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Retail Employee Pilferage: A Study of Moral Disengagement

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Abstract

Employee pilferage – the unauthorized taking of work property or the means of production on a relatively small scale – is extremely costly. However, very little is known about what psychologically drives frontline retail workers to pilfer. Drawing upon the social cognitive theory of self-regulation, we argue that moral disengagement is the key psychological mechanism that frees retail employees to pilfer in the workplace without experiencing feelings of guilt or self-censure. We further develop and test a conceptual framework that depicts the causes of pilferage moral disengagement by customer-contact retail employees. We find that both moral identity centrality and ethical leadership inhibit pilferage moral disengagement, while cynicism and pilferage norms enhance it. Moreover, moral identity centrality can also alleviate the positive effects of both cynicism and pilferage norms on pilferage moral disengagement. We discuss the theoretical implications of these findings and the implications for practice.

Key words: retailing, retail employee pilferage, ethical leadership, moral disengagement, moral identity

Introduction

Studies of ancient Egypt have found that tomb-makers literally risked their necks pilfering from their employers. Closer to home, just a few generations ago, pilfering a loaf of bread from an employer could find the perpetrator forcibly deported thousands of miles to a foreign continent. Today, contemporary studies suggest that employee pilferage costs retailers billions of dollars every day. As such, pilferage is a persistent and pervasive phenomenon. Employee pilferage is a salient issue, particularly in the retail sector. In the retail sector alone, the costs were recently estimated as $32 billion per year (Fortune, 2015). A recent report showed that employee theft has been identified as the single biggest cause of loss to retailers in the US, more than customer theft (Retail Knowledge, 2015). A similar picture can be obtained in the UK, as it has been found that each employee theft costs four times that of customer theft (British Retail Consortium, 2015). Pilferage, particularly time theft, can potentially have a significant negative impact on the quality of customer service and the customer experience in the retailing environment.

While scholars have supplied many insights into various forms of customer theft, in relative terms, customer-contact employee pilferage is very much neglected. We conceptualize pilferage as employees' unauthorized taking of work property or the means of production (such as taking extra breaks, false sick days/time) on a relatively small scale (see Henle et al., 2010; Kulas et al., 2007; Brock et al., 2013). Interestingly, studies suggest that production pilferage by employees is twice as common as property pilferage (Southey, 2016), with the majority of retail workers admitting to routine time pilferage (Boye and Slora, 1993). In this way, it is important that studies focus on how and why frontline, customer service workers in the retailing sector routinely and persistently avoid contact with customers and shirk customer service responsibilities.

Existing research has explored how auditing mechanisms may catch pilferage by customer-contact employees, and how the careful profiling during recruitment may prevent it

from happening (Shulman, 2012). However, little research to date has examined the moral mechanism of pilferage by retail customer service employees. Although some studies have provided illuminating insights into employee moral disengagement in the domains such as general unethical workplace behaviors (e.g., Moore et al. , 2012), and counterproductive workplace behavior (e.g., Samnani et al, 2014), deviance (e.g., Huang et al., 2017), deceptive behaviors (e.g., Tasa and Bell, 2017), and unethical pro-organizational behavior (e.g., Mo et al., 2016), studies have shied away from explicating the moral mechanisms of retail employee pilferage.

Ordinary people do not simply commit unethical behaviors without ethical awareness of the focal issues (De Cremer et al., 2011) or anticipating any potential consequences (Shalvi et al., 2011). One important psychological mechanism that promotes unethical decision-making is moral disengagement (Bandura et al., 1996; Bandura, 1999; Bollmann and Krings, 2016; Johnson and Buckley, 2015). Moral disengagement is defined as a collection of interrelated cognitive mechanisms that deactivate a person's moral self-regulatory processes in decision-making (Bandura et al., 1996; Bandura, 1999). As a result of this deactivation, people become capable of conducting unethical behavior without feeling apparent guilt or self-censure, and hence are more likely to engage in such behavior (Bandura, 1999; Detert et al., 2008). Research on moral disengagement by employees in the organizational context is becoming an increasingly important topic (Christian and Ellis, 2014). We expect that moral disengagement, which refers to cognitive mechanisms that deactivate a person's moral self-regulatory processes in pilfering, is a key psychological mechanism that enables guilt-free pilferage by employees. In this study, we aim to examine whether moral disengagement affects employee pilferage, and what factors influences this moral disengagement.

Drawing on the social cognitive theory of moral agency (Bandura, 1991; Treviño et al., 2006), and on previous research (Chowdhury and Fernando, 2014; Detert et al., 2008; He and Harris, 2014), we develop a framework of the antecedents of retail employees' pilferage moral

disengagement. Social cognitive theory posits that moral conduct is regulated by joint forces originating from the moral self and social and situational influences (Aquino et al., 2009; Treviño et al., 2006). First, moral disengagement relates to a person's moral self-regulation (Bandura, 1999). Based on extant theory, factors in different categories, including personal, social, situational, and some of their interactions, can influence a person's moral judgment and decision-making (Aquino et al., 2009; Bandura, 1999; Treviño, 1986; Treviño et al., 2006). Regarding personal factors, moral identity centrality has been consistently found to influence moral disengagement (Detert et al., 2008; He and Harris, 2014). We also chose cynicism as a personal factor, as recent research (Chowdhury and Fernando, 2014; Detert et al., 2008) has found that cynicism is positively associated with moral disengagement from unethical decision-making, because employees with high levels of cynicism are more likely to distrust others, question their motives, and displace responsibility.

Regarding social factors, we chose social norms because a vast majority of studies have supported the idea that a group effect is significant in a person's moral judgment and behavior (e.g. Harris and Ogbonna, 2008; Lahno and Serra-Garcia, 2015). In addition, social norms (and the associated notion of peer influence and normative culture) have been widely identified as the key social factor in various influential ethical decision making models (e.g., Ford and Richardson, 1994; Jones, 1991; Treviño, 1986). Regarding situational factors, we chose ethical leadership. As noted by Treviño et al. (2006), leadership (as a contextual factor) plays a crucial role in employee ethical decision-making, such as employee misconduct (Mayer et al., 2010), deviant behaviors (Taylor and Pattie, 2014), and unethical pro-organizational behaviors (Miao et al., 2013). Studying the impact of ethical leadership on moral disengagement fits the social cognitive theory of moral disengagement, as it helps unveil its social learning mechanism in the sense that ethical leaders provide ethical role model in discouraging subordinates from engaging in unethical thoughts and acts. Accordingly, we develop an interactional theoretical framework

that includes personal, social, and situational factors, and their interaction in influencing pilferage moral disengagement.

This research intends to make a number of contributions to the literature. First, we intend to contribute to extant theory on pilferage by employing a moral psychological perspective, and demonstrate the pivotal role of moral disengagement as a psychological mechanism for shopfloor employees to engage in pilferage. Second, we aim to establish an integrative framework on customer-contact employee pilferage moral disengagement, which includes personal, social, and situational factors and their interactions. Third, we aim to develop a measurement scale for customer-contact, shopfloor employees pilferage moral disengagement in the retail sector, which demonstrates strong construct validities through a series of studies. Finally, we intend to contribute to the burgeoning literature on moral identity (He and Harris, 2014; Reed et al., 2016) and ethical leadership (Brown and Mitchell, 2010; Taylor and Pattie, 2014; Zhu et al., 2015) in (un)ethical decision-making.

