

The Dark Side of the Leadership: The Effects of Toxic Leaders on Employees

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Abstract

Studies on leadership have been overwhelmingly focused on the positive aspects of leadership, and tried to reach certain conclusions on the positive effects of leadership in organizations. However, the dark side of leadership has been ignored. Those negative leadership styles in general, toxic leadership, in particular, may have extremely negative effects on organizations, which have the potential to overshadow the effects of positive leadership. Toxic leadership can create a decrease in workplace performance, productivity, and output, as well as its remarkable negative reflections on employees. So, examining the outputs of toxic leadership is inevitable. In this paper, we aim to examine the consequences of toxic leaders on employees by a quantitative search on the finance industry.

Keywords: Leadership, toxic leaders, negative attitudes.

Introduction

For many years, leadership has been one of the most important topics in both academic studies and the business world. A large part of what has been written about leadership in management literature focused on how effective and successful leaders should be. Because in a system in which people who are living in an interconnected world, people should be led by various leaders/managers in both business and social life. Those managers, who make decisions that affect the lives of individuals in every field, are a fact of the social life. Most of the time those leaders are not chosen by the followers or subordinates. In this context, leadership, in general, can be defined as the behavior of influencing and directing the employees of the organization in line with the goals and objectives of the organization. On the other hand, recent studies have addressed the negative facet and types of leadership. Bullying leadership (Ashforth, 1994; Ferris, Zinko, Brouer, Buckley & Harvey, 2007), abusive surveillance (Tepper, 2000), poor leadership (Kellerman, 2004; Erickson, Shaw, & Agabe, 2007), weak leadership (Kelloway, Sivanathan, Francis and Barling, 2005), narcissistic leadership (Paunonen, Lönnqvist, Verkasalo, Leikas, & Nissinen, 2006), destructive leadership (Einarsen et al., 2007) deterrent leadership (Thoroughgood, Hunter, and Sawyer, 2011), toxic leadership (Lipman-Blumen, 2006) have been studied as the dark side of leadership (Conger, 1990).

Leaders can be defined with some common characteristics that they have. Some of the leaders can manage their subordinates very well and offer advantageous opportunities that can be useful for the group, while some others have "Toxic" characteristics which are already defined as "Toxic Leaders" in the literature (Lipman-Blumen, 2006).

It is obvious that the keeping costs low such as the personnel cycle, the training, the construction of institutional memory and institutional structure are extremely important at today's competitive atmosphere. Firms need to keep their profitability and reduce their costs as low as possible in order to ensure their sustainability. Many firms are trying to find ways of reducing those kinds of costs. By the introduction of the toxicity to the leadership studies (Lipman-Blumenn, 2006), increasing numbers of researches try to assess the between toxic leader's negative effects and indirect costs on both employees and organizations.

Especially in the US, toxic leadership studies are mostly addressed in the military and health sector (Paunonen et al., 2006, Reed, 2004). According to the 43-item Toxic Leadership Scale developed by Lipman-Blumen, we can clearly see that toxic leadership has negative effects on many areas within the organization, such as organizational commitment, organizational climate, organizational motivation, organizational culture (Lipman-Blumen, 2006; Erickson et al., 2007; Einarsen et al., 2007).

In this study, we aim to reveal the effects of toxic leadership on employees. Specifically, we try to understand the consequences of toxic leader's behaviors via qualitative analysis on the employees of the finance sector. The remaining of this paper is organized as follows. In Section II it is tried to show what are the common characteristics of toxic leaders and the scope of our qualitative research. Finally, the conclusion part reveals the results of our research which is analyzed by MAXQDA 2018.

A Qualitative Research on Employees of Finance Sector

Toxic leader's destructive behaviors and characteristics can make individuals, groups, organizations, communities seriously and permanently damaged (Kellerman, 2004). In order to be named as a toxic leader, he/she has to show his/her toxic effect in a way that would affect the organization, not a particular employee (Reed 2004). Toxic, poisonous leaders are the leaders who lead and harm the employees, the business environment and the organizational climate. It is necessary to differentiate the toxic leader from the boss or manager who is bad and oppressive. Such leaders do not care much about what is outside of them. It is an approach that harms people by poisoning activities that are enthusiasm, creativity, autonomy, and innovation. Toxic leaders are spreading this poison with an excessive control mechanism (Karen 2003)

According to Frost (2003), toxic feelings in the work environment are an emotional state where negative feelings are more intensified and include psychological repetition, rupture, and depletion phases. In the psychologically repetitive phase, the individuals are unable to psychologically analyze a severe experience that affects them and they can't predict that the negative results of repeating experiences. When the transition phase is passed, the individuals are moving away from their social environment and colleagues. In the depletion phase, the mental and physical energy of the individuals are depleted due to those negative experiences. The recent studies show that a toxic leader's poison could spread to individuals, teams and the whole organization in a stealthy manner (Lubit 2004).

