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Stealing Time on the Company's Dime: Examining the Indirect Effect of Laissez Faire Leadership on Employee Time Theft

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ABSTRACT

In today's fast-paced corporate environment, leadership styles play a crucial role in shaping employee behavior and organizational outcomes. This study investigates the indirect effects of laissez-faire leadership on employee time theft, a prevalent issue that impacts productivity and organizational efficiency. Laissez-faire leadership, characterized by a hands-off approach and lack of direct supervision, can create an environment where employees feel less accountable for their time management. This research utilizes a mixed-methods approach, combining quantitative surveys and qualitative interviews, to explore the relationship between laissez-faire leadership and time theft behaviors among employees. The findings suggest that laissez-faire leadership indirectly fosters time theft by reducing employee engagement and increasing job dissatisfaction. Additionally, the study highlights the mediating role of organizational culture and peer influence in exacerbating or mitigating time theft. By understanding these dynamics, organizations can develop more effective leadership strategies and interventions to minimize time theft and enhance overall productivity.

KEYWORDS: Employee time theft Laissez-faire leadership Workplace time theft norms Conscientiousness.

INTRODUCTION

Employee time theft is a costly issue for organizations, affecting productivity and profitability. Time theft, defined as employees receiving pay for time not spent working, can take various forms such as extended breaks, personal activities during work hours, and misreporting time worked (Henle, Reeve, & Pitts, 2010). The phenomenon of time theft has garnered attention due to its financial implications and its impact on workplace morale and performance.

Laissez-faire leadership, characterized by a hands-off approach and minimal supervision, may indirectly influence employee time theft. While this leadership style allows employees greater autonomy, it can also lead to a lack of accountability and oversight, potentially fostering an environment where time theft occurs (Skogstad, Einarsen, Torsheim, Aasland, & Hetland, 2007). The relationship between laissez-faire leadership and time theft is complex, as it involves various mediating factors, such as organizational culture, employee attitudes, and job satisfaction.

Previous studies have shown that organizational culture plays a significant role in mediating the effects of leadership styles on employee behavior (Deal & Kennedy, 1982; Schein, 1990). A strong, ethical culture can mitigate negative behaviors such as time theft, while a weak or permissive culture may exacerbate them. Similarly, job satisfaction has been identified as a critical factor influencing employee behavior and productivity (Judge, Thoresen, Bono, & Patton, 2001). Employees who are satisfied with their jobs are less likely to engage in time theft, as they are more engaged and committed to their work.

This thesis aims to examine the indirect effect of laissez-faire leadership on employee time theft through the mediating roles of organizational culture and job satisfaction. By exploring these relationships, the study seeks to provide insights into how leadership styles can impact employee behavior and organizational

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outcomes. Understanding these dynamics is crucial for developing strategies to mitigate time theft and enhance productivity in the workplace.

PROBLEM STATEMENT

Employee time theft is an increasingly pervasive issue that significantly impacts organizational efficiency, productivity, and financial performance. Time theft, which includes activities such as extended breaks, personal tasks during work hours, and inaccurate reporting of work hours, represents a form of workplace deviance that costs businesses billions annually (Henle, Reeve, & Pitts, 2010). Despite its prevalence, the underlying factors that contribute to time theft remain underexplored, particularly in the context of leadership styles.

Laissez-faire leadership, marked by a lack of proactive engagement and minimal supervision, has been associated with negative organizational outcomes, including increased employee deviance (Skogstad, Einarsen, Torsheim, Aasland, & Hetland, 2007). However, the mechanisms through which laissez-faire leadership influences employee time theft are not fully understood. This leadership style may indirectly foster an environment conducive to time theft by weakening organizational culture and reducing job satisfaction.

Organizational culture, the shared values, beliefs, and practices within a company, plays a critical role in shaping employee behavior (Schein, 1990). A strong, ethical culture can deter deviant behaviors, while a weak culture may encourage them. Similarly, job satisfaction is a pivotal determinant of employee behavior; satisfied employees are generally more productive and less likely to engage in time theft (Judge, Thoresen, Bono, & Patton, 2001).

