisors handle exempt versus non-exempt employees. Exempt employees include those workers generally who are salaried and who receive incentive pay in some cases, special inducements (including paid vacations and trips), and comprehensive benefits. These workers are generally considered to be professionals or highly skilled technicians.

Non-exempt workers tend to be semi-skilled types, including technicians and office personnel. The mobility opportunities for these workers are somewhat less fixed than for exempt workers, and non-exempt employees receive a benefit package which is less comprehensive.

Interviewed manufacturing employees suggested that individuals involved in creative activities (i.e., exempt employees) must have a work environment that is relatively free from constraint and specified routines since the flow of ideas, unlike the flow of products from a manufacturing process, cannot be regimented.

> Engineers, and that type of worker, my personnel feeling about it is that they're people who use their minds to design. You can't say to them,

> "Okay, I want you to sit down and design this today -- and get it done!" The creating mind doesn't work that way. It has to have room. A person like this might get a pattern going and may sit and work for fourteen hours, while that pattern is still in their mind -- the idea is there. Why restrict them to a 7:00 to 3:30 day? Let them put in their hours. Let them put it in somewhat at their leisure. I'm not saying a guy should come in for a few days and do a month's work and then take two weeks off. But, at varied times throughout the day, maybe the guy just can't think, maybe can't draw something. He has to get away from it. Go for a walk. Go to a bookstore. Just sit and read. Then he can get his concentration back and finish the job. (Production Administrator)

In contrast, it was argued that the mechanical aspects of the production process, the physical assemblage of materials, requires a rigid, ordered format.

> If I have to ship 40 modules a day of variety A, I have to ship 2,000 of this flyer, 1,200 of this flyer, I have to structure through the factory, OK, schedules, day by day, person by person . . . . Just trying to maintain control of all those thousands of parts and that continual streaming and flowing in the factory is a very difficult task. And it has to happen. If it breaks down, we start coming apart at the end. It's all a full process. Now that means if we need three people running the machine to make that part on that day, you know, they have to show up for work, they have to make the parts between the hours of 7:00 and 4:00 because three others are coming . . . to make parts between 4:00 and 9:00. It's very disciplined system--it's just like milking cows, so certain things have to happen, events, at certain times. (Production Manager)

From the interviewees we learned that, of the two categories of workers in manufacturing firms (exempt and non-exempt), supervisors gave more freedom to exempt

employees and were less strict with them in the enforcement of rules. The manufacturing sector interviews thus suggested that differences in the style of supervision of workers is probably related to the differential involvement of occupational categories in certain property and production "deviance," including the "theft" which was reported in the employee survey.

These quotes and interpretations are indicative of the general posture which characterized organizations in the hospital and manufacturing sectors relative to many types of employee deviance. In these contexts, as long as a given behavior was not perceived to be an obstacle to the organization's pursuit of its primary goals, even though the activity might be conventionally seen as deviant, it would likely be operationally defined as acceptable.

Supervisors in the retail sector tended to be somewhat less flexible in their interpretations of company policy, particularly when an activity involved the misuse of company property. We gain insight as to why this might be the case via the following quote.

> (Our supervisors are) all appraised on inventory shrinkage--it's a big portion of their appraisal. As a matter of fact, to be satisfactory they're not allowed to have any inventory shrinkage. They're actually supposed to gain inventory. We write off 2 percent of their sales every month to their departments and at the end of the year we expect them to recover 70 percent of that. So we're telling them that

> they've got to operate on a shrinkage of less than 60 percent of a percent, which is unheard of. (Controller)

Hence, evaluation of supervisors in the retail sector is, at least in part, based on their respective abilities to maximize profit through minimizing shrinkage--some of which is likely due to employee theft. This, perhaps, explains why retail supervisors were often more attentive to the manner in which their subordinates use company property, than were supervisors in either the hospital or manufacturing sector.

A slightly different perspective on the role of supervisors is available from the retail sector where we learned from the self-report survey that higher levels of self-reported deviance among sales clerks could be connected to poor relationships existing between those employees and their supervisors. The formal goal of a supervisor in a retail store is to show a profit in his or her department. Success or failure in meeting that goal has a direct influence upon a supervisor's career, since another important evaluation of a supervisor's job performance is based on the department's sales record and since many supervisors receive commissions based upon departmental sales.

Supervisors generally do not participate in the actual sale of merchandise to customers. A supervisor therefore

depends upon the sales volume of his or her employees to maintain a profitable department. To achieve a high sales volume, supervisors concentrate on keeping productivity high. Analysis of data derived from interviews with retail employees indicates that behavior which is "counterproductive" to the organization may not be reacted to as such within the department if it contributes to productivity or at least does not hinder it. For example, the misuse of the discount privilege does not interfere with sales in a department nor with the shrinkage calculation. We were thus left with the impression of trade-offs being constructed between employee deviance and productivity. Activities typically thought of as misuse are often not reacted to when occurring only at moderate levels. As long as these activities "do not get out of hand," negative sanctions are avoided. As one employee stated, "As long as it's kept quiet, as long as it doesn't cause anybody any trouble, then it's all right." In short, the intensive employee interviews with employees indicated that supervisors must manage employee deviant behavior to produce high sales.

It should be evident at this point that the goals and priorities established by organizational leaders and occupational precepts have a tremendous impact on the way work-related activities are viewed in the organizational

setting.

That supervisory personnel in the three industry sectors are expected to coordinate effectively a group of workers, while at the same time assume the role of rule interpreter and enforcer and even rule maker suggests the potential for conflict in roles. In the hospital sector, for example, we found that nurses and technicians often take extended coffee and lunch breaks in an effort to "unwind." Apparently, lively conversation with co-workers has the effect of alleviating stress and restoring energy levels for many of them. Head nurses in the hospitals are thus faced with a dilemma. Should they allow the extended breaks in hopes of maintaining a calm and rested staff, thereby perhaps ensuring a higher quality of patient care, or should they enforce hospital policy calling for 15 minute coffee breaks and 30 minute lunches? A head nurse in one of the hospitals we studied described the difficulty she encountered in dealing with this problem.

