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Summer June, 2019

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RESEARCH ARTICLE

Predicting retail shrink from performance pressure, ethical leader behavior, and store-level incivility

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Email: jjense10@depaul.edu**Summary**

Retail shrink, a form of inventory loss due primarily to employee theft and shoplifting, is a growing concern for retailers. Prior work on shrink has taken primarily an individual-level focus to understanding this problem but has yet to really explore how the business context impacts shrink. The current study addresses this need by delineating and testing a unit-level (i.e., between-stores) conceptual model, wherein we examine the influence of performance pressure, ethical leader behavior, and store-level incivility on shrink in a field study of 111 U.S. retail stores. Results demonstrate that performance pressure and ethical leadership interact to influence store-level incivility. Further, stores with higher incivility also had higher levels of shrink. A focus on the contextual predictors of shrink provides timely insights into the role of performance pressure and leadership on store-level incivility and consequently on retail shrink. In light of increasingly thin margins in the retail industry, the evidence on how pressure to perform and ethical leadership influences retail shrink may offer a solution to retailers looking to stem financial losses by promoting civility in the workplace.

KEYWORDS

ethical leadership, performance pressure, retail shrink, store-level incivility

1 | INTRODUCTION

With losses for U.S. retailers exceeding \$44.2 billion annually, the problem of retail shrink, which refers to inventory loss due to employee theft, shoplifting, administrative errors, and vendor fraud, is substantial (National Retail Foundation, 2015). Yet, just two factors, employee theft and shoplifting, account for roughly 40% and 33%, respectively, of all store-related shrink (National Retail Foundation, 2015). Employees thus play a significant role in the problem of shrink, contributing actively as thieves or passively in ways that do not reinforce theft deterrence. To be sure, such undesirable employee behavior has substantive implications for a firm's financial well-being and is among the fastest type of growing crime in the United States (Detert, Treviño, Burris, & Andiappan, 2007). Hence, understanding the causes of these tangible losses is a significant organizational problem that warrants continued scholarly inquiry.

Given the central role that employees play in contributing to this direct source of financial loss, it is not surprising that much of the existing research on antecedents of shrink has focused on individual employee attitudes (e.g., job satisfaction; Kulas, McInerney, DeMuth, & Jadwinski, 2007; or justice perceptions; Greenberg, 1990, 1993, 2002; Shapiro, Trevino, & Victor, 1995), personality (e.g., integrity testing; T. S. Brown, Jones, Terris, & Steffy, 1987), or demographic characteristics (e.g., age; Hollinger, Slora, & Terris, 1992). Yet contextual factors influencing shrink, such as leadership and the organizational environment, have largely been ignored (Avery, McKay, & Hunter, 2012; Gruys & Sackett, 2003). This oversight is both theoretically and practically unfortunate as a growing body of research demonstrates that the normative environment plays a significant role in influencing counterproductive work behavior (CWB; Detert et al., 2007; Robinson & O'Leary-Kelly, 1998). Importantly, we conceptualize store shrink as a form of counterproductivity because shrink is the

tangible result of various “negative employee actions that violate the legitimate interests of an organization” (Detert et al., 2007, p. 993). Thus, not only do characteristics or attitudes of employees themselves predispose misconduct but also do social norms that emerge within an employee's work unit (Biddle, 1979; Kish-Gephart, Harrison, & Treviño, 2010). As Katz and Kahn (1978, p. 195) highlighted, workplace behavior “does not occur in isolation; it is itself shaped by several additional or contextual factors.” Therefore, the central goal of this research is to examine the contextual antecedents of retail store shrink (Figure 1).

We focus the present study on two theoretically and practically relevant contextual influences: performance pressure and ethical leadership. This decision to draw from a broad theoretical framework is notably consistent with the literature on CWB (see, e.g., Sackett & DeVore, 2001). In particular, we look to *performance pressure*, defined as the expectation that the business entity (i.e., retail store) must deliver a superior performance outcome and that the store's performance is tied to substantial consequences (Mitchell, Greenbaum, Vogel, Mawritz, & Keating, in press), because meeting and exceeding performance expectations are a ubiquitous requirement in business today (Gardner, 2012a). Research on performance pressure has uncovered a paradoxical set of consequences in that performance pressures seem to positively impact motivation and productive work behavior (Eisenberger & Aselage, 2009; Gardner, 2012b) but at the expense of process losses (Gardner, 2012b), increased stress (Gardner, 2012a), and cheating behavior (Mitchell, Baer, Ambrose, Folger, & Palmer, 2018). Recent theorizing on how performance pressure can result in both positive and negative consequences suggests that whether pressure is appraised as a challenge or threat will determine if the pressure will result in more functional versus dysfunctional behaviors (Mitchell et al., in press).

To facilitate our understanding of the factors that influence how employees make sense of their performance environment, we turn to the literature on *ethical leader behavior*. This stream of research reveals that leader ethicality plays an important role in shaping the contextual environment insofar as ethical leadership behaviors set the tone for appropriate workplace conduct (M. E. Brown, Treviño, & Harrison, 2005). Often characterized as a moral manager, ethical leaders make a conscious attempt to shape subordinates' perspectives via role modeling of ethical values, using rewards and punishments to promote higher workplace standards and by treating subordinates with care and concern (M. E. Brown & Mitchell, 2010; Ng & Feldman, 2015). Not surprisingly, then, research has shown that subordinates of ethical leaders report experiencing lower levels of job-related strain and are less likely to engage in counterproductive behavior (e.g.,

Mayer, Kuenzi, Greenbaum, Bardes, & Salvador, 2009; Ng & Feldman, 2015; Resick, Hargis, Shao, & Dust, 2013). Therefore, theory and available evidence would suggest that a retail store's manager plays a critical role in helping his or her employees make sense of their performance environment, which may have consequences for subsequent functional or dysfunctional interpersonal behavior among a store's employees.

We also ground our conceptual model in Sackett and DeVore's (2001) work on CWB, which conceptually differentiates employees' dysfunctional behaviors (e.g., interpersonal mistreatment) from counterproductivity, with the latter referring to the tangible outcomes that result from employee behaviors (see also Detert et al., 2007). As previously noted, we specifically identified a store-level indicator of counterproductivity—that is, store shrink (i.e., an objectively tracked indicator of dollars lost due primarily to inventory loss)—as our focal study outcome. Further, the effect of the organizational environment on store shrink is likely mediated by factors that are more directly related to employees' attitudes. Therefore, we focus on *store incivility*, defined as an aggregate or collective construct that reflects store employees' shared perceptions regarding the frequency with which they engage in “low-intensity deviant behavior with ambiguous intent to harm the target, in violation of norms of mutual respect” (Andersson & Pearson, 1999, p. 457). Uncivil stores contain employees who, in the aggregate, are characteristically rude, discourteous, and show a lack of regard for others (Griffin, 2010). Example behaviors include gossiping about a coworker, interrupting colleagues, and raising one's voice unprofessionally.