Conceptual framework

Moral Disengagement

Ditton (1977) delineates between theft and pilferage by noting that theft is universally condemned, while pilferage is merely viewed as mildly wrong by organizational managers. Neverthesless, the majority of scholars present both acts as morally or ethically questionable (Greenberg and Barling, 1999; Johnson, 2011). Similarly, a general (but not universal) consensus broadly distinguishes between theft and pilferage as, respectively, grand to petty theft, typically attributing a lower monetary value to acts of pilferage. An unethical act is more likely to occur when the offenders are convinced that (a) the harm is minimal, (b) the target deserves the harm, or (c) they are not fully responsible (Bandura et al., 1996). The process of engaging in the above anticipating thoughts is called moral disengagement, which we propose is a crucial psychological mechanism leading to retail employee pilferage.

According to social cognitive theory, self-regulatory processes enable individuals to exercise control over their thoughts and behaviors (Bandura et al., 1996). In light of moral thoughts and conduct, individuals' moral agency is governed by moral self-regulation, through which they self-monitor their own thoughts, conduct, and anticipated behaviors by reference to their internal moral standards (Bandura, 1999). Under activation, the self-regulation process can make counter-standard behaviors result in self-censure. However, this moral self-regulation can be deactivated selectively or momentarily to enable a person to engage in behaviors that are not consistent with his or her moral or socially normative standards (Aquino et al., 2007). Moral disengagement refers to a collection of interrelated cognitive mechanisms that deactivate a person's moral self-regulatory processes in decision-making. As a result of this deactivation, 'normal' people become capable of conducting unethical behavior without feeling apparent guilt or self-censure; hence, they are more likely to engage in such behavior (Bandura, 1999; Detert et al., 2008). Accordingly, we expect that one key psychological mechanism that promotes pilferage is pilferage moral disengagement.

Moral disengagement may involve a number of cognitive mechanisms: moral justification, euphemistic labeling, advantageous comparison, displacement of responsibility, diffusion of responsibility, disregarding/distorting the consequences, dehumanization, and attribution of blame (Bandura et al., 1996). Moral justification refers to a process through which a person portrays detrimental conduct in the service of valued social or moral purposes so that the conduct is seen as personally and socially acceptable. Euphemistic labeling involves the use of sanitized and convoluted verbiage as a convenient tool for masking reprehensible activities and for rendering destructive conduct benign. Advantageous comparison refers to comparing the focal behavior selectively with another, more immoral or harmful behavior so that the behavior can be justified and viewed as righteous (Bandura, 1999). Bandura et al. (1996: 365) noted: '*By exploiting advantageous comparison with more reprehensible activities, injurious conduct can be rendered benign or made to appear to be of little consequence*.'

Displacement of responsibility involves 'obscuring or distorting the agentive relationship between actions and the effects they cause' (Bandura et al., 1996: 365). Instead of claiming personal responsibility for their actions (e.g. pilferage), people can attribute their behaviors to other sources, such as social pressures or the dictates of others. Similarly, diffusion of responsibility refers to diffusing one's responsibility for actions across a group of members, either by division of labor for the action or by referring to group decision-making. Disregarding or distorting the consequences occurs when the culprit tries to minimize or avoid facing the harm caused by his or her behavior by either selective inattention, cognitive distortion of the effects, or discrediting evidence of the harm. Dehumanization involves depriving the victims of human qualities or attributing inhuman qualities to them. It is easier for people to mistreat inhuman targets that are viewed as having no feelings or concerns. Finally, attribution of blame occurs when the victims or circumstances are blamed for an action that causes harm to them.

When adopting any or all of moral disengagement mechanisms, the culprit is able to commit misconduct without feeling guilty or self-censure and is therefore more likely to behave accordingly. For example, people with higher moral disengagement propensity are more likely to be aggressive (Bandura et al. 1996), favor violence against animals (Vollum, Buffington-Vollum and Longmire 2004), violate civic duties (Caprara et al. 2009), and support military force (Aquino et al. 2007). In organizational settings, research shows that moral disengagement is related to organizational corruption (Moore 2008), workplace harassment (Claybourn 2011), general unethical organizational behavior (Moore et al. 2012), deviant behavior (Christian and Ellis 2014), counterproductive workplace behavior (Samnani, Salamon and Singh 2014), and dishonest deeds (Shu, Gino and Bazerman 2011). Therefore, we expect that moral disengagement is a key psychological mechanism that leads to pilferage.

H1: Moral disengagement is positively related to pilferage intention.

Antecedents of PMD

To identify the drivers of PMD by customer-contact, retail employees, while relying on the basic principles of social cognitive theory of moral agency (Bandura, 1991), we resort to literature on both moral disengagement and pilferage. Our intention is to incorporate different types of factor (i.e. personal, social, and situational) so we focus on two factors that promote PMD: cynicism and pilferage norms; and two factors that may discourage PMD: moral identity centrality and ethical leadership. Cynicism and moral identity centrality are considered to be personal factors, with the former being a personal trait factor and the latter a social identity factor. Pilferage norms are a social influence factor, while ethical leadership is a situational factor that is derived from the leadership in the workplace. In addition, we also argue that moral identity centrality, as the crucial factor that can discourage pilferage moral disengagement, can not only directly influence moral disengagement, but also attenuate the positive influences of cynicism and social norms on pilferage moral disengagement. Figure 1 presents the conceptual framework and associated hypotheses.

Insert Figure 1 here

Moral identity centrality and PMD

Moral identity is a person's knowledge structure containing morally relevant values, goals, traits, and behavioral scripts (Aquino and Reed, 2002). Moral identity differs across individuals in its strengths and significance in defining one's overall sense of self. This difference is captured by the concept of moral identity centrality, which is defined as the degree to which the moral traits are central to self-conception (Aquino and Reed, 2002).

Moral identity centrality can regulate a person's thoughts and behaviors toward morally relevant phenomena. According to identity-based motivation model (Shavitt et al., 2009), when a social identity is either temporarily salient or chronically central to a persona's self-concept, the relevant knowledge, meanings, and mindsets associated with the focal social identity become prominent in driving a person to meet the goals derived from the social identity (Shavitt

et al., 2009). Self-consistency in terms of preservation and stabilization of self-view is the key driving force of identity-based motivation (Swann et al. , 1987). Therefore, people with stronger moral identity centrality are more likely to try to maintain their sense of moral identity when they encounter morally relevant issues (Brebels et al., 2011; Hardy and Carlo, 2005; Reynolds and Ceranic, 2007), therefore less prone to disengage morally themselves in the event of unethical or morally questionable behaviors (Chowdhury and Fernando, 2014; Detert et al., 2008; He and Harris, 2014), hence less likely to engage in unethical behavior, such as pilferage. And given the direct impact of moral disengagement on pilferage, we expect that it mediates the effect of moral identity centrality on pilferage. Therefore, we hypothesize:

H2a: Moral identity centrality is negatively related to moral disengagement.

H2b: Moral identity centrality has a negative indirect effect on pilferage intention via moral disengagement.

Cynicism – PMD

Vice (2011) defines cynicism as: *'i) a stance of disengagement and ii) of distrust, contempt and/or skepticism (to differing degrees) adopted towards humans, their institutions and values; and iii) adopted as a response to a belief that humans are motivated only by self-interest, or more generally, that human beings are of little worth'.* Chowdhury and Fernando (2014) highlight the links between the behavior of cynical employees and underlying issues of trust. They argue that, as trust is a core component of cynicism and, as distrusting cynics will accordingly act unethically, individuals who are distrustful cynics are likely to hold skewed ethical interpretations of the behavior or others. As such, employees with high traits of cynicism are likely to actively engage in unethical behavior and passively accept or tacitly endorse the unethical acts of other parties (Chowdhury and Fernando, 2014).