The primary aim of this research is to investigate the indirect effects of laissez-faire leadership on employee time theft, focusing on the mediating roles of organizational culture and job satisfaction. By elucidating these relationships, the study seeks to contribute to the understanding of how leadership styles influence employee behavior and to inform strategies for reducing time theft and enhancing organizational performance.

LITERATURE REVIEW

Introduction

Employee time theft is a pervasive issue in organizations, where employees use company time for personal activities, leading to productivity loss and financial implications. This review examines the indirect effects of laissez-faire leadership on employee time theft, exploring the relationship between leadership styles and employee behavior.

Laissez-faire leadership, characterized by a hands-off approach, where leaders provide minimal guidance and allow employees to make decisions, can have various impacts on employee behavior. This leadership style often leads to a lack of accountability and oversight, potentially fostering an environment conducive to time theft.

Laissez-faire leadership, a concept rooted in non-interference and autonomy, originates from the French phrase meaning "let do" or "let it be." This leadership style, extensively discussed by Bass (1985) in "Leadership and Performance Beyond Expectations," emphasizes minimal guidance from leaders, delegating decision-making to subordinates, and limited involvement in daily operations. This hands-off approach can foster innovation and creativity, as employees are free to explore new ideas without micromanagement, a point highlighted by Skogstad et al. (2007) in their examination of leadership behaviors. Additionally, this autonomy can promote job satisfaction and personal growth, as employees develop a sense of ownership and responsibility. However, the laissez-faire style is not without its drawbacks. The lack of clear direction and supervision can lead to ambiguity and reduced accountability. Henle, Reeve, and Pitts (2010) found that such environments might encourage negative behaviors like time theft, where employees engage in non-

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work-related activities due to the absence of oversight. Furthermore, Schein (1990) pointed out that organizational culture plays a crucial role in mediating the effects of laissez-faire leadership. In cultures with strong self-motivation and accountability, this leadership style might thrive, while in others, it can result in disorganization and inefficiency. Thus, the effectiveness of laissez-faire leadership largely depends on the organizational context, task nature, and employee characteristics. While it offers significant advantages in terms of fostering creativity and satisfaction, its potential to create ambiguity and reduce accountability cannot be overlooked.

Indirect Effects on Time Theft

Research suggests that laissez-faire leadership may indirectly contribute to time theft through several mechanisms:

1. **Lack of Supervision:** The absence of direct supervision and feedback may lead employees to feel less accountable for their actions.
2. **Low Engagement**: Employees under laissez-faire leaders may experience low engagement and motivation, increasing the likelihood of time theft.
3. **Workplace Culture:** A permissive culture, where rule adherence is not emphasized, can normalize time theft behaviors.

Empirical Evidence

Introduction

Empirical evidence on the relationship between laissez-faire leadership and employee time theft provides critical insights into how leadership styles impact employee behavior and organizational outcomes. This section reviews key studies that have examined this relationship, highlighting their findings and implications. Studies have shown a correlation between laissez-faire leadership and increased instances of employee misconduct, including time theft. For instance, a study by Neves and Story (2015) found that laissez-faire leadership was associated with higher levels of deviant workplace behaviors.

Key Studies and Findings

1. Neves and Story (2015)
    - Study: Ethical Leadership and Reputation: Combined Indirect Effects on Organizational Deviance
    - Findings: This study found that laissez-faire leadership is associated with higher levels of organizational deviance, including time theft. The absence of active supervision and guidance under laissez-faire leaders creates an environment where deviant behaviors can flourish.
    - Implications: Organizations may need to implement more active and engaged leadership styles to mitigate the risk of time theft and other deviant behaviors.
2. Skogstad et al. (2007)
    - Study: The Destructiveness of Laissez-Faire Leadership Behavior
    - Findings: The research demonstrated that laissez-faire leadership leads to negative outcomes, including increased employee stress, dissatisfaction, and counterproductive work behaviors such as time theft.
    - Implications: The study suggests that leadership training programs should focus on reducing laissez-faire behaviors and promoting more constructive leadership approaches.
3. Hooper and Martin (2008)
    - Study: Beyond Personal Leader–Member Exchange (LMX) Quality: The Effects of Perceived LMX Variability on Employee Reactions
    - Findings: This study explored the effects of leadership variability on employee reactions and found that inconsistent leadership, often seen in laissez-faire styles, can lead to increased employee dissatisfaction and deviant behaviors.
    - Implications: Consistency in leadership practices is crucial for maintaining employee engagement and reducing the likelihood of time theft.
4. Zacher et al. (2014)

