The impact Toxic or Severe Dysfunctional Leadership has on the effectiveness of an organisation.

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This thesis is presented for the degree of Doctor of Philosophy of Murdoch University, March 2011.
I declare that this thesis is my own account of my research and contains as its main content work which has not previously been submitted for a degree at any tertiary education institution.

..............................................................
Edward Leet
Abstract
The topic of toxic leadership has received tremendous attention in recent times, mainly from the popular media and to a much smaller degree from the research community.

The recent rise in corporate failures due to toxic leaders is alarming and the resulting concomitant consequences catastrophic. The phenomenon of toxic leadership has sparked an almost unprecedented and intensive debate on why such leaders were allowed to preside over such disasters to their organisations and to the global business community at large.

I investigated the definition of toxic leadership through a Delphi study of senior executives, gathering a comprehensive list of potentially toxic behaviours. From this list I developed a survey instrument of 65 items, administered to 177 respondents. Factor analysis of the data revealed a three factor solution with leadership competency, toxic leadership and indulgent leadership factors. Further, the survey findings demonstrated that toxic leadership and indulgent leadership have different effects on measures of organisational health.

- Leadership competency can be measured
- Toxic leadership can be measured
- Indulgent leadership can be measured
- Toxic leadership is different from indulgent leadership
- A Delphi Study can be invaluable as a qualitative tool in the process of developing a test instrument.
• An instrument can measure organisational health by means of surrogate constructs such as job satisfaction, intention to stay, intention to leave and organisational retention.

I discuss implications and consequences of the findings for organisations and offer some suggestions for future areas of research.
Acknowledgements

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My sincere thanks also goes to the nameless group of busy academic and business leaders who agreed to spare some of their precious spare time to the constituted Delphi Panel. Their collective contributions formed the important groundwork for my research. Their individual and collective knowledge, experiences, opinions and comments, established the foundation for this research.

I thank the many friends and colleagues who participated in the initial trial survey stages that led to the development of the final survey questionnaire.

Last but not least, I would like to thank my family: my wife Catherine, children Amanda and Edward for their support over the last six years. Pursuing a PhD was one of the most challenging, interesting and rewarding experiences I have undertaken. Although it is a personal indulgence, I acknowledge that it could never have been achieved without a lot of input from others. For this I thank them all.
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Introduction

In recent times the world has witnessed a number of catastrophic failures of major corporations such as Enron, WorldCom, Bear Sterns and Lehman Brothers and others in the United States. Australia has not been immune with the collapse of OneTel, HIH, and others, all causing distress to the economies and individual employees and investors in those countries. Clearly, there has been a major failure of senior leadership leading to the demise of these major institutions. The question that needs to be answered is whether these failures are the result of intentional, deliberate transgressions of appropriate leadership practice or just the incompetence of arrogant, dysfunctional leaders. This thesis was designed to explore these questions which represent a far less researched aspect of what might be labeled ‘the dark side of leadership’. For the purposes that follow the topic will be labeled Toxic or Severe Dysfunctional Leadership or simply TSDL.

Are managers, executives, board members and academics aware of the consequences that Toxic or Severe Dysfunctional Leadership (TSDL) behaviours have on organisations? The obvious answer would hopefully be yes they do, even if they cannot quantify the potential damage in measurable terms. Kellerman (2004) goes as far as to say that only cavemen would not recognise that bad leadership is ubiquitous as well and insidious. Strangely, this perception of awareness of the consequences, such as a potential decline in production and / or profitability (Khoo and Burch, 2008), does not appear to materialise into strategies or policies designed to identify such behaviours or their consequences. In the opinion of Jean Lipman-Blumen (2005, pg 10), in The Allure of Toxic Leaders, The situation is more alarming, she comments, “Worse yet, we frequently perceive the inadequacies of toxic leaders in real time but do little to stop them”.

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Without a means to identify toxic or severe dysfunctional leadership behaviours it is extremely difficult for those responsible for leading organisations to mitigate for, or eliminate the causes of such actions. This quandary facing organisations brings to mind a well known and often repeated statement made over a century ago, which fittingly spells out a warning to those in power.

“Those who cannot remember the past are condemned to repeat it”.

*George Santayana, The Life of Reason, Volume 1, Chapter 7, 1905*

The influence of dysfunctional leadership behaviours can range from minor transgressions and irritations to having catastrophic consequences on the survival of the organisation. It can be argued that organisations, irrespective of their size or function, which do not have control mechanisms such as policies, procedures, systems, reviews, and audits in place to limit the amount of damage that can be inflicted on the organisation by such leadership actions, are potentially placing themselves at unnecessary risk as a consequence of their unwillingness to take action. Organisations usually have some level of dysfunction; whether they recognise it or not, it surely must exist, (Fitzgerald, 2005).

The research process commenced with a Delphi Study to identify and define the focus of the research. It was then be followed by a trial survey to test the issues identified by the Delphi Study. Following analysis of the trial survey, a final test instrument was designed and a final survey was undertaken. In addition to the surveys, a literature review was conducted to review the growing number of

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1 Page No. not provided in article downloaded from The Gutenburg eBook website, accessed December 27, 2010
publications on toxic leadership behaviours, dysfunctional leadership behaviours and related topics.

The question this research will asks is:

The impact Toxic or Severe Dysfunctional Leadership has on the effectiveness of an organisation: Are profitability and / or productivity adversely affected by their actions and influences?

This research did not focus on the traditional beneficial aspects of leadership, but on some of the darker and sinister undertones that certain leaders bring to their organisations by adopting toxic or severely dysfunctional leadership behaviours (Conger 1990; Brennan, Ferris, Paquet and Kline, 2003; Babiak and Hare 2006). The focus is on toxic or severe dysfunctional behaviours specifically of senior managers and executives. This is not to say that middle management or low-level operatives are not in a position to potentially inflict substantial damage on an organisation. The higher the individual is in the organisation, the more power they have at their disposal, if this power is used to enforce dysfunctional behaviours the consequences could spread through the organisation because of the legitimate (Zand, 1997), or position power which the individual has from his / her position within the organisation, (Lussier and Achua 2004). A classical example of an individual gone wrong is that of Nick Leeson. Leeson described as a Rogue Trader independently orchestrated what is considered the quintessential example of the degree of damage a single individual can impart on an organisation (Leeson, 1996). That organisation being Barings Bank of London, Baring was Britain’s oldest merchant bank. What really shocked many was that the damage was caused by a relatively minor operative within the organisation, emanating from a small office based in Singapore. Leeson
was single-handedly instrumental in the collapse of the entire global Barings Bank
network.

1.1. Leadership Definition

I considered opening this introduction chapter with a statement that would
definitively, clearly, and unambiguously explain precisely what leadership is.
However, after many, many, many hours of research, it was evident that there was no
one standard or universally recognized definition which could be used to encompass
all of the perceptions, expectations, traits, and attributes associated with the concept
of leadership. Leadership is adaptive, as each new set of situation develops; a
leaders own set of skills, characteristics, and attributes also change and adapts to
meet the demands of the challenge, resulting in a continuous process of refinement of
skills, ideas and tools at the leader’s disposal. I am not the first to come to this
conclusion, Stuart-Kotze, (2004), reminds us that Stogdill in 1948 noted that the
qualities, characteristics, and skills required in a leader are determined to a large
extent by the demands of the situation in which he is to function.

Prevailing business dynamics, (the situations that Stogdill refers to), plays a crucial
factor in developing new leadership skill sets and characteristics required to create
and formulate policies and strategies necessary to direct the organisation towards
achieving its goals, (Kotter, 1990). In spite of the fact that leadership is one of the
most debated, studied, researched, published, and taught subjects in business schools,
or because of this fact, it has also become one of the most misunderstood fields of
organisational theory and organisational behaviour. As a consequence, the
proliferation of publications covering all areas of management and leadership, rather
than simplifying the issue, they only add to the confusion. The current level of
confusion is no different from that experienced in past decades; it can still be
ascribed to the fact that the endless accumulation of empirical data has not produced an integrated acceptable standard definition of leadership (Stogdill, 1974).

In 2003, Winston and Patterson undertook an extensive search of the Expanded Academic Database, where they identified over 26,000 articles associated with “leadership”. How is it possible to explain that this quantity of peer reviewed literature failed to provide a standardised definitive definition? They further reviewed 160 documents, and scrutinised the text to extract all references to definitions and constructs used to identify leadership qualities or characteristics. They were able to identify over 1000 terms or scales used to measure “leadership”. This plurality of categories supports the consensus that observers view leadership differently and is therefore extremely difficult to define.

What was clearly noticeable from the reported 1000 categories is that almost all of the terms used by the authors were of a positive and constructive nature: influences, trusts, guide, champion, creative, innovate, embraces, promote, builds, empowers, enables, and competence. Minimum references were made to negative descriptors associated with leadership traits or behaviours.

As recently as 2006, Jerry Young, Director of the Leadership Program at Old Dominion University used the following passage as the introduction to a course description on leadership theory and research.

“Leadership, like art, is often more easily recognised than defined”. (Young 2006: 1)

A definition of negative management practices was considered necessary for the research to be conducted. It was constructed from statements and opinions provided
by the Delphi Panel members in response to a series of open-ended questions on leadership behaviours. The definition focuses on a leader’s intentional act of inflicting harm on followers. The terms used in the definition were reflective of, and encompassed common statements generated from the Delphi Study, (which will be covered in detail in Chapter Three - Methodology).

The researcher has for the purpose of this research developed the following provisional definition for Toxic or Severely Dysfunctional Leadership behaviour to provide a focal point from which to measure the research process.

The deliberate and intentional action of harming individuals or an organisation by using leadership behaviours to negatively influence or deceive.

This definition implies the intent to conduct deliberate acts which will harm either the individual or the organisation. Therefore the deliberate intentional act is the key constituent in this definition. Intent therefore automatically excluded those instances of toxic leadership that can be attributed to individuals with clinically recognised mental health conditions within the scope of this research.

I reviewed why the quality of leadership is important, and finally, introduce the concept of Toxic or Severe Dysfunctional Leadership, (TSDL).

1.2. **Why is the quality of leadership relevant today?**

Many leadership theories and styles have contributed to the advancement of leadership as we know it today. However, what is being questioned in this research is the quality of leaders and their ability to work for the ultimate good of the
organisation, its employees, its shareholders and stakeholders. Has the quality of leadership declined, and if so, can it be identified?

In the context of "good" leadership and "bad" leadership, there are many examples of both extremes. Southwest Airlines, Microsoft, General Electric, and Dell Computers are all considered organisations that benefit and prosper from leadership that has the support and loyalty of their own employees, their pool of suppliers, and their clients because of the high standard business practices that the organisation’s leadership have adopted as core principles for doing business. Conversely, we only have to look at organisations such as Enron Corporation and WorldCom, Inc. as classic modern examples of poor leadership.

Examples and case studies constantly confront us, which we review and interpret in minute detail the actions of both competent and not so competent leaders of our times. In as much as knowledge of extreme examples of leadership at either end of the success continuum is very interesting, it does not in itself provide a suitable model or framework for others to follow in their own journey of development and improvement of their own individual leadership style and leadership qualities.

In Chapter Two - Literature Review the research identifies some of the larger and more recognisable organisations as relevant examples of successful businesses whose fortunes were reversed by negative leadership attributes. Examples of failed corporations and their toxic leaders are reviewed and commented on. Thousands of smaller entities have suffered the same consequences. This research will demonstrate the impact that leaders can have on the success or failure of their organisations.
Even with the vast amount of empirical, published and anecdotal data on leadership, we are still not in a position to precisely quantify or qualify what qualities makes an individual an effective leader or an ineffective leader.

In recent times, it is highly intelligent individuals who have perpetrated most of the high profile cases of poor management. Almost without exception, they are individuals that have progressed through and have long-term allegiances to academic and professional institutions that promote morality and ethics as a foundation principle of the philosophy and teachings of their profession.

Toxic leaders can, of course, be relieved of command or removed from the organisation. Some are occasionally charged and found guilty of criminal charges, fined and/or sentenced to jail terms, (refer to Figures 21, 22 and 23 for examples). However, during the literature review, I could not locate a single reported instance where toxic leaders were issued with a damage bill to cover the corporate destruction, the cultural disruption, or the loss of intellectual capital or financial resources that their actions were responsible for imparting on others. On the contrary, there are many examples of terminated senior executives who were the recipients of handsome “golden handshakes” on their reluctant departure.

The examples cited in this research are indicative rather than exhaustive. Also, not all incidents of poor or dysfunctional leadership will have the catastrophic consequences that the Enron's, WorldCom and more recently, the total collapse of Lehman Brothers one of the world’s largest investment banking groups. The Lehman’s failure had a catastrophic and immediate effect on the global economy.
Certain leaders show great charisma and the appearance of competency in public, but their actions behind the scenes were not always of the high standards expected of senior executives managing large and complex organisations. Their toxic or severe dysfunctional behaviours betrayed the confidence that the general-public as shareholders, and their employees and associates as partners, had expected of high achieving, well rewarded individuals in their positions of power.

Unfortunate only after toxic leaders have been publicly exposed for their deeds that evidence indicating they have abused and neglected their corporate and fiduciary responsibilities to pursue their own agenda comes to light. We can attribute these actions and their eventual outcomes to toxic or dysfunctional behaviour patterns of the toxic leaders.

Belatedly, irate shareholders and shocked and bewildered regulators ask, why did the organisation allow executives and senior managers to disrupt the strategic balance and harmony of the organisation through the execution of toxic or severe dysfunctional leadership behaviours. What shareholders, regulators and the organisation could benefit from is an early warning system that would warn them of individuals adopting or using their powers to pressure and influence others, such a system would be of immense advantage to organisations. This research provides a valuable contribution towards developing such a system.

Clearly, no organisation wants to lose leaders who are capable of adding value to the organisation. However, if these leaders are “bad” leaders, (Winston and Patterson, 2005), who focused on self-serving in terms of using the organisations resources and capabilities to meet their own needs, it will be argued that any potential benefits of
their leadership to the organisation may be offset by their less desirable self-focused behaviours.

However, if organisations have to resort to dysfunctional leadership behaviours to produce results, they should also consider the potential short-term benefit against the potential medium / long-term damage that could be inflicted on the organisation, (Lubit, 2005). If organisations allow confusion or mayhem to persist within the organisation, levels of productivity and morale are likely to be lowered and potentially impact directly on profitability and possibly sustainability of the organisation. Almost two decades ago, Philip Kotter, (1990), suggested that in the complex world of business, first-rate leadership is crucial. If true in 1990, I contend that it is more relevant and important with the raft of global financial failures and the subsequent wealth destruction forces affecting organisations in 2008 – 2010.

If competent leadership is deemed to provide the organisation with the stability and vision essential for managing organisations towards long-term sustainability, then what happens when pressure is put on the competent leaders to meet the ever increasing demands for financial and operational performance levels? Kets de Vries, (2005) found that usually competent leaders are faced with having to moderate their behaviours and actions to deal with the pressure of meeting the new expectations.

Possibly one of the most prevalent and unwanted but increasingly more demanding pressures leaders have to contend with is the pressure of projected performance expectations, or as it is sometimes called, quarterly myopia, (Gerstner 2002). Gerstner, arguably one of America’s most respected CEO’s, (responsible for the restructuring of IBM during the period 1992 – 2001), is referring to the practice
where financial analysts attempt to project corporate earnings targets over a short-
term ninety day period, which are then interpreted by the financial markets and
investors into projected marketplace performance expectations. This recurrent and
incessant unsolicited external pressure every quarter places extreme demands on
leaders to meet market expectations.

It will be argued that many of the unwanted pressures executives and senior
management must contend with are derived from greed and dubious business and
financial practices. Practices that when undertaken can achieve business advantages
or increased revenues. Such practices may have the capacity and ability to
manipulate the trading, mortgage and banking systems at the expense of the majority
of society.

Randell and Blackstone (2009), in “The Wall Street Journal Europe” report U.S.
Federal Reserve Chairman, Ben Bernanke’s statement that the global insurer
American International Group (IAG), “was a good company: ambushed by its
financial products division”. In the same article, the authors also bring to the
attention of the reader that “the recent bloodbath on Wall Street brought the Dow
Jones Industrial Average … to a level not seen in a dozen years”\textsuperscript{2}

\subsection*{1.3. What is Bad Leadership}
Attempts to find a standard or even a widely acceptable definition of good or bad
leadership are problematic. Researchers could resort to citing all of the popular
leadership definitions developed by academics, business leaders, politicians, and
military experts, but the likelihood of any one specific definition being more
meaningful than another is dependent on the context that the definition was created

\textsuperscript{2} The Wall Street Journal Europe, March 04, 2009
to explain, be they task-focused, process-focused, people-focused, or strategy-focused. Some examples of popular definitions of leadership are provided follows in Figure 1

**Figure 1 ** Definition of Leadership

<table>
<thead>
<tr>
<th>Definition of Leadership</th>
<th>Author</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. A leader shapes and shares a vision which gives point to the work of others</td>
<td>Charles Handy (1992)</td>
</tr>
<tr>
<td>2. Leadership is a function of knowing yourself, having a vision that is well</td>
<td>Warren Bennis</td>
</tr>
<tr>
<td>communicated, building trust among colleagues, and taking effective action</td>
<td></td>
</tr>
<tr>
<td>to realize your own leadership potential</td>
<td></td>
</tr>
<tr>
<td>4. Leadership is the art of influencing others to their maximum performance to</td>
<td>W.A. Cohen (1990)</td>
</tr>
<tr>
<td>accomplish any task, objective or project</td>
<td></td>
</tr>
<tr>
<td>5. The key to successful leadership today is influence, not authority</td>
<td>Kenneth Blanchard (1996)</td>
</tr>
<tr>
<td>6. Leadership is not a person or a position. It is a complex relationship</td>
<td>Joanne Ciulla (1998)</td>
</tr>
<tr>
<td>between people, based on trust, obligation, commitment, emotion, and a</td>
<td></td>
</tr>
<tr>
<td>shared vision of the good.</td>
<td></td>
</tr>
<tr>
<td>7. Leadership is the behaviour of an individual when he is directing the activities</td>
<td>Hemphill &amp; Coons (1957)</td>
</tr>
<tr>
<td>of a group towards a shared goal.</td>
<td></td>
</tr>
<tr>
<td>8. Leadership requires using power to influence the thoughts and actions of</td>
<td>A. Zalenik (1992)</td>
</tr>
<tr>
<td>other people.</td>
<td></td>
</tr>
<tr>
<td>9. The final test of a leader is that he leaves behind in others the conviction</td>
<td>Walter Lippman</td>
</tr>
<tr>
<td>and will to carry on</td>
<td></td>
</tr>
<tr>
<td>10. Leadership is a social process in which one individual influences the</td>
<td>Buchanan &amp; Huczynski (1997)</td>
</tr>
<tr>
<td>behaviour of others without the use of threat or violence.</td>
<td></td>
</tr>
</tbody>
</table>

Source: www.leadership-studies.com/hws/definitions

Definitions 1 – 5 are based on influencing others to achieve either a given objective or a shared vision. They are very unselfish and altruistic in their approach, presenting a visionary image of leadership.

Definitions 6 – 10 give more emphasis to the behavioural aspects of leadership in the sense that the issue of leadership is a complex one whose outcomes is dependent on the leaders ability to use power and authority wisely to successfully achieve cohesion, commitment, and conviction to achieve either shared or organisational objectives with others. It is this direction that was investigated in this research.
Almost everyone who has an opinion on the subject views leadership theory differently. Guidelines, examples, courses, books, and articles professing to deliver the perfect solution surround us, but other than when high profile companies or individuals fall from grace, we give little credence to the negative aspects of leadership. Most leadership definitions describe the operational or mechanical aspects of leadership, they use terms such as teach, lead, listen, guide, mentor, motivate, develop, advise, plan, influence, achieve, goals, and directing others. All very commendable and worthy attributes all delivering positive and desirable connotations, but they fail to take cognisance of leaders that are dysfunctional and/or toxic. It is not just good leaders and their characteristics that should be considered, the other end of the spectrum where severe dysfunctional and toxic leadership behaviours exist must also be considered.

Both of the terms, dysfunctional and toxic, are clearly emotionally charged descriptors which most observers would probably be reluctant to use to categorise or describe individuals and as such were not traditionally used to describe leaders or leadership practices. Some of the alternative descriptions and phrases used in place of dysfunctional and toxic are provided by Williams, (2005), and presented in Figure 2.

**Figure 2**

<table>
<thead>
<tr>
<th>Toxic Characteristics</th>
<th>Toxic Characteristics</th>
</tr>
</thead>
<tbody>
<tr>
<td>Incompetence</td>
<td>Egotism</td>
</tr>
<tr>
<td>Malfunctioning</td>
<td>Arrogance</td>
</tr>
<tr>
<td>Maladjusted</td>
<td>Selfish values</td>
</tr>
<tr>
<td>Sense of inadequacy</td>
<td>Avarice and greed</td>
</tr>
<tr>
<td>Malcontent</td>
<td>Lack of integrity</td>
</tr>
<tr>
<td>Irresponsible</td>
<td>Deception</td>
</tr>
<tr>
<td>Anoral</td>
<td>Malevolent</td>
</tr>
<tr>
<td>Cowardice</td>
<td>Malicious</td>
</tr>
<tr>
<td>Insatiable ambition</td>
<td>Malfeasance</td>
</tr>
</tbody>
</table>
A listing of some of the leadership types, (Williams, 2005) associated with dysfunctional or toxic leadership characteristics from Figure 2 are presented in Figure 3.

**Figure 3 Leadership Types**

- The absentee leader
- The incompetent leader
- The co-dependent leader
- The passive-aggressive leader
- The busybody leader
- The paranoid leader
- The rigid leader
- The controller leader
- The compulsive leader
- The intemperate leader
- The enforcer leader
- The narcissistic leader
- The callous leader
- The street fighter leader
- The corrupt leader
- The insular leader
- The bully leader
- The evil leader

Lubit (2004) divides toxic leadership into four categories: narcissistic, aggressive, rigid, and impaired. In *Bad Leadership*, Kellerman, (2004, pg 75), suggests that a rigid leader is someone who is “….. unable or unwilling to adapt to new ideas, new information, or changing times”. Irrespective of what terms academics or society uses to identify unacceptable leadership behaviour, most observers would agree that the types of leadership styles identified have limited advantage to society in general; conversely, it could be argued that the same characteristics are even more unacceptable in the commercial business world.

In recent times, through the demise of many well known and respected international organisations, the nature and characteristics of leadership has taken on increased significance. Therefore, the more understanding society and organisations have of toxic or severe dysfunctional leaders, the more equipped they will be to influence them to modify their behaviour in ways that enable them to work with their superiors, colleagues, and subordinates.
Lubit (2004) further suggests that the key to eliminating dysfunctional behaviours is the development of alternative practices to supplant dysfunctional behaviours with emotional and physical behaviours that take cognisance of the feelings of others in the workplace. In the *Executive’s Guide to Motivating People*, Zaleznik (1990) warns that the coercing of followers could result in a corporate culture detrimental to the sustainability and survival of the organisation. Goleman, Boyatzis and McKee, (2002) in *Primal Leadership* accepts that it may be possible to regulate the previously spontaneous emotional outbursts between the follower and a leader. But the reality of the outcome is more likely to result in passive compliance by the follower. This research contends that any approach which is focused on the precept that follower’s can be coerced or reprogrammed to accommodate a leaders idiosyncrasies is fraught with problems before it begins.

Due to the controversial nature of the topic under review, (i.e. toxic or severe dysfunctional leadership behaviours), it was considered essential to obtain a clear understanding of the terms and perceptions associated with the topic. It was decided that the most appropriate method of achieving a practical definition was to approach a group of experts to conduct a Delphi Study to investigate the topic. This independent research provided a suitable definition of TSDL.

1.4. Research Question
This research investigated the extent of disorder that can take place in an organisation as a consequence of toxic or severe dysfunctional leadership behaviours. The observations and findings from this research will relate equally to government departments / agencies, non-profit organisations, privately owned organisations or publicly owned organisations. All of the aforementioned entities face the potential
threat of commercial or operational disruption by the action and influences of toxic or severely dysfunctional leaders.

The various stages of the research were structured to test the relationship TSDL behaviours potentially has on the relationships between leaders and followers (Frost 2003), organisations (Babiak and Hare 2006), profitability (Frost 2003, Kusy 2009), productivity (Lubit 2004, Kusy 2009) and sustainability (Finkelstein 2003).

I recognised that profitability and productivity of an organisation are difficult areas to measure and report on accurately. With the exception of those senior executives responsible for managing and reporting on these specific and complex metrics, it was considered unlikely that those participating in this research would be able to comment significantly on specific productivity or profitability levels with any accuracy. It was for this reason that value specific questions relating to profitability and productivity were not included in the survey questionnaire. However, variables; commitment to organisation (Ghemawat, 1991), employee job satisfaction (Gertz and Baptista, 1995), intent to leave (Goldman, 2009) organisational retention (Heneman and Judge, 2003; Kusy, 2009) and loyalty to the organisation (Buchanan, 1974) are typically associated with organisations that recognise employees from all ranks within the organisation contribute towards a desired level of productivity, profitability and long-term sustainability.

1.5. Conceptual Framework

In order to align and organise the research process, a “Conceptual Framework” was developed to depict the overall relationships of the various theoretical constructs and variables. Refer to Figure 4
1.5.1. Hypotheses Framework
Due to the difficulty and potential inaccuracies associated with measuring multi-dimensional complex issues such as productivity and profitability rates and values; it was decided that specific questions relating to productivity levels or profitability values would not be incorporated in the survey instrument. It was considered unlikely that the majority of participants would be in a position to judge genuine profitability or productivity levels accurately within their own organisation.

In accordance with the limitations associated with measuring productivity and profitability, the hypotheses developed were categorised as shown in the following tables:

- Hypotheses and Research Questions (Figure 5 and Figure 6)

The hypotheses are those which were directly tested by the survey. Questions associated with individual specific hypotheses were incorporated into the survey questionnaire and presented to the participant for consideration.
The hypotheses developed were based on the principle that organisation effectiveness can be implied by measuring employee relationship to variables such as Commitment, Job Satisfaction, Intent to Leave, Retention, Loyalty. If positively correlated, it may be possible to provide the organisation with an indicator of the organisations effectiveness. Conversely, if the relationship indicates a negative correlation, i.e., an inefficient organisation, it may be possible to link the negative findings to the potential effects of toxic or severe dysfunctional leadership behaviours.

However, there are other important questions which this research tested. The research questions and their relationship to the hypotheses are shown in Figure 6. Although this research did not directly test for profitability, productivity and sustainability, I submit that the variables and hypotheses tested are surrogates or indicative indicators for the possible outcomes. The questions in the final survey were surrogate variables to represent profitability and productivity, as a means of indicating organisational health. The questions were formulated with reference to management in the workplace, organisational competency, dysfunctional behaviours, and toxic leadership.
1.6. Research Hypotheses

After taking cognisance of the constructs and the questions developed for the main survey instrument the hypotheses of this research can be expressed as:

**H1 – Commitment to Organisation**: Toxic or severe dysfunctional leadership behaviour is negatively associated with employee commitment to the organisation.

**H2 – Employee Job Satisfaction**: Toxic or severe dysfunctional leadership behaviour is negatively associated with employee job satisfaction.

**H3 – Intent to Leave**: Toxic or severe dysfunctional leadership behaviour is positively associated with an employee’s intention to leave the organisation.

**H4 – Organisational Retention**: The greater the presence of toxic or severe dysfunctional behaviour of a leader, the greater the negative impact on an organisation’s ability to retain key staff.
**H5 – Loyalty to Organisation:** Toxic or severe dysfunctional leadership behaviour is negatively associated with employee loyalty.

As stated previously in this section, it may be possible to provide an indicator of the organisation’s effectiveness, therefore, by extension; the research has the potential to be converted into a longitudinal study whereby the survey can be repeated to determine if changes in the variables have occurred, (Stangor, 1998). It is also possible to develop a diagnostic tool to provide the organisation with an indicator of the organisation’s effectiveness and level of toxic or severe dysfunctional leadership behaviours within an organisation.

1.7. **Research Method**

As explained in section 1.3, due to the controversial nature of the topic under review a Delphi Study was undertaken to formulate a definition of TSDL behaviours which formed the basis for the remainder of the research. Linstone and Turoff (2002: 3), define the Delphi Process as follows:

“Delphi may be characterised as a method for structuring a group communications process so that the process is effective in allowing a group of individuals, as a whole, to deal with a complex problem”.

The Delphi Process will be discussed in further detail in Chapter Three – Methodology.

It is important at the outset of any research to understand the two main strategies or research philosophy’s used to administer and frame the research process. The two approaches are “Qualitative” and “Quantitative”. Researchers can choose either
approach in isolation, or a combination of the two philosophies to form a “Mixed Model” or “Multi-Methods” approach, (Saunders, Lewis and Thornhill, 2003). The initial qualitative investigation stage of this research focuses on a Delphi Survey submitted to a panel of selected experts to obtain their views and opinions on specific questions and statements associated with the research topic. The final stage of this research involved the analysis of numerical data to investigate the research question and test the various hypotheses; it therefore require a quantitative method to be employed to interpret the data collected.

I used a combination of qualitative and quantitative techniques, the overall research method for this research was one of a “mixed model” or “multi-method” approach adopting the beneficial aspects of both the qualitative and the quantitative approaches where applicable in the research process. Refer to Figure 7 for a schematic representation of the approach undertaken. A comprehensive explanation of the various research stages and their respective methodologies is provided in Chapter Three.

Figure 7  Research Method
1.8.  **Contribution to Knowledge**
This research provided important and original data that will ultimately help to
describe, demonstrate, corroborate, foretell and / or ultimately provide organisations
with a warning of the potential impact toxic or severe dysfunctional leadership will
have on the effectiveness of an organisation. De Dreu and Weingart, (2003), reported
that conflicts resulting from dysfunctional behaviours from organisations and
individuals have the effect of reducing individual member satisfaction and overall
team performance. It is the negative consequences of such actions that this research
addresses.

This research will identify the requirement for future leadership behavioural
relationship models to be developed that would translate into future leadership
theories which combine desirable leadership principles and practices with a modus
operandi for organisational success. A set of new leadership theories capable of
combating the risk of leaders adopting or developing toxic or severe dysfunctional
leadership behaviours which are contrary and almost always detrimental to an
organisations vision and policies. Figure 8 posed the question, what format and focus
will the next emerging theories take.

Sumantra Ghoshal (2005: 75 and 76) on leadership behaviours and the formal training
process for conventional MBA education methods of teaching students theories of
management provides the following observations:

“Many of the worst excesses of recent management practices have their roots in a set
of ideas that have emerged from business school academics over the last 30 years”.

“Our theories and ideas have done much to strengthen the management practices that
we are all now so loudly condemning”.

“By propagating ideologically inspired amoral theories, business schools have actively freed their students from any sense of moral responsibility”.

Figure 8   Next Leadership Development Stage

E. Leet 2010 (Developed for this thesis)

In Chapter Two a review of relevant literature relating to Toxic or Severe Dysfunctional leadership behaviours was undertaken. Jean Lipman-Blumen, (2005), in *The Allure of Toxic Leaders*, focused her observations and findings on the relationships between leaders and their followers. This research gives more attention to the impact that toxic or severely dysfunctional leadership behaviours have on the overall business climate of the organisation. Specifically this research reviewed the outcomes that Toxic or Severely Dysfunctional Leadership behaviours and practices by those at executive levels have on some of the key cornerstones of business, namely: profitability, productivity, sustainability, growth and development, staff retention and knowledge retention.
Finally, the structure and integration of the various research methods and chapters used in this thesis followed the format as shown below in Figure 9.

Figure 9  
Structure of Thesis
2. Literature Review

It is not only overseas organisations who experienced catastrophic collapse due to the actions of a few senior rouge leaders. On a local perspective, Australia has also had its share of business scandals with some of the most notorious cases being: Bond Corporation, HIH Insurance Limited, and Quintex Group, all culminating in the demise of the organisation whilst senior executives acquired great individual wealth at the expense of the shareholders.

Alan Bond, Rodney Adler, and Christopher Skase (of the three organisations mentioned), were exposed as the key players responsible for the ultimate demise of their previously high-flying organisation. What the contributing factors were which led respected and allegedly competent business leaders to act in ways that would lead to the downfall of their business empires may never be known. Many shareholders placed trust and their financial future in these individuals based on their high profile coverage in the media; however, their trust was misguided. In almost all instances, the outcome was the progressive erosion and ultimate, dramatic and total loss of their entire investment.

