

Counterproductive behavior's impact on external stakeholders' decisions: Does "I'm sorry" remedy deviance?

by

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Abstract

Counterproductive work behaviors (CWBs) are acts that hinder or are intended to hinder the objectives of organizations or their members. To date, several studies have examined the organizational and interpersonal consequences of counterproductive work behaviors, as well as the interaction of personality traits in the prediction of such behaviors (e.g., Berry, Ones, & Sackett, 2007; Sackett & DeVore, 2001). However, the current literature's focus on prediction of counterproductive work behaviors has left opportunities to investigate practical interventions when such behaviors manifest in organizations. The present study examines external stakeholders' (i.e., customers) decision-making process following negative experiences; specifically, it examines the role of apologizing as an intervention to experienced CWBs. Thomas and Millar (2008) suggest that apologies regulate and maintain social functioning following any breach of social trust. Conflict is inevitable, but the way it is managed is a determinant of its consequences (Fehr & Gelfand, 2010). Because decision outcomes are viewed as positive or negative based on relationships to a neutral reference outcome, the current study hypothesized that apologizing will positively impact preference in a decision-making scenario. Four hundred and forty-eight undergraduate participants responded to one of six possible decision-making scenarios with a binary structure of choice outcomes. Results were statistically significant for the use of an apology as an intervention. Possible reasons for this finding are discussed.

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Introduction

Counterproductive work behaviors are “volitional acts that harm or are intended to harm organizations or people in organizations” (Spector & Fox, 2005, p. 51). The literature in this area has frequently focused on counterproductive work behavior’s dispositional and situational antecedents (e.g., Bolton, Harvey, Grawitch, & Barber, 2012; Fox, Spector, & Miles, 2001; Jensen & Patel, 2011; Wu & LeBreton, 2011). Some research has focused on examining both counterproductive work behavior that is targeted towards individuals and counterproductive work behavior that is targeted towards the organization as a whole (Bennett & Robinson, 2000; Berry, Ones, & Sackett, 2007; Bowling, Burns, Stewart, & Gruys, 2011). Other research has examined the complex relationship between counterproductive work behavior both as an emotion-based response and a cognition-based response to perceived injustice (e.g., Fox & Spector, 1999; Fox, Spector, & Miles, 2001; Skarlicki & Folger, 1997; Skarlicki, Folger & Tesluk, 1999). Despite the various foci of the research in this area, an emerging theme is the need to investigate counterproductive work behavior from perspectives that provide interventions for handling such behaviors when they emerge in organizations.

The present research seeks both to understand decision-making outcomes following perceived negative experiences and to determine if a simple apology functions as a mechanism to mitigate such negative experiences in financial transactions. Although the goals of this research are specific, they shift from simply identifying and understanding causes of counterproductive work behavior towards understanding how to minimize the impact of such behavior in organizations. Counterproductive work behaviors pose a very real threat to organizations on a

daily basis. The extant literature's focus on prediction leaves opportunities to research the impact of CWBs beyond the internal structure of the organization. That is, how do customers respond to counterproductive work behaviors? The presence of counterproductive work behavior can undermine the organization's efforts to build and maintain customer loyalty, as evidenced by the ability of such behaviors to cost organizations millions of dollars a year (Johnson & Indvik, 2001). Employees who interact with customers play the roles of both businessperson and friend (Heide & Wathne, 2006; Homburg, Müller, & Klarman, 2010). Counterproductive work behaviors can be a violation of social trust; in many cases, a simple apology may be the foundation upon which customer loyalty may be rebuilt, following perceived organizational transgressions (Thomas & Millar, 2008).

The current work will explore the relationship between counterproductive work behavior and consumer decision making, first by describing counterproductive work behavior. The current work will also explore the emergence of such behaviors in organizations and the role of interactional injustice. Secondly, the current work will discuss mental accounting, the decision-making framework to be used in this study. Lastly, the current work will discuss the rationale for specific hypotheses for the effect of CWBs on decision making, as well as the role of apologies in mitigating such effects.

Counterproductive Work Behavior

Counterproductive work behaviors (CWBs) are “volitional acts that harm or are intended to harm organizations or people in organizations” (Spector & Fox, 2005, p. 51). CWBs have been conceptualized in various ways, with different terms representing behaviors that oftentimes overlap. There are myriad behaviors that fall under the umbrella of CWBs, including behaviors such as stealing, excessive absenteeism, and withholding effort or information; furthermore, the

ideology of CWBs subsumes the related concepts of antisocial behavior, workplace deviance, and incivility (Bennett & Robinson, 2003; Giacalone & Greenberg, 1997; Judge, Scott, & Ilies, 2006). Robinson and Bennett (1995) conceptualized workplace deviance as willful behavior of that violates organizational norms and threatens the organization. Robinson and Bennett (1995) also suggested a framework for categorizing CWBs according to such behaviors' targets (i.e., interpersonal or organizational) and their severity (i.e., severe or minor). Gruys and Sackett (2003) later used this framework to identify eleven categories of CWBs. Similarly, Andersson and Pearson (1999) defined workplace incivility as interpersonal misconduct that violates workplace norms for respect. Such workplace norms for respect are simply the moral and cultural standards that have arisen out of formal and informal policies and procedures (Andersson and Pearson, 1999). Although CWBs have been conceptualized in many different, overlapping ways, the common theme is a type of harm to the organization that impairs the organization itself or its members. Marcus & Schuler (2004) invite further thought in this area by purporting that the commonality of all counterproductive behaviors lies in their violation of the legitimate interests of an organization. Understanding how CWBs violate the legitimate interests of an organization perhaps requires investigating exactly how these behaviors emerge.

