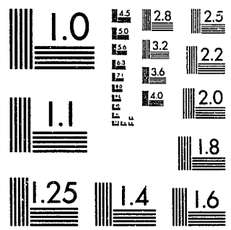

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James K. Stewart
Director

Theft by Employees in Work Organizations

Executive Summary

John P. Clark
Richard C. Hollinger

September 1983

U.S. Department of Justice
National Institute of Justice

National Institute of Justice
James K. Stewart
Director
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Government Project Monitor

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FOREWORD

Employee theft is an enormous drain on American business, costing business and industry an estimated $5 to $10 billion in losses each year. The economic impact of the crime hurts all of us because these losses are passed along directly in the form of higher prices to consumers.

Despite the costs of the crime, we have lacked hard information to help us understand the nature and extent of employee theft and how to do a better job of preventing and controlling it. The National Institute of Justice conceived and funded this study to help fill this information gap and recommend practical steps employers can take to counteract theft in the workplace.

The study reveals that employee theft is a serious social and economic problem. One-third of employees surveyed in a sample from retail, manufacturing and service organizations reported stealing company property. Almost two thirds also reported other types of misconduct such as sick leave abuse, drug or alcohol use on the job and falsifying time sheets.

Surprisingly, however, the study indicates that a climate of "benign neglect" seems to surround corporate sanctions for theft in many businesses. And yet the research discloses that it is company policy -- rather than sophisticated security operations -- that can be the greatest deterrent to employee misconduct. Countering employee theft must be seen as an organizational priority. Corporate policy should clearly define which actions are considered theft and see to it that the message gets through to both management and employees. When wongdoing occurs, employees should be sanctioned in an even-handed manner, whatever their position in the company.

Beyond these specific deterrents, employee theft appears also to be influenced by the oganizational climate in general. Where employees feel that the organization has their best interests at heart, employee theft is likely to be low.

The study outlines a number of practical suggestions for curtailing employee theft. We believe the recommendations will be valuable to organizations who want to encourage positive and productive behavior by employees.

James K. Stewart
Director
National Institute of Justice

ABSTRACT

This study is a comprehensive empirical examination into the prevalence and correlates of employee theft and other forms of counterproductive deviant behavior by employees within the work setting. During the course of the two-phase, three-year research effort a total of 47 business corporations from three industry sectors participated. Specifically, 16 retail department store chains, 21 general hospitals, and 10 electronic manufacturing firms located in Minneapolis-St. Paul (MN), Cleveland (OH), and Dallas-Ft. Worth (TX) were included.

A random sample of employees at all occupational levels of each organization were asked to respond to a mailed, self-administered questionnair A total of 9,175 employees (54 percent response rate) anonymously provided data on personal and occupational characteristics, job satisfaction, perceptions of theft deterrents, and their personal involvement in a broad range of "deviant" workplace activities, including the theft of company property. In each of the same organizations extensive interviews were conducted with 247 executives who provided information about a variety of management perspectives and practices regarding theft by employees within their respective organizations. In-depth "face-to-face" employee interviews were also conducted in 6 firms with 256 employees selected from representative occupations to provide information on the complex social and definitional processes related to property and production deviance.

In each of the three industry sectors surveyed roughly one-third of the employees reported some involvement in the taking of company property (e.g., merchandise, supplies, tools and equipment) during the prior year. Additionally, over two-thirds of the sample reported counterproductive behavior such as, long lunches and breaks, slow or sloppy workmanship, sick leave abuse, and the use of alcohol or drugs while at work. The relationship between these two forms of employee deviance is theoretically important due to the finding that those who reported above-average theft were also more likely to indicate above-average participation in production deviance.

The highest levels of property theft were reported by the younger (16 to mid-twenties), unmarried, and male employees. In each type of industry those employees with the greatest unrestricted access to and knowledge about the property stolen (i.e., sales clerks in retail stores, engineers in manufacturing plants, and registered nurses and technicians in hospitals) were the occupational groups reporting the highest levels of theft. In addition, both property and particularly counterproductive behavior was more likely among those employees expressing dissatisfaction with their employment -- especially dissatisfaction with their immediate supervisors and the company's attitude toward the workforce.

The single factor most predictive of theft involvement was the employee's perception of getting caught -- the greater the perceived risks, the less the theft. Organizational controls did have an effect on the aggregate rate of theft in a company, however, the deterrent effect was not directly attributable to the sophistication of security operations.

Instead, those organizations with a clearly defined, promulgated and utililized policy on theft from the company, an inventory control system with theft reduction as a major priority, and which evaluated prior job histories in their pre-employment screening procedures had lower levels of employee theft. It was also found that the higher the proportion of the workforce apprehended for theft, the lower the overall theft rate.

Overall the findings of this study indicate that theft and counter-productive behavior can be minimized through a conspicuous and consistent climate of management control emanation from all relevant departments within the organization. Specific policy implications of the research findings are outlined in summary form.

CONTENTS

ACKNOWLEDGMENTS

The three-year long pursuit of research objectives involving a federal governmental agency (in the process of being re-organized), a large state university, a non-profit business educational organization, various professional associations, 47 business corporations in three major cities, almost 10,000 of their employees, close to 250 of their top executives, and over 30 labor unions and employee associations is in itself a notable monument to the virtues of good will, patience, trust, and appreciation for systematic scientific inquiry.

It must be pointed out that a persistant minority of individuals steadfastly maintained from the beginning that research on a sensitive topic such as employee theft simply can't be done. We hope that this report is adequate evidence that these skeptics were mistaken. Our efforts to present the general findings and recommendations through personal briefings to employee, professional, and industry associations, in addition to this report, have been particularly gratifying and rewarding. Based upon this project's success we would hope that future researchers will have an easier time convincing the reluctant of the obvious merits in such a cooperative effort to understand better a common social and scholarly concern.

In such a complex enterprise as this project, the success of the research depends soley upon the expertise of the research team. The excellent quality of our findings is a direct reflection of the personnel involved in the data collection and analysis. Without the superior effort exhibited by the following people this project could not have been completed; Philip Cooper (Data Manager and Analyst), Peter Parilla (Research Associate), Phil Cunnien, Robbie Friedmann, Gerry Larson, Jerry Parker, Joe Raiche, Brad Richardson, Deborah Staal, David Zander (Research Assistants), Crystal Gandrud, Janice Manis, and Lois Norem (Senior Secretaries).

We also wish to recognize our colleague Mr. Leonard Smith of American Management Associations who as our subcontractor during the first phase helped immeasurably to plan and facilitate our access to the business community.

Most importantly, we are forever grateful to the thousands of employees who cooperated in providing sometimes very sensitive information to research team members for our analysis. Their personal identities and those of their employers obviously must remain anonymous. We hope their responses will be of significant benefit to all those in both scholarly and policy-making pursuits.

I. OVERVIEW OF THE PROBLEM

Much interest in the past decade has been focused upon the impact of various "crimes against business," that is, acts which victimize the assets of the business organization. Among these workplace criminal behaviors, such as, bribery, arson, burglary, vandalism, shoplifting, and fraud, the theft of corporate property by employees has recently been estimated to be the single most serious offense category in terms of dollar loss to business and society (American Management Associations, 1977). (See Figure 1.) By "employee theft" we specifically mean the unauthorized taking, control, or transfer of money and/or property of the formal work organization perpetrated by an employee during the course of occupational activity which is related to his or her employment (Merriam, 1977; Robin, 1974). The methods by which employees victimize the property of their employers are both profuse in number and sometimes 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 lunchboxes, or more complicated manipulations of organizational assets for personal benefit.

