CHAPTER 2

BAD IS STRONGER THAN GOOD? BUT FOR WHOM? THE EFFECTS OF DESTRUCTIVE AND CONSTRUCTIVE LEADERSHIP STYLES ON WORK ENGAGEMENT AND EXHAUSTION
ABSTRACT

Previous work has focused on the role of constructive leadership styles for employee work engagement and exhaustion. We contribute to this literature by investigating the effects on ethical leadership. Moreover, as for many psychological phenomena bad is stronger than good, we examine the relationship of unethical leader behavior, such as perceived toxic leadership, on engagement and exhaustion, highlighting the role of leader-member exchange (LMX) as an underlying process as well as employees’ need for autonomy as a potential boundary condition. For this purpose, we surveyed 311 employees in different professions and tested our model using path analyses in Mplus. As hypothesized, we found that ethical leadership was positively related to work engagement and negatively related to exhaustion, whereas the opposite was the case for toxic leadership. The negative effect of toxic leadership showed to be stronger than the positive effect of ethical leadership. In both cases, these relationships were mediated by LMX. Additionally, we found that employees’ need for autonomy moderated the negative relationship between toxic leadership and LMX, such that this relationship was weaker for employees with a high need for autonomy. Our study contributes to the engagement and leadership literature by shedding light on the effects of ethical and toxic leadership and by emphasizing the influence of employee traits such as need for autonomy in this context. In terms of practical implications, our study shows that organizations should foster ethical leadership and prevent toxic leadership in order to enhance, maintain, and support employee well-being.

Keywords:
Work engagement; Exhaustion; Ethical leadership; Toxic leadership, LMX
INTRODUCTION

People spend around one third of their day at work. Therefore the question what factors influence their well-being at work is an important one. Work engagement and exhaustion are two concepts that are highly related to employee well-being (Schaufeli & Bakker, 2010). On the positive side, employees who are highly engaged with their work are enthusiastic about their job and feel energetic (Schaufeli, Bakker & Salanova, 2006). On the negative side, exhaustion can be defined as feeling overextended by one’s job demands (Demerouti, Bakker, Nachreiner, & Schaufeli, 2001; Maslach, 1982). Next to employee well-being, work engagement is also related to individual and organizational performance, which makes it a relevant topic for both employees and organizations (Gutermann, Lehmann-Willenbrock, Boer, Born, & Voelpel, 2017; Harter, Schmidt, & Hayes, 2002). To understand ways to promote employee well-being in the workplace, scholars have pointed to the important role of social influences (e.g., Van Dierendonck, Haynes, Borrill, & Stride, 2004). Social settings in the workplace can be supportive but can also be a source of stress (Van Dierendonck et al., 2004). In this paper, we particularly focus on the role of different leadership styles for promoting or impairing employee well-being, in terms of employee engagement and exhaustion.

When examining the effects of leadership on employee outcomes, most previous research has focused on positive leadership styles such as transformational leadership (e.g., Bass, 1985), authentic leadership (e.g., Walumbwa, Avolio, Gardner, Wernsing, & Peterson, 2008), or empowering leadership (e.g., Arnold, Arad, Rhoades, & Drasgow, 2000). Research about leadership has mainly been working on to uncover the most effective person or leadership styles (Schyns & Schillling, 2013). In line with this research tradition, we examine the role of ethical leadership for employee engagement and exhaustion. Ethical leaders are regarded as persons who care about other people and the broader society, who aim to make
fair decisions, and who try to live their own professional and personal live in an ethical way (Brown & Treviño, 2006). As such, they aim to influence their followers in an ethical way, are honest, caring, and are seen as role models for their ethical behavior (Brown & Treviño, 2006). Previous literature has described that ethical leaders foster their employees’ motivation and effort, because ethical leaders let employees experience their jobs as meaningful (Piccolo, Greenbaum, Den Hartog, & Folger, 2010). As such, we expect a similar mechanism to play for its influence on employees’ work engagement.

However, moving away from the traditional focus on positive leadership influence, a relatively new stream of research has started to focus on the “dark side of leadership”, namely unethical or destructive leadership (e.g., Breevaart, Bakker, Hetland, & Hetland, 2014; Park et al., 2017; Schyns & Schilling, 2013). Schyns and Schilling (2013) name two main reasons for the increased scholarly attention to destructive leadership. Destructive leadership refers to leadership styles which effect employees in a negative way, such as for example toxic leadership (Schmidt, 2008). First, studies report a high prevalence of destructive leadership in contemporary organizations. Prevalence estimates range between 11% (Hubert & Van Veldhoven, 2001) in a Dutch study, to 13.6% in a study among U.S. workers (Tepper, 2007). In a Norwegian study, a third of the surveyed employees reported that they suffered under a destructive leader (Aasland, Skogstad, Notelaers, Nielsen, & Einarsen, 2010). Destructive leadership can result in employee absenteeism, employee turnover, and lower performance. Tepper, Duffy, Henle, and Lambert (2006) estimate a cost of annually 23.8 billion Dollar for US-companies. A second reason for the increased interest in destructive leadership concerns findings regarding its outcomes. Studies have linked destructive leadership to negative employee outcomes such as deviant work behavior (e.g., Duffy, Ganster, & Pagon, 2002), turnover intentions, lowered job satisfaction (e.g., Tepper, 2000), and lowered individual performance (e.g., Schyns & Schilling, 2013). We intend to contribute to this literature by
empirically investigating how a destructive leadership style relates to employee engagement and exhaustion.