In this paper, we aim to understand the perceptions of employees regarding "Toxic Leadership" and effects of toxic leadership on employees in the finance sector. A qualitative research is conducted on 20 finance sector employees. Semi-structured interview method is carried out. Seven open-ended questions are asked with a voice recorder works on the interview table. After all of the interviews and voice records end up, transcriptions are coded. Some main themes were defined as:

- Perceptions of Toxic Leadership
- Perceptions of Toxic Leadership According to Generations
- Negative Effects on Workplace Performance
- Work Attitudes
- Organizational Commitment
- And some sub-themes were defined according to the dimensions of the "Toxic Leadership"(Schmidt, 2008) as:
 - Abusive supervision,
 - Authoritarian leadership,
 - Self-promotion,
 - Unpredictability
 - Narcissism

In our research, 20 employees provide answers to the questions asked about Toxic Leaders and their feelings in the workplace. Main Themes and Sub-Themes can be seen with their density of usage in the 20 Employee's transcriptions on Figure-1. All of the big squares on the figure show density of that theme on employee No.1-20.

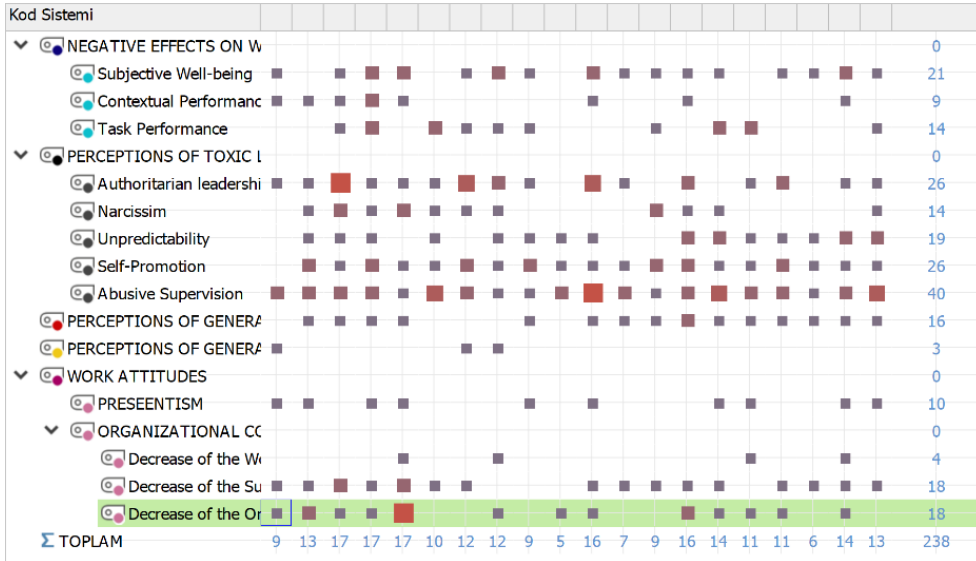


Figure-1: Main and Sub-Theme's Density of Usage in the 20 Employee's Transcriptions.

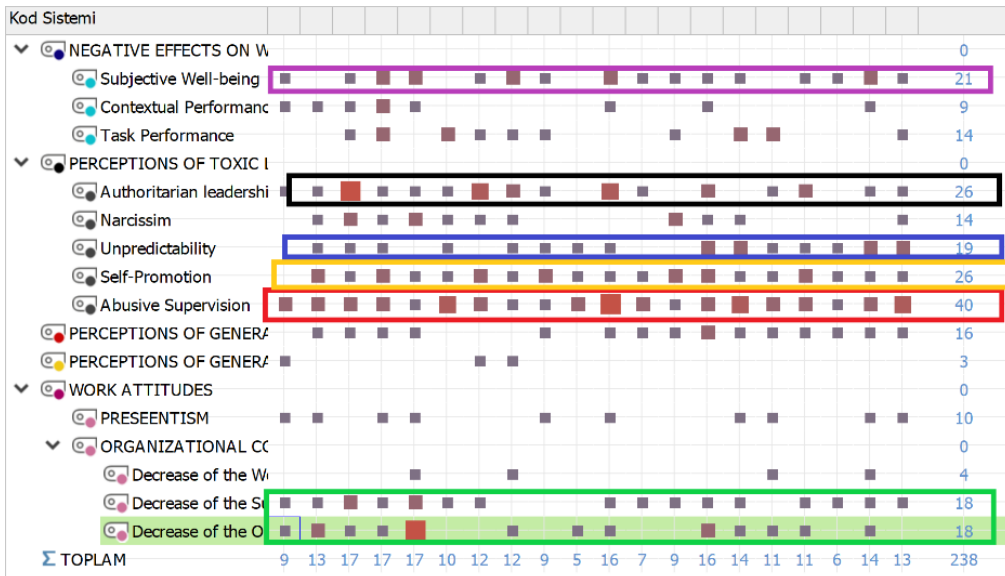


Figure-2: Main Focus of Themes in the 20 Employee's Transcriptions.

