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**Linking employee and customer misbehaviour: The moderating role of past misdemeanours**

*Kate L. Daunt\**  
*Cardiff Business School*

*Lloyd C. Harris*  
*Warwick Business School*

\*Address for correspondence:  
Kate L. Daunt (née Reynolds),  
Cardiff Business School, Cardiff University, Colum Drive,  
Cardiff, CF10 3EU, United Kingdom.  
Tel. No: +44(0)29 2087 6794  
E-Mail: DauntK@Cardiff.ac.uk

Lloyd C. Harris  
Warwick Business School, The University of Warwick,  
Coventry, CV4 7AL, United Kingdom.  
Tel. No: +44(0)24 7652 2309  
E-Mail: Lloyd.Harris@wbs.ac.uk

## **Linking employee and customer misbehaviour: The moderating role of past misdemeanours**

### **Abstract**

Traditionally, studies that examine the activities of misbehaving employees and customers have done so in a separate and unrelated manner. Drawing on research that explores deviance amplifications and deviant learning, the current study aims to address this identified gap in the literature and provide empirical evidence of the linkages between perceived employee deviance and the severity of customer misbehaviour. Utilising equity, power and differential association theories a conceptual model comprising four hypotheses between the constructs; perceived employee service deviance, customer repatronage intent, severity of customer misbehaviour and past customer misbehaviour is forwarded. Using survey responses from 380 consumers of bars, hotels and restaurants the empirical results offer support for the forwarded research model. The results show that customers perceiving employee misbehaviour are profoundly affected. Such experiences erode their repatronage intentions and are linked (directly and indirectly) to the severity of dysfunctional customer behaviour performed. Consumers' past experience of misbehaviour is also found to impact the hypothesised relationships. The paper concludes by considering the implications of the findings and outlining directions for future research.

### **Keywords**

Customer misbehaviour; Employee deviance; Structural equation modelling; differential association; service dysfunction; Past misbehaviour

### **Linking employee and customer misbehaviour: The moderating role of past misdemeanours**

The pre-eminence of consumer sovereignty has resulted in many documented positive benefits for organisations, including increased customer satisfaction, loyalty, and financial performance (Brady & Cronin, 2001; Oakley, 2012). However, the notion that ‘the customer is always right’ is undermined by two distinct streams of research that examine employee deviance and customer deviance. Focusing on the intentionally destructive acts of employees, an established body of literature highlights the linkage between increasing pressures on frontline employees to treat customers as ‘kings’ and episodes of employee resistance (Grove, Fisk & John, 2004; Lawrence & Robinson, 2007). In this sense, frontline employees who are habitually required to submit to consumer sovereignty in their service roles find their satisfaction, self-worth, and commitment undermined (Jaarsveld, Walker & Skarlicki, 2010; Sturdy, 1998). Consequently, such workers deliver inferior service quality and frequently turn to deviant behaviours including lying, rudeness and intentionally making mistakes, as a mechanism of equity restoration, revolt and revenge (Lawrence & Robinson, 2007). Previous studies infer that customers witnessing and interacting with inefficient and misbehaving frontline employees perceive foul play and inequities and thus are less loyal to the firm (Porath, MacInnis and Folkes, 2010).

Separate from research that examines deviant employee actions are investigations of the negative misdeeds of customers. Here, scholars highlight that customer-focused processes and service guarantees that fortify customer supremacy may unintentionally, result in customers believing that that they are entitled to behave in any way they choose – be it functional or dysfunctional in nature (Fullerton & Punj, 2004; Fisk et al., 2010). Literature also suggests that with repeat exposure and success, customers learn how to misbehave (King & Dennis, 2003; Sutherland, 1947). Such dysfunctional customer behaviours, including acts of thievery, feigning complaints and physical aggression, are documented as having severe consequences for the physiological and psychological well-being of frontline workers (Grandey, Kern & Frone, 2007). Thus, while to date, the phenomena of employee deviance and customer deviance have overwhelmingly been studied in an isolated and disparate fashion, when considered mutually by the

current study, the two streams of literature infer the potential for a vicious and perpetuating escalation of negative deviance.

The relationship between positive employee behaviour and positive customer behaviour is well documented in the context of functional service encounters. Previous research indicates that constructive behaviours by customers and employees lead to successful value co-creation and service delivery (see Echeverri & Skålén, 2011). Consequently, studies confirm that customers' judgements and behaviours are influenced by their perceptions of employees' behaviours (e.g., Heskett, Sasser & Schlesinger, 1997). Yet, while this link is established in normative and functional contexts, scholarly understanding of the retortive and accumulative relationship between negative deviant behaviours is underdeveloped. That is, although marketing and organisation-based literatures increasingly recognise that both employees and customers routinely misbehave during service encounters (Reynolds & Harris; Wallace & de Cernatony, 2007), research that draws these two streams of research together and examines the relationship between deviant behaviours is lacking. Indeed, to the best of the authors' knowledge, to date, no empirical study has investigated the direct relationship between perceived employee deviance and the perpetration of customer dysfunction from the customer's perspective. Thus, given the distinct focus of previous research and the above documented outcomes of deviant behaviours, a pertinent gap in the literature is identified. This research endeavours to address the identified research gap and in doing so respond to calls for field research into the dynamics associated with dysfunctional customer behaviours (Fisk et al., 2010; Fullerton & Punj, 2004; Harris & Daunt, 2011) and, more specifically, the relationships between perceived employee dysfunction and customer dysfunction (Jaarsveld et al., 2010; Yi & Gong, 2008). The study is designed to contribute insights in several ways. First, the current study intends to contribute to the literature via the development of a conceptual model that in utilising research from diverse academic fields, theorises the associations between perceived employee deviance and intentional customer misbehaviour. To gauge the importance of these behaviours, underpinned by literature, we incorporate the outcomes of employee deviance on both customers' repatronage intentions and the

severity of their dysfunctional behaviour. Second, driven by criminological and sociological theory, the moderating effects of past customer misbehaviour are investigated. In doing so, insights into the negative domino effect of employee-customer service deviance are forwarded. Third, in addition to contributing to the literature via the development of a conceptual model that incorporates these factors, subsequent testing of our model using survey-derived data forwards empirically grounded insights of these dynamics. Fourth, in examining incidents of customer misbehaviour, our model also deepens conceptual and empirical understanding of the factors associated with multiple (rather than single) forms of dysfunctional customer behaviour.

The managerial relevance of this study is evident. Our model provides insights into the dynamics of dysfunctional customer behaviour and thus may assist managers in controlling its occurrence and lessening the severity of episodes via the management of frontline service workers. Our research also highlights the role that service managers can play in weakening the process of experience, learning and repetition with regards to the perpetration of multiple forms of deviant behaviours. Our study should also be of interest to marketing theorists because we highlight the roles of learning, equity, power, and employee–customer interactions in driving incidents of customer dysfunction severity.