In a comprehensive review across a broad range of psychological phenomena, Baumeister, Bratslavsky, Finkenauer, and Vohs (2001) concluded that bad is stronger than good. In other words, it is easier to destroy something than to build something up. The current study extends this idea to the issue of toxic leadership, contrasting it to ethical leadership in the context of employee engagement and exhaustion. Toxic leaders are leaders who act self-interested, lack empathy for others, and have a super-elevated opinion of their own importance (Schmidt, 2008). Moreover, we investigate how the relationships between good and bad—or ethical and toxic—leadership on the one hand and employee engagement and exhaustion on the other hand can be explained by LMX as a mediating mechanism.

Additionally, we aim to investigate which employee trait might buffer against negative leadership styles, in terms of helping them cope with destructive leadership. Specifically, we analyze the role of employees’ need for autonomy in the context of toxic leadership and its impact on employee well-being. As autonomous persons do not rely that much on the opinions of others (Steers & Braunstein, 1976), we expect that employees high in autonomy do not suffer that much under a toxic leader as employees with low autonomy do.

In sum, this study offers the following contributions. First, our study connects the dots between leadership and engagement research by analyzing destructive (toxic) and constructive (ethical) leadership as predictors for employees’ work engagement. Since previous studies have focused on the Job Demands-Resources Model (Xanthopoulou, Bakker, Demerouti, & Schaufeli, 2007) or positive leadership styles, such as transformational leadership (Breevaart et al. 2014a), we aim to expand knowledge on the effect of destructive leadership on work engagement by contrasting it to positive, namely ethical leadership.
Second, we aim to shed light on the underlying process of this relationship. As such, we focus on LMX as a possible explanation of the relationships described above. Finally, we aim to analyze possible buffering effects for toxic leadership. To this end we investigate the moderating role of employees’ need for autonomy. We discuss theoretical implications for leadership and engagement research as well as practical implications that can be derived from our findings.

THEORETICAL BACKGROUND

Work engagement and exhaustion in the workplace

There are two popular definitions on engagement that emphasize the construct either as a psychological state (Schaufeli, Salanova, Gonzalez-Roma, & Bakker, 2002) or as a behavior (Kahn, 1990). In terms of engagement as a behavioral construct, Kahn (1990) initially defined engagement as employees’ who invest themselves physically, emotionally, and cognitively in their work roles. Similarly, Rich, Lepine, and Crawford (2010, p. 619) describe behavioral engagement in terms of “investing the ‘hands, head and heart’ in active, full work performance”. In terms of engagement as a psychological state, Schaufeli and colleagues (2002) define engagement as a positive, fulfilling, work-related state of mind that consists of the three sub-facets vigor, dedication, and absorption. Vigor means that employees work with a high amount of energy and are simultaneously energized by their work. Dedication is characterized by employees who identify with their work, have a sense of significance, and are proud of the job they do (Schaufeli et al., 2002). Finally, absorption means that employees have the feeling that time passes quickly while they are working, while being focused and engrossed in the job they do (Schaufeli et al., 2002).

As discussed by Peccei (2013), the two definitions emphasize different nuances of engagement, namely behavioral engagement, which is represented by the definition of Kahn,
CHAPTER 2

and attitudinal engagement, which is best represented by the definition of Schaufeli and colleagues (2002) and is typically assessed with the Utrecht Work Engagement Scale (UWES; Schaufeli et al., 2006). We appreciate and agree with this differentiation. We argue that attitudinal engagement is a good way to operationalize the construct at the individual level, which offers researchers insights into internal states and attitudes of employees’ engagement (Breevaart, Bakker, Demerouti, & Hetland, 2012), whereas behavioral engagement can be a fruitful operationalization for engagement at higher levels in organizations, such as the unit and organizational level, especially in settings in which behavioral engagement should be assessed and fostered in practitioners’ settings (e.g. Harter et al., 2002). In this study, we focus on attitudinal engagement, since we are interested in the influence of constructive and destructive leadership styles on employees’ states and attitudes.

Several studies have showed that work engagement is related to valuable outcomes, such as performance, commitment, and reduced turnover intentions at the individual level (Breevaart, Bakker, Demerouti, & Van den Heuvel, 2015; Gutermann et al., 2017; Halbesleben, 2010) and organizational performance at the unit or organizational level (Gutermann, Lehmann-Willenbrock, Born, & Voelpel, 2016; Harter et al., 2002). As such, engagement offers an important competitive advantage for organizations. Moreover, engaged employees feel well, energetic, and maintain a healthy work-life balance (Sonnentag, Binnewies, & Mojza, 2010). In sum, work engagement is a desirable state for organizations and employees alike.

