

# SERVANT LEADERSHIP AND DISHONEST BEHAVIOR AMONG RETAIL EMPLOYEES

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## ABSTARCT

*Based on social exchange theory, this research introduces a unique model that explores the moderating mediation impact of workplace incivility on the connection between Servant Leadership and dishonest behaviors like theft and deception, specifically through distributive justice. Involving a sample of 310 employees in the retail sector in India, the study reveals that distributive justice acts as a mediator in the association between Servant Leadership and instances of employee theft and deception. This mediated link is influenced by workplace incivility, where a lower level of incivility strengthens the mediated link between Servant Leadership and dishonest behaviors, and conversely. The implications of the study and suggestions for future research are outlined in the paper's conclusion.*

## INTRODUCTION

This study, rooted in social exchange theory, introduces a novel model examining the interplay between Servant Leadership, workplace incivility, and dishonest behaviors such as theft and deception in the retail sector. Analyzing 452 Indian retail employees, the research identifies distributive justice as a mediator in the link between Servant Leadership and instances of employee theft and deception. Workplace incivility serves as a moderating factor, strengthening the mediated link with lower incivility levels and vice versa. The paper concludes with implications and future research suggestions.

Employee theft, a significant challenge for global retailers, is escalating, with reported losses reaching billions. Despite technological reliance to curb theft, the persistent issue suggests a need to address work-related alienations fueling dishonesty. The study emphasizes the role of leadership, specifically Servant Leadership, in influencing employee behavior, reducing job stress, and fostering commitment. Examining these dynamics within the framework of social exchange theory, the study underscores the prevalence of injustice and incivility in the retail sector, proposing workplace incivility and distributive justice as moderator and mediator, respectively.

Highlighting a research gap, the study contributes to the literature by exploring the impact of Servant Leadership on employee dishonest behaviors. Considering the belief that servant leadership is more effective in cultures low on power distance, the study's contextual novelty arises from its examination in India, characterized by high power distance according to Hofstede's cultural dimensions. Overall, the research aims to enhance understanding and strategies for addressing employee dishonesty in the retail sector.

## Impact of Servant Leadership on Distributive Justice, Employee Theft, and Deception

Robert K. Greenleaf's 1970 concept of Servant Leadership, evolving from a natural inclination to serve into a deliberate leadership decision, prioritizes followers' well-being over

personal interests. Although a universally accepted definition is lacking, various dimensions have been identified, with recent interpretations highlighting leaders' concern for others. Positive associations have been established between Servant Leadership and outcomes such as job satisfaction, psychological empowerment, organizational commitment, and ethical climate.

This study employs social exchange theory (Blau, 1964) to elucidate how Servant Leadership influences dishonest behavior in employees. According to social exchange theory, continuous interaction between mutually dependent parties creates mutual obligations, with reciprocity influencing employee responses based on equity and justice in the work environment. Positive leadership styles, as suggested by social exchange theory, mitigate workplace deviance. This theory is instrumental in comprehending workplace behavior, particularly within the context of Servant Leadership.

Distributive justice pertains to employees perceiving their pay and benefits as fair and appropriate (Hollinger & Davis, 2016). This concept relies on principles such as equality, need, equity, and entitlement (Miller, 1976; Hülle et al., 2018). Equality involves the uniform distribution of responsibilities and benefits, equity suggests benefits should align with individual work conditions and output, need emphasizes fulfilling basic organizational member needs, and entitlement extends benefits based on non-work-related privileges like origin, sex, or status. The absence of distributive justice is linked to employees engaging in deviant behaviors as a way to counter feelings of injustice (Hollinger & Davis, 2016; Yang et al., 2019). While various factors may drive employee theft, distributive justice serves as a theoretical foundation to explain this phenomenon (Hollinger & Davis, 2006; Hollinger & Davis, 2016). Schwepker (2016) discovered that the servant leadership style positively influences the perception of distributive justice among employees. Burton et al. (2016) highlighted the need for further exploration of the relationship between Servant Leadership and distributive justice.

Dishonest behavior is characterized as a deliberate act by an individual seeking personal gain, contravening social norms and causing harm to the organization (Jaakson et al., 2017). In the context of the retail sector, elements of dishonest behavior include theft, including time theft, and deception, such as lying and cheating. For this study, the focus is on theft and deception. In the retail industry, theft is extensively studied and stands out as a particularly harmful form of dishonest behavior, especially for small businesses (Kennedy, 2016). Theft is defined as the unlawful acquisition, use, or transfer of an organization's cash, products, or information (Ivancevich et al., 2005). Deception involves lying and concealing facts, often from employers or customers (Jaakson et al., 2017).