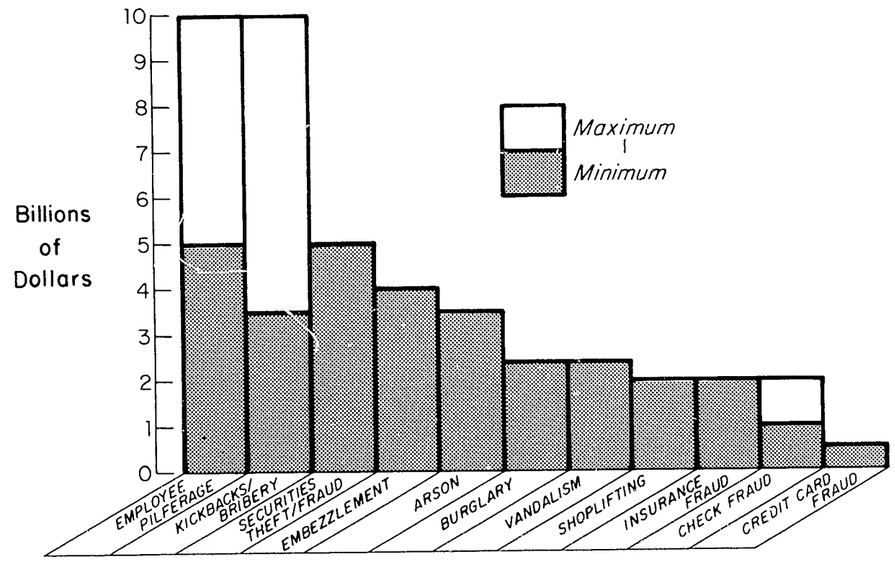
Approximations of employee theft seriousness to society are at best "educated guesses," given the many direct and indirect consequences of these acts. Not only is there an immediate economic loss to the organization which has been victimized, but the cost of employee theft is eventually passed on to the public thereby artificially increasing wholesale and retail consumer prices. A recent estimate places the additional "price" of employee theft and pilferage at 12 cents on the dollar (Canadian Business, 1976). In addition to the financial cost, when we add the incalculable social and personal price "paid" by those employees apprehended for employee theft, the "bottom line" becomes an even more impressive amount.

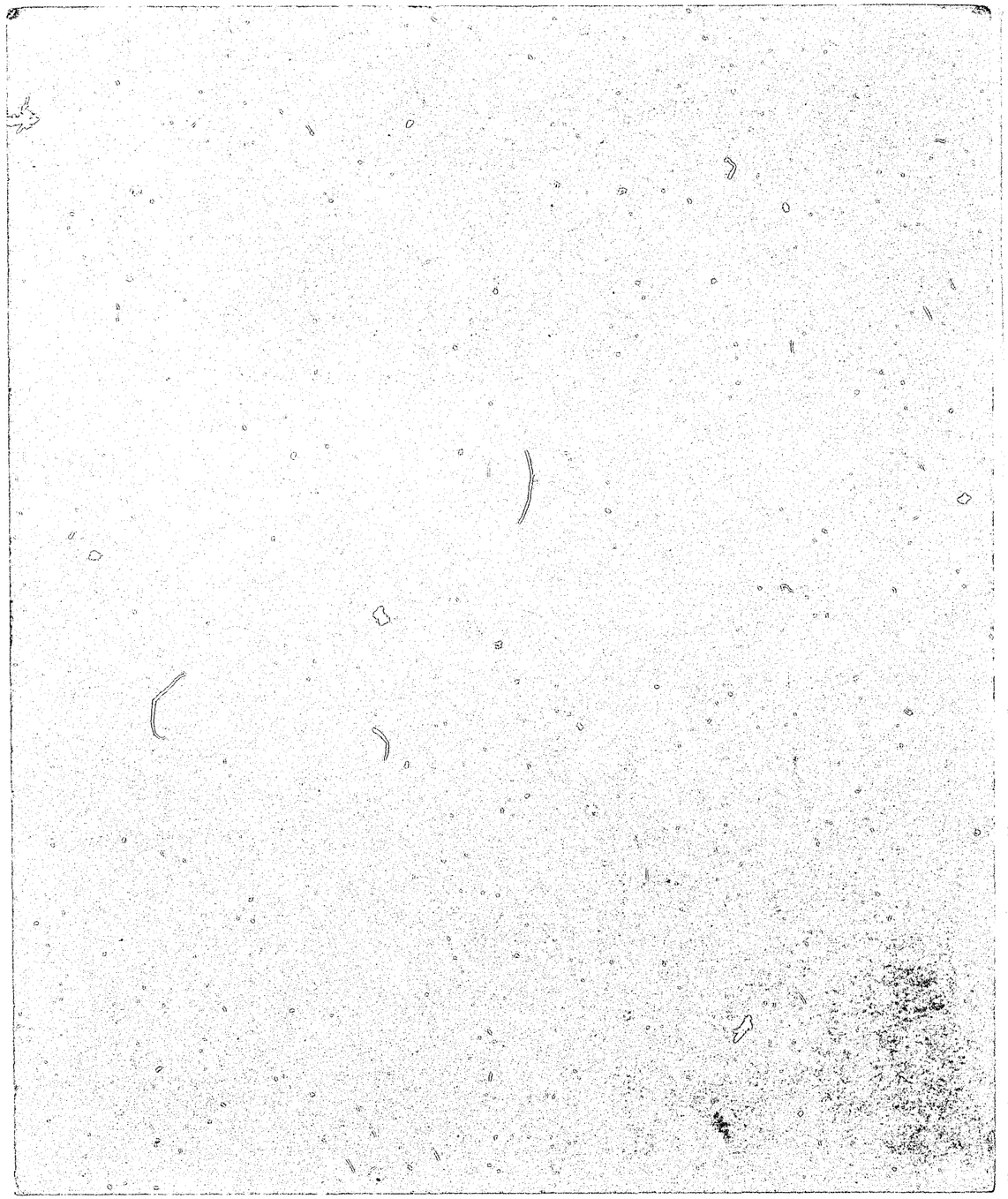
During the past decade, various attempts have been made to estimate the total dollar losses attributable to employee theft by industry. The Department of Commerce recently published data documenting the amounts of inventory shrinkage which they utilize as an index of all "crimes against business." In 1975, for example, the total inventory shrinkage loss was estimated total $23.6 billion (Department of Commerce, 1976a:1517). A more recent estimate for 1976 indicated that this figure could reach as high as $26.2 billion -- up 11 percent from 1975 levels (Department of Commerce, 1976b:1). Dollar losses in the manufacturing sector alone have risen an estimated 78 percent in the period since 1971. Retailing and service industry inventory shortages are projected to have increased 35 percent and 59 percent, respectively, during the same five year period.

Although these are impressive dollar amounts, they represent inventory losses to businesses from a myriad of sources -- many of which are not

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

(Source: American Management Associations, 1977)





attributable to theft by employees. For example, in retailing inventory shrinkage (or shortage) is the inventory deficit in dollars which cannot be accounted for after sales 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 thefts and shoplifting also contribute to the total inventory shrinkage level. Most inventory control experts will privately admit that partialling out the effects of employee theft from these other alternative sources of shrinkage virtually has been an impossible task.