The interaction between the individual and the environment is a critical component when investigating emergence of CWBs (Fox & Spector, 1999). CWBs may appear because of job stressors or perceived/experienced injustice (Fox, Spector, & Miles, 2001). Fisher (1993) suggests that counterproductive behaviors are organizational members' attempts to "reduce boredom by creating a change of activity, reasserting personal freedom of choice, and providing the excitement of risking injury or discovery" (p. 408). Whatever the case may be—injustice, stress, or boredom—individuals engaging in CWBs identify a target (interpersonal or

organizational) at which they can direct their actions (Bruursema, Kessler, & Spector, 2011; Stewart, Bing, Davison, Woehner, & McIntyre, 2009). However, it is important to recognize that individuals are capable of engaging in CWBs that negatively impact both internal *and* external stakeholders (Levine, 2010). As a point of clarification, this research subscribes to a normative stakeholder approach (e.g., Evan & Freeman, 1988; Freeman, 1984), where the stakeholder is any entity “who can affect or is affected by the achievement of the organization’s objectives” (Freeman, 1984, p. 46). At its core, such an approach utilizes a dyadic conceptualization of the stakeholder, where internal stakeholders are typically employees of the organization, and external stakeholders are those entities who make contributions to the organization from its outer bounds (i.e., customers). The wording here is very deliberate, as the existing literature on internal and external stakeholders categorizes the “customer” as both an internal and external stakeholder (e.g., Mitchell, Agle, & Wood, 1997; Rowley, 1997). Understanding the role of stakeholders allows one to see how the utilization of CWB can potentially have an impact that extends beyond the traditional conceptualization of CWB. The research on counterproductive work behaviors has traditionally focused on whether such behaviors have interpersonal targets (i.e., other employees), or whether they target the organization as a whole (Bennett & Robinson, 2000; Robinson & Bennett, 1995). Customers play a role in organizations, and CWBs can potentially impact customers. Therefore, it is important to understand the theoretical basis for such a perspective in the context of counterproductive work behaviors.

CWBs and Interactional Justice

Whereas the existing literature on stakeholder theory emphasizes understanding all entities who impact or could potentially impact the organization (e.g., Freeman, 1984), much of the current literature on CWBs examines individual differences and situational factors to predict

employees' decisions to engage in CWBs (e.g., Bowling, Burns, Stewart, & Gruys, 2011; Fox, Spector, Goh, Bruursema, & Kessler, 2011; Jensen & Patel, 2011). There is limited research that considers the impact of CWBs on the organizations' primary *external* stakeholders (i.e., customers). Much of the existing literature on CWBs has focused on the manifestation of counterproductive behaviors depending on perceptions of fairness (Greenberg, 1993). The fairness of organizations has been a critical concern in the management literature for decades; however, what has broadly been considered "fairness" is now known as organizational justice (Van Buren, III, 2008). Organizational justice is typically divided into three categories—distributive justice, procedural justice, and interactional justice—based upon assessments of fairness in the organization (Colquitt, 2001). Distributive justice is the fairness of outcomes that are consistent with norms in the organization (Adams, 1965; Leventhal, 1976); procedural justice is the fairness in the processes used to determine certain outcomes (Leventhal, 1980; Thibaut & Walker, 1975). Organizational justice has historically been conceptualized as a two-factor model consisting of distributive justice and procedural justice (e.g., Greenberg, 1987). However, the role of interactional justice in the organizational justice literature is not as clearly defined as distributive or procedural justice.

Interactional justice is the fairness in the interpersonal treatment associated with enactment of certain procedures (Bies & Moag, 1986). Colquitt (2001) suggests that interactional justice has two components: interpersonal and informational justice. Interpersonal justice refers to perceptions of respect in one's treatment, and informational justice pertains to the adequacy of the explanations on the dimensions of timeliness, specificity, and truthfulness. Interactional justice has been treated as its own construct within the organizational justice research (e.g., Skarlicki & Folger, 1997), and it has also been subsumed under the construct of procedural

justice (e.g., Moorman, 1991). Skarlicki and Folger (1997) emphasize that interactional justice considers employees' perceptions of the fairness of interpersonal treatment in organizational outcomes. However, advances in the organizational justice research have led to a broadening of the construct of interactional justice/injustice, wherein a multifoci justice approach is deemed more appropriate (Rupp & Spencer, 2006). Such an approach maintains that it is necessary to consider the source (i.e., the perpetrator) of the potential injustice. Prior research considered the organization, one's supervisor, and one's coworkers as potential sources of interactional injustice (e.g., Cropanzano, Prehar, & Chen, 2002; Liao & Rupp, 2005; Masterson, Lewis, Goldman, & Taylor, 2000). Rupp and Spencer (2006) broadened this conceptualization of multifoci justice by introducing another source of interactional injustice—the customer. However, their research focused on employees, finding that those employees who experienced interactional injustice *from* customers found it more difficult to adhere to the emotional demands of their job than did those employees who were exposed to fair customers. Similarly, Merchant and Lundell (2001) posit that the relationship between an actor and the recipient can lead to four types of workplace violence, one of which is customer or client violence. Such violence on the part of the customer generally stems from a place of frustration or anger and can lead employees to engage in CWBs (Spector, Fox, & Domagalaski, 2006). Spector et al. (2006) offer practical advice in terms of maximizing organizational efficiency to minimize customer frustration. However, such advice does not necessarily give insight into the customer's position as the *recipient* of CWBs. Some researchers have investigated the impact of distributive, procedural, and interactional justice on customer satisfaction and found that distributive justice was the most salient predictor of customer satisfaction (Martínez-Tur, Peiró, Ramos, & Moliner, 2006). However, no research has considered the role of the customer's perspective in any organizational outcomes involving

transgressions of interactional justice. Several studies have identified low interactional justice as a critical factor in the manifestation of CWB (e.g., Bies & Tripp, 1996; Skarlicki & Folger, 1997). However, these studies have looked at the relationship between supervisor and employee or the relationship between employee and employee. No studies have explicitly examined the relationship between employee and customer, where the customer experiences some form of CWB from an employee. The current research examines the customer's role as a recipient of CWB. Ultimately, any employee's behavior, regardless of motivational or contextual factors, is counterproductive if it hinders an organization's achieving its goals (Jex & Britt, 2008, p. 168). In many privately held organizations, profitability, excellent customer service, and social responsibility are common organizational goals; however, the existing research emphasizes the effect of CWBs on internal stakeholders (Jex & Britt, 2008). Few studies have considered the impact of CWBs on external stakeholders.”. However, understanding customers' perceptions of CWB and how such perceptions impact their decisions first requires identification of a CWB to be used in the current study.