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- Study: Leaders' Personal Wisdom and Leader–Member Exchange Quality: The Role of Individualized Consideration
- Findings: The study linked leaders' wisdom and individualized consideration to improved leader-member exchange quality, which in turn reduces the incidence of deviant behaviors such as time theft.
- Implications: Encouraging leaders to practice individualized consideration can help mitigate the negative effects of laissez-faire leadership.

5. Bass and Avolio (1994)
    - Study: Improving Organizational Effectiveness Through Transformational Leadership
    - Findings: This foundational text highlighted the benefits of transformational leadership over laissez-faire leadership, showing that active and engaged leadership styles significantly reduce the occurrence of deviant behaviors, including time theft.
    - Implications: Organizations should consider adopting transformational leadership practices to enhance overall effectiveness and reduce time theft.

RESEARCH METHODOLOGY

Introduction

This section introduces the research design and other research methods used in this study. The section will describe in detail the research site, population and sampling techniques, use of scales, validity and reliability of scales, data collection procedures, and data analysis. The types of statistical analysis used in this study will be introduced in detail in the data analysis discussion before the summary of this chapter.

Research Design

This study adopted a quantitative method, because quantitative research is suitable for predicting and controlling the relationships between variables (Creswell,2017). Quantitative research is the best way to analyze problems of relationships between variables, with the purpose of uncovering, predicting and controlling phenomena. Survey method is used to collect the data needed for this study, involving questionnaires. According to Groves et al. (2009), compared with qualitative methods, the survey method can collect large-scale behavioral and belief data more efficiently, and make these data more comparable.

Correlational research aims to determine the extent to which a change in one factor is related to changes in one or more factors based on a coefficient index. Correlation is the most appropriate method for observing whether variables are interrelated (Fraenkel, Wallen & Hyun, 2016). Correlational research is an appropriate method for observing whether variables are interrelated. This study does not seek to determine a causal relationship for a variable but wants to discuss its relationship with variables and other variables.

Sample Size

Since the total number and overall characteristics of private employees are relatively certain, this study combines relevant conclusions of empirical methods and uses Krejcie and Morgan (1970)'s calculation technique to determine the sample size. Krejcie and Morgan (1970) proposed a basic sample size calculation formula for determining the sample size of a given population, which has been used by many researchers.

For the sample size of this study, appropriate sample sizes can be determined using empirical methods and statistical methods. The general standard for determining the sample size of a questionnaire survey study through the empirical method is between 100-500 (Singh and Masuku, 2014). Hill et al. (2005) believe that the questionnaire survey sample size is preferably between 100-200, with at least no less than 100. Fowler (1993) pointed out that for quantitative research, the sample size should be at least 100-200, and specific subgroups should be at least 50-100. It is generally required to be at least greater than 100, with better results between 200-300. At the same time, the sample size must be greater than 30 in order to make statistical inferences, otherwise the robustness of the results is poor (Hill 1998).

Sampling Technique

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The main criterion for selecting a sample for study is that the sample must be able to represent the population that researchers wish to infer about (Frankfort-Nachmias & Nachmias, 2008). The sample of this study consisted in private sector. There are two sampling techniques in research methods, namely random sampling and non-random sampling. For studies of large populations, the best technique is simple random sampling, because with this random sampling technique, the probability of each person in the population being selected is equal (Lavrakas, 2008), while non- probability sampling does not involve random selection, but rather selection of population elements according to non-random criteria (Dudovskiy, 2016). Therefore, this study adopts random sampling technique. Four common methods for obtaining such samples are simple random sampling, systematic random sampling, stratified random sampling, and cluster random sampling.