2.1. Leadership Perceptions

By its very nature, leadership is abstract (ECS, 1999), it is mainly about perceptions and visions which are extremely difficult issues to quantify or translate into guidelines for others to adopt. Therefore, society must be conscious of the dangers of romanticising the concept of leadership, or the deeds of larger than life individual leaders whilst denying the growing evidence of scandalous rogue behaviours by unscrupulous leaders.
Traditionally leadership was associated with military commanders, politicians, and rulers, Sun Tzu, Julius Caesar, Napoleon, Queen Victoria, George Washington, and Disraeli. All of whom are entrenched in history as great leaders, some for the good of all, others for their own self-gratification. An early example of the discussions on leadership styles was The “Great Man Theory” developed by Scottish historian Thomas Carlyle (1795-1881). It was based on the assumption and argument that the individual’s inner qualities and instincts were the basis for their ability to lead others. Indeed, one can create a list of many individuals empowered with great characteristics who shaped history through their actions. They make history as opposed to being part of history, due to their behaviour and activities (Winston and Patterson, 2005). This image of leadership continued to a lesser degree up until the late 19th century.

With the development of affordable transportation modes throughout the 19th and 20th century, (resulting in the mass movement of populations), and the inventions and advancements in communications methods, the role of leadership was extended beyond the military and political arenas to include the sciences, technology, manufacturing and business disciplines. As the demands for labour grew, a high number of workers entered into these fields, resulting in the need for skilled supervision, which ultimately started the search for supervisors, managers and leaders to oversee developing projects, organisations, and industries.

A new breed of leaders began to emerge, they came from commerce and industry based business, pioneers such as: Henry Ford, John Paul Getty, Andrew Carnegie, Samuel Cunard, Thomas Edison, Albert Einstein, and Lord Beaverbrook became new leaders. Each was an acknowledged leader responsible for revolutionising their
specific industries and organising labour. Their successes, business empires, enormous fortunes, lavish lifestyles, exploits and achievements fascinated the general-public around the world and made them the superstars of their time.

When one examines the above examples of successful leaders, is the implication being that they had genuine leadership qualities, or can it be argued that they were successful for the reason that they were good managers. Leaders who were able to develop and exploit new technologies and inventions to offer the world cheap mass produced products and services at the right time in history? How should these industrial barons be classified, were they managers, leaders, visionaries? What made them successful, what leadership qualities did they possess that allowed them to become the first generation of self-made business moguls? With the growing popularity and interest in these highly successful leaders, social scientists, behavioural scientists and psychologists began to investigate their management and leadership skills and the methodologies used in their business environments.

Jay (1967) used Great Britain as an example of how the rigid belief that certain individuals from privileged families were born to lead, irrespective of their talents. The leadership strategies that were successes in previous centuries, culminating in the “British Empire”, were assumed to be transferable into the 20th century. History has since proven this is not the case. In the late 20th century, military commanders, politicians, and royalty still regarded themselves as leaders within their communities. However, most citizens would have difficulty in identifying even their own representatives of state or federal government, and military services. Even in countries where royalty is still recognised, they have very little, if any, direct influence on the lifestyle of their subjects.
In modern times, the accepted scope of leadership has grown to cover business, sports, entertainment, telecommunications, and electronics. Names such as Gates, Branson, Jobs, Packer, Murdoch, Dell, Honda, and Sony founder Morita are readily identifiable names that are synonymous with individuals and organisations that dominate their respective sectors of the global business environment. Individuals who built and controlled these organisations are modern examples of innovative leaders that have built successful and profitable international organisations from small and humble beginnings.

So successful are some of the individuals mentioned, (and more specifically, the organisations they represent), is the reality that they are responsible for strategic and financial decisions representing budgetary commitments and expenditures greater than that of some countries, in which they operate.

2.2. **The Structure of Chapter Two**

This chapter will identify and review many of the traditional perceptions of leadership classifications. The scope will cover the popular view of leaders as being the champions of development, growth, sustainability and achievements, whilst delivering benevolent and caring leadership to their organisations and followers for the overall good of the organisation, community and nation. Contrary to the traditional perceptions and teachings of leadership theories, the reverse is also true; the actions of leaders can also be responsible for the contraction, demise or loss of business opportunities and staff during their tenure within the organisation.

The main thrust of chapter two is to review the growing number of published works on the phenomenon of bad leadership, (Kellerman, 2004). The review included academic and non-academic publications. Bad leadership in this study is limited to acts that are disruptive, confusing, fragmented, abusive or offensive and demeaning.
Although spectacular and extreme examples of premeditated and deliberate acts of corruption and fraud such as was exposed in the Enron collapse in 2001 will not be covered in detail, such cases show the extreme damage that senior leaders and their TSDL behaviours can inflict on their organisations.

Brown and Trevino (2007) believe that researchers are now better equipped to study ethical leadership, but they are of the opinion that a similar level of attention has not been paid to the study of unethical research. Central to this research is the potential effect that TSDL behaviours have on the effectiveness of an organisation in terms of productivity and profitability.

Sub Sections 2.3 to 2.6 will consider the issue of defining what leadership is and the difficulty in applying leadership theories to the dynamic business environment in which leaders have to operate. Definitions of bad or negative leadership characteristics will be investigated and used to develop a definition specifically applicable to bad leadership. Also covered in this section will be leadership objectives and effectiveness.

Sub Section 2.7 will briefly review the timeframe associated with traditional theories of leadership, which have evolved over the last half century. It is important to understand the foundation and developments to leadership theories that formed the basis for most if not all teaching programmes and doctrines that students of business and commerce disciplines were exposed to during their education and training in preparation for future leadership positions.
Sub Section 2.8 reviewed the most prominent **writings on leadership theories**, which will cover the chronological development from contingency theory through to transformational theory. The review comments on the natural progression through the various theories and the need for such evolutionary changes identified.

Sub Section 2.9 will address the various **leadership relationships** that individuals are expected to address whilst conducting their daily business. Some of the roles are more obvious and visible than others, and we use some more often than we use others. Nevertheless, all of the roles are usually called upon at certain stages of a leader’s tenure within an organisation.

Sub section 2.10 will focus on the most commonly recognised sources of **leadership power** associated with leadership. It is necessary to identify and understand the types of power and sources of such powers in order to develop an understanding on how best to use them to achieve a desired outcome. Leaders have various types of power at their disposal. Depending on how a leader employs power can result in them being either constructive or destructive. This section will also review possible organisational dynamics resulting from the use of inappropriate power.

Sub Section 2.11 will review the subject of **negative leadership behaviours**, and the various types of behaviours exhibited by negative leaders. Dysfunctional behaviour is described in many forms, ranging from the simplistic, being perceived as a bad or poor leader to the more complex clinical and scientific terms such as psychopath, paranoid, and narcissistic. Although the terms toxic and dysfunctional are not technically interchangeable, I will make the proposition that many extreme acts of dysfunctionality can to be considered as equally severe negative behaviour. Minor
acts of dysfunctionality will not be considered in the literature review or in the final research program.

In this section I will also provide the reader with a clear differentiation between the terms “dysfunctional” and “toxic” as used in this thesis.

Sub Section 2.12 will review the **effects of negative leadership behaviours** to determine the degree of consensus that exists between dysfunctional leadership characteristics and their impact on the organisation. The review will explore and comment on the impact negative leadership has on the productivity and profitability of an organisation.

Sub Section 2.13 will introduce the topic of **leadership and ethics** issues to examine the recent number of disclosures of corporate collapses attributed to high profile leaders. The review will explore and comment on the apparent disregard by leaders to apply ethical values and their willingness to sacrifice accepted ethical standards in the pursuit of personal glory and rewards.

Sub Section 2.14 provides a final conclusion to the Literature Review incorporating the findings and conclusions of all preceding sub-sections.

### 2.3. Leadership

I considered opening this chapter with a statement that would definitively, clearly, and unambiguously explain precisely what leadership is. However, after many, many hours of research, it was evident that there was no one standard or universally recognized definition which could be used to encompass all of the perceptions, expectations, traits and attributes associated with the concept of leadership.
Leadership is abstract, and also adaptive, as each new set of situations develop, the leader’s own set of skills, characteristics and attributes change and adapt to meet the demands of the challenge, resulting in a continuous refinement of skills, ideas and tools at the leader’s disposal.

Prevailing business dynamics play a crucial role in developing new leadership skill sets. The skills required to create and formulate policies and strategies necessary to direct an organisation towards achieving its goals, (Kotter, 1990) are constantly changing. In spite of the fact that leadership is one of the most debated, studied, researched, published, and taught subjects in business schools, it is still one of the most misunderstood fields of organisational theory and behaviour. The proliferation of publications covering all areas of management and leadership, rather than simplifying the issue, add to the confusion. The current level of confusion is no different from that experienced in past decades. I will comment on the statement that "the endless accumulation of empirical data has not produced an integrated acceptable standard definition of leadership", (Stodgill, 1974: vii)

### 2.3.1. Definitions of Leadership

The plurality of definitions and categories supports the general consensus that all observers view leadership differently and consequently is extremely difficult to define. What was noticeable from the reported categories is that all of the terms used by the authors were of a positive and constructive nature: influences, trusts, guide, champion, creative, innovate, embraces, promote, builds, empowers, enables, and competence.

All of the popular past and contemporary eminent scholars have their own definition of leadership and how it can be interpreted, and its principles applied to suit the
occasion. Almost all definitions extol the virtues of compassion, using terms such as influencing, Stogdill (1950), Rost (1991) and Hersey (1997), guidance and inspiration, Chemers (1997) and Munroe (1997), engaged and building values, Pfeffer (1998), defining reality, De Pree (1989), motivates, McGregor (1960) and Kotter (1990), vision, Bennis (1997). As altruistic as these terms appear, sometimes the same terminology is used by toxic or severely dysfunctional leaders to disguise the reality that their actions are imposed on followers rather than being delivered through a persuasive and consultative process.

However, in recent times even some of the most respected researchers in leadership have trouble explaining how some leaders use the same set of morally influential terms to ultimately justify their toxic, dysfunctional or unethical behaviours. It is this incongruity this research will attempt to address. Padilla, Hogan and Kaiser, (2007) in their paper on “destructive leaders” argue that any definition associated with destructive leadership issues should be defined in terms of negative group and organisational outcomes. They also advocate that the definition of destructive leadership should focus on the negative outcomes of such leadership in terms of its impact on the quality of life for the constituents and for the fate of the organisation and society at large.

Other definitions reflect the apparent virtues, traits and behaviours attributed to the exploits of past leadership experiences. House (1996) reflects on Lord and Maher’s use of the descriptor “prototype matching” to identify the process whereby the perception of adopting commonly accepted personality profiles is perceived to be sufficient to meet the challenges and complexity of demands associated with leadership today. Hence, the proliferation of “expert autobiography’s” and
guidebooks devoted to the subject of mentoring, advising and instructing others on how to emulate the hero(s) of the book. Images of Jack Welch, (GE), Lou Gerstner, (IBM), Lee Iacocca, (Chrysler) and Richard Branson, (Virgin) stare out from bookshelves at every airport bookstore. Their exploits, their challenges and their ultimate solutions are legendarily, but is this what leadership is really about, can the average leader / manager emulate their strategies?

Burns (1978) and Rost (1991) define leadership in terms of a transformational process where the leader influences others to participate in a process designed to address programmes of action or change that will provide beneficial outcomes for all stakeholders.

For the purpose of this research, I will accept any definition of leadership that recognises there are both positive and negative outcomes associated with leadership actions and behaviours. The positive and negative outcomes can also be considered as beneficial or destructive qualities with regards to individual, group, society or organisation. In line with the focus of this research, I will not accept definitions limited to reflect only positive and beneficial outcomes for the parties involved.

2.4. **Bad Leadership**
This study will not investigate the traditional beneficial aspects of leadership, but will focus on some of the more sinister undertones of leadership. The study will focus on the operational consequences that certain leaders bring to their organisations through their TSDL behavioural characteristics. Flynn (1999: 67) in an article by Reed (2004) provides us with a clear and pragmatic characterization of toxic leadership to align the leader’s behaviours and actions with the effects that they have on the workplace environment.
“The manager who bullies, threatens, yells. The manager whose mood swings determines the climate of the office on any given workday. Who forces employees to whisper in sympathy in cubicles and hallways”.

As discussed, certain leadership attributes will have differing meanings to different individuals and different groups. Two well known examples of recent but retired CEO’s are Jack Welch and Alfred Dunlap. Both were major players in the business world, extremely prominent in business literature preaching their individual style of leadership.

During their periods in office, not everyone fell under their spell; indeed both were presented to the public and stakeholders as examples of both extremes of the leadership spectrum. Each individual professed that their individual leadership style was the formula that organisations welcomed. They continued to disregard any criticism of their actions, their justification being that they had to be highly aggressive and ruthless to ensure that financial targets be met.

In retirement, Welch has been both hailed by most as a modern saviour of General Electric, one of the greatest business leaders of the 20th century, and equally disliked as a ruthless tyrant by some of his critics. O’Boyle in At Any Cost equates Welch’s leadership style as synonymous with warfare:

“In truth he believes that jettisoning soldiers, even good people who are trying to do the right thing when things go wrong, is the way warriors, revolutionaries, should conduct their affairs. Total business warfare is an execution-style business, as Welch sees it, and he is the chief executioner”.

(O’Boyle 1998: 213)
Welch’s response to his critics can be summed up in the following quote from his autobiography “Jack”:

“It takes self-confidence, courage, and a willingness to take the heat when you make the tough calls”. (Welch, 2001: 434).

With reference to the claim that he was the toughest boss in America, he believes that he was not tough-minded enough.

It is interesting to note that Welch’s comments make no reference to, or acknowledgement of, any assistance or contribution from others. He is of the opinion that he and only he possessed the moral and business strength necessary to plan and implement the major strategic changes used to guide GE to greater achievements.

Dunlap, (1996), preferred soft and neutral terms such as “release”, “restructuring”, “elimination” and “cut-backs” when justifying his strategy of large scale sackings, firings, and terminations of the workforce during times of restructuring and downsizing. The arrogance of Dunlap is clear for all to see. During his tenure as CEO at Scott Paper (April 1994 to December 1995), Dunlap proudly describes his own philosophy on leadership as:

“It’s like building a wall. I don’t start with the old foundation, which is cracked and crumbling. I tear the whole thing down and start over. I rarely see any good in what came before. If it was good, they wouldn’t need me”.

(Dunlap, 1996: 169)

Bad or negative leadership is not new, bad leadership has always existed; it has been widely documented throughout history, especially in relation to rulers, tyrants, and
despots. However, it is a relatively modern development to report on instances of allegedly poor or bad business leaders. Kellerman in “Bad Leadership” suggests that:

“Bad leadership falls into two categories: bad as in ineffective and bad as in unethical. Look around and you will see that all bad leadership is bad in one, or sometimes both, of these ways”. (Kellerman 2004: 32)

In recognition of the recent spate of incidents concerning corporate leadership ethics, the degree to which toxic leadership exists in the business world is an issue that deserves thorough examination. While most literature published on business leadership behaviours and characteristics focuses on the positive aspects of good leadership, this research will limit itself to the examination of the current literature on TSDL styles.

Unfortunately, it is exceedingly difficult to accurately define and identify all instances of toxic or dysfunctional behaviours within the workplace. Each individual will have a different meaning, interpretation or experience of TSDL behaviours. However, in order for the reader to have a clear and unambiguous understanding of the subject, it is necessary to start with definitions of both terms to clarify the basis of the research. Since there are no recognised published definitions of “Toxic Leadership” or “Severe Dysfunctional Leadership”, I will define each term in its own right and then merge the pertinent points of the individual definitions to develop a definition that will serve to identify and establish the foundation of the research and to clearly represent and define the phenomena under review.
2.5. General Definitions

Toxic

The Collins English Dictionary defines toxic as:

- harmful or deadly.

Acting as or having the effect of a poison, is the definition used by Lipman-Blumen (2005: 17).

Dysfunctional

The Collins English Dictionary, defines dysfunctional as:

Any disturbance or abnormality in the function of an organ or part.

Dysfunctional - (adj.) “functioning badly or incorrectly”, (dys - means badly). By extension, we can link the definition to the operational performance of a business entity.

I am of the opinion that the two definitions of toxic in themselves do not provide a full enough explanation of the term, therefore toxicity, (see above), has also been included in an attempt to acknowledge that a measurement component is introduced into the definition to provide a more meaningful explanation of what toxic implies.
Toxicity

The degree to which a substance can harm humans or animals. By extension toxicity can describe the effects on larger and more complex groups, such as the family unit, or “society at large”, or even to a business entity.

Clegg and Bailey (2008), refer to organisational toxicity as follows:

“Organizational toxicity is the widespread, intense, energy-sapping negative emotion that disconnects people from their jobs, co-workers, and organizations..... damaging their morale and performance, both at work and outside”.3

Toxic or Dysfunctional Leadership

In her book, The Allure of Toxic Leaders, Jean Lipman-Blumen, provides her own definition and explanation of toxic leaders as follows:

“Here, we shall use “toxic leaders” as a global label for leaders who engage in numerous destructive behaviours and who exhibit certain dysfunctional personal characteristics to count as toxic, these behaviours and qualities of character must inflict some reasonably serious and enduring harm on their followers and their organisations”. (Italics added), (Lipman-Blumen, 2005: 18)

Since a satisfactory definition still did not exist for toxic or dysfunctional leadership I felt it necessary to develop a provisional definition derived from the Round One stage of the Delphi Study. With the inputs from Round Two of the Delphi Study it was further refined. The final outcome was a refinement of the provisional definition referred to in Chapter One:

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3 Forthcoming in International Encyclopaedia of Organisational Studies. No page number provided.
The intentional and persistent act of using authoritative power to deliberately and systematically disrupt the functioning of an individual or an organisation to their detriment.

This revised definition incorporates the elements of conscious acts (deliberate), and consistent acts, (systematically) to explain the calculated approach used by Toxic or Severe Dysfunctional leaders.

The definition developed for Toxic or Severe Dysfunctional Leadership was the foundation for the analysis stage of the literature review and the central theme of the subsequent research study.

Based on the above definitions, I will use the term dysfunctional to represent functioning badly as opposed to the incorrect interpretation. Incorrect can be construed as a minor deviation, whereas, badly is defined as worse or worst, indicating its degree of severity.

2.6. Leadership Objectives
Irrespective of which field of endeavour they operate in, military, government or commerce, or their level of activity or participation, leaders are expected by their followers to provide a certain array of tools, disciplines, strategies and visions which will steer the destiny of both the individual and the organisation to successful outcomes in terms of personal benefits and state or corporate rewards.

A universal and pragmatic approach to measuring leadership success is to review the key objectives linked with successful and sustainable enterprises. More often than not, these are the same objectives and strategies identified at the appointment or promotion of a CEO. The many objectives of a CEO and their organisation can be summarised into three main goals, namely, effectiveness, productivity and profitability.
In the case where a CEO being invited into a troubled enterprise, it is important to identify and acknowledge that the immediate challenge to improve productivity and profitability may have two different timeframes, one short-term objectives to ensure survival, and another one which is long-term objectives to ensure sustainability of the enterprise. Depending on the scope and the intended duration of the appointment and the instructions of the board of directors, the CEO’s actions can produce the desired benefits in the short-term, without necessarily addressing or achieving the long-term objections.

Byrne, (1999), describes how Al Dunlap during his tenure at Sunbeam, would instruct his executives to adjust or falsify revenue figures between business units to the extent that the numbers got to be so outrageous they were ridiculous. Dunlap’s main goal was to ensure that Sunbeam’s revenues and operating performances numbers were aligned with Wall Street’s short-term financial expectations.

2.6.1. Effectiveness
The Collins English Dictionary defines effectiveness as:

Productive of or capable of producing a result.

Bennis (1990) identified four themes of empowerment which if encouraged and allowed to develop and operate within an organisation will greatly contribute to the overall effectiveness of the processes and systems entrenched within the organisation. The four themes individually and collectively contribute to overall effective leadership:
- People feel they are making a difference.
- People regard learning and competence as important.
- People feel they are part of a community or family.
- People believe their work is exciting.

By empowering its members, the organisation benefits from increased effectiveness throughout the organization. It is not surprising that the initiatives Bennis suggests are people related and not process or systems related. He clearly identifies the importance of people, as they are the main drivers of efficiency.

Bennis’s themes presume organisations and leaders are proactive and genuine in their approach to building relationships with employees. Those employees are encouraged to participate in the decision making process and take ownership of their position within the organisation. The supposition is that empowered staff is productive staff, which in turn leads to a more effective and efficient workforce.

The concept of being genuine and willing to share the decision making process with others may be alien to toxic or severely dysfunctional leaders. Equally true is the proposition of them willingly sharing information or power with their subordinates. This situation would be contrary to the perceived profile of a toxic or severely dysfunctional leader.

2.6.2. Productivity
The Collins English Dictionary defines productivity as: **yielding favourable or effective results.** Productivity is further defined by Robbins, Bergman, Stagg and Coutter, (2003: 465) as:
“…the overall output of goods or services produced, divided by the inputs needed to generate that output”.

Productivity is a key performance indicator for most if not all organisations and business leaders. It is one of the primary measurements by which they are judged, evaluated and rewarded. A leader’s ability to motivate the workforce to increase productivity is synonymous with positive leadership. Lussier and Achua (2004) cite a report giving instances of 50% improvements in attendance and above-standard productivity and efficiency levels.

“…positive reinforcement is a true motivator because it creates a win-win situation by meeting the needs of the employee as well as the manager and organisation”.

(Lussier and Achua, 2004: 89)

2.6.3. Profitability
Peirson, Brown, Easton and Howard (2003, pg. 850) define profitability as:

“…profitability (ratios) is to measure the effectiveness of management in using a company’s resources to generate returns for shareholders”.

Profit and profitability is normally measured as growth in dollar terms, but we have to be careful with this general view. Profitability also has to be measured in terms of its overall benefits, and wealth creation capabilities. Therefore any meaningful definition of profit or profitability is only relevant when linked to a specific timeframe and where the values of the ingredients used to generate the profit are part of the equation.

Although the above definition lacks the timeframe element normally associated with the concept of organisational profitability, what it does clearly identify is the primary
need for management, (i.e. senior leaders), to focus on activities that create beneficial outcomes for the organisation, not the individual.

It is not uncommon for organisations to declare results that give the impression of profitability, which when analysed are found to be misleading. Results may be inflated with asset disposals, internal stock or cash transfers. Obviously such misrepresentations are there to intentionally falsify the financial standing of the organisation to its stakeholders.

The most prominent and still recent example of such a case was the Enron Corp. The leaders created the most premeditated and destructive manipulation of data to deliberately paint a picture of a successful company that was unique in its use of innovative and aggressive tactics to develop a business model which continued to generate levels of wealth for its shareholders, especially the executive leadership. What in fact they were doing was adding future profit projections to their balance sheet immediately a deal was closed, should have raised the warning flags, Cruver, (2002).

To the multitude of analysts following and promoting the virtues of the Enron business model, Enron’s senior executives could do no wrong. The most obnoxious tactic of the Enron leadership was the constant showmanship of the executives, especially the CEO and CFO, when recommending to its own employees to continue investing their life savings with the company, as the company was imploding, Lipman-Blumen (2005). The deceptiveness of senior Enron executives is typical of the behaviours of toxic leadership.
Hill (2004) puts the effects of poor leadership into a perspective which relates to the bottom-line productivity of the organisation. Hill provides the example where assuming an organisation operates at a 10% profit margin, all misappropriated or overstated revenues requires the organisation to generate additional sales revenue 10 times the amount misappropriated or overstated.

Not only do such actions highlight failures in the organisation's corporate governance process, it also puts undue pressures on the organisation to recoup the lost revenues and places the organisation at a strategic disadvantage to its competitors in the marketplace.

2.6.4. Conclusion to the Leadership Section
Traditionally, leaders and their leadership styles are generally evaluated and measured in terms of long-lasting benefits or strategic restructuring of the organisation for the long-term good of the organisation and all of its stakeholders. In basic terms, the workforce and the general public make judgements on whether their efforts were good or bad for the organisation. Were objectives achieved? Did the leader run an effective or ineffective operation, and ultimately was the operation productive and profitable.

Irrespective of the measurements used to assess leadership abilities, it is important to accept that senior leaders are expected to function in good faith to plan, implement, act, direct and motivate in alignment with the organisation short, medium and long-term strategic objectives.

Jeff Goldratt (1996), in “The Goal” accurately combines the expectations of the organisation with leadership objectives as follows: An organisation is a function of
three areas – Business Development (Making money), Business Sustenance (Providing Return on Investment) and Business Continuance (Sustainable revenue model).

In the following section, the review will explore the chronological development of the more important leadership theory classifications as they grew in popularity within the realms of academic teaching and their subsequent introduction into the business sector.

2.7. Timeframe of Leadership Classifications
Many authors have derived their own start and finish dates to identify the popular lifespan of particular leadership theories. The timeline used in Figure 10 is a composite of those reviewed and merely acts as an indicator to show the chronological era’s when each of the theories were most prominent.

Figure 10  Timeline of Leadership Theories

E. Leet 2010 (Developed for this thesis)
2.7.1. Historical Classifications of Leadership Theories (Pre 1930)
As previously stated, the foundation for some leadership writings is based on the exploits of warrior kings, emperors, generals and popes. No matter how much modern business leaders would like the opportunity to confront their competitors face to face on the battlefield, they cannot physically attack, destroy, pillage, subjugate or exile their competitors. The closest they can come to reproducing the exploits of warrior politicians or military leaders is to embark on a program of hostile takeover strategies aimed at strengthening their position in the business world.

Although we can acknowledge that modern management and leadership theories have evolved from past examples of military engagements and political manipulations, this does not necessarily equate to relevance today. Historical writings based on folklore, third party accounts and recollections by contemporary’s may be thought provoking but have little relevance to modern leadership theories and practices.

Is the context of historical writings relevant today, can we consciously and seriously allow leaders to administer large and powerful organisations that face the dilemmas associated with multinational trade and globalization on the unrealistic and impracticable use of century’s old strategies and tactics? Such writings may be a welcome escape from the pressures of running a modern business, and that may be all they should be, an escape to more simplistic times, not as a roadmap to resolve complex modern business / commercial issues.

De Dreu and Weingart, 2003, report that conflict resulting from dysfunctional behaviours by organisations and individuals has the effect of reducing individual
member satisfaction and overall team performance. It is the negative consequences of such actions that this dissertation will address. The question this research will ask is: “The impact Potential Toxic or Severe Dysfunctional Leadership" has on the effectiveness of an organisation: Are profitability and / or productivity adversely affected by their actions and influences?

2.7.2. Modern Leadership Theory Development
Prior to embarking on any research in the field of leadership, it is necessary to identify and understand the major leadership theories and how they developed, and what if any relevance they have with the modern, ever-changing global business world that most leaders have to operate in today and in the near future.

Leadership theory has re-engineered itself periodically throughout history. McGill and Slocum, (1998), make it clear that there is no guarantee that what works successfully for one organisation at a particular point in time with specific resources will also work for another organisation at a future time with a different set of resources.

The foundations of modern management are to a large degree found in the past (Hodgetts, 1982), from the early 1900's, there have been many attempts at classifying leadership styles and theories.

The dates and time spans provided in Figure 11 are approximates, they are indicative rather than exact, and are merely to indicate the general chronological periods in which the theory was popular.
2.7.2.1. Importance of Leadership
As a result of increased legislative control and stakeholder scrutiny, it is possible that the next step in leadership development will be focused on the ability of organisations to develop senior business leaders who can run their organisations in such a manner that they will comply with the highest levels of forensic investigation whilst still meeting their corporate objectives. This will only be achievable if the individuals and the organisations are pro-active in identifying all areas which presently hinder the optimum use of all resources under their command. In the competitive business environment in Western Australia, a severe labour and skills shortages has been highlighted as a major threat to the growth of certain organisations and industries within the region. Therefore it is imperative that
organisations do everything within their power to retain and develop their full complement of staff members.

By acknowledging the critical importance of an organisation’s dependence on its ability to retain competent and capable staff at all levels, (Heneman and Judge 2003) throughout the organisation it is therefore vital that the organisation retain key staff. Unwanted and unnecessary staff losses attributable to the consequences of toxic or severe dysfunctional leadership behaviours are not in the organisation’s best interest and should be avoided where possible. Kotter (1996) reports that an ever-increasing number of organisations are realising that they have within the organisation, untapped resources which can be utilised to increase organisational performance. Therefore it is not surprising that almost all management and leadership literature acknowledges the leadership challenges of effectively managing staff. Kouzes and Posner (1995), consider a leader’s ability to develop people who can adapt, prosper and grow, more significant than developing the bottom line.

It is usual practice to appoint leaders from positions of strength, i.e. they have exhibited proved competency and expertise in a specific subject or skill. As one progresses up the corporate ladder, additional skills challenges are encountered with subsequent understanding and knowledge progressively required. They may require training in special skills that the individual lacks such as negotiation skills or conflict resolution. They will require skills such as, communication, listening, managing, and leading, situations that they may not have had to address in previous positions. To overcome certain skills deficiencies, organisations have resorted to individual counselling of those in need of this type of support.
The popularity of coaching and mentoring counselling programs to develop and hone the non-technical or soft-skills is evident in current business literature. This service has become so vital to organisations that a proliferation of independent consultants dedicated to specific niche areas of leadership training have appeared that organisations can now outsource this area of leadership development to independents that do not have any direct involvement with the organisation. They observe, listen, and offer advice that will assist the individual in developing their own solutions to address the situation on hand, to the benefit and satisfaction of all parties concerned.

It is generally accepted that the faster and smoother the transition of integrating individuals into new roles, bring benefits of higher executive effectiveness. Improved communications and morale, improved job satisfaction, and retention levels within the organisation, may also result.

Many authors in recent leadership literature group the above individual theories into the following four main ‘schools’ of theory, as shown in Figure 12.

Figure 12   Time Line of Leadership Classifications

![Time Line of Leadership Classifications](image)

E. Leet 2010 (Developed for this thesis)
2.7.3. Leadership Theory Classifications

It is not the intention of this introduction or the full dissertation to explore or explain the following groups in detail, merely to provide an overview of their operation and methodology.

As correct and concise as these theories appear, they do not address any aspects of leadership dysfunction. Each of the four major classifications in their own way focuses on the desirable or requisite positive leadership characteristics and/or technical competencies of a leader. Each classification will be briefly analysed for its capacity or potential to identify toxic or dysfunctional leadership behaviours in a leader or within an organisation.

2.7.3.1. Trait Theories

The trait approach to leadership was a result of assumptions and observations that individuals have certain inbuilt characteristics that directly contribute to, or provide the necessary skills associated with being an effective leader. The use of Trait theory combined with an individual’s characteristics measurement was sufficient to provide professional analysts with a profile of the subject (Winston and Patterson, 2005). The selection process of candidates through the measurement and analysis approach was central in providing organisations with people that met the criteria, but with no guarantee that they would be the right person with the person-organisational fit relationship also expected by the organisation.

Social traits, physical traits, and personal characteristics were the desirable ingredients used as indicators to identify potential leadership candidates. The presumption was that what a person “is” will translate into what they can “do”. Fiedler and Chemers (1974), in “Leadership and Effective Management” support the
popular belief that individual actions were instrumental in the selection of individuals becoming leaders.

The range of social and personality traits which researchers attempted to identify and measure was typically non-business or operational related attributes, such as, diplomacy, popularity, and intelligence. Characteristics not unlike the view commonly held of the upper-middle-class graduates and academic staff of the English public school environment of the 1940 – 1970 eras. Pupils of the more prestigious institutions were expected to be of the right stuff, have character and breeding, and were traditionally appointed to high positions in academia, government and military via the old-school tie mentality.

The result was a highly efficient, effective, and established network, which assured that only individuals who would adhere to traditions, established attitudes and values was embraced by the organisations existing senior executives. In effect, what leaders were looking for were individuals that were literally clones of themselves. It was a process of repeating cycles of favouritism. Beneficiaries of sponsorship or preferential assistance in securing entry into a suitable career would rise to a position of power where they could provide similar services, benefits, and opportunities for others in later life. By perpetuating the process, the old-boys network created an in-group of elite leaders in powerful positions across all aspects of society.

Clearly the primitive and unsophisticated selection process criterion of the traits theories was inadequate to filter out individuals with dysfunctional leadership behaviour tendencies. On the contrary, it allowed individuals who apparently complied with societies pre-conceived assumptions of the characteristics which
constituted leadership material to have preferential selection into leadership positions usually irrespective of their competency.

2.7.3.2. Behavioural Theories

The condition soon arose where researchers were constantly identifying more and more traits as each new study was completed. It was becoming more difficult for researchers and analysts to identify, measure and differentiate between what was an important and a not so important trait, therefore the validity of the measurements were being questioned. In order to alleviate the confusion that was developing, researchers had to develop new methodologies and theories that would give a more accurate and consistent assessment in the identification of more relevant and desired leadership skills.

The focus soon switched from traits to behaviours, behaviour patterns based on how individual leaders behaved in their relationships with others in the course of managing their business. The emphasis had changed from identifying particular traits that leader possessed, to one of identifying various styles of leadership necessary to achieve successful completion of business tasks. The two most prominent proponents of behaviour focused research being McGregor’s “Theory X” and “Theory Y” Managers (1960), and Blake and Mouton’s Managerial Grid (1964 and 1978).