We begin by introducing an overview of studies that examine the activities of dysfunctional employees and customers. Then, we develop a conceptual model of the links between employee deviance, customer repatronage intentions, and customer misbehaviour severity, which incorporates past experience of customer misbehaviour. After describing the approach adopted to test this model, we present the results of a study developed to analyse these associations. We conclude with a discussion of the contributions and limitations of these studies.

### **Dysfunctional employee and customer behaviour**

Studies that focus on the deviant activities of actors within organisational settings can be divided into two discrete research streams. First, is a large and developed body of practitioner and academic

investigations that examine the deviant behaviours of employees. Bennett and Robinson (2000, p.349) define such acts as employees' 'voluntary behaviour that violates significant organisational norms'. Conceptualising the nature of co-destruction (the notion that customers and employees actions may diminish service value), Plé and Cáceres (2010) and Echeverri and Skálén (2011), acknowledge that employees may perform negative behaviours for their own personal gain and status, while adversely impacting customers and impede the provision of co-created service. Alternatively, Bennett and Robinson (2000) note that some forms of employee deviance are socially induced as a mechanism to have 'fun' while at work. However, past research recognises that deviant employee acts are not solely driven by internally-derived gains. Rather, Grandey, Dickter & Shin (2004), Jaarsveld et al. (2010) and Thau and Mitchell (2010), reveal that incidents of employee deviance are commonly driven by external, firm-related characteristics including demanding job roles, customer-related stresses and perceived injustices at work.

Reported behavioural manifestations of employee deviance include uncivil and aggressive customer-directed behaviours, lying and making demeaning remarks to customers, stealing organisational goods and property, deliberate attempts to slow the speed of service delivery and intentionally ignoring company rules (Bennett & Robinson; 2000; Wallace & de Chernatony, 2007). Deviant acts by employees are shown to have serious and far-reaching consequences. For example, Dunlop and Lee (2004) forward evidence of a negative relationship between workplace deviant behaviours and organisational performance, while Robinson and O'Leary-Kelly (1998) document the negative impact that employee deviance has on co-workers' levels of satisfaction. Plé and Cáceres (2010) also note that employee misbehaviours have a negative impact on customers via the destruction of value creation resulting in patrons developing negative perceptions of the firm and its employees. Given the seriousness of the recorded consequences of employee deviance, studies that document the frequency and pervasiveness of committed employee misdemeanours make interesting reading.

In an empirical examination of supermarket-based employee deviance, Slora (1989) finds that

94% of employees had previously engaged in numerous misbehaviours of differing severities. Focusing on the hospitality industry, Harris and Ogbonna (2002) reveal that 85% of sampled frontline workers had misbehaved in the week prior to their interview. In a study of customer-contact theatre workers, Van Eerde and Peper (2008) show that the overwhelming majority of employee respondents admitted to having engaged in some form of deviant behaviour while at work. Indeed, given the reported pervasiveness of employee misbehaviour, Porath et al. (2010) argue that it is very likely that consumers will frequently witness employee misdemeanours.

Consumers are the focus of the second identified parallel stream of research on organisational dysfunction. While emergent, comparative to the employee deviance literature, research on the activities of misbehaving customers is factional and underdeveloped. Specifically, this research contrasts with the predominance of consumer-focused investigations that are founded on the assumption that during exchange, customers' consistently and routinely behave in a functional and compliant manner (Du Gay & Salaman, 1992; Zeithaml, Berry & Parasuraman, 1996). A review of these studies reveals that numerous terms are used interchangeably to label negative customer behaviours. Utilised phrases include 'deviant consumer behaviour' (Mills, 1981), 'jaycustomer behaviour' (Lovelock, 2001), 'unethical behaviour' (Mitchell & Chan, 2002) and 'problem customers' (Bitner, Booms & Mohr, 1994). Similarly, in this study, we use the terms 'dysfunctional customer behaviour', 'customer misbehaviour', and 'customer deviance' interchangeably to refer to intentional 'behaviour in exchange settings which violates the generally accepted norms of conduct in such situations and which is therefore held in disrepute by marketers and by most consumers' (Fullerton & Punj, 1993; p. 570). At odds with the traditional depiction that dysfunctional customer behaviour is unusual and conducted by a minor faction of society, Fullerton & Punj (1993) argue that dysfunctional behaviour is endemic and characteristic of everyday consumer behaviour. Findings by Chatzidakis, Hibbert, Mittusis and Smith (2004), Daunt and Harris (2012) and Huefner and Hunt (2000), among others, echo this view.

Research into the dynamics of customer dysfunction can be divided into studies that investigate individual forms of deviance and those that examine dysfunctional behaviour in a holistic sense. Predominantly, prior research has centred on exploring the antecedents to individual forms of misbehaviour, including shoplifting (Tonglet, 2002), rage (Grove et al., 2004), counterfeit consumption (Sharma & Chan, 2011) and computer-related deviance (Levin, Dato-on & Manolis, 2007). Studies have also offered fascinating insight into the motives and processes associated with consumer retaliatory and revengeful behaviours (Funches, Markley & Davis, 2009; Grégoire & Fisher, 2008).

To date, holistic insights into the drivers of dysfunctional customer behaviour are very limited (c.f. Reynolds and Harris, 2009). Typically, research that examines multiple forms of customer deviance offers classifications or typologies that distinguish the varying forms. For example, focusing on immoral behaviours that are committed by UK customers in every day consumption activities, Mitchell and Chan (2002) forward a comprehensive classification of 50 forms on unethical consumer behaviours. Viewing the firm as the victim of consumer deviance, Fullerton and Punj (2004) theorise five categories of customer misbehaviours directed against an organisation's employees, merchandise, financial assets, customers and physical and electronic premises. Derived from interviews with customers and employees, Harris and Reynolds (2004) distinguish among eight forms of customer misbehaviour in the hospitality industry, and Berry and Seiders' (2008) anecdotal classification of unfair service customers identifies five forms of customer deviance including 'verbal abusers,' 'blamers' and 'returnaholics'. Belding (2000), Bitner et al., (1994) and Lovelock (2001) also offer alternative conceptions.

