

Counterproductive Work Behaviour

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White Paper

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Executive Summary

In this white paper, counterproductive work behaviours will be discussed. The effects of counterproductive behaviours can be detrimental to an organisation. This paper aims to highlight some of the consequences and predictors of counterproductive behaviours.

Key predictors mentioned that can increase counterproductive work behaviour are:

- Personality traits such as low conscientiousness, low emotional stability and low agreeableness,
- Low levels of self control,
- The use of discontinuous incentives
- Outcome based-performance evaluations
- Using only the supervisor's perspective for performance evaluations

Suggested ways to reduce counterproductive behaviours are:

- Use of unstructured interviews in the selection process alongside structured interviews to identify and reduce employees hired who would be likely to engage in counterproductive work behaviours.
- Using integrity tests in the selection process as they can predict an employee's likelihood of engaging in counterproductive work behaviours.
- Using 360° feedback to reduce the information asymmetry between the employee and the employer.
- Using behaviour-based and outcome-based incentive schemes.

Counterproductive work behaviour

Consequences

Within organisations today counterproductive behaviour at work is a huge issue which can have severe consequences. At least 30% of all businesses are believed to fail due to counterproductive work behaviours.¹ The issue of subprime loans, which involves lending to people with poor credit histories, led to the collapse of many finance institutions a few years ago. All it takes is one employee engaging in serious counterproductive work behaviour to have detrimental effects on an organisation. The actions of one person led to the collapse of ENRON. Up to 89% of employees have engaged in counterproductive at work.² Studies have shown that between 35% and 75% of employees have admitted to stealing from their employer,^{2,3} which resulted in over \$50 billion of losses to organisations in the USA each year. This figure is believed to be increasing every year.²

Due to the large potential losses to an organisation from counterproductive behaviour, it is important that counterproductive behaviours in the workplace are not overlooked. Steps need to be taken to reduce the risk of potential loss due to counterproductive behaviours occurring within the workplace.

Definition

Counterproductive work behaviour is any intentional unacceptable behaviour that has the potential to have negative consequences to an organisation and the staff members within that organisation. These behaviours include acts such as theft, calling in sick when you're not sick, fraud, sexual harassment, violence, drug and alcohol use, and inappropriate use of the internet.

Counterproductive behaviours can range in severity from minor offences such as stealing a pen to serious offences such as embezzling millions from an organisation.⁴ They can occur at either the interpersonal level or at an organisational level.⁴ Counterproductive behaviours at the interpersonal level are behaviours that affect the employees within the organisation and include acts such as favouritism, gossip, and harassment. At the organisational level are behaviours directed towards the organisation, these include behaviours such as absenteeism and misuse of the employer's assets.⁴

Predictors of counterproductive work behaviour

There are many different factors that can lead to counterproductive work behaviours. These range from personal factors to the systems that are in place within the work environment. Within this section, personal factors and human resource factors that influence the likelihood of an employee engaging in counterproductive work behaviours will be discussed.

Personal factors

On the personal level, it has been found that an employee who engages in one act of counterproductive work behaviour is more likely to engage in other counterproductive behaviours.^{2,5} Males are more likely to engage in counterproductive behaviours such as theft, violence and alcohol abuse¹ and younger employees are twice as likely to engage in theft than older employees.⁶ Certain personality traits have also been found to affect an employee's likelihood of engaging in counterproductive work behaviour.

Personality Traits

The main personality traits that have been investigated relating to counterproductive work behaviours are emotional stability, extroversion, openness to experience, agreeableness and conscientiousness.⁷ Emotional stability is a consistency in mood, agreeableness is referring to a person's desire to get on with others, conscientiousness is related to impulse control and includes behaviours such as thinking before acting, extraversion is being interested in and stimulated by other people, and confidence to pursue the unknown, and openness to experience refers to the degree to which an individual is open to new experiences.⁷

It is still debated which of these personality traits predict which counterproductive behaviours however it has been found that all five of the above mentioned traits predict counterproductive work behaviours.⁷ Of these, the strongest predictor of counterproductive behaviour has been found to be conscientiousness.⁷ Conscientious employees are more likely to be more productive and engage in fewer counterproductive work behaviours than less conscientious employees due to having more control over their work related behaviours.⁸

Other personality traits shown to have a high relationship to counterproductive work behaviours are, agreeableness and emotional stability.⁹ Employee's who have a high level of either emotional stability, conscientiousness or agreeableness are less likely to engage in counterproductive behaviours at work than those who show low levels of these traits.