An organizational environment that is infused with uncivil acts can also be theoretically linked to store-level shrink. This logic is consistent with Morgeson and Hofmann (1999), who argued that a collective construct “assumes an a posteriori permanence that can subsequently influence individual and collective action” and, thus, has “a reality that is partly independent of the interaction that gave rise to it” (p. 253). For example, based on the tit-for-tat model of incivility (Andersson & Pearson, 1999) and related literature on displaced aggression (e.g., Dollard, Doob, Miller, Mowrer, & Sears, 1939; Miller, Pedersen, Earleywine, & Pollock, 2003), it seems reasonable to infer that employees, in response to working in an uncivil milieu, may seek to retaliate against their employer by stealing, intentionally damaging merchandise, and/or turning a blind eye to theft deterrence (especially in a retail environment where store merchandise is plentiful). Though uncivil behaviors may seem innocuous, research suggests they can be the starting point for more severe mistreatment that can saturate a work context (Andersson & Pearson, 1999). Thus, the phenomenon of store incivility merits greater attention as to the conditions that

FIGURE 1 Conceptual model

might not only fuel such behavior but also the consequences if this behavior escalates. Hence, a secondary goal of this research is to begin exploring plausible mediators (viz., store incivility) that may explain how and why the interaction effect between performance pressure and ethical leadership transfers to counterproductive outcomes.

To the extent that our predictions hold, these findings contribute to the literature in important ways. First, having answered mounting calls for higher level research that considers the contextual factors that influence unit-level CWB (Avery et al., 2012; Detert et al., 2007), we broaden our understanding of the organizational conditions that may influence not only store-level incivility but also store-level shrink. In our assessment, being able to assess shrink at an objective, unit level speaks to a need articulated by Wimbush and Dalton (1997) to move towards a more accurate estimate of the base rate of theft that is not subject to participant recall bias or dishonest responding. Second, given the paradoxical findings related to the bright and dark side effects of performance pressure, our study builds theory to better explain why performance pressure is a dual-edged sword—namely, we cast ethical leadership as a previously unidentified boundary condition that helps explain why past research has found that performance pressure can produce both positive and negative outcomes.

2 | THEORETICAL BACKGROUND AND HYPOTHESIS DEVELOPMENT

2.1 | The influence of performance pressure and ethical leader behavior on store incivility

To understand the contextual factors influencing dysfunctional behavior in stores, we first look to the impact of *performance pressure* on employees. Research on performance pressure has found that it acts as a double-edged sword in that it can motivate employees to perform well (Gardner, 2012a) and be more creative (Rousseau, 1997; Sitkin, See, Miller, Lawless, & Carton, 2011) while also increasing stress and sub-optimal knowledge sharing (Gardner, 2012a) and poor ethical decision making (Malhotra, Ku, & Murnighan, 2008; Mumford et al., 2006).

To explain these equivocal effects, recent research by Mitchell et al. (in press) offers valuable insights. Drawing on research on self-regulation (Muraven & Baumeister, 2000), conservation of resources (Hobfoll, 2001), and the cognitive appraisal theory of stress (Lazarus & Folkman, 1984), Mitchell et al. (in press) argue that performance pressure can be appraised as a challenge or a threat. When appraised as a challenge, pressure creates a focus on the opportunities for growth or success from meeting goals and is more likely to motivate functional behavior. When appraised as a threat, pressure creates a focus on the consequences associated with failing to perform and therefore motivates dysfunctional behavior (Mitchell et al., in press). In theorizing about the factors that influence employee appraisal and interpretation of their performance environment, we turn to the

literature on leadership, which is a particularly important and salient mechanism that affects the workplace setting (M. E. Brown et al., 2005). The idea that leaders can be a driving force for proper organizational behavior (or alternatively, that the absence of good leadership can be a model for misconduct) is grounded in social learning theory (Bandura, 1977, 1986), which argues that through modeling, imitation, and observation, leaders influence employees by serving as role models, employing reinforcement, and encouraging proper conduct. In support of social learning theory, research on the relationship between leadership and incivility demonstrates that leaders play a significant role in setting expectations and being a role model for civil conduct between employees (Gallus, Walsh, van Driel, Gouge, & Antolic, 2013; Harold & Holtz, 2015; Lee & Jensen, 2014).

Recent scholarship on the relationship between leadership and incivility has expanded to focus on *ethical leader behavior*, defined as the appropriate normative behavior of leaders with respect to personal actions, interpersonal conduct, and personal relationships (M. E. Brown et al., 2005). In general, ethical organizational leaders are likely to model appropriate conduct themselves, and apprise employees that ethical conduct will be rewarded, whereas unethical conduct will be punished (M. E. Brown et al., 2005). Furthermore, employees not only learn via personal experiences but are also likely to learn about proper conduct by observing the rewards and punishments encountered by coworkers (M. E. Brown & Treviño, 2006b; M. E. Brown et al., 2005; Mayer et al., 2009; Mayer, Kuenzi, & Greenbaum, 2010). The results of two recent studies on ethical leader behavior and workplace incivility lend support to these ideas (Taylor & Pattie, 2014; Walsh, Lee, Jensen, McGonagle, & Samnani, 2018), as ethical leaders appear to set the tone for respectful, civil conduct.

Thus, in examining the moderating role of ethical leadership, an argument could be made that ethical leaders signal to their employees that it is not only important to meet performance expectations but to do so in a way that maintains ethical principles—including that of civility in the store environment. For example, in their measure of ethical leadership, M. E. Brown et al. (2005) point to this critical aspect of ethical leadership with an item that reads “defines success not just by results but also the way that they are obtained.” Thus, the leader helps shape how performance pressure is internalized by creating a focus on the positive consequences from meeting goals and is more likely to motivate functional behavior (Mitchell et al., in press). Hence, when performance pressure is present and levels of ethical leadership are high, we predict that the benefits of this leadership style will help employees focus on the potential “gains” of working under pressure, and by extension, levels of incivility among store employees will be lessened.