Rudeness as a CWB

There are several dimensions and categories of CWB (e.g., Gruys & Sackett, 2003). Rudeness is considered a CWB, and can escalate to more severe CWB such as violence or harassment (Bennett & Robinson, 2000; Spector et al., 2006; Johnson & Indvik, 2001). The current research utilizes rudeness in the form of intentionally ignoring a customer. This specific rude behavior may indicate an employee's lowered investment in the current happenings of the organization by withdrawing emotionally or cognitively from demanding situations present therein (Leiter, 1993; Taris, Schreurs, & VanIersel-VanSilfhout, 2001; Bolton, Harvey, Grawitch & Barber, 2011). The complex nature of customer loyalty in competitive markets is not

contingent upon simply satisfying the customer. Although a customer may be satisfied with an item or brand, true customer satisfaction is evaluated based upon *how* customers reached their current level of satisfaction, or in this case, dissatisfaction (Homburg, Müller, & Klarmann, 2011). A good reputation is one of the most critical factors in customer choice; CWBs undermine the ability of the organization to build and maintain a good reputation and subsequently result in a loss of profitability (Hogan, Lemon, & Libai, 2003; Zeithaml, 2000). Because profitability is a major goal of most organizations, this research sought to understand the interplay among the organization, stakeholders, and CWBs using a decision framework specifically tailored to financial transactions—mental accounting.

Mental Accounting

Mental accounting consists of the cognitive processes that individuals use to organize and make sense of financial transactions. At the most rudimentary level, mental accounting concerns the psychological principles involved in choice, specifically choices pertaining to economic environment (Thaler, 1999). Mental accounting assumes the basic tenets of Kahneman and Tversky's (1979) prospect theory. People evaluate outcomes using an S-shaped value function that is characterized by the following: defining gains and losses relative to a reference point, diminishing sensitivity, and loss aversion (Thaler, 1999). Mental accounting expands on the principles of prospect theory by ascribing different psychological accounts that function to organize and make sense of specific problems and options at three specific levels—the minimal account, the topical account, and the comprehensive account (Tversky & Kahneman, 1981).

The minimal, topical, and comprehensive psychological mental accounts are simply three ways of framing decision outcomes (Tversky & Kahneman, 1981; Thaler, 1999). The minimal account is a frame that considers two options solely on the basis of the differences between them,

irrespective of any commonalities. The topical account utilizes an established reference level based upon the context of the problem. The advantages and disadvantages of options are subsequently assessed against this reference level. Finally, the comprehensive account, as the name suggests, examine a range of outcomes across various contexts (Tversky & Kahneman, 1981; Thaler, 1999; Ranyard & Abdel-Nabi, 1993). Tversky & Kahneman (1981) posit that many choices are framed in the context of minimal or topical accounts, with the latter account explaining choice reversal with different versions of economic problems. This is perhaps best illustrated by examining a classic economic experiment by Tversky & Kahneman (1981) that will also serve as a central element to the current research.

Tversky and Kahneman's (1981) economic experiment using a jacket and a calculator illustrates topical mental accounting effects where individuals must arrive at a decision outcome based upon examination of two alternatives, both of which are defined by jacket price, calculator price, and temporal convenience. The following is the classic example illustrating topical mental accounting:

Imagine that you are about to purchase a jacket for (\$125) [\$15], and a calculator for (\$15) [\$125]. The calculator salesman informs you that the calculator you wish to buy is on sale for (\$10) [\$120] at the other branch of the store, located 20 minutes drive away. Would you make the trip to the other store? (Tversky & Kahneman, 1981, p. 457)

Participants were either given the version in parentheses or the version in brackets. Both versions of this economic experiment ultimately left participants with the choice to drive 20 minutes to save \$5 on a total purchase of \$140. Given the sample of 93 participants in the version where participants purchase a jacket for \$125 and a calculator for \$15, the results revealed that more participants (68%) were willing to travel to save \$5 on a \$15 calculator. In a sample of 88 participants in the version where participants purchase a jacket for \$15 and a calculator for \$125, fewer participants (29%) were willing to travel to save \$5 on a \$120

calculator. These results are attributed to individuals' tendency to evaluate savings based upon proportions derived from the original price of a specific item, as opposed to evaluating decision outcomes in terms of absolute savings; ultimately, this finding is indicative of topical mental account utilization (Tversky & Kahneman, 1981; Moon, Keasey, & Druxbury, 1999). Tversky and Kahneman's (1981) findings reflect the assumption that respondents frame the problem in terms of a topical account. A minimal account frame would evaluate the absolute savings of \$5 with the cost of some inconvenience. However, participants utilize a topical mental account, which focuses on the cost of the calculator and not the cost of the jacket. In this manner, the salience of \$5 savings is relative to the cost of the calculator; that is, \$5 is explicitly or implicitly evaluated as 33 percent savings when the calculator is low, as opposed to 4 percent savings when the calculator is high (Tversky and Kahneman, 1981, Thaler 1999).

Using a form of this classic economic experiment has several purposes for the current research. First, the experiment gives a decision scenario with two clear alternatives. The simplicity of this economic experiment allows for more parsimonious conclusions to be drawn about the results of the experiment. Secondly, this study has been replicated by manipulation of some variables (e.g., using a book instead of a jacket) and with modifications of the temporal component and the proportion of relative savings (Mowen & Mowen, 1986; Moon et al., 1999). In such replications, the results still reflected the original findings of Kahneman and Tversky. As well, the results of these replications support utilization of a topical mental account where more people are willing to swap time for money saved based upon the proportion of relative savings (Mowen & Mowen, 1986; Frisch, 1993; Ranyard & Abdel-Nabi, 1993). For the purposes of this study, these findings support replication of this classic economic experiment using similar modifications. This classic experiment is framed within the context of financial transactions,

which are typical activities in which customers engage. The field of economics typically differs from the other social sciences based upon the fairly systematic rationale with which economic decisions are made (Tversky & Thaler, 1990). As it pertains to choice, Tversky, Sattath, and Slovic (1988) posit that individuals examine whether one option outweighs the advantage of the other. In the absence of one choice having a clear advantage, the decision maker seeks a means for resolving the conflict between the two choices. One method for resolving such conflict is to select an option that is more salient on a particular attribute (Tversky, Sattath, & Slovic, 1988). The current research investigates the role of decision outcomes following negative experiences in financial transactions and whether or not an apology mitigates the effects of any negative outcomes. No research has examined the impact of such negative experiences within a mental accounting frame.