According the McGregor, Blake and Mouton, behaviour patterns were a more appropriate set of parameters to indicate potential leaders through their ability to manage / handle others in various business and social situations.

When plotted on a Managerial Grid, a leader’s behaviour with respect to production / tasks and employees / people is categorised into one of five pre-determined
leadership style. Each quadrant of the grid and the central zone of the full grid represent a certain management style, resulting in five possible outcomes, namely Impoverished Manager, Authority or Task Manager, Organisational or Middle-of-the-Road Manager, Team Manager, and Country Club Manager. Refer to Figure 13 for example of the above management styles as categorised in Managerial Grid developed by Blake and Mouton.

Figure 13  Blake and Mouton’s Managerial Grid

Source:  Blake and Mouton (1985)

Though behavioural theorists were more scientific in their approach to leadership than the traits theorists, their objective appears to be one of identifying motivational skills necessary to manage others to achieve successful completion of business tasks.

It could be construed that the closest behavioural theory got to identifying toxic or dysfunctional leadership behaviours was to categorise the interaction of leaders as those who had to deal with:
• McGregor’s theory “X” type were generally labelled as lazy, needs constant direction, and avoids responsibility. Theory “X” managers and leaders were allowed and encouraged to adopt a tightly controlled authoritarian style of management on employees. Such task and results driven managers would be excused with what may now be considered toxic or dysfunctional behaviours in the pursuit of successful completion of tasks.

• Blake and Mouton’s Managerial Grid identifies five leadership categories based on a leaders / managers level of competency and concern in dealing with tasks and people. Only two types are of interest to this research, namely the “Impoverished” and the “Authority – Obedience” classifications.
  o Impoverished managers do the minimum to survive. Their level of competency is low, they avoid taking responsibility, they are poor managers of people and tasks, therefore in certain circumstances, their actions could be conceived a frustrating and / or dysfunctional.
  o The Authority – Obedience classification predominantly focuses on the production / task aspect of leadership and management. Leaders who are strict taskmaster’s intent on successfully completing tasks may resort to disciplinary tactics and heavy-handed methods does not necessarily equate to toxic or dysfunctional behaviour.

Neither McGregor’s or Blake and Mouton’s examples can be considered as having addressed or even acknowledge the issue of toxic or dysfunctional behaviour in leaders / subordinate relationships.
2.7.3.3. **Situational and Contingency Theories**

The argument against the traits and behaviour models is that they did not allow for the intervention of situational factors that could have a changing and / or detrimental impact on the outcome on the decision-making process.

After 40 years of studying leadership and organisational theories, Fiedler (1967) postulates that leaders and managers irrespective of their observed traits and behaviours have to continually realign their leadership style to take cognisance of the prevailing social, commercial, organisational, and environmental conditions in which they function.

Since leaders have no magic formulas for decision-making, each decision becomes contingent on internal and external constraints and factors that could have an influencing impact on the decision. Consequently, there will be times when certain decisions may have to change due to situational change. A leader needs to have the capacity to adapt his / her style to suit the occasion, or a sequence of developing events.

The other major proponents of situational and contingency based leadership theory were Hersey and Blanchard (1977), with their Model of Leadership. This model combines the leader’s style and willingness to develop the subordinate to increasingly higher levels of competency to fulfil the objectives set by the leader and / or the organisation. The leader adopts a style that is complimentary to and supportive of the level of experience of the subordinate and the challenge of the task (Bolden, Gosling, Marturano and Dennison, 2003).
The Model of Leadership identifies four stages that the leader and the subordinate traverse in the journey from total dominance by the leader, to one of total acceptance of the subordinate’s competence to perform as an equal partner. The final and ultimate objective being where the subordinate is deemed competent and capable of independent problem-solving and decision-making in the best interest of the organisation. The four stages represent the balance of power and experience between the leader and the subordinate.

**Figure 14  Model of Leadership**

![Diagram of the Model of Leadership](source: Hersey and Blanchard (1997))

It is evident from Figure 14, that as the subordinate passes through the four stages, the sequence of competence building tasks and skills development initiatives is a progressive process whereby there is a change-over from the leader being the dominant party supplying both the direction and guidance, to one where the subordinate possesses the competence and commitment to be allowed to manage the assigned tasks with the minimum of input from the leader.
The model is such that the more difficult the task and inexperienced the subordinate is in dealing with the task, the more the leader has to be involved. In this scenario, the leader would define the task goals and the subordinate’s role, in addition to providing detailed instruction to the subordinate on how the task should be done. In effect, the leader adopts a supervisory role throughout the duration of the task until the task is successfully accomplished.

It is evident from the theory and the model that as the leader and the subordinate progress through the model’s various stages, the leader’s style has gone from one of direct involvement, to one where the leader is only providing a supporting role. This role change is a clear example of the leader adapting their leadership styles and behaviours to meet the level of experience, (or more specifically, inexperience), and level of security of the follower (Bolden, et al, 2003).

Situational theories or contingency theories are fundamentally adaptive and facilitating approaches to leadership. They rely on and expect leaders to willingly adapt their management style and behaviours to suit the prevailing conditions and constraints imposed on them and their subordinates.

Neither the situational nor the contingency approaches can be considered as having addressed or even acknowledge the issue of toxic or dysfunctional behaviour in leaders / subordinate relationships.

2.7.3.4. Transactional and Transformational Theories
In more recent times, the Transactional and Transformational leadership theories have been promoted as two of the most prominent leadership styles used to direct or persuade followers / subordinates to deliver objectives through the use of one or the
other of the two theories. The theories operate on the principle that subordinates can be motivated to deliver in exchange for rewards or penalties or through the follower’s willingness to adopt the leader’s vision and overcome the challenge necessary to ensure success.

Effective leaders were those that had the ability to gauge the situation and use technique considered most appropriate for the occasion / situation in hand.

**Transactional Leadership** is the negotiation of day-to-day tasks, focusing on interaction with followers in the conduct of achieving organisational goals. An agreed exchange of resources between the two parties in order to produce a settlement, (Kempster, 2004: PowerPoint slide 10), “I will give you this, if you do that for me” an action and reward process conducted under a negotiated agreement between both parties.

The main use of the transaction approach is in managerial and operational situations. The parties involved in transactional agreements do not have to develop any personal relationships to operate under this accord. They only have to agree on the terms and conditions of the treaty and on completion of the activities, management honours the terms of the contract.

**Transformational Leadership** focuses on developing a common commitment to organisational development and goal achievement. This is achieved through changing follower behaviours to align with that of the leader / organisation through the generating of a common commitment or bond between both parties in terms of vision, loyalty and trust, (Kempster, 2004).
When used, the transformational approach relies more on the relationship between the parties than the actual task to be undertaken, especially when proposing changes within the organisation that may affect the followers/subordinates. The transformational approach is used to develop a shared vision, loyalty, and trust between leaders and followers, thereby building and strengthening relationships between the different groups within the organisation. Ultimately, the leader’s actions must take cognisance of the consideration and concerns of others, (Bass, 1985).

As the transformational approach relies on a positive and mutually respective relationship between the parties it is the preferred approach when leaders are introducing changes that requires followers to have a measure of confidence in the leader’s own competence and ability to achieve the stated objectives. Allan, (2002) concludes that it is even more important for organisations to have leaders who can bring followers into a future they have not yet imagined.

All of the theories identified above, trait theories, behavioural theories, situational and contingency theories, transactional and transformational theories are models that provide leaders with the necessary skills associated with being an effective leader. Effective leaders evaluate the situation and use the best appropriate management style to manage their staff into achieving the most possible solution to a problem or challenge.

An effective leader is one who is deemed to be both competent in conduct and in performance. Crawshaw (2007, pg. 23) classifies the two competencies as interpersonal competence and technical competence respectively and that the best leaders are those who have both virtues.
But once again, as with the previous theories, neither the transactional theory nor the transformational theory addresses the issue of toxic or dysfunctional behaviour in leaders/subordinate relationships. Although an argument could be made that the transactional approach due to its reliance on reward or punishment could in the control of a toxic or dysfunctional leader could be used to establish or advance the leader's power base for their own benefits at the expense of the organisation.

2.7.3.5. **Toxic or Severe Dysfunctional Leadership**

Severe dysfunctional behaviour can therefore be considered dysfunctional behaviour taken to an above normal or extreme level of severity, magnitude or occurrences.

As indicated in Figure 12, a question which should be asked is what is likely to become the next style of leadership to become the preferred formula for a successful organisation to combat the possibility of leaders adopting or developing toxic or severe dysfunctional leaders. Leader’s with behaviours contrary and detrimental to an organisation's vision and policies.

2.7.4. **Leadership Types**

Psychologist Kurt Lewin (1890 - 1947), identified three types of leaders and their styles in dealing with others in the decision making process. The three categories are: Autocratic, Democratic and Laissez-Faire.

The **autocratic leader** creates a rigid environment that hinders creativity and leads to dysfunctional decision making within the group. In group situations, **democratic** leaders allow decisions to be made based on the consensus of the group resulting in higher quality decisions being generated. The **laissez-faire** approach is to let everyone in the group make their own decisions, this is the most unproductive and
ineffective method of leadership and in a highly competitive modern business world is to be avoided at all cost.

Another theory developed by Lewin is associated with the leader’s ability to influence and implement changes within a group or enterprise. Daniels (2003) explains the mechanisms of the theory as follows, (refer to Figure 15):

In the “unfreezing, moving to a new level, and refreezing” formula, Lewin recognised the role of habit in our thoughts and actions.

- Phase 1 - “Unfreezing” involves finding a method of making it possible for people to let go of an old pattern that was counterproductive in some way.
- Phase 2 - “Moving to a new level” involves a process of change in thoughts, feelings behaviours, or in all three that is in some way more liberating or more productive.
- Phase 3 – “Refreezing” is establishing the change as a new habit, so that it now becomes the “standard operating procedure”. Without some process of refreezing, it is easy to backslide into the old ways.

Figure 15  Lewin’s Force Field Analysis Model

![Lewin's Force Field Analysis Model](image)

As can be interpreted from the above model, in order for the level of performance within an organisation to be raised from its current performance level to a higher performance level, it is necessary to apply a larger driving force to overcome the current restraining force. Within the organisation, its leaders are the ones charged with the responsibility of providing the required driving force.

I suggest that a leader’s ability to provide the correct and ethical environment capable of supporting the necessary changes can be influenced by their own unique set of leadership characteristics. A positive and trusted leader is more likely to achieve the desired results than a leader who is in conflict with those responsible for implementing the changes.

2.7.5. Leadership Theories (1930 - 1950)
The period spanning 1930 to 1950 was based on trait focused theories of leadership as advanced by the “Great-Man Theory” developed by Thomas Carlyle (1843). This resulted in the development of Trait Theories of Leadership and Lewin’s Theories to name but a few.

Jay (1987) supplies an explanation and example of the great-man theory as practised by many British political and commercial enterprises. Established as an outcome of the impact the long list of military and commercial successes the “British Empire” had on the rest of the world. It fostered a belief that the educational process through which its leaders emerged was the key to their success. A vast empire covering half of the world map who’s political and business interests were ruled and administered by a cadre of well educated individuals from a central location, the city of London. Almost all of the senior leaders, political, military, religious and commercial, were exclusively from the nobility and upper-class families of Britain and its overseas
possessions. In addition to being part of the aristocracy, to be considered suitable for high positions, one had to have “attended” but not necessarily “graduated” from the “right school”. Graduates of the class system had the confidence and belief in their ability to lead others and made decisions in the heat of battle or in times of crisis. This approach implied that by being from the right family and attending the right school guaranteed that the individuals had leadership ability, i.e. they were born into success, and it was taken without exemption that they would inherit positions of power and authority.

Considered the most important, as well as possibly the most prominent and well published leadership theory of this period was developed by Douglas McGregor (1960). His theory “X” and theory “Y” assumptions draws a distinction between how best to motivate two different groups within the workplace environment. Theory “X” identifying those of a negative attitude disposition and theory “Y” identifying a positive attitude disposition to worker / organisation relationships as believed by leaders and managers of the time, Robbins (1984), Gordon, Mondy, Sharpin and Premeaux (1990). Theory “X” employee attitudes was judged as:

- Dislike work and will avoid it where possible
- Require close supervision and regular control in order to ensure work is done
- Requires direct instructions
- Require coercing to achieve desired goals
- They will shirk responsibility
- They display little ambition
- Are resistant to change
- Only interested in rewards
Theory “Y” employee attitudes were judged as:

- Likes to work, treats it as a natural expectation of management.
- Accepts and seeks position of responsibility
- Can be self directed and required minimum intervention
- Is creative in decision making
- Committed to achieving objectives and obtaining rewards for accomplishment

McGregor’s observations identify the significance for leaders and managers to accurately identify and understand the profile of individuals and groups in order for the leaders and managers to adopt the appropriate motivational strategy designed to maximise organisational performance through efficient use of available human resources.

Some other theories and models which could be discussed are Fielders Leadership Contingency model, Blake and Mouton’s Management Grid, and the Ohio State and Michigan Studies.

2.7.7. Leadership Theories (1970 - 1990)

Two main developments in leadership theories were associated with this period; Situational and Contingency Theories, and Transactional and Transformational theories. Each will be covered in section 2.8.

2.7.8. Leadership Theories (1990 - 2005)

Although Burn’s (1978) transformational leadership theory was developed in the 1970’s, it reached its popularity in the 1990’s. Transformational leadership theories
dominated this period. Transformational theory, and its predecessor, transactional theory will be reviewed later in this chapter, (refer to section 2.8.4)

2.7.9. **Conclusion to the Leadership Classification Section**
The great-man classification relied on an inflexible approach to dealing with situations. It was based on an inflexible process, and those in power were unable to adapt to the fast developing times they were operating in. The great-man theory was too simplistic; it takes no cognisance of the environment in which the individual has to function. This was probably the most important factor for leadership theory advancing to the next level where the traits of leaders and how they influenced decision making was developed.

In this section the review will explore the development of the more popular researched leadership theories since the early 1900’s to the present. Ranging from the single statesman type leadership focused theories to the more modern theories promoting closer relationships between the leaders and followers.

Early leadership “war” theories such as Sun Tzu, Machiavelli and others, did little to promote the concept of leadership as a joint venture. The followers of the proponents war theories have little or no involvement of the decision making process. They were expected to follow instruction without question, on fear of punishment or death if they objected, or failed to carry out the leader’s commands exactly to the standards demanded by the leader.

The history of leadership theory shows that what is acceptable practice today will evolve to meet the commercial and social demands of tomorrow. In my opinion, the most obvious area where leadership theory needs to advance is in the field of moral and ethical behaviours.
2.8. **Writings on Leadership Theories**

The breadth and depth of all leadership literature published to date is too great to review in the time frame the researcher has allocated to the literature review portion of this research. Therefore this review will be limited to the following well known and popular writings on Contingency Theories, Path-Goal Theory, and Transactional and Transformational Leadership Theories. The models associated with the above theories, are; Fiedler’s **Contingency Model** (1967), House’s **Path-Goal Theory** (1971) and the **Situational Leadership Model** developed by Hershey and Blanchard (1982). Refer to Figure 16 for a diagrammatic representation of the historical stream of leadership studies.

**Figure 16**  **Historical Streams of the Study of Leadership**

![Diagram of historical streams of leadership studies](source: Shirakashi (1996), Koshien University from Fiedler and Garcia (1987))

2.8.1. **Contingency Theory**

What the various contingency theories have in common is the premise that the leader is expected to moderate their own managerial style and personal behaviours to take cognisance of the situation, and equally important, cognisance of the subordinates situation, (skills, experience, and ability), and expectations to create an environment
where effective leadership / follower relationships can develop. Leaders have to be constantly aware that no one theory covers all situations all of the time. As situations and followers change, so may the leaders approach change to ensure that the outcomes of their decisions and the subordinate’s actions combine to produce effective leadership and outcomes. Refer to figure 17 for details of Fielder’s Leadership Contingency Model.

Figure 17 Fiedler’s Leadership Contingency Model

Source: Bateman and Snell (2002)

The Fiedler Leadership Contingency Model has several important implications for leaders:

- Leaders must know their own distinctive leadership style and take cognisance of the prevailing situation.
- When necessary, leaders should focus on either changing the situation or changing their leadership style.
- When a working relationship with followers is achieved, leaders do not have to resort to using power tactics to achieve desired results.
- When applicable, leaders can support followers by providing training and guidance.
Ultimately a leader's behaviour is only acceptable to subordinates insofar as it is seen as a means to an end that addresses the subordinate’s short-term or long-term expectations. Central to contingency leadership theories is the assumption of the leader’s willingness to adapt. This immediately signals a warning for organisations where toxic or severely dysfunctional leaders operate. This reliance on the leader to evaluate the situation and engage the most suitable leadership style immediately identifies the dichotomy between this traditional leadership style and the behaviours of toxic or severe dysfunctional leaders.

2.8.2. Path-Goal Theory
To explain the disconnect that exists between conventional leadership theories and the toxic or dysfunctional leader; I will use House’s (1971) Path-Goal Theory as a benchmark for evaluation purposes. House’s own explanation of the theory is:

“…leaders, to be effective, engage in behaviours that complement subordinates environments and abilities in a manner that compensates for deficiencies and is instrumental to subordinate satisfaction and individual and work unit performance”. (House, 1996: 323)

The Path-Goal model, (refer to Figure 18), recognises that a leader has access to four different leadership styles which they can apply to the development and implementation of organisational tasks and performances to maximise both performance and satisfaction, (Lussier and Achua, 2004). The four styles have been identified as, directive, supportive, participative and achievement-orientated.
House, in the Path-Goal theory, put forward that the motivation, efforts and effectiveness of individuals and groups can be increased through the involvement of the leaders by means of the following actions / strategies:

- Linking rewards to achieved performance goals
- Removing barriers and hindering progress
- Providing clear instruction and objectives

In the Path-Goal approach leaders are obliged to guide followers on the most appropriate path predetermined by the leaders due to his / her superior knowledge of the situational conditions and constraints of the goal or challenges to be undertaken by the follower.
As House’s diagram suggests, the effectiveness of the eventual outcomes is contingent on the inputs of the leader, the subordinate and the environment in which they both operate. Clearly the leader’s role is the driving factor, and their contribution if genuine, will have a direct bearing on the outcome. Eberman, Ahranson and Catano (2002) confirm that the leader role is to evaluate the situation and the follower’s characteristics before adopting the appropriate leadership style to accomplish the path-goal on-hand, Yukl quotes House as follows:

“The motivational function of the leader consists of increasing personal payoffs to subordinates for work-goal attainment and making the path to these payoffs easier to travel by clarifying it, reducing roadblocks and pitfalls, and increasing the opportunities for personal satisfaction en route”. (House, 1971: 324)

It appears from Yukl’s assessment that path-goal theory can be considered as an extension or advancement on Burn’s (1978) transactional theory that fits in-between the recognised transactional and transformational theory models, refer to Figure 19. Path-goal leaders are therefore considered capable of removing or minimising barriers that have the potential to reduce the subordinate’s ability to complete the task in hand.
The modus operandi of toxic or severely dysfunctional leaders is that they tend not to consider the requirements of others, especially the expectations of the individuals who are responsible for the success of the task-goal. The four behaviours that typically characterise those who adopt a path-goal approach to leadership, are certainly not those you would expect from a toxic or severely dysfunctional leader.

- Directive and clarifying
- Supportive
- Participative, and
- Achievement

House in 1977 recognised that his path-goal theory was the catalyst for the development of Charismatic Leadership theory. Thus confirming a statement by Hebb in 1969:

“A good theory is one that holds together long enough to get you to a better theory”. (Hebb, 1969: 27)
Or paraphrasing House, viewing path-goal theory in a historical context merely reminds us that theories of the day reflect other theories of the day.

2.8.3. Situational Theories
It should be noted that situational theory fails to answer the question of how one is educated to use “situations” as a tool in formulating leadership responses or strategies. This approach is nothing less than indoctrination or training to ensure that the participants react in a prescribed manner to a set of previously experienced conditions. An approach which is better suited to the operational decision making process of management than it is to the strategic decision making skills expected of today’s senior executive leadership.

Hersey and Blanchard’s (1977) Leadership Model theory and House’s (1971) Path-Goal theory have previously been covered and need not be expanded in terms of literature review.

2.8.4. Transactional and Transformational Theories
The basic concepts of transactional and Transformational leadership theories have already been covered in detail and need not be expanded in terms of literature review. Although Burns (1978) reported on the theory of transactional and transformational leadership in 1978, the popularity of transformational leadership continued into the 1990 → 2005 timeframe. In fact it can be argued that due to the universal acknowledgement of the advantages of the benefits attributed to transformational leadership that it is highly unlikely that any future leadership models will evolve which do not have a foundation in the practices where leaders
raise followers to a higher level of performance and commitment through mutual respect and purpose.

Bass (1985) provides the following examples in order to clearly differentiate between the two approaches:

- Transactional leaders provide rewards when merited, encourages individual self-interest and attempts to align self-interest with the organisational goals.
- “Transactional leaders employ exchange relationships strategies between followers and leaders based on using concessions, negotiations and accommodations to persuade followers to deliver required objectives.
- Transformational leadership is really an expansion of transactional leadership that simply goes beyond simple exchanges and agreements.
- Transformational leaders are proactive leaders that raise the awareness of the followers about inspiration, collective interests and seek to help followers to achieve unusually high achievements and performance for both themselves and the organisation.

Although transactional and transformational leadership theories are traditionally grouped together I will concentrate on the transformational model for this review.

2.8.4.1. Transactional Leadership Theory

Transactional theory is traditionally based on an exchange and rewards framework. An employee is rewarded on an agreed contract basis to receive a fixed value for a declared amount of work to be done. The more the employee achieved, i.e., then higher the performance achieved, then the higher the rewards will be. As the transactional approach is more commonly associated with short-term operational and individual objectives, it will not be included in this review.
2.8.4.2. Transformational Leadership Theory
As indicated previously in this review, transactional theory is synonymous with short-term objectives, it is reasonable to suggest that transformational theory is equivalent with developing medium to long-term organisational strategic objectives and outcomes, as well as medium to long-term objectives of the individuals involved in implementing the plans and actions.

Burns (1978) acknowledges the fundamental benefit of transformational leadership as being the mutual elevation of both parties. This is especially true in circumstances where the organisation has identified strategies that require drastic changes considered of fundamental importance to the organisation.

Conger (1999: 147), supplied an example of a change scenario that would have a better chance of success if a transformational approach was used to present the case for the changes to the general workforce.

“In the midst of their change efforts, companies resorted to extensive downsizing as well as to new organisational arrangements such as flatter hierarchies and strategic business units. While often improving bottom-line performance, these initiatives took their toll on worker satisfaction and empowerment. In the process, the old social contract of long-term employment in return for employee loyalty was broken”.

For many companies, the challenge became a question of how to orchestrate transformational change while simultaneously building or maintaining employee morale and commitment, a difficult endeavour for most leaders at the best of times. In the view of Conger, these events had a direct impact on the quality of leadership.
It focused attention on to the senior leadership in the belief that they possessed the power to effectively implement significant organisational change even under adverse conditions.

Burns (1978) also argued that it was possible to distinguish between transactional and transforming leaders. Burns’s belief may be evident to academics, but I would put forward that to non-academics, i.e. the general workforce, that there is no clear delineation or obvious differences between the two different styles. Nor is their general understanding that both leadership styles can be influenced by the moral or ethical principles of individuals. Indeed, Bass (1985), concurs with this understanding, by recognising that transformational leadership “could be ethical or unethical”, thus confirming the potential to confuse the academically uninitiated.

Transactional leaders, ‘approach their followers with an eye to trading one thing for another, while transformational leaders seek to appeal to their followers ‘better nature and move them toward higher and more universal needs and purposes’, (Bolman and Deal, 1997: 314). In other words, the leader is seen as a change agent.

When new business plans or major change initiatives are introduced and executed properly using transformational leadership based theory and methodology, they are likely to be successful and should result in addressing the individual’s needs and the organisation objectives through the successful implementation and completion of the plan.

Bass (1985) concluded that transformational leaders in high level positions are seen as role models in their organisation and are therefore capable of influencing and encouraging followers to utilise transformational leadership practices in overseeing their own group of followers.
A common stated characteristic attributed to transformational leadership is charisma. However, it is important to acknowledge that charisma does not reside solely in the leader. Charisma or charismatic individuals are a product of the union of a leader and their followers, (Klein and House, 1995).

If this upwards level of transferability of transformational skills from the leader to their followers is possible, then it is also reasonable to propose that the opposite is also possible. Namely, leaders who rely on dysfunctional behaviours to intimidate or dominate followers will most probably breed a new level of dysfunctional individuals at lower levels within the organisation and society.

From the literature review on transactional and transformational leadership theories, and the growing amount of empirical data collected, it is reasonable to suggest that transformational leadership has surpassed transactional as the preferred method for leaders dealing with followers in today’s fast developing business climate.

2.8.5. Toxic Leadership
Probably one of the most controversial issues arising from accepted definitions of transformational leadership is the contention that even evil leaders could be considered as effective leaders, i.e., Hitler and Stalin. This extreme view acknowledges the possibility that acceptable and conventional leadership practices can also be instrumental in developing and implementing plans and activities which have high potential for abuse, exploitation and ultimately violence to society.

2.8.6. Dysfunctional Leadership
Clarke (2005) refers to the adoption of negative reinforcement techniques to protect the individual from workplace psychopaths. The two methods are, avoidance learning and escape learning. These and other similar reactive defensive mechanisms are commonly used by organisations to prepare victims on how to mitigate or at least
minimize the negative affects they experience from their associations with toxic or severely dysfunctional leaders. Inevitably such policies and their implementation are designed to treat the symptoms rather than cure the illness. Such methods if adopted have no real or long-term value to an organisation. They neither have the capacity or intention of eliminating the practice of toxic or dysfunctional behaviours from the organisation, nor punish the culprits for adopting such practices.

2.8.7. Conclusion to the Leadership Theory Section
Interesting as the various leadership theories are, the majority of those reviewed fall into two camps. They are either preoccupied with leadership as a structured process or framework that can be captured in a diagram or model. Others strive to provide a framework that aligns with current or past behaviours, to aid others in obtaining an understanding of the behaviours and their subsequent outcomes. A framework or theory that if administered correctly, will encourage those involved in the process to willingly adapt their behaviours to pursue a win/win outcome where all parties benefit from the situation and the relationship. Participants hope that the new relationship will act as a catalyst leading them to a common goal and an improved leadership / followership environment.

This analysis implies that most leadership theories attempt to identify and record the various healthy and acceptable interactions between the leader and the follower in the expectation of providing an understanding of the dynamics of leadership. None of the theories reviewed takes cognisance of the impact negative leadership behaviours have on leaders / follower relationships and organisational performance.
At this point in time, there is little true research on TSDL behaviours in the business sector. There are many reports of corporate disasters and ultimate failures which have been attributed to toxic or severely dysfunctional leaders, but they are, without exception, only made public after the event has happened and the damage has been done. Such reports rely heavily on historical financial data, its implications and anecdotal information from disgruntled shareholders and other stakeholders.

I am not aware of a single leadership theory which can be used to explain the characteristics, behaviours and actions of a TSDL without reverting to examples of extremes. No theory that will act as an early indicator that TSDL behaviours are on the increase within an organisation.

With the possible exception of the transformational leadership model, (where leadership vision is an important element in the theory), the teaching of leadership theory is traditionally founded and focused on looking at past associations and not on the more relevant and current issue of investigating possible future consequences of ethical and unethical leadership behaviours and performances. TSDL does not conform to any of the reviewed theories. Their reliance of mutual respect, trust, agreement, and negotiations, does not correlate with the self-centred agenda common to all toxic or severely dysfunctional leaders.

As a consequence, disappointing outcomes arise from the leader’s inability or failure to provide the appropriate leadership style necessary to compliment, counter or manage the subordinates needs and expectations which combine to produce successful task outcomes. A leader that fails to positively influence and motivate employees by providing the best decision making model and operating environment,
also fails to provide the organisation with the best solution and opportunity to succeed.

2.9. **Leadership Relationships**
According to Keashly and Harvey (2005: 105), the relationship between leaders and followers “exists within the broader social context of an organisation and its environment”. Therefore it is surprising that the authors, and others, refer to the two parties as “actors and targets”. The popular understanding of the terms as covered in the Collins English Dictionary (1979) is:

- Actor – a person who puts on a false manner in order to deceive others
- Target – the object of an attack

It is obvious from the negative connotations of each term that they are not synonymous with the common good expected from beneficial relationships.

Leadership relationships are intended and perceived to be a means of achieving the highest levels of effectiveness, productivity, profitability, growth and sustainability of the organisation. To be successful, the relationships must be instrumental at all levels within the organisation. The three main interactions are: leader to follower, leader to peers and leader to superiors. The three relationships will be further developed in the section following.

2.9.1. **Leaders and Followers**
In conventional leadership theories, although it is assumed that leadership requires a relationship between the leaders and followers and it is generally understood and expected that the leader is the pro-active and senior partner whilst the follower(s) is labeled as the reactive and junior partner in the relationship, (Bolden et al, 2003).
This situation is rapidly changing, especially in dyadic relationships; followers are becoming more important in the leadership process, (Northouse, 2001: 158).

Machiavelli in his writings is clear in his assessment that leaders will not be successful if their only means of retaining power is through being popular. His assessment was an early attempt, (if not the first), to confirm that true leadership is ineffective and worthless if there is no relationship with followers. There will be times when the relationship is beneficial to the follower and other times when it is inflicted on the follower. The ability to discriminate between the two strategies is the measurement of the effectiveness of a leader’s skills.

In the business environment, a leader’s relationship with their followers is not and should not be a popularity contest. Indeed, whilst all leaders aspire to be popular, they are usually more focused on achieving respect, or as Machiavelli observed, being respected through fear and effectiveness without being hated. It is important that followers demonstrate total commitment to the leaders agenda irrespective of their personal opinion of him / her.

Uhl-Bien and Carsten (2007), note that how the follower chooses to respond, (actively or passively), to the leaders behaviours depends on the followers level of powerlessness, i.e., the degree by which the follower have a lack of control over the situation and control of their own destiny. When followers feel powerless to counter the leaders power it creates a sense of hopelessness creating moral distress, (Uhl-Bien and Carsten, 2007), through their lack of capacity to oppose the effects of the leaders unethical behaviours.
In *The Courageous Follower*, Chaleff (2003) suggests that the relationship between leaders and followers is interdependent, that is both parties should be equally reliant on each other, not as is generally accepted, the follower always being dependent on the leader. However, later in the book, Chaleff also suggests the scenario whereby the follower may consciously undertake to play a principle role in the relationship if the follower genuinely considers that by doing so, the follower is contributing to the development and success of the leader.

Chaleff further advocates, that under certain circumstances, (e.g. a character attack on the leader), it is conceivable that the follower when encountered by such attacks, will rise to the defense of the leader. Clearly from the above examples, there are different types of leader / follower relationships at both the professional and the emotional level.

### 2.9.2. Leaders and their Peers
The relationships that exist between senior executives and their peers can range from a highly supportive and respectful relationship to an unhelpful and emotionally confrontational relationship. It is not uncommon for individual and group relationships to subconsciously and consciously traverse between the two poles to form an endless number of permutations of strategies between the various parties. Maccoby (2000: 2) refers to Jack Welsh’s strategy of re-shaping GE’s culture by “indoctrinates into GE managers through speeches, memos, and confrontations.”

Indeed it is considered part of the responsibility of senior executives, especially in the operational environment, to question their peers on issues such as risk and threats associated with a particular situation under review. This form of challenging or
confrontation can also be productive. If managed properly, it can lead to a better understanding of issues and often results in exposing potential weaknesses, hazards and risks in proposed initiatives before they are implemented to the possible financial and commercial detriment of the organisation. Warren Bennis (1999: 18-23) in “The Leadership Advantage’ provides the following observation:

“Results-orientated leaders see themselves as catalysts. They expect to achieve a great deal, but know that they can do little without the efforts of others. They bring the zeal, resourcefulness, risk-tolerance……to every effort of the organisation”.

However, the introduction or acceptance of toxic leadership behaviours into a senior executive environment is generally recognised as being counterproductive (Lipman-Blumen, 2005). Allowing toxic behaviours to become established, nullifies the intended objective of developing productive and mutually beneficial relationships between senior executive leaders within an organisation. As a result, mutually beneficial relationships are therefore both difficult to achieve and ultimately more difficult to maintain and sustain into the future.

2.9.3. Leaders and their Superiors
The leadership dynamics between senior executives and their C-Level superiors, CEO, CFO, COO, and other board members is one of the most important relationships within an organisation. It creates the foundation for others to follow and emulate. It is the foundation on which all other relationships are built.

The specific area this research is interested in is the relationships built between the individual and those who are responsible for either bringing the individual on board,
or in promoting an incumbent within the organisation to a higher level of responsibility for the development and progress of the organisation.