Chen & Tang (2006) describe deception as lying to induce individuals or groups to "*give up something of value*" (p. 81), encompassing the communication of incorrect information to mislead. Major triggers for dishonest behavior include the stressful nature of the job, job insecurity, greed, and workplace dissatisfaction (Jaakson et al., 2018; Lawrence & Kacmar, 2017; Seuntjens et al., 2019; John et al., 2019). Notably, in line with social exchange theory (Blau 1964), leaders who cultivate a trusting relationship with their followers and uphold moral values can mitigate employees' inclination toward counterproductive or deviant behaviors (Trevino & Brown, 2004; Kalshoven & Hartog, 2009; Pircher Verdorfer et al., 2015). Sendjaya et al. (2017) observed that Servant Leadership plays a role in inhibiting workplace deviance among employees.

## Hence we Hypothesize

**Hypothesis 1:** *Distributive justice acts as a mediating factor in the association between Servant Leadership and a) theft, b) deception.*

## **Moderating Influence of Workplace Incivility**

Workplace incivility is characterized as "low-intensity deviant behavior with ambiguous intent to harm a target, violating workplace norms for respect and courtesy" (Andersson & Pearson, 1999). It involves impoliteness and an indifferent attitude towards others. An essential aspect of incivility is its ambiguity, leaving the target uncertain about whether it was intentional or accidental (Sliter et al., 2015). Factors contributing to incivility include organizational changes, perceived job insecurity, low social support from co-workers and supervisors, high job demands, and low control (Torkelson et al., 2016). Incivility has repercussions such as workplace and interpersonal deviance, psychological distress, among others (Penney & Spector, 2005; Wu et al., 2014; Cortina et al., 2001). Jensen, Cole, and Rubin (2019) suggest that employees, especially in the retail sector, may respond to a prevalent incivil environment by engaging in theft or disregarding such behaviors by others.

Schwepker (2016) observed that Servant Leadership positively influences employees' perception of distributive justice, while Blau & Andersson (2005) indicated that distributive injustice may contribute to incivility. Building on these theories, this study aims to empirically validate that workplace incivility moderates the relationship between Servant Leadership and distributive justice. Additionally, the study explores the moderated mediation effect of workplace incivility on the relationship between Servant Leadership and theft and deception through distributive justice.

**Hypothesis 2:** *Workplace incivility moderates the positive relationship between Servant Leadership and distributive justice, with this relationship being stronger in cases of low workplace incivility.*

## **METHODS**

### **Sample and Procedure**

A survey was carried out among employees of cash and carry establishments in the Hyderabad region of India. The data collection was conducted with the consent of the management of cash and carry stores and retail shop owners. A questionnaire accompanied by a cover letter explaining the study's purpose was distributed, ensuring participants of the confidentiality of their responses. To maintain confidentiality, the retail shop employees directly provided their responses.

Participation in the survey was voluntary and at an individual level. A total of 700 surveys were distributed, resulting in 310 usable responses, yielding a response rate of 64.5%. Among the respondents, 86.5% were male, and 13.5% were female, with an average age of 28.5 years. The respondents had an average of 8 years of experience.

### **Measures**

The study employed validated and established questionnaires, including a seven-item Servant Leadership questionnaire by Liden et al. (2015), a seven-item Workplace Incivility scale developed by Cortina et al. (2001), a five-item Distributive Justice scale by Niehoff & Moorman (1993), and theft (three items) and deception (three items) scales developed by (Chen & Tang,

2006). Given that English is generally understood and spoken in India, an Urdu translation of the questions was provided beneath the English questions to assist individuals with lower levels of education.

No issues were reported regarding the questionnaire's comprehensibility. Responses were collected on a seven-point Likert scale, ranging from 1 = Strongly Disagree to 7 = Strongly Agree. The scale items and their validity scores are detailed in Table 1.