### **Theoretical background and hypotheses development**

A review of the literature reveals that perceived employee deviance, customer repatronage intentions and customers' past experience of misbehaviour are important to our understanding of customer misbehaviour severity. Specifically, both Andersson and Pearson's (1999) framework of deviance amplification and differential association theory (Sutherland, 1947) provide a theoretical basis for our conceptual model. To

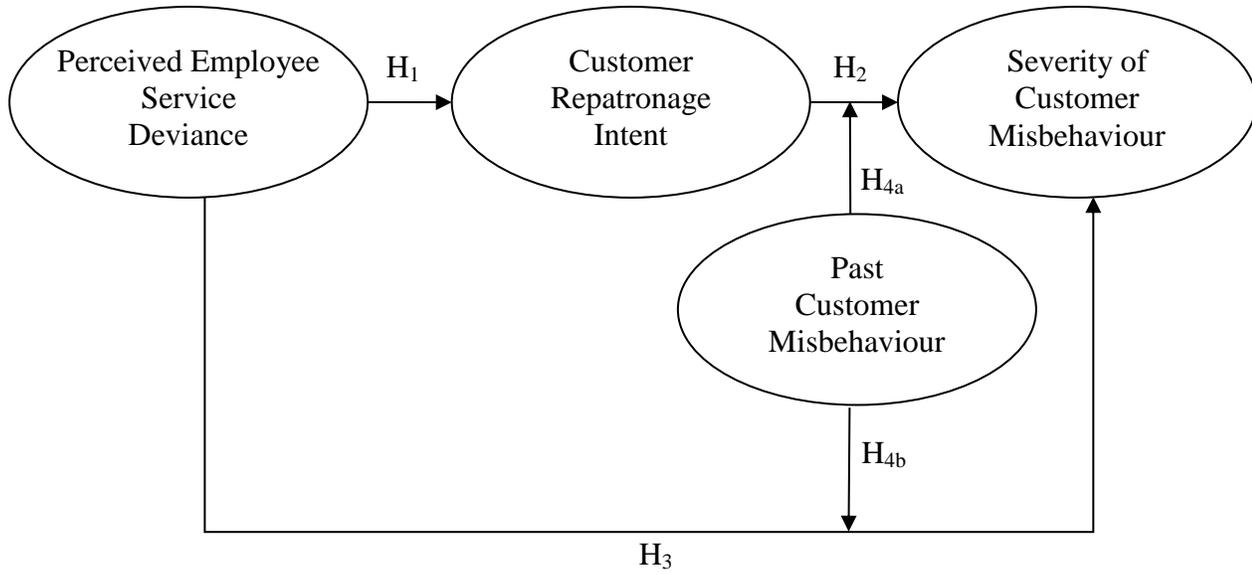
detail, Andersson and Pearson utilise equity theory (Adams, 1965) to explain how perceptions of interactional injustices may trigger reciprocal deviance as a mechanism to repair and restore equity. Also an interactionist-based theory of deviance, differential association theory (Sutherland, 1947), posits criminal and deviant behaviour as behaviour that is learned over time. In this sense, the current research views deviance within a social and experience-based framework. That is, customer misbehaviour represents a consequence of perceived employee equity and power-based norm infringements, and it is also fostered through learning experiences. To steer the subsequent review and discussion, Figure 1 identifies the key constructs included in the study.

#### *Perceived employee deviance and customer repatronage intentions*

The first association depicted in Figure 1 is between perceived employee deviance and customer repatronage intentions. The rudiment of this association is underpinned by social exchange theory (Emerson, 1976) and equity theory (Adams, 1965), in which customers' norms- and equity-based perceptions of employee behaviour affect their intentions to engage in future exchanges with the organisation. Consequently, we define perceived employee deviance as the extent to which customers' deem that employees within an individual service outlet, behave in a negative and dysfunctional manner to the detriment of the customer. As is detailed above, deviant actions by employee can negatively influence the firm, fellow employees and customers. Customer loyalty is widely accepted as constituting a crux in successful modern day business (Gee, Coates & Nicholson, 2008). In this study, we focus on customers' repatronage intentions—that is, customers' intent to return to the service outlet at a future date.

Although studies of functional and normative employee and customer behaviour (Mohr & Bitner, 1995; Specht, Fichtel & Meyer, 2007) have established the effect of employee behaviour on customer loyalty, little academic attention has targeted the relationship between deviant employee behaviour and customer repatronage. Nevertheless, despite this comparative neglect, a small number of studies offer

**Figure 1** Employee deviance and customer misbehaviour dynamics



support for this association from an employee or organisational viewpoint. For example, Litzky, Eddleson & Kidder (2006) conceptualise from a managerial perspective, a link between unfair acts by service employees and a lack of repeat customer business. In their (respectively) qualitative and quantitative studies, Harris and Ogbonna (2002, 2006), offer support for this association in relation to multiple forms of employee deviant behaviour. Garnering the opinions of service employees, Harris and Ogbonna (2002) propose a link between routine incidents of employee deviance and reduced levels of customer loyalty. Offering supporting findings in an educational setting, Yi and Gong (2008) adopt a dyadic perspective and reveal that perceived employee deviance is important to our understanding of customers' emotional attachment and commitment, in the case of lecturer and student behaviours. Thus, while a small number of studies endorse the association between employee deviance and customer repatronage intent, almost exclusively, such insights derive from employees' or managers' interpretations. This is to the detriment of our understanding of these dynamics from the customers' perspective. This leads to:

*Hypothesis 1:* The greater the perception of employee deviance, the lower are customers' repatronage intentions.

*Influence of customer repatronage intentions on dysfunctional customer behaviour severity*

The second link presented in Figure 1 is between customers' repatronage intentions and the severity of dysfunctional behaviour perpetrated. For many service organisations, dysfunctional customer behaviours constitute a frequent occurrence, often with alarming consequences for frontline workers, fellow customers, and the organisation (Dallimore, Sparks & Butcher, 2007; Yagil, 2008). In this study, we focus on dysfunctional customer behaviour severity—that is, the extent to which a customer deliberately behaves in a way that negatively violates the norms and unwritten rules of an individual service setting (Reynolds & Harris, 2009). In viewing dysfunctional behaviour holistically (rather than focusing on an individual form), we find support in numerous studies championing the validity of investigating

misbehaviour in terms of its perceived severity (Lawrence & Robinson, 2007; Robinson & Bennett, 1995; Vitell & Muncy, 1992).

An examination of the literature reveals that customer repatronage intentions play a role in driving a variety of customer misbehaviours across many differing contexts. For example, focusing on incidents of service failure, Grégoire and Fisher (2008) assert that negative repatronage intent and subsequent deviant complaining is a reaction to a perceived betrayal and violation of equity norms. Examining situations in which an airline's most entrenched and loyal customers become its most troublesome, Grégoire and Fisher find that when committed customers feel wronged or taken advantage of by an employee, their extreme loyalty decreases, which subsequently lead to vindictive complaining as a means to punish the firm. Thus, Grégoire and Fisher emphasise that diminished level of customer loyalty is the mechanism that drives incidents of customer misbehaviour.

