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# Workplace Theft: A Proposed Model and Research Agenda

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Lucy A. McClurg and Deborah S. Butler

Agreement is widespread that theft in the workplace is a serious problem (Greenberg, 2002, Weber, Kurke & Pentico, 2003). While employee theft has always been costly to businesses, the enhanced security climate in more recent times has made this topic more important than ever. While a great deal is known about individual and situational factors associated with employee theft, prior research has failed to develop and test a comprehensive model of workplace theft. Many of the studies dealing

with employee theft have examined only a few correlates of employee theft concurrently (e.g., Greenberg, 2002, Weber et al., 2003) rather than including multiple correlates and testing them systematically.

Robinson and Bennett (1995) called for additional research attention to activities concerning deviant workplace behaviors. They pointed out that while the understanding of prosocial (positive) employee behaviors such as organizational citizenship is fairly comprehensive, the understanding of deviant behavior is less. The purpose of this research is to build a more comprehensive model of one type of deviant workplace behavior, workplace theft, by extending prior research to include additional variables that may help us to better understand and control employee theft. The authors' contention is that theft in the workplace is a much more complex issue than previously treated in the literature and that the research area may

benefit from findings in related areas of investigation.

## **A Review of the Workplace Theft Literature**

Research on antecedents and other correlates of employee theft have focused on two broad categories of factors: individual (personality) factors and situational factors. Both are important and have practical implications for businesses. Organizations can test for individual characteristics associated with low theft activity by using selection and detection devices such as information on applications, the polygraph, honesty tests, and references (Murphy, 1993). Individual factors are variables that employers largely cannot control; employers may only be able to react to them. Situational factors (strong policies about theft, safeguards, etc.) are much more under control of employers.

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### **Individual Factors Associated with Employee Theft**

The propensity for employees to steal seems to be related to the individual's need, opportunity, skills, and attitude toward committing an illegal act (Murphy, 1993). Some employees seem to steal simply for the thrill of it (Latham, 2001). Others steal for other employees (Osland, 1997), perhaps due to peer pressure. Research shows consistently that employees who have fewer stakes in the organization are more likely to steal. This lack of commitment has been measured in various ways: turnover intentions (Frazee, 1996; Thomas, Walper, Scott, & Jones, 2001), affective organizational commitment (Sims, 2002); part time rather than fulltime (Flynn, 1995), and tenure (Sims, 2002).

The way in which the employee conforms to the attitudes and behaviors of the work group also plays a significant role in workplace theft. When exposed to a work group that condones theft, a worker who feels strong identification with the group will be more likely to steal (Murphy, 1992). Sims (2002) partially explained workplace dishonesty using Social Bonding Theory (Hirschi, 1969). The greater the social bond in a group, the greater the likelihood of conforming to group norms. Social bonding depends on employees' attachment to workers and

family members, commitment to the property or achievement they value and stand to lose if they do not conform, involvement with positive rather than negative organizational behaviors, and belief in society norms.

Another consistent finding is that workplace theft is closely associated with feelings of mistreatment by the employer (Greenberg & Scott, 1996). One form of mistreatment that has long been identified as a correlate of workplace theft is pay dissatisfaction or perceptions of pay inequity (Greenberg, 1990, Hollinger & Clark, 1983). As equity theory (Adams, 1963) suggests, employees seek to match their actions and efforts with the rewards they receive from their employers. When perceived rewards are less than perceived effort, employees may resort to theft (Murphy, 1993) to make up the difference. Perceptions about distributive justice as operationalized by pay satisfaction (Sims, 2002) are also important in determining not only employee theft but also employee reporting of stealing being done by fellow employees (Victor, Trevino & Shapiro, 1993).

Besides being related to inequities in tangibles received from the employer (particularly pay), inequities in intangibles seem to also play a part in encouraging workplace theft. These intangibles include positive feelings

toward the employer such as job satisfaction and organizational satisfaction (Sims, 2002).

In addition to perceptions about commitment and fairness as described above, research on workplace theft has identified personal characteristics associated with the behavior. The moral development of individuals (Greenberg, 2002) concerning ethical maturity to choose right from wrong in ethical dilemmas was found to be inversely related to theft.