Present Study

The present study examines the effects of CWB in the form of rudeness on purchasing behavior that is framed in a mental accounting scenario. The current study centers on a decision scenario concerning the purchase of an mp3 player. Participants are required to imagine themselves in a situation where they must evaluate a trade-off that is in the form of spending time to save money, or a reverse condition where they spend money to save time. In the absence of any treatments, these conditions represent replication of Tversky and Kahneman's (1981) economic experiment. The modified version of the Tversky and Kahneman (1981) economic experiment attempts to account for two things. First, the modification changes the items of interest to make them more salient for the participants in the study. Prior research suggests that customers who are purchasing important products are more likely to place greater value on customer-centric behaviors made by salespersons (Homburg, Müller, & Klarmann, 2011).

Customers tend to want to be certain that important products will meet their needs; therefore, they place greater emphasis on the salesperson's role as business person and have higher overall expectations of the salesperson (Homburg, Müller, & Klarmann, 2011; Murray, 1991). Making the items relevant in this manner should hopefully increase item salience and more realistically mimic the decision-making process in financial transactions. Also, the modification attempts to account for any possible transportation barriers that could confound the experiment. By adding item salience and accounting for varying transportation circumstances, the modified version of the economic experiment will hopefully offer a clearer picture of decision outcomes following negative experiences in a financial transaction. Given that individuals assess choices based upon a reference level that is determined by the context of the decision and that individuals resolve conflict between two choices based upon salience of a particular attribute (Tversky & Kahneman, 1984; Tversky et al., 1988), the most salient aspect of the economic problem would be the proportion of relative savings. Individuals with low proportion of relative savings should be less willing to travel. Therefore, the following hypothesis is proposed:

H1) Individuals offered a higher proportional discount will be more likely to travel a greater distance to make a purchase than those offered a lower proportional discount.

Rudeness is considered a CWB; therefore, the current research uses rudeness in the form of intentionally ignoring a customer (Bennett & Robinson, 2000; Spector et al., 2006; Johnson & Indvik, 2001). Ignoring a customer may indicate emotional or cognitive withdrawal from currently demanding situations (Leiter, 1993; Taris, Schreurs, & VanIersel-VanSilfhout, 2001; Bolton, Harvey, Grawitch & Barber, 2011). Given customers' tendency to place greater value on customer-centric behaviors made by salespersons when making important purchases (Homburg,

Müller, & Klarmann, 2011), the employee's rude behavior will become the salient attribute of the choice to spend time to save money or to spend money to save time. Therefore, the following hypothesis is proposed:

H2) Individuals who experience rudeness will be more likely to travel a greater time to make a purchase than those who do not experience rudeness, regardless of the relative size of the discount.

Currently, there is no research that investigates interventions to counterproductive work behaviors experienced by customers. Thomas and Millar (2008) suggest that apologies regulate and maintain social functioning when social trust is violated. Fehr & Geland (2010) posit that consequences of conflict are determined by the way such conflict is managed. Utilization of an apology may indicate that the CWB is not necessarily an internal deficit of the individual but the result of some external factors; ultimately, this can lead to acceptance and forgiveness (Ohbuchi & Sato, 1994; May & Jones, 2007; Takuku, 2001). However, individuals assess choices based upon the context of the decision and resolve such conflict between choices based upon salience of a particular attribute (Tversky & Kahneman, 1984; Tversky et al., 1988). In a situation where an apology follows rudeness in an economic transaction, the apology should restore social trust. Therefore, the salient aspect of the economic transaction would again be the choice to spend time to save money, or the reverse condition where money is spent to save time. We would then expect to find that those individuals receiving an apology will more closely resemble the group receiving no treatment. Thus, the following hypothesis is proposed:

H3) For those individuals who experienced rudeness followed by an apology, the likelihood of travel will be comparable to the control group (as if no CWB had happened).

Method

Participants

Participants were undergraduate psychology students at a large Southeastern university. Data were collected online via the Qualtrics survey hosting site, and participants received .5 hours of course credit for completing the study. Due to the state laws regarding consent, and the online format of the study, participants were required to be at least 19 years of age to participate. There were 448 participants who were randomly distributed into either the low or high level of the following 3 conditions: replication, CWB, and apology. Overall, participants had an average age of 20 ($SD = 1.82$) and were mostly female (69.4%). The majority of participants were Caucasian (86.4%), followed by African American (7.8%), Asian American or Pacific Islander (2.2%), Hispanic (1.8%) and “Other” (1.5%). Table 1 shows demographic information, as well as information for variables of interest.

Procedure

Participant recruitment was completed via the University’s SONA system. This system allows students enrolled in classes offering extra credit for research to self-select into studies of their choice. On the SONA system they were able to click on a link to the study titled, “Evaluating Financial Choices.” The SONA study description, which is available to all persons who are in the system, details that this is a decision making study and that a possible .5 points of extra credit could be earned. Additionally, participants were informed in the study description that the total time commitment for the study was half an hour. Once participants signed up for a SONA timeslot, they were automatically routed to a screen containing the survey link. Upon clicking on this link, participants were asked to report whether they were at least 19 years of age.

If they were of age, the next screen displayed instructions. Participants were then randomly distributed into one of the following 6 conditions:

Replication condition. Participants in this condition received either a low or high proportional discount (henceforth referred to as high and low, respectively) version of Tversky and Kahneman's (1981) economic experiment where they responded "yes" or "no" to the following question: "Would you make the trip to the other store?" (See Appendix A). The economic experiment in this condition has been modified. Although the modified version of the economic experiment retains the proportion of relative savings, it only uses one item—an mp3 player. The modified version also tries to control for economic factors (e.g., high gas prices) by creating a scenario where participants would not have to consider the financial costs associated with travel in considering their choice.

CWB condition. Participants in this condition received either a low or high version of Tversky and Kahneman's economic experiment where they responded "yes" or "no" to the following question: "Would you make the trip to the other store?" (See Appendix A). The economic experiment in this condition has been modified. Although the modified version of the economic experiment retains the proportion of relative savings, it only uses one item—an mp3 player. The modified version also tries to control for economic factors (e.g., high gas prices) by creating a scenario where participants would not have to consider the financial costs associated with travel in considering their choice. This modified version also includes rudeness in the form of intentionally ignoring the customer. As well, this modified version uses gender-neutral language to avoid salesperson gender as a possible confound.