Aligned with the underpinnings of Grégoire and Fisher's argument, overwhelmingly, existing literature that supports a relationship between customer repatronage intentions and customer misbehaviour posits a negative association. In this regard, customer misbehaviour of differing severities is grounded on the assumption that in circumstances in which repatronage intentions are low, abolished, or absent, consumers can behave in varying states of dysfunction without concern of future embarrassment or reprisal from the organisation or its personnel (Yi & Gong, 2008). In contrast, consumers who intend to revisit the service outlet are more likely to behave in a normative manner during the interaction (Wirtz & Kum, 2004). The rudiments of this relationship can be explained using social control theory (Hirschi, 1969), which posits that as a person's commitment to, attachment to, and involvement with organisations decreases, his or her misbehaviour against such outlets increases and intensifies. Wirtz and Kum (2004, p. 161) describe the mechanism of this relationship, in which loyalty is espoused to comprise 'an important determinant of unethical behaviour in a variety of contexts'. Focusing on misbehaviours within retail stores, Van Kenhove, De Wulf and Steenhaut (2003), offer support for the link between low levels of commitment to the firm and unethical customer behaviour.

Using experimental design, Bechwati and Morrin (2003) also forward evidence of an association between high switching intent and customers' desire for revenge. Therefore, while support exists for the mechanism of this relationship, to date, no study has examined empirically the impact of customer repatronage intent on the severity of customer misbehaviour performed, thus:

*Hypothesis 2:* The lower the level of customer repatronage intentions, the greater is the severity of dysfunctional customer behaviour performed.

#### *Influence of perceived employee deviance on dysfunctional customer behaviour severity*

The third relationship presented in Figure 1 hypothesises a direct association between perceived employee deviance and the severity of customer misbehaviour perpetrated. Although normative marketing frameworks have widely established the link between functional employee behaviour and customer behaviour (Bitner, Booms & Tetreault, 1990), to date, empirical research within a deviant context is lacking. In agreement, Plé and Cáceres (2010) argue that scholars have focused on the positive outcomes of service interactions and exchanges to the detriment of our understanding of negative behaviours and consequences. However, theoretical justification for the link between employee deviance and customer misbehaviour can be sourced in equity theory and aligned employee sabotage literature. For example, Anderson and Pearson (1999) adopt a social interactionist perspective to develop a conceptual model depicting deviance amplifications within the context of employee sabotage behaviours. Here, drawing on the work of Masuch (1985), they define amplification spirals as 'the negative action of one party leading to the negative action of the second party, which results in increasingly counterproductive behaviours' (p. 458). In this regard, Andersson and Pearson convey misbehaviour as a direct negative retort to a third party's perceived misbehaviour. In doing so, they note not only the diffusion and contagion of deviant behaviours but also the escalation of misbehaviour severity. Explaining the mechanism of this association, Andersson and Pearson draw on equity theory portraying employee-to-employee misbehaviours as cycles of reciprocated injustices.

Equity theory is also commonly used as an explanation for customer revenge behaviours. For

example, Funches et al. (2009) distinguish between what they term ‘avenger’ and ‘victim’ roles of customer retaliatory behaviour. Customer avengers are motivated by the need to restore equity and protect themselves from an employee who they believe occupies a lower status than their own (potentially fostered by the mantra of consumer sovereignty). In contrast, customer victim retaliators feel threatened by their lack of power over the service provider and misbehave as a mechanism to defend and reassert their status. Patterson and Baron (2010) also draw on the concept of power in conceptualising a relationship between perceived negative employee behaviours and customer misbehaviour within service exchange contexts. Drawing on social exchange theory (Emerson, 1976), they theorize customer misbehaviour as a means to restore power over perceived employee misbehaviour as a consequence of consumer cynicism. Restorative actions by customers is also a theme highlighted by Porath et al. (2010), who show that witnessing rude employee behaviour has a negative effect on customers’ behaviours. Additionally, the authors note the need for research to investigate empirically such dynamics for multiple forms of customer misbehaviour. Thus:

*Hypothesis 3:* The greater the perception of employee deviance, the higher is the severity of dysfunctional customer behaviour.

#### *The moderating effect of past customer misbehaviour*

The final associations depicted in Figure 1 pertain to the moderating effects of past customer misbehaviour. First, we perceive past customer misbehaviour as moderating the link between repatronage intentions and the severity of the dysfunctional customer behaviour perpetrated. Second, we perceive past experience of misbehaviour as moderating the direct association between perceived employee deviance and customer misbehaviour severity. Rudimentary principles underscoring our basic understanding of human and consumer behaviours submit that past experiences and conducts affect future intentions and behaviours (Bandura, 1977; Fishbein & Ajzen, 1974). Within the context of consumer dysfunction, in the current study we focus on past misbehaviour—that is, the extent to which a consumer has knowingly perpetrated negative norm breaking behaviour in the past.

Despite being founded in divergent paradigms of thought, both criminological and sociological studies of deviance champion the role of past misbehaviour in predicting future illegitimate deeds and intentions (Nagin & Paternoster, 1991; Ulmer & Spencer, 1999). The theoretical approaches this association underpins include differential association theory (Sutherland, 1947), differential reinforcement theory (Burgess & Akers, 1966), and the general theory of crime (Gottfredson & Hirschi, 1990). Specifically, both differential association theory and differential reinforcement theory incorporate forms of learning theory in their explanations of criminal behaviour. However, although each theory differs in its interpretation, essentially, the mechanism that underpins each approach is, if a person has successfully misbehaved in the past, he or she is likely to behave in a similar way in the future. Numerous studies focusing on consumer deviance offer support for this association. King and Dennis (2003) promote a link between past deshopping behaviour and future misbehaviour, while Harris (2008) finds a significant association between past experience and fraudulent return proclivity.

In this study, we suggest that past misbehaviour moderates two relationships. The first is the negative relationship between customer repatronage intentions and the severity of dysfunctional customer behaviour performed. That is, past personal experience of customer misbehaviour perpetration strengthens the negative relationship between intent to return to the organisation and dysfunctional behaviour severity. Second, underpinned by literature, past experience of misbehaviour intensifies the relationship between perceived employee deviance and customer misbehaviour severity. Support for this conceptualization is offered in part by Tonglet (2002), who in studying the relationship between past and future shoplifting does not find a direct statistically significant association. Rather, Tonglet argues that previous experience may play a moderating role in the understanding of shoplifting behaviours. Al-Rafee and Cronan (2006) also stress the importance of past behaviour in understanding acts of consumer digital piracy. Similarly, in support of a moderated conception between repatronage and severity, Levin and colleagues' (2007) study of illegal downloading behaviour conceives past behaviour as a moderating variable. Specifically, Levin et al. argue that 'current studies concerning the role of social norms in

curbing undesirable forms of consumer behaviours must consider the moderating role of factors like past behavioural patterns' (p. 121). Thus:

*Hypothesis 4a:* The negative effect of customer repatronage intentions on the severity of dysfunctional customer behaviour is strengthened by the perpetration of misbehaviour in the past.