Despite the fact that employee theft is generally viewed as a problem of significant consequence, little reliable data exist regarding the phenomenon. The economic impact figures reported above seldom go beyond the level of alarmist rhetoric. These estimates of financial victimization do nothing to address the more problematic question, namely, "what factors influence an employee to steal from his or her employer?" Although few in number, a number of social scientists have investigated th causes of employee theft.

EXISTING EMPLOYEE THEFT RESEARCH

The researchers who have empirically examined employee theft during the past two decades have each focused upon a slightly different aspect of the phenomenon. In a case study of corporate managers, Melville Dalton (1959:194-217) discovered informal work group norms which regulated the taking of various unauthorized "fringe" benefits from the company. Dalton indicated that these "fringe" benefits were actually functional to the organization, in that, they contributed to the orderly operation of the company. Some contemporary writers have suggested that this "latent functional" effect of theft might explain why instances of employee theft often are tacitly ignored by employers. According to Lawrence Zeitlin (1971), a "little larceny may do a lot for employee morale" and accomplish the same result for substantially less money than would be achieved by paying employees what they think they deserve. Some employers undoubtedly feel that to take action against theft may even exacerbate the problem by damaging employee morale. In this climate employee theft can be viewed as an informal reward system well-rooted in the social structure of the workplace.

Even though we have heard a great deal recently about the effect of employee theft upon the business organization, this phenomenon is certainly not a new form of work behavior. Jason Ditton (1977) has recently reviewed the historical development of pilferage by employees and concludes that these "wages in kind" have, over time, become an important part of the informal wage structure in many occupations. Ditton suggests that to understand theft, one must carefully examine how employees perceive the various aspects of the work setting.

A number of authors have looked to the norms of the workplace for an explanation of theft. For example, Donald Horning (1970) found substantial informal support for property theft among blue-collar assembly employees in

a midwestern TV manufacturing plant. The norms of the work group were influential in defining certain types of marginal property as "property of uncertain ownership," and it was this property which was most often taken by employees. Not only did the norms of the work group delineate what types of property were pilferable, but Horning also found that worker subculture established the modus operandi and the tolerable amounts which could be taken, in addition to the conditions under which the workers could expect tacit, if not overt, peer support for their actions.

Other researchers also have found relatively strong normative support for theft among employees in a variety of work settings. Gerald Mars (1973) documented the existence of informal rules in the hotel dining room which supported various forms of employee theft. Pilferage in the form of food, tableware, and money was often considered as a "legitimate entitlement," so much so that the "fiddle" was considered to be an important supplement to a worker's wages.

In a companion study published the next year, Mars (1974) discovered that the theft of items in transit by dockworkers was perceived of as a highly regularized addition to one's hourly wages. In order for a high rate of employee theft to go undetected, a cooperative "deviant" division of labor developed between the "access" and the "support" people at the dock. Phrases like "working the value of the boat" signalled that acceptable limits of theft had been informally established and incorporated into the daily repertoire of dockworker activities. Mars reported the dockworkers morally justified the thefts as a "legitimate means for redressing an exploitive contractual situation."

Looking to the employee's own justification as an explanation for the theft was perhaps best utilized by Donald Cressey (1953) in his now classic study of embezzlement. Although a very specialized form of employee theft, embezzlement, according to Cressey, seems to be characterized by the presence of well-accepted justifications a priori to the act. These "vocabularies of adjustment," many of which arise from the work setting, have the effect of neutralizing the societal and organizational prohibitions against theft behavior along with the guilt or wrongness associated with the act. Apparently the existence of an adjustment process is not unique to embezzlement. For example, Sykes and Matza (1957) present a rather similar explanatory theory for juvenile delinquency, based upon an understanding of the various "techniques of neutralization" which allow the actor to justify his behaviors in one's own eyes or those of his peers.

Although there is relatively little data available, there does seem to be rather good reason to expect that employee theft is "neutralized" in much the same way as the embezzlers and delinquents have done above. A survey of 100 retail employees (Tatham, 1974) confirms that most employees do not view theft as stealing, despite opinions to the contrary held by their employers (Hair, Bush, and Busch, 1976). Tatham found that 41 of the 49 employees who admitted to taking from the company denied any feelings of guilt. "everyone does it," "no one cares if we take a few things," and "these items are not of significant value" are all expressions which indicate that many employees define some acts of theft within the acceptable range of workplace activities.

Building upon the premise that to explain theft one must first understand the employee's perceptions of the workplace, other researchers have examined the factors which might affect the decision to take from the organization. Erwin Smigel (1956) studied the decision to victimize organizations which differed in size. Three categories of organizations were presented to 212 survey respondents: small business, large business and government. Smigel's hypothesis was that most people would prefer to steal from a large-scale, impersonal organization. As expected, when respondents were forced to select an organizational type to victimize, they first chose large business, then government, and finally small business. Although the author warns that there is not a direct relationship between organizational size and stealing, factors associated with larger size, such as "anonymity, impersonality, bureaucratic inefficiency, and power" all seem to influence the decision to victimize a business organization.

Even though Smigel's research strongly suggested that employee's attitudes toward the organization may predict theft behavior, no subsequent major research focused on this question until quite recently. Specifically, Thomas Mangione and Robert Quinn (1975) broadened the focus of their study of job dissatisfaction to examine its correspondence with various deviant workplace behaviors, including employee theft. Based upon data collected as a part of the University of Michigan, Survey Research Center's 1972-73 Quality of Employment Survey, the authors concluded that general dissatisfaction with one's job was significantly related to six types of counterproductive, drug use, and theft behavior -- primarily for males thirty years of age and older. Prior to this particular study, the manifestations of employee dissatisfaction studied were generally forms of work avoidance, such as, turnover, absenteeism, sick leave abuse, poor attendance, and reduced productivity. Although Mangione and Quinn's research is not conclusive, it does suggest that deviant behaviors like theft committed while on the job may be an overt expression of worker dissatisfaction with one's present employment. In sum, these data support another author's characterization of employee theft as resulting from the inevitable "conflicts" between organizational demands and worker perceptions (Jones, 1972).

Not all worker behavior directed against the property of the organization must involve its physical removal from the premises. Laurie Taylor and Paul Walton (1971:219) have recently studied the incidence of industrial sabotage, or as they define it, "the rule breaking behavior which takes the form of conscious action or inaction directed toward mutilation or destruction of the work environment." Often considered to be an act of vandalism without motive, industrial sabotage was employed by Taylor and Walton as an index of industrial conflict indicating the tensions and frustrations present in the work environment.

EMPLOYEE DEVIANCE

The descriptions and explanations which have thus far been offered for theft are theoretically similar to other studies which have focused, not on property theft, but on other non-property manifestations subsumed under the broader category of employee deviance. By "employee deviance" we mean behaviors by workers which violate the normative structure established by those in positions of authority within the formal work organization (Kemper,

1966). Because of the apparent theoretical similarity, a study of employee theft should not only be interested in the pilferage of merchandise from the stockroom or the theft of money from the cash register, but also extended lunch and coffee breaks, work slowdowns, absenteeism, and inferior workmanship by employees. These counterproductive behaviors also negatively affect the company, but are often not perceived of as "theft" due to their more innocuous nature and the greater difficulty involved in the assessment of their financial impact.

