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# The Good, the Bad, and the Misguided: How Managers Inadvertently Encourage Deviant Behaviors

by Barrie E. Litzky, Kimberly A. Eddleston, and Deborah L. Kidder\*

## Executive Overview

Recent estimates of the costs associated with deviant behavior in the workplace are staggering. While part of the managerial function requires the establishment of rules and policies that promote good customer service and product consistency, managers who lead with a firm hand or place too much pressure on sales quotas, may be unknowingly contributing to their employees' deviant behaviors. Managers must learn to identify the role that they play in triggering employee deviance. Once recognized, there is much that managers can do to ameliorate the triggers that encourage otherwise honest employees to engage in deviant behavior.

*"I wouldn't say what I did was unethical. Rather, it was more, say, questionable. But hey, my manager says, 'The customer is always right.' So basically, I was following her orders."*

*"Come on – everybody does it. It's almost expected. I bet even my manager did it when he had my job."*

*"Considering how much money I bring into this place, I deserve it. They should be paying me more anyway."*

Managers often face employees like these who try to justify their actions after being caught behaving inappropriately. Some managers may terminate these employees in an attempt to rid the organization of such unscrupulous individuals. But personality alone is a rather poor predictor of deviant behavior.<sup>1</sup> In fact, 60 percent of all employees engage in theft: 30 percent when presented with an opportunity to steal and 30 percent when they have found a way to steal after actively searching for an opportunity.<sup>2</sup> Furthermore, in a national poll from the late 1990s, 48 percent of workers admitted to cutting corners on quality control, covering up incidents, abusing or lying about sick days, lying to or deceiving customers, cheating on expense accounts, and paying or accepting kickbacks.<sup>3</sup> Deviant behavior is as much a function of the norms of the workplace and managerial leadership as it is an individual personality

trait or propensity.<sup>4</sup> Even inherently honest employees can be pushed to behave inappropriately if they perceive their work environment as unjust, or if they feel that management has treated them poorly.<sup>5</sup> As such, managers can sometimes create an environment in which they unknowingly contribute to their employees' deviant acts.

Managers should consider it a warning when they repeatedly witness the same deviant behaviors even with different people in the positions involved.<sup>6</sup> It remains the job of managers to create an ethical climate that keeps normally honest employees from performing dishonest behaviors. Top management sets the ethical tone for the organization and it is through management leadership that employee honesty can be most effectively and immediately achieved.<sup>7</sup> Creating an ethical climate and being aware of how managers' actions may encourage employees' deviant behavior is an especially important topic given that the recent rash of corporate scandals has left employees, customers, investors and the general public feeling wary and distrustful of business in general.

Employee deviant behavior—which includes theft, abuse of privileges, and lack of regard for cost control or quality—costs businesses more

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than \$20 billion each year and causes 30 percent of all business failures.<sup>8</sup> Furthermore, fraudulent behavior costs the average U.S. business 6 percent of its annual revenues.<sup>9</sup> Other negative repercussions from deviant behavior include lawsuits, fines, productivity losses, and loss of reputation.<sup>10</sup> With the costs of deviant behavior so high and such a small percentage ever being detected by their organizations, it is imperative that individuals understand the connection between the managers' role and the employees' decisions to engage in deviant behaviors.<sup>11</sup>

In this paper, we offer a conceptual framework to aid in the understanding of some of the causes, types, and implications of workplace deviance (See Figure 1). We begin with a discussion of workplace deviance using a well-known typology generally accepted by deviance scholars.<sup>12</sup> Next, we describe the managerial triggers that may inadvertently cause employees to engage in workplace deviance and illustrate incidents of deviance using examples from a number of professions and industries. Drawing on the research findings of deviance scholars, we present resolutions for eliminating workplace deviance. We conclude by identifying some areas for future exploration.