## Data Analysis

SPSS AMOS version 20 and the PROCESS macro for SPSS by Preacher & Hayes (2004) were employed for data analysis. Confirmatory factor analysis (CFA), recommended by Kline (2011), was conducted to evaluate the model fit. Kline suggested that a good model fit is indicated by a  $\chi^2/df$  value less than 3 and GFI, CFI, NFI, and TLI values exceeding 0.90, while RMSEA should be less than 0.08. The CFA results for this study revealed  $\chi^2/df = 2.07$ , GFI = .903, CFI = .965, NFI = .938, TLI = .950, and RMSEA = 0.069. These values fall within the specified limits, indicating a good fit of the hypothesized model to the data.

Internal consistency reliability was assessed using Cronbach's alpha. Hair et al. (2011) suggested a Cronbach's alpha value higher than 0.70, with values from 0.60 to 0.70 acceptable in exploratory research. In this study, Cronbach's alpha values ranged from 0.90 to 0.93 (see Table 1), indicating good reliability.

Convergent validity and discriminant validity were examined through composite reliability (CR) and average variance extracted (AVE). Acceptable values for CR and AVE are 0.70 and 0.50, respectively (Hair et al., 2010). In this study, CR and AVE values surpassed the threshold levels (see Table 1), indicating robust convergent validity. Discriminant validity is considered satisfactory if the square root of AVE is greater than the correlation coefficients of the variables in the Pearson correlation matrix (Hair et al., 2010). As shown in Table 2, the square root of AVE values exceeds the correlation coefficients, confirming adequate discriminant validity.

**Table 1**  
**SCALE ITEMS AND VALIDITY SCORES**

Factor	Factor Loading	$\alpha$	CR	AVE	$\sqrt{AVE}$
<b>Servant Leadership</b>		0.91	0.93	0.61	0.79
My leader can tell if something work-related is going wrong.	0.87				
87My leader makes my career development a priority.	0.86				
I would seek help from my leader if I had a personal problem.	0.73				
My leader emphasizes the importance of giving back to the community.	0.75				
My leader puts my best interests ahead of his/her own.	0.81				
My leader gives me the freedom to handle difficult situations in the way that I feel is best.	0.74				
My leader would NOT compromise ethical principles in order to achieve success.	0.63				

<b>Workplace Incivility</b>		0.91	0.93	0.66	0.81
Put you down or was condescending (arrogant) to you?	0.72				
Paid little attention to your statement or showed little interest in your opinion?	0.83				
Made demeaning or derogatory remarks about you?	0.88				
Addressed you in unprofessional terms, either publicly or privately?	0.81				
Ignored or excluded you from professional camaraderie?	0.82				
Doubted your judgment on a matter over which you have responsibility?	0.76				
Made unwanted attempts to draw you into a discussion of personal matters?	0.64				
<b>Distributive Justice</b>		0.92	0.91	0.63	0.80
My work schedule is fair.	0.96				
I think my level of pay is fair.	0.71				
I consider my workload to be quite fair.	0.77				
Overall, the reward I receive here are quite fair.	0.82				
I feel my job responsibilities are fair.	0.70				
<b>Theft</b>		0.91	0.90	0.85	0.89
Borrow Rs 2000 from the cash register overnight without asking.	0.90				
Take merchandise and / or cash home.	0.93				
Give merchandise away to personal friends (without 87 charges).	0.87				
<b>Deception</b>		0.89	0.91	0.78	0.90
Overcharge customers to increase sales and to earn higher bonus.	0.91				
Give customers "discount" and then secretly change them more money later (bait & switch).	0.91				
Make more money by deliberately not letting clients know	0.88				

## RESULTS

Table 2 presents means, standard deviations (SD), Pearson bivariate correlations, and the square root of AVE. The correlations indicate a positive relationship between servant leadership and distributive justice ( $r = .44$ ,  $p < .01$ ), along with negative associations with workplace incivility ( $r = -.22$ ,  $p < .01$ ), theft ( $r = -.23$ ,  $p < .01$ ), and deception ( $r = -.34$ ,  $p < .01$ ). Furthermore, distributive justice shows significant negative correlations with theft ( $r = -.19$ ,  $p < .01$ ) and deception ( $r = -.24$ ,  $p < .01$ ). The values in parentheses, representing the square root of AVE, are greater than the correlation values, affirming satisfactory discriminant validity among the variables.