> I guess for me, say for example, the one about the lunch breaks, when you see half of them go to lunch and then come back late. And I'm also worried about the other half that still have to go and they're either going to want to take another long break or they're going to be angry for the people not coming back. So I'm worried about the other half--what their response is going to be. And I know there'll be some people who'll be real bitchy about it. And they'll come and bitch to me about it so then--I also feel the obligation, OK, this is something that I have to deal with then, that I don't let things ride.

> And I have never been good--I probably would not be a good manager because I can't talk political language of soothing the savage beast that I've got and not doing anything about it--I always have to have a direct answer for things or do something about it--I'm not a politician that can smooth it all out nicely. (Registered Nurse)

It is easy to appreciate the ambivalance of supervisors in this position. On the one hand, the registered nurse above is expected to maintain a well coordinated and effective floor operation. To some extent, this requires that she keep things "calm" and "running smoothly" so that her subordinates can do their best work. The extended breaks offer the favorable result of alleviating stress among some of the nurses and technicians. She hopes that those under her charge will take breaks of reasonable length. Unfortunately, this does not always occur. In such cases, she is expected by some of her underlings, as well as her supervisory peers, to take formal action.

Retail, hospital, and manufacturing supervisory personnel at all levels are "burdened" with the dual roles of coordinating as well as policing their subordinates, i.e., the classic "foreman" dilemma of being a representative of management and just one of the group trying to get things done. At times, the mandate of coordination is in direct conflict with that of safeguarding organizational rules and regulations. To

resolve this conflict, we have found that supervisors will almost always exercise discretion in their implementation of formal organizational measures in favor of maintaining an effective department or work group. This is done because effective coordination of basic work group production is the criterion most salient to evaluations of their individual performance and that of their subordinates.

It is not clear that subordinates consciously bargain with their superiors, holding departmental effectiveness over their heads in any coercive sense. Rather, supervisors, particularly those with years of experience, seem to sense that the co-worker group operates more successfully in an environment more in accord with their needs than in a situation requiring strict adherence to organizational policies and procedures. Hence, the "negotiation of deviance" from formal organizational expectancies at the level of the work group is a rather subtle, interactive process, each party taking the lead at times. In a sense, supervisors barter "flexibility" or "permissiveness" in the work environment in return for the ability to predict (or expect) cooperative responses when the need arises. The degree of attention to rules and regulations is thus a management resource in the context of the work group, used to ensure that the primary needs of

both the organization and the employees are being met.

> Management types sit down and write the policy they think is necessary to accomplish the things they want to accomplish. As supervisors, we take what they've written and interpret it our own way. We can't treat people like robots: "You're a minute late; you will be written up for being a minute late." Or, "You've been late three times. You're fired." We take their strict rules and plug them into our atmosphere in a way that we feel is right and will get the job done. (Production Supervisor, Manufacturing Sector)

This appears to be a common process running throughout the work organizations from which employees came for intensive interviews. The dynamic definition of deviance was a mechanism through which supervisors solved the management dilemma of resolving conflict between workplace rules (including those about property and production deviance) and production requirements of the unit. Out of these dynamics definitions of employee theft of materials and time seldom acquire "problem" status within work groups and are not of primary concern among employees generally.

CO-WORKER INFLUENCES ON THE DEVIANCE DEFINITIONAL PROCESS

Qualitative field research on employee theft reported in the literature in earlier chapters of this report strongly emphasizes the effect of the immediate work group on this phenomenon. For example, Donald Horning's (1970) study of blue collar theft in the manufacturing plant concluded that informal work group norms regulated both the

type and the amount of theft. In fact, the work group collectively defined the specific categories of property which could be taken by employees, namely, "property of uncertain ownership." Horning concluded that employee pilferage was very much a work group supported activity even though the actual taking of property may occur alone in secret.

Other researchers studying entirely different employment settings have observed the strong influence of the work group in regulating deviance and theft behavior among individual workers. Gerald Mars (1973) reports in his case study of dockworkers that materials in shipment were stolen according to the group defined "value of the boat." For theft to remain undetected by the authorities on the dock, articles in shipment had to be taken with the active cooperation and approval of all those in the work group. These studies and others like them (e.g., Gouldner, 1954; Bensman and Gerver, 1963; Harper and Emmert, 1963; Stoddard, 1968) all seem to make the same point, namely, employee deviance is regulated by common understandings of the work group.

In the qualitative interviews of this study all employees in the three sectors were extensively probed about how the "moral tone" was set in their particular work area, and the role they and their co-workers had therein.

Co-worker influence was also measured in the self-report survey. There, employees were asked to assess how their co-workers would react to numerous examples of taking property and counterproductive behavior. The possible choices respondents in the survey could choose were: 1) encourage, 2) do nothing, 3) discourage, 4) avoid the person, and 5) inform persons in authority.

Reflecting the qualitative data first, employees appear to influence the moral code of a given work area in two ways. First, as was previously noted, workers subtly negotiate the "interpretation" of formal organizational rules and regulations with their supervisor, bartering the character of their performance in exchange for a "more acceptable" work environment.

Our data are not extensive enough to determine in detail the conditions under which one source of workplace standards is operative over the other, but we were left with the distinct impression that (1) the two standards (i.e. the workgroup's and the supervisor's) seldom are in direct conflict and where they appear to be so, the work-group standard generally "gives" in deference to the supervisor's. In the latter case, the amount of conflict between the two standards is a direct reflection of the identity relationship the supervisor portrays viz a viz the employee work group or with higher level management.