### Types of Workplace Deviance

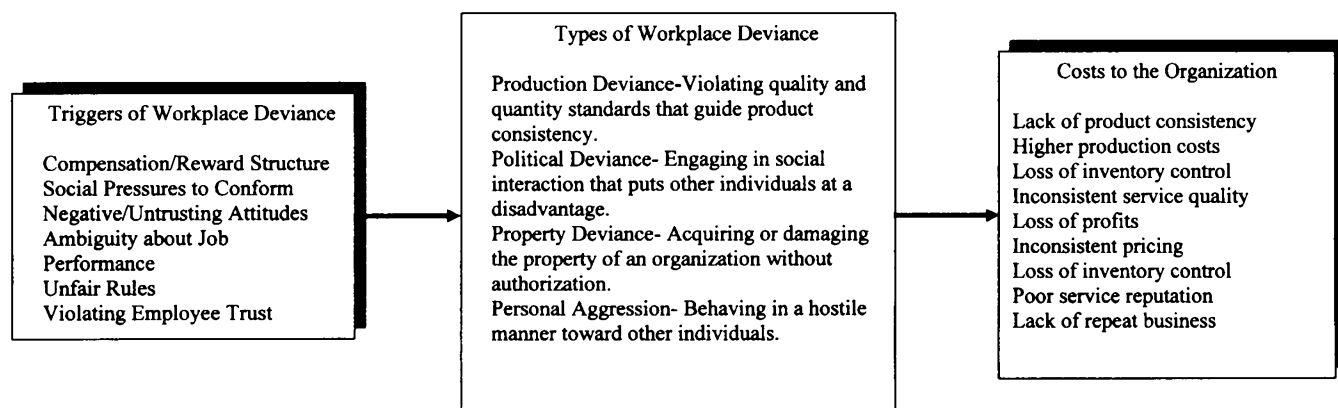
The body of knowledge on workplace deviance has grown considerably over the last twenty-five years. Numerous scientific studies have revealed a large number of organizational phenomena which can generally be described as de-

viance including: theft, misconduct, rule-breaking, counterproductive behavior, organizational misbehavior, and dysfunctional behavior. In this paper, we adopt Robinson and Bennett's definition and typology of workplace deviance. That is, employee deviance is a voluntary behavior that violates the norms of an organization, which may ultimately threaten the well-being of the organization, its employees, or both.<sup>13</sup> The four types of workplace deviance are production deviance, political deviance, property deviance, and personal aggression.<sup>14</sup>

Production deviance occurs when employees violate the standards of quality and quantity when producing a good or service. Although considered a minor form of deviance, production deviance may be quite costly to an organization, since a loss of control over production standards may inflate production costs and chip away at inventory control. Examples of production deviance include wasting resources, setting unrealistic expectations regarding product performance, or intentionally working slowly.

Political deviance occurs when employees exhibit favoritism for certain stakeholders (e.g., customers, co-workers, suppliers) thus placing others at a disadvantage. Political deviance may include undercharging preferred customers, compromising company secrets, and gossiping. Such favoritism may generate costs to the organization that result from inconsistent service quality, dissatisfaction, and perceptions of unfairness.

Property deviance involves the acquisition or



**Figure 1**  
**Causes and Costs of Workplace Deviance**

destruction of company property without company approval. Employees may engage in property deviance by stealing products, padding expense accounts, or expending sales support resources on unqualified customer prospects. The unauthorized acquisition, or theft, of inventory and other resources has obvious negative effects on an organization's bottom line.

Finally, personal aggression involves hostile or aggressive behavior. This form of deviance can harm an organization's reputation and have serious negative consequences for the targeted individuals. Personal aggression includes various types of intimidation tactics such as sexual harassment, verbal abuse, and threats of physical harm.

Robinson and Bennett have classified these four categories of deviant behaviors along two dimensions. The first dimension deals with the seriousness of the offense while the second dimension focuses on the target of the deviant behavior. Concerning the first dimension, both production deviance and political deviance are considered minor in comparison to property deviance and personal aggression, which are labeled as serious in the typology. With regard to the target of the deviant behavior, production deviance and property deviance are seen as acts directed against the organization, while political deviance and personal aggression are categorized as being directed toward specific individuals. As such, this typology demonstrates that deviant behaviors come in a range of severity as well as a range of targets. These four categories encompass a wide variety of behaviors that managers may face in the workplace. We now turn to a discussion of the relationship between managerial actions and employee deviant behaviors.

### How Managers Trigger Employee Deviant Behaviors

It is important to note that *beyond* the actions of managers there are several reasons why employees engage in deviant behaviors. Poor working conditions as well as times of organizational change increase the reported incidences of deviant behavior.<sup>15</sup> Research has also found that certain personality traits (i.e., low conscientiousness,

low emotional stability, low agreeableness, cynicism, and external locus of control), as well as the presence of external financial pressures and age, can help predict deviant behavior.<sup>16</sup> Personality and integrity tests used during the selection process can partially control for individual differences associated with deviance.<sup>17</sup> It is important to note, however, that only about 12 percent of workers who commit fraudulent acts have a previous conviction. Therefore, honest employees seem to commit most deviant acts,<sup>18</sup> and personality and background checks are limited in their ability to ward off employee deviance.