In contrast to work engagement, exhaustion is an undesirable state for employees and organizations (Breevaart et al., 2014b). Exhaustion can be defined as employees feeling overextended and exhausted by their job demands (Demerouti et al., 2001; Maslach, 1982). Next to depersonalization and reduced personal accomplishment, exhaustion is a core facet of burnout (Maslach, 1982). Because exhausted employees do not have their full energy to
fulfill their work tasks, exhaustion is related to decreased performance (Halbesleben & Buckley, 2004). Additionally, exhausted employees have a lack of adaptive resources and the feeling that they cannot energize in their work (Halbesleben & Buckley, 2004). Furthermore, in the long run, exhaustion can lead to health problems, absenteeism, and reduced performance (Halbesleben & Buckley, 2004; Schaufeli & Taris, 2014).

Early research on work engagement regarded the concept as an antipode of burnout (Maslach, Schaufeli, & Leiter, 2001). Later until today however, both concepts are found to be negatively related that should be assessed with different measurements (Schaufeli et al., 2002). As such they are not regarded as direct opposites anymore (Schaufeli et al., 2002).

Taken together, whereas engagement is a valuable construct that should be fostered within organizations as it is related to a broad range of positive outcomes, exhaustion should be prevented and diminished. In order to shed light on how this may be realized in organizations, we aim to investigate the impact of constructive and destructive leadership styles on engagement and exhaustion. Exhaustion is a response to work stress (Halbesleben & Buckley, 2004) or job demands (Bakker & Demerouti, 2007; Demerouti et al., 2001), while work engagement is often regarded as an outcome of job resources (Bakker & Demerouti, 2008).

The relationship between leadership and engagement and exhaustion

There is a large amount of studies on leadership and a considerable range of different leadership theories. However, in order to capture these different conceptualizations, is important to structure and cluster these different approaches (Breevaart et al., 2014b; Yukl, 2013). Most previous studies have focused on positive leadership behaviors and theories (e.g., transformational leadership, charismatic leadership) and how these positive behaviors may be related to positive outcomes such as employees’ self-efficacy (Shamir, House, & Arthur, 1993), leaders’ performance (Deinert, Homan, Boer, Voelpel, & Gutermann, 2015),
or identification at work (Horstmeier, Boer, Homan, & Voelpel, 2016). In contrast, a relatively recent stream of research has started to focus on destructive leadership, showing that negative leadership practices are frequent and can be quite burdensome for employees (Bardes & Piccolo, 2010; Breevaart et al., 2014b; Judge, Piccolo, & Kosalka, 2009; Schyns & Schilling, 2013). We aim to build on and extend these two research streams by contrasting a constructive leadership style (ethical leadership) with a destructive leadership style (toxic leadership) and showing their relationship with both positive (work engagement) and negative employee outcomes (exhaustion) via leader-member-exchange.

**Ethical leadership**

Ethical leaders are seen as persons who make fair and principled decisions, care about people and broader society and live their professional and personal live in an ethical manner (Brown & Treviño, 2006). Ethical leadership means that leaders do not just behave ethically by themselves, but also try to proactively influence their followers’ ethical and unethical behavior by making ethics a part of their leadership agenda (Brown & Treviño, 2006). Brown and Treviño (2006) describe ethical leaders as honest and caring persons who aim to make fair and balanced decisions, and are seen as role models for ethical behavior. Ethical leadership has been shown to be related to subordinates’ affective trust, satisfaction with the leader, and willingness to exert extra effort in the job (Brown & Treviño, 2006).

Previous research has shown that ethical leadership can meaningfully influence followers’ attitudes and behaviors (e.g., Den Hartog & Belschak, 2012; Gerpott, Van Quaquebeke, Schlamp, & Voelpel, in press; Piccolo et al., 2010). Ethical leadership can be regarded as value driven leadership by affecting followers’ self-concept and beliefs which in turn affect their attitudes, behaviors, and motivations (Den Hartog & Belschak, 2012; Shamir, House, & Arthur, 1993). The effect of ethical leadership has often been described by the core tenets of social learning theory, such that leaders act as role models for their followers.
WORK ENGAGEMENT AS A KEY FOR UNLOCKING PERFORMANCE

(Brown, Treviño, & Harrison, 2005). According to social learning theory (Bandura, 1977, 1986), learning occurs when persons pay attention to and impersonate the attitudes, values and behaviors of attractive and reliable role models. Ethical leaders can be seen as such role models since they behave in a credible and honest way, and demonstrate care and concern about their employees (Brown & Treviño, 2006). Another facet of social learning theory is vicarious learning, which may also happen in the ethical leadership process, since employees observe how an ethical leader reinforces ethical behavior of their colleagues (Brown & Treviño, 2006).

According to Piccolo and colleagues (2010), an ethical leader lets employees experience their jobs as meaningful, which leads to higher motivation, effort, and productive behavior. Den Hartog and Belschak (2012) found that work engagement mediated the relationship between ethical leadership, personal initiative and counterproductive work behavior. This relationship was further moderated by machiavellianism, such that the link between ethical leadership and engagement was weaker when leaders scored high on machiavellianism (Den Hartog & Belschak, 2012). Furthermore, Chughtai, Byrne, and Flood (2015) found that ethical leadership was negatively related to exhaustion.

