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# Anonymity-induced rule-breaking in the real world: Employee theft in Japanese retail stores

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The present study put its focus on stealing behavior committed by employees in Japanese retail stores, namely employee theft. In order to shed light on this misdeed among Japanese retail stores, an online survey was performed on those who had more than a year's work experience in the retail industry. A total of 200 current and former retail workers took part in the study. Results found that, in line with past Western research, employees' recognition of employee theft, forgiveness, and generosity to such a deed were all correlated with theft-permissive job climate and workplace environments. Also, the results indicated that although most employees think less than 20% of retail workers engage in employee theft, many of them may not see this misdeed as a serious criminal act. Implications for employee theft in Japanese retail stores are discussed.

**Key words:** employee theft, anonymity, rule-breaking, retail store

People occasionally face opportunities to obtain material gains in everyday situations that give them the cloak of anonymity. In general, people become more likely to pursue their material self-interest in socially unacceptable manners in such situations (Nogami, 2009; Nogami & Takai, 2008; Nogami & Yoshida, in press). Of course, they do not mindlessly snatch what they want every time they face these situations in real life, and it seems that a very few could only occasionally do so. Nevertheless, behavior of this sort is thought to be pervasive in the real world, for instance, in the form of employee theft. Employee theft is generally defined as employees' unauthorized taking of cash, merchandise, or property from their own employers (Slora, 1989), and this problematic behavior often goes undetected at the time of its occurrence (Association of Certified

Fraud Examiners [ACFE], 2008; Winbush & Dalton, 1997).

Employee theft has been found pervasive in certain industries. In particular, the retail industry is thought to be vulnerable to employee theft, and its impact on the whole industry is quite massive. The 2009 National Retail Security Survey (NRSS) reported that employee theft accounted for 43% of American retailers' \$33.49 billion inventory shrinkage in 2009, whereas 35% of inventory shrinkage was attributed to shoplifting (Hollinger & Adams, 2010). Employee theft is pervasive in retail stores, probably because material incentives (merchandise and cash) are within reach of employees, when compared to other industries (e.g., manufacturing). In addition to that, retail employees obviously have far more opportunities to take away merchandise without causing any suspicion from their colleagues and managers than do customers, to whom retail stores generally pay huge attention by installing surveillance cameras and displaying anti-shoplifting messages. With these backgrounds in mind, if employees occasionally enjoy sufficient degrees of

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anonymity in their stores (e.g., the manager is out, being alone in the stockroom), a possible outcome could be employee theft.

Apparently, it seems unlikely that a majority of employees have an intention of stealing from their employers. According to past research, however, a large number of employees, if not all, have admitted employee theft. Hollinger and Clark (1983b) found that 35% of retail employees admitted to having engaged in employee theft in the past. Another study estimated that as high as 50% of employees steal from their employers (Winbush & Dalton, 1997). Are these employees intrinsically evil-minded? An annual report of ACFE (2008) indicated that, among those who committed occupational fraud, more than 80% of them had never been charged with or convicted for any kind of criminal act before.

Some researchers also claimed that personal factors (e.g., financial difficulty [Hollinger & Clark, 1983b]) and psychological traits (e.g., egocentricity, recklessness [Heath, 2008]) carry relatively little predictive powers on employee theft. Greenberg's (2002) study also brought interesting results with respect to the relationship between moral development and employee theft. In his study, participants with a higher level of moral development refrained from theft behavior when their office (the employee) employed anti-theft norms and an ethics program. However, when such norms and an ethics program were absent in their office, participants with a higher level of moral development were no different from those with a lower level in terms of theft behavior.

It seems likely that employee theft is not the act of particular individuals, but any employee, even from the non-criminal segment of the general population, could commit this wrongdoing. These findings imply the possibility that some forms of employee theft are in part a result of having pursued material self-interest under the cloak of anonymity, rather than due to one's problematic personality traits and characteristics. Nonetheless, there are several factors in real-life retail stores, other than anonymity and material self-interest, that are supposed to trigger employee theft. For instance, job dissatisfaction (Bolin & Heatherly, 2001; Hollinger & Clark, 1983b; Kulas, McInnerney, Demuth, & Jadwinski, 2007; Murphy, 1993), underpayment

inequity (Greenberg, 1990, 1993), and the perception of theft-permissive job climate (Hollinger & Clark, 1983a; Kamp & Brooks, 1991; Kulas et al., 2007) have all been found related to employee theft.

