Facing the Dark Side: How Leadership Destroys Organisational Innovation

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Abstract: Leadership is an essential element for promoting innovation. The literature has primarily focused on the effect of “constructive” leadership on innovation, although numerous studies point out that destructive leadership affects organizational performance. However, such literature pays little attention to the relationship between destructive leadership and innovation. This study uses an online survey of 210 employees from 80 Portuguese firms in different sectors, to test the effect of destructive leadership on behavioural innovation and how a caring climate influences such relationship. The analysis uses multiple linear regressions to test the hypotheses. Findings reveal that destructive leadership has a negative effect on innovation and on caring climate. The results show that a caring climate influences innovation in a positive way that mitigates the relationship between destructive leadership and innovation.

Keywords: Destructive leadership; organisational innovation; behavioural innovation; organisational climate; caring climate; mitigation effects

1. Introduction

Leadership is one of the most important factors affecting organisational innovation. Literature supports a positive link between these two variables (e.g., Denti & Hemlin, 2012). However, there is also a dark side to leadership. Leaders can behave in a destructive way towards subordinates that negatively affect their motivation (Deci et al., 1989) and promote a work climate replete with hostilities and constraints that hinder or block organisational innovation. The research on the effects of destructive leadership on innovation is still limited (Denti & Hemlin, 2012). Approaching leadership through a negative lens indicates that a leader may have a destructive behavior which discourages innovative challenges, the exploration of new solutions or engaging in creative endeavours (e.g., Lee et al., 2013; Colquitt, Scott & LePine, 2007).

In addition to its decisive role in organisational innovation, leadership also plays a key role in shaping the organisational climate (Akkermans et al., 2008), which influences directly or indirectly the employees’ attitudes and behaviours. The literature describes the ethical climate in an organization as the procedures, policies, and practices that have an “ethical content” (Victor & Cullen, 1988). Ethical climate can influence a number of organisational outcomes, such as innovation, although limited research has directly addressed such a correlation (Choi et al., 2013; Gonzalez-Padron et al., 2008). More research is needed to understand “how” leadership is related to innovation and what factors can mitigate that relationship. Leaders can boost or reduce organisational creativity and innovation. Lee et al. (2013) analysed the relationship between abusive leadership and the creativity of employees and concluded that those who are exposed to very high levels of abusive leadership tend to be less creative. Leadership affects innovation because it can create a work environment where employees are encouraged to freely discuss and try new ideas and different approaches (Amabile et al., 1996). Thus, an ethical climate can be a mitigating variable between leadership and innovation (e.g., Mayer et al., 2010).

This study aims to contribute to the stream of research on destructive leadership (e.g., Kraskova, Green & LeBreton, 2013; Schyns & Schilling, 2013; Shaw, Erickson & Harvey, 2011) in two ways. One is by analyzing its effects on behavioural innovation, and the other is by introducing the caring climate – a specific type of ethical climate – as a mitigating variable of such effects.

2. Destructive leadership and organisational innovation

Emphasising the positive side of leadership fits within the positive organisational behaviour framework that literature has produced in recent years (e.g., Denti & Hemlin, 2012). However, the destructive leadership must not be neglected. Several studies have addressed this topic coining destructive leadership as “aversive” (Thoroughgood, Huntr & Sawyer, 2011) or “bad” (Schyns & Schilling, 2013), for example. Since destructive leadership is a fairly common problem in many organisations (Schyns & Schilling, 2013) and subordinates will experience it at some point in their careers (Aasland et al., 2010), “understanding and preventing destructive leadership may be as important as, or even more important than, understanding and enhancing positive aspects of leadership” (Einarsen et al., 2007, p. 208).

This study adopts the definition of destructive leadership by Einarsen et al. (2007, p. 20): “The systematic and repeated behaviour by a leader, supervisor or manager that violates the legitimate interest of the organisation by undermining and/or sabotaging the organisation’s goals, tasks, resources, and effectiveness and/or the motivation, well-being or job satisfaction of subordinates”. The characteristics and behaviours usually associated with destructive leadership include acting in a hostile manner towards subordinates, annoying and inconsistent...
behaviour, inability to listen to others, inability to delegate and prioritise, showing favouritism and acting differently towards different people, controlling behaviour, or inability to develop and motivate subordinates (Shaw et al., 2011).

