

**A TEMPORAL STUDY ON SUBORDINATES' RESPONSE TO
DESTRUCTIVE LEADERSHIP: PERSONALITY AND
ORGANISATIONAL CLIMATE AS MODERATORS**



A THESIS
SUBMITTED IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR
THE FELLOW PROGRAMME IN MANAGEMENT
INDIAN INSTITUTE OF MANAGEMENT
INDORE

BY
AGRATA PANDEY

March, 2017

THESIS ADVISORY COMMITTEE

PROF. RANJEET NAMBU DIRI (CHAIRPERSON)

PROF. PATTURAJA SELVARAJ (MEMBER)

PROF. ASHISH SADH (MEMBER)

ABSTRACT

Leadership is one of the most widely studied areas in the field of organisation behaviour. It is notable that the research on leadership is skewed towards the positive and constructive aspects ignoring the fact that the leaders have potential to serve as a destructive force due to the powers vested in them. Destructive leaders are more interested in personal gains over collective organizational interests, and/or focus on short-term gains over long-term organizational goals thereby lowering the productivity and financial performance of the organization. Not just the organisation but a destructive leader can have negative effects on his followers as well.

While conducting an extensive review of literature we found that research on destructive leadership lacks a profound understanding of the followers' side and followers' response to destructive leadership is a largely unexamined topic (Krasikova, Green, & LeBreton, 2013). Through this study we attempt to fill this lacuna in the literature.

This research takes a follower-centric approach to the study of leadership by integrating research on the dark side of leadership with the employee dissatisfaction literature. In this study we have used the Exit Voice Loyalty Neglect (EVLN) model (Rusbult, Farrell, Rogers & Mainous, 1988) to analyse subordinate's behavioural responses to destructive leadership. We intend to enhance the understanding of how employees respond in terms of Exit, Voice, Loyalty, or Neglect when they are dissatisfied due to destructive and toxic behaviours of their leaders. Using social exchange theory, reactance theory and social identity theory as foundations, a model linking destructive leadership and employees' behavioural responses to destructive leadership has been proposed. This study also aims to contribute to the literature by attempting to advance

the understanding of the impact of intervening variables like follower personality and organisational climate on the relationship under study.

The proposed model was tested on a sample of 275 Indian professionals working in the Banking and Insurance sector. Data was collected in two phases with a time gap of six months between phase one and phase two. Data analysis was conducted using the Partial Least Squares-Structured Equation Modelling technique. The findings of our study provide empirical support for all the main effect relationships. Based on the analysis, our study offers several implications for both theory and practice.

Keywords: Destructive leadership; EVLN; Personality; Organisational Climate

ACKNOWLEDGEMENTS

This thesis is a result of numerous experiences I have encountered at IIM Indore from various remarkable individuals. I wish to communicate my heartfelt gratitude to those who have contributed to this thesis and supported me in one way or the other during this amazing journey.

Firstly, I would like to express my sincere gratitude to the chairperson of my Thesis Advisory Committee, Prof. Ranjeet Nambudiri, for his constant support and guidance. He has always been immensely cooperative as well as patient with me. Despite his busy schedule, he was always able to give me time and patiently listened to all my queries and problems. His deep insights and through knowledge of the field has helped me at various stages of my research. Every research journey has its ups and downs and during the most difficult times in my journey, he gave me the moral support and the motivation I needed to move on. Thank you sir, you are truly an inspiration.

My heartfelt thanks go to my committee members Prof. Patturaja Selvaraj and Prof. Ashish Sath for their constructive comments, warm encouragement and immense cooperation. Their sincere appreciation of my work and their insights into the research has enriched my work to a great extent. Their feedback has helped me immensely to widen my research from various perspectives. I am extremely indebted for the generous support I received from my committee members.

I also thank my Thesis Examination Committee- Prof. Manjari Singh, Prof. Amitabh Kodwani and Prof. Bipul Kumar for their extremely constructive comments and inputs that gave the final shape to my thesis.

My special thanks go to Prof. Shrinath Jagannathan for the valuable insights he has provided. Whenever I was stuck at some point, he always made me look at the problem with a fresh perspective.

I am particularly grateful to the staff of FPM office and library for their assistance. Without their precious support and cooperation, it would not have been possible to conduct this research.

Research Scholars often talk about loneliness during the course of their journey but this is something which I never experienced at IIM Indore. My heartfelt gratitude goes to all my friends who made this experience special. I am grateful to my friends Nivisha and Rima for always being there by my side. They were always the first ones with whom I shared my dissertation woes. I thank Rima for always being there to share my workload. Right from data entry to referencing and helping me in the final stages of my work, Rima was always proactively there to offer her unconditional support. She has been nothing but a source of motivation and encouragement for me. Nivisha was always my companion while working together before the deadlines, and for all the fun we have had in the last four years. Her confidence and way of dealing with work problems stimulated me to handle situations in a better way.