Assuming that employee theft is more of situation-affected rule-breaking than a personal-trait-instigated misdeed, it should be found anywhere regardless of nationality or cultural background. Although employee theft has been actively studied in North America and Europe, very few studies, if any, have been performed on the misdeed in Japan. Therefore, the present study is designed to shed light on employee theft among Japanese retail stores. Since employee theft is assumed to be situation-affected to some degree, the present study puts weight on external factors, such as theft-permissive job climate and workplace environments, rather than the employee's personal characteristics, and looks into relationships between these factors and attitudes toward employee theft.

## Method

### *Participants*

Participants were drawn from a panel of respondents maintained by a Japanese online survey company which holds a panel of more than two hundred ten thousand potential online respondents all over the nation. All of them were current or former retail workers who had at least more than a year's work experience in the Japanese retail industry at the time of the study. An invitation to the study was first sent to them by e-mail through the online survey company, and those who had been working in a retail store for more than one year in the past were asked to complete the subsequent questionnaire online in a given period of time. In total, 200 participants agreed to take part in the study (100 men, 100 women), and they were all in their 20s and 30s with the age ranging from 21 to 39 years ( $M = 30.68$ ,  $SD = 4.84$ ). All participants were granted a small monetary reward for participation by the company after they finished the questionnaire.

### *Materials*

In total, 17 items were prepared in the present study, 12 of which were defined as the predictor

variables. Of these predictor variables, six items were designed to measure the degree of information sharing over employee theft within the store, whereas another three items asked about the degree of security measures in the store. These two categories were intended to measure one's perception of theft-instigating job climate, which has been found to increase the frequency of employee theft (Hollinger & Clark, 1983a; Kamp & Brooks, 1991; Kulas et al., 2007). Three more items were prepared to capture one's satisfaction with the current retail job, one's sense of fellowship in the workplace, and the period of time one has been working in the retail industry (on a monthly basis). These 11 items (excluding the item asking the period of time at work) were performed on a 5-point scale ranging from *totally disagree* (1) to *totally agree* (5) with the actual wording depending on the content of each item.

As for the outcome variables, three items were prepared to measure one's attitudes toward employee theft, and each of them asked the following aspects of attitude on the same scale range as the predictor variables: one's recognition of the frequency of employee theft in the store, forgiveness of employee theft, and generosity to employee theft. Each item was designed to reflect three of the neutralization techniques (Sykes & Matza, 1957), which make it possible to justify and stimulate one's misbehavior (Bersoff, 1999): the condemnation of the condemners (employee theft occurs in any retail store [recognition of the frequency of employee theft in the store]), the denial of the victim (it's not wrong to bring valueless commodities back home without permission [forgiveness of employee theft]), and the denial of injury (it's not a big deal for the store, even if some money or commodity has been stolen [generosity to employee theft]). Finally, two additional items asked how pervasive one thought employee theft would be in a retail store and how one would react if they found an employee having committed employee theft. In the first question item (if there are 40 employees in a certain retail store, how many of them do you think will commit employee theft), the answer would vary from 0% to 100%, while answer choices in the second item (if you found one of your employees having stolen 15,000 yen from your store over the past month,

how would you deal with this misdeed?) were as follows: *do nothing* (1), *verbal warning* (2), *pay cut* (3), *sacking* (4), and *call the police* (5).

### Procedure

All the questionnaire items were conducted online through the survey company. All the materials were put across 20 web pages, and each participant was asked to complete the materials on their computer during the appointed period of time. The first page described the purpose of the study, and the next three pages consisted of the following items: the type of the industry they belonged or had belonged to (e.g., retail, manufacturing, or education), the total period of time they had spent in their industry up to the time of the study, and their employment status (e.g., part-time or full-time worker, manager). On the fifth page, the definition of employee theft was described in order to avoid any misunderstanding among participants over the target behavior.

From the sixth page to 20<sup>th</sup>, participants were asked to complete each of the question items displayed online. Participants finished the survey, when they clicked on the finish button on the 21<sup>st</sup> page. Any comment or question regarding the study was encouraged through the survey company, if they had one even after the survey finished.

### Results

Means and standard deviations of all the items were first calculated, and Pearson product-moment correlation coefficients were computed between the predictor and outcome variables (Table 1). The recognition of employee theft was found to be correlated to the information-sharing (Item 3 and 5), security measures (Item 7 and 8), and satisfaction (Item 10) items. The forgiveness of employee theft was negatively correlated to Item 2 asking how costly theft is, whereas the store's tidiness (Item 9) and one's fellowship in the store (Item 11) were found to be related to the generosity to employee theft.