A second way in which workers affect the behavioral parameters in the work area is through the negative reinforcement or sanction of undesirable conduct displayed by fellow subordinates. Given our previous treatment of the negotiated element of the behavioral code, we will focus our analysis here on how employees at all levels appear to shape behavior of their co-workers through negative reaction.

Workers essentially react negatively to three rather distinct types of behavior exhibited by their fellow subordinates: 1) behavior that would likely result in the imposition of tighter controls in the work area if detected, 2) behavior that might increase output expectancies were it observed, and 3) those which are in significant conflict with the central organizing value of the company in which they work. The finding here, then, which supports prior reports, is that there are not only employee constraints set for productivity but also for deviance and that the two are in interaction. Many misuses of time and property appear to be perfectly acceptable to employees under most circumstances. Others, particularly those that will likely further constrict the work environment, are deemed unacceptable.

> Say, for example, a dozen or so people do this (referring to "Getting paid for overtime not worked"). You know what's going to happen if

> they get caught--they'll come down hard on all of us. Like myself, I go in and put down on a time card what I've worked. They're taking my word for it. I think it's nice that they take my word for it, rather than make me punch in and out on a time clock. If these people get caught cheating, I'm liable to lose that privilege. And I don't want that. (Quality Assurance Inspector, Manufacturing Sector)

> Everybody pretty much knows--there's more or less a standard--they can get something if they want it. But that doesn't mean you go around wiring houses, or even wiring your own house. That kind of thing could ruin it for everyone else. I mean, if you want an outlet, fine, go ahead, take an outlet. I was the lead man for the electricians for . . . years, and a lot of times the guys would come and say, "I want to take this or that." I'd say, "Fine." One time I caught a guy taking a whole box of outlets, though. I really chewed him out for that. (Electrician, Manufacturing Sector)

Another example of co-worker constraints on deviance was evident in the hospital sector. Here it was found that co-worker groups develop protocols for break-taking, which is situationally defined. Hence, during periods of extreme stress and hectic activity, co-workers are expected to take only brief breaks of five minutes or less. Longer breaks under these circumstances will be met with negative reaction because it risks the negative reaction of supervisors and challenges the unit's ability to honor their most important value of "good patient care." During lax times, on the other hand, co-workers are encouraged to take extended breaks. A worker attempting to leave the break are prematurely would likely get "a good deal of

flack."

Data from the self-report survey of workers in all three sectors were used to examine the correlation between perceived co-worker sanctions and self-admitted levels of employee theft. As Table 9.1 demonstrates, co-worker reaction to theft is negatively related to theft involvement in all three industry groups surveyed--retail, hospitals, and manufacturing. Specifically, the Yule's Q coefficients in these two-by-two tables for retail employees was -.54, among hospital employees -.45, and -.44 for electronics manufacturing employees. These consistently, moderately-strong statistics suggest that employee theft is constrained by informal social controls present in primary work group relationships. That is, fellow workers are setting limits on the acceptable range of workplace behavior. If an employee is participating in thefts of organizational property, that involvement may be possible because he or she expects no negative sanctions from fellow workers. If an employee is not participating in theft, we may conclude that this non-involvement is constrained by the perception that fellow workers would not approve of theft.

> When I first began working at (the company), I promised the company 8 hours a day for a certain amount of money. That's what I thought a worker was supposed to do. You see, I was the dumb-dumb. I didn't know that factory workers had

their own little rules. They set the standard. And you don't go above that standard. In fact, you stay below it. But I didn't know that coming in. So right away I got in hot water with my co-workers. The standard for the job I got was 240 (units) per day. Within two weeks I was doing 1,000 per day. So that didn't set too well with them (the co-workers). Finally, a woman walked right up to me and she said, "Every woman on this line hates your guts." I didn't know at the time why she was so angry, so I said, "I'm sorry. What did I do wrong?" And she said, "Because you're way above standard and other people don't want to do that." So, I learned the had way that you've got rules--and then you've got other rules-- and then there's a few more little rules . . . (Production Worker, Manufacturing Sector)

Table 9.1

Employee Theft by the Reaction of the Respondent's Co-workers

RETAIL SECTOR			
	EMPLOYEE THEFT		
CO-WORKER REACTION	Below Mean	Above Mean	N
Below Median	66.2%	33.8%	1,901
Above Median	86.7%	13.3%	1,666
TOTAL	75.7%	24.3%	3,567

x^2 = 201.99, 1 df; p = 0
Yules Q = -.538

HOSPITAL SECTOR			
	EMPLOYEE THEFT		
CO-WORKER REACTION	Below Mean	Above Mean	N
Below Median	56.2%	43.8%	2,053
Above Median	77.3%	22.7%	2,058
TOTAL	66.7%	33.3%	4,111

x^2 = 204.21, 1 df; p = 0
Yules Q = -.452

MANUFACTURING SECTOR			
	EMPLOYEE THEFT		
CO-WORKER REACTION	Below Mean	Above Mean	N
Below Median	62.3%	37.7%	748
Above Median	80.9%	19.1%	749
TOTAL	71.6%	28.4%	1,497

x^2 = 62.83, 1 df; p = .000
Yules Q = -.439

CONCLUSION

Although some notions of conventional property deviance exist within the workplace, the primary definitional and reaction forces are generated by the structure and processes which exist to attend the central production orientations of the host organization and as manifested in each of its work groups. Further, those companies which we examined more closely through intensive interviews with their employees are characterized as having considerable normative incongruity or dissensus relevant to specific behavioral expectations. The lack of clarity of standards permits situational determinants to impinge significantly upon the definitional and reaction processes. Primary among the local influences are work supervisors who serve as brokers in the deviance negotiation process and co-workers who exercise constraints on the type and amount of deviance permitted to surface in the workplace.