Research has shown that employee cynicism is positively related to their moral disengagement from unethical decision-making (Detert et al., 2008). These employees due to

high level of distrust of other people, are more likely to question the motives of the targets of harm, and are therefore more likely to think that the targets of harm deserve the harm (Detert et al., 2008). Moreover, they are more likely to displace responsibility to others (through the mechanism of displacement of responsibility) because of a lack of trust in the integrity or altruism of others (Detert et al., 2008). Finally, we argue that, as a result of distrusting others, these employees are more likely to deprive them of human qualities or to attribute inhuman qualities to them (dehumanization). Therefore, in sum, we expect that employees with stronger cynicism trait are more likely to engage in moral disengagement, hence more likely to pilfer.

H3a: Cynicism is positively related to PMD.

H3b: Cynicism has a positive indirect effect on pilferage intention via moral disengagement.

Moral identity centrality and cynicism

According to self-consistency theory, people are often motivated to preserve their self-views by thinking and behaving in ways that are consistent with their conceptions of self (Swann et al., 1987), given that self-conceptions are essential to enabling people to make sense of social reality and to predict and control its nature (Epstein, 1973). When moral identity centrality is high, as a result of the need to preserve and maintain a consistent self-concept of moral identity, the consequences (i.e. the resultant pilferage moral disengagement) of cynical attribution of others' motives (hence) can be curbed. Otherwise, the moral disengagement derived from being cynical could undermine a person's self-view, which could lead to cognitive dissonance and negative emotional outcomes, such as self-censure and distress (Bandura, 1991; Treviño et al., 2006). Given the primacy of a self-consistency motive, moral identity generates the felt sense of obligation to engage in moral thought and moral decision-making (Aquino and Reed, 2002). This is particularly true for those with stronger moral identity centrality (i.e. moral identity being central to their overall self-concept); while for those with weaker moral identity

centrality this might not be the case (Aquino et al., 2009; Aquino and Reed, 2002). As noted earlier, the positive relationship between cynicism and moral disengagement is derived from the general distrust of the motives of leaders and the organization, which, in essence, involves a subtle unfavorable social exchange relationship between employees and their work organization and/or leaders. In general, unfavorable social exchange relationships tend to engender negative reciprocal feedback from employees, such as moral readiness to engage in unethical organizational behavior (Treviño et al., 2014; Greenbaum et al., 2013).

However, the thought of being morally disengaged as a result of such a negative social exchange relationship as distrust (being cynical) could create a state of moral dilemma for those employees with stronger moral identity centrality (Greenbaum et al., 2013). Research has shown that supervisors' wrongdoing has a weaker effect on employees' organizational deviance for those employees with stronger moral identity centrality, because they are more likely to see organizational deviance as inappropriate, as it could cause further harms or unfairness (Greenbaum et al., 2013). Similarly, we expect that the positive relationship between cynicism and pilferage moral disengagement is likely to be weakened for those with stronger moral identity centrality, as the thought (being morally disengaged) of pilfering could cause a stronger threat to their self-concept and create a moral dilemma for them. For those with weaker moral identity centrality, as a result of the potentially weaker threat to their self-concept and the absence of a potential state of moral dilemma, being cynical is more likely to engender moral engagement, hence more likely to pilfer.

H4a: Moral identity centrality attenuates the positive relationship between cynicism and pilferage moral disengagement.

H4b: Moral identity centrality attenuates the positive indirect relationship between cynicism and pilferage intention via the mechanism of moral disengagement.

Social norms

According to social cognitive theory of moral agency, moral thinking and judgment are influenced not only by people's internal moral standards (which can be derived from self-views), but also by external factors such as social norms and expectations (Bandura, 1991; Bollmann and Krings, 2016). We consider pilferage norms as a major social and normative factor that can affect pilferage moral disengagement. We define employees' pilferage norms as the extent to which pilferage is perceived and accepted by fellow employees as normal, non-controversial, and ethically acceptable within their immediate social–work circle. Employees' pilferage norms are conceived as group-consensual phenomena involving implicit or explicit agreements that are deeply-held within the proximate work group. This conception is concordant with studies of group conformity (e.g. Lahno and Serra-Garcia, 2015).

This view of group-level norm formation mirrors contemporary culture theory, which presents organizational cultures as cultural mosaics (Detert et al., 2000). In such mosaics, subcultures are likely to emerge that are orthogonal to the management-espoused 'corporate' culture, and in ways that normalize employee acts of deviant behavior (Harris and Ogbonna, 2008). Further, the cultural norms in an organization with high levels of employee deviance are very different to the norms of that of an organization with a low level of employee theft (Withian, 1996). This mirrors the arguments that organizational climate is linked to the level of employee pilferage (Kulas et al., 2007). Indeed, there is empirical evidence showing that group dynamics, including social norm consensus, conformity, and perceived dissimilarity, are significantly linked to the non-reporting of co-worker theft (Schmidtke, 2007).

However, none of the previous research has examined the psychological mechanisms of how social norms affect unethical decision-making in general terms, let alone specifically pilferage. Our argument is that pilferage norms affect PMD, which in turn influences employee pilfering. When the social norms are in favor of employee pilferage within an organization, employees are less likely to experience anticipated feelings of guilt or self-censure when they

make unethical decisions and are hence more likely to be morally disengaged from the act of pilfering, which in turn leads to higher likelihood of pilferage. Thus, we hypothesize:

H5a: Social norms are positively related to moral disengagement.

H5b: Social norms have a positive indirect effect on pilferage intention via moral disengagement.

Moral identity centrality and social norms

According to social cognitive theory of self-regulation, social influence is subject to people's self-regulatory capabilities. As noted by Bandura (1991: 249): '*If human behavior were regulated solely by external outcomes, people would behave like weathervanes, constantly shifting direction to conform to momentary social influence happened to impinge upon them…Human functioning is, therefore, regulated by an interplay of self-generated and external sources of influence*.' People with a stronger sense of identity are more likely to display a high level of self-directedness than those with a weaker sense of identity, who actually tend to adopt a pragmatic orientation and fit their behavior to the situation (Bandura, 1991).

As observed earlier, social cognitive theory of moral self-regulation acknowledges two major sources of sanctions for unethical thinking and behavior: self-sanction and social sanction. Under many circumstances (e.g. pilferage), anticipated societal sanctions could have limited power, compared to anticipated self-sanction (Bandura, 1991). In this case, and for those with stronger moral identity centrality, external influence tends to be limited. In other words, in the domain of moral identity self-regulation, social influence on moral thinking and behavior varies depending on how central moral identity is to a person's overall self-conception, with stronger moral identity centrality alleviating the social influence (Aquino et al., 2009). According to the interactional model of ethical decision-making in organizations (Treviño, 1986), the influences of contextual variables on decision-making are weaker for those with higher cognitive moral development. As people with stronger moral identity centrality tend to be associated with higher

cognitive moral development, it can be inferred from this model that employees with stronger moral identity centrality are less likely to be influenced by pilferage norms in their decision-making regarding pilferage.

Empirical evidence has been found by a recent study on the joint effect of moral identity centrality and recognition (an external influence), which shows that the monetary donations and volunteering behavior of people with stronger moral identity centrality are not influenced by recognition (Winterich et al., 2013). Therefore, it can be inferred that those with stronger moral identity centrality tend to be less influenced by social norms in their pilferage moral disengagement; meanwhile, for those with weaker moral identity centrality, the influence of social norms will be stronger. Therefore, we hypothesize:

H6a: Moral identity centrality attenuates the positive relationship between social norms and pilferage moral disengagement.