It is now commonly accepted that a major responsibility of a board of directors is that of monitoring the performance of top management, (Zahra, Priem and Rasheed, 2007). Due to the pressures exerted by shareholders and legislative controls, the previous common practice of board members rubber stamping the CEO’s recommendations without proper due diligence and analysis has been replaced by a more rigorous process of investigation and monitoring of corporate decisions by the board members.

Little evidence is available to suggest that selection committees consider the previous, present or expected relationships associated with the candidate during the formal selection process of senior and executive leaders. This omission is especially true when evaluating candidates from outside the organisation who are invited by the board into the organisation. In time of crisis, candidates are selected more through an act of faith in their perceived ability of the new leader to solve all of the organisation’s problems.

There is no research located that suggest boards consciously and systematically balance the new leaders past acts, accomplishments, and strategies with the existing organisational culture, values, and expectations of the workforce.

It has been identified by many that the ideal structure of boards and especially the non-executive board members are such that the board members are brought on board as a balance to the organisations executive board members. Their appointment
implies that their broad business and/or commercial understanding and expertise, (usually associated with a completely different industry sector), and that their knowledge and abilities is transferable and therefore can deal with the specifics of the organisations business environment.

Leaders, especially those who have previously resorted to toxic or severe dysfunctional behaviours rarely display their true character to their superiors. A best fit relationship between a senior executive and the board should be one of the most important relationships within the organisation. If positive, it can be the catalyst and foundation responsible for developing equally positive relationships throughout the organisation. However, if relationships between senior executives are such that they are seen or perceived to be a contrived or false relationship, they have the potential to undermine relationships throughout the organisation.

By promoting positive relationships built on trust, respect, competency, capability and common goals, they will be accepted and endorsed by others within the organisational environment. Positive characteristics that are easily identifiable by others are more likely to be used by others to build similar relationships at lower levels within the organisation.

2.9.4. Conclusion to the Leadership Relationship Section
It is evident from the literature that the relationship between the board and the CEO and other senior organisation executive leaders is tenuous at best. Many authors acknowledge the difficulty of identifying toxic or severely dysfunctional behaviours during the recruitment, selection, engagement and initial employment honeymoon. It is for this reason that Padilla et al (2007) recommend that strong oversight by a board of directors is necessary, (indeed essential). New appointments such as CEO’s and others to senior leadership levels begin their tenure with little or no real influence
into the structure and direction of the organisation. But how often does one see the board that appointed a new CEO being quickly restructured by the CEO to suit their own agenda.

The following section will review and comment on the various types of power a leader has access to within the organisation.

2.10. Leadership Power
It would be remiss of any researcher undertaking research into leadership dynamics, not to include a brief review of the various sources of power attributed to the role of leadership. Leadership and power have been synonymous since the beginning of civilisation. Niccolo Machiavelli provides us with an early example of how leaders use power in a political and military environment. Machiavelli was an Italian nobleman who lived in the sixteenth century. Machiavelli’s writings in *The Prince*, presented by Bull, (1975), provide the reader with a set of predominantly negatively focused doctrines based on cunning, trickery and manipulation, that if followed would enable the ruling class to exert power over their subjects. Although Machiavelli’s *guiding principles* primarily related to political and military issues, his observations and recommendations were also addressing power and leadership issues of the day. In the modern era, since translations of Machiavelli’s work were readily available, his findings have collected many followers from the modern business sectors, (Leeden, 1999), and for some individuals are deemed to be just as valid for modern business dynamics.

McClelland (1975), identified power as one of the three main drivers of motivation, they are specifically: the power motive, the achievement motive, and the affiliation motive. What must be acknowledged is that power, irrespective of its source, can be
used as a means to motivate. Power can be used for the benefit of the organisation and the follower, or as a means to control, of the organisation or over the follower for the purpose of self-gratification. French and Raven, (1959), identify power as the extent to which a person has the potential ability to influence another person in a given setting. Hollander (1984) goes further by including an element of command into his interpretation as having the ability to exert a degree of control over others.

In terms of power within an organisation, French and Raven (1959) identified two primary sources of power. The first and most obvious and visible source of power is “Position Power” which a leader inherits with their position within an organisation’s management hierarchy. Position power gives the leader a higher level of authority relative to their followers or subordinates, (Brown and Trevino, 2006). The higher the leader’s advancement up the organisational chart the more power they are authorised to exert. It is accepted that all leaders on joining an organisation or on achieving promotion within an organisation are supported by a degree of position power, irrespective of whether they have relationships within the organisation or not.

The second source of power is not so obvious to identify or enforce, as it does not emanate from within the organisation. It is not accredited to the organisation or within their authority to control or regulate its use. It is transparent and is bestowed on the leader by the various groups and communities within the organisation, not by the organisation. This invisible source of power is a direct function of the relationship between a leader’s behaviours and how others perceive leaders within the organisation. The outcome of this association results in a degree of “Personal Power”.
Personal power has no relationship to one’s position in the organisational hierarchy; it is totally reliant on individual relationships between a leader and others.

Although position power provides a leader with the authority to exercise the power bestowed on them by the organisation, its acceptance by others, is not guaranteed. The ultimate effectiveness of the instructions is heavily dependent on how the leader’s instructions are received by those who have to implement or act on the instructions. It is reasonable therefore to conclude that the higher the degree of personal power follower’s bestows on their leader’s the less likelihood that follower’s will object to carrying out the leaders instructions.

Even with the organisational authority associated with position power, there are other power factors, which can act either as a hindrance or as a support to the original instruction from the leaders. In simple terms, the relationship between position power and personal power may be displayed as a continuum scale incorporating position power at one end of the scale, and personal power at the opposite end. French and Raven’s two primary power categories can be further subdivided into a number of sub-categories that progressively changes the balance between the two categories. French and Raven’s five types of power, as described by Lussier and Achua, (2004) and Bratton, Grint and Nelson, (2005) were reviewed to determine if they had identified any negative connotations associated with their use by TSDL in organisations. The five sub-groups of power are, legitimate power, reward power, coercive power, expert power and referent power. However, as with most writings on leadership power, neither set of authors comment on the darker side of leadership power. A dark side which all individuals and organisations have (Jeyavelu, 2007) irrespective of whether it is recognised and / or accepted. Even when discussing the strategy of coercive power, it is consistently implied that the ideal leader will be
responsible and constructive in their selection and administration of the five different power types. This is not always the case. Lussier and Achua, (2004, p130) conclude their chapter on power with the following:

“Power is neither good nor bad; it’s what you do with it. Power is unethical (personalised power) when used to promote your self-interest at the expense of others. It is ethical when it is used to help meet organisational objectives and its members, as well as to get what you want (socialised power)”.

Each of the five powers will be briefly discussed and how they are affected by the actions of TSDL behaviours.

2.10.1. Legitimate Power

Legitimate power is the formal or official authority a leaders is given by the organisation. This is the power bestowed on the individual leader commensurate with their position within the organisation and is also known as Position Power. The relevance of legitimate power is dependent on the subordinate’s perception of the leader’s ability to convince subordinates that the leader is the right person to hold the position. Although subordinates may appear to accept instructions from leaders using their legitimate power, it in no ways guarantees that subordinates are committed to the action or are cooperating fully with the leader instructions or intent, Yukl (2006: 170) summarises;

“Power is the capacity to influence the attitudes and behaviour of people in the desired direction”.

Once again, the implied meaning has positive connotations and assumes that the “people” will commit to, and comply with instructions. Except for providing a simple definition of the term “resistance”, Yukl (2006) fails to provide any
significant insight into the possibility of the target person rebelling against the leader’s instructions. Resistance to any instruction is possible, especially if it is made in a manipulative or hostile or arrogant manner, or if the outcomes of the demand is immoral or unethical, (Hagler, 2005).

The bestowing of legitimate power on leaders is expected, and the positive benefits associated with the proper use of legitimate power are apparent. The only negative caveat that is associated with legitimate power is that although organisations willingly and openly confer the leader with the authority to use this power for the good of the organisation there is still instances where not all employees accept the leader’s use of legitimate power. This could be as a result of a leader’s personal behaviour, or other non-organisational influences. What current literature does not explain is how legitimate power is frequently hijacked by TSDL and used to serve their own purposes and agendas, at the expense of the subordinates and the organisation.

Forster (2005) concludes that managers who consistently resort to the use of coercive or legitimate power to manage their employees ultimately end up with less motivated, more stressed and poorer performing employees.

2.10.2. Reward Power
Reward power covers both the use of positive rewards and punishment to motivate and manipulate or control others. Positive rewards can vary from the allocation of resources, positions, recognition, awards, gratuities, or increased remuneration. Positive application of rewards provides the recipients with benefits in recognition of their contribution to a successful outcome. If reward is bestowed as the result of higher individual or group performance levels, it is assumed that higher levels of
compliance and commitment and to the organisation may also be achieved.

Accordingly, a negative use of reward power is the withholding of rewards as a form of punishment.

As with legitimate power, reward power is regarded as a positive mechanism. Organisations allow leaders to reward or punish subordinates for either work done or not done. Little reference is made to the abusive use of reward power when TSDL use their organisational position to arbitrarily distribute funds, resources or favours to influence or punish subordinates for issues not associated with the organisations core business strategies.

2.10.3. Coercive Power
Coercive power can be used to manipulate people who would normally resist the leader’s demands; it can also be applied to instil fear in the subordinate. The danger with this approach to the use of power is that it is extremely difficult to determine the true effectiveness of the outcomes. Is the subordinate actually performing the required task, or merely pretending to respond to the actions of the leader without actually doing so, (Hellriegel, Jackson and Slocum, 2005).

Of French and Raven’s five power types, coercive power is the one most likely to align with the characteristics and strategies of a TSDL. It is the single power source which can exert pressure on others, especially those who are subordinate to the TSDL and be effective in neutralising or persuading peers to reluctantly support the actions of the TSDL. The higher the individuals position in the organisation, the more power they have at their disposal. If legitimate power is converted into coercive power to enforce dysfunctional behaviours the consequences could spread through
the organisation because of the legitimate (Zand, 1997), or position power which the individual has from his position within the organisation, (Lussier and Achua, 2004).

2.10.4. Expert Power
Expert power is the ability to administer to another information, (Tracy, 1997), (Barbuto, 2000), knowledge, or expertise (Barbuto, 2000). We would all agree that in all spheres of life experts are necessary. In most cases, expert power is viewed by the majority as a positive and effective form of power. Sharma and Gupta, (2000), deem that followers and others are easily persuaded by those who possess expert power and that those who perceive they have less knowledge, will defer the decision-making process to the perceived expert.

French and Raven (1959) characterize expert power as being “attributed to a person for what he or she knows. If the designated leader is knowledgeable about the work it is easy for the team to follow. A leader who possesses skills and abilities that are valued by other group members or increase the group's chances for achieving success also gives an individual an edge in leading others”. Tracy (1997: 47) wrote:

“Remember that power is a tool, not an end in itself. Like any good tool, it is not free. It needs to be stored in a safe place and kept sharp. And the best use of it is one that preserves the tool for future use”.

2.10.5. Personal Power
Personal power is the most difficult type of power for an executive to achieve, and almost impossible for a practicing toxic or severely dysfunctional leader to possess. It is bestowed on a leader by his followers, peers, and superiors. It is a badge of respect, and a symbol of how others perceive and respect their leaders. It is intangible and extremely vulnerable, it can take a long time to acquire but be lost in a moment of madness. A leader has to earn personal power; it is established and
developed through a process of constant display of an acknowledgement by others of the leader’s skills, knowledge, initiative, charm, understanding and intelligence. Personal power compliments legitimate power and provides the driver that commits subordinates to cooperate fully and willingly in the implementation of the leader’s plans and visions to the level intended. Zaleznik and Kets de Vries, (1975), found that power can be used to transform the activities of individuals into coordinated efforts that accomplish valuable ends. The greater the personal power relationship between individuals, the greater the likelihood of a successful outcome of their combined efforts.

2.10.6. How Power Can Be Lost

All power sources can be lost. In terms of leadership power, power can be lost in many different and varied ways. Through, misuse, abuse, loss of respect, loss of loyalty, failure to change or adapt. Power gained over a long period can be lost with one fatal misjudgement, or as a series of separate or linked incidents culminating in a total reversal or the traditional / normative power relationships.

Air University (no date), a learning institute of The Air War College, of the United States Air Force, in an article entitled “How Power is Lost” provides a valuable set of moderators that once established will result in a gradual or total loss of a leader’s power. The salient points of the article are reproduced in full:

**Technically Incompetent** describes leaders who lack the conceptual skills needed to develop vision and be proactive in managing organizational change.

**Self-Serving/Unethical** leaders abuse power and use it for their own self-aggrandizement, take special privileges, and exploit peers and subordinates by taking
credit for contributions done by others. Self-serving leaders contaminate the ethical climate by modelling power-oriented behaviour that influences others to replicate their behaviour. Over the long run, these leaders engender divisiveness and are not trusted.

**Micromanagement** of subordinates destroys individual and team motivation. Leaders who over-supervise their subordinates have strong control needs, are generally risk averse and lack conceptual understanding of power sharing and subordinate development.

**Arrogant** leaders are impressed with their own self-importance, and talk down to both peers and subordinates thereby alienating them. If empowering others is about releasing purposeful and creative energy, arrogance produces a negative leadership climate that suppresses the power needs of others. Arrogant leaders make it almost impossible for subordinates to acquire power as a means to improve their own performance as well as to seek new ways to learn and grow.

**Explosive and Abusive** leaders are likely to be hot reactors who use profanity excessively, have inadequate control of temper, and abuse subordinates. They may also lack the self-control required to probe for in-depth understanding of complex problems and so may consistently solve them at a superficial level. Explosive and abusive leaders may self-destruct repeatedly in coalition building and negotiating situations.

**Inaccessible** leaders are out of touch with their subordinates particularly when they need access for assistance. Peers typically "write the individual off." Leaders are generally inaccessible because they don't place great value on building interpersonal relationships, they may have weak interpersonal skills or they may be self-centred.
Although the above article was written by military personnel and for use by US military personnel, the guiding principles and issues raised are equally pertinent and relevant to commerce and industry. It further goes on to express:

“In a general sense power is lost because organizations change and leaders don't. Organizational dynamics create complex conditions and different decision situations that require innovative and creative approaches, new skill sets and new dependent and interdependent relationships. Leaders who have learned to do things a specific way become committed to predictable choices and decision actions. They remain bonded and loyal to highly developed social networks and friendships, failing to recognize the need for change, let alone allocating the political will to accomplish it. Ultimately, power may be lost because of negative personal attributes that diminish a leader's capacity to lead with power effectively”.

2.10.7. Conclusion to the Leadership Power Section

Irrespective of the terms used to describe the type of power a leader inherits, develops or exhibits, whether it is personal power, position power, legitimate power, reward power, coercive power, expert power, referent power, they can all be considered components or elements of the leader’s style.

The overriding evidence on leadership power, (regardless of whether it is wielded by good or bad leaders), is that it can result in either positive or negative outcomes. The direction it ultimately takes is linked to an individual’s human desire for control. Jay (1967) writes that:

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“The real pleasure of power is the pleasure of freedom, and it goes right back to man’s most primitive needs, the need to control his environment”. (Jay, 1967: 49)

It is acknowledged by many authors that positive leadership styles and corporate power are considered synonymous with the CEO’s role. Whenever a CEO or other senior executives apply the combination of their own leadership style with the power and authority of their position, they are universally credited with the financial and market successes achieved by the organisation.

The next section will pose the question: if positive behaviours and legitimate corporate power produce the desired short and long-term objectives of an organisation, then what will be the outcomes when leaders are influenced by negative leadership behaviours.

2.11. Negative Leadership Behaviours
Due to the plurality of negative leadership behaviours, it is necessary to provide the reader with a clear differentiation between the two terms that are at the heart of this research, namely “toxic” and “dysfunctional”. Formal definitions of the terms were covered in section 2.5.

Dysfunctional is an accepted description of leadership normally associated with incompetence in skills and incompetent behaviours. Whilst toxic is a more emotive and controversial term, reserved for extreme deliberate negative leadership behaviours. I suggest that there are occasions when certain leadership actions are dysfunctional to the organisation, but committed by competent leaders. Therefore, it
is necessary to differentiate between deliberate actions of toxic behaviours and dysfunctional behaviours due to incompetence.

By extension, severe dysfunctional behaviours are those that go beyond the accepted notion or acts of isolated incidents by incompetent leaders, they occur as a pattern of repeated deliberate actions designed to manipulate and dominate the actions of others.

Just as positive leader outcomes can be displayed as a continuum incorporating transactional to transformational styles, Kellerman (2004), identifies a similar continuum for negative leader behaviours with ineffective / incompetent at one end, traversing to unethical / evil at the opposing end of the continuum. In this section I will examine and comment on some of the negative leadership behaviours which contribute to negative outcomes for individuals and organisations.

2.11.1. Narcissistic Leadership Behaviours
Previous researchers have provided lists of characteristics to identify the profile of narcissistic leaders. Dependent of the context of their use, observers may classify some as potentially desirable features with possible positive benefits and others with negative connotations. Kantor, (1992) in *Diagnosis and Treatment of the Personality Disorders*, characterises narcissistic behaviour as; excessive interest in self-pride, self-concern, exaggeration of own experiences, aura of perfection, blame avoidance, critical of criticism, lacking in empathy, delusions of grandeur. As long as the leader’s focus on self-pride, self-interest and their belief in perfection is not extreme, they will have much in common with many respected, successful and popular leaders.
Padilla, et al, (2007) agree with the findings of some fellow authors that “narcissistic leaders are self-absorbed, attention-seeking, and ignore other’s viewpoints or welfare”, and that “their sense of entitlement often leads to self-serving abuses of power”.

Lubit (2004), in Coping with Toxic Managers, provides an appropriate paragraph that describes the actions of narcissistic leaders and the levels to which they will manipulate subordinates in order to achieve their own means.

“A central personality trait of many toxic managers is destructive narcissism. It is the core problem in grandiose managers, control freaks, paranoid managers, sociopaths, ruthless managers, bullies, and the most problematic, rigid managers. Destructive narcissism releases managers from normal moral constraints and concerns for fairness, and allows them to treat others as objects rather than as human beings with rights. It enables people to manipulate, bully, scapegoat, and exploit others without concern for the impact of their actions on the victim”. (Lubit, 2004: 13)

Dunlap (1996), proudly proclaims that rather than wasting the time of his fellow board directors discussing issues that are common practice, and fundamental to board functions such as resolutions and strategies, he uses scheduled board meetings to lecture the board members on his directions for the company as opposed to listening to the advice from experiences senior executives that have been elected to the board by the stakeholders.
“I spend a large portion of our board meetings describing my activities, my thinking on important issues, and the direction I was taking on vital management decisions”. (Dunlap 1996: 213) (emphasis added).

Dunlap’s obsession with his own self importance as shown by the use of the first person, “I’ and “my”, clearly displaying his preference for an out-of-date autocratic/dictatorial leadership style (Lewin, 1939) as opposed to Goleman, Boyatzis and McKee’s more recent democratic/participative leadership style introduced in their book Primal Leadership (Goleman, Boyatzis and McKee, 2002).

Kets de Vries (2003) introduces us to two other variations of narcissistic personalities, namely, Constructive Narcissists and Reactive Narcissists. The former being a more generally accepted form that is kept under control by the individual but can be a positive attribute when expressed as self-esteem, vitality, and an empathetic outlook.

In Leadership Quarterly, (2006), Kramer (2003) plea for narcissistic leaders to consider self-regulation is difficult to support, as it is not in character with the general perception of narcissistic leaders. Indeed, in the same article, Collins (2001) confirms that it is unrealistic to expect such leaders to be amenable to undertake such self-controls techniques.

The reactive narcissist is the more benign version of the two. It can lead to feelings of inadequacy and deprivation. Consequently the subjects compensate these discouraging feelings by creating an aura of self-importance and self-grandiosity around themselves. Such people live with the unrealistic expectations that everyone
around them is there to provide service to them explicitly, and that they are beyond the limit of compliance to accepted rules and regulations. This explicit need for constant attention and gratification can eventually erode and damage relationships in the social and business environments.

It is generally understood that certain individuals, especially leaders with Narcissistic Personality Disorder (NPD) can exhibit and act out behaviours that can impress some and frighten others, especially when the full weight and influence of their corporate power and authority is behind the acts.

Maccoby (2000) suggests that a one approach to dealing with narcissistic leaders is to provide the leader with “intensive psychotherapy”. It is difficult to imagine the situation where leaders with narcissistic tendencies would voluntarily agree to participate in a therapy session with an outsider such as a psychiatrist or psychologist. Maccoby (2000) also suggests that narcissistic leaders may be amenable to counselling by trusted confidants to help identify and manage their narcissistic behaviours. However, it is questionable whether the majority would accept the offer to participate in intensive psychotherapy sessions designed to change the leader’s character to align with the interests of the organisation and its constituents, as previously suggested by Collins (2001).

Although the common perception of narcissistic leadership behaviours is centred on egomaniacal needs and self satisfying interests, we cannot exclude the fact that the performance of certain narcissistic leaders although motivated by their own needs, can also benefit their constituents and their organisation. De Vries and Miller (1997), Maccoby (2000), refer to constructive narcissists and positive narcissists respectively
to distinguish narcissistic leaders who are able to control their narcissistic impulses when the occasion occurs. Neither of these positive narcissism theories is covered in this research.

2.11.2. Toxic Leadership Behaviours
Simply stating or implying that the behaviours of toxic or severely dysfunctional leaders have an effect on an organisation’s two key indicators, namely, performance and profitability is inadequate. The challenge facing organisations today is to identify and analyse the toxic leadership behaviours that influence outcomes associated with the two indicators.

William’s list of toxic characteristics (refer to Figure 1.2, Section 1.3), identifies some recognised descriptions of behaviours commonly associated with toxic leaders. Organisations must be constantly vigilant in their quest to expose such leaders. Failure to recognise individuals fostering such behaviours and without subsequent actions to counter their behaviours and actions: or to remove them from the organisation will potentially expose the organisation to conflicts. Conflicts between leaders and others within the organisation could result adversely on the organisations performance and profitability capability. It is the intent of this research to substantiate that unless toxic behaviours are understood; they cannot be exposed within an organisation and eventually managed.

2.11.3. Conclusion to the Negative Leadership Behaviours Section
The final conclusion that can be drawn from this section and the previous section on power is that when power is compounded with a neurotic personality, the outcome inevitably as Kets de Vries (2003), identifies is to create social and business disasters.
2.12. Effects of Negative Leadership Behaviours
This section will examine the effects negative leadership behaviours have on those that engage with leaders, i.e., followers, peers, superiors and we must include those from beyond the organisation’s immediate sphere of control.

The majority of publications on leadership are presented as “What to do” and “How to do” self-learning books”. They profess to be able to change an individual’s style and behaviour to make them better leaders able to meet the challenges of general leadership to achieve a “win/win” outcome for the individual and the organisation. Traditionally leadership was viewed as a benign activity, (Kets de Vries, 2003) where all employees, especially those in leadership positions, were expected to, and presumed to be working for the good of the organisation and its stakeholders. It is rare, other than when high profile leaders or organisations are exposed as rouge players by the media, for the darker side of leadership to be addressed in print or in public.

2.12.1. Effects of Negative Leadership Behaviours on Followers
Zapf and Gross (2001) in Leadership Quarterly (2007), support the general consensus that it is extremely unlikely that unacceptable leadership behaviours could have long-term positive benefits on employee performances. They provide the example of how a negative environment created by bullying behaviour would deteriorate employee motivation and morale resulting in a disruption in the quality of production and/or services of the organisation. They also acknowledge that under specific circumstances, certain unacceptable behaviours can provide limited short-term benefits, due to employee compliance to instructions, notwithstanding that such actions are usually under due duress.
Kellerman (2004) and Lipman-Blumen (2005) acknowledge that a selection of followers is unable or unwilling to resist domineering and abusive leaders. They suggest that followers who strive for safety, security, group membership in an uncertain world may actually seek out and contribute and benefit from the power of abusive leaders.

Kellerman (2004) further provides examples of two groups of followers who consciously comply with abusive leaders, namely: conformers and colluders. Conformers may do so as a result of fear of retribution, while colluders do so to show their agreement with the leader’s agenda and / or actively supporting the leaders cause.

Frost (2003) observed that employees, who have suffered moral degradation and loss of self-esteem through the actions of a toxic leader, will lose confidence in their self to perform good work. Work will not get done, or be sub-standard, innovations will suffer, all of which could lead to the loss of customers or clients, resulting in a reduction of productivity and profitability.

2.12.2. Effects of Negative Leadership Behaviours on the Organisation

The effects of leadership behaviours on organisations are all around us. All one has to do is to watch television news, read the business section of a newspaper, check your share portfolio, read your latest superannuation statement, and talk to colleagues. Almost daily we are faced with corporate instability, organisations facing bankruptcy, workers being laid-off, rising unemployment, growth plans deferred, contracts terminated and stock prices falling.
Clearly not all of the consequences referred to above or the recent economic downturn can be attributed to negative leadership behaviours. Frost (2003) maintains that it the responsibility of senior leaders to maintain the emotional health of the organisation and all employees within the organisation. This responsibility can be expressed as a leader’s duty to protect the organisation. Maitlis and Ozcelik (2004) expand on this concept by suggesting that leaders who fail to attend to the emotions of the organisation thereby fail to perform as effective leaders.

There is a type of leader, the “Chainsaw Al” type, (Dunlap, 1996), that believes any disarray caused by their actions and behaviours are necessary to take the organisation to higher levels of success. However, history and financial records would probably disagree, especially in the long-term. The performance of the organisation may appear sound to outsiders, but short-term gains are usually short lived. Equally true is Frost’s (2003) observation that just as short-term gains may be transitory, toxic situations in organisations are difficult to remove with short-term solutions or strategies.

Leaders that cause extreme mayhem resulting in catastrophic consequences on their organisations and employees are poor leaders.

As early as 1979, Mobley, Griffeth, Hand and Meglino, reported that a number of studies supported the hypotheses that staff retention levels within an organisation are reduced when there is a negative relationship between leaders and employees.
2.12.3. Effects of Negative Leadership Behaviours on Organisation Culture
Padilla, et al, (2007) show that negative leaders are unlikely to succeed in organisations where there is a culture of system stability with checks and balances, coupled with a cadre of compliant followers. Stalwart followers operating within a disciplined environment will be less vulnerable to the influences of leaders who are intent on manipulating the organisations system or organisation resources to their own agenda.

2.12.4. Effects of Negative Leadership Behaviours on Organisation Productivity
Although difficult to comprehend whilst one is being subjected to pressure from a toxic or severely dysfunctional leader, it is not unknown for some negative leadership behaviours to have short-term benefits to the organisation, (Ferris, Zinko, Broder, Buckley and Harvey, 2007). Some victims in an effort to ingratiate the TSDL negative behaviours try harder, and work harder to meet the leader’s demands. Dasborough and Ashkanasy (2002: 630) on leader-member relationships report that “emotion-evoking leadership behaviours directly impact employee behaviours and productivity”. What was not clear in their research was whether the relationship resulted in positive or negative consequences for productivity. Their final statement that academic research on emotions in workplace settings is in its infancy could be the reason the degree or direction of change in productivity levels was not covered.
Zellars, Tepper and Duffy, (2002) found that abusive supervision was responsible for an increase in counterproductive behaviours in employees.

2.12.5. Effects of Negative Leadership Behaviours on Organisation Profitability
Consistent with a lack of evidence supporting a relationship between negative leadership and productivity, there is also a lack of evidence or limited academic
research into the effects which negative leadership behaviours have on the profitability of an organisation.

There have been volumes of writings based on the actual demise or pending demise of organisations reporting losses or in the case of ENRON, all of the organisation’s financial resources. Only recently have examples such as ENRON, and others identified the sources of the financial mismanagement as being one almost exclusively attributed to the toxic or severely dysfunctional behaviours of individuals or a collective of senior executives, (Cruver, 2002, McLean and Elkin, 2003).

Irrespective of whether toxic or severely dysfunctional leadership behaviours are limited to the actions of the executives, or actions which influence the effectiveness of the workforce, the eventual outcome inevitably does not bode well for the profitability of the organisation, (Frost, 2003).

2.12.6. Conclusion to the Effects of Negative Leadership Behaviours Section
Why should organisations, and possibly more important, the general public be concerned about the type of behaviours adopted by corporate leaders? It must be acknowledged that with the possible exception of governments and humanitarian agencies, corporate leaders are directly or indirectly responsible for the developing businesses and services which provide the workforce with a means to provide themselves with a level of security, wellbeing and welfare for their future in exchange for their services in advancing the business / service where they are employed. The general consensus of the literature reviewed supports the belief that recurring negative leadership behaviours should be identified, confronted and removed from the workplace. The consequential effects of negative leadership
behaviours are detrimental to all who have to deal with such leaders. Ferris, et al, (2007) conclude their paper on destructive leadership with comments to the effect of: understanding the possible consequences of negative leadership is essential if organisations are to harness their maximum performance capability whilst minimising potential destructive influence on the organisation.

2.13. Leadership and Ethics
No research into leadership behaviour can be considered complete without acknowledging and understanding the role ethics plays in leadership performances. Whether the behaviours of negative leaders are considered slight as in incompetent, or severely dysfunctional as in toxic or criminal acts, cannot be determined without addressing the issue of ethics in the organisation and ethics in the leader’s position.

Schermerhorn (2002) reminds us that the world at large depends on ethical leaders and ethical leadership to ensure that businesses and organisations are managed for the benefit of all.

In the general context of leadership behaviours and business practices the perceptions and expectation of society is for leaders to act in the best interests of all stakeholders. It is notable that certain academics consider the terms “business ethics’ and “moral leadership’ as oxymoron. Gini (1996: 1) suggests that both terms are “wished-for ideals” rather than “actual states of being”

Uhl-Bein and Carsten, (2007) identify the following actions by managers as being unethical behaviours; lying to senior leaders or customers, falsifying reports or financial records, or directing others to engage or condone such behaviours. This section of the literature review will look at the available literature on leadership
ethics and comment on how the literature relate specifically to the performance of the leader and the consequences ethical behaviours of leaders have on the organisation.

2.13.1. Definition of Ethics
In the Collins English Dictionary, “Ethics” is defined as:

The philosophical study of the moral value of human conduct and of the rules and principles that ought to govern it.

Researchers, Brown and Trevino, (2006, pg 595), define “Ethical Leadership” as:

“The demonstration of normatively appropriate conduct through personal actions and interpersonal relationships, and the promotion of such conduct to followers through two-way communication, reinforcement, and decision-making”.

2.13.2. Ethical Standards
Brown and Trevino (2006), cite a poll conducted by Harris Interactive, (2006), as an example of the trend in perception by the general public on the integrity and ethical standards of business leaders. The 13% confidence level reported is both a shocking and an amazing ballot of the judgment of a body of highly intelligent and economically privileged individual’s.

More interesting to this research is the opinion of a similar survey group when asked to rate their perceptions of their own organisation’s leaders ethical standards. A 2005 survey by the Ethics Resource Centre report that over 80% of those surveyed believed that the ethical standards of their own leaders was high and that ethical behaviours were high on their agenda.

Noticeable from the two surveys is the different viewpoints of leaders from the two survey groups:
• The perception by the group representing the general public of the growing lack of confidence in the ethical standards of business leaders.

• The high level of satisfaction the second survey group had in their own organisations leader’s commitment to embrace ethical behaviours as a core principle to their leadership style.

It is becoming increasingly difficult for senior executives to address such divergent positions. The relatively recent acknowledgement that ethics and business objectives should be more closely aligned was recognised by the following summary of observations made by Freeman in 1992 (Gini, 1996: 5)

For Freeman the assertion that “business is business” and that ethics is what we try to do in our private lives simply does not hold up to close scrutiny. Business is a human institution, a basic part of the communal fabric of life. Just as governments come to be out of the human need for order, security and fulfilment, so too does business. The goal of all business, labour, and work is to make life more secure, more stable, and more equitable. Business exists to serve more than just itself. No business can view itself as an isolated entity, unaffected by the demands of individuals and society. As such, business is required to ask the question, “What ought to be done in regard to the others we work with and serve?

According to Brown (2007: 142 and 144),

“Ethical leadership is best understood through the eyes of those being led, and …research shows that most people are influenced by those around them”.
A leader’s ethical standards are perceived by others through their actions and behaviours. How their behaviours are encountered and interpreted will determine how their ethical standards are judged by others.

In the case of larger organisations with many reporting levels, or ones that operate in many locations, it is less common for senior leaders to have lengthy or meaningful direct contact with employees. Leaders must create an environment conducive to promoting high ethical standards irrespective of their own immediate involvement with others within the organisation.

In the eyes of the employee, the behaviours of the leader and / or the workplace environment which they create, have a direct bearing on the overall setting the employee operates within and therefore can influence the employees own ethical behaviours and ethical choices, (Brown, 2007).