CHAPTER X:

EMPIRICALLY GENERATED PERSPECTIVES ON PROPERTY AND PRODUCTION DEVIANCE IN WORK ORGANIZATIONS

The findings reported in the previous chapters will likely be of additional value if they can be summarized and presented in terms of general conclusions about property and production deviance. The development of such "mini-theories" or "perspectives" from this study is unusually well grounded because they have been built upon the existing literature of employee theft and related topics. Moreover, the study included diverse research sites, utilized multiple methods and perspectives to approach research questions, and had a multi-staged research design which permitted early findings to influence subsequent inquiry within the same research environment (i.e., a kind of interactive research).

As with any comprehensive and systematic inquiry of social behavior, this study has probably identified more questions for readers than it has itself answered. Indeed, the ultimate value of the findings might best be judged not only by the increased understanding readers feel they have after considering them, but the stimulation they provide toward new and systematic investigations on this and related topics, and the immediate utility they have for anyone who can use them. Below, we shall present what, in

our judgment, are the prominent conclusions of this study in a form which both addresses the initial research objectives and the utilities they may have for the scholarly and applied communities.

Summary findings and the perspectives they generate on property and production deviance are collected below under the following headings:

1. Level of property (theft) and production deviance
2. External economic pressures and involvement in theft
3. Being young and involvement in property and production deviance
4. Job dissatisfaction and involvement in property and production deviance
5. The occupational base of property and production deviance
6. Organizational controls and theft
7. The definitional process of property and production deviance in work organizations

Included in the brief discussions of each of the major general findings will be some attempts to suggest policy-relevant conclusions. The chapter will end with some very broad weaving together of findings into one overall perspective on property and production deviance as it was investigated in this study.

FINDING ONE: LEVEL OF PROPERTY (THEFT) AND PRODUCTION DEVIANCE

Taking property was reported on the self-report survey by a about one-third of employees in all three industry sectors studied: retail, hospital, and electronics manufacturing. Although the modal response by employees on the self-report survey was "no involvement," the results of employee interviews suggest that these are conservative figures and that a larger proportion of employees are involved, at least in taking little things. Employers believe that many employees are involved but have no accurate way of keeping informed about the phenomenon at any level.

Statistically, a strong relationship was found between being involved in taking property and participating in a range of other behaviors which might be called production deviance. From the employee interviews and those with the management teams, there is persuasive evidence that the relationship is, in fact, real in that the circumstances which have been documented to foster the taking of property also prompt the kind of production deviance measured in this study. Further, the quality of the control environment in each sector is tuned primarily to the basic goals of the organizations included and frequently does not draw distinctions between property and production types of employee deviance in terms of what is acceptable and not acceptable and the reaction of work groups and organizations to them.

Theft of some kind is fairly common behavior as about 35 percent of employees have at some time been involved at their current place of work according to the self-report survey. (The employee interviews suggest that these figures are conservative estimates.) The level of involvement on individual theft items ranged from 1.1 percent to 28.9 percent of the respondents. Thus, while

theft of property apparently involves a significant number of the employees in all corporations, it is probably not common behavior for the "typical" employee in most circumstances.

Corporations varied a great deal within each sector on their respective theft rates (based upon aggregated individual data), strongly suggesting that the configuration of employee property deviance is significantly influenced by factors operating inside the organizations studied. Self-report findings indicate that property deviance is four times as high in some retail companies than in others, and twice as high in some hospitals and electronic manufacturing corporations than in others in the same industry sector.

It is not entirely clear why the above variation exists, although some of our findings address this issue. Since it occurs within the same industry and metropolitan area, one is led to search for answers or at least "precipitants" within variations of the work settings themselves. While it seems clear from this study that an organization to a significant degree creates its own theft rate, this study does not squarely address the important question of how much and how rapidly theft rates can vary as changes occur in independent variables. Some insight was provided however, when one of the manufacturing

corporations included in both the employee self-report and employee interview data collection experienced was acquired by a larger corporation during the course of the study. Interview data graphically demonstrate that during the very troubled merger process the employees of the absorbed company participated at a greatly expanded rate in both property and production deviance. This suggests that employee deviance rates are fairly sensitive to workplace circumstances.

The close relationships between property deviance and other types of counterproductive behavior suggests that they may be dealt with theoretically as parts of the same generic behavioral system, i.e., violations of relatively dynamic organizational rules. About the only difference between the response of the organization to theft and the other type of production deviance with which we dealt is the occasional prosecution of the property offender in the community's courts. In this way theft may be seen as "more serious" or more "community bound." Beyond that, the range of responses and consequences to the individuals and the organization appear to be very similar. The correlates of their occurrence are similar, and, with some exceptions, employees apparently agree with their work organization's management that pilferage and other petty thefts are no more serious in the work setting than some of the other

violations of informal or formal rules which jeopardize achievement of the organization's central objectives.

In sum, then, our findings draw little theoretical and policy distinction between property and production deviance within the work setting. All may be profitably conceptualized as variations from the desired behavior of employees judged in the light of the work organization's objectives and the functioning of daily work activities.

The policy implications of the above perspective are several. First, to the extent that the organization's structure and processes themselves produce both property and production deviance, corporate actions at any level to modify in some fashion any of the included behaviors and reaction to it should be informed of the full-content of the general category with which it is dealing. Being permissive on some specific types of property and/or production deviance may also signal permissiveness on others unless careful attention is given to defining what is included and what is excluded from the definition. To the extent that one type of deviance is a more serious or less serious form of another, dealing with one will have possible unintended consequences for the other. Employee interviews frequently revealed these "hydraulic" effects.

Second, this summary finding would suggest another caution in the development of programs to control property

and/or production deviance. Both the survey questionnaire data and the testimony of employees indicate that many (perhaps most) do not see themselves as "involved" in theft from the company. To design control programs which would in effect "accuse" employees of theft prior to addressing the definitional issue of what is and what is not "theft" runs the risk of initiating considerable resentment . . . perhaps of sufficient strength to bring about increased employee deviance rather than less of it.