Table 2 MEANS, STANDARD DEVIATIONS, CORRELATIONS, AND SQUARE ROOT OF AVE OF STUDY VARIABLES								
	Mean	SD	1	2	3	4	5	

1.	Servant Leadership	4.24	1.33	(.80)				
2.	Workplace Incivility	2.45	1.19	-.22**	(.80)			
3.	Distributive Justice	4.89	1.45	.44**	-.06	(.82)		
4.	Theft	2.50	1.83	-.23**	.48**	-.19**	(.90)	
5.	Deception	2.44	1.80	-.34**	.52**	-.24**	.80**	(.89)

\*\*. Correlation is significant at the 0.01 level (2-tailed).

√AVE are provided in parenthesis.

\* $p < .05$ , \*\* $p < .01$ , \*\*\* $p < .001$

We employed the PROCESS technique by Preacher & Hayes (2004) to evaluate the mediation, moderation, and mod-med hypotheses in our study. To address concerns related to multicollinearity, we mean-centered the independent and moderator variables when testing the moderation hypothesis. Significant interactions were visualized through simple slope tests for one standard deviation above and below the mean.

The results for the mediation hypothesis are presented in Table 3. The findings indicate that servant leadership exerts an indirect negative impact on theft ( $\beta = -.06$ ,  $p < .05$ ) and deception ( $\beta = -.07$ ,  $p < .05$ ) through distributive justice. The formal two-tailed significance test, assuming a normal distribution, confirmed the significance of the mediation effect for theft (Sobel effect =  $-.07$ ,  $z = -2.06$ ,  $p < .05$ ) and deception (Sobel effect =  $-.06$ ,  $z = -2.28$ ,  $p < .05$ ). Bootstrap results supported the Sobel test, showing a bootstrapped 95% Confidence Interval (CI) around the indirect effect that includes non-zero values for theft ( $-.13$ ,  $-.01$ ) and deception ( $-.13$ ,  $-.01$ ). Thus, Hypotheses 1 (a and b) are substantiated.

### Mediated Regression Analysis Results

Table 3 BOOTSTRAP RESULTS FOR INDIRECT EFFECTS					
Theft					
		M	SE	LL 95% CI	UL 95% CI
	Indirect Effect of SL on T through DJ	.06	.03	-.13	-.01
Deception					
		M	SE	LL 95% CI	UL 95% CI
	Indirect Effects of SL on T through DJ	-.07	.03	-.13	-.01

**Note:**  $n = 452$ ; Control Variable = Gender and Experience. SL= Servant Leadership; WI= Workplace Incivility; DJ= Distributive Justice, T= Theft; D= Deception, Bootstrap Sample Size = 1000. LL = Lower Limit, CI = Confidence Interval, UL = Upper Limit.

## DISCUSSION

While employee theft in the retail sector has been extensively studied, broader employee dishonesty has received comparatively less attention. This study takes a comprehensive view, suggesting that addressing this problem involves adopting an appropriate leadership style and creating a conducive work environment. The findings indicate that the Servant leadership style can mitigate tendencies for theft and deception among employees, aligning with previous research by (Sendjaya et al., 2017; Lee et al., 2019).

The study establishes that distributive justice mediates the relationship between Servant Leadership and theft and deception. This aligns with Mayer et al. (2008) findings, indicating that justice perceptions partially mediate the relationship between Servant Leadership and need

satisfaction. The importance of justice in reducing employee dishonest behavior, as noted by Jaakson et al. (2017), is reinforced by our study.

Addressing the issue of workplace incivility, our findings suggest that a high level of incivility reduces the effectiveness of Servant Leadership in curbing employee tendencies for theft and deception. This supports the observations made by Jensen et al. (2019), emphasizing the role of leadership in tackling workplace incivility. Implications for retail managers and owners are significant, emphasizing the adoption of the Servant leadership style, ensuring distributive justice, and reducing incivility to prevent employee theft and deception. Attention to these aspects can substantially reduce inventory losses and contribute to increased profit margins.

Future research avenues could address the present study's limitations, such as adopting longitudinal designs and incorporating additional variables like job stress, insecurity, and wages. Comparative studies on moral leadership styles and investigations into the impact of job and personal resources on employee inclinations toward theft and deception would contribute to the literature. Moreover, exploring the effectiveness of Servant Leadership in diverse cultural contexts could enhance understanding, as demonstrated by the study's positive findings in India, a high-power-distance culture.

## CONCLUSION

While debates on the effectiveness of Servant Leadership in varying cultures may persist, this study affirms its efficacy in both low and high-power distance environments. The concept of Servant Leadership, though subject to ongoing discussions, proves effective to varying degrees across diverse cultural settings.

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