Since the 1930's sociologists have documented numerous instances of counterproductive behavior in various work settings. One of the earliest and possibly the best known case study of this subject is Roethlisberger and Dickson's (1939) research on the "bank wiring room" at the Hawthorne, New York, Western Electric Plant. The bank wiring room studies illustrate a situation in which the informally established work group rules of conduct took precedent over the formally prescribed productivity expectations of management. This study is not an isolated one of production deviance, for many other case studies in industrial sociology also demonstrate the substantial influence which rules of conduct informally established by the work group have on the manner in which work (and deviance) is carried out within a formal organization (Whyte, 1948).

During the Second World War, the question of counterproductive behavior was directly related to national security. In the course of their work supporting the war effort, a number of sociologists studied the informal restrictions of production by the work group in the war materials factory. Collins, Dalton and Roy (1946) described the socialization process by which the neophyte worker was expected to adhere to the loyalties and production expectations of his fellow workers rather than the incentive plans formulated by management. The employee who overworks, the "rate-buster" (Collins et al., 1946) and those who work below the informal established norms, the "goldbrick" (Roy, 1952), were both sanctioned as deviant members by the rest of the work group. Further work by Roy (1953; 1954; 1959) reinforced the general finding that seems to pervade these studies, namely, that the formal rules of conduct regulating production are extensively modified to suit the workgroup's desires.

Those who have studied employees in other work settings have also detected behaviors which were deviant from the perspective of the formal organization. Bensman and Gerver (1963) found that the unauthorized use of certain illegal aircraft assembly tools was functionally intrinsic to the system. Although the formal rules of company conduct clearly forbade their use, the practical utility of these tools in the assembly process far outweighed its illegality from the worker's point of view.

In a much different work setting, Harper and Emmert's (1963) study of post office employees found that most letter carriers deviated from the formally prescribed rules of conduct, usually in the restriction of their work hours and productivity. The extent of power held by the work group over the norms of production was even more clearly established in Alvin Gouldner's (1954) Wildcat Strike. Here, not only were the rules of "how much production" controlled by the work group, but also whether even to "work at all" evolved as an option to workers who disagreed with the production policies and expectations of the organization's management.

In all of the above studies, researchers have documented the modification of rules of conduct relating to production by the work group cohort. While this modification can, in some cases, contribute to the well being of the organization (Gross, 1953), often the normative structure of the work group maintains a "deviant" production orientation which is counter to that held by the management of the organization and results in economic losses to the company.

SUMMARY OF THE LITERATURE

Occasional and systematic deviance by employees has been discovered by social science researchers within a variety of occupations and organizations. The available research documenting both acts against the property of the work organization (i.e., employee theft) and the expected level of productivity (i.e., counterproductive behavior) generally suggests uniform conclusions. First, the roots of the deviant behavior which may be detrimental to the interests of the employer are to a great extent an integral part of the informal work experience. Factors which best explain these behaviors are not external to the work setting, but rather are intrinsically related to the nature of the employment setting.

The second conclusion from our literature review is that the employee's perception of the quality of the work milieu is a significant factor affecting the decision to become involved in theft and other forms of counterproductive behavior. The recurring theme of job dissatisfaction and workplace equity pervades these studies as factors precipitating the occurrence of deviant acts against the work organization.

Finally, in all of these studies we find the informal rules of the work group regulating both the amount and type of deviant behavior. This finding clearly implies that an understanding of the social control processes operating within the work setting is necessary to explain the incidence of employee theft and similar acts. Although each of the articles which we examined focused on a slightly different aspect of the phenomenon, an overall conclusion is nevertheless inescapable -- employee theft and counterproductive behavior are generally not random events, but rather a purposive response to the social and environmental factors present within the bounds of the work setting.

II. RESEARCH OBJECTIVES AND METHODS

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 by employees. 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 significantly affect the incidence of deviance inside of work organizations? And fifth, can research on such a sensitive topic be successfully conducted?

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 deviance are grossly inadequate when answering scholarly and applied 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 and personnel experts, and our own exploratory research told us what we had already suspected -- broad based data are not available on 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 corporations, it is 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 of those involved in theft

(e.g., Robin, 1969; Franklin, 1975), the only viable alternative was to formulate an innovative data collection effort not reliant upon existing information sources.

SOURCES OF DATA

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.

The data collection process, initiated in 1978, resulted in a two-phase, three city data collection effort. A total of 47 business corporations located in Minneapolis-St. Paul, Cleveland, and Dallas-Ft. Worth actively participated. In these cities typical business corporations were approached to participate which yielded a non-random, but hopefully representative, sample of 16 retail store corporations, 21 general hospitals, and 10 electronics manufacturing firms (Mpls-St. Paul only). These organizations ranged in size from approximately 150 employees to the very large multi-location firms employing in excess of 10,000 workers.

Questionnaire Survey of Employees

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 privary 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. Although, the self-report survey is not without its limitations this 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.

After we secured the active cooperation from 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, and their personal involvement in a range of counterproductive and theft activities.

During the two phases of this research project (first in Minneapolis-St. Paul and later in Dallas-Ft. Worth and Cleveland), 9,175 employees returned questionnaires, or at minimum, 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 expected. Social scientists generally feel greater 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. Undoubtedly our return rate was diminished by a long questionnaire booklet and a sensitive topic. However, most significantly we only too late discovered that the rate of return was being artificially depressed by the high employee turnover within the participating organizations. Personnel records to which we had access did not accurately reflect the actual workforce at the time the questionnaires were mailed. From conversations with personnel directors of the participating firms, we learned that worker attrition, particularly in the retail and hospital industries, makes accurate address keeping extremely difficult. In addition, some of the people we sampled certainly terminated their jobs over the course of the survey procedure. Extensive attrition in the sample population is not a problem of the same magnitude to be faced by surveys of the general population which no doubt accounts for their response rates of 70 percent or higher.

While we do not have data on the extent of attrition among the samples from Phase I organizations, we do have estimates 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. Thus, when former employees are removed from the sample using the turnover criteria supplied by the organizations, we estimate the "adjusted" return rate to be as high as 65-70 percent. In summary, given this high attrition in the sample, we maintain the same degree of confidence in our data as if we had achieved the 70 percent return level from a survey of the general population.

Interview with Organizational Executives

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. 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 perceived 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.

Although we completed a total of 247 interviews during 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.

Face-To-Face Employee Interviews

The principle trade-off in relying on large numbers of anonymous, self-administered questionnaires is the loss of the rich subjective data which provides the foundation of the qualitative research study. Data from personal interviews with representative employees 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 256 employees from six organizations in Minneapolis-St. Paul, two organizations from each of the three industry sectors represented. 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.

III. PREVALENCE OF PROPERTY THEFT AND PRODUCTION DEVIANCE

Our data indicate that there is both good and bad news to management regarding the prevalence of employee theft in the workplace. The good news is that the typical (i.e., modal response) by employees was "no involvement" during the past year at their current place of employment. That is to say, theft is by no means a principal concern and activity of the vast majority of the employees which were surveyed. However, as can been seen in Table 1, property theft of some kind is a fairly common behavior with a substantial minority of these workforces as about 35 percent of the surveyed employees reported theft involvement in the half-dozen or so items included in the theft index. Recognizing that these figures are conservative estimates, the reported level of involvement on specific 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 not a common activity for the "typical" employee in most circumstances.