Conversely, in stores where performance pressure is strong and ethical leadership is relatively low, employees lack strong signals from their store manager about how to ethically manage performance expectations. Lacking this guidance, we theorize that an emphasis on meeting goals at all costs will deplete individuals' finite personal resources, and such depletion will lead to poor self-regulatory behaviors such as impulsivity or rudeness (Mitchell et al., in press). With fewer resources for effective self-regulation, the consequences

associated with failing to meet the performance standards could be detrimental for store employees. In addition, absent appropriate signals from leadership, performance pressure could exacerbate store incivility. This effect is echoed in work by Ordóñez, Schweitzer, Galinsky, and Bazerman (2009, p. 10) who cite several examples of performance goals that result not in increased motivation but rather increased in “the likelihood of creating an organizational climate ripe for unethical behavior.” As such, when a pressured environment is appraised in this way, theory and research suggest it is more likely to breed tension (Hall et al., 2003), poorer cooperation (Adelberg & Batson, 1978), and a lower willingness to compromise (Klimoski, 1972). We thus anticipated that when ethical leadership is lacking, the effect of working in a high pressure environment would be particularly upsetting to store employees, thereby increasing the potential for interpersonal friction and tension among employees. Accordingly, we hypothesize

Hypothesis 1. *Leaders' ethical behavior moderates the relationship between followers' perceptions of performance pressure and store-level incivility, such that as ethical leadership increases, the relationship between pressure and store incivility will become less positive.*

2.2 | Store-level incivility and store shrink

Research examining the relationship between stressors and CWB has suggested that workplace incivility may play an important mediating role (Andersson & Pearson, 1999; Meier & Spector, 2013; Penney & Spector, 2005). Within the stressor-strain framework, incivility has been associated with increased burnout (Laschinger, Leiter, Day, Gilin-Oore, & Mackinnon, 2012), aggression (Taylor & Kluemper, 2012), decreased satisfaction (S. Lim & Lee, 2011), and reciprocated incivility as employees experience strain and frustration by stressful job demands (Miller et al., 2003). When viewed from the store level, however, workplace incivility may serve as a mediating mechanism linking performance pressure and ethical leader behavior with increased shrink.

When incivility becomes part of the overall work environment, the norms of civil engagement are likely to be changed (Griffin, 2010; King et al., 2011; S. Lim, Cortina, & Magley, 2008), making uncivil behavior a chronic form of contagious social interaction. Emergence of incivility at the unit level has been well documented in the nursing literature wherein nurses are frequently subject to uncivil behaviors by physicians and other nurses, thereby creating an atmosphere of antisocial interactions (Felblinger, 2008; Khadjehturian, 2012). In a related vein, the phenomenon of unit-level sexual harassment has also been documented as a specific type of climate that is permissive towards degrading behaviors and where such behaviors are almost institutionalized as a normal part of the working environment (Hertzog, Wright, & Beat, 2008). At the store level, such incivility is likely to escalate or spiral over time creating an atmosphere that in the aggregate erodes overall behavioral norms and civility expectations (Griffin, 2010). As incivility becomes the new organizational norm, “employees

become aware of mounting incivility and their responses can be increasing levels of negative affect, distrust and fear” (Andersson & Pearson, 1999, p. 465).

Moreover, research on displaced aggression suggests that individuals often displace their anger on individuals who are not the source of harm or wrongdoing (Dollard et al., 1939; Miller et al., 2003; Mitchell & Ambrose, 2007; Tedeschi & Norman, 1985). Whereas at the individual level, people are likely to react to experienced incivility by seeking to withdraw or to retaliate against a perpetrator (Sliter, Sliter, & Jex, 2012); at the store level where incivility creates a more generalized uncivil milieu, its members are likely to seek retribution against the store as a whole in an attempt to correct perceived mistreatment (Tepper et al., 2009). Moreover, even if these injustices are subtle, as is the case with incivility, research by Dollard et al. (1939) and Miller et al. (2003) suggests that even minor instances of annoyance or frustration can trigger disproportionate responses. Thus, employees may be more motivated to personally steal, as well as overlook shoplifting, the two primary sources of shrink.

Hypothesis 2. *Store incivility will be positively related to store shrink.*

Further, as reasoned above, we expected performance pressure and ethical leadership to be related to store incivility via an interaction. Hence, given the abovementioned prediction that store incivility will be positively related with store shrink, it follows all of the joint effects of Performance pressure $\times$ Ethical leadership on store shrink will be transmitted through store incivility (i.e., a mediating relationship) as depicted in Figure 1.

Hypothesis 3. *Store incivility will mediate the interactive effect of performance pressure and ethical leadership on store shrink.*

3 | METHOD

3.1 | Participants and procedure

Participants were drawn from 111 stores of a U.S.-based retail organization. This study incorporates subjective information collected from study participants via a survey and objective data gathered from company financial records. Store employees were invited by a chief retail executive to complete a web-based survey that was administered by one of the study authors. Participants were informed that the survey sought their opinions regarding aspects that impact their workplace and that all responses were entirely confidential. An aggregated feedback report was shared with the organization's senior leadership who ultimately shared an executive summary with store-level employees. Year-to-date retail shrink data were obtained from corporate records at the conclusion of the employee (i.e., survey) data collection.

The number of total employees per store varied ($M = 21$, $SD = 5.17$), ranging from 11 employees (the minimum) to as many as 40 employees (the maximum). Each store had one store manager, who

controlled the general operations of the store and was responsible for the store's unique profit and loss. In terms of employee participation across the 111 retail stores, we collected 546 usable responses for an overall participation rate of 23%. The average within-store participation rate was 25%, and the median response rate percentage was 16%. The range of response rate percentage is 6% to 100% with the number of employee responses ranging from 2 to 23 ($M = 5$, $SD = 4.13$) per store. Our sample was 58.1% male, with an average age of 28 years ($SD = 6.90$) and average company tenure of 4 years ($SD = 4.10$).

3.2 | Measures

3.2.1 | Performance pressure

We slightly modified a three-item measure developed by Rubin, Dierdorff, and Brown (2010) to capture employee perceptions of performance pressure at the store level. The items were "The most important part of performance here is making the numbers," "At my store, it's 'results at all costs,'" and "There is pressure to perform here" (modified from "There is a great deal of pressure to perform here"). Employees responded to the three items using a 5-point response continuum (1 = *strongly disagree*; 5 = *strongly agree*), with a higher score indicating high performance pressure. To justify aggregating employee responses to the store level, we used analysis of variance (ANOVA) and associated intraclass correlation coefficients (ICC; Bliese, 2000) and within-store agreement values. An ANOVA using store as the independent factor demonstrated that employees' ratings differed significantly ($p < .01$) across stores. The ICC1 = .18 and ICC2 = .52 values, along with mean $r^*_{WG(J)} = .68$, median $r^*_{WG(J)} = .69$, and range $r^*_{WG(J)} = .0$ –1.0, informed our decision to aggregate these data to the store level.¹ Reliability (α_{store}) for this measure was .80.