As a matter of fact, there can be seen an invisible line that converges with the big dense squares of the themes. As it can easily be seen at Figure-2, most of the employee's scope of their leader and their bad effects are a little bit more noticeable. When we look at the dimensions of Toxic Leaders, employee's perceptions about their leader are mostly converging at Abusive Supervision, Authoritarian Leadership, Self-Promotion and Unpredictability. So that the dramatical decrease of Subjective Wellbeing can be seen as the Negative Effects on the Workplace Performance. And also, if it is evaluated in terms of the dimensional decrease of the Organizational Commitment, the decrease of the Supervisor Commitment and the Organizational Commitment are dramatical. But it doesn't necessarily mean a decrease on the commitment of workmates.

There is also another point of view that MAXQDA 2018 provides. It is Code – Relationships chart (Figure-3). What can people understand from those convergences is which toxic leader dimensions are the most effective and dense on the employees. Which bad effects of toxic leader attitudes are influencing the employees most badly?

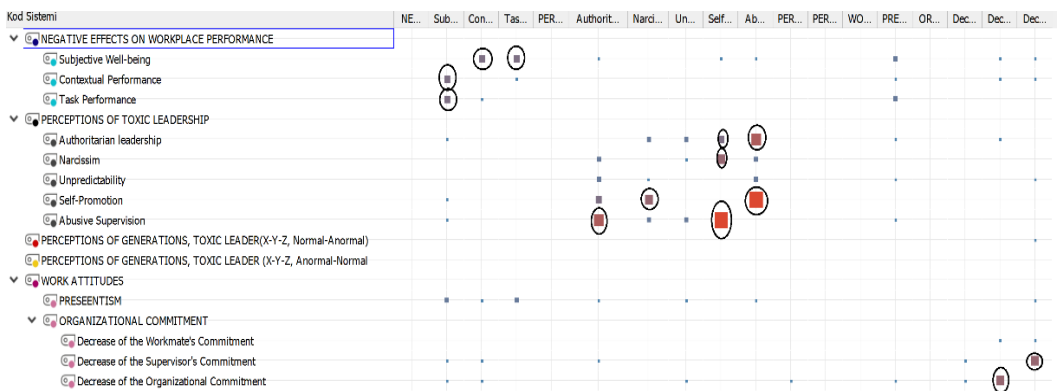


Figure-3: Codes (Themes) – Relationships Chart

From the Figure-3 we realize that there is a very strong correlation between Abusive Supervision and Self Promotion. Also, Abusive Supervision and Authoritarian Leadership has a less but strong correlation. Narcissim and Self Promotion, Contextual Performance and Subjective Wellbeing, Task Performance and Subjective Wellbeing have correlations according to the Figure-3.

Conclusion

The results of this paper reveal that negative attitudes and behaviors of Toxic Leaders leads to many negative outputs in the workplace, not only by means of the decreasing organizational commitment but also the decreasing workplace performance of employees. The findings also show that toxic managers do not realise their toxicity of themselves. They mostly focus on their up-to-date success while ignoring their long-term and permanent harm on the employees (Kusy, M. & Holloway, E., 2009).

Moreover, the results emphasize that Workplace Performance and Organizational Commitment are interconnected. Toxic Leader's basic and never-ending attitudes and behaviors seem to have some indicators. Taking into consideration all those indicators, researchers can widen the toxic leadership studies and methodologies. Constituting a strong organizational structure is very costly; thus, the decision makers generally may tend to perform toxic attitudes and behaviors for the short-term advantages; without considering long-term harmful effects (Reed, G., 2004). Thus, the managers and decision makers should realize the fact that toxic attitude and behaviors' burden on organizations cannot be easily demolished (Thoroughgood etal, 2012).

From this paper, four main results can be concluded;

Four dimensions of Toxic Leadership are the most prominent; Abusive Supervision, Authoritarian leadership, Self-promotion and Narcissism.

Toxic Leader behaviors mostly affects Subjective Wellbeing. After its effects decrease Task Performance and finally affects Contextual Performance.

Toxic Leader behaviors not directly affect workmate's commitment at the workplace. But has very strong negative effects on Organizational Commitment and Supervisor's Commitment.

There is a strong correlation between Abusive Supervision and Self Promotion of the Toxic Leader.

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