FINDING TWO: EXTERNAL ECONOMIC PRESSURES AND THEFT

> Although it may explain the relatively rare occurrences of embezzlement, when we examined the effect of external economic pressure as an explanation of employee theft, we could find no significant relationship.
>
> Further, when we compared theft rates between two substantially different metropolitan areas we found no significant difference. Even though economic and structural arguments may help to understand "street crime," this study could find no corresponding benefit in understanding employee theft.

Perhaps it is natural for us to appeal to explanations long related to conventional types of crime with which to help understand employee theft. Unfortunately, these data indicate that the structural economic pressure or ecological model of crime could not help us understand employee theft involvement. Employees who take from the company do not seem to be at the poverty line, nor do they

seem to be in a precarious financial situation which may entice them to theft. Hard as we looked, we simply could not find the convincing evidence which would allow us to conclude that employee theft was a manifestation of economic pressures.

The fact that we simultaneously collected data from two very different metropolitan areas, Cleveland and Dallas-Fort Worth, in the second phase of the research project afforded us the opportunity to compare their respective theft rates within the retail and hospital sectors. Despite the fact that these cities differ widely on a number of important dimensions, we could not find significant differences in their employee theft rates. Again, the remarkable similarity in these statistics suggests that the differential involvement in employee theft may be best explained by factors intrinsic, not extrinsic, to the work organization. This conclusion strongly implies that, unlike shoplifting, employee theft should be viewed as an "internal crime problem" which may be unrelated to the level of conventional crime in the surrounding community.

The policy implications of this finding are rather significant. We suggest that employers not treat employee theft as a traditional law enforcement problem. These data suggest that it is possible to build a store, a plant or a hospital in the section of the country with the highest

degree of integrity and still have a theft problem that may be essentially independent of the surrounding community. Employee theft seems to be a manifestation of deviance primarily in violation of rules of the organization, not the norms of society. People who are not thieves by nature may take from the company and not define their behavior as theft. To understand employee theft, let us instead examine factors that take into consideration the social variables of the workplace, not of the indigenous metropolitan area.

FINDING THREE: BEING YOUNG AND INVOLVED IN THEFT

> In all three industry sectors--retail, hospital, and manufacturing--the higher levels of reported theft involvement occurred among the younger members of the work force.

Given their disproportionate representation in official crime and delinquency statistics, it is perhaps no real surprise that younger employees were found to report more employee theft than their older co-workers. Reflective of "Finding Two," however, the explanation of their higher involvement requires an understanding of the younger employee's situation within the work environment. The fact that younger, short-tenured, unmarried employees are involved in greater amounts of theft conjures up images of an entire generation of workers who do not have the same

"respect for property" when compared to their older co-workers. Because we have no comparative data, there is no way of knowing whether these younger employees are indeed any more (or less) deviant than more senior workers were when they were young. In fact, there is some evidence that younger, unmarried employees have higher levels of theft, not due to their general dishonesty, but instead to their "lesser commitment" to the work organization and "lesser social risk" of negative consequences if apprehended.

When we examined the reason younger employees are apparently more involved in employee theft, a pattern of factors suggested that they were substantially less committed to the goals of the organization than their older co-workers. We found, for example, that these younger, higher theft employees were more concerned with their future educational and career development than their present jobs. This suggests that many younger employees define their current work in an organization as a means to an end. These are the employees who contribute to high levels of employee turnover. To deter theft it has been shown that the degree of victimization must be internalized by the employee (Smigel, 1956). If these employees feel that they have no personal investment in the success of the organization, theft from the organization becomes much more easy to justify or neutralize (Sykes and Matza, 1957).

Further, employees who are both young and unmarried may simply be less deterrable because they run minimal "social risks" compared to their older, married colleagues. Younger workers generally perceive that management's most serious reaction to theft would be to dismiss an employee. Indeed, with some exceptions in the retail area, we found this generally to be true. The sanction of dismissal may have little deterrent effect for the employee who: 1) has other job opportunities available; 2) has no other individual or family member depending upon his or her income; 3) does not jeopardize seniority rights with the company; and 4) does not have a peer group which reacts strongly and negatively to losing one's employment in this fashion. Thus, to the younger employee, the loss of employment and subsequent embarrassment in front of family and co-workers as a punishment for employee theft involvement simply does not carry the same weight when compared to the effect on the older, married employee for whom more is placed in jeopardy.

The policy implications of this finding are substantial. "Dismissal" as the ultimate theft sanction should not be expected to deter uniformly the younger, unmarried employee from theft involvement. For these workers the temporary loss of employment is not a serious deterrent threat.

Moreover, quietly dismissing "deviant employees" may have an unintended impact on the remainder of the work force. By not responding to property theft through the official law enforcement channels, an organization may effectively send a clear message to the employees that the greatest penalty for theft is the loss of one's job. As we have seen, this does not seem to be an effective general deterrent to the most theft-prone categories of employees, the young and unmarried.

If an organization expects to reduce its theft problem through a process of "weeding out" employee thieves one by one, the procedure will be expensive and time consuming. If the deterrence model is to be followed, a consistent and effective negative sanction to theft should be established. Achieving this level of general deterrence will require: 1) providing information to the work force that theft will be uniformly prosecuted; 2) consistently prosecuting employee theft when it occurs; and most importantly, 3) publishing the fact that employees are and will continue to be detected and prosecuted. For not only is simple dismissal an ineffective deterrent to these more highly involved categories of employees, the practice also has the effect of passing between organizations employees who have known theft histories, thus legally preventing the new employer from ever knowing the person's propensity for

dishonesty.