3.2.2 | Ethical leader behavior

Employees were asked to rate the extent to which the store manager exhibited 10 leadership behaviors that comprise the Ethical Leadership Survey (M. E. Brown et al., 2005). Sample items read, "Disciplines employees who violate ethical standards" and "Sets an example of how to do things the right way in terms of ethics." Items were anchored using a 5-point response continuum (1 = *strongly disagree*; 5 = *strongly agree*), with a higher score indicating a high level of ethical leadership. An ANOVA using store as the independent factor demonstrated that employees' ratings of ethical leadership differed significantly ($p < .01$) across stores. The ICC1 = .16 and ICC2 = .48 values, coupled with mean $r^*_{WG(J)} = .75$, median $r^*_{WG(J)} = .81$, and range $r^*_{WG(J)} = .0$ –1.0, informed our decision to aggregate these data to the store level. Reliability (α_{store}) for this measure was .97.

¹A uniform null distribution was used to compute $r^*_{WG(J)}$ values. Moreover, although there are no strict standards of acceptability for either the ICC1 or ICC2 values, we recognize that the ICC2 value is below the common "rules of thumb." With this in mind, we are cognizant of Newman and Sin's (2009) results showing that ICC2 values are *uniformly underestimated* because ICC2 is a function of unit size. For example, applying Avery et al.'s (2012) average store size to the present data yielded an average ICC2 value of .96.

3.2.3 | Store-level incivility

Store employees were asked to indicate, using a 5-point frequency scale ranging from 1 (*never*) to 5 (*always*), how often they observed others engaging in three low-intensity deviant acts taken from Peterson's (2002) list of deviant work behaviors. With respect to the items selected, we looked to the extant literature on uncivil behavior for items that conveyed low-intensity deviant behavior with ambiguous intent to harm a target, in violation of norms of mutual respect (Andersson & Pearson, 1999). In our judgment, three items from Peterson's measure were most closely aligned with this definition: "Repeating gossip about a co-worker," "Cursing at someone at work," and "Making an ethnic or sexually harassing remark or joke." We eliminated the reference to "sexually harassing" from the third item as the reference to sexual remarks or jokes was neither consistent with Andersson and Pearson's definition, nor other published measures of incivility such as Cortina, Magley, Williams, and Langhout (2001).² An ANOVA using store as the independent factor indicated that employees' ratings differed significantly ($p < .01$) across stores. Further, the ICC1 = .18 and ICC2 = .52 values, combined with mean $r^*_{WG(J)} = .69$, median $r^*_{WG(J)} = .75$, and range $r^*_{WG(J)} = .0$ –1.0, informed our decision to aggregate these data to the store level. Reliability (α_{store}) for this measure was .85.

3.2.4 | Store shrink

Store shrink represents the total dollar amount of merchandise lost on an annual basis. It is calculated on a monthly basis by comparing expected inventory against actual inventory to reflect losses. We obtained year-to-date objective shrink data from corporate records following the conclusion of the employee survey. The average store shrink across the 111 retail stores was $-\$35,217$ ($SD = \$19,422$). To facilitate interpretation of our findings, we divided store shrink by a factor of 10,000 (adjusted $M = -3.52$) and centered this variable around the mean.

3.2.5 | Controls

Data relating to potential covariates were collected as possible control variables. The first potential study covariate was the *region* (dummy coded) within the United States in which the store was located. The logic for controlling for region is that prior evidence suggests that geographic locations in the South tend to experience greater theft (Avery et al., 2012). We also considered stores' *retail sales* ($M = \$4,582,109$, $SD = \$1,602,575$) as a potential covariate. We reasoned that controlling for retail sales of the store would account for salient store differences and, thus, make our retail shrink outcome more directly comparable across all stores. Finally, because theory and empirical

²Using an independent sample of working adults (average age = 33 years old, 45% with a 4-year college or university degree, and an average of 42.2 hr worked per week), we examined the convergent validity of our three-item measure with Cortina et al.'s (2001) 7-item measure. The uncorrected correlation between the two measures ($r = .81$) was relatively strong; further, correcting for unreliability (α) yields a correlation of .93, suggesting the two measures share approximately 87% common variance.

evidence suggest that older employees are less likely to steal and are also more vigilant in preventing customer shoplifting (Avery et al., 2012), we captured the *average age* of store employees ($M = 28.80$, $SD = 6.90$).

3.3 | Data analysis

We tested our proposed relationships using Model 8 from the PROCESS macro (Hayes, 2013). In addition to inspecting the cross-product term, to test Hypothesis 1, we applied the Johnson-Neyman (J-N) technique as it provides a more precise estimate (as compared with simple slopes tests) of the lower and upper bounds of the moderator whereby slopes become significantly positive and/or negative (Bauer & Curran, 2005; Preacher, Curran, & Bauer, 2006). In generating the regions of significance plot, the horizontal axis depicts ethical leadership within a range of three values from the mean of zero (i.e., ethical leadership is mean centered); the vertical axis depicts slope estimates (with a 95% confidence band) that reflect the relationship between performance pressure and store incivility. For values of the ethical leadership moderator in which the confidence bands do not contain zero, the effect of performance pressure on store incivility is significantly different from zero (at $\alpha = .05$). Related to Hypothesis 2 (i.e., "path b" of the mediated model), we use an inferential test dubbed the "index of moderated mediation" (Hayes, 2015) to assess our proposed overall conceptual model. According to Hayes (2015), just because one of the linkages is moderated by another variable (in our case "path a") does not mean that the overall mediated effect is moderated by the same variable.

4 | RESULTS

Table 1 presents the descriptive statistics and intercorrelations among all study variables. An inspection of the correlations reveals that the

potential covariate of average employee age is not related to any focal variables. This result suggests that the study variables are not confounded by differences in employee age. Consequently, this potential covariate was excluded from subsequent analyses to provide a maximum power for the following statistical tests (Becker, 2005). Given the importance of geographic regions and store sales for our focal outcome (viz., store shrink), we report results that account for these control variables.

4.1 | Test of the study's hypotheses

Hypothesis 1 predicted that ethical leadership will moderate the relationship between performance pressure and store level incivility, such that the relationship is more strongly negative as ethical leader behavior increases. As shown in Table 2, the cross-product between performance pressure and ethical leadership predicted store-level incivility (coefficient = $-.25$, t ratio = -2.10 , $p = .038$). As depicted in Figure 2a, the slope of the relationship between performance pressure and store incivility is negative for stores with high ethical leader behavior ($+1$ SD from mean), whereas the slope for stores with low ethical leader behavior (-1 SD from mean) is positive. Although a "pick a point" or "simple slopes" approach to investigating the nature of an interaction is frequently used (e.g., comparing slopes at ± 1 SD values of the moderator), these methods have been thoroughly critiqued (Gardner, Harris, Li, Kirkman, & Mathieu, 2017). Thus, as shown in Figure 2b, we employed the J-N technique to provide a more complete analysis of the moderated relationship (Bauer & Curran, 2005; Preacher et al., 2006).