Apology condition. Participants in this condition received either a low or high version of Tversky and Kahneman's economic experiment where they responded "yes" or "no" to the

following question: “Would you make the trip to the other store?” (See Appendix A). The economic experiment in this condition has been modified. Although the modified version of the economic experiment retains the proportion of relative savings, it only uses one item—an mp3 player. The modified version also tries to control for economic factors (e.g., high gas prices) by creating a scenario where participants would not have to consider the financial costs associated with travel in considering their choice. This modified version also includes rudeness in the form of intentionally ignoring the customer. As well, this modified version uses gender-neutral language to avoid salesperson gender as a possible confound. Finally, following the rude behavior, this condition utilizes an apology on the part of the salesperson.

Measures

Company and Salesperson Perceptions. The Perceived Company Characteristics scale is an 18-item measure ($\alpha = .92$) that examines organizational identification in the context of relationships between the company and the customer. The Perceived Salesperson Characteristics scale is a 25-item measure ($\alpha = .93$) that examines organizational identification in the context of the relationships between the salesperson of a target company and the customer (Ahearne, Bhattacharya, & Gruen, 2005). Based on their version of the economic experiment, participants were asked to rate the extent to which they agreed that certain adjectives (e.g., “Honest,” “Friendly,” “Exploitive,” and “Manipulative”) were accurate descriptors of both the company and the salesperson with whom they initially interacted (See Appendix B; Ahearne, Bhattacharya, & Gruen, 2005). Participants were told to base their ratings on the initial store and salesperson, despite the choice they ultimately made. Participants made their ratings using a 5-point Likert scale with anchors at 1 (Strongly Disagree) and 5 (Strongly Agree). The measures for company and salesperson perceptions assess high/positive perceptions. Therefore, negative

adjectives (i.e., “Selfish,” “Exploitative,” and “Manipulative”) were reverse-scored in order to compute overall company and salesperson perceptions. Higher scores reflected higher positive perceptions of the company and/or the salesperson. Both the Perceived Company Characteristics Scale and the Perceived Salesperson Characteristics Scales were found to be highly reliable for the current sample ($\alpha = .92$ and $.94$, respectively). Therefore, no items were removed from either scale.

Results

Participants answered whether they were willing to travel or not with dichotomous outcomes variables of “yes” and “no,” based upon their respective version of the economic experiment. Individuals were randomly placed into high or low relative savings groups within one of three possible conditions. For the replication condition, 80.5% of participants were willing to travel in the high relative savings category, and 50.6% of participants were willing to travel in the low relative savings category. For the CWB condition, 91.7% of participants were willing to travel in the high relative savings category, and 92.6% of participants were willing to travel in the low relative savings category. Lastly, for the apology condition, 71.6% of participants were willing to travel in the high relative savings category, and 62.0% of participants were willing to travel in the low relative saving category.

Participants also rated the both company and salesperson perceptions on a 5-point Likert scale, where a score of “5” communicated strong positive perceptions of the company and/or salesperson. For the replication condition, participants rated the company a mean score of 3.50 ($SD = 0.65$); they rated the salesperson a mean score of 3.54 ($SD = 0.47$). For the CWB condition, participants rated the company a mean score of 2.19 ($SD = 0.68$); they rated the salesperson a mean score of 2.13 ($SD = 0.66$). For the apology condition, participants rated the

company a mean score of 2.76 ($SD = 0.61$); they rated the salesperson a mean score of 2.72 ($SD = 0.59$). Table 1 presents descriptive statistics for the variables of interest in this study.

Hypothesis testing. A binary logistic regression analysis was fitted to the data using the Binary Logistic procedure in IBM SPSS® version 20; the model was fit to the data to explain the predicted odds traveling (i.e., spending time to save money). The logistic regression analysis was performed using the low and high levels of the economic problem within each condition, with the outcome variable (*travel*) being willingness to travel (1 = yes, 0 = no). The results of respondent's decision to travel based upon condition are shown in Table 2. Logistic regression uses binomial probability theory, does not assume linearity of relationship between the independent variables and the dependent, and does not require normal distribution of variables. Inspection of both residuals and intercorrelations among predictor variables did not reveal issues with outliers or multicollinearity, respectively. Table 1 shows the correlation matrix. The model included the following predictors: proportion of savings (*discount*), experienced rudeness (*CWB*; 1 = yes, 0 otherwise), an apology following rudeness (*apology*; 1 = yes, 0 = otherwise), company perceptions (*comp*), and salesperson perceptions (*sales*). The model also included the interaction between experienced rudeness and discount, as well as the interaction between an apology and discount.

The results of the logistic regression are shown in Table 3. Hypothesis 1 predicted that more individuals would be willing to travel when the proportion of relative savings was higher. The direct logistic analysis was fitted to the data to test the relationship between the economic problem and willingness to travel. A test of this model was statistically significant, $\chi^2 (7, N = 448) = 63.87, p < .001$, indicating that there is an effect of the independent variables, taken together, on the outcome variable of choosing to travel. The model as a whole explained between

13.3% (Cox and Snell R Square) and 19.5% (Nagelkerke R squared) of the variance in willingness to travel. Table 4 is a classification table showing the predicted values of willingness to travel based on the full logistic regression model. This table shows that 24 cases are observed to have chosen not to travel and are correctly predicted as such; 312 cases are observed to be willing to travel and are correctly predicted as such. Table 4 also shows the cases that are not correctly predicted. There are 91 cases that are observed to have chosen not to travel but are predicted as willing to do so; 24 cases are observed as willing to travel but are predicted as unwilling to do so. The full model that was specified correctly predicted 75.0% of cases, which was a slight improvement from the null model with no predictors, which predicted 74.3% of cases. The regression coefficients, Wald statistics, odds ratios in Table 3 give some insight into the predictors in the model. These estimates indicate the relationship between predictors in the model and willingness to travel, where willingness to travel is on the logit scale. The constant in the model is the expected value of the log-odds of travel when all of the predictor variables equal 0. In other words, individuals in the control group who receive a low proportion of relative savings are about 2.32 times more likely to travel, holding all else constant. However, this result was not statistically significant based on our specified model ($p = 0.29$). For the *discount* group, Table 3 indicates that for every one-unit increase in discount, there is about a 1.55 increase in the log-odds of travel, holding all other independent variables constant. Said differently, as we move from individuals receiving a low proportion of relative savings to those receiving a high proportion of relative savings and holding all else constant, individuals receiving a high proportion of relative savings are 4.71 times more likely to travel. This result was statistically significant ($p < .001$) and therefore supports Hypothesis 1, which stated that individuals offered a

higher proportional discount will be more likely to spend time to save money (travel to receive a discount) than those offered a lower proportional discount.