In our study we tie in these thoughts and findings, and investigate the relationship of ethical leadership on work engagement and exhaustion. Since work engagement is described as a motivational state of mind, we expect that ethical leadership, which includes honesty and fairness, may foster employees’ work engagement. Since honest, fair, and caring leaders may form an important resource in the work context buffering negative effects of job demands (Demerouti et al., 2001), we expect that ethical leadership is negatively related to exhaustion. Put formally, we expect that

\[ H1: \text{Ethical leadership is a) positively related to work engagement and b) negatively related to exhaustion.} \]
Toxic leadership was first defined by Whicker (1996) who described toxic leaders as being malcontent, malevolent, and even malicious and as having selfish values. More recently, other researchers had different approaches to toxic leadership (e.g., Lipman-Blumen, 2006; Reed, 2004; Wilson-Starks, 2003). Schmidt (2008) summarized and described the similarities of these previous approaches as follows. First, toxic leaders neglect the well-being of their subordinates. They may make subordinates responsible for things beyond their control or give them tasks which cause them to work harder (Schmidt, 2008). Second, Schmidt (2008) states that toxic leaders tend to stifle their employees in order to have employees who comply rather than question actions or think critically. This may result in a climate in which obedient ‘yes-saying’ people are rewarded. Third, toxic leadership has a narcissist component, as toxic leaders have a need to be viewed in a glamorous light by others in combination with the wish to enhance their own self-image. Accordingly, toxic leaders are self-interested, lack empathy for others, and have a super-elevated opinion of their own importance (Schmidt, 2008).

Whereas empirical findings regarding the effects of toxic leadership are still somewhat sparse, findings regarding destructive leadership more broadly suggest several negative linkages. In their meta-analysis of a sample of 57 studies, Schyns and Schilling (2013) found destructive leadership to be negatively related to positive employee outcomes such as well-being, and positively related to negative employee outcomes such as counterproductive work behaviors. We expect to find a similar pattern for toxic leadership and employee well-being outcomes.

Previous research suggests that toxic leadership is related to poor employee health (Dyck & Roithmayr, 2001), higher absenteeism (Macklem, 2005), and lower performance (Wilson-Starks, 2003). In a survey study among 104 Indian employees, Mehta and Maheshwari (2013)
found that toxic leadership was negatively related to organizational commitment. Since commitment and engagement are closely related constructs (Den Hartog & Belschak, 2012) we extrapolate from this previous finding the expectation to find related results for work engagement.

In sum, since toxic leaders neglect the well-being of their employees, make them responsible for mistakes they are not responsible for, and tend to stifle their employees (e.g., Schmidt, 2008), we expect that toxic leadership is negatively related to work engagement and positively related to exhaustion. Toxic leaders will create a negative atmosphere among their employees, are mostly focused on themselves, and are motivated by self-interests, which should impair their followers’ motivation, well-being, and engagement (e.g., Mehta & Maheshwari, 2013; Wilson-Starks, 2003). Accordingly, we hypothesize the following:

\[ H2: \] Toxic leadership is a) negatively related to work engagement and b) positively related to exhaustion.

**Leader-member exchange**

To explain why ethical leadership should be beneficial, and toxic leadership should be harmful in the context of employee well-being, we focus on leader-member exchange as an underlying process mechanism. Leader-member exchange (LMX) describes the relationship between leaders and their followers, which can vary in quality between leader-follower dyads (Gerstner & Day, 1997; Graen & Uhl-Bien, 1995). Low-quality LMX is characterized as formally agreed upon economic exchange, for instance as written down in the employment contract (Blau, 1964). High-quality LMX, on the other hand, is based on a social exchange rather than on an economic relationship (Dulebohn, Bommer, Liden, Brouer, & Ferris, 2012). Accordingly, a good LMX entails trust, support, loyalty, and feelings of reciprocity (Cropanzano & Mitchell, 2005; Gouldner, 1960; Liden & Graen, 1980; Liden, Sparrowe, & Wayne, 1997; Uhl-Bien & Maslyn, 2003).
In their meta-analysis, Dulebohn and colleagues (2012) found that LMX mediated the relationship between leader characteristics and outcomes such as organizational citizenship behavior and job satisfaction. Furthermore, they showed that leader variables explained more variance in LMX compared to follower or interpersonal relationship characteristics (Dulebohn et al., 2012). In a sample of 847 Dutch police officers, Breevaart and colleagues (2015) found that LMX predicted job resources, which in turn were related to work engagement. Building on this previous work, we argue that LMX mediates the relationship between ethical and toxic leadership on the one hand, and work engagement and exhaustion on the other hand.

As ethical leaders are defined as honest, fair, and caring leaders (e.g., Brown & Treviño, 2006), we expect that these properties may foster a good relationship between them and their followers, which in turn is positively related to employees’ work engagement. There are two possible reasons for this expectation. First, ethical leaders care for the well-being of their employees, which is closely related to employees’ work engagement (Hallberg & Schaufeli, 2006). Second, a leader who cares for his or her employees and shows interest may foster a trustful relationship in which employees have the desire to give something back. Such a feeling of reciprocity has been discussed as an important component of leader-employee relationships (Liden & Graen, 1980). Based on this notion of reciprocity, we argue that ethical leadership is related to LMX which in turn is related to work engagement. In other words, we expect LMX to mediate the positive relationship between ethical leadership and employee engagement.