H6b: Moral identity centrality attenuates the positive indirect relationship between social norms and pilferage intention via the mechanism of moral disengagement.

Ethical leadership and PMD

In addition to personal factors such as cynicism and moral identity centrality, we consider that the pilferage moral disengagement of employees is likely to be influenced by their work environment; in particular, how they are treated by their leaders (Treviño et al., 2006). Drawing on the social learning theory of ethical leadership behavior (e.g. Brown et al., 2005; Brown and Mitchell, 2010), we argue that the ethical behavior of leaders can help discourage service workers from pilferage moral disengagement. Ethical leadership refers to *'the demonstration of normatively appropriate conduct through personal actions and interpersonal relationships, and the promotion of such conduct to followers through two-way communication, reinforcement, and decision-making'* (Brown et al., 2005, p. 120).

Ethical leaders tend to be honest, trustworthy, caring, and fair in their interactions with followers. Research has also demonstrated evidence on the inhibiting impact of ethical leadership on undesirable employee behaviors, such as employee misconduct (Mayer et al., 2010), deviant behaviors (Taylor and Pattie, 2014), and unethical pro-organizational behaviors (Miao et al., 2013). We argue that ethical leadership discourages pilferage moral disengagement for a number of reasons. First, as suggested earlier, ethical leaders tend to treat followers with care, respect, and fairness, which in turn are more likely to enhance followers' identification with the leaders and the organization (Zhu et al., 2015). As a result of the stronger relational and organizational identifications, service workers are less likely to be morally convinced to engage in activities that might be harmful. Second, from a social learning perspective, ethical leaders act as moral role models for service workers, who are more likely, under ethical leadership, to learn from their leaders in terms of making moral judgments (Steinbauer et al., 2014). Ethical leadership enhances the moral learning of service workers by communicating ethical standards and enforcing those standards (Zhu et al., 2015).

H7a: Ethical leadership is negatively related to pilferage moral disengagement.

H7b: Ethical leadership has a negative indirect effect on pilferage intention via moral disengagement.

Method

As the original moral disengagement scale developed by Bandura and colleagues (Bandura et al., 1996) was developed among young adolescents (Detert et al., 2008), it does not represent the adult work–life experience (Moore et al., 2012). In addition, the existing workplace moral disengagement scale (Moore et al., 2012) is too generic to measure PMD by customer-contact, retail workers. We decided to develop a more specific measure for moral disengagement in the context of pilferage of customer-contact, retail workers by conducting a qualitative study and two pilot surveys.

Qualitative study

Potential items were developed from two main sources: extant literature (Moore et al., 2012; Detert et al., 2008; Bandura et al., 1996); and in-depth personal interviews. The literature review served as a theoretical foundation while we undertook 47 in-depth interviews with customer-contact, retail employees (of which 15 were supervisors or managers). Informants were drawn from a broadly representative sample of currently employed retail workers with over two years of work experience. The sample was drawn randomly from a list of 100 qualifying informants purchased from a data brokerage agency. Informants were predominately female (65%), a mean age of 36, were employed full-time (68%) had a mean length of tenure of four years, and a mean retail experience of eight years). In-depth interviews employed the technique of 'soft laddering' (Grunert and Grunert, 1995) to encourage the development of grounded insights of cognitive structures (Reynolds et al., 1995). The average interview length was 53 minutes. All interviews were audio-recorded and transcribed. To guide the researchers an interview guide was used.

The data collected was analyzed both during and after data collection. Following the procedural recommendations (Strauss and Corbin, 1998), we utilized three types of coding. First, we employed 'open coding' to uncover and identify the dimensions and properties of concepts in the data. Second, we used 'axial coding' to explore and link the core categories together at the level of dimensions and properties. Third, we adopted 'selective coding' as a mechanism for both integrating and refining theory. Table 1 presents the second-order coding based on the dimensions of PMD and their associated first-order coding, which was directly derived from our interviews.

Insert Table 1 here

An initial pool of 78 items was generated. The initial set of items was reviewed by a panel of four expert judges to condense the item pool and improve content/face validity (Lichtenstein et al., 1990). Items were retained only if three of the four judges evaluated the item as clearly somewhat

representative. Thereafter, each panel member independently sorted items into named dimensions. These factors were compared between judges and a high level of agreement was found. Finally, two academicians reviewed the outcomes of this process. After minor rewording (typically to reduce item length or simplify complex language) a 24-item, 8-dimension scale was developed (see Table 3). We found a new mechanism, which we named 'balancing' to replace 'the dimension of diffusion of responsibility'. Balancing refers to the cognitive justification of behaviors on the grounds that the parties involved both eventually gain. A sample item includes 'working extra hard balances out taking the occasional thing from work'.

Pilot surveys

We conducted two pilot studies to test the validity of the pilferage moral disengagement measure. First, we conducted a study for confirmatory factor analysis (CFA) for the scale with a sample of 324 respondents who are currently working in the retail sector in customer-facing roles (with a response rate of approximately 18%) from a street-intercept survey. The Cronbach alpha scores for the measures of its dimensions ranged from .76 to .88 (justification: .87; EL: .83; AC: .76; DisR: .81; DC: .85; DH: .88; AB: .85; balance: .83). The Cronbach alpha score for the whole scale was .95.

We employed confirmatory factor analyses (CFA) to assess the scale model fit, as a second-order measurement scale, using AMOS 22 software. This second-order CFA achieved an adequate model fit: χ^2 = 605.194; df = 244; χ^2/df = 2.48; CFI = .93; RMSEA = .07; standardized RMR = .06. All factor loadings of the items to their respective first-order variables and the loadings of the first-order variables to the second-order factor were statistically significant and above the .50 threshold. In addition, we compared the square roots of AVEs of all first-order factors with all correlations involving the focal factors. The AVEs ranged from .525 to .708. Furthermore, the square roots of AVEs of all factors were higher than all

correlations involving the focal factor. Therefore, discriminant validity of the first-order factors was achieved.

Although the 24-item scale achieved good measurement model fit, a 24-item scale can be too long for research that aims to test a large conceptual model (Moore et al., 2012). Therefore, we proceeded to test whether a shorter 16-item scale would be adequate. We conducted a second-order CFA for the 16-item scale (by removing the items with lowest factor loading for each dimension), which achieved adequate model fit: $\chi^2 = 300.115$; df = 96; χ^2/df = 3.13; CFI = .93; RMSEA = .08; standardized RMR = .05. Similarly, we tested the discriminant validity of the first-order factors. The AVEs ranged from .575 to .760. Furthermore, the square roots of AVEs of all factors were higher than all correlations involving the focal factor. The two versions of the scale were extremely highly correlated (r = .99, $p < .001$). In addition, the correlations of the two scales with age and gender were always identical (r = .12, $p < .05$ and r = .12, $p < .05$ respectively for age; r = -.07, *ns* and r = -.07, *ns* respectively for gender). Therefore, we can conclude that the shortened pilferage moral disengagement scale with 16 items is an effective, more parsimonious alternative to the full 24-item scale.