Hypothesis 2 stated that individuals who encounter rudeness will be more likely to spend time to save money (travel to receive a discount) than those who do not encounter rudeness, regardless of the relative size of the discount. Based on the specified model, testing this hypothesis would require a positive significant main effect on the *CWB* term in the model. However, thoroughly testing Hypothesis 2 also requires examining the interaction between experiencing rudeness and the proportion of relative savings (*CWB*discount*). Looking at the interaction term in the model, there is a multiplicative effect between experiencing rudeness and proportion of relative savings that significantly decreases the log odds of travel by about 1.69 ($p = .02$) holding all else constant. This effect resulted in a decrease in individuals' likelihood to travel. The main effect of experiencing rudeness reflects a 2.28 increase in the log-odds of travel, holding all else constant. Experiencing rudeness significantly impacted choice to travel, wherein individuals who experienced rudeness were about 9.74 times more likely to travel ($p < .001$). Considering the information from the main effect of experiencing rudeness and its interaction with proportion of relative savings, one can infer that Hypothesis 2 was supported, and individuals who encounter rudeness will be more likely to spend time to save money (travel to receive a discount) than those who do not encounter rudeness. However, the interaction term provides evidence that discounts can play a role in individuals' decision *not* to travel when experiencing rudeness.

Hypothesis 3 stated that individuals who experience rudeness followed by an apology would demonstrate a likelihood of travel that is the same as that of the control group (as if no *CWB* had happened). Based on the specified model, testing this hypothesis would require the

main effect on the *apology* term in the model to not be statistically significant. A main effect of an apology that is not statistically significant in our model will reflect that individuals who receive an apology do not differ from the control group. Testing Hypothesis 3 also requires examining the interaction between receiving an apology and the proportion of relative savings (*apology*discount*). Looking at the interaction term in the model, there is a multiplicative effect between receiving an apology and proportion of relative savings that decreases the log odds of travel by about 1.08, holding all else constant; however, this finding was not statistically significant ($p = 0.35$). The multiplicative effect of receiving an apology and the proportion of relative savings resulted in individuals' being about less likely to travel. Receiving an apology did increase the log-odds of travel by about 0.33, holding all else constant. As well, individuals receiving an apology were about 1.39 times more likely to travel; however, this finding was not statistically significant ($p = .38$). Therefore, individuals receiving an apology following rudeness were not significantly different from those individuals in the control group, which supports Hypothesis 3.

There were no specific hypotheses formulated around individuals' perceptions of company and salesperson characteristics. However, these variables were entered into the logistic regression model on the basis that they might provide some insight into interactional justice component of this research. Holding all else constant, individuals' perceptions of company characteristics decreased the log-odds of travel by about 0.41; however, this finding was not statistically significant ($p = 0.08$). As well, individuals' perceptions of salesperson characteristics increased the log-odds of travel by 0.16, holding all else constant; however, this finding was also not statistically significant ($p = .56$). The meaning of these findings will be discussed in the following section.

Discussion and Implications

The present research sought both to understand decision-making outcomes following perceived negative experiences and to determine if an apology functions as an intervention when such negative experiences occur in financial transactions. This research sought to shift from simply identifying and understanding causes of counterproductive work behavior towards understanding how to minimize the impact of such behavior. Counterproductive work behaviors threaten the economy of most organizations. The present research sought to examine the impact of CWBs beyond the internal structure of the organization by investigating customer decision making in response to counterproductive work behaviors.

There are three key findings to this study. First, there was a significant difference in the ability of proportion of relative savings to predict willingness to travel, which replicates Tversky and Kahneman's (1981) original findings regarding topical mental accounts. Such a finding lends continued credibility to mental accounting as a construct. In other words, a higher proportion of relative savings increased the likelihood of travel. The practical implication of this finding is simply that discounts do matter. The present study controlled for potentially confounding variables (e.g., transportation and gender) in order to determine minimize the effects of other variables on individuals' decision to travel.

The second major finding of this study was the impact of rudeness on the organization. The majority of individuals who experienced rudeness were willing to travel to another organization. The counterproductive work behavior in this study was rudeness in the form of intentionally ignoring a customer. This finding lends some credibility to the relationship between CWBs and interactional justice. The large percentage of people willing to travel despite proportion of relative savings reflects that there is some relationship between customer decision

making and perceived counterproductive work behavior. Such a finding has huge implications for organizations and supports the salience of the customer-employee interaction in financial transactions. The choice to travel or not was based upon the rude behavior. Practically speaking, this finding suggests that organizations cannot simply build business models based on discounts, while sacrificing and enforcing customer service training. It is worth noting that there was a significant interaction between experiencing rudeness and the proportion of relative savings that resulted in decrease odds of travel. This finding can be interpreted as the ability of discounts to retain some customers, despite their having experienced rudeness. However, for the majority of individuals, experiencing rudeness greatly increases the likelihood of travel. Future research might consider examining this relationship between price discounts and counterproductive behavior in higher fidelity environments. As well, future research might investigate various types of counterproductive work behaviors to determine other conditions under which discounting may not retain customers.

The third major finding of this study is that the group receiving an apology did not differ statistically from the control group. This finding is most interesting because it supports an apology as a potential intervention when counterproductive work behavior is experienced in economic transactions. There was no significant interaction between receiving an apology and proportion of relative savings; therefore, we can conclude that the increase in the likelihood of travel holds regardless of the proportion of relative savings. Perceptions of company characteristics and salesperson characteristics were not significant predictors in individuals' decisions to travel. Although the results were not quite significant, a unit change in company perceptions decreases the likelihood of travel, when all else is held constant. Therefore, customers' perceptions of the company do matter. From an interactional justice perspective, it

stands to reason that participants may have deemed the apology as a sufficient means to right any perceived wrongs or injustice experienced by the rudeness experienced in the company. As well, this finding may indicate that apologies satisfy both the interpersonal and informational components of interactional justice, if individuals feel the apology truthful and timely. Furthermore, the current research really emphasizes the role of the customer in the organization. Interactional justice may not just be limited to the interaction between the supervisor and an employee. When customers experience counterproductive work behavior, employees may function as representatives of the organization, and what they do or do not do may drastically impact customer decisions. Future research might consider manipulating the temporal component of the apology, as well as further investigating this link between the employee and the customer in interactional justice.