Instead, the most accurate predictions of deviant behavior can be made by taking into account the personality traits of the employee as well as the organizational environment in which he or she works.<sup>19</sup> However, given that the majority of individuals caught committing the most serious deviant acts are first-time offenders and so few deviant acts are ever detected, it is imperative that managers understand the role they play in predicting workplace deviance.<sup>20</sup> Learning why good apples in bad barrels turn sour may help managers to rethink their leadership styles and motivation techniques in an effort to create a more ethical workplace.<sup>21</sup> Based on our own research as well as a review of the deviance literature, next we discuss six factors that are under managers' control that may inadvertently encourage employees to engage in deviant behaviors. They are: 1) the compensation/reward structure; 2) social pressures to conform; 3) negative and untrusting attitudes; 4) ambiguity about job performance; 5) unfair treatment; and 6) violating employee trust.

#### Compensation / Reward Structure

Depending upon their design, compensation and reward systems can encourage employees to engage in deviant behaviors. Competition for rewards can cause employees to look out only for themselves and to believe that unscrupulous behavior is necessary in order to get ahead of coworkers.<sup>22</sup> Having employees' compensation partially depend upon commissions or gratuities increases the employees' identification with customers, which can trigger deviant acts that employees can rationalize under the guise of meeting

sales quotas and customer satisfaction. Research has uncovered numerous examples of the connection between commissions and/or gratuities and workplace deviance. Studies of individuals in sales positions in a variety of industries (e.g., automobiles, real estate, insurance, and financial services), whose income was 80 to 100 percent based on commission, found evidence of workplace deviance, including undercharging for services, lying about meeting quotas, and padding expense accounts.<sup>23</sup> For example, in the early 1990s, Sears Automotive switched its incentive system from salary and hourly pay to a commission-based system through which service managers and mechanics were paid for the number of parts sold and the number of repairs completed. As a response to meeting these financial pressures, employees engaged in production deviance by overselling repair services and rushing through repairs, which resulted in shoddy work.<sup>24</sup> Similarly, in a study of bartenders, an occupation that heavily relies upon gratuities for income, regular customers were particularly able to encourage deviant acts including receiving free drinks and food (property deviance) and preferential service (political deviance).<sup>25</sup>

Since the general purpose of commission or gratuity-based reward systems is to encourage employees to sell a high level of products or services and to strive for high quality customer service and satisfaction, the consequences of engaging in deviant behaviors in an effort to make a sale and satisfy the customer can be financially rewarding for the worker. While financial gain may operate as a strong motive for individuals to engage in workplace deviance, self-interest alone does not appear to motivate honest employees to behave dishonestly. It is the link between sales or customer satisfaction and financial rewards that provides a context for commissioned- and gratuity-based employees to rationalize deviant behaviors.

### Social Pressures to Conform

Social influence theories suggest that both small group (e.g., teams, co-workers) and large group (e.g., organizational) norms influence a variety of employee behaviors including conformity, decision-making quality, and work performance.<sup>26</sup> Group norm conformity is influenced by an indi-

vidual's desire for acceptance, cohesiveness among the group members, rewards associated with conformity, and, alternatively, punishments associated with non-conformity.<sup>27</sup> Thus, workplace deviance may occur when managers engage in, or tolerate deviant behavior, and/or when managers create an organizational climate that allows employees to put undue pressure on newcomers to conform to group norms.<sup>28</sup>

When members of a workgroup deem deviant behaviors acceptable, new employees are conditioned to conduct business in a manner that perpetuates the deviant, but accepted behaviors.<sup>29</sup> Cheating on sales was so institutionalized among sales representatives at one organization that they created shorthand names for their tactics. For example, to meet sales quotas for average dollars spent per order, sales representatives would make *silent sales* by adding extra items to a customer's order. Most often the customers discovered the silent sales and returned them, to be restocked them at the company's expense. Of an estimated \$130 million in sales, approximately \$7.5 million was due to these fraudulent silent sales.<sup>30</sup>

In a study of bartenders, senior employees taught new employees to ignore certain rules so that tips could be increased.<sup>31</sup> For instance, at one establishment the bartenders decided as a group at the end of each shift how much tip money to report for tax purposes. Since tips were pooled, it was imperative that they all report the same amount, and it was usually considerably less than the actual amount of money that was earned (political deviance). New bartenders were taught this deviant group practice on their very first work shift. As such, the pressure that employees feel to conform to the norms of the work group can trigger and perpetuate a cycle of deviant behavior.