The J-N technique shows that the confidence band crosses zero at a value of $-.76$ below the mean of ethical leadership, which is depicted in Figure 2b as a solid vertical (green) line marking the boundary between regions of significance (i.e., left of solid line) and insignificance (i.e., right of solid line). This demonstrates that for values of ethical leadership that are $-.76$ or lower than the mean, the slope of the

TABLE 1 Means, standard deviations, and intercorrelations

Variable	M	SD	1	2	3	4	5	6	7	8	9
1. Performance pressure	2.88	0.66									
2. Ethical leadership	3.79	0.65	-.55**								
3. Store incivility	2.37	0.66	.32*	-.56**							
4. Store shrink	0.00	1.94	-.10	.04	.22*						
5. Region 1	0.28	0.45	-.18	.14	-.14	-.19*					
6. Region 2	0.29	0.46	.10	-.09	.14	-.11	-.40**				
7. Region 3	0.20	0.40	-.03	.02	-.12	.01	-.31**	-.32**			
8. Region 4	0.23	0.43	.12	-.07	.10	.30**	-.34**	-.35**	-.28**		
9. Store sales	4,582,109	1,602,575	-.06	.00	-.12	-.47**	.01	.11	-.15	.01	
10. Average employee age	28.80	6.90	.05	-.08	-.08	-.17	-.04	-.07	.21*	-.07	.14

Note. $n = 111$ retail stores. Regions 1–4 are dummy variables to account for the geographic location of the store.

* $p < .05$ (two-tailed).

** $p < .01$ (two-tailed).

TABLE 2 Store level moderated multiple regression models

Predictor	Store incivility				Store shrink			
	B	SE	t ratio	p value	B	SE	t ratio	p value
Control variables								
Region 2	.18	.14	1.34	.183	.43	.41	1.05	.296
Region 3	-.11	.15	-.76	.450	.50	.44	1.13	.260
Region 4	.14	.15	.96	.337	1.70	.43	3.99	.000
Store sales	.00	.00	-1.91	.058	-.00	.00	-5.64	.000
Main effects								
Performance pressure (PP)	.03	.10	.29	.775	-.58	.28	-2.07	.041
Ethical leadership (EL)	-.49	.10	-4.85	.000	.32	.33	.96	.337
Interaction								
PP × EL	-.25	.12	-2.10	.038	.05	.36	.15	.879
Mediator								
Store incivility					.74	.29	2.55	.012
Overall F	9.21**				8.24**			
R ² (adjusted R ²)	.385 (.343)				.392 (.345)			

Note. $n = 111$ retail stores. Final model results are reported, and unstandardized coefficients are shown. We used Region 1 as the referent.

** $p < .01$.

performance pressure—store incivility relationship is positive and significantly different from zero. In regard to the upper bounds estimate, we can see that the confidence band crosses zero at .90 above the mean for ethical leadership (dashed blue vertical line), thereby indicating the regions of significance (i.e., right of the dashed line). Hence, the slope of the relationship between performance pressure and store incivility is negative and significantly different from zero when values of ethical leadership reach .90 (above the mean) or higher. Consequently, ethical leader behavior moderated the relationship between performance pressure and store-level incivility such that incivility was lower in stores with high performance pressure and high ethical leadership, whereas incivility was strongest in stores with high performance pressure and low levels of ethical leadership. This result suggests, as predicted (Hypothesis 1), that the potential benefits of performance pressure are only realized when management is perceived to exhibit ethical leadership.

Hypothesis 2 predicted that store incivility would be positively related to store shrink. As also shown in Table 2, store-level incivility was positively associated with store shrink (coefficient = .74, t ratio = 2.55, $p = .012$) when controlling for covariates, the main effects for performance pressure and ethical leadership, and their cross-product term. On this basis, we conclude that Hypothesis 2 is supported. Given our proposed model, we likewise anticipated that performance pressure and ethical leadership would jointly impact store shrink through store-level incivility. We examined the index of moderated mediation (Hayes, 2015) to verify this prediction. The estimate for the index of moderated mediation was statistically significant (coefficient = $-.18$, $p < .05$, 95% bootstrap CI $[-.53, -.01]$), which

was supportive of Hypothesis 3 and provides further evidence for our overall conceptual model.

4.2 | Sensitivity analyses

We acknowledge that the response rates in some of the stores was quite low. We therefore ran sensitivity analyses to explore the stability of our findings. First, we omitted stores with relatively few employee responses ($n =$ fewer than 2) and stores with a relatively large number of employee responses ($n =$ greater than 10). These analyses yielded the same general pattern of parameter estimates when omitting stores with (a) only two employee responses and (b) more than 10 employee responses. Second, we reran our model (on the full sample) but statistically controlled for store size and within-store response rate (cf. Ehrhart, Witt, Schneider, & Perry, 2011). A comparison of the parameter estimates suggests a similar pattern of results as did the model without the additional covariates. Given this evidence, and because there is no existing standard for what constitutes an “acceptable” within-unit response rate (Nesterkin & Ganster, 2015), we tested our study hypotheses using the full sample of stores that met our inclusion criteria. This is in line with the recommendations to use all available data (Newman, 2009).

We likewise acknowledge that our dataset has stores with moderate (.51 to .70) and/or strong (.71 to 1.0) within-unit agreement and stores with low within-unit agreement (.00 to .30; see LeBreton & Senter, 2008). Given the observed variation in within-store agreement (i.e., r^*_{WGU} values), we conducted two separate analyses by creating

(a)

(b)

FIGURE 2 (a) Simple slopes between performance pressure and store incivility at low (-1 SD) and high ($+1$ SD) ethical leadership behavior (ELB). (b) At a 95% confidence level, J-N regions of significance for the relationship between performance pressure and store incivility as a function of ethical leadership. Note. Solid vertical (green) line reflects the lower bound point at which the confidence band crosses zero ($-.76$), implying that the slope between performance pressure and store incivility is significantly different from zero for centered ethical leadership values of $-.76$ and below. Dashed vertical (blue) line reflects the upper bound point at which the confidence band crosses zero ($.90$), implying that the slope between performance pressure and store incivility is significantly different from zero at this point and higher [Colour figure can be viewed at wileyonlinelibrary.com]

two subsamples of stores. The first subsample eliminated all of the stores with $r^*_{WG(U)}$ values less than .50 on any of the three aggregated variables, resulting in a subsample of 72 stores (we will refer to this as Sample 2). Second, we removed all of the stores with $r^*_{WG(U)}$ values less than .70 on any of the three aggregated variables, resulting in a subsample of 32 stores (we will refer to this as Sample 3).