2.13.3. Ethical Behaviours
This section will now review both the positive and negative impact ethical behaviours have on an organisation. Before doing so, Hill (2004) reminds us that most people enter the business world with extensive experience thinking about right and wrong. However, this does not guarantee that they will not succumb to pressures that lead to unethical decision making in the future which provided them with the opportunity to commit or conceal unethical actions of their own or others.

2.13.3.1. Positive Ethical Behaviours
Studies by Brown and Trevino (2006) revealed that ethics is an explicit part of a leader’s arsenal of activities and skills which can be implemental in communicating ethical standards and value norms for followers and subordinates to emulate. They go
on to explain the importance of leaders constantly communicating a consistent and salient ethical message within the corporate environment.

Brown (2007), argues that published standards, policies, procedures and guidelines on their own are not enough; they have to be supported by regular and repeated meaningful dialogue expounding the values of ethical standards and behaviours. It is too late to insist on ethical standards and behaviours after a scandal has occurred due to unethical behaviours by disingenuous senior leaders.

Although it may not be easy for organisations to measure or quantify the financial or operational benefits of ethical standards and behaviours of the workforce, it is generally accepted that organisations who conduct their business ethically do so as a result of the alignment between ethical leadership and effective positive leadership. Ethical standards should be considered as a valuable asset to an organisation.

2.13.3.2. Negative Ethical Behaviours
Negative ethical behaviours inevitably are at some point in the future converted into bad news and scandals. Nobody, especially corporate leaders seek bad news which could have potential detrimental consequences for their own professional career and the creditability of the organisation they control.

In 2009, scandals attributed to unethical leadership practices were topical, and because scandals sells more than feel good stories of ethical leadership behaviours, the worlds media tends to make the most of them, Brown and Trevino (2006: 608) found that:
“Negative information is more easily recalled and given more weight by perceivers and are therefore seared in people’s memories while stories about ethical leaders are hard to recall”.

When legal action is taken against organisations, the public’s condemnation is usually swift, significant and costly, (Hill, 2004). What is not known is the effect such legal action has had on the funds invested by the majority of the shareholders who do not benefit from the short-term rewards gained by the perpetrators. All fines and penalties imposed on the organisation for illegal and unethical trading practices by rogue executives will eventually punish all shareholders. Typically, all unplanned and unnecessary costs in terms of fines and penalties imposed on the organisation, (as a result of the actions of the individual perpetrators involved in the deception), will be borne by the organisations body of shareholders and not by the individuals perpetrators. This unnecessary depletion of corporate funds lowers profitability potential of the organisation and could ultimately, in certain cases result in a loss of creditability and eventual bankruptcy or close of business for the organisation. Some examples cited by Hill are:

- WorldCom - 101.9 Billion loss
- Enron - 63.4 Billion loss
- Global Crossing - 25.5 Billion loss

Although the examples used by Hill in 2004 were considered to be excessive, he predicted that, “there will be less corporate fraud in the U.S. in the future but there will be some”. Hill based his optimism on the introduction of the Sarbanes-Oxley Act of 2002, which was introduced to reduce the opportunities for corporate

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5 Refer to Hill’s example in section 2.6.3, whereby losses, (assuming a 10% profit margin), would need to be replaced by earnings tenfold the amount of the reported loss to bring the organisation to its proper productivity and profitability levels.
executives to commit fraudulent acts. The legislation was primarily one to enhance investor confidence through improved financial disclosure controls affecting corporate executives and independent auditors responsible for accurate and honest reporting on the financial health of the organisation.

More recent examples of major USA organisations who have filed for bankruptcy protection resulting from the financial ramifications of the 2009 sub-prime mortgage loan crash are shown below, although at this stage, the amounts are not known, but it is not unrealistic to expect each organisation to declare financial losses in the region of tens of billions of dollars each:

- General Motors
- Chrysler Corporation
- Lehman Brothers
- Fanny Mae
- Freddy Mac
- Merrill Lynch
- AIG
- Bear Sterns

The severity of the above bankruptcies from the sub-prime loans crisis has directly led many of the world’s governments and financial agencies to the brink of global calamity. Hill’s optimism in the Sarbanes-Oxley Act has not been rewarded as seen by the list of failed organisations cited above.

It must be acknowledged that not all negative ethical behaviour leads to the extreme terminal demise suffered by the corporation listed above. Many more commonplace consequences are attributed to non-financial negative ethical behaviours.
2.13.4. Impact of Ethical Behaviour on an Organisation

Organisations can either support or ignore the ramifications of ethical behaviours within their organisation. Brown and Trevino (2006), suggest that in a supporting environment, leaders and followers “learn” that ethical behaviours are encouraged as the preferred means to obtaining the desired outcomes.

Brown (2007) reminds us of Trevino’s proposition that ethical leadership behaviours should be part of the everyday process and procedures of corporate existence, and should be integrated into an organisation's culture.

The following model by Schminke, Arnaud and Kuenzi (2007) provides an overview of the overall impact that ethical climates have on work environments. The model clearly indicates the behaviours ethical climate can influence.

![Ethical Climate Model](source)

It is not surprising, as with the relationship between negative leadership and productivity, there has been a lack of evidence and limited academic research into the effects which negative leadership behaviours have on the profitability of an organisation.
There have been volumes of writings based on the actual demise or pending demise of organisations reporting losses of most or in the case of ENRON, all of the organisations financial resources. Only recently have examples such as ENRON, and others identified the source of the financial mismanagement as being one almost exclusively attributed to the toxic or dysfunctional behaviours of individual or a collective of senior executives, (Cruver, 2002, McLean and Elkin, 2003).

2.13.4.1. Impact of Positive Ethical Behaviour on an Organisation
In their survey on corporate ethics and social responsibility, Cacioppe, Forster and Fox (2008) concurred with other research studies that support the stance that organisations perceived to demonstrate positive ethical behaviours are better positioned when compared with organisations with a poor track record relating to unethical work practices. They are of the opinion that the ethical standards of an organisation are taken into account by an increasing number of prospective employees, clients, investors and others during their respective decision-making stages.

Decision makers must be always be aware of the consequences of their decisions. The realisation that the outcomes not only affect those in the present, but also have the capacity to impact on the future, (Messick and Bazerman, 1996). They also refer to the breadth of ethical decision making, implying that decisions should always be ethically proper and strategically sound. They remind the decision makers to imagine how they would feel if the rational for their decision appeared on the front pages of the nation’s newspapers.
2.13.4.2. Impact of Negative Ethical Behaviour on an Organisation

Whilst Brown and Trevino’s (2006) proposition that an organisation’s positive support of ethical behaviours is beneficial to the organisation, they also acknowledge the situation where ethical leaders are unlikely to remain operating in an unethical organisations. This exit scenario is both unfavourable and potentially detrimental to the organisation.

Porath and Pearson (2009) found that anti-social behaviours take a toll on the organisation. Employees who are the targets of bad behaviour can impact the organisation in any, or a combination of the following outcomes:

- 48% decreased their work effort.
- 47% decreased their time at work.
- 38% decreased their work quality.
- 66% said their performance declined.
- 80% lost work time worrying about the incident.
- 63% lost time avoiding the offender.
- 78% said their commitment to the organisation declined.

The authors conclude that organisations cannot afford for those responsible for perpetrating the unethical practices to corrode the performance of others. Perpetrators must be penalised and removed from the organisation. On a broader scale, Zahra et al, (2007) speculate that the cost of recent financial crisis in the USA could range from $200billion to $600 billion. In 2009, this figure is now in the trillions of dollars if the effects of the sub-prime home loan scandals and their subsequent snowballing effect on the losses attributed to U.S. financial institutions and markets are factored in. The final cost to the U.S. public purse with regards to the bail-out / rescue
initiatives introduced by the U.S. government are not known at this stage, and may
never be fully determined. The Wall Street Journal (2009) reports a Deutsche Bank
estimate that the U.S. government's Troubled Asset Relief Program will eventually
inject $14.9 trillion into the financial system through more than two dozen federal
initiatives.

2.13.5. Conclusion to the Leadership and Ethics Section
The review of the general ethics and ethical leadership literature agrees with the
findings of Brown and Trevino, (2006), that ethical leadership is still largely
unexplored in terms of professional research. It is an area that is becoming
increasingly relevant to the field of leadership behaviours and the consequences of
such behaviours, and therefore is an appropriate field of research to undertake to
advance the theory of leadership behaviour.

As stated previously, Zahra et al, (2007), in an attempt to quantify the economic
costs associated with the damage done to USA society through the unscrupulous
actions of questionable, deceitful, deceptive or outright fraudulent management,
ascertained a staggering value in the region of $200 billion to $600 billion. Nowhere
during the literature review process did the researcher come across a similar exercise
or statement attempting to place a monetary value of the damage to society or
organisations as a result of the actions of unethical leaders or toxic leaders.

Brown and Trevino (2006) make some very important observations regarding the
ethical fit between organisations and their employees:

- Individuals are attracted to organisations where they perceive they will “fit”
- Organisations select / recruit individuals on the basis of the perceived “fit”
• Organisations should signal the importance of ethical standards within the organisation.

• Educational institutes should prepare students for the ethical expectations of organisations.

Feldman’s (2007) comments on ethical leadership behaviours can be condensed to the following three statements:

“... I am appalled at the extent to which business leaders are caught up in the game of greed. We have idolized the wrong leaders, associating image with leadership and confusing stock price with corporate value”. (pg 158)

“... ethics and efficiency remain uneasy partners and, in many companies, downright antagonist”. (pg 158)

“It is important to realize that the reason ethics is profitable is because society is ethical”. (pg 169)

Brown and Trevino (2007) raised some of the questions which this research is investigating:

• Are ethical and unethical leadership opposite ends of a single continuum?

• Are ethical and unethical leadership separate constructs?

• Does ethical leadership impact on long-term profitability?

• Do ethical leaders truly set the tone at the top for other managers to follow?

Until these and similar questions are answered, unscrupulous executive leaders might manipulate their positions of power to unduly coerce or influence others to commit or condone unethical practices. They acknowledge that the scientific study of ethical leadership is relatively new and that more research is needed to understand how executive ethical leaders influence lower-level leaders within their organisations.
Due to business, social and personal commitments, of the majority of senior executives and board members, it could be argued that they are forced to rely on books, reports and articles on business subjects for the latest theories, opinions and trends in leadership issues. For this reason the remaining portion of this literature review will concentrate on such popular writings.

A list of the book titles reviewed, (but not necessarily included in the literature review), are given in the bibliography section. The books in question are typical of the nature of reading that busy executives use to expand their knowledge of current and future trends in leadership and management theory from academics and other business leaders.

2.14. Conclusion to the Literature Review Chapter
This chapter began with the purpose of reviewing how TSDL has been portrayed and reported to those in positions of power throughout organisations and business entities. The review of the literature indicated that there is little original data or information to provide a comprehensive understanding of the impact TSDL has on organisational productivity and profitability. The best evidence found is based on post mortem investigations of organisations where questionable leadership has been presumed to be the cause of the organisations decline in productivity and profitability. However, even among the many recent examples of organisational implosion, none of the organisations were able to identify in advance that their leaders were using toxic or dysfunctional behaviours within the organisation.
In “The Toxic Triangle” Padilla et al, (2007: 176 and 177), and other researchers they cite, confirm the position that TSDL is under researched and difficult to explain, especially to the non-academic population.

Two statements that support the degree of concurrence are:

- …social scientists have avoided the dark side of leadership.
- How destructive leadership has been discussed in the literature and note that it has not been clearly defined.

Lipman-Blumen, reminds the reader immediately of her intentions in chapter one of The Allure of Toxic Leaders,

“My goal, remember is not to calibrate a given leader’s thermometer of toxicity or to compare degrees of toxicity exhibited by different leaders”.

(Lipman-Blumen, 2005: 19)

This sentiment was the cornerstone of the majority of books, papers and articles that professed to explore the actions of toxic leaders. They are more interested in identifying the leader’s behaviours as opposed to the effects that the leaders behaviour has on the organisations employees, its various stakeholders and the ultimate commercial viability and sustainability of the organisation.

Most of the writings and research literature reviewed was associated with identifying relationships between toxic leaders and their subordinates and followers at management levels. Surprisingly there is a scarce amount of data on the relationship between toxic leaders and their colleagues at executive and board level, i.e. C-Level executives, CEO’s, CFO’s, CIO, COO’s and their board of directors.

A great deal of confusion exists within modern leadership behaviour literature. It is difficult to review any meaningful literature that does not resort to regurgitating the exploits of either Enron, WorldCom or TYCO, (Lubit, 2004; Lipman-Blumen, 2005;
Kellerman, 2004), or extolling the strategies, actions and deeds of ancient warrior leaders such as Sun Tzu, Attila the Hun and Machiavelli (Giles, 1910; Roberts, 1990; Kaplan, 2001).

Some important questions that were not answered during the literature review are:

- Will graduate schools and business schools continue to exclude literature and course materials essential for in-depth analysis for students to understand or comment on the negative behavioural aspects of leadership?
- Will a lack of ethical and moral training by business schools prevent future corporate leaders perpetuate the above examples of extreme TSDL as a result of failing to teach their students of the consequences of TSDL behaviours?
- Are business schools, by these omissions, indirectly and subconsciously exposing their students to ignoring, endorsing or condoning the negative aspect of leadership?
- Will the status-quo remain, is it only once the extremes of TSDL behaviours are exposed to the public and legal action taken that a leader is considered to have gone beyond the limit of acceptable behaviour?

It is difficult to determine from the literature reviewed if the writers are implying that the toxic behaviours of senior executives such as Kenneth Lays and Jeffery Skilling of Enron notoriety would have been exposed if it had not been for the fact that their abuse of power was extreme. Are the authors implying that it is only those leaders that cause extreme mayhem and inflict catastrophic consequences on their organisations and its stakeholders that are poor leaders?
Close inspection of the popular literature and academic research directed at investigating toxic or dysfunctional leadership behaviours fails to identify a satisfactory model or set of check and audits, which would lead to a quantitative tool that can be used by an organisation to assess the financial, operational and ethical standing of the organisation in relation to the behavioural patterns of its most senior executives.

Although certain business strategies adopted by some TSDL are often compared with war tactics, few would agree with the parallel drawn by some researchers who suggest that destructive leaders “contain images of hate”, and that “hateful themes also emerge in business”, Padilla et al, (2007). It is extreme to suggest that modern business leaders display or enact behaviours to the level attributed to Machiavelli, Hitler, Stalin, and other notable oppressors. Brown and Trevino (2007), found a negative relationship between Machiavellianism and ethical leadership.

The story ascribed to ENRON CFO Andrew Fastow by Raghavan (2002: pg A1): “When ENRON says it’s going to “rip your face off”...it means it will rip your face off!” cannot and should not be taken literally. What it should be seen as is a symbol of the intimidation tactics embedded within ENRON and encouraged and promoted by senior executives of a corporation with the stated objective to become the most powerful organisation in the world.

An important weakness in the literature is how to provide the board and senior management with a means to identify dysfunctional trends by means of an early warning system. Unless a proactive approach is available, and initiated to identify and prevent those in power from corrupting the power they wield, it will always be
difficult to correct or stop further deterioration of the organisations strengths, be they
financial, operational capabilities, or workforce or client confidence levels.

It is my conclusion that due to the limited amount of research into the phenomenon
of Toxic or Severely Dysfunctional Leadership, and the difficulties experienced by
board of directors in identifying Toxic or Severely Dysfunctional Leadership
behaviours in appointed leaders that organisations, society and academia would
benefit from further research on this subject. The call for further research on this
topic is supported by Jeyavula (2007), who suggests that “greater understanding of
the dark side effects of organisational identity would enable better theory building
and improved practices”, (which automatically would include the role leadership
behaviour plays in the overall context of the organisation).

Finally, the following Figures 21, 22 and 23 clearly illustrate the disastrous
consequences toxic or severely dysfunctional individuals or corporation can have on
their immediate realm of influence and the potential consequences their actions can
have on the greater society.
Figure 21  ENRON’s Road to Oblivion

Source: The Washington Post
Titans Taken to Task
Kenneth Lay's indictment means another high-profile prosecution in the wave of corporate scandals.

Charges: Includes fraud, conspiracy and false statements. Prosecutors and regulators allege Lay conspired with Skilling and Causey to hide Enron's dire condition.

Defendants: Andrew S. Fastow, 42, former chief financial officer at Enron.
Plead guilty to two counts of securities and wire fraud and will serve a 10-year prison sentence.

Defendants: Martha Stewart, 62, founder and chief executive officer of Martha Stewart Living Omnimedia Inc., Peter E. Bacanovic, 42, Stewart's former broker at Merrill Lynch & Co.
Credibility: March 5: Stewart was found guilty on four counts of conspiracy, obstruction and lying to federal investigators about her sale of stock in ImClone Systems Inc. Bacanovic was found guilty of the same charges and of perjury for lying under oath to the Securities and Exchange Commission. He was acquitted on a charge of filing false documents. Both have said they will appeal. Sentencing is set for July 16.

Defendants: Frank P. Quattrone, 48, a top investment banker at Credit Suisse First Boston.
Conviction: May 3 of obstructing justice and attempting to tamper with evidence. Jurors found Quattrone was trying to hamper grand jury and SEC investigations into how CSFB handled out-shares in hot initial public offerings. A previous trial ended in a hung jury. Sentencing is set for Sept. 8.

Defendants: John J. Rigas, 70, founder and former chief executive of
Conviction: Sentenced to 10 years in prison.

Defendants: Scott D. Sullivan, 42, former chief financial officer of WorldCom.
Plead guilty to charges of conspiracy, securities fraud and filing a false document.

Defendants: Bernard J. Ebbers, 62, former chief executive of WorldCom.
Indicted on charges of conspiracy, securities fraud and filing a false document. Prosecutors allege Ebbers and others at WorldCom improperly reported operating expenses as capital expenditures to pump up the company's bottom line. He is pleaded not guilty.

Charges: Include fraud, conspiracy and securities fraud. A six-month court case ended in a mistrial with Judge Michael J. Osofsky citing undue outside pressure on one juror. Prosecutors said they would try the case again; the new trial is scheduled for Jan. 10.

Source: The Washington Post

Figure 22. Toxic leaders
3. Research Methodology
This chapter will outline the various stages which the research undertook. It cover’s the stages chronographically to show the methodology undertaken and the rational for selecting and implementing each particular method.

3.1. Phase One – Practical Definition
The topic of Toxic or Severe Dysfunctional Leadership behaviours (TSDL) suggests multiple different connotations such as toxic leadership, bad leadership, poor leadership, incompetency, dysfunctional leadership and dysfunctional organisations. It was therefore important at the outset of this research to create a practical definition of TSDL which would be used as the foundation reference throughout the research process.

The search for a practical definition was difficult and elusive. I enlisted the assistance of experts from the business sector and the academic sector to assist in the formulation of a practical definition based on their understanding and knowledge of TSDL behaviours within their respective fields of reference. The individuals selected were invited to participate in a Delphi Study to provide their expert opinions and observations to the other members of the Delphi group to generate discussion on the topic. A more detailed explanation of the Delphi Process and the specific features of this particular study will be presented in Chapter Four – Delphi Study and Trial Surveys.

3.2. Phase Two – Survey Instrument
In addition to producing an acceptable working practical definition of TSDL, the opinions and observations of the panel members were circulated throughout the group until such time that an acceptable level of stability and consensus is reached. The responses are then developed into a set of constructs / themes incorporating and
corresponding with the group’s opinions and observations. The constructs / themes were used as a framework to developing a set of relevant and pertinent questions allied with the subject. The questions formed the foundation of a pilot survey questionnaire to test the validity of the Delphi Panels findings.

3.3. Phase Three – Effect of TSDL Behaviour
Phase Three took the form of a final survey questionnaire developed to test hypotheses aligned with scenarios associated with determining the impact that potential Toxic or Severe Dysfunctional Leadership behaviours may have on the health of an organisation. The final survey questionnaire adopted the format of a web-based survey which interested participants were invited to complete online. The results were analysed using SPSS software and the findings reported in Chapter Five – Final survey and Data Analysis.

3.4. The Research Paradigm
Generally, research is divided into two camps of differing methodologies, namely quantitative and qualitative. Cavana, Delahaye and Sekaran (2001), reproduce a comparison matrix created by Creswell (1994). It provides an in-depth and explicit description of the difference between the two methods in Figure 24.
Figure 24  The Quantitative and Qualitative Paradigm (Cavana)

<table>
<thead>
<tr>
<th>Quantitative Research</th>
<th>Qualitative Research</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reality is objective and singular, and apart from the researcher.</td>
<td>Reality is subjective and multiple, as seen by participants in a study.</td>
</tr>
<tr>
<td>Researcher is independent of that being researched.</td>
<td>Researcher interacts with that being researched.</td>
</tr>
<tr>
<td>Research is assumed to be value-free and unbiased.</td>
<td>Research is value-laden and biased, with values generally made explicit.</td>
</tr>
<tr>
<td>Theory is largely casual and deductive.</td>
<td>Theory can be causal or non-causal, and is often inductive.</td>
</tr>
<tr>
<td>Hypotheses that the researcher begins with are tested.</td>
<td>Meaning is captured and discovered once the research becomes immersed in the data.</td>
</tr>
<tr>
<td>Concepts are in the form of distinct variables.</td>
<td>Concepts are in the form of themes, motifs, generalisations, taxonomies.</td>
</tr>
<tr>
<td>Measures are systematically created before data collection and are standardised.</td>
<td>Measures are created in an ad hoc manner and are often specific to the individual setting or researcher.</td>
</tr>
<tr>
<td>Data are in the form of numbers from precise measurements.</td>
<td>Data are in the form of words from documents, observations and transcripts.</td>
</tr>
<tr>
<td>There are generally many cases or subjects.</td>
<td>There are generally few cases or subjects.</td>
</tr>
<tr>
<td>Procedures are standard, and replication is assumed.</td>
<td>Research procedures are particular, and replication is rare.</td>
</tr>
<tr>
<td>Analysis proceeds by using statistics, tables or charts, and discussing how and what they show relates to hypotheses.</td>
<td>Analysis proceeds by extracting themes or generalisations from evidence and organising data to present a coherent, consistent picture.</td>
</tr>
</tbody>
</table>

Source: Cavana et al. (2001)

The above points are also supported by the following comparison supplied by Creswell (1994), refer to Figure 25.
After reviewing the above examples of Qualitative and Quantitative principles the following methods were selected for phases one, two and three. Phase one adopted the qualitative approach via a Delphi Study whereby a panel of experts supplied opinions and observations to a series of questions and statements.

Based on the above explanations and the fact that my research was undertaken in Australia and the United Kingdom, phases two and three were more suited to a quantitative approach. The ability to utilise questionnaires for the final data collection stage was a major contributor in deciding the research methodology. Since participant responses require a value based response, a quantitative tool is fundamental to the research.

### 3.5. Scope of Study

As covered in Chapter One, the scope of my research is to investigate the extent of disorder that can take place in an organisation as a consequence of leaders displaying toxic or severe dysfunctional tendencies. The research also intended to provide important and original data through means which will be explained in this chapter that would ultimately help to describe, demonstrate, corroborate, foretell and / or
ultimately provide organisations with a warning of the impact toxic or severe dysfunctional leadership has on the effectiveness of an organisation.

Following an extensive and intensive search and review of the available literature, my initial opinion that there was limited volume of research and academic literature on Toxic or Severe Dysfunctional Leadership (TSDL) behaviours was confirmed. This discovery, coupled with the poorly understood concept and dynamics of TSDL behaviours, led to the conclusion that before any meaningful research could be undertaken, it would be necessary to provide for the survey participants with a survey instrument comprising of a set of questions designed to ensure the research topic was interpreted in the same way by all respondents the way I intended, (Saunders, Lewis and Thornhill, 2003).

3.6. Research Process
There are many different and varied approaches which can be adopted for a research project. Each has its own logical progression and justification for its suitability and legitimacy for the areas of research to be undertaken. The framework and process sequence for conducting a research project has been expertly interpreted and presented by Saunders, Lewis and Thornhill in their 2003 publication, Research Methods for Business Students were the main source of guidance and direction for my research and will be used extensively and unless cited otherwise.

The numerous paths which research can pursue are shown in Figure 26. Clearly there are a number of defining decisions which will have to be addressed by the researcher before advancing to the mechanical process of conducting the research. Saunders et al. (2003), refer to the overall framework as “the Onion” due to the overlapping layers of options which are peeled away as the level of decision-making progresses.
Once the researcher has worked through the multiplicity of options and understands their specific functions and selects the most appropriate options, the researcher is left with a pathway to the centre of the onion compatible and complementary to the area of research to be undertaken. Once the final decision on how to collect the necessary data is selected, the researcher has established their own specific “process route” which will organise the research programme.

Figure 26 Research Options

<table>
<thead>
<tr>
<th>Research Process</th>
<th>Options</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Research Philosophy</strong></td>
<td>Positivism</td>
</tr>
<tr>
<td></td>
<td>Realism</td>
</tr>
<tr>
<td></td>
<td>Interpretivism</td>
</tr>
<tr>
<td><strong>Research Approach</strong></td>
<td>Deductive</td>
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<tr>
<td></td>
<td>Inductive</td>
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<tr>
<td><strong>Research Strategies</strong></td>
<td>Experimental</td>
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<tr>
<td></td>
<td>Survey</td>
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<td></td>
<td>Case Study</td>
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<td></td>
<td>Grounded Theory</td>
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<td></td>
<td>Ethnography</td>
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<tr>
<td></td>
<td>Action Research</td>
</tr>
<tr>
<td><strong>Time Horizons</strong></td>
<td>Cross Section</td>
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<tr>
<td></td>
<td>Longitudinal</td>
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<tr>
<td><strong>Data Collection</strong></td>
<td>Sampling</td>
</tr>
<tr>
<td></td>
<td>Secondary Data</td>
</tr>
<tr>
<td></td>
<td>Observations</td>
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<td></td>
<td>Interviews</td>
</tr>
<tr>
<td></td>
<td>Questionnaires</td>
</tr>
</tbody>
</table>

It is evident from the diagram in Figures 27, how the authors came up with the concept of an onion to explain the various research elements. Like an onion each layer has to be removed sequentially to get to the centre of the onion. In the process
of evaluating each option contained within a specific layer, researchers select the appropriate philosophy, approach, strategy, timeframe, and collection method most suitable for their research.

Figure 27   The Research Process

3.7.   Research Route
The research route selected by the researcher has to meet the objectives of both the topic to be investigated, and the logistics of obtaining and retaining the interest of participants who would find the topic both interesting, and more importantly, one in which they who support with their participation. The specific set of methods selected for this research is shown in Figure 28 and 29.
As indicated in Figure 28, the option selected for each sequential layer from the number of alternatives suggested by Saunders and his colleagues will be briefly justified.

- Research Philosophy - Interpretivism

Interpretivism is focused on the action of exploration and discovery of the details influencing a situation or a phenomenon. Saunders et al. (2003), acknowledge that business situations are complex, often unique and are influenced on a particular set of circumstances and individuals. It is for these reasons that Interpretivism is ideally suited for gaining an insight into TSDL behaviours, via the forum of the Delphi Study. They go on to say that Interpretivism requires the researcher to explore the motivations of people’s actions to be able to understand them. That the role of the Interpretivism is to understand the objective of those they study in order to make sense and understand their motives, actions and intentions in such a way that it is meaningful to the research participants.
• Research Approaches - Inductive

The Induction approach is a theory building approach to research. Saunders et al. (2003) consider the Inductive approach as the most appropriate where the researcher is interested in understanding why a particular experience is happening, as opposed to being able to describe what is happening. Where the research is focused on a topical subject, with little existing literature that is generating new discussions and debate the Inductive approach is suitable for generating data and subsequent analysis.

In essence, the Inductive approach emphasises the following attributes: gaining an understanding of the meanings humans attach to events, the collection of qualitative data, a format that allows changes to the research process to be considered and incorporated as the research progresses, a realisation that the researcher is part of the research process. Finally, the data collection process can be more protracted than other methods as ideas may have to be refined or changes as the process progresses.

• Research Strategies - Grounded Theory

Grounded theory (Glaser and Strauss, 1967) is primarily an inductive method of research where the research is commenced from a position where theory emerges from the process of data collection and analysis. The researcher does not start with a structured or defined theoretical framework. The research as it progresses through the data analysis stages identifies possible relationships between the findings and the research questions. The relationship allows the researcher to develop further questions, hypotheses, and or propositions which will be tested later in the research. (Saunders et al. (2003).
• Time Horizons - Cross Section

Important to any research is the timeframe associated with the research process, especially the time allocated to the collection of data. Data, in whatever form, surveys, interviews, and observations are the key to any research programme. The researcher must decide whether the research can be achieved by taking a snap-shot i.e. a “cross-sectional” approach representing a given point in time, or whether a period duration i.e. a “longitudinal” timeframe is more beneficial.

• Collection Methods - Interviews

In traditional interview sessions, face to face interviews are central to the qualitative research process. Interview can take many forms, e.g., one-on-one, focus groups or telephone administered. Interviews are undertaken to find out from others those things or events we cannot directly observe, or to enter into the other person’s perspective (Patton, 2002). During a typical interview the interviewer can pose various types of questions to the interviewee, such as open-ended, closed or probing questions (Cavana et al, 2001).

The interview process in this study will differs from the above standardised overview in as much as I did not have any direct contact with any of the interviewee’s. The individual interviewee’s formed a group of experts constituting a Delphi Panel who remain anonymous to each other and did not have direct contact with myself at any stage during the research process.
As indicated in Figure 29, the option selected for each sequential layer from the number of alternatives suggested by Saunders and his colleagues will be briefly explained.

- **Research Philosophy** - Realism

  Realism in the context of research relates to the objective nature of society by recognising that people themselves are not objects to be studied in the style of natural science without taking cognisance of the social structures or processes that influence their views or behaviours (Saunders et al., 2003). External influences can have a positive or negative impact on the outcomes of actions of individuals or groups.

- **Research Approaches** - Deductive

  The deductive approach to research is associated with the search to explain the causal relationships between variables through the collection of quantitative data.
The deduction process allows concepts to be operationalised in a structured manner so that they can be measured quantitatively (Saunders et al, 2003). The concepts have to be clearly defined in terms of what is acceptable and what is not acceptable. By providing the survey participants with clearly defined and delineated concepts and structured questions designed to extract reply’s which can be replicated from other groups or from the same group in a longitudinal study, (Saunders et al., 2003). The ability to replicate the study is an important element of the overriding positivism philosophy.

- **Research Strategies - Survey**

In order to measure the extent of the phenomena of TSDL behaviours and to allow a large population of respondent’s in Australia and in the United Kingdom to comment on the topic, it was considered that survey techniques would be most suitable. Separate surveys were used in three discrete ways to collect data for different types of investigative probes which are described in detail in the following research phase section. Surveys are a popular tool for the collection of a large amount opinions or data from a sizeable population in a highly economical way, (Saunders et al, 2003).

- **Time Horizons - Cross-Sectional**

The time frame for a research project is not dependent on the type of research being considered. Both the qualitative and quantitative approaches can be conducted over a short-term (cross-sectional) or a long-term (longitudinal) duration. Longitudinal research allows changes and trends to be identified, whereas cross-sectional short-term studies can only provide the researcher with a “snapshot” based on the data collected during this period. Due to the nature of
most research projects, the majority are short-term exercises aimed at establishing a snapshot impression of a particular phenomenon at a particular point in time (Saunders et al, 2003).

- **Collection Methods - Questionnaire**

Questions and questionnaires in one form or another are synonymous with surveys and research where data collection is required. They can be administered by the researcher in conversation with the interviewee, or in this case, self-administered questionnaire completed by the respondent (Saunders et al, 2003).

The design of the questionnaire and the individual questions is paramount to the success of any questionnaire based data collection process. Question structure must be pertinent and specifically related to the topic to extract true and accurate information from the respondent.

Since the topic of TSDL behaviours and subsequent consequences can be perceived differently by each individual, it was considered appropriate to allow each respondent the opportunity to rank the questions, (relative to a given scale), which reflect their own opinion or experience relating to the question being asked. The actual rating process and scale used in the questionnaire are discussed in more detail at a later stage.

Possible the most beneficial aspect of utilising a questionnaire technique for data collection is the ability to reach a large pool of participants across two countries. The final questionnaire was converted to a web based format that could be accessed and completed by the respondents at their convenience. The Completed
questionnaires were stored, consolidated and collated within a secure and confidential database within the university accessible only by myself.

Collectively, the above qualitative and quantitative elements / actions will be the methodology underpinning the research process.

3.8. Research Phases
To systematically plan and develop the research process, the data collection process was split into three separate phases; each will be discussed briefly in this chapter. Phase One, (refer to Figure 30), is dedicated to conducting preliminary research on the topic of Toxic and Severely Dysfunctions behaviour. As emphasised repeatedly in Chapter Two – Literature Review, the topic of toxic or severe dysfunctional leadership behaviour is relatively new and little understood. Therefore normal channels of reference were considered inappropriate for establishing an acceptable practical definition of TSDL behaviours. To assist with the formulation of a definition for TSDL, various experts were petitioned to assist in developing a framework for the final definition by providing opinions and observations based on their understanding and knowledge of the topic.