Finally, results of the additional two items were summarized in Fig. 1 and 2. Fig. 1 indicated that more than half of the participants predicted that employee theft belongs only to a handful of employees ( $M = 11.23\%$ ,  $SD = 18.18\%$ ). On the

Table 1 Means, Standard Deviations, and Correlation Coefficients for the Predictor and Outcome Variables

Category	Item	Recognition of the Frequency (3.70, 0.93)	Forgiveness (3.37, 1.09)	Generosity (1.60, 0.73)
Information-Sharing	1. All the branch stores know where and when employee theft occurred (2.96, 1.32)	.105	-.060	-.053
	2. I know how costly employee theft is for my store (1.91, 1.01)	.126	-.240***	-.049
	3. I have heard rumors about employee theft in the store (2.49, 1.30)	.477***	.030	.120
	4. I know sanctions against employee theft (2.24, 1.24)	.061	-.160*	-.051
	5. I know some employees have been actually punished for employee theft (2.17, 1.27)	.401***	-.089	.068
	6. My store reminds all employees of rules related to employee theft (2.43, 1.18)	.080	-.051	-.146*
Security Measures	7. Managers are often absent in my store (3.19, 1.35)	.233***	.007	.082
	8. It's not easy for the store to monitor what every employee does in the store (3.82, 0.86)	.239***	.116	.002
	9. My store is clean and tidy (3.11, 1.06)	-.119	-.144*	-.209**
Satisfaction	10. I'm satisfied with the retail job (2.98, 1.12)	-.152*	-.079	-.142*
Fellowship	11. It's not my business, even if my colleague engages in employee theft in my store (2.34, 0.97)	-.061	.031	.304***
Period of Time	12. Period of time in the retail industry (4.34, 3.45; unit: year)	.053	-.060	.016

Note. Means and standard deviations of each item are in parentheses. The time unit of Item 12 was converted from months to years.

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

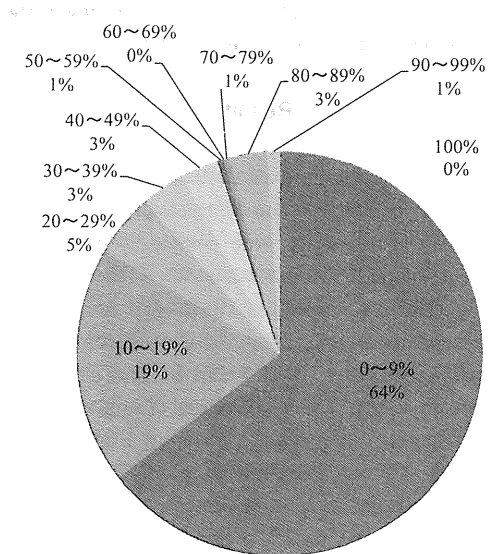


Fig. 1 Expected Proportion of Employees Stealing in Japanese Retail Stores.

More than half of the participants believed that less than 10% of employees engage in employee theft in a retail store.

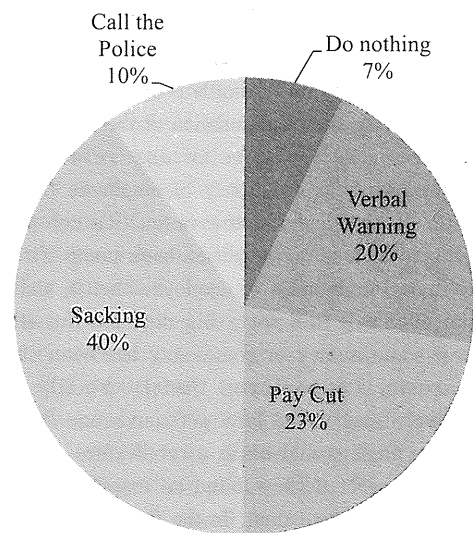


Fig. 2 Severity of Sanction Imposed for Employees Stealing.

Half the participants thought employee theft deserves sacking or calling the police, whereas the other half kept less severe attitudes toward the misdeed.

other hand, in Fig. 2, approximately half the participants said that employee theft deserves sacking or calling the police, whilst the other half had less severe attitudes toward the misdeed ( $M = 3.26$ ,  $SD = 1.11$ ).