We then conducted Pilot Study 2 (with a similar data collection method to Pilot Study 1 and a sample of 341) to further support the scale validity of the 16-item scale. The scale validity test was similar to Pilot Study 1. In addition, in Pilot Study 2, we successfully tested the discriminant validity of the scale against the general workplace employee moral disengagement scale (Moore et al. 2012). Finally, we also tested, in Pilot Study 2, the predicative validity of the scale against the dependent variable of pilferage intention. In doing so, we conducted a series of hierarchical regression analyses. Step 1a regression model has, on top of some control variables, the workplace moral disengagement scale in the model but without pilferage moral disengagement, and Step 2 model has both scales in the model. In Step 1a, although the workplace moral disengagement scale could predict pilfering intention ($\beta = .52$; $p < .001$, with $R^2 = .32$) when pilferage moral disengagement was excluded from the model, when it was added

to the model (Step 2) the R^2 dramatically increased ($\Delta R^2 = .12$; $p < .001$), with pilferage moral disengagement significantly predicting pilfering intention ($\beta = .58$; $p < .001$); however, the effect of the workplace moral disengagement scale was no longer significant ($\beta = .08$; *ns*). We also ran Step 1b model, which includes pilferage moral disengagement as the main independent variable, it significantly predicts pilfering intention ($\beta = .64$; $p < .001$, with $R^2 = .44$). Yet, by comparing Step 2 and Step 1b, adding the workplace moral disengagement scale into a pilferage moral disengagement model (Step 2b) did not increase the model's explanatory power ($\Delta R^2 = .00$; *ns*). The above comparative results clearly show that pilferage moral disengagement has a stronger predictive power than the more general workplace moral disengagement scale in predicting employee pilferage. Therefore, we adopted the new 16-item measure of pilferage moral disengagement for the main study (see Table 2 for the items). The Cronbach alpha of the scale was .96.

Insert Table 2 here

Data collection for the main study

To test our main theoretical framework, we employed a street-intercept survey in various public places in a major city. We chose the street-intercept method instead of trying to approach employees within specific organizations, because we believe that the latter approach would be too ethically sensitive and discourage respondents from participating. Only those people who currently work in the retail sector in customer-facing roles were surveyed. In total, 381 valid questionnaires (a response rate of 16%) were completed. The mean of respondents' ages was 32.74 (SD = 12.13), with an average tenure/months of 78.76 months (SD = 102.06), and 52.4 per cent were female.

Measures

We employed existing measures to measure all other variables than moral disengagement. All items were measured based on a 5-point Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree). moral identity centrality was measured with a five-item internalization sub-scale of moral identity (Aquino and Reed 2002). Many studies have used this internalization sub-scale to represent moral identity in general or moral identity centrality in particular (Detert et al., 2008; He and Harris, 2014). The participants were instructed to imagine how a person, with the characteristics of being caring, compassionate, fair, friendly, generous, helpful, hardworking, honest, and kind, would think, feel, and act. They were then asked to respond to statements such as: 'It would make me feel good to be a person who has these characteristics'. The Cronbach alpha of the scale was .86, after removing item #4 (a reverse-coded item) as a result of low item-to-total-correlation.

Pilferage norms were measured according to three items (grounded in the work of Scott and Jen, 1999; 2003a; 2003b**)**: 'Most people who work there take bits and pieces that nobody wants'. The last item was removed because of low item-to-total correlation. The Cronbach alpha of the revised scale was .82. The AVE score was .70.

Cynicism was measured using a 5-item scale (Detert et al., 2008). Sample items included: 'Most people would tell a lie if they could gain by it'; and 'People claim they have ethical standards regarding honesty and morality, but few people stick to them when the chips are down'. The Cronbach alpha of the scale was .84.

Ethical leadership was measured using an existing 10-item scale (Brown et al., 2005). Respondents were asked to consider their immediate supervisors and indicate the extent to which they agreed or disagreed with descriptions of their supervisors. A sample item is 'Listens to what employees have to say'. The Cronbach alpha of the scale was .93.

We used nine items (see Pilot Study 2 in the online supplementary document for the development of the measure) to measure pilferage intention. We asked respondents: 'Should the opportunities arise, how likely would you be to do the following things?' Sample items are:

‘Leave work early’, ‘Take unwanted things from work’, ‘Use work computing facilities for personal purposes (e.g. online shopping or chatting)’. The Cronbach alpha of the scale was .93.

Data analyses and hypotheses testing

Table 3 presents the basic descriptive statistics of our focal variables and their correlations.

Insert Table 3 here

As this main study has a much larger number (n= 46) of manifest variables (items), and a sample size of 381, we conducted item parceling approach CFA based on the advice from the literature (Bandalos, 2002) for the ethical leadership scale and pilferage intention scale (both are unidimensional scale. Initially the CFA model did not achieve adequate fit. Based on the modification index, we corrected the model specification by correlating the error terms of some items within the same variables. Correlating error terms can be controversial for across-latent-variable correlations (Gerbing and Anderson, 1984). However, it is appropriate to improve the model fit by correlating four pairs of error terms of indicators (see the note to Table 4) of the same latent variable when those indicators have very similar contents and meanings (Hooper et al., 2008). The corrected CFA model achieved marginally adequate fit: χ^2 = 1500.063; df = 468; χ^2/df = 3.205; CFI = .90 RMSEA = .08; standardized RMR = .06. The factor loadings of all items were above or close to the .50 threshold, which supported convergent validity of our latent constructs. We further tested the model and scale validity by calculating the AVEs, and compared the square roots of the AVEs with the correlations of the pertinent latent variables. All AVEs exceeded the .50 threshold (Fornell and Larcker, 1981): .69 for moral identity centrality; .70 for pilferage norms; .51 for cynicism; .75 for ethical leadership; .70 for pilferage intention, and .77 for pilferage moral disengagement. As illustrated in Table 2, the square roots of AVEs of all latent variables were higher than the correlations involving the focal variables.

Hence, the discriminant validity of our constructs was supported (Fornell and Larcker, 1981). In addition, we further tested the discriminant validity of the first-order factors within the PMD scale. The AVEs ranged from .634 to .875, and the square roots of AVEs of all factors were higher than all correlations involving the focal factor. Therefore, discriminant validity of the first-order factors was achieved for the pilferage moral disengagement scale.

We did common method testing using the common latent variable approach. We added a common latent factor to the proposed CFA model. This common latent factor accounted for only about 1 per cent variance of all the items. Thus, the common method did not pose a serious bias to the data obtained in this study.

To test our hypotheses, we resorted to moderated SEM. Specifically, we employed the residual-centering approach of moderated SEM using the software of AMOS 22. The residual centering approach (Little *et al.*, 2006) is a two-step procedure. First, the pairs of indicators of the two focal latent constructs were multiplied, which was then regressed on all of the indicators of the two latent constructs. The results of these regressions were then saved as new variables in the data set. Next, these new residual variables were used as indicators for the latent variable representing the interaction between the two latent constructs (e.g. moral identity centrality and cynicism). We did this for both interactions that were pertinent to our hypotheses. In model specification, the error terms of the residuals that shared one indicator of the original latent construct needed to be co-varied. For example, we needed to correlate the error terms of the residuals of the product terms involving moral identity centrality item #1 × cynicism item #1, and involving moral identity centrality item #1 × cynicism item #2, because both residuals involved moral identity centrality item #1. According to Little et al. (2006), the residual centering approach has the following two main strengths. First, the coefficient estimations of both the original independent variables and their product terms (interactions) with the moderators are stable and fully independent from each other. Second, the significance of the moderating effect coefficient is unbiased through this process. Simulations supported the above

strengths of this approach and its strong performance in demonstrating reasonable model fit standard errors (Little et al., 2006: 512).