In retail stores, the most commonly reported category of property theft 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 the abuse of this privilege 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 supplies, 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 the finished products of the company. 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.

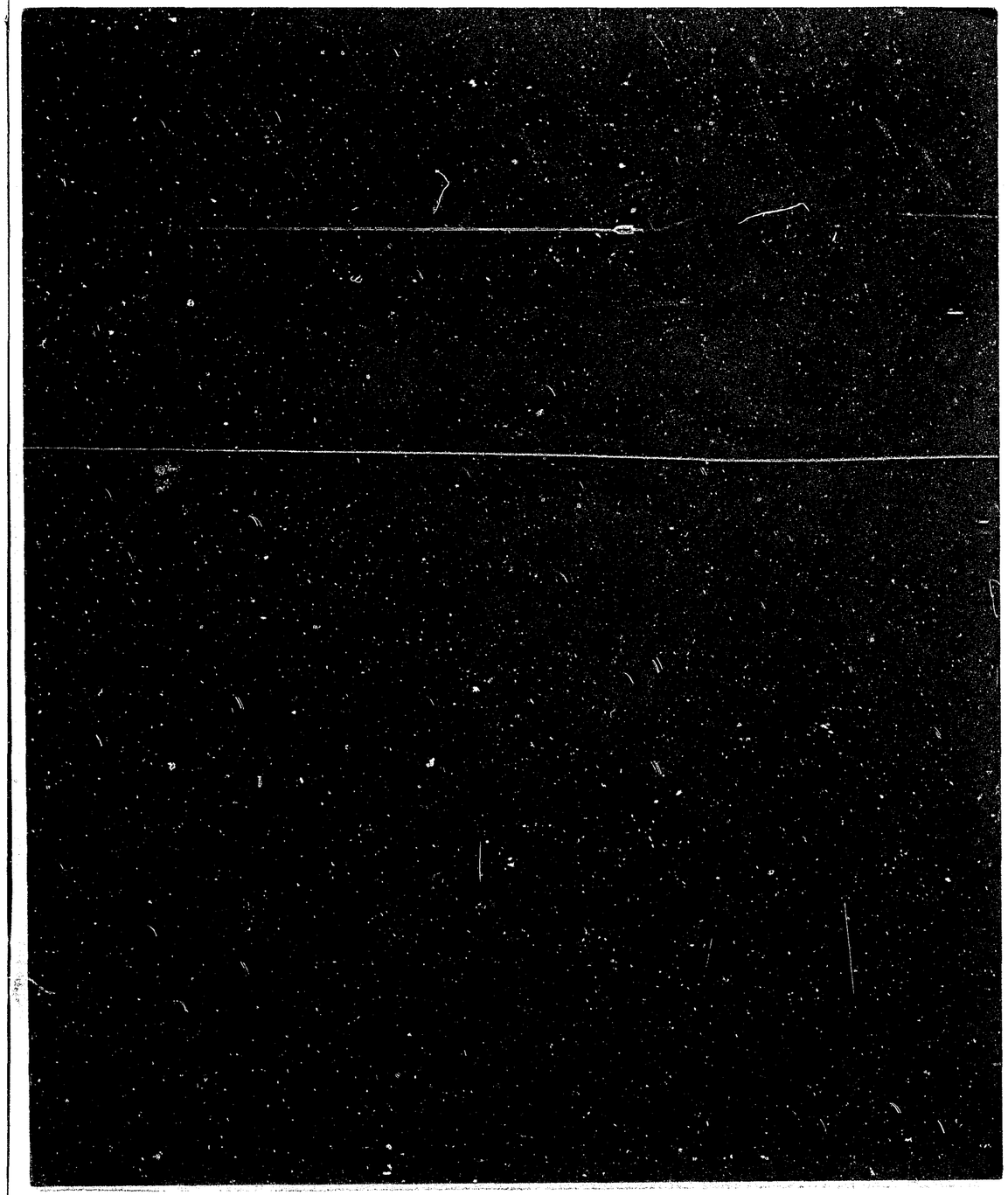


Table 1:
Combined Phase I and Phase II
Property Theft Items and Percent of
Reported Involvement by Industry Sector

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 than 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

As discussed above, we were interested also in production deviance and the survey uncovered consistent patterns of counterproductive behavior among the majority of employees. For example, in Table 2 we see almost two-thirds of the repondents 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 manufacturing employees admitted that they had come to work in the past year while under the influence of alcohol or drugs.

While counterproductive behavior was not the primary deviance focus of this 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 deviance as well. Second, those factors which best correlated with above average property theft behavior were also predictive of counterproductive activity. In short, these data suggest that the theft of company property may be but a single, property focused manifestation of the broader continuum which we call employee deviance. These findings suggest that the more common forms of workplace deviance do not involve the theft of property, but rather the theft of "time." Therefore, employee theft probably should not be viewed as a special form of "street crime" which takes place in the work setting. Instead, its explanation is best understood in the theoretical context of the employment experience.

To futher illustrate this point, we found that individual corporations varied a great deal within each sector as to their respective theft rates (based upon aggregated individual data), also strongly suggesting that the configuration of employee 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 as in others, and twice as high in some hospitals and electronic manufacturing corporations as 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 significant variation occurred within the same industry and metropolitan location, one is led to search for answers or at least "precipitants" related to the work settings themselves. While it seems clear from this study that an organization to a significant degree creates its own theft rate, our data can not squarely address the important question of how much and how rapidly theft rates can vary as changes occur within the work milieu. Some insight was provided, however, when one of the manufacturing corporations included in both the employee self-report survey and the face-to-face employee interview data collection was acquired by a larger corporation during the course of the study. Interview data graphically demonstrate that during the very troubled merger process employees of the "absorbed" company participated in both property and production deviance at a greatly expanded rate. This seems to support our hypothesis that employee deviance rates are fairly sensitive to workplace circumstances.

Table 2:
Combined Phase I and Phase II
Production Deviance Items and Percent of
Reported Involvement by Industry 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

Policy Implications

The policy implications of the above findings are several. First, to the extent that the organization's structure and processes themselves produce both property and production deviance, corporate actions 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. 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. 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 which attempted "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. Put differently, the vast majority of employees do not see themselves as thieves or disloyal employees even though they might take company property occasionally. The imposition of a law enforcement response where there had not been one would likely raise a series of undesirable issues. Later in this report we shall document other findings which provide guidance to those interested in reducing employee involvement in theft and counterproductive behavior.

IV. EXTERNAL ECONOMIC PRESSURES AND THEFT

Perhaps it is natural for us to appeal to explanations long related to conventional types of "street" crime with which to help understand employee theft. Unfortunately, these data indicate that structural, economic, or ecological models of crime do not help us understand employee theft involvement. Employees who take from the company do not seem to be grossly impoverished, nor do they seem to be in a precarious financial situations 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 direct manifestation of economic pressures.