### **Situational Factors Associated with Employee Theft**

Although employees may have a drive or predisposition to steal based on their individual characteristics, the employer situation also plays an important role in whether their motivations are turned into behaviors (Greenberg, 2002). The lower the risk of being caught stealing, the more likely theft is to take place (Murphy, 1993). Employers who increase the likelihood of catching and punishing an employee associated with stealing decrease the theft rate.

Employer actions to discourage theft may take a formal or an informal approach. The presence of a formal ethics program (Greenberg, 2002) was found to be inversely linked with theft. Hollinger and Clark (1983) found that employer deterrence as seen in the

severity and certainty of organizational sanctions against theft was inversely related to theft. Certainly the opportunity for employees to steal, as when organizations set themselves up to be victimized by theft (Greenberg, 2002), is related to the behavior.

Several informal organizational actions to discourage theft have been studied. Those significantly related to stealing by employees include lack of an ethical work climate (Weber et al., 2003), group norms that condone theft (Murphy, 1993), and lack of strong and consistent cues from the organization about the unacceptability of theft (Murphy, 1993). In related research on deviant employee behaviors, Robinson and O'Leary-Kelly (1998) found that coworkers' antisocial behaviors influenced the antisocial behaviors of their peers. This finding suggests that the ethical climate of the smaller work group may be more important than the climate of the larger organization in predicting theft. Thus, the behaviors and norms of the work group as well as the organization as a whole are important components of the ethical work climate affecting theft rates.

Finally, the size and structure of the organization seems to be related to theft. As size increases and degree of supervision decreases, theft increases (Murphy, 1993).

This seems to be related to issues of proximal situations, as discussed by Greenberg (2002), in which workers tend to steal more often in impersonal situations or where the victim is less known by the thief. There may also be a perception that the likelihood of being caught is lower in large organizations.

### **Additional Proposed Correlates of Workplace Theft**

#### **Perceived Organizational Support (POS)**

Prior research on workplace theft attributes the behavior to the interaction among individual and situational variables (Greenberg, 2002), where employers and employees enter into an exchange relationship in which both tangibles (e.g., pay) and intangibles (e.g., satisfaction and commitment) are evaluated by employees for equity. An important construct that describes these exchange relationships is perceived organizational support (POS). POS addresses the perception of fairness where employees exhibit good citizenship toward the organization in exchange for fair treatment by the firm (Moorman, Blakely & Niehoff, 1998). This social exchange relationship is built on a psychological contract (Rousseau, 1995) in which employees feel obligations to the employers for the support

their organizations give them. These obligations may be of an economic (e.g., not stealing) or social nature. POS has been found to be related to organizational commitment and positive behaviors (Shore & Wayne, 1993) and to fulfillment of obligations to the organization (Gakovic & Tetrick, 2003).

Given the construct's ability to predict positive attitudes and outcomes, POS would be expected to play an important role in good citizenship such as refraining from stealing. No studies were found, however, that specifically examined the role of POS in predicting workplace theft. POS may be a better predictor of theft than other attitudinal variables such as satisfaction and commitment because it more directly taps exchange relationships which have been shown to be important correlates of workplace theft.

#### **Equity Sensitivity**

Huseman, Hatfield and Miles (1987) introduced the construct of equity sensitivity as an extension of Adams's (1963) equity theory. Their construct reflects the notion that although individuals may perceive equal degrees of inequity, some will act on the inequity while others will not. Equity sensitivity accounts for some of this variance in action. According to this perspective, people more sensitive to inequity feel more distress and act more readily

to remedy the inequity. "Benevolents" are those who have low levels of inequity sensitivity, feel less distressed, and are thus less likely to act on the inequity. "Entitleds" are the opposite: they are highly sensitive to inequity, feel greater distress, and are moved to action more frequently.

Mudrack and Mason (1999) tested this concept in relation to business ethics. Although benevolents were not consistently more ethical in their attitudes than entitleds, they did seem to be more likely to conform to the wishes of their supervisors. Although those authors did not assess the effect of inequity sensitivity on workplace theft, we propose it will be a significant influence and may moderate the effect of perceived inequity on theft rates. This perspective is consistent with Bandura's (1977) social learning theory where individuals pattern their behaviors after role models in the organization, such as their supervisors.