Using the measurement model reported earlier as the base, we created a structural equation model by adding two interaction latent variables (moral identity centrality × cynicism, and moral identity centrality × pilfering norms). The moderation SEM model achieved adequate fit: χ^2 = 3599.059; df = 1649; χ^2/df = 2.183; CFI = .92; RMSEA = .06; standardized RMR = .06. Table 4 presents the coefficient results and associated statistics.

Insert Table 4 here

Hypothesis 1 states that moral disengagement positively relates to pilferage intention. Hypothesis 1 was supported (β = .73, p < .001, see Table 4). Hypothesis 2a states that moral identity centrality is negatively related to PMD. Hypothesis 2a was supported (β = -.25, p < .001). Hypothesis 2b predicts that moral identity centrality has a negative indirect effect on pilferage via moral disengagement. To test this indirect effect, we resorted to Sobel test, which shows that this indirect is significant (β = -.18, p < .001). Thus Hypothesis 2b is supported. Hypothesis 3a states that cynicism is positively related to PMD. Hypothesis 3a was also marginally supported (β = .09, p < .10). We also expect that cynicism has a positive indirect effect on pilferage via moral disengagement (Hypothesis 3b). Sobel test shows that this indirect effect is also marginally significant (β = .07, p < .10).

We expected that moral identity centrality would attenuate the positive relationship between cynicism and pilferage moral disengagement (Hypothesis 4a). Table 4 shows that the interaction between moral identity centrality and cynicism on PMD was significant and negative (β = -.20, p < .001), which clearly demonstrates that moral identity centrality significantly moderates the effect of cynicism on PMD. We calculated the specific pattern (and associated significance tests) of the moderating effect based on the output of the coefficients' variance and covariance. We followed the conventional practice of using one standard deviation above and below the mean to represent the high and low values of the moderator respectively (Aiken and

West, 1991). The coefficients of the effects of the independent variables were calculated accordingly. In addition, we followed a standard formula (which involves the variance of the coefficient of the independent variables, the variance of the coefficient of the interaction, and the covariance of coefficients of the independent variable and the interaction) to calculate the *t* statistics and *p* values of the coefficients of the independent variables for different values (high and low) of the moderator (Aiken and West, 1991). Table 5 represents the standardized coefficients and associated significance levels of independent variables when the moderator value is lower (one standard deviation below the mean) and higher (one standard deviation above the mean). It shows that when moral identity centrality is lower, cynicism has a significant and positive effect on PMD (β = .29, p < .001). However, when moral identity centrality is higher, the effect of cynicism on PMD is negative but not statistically significant (β = -.11, *ns*). Therefore Hypothesis 4a was supported.

Insert Table 5 here

Hypothesis 4b predicts that moral identity centrality attenuates the positive indirect relationship between cynicism and pilferage via the mechanism of moral disengagement. First we conducted Sobel test to see if the moderating effect of moral identity centrality can move through PMD to influence pilferage intention. The Sobel test is significant (β = .16, p < .001), which provides initial evidence to support Hypothesis 4b. We further assess how the indirect effect of cynicism on pilferage intention (via PMD) differs based on higher vs. lower moral identity centrality. Table 6 presents the results. It shows that when moral identity centrality is lower, cynicism has a significant and positive indirect effect on pilferage intention via PMD (β = .21, p < .001). However, when moral identity centrality is higher, this indirect effect is not statistically significant (β = -.08, *ns*). Therefore Hypothesis 4b was supported.

Insert Table 6 here

Hypothesis 5a states that social norms are positively related to PMD. Hypothesis 5a was supported (β = .45, p < .001, see Table 4). Hypothesis 5b social norms have a positive indirect effect on pilferage via moral disengagement. Sobel shows it is supported (β = .33, p < .001). H6a states that moral identity centrality attenuates the positive relationship between social norms and pilferage moral disengagement. Table 4 shows that the interaction between moral identity centrality and pilferage norms on PMD was significant and negative (β = -.05, p < .05), which supports the argument that moral identity centrality significantly moderates the effect of cynicism on PMD. Table 5 demonstrates the pattern of this moderating effect. When moral identity centrality is lower, the effect of pilferage norms on PMD is stronger (β = .50, p < .001); meanwhile, when moral identity centrality is higher, the effect is weaker (β = .40, p < .001). Therefore, Hypothesis 6a was supported. Hypothesis 6b predicts that moral identity centrality attenuates the positive indirect relationship between social norms and pilferage via the mechanism of moral disengagement. Sobel test shows that the moderating effect of moral identity centrality on the effect of social norms can move through PMD to influence pilferage intention (β = -.04, p < .05). Table 6 presents the specific conditional indirect effects. It shows that when moral identity centrality is lower, social norms has a stronger indirect effect on pilferage intention via PMD (β = .37, p < .001); whilst when moral identity centrality is higher, this indirect effect is also significant but weaker (β = .30, p < .001). Therefore Hypothesis 6b was supported.

Hypothesis 7a proposes that ethical leadership is negatively related to PMD. It was supported (β = -.18, p < .001, see Table 4). Sobel test shows that ethical leadership has a significant negative indirect effect on pilferage via moral disengagement (β = -.13, p < .001), which supports Hypothesis 7b.

Discussion

Theoretical contributions

This research makes a number of contributions to the existing literature. First, to the literature on employee pilferage in the retail sector, we introduce the moral disengagement mechanism. Drawing upon the theory of moral disengagement, we proposed that pilferage moral disengagement is the critical psychological mechanism that enables an ordinary retail employee to pilfer both property and, arguably more importantly, time and thus shirk customer-oriented activities. Through the process of moral disengagement (a collection of cognitive mechanisms that deactivate a person's moral self-regulatory processes), ordinary employees are able to contemplate pilfering without feeling apparent guilt or self-censure; hence, they are more likely to engage in such behavior (Bandura, 1999; Detert et al., 2008). Thus, moral disengagement by employees can be considered a pivotal mechanism in enabling guilt-free pilferage, possibly explaining the prevalence and ubiquity of such behaviors.

Second, in this research we develop and support an integrated framework depicting the antecedents of retail service workers' moral disengagement, which in turn mediates the effect of those factors on pilferage intention. We find that for retail employees' both cynicism and social norms are positively related to moral disengagement,, while moral identity centrality and ethical leadership are negatively related to moral disengagement. Moral disengagement in turn mediates the positive effects of cynicism and social norms and the negative effects of moral identity centrality and ethical leadership on pilferage intention. In this regard, we present a framework of the key drivers (and psychological mechanisms) of retail employee pilferage. Importantly, we find that moral identity centrality has an additional moderating effect on the positive effect of cynicism and social norms on moral disengagement (hence indirectly on pilferage intention), in that when moral identity centrality is higher, both cynicism and social norms tend to have a weaker effect on moral disengagement (and indirectly on pilferage intention). In other words, employees with higher moral identity centrality are able to resist the social normative pressure morally to disengage from pilferage and also depress their distrust-derived tendency to morally disengage from pilferage. This study is the first to empirically support their interactive effect

(between moral identity centrality and cynicism) on moral disengagement. And we did this in the context of retail employee pilferage. As such, this study contributes to the literature by finding that not only do personal, social, and organizational factors (that is, social norms and ethical leadership) influence employee moral disengagement, but, furthermore, that personal factors can interact with social factors (i.e. the interaction between moral identity centrality and social norms) in influencing it. We demonstrated this by examining employee pilferage in the retail sector.