Our research design for adding two additional cities in Phase II was predicated on testing the hypothesis that the incidence of employee theft in a company is a direct reflection of the rate of non-violent larceny in the larger community. Our basic theoretical assumption is based upon the idea that if a company draws indigenous employees, their aggregate theft behavior while at work may correspond to the general level of theft endemic to that particular 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 35 largest metropolitan areas of the country, Cleveland ranked thirty-third with 2,127.8 larceny/thefts per 100,000 people. Dallas-Ft. Worth, on the other hand, ranked fifth highest in the country, reporting 4,106.1 incidents of non-violent theft per 100,000 inhabitants. In addition, data collected from victimization studies in 26 of the same cities are for the most part consistent with the FBI "official" statistics. From the victimization data Cleveland ranked eighteenth with a theft per 1,000 rate of 85. These same victimization studies indicate a rate of 116.5 (ranking ninth) for Dallas-Ft. Worth -- a theft rate almost half again as large as reported by the citizens of Cleveland (U.S. Department of Justice, 1976).

The fact that we simultaneously collected data from these two very different metropolitan areas in the second phase of the research project afforded us the opportunity to compare their respective theft rates within both 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 theft by shoppers, employee theft should be viewed as an "internal crime problem" which may be unrelated to the level of conventional crime in the surrounding community.

Policy Implications

The policy implications of this finding are rather significant. We suggest that employers not continue to 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 ethical integrity and still have a theft problem which may be essentially independent of the characteristics of the surrounding community. Employee theft (particularly the pilferage variety) seems to be a manifestation of deviance largely violating the 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.

V. THE YOUNGER EMPLOYEE AND THEFT INVOLVEMENT

Given their disproportionate representation in official crime and delinquency statistics, it is perhaps no real surprise that younger employees (16 to mid-twenties) reported more employee theft than their older co-workers. On face value, the fact that younger, short-tenured, unmarried male 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. Consistent with the above discussion our data suggests instead that their higher deviance involvement requires an in-depth understanding of the younger employee's situation within the work environment. In fact, there is some evidence that younger employees have higher levels of theft, not due to their general propensity to dishonesty, but rather to their "lesser stakes in conformity" to the work organization and "lesser social risk" with significant others to the possible negative consequencies if apprehended.

When we specifically 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," not an occupational career. As we shall see later, these are the same employees who help contribute to high levels of employee turnover. To deter theft it has been shown that the effect of victimization must be internalized by the employee (Smigel, 1956). If these employees are allowed to conclude 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).

In short, employees who are both young and unmarried may simply be less deterrable because they have minimal "stakes in conformity" when compared to their older, married colleagues (Briar and Piliavin, 1965). Further, we found that younger workers generally perceive that management's most typical response to a clear apprehension for theft would be to dismiss the involved employee. Indeed, with some rare exceptions in the retail industry, we found this generally to be an accurate assessment. 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 some younger employees, 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 "social risks" when compared to the effect on the older employee for whom more is placed in jeopardy.

Policy Implications

It is clear that the policy implications of this finding are substantial. Dismissal as the ultimate theft sanction should not be expected to deter uniformly the younger employee from theft involvement although it might affect older workers. For these workers the temporary loss of employment is not a serious deterrent threat. Moreover, quietly dismissing "deviant employees" may have an unintended detrimental impact on the remainder of the workforce. By not responding to property theft through the official law enforcement channels, an organization may effectively send a clear message to employees that the maximum penalty for theft is the loss of one's job. As we have seen, this does not seem to be a salient deterrent to the most theft-prone categories of employees -- young, unmarried males.

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 general 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) promulgating the fact to the remaining workers that employees are and will continue to be detected and prosecuted. 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 being exploited, 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 be performing the same tasks. Thus, the younger the employee, the more frequently we find inequities in the 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.

VI. JOB DISSATISFACTION AND PROPERTY AND PRODUCTION DEVIANCE

Although most employees reported that they were reasonably satisfied with their jobs, the hypothesis that the disgruntled employee would be involved in greater theft and production deviance was, for the most part, supported by these data. Not only was the high theft employee less satisfied with his job, but he or she was also more likely to be looking for a new job during the coming year. In previous research dissatisfaction has been used almost exclusively to understand phenomena such as turnover and low productivity. While this variable continues to predict the above, we have expanded the focus to include forms of property deviance.

The primary sources of dissatisfaction principally concern the worker's attitudes toward his employer and his immediate supervisor. Specifically, where the integrity, fairness and ethical quality of the organization were questioned, we found more theft. Where the supervisory personnel were perceived as unhelpful, incompetent and unconcerned, we again detected higher theft. Thus, we might conclude that the relationships with management are providing the necessary justification permitting the employee's victimization of the workplace.

Production deviance was 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 resorting to counterproductive behavior. Under conditions of worker disenchantment it becomes 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 property and production deviance.

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.

Policy Implications

From a policy standpoint, the employee's perception of first-line supervisory personel appears to be the critical element in understanding the

occurrence of employee deviance. The interpersonal and management skills which these supervisors possess can have a profound effect on the attitudes of their subordinates. Employees often related that their attitudes toward the company were most affected by the relationship with their immediate "bosses" who are perceived to represent management at all levels. Thus, 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 behavior and the first official reaction to its occurrence. Their response (or lack thereof) can be critical to the informal establishment of the tolerable limits of theft and deviance within the workplace on a day-to-day basis and the circumstances under which theft is or is not permitted. If supervisors tolerate various forms of deviance or react to its occurrence differentially, future acts of employee theft should be expected to reflect these past patterns of behavior and response.

Therefore, the general finding of a statistical association between dissatisfaction with certain aspects of work and involvement in property and production deviance suggests that theft levels can be reduced in a manner which can be mutually beneficial to the employee and management alike. Of course, the potential for minimizing employee deviance via a rapid improvement in corporate levels of job satisfaction is greatly constrained by the organization's size, complexity, competitive environment and other characteristics intrinsic to modern industrial existence. However, it has been our observation that roughly similar organizations can be perceived as different on the matter of workers' satisfaction. While not all these factors may be easily controllable, many, 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 most responsive to organizational attention.

VII. OCCUPATIONAL BASES OF PROPERTY AND PRODUCTION DEVIANCE

The questionnaire self-report data indicate that certain 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 position of salesperson.

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 easy to monitor 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, and further, the desire to draw one is less urgently sought by those who conceivably could. Futher, the reaction to violative behavior is commonly less assertively pursued ... all in the interest of realizing the organization's basic production objectives more effectively. Employees in other occupational groups frequently receive differential treatment by the company's control system, particularly where all occupational groups are housed within view of each other.

Policy Implications

Various industry trade journals are constantly publishing articles which maintain that theft control is simply the result of reducing opportunity. While this "bolt everything down" mentality makes sense on paper, unfortunately these data demonstrate the futility of this approach. Utilizing a draconian security model to contol theft does not take into consideration freedoms necessary to complete work assignments. In fact, we found the highest levels of theft among those employees who by definition require unrestricted access to the assets, products, and materials in the workplace. We point out that these are the employees who are generally <u>not</u> the focus of internal security controls and countermeasures. These findings seriously question the efficacy of controls arbitrarily promulgated by management, but which are not supported by the informal normative structure

of the worker and his workgroup peers.

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 these acts occur. Foremost among them are the occupational characteristics of the actors and reactors.

VIII. ORGANIZATIONAL CONTROLS AND EMPLOYEE THEFT

One of the most perplexing and unexpected findings of this study was our discovery that the combating of employee theft was not a high priority of corporations, although retail stores are somewhat more sensitive to the problem. Similarly, individual employees (even those on the management team) were seldom comprehensively informed about property theft deviance perpetrated by their present or former peers. The little information they did have was primarily limited to those events in their immediate work environment passed on through the company "grapevine." Perceptions of the phenomenon of employee theft were usually based upon very few, if any, specific cases of theft experience and consequently included minimal first-hand evidence of management sanctions other than benign neglect. In spite of this paucity of information, the degree of involvement in taking things from the company as measured by the self-report data does seem to reflect personal expectations of management sanctions. Any deterrent effect of perceived management sanctions are somehow the result of the various organizational controls designed by management to impinge upon employee behavior.