*Hypothesis 4b:* The positive effect of perceived employee deviance on the severity of dysfunctional customer behaviour is strengthened by the perpetration of misbehaviour in the past.

## **Method**

A survey-based design was deemed most appropriate to test the proposed research model comprising multiple hypotheses. Combined with structural equation modelling analysis, this approach allows the author to estimate simultaneously the multiple independent, dependent, mediated and moderated relationships of interest. Thus, the author is able to assess overall model fit and the statistical significance of the individually hypothesised paths concurrently. We selected the context of the hospitality sector (bars, hotels and restaurants) because of its characteristics of exchange, including the features of extended customer–employee contact, prolonged exchange, and patronage. This decision builds on the work of Lovelock (2001), Reynolds and Harris (2006) and Yagil (2008), who argue that such outlets are a particularly fruitful domain and valuable context of enquiry within which to study service dynamics.

To ensure anonymity, a total of 1300 customers were approached in a public space (e.g. a shopping centre) and asked a screening question to determine their suitability for the study (whether they had deliberately behaved in a dysfunctional manner in a bar, hotel, or restaurant during the past three months) and to provide confidentiality assurances. Of the customers approached, 696 declined to participate and 220 indicated that they had misbehaved in the past but not in a hospitality-based outlet or had misbehaved in a services setting but while acting as an employee. Consequently, 384 questionnaires were completed (4 were incomplete, and we removed them from the sample). This yielded a response rate of nearly 30%.

Reported behaviours reflected seven main forms of misbehaviour. To detail, 20% of respondents failed to tell an employee when they had made a mistake in their favour; 17.4% argued with / were rude

to employees; 16.3% stole an item; 13.4% used or consumed service facilities without payment; 13.2% made a complaint without a genuine cause; 12.4% damaged or vandalised organisational property, while 7.4% physically touched or struck an employee. Of the respondents, 53.9% were women; respondents were aged between 18 and 78 years, with the largest proportion of our sample (32.4%) aged over 56. Focusing on income, individuals who earned between £25,000 and £38,000 per annum formed the largest group comprising 31.3% of the sample. Before completing the survey instrument, respondents were required to recall and describe an incident of dysfunctional behaviour that they had perpetrated. This enabled us to gain a better understanding of the episode and to record both the form and the severity of the behaviour. Respondents were assured that there were no 'right' or 'wrong' answers and that they should be as honest as possible. This first stage of data collection assists in stimulating memory, helps respondents complete the questionnaire in a more focused frame of mind and reduces the likelihood of socially desirable reporting (Podsakoff, Mackenzie, Lee and Podsakoff, 2003) and engenders trust. Then, while the researcher withdrew, respondents independently completed a structured questionnaire recalling the incident of misbehaviour in question.

### *Measures*

Of the scales used in the current study, five originated from existing measures and one was newly created. To increase response variance and reliability, all measures employed a seven-point Likert-type scale (1= strongly disagree, 7 = strongly agree). We assessed perceptions of employee service deviance using a refined version of Harris and Ogbonna's (2006) measure of service sabotage. Here, to capture the informant's perception of negative employee behaviour, the orientation of each of the five items was amended to reflect the perceptions of consumer rather than employees. Reynolds and Harris' (2009) severity measure was adopted to gauge the severity of dysfunctional customer behaviour perpetrated during the incident. We measured customers' repatronage intentions using four items derived from Zeithaml et al. (1996). Due to the self-report and sensitive nature of our research focus we felt it

pertinent to assess statistically the effect of social desirability bias on the constructs and relationships of interest. Consequently, we employed four items from Reynolds (1982).

Owing to the dearth of applicable existing scales, the measure of past misbehaviour was newly developed. The four-item measure assessed the degree to which respondents' past behaviours had violated service norms. We believe that the most appropriate means of estimating consumer misbehaviour is through the degree of norm violation. Indeed, Fullerton and Punj (2004), King, Dennis and Wright (2008) and Yi and Gong (2008) all use the concept of norm breaking to define acts of consumer misbehaviour. Our scale developmental and modification process employed the standard psychometric development procedures that Anderson and Gerbing (1988) advocate. This comprised undertaking an extensive review of previous research and conducting in-depth interviews with a sample of consumers (12), frontline employees (8), service managers (3), and academicians (4) to establish the underlying dimensions of the past customer misbehaviour construct. In addition, we employed Q-sort procedures with a panel of 21 judges (consumers, employees, and scholars) to assess the initial construct reliability and validity of the measure. Subsequently, we conducted two separate pilot studies of the entire research instrument. In addition to analyzing the properties of all the employed measures, our first pilot test ( $n = 50$ ) paid particular attention to the screening component of the questionnaire (to ensure respondents' eligibility and foster the elicitation of sensitive information). To avoid socially desirable reporting, phrasing of the newly developed past misbehaviour scale was also examined at this stage. In addition, we assessed and found no evidence of self-reporting bias via the comparison of the reported severities for low- and high-experience perpetrators.

The second pilot test used a sample of 60 consumers to trial the refined measures. We examined the results for construct validity and reliability and found that they exceeded standard benchmark criteria. Specifically, the lowest standardized loading was .72, which well exceeds the recommended threshold of .60. The lowest Cronbach's alpha value was .79, and the lowest composite reliability (CR) was .74. In addition, inspection of the average variance extracted (AVE) for each measure revealed that all exceeded

the minimum .50 threshold. Following this analysis, we deemed our research instrument suitable for the main phase of data collection. Appendix A details all of the measures.

### *Scale Assessment*

Following measurement purification using exploratory factor analysis, we adopted Anderson and Gerbing's (1988) two-step approach to data analysis using structural equation modelling. First, we subjected our items to confirmatory factor analysis (CFA). One item relating to repatronage intentions ("I am very likely to recommend this service to a friend") and one item relating to employee service deviance ("I believe that within this outlet, employees slow down service when they want to") were deleted due to low factor loadings. All remaining standardised loadings exceeded .60, with corresponding t-values of greater than 3.29 ( $p < .001$ ), indicating convergent validity (see Appendix A). Goodness-of-fit indices suggest good model fit ( $\chi^2/\text{d.f.} = 2.9$ , comparative fit index = .98, non-normed fit index = .97, and root mean square error of approximation = .06). We assessed construct reliability with the calculation of Cronbach's alpha, CR, and AVE. In all cases, alpha coefficients exceeded .70, the lowest CR was .80, and the AVEs met Fornell and Larcker's (1981) suggested minimum value of .50 (see Appendix A).