Furthermore, individuals may feel direct pressure from their managers to conform to departmental or organizational norms. Research on theft (property deviance) indicates that managers often play a role in their employees' deviant behavior.<sup>32</sup> If a supervisor engages in property deviance, he or she is role-modeling for employees, allowing them to rationalize their own deviant behaviors. More often, managers either condone or turn a blind eye to minor offenses of property deviance. For exam-

ple, sometimes managers ignore certain dishonest acts, such as the taking of small amounts of office supplies, because they do not want to hurt their employees' morale or productivity.<sup>33</sup> Inconsistency in reprimanding questionable behavior can inadvertently demonstrate a tolerance for deviant behavior in the workplace. It also encourages the rule-abiding employees to copy the deviant acts.<sup>34</sup>

### **Negative and Untrusting Attitudes**

Some managers believe that employees cannot be trusted to behave ethically or in the best interest of the organization, and that they must control employees in order to get them to behave appropriately. Agency theory helps explain this attitude.<sup>35</sup> Agency theory argues that the goals of employees are different from the goals of the company owners. Assuming that employees are rational self-interested individuals, agency theory predicts that employees will be motivated to pursue their own interests, which may lead to deviant behavior when personal interests conflict with organizational interests. Therefore, employees need to be monitored closely to prevent any deviant behaviors from occurring. The tenets of agency theory are widely held by many managers and management researchers.

The problem with holding this negative attitude toward employees is that it may be counterproductive. When managers expect the worst from their employees, it often becomes a self-fulfilling prophecy when the employees then live down to managers' expectations. Employees, who feel that they are not trusted, will often act out negatively in an effort to retaliate.<sup>36</sup> Research provides many examples of retaliatory behaviors in response to untrusting managers, ranging from stealing (property deviance) or purposefully slowing down production (production deviance) to instances of personal aggression towards management including threats and insults.<sup>37</sup> For instance, when some employees who were not receiving bonuses learned about their company's secret profit-sharing program that included 30 to 40 percent of employees, they threatened to quit the company and to go work for competitors.<sup>38</sup> At the extreme, there are numerous reports in the popular press that describe how employees who felt

betrayed by their managers arrived at work one day with a gun to seek revenge against their superiors and their organizations.<sup>39</sup> Such examples underscore the importance of establishing trusting attitudes toward employees, which are more likely to result in positive relationships between managers and subordinates, and employee actions that are aligned with the organization.<sup>40</sup>

### **Ambiguity about Job Performance**

Role ambiguity implies a lack of information about a particular role and subsequent uncertainty regarding the expectations associated with the role.<sup>41</sup> Individuals may feel ambiguity about how their roles are defined, what their responsibilities are, and what the expectations of behavior are in certain situations. Role ambiguity can create a host of negative job responses including turnover, low job performance, stress, and different manifestations of deviance, and it is particularly salient for individuals who are spanning multiple roles at once.<sup>42</sup>

Research suggests that individuals in boundary-spanning roles (e.g., who bridge the gap between an organization and its customers) are particularly susceptible to role ambiguity.<sup>43</sup> Salespeople, customer service representatives, accountants, management consultants, financial services, and insurance professionals are all boundary-spanners. When managers pressure their employees to maximize sales or to do whatever it takes to satisfy the client, they may be contributing to job performance ambiguity. In response, employees may believe that if engaging in deviant activities helps the business, managers will condone it and even expect it.<sup>44</sup>

Job performance ambiguity exists for boundary spanning employees when the wishes of the customers stand in direct conflict with management policies. In these situations, employees must often choose to either satisfy customers' requests or abide by managements' rules. Unclear expectations about how to maximize sales or how far employees should go to satisfy customers, makes their job roles even more ambiguous. For example, if a salesperson can talk a customer into buying an \$8,000 copier rather than one that sells for \$4,200, they will get a pat on the back.<sup>45</sup> While

such behavior may satisfy a manager's sales requirements, the customer's best interest to receive the most appropriate sales and product advice is certainly not being served.