#### **Pay Inequity and Choice of Referent(s)**

Research reviewed earlier described the strong association between employee theft and pay dissatisfaction. While pay inequity perceptions seem to play a strong role in predicting theft, much remains to be investigated about the specific inequities and how (or whether) they are related to theft. Studies of workplace

theft reviewed earlier used fairly cursory and general measures of pay satisfaction and job satisfaction. No studies were found, however, in which the specific comparison targets of pay inequity were explored.

In a review of the literature on choice of referents, Conner (2003) used social comparison theory (Festinger, 1954) to construct a perspective of equity comparisons. Research in this area indicates that workers compare themselves most often to those most like themselves (at the same level of abilities and duties). Conner concluded that comparisons with proximal referents lead workers to perceive greater inequity.

We propose that the targets of comparisons about pay will have differential effects on workplace theft. Specifically, if workers feel their pay is too low as compared with top management, workplace theft may be expected to be less than if their target is their supervisor. Inequity when coworkers are the most important target for comparison would be expected to result in the highest levels of theft. We propose that the more similar the referent to the employee in terms of type of work, proximity, and level in the organization, the more distressed the employee will be about any perceived inequity. This proposition is consistent with equity theory sensitivity (Huseman, et al.,

1987) and social comparison theory (Festinger, 1954). The proximity and understanding of the outputs and expectations of peers versus those in higher supervisory and management roles allows the employee more access to information about which to make comparisons, thus increasing the odds for perceived inequity. This proposition is also consistent with the findings of Robinson and O'Leary-Kelly (1998) where antisocial activity in the peer group was found to be important in increasing deviant behaviors.

#### **Behaviors of Coworkers**

As presented earlier, research on employee deviant behavior has shown that workers model their behaviors on those of their coworkers or work group members (Robinson & O'Leary-Kelly, 1998). No studies concerning workplace theft were found that specifically examined whether the successful thievery by coworkers or peers influenced other workers' theft rates. Based on prior research and support of work on Social Learning Theory (Bandura, 1977) in which role models have been found to have strong effects on behaviors of members of work groups, the authors propose that the frequency and intensity of theft by coworkers will affect the theft rates of other workers. This proposition reflects also on the ethical work climate discussed earlier.

If thievery is accepted and commonplace, ethical work climate is decreased and theft further encouraged.

### **Workplace Thieves as Entrepreneurs**

The literature on workplace theft discussed earlier reveals the importance of an interaction between the individual and the situation. A very different line of research may provide some insight into additional variables that may be related to workplace theft and the interaction of individual and situational variables in predicting it. Workplace thieves may be seen in a way as entrepreneurs: they operate rather independently to exploit opportunities (Shane & Venkataraman, 2000). The entrepreneurship research, according to Shane and Venkataraman (2000) concerns itself largely with how individuals react to situational factors, particularly why and how some individuals and not others exploit risky opportunities. We believe the same is true with workplace theft. Employees may have individual characteristics and attitudes that motivate them to steal, but not all workers will react to the same situation in the same way. Some will act out their impulses while others may not. The entrepreneurship literature suggests that individual differences will lead individuals to weigh the costs

and benefits of acting on an opportunity, and thus influence the occurrence of the action itself. If potential workplace thieves see the costs of stealing (getting caught and punished) as outweighing the benefits (the tangible or intangible outcomes of taking the property), then the behavior (stealing) will not occur. An expected utility framework can explicitly incorporate the risk preferences of individuals in this evaluation.

Baumol (1990) alludes to the "dark side" of entrepreneurship in his description of historical events and conditions that led to destructive types of entrepreneurship behavior such as tax evasion or organized crime. Although he uses governments or societies as the frame of situational factors, the same conceptualization may extend to workplace thieves: the organization's actions and characteristics influence negative behaviors of its members.