3.8.1. Phase One – Exploratory

Due to the nature and complexity of the subject, it was necessary to obtain an exploratory (Dailey, 1988) independent understanding and consensus of the meaning
of the terms, concepts and perceptions of Toxic or Severe Dysfunctional Leadership behaviours. A Delphi Study was considered the most appropriate method of polling a pool of experts to determine their opinions and interpretations.

The Delphi Process is a method of structuring communications between groups of experts to investigate a complex problem (Linstone and Turoff, 2002). The Delphi Process was first used by the RAND Corporation of U.S.A. in the early 1950’s to solicit opinions from experts on possible future events, e.g., estimating the potential destructive damage to the U.S.A. from Russian atomic weaponry in the event of an atomic war between the two countries, (Novakowski and Wellar, 2008).

In this research, all communications between the individual panel members was conducted by email. At no time during the process did the panel meet as a group. No one individual’s response, opinions or statements was disclosed to the other panel members. I analysed the individual responses and consolidated them into common constructs which were then communicated to the full panel.

Although a survey questionnaire was to be the final research instrument, the Delphi Study was important in order to develop the foundation opinions and key statements from which the questionnaire would evolve. The Delphi Study, (a key tool in the research process), its methodology and the analysis of data originating from the Delphi Study will be covered in detail in Chapter Four – Delphi Study.
3.8.2. Phase Two – Confirmation

Figure 31: Phase Two

Taking cognisance of the data supplied by the experts on the Delphi panel, a trial survey questionnaire was developed to test the opinions and statements on TSDL behaviours. The opinions and statements were grouped into umbrella constructs in order to combine common themes and statements.

A trial survey was conducted within Murdoch University Business School. The pool of participants were students from various MBA classes. The returns were analysed and used to design the final test instrument.
3.8.3. Phase Three – Implementation

Figure 32  Phase Three

The final survey instrument was prepared as a web-based questionnaire. Information concerning the details of the survey and the web access instructions was distributed to potential interested parties requesting their participation in the survey. The responses were consolidated and analysed to test the research questions.
4. Delphi Study
This chapter will explain in detail the various stages of a Delphi Study initiated to
investigate the topic of Toxic or Severe Dysfunctional Leadership behaviours. The
stages will be covered in chronographically order to show the methodology
undertaken and the progressive nature that data is generated by individual panel
members and then presented to the other panel members for comments and
refinement.

The Delphi Process is an iterative process designed as a group communication tool to
generate examination and discussions (Hsu and Sandford, 2007), towards building a
degree of consensus on a complex problem via a group of experts who remain
anonymous to one another throughout the duration of the process. Hsu and Sandford,
(2007: 2), use Ludwig (1994) to explain the iterative process as follow:

“Iterations refer to the feedback process. The process was viewed as a series of
rounds; in each round every participant worked through a questionnaire which was
returned to the researcher who collected, edited, and returned to every participant a
statement of the position of the whole group and the participant’s own position. A
summation of comments made each participant aware of the range of opinions and
the reasons underlying those opinions”.

The above statement accurately describes the methodology adopted in this research.
As shown in Figure 33, the Delphi Study was the primary tool in developing the final
survey instrument required to collect relevant data for evaluation and analysis to
support the research.
One area that greatly assisted with the logistics involved in managing a Delphi Method based survey is the use of modern telecommunications. The use of email in particular allowed for immediate transfer of information between the researcher and the respondents, irrespective of location, time zones and work demands. Without the use of internet technology, the interactive iterative Delphi process, (refer to Figure 34), would have taken much longer and would have been subjected to a higher level of attrition or drop-out from the pool of experts due to an extended timeframe which may have clashed with their other commitments.
4.1. Delphi Method

Linstone and Turoff (2002: 3) formed the following definition of the Delphi technique:

“Delphi may be characterised as a method for structuring a group communication process so that the process is effective in allowing a group of individuals, as a whole, to deal with a complex problem”.

How the Delphi Method was selected and used to address the above objectives in general and my own area of research is described in the following sections of this chapter. The following criteria identified by Linstone and Turoff (2002) assisted in the final selection of the Delphi Process as the most suitable tool to conduct the initial stages of research:

- The research question does not readily lend itself to precise analytical techniques but can benefit from subjective judgements on a collective basis.
The logistics associated with the formation of a pool of experts and the scheduling of a number of group meetings is prohibitive in terms of time availability and costs.

The ability to concurrently address multiple experts for original opinions whilst ensuring no cross communications is undertaken from the experts.

Guaranteed anonymity of the respective panel members, as only the researcher is privy to the identity of the individual members that constitute the pool of experts.

Panel members can be recruited from different and remote locations.

Eliminates the need for face-to-face meeting with individual experts or the group of experts.

Panel members are allowed to prepare their responses and opinions individually at any time within the required timeframe set by the researcher.

Phase One of the Delphi Process as explained in Chapter Three, section 3.8.1 is primarily to resolve the issue of developing a practical definition of TSDL behaviours and to allow the panel of experts the opportunity to provide opinions, statements, positions and examples of what constitutes TSDL behaviours. The Phase One process is shown in Figure 35.

Figure 35 Phase One – Delphi Process
4.1.1. Panel Selection Process
One of the most frequently asked questions associated with the Delphi Process is the size of the panel. Novakowski and Wellar (2008: 1485 – 1500), quote Turoff’s (2006) opinion on this aspect of the Delphi Process as follows:
“…how many different types of experts do we need to examine it from all relevant perspectives? Multiply this by five and you have the total number that should be in the panel and after you invite them if you have at least three in each category that have agreed you might go with that”.
Since the experts panel would be selected from two sectors, namely;
- Senior executives from Business and Industry
- Senior academics from Australian Universities
Therefore, based on Turoff’s formula the ideal size of the panel should be ten, with a minimum size of six participants. The final number of experts who agreed to participate in the research was eight, four from each selected sector, (refer to Figure 4.3 for further details). The two groups also conform to Novakowski and Wellar (2008) suggested criteria as to what constitutes an “expert”. They suggest the following:
- An advanced degree in disciplines related to the research domain.
- Extensive related work experience in the research domain.
- Professional affiliation.
The Institution of Engineers Australia has a membership of approximately 85,000 engineers ranging from young associates to mature professionals operating in many diverse fields and disciplines within the engineering fraternity. Its members cover the spectrum ranging from practicing engineering professionals to academic professors. The objective was to obtain the participation and assistance of at least half of the panel from Engineers Australia. In addition to the Engineers Australia group the
remaining members of the panel were comprised of senior executives from industries within Australia and Europe.

4.1.2. Panel Profile
Annually, the institutions membership magazine “Engineers Australia” issues a list of the Top 100 – Australia’s Most Influential Engineers. Letters requesting participation as members of a Delphi Panel were sent to 20 members from the list. In addition to the Engineers Australia, five additional potential participants were contacted. From those contacted, eight individuals finally agreed to participate in the Delphi Process. The professions, positions and locations of the final panel are provided in the following table, Figure 36. Each of the panel members was allocated an alpha code to ensure anonymity within the research process.

![Figure 36: Delphi Panel Profile](image)

4.1.3. Delphi Study Questionnaire
The full list of questions and statements developed for presentation to the Delphi Panel for Round One are provided in Appendix 1.
4.2. **Delphi Study – Round One**

Round one was designed to be a qualitative approach comprising of a set of open-ended questions which allowed the panel members to supply opinions and judgements on a series of questions aligned with the topic of TSDL. The questionnaire comprised of eight questions.

Typical of the questions asked of the panel were:

- How would you define dysfunctional behaviour?
- How would you define a dysfunctional leader?
- Please identify factors / elements that you consider dysfunctional behaviours.

Upon the return of the eight responses, the individual results were consolidated and analysed to identify common themes which would be the basis to develop a new quantitative based questionnaire to be used in round two. The panel were not required to rate or rank the questions in this specific questionnaire.

4.3. **Delphi Study – Round Two**

A key preliminary definition for “Toxic or Severe Dysfunctional Leadership Behaviours” was derived from the overall synthesis of opinions and statements obtained from the Delphi panel responses to the questions posed to them.

The deliberate action of harming individuals or ones organisation by using leadership power to negatively influence or deceive.

The round two questionnaire was composed in four parts. Each part was structured to provide specific numerical / rating based responses to a series of questions. Refer to Appendix 2 for the questionnaire used in round two.

Part 1 of the questionnaire comprised of a collection of opinions and judgements from round one which were synthetised into ten separate themes considered descriptive and consistent with the concept of toxic or severely dysfunctional
leadership behaviour. Each theme developed was supported by examples of the most frequently expressed opinions supplied by the panel during round one.

Typical of the themes and explanations developed to cover the TSDL behaviours were:

- **Aggression:**
  - Leadership by means of anger / aggression / arrogance / sarcasm.
  - Leaders that bully / harass / threaten, that leads to resentment and hostility.

- **Ethics:**
  - Leaders who exhibit unethical / fraudulent behaviour / dishonesty.
  - Corruption, dubious accounting, denial.

With part one of the questionnaire, the panel were asked to review the ten themes and examples and then select the five themes which they had the strongest agreement with. They were then asked to rank the five selected themes in order of 1 – 5 with a rating of 5 indicating the theme with the strongest agreement.

Part 2 of the questionnaire was focused on what level of awareness organisations have of TSDL behaviours. The panel were presented with six questions from which they were asked to nominate only one that matches the majority of how organisations manage the phenomenon of TSDL behaviours.

Typical of the questions presented in this section were:

- They are aware of the impact TSDL behaviour has within their organisation.
- They have a clear policy on what constitutes TSDL behaviours.
Part 3 of the questionnaire focused on identifying strategies organisations adopt to reduce or combat TSDL behaviours. Five statements were offered for the panel to select three statements which would have the most impact in combating TSDL behaviour within an organisation. They were then asked to rank the three selected statements in order of 1 – 3 with a rating of 3 indicating the statement with which they had the strongest agreement.

Typical of the questions presented in this section were:

- Organisations shape their culture to avoid or prevent toxic behaviours occurring.
- Internal politics is monitored to identify TSDL behaviours.

Part 4 of the questionnaire focused on the potential negative consequences of TSDL behaviours to an organisation. Six statements were presented from which the panel were asked to select the three statements which they feel would have the most impact in combating TSDL behaviour within an organisation. They were then asked to rank the three selected statements in order of 1 – 3 with a rating of 3 indicating the statement with which they had the strongest agreement.

Typical of the statements presented in this section were:

- TSDL behaviours directly impact on organisational performance.
- TSDL behaviours directly impact on organisational profitability.

4.3.1. Round Two Analysis

Once all responses were returned, the individual results were recorded, consolidated and statistically analysed to identify common trends which would be the basis to
develop a quantitative based questionnaire to be used in round three should it be deemed necessary to continue the Delphi process.

4.3.1.1. **Round Two – Part 1 Analysis**

Part 1 was analysed to determine the response rate as a frequency of times selected and also as a value in terms of percentage of total rating of each theme selected by the panel. The following four key themes were chosen by the majority of the panel in order of importance:

- **Personal Gain** - 7 from 8 (87.5%)
- **Relationships** - 7 from 8 (87.5%)
- **Aggression** - 5 from 8 (62.5%)
- **Ethics** - 5 from 8 (62.5%)

The ten themes were further analysed in terms of value as a percentage of total value. Each panellist was allowed to allocate a ranking value to the top five themes. With ranking values from 1 – 5 the maximum possible value for any theme would be 40. The following three key themes were chosen by the majority of the panel in order of importance:

- **Personal Gain** - 21 points (52.5%)
- **Relationships** - 21 points (52.5%)
- **Aggression** - 19 points (47.5%)

The full response analysis for Part 1 is shown in Figure 37.
4.3.1.2. Round Two – Part 2 Analysis

The responses relating to part 2 were analysed to determine which of the six statements were considered indicative of the attitude organisations have towards recognising and managing TSDL behaviours.

The following two statements were chosen by the majority of the panel in order of importance:

- “They are aware of the impact TSDL behaviours has within their organisation but do not know what to do about it”. This statement was the most selected by 4 of the 8 panellists, equating to 50% concurrence amongst the panel.
- “They are aware of the impact TSDL behaviours has within their organisation”. This statement was the second most selected statement. It was selected by 2 of the 8 panellists, equating to 25% concurrence amongst the panel.

The full response analysis for Part 2 is shown in Figure 38.

---

<table>
<thead>
<tr>
<th>No. of Panel Members</th>
<th>8</th>
</tr>
</thead>
<tbody>
<tr>
<td>Theme</td>
<td>Item</td>
</tr>
<tr>
<td>Personal Gain</td>
<td>3</td>
</tr>
<tr>
<td>Relationships</td>
<td>8</td>
</tr>
<tr>
<td>Aggression</td>
<td>1</td>
</tr>
<tr>
<td>Ethics</td>
<td>2</td>
</tr>
<tr>
<td>Subversion</td>
<td>4</td>
</tr>
<tr>
<td>Decision Making</td>
<td>5</td>
</tr>
<tr>
<td>Power</td>
<td>9</td>
</tr>
<tr>
<td>Corporate Governance</td>
<td>6</td>
</tr>
<tr>
<td>Ecotistical</td>
<td>7</td>
</tr>
<tr>
<td>Inflexibility</td>
<td>10</td>
</tr>
</tbody>
</table>
4.3.1.3. Round Two – Part 3 Analysis

The responses relating to part 3 were analysed to determine which of the five statements were considered indicative of the strategies organisations adopt to reduce the impact of TSDL behaviours.

The following two statements were chosen by the majority of the panel in order of importance:

- “Organisations shape their culture to avoid or prevent toxic behaviours occurring”. This statement was rated the highest with a value of 8 from a possible maximum score of 24, equating to 33.3% concurrence amongst the panel.

- “New candidates are assessed on their TSDL tendencies during the recruitment and selection process”. This statement was the second most selected statement with a value of 6 from a possible maximum score of 24, equating to 25% concurrence amongst the panel.

The full response analysis for Part 3 is shown in Figure 39.
4.3.1.4. **Round Two – Part 4 Analysis**

Part 4 was analysed in a similar manner as described in part 3. Of the six statements presented in this section, one, namely: “TSDL behaviours are symptomatic of egotistical leaders” was correctly identified by one of the panel as not appropriate for this section as it is not an “impact” statement. This statement also scored the lowest rating from the panel and therefore confirms its unsuitability.

The top two statements were:

- “TSDL behaviours are a major contributor to the loss of key staff”. This statement was selected by 7 of the 8 panel and recorded a value of 17 from a possible 24 which equates to 70.8%.

- “TSDL behaviours damage person to person communication channels”. This statement was selected by 5 of the 8 panel and recorded a value of 10 from a possible 24 which equates to 41.7%.

Statement “L” was identified by one panel member as “not an impact statement”, his observation, was supported by this statement receiving the lowest selection.
frequency and the lowest score of all of the six statements. Surprisingly, one panel member identified this statement a high rating of 3.

The full response analysis for Part 4 is shown in Figure 40.

Figure 40  Round Two – Part 4 Analyses

<table>
<thead>
<tr>
<th>Statement</th>
<th>A</th>
<th>B</th>
<th>C</th>
<th>D</th>
<th>E</th>
<th>F</th>
<th>G</th>
<th>H</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>G  TSD behaviours directly impact on organisational performance</td>
<td>2</td>
<td>1</td>
<td>2</td>
<td>1</td>
<td>6</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>H  TSD behaviours directly impact on organisational profitability</td>
<td>2</td>
<td>2</td>
<td>1</td>
<td>5</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I  TSD behaviours directly impacts on organisational sustainability</td>
<td>2</td>
<td>1</td>
<td>3</td>
<td>6</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>J  TSD is a major contributor to the loss of key staff</td>
<td>3</td>
<td>1</td>
<td>3</td>
<td>3</td>
<td>2</td>
<td>2</td>
<td>17</td>
<td></td>
<td></td>
</tr>
<tr>
<td>K  TSD behaviours damage person to person communication channels</td>
<td>1</td>
<td>1</td>
<td>3</td>
<td>2</td>
<td>3</td>
<td>10</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>L  TSD behaviours are symptomatic of egotistical leaders</td>
<td>3</td>
<td>1</td>
<td>4</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Equipped with the analysed data from the round two responses, it was apparent that the quality and relevancy of the data provided by the Delphi panel of such high calibre that a third round of the Delphi process would not establish any further pertinent data and therefore would not be required. The data collected after rounds two of the Delphi Process were considered sufficiently stable, (Novakowski and Wellar, 2008; Chaffin and Talley, 1980) i.e. the responses between successive rounds demonstrated a high level of consensus, to halt the Delphi Process and commence with the design of suitable survey instrument based on the relevant and constructive information supplied by the expert Delphi panel.

The completion of the Delphi Process also completes phase 1 of the research. Phase 2 of the research will now be described.

4.4.  Trial Survey Process

Phase 2 of the research, (refer to Figure 41), will embark on and concentrate on putting the valuable findings from the panel of experts into a survey instrument
structured around their individual opinions and the eventual consensus which arose from their inputs.

From the findings derived from the Delphi Process, I was now in a position to commence with the development of a survey instrument to be used in a trial survey to establish the degree of reliability of the questions.

Figure 41  Phase Two

4.4.1. Trial Surveys
Due to the nature of the research topic, and the emotional connotations associated with the terms toxic and dysfunctional, it was considered essential to conduct two trial surveys. Details of the two trial surveys are briefly explained.

4.4.2. Trial Survey 1
Trial survey No.1 was conducted as a manually administered survey questionnaire to ensure that the terms to be used in the following surveys were acceptable and clearly descriptive of the behaviour types central to the research. This intermediate stage allowed me to test the implication of each question's relevance and suitability.

Therefore, prior to the stage two pilot study, a short trial survey was undertaken
amongst Murdoch University post graduate students enrolled in Master of Business Administration and Master of Human Resource Management courses.

The preliminary questionnaire comprised of 90 questions. The questions were constructed from the opinions and judgements derived from the Delphi Study. Each question was considered descriptive and pertinent with the spheres of influence which could be susceptible to toxic or severely dysfunctional leadership behaviour. The questions were distributed across the following ten themes:

- Behaviour
- Culture
- Effectiveness
- Ethics
- Follower
- Leader
- Organisation
- Perception
- Productivity
- Profitability

Over a five week period, approximately 50 students participated in the exercise. The participants were asked to rate each question using the easily understood Likert common interval-based rating scale designed to determine how strongly each participant agrees or disagrees with the question being asked. The participants were asked to select the answer that best matches your response and rate with the corresponding value (1 - 7)

1 = Strongly Disagree
2 = Disagree
3 = Disagree a Small Amount
4 = Neither Agree or Disagree
5 = Agree a Small Amount
6 = Agree
7 = Strongly Agree

Although no analysis was conducted on the data recovered from this initial survey, it was evident that the face validity of the questionnaire was not completely to the level
of acceptance in measuring the concepts being investigated. The responses and comments associated with certain questions were considered not appropriate, and upon investigation, were identified for removal from any future surveys. Also important were comments from some respondents which assisted in identifying questions which should be rephrased or modified to remove ambiguity or to remove double-barrelled or leading questions from any future surveys, (Cavana, Delahaye and Sekaran, 2001).

### 4.4.3. Trial Survey 2

The trial questionnaire comprising of 85 questions, covering the following nine themes was prepared.

<table>
<thead>
<tr>
<th>Dependent Variables</th>
<th>Independent Variables</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commitment to Organisation</td>
<td>Organisational Competency</td>
</tr>
<tr>
<td>Job Satisfaction</td>
<td>Dysfunctional Behaviour</td>
</tr>
<tr>
<td>Intent to leave the Organisation</td>
<td>Toxic Leadership</td>
</tr>
<tr>
<td>Organisational Retention</td>
<td>Management in the Workplace</td>
</tr>
<tr>
<td>Loyalty to the Organisation</td>
<td></td>
</tr>
</tbody>
</table>

The categories for the Independent Variables and Dependent Variables were derived as a result of the collective identification of themes and terminology used in the Delphi Process. Refer to Appendix 4 for the specific questions associated with each of the Independent and Dependent Variables.

In line with Trial Survey 1, the Likert rating scale was again used as the basis of the rating method for this survey. The survey was administered to interested and knowledgeable individuals nominated by the researcher and supervisors. Of the 41
responses, 39 were completed successfully. Two participants failed to complete all questions, as the number of questions omitted was more than 25% of the total requirements; the two questionnaires were not incorporated into the overall master response matrix.

Provisional analysis of the data was done to confirm the reliability and validity of the questions and the questionnaire format. The provisional findings will not be covered, suffice to say that I was encouraged by the provisional analysis to the extent that the following actions were decided:

- To remove similar like questions and confusing questions from the survey questionnaire. This decision had a two-fold benefit. Firstly to remove questions perceived by the respondents as similar / same context thereby providing the same level of agreement. By culling the number of questions, it was assumed that the reduced questionnaire would be more acceptable to more potential participants and could therefore result in a higher completion rate due to less time required for completion, (Saunders et al., 2003)

- The results obtained from Trial Survey 2 provided the degree of confidence necessary to proceed with the development of the final full survey instrument compatible with a web-based survey process.

The question set was subsequently reduced by 20 questions to a final 65 questions which were considered specific and also sufficient for the next phase of the research. Refer to Appendix 3 for the final survey instrument.
4.5. **Full Survey Process**
Phase 3 of this research, (refer to Figure 42), will deliver the final set of questions derived from the trial survey 2 as a web based survey to a wider scope of participants. Consistent with the Trial Survey No. 2, a Likert rating scale was again used. The final set of questions and the rating scale details are shown in Appendix 3.

Figure 42  Phase Three

4.6. **Data Collection, Consolidation and Analysis**
The survey delivery and response collection was administered and managed through a dedicated web-accessible database within the Murdoch University Business School. All responses were retained within the database for collation and migration of the raw data into a basic EXCEL spreadsheet format suitable for statistical analysis to determine whether the research objectives were achieved.

The consolidated raw data was extracted from the database in EXCEL format for analysis with a specialised statistical software package specifically for the analysis of numerical data, (Cavana et al., 2001). The analysis software SPSS, (Statistical Package for the Social Sciences), was the primary tool to analyse the data set.
5. Final Survey Data Analysis
Chapter Five, (refer to Figure 43), explains in detail the data collection and analysis processes undertaken.

The purpose of Chapter Five is to report on data generated from the various survey collection methods and to describe the statistical analysis processes employed to test the strength of the research constructs and their validity to support the research topic undertaken.

The survey generated 177 responses which were subjected to analysis using SPSS Version 17. Details of the specific analysis techniques used to analyse data are presented in this chapter.

Figure 43 Structure of Thesis

E. Leet (2010)
The survey investigates the dimensions of toxic behaviour and their effects on organisation health.

5.1. **Recruitment Method**
Recruitment for the survey was conducted using two separate approaches, primarily by means of a web-based survey complemented by canvassing selected groups of candidates. The web survey was hosted by Murdoch University and could be accessed anonymously by participants at their convenience. The canvassed groups were recruited from three areas:

- From two Australian universities, Murdoch University, and Curtin University of Technology, both in Perth, Western Australia. The participants were Master of Business Administration and Master of Human Resource Management students.
- The Institute of Engineering Designers, United Kingdom, published details of the survey and the web address on the institute’s website and in their monthly journal circulated to its membership.
- From contacts through personal networking.

5.2. **Final Survey Instrument**
The final survey instrument used was developed in the pilot survey from Chapter 4, refer to Appendix 1. The final survey instrument comprised of a set of questions, 65 in all. The questions were selected and devised to measure the nine constructs formulated to evaluate the research topic. The 65 survey questions were allocated to the nine constructs as follows;

- Commitment to Organisation (8 questions)
- Job Satisfaction (6 questions)
- Intent to Leave the Organisation (7 questions)
- Organisation Retention (9 questions)
- Loyalty to the Organisation (7 questions)
- Organisational Competency (9 questions)
- Dysfunctional Behaviour (5 questions)
- Toxic Leadership Behaviour (8 questions)
- Management in the Workplace (6 questions)

The questions were presented to the participants in a random sequence, not as sets of grouped questions. The full list of constructs and their respective questions as offered to the survey participants is presented in Appendix 01.

A brief description of the context of each of the constructs follows:

- **Commitment to Organisation** – an employee’s level of attachment to his place of work (Muthuveloo and Rose, 2005)
- **Job Satisfaction** - a pleasurable or positive emotional state resulting from the appraisal of one's job or job experiences (Locke, 1976)
- **Intent to Leave the Organisation** – a conscious decision by an employee to consider leaving an organisation (Tett and Meyer, 1993)
- **Organisation Retention** – a conscious effort made by an organisation to retain key staff and their accumulated knowledge through strategies, programmes and other initiatives.
- **Loyalty to the Organisation** – employees relationship to the organisation and to the values that the organisation stands for (Johnson, 2005)
- **Organisational Competency** – an organisations responsibility to ensure that its nominated responsible executives possess an appropriate level of knowledge and skills to conduct their duties.
- **Dysfunctional Behaviour** - personal characteristics that inflict some serious and enduring harm on others and/or organisations (Lipman-Blumen, 2005)

- **Toxic Leadership Behaviour** – a leader’s deliberate and persistent destructive behaviours that disrupt the effectiveness of followers or organisations (Lipman-Blumen, 2005)

- **Management in the Workplace** - the level of effectiveness of management practices and behaviours in the workplace.

Each construct was validated using correlation, validity analysis and factor analysis which are presented in the following sections.

### 5.2.1. Demographics Summary

Data were collected from 177 individual responses; on consolidation, the data identified the respondents as being diverse in terms of gender, age groups, occupations, country and level of education.

From the 177 respondents, 119 (67.2%) were male and 55 (31.1%) female with 3 (1.7%) not specified. Although not all respondents completed all sections of the demographics section, the vast majority of the respondents completed the questionnaire in full. Two questions, namely Occupation and Country were the exception, with 11.90% (21 respondents) and 6.78% (12 respondents) respectively not supplying data. Four age groups were used to identify the age of the various participants. The groups were fairly evenly represented, with the majority of the participants 56.5% being identified as below 40 years.

<table>
<thead>
<tr>
<th>Gender Summary</th>
<th>55</th>
<th>31.10%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>119</td>
<td>67.20%</td>
</tr>
<tr>
<td>Not Specified</td>
<td>3</td>
<td>1.70%</td>
</tr>
<tr>
<td>Total</td>
<td>177</td>
<td>100%</td>
</tr>
</tbody>
</table>
The occupations specified by the respondents covered a variety of skills and disciplines and industry sectors. The largest representations were from Engineering (17.51%), followed by General Management (10.17%) and Academics (10.17%) respectively. Equally varied, were the range of countries the respondents nominated. With the exclusion of the 12 non-respondents, the majority of respondents were from Australia (67.8), with the remainder made up from 45 individuals from 25 countries. Education levels showed the greatest divergence, ranging from four respondents reporting that they had no high school education certification to 94 respondents possessing a post-graduate degree. A detailed summary of the demographics analysis is presented in Appendix 5.

The full list of the questions associated with the demographics section of the survey questionnaire as offered to the survey participants is presented in Appendix 4.
5.3. **Sample Size**

Sample size has always been a contentious issue with researchers, examiners and readers. Two main streams of thought prevail, (Lingard and Rowlinson, 2006):

- the total number of usable responses in the survey (N)
- a ratio based on the usable responses divided by the number of variables, (i.e. questions in the survey instrument (p))

Researcher’s commence their research with high expectation striving for vast numbers of candidates interested in participating in the research process. The reality is that the majority of surveys are poorly subscribed to. Low response rates are among the most difficult of problems in survey research to overcome. Response rates to e-mail surveys have significantly decreased since 1986, (Sheehan, 2001).

Field (2005), cites Guadagnoli and Velicer’s (1988) findings that the most important factors in determining reliable factor solutions was the absolute sample size and the absolute magnitude of factor loadings. In short they argue that if a factor has four or more loadings greater than 0.6 then it is reliable regardless of sample size.

Tables 11 and 18 of the independent variables and the dependent variables show that the factors from the analysis meet the criteria.

Lingard and Rowlinson (2006) summarised their findings of 31 studies to illustrate the respective cumulated levels associated with increased sample size and subject to item ratio.
In this study, the N = 177 respondents can be expressed as a ratio of 2.72:1 in terms of number of respondents divided by the number of variables in the test instrument. In respect to the two values used in this study, the following can be established:

- The sample size of 177 compares extremely favourably with 90% of the studies reviewed.
- The subject to item ratio compares favourably with 58% of the studies reviewed.

Therefore based on the above comparisons, the two expressions, N = 177 and ratio of 2.72:1 should be sufficient to justify the suitability of the dataset generated from the study.

### Table 4 Sample Size

<table>
<thead>
<tr>
<th>Sample Size</th>
<th>No. of Studies</th>
<th>% of Studies</th>
<th>Cumulated %</th>
</tr>
</thead>
<tbody>
<tr>
<td>30 or less</td>
<td>1</td>
<td>3.23%</td>
<td>3.23%</td>
</tr>
<tr>
<td>31 to 60</td>
<td>8</td>
<td>25.81%</td>
<td>29.04%</td>
</tr>
<tr>
<td>61 to 99</td>
<td>13</td>
<td>41.93%</td>
<td>70.97%</td>
</tr>
<tr>
<td>100 to 200</td>
<td>6</td>
<td>19.35%</td>
<td>90.32%</td>
</tr>
<tr>
<td>201 to 300</td>
<td>2</td>
<td>6.45%</td>
<td>96.77%</td>
</tr>
<tr>
<td>301 or above</td>
<td>1</td>
<td>3.23%</td>
<td>100.00%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>31</strong></td>
<td><strong>100.00%</strong></td>
<td></td>
</tr>
</tbody>
</table>

### Table 5 Subject to Item Ratio

<table>
<thead>
<tr>
<th>Subject to Item Ratio</th>
<th>% of Studies</th>
<th>Cumulated %</th>
<th>No. of Studies</th>
</tr>
</thead>
<tbody>
<tr>
<td>2:1 or less</td>
<td>35.48%</td>
<td>35.48%</td>
<td>11</td>
</tr>
<tr>
<td>&gt; 2:1 ≤ 5:1</td>
<td>22.58%</td>
<td>58.06%</td>
<td>7</td>
</tr>
<tr>
<td>&gt; 5:1 ≤ 10:1</td>
<td>29.03%</td>
<td>87.09%</td>
<td>9</td>
</tr>
<tr>
<td>&gt; 10:1 ≤ 20:1</td>
<td>9.68%</td>
<td>96.77%</td>
<td>3</td>
</tr>
<tr>
<td>&gt; 20:1 ≤ 100:1</td>
<td>3.23%</td>
<td>100.00%</td>
<td>1</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100.00%</strong></td>
<td></td>
<td><strong>31</strong></td>
</tr>
</tbody>
</table>

5.4. **Independent Variables – Measures of Toxic Behaviour**

Analysis of the Delphi study suggested four useful lines of questions to measure toxic behaviour, being, Organisational Competency, Toxic Leadership, Dysfunctional Behaviour, and Management in the workplace. While the pilot study
helps refine these questions, it does not contribute to the construct validity of these variables. I subjected the Independent Variable questions to factor analysis to extract underlining constructs.

5.4.1. Factor Analysis
Factor analysis is the most common statistical method used for data reduction. By subjecting raw data retrieved from a survey to factor analysis, it identifies and quantifies how underlying factors or constructs influence measured variables, i.e. common factors, (Cavana et al, 2001). The aim of the factor analysis is to see if the issues of leadership competency factor with the toxic leadership variables.

An important element in factor analysis is the ability to determine and quantify the extent to which the observed variables align with a smaller number of unobserved variables. The relationship between the two variable types is computed and the underlining factor relationship is expressed in terms of an “eigenvalue”. In order for the factor relationship to be considered worth analysis is that the factors have an eigenvalue of 1.00 or greater. Factor relationships returning a small or negative eigenvalues are not considered suitable for analysis, Brown (2001).

5.4.2. Varimax Rotated Analysis – Independent Variables
As the validity and reliability of a new measurement instrument is initially questionable, it is necessary to subject the instrument to a number of confirmatory checks to establish the degree of satisfaction with the variables being tested and the adequacy of the sample size.
The two tests used to check the appropriateness of the use of factor analysis on the variables were the Kaiser-Meyer-Olkin (KMO) measurement of sampling adequacy and Bartlett’s test for sphericity.

Kaiser’s (1974) suggests that for a factor analysis approach to be appropriate, a value of 0.5 is barely acceptable, up to 0.7 is mediocre, 0.8 is good, 0.9 is great and above 0.9 is superb.

Bartlett (1954) test of sphericity explains that the test “examines whether the correlations in a correlation matrix are zero”.

The results returned from the KMO and Bartlett’s test are summarised in the following table. As the results show, both the Independent Variables, and the Dependent Variables confirm the appropriateness of factor analysis.

The initial analysis showing a single factor solution can be referenced in Appendix 7 and Appendix 8.