On the other hand, we expect that toxic leadership will be negatively related to LMX which in turn will negatively be related to exhaustion. Since toxic leaders are mostly self-interested and primarily care about themselves, we expect that they do not foster a trustful atmosphere. Second, toxic leaders make employees responsible for mistakes that lie out of
their responsibility, which may worsen the relationship between leader and follower and which in turn may be related to employees’ exhaustion. In sum, these arguments lead to the following hypothesis:

\[ H3: \text{LMX mediates the relationship between a) ethical leadership and b) toxic leadership on engagement and exhaustion.} \]

**The role of employees’ need for autonomy**

A prominent approach to explaining psychological needs is self-determination theory (SDT; Deci & Ryan, 2000). According to SDT, the consideration of basic needs, namely autonomy, competence, and relatedness, is essential for the understanding of human motivation. The satisfaction of these three basic needs is seen as necessary for psychological growth, integrity and well-being (Deci & Ryan, 2000).

Autonomy comprises the experience of self-chosen behavior and freedom and as such is essential for well-being (Deci & Ryan, 2000). Relatedness involves the need to be connected to others, to build relationships and to belong to other persons (Baumeister & Leary, 1995). The need for competence describes an intrinsic need to deal with the environment. It includes the feeling to have the ability to face challenges and to get the feeling that one’s behavior influences the environment (White, 1995). Murray (1938) argued that the strength of needs differs from person to person, and Steers and Braunstein (1976) developed an instrument for measuring the individual strength of basic psychological needs. In this study, we focus on individual need strength as a potential buffer against the negative effects of toxic leadership, because we expect that it may protect employees from the negative effect of toxic leaders.

In particular, our study focuses on the need for autonomy, basing on the work by Steers and Braunstein (1976). We argue that the need for autonomy may interact with toxic leadership in such a way that autonomy may buffer the negative effect of toxic leaders. Employees with a high drive for autonomy act freely, are able to work independently, and try
to be their own boss regardless of the opinion of others (Steers & Braunstein, 1976). Previous research revealed that there are not many moderators between leadership and employee outcomes, but that the need for leadership moderates this relationship (De Vries, Roe, & Taillieu, 2002). Building on these findings, we focus on the need for autonomy as a moderator between toxic leadership and LMX, because we expect a similar but reversed mechanism at a play. We expect that the need for autonomy may have a buffering effect for toxic leadership.

Previous studies have focused on SDT when investigating the fulfillment of manifest basic needs as a mediator between leadership and outcomes. A study with two samples of German and Swiss employees found that the satisfaction of manifest basic needs mediated the relationship between transformational leadership and outcomes (Kovjanic, Schuh, Jonas, Van Quaquebeke, & Van Dick, 2013). Another study among 162 leader-follower dyads found that transformational leadership was related to job resources, which was related to the fulfillment of basic needs, and which in turn was related to work engagement and performance (Breevaart, Bakker, Demerouti, Sleebos, & Maduro, 2014).

In our study, we do not focus on investigating the fulfillment of the three basic needs as a mediator, but analyzing the moderating effect of individual needs strength, namely autonomy following the approach by Steers and Braunstein (1976). By doing so, we expect that autonomy works as a moderator between toxic leadership and LMX in such a way that employees high on the need for autonomy report a better relationship with their toxic leader since they do not devote themselves that much on destructive actions. Put formally:

\[ H4: \text{The need for autonomy moderates the relationship between toxic leadership and LMX such that employees with a high need for autonomy report a better relationship with their toxic leader (LMX) than employees whose need for autonomy is low.} \]
WORK ENGAGEMENT AS A KEY FOR UNLOCKING PERFORMANCE

METHODS

Sample and procedure

Data of this study were gathered via a snowball sample, by spreading an online questionnaire among the authors’ business networks from January to March 2017 in Germany. In order to be included in the sample, participants had to meet three criteria: They had to be employed for at least three months, had to collaborate with their current supervisor for at least three months, and had to work at least 20 hours per week. To ensure that these participation requirements were met, we included this information in the instruction and also asked participants to confirm these criteria in the survey. Potential participants were contacted by email and upon deciding to participate, followed an online link to the survey which was available in Qualtrics. They were informed that the study was about management and cooperation and its influence on individual work engagement and well-being. In particular, we informed participants that they would receive questions regarding constructive and destructive leadership styles, as well as regarding personal characteristics. Furthermore, we informed the participants that their data would be treated confidentially, that there were no right or wrong answers, and the survey would take approximately 20 minutes.

N = 311 employees completed the survey, of which 60.5% were female and 14% held a leadership function. Their mean age was 35.3 years and 56% had worked in their current position for more than two years. Most held a position related to business (35%), 22% held a position related to human interaction and counseling, 21.3% worked in a research position, 14% held an administrative position, 7% worked in the craft sector, and 0.6% worked in a position related to arts.

Measures

Ethical leadership was measured using a validated German version of the Ethical Leadership Scale (ELS-D; Rowold, Borgmann, & Heinitz, 2009), adapted from the English
version by Brown and colleagues (2005). A sample item was “My supervisor sets an example of how to do things the right way in terms of ethics”. The response format was a 6-point Likert scale ranging from 1 (never) to 6 (very often).

Toxic leadership was measured using the Toxic Leadership Scale developed by Schmidt (2008). The items were translated to German by two bilingual translators, following a translation-back translation procedure (Brislin, 1970). A sample item is “My supervisor will only offer assistance to people who can help him/her get ahead”. The response format was a 6-point Likert scale ranging from 1 (never) to 6 (very often).