In sum, these findings imply that management must pay greater attention to meeting aspirations and encouraging career potential for all employees, especially the young. If any worker can easily infer that he or she is in an exploitative work situation, the climate is ripe for deviance and theft. Young workers in particular are often excluded from receiving the same promotional opportunities as employees who have been with the organization for several years even though they may all be performing the same tasks. Thus, the younger the employee the more frequently we find the exploitative work situation to be a reflection of reality and not a distorted perception. We have long known that blocked channels of opportunity can provide the impetus to street crime (Cloward and Ohlin, 1960). Now we have evidence that this situation may influence the occurrence of criminal behavior in the workplace as well.

FINDING FOUR: JOB DISSATISFACTION AND PROPERTY AND PRODUCTION DEVIANCE

> Although the typical employee in every sector was generally satisfied with his or her job, the dissatisfied employee was found in the self-report survey to be more frequently involved in property and production deviance. This was especially true among younger members of the work force.

Substantiating evidence to support this conclusion emerged from the employee interviews, particularly in regard to production deviance. A state of dissatisfaction with the employer and the work context is apparently an intervening variable between certain conditions of the workplace and offenses against property and production time.

The hypothesis that the disgruntled employee would have greater theft and production deviance involvement was, for the most part, supported by these data. Not only was the high theft employee less satisfied with the job, but he or she was also more likely to be looking for a new job during the coming year. The primary sources of dissatisfaction seemed to be the employer and the supervisor. Specifically, where the integrity, fairness and ethical quality of the organization were questioned, we found more theft. Where the supervisory personnel were viewed as unhelpful, incompetent and unconcerned, we again detected higher theft. Thus, we must conclude that in some cases management and communication problems are providing the necessary justification permitting the victimization of the workplace.

Production deviance is particularly reflective of an employee's level of job dissatisfaction. The information from employees throughout the organization links their being at odds with supervisory or higher level expectations and subsequently resorting to counterproductive behavior.

In addition to the above directly-measured negative assessments of workers, there are more generalized ones such as the manner in which nurses' hours are scheduled (here associated with "burnout"), the lack of open and adequate communication of management's plans, the pace of work and high production quotas precluding quality work, etc. Unnoticed disenchantment and sudden, unexplained change periodically demonstrate to employees at all levels the limits of their involvement and influence in the determination of their job characteristics. Under these conditions it is relatively easy for those who are not closely bound to the organization to victimize it. The young, the alienated, the "short-timers," etc., are free to convert their dissatisfaction into justifications for the benefits of property and production deviance.

In the past, dissatisfaction with the workplace has been used to understand phenomena such as turnover and low productivity. Here we see that both production deviance and theft are affected by the employee's attitudes towards work. The specific sources of dissatisfaction for the high theft employee--the employer, the supervisor, and certain other work conditions--suggest special implications for the work organization.

The fact that the perceived quality of the employing organization affects theft should not be a major surprise.

We have long suspected that the integrity of the organization would affect employees' attitudes toward the organization. Our data reinforce the premise that the perceived honesty and fairness which the organization promotes may influence some of the behavior of the entire work force, especially the younger employees. The company whose behavior allows its workers to infer that it is "just as guilty" as the employee who indulges in misconduct probably has little reason to wonder why it has a problem with employee theft or counterproductive behavior.

Front-line supervisory personnel, to be specifically focused upon later, appear to be a critical element in understanding the occurrence of employee deviance. The interpersonal and management skills which they possess can have a profound effect on the attitudes of their subordinates. When work supervisors are not responsive to the needs of their employees, they can aggravate the deviance situation by providing a personal focus to the victimization.

Not only do supervisors set the tone of the interpersonal relations within the work setting, they may additionally provide the initial definitions of what is deviant and the first official reaction to its occurrence. Their response (or lack of response) can be critical to the establishment of permissible limits of theft and deviance

within the workplace or to its day-to-day existence. If supervisors tolerate various forms of deviance or react to its occurrence differentially, future acts of employee theft may be expected to reflect these past patterns of behavior and response.

Therefore, the general finding of a positive association between dissatisfaction with certain aspects of being at work and involvement in property and production deviance suggests ways of its control. Of course, the potential for curbing employee deviance via the improvement of satisfaction with the job is probably greatly constrained by organizational size, complexity, competitive environment and other characteristics endemic to modern industrial existence. It has been our observation, however, that organizations of roughly similar characteristics in these dimensions are different on the matter of workers' satisfaction with their work lives. Not all these factors may be controlable, but some, such as competence of supervisors, adequacy of communication, fairness in employee-employer relations, recognition of quality performance, ethical behavior on the part of higher management, etc., are probably responsive to organizational attention.

FINDING FIVE: OCCUPATIONAL BASE OF PROPERTY AND PRODUCTION DEVIANCE

Certain occupations within a corporation have higher rates of theft and production deviance. This appears to reflect the 1) differential access to materials and knowledge to utilize them by personnel and 2) different control environments imposed by the company or personnel and the nature of the work to be performed. In general, the greater the access of those in certain occupations to company material, the less specific controls imposed upon their members and the less routinized the job performance, the greater the property and production deviance. Inter-occupational comparisons by employees sometimes provide the basis of negative judgments about differential treatment by the organization in regard to materials and time control.

Self-report data indicated that some occupations are "over-represented" in the taking of materials. A closer look suggests that these tend to be those job classifications which have the greatest access to an organization's material assets (e.g., engineers, nurses, department heads and managers, and, in retail, sales clerks and cashiers). Looked at from a different perspective, those who most freely move among the company's assets and for whom they would have utility are more heavily involved. For example, electronic component parts and certain medicines have greater utility outside the workplace to an engineer and nurse, respectively. The more influential factor in the retail setting appears to be direct access, exemplified in the salesperson's position.