To test the effect of various organizational control strategies, this research also focused upon the rate of property deviance aggregated by organization. Specifically, withing each industry sector, the participating organizations were ranked according to their respective level of employee theft as measured by their aggregated employee scores. Personal interviews with key corporate officers attempted to isolate those factors which best differentiate the high from the low theft company. (In that these controls were primarily directed at property, not production, deviance, we limited our analysis to employee theft.)

From these lengthy interviews with corporate executives, the research focused upon the various control techniques which firms utilize 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 organization'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, a strategy only marginally related to the organization's aggregate level of theft was the direct effect of the

security department's level of sophistication. However, in each of the three sectors, with the possible exception of large retail firms, the principal thrust of the security operation addressed the problem of theft by outsiders along with an assortment of other varied responsibilities as building and grounds maintenance, monitoring working conditions, and employee safety (especially fire). In short, guarding against the taking of property by employees was often not among the high priorities in the security departments studied. Thus, given the low priority of interest in employee theft by most security operations and taking into account the many other non-theft related responsibilities which many security departments are burdened with, it is quite understandable that the presence of a security department should not be expected to have much deterrent impact on the level of employee theft. One must also realize that this study has focused upon the more minor, pilferage-type theft, rather than the more dramatic and perhaps more directly controlled theft of major materials and assets. Nevertheless some consistent, but modest, effects were found only in the hospital and retail sectors.

The research also addressed the relations between the presence of an explicit corporate policy about theft by employees and its prevalence. 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 and promulgated 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 will not be permitted at any level can lower their theft rates, particularly if emphasis is placed on other controls as well (such as visible negative sanctions to back up the policy.) 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 against theft in the general community are strong enough to 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. Interviews of employees suggest that this is commonly not the case as they presently see it.

The research also focused on the role of the inventory and financial control procedures in reducing employee theft. Although a surprising number of inventory managers, especially in manufacturing and hospitals, expressed to us 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 explicit 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. Other control operations, such as protection against external theft, 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 dramatic effect was the proportion of employees apprehended for property deviance in a year's time. That is, we found the higher the proportion apprehended, the lower the theft rate. Other traditionally studied deterrence factors such as the eventual outcome of the apprehension, 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 an environment with other related controls.

Policy Implications

From the above 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 in a coordinated manner many of which, if not all, contribute broadly to the overall objectives of the organization. Those firms which signal to the employee that taking company property and assets will be viewed as "theft," which establish rules and procedures to detect theft of property by employees, and further, are selective in whom they choose to employ generally were found to 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, overall effectiveness is very seriously affected by the manner in which these control prescriptions are communicated and implemented throughout the workforce. As we shall see under IX below, employees consistently report lack of clarity as to the company's rules about property and production deviance (less so in the retail area). Most workers are only vaguely aware of policies and are much impressed with the lack of concern by management and inconsistent enforcement of the rules. First-line 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 what is acceptable behavior and what is not, plus the response which is to be made to violators. Co-workers exercise the collective interest by constraining disruptive violations of negotiated definitions of acceptability 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 (see National Council on Crime and Delinquency,

1976:12). It cannot be ignored or relegated to a topic of temporary or minimal importance, nor should it be assigned as a task for a specialized portion of the organization's management team. 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.

IX. THE PROCESS OF DEFINING PROPERTY AND PRODUCTION DEVIANCE IN THE WORKPLACE

One of the very first empirical observations which we made about the phenomenon of deviance in the workplace was that these acts are not perceived by employees to be conventional "thefts." In order to appreciate why this is so, one must understand the social processes inherent in the workplace which define and determine the behavioral limits of employees (Altheide, et al., 1978). Exactly "what is deviant?" and "from whose perpective?" become very problematic questions. We can identify at least four sets of norms operating in the workplace, none of which may agree completely as to the appropriateness of a particular act. Specifically, we have the informally determined norms of the workgroup, the operating norms imposed by the immediate supervisors, the offically promulgated norms of management, and finally, the societal norms prohibiting theft as embodied in the criminal code. Thus, it is possible for acts which are defined as deviant by management not to be so labelled by one's fellow workers.

The determination of which acts comprise deviant behavior in the work setting is evaluated in terms of the primary goals and objectives of the work organization. In retailing the primary objective is sales, in manufacturing -- productivity, and in hospitals -- patient care. The appropriateness of employee behavior is constantly being measured against these primary organizational goals, not a uniformly accepted standard such as the criminal code.

To management the seriousness of employee deviance is largely defined on the basis of its threat to the accomplishment of these organizational objectives. Thus, in hospitals, employee actions which are threats to the delivery of quality patient care receive greater control response than those which violate a broader social rule which do not directly jeopardize this central organizing value. Employees throughout the hospital organizations showed remarkable concensus on this orientation. Likewise in manufacturing those actions which directly interfere 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. Thus, management attention to property and production deviance is generally subordinate to many other (more production-oriented) activities which reflect the dominant values and goals of the organization.

The resultant effect on the prevalence of employee deviance from competing organizational goals can be seen clearly in the following example taken from the retail industry. We interviewed a retail department store supervisor who allowed productive salespersons to take property and time as an informal reward for improving the sales performance of the supervisor's

department. Incompetent sales clerks were "turned in" to management for minor rule violations (including employee theft) to rid them from the department. In other words, we found many situations where immediate supervisors "managed" the level of employee deviance in their departments in order to achieve higher priority goals as expressed by the organization. Only when supervisors were also evaluated on the levels of deviance in their departments, did we find lowered incidence of the "management" of unauthorized activities.

In all three industries studied we discovered that in the absence of unambiguous organizational standards of behavior regarding the taking of property and production performance, situational definitions are constructed which reflect the meager policy input from management, the experiences 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

The implications for management policy regarding the above findings are fundamental to any organizational response to 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. 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.

A second major policy implication of the above general finding is the constraint such a situation imposes upon cooperation between internal organizational control operations (i.e., security) and criminal justice 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 will be 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 priorities of the host corporation, the less responsive it is to influence by external social control influences. To the extent that specific work groups, occupations, or organizations vary from broader societal standards in order to reflect more accurately the deviance informally or tactitly allowed in their particular work setting, they must assume the social control consequences of conflicting definitions and reactions. This may in part explain the low level of coordination which currently exists between corporations and the police on employee theft matters.

In this research, we have only slightly opened the door on this scholarly and policy concern. Much more illumination is demanded. For example, we found 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. Occassionally, older workers easily compared different theft levels across different companies in which they had worked. Alternatively, 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 modification of the norms generally held by the broader society in regard to respect for property. Obviously, this is a complex issue of considerable importance.

X. POLICY RECOMMENDATIONS

In the foregoing sections we have outlined the major findings of this research. As a conclusion to this summary we now wish to provide an overview of the policy recommendations which can be inferred from these data regarding the phenomenon of deviance against the formal work organization.