### Discussion

The present study looked into relationships between attitudes toward employee theft and external factors among Japanese retailers. Since most results were based on correlations, no causal relationships can be concluded with the present findings. Despite this shortcoming, some interesting discussion can be made with the data obtained from actual Japanese retail workers.

First, employees' recognition of the frequency of employee theft was found related to the information-sharing, security measures, and satisfaction items to some extent. In particular, the recognition that theft occurs in any retail stores was high among employees who knew some of their colleagues had actually engaged in employee theft and been punished for the misdeed in their stores. It seems common that employees tend to find employee theft frequent, if such misdeed actually happens and is officially or unofficially made public in their own stores. Also, the store's attitudes toward security measures cannot be ignored in terms of affecting the recognition of employee theft among employees. Possibly, a sloppy working environment could make the store more vulnerable to employee theft.

As for the forgiveness of employee theft, it seems that employees refrain from justifying employee theft, when the store provides employees with how much loss this misdeed causes and what sanctions are delivered to those stealing. Moreover, employees seem to have severer attitudes toward employee theft, when the store is well-cleaned as well as when one concerns about their colleague's misbehavior. Consistent with the findings of past research (Bolin & Heatherly, 2001; Hollinger & Clark, 1983b; Kulas et al., 2007; Murphy, 1993), the generous attitude toward theft was also found to be related to one's satisfaction with the retail job, implying that dissatisfied employees could be more inclined to employee theft.

On the whole, these results could be construed as

that at least employees' attitudes toward employee theft, which were reflected through the recognition of the frequency, the forgiveness, and the generosity to employee theft, are affected by the external factors related to information-sharing over employee theft in the store, security measures, satisfaction with the job, and one's sense of fellowship in the workplace. Particularly, employees' perception of theft-permissive job climate, which can be formed through information-sharing over the theft and security measures of the store, seems to be a key component to the prevention of employee theft in Japanese retail stores, as well as in Western retailers (Hollinger & Clark, 1983a; Kamp & Brooks, 1991; Kulas et al., 2007). This suggests the possibility that the store's explicit anti-employee-theft attitudes and a well-managed workplace environment could help decrease the frequency of the misdeed in Japanese retailers by lowering employees' perception of theft-permissive job climate, too. Also, a satisfied workplace environment and good interpersonal relations in the workplace should contribute to creating a theft-unpermissive job climate.

However, it should be noted that the relationship between information-sharing and the recognition of theft was different from that of the other two outcome variables (the forgiveness of and generosity to theft). That is to say, the more information about employee theft in the store is openly disclosed, the more employees' recognition of theft increases, but the less they forgive and become generous to it. In this sense, it is possible to assume that the recognition of the frequency of employee theft may have the two-edged effect on employees' justifying attitudes toward employee theft. On the one hand, the disclosure of theft-related information could make some employees more familiar with this misdeed. On the other hand, forgiveness of and generosity to employee theft among some other employees may be more restrained, when more information of theft is available in the store. Although the findings of the present study do not provide any more evidence for this assumption, the disclosure of theft information should be selective and be performed with great care.

The two additional items also brought up two contrasting results. First, the majority of participants thought less than 20% of them commit employee

theft, indicating that this misdeed belongs only to a very limited group of employees. However, although employee theft is clearly a criminal act, half the participants thought the misdeed only deserves pay cut or less severe sanctions. This result implicitly shows that employee theft may not be considered as serious a criminal act as other types of stealing, such as shoplifting, among some retail employees. This loose recognition of employee theft among retail employees may possibly contribute to increasing the frequency of actual theft in the retail store, too.

In summary, the present study indicated that attitudes toward the anonymity-induced rule-breaking in Japanese retail stores, namely employee theft, were related to external factors such as theft-permissive job climate and good workplace environments. Of course, since any discussions made above are only based on correlations and descriptive statistics, it is overreaching to assert any causal relations regarding employee theft. Moreover, this study included all types of retailers, mixing up more minor retail categories (e.g., supermarkets, convenience stores, drug stores). This should be sorted out in future research to find potential differences in the form of employee theft between them. Finally, the potential two-edged effect of the recognition of theft should also be further studied in order to clarify its effect on employee theft. Nonetheless, all these correlations and implications can help make fruitful insights into employee theft in Japanese retail stores, as the specifics of this misbehavior have yet to be fully disclosed.

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