Along this line, Padilla et al. (2007) propose an integrated approach to destructive leadership that entails three elements that form a “toxic triangle”: leaders, followers, and environment. Consequently, destructive leadership drives not solely from a dysfunctional leader, but also from the confluence of destructive leaders interacting with vulnerable subordinates and conducive environments. The reason why subordinates accept a controlling and destructive leader is related to their need for security, a sense of group belonging, and some stability in an unpredictable world. In turn, the indicators of a caustic environment are: instability, perceived threats, corrosive cultural values, and a lack of control mechanisms.

Personality traits play also an important role when describing destructive leadership (Krasikova et al., 2013). Recent literature refers narcissism (e.g., Reina, Zhang & Peterson, 2014), Machiavellianism (e.g., Wisse & Sleebos, 2016) and psychopathy (e.g., Boddy, 2014). In addition, leaders are more likely to express destructive traits when the organisational context allows them to do so. An acid environment “communicates” to people that such behaviours are acceptable (e.g., leaders who manifest these behaviours do not suffer any consequences) and that destructive leadership is the most effective way of achieving the objectives (e.g., established rewards systems value results over ethical conduct).

One can imagine the serious consequences of destructive leadership for organisations and the negative effects it could have on subordinates. Several studies report a significant decrease in psychological well-being, individual performance, job satisfaction, self-confidence, and motivation (e.g., Schyns & Schilling, 2013). The damaging consequences for organisations include: high turnover, high absenteeism, and low organisational commitment (Schyns & Schilling, 2013). Research focuses primarily on the impact of a destructive leader on subordinates. But additional research on the consequences of destructive leadership at the organisational level is required (Martinko et al., 2013). Filling in this lacuna is especially relevant and urgent because the organisational outcomes of a destructive leadership may be linked to the lack of organisational success, threatening organisational survival.

Destructive leadership can jeopardise organisational innovation, among other organisational outcomes. The literature shows that the leader is a key element in promoting organisational innovation (e.g., Denti & Hemlin, 2012). Addressing leadership from a negative perspective means accepting that destructive leaders can prevent innovation, the development of new solutions, and engaging in creative endeavours. Subordinates may fear negative consequences of choices, and this is potentially harmful for organisational innovation, since innovation typically requires making risky decisions (Colquitt, Scott & LePine, 2007). Destructive leadership actively constrains employees from learning by error, whereas positive leadership promotes a receptive attitude to accept and learn from errors (e.g., Lee et al., 2013).

This study follows the definition of organisational innovation by Wang and Ahmed (2004, p. 2): “to open up new markets by combining strategic direction with innovative behaviours and processes”. According to these authors, behavioural innovation reflects a sustained behavioural openness to change and thus towards innovation. Destructive leadership seems to limit or restrict the organisation’s ability to innovate. A leader exerting great pressure on subordinates negatively affects their willingness to suggest new ideas for a product or service. Such a leader is not able to recognise good business opportunities, neither is he/she able to ensure the success of a company’s products in the marketplace. Consequently,

H1. Destructive leadership is negatively related to behavioural innovation.

3. The caring climate

An ethical climate is a specific type of an organisational climate. According to Martin and Cullen (2006, p. 177), an ethical climate involves “the perception of what constitutes correct behaviour, and as such, it becomes the psychological mechanism by which the ethical issues are managed”. The concept includes a set of procedures, policies, and organisational practices that have moral content and consequences (Victor & Cullen, 1988). Thus, the ethical climate influences the decision-making and behavioural responses to ethical dilemmas and, as a consequence, it is reflected in many organisational outcomes (Simha & Cullen, 2012). Victor and Cullen’s seminal works on this topic proposes an empirically tested typology of ethical climates, based on two dimensions: (a) “ethical criterion”, grounded in the dominant moral philosophy in decision-making, includes egoism, benevolence, and principle; (b) “locus of analysis”, used in reaching decisions, includes individual, local/organizational, and cosmopolitan.

The “caring climate” is one of the nine climates identified and is the only one considered in this study. Caring climate is related to benevolence (ethical criterion), both individual and organizational (locus). When organizations have this type of climate, decision-making is based on care and concern for the welfare of others. The caring climate tends to discourage destructive behaviours since it is focused on the decisions that result in the best for everyone in the organisations. The leaders’ behaviours establish, directly and indirectly, the ethical climate of organisations through encouragement, rewards, or actions (Grojean et al., 2004). The leader is a role model capable of influencing the ethical conduct of employees (Dickson et al., 2001). Caring climate tends to encourage those behaviours that result in what is best for the majority of people in organisations. Generally, caring climates are the most preferred ones (Victor & Cullen, 1988). Thus:

H2. Destructive leadership is negatively related to a caring climate.