1) Taking property was reported on the self-report survey by about one-third of employees in all three industry sectors studied: retail, hospital, and electronics manufacturing. However, as important is the fact that most employees don't steal. Granted that our data are obviously conservative estimates, we nevertheless feel that this research repudiate the "prophets of doom" who declare "everybody's stealing." These data just don't support any such radical assessments regarding the prevalence of deviance in the organization.

2) Property theft is not the only form of employee deviance which was discovered in the work organization. Statistically, a strong relationship was found between involvement in taking property and participating in a range of other behaviors which might be called production deviance. From the employee interviews and those with management teams, there is persuasive evidence that the circumstances which have been documented to foster the taking of property also prompt production deviance, such as, sloppy workmanship, sickleave abuse, and other counterproductive activities as well. We have for too long viewed employee theft from only a criminal/property theft model. Instead we feel that the theft of company property should be theoretically interpreted as but one of a series of deviant acts against the interests of the work organization. As such, we should not be surprized to observe a "hydraulic effect" in which the "control" of property theft might easily lead to the burgeoning of other acts against the production norms of the organization (e.g., a work slowdown), if the underlying causes of employee deviance have not been addressed.

3) Counter to a great deal of what has been supposed about employee theft, we found that both theft and counterproductive behavior can be best explained by factors germane to the work setting. Although external economic pressure may explain the relatively rare occurrence of embezzlement, when we examined its effect on

employee theft, we could find no significant relationship. Further, when we compared two substantially different metropolitan areas, we found no significant difference in their rates of employee theft in two industry sectors. Even though economic and structural arguments may help to understand street crime, this study could find no corresponding benefit in understanding employee theft. Continuing to search for scapegoat explanations external to the work organization simply confuses our understanding of this essentially workplace phenomenon.

4) More important to companies interested in reducing employee theft and counterproductive behavior is a sensitivity to the perceptions and attitudes of the workforce. 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. The face-to-face employee interviews revealed some dramatic cases of this as well.

   In short, we found that those employees who felt that their employers were genuinely concerned with the workers' best interests reported the least theft and deviance. When employees felt exploited by the company or their supervisors (who represent the company in the eyes of the employees), we were not surprised to find employees most involved in correcting this perception of inequity or injustice by acts against the organization.

5) Of particular concern to employees should be the younger members of the workforce who reported significantly more deviance than their older fellow workers. Not only was their level of dissatisfaction higher, but we also observed that these employees were not much deterred by the typical sanctions of dismissal for employee theft violations. Since the younger employee has much less to risk in terms of wages, status, seniority, pension, career, etc. they apparently are not nearly as threatened by the prospect of losing their jobs as their older co-workers. Since criminal sanctions are rarely used by companies to sanction apprehended thieves, the loss of a job is but a temporary inconvenience.

   Obviously the younger employee is a necessary and desireable member of the workforce. What is essential for companies to understand are the contrary messages they are sending to these employees in failing to treat them as bona fide employees. Typically organizations reserve most perquisites and fringe benefits for the senior employee. As a technique for reducing theft and deviance in the workplace, this policy may be precisely the worst thing that the organization could do. These data suggest that the lower levels of of deviance were found among those employees who perceived a vested, personal interest in the success of the company. In other words, if the employee can internalize the harm or negative impact of the theft, then we

would expect a reluctance to act in a manner detrimental to the organization.

To integrate better the younger (or part-time) employee into the company, even if only for a short period of time, might be quite cost effective in reducing theft, counterproductive behavior, and turnover as well. These fringes might include early incremental wage increases, sickleave, better balanced work hours, increasingly greater supervisory responsibilities, educational scholarships, possibility of promotional and career opportunities, etc. Many younger employees expressed that they experienced no remorse for their deviance in that they perceived their work situation as mutually exploitive. The company was "ripping them off" and they were simply responding in kind.

6) 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.

There is clearly a dilemma here for those concerned about the security of property in an organization. In short, one simply can't nail everything down. Draconian security hardware, such as cameras, one-way glass, mirrors, and the like may be a deterrent to shoplifters, but when directed at employees it tends to convey a message of distrust. Our research suggests that social controls, not physical controls are in the long run the best deterrents to theft and deviance in the organization.

7) Employee questionnaire 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 form whi h 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. However, employee interview data revealed limited awareness of organizational controls.

This limited awareness of organizational policy on theft suggests that firms must pay greater attention to four aspects of policy development:

a) A clear policy regarding theft behavior by employees must be <u>formulated</u> by management. Companies cannot rely on the adequacy or appropriateness of prohibitions regarding theft in the general society.

b) These policies cannot sit on the shelf and collect dust if they are to have the intended deterrent effect. Policy must be continually <u>disseminated</u> to the workforce. The typical "fifteen minutes during new employee orientation is not adequate. In fact, our data suggest that presentations about ethical standards are frequently overwhelmed in pre-employment orientation programs by more immediate and task-related information. Education and training programs must continually reiterate that taking company policy is theft and will be negatively sanctioned. The structure of company operating standards must also relfect the anti-theft policy.

c) More importantly the policies must be <u>utilized</u> to sanction deviant workers when they are detected. The promulgation of false threats probably does more harm than saying nothing about the subject. Further, the policy must be applied to cases of employee theft at all occupational levels on an equal basis. If higher status employees get differential treatment than at lower levels, this will greatly erode the fairness necessary to deter theft.

d) There are two types of deterrence -- specific and general (Gibbs, 1975). Simply by privately sanctioning the specific acts of the apprehended deviant does nothing to deter the many others who may be presently stealing or are considering involvement. To obtain general deterrence these specific sanctions should not occur in a vacuum. <u>Announcing</u> to the workforce (without using names, of course) that a number of employees have been sanctioned for theft will allow the remainder of employees to realistically calculate the risks of getting caught for their deviance.

8) Most typically the sole responsibility for addressing the problem of employee theft is delegated to the security department. This research shows that theft by employees is theoretically unlike other types of theft which take place in the organization. In general, we found that applying the "law enforcement model" to theft does not work very well. For example, assessing previous theft activity outside of the work setting (by using polygraph exams) has little relevance to future workplace behavior. However, checking on one's previous pattern of employment history and dedication to a former employer are probably much better indicators.

We found that the most effective role of security in deterring theft by employees is in communicating the roles that other departments, such as inventory control, finance, and personnel play in implementing the company's policy on theft activity. Further, security departments' experiences with theft cases frequently highlight the critical role played by supervisors. In

short, those firms with least theft were characterized by a pervasive and consistent message from all departments within the organization that theft was not acceptable behavior. The companies experiencing the most theft were those who signaled to employees that they were neither concerned with their property nor their employees.

9) Largely based on employee interviews it would appear that an 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 tacitly "negotiated" with supervisors who "broker" potential deviance as a management resource in pursuit of personal, work group or company interests. Inconsistent and non-existent organization standards permit a large pool of behaviors to be situationally defined into and out of employee deviance categories. Under these conditions which vary by corporation and industry sector, formal control by management retreats in deference to informal definition and control by supervisors and work groups. In short, employee theft and other forms of counterproductive behavior should be understood in its context as a deviant response to the various social and structural conditions within the workplace.

In summary, perhaps the most important policy implication which can be drawn from this study is that theft is in large part a reflection of how management at all levels of the organization 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 exect to find greater involvement. In short, a lowered prevalence of employee theft may be but one characteristic of a management which is responsive to the current perceptions, attitudes, and needs of its work force.

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