Employee interviews and direct observation clearly

established a difference in the control environment between the more "professionalized" (or exempt) occupations and the "hourly wage" (or non-exempt) ones. Being free from restrictions on the transportation of assets, being able to move throughout the company without suspicion, not having to be at a pre-designated place for a set number of hours, and performing work which is not relatively easy to assess in terms of quantity and quality are all aspects of a control environment in which the more professionalized workers exist. Consequently, the line between acceptable and unacceptable behavior is more difficult to draw, the desire to draw one is less urgently sought by those who conceivably could, and the reaction to violative behavior is less assertively pursued. . . all in the interest of realizing the organization's objectives more effectively. Employees in other occupational groups are frequently dissatisfied with such obvious differential treatment by the company's control system, particularly where all occupational groups are housed within view of each other (as was the case in one of the manufacturing companies).

By examining occupational differences, an appreciation can be gained of the varying context of property and production deviance and the differential reaction structure which produces the official organizational rate of deviance. In spite of universalistic corporate policies

about such behavior, actual practice within the workplace reflects the complex circumstances under which acts occur. Among them are the occupational characteristics of the actors and reactors.

FINDING SIX: ORGANIZATIONAL CONTROLS AND EMPLOYEE THEFT

> Employee questionnnaire survey data revealed that the best single predictor of involvement in theft and production deviance is the employee's perceived chance of being detected. Using data from executive interviews from which we measured the quality of organizational controls, we found modest but rather consistent relationships between the quality of these controls and the rate of theft admitted by employees in the self-report portion of the study. Employee interview data revealed limited awareness of organizational controls.

The combating of employee theft is not a high priority item among corporations in this study, although retail corporations were the most sensitive to the problem. Similarly, individual employees were seldom comprehensively informed about property deviance. The little information they did have was primarily about those events in their immediate work environment. Therefore, their perceptions of the phenomenon were usually based upon very little, if any, specific cases of theft of their own experience and consequently little first-hand evidence of management sanctions other than benign neglect. In spite of this, the degree of involvement in taking things as measured by the

self-report data reflects the perceptions of the severity of likely management sanctions. Additionally, the overall quality of organizational controls (e.g., having and promulgating a company policy on theft, screening prospective employees, having an effective inventory control system, and, in practice, apprehending violators) was found to be related to the rate of theft within the work organization. Apparently, the relatively unobtrusive manifestations of organizational controls impinge modestly upon employee behavior even though we also found little awareness, except in the retail area, of the specific control mechanisms themselves.

Another perspective on the above is that organizational controls work indirectly by providing legitimacy to supervisors' and co-workers' negative reaction to certain acts of dubious acceptability. In the survey data, as both the perceived reaction of management and co-workers increase in severity, the involvement in property deviance decreases. And the extensive employee interview data support the statistical refinement of this in that the perception of the reaction of one's co-workers is more highly predictive of theft involvement than that of management. Our qualitative data suggest that co-worker support is at least partially grounded in organizing values of the host corporation, i.e., providing good patient care,

or producing quality electronic parts or making retail sales. In sum, organizational controls work to protect company central interests by being part of the primary production process and by being accorded general legitimacy by the work force. However, as we have seen in the previous chapter, this does not mean that crystal clear and consistent behavioral expectations are prescribed by those in authority or by work groups.

.The policy implications of this finding are rather significant. First, it suggests that theft can be deterred through negative sanctions invoked within the workplace. In fact, fewer employees are involved in property deviance in companies with higher "apprehension rates." More importantly, however, we again point out that theft is greatly influenced by the perception of one's fellow workers. If, on the one hand, co-workers do nothing or even encourage theft activity, the situation is ripe for property and production deviance to occur. On the other hand, if the work group views theft and deviance as inappropriate activity and responds negatively, we expect to find very little reported incidence.

One should not infer from the above that management actions are totally ineffectual. From a management perspective, one of the more encouraging findings of this research is that certain organizational policies and

practices can have an impact in reducing the amount of employee theft. In reality, one must accept that managers have only a limited range of control over the incidence of theft. For example, if an organization did nothing to reduce or control theft by employees, the organization would not likely disappear due to the wholesale taking of company property, since many employees carry societal prohibitions against theft with them into the workplace. On the other hand, if the organization made theft control its number one priority with a drastically increased outlay of anti-theft resources, some employees would still find ways to abscond with company assets. Within the above limits, our objective in this study was to determine whether organizations could have a significant effect on theft of property and production time. And indeed, for two of the three industry sectors (retail and hospitals) we found that those organizations which made a concerted effort to control the problem have less theft.

Those organizations which signal to the employee that taking company property and assets is actually "theft," which establish rules and procedures to detect theft of property by employees, which are selective in whom they choose to employ, and which practice their concern by apprehending violators are generally less likely to have problems with theft by employees. On the other hand, those

firms which never mention the subject of theft and which fail to implement procedures to check on its occurrence often characterize the high theft organization.

The control of theft seems to be a problem that all departments of the organization must keep visible on their list of priorities and objectives. We predict that its incidence will increase if it is ignored or relegated to a topic of temporary or minimal importance to the organization. Only by exhibiting a conspicuous and consistent climate of management concern about the control of internal theft can an organization hope to provide a significant deterrent to its employees.

FINDING SEVEN: THE PROCESS OF DEFINING PROPERTY AND PRODUCTION DEVIANCE IN THE WORKPLACE

Largely based on employee interviews and contrary to the policies suggested by "Finding Six," the exact definition of property and production deviance is, in fact, continually being constructed in the workplace. Although there is some consensus among employees on the conventional content of violative behavior, the near universal absence of specific organizational expectations and practice fosters circumstances in which situational determinants prevail. As a consequence, involvement in various kinds of employee deviance is "pre-negotiated" with supervisors who "broker" potential deviance as a management resource in pursuit of personal, work group, or company interests. Inconsistent and non-existent standards permit a large pool of behaviors to be situationally defined into and out of employee deviance categories. Under these conditons, which vary by corporation and industry sector, direct control by management retreats in

deference to definition and control by supervisors and work groups.