The independent variable questions were subjected to Varimax Rotated analysis. The initial solution provided a four factor solution. However the fourth factor was considered weak and consequently removed.

Table 6  Initial Factor Analysis Four Factor Solution

<table>
<thead>
<tr>
<th>Component</th>
<th>Initial Eigenvalues</th>
<th>Extraction Sums of Squared Loadings</th>
<th>Rotation Sums of Squared Loadings (o)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>% of Variance</td>
<td>Total</td>
<td>% of Variance</td>
</tr>
<tr>
<td>1</td>
<td>54.902</td>
<td>15.120</td>
<td>54.902</td>
</tr>
<tr>
<td>2</td>
<td>6.084</td>
<td>1.956</td>
<td>6.084</td>
</tr>
<tr>
<td>3</td>
<td>3.795</td>
<td>1.063</td>
<td>3.795</td>
</tr>
<tr>
<td>4</td>
<td>3.587</td>
<td>1.004</td>
<td>3.587</td>
</tr>
</tbody>
</table>

Extraction Method: Principal Component Analysis
(o). When components are correlated, sums of squared loadings cannot be added to obtain a total variance.
Table 7  Factor Loading for Four Factor Solution

<table>
<thead>
<tr>
<th>Question</th>
<th>Question Description</th>
<th>Component 1</th>
<th>Component 2</th>
<th>Component 3</th>
<th>Component 4</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q6</td>
<td>Your organization's leaders specify clearly what needs to be done</td>
<td>0.749</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q9</td>
<td>You respect the ethical standards of your managers</td>
<td>0.654</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q24</td>
<td>Your organization's leaders are held accountable for their behavior and performance</td>
<td>0.520</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q22</td>
<td>Your organization's leaders are knowledgeable in their respective skills</td>
<td>0.497</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q25</td>
<td>Your organization's leaders learn from its past failures</td>
<td>0.470</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q23</td>
<td>Leaders in your organization had to take corrective action in a timely manner</td>
<td>0.420</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q36</td>
<td>Your organization's leaders are capable of adapting to new ideas and challenges</td>
<td>0.345</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q38</td>
<td>You work with leaders who improve the performance of the organization</td>
<td>0.707</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q44</td>
<td>Your organization's leaders demonstrate sound business principles</td>
<td>0.816</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q53</td>
<td>Your organization's leaders understand the importance of evaluating staff performance in meeting operational goals</td>
<td>0.712</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q54</td>
<td>You are not willing to put yourself out to help your present organization</td>
<td>0.701</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q65</td>
<td>Your organization's leaders are able to analyze situations effectively</td>
<td>0.744</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q72</td>
<td>In your organization leaders exhibit a high level of emotionally abusive behavior</td>
<td></td>
<td>0.750</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q64</td>
<td>Managers in your workplace bully colleagues and/or coworkers</td>
<td></td>
<td>0.760</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q49</td>
<td>Managers in your workplace conduct personal vendettas against other colleagues</td>
<td></td>
<td>0.674</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q74</td>
<td>Managers in your organization have unmet stakeholders (employees, clients, suppliers, shareholders etc)</td>
<td></td>
<td>0.750</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q55</td>
<td>Managers in your workplace direct information to protect their own interests</td>
<td></td>
<td>0.531</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q61</td>
<td>In your organization, leaders abandon ethical principles for profits</td>
<td></td>
<td>0.874</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q7</td>
<td>Managers in your workplace are more concerned with their personal wealth than organizational duties</td>
<td></td>
<td>0.596</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q8</td>
<td>Managers in your workplace consistently ignore feedback from others</td>
<td></td>
<td>0.931</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q13</td>
<td>You feel the standard of leadership is on the decline in your organization</td>
<td></td>
<td>0.402</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q24</td>
<td>Leaders in your organization per personal ambition before organizational objectives</td>
<td></td>
<td>0.595</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q25</td>
<td>Managers in your workplace give favourites</td>
<td></td>
<td>0.583</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q38</td>
<td>In your organization leaders are focused on their own personal interests rather than the organization</td>
<td></td>
<td>0.054</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q65</td>
<td>In your organization, leaders enforce unreasonable rules and regulations because they can</td>
<td></td>
<td>0.554</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q63</td>
<td>In your organization leaders exhibit a high level of aggressive behavior</td>
<td></td>
<td>0.691</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q45</td>
<td>You have experienced a failure within your organization that you attributed to poor leadership</td>
<td></td>
<td>0.659</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q47</td>
<td>You work for leaders that occasionally by poor or ignore formal systems/communication channels</td>
<td></td>
<td>0.623</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Extension Method: Principal Component Analysis.
Rotation Method: Oblique with Kaiser Normalization.
(a). Rotation converged in 13 iterations.

After removing all questions related to cross-loading between factors and poor Cronbach’s Alpha values, a three factor solution comprising of the 25 independent variable questions was produced from the Varimax Rotated analysis to access the degree to which they predicted the dependent variables. Refer to Table 11 for the full list of independent variable questions and their respective factor loading values.
A seen from the values above, the variables will factor satisfactorily. The KMO values of 0.958 met Kaiser’s criteria of 0.9, “superb” and as such, supported the use of factor analysis. The Bartlett value of 3810.872 is significant to 0.0001.

The three factors combined, explained 65.842% of the variability.

Examination of the correlation table shows strong correlations between the Independent Variables and the Dependent Variable’s.
Table 11 shows the final factor loadings against each question, as can be seen; this solution suggests three factors, which have been identified as:

- **Factor 1 - Leadership Competency**
- **Factor 2 - Toxic Leadership**
- **Factor 3 - Indulgent Leadership**

Factor 3, initially identified as Ambition / Ego, has been renamed as “Indulgent Leadership”. Leaders displaying characteristics such as unrealistic or over-ambitious personal objectives and inflated egos are synonymous with the characteristics of
indulgence. The terms Ambition and Ego were derived from the Delphi Study and were used initially to identify leaders focused on excessive personal gain and an egotistical leadership style. Both terms are synonymous with indulgent behaviours and can be considered to have the same connotations and implications. Accordingly, excessive ambition and ego, can be considered as sub-sets of indulgence, refer to Chapter Six for a detailed explanation of the naming of these factors.

In order to confirm the strength of the three Independent Variable factors, it was necessary to test the reliability of each factor.

5.5. **Reliability Analysis – Leadership Competency**
The reliability analysis of Leadership Competency shows a Cronbach’s alpha of 0.954. Table 5.12 shows all remaining questions in the factor and the Cronbach’s alpha if item deleted. As all questions show a decreased alpha value, these questions were retained.

Table 12  Reliability Analysis – Leadership Competency

<table>
<thead>
<tr>
<th>Scale Mean if Item Deleted</th>
<th>Scale Variance if Item Deleted</th>
<th>Corrected Item-Total Correlation</th>
<th>Cronbach’s Alpha if Item Deleted</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q6</td>
<td>49.10</td>
<td>245.444</td>
<td>0.712</td>
</tr>
<tr>
<td>Q14</td>
<td>49.17</td>
<td>233.255</td>
<td>0.796</td>
</tr>
<tr>
<td>Q22</td>
<td>48.60</td>
<td>247.377</td>
<td>0.701</td>
</tr>
<tr>
<td>Q31</td>
<td>49.37</td>
<td>237.961</td>
<td>0.810</td>
</tr>
<tr>
<td>Q30</td>
<td>49.01</td>
<td>238.136</td>
<td>0.833</td>
</tr>
<tr>
<td>Q46</td>
<td>49.01</td>
<td>229.795</td>
<td>0.844</td>
</tr>
<tr>
<td>Q53</td>
<td>49.41</td>
<td>245.562</td>
<td>0.685</td>
</tr>
<tr>
<td>Q60</td>
<td>49.45</td>
<td>232.999</td>
<td>0.837</td>
</tr>
<tr>
<td>Q65</td>
<td>49.17</td>
<td>236.551</td>
<td>0.826</td>
</tr>
<tr>
<td>Q8</td>
<td>48.92</td>
<td>241.169</td>
<td>0.732</td>
</tr>
<tr>
<td>Q33 R</td>
<td>49.56</td>
<td>247.497</td>
<td>0.666</td>
</tr>
<tr>
<td>Q40</td>
<td>49.06</td>
<td>235.990</td>
<td>0.869</td>
</tr>
</tbody>
</table>
5.6. **Reliability Analysis – Toxic Leadership**

The reliability analysis of Toxic Leadership shows a Cronbach’s alpha of 0.901.

Table 13 shows all remaining questions in the factor and the Cronbach’s alpha if item deleted. As all questions show a decreased alpha value, these questions were retained.

Table 13  **Reliability Analysis – Toxic Leadership**

<table>
<thead>
<tr>
<th></th>
<th>Cronbach’s Alpha</th>
<th>No. of Items</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>0.901</td>
<td>6</td>
</tr>
</tbody>
</table>

| Q32  | 24.97            | 58.226       | 0.779 | 0.876 |
| Q47 R| 25.00            | 60.989       | 0.721 | 0.865 |
| Q61 R| 25.91            | 61.227       | 0.662 | 0.894 |
| Q34  | 24.88            | 58.844       | 0.759 | 0.879 |
| Q41  | 25.02            | 59.642       | 0.739 | 0.882 |
| Q48  | 25.27            | 58.742       | 0.723 | 0.885 |

5.7. **Reliability Analysis – Indulgent Leadership**

The reliability analysis of Toxic Leadership shows a Cronbach’s alpha of 0.906.

Table 14 shows all remaining questions in the factor and the Cronbach’s alpha if item deleted. As all questions show a decreased alpha value, these questions were retained.

Table 14  **Reliability Analysis – Toxic Leadership**

<table>
<thead>
<tr>
<th></th>
<th>Cronbach’s Alpha</th>
<th>No. of Items</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>0.906</td>
<td>7</td>
</tr>
</tbody>
</table>

| Q7   | 25.24            | 81.489       | 0.615 | 0.897 |
| Q23  | 25.02            | 79.510       | 0.739 | 0.876 |
| Q41  | 25.17            | 77.481       | 0.817 | 0.880 |
| Q44 R| 25.27            | 76.627       | 0.840 | 0.881 |
| Q55 R| 25.83            | 80.884       | 0.672 | 0.887 |
| Q6   | 25.68            | 81.453       | 0.636 | 0.895 |
| Q25  | 26.22            | 81.548       | 0.650 | 0.899 |
5.8. Dependent Variables – Measures of Organisational Health

From the Delphi study it was hypothesised that there may be five constructs which may be affected by toxic behaviour.

These dependent variables were identified as:

- Commitment to Organisation
- Job Satisfaction
- Intent to Leave
- Organisational Retention
- Loyalty to the Organisation

The first step in identifying the appropriate measures of organisational health was to subject the five Delphi variables to factor analysis.

5.8.1. Organisational Health Measures

The dependent variable questions were subjected to rotational analysis. The initial solution shows a six factor solution, (refer to Figure 44 and Appendix 9), which was eventually reduced to a three factor solution once cross-loading questions and poor Cronbach’s Alpha values were removed.

Figure 44  Eigenvalues for Factor Analysis of Organisational Health Measures

After removing all questions related to cross-loading between factors and poor Cronbach’s Alpha a three factor solution comprising of the 37 dependent variable
questions was produced from the Varimax Rotated analysis to access the degree to which they predicted the independent variables. Refer to Table 18 for the full list of dependent variable questions and their respective factor loading values.

Table 15  KMO and Bartlett’s Test for Organisational Health Measures

<table>
<thead>
<tr>
<th>Bartlett's Test of Sphericity</th>
<th>Kaiser Meyer-Olkin Measure of Sampling Adequacy</th>
<th>Approx. Chi Square</th>
</tr>
</thead>
<tbody>
<tr>
<td>df</td>
<td>0.955</td>
<td>3253.718</td>
</tr>
<tr>
<td>Sig.</td>
<td></td>
<td>0.000</td>
</tr>
</tbody>
</table>

A seen from the values above, the variables will factor satisfactorily. The KMO values of 0.955 for the dependent variables met Kaiser’s criteria of 0.9, “superb” and as such, supported the use of factor analysis. The Bartlett value of 3253.718 is significant to 0.0001.

Table 16  Initial Factor Analysis for Final Solution – Dependent Variables

<table>
<thead>
<tr>
<th>Component</th>
<th>Initial Eigenvalues</th>
<th>Extracted Sum of Squared Loadings</th>
<th>Rotation Sum of Squared Loadings (a)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cumulative (%)</td>
<td>Total</td>
<td>% of Variance</td>
<td>Cumulative (%)</td>
</tr>
<tr>
<td>1</td>
<td>54.262</td>
<td>15.023</td>
<td>54.262</td>
</tr>
<tr>
<td>3</td>
<td>65.289</td>
<td>1.027</td>
<td>4.278</td>
</tr>
</tbody>
</table>

Extraction Method: Principal Component Analysis

(a). . . When components are correlated, sum of squared loadings cannot be added to obtain a total variance.

The three factors combined, explained 65.289% of the variability.

Table 17 shows the correlation between the factors.
Table 17  Component Correlation Matrix for Dependent Variables

<table>
<thead>
<tr>
<th>Component Correlation Matrix</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
</tr>
<tr>
<td>1</td>
</tr>
<tr>
<td>2</td>
</tr>
<tr>
<td>3</td>
</tr>
</tbody>
</table>

Extraction Method: Principal Component Analysis
Rotation Method: Oblimin with Kaiser Normalization

Table 18 shows the questions loading on the three factors, plus the questions that were removed.

Table 18  Named Factors - Dependent Variables

<table>
<thead>
<tr>
<th>Contract</th>
<th>Question</th>
<th>Question Description</th>
<th>Intention to Stay</th>
<th>Intention to Leave</th>
<th>Organizational Retention</th>
</tr>
</thead>
<tbody>
<tr>
<td>CO</td>
<td>Q10</td>
<td>You would advise a friend to join your organisation.</td>
<td>0.453</td>
<td></td>
<td></td>
</tr>
<tr>
<td>CO</td>
<td>Q11</td>
<td>If you had to do it again, you would still join your present organisation.</td>
<td>0.776</td>
<td></td>
<td></td>
</tr>
<tr>
<td>JS</td>
<td>Q19</td>
<td>Your job is usually interesting enough to keep you in your present organisation.</td>
<td>0.304</td>
<td></td>
<td></td>
</tr>
<tr>
<td>IL</td>
<td>Q20</td>
<td>You often think about quitting your organisation.</td>
<td>0.467</td>
<td></td>
<td></td>
</tr>
<tr>
<td>CO</td>
<td>Q26</td>
<td>You really feel a part of your organisation.</td>
<td>0.417</td>
<td></td>
<td></td>
</tr>
<tr>
<td>JS</td>
<td>Q27</td>
<td>Most days you are enthusiastic about your work.</td>
<td>0.402</td>
<td></td>
<td></td>
</tr>
<tr>
<td>CO</td>
<td>Q35</td>
<td>The longer you work here the more you feel you belong.</td>
<td>0.485</td>
<td></td>
<td></td>
</tr>
<tr>
<td>JS</td>
<td>Q36</td>
<td>You find real enjoyment in your job.</td>
<td>0.389</td>
<td></td>
<td></td>
</tr>
<tr>
<td>JS</td>
<td>Q42</td>
<td>You like working with the people in your organisation.</td>
<td>0.541</td>
<td></td>
<td></td>
</tr>
<tr>
<td>IL</td>
<td>Q47</td>
<td>You need to leave soon because of management’s attitudes / behaviours.</td>
<td>0.512</td>
<td></td>
<td></td>
</tr>
<tr>
<td>CO</td>
<td>Q63</td>
<td>Most of the time you have to force yourself to go to work.</td>
<td>0.751</td>
<td></td>
<td></td>
</tr>
<tr>
<td>IL</td>
<td>Q9</td>
<td>It is likely that you will look for a new job in the next year.</td>
<td>0.546</td>
<td></td>
<td></td>
</tr>
<tr>
<td>OR</td>
<td>Q12</td>
<td>You have no intention of leaving your organisation.</td>
<td>0.621</td>
<td></td>
<td></td>
</tr>
<tr>
<td>LO</td>
<td>Q13</td>
<td>You would leave your organisation for a small increase in salary.</td>
<td>0.400</td>
<td></td>
<td></td>
</tr>
<tr>
<td>IL</td>
<td>Q28</td>
<td>If forced to choose, you would leave your organisation.</td>
<td>0.321</td>
<td></td>
<td></td>
</tr>
<tr>
<td>IL</td>
<td>Q30</td>
<td>The only reason you will not leave is due to the shortage of alternative employment.</td>
<td>0.426</td>
<td></td>
<td></td>
</tr>
<tr>
<td>OR</td>
<td>Q21</td>
<td>Managers in your organisation are trusted to retain their people.</td>
<td>0.874</td>
<td></td>
<td></td>
</tr>
<tr>
<td>OR</td>
<td>Q37</td>
<td>In your organisation, employees are aware that they are an ‘asset’ and treated as such.</td>
<td>0.709</td>
<td></td>
<td></td>
</tr>
<tr>
<td>LO</td>
<td>Q26</td>
<td>You like the way your organisation is managed.</td>
<td>0.733</td>
<td></td>
<td></td>
</tr>
<tr>
<td>OR</td>
<td>Q44</td>
<td>Your organisation knows who its talented employees are.</td>
<td>0.699</td>
<td></td>
<td></td>
</tr>
<tr>
<td>OR</td>
<td>Q32</td>
<td>You think that your organisation does what is needed in order to retain its valuable employees.</td>
<td>0.827</td>
<td></td>
<td></td>
</tr>
<tr>
<td>LO</td>
<td>Q22</td>
<td>Your organisation has a clear record of appointing its staff.</td>
<td>0.814</td>
<td></td>
<td></td>
</tr>
<tr>
<td>OR</td>
<td>Q44</td>
<td>Your organisation values have a positive influence on retention rates.</td>
<td>0.487</td>
<td></td>
<td></td>
</tr>
<tr>
<td>CO</td>
<td>Q1</td>
<td>You feel a sense of pride for your organisation.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>JS</td>
<td>Q2</td>
<td>You would not leave your organisation for the same job at another company.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>OR</td>
<td>Q4</td>
<td>Your organisation has a high staff turnover.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>LO</td>
<td>Q5</td>
<td>You feel a strong sense of loyalty to your organisation.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>OR</td>
<td>Q29</td>
<td>You know your job opportunity within your organisation over the next two years.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>LO</td>
<td>Q30</td>
<td>You get on well with your immediate boss.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>IL</td>
<td>Q43</td>
<td>You will leave if you think you will not receive promotion soon.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>LO</td>
<td>Q43</td>
<td>Few organisations can match your present one in a good place to work.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>JS</td>
<td>Q49</td>
<td>You would leave your organisation for more money.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CO</td>
<td>Q56</td>
<td>You are not willing to put yourself out to help your present organisation.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>OR</td>
<td>Q58</td>
<td>Your organisation has created a specific retention plan for you.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>LO</td>
<td>Q59</td>
<td>You feel that your organisation’s problems are your own.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CO</td>
<td>Q62</td>
<td>Your organisation has a poor way of handling employee complaints.</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

CO = Commitment to Organisation; JS = Job Satisfaction; IL = Intention to Leave; OR = Organisational Retention; LO = Loyalty to the Organisation.
Table 18 shows the final factor loadings against each question as can be seen, this suggests three factors, which have been identified as:

- Factor 1 – Intention to Stay
- Factor 2 – Intention to Leave
- Factor 3 – Organisational Retention

5.9. Reliability Analysis of Dependent Variables

In order to confirm the strength of the three dependent variables it was necessary to test the reliability of each factor.

5.9.1. Reliability Analysis – Dependent Variables

Tables 19, 20 and 21 show the Cronbach’s Alpha test of Organisational Health reliability scores for each of the three factors. In each case deleting any items would reduce the reliability score.

Table 19 Reliability Analysis – Intention to Stay

<table>
<thead>
<tr>
<th>Scale Mean if Item Deleted</th>
<th>Scale Variance if Item Deleted</th>
<th>Corrected Item-Total Correlation</th>
<th>Cronbach's Alpha if Item Deleted</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q10</td>
<td>50.59</td>
<td>185.844</td>
<td>0.764</td>
</tr>
<tr>
<td>Q18</td>
<td>50.07</td>
<td>185.012</td>
<td>0.711</td>
</tr>
<tr>
<td>Q26</td>
<td>50.22</td>
<td>186.859</td>
<td>0.787</td>
</tr>
<tr>
<td>Q35</td>
<td>50.70</td>
<td>184.543</td>
<td>0.743</td>
</tr>
<tr>
<td>Q63 R</td>
<td>50.09</td>
<td>186.019</td>
<td>0.751</td>
</tr>
<tr>
<td>Q19</td>
<td>49.88</td>
<td>190.304</td>
<td>0.751</td>
</tr>
<tr>
<td>Q27</td>
<td>50.29</td>
<td>182.504</td>
<td>0.841</td>
</tr>
<tr>
<td>Q36</td>
<td>50.30</td>
<td>188.532</td>
<td>0.770</td>
</tr>
<tr>
<td>Q42</td>
<td>49.73</td>
<td>199.102</td>
<td>0.669</td>
</tr>
<tr>
<td>Q20</td>
<td>50.94</td>
<td>179.842</td>
<td>0.765</td>
</tr>
<tr>
<td>Q57</td>
<td>50.22</td>
<td>180.402</td>
<td>0.793</td>
</tr>
</tbody>
</table>
Table 20  Reliability Analysis – Intention to Leave

As shown in Table 20, it is possible to increase the Cronbach’s Alpha from 0.831 to 0.839 by removing questions Q12 and Q50. The marginal possible increase in Cronbach’s Alpha is countered by the individual factor loadings of the questions (0.490 and 0.426 respectively). The individual corrected item correlations of 0.439 and 0.433 respectively) also shows that this question makes a contribution to the scale.

Table 21  Reliability Analysis – Organisational Retention
As shown in Table 21, it is possible to increase the Cronbach’s Alpha from 0.923 to 0.925 by removing Q44. However, as the question clearly relates to the identification of talent within an organisation, it has a high degree of relevance in terms of face validity, so it has been retained as it would be a valid question in a survey on organisational retention research. The marginal possible increase in Cronbach’s Alpha is countered by the clear single factor loading of the question (0.560). The corrected item correlation of 0.619 also shows that this question makes a large contribution to the scale.

5.9.2. Naming the Dependent Variables
Table 18 shows the final factor loadings against each question, as can be seen; this solution suggests three factors, which have been identified as:

- Factor 1 – Intention to Stay
- Factor 2 – Organisational Retention
- Factor 3 – Intention to Leave

An examination of the questions factoring in factor 1, such as “your job is usually interesting enough to keep you in your present organisation” strongly links to Intention to Stay construct identified by Franklin (1975); and Hackman and Oldham (1975). Factor 2 questions, such as “your organisation has a fine record of supporting its staff” links to Organisational Retention, similar to Buchanan (1974); Cook and Wall (1980); Aiken and Hage (1966) and Smith (1962 and 1976); Franklin (1975) and Kahn, Wolfe, Quinn and Snoek (1964). Factor 3 questions such as “It is likely that you will look for a new job in the next year” links to Intention to Leave, similar to Cammann, Fichman, Jenkins and Klesh (1982); Franklin (1975); and Bullock 91952). Refer to Appendix 4 for details of the list of questions and their respective source and to Chapter 6, section 6.6.2 for details of the final survey instrument.
5.10. Revised Hypotheses Framework

The initial hypothesis, suggested two broad categories of independent variables, being Toxic Leadership and Dysfunctional Behaviours. The Delphi study suggested ten lines of defining constructs, being:

- Behaviour
- Culture
- Effectiveness
- Ethics
- Follower
- Leader
- Organisation
- Perception
- Productivity
- Profitability

Analysis of the survey data has shown strong evidence of three independent variable constructs being Leadership Competency, Toxic Leadership, and Indulgent Leadership. I should explain that in previous chapters, I have used the combination of term “toxic or severe dysfunctional leadership behaviours” when referring broadly to negative leadership behaviours.

In the initial single factor solution, both toxic and dysfunctional behavioural elements were incorporated into the single factor along with leadership competency and indulgent behaviours. However in the three factor model for the independent variables, this has been replaced with the single term toxic leadership, which will now be used in this thesis.

As identified in Chapter Two, Section 2.5., the general definition for dysfunctional implies any and all disturbance or abnormality in the function of an organ or part. In the context of leadership behaviour; the degree / severity of disruption or abnormality is subjective and therefore difficult to identify and measure. I therefore have to be more focused in the interpretation. Figure 45 shows the relationship between the single factor “dysfunctional” solution, and the final three factor solution.
The popular press consistently interchange the terms toxic and dysfunctional to describe inappropriate and unwanted and unwarranted actions without differentiating between them.

It would be inappropriate for this research to group together clear toxic behaviours with a possible dysfunctional behaviours under the one banner. This research has shown that the two conditions are separate.

Refer to Figure 45 for a schematic representation of the relationships.

Figure 45  Toxic / Competency / Dysfunctional Relationship

Likewise with the dependent variables, our initial hypothesis was based on five constructs; commitment to the organisation, intent to stay, intent to leave, organisational retention, and loyalty to the organisation, evidence from the survey indicates greatest relevance to three dependent variables, intention to stay, intention to leave, and organisational retention.

Consequently the initial model for the thesis was revised from that shown below in Figure 46 to that shown in Figure 47.
Figure 47 reflect the results of chapter five which distilled the issues into the three independent variables representing leadership factors: leadership competency, toxic leadership, and indulgent leadership, and the three dependent variables representing organisational health: intention to stay, organisational retention, and intention to leave.

Leadership competency, toxic leadership, and indulgent leadership will predict intention to stay, organisational retention and intention to leave.
5.11. Testing of Hypotheses
These hypotheses were be investigated using multiple regression analysis. As a first step, demographic variables (gender, age and education), were tested against the three dependent variables and no significant relationships were found.

Examination of the correlation Table 22 below shows strong correlations between the independent variables and the dependent variable’s. This suggests strong links between the independent variables.

Table 22  Correlation between Independent Variables and Dependent Variables

<table>
<thead>
<tr>
<th>Leadership Competency</th>
<th>Intention to Stay</th>
<th>Organisational Retention</th>
<th>Intention to Leave</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Pearson Correlation</td>
<td>.890 **</td>
<td>.690 **</td>
</tr>
<tr>
<td></td>
<td>Sig (2-tailed)</td>
<td>.000</td>
<td>.000</td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>177</td>
<td>176</td>
</tr>
<tr>
<td>Toxic Leadership</td>
<td>Pearson Correlation</td>
<td>.708 **</td>
<td>.500 **</td>
</tr>
<tr>
<td></td>
<td>Sig (2-tailed)</td>
<td>.000</td>
<td>.000</td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>177</td>
<td>176</td>
</tr>
<tr>
<td>Indulgent Leadership</td>
<td>Pearson Correlation</td>
<td>.739 **</td>
<td>.622 **</td>
</tr>
<tr>
<td></td>
<td>Sig (2-tailed)</td>
<td>.000</td>
<td>.000</td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>176</td>
<td>175</td>
</tr>
</tbody>
</table>

** Correlation is significant at the 0.01 level (2-tailed)

Figure 48 shows the above correlation in data and values in scatter plot format.
In addition to Table 22 and Figure 48, refer to Appendix 6 for the descriptive statistics associated with the 3 independent variables and the 3 dependent variables.

5.11.1. Predicting Intention to Stay
The three independent variables were entered into a regression equation stepwise. The resulting model returned an adjusted R square value of 0.798 which shows that leadership competency and toxic leadership significantly predicts intention to stay, ($t_{173} = 16.155, p = 0.000$, $t_{173} = 2.89, p = 0.004$) while indulgent leadership did not make a contribution ($t(t_{173} = 0.75$, no significance). $= 0.75$, no significance), refer to Table 23.
5.11.2. Predicting Intention to Leave

The resulting model returned an adjusted R square value of 0.377 which shows that leadership competency and toxic and dysfunctional behaviours significantly predicts intent to leave, \( t_{173} = 5.184, p = 0.000, t_{173} = 2.559, p = 0.011 \) while indulgent leadership did not make a contribution \( t_{173} = 0.708 \), no significance), refer to Table 24.
5.11.3. Predicting Organisational Retention

The resulting model returned an adjusted R square value of 0.485 which shows that leadership competency and indulgent leadership significantly predicts organisational retention ($t_{173} = 5.947, p = 0.000$, $t_{173} = 2.514, p = 0.013$) while toxic leadership behaviour did not make a contribution ($t_{173} = 1.357$, no significance), refer to Table 25.

Table 25 Predicting Organisational Retention

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leadership Competency</td>
<td>.688</td>
<td>.473</td>
<td>0.47</td>
<td>7.41481</td>
</tr>
<tr>
<td>Leadership Competency + Indulgent Leadership</td>
<td>.701</td>
<td>.491</td>
<td>0.485</td>
<td>7.30334</td>
</tr>
</tbody>
</table>

In all three cases leadership competency was the dominant predictor. But the second largest predictor varied depending on the dependent variable as shown in Figure 49.
5.12. Conclusion
This chapter has statistically demonstrated the main research question of the thesis:
Firstly it has shown that toxic leadership can be measured using a survey instrument.
Secondly, that toxic leadership is distinct from the general concept of competency.
Thirdly, toxic leadership behaviours predicts intention to stay and intention to leave,
and fourth, that a new dimension of leadership has been identified that can be
described as indulgent leadership.
6. Conclusion and Implementation
Chapter Six is where a summary of the research findings are presented. In addition, the following issues will also be presented: a new definition of toxic leadership, the identification of limitations encountered during the research process, a presentation of the conclusions of the research, the identification of areas where the research has made a contribution to the advancement of knowledge in the field of leadership, the introduction of the concept of indulgent leadership and finally, a summary of the implications of the research and the identification of future directions for research.

The research examined the influence of toxic leadership behaviour on the effectiveness of an organisation.

6.1. Findings

At the outset of the research it was hypothesized that leadership competency and toxic leadership behaviours were two related but separate factors of leadership (refer to Chapter One). In the Delphi study a large number of poor leadership behaviours potentially related to toxic management were uncovered. In refining these behaviours into a survey instrument, the two initial factors and a large array of potentially related issues were progressively distilled into three primary themes through factor analysis:

- Leadership Competency
  Leadership competency is reflected by the concepts of personal, social, skills, and technical ability of an individual to influence others. The list of perceived indicators of leadership competency is almost endless, as is the many traits and characteristics commonly found in popular leadership competency frameworks. Although any list cannot be considered comprehensive, it would almost certainly include references to education, training, experience, ethical,
principled, integrity, authenticity, influencing, inquiring, thinking, interpersonal skills, and emotional intelligence. These terms are closely aligned with the list of terms associated with the key attributes of leadership characteristics and some of the more eminent and acknowledged leaders in leadership research as previously discussed in Chapter Two, section 2.3.1. What they have in common is that if used in the pursuit of excellence, they are powerful characteristics and attributes by which to measure the potential performance of a leader.

- Toxic Leadership

The perception of toxic leadership behaviour is one where any and all behaviours that are not generally accepted norms are considered behaviours potentially detrimental to others and / or the organisation. Toxic leadership behaviours can range from the insignificant gestures and innuendos, to physical abuse to others, and from petty pilfering to elaborate swindles and deception against the organisation. Some other characteristics that have been linked with toxic practices are: egotism, arrogance, deception, greed, selfishness, and lack of integrity.

The use of toxic behaviours combined with the misuse of leadership power paints a bleak picture of the potential damage leaders can inflict on followers and subordinates. It is this setting that forms the foundation for the provisional definition for toxic or severe dysfunctional leadership developed for this research, (refer to Chapter Two, Section 2.5).
Toxic practices can also attribute to potentially other undesirable effects on the company, such as high staff turnover, loss of skills and corporate knowledge, higher employment costs, and a de-motivated workforce, all areas which have been identified by others as unwarranted and unnecessary business practices and objectives.

- Indulgent Leadership

Although indulgent leadership is a new term in the leadership literature, it is in essence an aggregated term for those leaders who are more interested in personal gain and self-aggrandisation, i.e., in developing and executing schemes designed to ingratiate their own objectives as opposed to the objectives of the organisation.

An important finding of the peer-reviewed literature review (refer to Chapter Two), was the lack of sufficient academic literature associated with toxic or severe dysfunctional leadership behaviour. By neglecting the influence of toxic leadership behavioural elements on leadership theories and models, leadership researchers have failed to offer a full and comprehensive insight into an important area in leadership knowledge and education.

Leadership research should incorporate the multi-dimensional nature of leadership, and in particular the notion that negative behaviours are not necessarily the opposite of good leadership behaviours, instead they can be dimensionally different. Although there is a growing volume of toxic literature in the popular press, (refer to the list of books in the Bibliography), their work is mainly based on anecdotal “evidence” such as observations, (refer to Figures 21, 22 and 23 at the end of chapter two), or reports of actions committed by leaders considered “toxic”, generally after the fact, such as
the portrayal of Al Dunlap’s exploits and toxic behaviours as reported by Byrne (1999). In contrast this thesis provides firm evidence of toxic leadership.