Need for autonomy was measured using three items of a sub-facet of the Manifest Needs Questionnaire (MNQ) developed by Steers and Braunstein (1976). Following a translation-back translation procedure, the items were translated into German by two bilingual translators (Brislin, 1970). A sample item is “In my work assignments, I try to be my own boss”. The response format was a 6-point Likert scale ranging from 1 (never) to 6 (very often).

LMX was measured using nine items developed by Graen and Uhl-Bien (1995). The items were translated into German by two bilingual translators, following a back translation procedure (Brislin, 1970). A sample item is “I like my supervisor very much as a person.” The response format was a 6-point Likert scale ranging from 1 (never) to 6 (very often).

Work engagement was assessed with the nine-item version of the Utrecht Work Engagement Scale (Schaufeli et al., 2006; translated version taken from Hering, 2008). A sample item is “At my work, I feel bursting with energy”. The response format was a 6-point Likert scale ranging from 1 (never) to 6 (very often).

Exhaustion was measured using the sub-facet exhaustion of the Maslach Burnout Inventory (MBI; Maslach & Jackson, 1993). The items were translated into German by two bilingual translators, following a back translation procedure (Brislin, 1970). A sample item is
“I feel emotionally drained from my work”. The response format was a 6-point Likert scale ranging from 1 (never) to 6 (very often).

**Control variables.** We controlled for gender (0 = female, 1 = male), age, leadership role (0 = leadership role, 1 = no leadership role), and work experience (1 = more than three months, 2 = more than six months, 3 = more than one year, 4 = more than two years, 5 = more than three years) in all analyses.

**Data analysis**

We tested the hypothesized relationships between ethical leadership, toxic leadership, work engagement, exhaustion and the need for autonomy by applying path analyses in MPlus 7.0. Model fit indices ($\chi^2$, RMSEA, CFI, TLI, and SRMR) were interpreted according to recommendations by Vandenberg and Lance (2000). One-tailed $p$-values were calculated given our theory-driven directional hypotheses (cf. Bolino, Hsiung, Harvey, & LePine, 2015; Perry-Smith, 2014).

**RESULTS**

The means, standard deviations, and intercorrelations of all study variables are presented in Table 2.1.
### Table 2.1

**Means, Standard Deviations, and Zero-order Correlations for all Study Variables**

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<tbody>
<tr>
<td>1. Ethical Leadership</td>
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<td>2. Toxic Leadership</td>
<td>2.67</td>
<td>.96</td>
<td>-.64**</td>
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<td>3. Need for Autonomy</td>
<td>3.42</td>
<td>.84</td>
<td>-.17**</td>
<td>.31**</td>
<td>(.60)</td>
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<td>4. LMX</td>
<td>4.28</td>
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<td>.83**</td>
<td>-.65**</td>
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<td>5. Work Engagement</td>
<td>4.17</td>
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<td>.28**</td>
<td>-.16**</td>
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<td>.33**</td>
<td>(.91)</td>
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<td>6. Exhaustion</td>
<td>2.65</td>
<td>1.11</td>
<td>-.36**</td>
<td>.37**</td>
<td>.18*</td>
<td>-.32**</td>
<td>-.49**</td>
<td>(.92)</td>
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<td>7. Age</td>
<td>35.30</td>
<td>9.59</td>
<td>-.12</td>
<td>.09</td>
<td>.03</td>
<td>-.18**</td>
<td>.20**</td>
<td>-.08</td>
<td></td>
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</tr>
<tr>
<td>8. Gender</td>
<td>.40</td>
<td>.49</td>
<td>.09</td>
<td>-.02</td>
<td>.05</td>
<td>-.04</td>
<td>-.13*</td>
<td>-.08</td>
<td>-.01</td>
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<td>9. Leadership function</td>
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<td>.35</td>
<td>.03</td>
<td>-.13*</td>
<td>-.21**</td>
<td>-.06</td>
<td>-.14*</td>
<td>.08</td>
<td>-.19**</td>
<td>-.05</td>
<td></td>
<td></td>
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<tr>
<td>10. Work experience</td>
<td>3.7</td>
<td>1.38</td>
<td>-.18**</td>
<td>.10</td>
<td>-.04</td>
<td>-.18**</td>
<td>.00</td>
<td>.11</td>
<td>.38**</td>
<td>-.04</td>
<td>-.22**</td>
<td></td>
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*Note.* $n = 264-311$; *$p < .05$; **$p < .01$. Participants reported their exact age in years; gender was coded as 0 = female, 1 = male; leadership function was coded as 0 = yes, 1 = no; work experience was coded as 1 = more than three months, 2 = more than six months, 3 = more than one year, 4 = more than two years, 5 = more than three years; Alpha coefficient values are shown on the diagonal.
Control variables

In a path model, we controlled for age, gender, leadership function, and work experience. Similar to earlier findings (Gutermann et al., 2017), older employees reported significantly higher engagement than younger employees ($\beta = .17, p < .01$). We also found an influence of gender (women reported higher work engagement than men; $\beta = -.16, p < .01$). Leadership function ($\beta = -.09, p > .05$) and work experience ($r = .00, p > .05$) did not have a significant effect on work engagement. Moreover, there were no significant relationships between our control variables and exhaustion. Hence, for reasons of parsimony we did not include these paths in our path model.