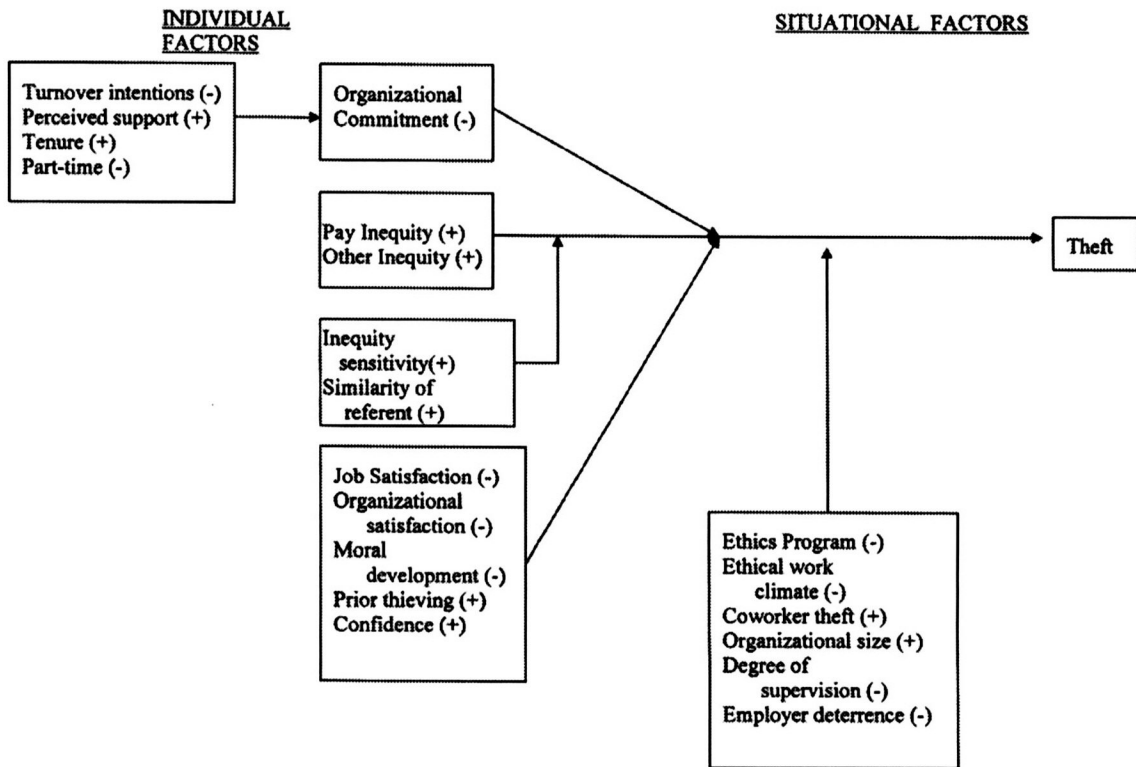
Shane and Venkataraman (2000) reviewed the literature on entrepreneurship and identified several individual variables closely related to opportunity-taking and assessments of risks. Entrepreneurs who have had some prior experience and success with a business opportunity will be more likely to try the new venture. We

believe that workplace thieves who have successfully stolen before (in either a workplace or other situation) will be more likely to do so again. Those authors identified two other characteristics related to opting to act in response to an opportunity: self-efficacy and optimism. The more confident individuals feel that they can successfully exploit an opportunity, the more likely they are to take action, even to the point of overconfidence (Simon & Houghton, 2003) that leads to negative consequences. We propose that workplace thieves will be more confident and have greater optimism about the success of their stealing than those who choose not to steal.

### **A Proposed Model of Workplace Theft**

Taking into account the prior research on workplace theft and the research conducted in related areas, we offer a comprehensive model of employee theft and suggest a research agenda for continuing study. The model improves upon prior research by integrating and synthesizing results of prior work and by introducing some potentially important new variables as antecedents or correlates. The proposed model is shown in Figure 1, with the direction of influences of the variables on subsequent variables indicated.

**Figure 1**  
**Proposed Model of Workplace Theft**



The proposed model follows the general underlying framework for explaining workplace theft suggested by Murphy (1993) as well as the general conceptualization of the study of entrepreneurship as suggested by Shane and Venkataraman (2002). That is, theft occurs when there is both need (motivation and attitudes) and opportunity. Our model treats the individual factors discussed above as those more closely associated with needs and motivation, while the

situational factors as depicted are largely those related to opportunity. We suggest the personal attitudes and perceptions of individual workers are the chief motivation for theft, and these motivations are moderated by situational factors manipulated by the employer, affecting the employee's opportunity to steal. The model is consistent with prior research findings in describing how the variables are related to each other and how they may be related to workplace theft.

The model proposes that turnover intentions, POS, tenure, and job status (full-time v. part-time) will affect the degree of organizational commitment an employee has toward the organization. We suggest that these personal factors operate through commitment, not directly with employee theft. This is consistent with earlier research described above, where Shore and Wayne (1993) found POS to be important in determining affective commitment and

where other studies related to workplace theft explained tenure and job status in terms of feelings of attachment workers had to their organizations.