To assess the robustness of our dependent severity measure, we utilised three additional scales utilised during data collection. First, we asked respondents to recall the form of misbehaviour perpetrated. Second, while assessing respondent eligibility, the researcher made an objective record of (a) the respondents' interpretation of the severity of the misbehaviour and (b) the form of behaviour perpetrated. Subsequently, we randomly divided the full sample into five groups of equal sizes. The mean scores for each of the severity scales (the respondent and researcher) were correlated. Correlation coefficients between the two measures across the five groups all exceeded .85, thus indicating good reliability of the dependent scale. In addition, we investigated two scales that each captured the form of behaviour perpetrated (one indicated by the respondent and one indicated by the researcher) in relation to

the two severity scales. Subsequent analysis revealed strong correlations between the four measures ( $p < .01$ ), indicating a high degree of consistency in terms of the severity perceptions and forms of misbehaviour, both across the sample and between the respondent and the researcher.

We assessed discriminant validity among our measures using two separate forms of analysis. First, we assessed two-factor CFA models of every paired combination of constructs. Each model was estimated twice, unconstrained and constrained. In each case, discriminant validity was evidenced via a statistically significant increase in the chi-square for each constrained model. Second, we compared the square root of the AVE with the correlation coefficient of all other constructs of interest (Fornell & Larcker, 1981). In every case, discriminant validity was evidenced by each square root of AVE exceeding the correlation shared between the construct and other constructs in the model.

Subsequent to assessments to determine discriminant validity, we investigated the influence of common method bias on the data. Guided by the recommendations of Podsakoff et al. (2003), we utilised a single unmeasured latent factor representing method variance, to assess the affect of common method bias on both the measurement model and structural model. Model comparisons from both sets of analysis evidenced non-statistically significant differences ( $p > .05$ ). This leads us to conclude that common method bias does not significantly impact our data and thus findings. We also assessed the effect of social desirability bias on the data, using four items from Reynolds (1982). Here, we gauged the effect of social desirability at both the measurement model and structural model stages of analysis. When we tested each CFA model and structural path model twice (Podsakoff et al., 2003), each comparison yielded a non-significant difference at even the most liberal level of significance ( $p = .10$ ). Thus, social desirability bias does not appear to represent a significant method effect in the data.

## **Results**

To specify our two moderating variables in our hypothesised model, we employed Ping's (1995) strategy for estimating interaction latent variables in structural equation models. This technique entails the

creation of individual interaction terms for each moderating variable. Specifically, to address concerns about multicollinearity, we mean-centred all of the individual indicators for customer repatronage intentions, employee deviance and past misbehaviour (Cadogan, Sunquist, Salminen & Puumalainen, 2005; Ping, 1995). Following this procedure, we created two separate interaction terms by multiplying together the relevant mean-centred variables from the two measures of interest (e.g. customer repatronage intentions x past misbehaviour). In subsequent modelling procedures, we identified each of the newly created interaction composites using the loadings and error variances calculated according to Ping's (1995) formulae.

Table 1 details the standardized path estimates, t-values, and goodness-of-fit indices for our hypothesised structural model. Reflecting the conceptual arguments of Litzky et al. (2006), Hypothesis 1, which posits a negative relationship between perceived employee deviance and customer repatronage intentions, is statistically supported ( $\beta = -.38$ ,  $t = -6.35$ ,  $p < .001$ ). Thus, the data reveal that as customers' perceptions of employee deviance in a service outlet increase, their intentions to return to the same outlet decline. Hypothesis 2 predicts a negative association between customers' repatronage intentions and the severity of dysfunctional customer behaviour performed. Analysis reveals statistical support for the hypothesised association ( $\beta = -.19$ ,  $t = -2.99$ ,  $p < .01$ ). Thus, in line with the conceptualisation forwarded by literature (e.g., Bechwati & Morrin, 2003; Yi & Gong, 2008), our findings reveal that as customers' repatronage intent to return to the service outlet decreases, the severity of misbehaviour engaged in increases. Therefore, customers who exhibit low levels of behavioural loyalty intentions toward a service outlet perpetrate more severe forms of customer deviance than customers who indicated high levels of repatronage intentions. This leads us to accept Hypothesis 2.

The relationship proposed in Hypothesis 3 is also statistically supported. Here, perceptions of employee deviance are directly associated with the severity of customer misbehaviour ( $\beta = .29$ ,  $t = 4.96$ ,  $p < .001$ ). Thus, the data reveal that high levels of customer perceived employee deviance in a service outlet are linked with the perpetration of more severe forms of customer misbehaviour in the same service

outlet (compared with low levels of perceived employee deviance). Specifically, this finding offers empirical support for Andersson and Pearson's (1999) equity-derived conceptualisation of the escalating relationship of retorting misbehaviours. Accordingly, Hypothesis 3 is formally accepted. Finally, support is revealed for the moderated relationships proposed in Hypotheses 4a and 4b. In accordance with Tonglet's (2002) conceptualization, Hypothesis 4a predicts that experience of past misbehaviour moderates the negative relationship between customer repatronage intentions and the severity of customer misbehaviour perpetrated ( $\beta = -.12$ ,  $t = -2.05$ ,  $p < .05$ ). Thus, the association between negative repatronage intentions and the severity of customer misbehaviour performed intensifies as the customer's personal experience and practice of past misdemeanours increase. Hypothesis 4b is also supported; past customer misbehaviour moderates the positive relationship between perceived employee deviance and customer misbehaviour severity ( $\beta = .14$ ,  $t = 2.58$ ,  $p < .01$ ). That is, the relationship between perceived employee deviance and the severity of customer misbehaviour perpetrated intensifies in strength as the customer's past experience and practice of customer misbehaviour increase. Thus, support for the arguments of Levin et al. (2007) is revealed and Hypotheses 4a and 4b are accepted.

Following the examination of the individual hypothesised paths, we estimated a series of restricted and non-restricted models to assess the moderating effects on overall model fit. Specifically, we conducted a chi-square difference test for each of the moderator effects both individually and jointly, in which we compared four restricted and unrestricted models. In all cases, a statistically significant chi-square value was evidenced ( $p \leq .05$ ). That is, restricting the effect of the moderators in the model, in each case, resulted in a significant increase in the chi-square. We also investigated the direct effects of the moderator variables on the dependent variables. In doing so, model fit deteriorated, and comparison of the chi-square values ( $p \leq .001$ ) and inspection of the Akaike information criterion fit index revealed statistical support for the hypothesised model. Thus, the hypothesised model provides the best fit with the data.

## **Implications**

Although theorists acknowledge that both employees (Patterson and Baron, 2010) and customers (Grove et al., 2004) routinely and deliberately disrupt otherwise functional service encounters, the links between dysfunctional employee behaviours and customer misbehaviour are poorly understood and neglected in previous research. After developing a conceptual model of such links, we found support in a survey of bar, hotel and restaurant customers for several direct and moderated associations. In the remainder of the text, we review the implications of these findings for theory and practice and discuss the limitations of the study and suggestions for future research.