Self- Control

As opposed to asking why employees engage in counterproductive behaviours, the question has been asked why employees do not engage in counterproductive work behaviours.¹⁰ Counterproductive behaviours can have clear benefits with sometimes minimal consequences to the employee, for example calling in sick when the employee is not sick. There might not be any consequences for doing so, however, in doing so, the employee can engage in other activities that might be more appealing, having an immediate payoff. It was found that a key reason people do not engage in counterproductive behaviour at work is self- control.^{10,11} Self-control relates to the consideration of future consequences and has been found to be the main predictor of counterproductive work behaviour.¹⁰ Employees consider the rewards of counterproductive compared to the fear of getting caught.¹² Self-control is more likely to be demonstrated if the consequences of getting caught are high. If an employee feels they are unlikely to get caught, they are three times more likely to steal from an employer than when an employee feels that they are likely to get caught.⁶

Human resource factors

Organisational factors such as processes in place within human resources can effect whether someone engages in counterproductive work behaviour. Human resource functions that can encourage counterproductive work behaviour are, the incentive structure, outcome based performance evaluation, and conducting employee evaluations through only one source. These human resource methods are discussed below.

Incentive structure

Discontinuous incentives can encourage counterproductive behaviours.¹² These are where the employee has a target they need to achieve to get their incentives. If they do not reach their target the

employee will not get the incentive no matter how close or far they are to achieving their target. This can encourage counterproductive behaviour as employees might start doing whatever is necessary to reach their targets.¹² For example, if the target is a sales target, an employee might start making claims the product cannot meet, resulting in unhappy customers. If the incentive is a high proportion of the employees pay, this will also make engaging in counterproductive behaviours more attractive.¹²

Outcome based performance evaluation

Outcome based performance is where the focus on an employee's job is the outcomes they achieve.¹² When attention is placed on outcomes, generally less focus is placed on how employees go about getting these outcomes. This makes it easier for an employee to reach targets through counterproductive behaviours as they are less likely to get caught due to actions not being monitored.¹²

Using only the supervisors perspective for performance evaluations

If performance evaluations are only conducted through the supervisor, this creates an asymmetry of information between the supervisor and subordinate.¹² Asymmetry of information in this case is where the subordinate has access to more information regarding their performance than the supervisor. In some situations the supervisor does not have the technical knowledge or the time to monitor everything their subordinate does. This can reduce the chances of getting caught engaging in counterproductive behaviours and therefore allows such behaviours to go unnoticed.

It is important to be aware that these human resource functions mentioned above are not based on research and are therefore purely ideas at this stage.

Solutions

Solutions for reducing counterproductive behaviour at work during the selection phase of employment and within human resource functions are discussed below. Unstructured interviews, and integrity tests will be discussed at the selection phase. The human resource functions of 360° feedback, performance and outcome based pay incentives, and group and individual incentives, will be discussed.

Reducing Counterproductive work behaviours through selection

Unstructured interviews

An unstructured interview is an interview with no set questions. It is freer flowing than structured interviews as the interviewer is able to ask follow up questions. Unstructured interviews are believed to be more informative in regards to a potential employee's personality as the interview candidate relaxes making them more likely to open up and give candid responses. Through unstructured interviews, interviewers are better able to predict which candidates are likely hold characteristics likely to lead to counterproductive behaviour, such as candidates who lack self-control.¹³ Unstructured interviews have been shown to be a good predictor of the three key personality traits likely to predict counterproductive behaviour; conscientiousness, agreeableness and emotional stability.¹³ However, structured interviews have been shown to be a better predictor job performance.¹³ To make the most of the advantages of structured and unstructured interviews, both could be used at different stages in the interview process. The structured interview can be conducted earlier in the process to get an idea of key skills and job performance. Later in the process an unstructured interview can be conducted to get an idea of the candidate's personality¹³ and therefore of any risk factors.