Organizational commitment, pay and other inequity, job and organizational satisfaction, moral development of workers, prior successful thieving, and confidence are proposed as the individual perceptions and attitudes that are associated with workplace theft. Pay inequity perceptions will be moderated by inequity sensitivity and by the similarity of the referent chosen when making comparisons about pay and fair treatment.

The interaction of the individual forces and the situation are proposed in the model to be in the nature of employer-manipulated factors moderating the effect of the individual factors. The model proposes that the situational variables do not directly influence theft, but rather they moderate the strength of the individual factors. This conceptualization is based on the notion that the opportunity itself does not constitute sufficient grounds for individuals to take action; they must first be motivated to do so. These situational moderator variables affect the worker's opportunity (and somewhat desire) to steal. These variables are presence of an ethics program, an ethical work climate, degree of coworker theft, and the size of

the organization, degree of supervision, and degree of employer deterrence.

The model lends itself to several testable hypotheses. These are listed below, with the relationship of the association noted in parentheses.

- H1:** An employee's turnover intentions (-), perceived organizational support (+), tenure in the organization (+), and status as full-time (+) or part-time (-) will be closely associated with organizational commitment.
- H2:** The organizational commitment (-), job and organizational satisfaction of workers (-), moral development of individuals (-), prior successful thieving (+), and confidence (+) will be associated with workplace theft.
- H3:** Pay and other inequity perceptions (+) will be associated with workplace theft, but its affect will be moderated by inequity sensitivity (+) and similarity of the referent chosen (+).
- H4:** The association between each variable above and theft will be moderated by presence of an ethics program (-), an ethical work

climate (-), degree of coworker theft (+), organizational size (+), degree of supervision (-) and employer deterrence (-).

## Implications

Although workplace theft has long been an extremely costly issue for many organizations, and research has investigated correlates of theft, there has been little attempt to synthesize individual and organizational (situational) variables into a comprehensive model. This paper has presented such a model and a set of propositions for further evaluation and testing. The development of the model and its future testing have valuable practical contributions. Since employee theft is a critical problem in many organizations (Murphy, 1993), any additional understanding of its causes and correlates assists in taking action to decrease theft rates.

The model allows for the importance of both personal and employer variables in predicting theft rates. Thus, employer actions that involve "policing" certain types of individuals (e.g., parttime or low tenure) or using integrity tests to screen out employees likely to steal may not be totally effective if employer actions are not taken as well (e.g., deterrence, ethics program). Understanding the personal factors associated



with theft (part-time status, low tenure) allows employers to better screen and police employees. Given the inherent problems with honesty tests used in screening (Dalton & Metzger, 1993; Murphy, 1993), a broader set of correlates may offer some promise of better targeting of individuals with certain sensitivities and attitudes. For example, more careful screening of over-confident and inequity sensitive workers may help in identifying employees more likely to steal.

It would be tempting to take the knowledge and results of research in the prosocial employee behavior literature (e.g., organizational commitment, organizational citizenship) and “reverse” the findings to predict deviant behaviors such as theft. Our contention is that deviant behavior may be the opposite of prosocial behaviors, but the two constructs are not necessarily predicted by the same variables. While the rewards for prosocial and extra-role (e.g., citizenship) behavior may be somewhat limited, there is no doubt that the risks of deviant behaviors may be considerable, including termination or even jail time if the employee is caught. Thus, the costs of thievery may far outweigh any benefits accruing from good citizenship.

Empirical testing of the model should reveal whether a more complex model such as the one presented here is viable or useful. The model proposed here has taken the

approach of trying to target perceptions and personalities of individuals who engage in workplace theft. An alternative approach to the construction of a workplace theft model is to focus on those employees do choose not to steal. This alternative approach may reveal additional useful variables. We have included research from entrepreneurship and citizenship literature to expand the set of variables associated with workplace theft. It also maybe beneficial for future investigation of the phenomenon to look for some additional variables in other fields that share similarities with workplace theft. For example, the literature reviewed in the present paper has examined work primarily in business-related fields. More investigation of work in fields examining criminal behavior in general could hold promise for a richer and more complete model.

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