Limitations and Future Directions

A few limitations were present in the current study. First, the study utilized all self-report data with scenarios that were written by the researcher. Two well-known problems with the use of self-report data are common method variance and consistency motif (Podsakoff & Organ, 1986). The use of self-report measures heightens potential for contamination of the data from the source (Campbell & Fiske, 1959; Podsakoff & Organ, 1986). Therefore, use of self-report measures increases the potential to infer significant relationships where there are none. Consistency motif is also a problem with self-report measures (Podsakoff & Organ, 1986). Issues with consistency motif result in participants' need to maintain consistent responses based upon what they perceive items are trying to assess. Although this study did reveal some interesting findings, future studies might consider approaching interventions from a more practical perspective. That is, a mixed methods approach might offer insight into interventions that

organizations currently use. Such approaches do not have to necessarily rule out the use of self-report measures, but researchers would need to further investigate any potential sources of artifactual covariance. Using such methods might allow for deeper understanding of counterproductive work behavior and consumer behavior. For example, approximately 70% of participants in the current study were unemployed; 73.6% had never worked a full-time job. A field study with individuals currently employed in organizations might reveal different results than what was found in the present study. As well, spending habits and willingness to travel may differ based upon actually being employed. Whereas the present study attempted to control for several factors, future research might eliminate certain controls to allow the natural, organic relationship between employee and customer to unfold.

One of the biggest potential areas of investigation is the relationship between affective components and CWBs in the employee-customer relationship. Gender-based emotional stereotypes depend on the context of the setting. Women are expected to display positive emotions in situations regarding other people; men are expected to display positive emotions in situations regarding self (Johnson & Schulman, 1988; Stoppard & Gruchy, 1993). Future research might examine stereotype expectations regarding perceived manifestations of counterproductive work behavior. Along similar lines, Hatfield, Cacioppo, and Rapson (1994) proposed that emotional contagion is where individuals subconsciously or consciously influence the emotions or behavior of other by inducing certain emotional states. Future research might also investigate the role of emotional contagion in determining the point at which customers find an organization too emotionally toxic to remain a part of it or support it. As well, research should again consider the affective conditions that increase the likelihood of restoring damaged customer relationships. Fowler and Bridges (2012) conducted a study on the relationship

between service environment, service provider mood, and customer provider interaction. Results of the study found that ambient scent improved service provider evaluations of the physical environment. Service provider mood also moderated the relationship between the service environment and customer perceptions of service provider behavior (Fowler & Bridges, 2012). However, Fowler and Bridges (2012) only manipulated ambient scent. Future research might look at what other environmental factors possibly constitute interventions in situations where customers are direct recipients counterproductive work behaviors

Another area of research might investigate counterproductive work behaviors in conjunction with dual system, dual process models (e.g., Kahneman, 2011). In such models, there are two systems—system 1 and system 2. System 1 functions with more automatic, effortless processing, and system 2 activates when system 1 processes cannot effectively determine an option between two choices. Simonson, Bettman, Kramer, & Payne (2013) find that the systems view highlights decision makers prevalence for easy decisions. Research in this area might focus on determining the conditions under which consumers shift from system 1 to system 2, or research might look at the conditions that yield immediate processing via system 2.

In summary, the results of the present study suggest that apologies can mitigate the effects of counterproductive work behavior experienced in economic transactions. Much research has investigated antecedents of counterproductive work behavior in an attempt to prevent them before they emerge in organizations. However, investigating antecedents leaves little knowledge of possible interventions when counterproductive work behaviors are experienced. This research suggest that apologies can contribute both to the understanding and mitigation of experienced counterproductive work behavior, especially as it pertains to an entity often highly-prized by organizations—the customer.

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Table 1. *Descriptive Statistics and Correlation Matrix for Variables*

Variable	<i>n</i>	Mean	SD	Minimum	Maximum
Full Sample	448	0.74	0.44	0	1
Comp		2.85	0.84	1	5
Sales		2.83	0.82	1	5
Replication					
High	82	0.80	0.39	0	1
Low	81	0.51	0.50	0	1
Comp		3.50	0.65	1	5
Sales		3.54	0.47	1	5
CWB					
High	72	0.92	0.28	0	1
Low	68	0.93	0.26	0	1
Comp		2.19	0.68	1	5
Sales		2.13	0.66	1	5
Apology					
High	74	0.72	0.42	0	1
Low	71	0.62	0.49	0	1
Comp		2.76	0.61	1	5
Sales		2.72	0.59	1	5
Age		20.12	1.82	19	39

Note. Comp = Perceived company characteristics; Sales = Perceived salesperson characteristics

	1	2	3	4	5	6	7	8
1.Constant	1.00							
2.Discount	-0.09	1.00						
3.CWB	-0.59	0.19	1.00					
4.Apology	-0.64	0.32	0.47	1.00				
5.CWB*Discount	0.11	-0.49	-0.62	-0.19	1.00			
6.Apology*Discount	0.15	-0.71	-0.18	-0.58	0.36	1.00		
7.Comp	-0.25	-0.04	0.05	0.07	0.05	0.02	1.00	
8.Sales	-0.55	-0.02	0.36	0.33	-0.06	-0.04	-0.64	1.00

Table 2. *Decision to Travel Based on Condition*

Condition	Willing to travel?				Total
	Yes	%	No	%	
Replication					
High	66	80.5	16	19.5	82
Low	41	50.6	40	49.4	81
Total	107		56		163
CWB					
High	66	91.7	6	8.3	72
Low	63	92.6	5	7.4	68
Total	129		11		140
Apology					
High	53	71.6	21	28.4	74
Low	44	62.0	27	38.0	71
Total	97		48		145
All					
High	185	71.6	43	28.4	228
Low	148	62.0	72	38.0	220
Total	333		115		448