### *Theoretical Implications*

The first contribution of this study derives from the development of a conceptual model of the linkages between perceptions of employee deviance and the intentions and misbehaviours of customers (see Figure 1). While the association between perceived employee behaviour and customer behaviour is generally accepted in functional and normative contexts (Bitner et al., 1999), to date, investigations into the linkage between employee deviance and customer misbehaviour are lacking. To develop a robust conceptual model of such linkages, we undertook a comprehensive appraisal of existing literature. Inspired by Andersson and Pearson's (1999) framework and relevant theories, we developed three hypotheses pertaining to the direct associations between perceived employee deviance, customer repatronage intentions, and the severity of customer misbehaviour (Hypotheses 1–3). Moreover, the process of critically synthesizing learning- and experience-based theories of deviance (Gottfredson & Hirschi, 1990; Sutherland, 1947) led us to identify past customer misbehaviour experience as a moderator (Hypotheses 4a and 4b). Consequently, the hypothesised relationships presented in Figure 1 represent the first conceptual model to specify the linkages and moderators between multiple forms of employee and customer misbehaviours. Though grounded in equity and learning literature, this model draws on a wide range of studies from sociology and criminology and on contemporary research on service dynamics; as such, the model contributes to the literature via a synthesis of existing research and forms a useful basis for future conceptual and empirical

evaluations.

This study also contributes empirically through the testing of the conceptual model presented in Figure 1. A central aim of this study was to test the developed model and to provide empirical evidence of the links between perceived employee dysfunctional behaviours, customer repatronage intentions, and customer misbehaviour severity, which have previously been ignored. The analysis of the survey responses using structural equation modelling lends strong support for the validity of the model (see Table 1). Our findings show that perceived employee deviance heightens negative repatronage intentions, which in turn are associated with the severity of customer misbehaviour performed. Our study findings also reveal a direct association between perceived employee deviance and the severity of customer misbehaviour perpetrated. These findings support the thesis that customers witnessing or perceiving employee misbehaviour are profoundly affected. Such experiences erode their intentions to repatronage the host outlet and are ultimately linked to the severity of dysfunctional customer behaviour.

In this regard, this study generates support for contagion-based theories of behaviour, which argue that humans exposed to particular emotions and behaviour are more likely to replicate or mirror such emotions or actions (Hennig-Thurau, Groth, Paul & Gremler, 2006). Consequently, our study also lends empirical support for deviance amplification theory, which conceptualizes deviance as a process of perpetuating negative exchanges (see Andersson & Pearson, 1999). In doing so, the current study demonstrates the applicability and relevance of these theories and associated mechanisms to marketing thought. These findings also contribute to the marketing literature in forwarding evidence of service deviance that might be understood in terms of a power deficit (Mills, 1981). That is, when customers perceive that they have been wronged and that there is a power imbalance between themselves and the employee during the service exchange (wherein the customer perceives the employee has violated a service norm to their detriment), they elicit a matched and/or magnified dysfunctional response and, in doing so, foster retorting deviance amplifications (Andersson & Pearson, 1999). Interpretations of

**Table 1**  
**Structural Model Results**

Hypothesised Paths	$\beta$ (SE) t-Value
Hypothesis 1: Perceived employee service deviance $\rightarrow$ Customer repatronage intentions	-.38 (-6.35)
Hypothesis 2: Customer repatronage intentions $\rightarrow$ Severity of misbehaviour	-.19 (-2.99)
Hypothesis 3: Perceived employee service deviance $\rightarrow$ Severity of misbehaviour	.29 (4.96)
Hypothesis 4a: Past misbehaviour $\times$ Customer repatronage intentions $\rightarrow$ Severity of misbehaviour	-.12 (2.05)
Hypothesis 4b: Past misbehaviour $\times$ Perceived employee deviance $\rightarrow$ Severity of misbehaviour	.14 (2.58)
<b>Goodness-of-Fit Statistics:</b>	
Chi-square ( $\chi^2$ )	212.21
Degrees of freedom (df)	74
Normed chi-square ( $\chi^2/df$ )	2.9
Comparative fit index (CFI)	.97
Tucker-Lewis index (NNFI)	.97
Root mean square error of approximation (RMSEA)	.06

employee deviance are also revealed to cultivate disloyalty intent on the customer's part. In turn, such disgruntled feelings promote dysfunctional behaviour severity possibly as a mechanism to revolt against the perceived power imbalance (Fullerton & Punj, 2004; Mills, 1981).

Consistent with learning theories of deviance (see Bandura, 1977; Sutherland, 1947), the findings also highlight the important role of learning in the perpetration of deviant customer behaviours. Prior studies of customer misbehaviour have argued that such behaviours are often learned (Harris, 2008; King & Dennis, 2003). The current study strongly supports this view, finding that the severity of customers' dysfunctional behaviour is linked with their past experiences in terms of both their own past actions and their witnessing of others' deviant behaviours. In this regard, customers' misbehaviours appear to be strongly linked to their past experience of dysfunction during service. Consequently, this association appears crucial to our understanding of customer deviance.

### *Managerial Implications*

The findings of this study also have implications for service practitioners. To date, customer misbehaviour has been largely portrayed as unavoidable and beyond the control of managers. The current study highlights the myopic nature of this view. Our results indicate that the perceived attitudes and behaviours of employees directly and indirectly influence the severity of customer misbehaviour. This finding implies that service employees are (at least, in part) causal agents of unwanted customer actions. Importantly, while managers may not be able to influence directly the behaviour of customers, service managers are ideally positioned to manage directly employee behaviour (and thus, indirectly, customer misbehaviour). In this regard, the activities of deviant employees represent an important facet to our understanding of the drivers of customer misbehaviour. Thus, managerial efforts to control and lessen incidents and severity of customer misbehaviour might focus, in part, internally at the firm's own frontline personnel attitudes and behaviours.

Three initiatives appear potentially worthy of consideration. First, in the short term, managers

might find increased employee control mechanisms beneficial. While direct (supervisory) control of frontline employee behaviour is expensive, control via indirect surveillance has proved efficient at reducing employee misbehaviour in other contexts (e.g., employee theft in retailing). As a short term measure, increased surveillance could prove useful at reducing employee misbehaviour and subsequently customer misbehaviour. Second, as a longer term initiative, managers could consider the judicious use of organisational culture management to manage the attitudes and behaviours of service staff. Such culture 'management' programmes can prove effective at changing attitudes and developing what is known as 'self' or 'cultural' control wherein employees require no intervention as they manage their own behaviour (Harris & Ogbonna, 2006). Third, also as a longer term initiative, managers should explore which factors in the working environment and conditions of frontline employees contribute to acts of employee deviance. While such factors are likely to be context-specific and idiosyncratic, it seems probable that targeting programmes designed to empower, reward and train frontline staff could facilitate more positive workplace behaviours.