Ambiguity about job performance can also lead to political deviance whereby a customer receives preferential treatment at the expense of management and/or other customers. Bus drivers often complain that they feel pressure from customers to stop between bus stops, to deviate from their official route to bring a customer closer to his or her destination, and to allow customers to ride the bus when they have forgotten their bus pass or money. While such actions are against management policies, the bus drivers also understand that their customers perceive the breaking of such rules as good service.<sup>46</sup> Ambiguity in the absence of workplace policies can also create an opportunity for deviant behavior. Research has documented instances of restaurant employees eating leftover food and manufacturing workers taking home scrap materials, as examples of property deviance that occurred in situations where there was ambiguity regarding who had ownership of these products.<sup>47</sup>

### Unfair Treatment

Managers often establish rules to increase efficiency, create consistency in service quality, and aid in monitoring employee behavior. If employees perceive these rules as unjust, particularly if the rules hamper their abilities to do their jobs, then they are likely to ignore the rules. Similar to the quandary associated with ambiguity about job performance, when employees feel caught between a rock and a hard place because workplace policies or procedures are preventing them from satisfying their customers, they will most often break the rules to do so.<sup>48</sup> Production and property deviance are common responses to unfair rules and perceptions of injustice.<sup>49</sup> Interviews with waitresses, department store clerks, and hotel staff have consistently identified unfair treatment as a primary impetus for theft.<sup>50</sup> One hotel worker suggested that deviant behavior was a legitimate and reasonable reaction to unfair treatment by management by explaining that, "It's perfectly normal to rile against some of the s\*\*t that hap-

pens. Managers have always asked for more than's fair and customers have always wanted something for nothing. Getting back at them is natural."<sup>51</sup>

There is also considerable research indicating that unfair treatment (from the employee's perspective) is a significant determinant of deviant behavior.<sup>52</sup> When employees feel that they have been treated unfairly, these feelings often lead to a desire for retaliation or some other negative behavior to restore the balance or get even. Reactions to unfair rules and procedures can include manifestations of production deviance such as restriction of output to instances of personal aggression like bullying and harassment.<sup>53</sup>

### Violating Employee Trust

Many deviant acts are provoked by a specific event, such as inequitable or unjust treatment, and are directed toward the parties to blame.<sup>54</sup> In an effort to restore dignity, employees retaliate or punish the offender even if they are not likely to benefit directly from the deviant behavior.<sup>55</sup> Furthermore, it is when employees feel that their trust has been violated that the deviant acts tend to be the most severe.<sup>56</sup>

Research indicates that some of the worst cases of deviance occur when managers severely reprimand employees in front of their customers or peers. In such instances, trust between the managers and subordinates is broken, and collegiality that once existed diminishes. Findings from a study of service employees suggest that aside from the embarrassment of being scolded publicly, the employees felt that their managers did not trust them to do their jobs properly. In these types of situations, one of the most common responses by the employees was for them to do exactly what the managers told them not to do once the manager left the room. This type of behavior was often accompanied with much gusto, so that other employees and on-looking customers could play party to the unacceptable act.<sup>57</sup>

Employees who feel that they have a positive, trusting relationship with their manager have more extreme negative reactions to a violation of trust than do employees who do not have a trusting relationship in the first place.<sup>58</sup> Their negative reactions are likely to be much stronger and more

likely to include anger and other negative emotions.<sup>59</sup> Thus, trust is a double-edged sword: the presence of trust can enhance the relationship and increase performance but may also lead to more severe deviant behaviors when violated.

Research suggests that each of the triggers discussed above (or worse, a combination of multiple triggers) is likely to increase the occurrence of deviant behaviors in the workplace. Because managers have control over these behaviors and attitudes, there are ways to avoid them. We now turn to a discussion of the major strategies for minimizing managers' triggering of employee deviant behavior.

### **Managerial Strategies for Reducing Workplace Deviance**

The organizational consequences of workplace deviance are astounding. Recent financial estimates approximate various forms of workplace deviance annually to be in the billions.<sup>60</sup> The severe consequences of deviant behavior require that managers recognize the systemic triggers of workplace deviance, and work towards eliminating their effects. The following discussion highlights strategies suggested by experts in workplace deviance that managers can use to help resolve the effects of the six triggers of workplace deviance in their organizations. Generally speaking, the managerial triggers identified earlier are offset or preempted by an ethical organizational climate, which is fostered by trusting relationships between managers and subordinates, and in which the employees perceive the rules and rewards as fair and just.