The caring climate can influence many organisational outcomes, including innovation. Although the research has considered organisational climate to be a determinant of innovation, few studies examine the relationship between a caring climate and organisational innovation (Choi et al., 2013; Gonzalez-Padron et al., 2008). Deshpande (1996) concludes that a caring climate has a positive effect
on employees’ satisfaction with their supervisors. Choi et al. (2013) report that a caring climate is positively related to organisational innovation. Therefore:

**H3. Caring climate is positively related to behavioural innovation.**

Mayer et al. (2010) point out that the ethical climate can have a mitigating role in the relationship between ethical leadership and employees’ behaviour. Thus, when leaders adopt an ethical behaviour (i.e., they show integrity, fairness, reliability and concern for others), they create a supportive environment for a high caring climate. Accordingly:

**H4. Caring climate mitigates the relationship between destructive leadership and behavioural innovation.**

### 4. Methods

#### 4.1 Sampling and Procedures

To test the hypotheses, we used a convenience sample of 210 employees from 80 Portuguese companies from the services sector (50 firms) and the industry sector (30 firms). The majority of employees is female (59%), 32 years old on average and having completed 15.9 years of schooling, nine years of tenure, and no experience in leading a team (82%). All respondents were asked to fill in a questionnaire with measures of destructive leadership, ethical climate, and organisational innovation. They were asked to respond bearing in mind their leader. (See Table 1 for results for demographics issues.)

#### Table 1: Descriptive statistics

<table>
<thead>
<tr>
<th></th>
<th>M</th>
<th>S.D.</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>8</th>
<th>9</th>
<th>10</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Age (years old)</td>
<td>32.2</td>
<td>8.99</td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
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</tr>
<tr>
<td>2. Gender</td>
<td>0.59</td>
<td>0.49</td>
<td>0.0</td>
<td></td>
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<td></td>
<td></td>
<td></td>
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<tr>
<td>3. Marital status</td>
<td>0.72</td>
<td>0.44</td>
<td>0.8</td>
<td>0.123</td>
<td>1</td>
<td></td>
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<td></td>
<td></td>
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</tr>
<tr>
<td>4. Number of years at school</td>
<td>15.9</td>
<td>3.46</td>
<td>-0.406**</td>
<td>0.077</td>
<td>0.329**</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5. Tenure (years)</td>
<td>9</td>
<td>8.4</td>
<td>0.863**</td>
<td>-0.158*</td>
<td>-0.375**</td>
<td>-0.347**</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6. Behaviour innovation</td>
<td>4.01</td>
<td>1.38</td>
<td>-0.05</td>
<td>0.148*</td>
<td>0.142*</td>
<td>0</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>(0.85)</td>
</tr>
<tr>
<td>7. Poor management</td>
<td>3.19</td>
<td>1.52</td>
<td>0.085</td>
<td>-0.087</td>
<td>-0.097</td>
<td>-0.027</td>
<td>-0.576**</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td>(0.97)</td>
</tr>
<tr>
<td>8. Abusive Behaviour</td>
<td>3.18</td>
<td>1.58</td>
<td>0.094</td>
<td>-0.076</td>
<td>-0.165*</td>
<td>-0.021</td>
<td>-0.552**</td>
<td>0.828**</td>
<td>1</td>
<td></td>
<td></td>
<td>(0.96)</td>
</tr>
<tr>
<td>9. Inadequate comm.</td>
<td>3.37</td>
<td>1.62</td>
<td>-0.023</td>
<td>0.115</td>
<td>-0.069</td>
<td>-0.084</td>
<td>-0.08</td>
<td>-0.449**</td>
<td>0.766**</td>
<td>0.721**</td>
<td>1</td>
<td>(0.89)</td>
</tr>
<tr>
<td>10. Caring</td>
<td>3.71</td>
<td>1.32</td>
<td>-0.088</td>
<td>-0.06</td>
<td>0.125</td>
<td>0.082</td>
<td>-0.089</td>
<td>0.739**</td>
<td>-0.540**</td>
<td>-0.511**</td>
<td>-0.462**</td>
<td>1</td>
</tr>
</tbody>
</table>

Note: ** p<0.01; * p < 0.05; Dummies : Marital (0=married; 1=not married). Gender (0=Masculine; 1=Feminine). α in brackets. N=210