We then repeated our hypothesis testing using these two subsamples of our data and present the results in comparison with the full sample (which we refer to as Sample 1). To summarize these results with respect to our main hypotheses (Tables 3 and 4), when reducing the full sample to those stores with $r^*_{WG(U)} > .49$ ($n = 72$ stores; Sample 2), our interaction effect (Hypothesis 1) remains significant at $p = .049$. Moreover, as illustrated in Figures 3a,b, the interaction plots are nearly identical to those shown for the full sample. However, the relationship between incivility and shrink (Hypothesis 2) becomes nonsignificant. The regression coefficient (.50) is still in the expected direction, but

the standard error increases $1.5\times$ when we drop these 39 stores from our sample. Finally, when reducing the sample size to only those stores with $r^*_{WG(U)} > .69$ ($n = 32$ stores; Sample 3), no hypothesized effects are significant.

5 | DISCUSSION

At a time when retail margins are under threat due to online competition (Much, 2017), an ongoing challenge for retailers is to find ways of growing revenue while managing losses such as those stemming from shrink. The dearth of evidence regarding the contextual antecedents to retail shrink is surprising when one considers the substantial financial consequences of inventory loss to retail organizations and how such losses may be shaped by pressure in the work environment and leader behaviors. We add to this scant literature (Avery et al., 2012; T. S. Brown et al.,

TABLE 3 Analyses comparing Performance pressure $\times$ Ethical leadership on store incivility for Samples 1, 2, and 3

		DV = store incivility											
		Sample 1				Sample 2				Sample 3			
Predictor		B	SE	t ratio	p value	B	SE	t ratio	p value	B	SE	t ratio	p value
Control variables													
Region 2		.18	.14	1.34	.183	.22	.16	1.43	.157	.17	.28	.60	.557
Region 3		-.11	.15	-.76	.450	-.09	.17	-.52	.603	-.27	.25	-1.09	.287
Region 4		.14	.15	.96	.337	.44	.16	2.78	.007	.64	.22	2.94	.007
Store sales		.00	.00	-1.91	.058	.00	.00	-1.98	.052	.00	.00	-1.76	.091
Main effects													
Performance pressure (PP)		.03	.10	.29	.775	.11	.13	.84	.406	-.06	.19	-.33	.744
Ethical leadership (EL)		-.49	.10	-4.85	.000	-.31	.14	-2.18	.032	-.32	.24	-1.33	.196
Interaction													
PP $\times$ EL		-.25	.12	-2.10	.038	-.29	.15	-2.01	.049	-.31	.20	-1.53	.139
Overall F/R^2	Sample 1	9.21**/.385											
	Sample 2	7.86**/.462											
	Sample 3	5.68**/.623											

Note. Sample 1 represents the original sample of 111 stores. Sample 2 represents stores with $r^*_{WG(U)}$ values greater than .49 on all three aggregated variables ($n = 72$). Sample 3 represents stores with $r^*_{WG(U)}$ values greater than .69 on all three aggregated variables ($n = 32$).

** $p < .01$;

* $p < .05$.

TABLE 4 Analyses comparing Performance pressure $\times$ Ethical leadership and store incivility on store shrink for Samples 1, 2, and 3

		DV = store shrink											
		Sample 1				Sample 2				Sample 3			
Predictor		B	SE	t ratio	p value	B	SE	t ratio	p value	B	SE	t ratio	p value
Control variables													
Region 2		.43	.41	1.05	.296	.59	.56	1.07	.291	.39	1.07	.37	.719
Region 3		.50	.44	1.13	.260	.52	.59	.88	.383	.50	.97	.52	.607
Region 4		1.70	.43	3.99	.000	1.67	.59	2.84	.006	1.78	.97	1.85	.077
Store sales		.00	.00	-5.64	.000	.00	.00	-4.75	.000	.00	.00	-2.39	.025
Main effects													
Performance pressure (PP)		-.58	.28	-2.07	.041	-.40	.45	-.89	.378	-.28	.72	-.39	.704
Ethical leadership (EL)		.32	.33	.96	.337	.21	.51	.39	.695	.22	.96	.23	.822
Interaction													
PP $\times$ EL		.05	.36	.15	.879	-.21	.53	-.39	.693	.39	.79	.49	.626
Mediator													
Store incivility		.74	.29	2.55	.012	.50	.44	1.15	.254	1.03	.78	1.33	.197
Overall F/R^2	Sample 1	8.24**/.392											
	Sample 2	4.83**/.380											
	Sample 3	2.68*/.483											

Note. Sample 1 represents the original sample of 111 stores. Sample 2 represents stores with $r^*_{WG(U)}$ values greater than .49 on all three aggregated variables ($n = 72$). Sample 3 represents stores with $r^*_{WG(U)}$ values greater than .69 on all three aggregated variables ($n = 32$).

** $p < .01$;

* $p < .05$.

(a)

(b)

FIGURE 3 (a) Simple slopes between performance pressure and store incivility at low (-1 SD) and high ($+1$ SD) ethical leadership behavior (ELB) for Sample 2. (b) At a 95% confidence level, J-N regions of significance for the relationship between performance pressure and store incivility as a function of ethical leadership for Sample 2. Note. Solid vertical (green) line reflects the lower bound point at which the confidence band crosses zero ($-.69$), implying that the slope between performance pressure and store incivility is significantly different from zero for centered ethical leadership values of $-.69$ and below. Dashed vertical (blue) line reflects the upper bound point at which the confidence band crosses zero (1.27), implying that the slope between performance pressure and store incivility is significantly different from zero at this point and higher [Colour figure can be viewed at wileyonlinelibrary.com]

1987; Chen & Sandino, 2012; Crossen, 1993; Levine & Jackson, 2002) and offer evidence that performance pressure interacts with ethical leader behavior to influence shrink via store incivility. The combined influence of performance pressure and ethical leadership on store-level incivility supports our theorizing that ethical leaders help employees to make sense of how to appropriately respond to performance pressure, thereby encouraging employees to deliver on performance expectations while maintaining civility in the store.