Furthermore, we controlled for age, leadership function, and work experience on LMX. We found a significant effect of leadership function ($\beta = -.14, p < .01$) implying that persons who held a leadership position themselves tended to report a better relationship with their supervisor. There was no effect of age ($\beta = -.04, p > .05$) or work experience ($\beta = -.05, p > .05$) on LMX in our path model.

Path model

Our specified path model provided a good fit to the data ($\chi^2 = 30.20, df = 15, \chi^2/df = 2.01, \text{RMSEA} = .07, \text{CFI} = .97, \text{TLI} = .94, \text{SRMR} = .03$; Figure 2.1). In order to test H1, H2, and H3 we regressed LMX on ethical and toxic leadership. Ethical leadership showed a significantly positive effect on LMX ($\beta = .39, p < .05$), whereas toxic leadership showed a significantly negative effect on LMX ($\beta = -.70, p < .01$). Furthermore, we regressed work engagement and exhaustion on LMX in order to test H3, which stated that LMX is related to engagement and exhaustion. We found a significantly positive effect of LMX on engagement ($\beta = .41, p < .01$), and a significantly negative effect on exhaustion ($\beta = -.15, p < .05$). Related to H3, we tested the indirect effects of leadership on our outcomes via LMX and found significant indirect effects of ethical leadership on work engagement (95% CI = .04, .34), of
toxic leadership on work engagement (95% CI = -.43, -.16), of ethical leadership on exhaustion (95% CI = -.15, -.01), and of toxic leadership on exhaustion (95% CI = .01, .22), all in the expected directions. Furthermore, there was a direct effect of toxic leadership on exhaustion ($\beta = .29, p < .01$). As such, these findings confirmed H1, H2, and H3.

Finally, H4 was tested by analyzing the moderating effect of the need for autonomy. We found that there was a significant interaction between toxic leadership and the need for autonomy on LMX in such a way that for employees high on need for autonomy, the relationship between having a toxic leader and LMX was less negative ($\beta = .66, p < .01$). This confirmed our last hypothesis (H4).
Alternative models. We also tested alternative models in order to compare our model fit to other possible models and to further enhance confidence in the results we found (see Table 2.2). First we removed the direct link from toxic leadership to exhaustion (alternative 1). This model showed a worse fit to the data ($\chi^2 = 46.64, df = 16, \chi^2/df = 2.915$, RMSEA = .09, CFI = .93, TLI = .88, $SRMR = .04$). Moreover, we tested whether there was a direct link form ethical leadership to work engagement and found a worse fit here as well ($\chi^2 = 46.64, df = 15, \chi^2/df = 3.11$, RMSEA = .04, CFI = .93, TLI = .86, $SRMR = .04$). Accordingly, we rejected these alternative models in favor of our proposed model.
Table 2.2

Overview over Model Fit Indices for Proposed Model and Alternative Models

<table>
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<tr>
<th></th>
<th>( \chi^2 )</th>
<th>df</th>
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<th>SRMR</th>
<th>CFI</th>
<th>TLI</th>
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<td>15</td>
<td>.07</td>
<td>.03</td>
<td>.97</td>
<td>.94</td>
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<td>16</td>
<td>.09</td>
<td>.04</td>
<td>.94</td>
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<tr>
<td>Alternative 2</td>
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<td>15</td>
<td>.09</td>
<td>.04</td>
<td>.93</td>
<td>.86</td>
</tr>
</tbody>
</table>

**DISCUSSION**

This study addressed recent calls to shed more light on the impact of destructive leadership styles on employee outcomes while also considering employees’ individual characteristics (e.g., Schyns & Schilling, 2013). Specifically, we contrasted ethical leadership to toxic leadership and analyzed their relationship with employee work engagement and exhaustion, accounting for the role of LMX as a mediating mechanism. In the context of toxic leadership, we also accounted for the role of employees’ individual need for autonomy as a buffer against the negative effects of toxic leadership.

Three main findings accrued from this study. First, we found that toxic leadership was negatively related to work engagement and positively related to exhaustion, whilst the opposite was the case for ethical leadership. In other words, leaders who are perceived to have a high ethical standard, who are honest, caring, and aim to make fair decisions have a positive influence on the extent to which employees work enthusiastically and vigorously instead of becoming exhausted. On the other hand, leaders who are seen as egocentric, only care about themselves and cause a negative atmosphere have a considerable negative influence on employee engagement, and such employees will feel exhausted. Additionally, this study revealed that the negative effect of toxic leadership is indeed stronger than the positive effect of ethical leadership.
Second, for both types of leadership, LMX mediated the relationship with employee outcomes, such that the negative impact of toxic leadership could be explained by inferior leader-member relationships, whereas the benefits of ethical leadership for employee well-being could be explained by favorable leader-member relationships. Furthermore, our path model showed that the negative relationship between toxic leadership and LMX was stronger than the positive relationship between ethical leadership and LMX.