It should not be surprising that the social structuring imposed by the primary activities in the workplace strongly influence the definitional and reaction processes of property and production deviance. Corporate boundaries are apparently relatively impervious, or they are at least selective, to the exact interests of the criminal justice system.

The primary interests of all concerned are focused upon occupational and organizational central goals. One would expect to find, then, employee deviance largely defined on the basis of threat to the accomplishment of these objectives, and "seriousness" to reflect the degree of threat to higher priority goals. Thus, in hospitals, employee actions which are threats to the delivery of quality patient care receive greater control response that those which violate a broader social rule which do not threaten this central organizing value. Likewise in manufacturing those actions which directly interfered with the production process would more likely receive corrective attention than non-productive behavior (such as theft) whose cost could be easily passed on to customers (especially if it were not a high cost item and competitors were experiencing similar costs). Thus, attention to

property and production deviance is generally subordinate to many other (more production-oriented) activities and reflects the dominant values of the organization within which it occurs.

This general principle of deviance definition is further refined at the occupational and work group level. In the absence of unambiguous standards of behavior regarding the taking of property and production performance, situational definitions are constructed which reflect the meager input from official sources, the input drawn from the actual practices of the organization, the production demands on those in the relevant work group (as "managed" by supervisors), and the relational norms which have emerged in the local work setting.

Policy implications from the above general finding are fundamental to any perspective on employee property and production deviance in the workplace. First, the matter of the priority assigned to the type of employee deviance demands attention. It would seem apparent that significant intervention into current operational definitions and reactions to theft and time deviance would require organization-wide (perhaps industry-wide) clarification of acceptable and unacceptable production activities and supervisory relationships. Adequate accountability procedures would remove from the "gray area" much of the

substance that now fuels the negotiation-of-deviance process. It would appear from our data, however, that unless extreme care was used such a change would be made at some cost to supervisory "resources" and employee "perks" at all levels of the organization. A great deal of attention to the specification of standards might also be harmful to the basic practice of most employees' occupational interests.

We have been impressed, however, that there is currently considerable distance between most employees' sense of proper controls upon the use of materials and production time and what, in practice, the organization widely practices. Obviously, steps to upgrade current practice would have to be made with widespread support, judicious reinforcement and, most importantly, with fairness to all occupational categories in order not to contribute to job dissatisfaction.

Any revamping of expectations of employee behavior should be accompanied by sufficient initial and continuous training and information dissemination to insure employee awareness and understanding. Further, employee rewards for observance of newly agreed-upon rules should be evident and consistent.

Such a sorting-out or clarification process would necessarily impose more exact controls on some materials'

use and production procedures. However, it may be that, in toto, having fewer "vague controls" would preclude controls' falling differentially on some employees and providing currency for supervisory brokerage of deviance in workplace operations. In sum, there is a seeming dilemma between the benefits to be derived from explicit workplace standards and permissiveness on the means to accomplish company goals which allows situational determination of acceptable and unacceptable standards at work group levels. We have pointed out the importance of the latter to the understanding of deviance. While it was not our purpose here to examine closely the possibilities of resolving the dilemma, we obtained the impression from intensive employee interviews that the dilemma may be more apparent than real and that the two positions can be brought closer together without great difficulty.

A second major policy implication of the above general finding is the constraint such a situation imposes upon cooperation between internal organizational control operations and control systems outside the company. The principle involved might be stated as follows: The more organizationally-specific the definition of and reaction to misconduct inside the company, the less the cooperation between internal and external control operations. A corollary might be that: The more embedded the origins,

structure, and processes of deviance are in the major preoccupations and priorities of the host corporation, the less responsive it is to influence by external social control influences. Another dilemma of sorts presents itself. To the extent that an organization keeps itself open to the social control notions of the broader society, it accrues the benefits from its compatability in definitions of deviance and guides for reaction to it. However, to the extent that work groups, occupations, or organizations vary from broader societal standards in order to reflect more accurately the needs of the specific work setting, they must assume the consequences of conflicting definitions and reactions.

In this research we have only slightly opened the door on this scholarly and policy concern. Much more illumination is demanded. For example, too much of the above point might be made. We found, for instance, that employees at all levels showed remarkable adaptability to differential definitions of deviance between their specific work setting and those of their broader social experience. Occasionaly, older workers easily compared this phenomenon across different companies in which they had worked. Contrariwise, we obtained very subtle indications that employees (especially first-job employees) were in the process of learning that broader societal norms of property

theft and production time deviance did not apply inside the organization for which they now worked. In this sense, work organizations were seen as major contributors to the erosion of norms of the broader society in regard to respect for property. Obviously, this is a complex issue of considerable importance.

SUMMARY

These seven major research findings strongly suggest that employee theft should not be categorized as simply a "law enforcement problem" within the work organization. Instead, theft and other forms of counterproductive behavior should be understood in the context of deviance in response to the various social and structual conditions within the workplace.

Perhaps the most important conclusion which can be drawn from this study is that theft is partly a reflection of how management is perceived by the employee. This means that management can have an effect on the incidence of theft in the work organization. If the employee is permitted easily to conclude that his or her contribution to the workplace is not appreciated, or that the organization does not seem to care about the theft of its property, we expect to find greater involvement. In short, a lowered prevalence of employee theft may be but one characteristic of an organization which is responsive to the current perceptions, attitudes, and needs of its work force.

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NOTE ON THE APPENDICES

Due to their volume (257 pages) and to their limited use except to avid researchers, the appendices are not included. Interested parties should contact the co-principal investigators for copies.

END