Third, this research also contributes to the burgeoning literature on the role of moral identity in (un)ethical decision-making. Although moral identity centrality has been consistently found to relate negatively to unethical decision-making and moral disengagement, this research shows that moral identity centrality has additional effects in regulating how employees are susceptible to other personal and social influences in their ethical decision-making. From this particular research, we find that, as noted earlier, employees with higher moral identity centrality are able to resist the social normative pressure and general personal tendency (cynicism) to engage in unethical thoughts and acts. In this regard, this research suggests that in general moral identity centrality plays a crucial main *and* moderating role in the (un)ethical decision-making of retail employees. Therefore, this research advances the existing literature which mainly consider these factors as unrelated factors in predicting moral disengagement (Chowdhury and Fernando 2014; Detert et al. 2008).

Finally, along with the process of empirically testing our conceptual model, we developed a measure of moral disengagement for pilferage. The measure was developed through a rigorous process involving a large-scale qualitative study and a series of quantitative studies of retailers, which established its construct validities. We adopted the basic conceptualization of moral disengagement (Bandura, 1999; Detert et al., 2008) as the starting point for our scale development. Our qualitative study of employees suggests that for retailing pilferage moral disengagement, most of the original eight mechanisms are applicable, with the exception of

diffusion of responsibility. Since pilfering in retailing, is a rather private and individual act, *diffusion of responsibility* might not be an easy and immediately available cognitive mechanism for offenders. Instead, in our retailing context, we identified the mechanism of *balancing*, which refers to the cognitive justification of behaviors on the grounds that the parties involved both eventually gain through pilferage. This finding suggests that, although the general principles of moral disengagement apply to ethics-related workplace behaviors, the specific mechanism might differ slightly for different types of behavior and context.

Managerial implications

Our study highlights what drives employee pilferage behaviors and the mechanism that facilitates guilt-free pilferage. As such, we generate insights into why ordinarily functional retail employees undertake acts of pilferage. Given the pivotal mechanism role of moral disengagement in retail employees' pilfering behaviors, we suggest that organizations should aim to understand both the causes and sources of such a psychological mechanism. In this regard, we generated insights into how practitioners can intervene to influence PMD and thus, in turn, hopefully reduce the extent of costly pilfering across the organization. In particular, the reduction of time pilferage could have a positive and significant impact of levels of customer service-oriented behaviors. An effective means to reduce employee pilferage lies in efforts to reduce PMD. Tests to identify employees with a high degree of moral identity centrality and a low degree of cynicism could be beneficial (for example using screening tests during selection and recruitment procedures). Moral identity centrality is particularly important, given that employees with stronger moral identity centrality are not only less likely to engage in PMD, but also more likely to resist their innate tendency (i.e. cynicism) and external pressure (i.e. social norms) to morally disengage from pilferage.

Managers could adopt cultural intervention methods to eradicate orthogonal social norms, in the sense that pro-organizational (instead of pilferage) social norms would reduce PMD and

increase the time spent by employees focusing on their customer service responsibilities. Thus, working on the social norms (for example during cultural intervention initiatives and/or training) seems to be particularly pertinent for PMD and pilferage reduction, as it seems to be effective regardless of a person's moral identity centrality. This is supported by our findings that moral identity centrality's attenuating effect on pilferage norms is not as strong as that on cynicism. However, the intervention that seems likely to be the most fruitful avenue for influencing moral identity centrality is the overt and explicit promotion of ethical leadership among retail managers. Thus, for example, symbolic acts by high-profile mangers could send out a strong signal to organizational members of the importance of ethical behavior.

Limitations and future research directions

First, we resorted to the street-intercept method to recruit our participants. This method is beneficial in terms of potentially recruiting participants from all sorts of background. The reliance on cross-sectional surveys is also a limitation. Moreover, this research focuses on employees in the retail sector. We suggest that future research should be conducted to address the above limitations. In addition, we suggest the following potentially fruitful future research directions. In developing the measure, we found a balancing dimension but not diffusion of responsibility for PMD. Future research should examine whether such dimensions can exist in other behavioral domains in terms of moral disengagement. Finally, this research focuses on pilferage moral disengagement as the mechanism for pilferage. Moral disengagement is a cognitive mechanism, and largely ignores the emotional motives. Future research could investigate the various types of motive (particularly emotional) for pilferage (e.g. fun/thrill-seeking), and the factors influencing these motives.

Compliance with Ethical Standards

All procedures performed in studies involving human participants were in accordance with the ethical standards of the institutional and/or national research committee and with the 1964 Helsinki declaration and its later amendments or comparable ethical standards.

Informed consent was obtained from all individual participants included in the study.

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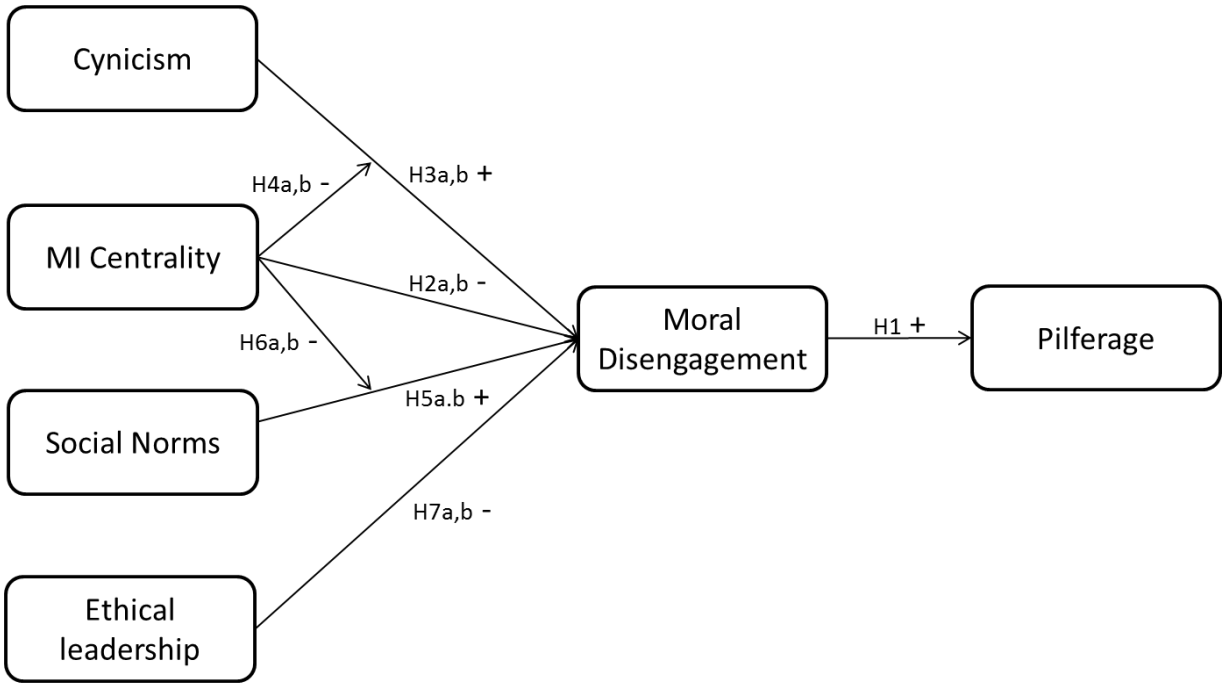

Fig. 1: Conceptual model.

Table 1
Qualitative Data Analyses.