5	PILOT STUDY	60
5.1	Questionnaire design.....	60
5.2	Measures	60
5.3	Pilot study	62
5.3.1	Pre –Test	62
5.3.2	Pilot Testing.....	62
6	DATA ANALYSIS AND RESULTS - MAIN STUDY	67
6.1	Research design.....	67
6.2	Unit of analysis	68
6.3	Sample and sampling procedures.....	68
6.4	Sample size and descriptive statistics	69
6.5	Control variables	70
6.6	Common method bias	71
6.6.1	Procedural Remedies	72
6.6.2	Statistical Remedy	73
6.7	Rationale for using Partial Least Squares based Structural Equation Modelling (PLS-SEM).....	73
6.8	Hierarchical component modelling.....	75
6.8.1	Destructive leadership (formative construct).....	75
6.9	Measurement (outer) model assessment	82
6.9.1	Internal Consistency Reliability	82
6.9.2	Convergent Validity.....	85
6.9.3	Discriminant Validity	86
6.9.4	Indicator Reliability	90
6.10	Structural (inner) model assessment	90
6.10.1	Collinearity Assessment	91
6.10.2	Structural Model Path-Coefficients	92
6.10.3	Predictive Accuracy (R^2)	93
6.10.4	Predictive Relevance (Q^2).....	93
6.10.5	Effect size (f^2)	94
6.10.6	Model Fit - Standardized Root Mean Square Residual (SRMR)	95
6.11	Moderation analysis	96
6.12	Measurement Invariance Assessment	99

6.12.1	A three-step procedure to assess measurement invariance	99
6.13	Multigroup Analysis	104
6.14	Post-Survey Interviews with Employees	107
7	DISCUSSION	110
7.1	Cross- sectional study	110
7.1.1	Direct relationships	110
7.1.2	Moderating hypotheses	110
7.2	Temporal analysis	116
7.2.1	Direct Relationships.....	116
7.2.2	Moderating hypotheses	117
8	IMPLICATIONS FOR RESEARCH AND PRACTICE	122
9	LIMITATIONS AND FUTURE DIRECTIONS	126
9.1	Limitations	126
9.2	Future Directions.....	126
9.3	Conclusion	127
10	REFERENCES	130
11	APPENDICES	157
11.1	Appendix 1: Questionnaire	157
11.2	Appendix 2: First Phase: Factor Loadings of the constructs	164
11.3	Appendix 3: Second Phase: Factor Loadings of the constructs	165
11.4	Appendix 4: First Phase: The PLS-SEM Path Model, following bootstrapping 166	
11.5	Appendix 5: Second Phase: The PLS-SEM Path Model, following bootstrapping	167

LIST OF TABLES

Table 1: Literature review	21
Table 2: Scale properties measured using the pilot data.....	64
Table 3: Fornell-Larcker Criterion (Pilot study)	65
Table 4: Descriptive statistics	70
Table 5: Phase 1: Extraction of the sum of squared loadings for Harman's one factor test.....	73
Table 6: Phase 2: Extraction of the sum of squared loadings for Harman's one factor test.....	73
Table 7: Outer VIF values for formative constructs.....	78
Table 8: Phase 1: Cronbach's Alpha and Composite Reliability Scores for the Measures	83
Table 9: Phase 2: Cronbach's Alpha and Composite Reliability Scores for the Measures	84
Table 10: Phase 1: AVEs for the measurement tools	85
Table 11 : Phase 2: AVEs for the measurement tools	86
Table 12: Phase 1: Fornell-Larcker Criterion	88
Table 13: Phase 2: Fornell-Larcker Criterion	89
Table 14: Collinearity Statistics for the Predictors.....	91
Table 15: Phase 1: Main effect hypotheses	92
Table 16: The coefficient of determination for the endogenous latent variables	93
Table 17: Predictive Relevance values for the Endogenous Variables	94
Table 18: Phase 1: f square effect size.....	95
Table 19: Phase 2: f square effect size.....	95
Table 20 : Moderating Hypotheses.....	97
Table 21: Compositional Invariance.....	101
Table 22: Equality of Composite Mean Values and Variances	103
Table 23: Multigroup analysis results.....	105

LIST OF FIGURES

Figure 1: Illustration of the current state of existing research on constructs related to destructive leader behaviour	25
Figure 2: Antecedents and consequences of Destructive Leadership.....	31
Figure 3 : Basic Model (Direct relationships)	49
Figure 4: Final Conceptual Framework	58
Figure 5: Phase 1: Forming the Lower Order Components through the Repeated Indicator approach	80
Figure 6: Phase 2: Forming the Lower Order Components through the Repeated Indicator approach	81