Consistent with the literature on displaced aggression, our results also suggest that store-level incivility relates to greater store shrink, showing that low-level interpersonal hostility can spill over to impact an objectively measured indicator of store-level deviance. Prior work examining Andersson and Pearson's (1999) tit-for-tat hypothesis, which argues that incivility can drive increasingly hostile retaliation, has focused on behavioral intentions (Kim & Shapiro, 2008) and self-

report measures of reciprocation (Bunk & Magley, 2013; V. K. G. Lim & Teo, 2009; Penney & Spector, 2005). Although these studies shed some light on whether and how incivility impacts retribution, the opportunity still existed to link incivility to an objectively assessed, escalating form of retaliatory behavior at the store level. Our evidence suggests that store incivility does predict store shrink, which translates into demonstrably worse business outcomes for retail organizations. In sum, these findings add to theory and practical understanding of the performance context under which leader behavior influences interpersonal rudeness and store outcomes.

5.1 | Theoretical implications

This research contributes to a growing literature on the bright and dark sides of performance pressure in organizations. Notably, prior

research evidences paradoxical outcomes, suggesting that performance pressure has the potential to be a double-edged sword as it motivates both functional and dysfunctional behavior (Eisenberger & Aselage, 2009; Robertson & Rymon, 2001; Mitchell et al., in press). Our work adds value to this conversation by introducing ethical leader behavior as a critical factor that helps employees make sense of their performance environment and, as such, whether stores would experience more or less functional outcomes. It is the imperative of store managers to elicit the best performance from themselves and others, and our results suggest they can shape performance pressure to motivate adherence to ethical standards as opposed to turning a blind eye to uncivil conduct. Thus, our study highlights a store manager's pivotal role, such that high performance pressure relates to less incivility with an ethical store leader at the helm and, relatedly, less shrink. In contrast, when a store manager exhibits less ethical leadership but performance pressure remains high, employees are more uncivil towards one another and shrink increases.

These findings also speak to the idea of the ethical leader as a moral manager, referring to how an authority figure uses the tools of the position to promote ethical conduct at work (M. E. Brown & Mitchell, 2010). In this way, ethical leaders have the potential to help employees be better under pressure, even when pressure could connote a threat, or a more negative, stressful working environment (Menkes, 2011) that could elicit unethical behavior (Robertson & Rymon, 2001). Relatedly, if ethical leadership shapes how employees respond to performance pressure, it behooves future research to examine other important outcomes associated with pressure to perform and ethical leadership, including store cohesion, relationship conflict, stress, engagement, and trust (Den Hartog, 2015; Mitchell et al., in press).

This research also provides evidence of an uncivil work milieu as a function of interpersonal mistreatment perpetrated by store employees. Previous research on incivility norms (Walsh et al., 2012) and workplace mistreatment climate (Yang, Caughlin, Gazica, Truxillo, & Spector, 2014) has largely focused on individual employee perceptions, and prior research relating performance pressure or leader behavior to workplace incivility has similarly emphasized the individual level of analysis (Harold & Holtz, 2015; Lee & Jensen, 2014; Mitchell et al., in press; Walsh et al., 2018). Although individuals can certainly hold personal beliefs about the extent to which incivility is common in the workplace, it is also important to focus on the emergent or shared properties of behavior. In doing so, we found that employee perceptions about incivility can materialize at the store level of analysis—shaped by the social interactions and exchanges among store employees and store managers (Kozłowski & Klein, 2000) and meaningfully predict employee theft and associated losses (i.e., store shrink). This is an important contribution if environments ripe with incivility can serve as a flash point for more vexing forms of counterproductivity (i.e., greater shrink), and then understanding the conditions that allow incivility to flourish affords organizations some leverage in curbing misbehavior before it escalates (Andersson & Pearson, 1999) and becomes normative (Walsh et al., 2012). A small but growing body of research on employee mistreatment has also aligned with this unit-level perspective (e.g., Paulin & Griffin, 2017)

and acknowledges the unique effects of shared perceptions—both of one's leader and of work unit mistreatment—on unit-level counterproductivity (Mayer et al., 2010). Thus, our results suggest that a broadening of the shrink literature is in order to recognize and accommodate more contextually relevant theories and generative mechanisms that have the potential to shed new light on this relatively understudied yet critically important performance metric.

Finally, perhaps it is just as interesting to discuss what relationships we did not find with these data.³ Similar to Detert et al. (2007), who reported that ethical leadership did not impact counterproductivity at the store level, we observed that ethical leadership did not exhibit a direct effect with our focal outcome of shrink among retail stores. Further, as illustrated in Table 1, the relationship between ethical leadership and objectively measured store sales (a study control) was essentially zero. This is somewhat surprising given existing research that has found ethical leadership to positively relate to firm performance (Eisenbeiss, van Knippenberg, & Fahrbach, 2015) and related work linking other leadership styles such as transformational leadership with objective indicators of sales and firm performance (e.g., Arnold, Palmatier, Grewal, & Sharma, 2009; Wang, Oh, Courtright, & Colbert, 2011). However, research also suggests that as the mediational process becomes more distal or complex, the size of the association between a predictor and outcome typically gets smaller as a result of “competing causes” and “random factors” (Shrout & Bolger, 2002, p. 429). In the present instance, factors such as the economy, store location and staffing levels, and marketing may play substantive roles in determining store shrink and sales. It may also be that in our retail store context of low-pay and low-skilled work, basic psychosocial needs (e.g., working conditions and decent treatment) are more important to employees' attitudes and behaviors than a store manager's ethical leadership (Detert et al., 2007). Hence, although the leadership literature has “romanticized” the role of leaders for organizational successes and failures (Meindl, Ehrlich, & Dukerich, 1985), our results are more consistent with the perspective that because organizations are complex, dynamic systems that involve performing tasks over time, individual leaders influence these distal outcomes via more proximate processes and outcomes (see, e.g., Shamir, 2011; Waldman, Ramirez, House, & Puranam, 2001).

5.2 | Practical implications

Our results suggest a need to consider how performance pressure and leader behavior translate into a store's interpersonal dynamic. In light of these findings, organizations focused on driving results through intense goal setting and external rewards would be well served to understand the precarious balance required between results-oriented and ethical leadership. Indeed, when employees are under intense performance pressure, they are more likely to deplete personal resources that could have been used to self-regulate and, thus, engage in more

³We thank an anonymous member of the review team for prompting this discussion.

destructive than caring interpersonal behavior (Hall et al., 2006). Fortunately, there is ample research to suggest that store managers can be trained to be more ethical leaders and that they can also be trained to understand how their ethical behaviors provide a powerful model for their employees' conduct (M. E. Brown & Treviño, 2006a). Such development interventions seem especially relevant in light of recent scandals associated with intense performance pressure. Thus, a store's manager has the opportunity to shape and signal how employees internalize performance pressure, which is consistent with the conclusions of Mitchell et al.'s (in press) work, notably, "managers should take care in how they relay performance expectations to employees to reduce the likelihood that those expectations are negatively construed ... instead the benefits and opportunities of performance pressure should be explained and emphasized" (p. 32).