The finding that experience of past misbehaviour can predict deviant behaviours raises an interesting challenge for service managers. Although service managers cannot alter customers' past personal experiences, they can take steps to ensure that customers do not perpetrate such misbehaviours within their specific service outlet, therefore breaking the linkage between experience and subsequent behaviour. In addition, managers should ensure that misbehaving customers experience negative outcomes. Over time, such negative conditioning will result in accumulated negative associations, thus lessening the appeal associated with performing deviant behaviour. In doing so, the process of experience, learning, and repetition is broken. Specifically, managers should analyse their service environments and interaction blueprints and attempt to remove circumstances that may represent an opportunity for misbehaviour in the service setting (from both customers' and employees' perspectives). This objective can be achieved through the manipulation of servicescape design, customer service policies, offender tracking systems, and employee rewards. Through removing the triggers that may

motivate an offense, opportunities to engage in and learn from such events are reduced.

### **Limitations**

Although this study provides a solid starting point for research into the links between employee and customer misbehaviours, it is limited by three main factors that, in turn, provide potentially worthwhile avenues for further study. First, the study is limited by a reliance on quantitative cross-sectional survey data from consumer respondents. An inherent limitation of survey-based research is that not all those approached will agree to partake in the research. To gain a more detailed understanding of the dynamics between employee and customer deviance, further research should combine qualitative field observations and interviews from both customers and employees. Additionally, longitudinal research would supply researcher with detailed insights into the impact of repeated deviance perpetration of employees and consumers. In this regard, researchers could triangulate the perpetration of employee deviance with individual consumer's misbehaviours. While such an approach would encounter considerable practical and ethical challenges, such data would contribute deep and rich insights.

Second, this research relies on self-report data from individual respondents. Retrospective self-report data are widely considered reliable and valid when examining deviant behaviours (Fisk et al., 2010), but caution should be exercised in interpreting such results. In particular, the current study relies on informants' accurate and truthful recall of events. Given that the current study seeks to sample behaviours that may be deceptive in nature, socially desirable reporting, wherein informants may exaggerate or minimise events, may represent a potential source of bias. While our empirical analysis reveals no statistical evidence of social desirability bias or common method bias influencing either the measurement or structural models, future research might employ experimental methods or collect multi-source data to examine the differences between different forms and severities of employee and customer misbehaviours. Future research might also employ such methods to investigate the impact of deviant experiences on evaluations of employees and service. For example, are customers who have experience

of behaving in a deviant manner more critical of service employees? Examining such questions would greatly deepen our understanding of customer misbehaviour dynamics.

Third, in measuring repatronage intent, the severity of misbehaviour performed and past experience of misbehaviour, the current study focuses on the behavioural outcomes of perceived employee service deviance. Future studies might examine how perceived employee deviance impacts consumer affect and consequently the role that affect plays in influencing the severity of customer misbehaviour performed.

### **Conclusions**

The testing of our conceptual model through the analysis of responses to a survey of customers reveals strong support for the hypothesised associations. First, customers' perceptions of employee deviance influence their repatronage intentions, which in turn are linked to the severity of their dysfunctional behaviour. Second, customers' perceptions of employee deviant activity is directly associated with the severity of their misbehaviour. Past customer experience and practice of misbehaviour also act as moderators. Cumulatively, these dynamics support the view that employee and customer misbehaviours are linked and that customer experiences and perceptions drive their behaviour during service. Although the current study provides support for these associations, further research is needed to explore the darker side of service encounters.

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## Appendix A Final construct and measurement items

### Severity of dysfunctional customer behaviour<sup>a</sup> ( $\alpha = .91$ , CR = .84, AVE = .57)

- SEV1 If others had witnessed my behaviour, they would have thought it was inappropriate behaviour within that specific outlet. (.79)<sup>b</sup>
- SEV2 In hindsight, I acknowledge that my behaviour is not what is expected of customers within that service outlet. (.84)<sup>b</sup>
- SEV3 I believe that others would generally view my behaviour as acceptable in today's society. (reverse scored) (.85)<sup>b</sup>
- SEV4 If others had witnessed my behaviour, they would have thought it was acceptable behaviour within that specific outlet. (reverse scored) (.90)<sup>b</sup>

### Employee service deviance<sup>a</sup> ( $\alpha = .91$ , CR = .86, AVE = .55)

- EMP1 I believe that within this outlet, employees 'take revenge' on customers. (.78)<sup>b</sup>
- EMP2 I believe that within this outlet, employees appear to hurry customers when they want to. (.88)<sup>b</sup>
- EMP3 I believe that within this outlet, employees ignore company rules to make things easier on themselves. (.91)<sup>b</sup>
- EMP4 I believe that within this outlet, employees sometimes deliberately mistreat customers. (.77)<sup>b</sup>

### Repatronage intentions<sup>a</sup> ( $\alpha = .90$ , CR = .85, AVE = .61)

- BEH1 I intend to use this company more in the future. (.88)<sup>b</sup>
- BEH2 As long as the present standard of service continues, I would use this service outlet again. (.92)<sup>b</sup>
- BEH3 I intend to use this service outlet less in the future. (reverse scored) (.79)<sup>b</sup>

### Past misbehaviour<sup>a</sup> ( $\alpha = .83$ , CR = .80, AVE = .55)

- PST1 When in a service outlet, I always behaved in a way that represented my 'best' behaviour. (reverse scored) (.72)<sup>b</sup>
- PST2 In the past, I have behaved in a way that may be judged by others to be inappropriate for that setting. (.79)<sup>b</sup>
- PST3 I always ensured that my behaviour was appropriate for the service outlet that I was in. (reverse scored) (.77)<sup>b</sup>
- PST4 When in service outlets, I regularly behaved in a way that may have been frowned upon by others present. (.71)<sup>b</sup>

### Social desirability<sup>a</sup> ( $\alpha = .89$ , CR = .82, AVE = .54)

- SD1 It is sometimes hard for me to go on with my work if I am not encouraged. (.74)<sup>b</sup>
- SD2 There have been times when I was quite jealous of the good fortune of others. (.85)<sup>b</sup>
- SD3 No matter who I am talking to, I am always a good listener. (.85)<sup>b</sup>
- SD4 I am sometimes irritated by people who ask favours of me. (reverse scored) (.77)<sup>b</sup>

<sup>a</sup> Seven-point scale (1 = *strongly disagree*, and 7 = *strongly agree*).

<sup>b</sup> Standardized factor loadings in parenthesis