Table 3. Significance Values for Variables in the Logistic Regression Analysis

Variables	<i>B</i>	Wald Test (z-ratio)	<i>p</i>	Exp (B)	95% Confidence Interval for Odds Ratio	
					<i>Upper</i>	<i>Lower</i>
Constant	0.84	1.08	0.29	2.32		
Discount	1.55	18.05	0.01	4.71	2.30	9.63
CWB	2.28	3.35	0.01	9.74	2.99	31.72
Apology	0.33	0.76	0.38	1.39	0.66	2.96
CWB*Discount	-1.69	5.36	0.02	0.18	0.04	0.77
Apology*Discount	-1.08	4.46	0.35	0.34	0.13	0.93
Comp	-0.41	2.94	0.08	0.66	0.41	1.06
Sales	0.16	0.28	0.56	1.18	0.68	2.04

Table 4. *Classification Table*

Observed		Predicted		
		Travel		Percentage Correct
		No	Yes	
Travel	No	24	91	20.9
	Yes	24	312	93.7
Overall Percentage				75.0

Appendix A

Economic Problem Vignettes (Replication)

High Relative Savings MP3 Player Problem

Imagine that you are about to purchase a new mp3 player for \$15. You walk across the street to a local bookstore, and one of the employees there informs you that the mp3 player you wish to buy is on sale for \$10 at an electronics store about a 20-minute drive away. One of your friends will be running errands in the vicinity of the electronics store and is willing to let you have a ride.

Would you make the trip to the other store?

YES or NO

Low Relative Savings MP3 Player Problem

Imagine that you are about to purchase a new mp3 player for \$125. You walk across the street to a local bookstore, and one of the employees there informs you that the mp3 player you wish to buy is on sale for \$120 at an electronics store about a 20-minute drive away. One of your friends will be running errands in the vicinity of the electronics store and is willing to let you have a ride. Would you make the trip to the other store?

YES or NO

Economic Problem Vignettes (CWB)

High Relative Savings MP3 Player Problem

Imagine that you are about to purchase a new mp3 player for \$15. You walk across the street to a local bookstore, and you need some assistance locating the items in the store. As well, you have a few questions about the logistics of the mp3 player you want to purchase. You stand around the store for a few minutes, and no one assists you. Finally, you see an employee heading in your direction. You clearly and audibly say, "Excuse me, may I ask you a question?" The salesperson glares at you, walks right past you, and proceeds to pick up the phone and make what is clearly a

personal call. Just then, you overhear another employee tell another customer that the mp3 player you wish to buy is on sale for \$10 at an electronics store about a 20-minute drive away. One of your friends will be running errands in the vicinity of the electronics store and is willing to let you have a ride. Would you make the trip to the other store?

YES or NO

Low Relative Savings MP3 Player Problem

Imagine that you are about to purchase a new mp3 player for \$125. You walk across the street to a local bookstore, and you need some assistance locating the items in the store. As well, you have a few questions about the logistics of the mp3 player you want to purchase. You stand around the store for a few minutes, and no one assists you. Finally, you see an employee heading in your direction. You clearly and audibly say, “Excuse me, may I ask you a question?” The salesperson glares at you, walks right past you, and proceeds to pick up the phone and make what is clearly a personal call. Just then, you overhear another employee tell another customer that the mp3 player you wish to buy is on sale for \$120 at an electronics store about a 20-minute drive away. One of your friends will be running errands in the vicinity of the electronics store and is willing to let you have a ride. Would you make the trip to the other store?

YES or NO

Economic Problem Vignettes (Apology)

High Relative Savings MP3 Player Problem

Imagine that you are about to purchase a new mp3 player for \$15. You walk across the street to a local bookstore, and you need some assistance locating the items in the store. As well, you have a few questions about the logistics of the mp3 player you want to purchase. You stand around the store for a few minutes, and no one assists you. Finally, you see an employee heading in your

direction. You clearly and audibly say, “Excuse me, may I ask you a question?” The salesperson glares at you, walks right past you, and proceeds to pick up the phone and make what is clearly a personal call. You approach the employee to discuss what just happened. The employee quickly hangs up the phone as you approach and says, “I apologize for what just happened. I know you were trying to get my attention. I was just really upset about something.” You proceed to ask your questions about the mp3 player and the employee tells you that the mp3 player you wish to buy is on sale for \$10 at an electronics store about a 20-minute drive away. One of your friends will be running errands in the vicinity of the electronics store and is willing to let you have a ride. Would you make the trip to the other store?

YES or NO

Low relative savings MP3 Player Problem

Imagine that you are about to purchase a new mp3 player for \$125. You walk across the street to a local bookstore, and you need some assistance locating the items in the store. As well, you have a few questions about the logistics of the mp3 player you want to purchase. You stand around the store for a few minutes, and no one assists you. Finally, you see an employee heading in your direction. You clearly and audibly say, “Excuse me, may I ask you a question?” The salesperson glares at you, walks right past you, and proceeds to pick up the phone and make what is clearly a personal call. You approach the employee to discuss what just happened. The employee quickly hangs up the phone as you approach and says, “I apologize for what just happened. I know you were trying to get my attention. I was just really upset about something.” You proceed to ask your questions about the mp3 player and the employee tells you that the mp3 player you wish to buy is on sale for \$120 at an electronics store about a 20-minute drive away.

One of your friends will be running errands in the vicinity of the electronics store and is willing to let you have a ride. Would you make the trip to the other store?

YES or NO

Appendix B

Perceived Company Characteristics Scale

Please indicate how well each of the characteristics listed describes [target company](5-point scale)

Industry Leader	Exploitive (r)	Responsive
Caring	Friendly	Secure
Compassionate	Honest	Selfish (r)
Cooperative	Innovative	Sensitive
Dynamic	Progressive	Sincere
Efficient	Reliable	Socially Responsible

Note. An (r) in parentheses indicates that the item was reverse coded.

Perceived Salesperson Characteristics Scale

Please indicate how well each of the characteristics listed describes [salesperson of target company] (5-point scale)

Industry Leader	Friendly	Responsive
Boring	Honest	Secure
Caring	Humorous	Selfish (r)
Compassionate	Innovative	Sensitive
Cooperative	Knowledgeable	Sincere
Courteous	Likeable	Socially Responsible
Dynamic	Manipulative (r)	Trustworthy
Efficient	Progressive	Exploitive (r)
Reliable		

Note. An (r) in parentheses indicates that the item was reverse coded.