#### 4.2 Measures

We used a multi-item questionnaire with a Likert 7-point scale where “1 = strongly disagree” and “7 = strongly agree” to assess the constructs: Destructive Leadership, Organisational Innovation, and Ethical Climate. To measure destructive leadership, we used a reduced version of the questionnaire of Shaw et al. (2011) and May and Meier (2013). This questionnaire presents 49 items related to leadership behaviour, including: abusive behaviour addressing to counterproductive work behaviors (May & Meier, 2013) (24 items) (α = 0.96), poor management (21 items) (α = 0.97), and inadequate communication of expectations (4 items) (α = 0.89). Respondents were asked to indicate to what extent they agree or disagree with each statement about their current leader. Sample items of abusive behaviour include “When my boss makes a mistake he or she rarely corrects it” and “My boss spends too much time promoting him/herself”, of poor management include “My boss is a poor negotiator” and “My boss is unable to prioritize very well”; and inadequate communication “I rarely know what my boss things about my work” and “I often have to guess what my boss really expects of me”. To measure organisational innovation, we used García’s (2011) adaption of Wang and Ahmed (2004) – behavioural innovation (5 items) (α = .85). A sample item in this measure is: “We are continuously improving our management process”. Finally, to measure ethical climate, an adapted version (Rego, 2001) of the questionnaire proposed by Cullen et al. (1993) was used addressing caring climate (10 items). A sample item of this measure includes “The decisions are taken in order to benefit all”. Respondents were asked to describe how things happen in their organisations. Following Podsakoff et al. (2003), several measures were taken when preparing the questionnaire to reduce the common method variance bias (CMVB). Techniques used for detecting CMVB confirm the absence of bias.
5. Results

5.1 Hypothesis Testing
To test the research hypotheses, we used a multiple linear regression model. Table 1 presents the descriptive data and the internal consistency of the scales. Table 2 reports the regression results showing destructive leadership (poor management, abusive supervisor behaviour, and inadequate communication of expectations) has a negative relationship with behavioural innovation and a negative relationship with a caring climate as well. Therefore, evidence supports H1 and H2.

Table 2: Regression results from testing the influence of destructive leadership in behavioural innovation and caring climate

<table>
<thead>
<tr>
<th>Variables</th>
<th>Behavioural innovation</th>
<th>Caring climate</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>( \beta )</td>
<td>( R^2 ) Adjusted</td>
</tr>
<tr>
<td>Poor-management</td>
<td>-0.58**</td>
<td>0.329</td>
</tr>
<tr>
<td>Abusive behaviour</td>
<td>-0.55**</td>
<td>0.302</td>
</tr>
<tr>
<td>Inadequate communication</td>
<td>-0.45**</td>
<td>0.197</td>
</tr>
</tbody>
</table>

\( \beta = \) Standardized Betas \( ** p <0.01; \)

Further, the results show that a caring climate has a positive relationship \((\beta=0.74, \ p <0.01; \ R^2 \text{ Adjusted} = 0.543)\) with behavioural innovation. Thus, findings support hypothesis H3. Table 3 shows that a partial mitigating effect exists, which partially support H4.

Table 3: Mediation effect of the caring climate in the relationship between destructive leadership and behavioural innovation

<table>
<thead>
<tr>
<th>Variables</th>
<th>Step 1</th>
<th>Step 2</th>
<th>Step 1</th>
<th>Step 2</th>
<th>Step 1</th>
<th>Step 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Behavioural innovation</td>
<td>( \beta )</td>
<td>-0.58**</td>
<td>-0.25**</td>
<td>0.50**</td>
<td>-0.55**</td>
<td>-0.24**</td>
</tr>
<tr>
<td>R² Adjusted</td>
<td>0.329</td>
<td>0.586</td>
<td>0.302</td>
<td>0.583</td>
<td>0.197</td>
<td>0.556</td>
</tr>
</tbody>
</table>

\( \beta = \) Standardized Betas \( ** p <0.01. \)
P-M – poor-management, C – caring, AB – abusive behaviour, IC – inadequate communication

6. Discussion

Our findings indicate that destructive leadership has a negative effect on employees’ ability to adopt new ways of doing things, and thus it can prevent the formation of an innovative culture in organisations. This study shows that destructive leadership negatively affects behavioural innovation, since leaders that act in a harmful manner discourage their subordinates to think creatively and to try new things. This conclusion is in line with previous reported studies (e.g., Lee et al., 2013; Colquitt, Scott & LePine, 2007).