Pilot study

In order to ensure the smooth progress of this survey, we conducted a small sample pilot study to ensure the internal consistency reliability of the four scales involved using Cronbach's α coefficient. The purpose of this pilot study is to further improve the questionnaire items so that they can be accurately understood by the respondents and avoid misunderstandings, as well as to check for possible deficiencies in the scales during the survey process, such as cross-cultural semantic deviations. As Leon et al. (2011) pointed out, pilot studies can provide valuable feasibility assurance to help improve procedures, estimate key parameters to guide resource allocation decisions, and can enhance the transparency and interpretability of subsequent evaluations.

Connelly (2008) pointed out that for descriptive research designs, pilot study sample sizes typically range from 10-30, and pilot study sample sizes can also account for 10% of the actual sample. Plus, Bland and Altman (1997) suggest the following empirical practice for interpreting Cronbach's α coefficient. In this pilot study, the Cronbach α coefficients all reached 0.7 or above, so the reliability of related scales is acceptable.

Validity

Scale validity refers to the degree to which a scale can accurately measure the concepts or constructs that it intends to measure (Kline, 2000). It reflects the quality of the scale and is an important indicator to ensure the reliability and usability of the scale (Reynolds et al., 2009). Factors affecting test validity include content validity, criterion validity, and structural validity (Straub et al.,2004). These different types of validity evaluate the validity of the scale by determining the consistency of measurement results with standards. Among them, content validity is fundamental.

Reliability

Reliability is an indicator reflecting the stability and consistency of the results of a measurement tool (Furr, 2011). It directly affects the accuracy of scale results and is the primary criterion for judging scale quality (Kaplan & Saccuzzo,2018). Commonly used statistical methods to judge scale reliability include test-retest reliability, Cronbach's α coefficient, and component correlation (Tang Qing et al., 2015). In practical applications, the reliability coefficient of a scale must reach at least 0.7 before it is considered acceptable (Nunnally, 1978); In basic research, this standard can be increased to 0.8 (Straub et al., 2004). This section discusses the reliability test conclusions of various research scales in previous studies to ensure that each instrument used in this study has good reliability.

Data Analysis Techniques

Quantitative research relies on various data analysis techniques to interpret numerical data and draw meaningful conclusions. Descriptive statistics are foundational, summarizing data through measures of central tendency such as mean, median, and mode, and measures of dispersion like standard deviation and variance. These techniques provide a snapshot of the data, highlighting patterns and trends. Inferential statistics, including hypothesis testing, confidence intervals, and p-values, allow researchers to make inferences about a population based on sample data. Correlation analysis measures the strength and direction of relationships between variables, typically using Pearson or Spearman correlation coefficients. Regression

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analysis examines the relationship between a dependent variable and one or more independent variables, with techniques such as simple linear regression, multiple regression, and logistic regression being commonly used.

Analysis of variance (ANOVA) is employed to compare means across multiple groups, determining if there are significant differences among them. Factor analysis, including exploratory and confirmatory factor analysis, identifies underlying relationships between variables and reduces data dimensionality. Structural Equation Modeling (SEM) extends these techniques, enabling researchers to test complex relationships involving both observed and latent variables, using tools like path analysis and latent growth modeling. Time series analysis is crucial for data collected over time, employing methods like ARIMA and exponential smoothing to identify trends and seasonal patterns. Cluster analysis groups similar objects, with k-means and hierarchical clustering being popular methods. Lastly, multivariate analysis, such as canonical correlation and MANOVA, examines the impact of multiple variables simultaneously. Together, these techniques offer a comprehensive toolkit for quantitative data analysis, facilitating rigorous and nuanced understanding of research data.

By utilizing software tools like SPSS for basic and advanced statistical analyses and AMOS for SEM, researchers can effectively apply these techniques to their datasets, ensuring robust and reliable results that inform their research questions and hypotheses. To analyze the data, in the first step all of the responses were coded by SPSS version 21 software.

SUMMARY

This chapter details the research methods, including research design, population and sampling procedures, descriptions and evaluation criteria of various scales, analysis of scale validity and reliability of survey procedures, methods of data collection and data analysis. The content discussed in this chapter lays the groundwork for the results of the research in the next chapter.

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