Third, in terms of employees’ individual differences as a boundary condition for leadership effects on employee outcomes, we found that employees’ need for autonomy moderated the negative relationship between toxic leadership and LMX such that employees high in autonomy do not report the relationship to their toxic leader to be as negative as employees low in autonomy do. In other words, this means that employees who try to be their own boss, who go their own way and who do not care that much for the opinion of others may not suffer that much under a toxic leader because they do not depend emotionally that much on this leader.

Theoretical implications

The findings of this study provide implications for theory concerning the relationship of leadership and work engagement. First, our finding that toxic leadership is negatively related to work engagement via LMX whereas the opposite was the case for ethical leadership expands previous research on the relationship of leadership and work engagement, which mostly has focused on constructive leadership (e.g., Breevaart et al., 2014a). By focusing not only on ethical leadership as an example of constructive leadership influence but also on toxic leadership as a destructive leadership influence, our findings contribute to the relatively new research stream on negative leadership (Bardes & Piccolo, 2010; Breevaart et al., 2014b; Schyns & Schilling, 2013). To the best of our knowledge, the relationship between toxic leadership and work engagement has not been analyzed as yet. As such, we
expand existing knowledge of the impact of destructive and abusive leadership being
negatively related to positive employee outcomes, such as well-being, and being positively
related to negative outcomes, such as counterproductive work behavior (Parker et al., 2017;
Schyns & Schilling, 2013). In particular, this study specified that leaders who make their
employees responsible for mistakes beyond their control, who cower them, and who mainly
act in a self-interested way (Schmidt, 2008), have a negative effect on employees’ work
engagement.

Second, in order to shed light on the process behind these relations, we found that
LMX mediates the relationship between toxic and ethical leadership on the one hand, and
employees’ well-being (work engagement and exhaustion) on the other hand. In their meta-
analysis, Dulebohn and colleagues (2012) found that LMX mediated the relationship between
leader characteristics and employee outcomes such as organizational citizenship behavior and
job satisfaction. Whereas those authors focused on positive leader behaviors, we expanded
their finding by focusing on destructive leadership as well. Furthermore, we expand findings
by De Vries and colleagues (2002) who found that the need for leadership moderates the
relationship between leadership and outcomes. It is assumable that the need for leadership
and the need for autonomy may be negatively related. As such, our study is in line with these
earlier findings and enlarges these by expanding the findings to employees’ need for
autonomy. Furthermore, we could show that this need is a moderator that can buffer the
negative effect of a toxic leader by having a less strong relationship between toxic leadership
and LMX.

Related to the need for autonomy, previous studies had focused on self-determination
theory by investigating the fulfillment of manifest basic needs as a mediator between
leadership and outcomes (e.g. Breevaart et al., 2014a; Kovjanic et al., 2013). Our study did
not focus on investigating the fulfillment of the three basic needs as a mediator, but analyzed
the strength of individual needs as a moderator, namely the need for autonomy following the approach by Steers and Braunstein (1976).

Practical implications

Our study underscores the relevance of leadership style for employee engagement and well-being. The finding that ethical leadership stimulates engagement and prevents exhaustion suggests that it would be rather beneficial for organizations to foster ethical leadership. One way to do so is that organizations train their leaders in employee-oriented leadership. A second possibility is to nurture an ethical organizational culture by making ethics a core value of the organization’s guiding principles.

Furthermore, our findings suggest that organizations should take measures to prevent toxic leadership. In particular, our finding that the negative effects of toxic leadership outweigh the positive effects of ethical leadership suggests that organizations should focus on preventing negative leadership practices. By doing so, organizations can enhance employees’ work engagement and prevent exhaustion, which may foster employee and organizational performance (e.g., Gutermann et al., 2017; Harter et al., 2002). One way to do so is to have regular leadership assessments in which employees can rate the collaboration with their respective leader. Additionally, destructive leadership should be discussed within leadership trainings for making unethical leadership and its consequences transparent and visible. As such, Kellerman (2004) noted that an exclusion of the topic of destructive leadership from leadership discussions and trainings could be compared to medical schools that only teach health instead of disease (cf. Mehta & Maheshwari, 2013).

Next to the importance of leadership style, our study showed that autonomy is a significant variable that may buffer the effect of toxic leadership. As it can be assumed that autonomy may be closely related to resilience, the findings of our study imply that
organizations could focus on training of resilience. However, it should be the first priority of organizations to prevent and detect toxic leadership.

Limitations and future research directions

Our study also has some limitations. Since we assessed our variables at one point in time, this study has a cross-sectional design. We therefore cannot describe the uncovered relationships as being causal. However, the findings of our study imply that it is worth to further analyze these in a longitudinal design.

Another limitation of our study is that we collected data in only a German sample. In order to enhance the generalizability of the uncovered effects, it would be recommendable to investigate these effects in other countries and cultures.

Finally, we recommend to find out more about the underlying process of the relationship between destructive leadership and work engagement. Since work engagement is related to well-being and performance (Gutermann et al., 2017; Schaufeli & Bakker, 2010) and thus is beneficial for both employees and organizations, it would be useful to investigate which variables and boundary conditions further explain the relationship between leadership and work engagement/exhaustion. Possible interesting moderators are, for example, employees’ resilience and emotional stability, which we assume are closely related to employees’ autonomy. Furthermore, it would be interesting to investigate leaders’ verbal and nonverbal behavior and test if this may have an effect on the extent to which employees engage in their work.
REFERENCES


67