The results show that destructive leadership is negatively associated with a caring climate. Assuming that a caring climate reflects an environment that obliges that decisions should take “the best for everyone” into consideration, decisions against such principle are seldom accepted. The study shows that within a caring climate context, destructive leadership has less chance of surviving. It appears that an organization sharing generous norms prevent the emergence of destructive leaders, through nurturing a caring climate.

By presenting a positive relationship between the caring climate and behavioural innovation, consistent with Choi et al. (2013), the results point out that a caring climate facilitates an innovation supportive environment. The combined analyses between the negative relationship between caring climate and destructive leadership, on the one hand, and the positive relationship between caring climate and behavioural innovation, on the other, reinforce the importance of promoting a caring climate as a fundamental organizational environment. Aiming to provide evidence in support of this proposal, this research contributes to literature by exploring the mitigating effect of the caring climate on the relationship between destructive leadership and behavioural innovation.

According to the literature (Thoroughgood et al., 2011; Padilla et al., 2007), simply researching on the consequences of destructive leadership is not enough. It is also important to understand the context that frames “how” destructive leaders influence innovation (Denti &
understanding industry and service firms, we do not control for other relevant or-firms involved in the study. Whereas we account for a collection of oclusions to generalisation also apply due to the nature of the group of ssectional data which limits the conclusions about causality. Restric-ations, some limitations should be noted. This research uses cross-expanded our understanding of the theory by using less explored re-sdership and organisational innovation. Although we have tested and knoledge on the underlying relationship between destructive lea-hip. Practical implications apply to recruitment, training and deve-lopment of leaders. Organisations should avoid hiring destructive leaders and should develop training programmes for making leaders more aware of the effects of their behaviour on innovation. A better understanding of the nature and consequences of destructive leadership could well enable organisations to identify this type of behavior, and to thus intervene as early as possible.

7. Conclusions and implications

The main contribution of this study regards the identification of negative consequences of destructive leadership on behavioural in-novation. Since the capability to innovate influences the long-term competitiveness of organisations, such results show that destructive leadership can damage the organisation’s competitive position. The results show that destructive leadership affects the ethical climate in general and a caring climate favorably influences behavioural innova- tion. Climate is an important antecedent to behavioural innovation. The literature supports the positive relevancy of a caring climate for several outcomes (e.g., job satisfaction and organizational innovation) and this study specifically adds to it by presenting the caring climate as a suppressor of the destructive leadership effects. Such an effect serves organisational competitiveness.

The study findings are twofold, both for academics and practitio-ners. Academia can benefit from the research outcomes. Although se-veral previous studies have examined the impact of leadership styles on innovation, this study addresses the consequences of destructive leadership on innovation in Portuguese firms from different sectors. The study further explores the mediating effect of the caring climate in the relationship, enlarging the knowledge on destructive leadership. Practical implications apply to recruitment, training and deve-lopment of leaders. Organisations should avoid hiring destructive leaders and should develop training programmes for making leaders more aware of the effects of their behaviour on innovation. A better understanding of the nature and consequences of destructive leadership could well enable organisations to identify this type of behavior, and to thus intervene as early as possible.

8. Limitations and Future Research

This research contributes to the enhancement of the body of knowledge on the underlying relationship between destructive lea-dership and organisational innovation. Although we have tested and expanded our understanding of the theory by using less explored rel-ations, some limitations should be noted. This research uses cross-sectional data which limits the conclusions about causality. Restrictio-ns to generalisation also apply due to the nature of the group of firms involved in the study. Whereas we account for a collection of industry and service firms, we do not control for other relevant organisational variables which might influence leadership patterns and the organisation’s capability to innovate. These variables include size, geographic location, international experience, corporate membership, and family business.

Moreover, we obtain all of our data from self-reported questionnaires, which might impose some constraints. Some participants may have answered the questions in a socially desirable manner, rather than disclosing their real opinions. Further research can make use of objective measures (e.g., direct observation) to capture the real beha-viour of leaders. Finally, we only analyse the perceptions of subordi-nates about their direct supervisors. The perceptions of subordinates can be influenced by other factors not considered in this study (e.g., personality traits, the quality of leader-subordinate relationship, and performance appraisal systems). Future research could collect match-data from different sources for comparison purposes.

9. References


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