Personality based integrity tests

There are two types of integrity tests. One is overt integrity tests which are shown to predict theft.¹⁴ The other is personality-based integrity tests, which have been shown to predict a range of dishonest behaviours such as theft, absenteeism and disciplinary problems.¹⁴ This is done using the three personality traits mentioned above, conscientiousness, agreeableness and emotional stability.¹⁴ Personality-based integrity tests also have a 41% likelihood of predicting job performance. Overt

integrity tests only determine the likelihood of theft making the use of personality-based integrity tests more effective. As personality-based integrity tests are reliable in predicting both counterproductive work behaviour and job performance they are a valuable tool in the selection process.

Human Resource Functions

360° feedback

Having performance evaluations conducted from the supervisor's perspective can create information asymmetry between the supervisor and the subordinate.¹² The way to reduce this is to use 360° feedback. If an employee's performance is measured from different perspectives, for example if evaluations are conducted by customers, peers and supervisors, this gives more information on an employee's performance reducing information asymmetry. In reducing information asymmetry, this increases the likelihood of an employee getting caught when engaging in counterproductive behaviour and decreases the appeal of acting in counterproductive ways.

Use of performance and outcome based pay incentives

If only outcome-based performance incentives are used, this can increase the appeal of engaging in counterproductive work behaviours to meet performance targets.¹² In using both behaviour- and outcome-based pay incentives this brings into question actions taken by employees to meet their objectives. Thus, making the likelihood of getting caught engaging in counterproductive behaviour higher and the appeal of engaging in these behaviours lower.

Group and individual incentives

In having group as well as individual incentives, this results in the whole group scrutinising each other's performance.¹² This makes it harder to engage in counterproductive behaviours without getting caught due to more attention being paid to what others are doing, making it less appealing to engage in counterproductive work behaviours. It is important to note that this could also lead to pressure being placed by others in the group to perform at higher levels, which could lead to an increase in counterproductive behaviours.

How you know the solution is working?

As most counterproductive behaviours are hidden from view, it can be difficult to measure the effect these solutions will have on the organisation. However, some areas where a difference might be noticed are in absenteeism, customer complaints, and theft. In hiring people who are more conscientiousness, they are likely to take fewer days off work resulting in lower levels of absenteeism.¹⁵ If employees are acting in less counterproductive ways, it is likely the customers will receive a higher quality of service, resulting in fewer customer complaints. Also theft levels can be seen in the stock take and accounts if the figures don't add up.

Unstructured interviews and integrity tests are commonly used in the recruitment process today. These are cheap and easy to implement. In using a variety of recruitment methods it is more likely that those who are likely to engage in counterproductive behaviour will be eliminated from the hiring processes. The effect of these hiring practices will be noticed in the quality of employees hired.

In implementing these solutions, the benefits should outweigh the costs. That is, more losses will potentially occur if nothing is done to prevent counterproductive behaviours than the costs of implementing any changes. As integrity tests are a good predictor of job performance as well as counterproductive behaviour, it is an economical decision to use these suggestions for selection of quality applicants.

Ethical considerations

When implementing any new process there are always considerations that need to be taken into account. The human resource suggestions have general evidence to support their effectiveness. However this does not mean that they will work in every setting. Bringing in new processes to reduce counterproductive behaviour could leave some existing employees feeling their privacy has been violated and they might not respond well to such changes.

Personality-based integrity tests, although a good predictor of job performance and counterproductive work behaviour, should not be used as the sole judgement of who gets hired for a job. As they are not 100% reliable they should be used in conjunction with other selection tools and techniques. However having too many hiring selection techniques can deter some applicants from applying, so a balance needs to be gained.

Conclusions

Counterproductive work behaviours can have detrimental effects on an organisation. This makes it important to take counterproductive behaviours into consideration when hiring new employees and when implementing human resource functions. There are many factors that can predict whether someone is likely to engage in counterproductive work behaviours. They include personality traits such as conscientiousness and self-control. They also include human resource functions such as incentive schemes and performance evaluation techniques. Counterproductive behaviours can be reduced through using unstructured interviews and integrity tests in the employee selection process. They can also be reduced through using 360° feedback and through using both outcome and behaviour based incentive schemes. Although it can be difficult to measure all counterproductive behaviours, in using these tools, you should notice a decrease in absenteeism, theft and customer complaints.

Endnotes

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