#### **Create an Ethical Climate**

Climate refers to the durable features of an organizational environment that is experienced by its members, that influences their behavior, and that can be described in terms of the quality of a particular set of attributes.<sup>61</sup> Most climate scholars agree that organizational climate encompasses both organizational dimensions (e.g., structure, responsibility, reward, support, standards) and individual reactions to those dimensions.<sup>62</sup>

Employees' perceptions of their organization's climate can influence their tendencies to behave

ethically. Managers cannot ignore deviant employee behavior because it perpetuates a cycle of rule-breaking that sets a tone for deviant behavior in organizations.<sup>63</sup> Climates with a strong emphasis on ethical behavior tend to encounter less deviant behavior.<sup>64</sup> Developing an ethical climate in organizations is particularly vital in the current service economy, where employee performance and pay are often tied to sales and customer satisfaction, and organizations strive to create customer-oriented cultures. For example, a study of commission-paid financial service agents found that agents working in an organization that highly emphasized ethical practices were less likely to withhold information from clients in order to secure sales.<sup>65</sup> As such, employees who believe that their organizations are honest and caring are more likely to perceive a positive connection between ethical behavior and success.<sup>66</sup>

Research suggests that managers' behavior influences employee ethical decision-making.<sup>67</sup> Managers at all levels of the organization need to model ethical behavior if it is to permeate the ranks of an organization, and they must take a firm stance against deviant behavior if they expect the same from their employees.<sup>68</sup> When managers set an example by behaving ethically, honest employees are much less likely to feel tempted or pressured to engage in deviant acts.<sup>69</sup> However, the opposite is also true. An employee caught embezzling money from her company explained that, since the company president took money from petty cash, used company postage for personal mail, and had company employees do domestic work for him, she thought that her behavior was perfectly acceptable.<sup>70</sup>

Explaining organizational goals can help to foster an ethical climate and help to preempt or counter the temptation of employees to engage in workplace deviance.<sup>71</sup> Managers must help employees to recognize that hurting the organization in any way will negatively affect them in the long run. Managers should make employees aware of the costs associated with production and property deviance, and how these types of indiscretions chip away at organizations' profits. For example, research on theft suggests that publicly posting theft rates will make employees aware of the mag-



nitude of the problem and the total costs to the organization.<sup>72</sup> Managers can also involve employees in formally defining theft, which will help to clarify the boundaries between suitable and unsuitable behavior. In a study of restaurant employees, one business had quarterly staff meetings where they discussed appropriate responses to both routine and unusual customer encounters and requests. Employees at this establishment helped create guidelines on when and how to compensate customers for poor service, and thus it became clear to them when it was appropriate to offer a customer a complimentary product or sample. When employees are explicitly aware of what constitutes theft, and what the costs of stealing are to the organization, it will deter them from rationalizing their deviant behaviors.<sup>73</sup>

### **Build Trusting Relationships**

An ethical organizational climate is achieved by fostering relationships based upon mutual respect and trust. Trusting relationships between managers and subordinates can develop through the establishment of a relational psychological contract. Psychological contracts are implicit agreements that employees develop with their employers.<sup>74</sup> Psychological contracts can range from being transactional (short-term, minimal expectations, no trust) to relational. Relational psychological contracts involve personal and long-term commitments between two parties, and are largely trust-based.<sup>75</sup> The type of psychological contract that managers develop with their employees will influence the attitudes and behaviors of their employees. As long as employees view their employers' trust as reciprocal, relational psychological contracts are likely to lead to high levels of involvement and commitment by employees.<sup>76</sup> Management styles that reflect high levels of trust and low levels of regulation encourage employees to behave responsibly.<sup>77</sup> Indeed, a large study on ethical violations found that the best way to curb deviant behavior was through better communication, open dialogue, and serious commitment by management to address workplace deviance.<sup>78</sup>