Axial coding	Definition	Open coding
1. Moral Justification	Detrimental conduct is made personally and socially acceptable by portraying it in the service of valued social or moral purposes.	I've got kids to feed. I have to do the right thing by them, no matter what! They have to come first and if that means a little jiggery-pokery, well, so be it! [Interview 3, M, 27, 9 (4)]
2. Euphemistic Language	Through sanitized and convoluted verbiage, destructive conduct is made benign and those who engage in it are relieved of a sense of personal agency.	Hey! Borrowing a little here or there is just the way it is. So things walk out of the door every now and again – nothing too outrageous! [Interview 8, M, 21, 3 (1)]
3. Advantageous Comparison	Comparison with more reprehensible activities, injurious conduct can be made to appear to be of little consequence.	Comparing what staff take to what customers steal is just insane! The sheer volume of stuff that they stuff away into prams and bags and stuff into overcoats is simply staggering. You should see when they get one – it's like the bloody Tardis – the stuff just keeps on coming! So, compared to the thieving public we're absolute bloody angels! [Interview 3, F,27, 4 (3)]
4. Displacement of Responsibility	People view their actions as springing from social pressures or dictates of others rather than as something for which they are personally responsible.	Most of the new guys here are just above the minimum wage. Do you know what that is? That's barely enough to feed yourself and your family. Barley enough to pay the lecky [the home electricity provider]! Barely enough to clothe your kids! Supervisors turn a blind eye to that. Taking a little here and there makes all the difference for them. [Interview 13, F, 30, 9 (5)]
5. Distorting Consequences	When people pursue activities harmful to others for personal gain, or because of social inducements, they avoid facing the harm they cause, or they minimize it.	Well, a couple of things here and there aren't going to break the bank at Monte Carlo, are they? There's no real harm done, no real damage! Not much to get upset about! [Interview 17, F, 46, 22 (14)]
6. Dehumanization	Divests people of human qualities or attributes bestial qualities to them.	Some of the managers here act like company robots. Their not like normal human beings [robotic voice] 'you will obey, you will obey'. They're so obsessed with their own little company world that they treat us like dirt. We call them the company drones. [Interview 12, F, 32, 7 (4)]
7. Attribution of Blame	People view themselves as faultless victims driven to	They cut our hours and well, what do you expect? I don't want to pinch things but

	injurious conduct by forcible provocation.	they're forcing our hands. [Interview 22, F, 16, 3 (4)]
8. Balancing	Behaviors are justified on the grounds that the parties involved both eventually gain.	If we get a few things here and there, it makes us happy, motivated like. That means we work harder and they benefit from us working extra hard. Two-way street, really. [Interview 18, F, 36, 12 (10)]

Table 2
Descriptive statistics of the main study.

	1	2	3	4	5	6
1.Cynicism	*.71*					
2.EL	.10	*.87*				
3.Social Norms	.14**	-.09	*.84*			
4.PMD	.09	-.26**	.46**	*.88*		
5.MI	.20**	.32**	-.14**	-.39**	*.83*	
6. Pilferage intention	.07	-.14**	.36**	.64**	-.29**	*.84*
Mean	3.47	3.16	2.41	2.06	3.90	2.40
SD	.80	.80	.90	.76	.85	.86
AVE	.51	.75	.70	.77	.69	.70

Note: EL=Ethical leadership; MI= Moral identity centrality; PMD = Pilferage moral disengagement. Diagonal represents the square roots of AVEs.
**. Correlation is significant at the 0.01 level (2-tailed).

Table 3
Measurement items for PMD

It's okay to pinch things to take care of your family's needs. (MJ)
It's alright to take things if you really need them. (MJ)
It's alright to take things from work if your friends really need them. (MJ)
Taking things from work are just a freebie of the job. (EL)
Taking things from work is just like 'borrowing' things from work. (EL)
EL3: Staff pilfering things is just 'part of the game'. (EL)
Given the tax-dodging that most companies do, a little bit of staff theft is nothing. (AC)
Compared to other illegal things, taking a few things from work is not very serious. (AC)
Taking one or two things from work is nothing compared to what customers take. (AC)
One employee should not be blamed for taking false sick days, if they are under pressure to do so by co-workers. (DR)
People cannot be blamed for taking things from work if their co-workers pressure them to do so. (DR)
If an employee is pressured by others into taking over-long breaks at work, they shouldn't be blamed for it. (DR)
Taking over-long work breaks doesn't really do any harm. (DC)
Taking an occasional false sick day doesn't really hurt anybody. (DC)
The impact on other employees of an occasional false sick day is minimal. (DC)
Taking things from firms doesn't matter as firms have no feelings. (DH)
It's okay to take false sick days if your manager is a swine. (DH)
It's okay to take extra-long work breaks if your mangers acts like a pig. (DH)

Employees are not at fault for pilferage where managers mistreat them. (AB)
Employees are not at fault for pilferage where the firm mistreats them. (AB)
Companies where employees pilfer have usually done things to deserve it. (AB)
Working extra hard balances out taking the occasional thing from work. (BL)
Taking things from work is balanced by what employees put into work. (BL)
Taking things from work can motivate employees to give back more through hard work. (BL)

Note: Items in italics are not included in the final 16-item scale. MJ = Moral Justification; EL = Euphemistic Language; AC = Advantageous Comparison; DR = Displacement of Responsibility; DC = Distorting Consequences; DH = Dehumanization; AB = Attribution of Blame; BL = Balancing.

Table 4
Moderated SEM results.

Path	Unstandardized coefficients	Critical Ratio	Standardized coefficients	*P* value
Cynicism → PMD	.10†	1.85	.09†	.074
MI Centrality → PMD	-.23***	-7.74	-.25***	.000
Social norms → PMD	.35***	7.35	.45***	.000
Ethical leadership → PMD	-.17***	-3.59	-.18***	.000
MI Centrality × Cynicism → PMD	-.20***	-4.56	-.22***	.000
MI Centrality × Social norms → PMD	-.08*	-2.15	-.05*	.028
PMD → Pilferage intention	.77***	11.56	.73***	.000

Notes: PMD = Pilferage moral disengagement; MI = Moral identity. $R^2_{PMD} = .43$; $R^2_{pilferage\ intention} = .53$
Four pairs of error terms within the same scale were allowed to correlate in both CFA and SEM modes.
*** $p<.001$ (two-tailed test)
* $p<.05$ (two-tailed test)
† $p<.10$ (two-tailed test)

Table 5
Moderating effects on PMD.

Conditions	PMD		
	Standardized coefficients	t statistics	*p*-value
Effect of cynicism when MI centrality is low	.29***	4.10	.000
Effect of cynicism when MI centrality is high	-.11	-1.56	.121
Effect of social norms when MI centrality is low	.50***	9.13	.000
Effect of social norms when MI centrality is high	.40***	7.30	.000

Note: SE = Standard errors; PMD = Pilferage moral disengagement; MI= Moral identity.
We used one standard deviation above and below the mean to represent higher or lower values of the moderator.*** $p<.001$ (two-tailed test)

Table 6
Moderated mediation effect on pilferage intention via PMD.

Conditions	Pilferage intention		
	Standardized coefficients	t statistics	*p*-value
Effect of cynicism when MI centrality is low	.21***	3.86	.000
Effect of cynicism when MI centrality is high	-.08	-1.55	.121
Effect of social norms when MI centrality is low	.37***	7.16	.000
Effect of social norms when MI centrality is high	.30***	6.17	.000

Note: PMD = Pilferage moral disengagement; MI= Moral identity.
We used one standard deviation above and below the mean to represent higher or lower values of the moderator.*** $p<.001$ (two-tailed test)