In addition, despite the fact that retail shrink carries enormous bottom-line costs, reduces organizations' competitiveness, and is often implicated as a major factor in organizational failures (Snyder, Broome, Kehoe, McIntyre, & Blair, 1991), a paucity of research has explored behavioral mechanisms to prevent it. To date, a majority of work has focused on compliance and technology-based solutions (e.g., radio-frequency identification tagging and product or item monitoring) to deter and more easily catch perpetrators of theft. Yet, with loss prevention budgets declining (Berr, 2017), a new approach to theft deterrence may be needed. The present study suggests the primacy and effectiveness of developing store leaders who can establish ethical expectations that include a focus on balancing results and interpersonal treatment. Indeed, one might argue that the overall costs of investing in and developing strong ethical leaders who can help employees productively respond to intense performance goals may have a substantially higher return on investment than large capital investments in technological systems around theft deterrence, which ultimately treat the symptoms of theft, rather than the underlying causes.

5.3 | Limitations and future directions

Although our store-level sample was relatively large with 111 stores, the average within-store response rate was somewhat low, which raises questions about the representativeness of our sample and the validity of our findings. The results from the sensitivity analyses bolster our decision to utilize all available data from the 111 stores; however, the low within-store response rates is a limitation of our study. In a related vein, we included stores in our sample when two (or more) employees provided useable data. Additionally, it is important to acknowledge limitations of our data related to within-store agreement that may impact the overall confidence in our findings. Our supplemental analysis of stores with at least moderate (Sample 2) to high (Sample 3) within-store agreement demonstrate that our study's results are affected by the decision of which stores should be retained for hypotheses testing (see Biemann, Cole, & Voelpel, 2012, and LeBreton & Senter, 2008, for detailed discussions on this issue).

Our measure of store incivility represented three low-intensity deviant acts, which is consistent with the conceptualization of incivility as rude and discourteous verbal and nonverbal acts with ambiguous intent to harm (Andersson & Pearson, 1999). Notably, the hallmark of incivility is its subtle nature in that it is not always clear that the perpetrator was trying to inflict harm when engaging in the said behaviors. With respect to the subtlety of incivility, the inclusion of additional items that reflect a broader range of behaviors, including those that are even more understated (i.e., avoiding you and paying little attention to your opinion) would add value to this work, and we encourage future researchers to assess additional examples of uncivil conduct.

As with other studies on shrink (e.g., Avery et al., 2012), we cannot distinguish whether shrink is primarily driven by employee theft or customer shoplifting. We acknowledge this is a design limitation associated with the current study. Although being able to disentangle employee theft from shoplifting reflects the ideal scenario, we are aware of research that suggests interpersonal attitudes (perceived inequities) towards the organization are a salient predictor of stealing, and national estimates suggest that 34.5% of theft is generated from employees (National Retail Foundation, 2015). Informal conversations with the participating organization suggest that employee theft was certainly a component of their overall shrink losses, though exact figures were not available.

It is also important to recognize that other context variables—for example, company culture, industry characteristics, or internal politics—may have an effect on store incivility and shrink rates. A strength of our study was being able to collect data from within a single organization, yet within-firm context and culture can shape beliefs about the importance or relevance of ethical leadership for leader effectiveness (Resick, Mitchelson, Dickson, & Hanges, 2009). Furthermore, we asked respondents to reflect in general on their store leader's behavior, such that respondents provided an overall evaluation of their leader at the time of our survey. A future opportunity may be to ask respondents to evaluate the consistency of their leaders' behaviors (Den Hartog, 2015), as research suggests that the consistency (or lack thereof) also affects the signals sent by leaders regarding ethical conduct (Hoel, Glaso, Hetland, Cooper, & Einarsen, 2010), as do leaders who exhibit both ethical and unethical behaviors towards different followers (Duffy, Ganster, & Pagon, 2002). It follows that differential treatment of some followers relative to others could attenuate the ethical signals sent by the leader, thus paving the way for performance pressure to have a stronger negative effect on store incivility and subsequent counterproductive behavior. Longitudinal, multilevel research is needed to best answer these questions, and we encourage future researchers to consider additional boundary conditions and methods in due time.

In the same way that leader ethics influence how employees respond to performance pressure, employees' individual differences may also exacerbate or mitigate propensity to engage in uncivil and unethical behaviors, to turn a blind eye towards coworker theft, or more directly to personal pilferage. With respect to individual ethics, it is also possible that employees high in personal ethics, defined as individual moral beliefs held by employees (Mazar, Amir, & Ariely,

2008), are less likely to engage in sweethearting (the practice of employees providing unauthorized free or discounted goods and services to customer conspirators; Brady, Voorhees, & Brusco, 2012) than those lower in personal ethics, even when the employee could have personally benefited financially by doing so. This offers another avenue for future research, recognizing that the ethical disposition of store employees could work with, or against, performance pressure and ethical leadership or broader organizational efforts to engender ethical culture. Alternatively, it is possible that strong employee ethics could serve as a substitute for ethical leadership (cf., Ullrich, Christ, & van Dick, 2009), and future research should assess aspects of both leaders and followers to better inform theory and the impact of performance pressure on organizational outcomes.

Finally, it is also important to acknowledge that store-level incivility is not likely to be the sole mediating mechanism linking performance pressure and ethical leadership to store shrink. Looking to related research on the downstream effects of performance pressure also suggest that heightened pressure can create an environment ripe with anger and self-serving behavior, including cheating (Mitchell et al., 2018), which could relate to subsequent shrink. The downstream effects of ethical leadership on unit-level outcomes (which could subsequently relate to shrink) also reveals several alternative paths, including store-level commitment (Cotton, Stevenson, & Bartunek, 2017) and other dimensions of group-level deviance (Mayer et al., 2009) such as a climate for harassment or bullying. Thus, there are several other theoretically relevant emotional and behavioral mechanisms that could be explored in future work.

6 | CONCLUSION

In conclusion, this work contributes to the literature relating performance pressure and ethical leadership to retail store shrink via store-level incivility. We find that ethical leadership shapes how employees respond to performance pressure, such that stores with higher pressure and more ethical leaders evidenced lower store incivility. Further, we offer evidence that store incivility transmits the effect of the interaction of performance pressure and ethical leader behavior to retail shrink and provide theoretical and practical insights for organizational researchers and retailers looking to curb the losses associated with shrink.

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How to cite this article: Jensen JM, Cole MS, Rubin RS. Predicting retail shrink from performance pressure, ethical leader behavior, and store-level incivility. *J Organ Behav*. 2019;40:723–739. <https://doi.org/10.1002/job.2366>