However, sometimes managers implement monitoring or surveillance systems in response to workplace deviance. While there are situations in

which monitoring systems may help curtail instances of workplace deviance, they must be carefully implemented because monitoring systems are indicative of low levels of trust and can have a counterproductive effect on efficiency.<sup>79</sup> In general, strategies of coercion produce distrust, low levels of satisfaction, and prove harmful to relationships between managers and employees.<sup>80</sup> Rather than coercing employees into behaving in an acceptable fashion, empowering employees with decision-making authority may help to build trust and reduce incidences of deviant behavior.<sup>81</sup>

In situations where employees have psychological contracts with both the organization *and* with their customers, property and production deviance is mostly committed in an attempt to please customers.<sup>82</sup> Empowering employees to reward their customers through legitimate means may counteract their need to service the customer in ways that violate management rules. Research has shown that providing employees with special privileges regarding access to products and services (e.g., discounts, free samples) can help to reduce incidences of theft.<sup>83</sup> By extension, employees can be empowered to reward customers for their patronage through such means as offering discounts for high revenue customers or offering free product samples to the most loyal customers. In a study that examined the relational psychological contracts of service employees, bartenders referred to the concept of a "comp" check, which is a budget for free food and drinks to give away at their discretion. This is similar to expense accounts which salespeople use to treat their customers to outings and meals. Surprisingly few establishments use such procedures. However, when individuals had the capacity to reward customers within a certain limit, they seemed less inclined to exceed that limit. Some employees even reported that they rarely used all of the "comp" check amounts allotted to them.<sup>84</sup> Therefore, if managers hope to see their employees act appropriately, they must develop trusting relationships with them from the start.

Managers who earn employee trust very early in the relationship are likely to retain that trust.<sup>85</sup> Managers can reduce the incidence of a perceived trust violation by having explicit discussions

about reciprocal obligations with employees, particularly when the employees are new to the organization.<sup>86</sup> Managers should refrain from making promises that they may be forced to renege on. Employees should also receive explanations for decisions that affect them. As a result, employees will be more likely to maintain the trust they have in their managers and less likely to feel the need to retaliate when decisions are made. Managers who build trusting relationships with their employees may also foster feelings of belonging and loyalty among them, which helps to promote ethical conduct.<sup>87</sup> As a result, managers who are trustworthy and demonstrate a caring attitude toward employees should be less likely to encounter unscrupulous employee behavior.

### **Rules, Rewards, and Punishments**

Policies and procedures that guide employee behavior are indicative of an organization's climate. Role modeling theories tell us that individuals are likely to engage in behaviors that maximize rewards and minimize reprisal; therefore, compensation and discipline systems should be set up to reward appropriate and punish inappropriate behavior. Furthermore, since employees often react to unfairness or injustice by engaging in workplace deviance, not only must the allocation of rewards and punishments be fair, but the methods through which rewards and punishments are determined must also be fair.<sup>88</sup>

While goal setting is a time-tested strategy for motivating and rewarding workers, it must be enacted carefully so as not to encourage deviant behavior. Because attaining a goal gives individuals a sense of psychological success, research shows that individuals who fall just short of their goals are likely to lie about having met the goal.<sup>89</sup> For goal-setting to encourage appropriate behavior, goals should be measurable and attainable. When employees participate in the goal-setting process, they become aware of expectations. Long-term goals are less likely to encourage deviant acts, because they tend to reflect overall organizational goals more than short-term goals.<sup>90</sup>

Managers should evaluate performance with a rating system that solicits input from the employee (self-appraisal) as well as other actors (e.g., co-

workers, clients, vendors).<sup>91</sup> Rewards, such as bonuses and raises, should then be based upon performance ratings. Performance evaluation systems must also be consistent in terms of the application of standards for all employees.<sup>92</sup> Ignoring the questionable acts of an otherwise "star" employee simply encourages others to act unscrupulously to get ahead. Similarly, only rewarding end results with no regard for how they were achieved perpetuates a situation in which employees have little regard for the ethical nature of the process and only focus on making the sale or persuading the client in any way they can.<sup>93</sup> Individuals are less likely to engage in workplace deviance or unethical behavior when they perceive outcomes to be fairly distributed.<sup>94</sup>

We stated earlier that social pressure to conform is a trigger of deviant behavior; however, social pressure may also be used to encourage ethical behavior. Specifically, team-based rewards may help to reinforce and reward ethical behavior, particularly when the teams are comprised of highly ethical individuals.<sup>95</sup> The downside, however, is that sometimes teams possess deviant subcultures, which undermine or take precedence over formal organizational rules and regulations.<sup>96</sup> These cliques might provide the social support that allows employees to engage in workplace deviance while at the same time avoiding the stigmatization and guilt that often accompanies misconduct. In such cases it is often necessary to break up the troublesome team. Transfers, reassigning work teams, and sometimes the dismissal of one or more of the deviant employees are usually solutions to the problem.<sup>97</sup> Rotating team membership is also a way to prevent deviant subcultures from forming. When employees are rotated so that they do not work with the same people or on the same projects all of the time, they are unable to develop subcultures that support deviant behavior.

When punishment is necessary, fair and explicit disciplinary policies can help to counter the effects of workplace deviance.<sup>98</sup> Policies of ethical conduct must be explicitly communicated and understood, and punishments for infractions must match the seriousness of the offense committed. Additionally, similar behaviors must be punished

similarly.<sup>99</sup> For example, violations of product consistency or showing favoritism to certain clients should result in similar punishments with the appropriate level of severity, such as a written warning and/or some retraining. An incident of personal aggression, however, will most likely require specialized behavior modification training or even termination. Training in social skills, conflict management, interpersonal communication, and stress management has effectively reduced instances of personal aggression.<sup>100</sup> Employees must be made aware of the expectations of conduct in the organization and what behaviors managers regard as deviant. If disciplinary actions are necessary, they should be fair, consistent, and timely.

### Conclusion

Research indicates that, aside from personality traits or environmental factors beyond managerial control, six triggers may inadvertently encourage otherwise honest employees to engage in production, property, or political deviance—and perhaps even instances of personal aggression. These managerial triggers of deviant behavior include: 1) the compensation/reward structure; 2) social pressures to conform; 3) negative and untrusting attitudes; 4) ambiguity about job performance; 5) unfair treatment; and 6) violating employee trust. Experts on workplace deviance suggest that there is much that managers can do to ameliorate the triggers of workplace deviance. These strategies include building an ethical corporate climate, fostering relationships based upon mutual trust and respect, and implementing rules and reward systems based upon principles of equity and justice.

Ongoing scholarly research continues to augment our knowledge of the causes, consequences, and resolutions of workplace deviance in a variety of settings. However, there are still several questions left unanswered about workplace deviance. For example, to what degree do certain personality traits override fair treatment by management to such an extent that the employee is simply a “hopeless case?” And how does this “bad apple” psychologically impact his or her peers and supervisors? Does his or her bad behavior “sour the

bunch”?

How does it create problems with morale, job performance, and turnover among fellow employees?

While the popular press has devoted a significant amount of time and energy to reports of ethical misconduct among top corporate executives, deviance scholars have yet to explore how deviant behaviors at the executive level are similar or different from employee deviant behaviors. Research indicates that fraudulent behaviors by executives cause a median loss of \$900,000 per incident, which is 14 times higher than the average loss caused by employees.<sup>101</sup> Similarly, the focus in the deviance literature has been on non-supervisory employees. Managers below the top executive level also may engage in a variety of deviant behaviors, which may or may not be neatly categorized into one of Robinson and Bennett’s four categories. Further, the categorization of some behaviors as deviant is not always clear-cut.<sup>102</sup> The definition of deviant behaviors adopted by most deviance scholars focuses on harmful behaviors *from the viewpoint of managers*. Using that definition, whistle-blowing would be defined as a deviant act, although society may disagree with that classification.<sup>103</sup> What about when an employee, against company rules, offers an unhappy customer a free product or service to regain that customer’s loyalty and pleasure? In certain circumstances can a deviant act be considered a constructive and pro-organizational behavior?

As one can see, managements’ job to curtail deviant behavior is not an easy one. The increasingly competitive business environment often forces managers to put more pressure on individual performance and customer satisfaction. In so doing, they often inadvertently encourage deviant behaviors by pushing employees to meet sales quotas, conform to group norms, and perform ambiguous job duties. However, as we have shown, there is much that managers can do to minimize employee deviance. Preventing deviant behaviors from cropping up is the most cost-effective way to deal with employee deviance.<sup>104</sup> Managers who create an ethical climate, treat their employees with trust and respect, and adopt fair workplace rules along with policies concerning rewards and

punishments can diminish the occurrence of deviant behaviors in the workplace. By mitigating the triggers that encourage good employees to behave badly, managers can help to limit the occurrence of workplace deviance in their organizations.

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