These examples show that toxic leadership exists. So why should we have to wait until the damage is done before action is taken. Society will never be able to predict the future or the behaviour of others to the level of 20/20 as is possible with hindsight, but we should be doing everything possible to increase the predictability of toxic leadership in our own organisation and businesses.

The factor analysis of the survey data supports the proposition that toxic leadership exists. The survey instrument is effective in identifying toxic leadership as a discrete style of leadership distinct from other forms of bad leadership aligned to either leadership competency or indulgent leadership. Toxic leadership is a unique form of leadership that is not considered in existing leadership theory and models.

The isolation of toxic leadership as a discrete leadership style will have potentially important theoretical and practical ramifications of how researchers and academics view certain existing accepted leadership theories and models. Researchers, academics and others will have to revisit those theories and factor into the theories and models, the concept of toxic leadership and what, if any, implications it has on the established interpretations and outcomes.

Of the three independent variables, (leadership competency, toxic leadership, indulgent leadership), toxic leadership and indulgent leadership had a differential effect on organisational health. The effects on organisational health were measured by means of the three dependent variables; intention to stay, intention to leave, and organisation retention.
• **Intention to Stay (in the Organisation)** – a conscious decision by an employee to remain in employment with their current employer. Intention to stay is directly related to job satisfaction and workplace variables. (Letvak and Buck, 2008)

• **Intention to Leave (the Organisation)** – a conscious decision by an employee to consider leaving an organisation (Tett and Meyer, 1993)

• **Organisation Retention** – a conscious effort made by an organisation to retain key staff and their accumulated knowledge through strategies, programmes and other initiatives. (Chew, Entrekin and Girardi, 2005).

The findings provide evidence that the different leadership factors have differential effects on organisational health outcomes:

- Leadership competency is related to intention to stay, organisational retention, and intention to leave.
- Toxic leadership behaviour predicts intention to stay and intention to leave.
- Indulgent leadership relates to organisational retention.

The survey findings also support the opinions and observations of the Delphi Panel that toxic and severe dysfunctional leadership behaviours are detrimental to developing positive workplace relationships.

The constructs, intention to stay, intention to leave, and organisational retention collectively are indicative of the key elements associated with creating the foundations for corporate success. Employee satisfaction is considered essential for a healthy organisation and is generally accepted as such in all popular and academic management and leadership literature. The results show that leadership competency
6.2. Defining Leadership – Differences in Leadership Dimensions

The objective of this research was to investigate aspects of toxic and severe dysfunctional leadership behaviour on the health of an organisation through a combination of qualitative and quantitative methods. The qualitative inputs were provided by the Delphi panel, their opinions, observations, perceptions, and comments were instrumental in establishing the qualitative measurements. The Delphi panel established a field of behaviours and issues that could potentially be related to toxic leadership.

The Delphi panel provided qualitative input into the discussion on what constituted toxic or severe dysfunctional leadership behaviour. Their opinions, observations and comments were distilled into the following series of themes; aggression, ethics, personal gain, subversion, decision making, corporate governance, egotistical, relationships, power and inflexibility. These themes were the foundation of the final survey instrument, the full list of terms associated with each theme is available in Appendix 2.

The final set of questions associated with the three factors, leadership competency, toxic leadership, and indulgent leadership are available for review in Chapter Five, Table 11.
- **Leadership Competency**

  Toxic leaders can also be competent leaders, (in terms of skills). Competency is the innate ability to achieve or manage a task or situation. Incompetent leaders may not necessarily be toxic leaders; they may simply lack the skills necessary to successfully accomplish certain tasks. Competent leaders intentionally use their power and authority to further the advancement of others in the pursuit of overall organisation outcomes.

  Conger, (1989) found that the level of competence displayed by the leader affects the followers perception of the leaders ability. Kellerman, (2004), describes leaders who lack experience, education, or expertise as incompetent leaders, some also lack drive, energy, or the ability to focus. Others may not be clever enough, flexible enough, stable enough, or emotionally intelligent enough to perform as an effective leader.

- **Toxic Leadership**

  Toxic leadership is a series of conscious and deliberate behaviours and acts that are designed to manipulate, deceive, coerce, and / or embarrass others in the pursuit of one’s own personal and or positional gain. Such behaviours and acts disrupt the effective functioning of others, and / or the organisation.

  Toxic leadership is a separate area of leadership research not addressed in the existing leadership theory literature. Many articles, papers (Padilla et al, 2007; Reed, 2004; Flynn, 1999; Lipman-Blumen, 2005), have been written on the outcomes of toxic leadership behaviour, but to date there is no research based evidence to explain the phenomenon. Goldman, (2009) defines toxic leadership as being: destructive, disturbing, and dysfunctional acts of supervision that spread among members of the workforce. As with other definitions, the explanation is true but vague; no emphasis on identifying the
acts that are intentional and persistent and are the deliberately and
systematically misuse of the leaders (supervisors) power to negatively
impact on the effective functioning of individuals, and by default, the
detriment of the organisation.

- Indulgent Leadership

Indulgent leadership is characteristic of leaders who covet prestige, ego and
self-gratification above that which they deserve for their contribution to the
organisation and others. Their agenda is not to deliberately disrupt the
efficiency of others or of the operations to achieve objectives. Indulgent
leaders are not toxic by intention, but if allowed to develop unchecked
organisational health and organisational retention could evolve to a level
where they become toxic with the inevitable consequences to others and the
organisation.

Indulgent leadership differs from toxic leadership in that the toxic leader’s actions
are deliberately targeted at others or the organisation with the intention to deceive,
manipulate, and control. Whilst the indulgent leaders acts are initially manifested
inactions designed to ingratiate themselves, and any subsequent damage to others
and / or the organisation is secondary.

In order to maintain consistency of reason and understanding, it was necessary to
expand the provisional definition of toxic or severely dysfunctional leadership
behaviour created in chapters one and two, to include the wider aspect of negative
leadership behaviours and their outcomes on individuals and organisations, to this
extent, the following final definition is presented:
The intentional and persistent act of using authoritarian power and actions to deliberately and systematically negatively impact on the effective functioning of individuals, and by default, the detriment of the organisation. When the final definition is measured against the independent variable of toxic leadership behaviour it shows a high degree of alignment with the sub-set of questions that focused on terms such as abusive behaviour, bullying, vendettas, misleading, distorting information, and unethical principles.

This new definition will assist future researchers on toxic leadership behaviours and aid future readers in understanding and establishing counter-measures to combat or alleviate the key elements of intentional and repetitive nature of deliberate negative actions employed by unscrupulous individuals in the pursuit of their own self-enhancement and resultant rewards.

Central to a definition of toxic leadership behaviours is the recognition that the use of behaviours such as those identified, predict negative consequences on individuals and organisational health.

6.3. Implications for Leadership Theory

The literature reviewed focused on the most common leadership styles, behavioural theories and models developed and promoted from 1930 to the present, (most if not all are still in many text books used to teach management and leadership skills to all levels of students from under-graduate studies up to MBA degree level). What was conspicuous by its absence was the limited reference to the negative or darker side of leadership in any of the models. The closest some theorists got to the dark side of leadership was to include some references by implication to incompetency, or the
lack of concern for tasks as represented in Blake and Mouton’s Managerial Grid as the Impoverished Manager.

Likewise, with Hersey and Blanchard’s situational and contingency theory, Model of Leadership, for the process to be successful, the onus is on the leader’s positive approach to modifying their own leadership style and behaviour to match the level of experience / inexperience of the follower. Without the leader’s commitment to consciously and continuously modulate their own style, the follower’s development and advancement would in most cases not progress.

Both models completely ignore the existence of toxic leadership as an influencing element in determining relationships outcomes on individuals and organisations. Without the acknowledgement and inclusion of toxic behaviours, the existing models are limited in their understanding and interpretation of leadership / follower dynamics and their impact on organisations.

The introduction of toxic behavioural elements into some leadership theories and models, would force researchers and academics to acknowledge that existing leadership theories and models cannot assume a sequential and positive development of followers. The simplistic inference of some transformational leadership models of leader-follower relationships assumes that both parties have a common positive goal and agenda for advancing the skills and potential of the individual.

The inclusion of toxic leadership behavioural influence into leadership theory would require researchers and academics to provide additional processes within the theory
or model whereby the leader-follower relationship is monitored to ensure that it maintains alignment with the intent of the theory or model.

In regard to the Blake and Mouton’s Managerial Grid, the Impoverished Manager as the lowest / most undesirable management style does not adequately cover the potential impact that a toxic leader’s behaviours can have on the desired outcomes for people and production.

One area of the literature that should be compared with toxic leadership is that of “psychopaths” and “psychopathic behaviours”. Although there is no clear distinction between toxic behaviour and other deviant behaviours, it is possible to identify a distinction between leaders described as toxic leaders and individuals classified as psychopaths or sociopaths. A review of the popular and academic literature on psychopath behaviours identified specific traits and characteristics that support the proposition that although individuals who display toxic leadership behaviours and psychopaths have some common characteristics such as lying, manipulation, deceit and, egocentricity, (Babiak and Hare 2006), they are essentially different constructs. Toxic leaders are not necessarily psychopaths.

The Collins English Dictionary (2009) defines psychopath as:

Also called sociopath, a person afflicted with a personality disorder characterised by a tendency to commit antisocial and sometimes violent acts and a failure to feel guilt for such acts.

Psychopaths have been defined by others as follows:

Babiak and Hare’s, (2006), definition of psychopaths goes beyond that of Collins, by including the absence of conscience, empathy, and loyalty; they identify psychopaths
as those in society “without conscience and incapable of empathy, guilt, or loyalty to anyone but themselves” and that psychopaths have an impressive supply of excuses to justify their actions and, (in the context of business), they have little genuine interest in the short or long-term goals and objectives of the company.

Furnam and Taylor (2004), use the alternative term of “antisocial personality” to describe psychopaths. They then go on to identify absence of guilt, lack of feelings or affection for others, impulsivity and ability to control ones behaviour in the light of known probable consequences, as conspicuous and dangerous signs of a psychopath.

The common thread that links the various interpretations of the actions of a psychopath is that they suffer from emotional poverty (Babiak and Hare, 2006). Firstly, and possible most important is the general view usually expressed in the popular press that most psychopaths are associated with much publicised violent crimes against others, such as serial killers, rapists, thieves, child abusers, and crimes that are horrific in their execution (Hare 1993), by individuals who enjoy seeing people suffer (Clarke 2005). Whilst toxic leadership behaviours are generally associated with under the radar corporate activities designed for personal gain.

The middle ground between the two positions is one where the actions of a renegade individual, (usually the leaders or a senior executive), such as when their actions have been exposed, can be considered extreme in their influence on organisational outcome, that the individual could be considered a “corporate” psychopath (Babiak and Hare, 2006).
It is the severity of the actions and the physical damage and personal invasion on others that generally signify that the actions are that of a psychopath.

The popular press portrays most (criminal) psychopaths as individuals from middle to lower socio-economical groups, of low to average intelligence and of average educational ability. However, almost all individuals associated with toxic behaviour (corporate psychopaths) are associated with the higher socioeconomic groups, and are normally highly intelligent and educated professionals responsible for leading others and managing corporate resources.

The one characteristic psychopaths and toxic leaders do have in common, is that their acts “result not from a deranged mind but from a cold, calculating rationality” (Hare, 1993: 5).

Psychopathic behaviour is generally enacted in the public domain on individual victims, as opposed to workplace toxic behaviours which are usually in the context of organisational relationships, organisational performance and organisational health. It is the workplace / organisational benefits context that this thesis addressed.

This research required the development of a definition aligning toxic leadership behaviour with potential negative outcomes for the individual and the organisation. The introduction and subsequent adoption of a standardised definition of toxic leadership behaviour, (clearly and specifically, linking such behaviours to individual and organisational outcomes), will assist organisations in identifying instances and trends of such behaviours. With this knowledge, the early warning of occurrences of toxic leadership behaviour can and should limit the potential damages from such actions.
The survey findings support the proposition that behaviour has an influence on outcomes. Therefore negative behaviours, irrespective of their degree of severity can and most likely will negatively influence outcomes.

With regards to organisational health, negative behaviours enacted on the individual can have a two-fold influence: on the individual and on the organisation. The first influence is directly on individuals who are dissatisfied with unwarranted emotional, verbal, direct or indirect toxic leadership behaviour from leaders who are in a position to use organisational power or resources to impose unethical or immoral actions. Victims of such negative behaviours are likely to become less committed to working for the perpetrator of such actions. Should the abusive actions continue or escalate, the employee may consider initiating internal grievance procedures against the perpetrator or if this is not effective, request a transfer to another departments or divisions, or if this is not possible, leave the organisation altogether. Toxic leadership behaviour is related to intention to stay and intention to leave.

The second influence is indirectly on the organisation. Irrespective of whether the employees transfers within the organisation or exits the organisation, such moves can be disruptive to the organisation in many areas, either temporarily or permanently, e.g., loss of knowledge, loss of skills, loss of continuity, increased recruitment costs, increased workload on others, increased responsibility on others.

By monitoring and acknowledging trends such as: voluntary quits, (such as leaving for better opportunities or that the employee can no longer tolerate associating with leaders who use or condone toxic behaviours), requests from followers for inter-departmental / division transfers, grievance procedures, the organisation can judge
the trends to be indicative or predictive of dissatisfaction which may be as a result of toxic leadership behaviours.

The early identification of toxic leadership behaviour within the organisation allows the organisation the opportunity to intervene and assist in re-educating offending leaders. This is a more appropriate action than expecting or encouraging followers to automatically accept the toxic leadership behaviour and adapt their own behaviour to compensate for the inevitable assault of negative behaviours, or to expect the toxic leader to change their behaviour on their own accord. Organisations that monitor for toxic leadership behaviours will identify victims and culprits. Due to the nature of the behaviours, (negative connotations), and the likelihood that most organisations are not equipped to deal with such controversial and / or sensitive problems, both parties may require some sort of official and / or professional intervention by external counselors for the victim and re-education for the culprit.

Individuals may react to negative behaviours from a toxic leader in a range of ways, from ignoring the issue, to actively resisting and / or retaliation against the leader or the organisation. Depending on the individual’s response, the organisation may experience slight disruptions, as in a reduction of effort and efficiency by affecting productivity, (Dasborough and Ashkanasy, 2002), to more serious outcomes such as sabotage, or a total withdrawal of services (Dasborough, 2006). Neither outcome is satisfactory to the organisation and its objectives.

Once toxic leadership behaviours have been exposed, acknowledged and dealt with within the organisation, such lessons learned can become an integral element in the selection / promotion process for future leaders. Knowledge of previous toxic or
severe dysfunctional leadership behaviours may not be conclusive proof of
candidate’s intentions, but it can be viewed as a factual record of how the candidate
dealt with others in similar situations. Cognisance of their actions and outcomes from
these interactions should be noted and the individual challenged on the issues during
the selection / promotion process prior to final selection.

By subjecting potential external candidates, (for C-Level positions or senior
executive positions or internal candidates for promotion to these positions), to
behavioural and situational evaluation circumstances based on obtaining measurable
responses from the candidates could be used to evaluate the candidates. The
situations for the candidates to be engaged in could be derived around the constructs
and questions contained in the survey instrument, or a derivative of the survey
instrument structured to align with the role in question. This process could be a
valuable tool in providing an insight into how each candidate responds to a prepared
set of situations and circumstances. This research has shown that a survey instrument
can be developed to measure toxic leadership.

Organisational leaders, especially the board of directors and those in senior executive
positions have a fiduciary duty to all of their stakeholders to ensure that they are
diligent in their efforts to attract and recruit the best possible resources into the
organisation. Equally as important as the candidates technical / operational skills and
their capacity to achieve the desired tasks and objectives of the organisation, is the
organisations concern and subsequent assurance that the candidate has an acceptable
disposition to the various relationship management issues he / she will have to
interface with in order to achieve the organisations goals.
Research on toxic leadership behaviour is in its infancy. Its potential ramifications need to be properly understood by senior executives. By understanding the potential implications associated with toxic leadership behaviours, senior executives can effectively plan and implement counter-measures to prevent or mitigate potential damages to individuals and the organisation from toxic leadership behaviours.

Leadership is about influencing others to achieve goals and objectives, not about the abusive use of power and position to deceive and manipulate others in the pursuit of personal gain and self-gratification. Just as knowledge of sound leadership and management principles and practices are advantageous to an organisation's future, knowledge of the darker side of leadership is equally invaluable to organisations leaders in their efforts to establishing and maintaining organisations' health.

6.4. Implications for Practice

In addition to the findings reported in the previous section, the survey also strongly supported the two original research questions, namely:

- Can a survey instrument be developed as an indicator of toxic leadership behaviour?
- Can the effects of toxic leadership behaviour be measured?

Clearly the data analysis of the survey findings supports the two research questions.

The correlation between toxic leadership behaviour and negative organisational health has been proven in this study as indicated by the relationship between toxic leadership and intention to stay / intention to leave.

Consequently, it may be argued that unless existing leadership theories are revised to take cognisance of negative leadership behaviours, then the theories do not cover all
recognised aspects of leadership in a business environment. Today, most
organisations operate under extreme financial and competitive pressures both locally
and internationally, that demand immediate response and actions. The effectiveness
of such actions is dependent on individual and group competencies and effective
interactions between individuals and groups to achieve the desired and stated
objectives. Unless the identification of possible disconnects between the individuals
and / or groups are factored into existing leadership theories and practices, successful
outcomes cannot be accurately predicted, and will remain uncertain.

What advances can be construed from the research? The main contribution this
research offers the field of leadership theory is the opportunity to revisit existing
leadership theories with the objective of integrating the concept of toxic leadership
behaviours and practices into those theories. Theories and / or models that
acknowledge elements of toxic leadership behaviours may provide future leaders
with a more balanced and pragmatic models reflecting reality rather than wishful
anticipation.

The process of understanding and managing negative behaviours and practices in
relationship dynamics between leaders and followers, (considered critical to all
leadership theories associated with establishing organisational health, i.e.,
transformational leadership, leader / servant); will have a direct and significant
impact on the organisations capacity to deliver optimum performances in a
sustainable manner.

Interest in what makes a leader has been researched and recorded for centuries,
starting with military leaders and progressing through the ages to explorers and
discoverers, politicians and now to business leaders. Their leadership styles, characteristics, traits, behaviours, and philosophies. have been investigated, reviewed and scrutinised to provide endless theories and models which we are encouraged to emulate. As business models evolve, to keep pace with technology, globalisation, and investor expectations, so must leadership skill sets.

Leadership theory like most theories cannot be considered in isolation but must take cognisance of all contributing factors deemed to be influential in determining outcomes. This constant influx of changing contributing factors is the driver necessary to advance and improve the “fit” of the theory and understand its positive potential and negative consequences. A good theory must be capable of adapting with the times and cover all possible eventualities.

Evidence of the consequences of negative outcomes due to toxic leadership behaviours provides senior executives and board directors with knowledge to embark on a more disciplined, investigative and specific evaluation process during the review or selection of candidates who are being evaluated as possible leaders with corporate performance and governance responsibilities.

With reference to this research: for the findings to be validated and / or refined, it would be beneficial to repeat the research and compare the results. The following directions have been identified as possible future research areas to test the survey instrument for reliability and the finding for consistency across different participant groups, industry sectors, geographical locations and organisations.
6.5. **Corporate Governance**

All current corporate directors and senior executives are evidently aware of the potential impact toxic leadership behaviours can have on their organisation, (the recent Global Financial Crisis, is just the latest example in a long line of corporate failures ascribed to the actions of toxic leaders developing toxic financial instruments to create toxic assets without due consideration to the potential catastrophic damages to others). With this knowledge in hand, they would be negligent in their fiduciary duties if they allowed such behaviours and actions to persist, and worse still, to spread their effects across the organisation. The obvious analogy is that of the effects of a cancerous growth, silent but persistent propagation throughout its host. The normal response to such a scenario would be for containment, treatment, and elimination before irreversible damage is done.

Directors and senior executives are the specialist surgeons of the business world. They are failing in their fiduciary duties if they allow ruthless and unscrupulous leaders to either enter their organisations or to remain once their toxic or severely dysfunctional leadership behaviours have been exposed.
All too often, some of the symptoms of an unhealthy organisation are deliberately concealed from the public and even the workforce and are only obvious once the damage they have caused has been exposed and it is too late to counter the damage. It is this scenario that is attributed to the failure of the boards of directors to effectively perform their moral and legal fiduciary duties during their tenure in the organisation. And, as in many cases can be tracked all the way back in time to when the boards of directors failed to apply proper and appropriate due diligence during the selection and appointment of C-level senior executives.

The issue of toxic leadership and their behaviours is highly topical in recent times, (especially in the popular press and the financial press), it is almost entirely due to reporting the gory details after the damage done to organisations, shareholders, and other stakeholders have been exposed. After the initial denunciation and condemnation of the major players in the tragedy, and describing in detail their excessive misuse and abuse of their power and position, (usually aligned with their own personal gain), very little else is reported. The popular and business press typically then proceeds to suggest a series of measures that could have prevented such actions, that should be introduced by regulatory industry bodies and / or government agencies to prevent other organisations or leaders from committing similar actions, i.e. Sarbanes-Oxley Act (2002).

As discussed in Chapter Two, the Sarbanes-Oxley Act was promulgated in the U.S.A. by the federal authorities as a counter-measure to the growing list of corporate collapses that affected the livelihood of millions of employees and investors and also severely discredited the public’s confidence in “big business” and
those responsible for establishing and managing compliance and disclosure requirements. The legislation was primarily introduced to re-establish investor confidence through improved financial disclosure controls mandating corporate executives and independent auditor’s responsibility for accurate and honest reporting on the financial performance of the organisation.

Due to a multitude of organisational and personal limitations, such as a lack of disclosure, lack of transparency, secrecy, confidentiality, personal agendas or fear of retribution, it is extremely difficult if not impossible to research and measure certain major elements that are perceived to be indicative of an organisation’s health. Issues such as effectiveness, competency, profitability, and productivity, therefore have to be researched and measured both qualitatively and/or quantitatively by means of proxy or surrogate variables which when analysed will provide the researcher with a picture or measurement which is synonymous with the outcomes being researched, in this case “Organisational Health”.

6.6. Limitations

The main difficulty with research into the effects of toxic leadership behaviour, (and it was encountered in this study), is that it has to be conducted second-hand, through contact and interviews with victims or witnesses of the various toxic leadership behaviours. Such anecdotal evidence is usually the most a researcher can expect to obtain, rarely is it possible to convince a toxic leader to participate in a formal research program, and if he/she did, it is likely that their responses would be suspect. They would not see their actions as disruptive or deviant, but as a justifiable and appropriate way to conduct their business. Even if they suspect that their actions
and behaviours are toxic, it is unlikely that they would admit their suspicions to others. They would most likely simply rationalise and justify their actions as necessary for the corporate good, i.e. ‘the end justifies the means’. Due to these reasons, it was necessary to adopt surrogate or proxy constructs universally accepted as measurements of organisational efficiency and effectiveness, e.g., job satisfaction, commitment, loyalty, retention, intent, and competency.

There were some questions in the initial survey instrument which were subsequently identified as ambiguous or confusing, (creating a level of difficulty for the participant in interpreting the question), which should be either revised or removed from the questionnaire. This progressive systematic culling of questions was an important refining stage undertaken through the various pilot surveys culminating in the 65 questions used in the final survey. The questionnaire could also be revised to allow the respondent to provide an explanation to accompany questions with extreme ratings at both ends of the scale.

On first appearance the demand characteristics of certain constructs in the survey instrument may be called into question due to the structure of the individual questions being worded in a similar fashion, i.e. all starting with the term “Your”. In the survey instrument the individual construct questions were randomly dispersed throughout the survey instrument, and only collated as shown in Appendix 4, (Organisational Competency table) to show the full series of variables measuring the organisational competency construct. Future researchers may want to explore the same intents but with different wordings.

The survey may have benefited from a larger sample size. Ideally a larger sample size would have increased the number of useable responses which would have the
effect of increasing the subject to item ratio to a higher level which would place both metrics into a higher reliability level.

The sample collection method could be improved. It was a combination of printed questionnaires and an internet survey resulting in two separate data sources which had to be combined into a single dataset for analysis by SPSS. Data collected from the web-based survey was exported as an EXCEL spreadsheet and the paper based data manually added to the EXCEL spreadsheet to create the final dataset. A more practical and efficient solution would be for data to be collected and available for analysis without the need for manually collating the data and subsequent merging of data from different base sources.

The demographics analysis illustrated that the pool of respondents covered many professions from many different geographic locations, representing many different disciplines / trades, and varied in their level of education. As identified in the Possibilities section, a survey with a homogeneous group of participants based on any the above variables, may return a different set of outcomes.

Although a three factor solution is the basis of this submission, it has to be noted that during the factor analysis stage, a potential fourth factor was indicated. One question within the dataset focused on aggression, (question 15), and this question uncovered a potential fourth factor. Since there was only one question that specifically related to aggression, this factor was excluded from the final analysis. However, it must be considered that if more questions associated with aggression were incorporated, a strong fourth factor may have been identified. This direction could be explored in the future.
As stated previously, organisational health is difficult to directly research or measure in real time. To attempt to do so in a dynamic changing world, with its many direct and indirect influences, (some which can be controlled by the organisation and others which require the organisation to react or respond), renders conventional research methods and tools structurally inaccurate and potentially ineffective.

Metrics commonly used to measure organisation performance, (profitability, productivity, and retention rates, are all lagging indicators and as such can only be examined by the organisation and others after their impact on the organisation is beyond the organisations control. Therefore, should the organisations performance components be negatively influenced by toxic leadership behaviours during the course of the business operations period, the consequences will also only be obvious after the damage has been done. It is for this reason that toxic leadership behaviours should not be tolerated within an organisation as the consequences of such actions can have long lasting and irreversible ramifications.

6.7. Conclusions

There are multiple reasons why this particular area of leadership behaviour was chosen for research: the growing frequency of failed organisations worldwide and the corresponding financial and emotional damage done to those who were reliant and dependent on the continued survival and growth of their organisation. This dependency is direct and indirect, direct in terms of employees and their families, indirect in terms of suppliers, investors, and the community.
Toxic leadership research is relevant with regards to:

- The limited amount of meaningful information on the phenomena of toxic leadership behaviour and how such behaviours can potentially impacts on others and ultimately the organisation.

- The omission of any reference to toxic leadership behaviours in any of the more popular leadership theories being taught to students in management and leadership courses from undergraduate level up to and including MBA degree level, (other than the review of case studies, usually as part of business strategy or organisational behaviour subjects).

- The apparent absence of monitoring mechanisms within many organisations to provide early detection, and subsequent management of those leaders employing toxic behaviours.

Such limitations in organisational control and understanding, could severely impact on the organisation’s capacity and capability to achieve maximum efficiency of resources and investments within the organisation. Organisations may provide state of the art equipment, systems, technologies, training, and employ a skilled and knowledgeable workforce, but unless there is a positive and respectful relationship between leaders and followers focused on a common goal to succeed, the operational requirements and desired outcomes and objectives may not reach full potential.

The key challenge was to establish that toxic leadership exists, could be defined and measured. A Delphi Study was the process identified as best suited to undertake the initial investigative stages of the research.
6.7.1. Delphi Study

As far as I am aware, this is the first time that a Delphi Study has been instrumental in research on toxic leadership behaviours. The Delphi Process and the panel of experts was a constructive and valuable investigative stage in collecting and qualifying opinions, observations and perceptions in the search for a level of consensus on the topic under review.

The caliber of the Delphi panelists, (academic achievements, business success, and corporate experience) was of such a high standard that their opinions and judgments were central in establishing the initial constructs and definitions used throughout the study. The outcome of the Delphi Process identified themes and perceptions which were incorporated into the design and development of the provisional and final survey instruments.

6.7.2. Survey Instrument

The development of the final survey instrument progressed through a series of iterative refinements starting with the valuable and constructive opinions of the Delphi Panel.

Embedded within the survey instrument were questions which were identified as “marker variables”, i.e. questions which had been used in previous surveys to evaluate and test certain constructs such as intent to stay, intent to leave, and organisational retention, refer to Appendix 4. By incorporating marker variable questions and a set of newly developed questions, (designed to allow the participants to provide responses that reflected their own experiences and / or perceptions on various aspects of organisational activities and leadership relationships), constituted the final survey instrument.
The survey instrument shows that toxic leadership is a variable that can be measured, and has demonstrable effects on organisational health.

6.7.3. Organisational Health

It is generally acknowledged that it’s extremely difficult to directly measure the overall health of an organisation. What is meant by organisational health? Is it profitability levels, productivity levels, return on equity, revenue growth, staff turnover levels, employee job satisfaction levels, loyalty to the organisation, organisational competency, and leadership competency. Clearly some of these parameters, (if not all of them), are difficult if not impossible to research without the organisations participation in providing meaningful and accurate data to the researcher. However, what is possible is to select areas of an organisation’s activities which can be measured and use those selected areas as proxies or predictors of the organisations perceived, (if not actual), overall health.

The benefits of “good leadership” and “good leadership practices” in the context of organisational efficiency and effectiveness, i.e. health, are well documented and understood by all. Equally true, but probably less understood is the opposite position: if toxic leadership behaviour is bad for the organisation, why don’t organisations do something about it? This obvious statement is at the heart of all investigations, reviews and post-mortems on business failures. There are many possible answers to the question, some, (but not limited to, or in order or priority), have to be considered: others within the organisation are powerless to counter such behaviours, the lack of internal controls and review processes to identify deviant behaviours, the lack of accountability at senior level in some organisations, acceptance of the argument that if an organisation is profitable; therefore the actions it employs or condones must be
“working”. Again, we see the attitude that the end justifies the means, or, if it is not broken, don’t fix it.

The independent variable used in this research to measure organisational health, namely leadership competency, toxic leadership, and indulgent leadership are covered in the following sections.

6.7.4. Leadership Competency

When the independent variable of leadership competency is measured, the sub-set of questions were more specifically focused on respect, ethics, accountability, knowledgeable, capability, people skills, and effectiveness. It is evident that leadership competency is different from toxic leadership.

Leadership competency is characterised by leaders being seen or perceived by others as willing to communicate, have high ethical standards, motivated, people orientated, and perform their duties to the best of their ability for the advancement of the organisation.

6.7.5. Toxic Leadership

A review of the existing leadership theory literature discovered that the toxic leadership behaviour component is not covered in any of the existing leadership theories, (i.e., behavioural, situational, contingency, transactional, transformational, and servant leadership). The outputs from the various leadership theories are based on the assumption that efficient and competent leadership behaviours / relationships and practices will deliver positive and desirable outcomes for the organisation. No
reference is made to the outputs that can be expected if leadership behaviours are negatively impacting on operational activities due to leader / follower relationships.

6.7.6. Indulgent Leadership

There are many terms in management and leadership literature to describe certain traits and characteristics which have been used to identify excessive self gratification actions such ambition, ego, self-promotion, and self-gain. In light of the research findings, it may be more appropriate to collectively identify such behaviours and actions as “indulgence”. Indulgence can be considered an aggregated term for the various self gratification actions. Therefore, indulgent leadership infers that the leader’s agenda is more concerned with behaviours and practices aligned with personal gain than behaviours and actions aligned with the organisations objectives.

Whilst toxic leadership is characterised by leaders using their power to control and manipulate others, indulgent leadership is about leaders using their power and influence for their own gain and gratification.

The concept of indulgent leadership is an important development and addition to the established leadership classifications. The objective and actions of such leaders is to satisfy their own indulgence, whether it be in the areas of greed, power, excessive ambition, and grandiosity at the expense of others. Leaders with predominantly indulgent motives are more concerned with their own gratification than ensuring the organisations health.

When the independent variable of indulgent leadership is measured, the sub-set of questions were more specifically focused on personal gain, ambition, favoritism,
power, and ignoring feedback. It is evident that toxic leadership is different from indulgent leadership.

In conclusion, toxic leadership behaviours are insidious, and extremely dangerous to individuals in the organisation, and to the ongoing sustainability of the organisation. Under no circumstances should individuals with toxic leadership behaviours be allowed to operate in an organisation that professes to be a responsible entity that has as its stated goals, the objectives of increasing shareholder value within an appropriate framework which safeguards the rights and interests of all of the organisations internal and external stakeholders by ensuring that the organisation is properly managed. Board directors, CEO’s and senior executives must do everything within their power to prevent an individual or groups of rouge leaders from hijacking the organisation for their own self-interests. Toxic leadership behaviours will not disappear from the business scene on their own accord, they must be driven out by responsibly and ethical corporate guardians.
7. Appendices

Appendix 1  Delphi Study – Round One Questionnaire

Delphi Study - Round One Questionnaire

The impact that “Toxic or Dysfunctional Leadership” has on the effectiveness of an organisation: Are profitability and / or progress adversely affected by their actions and influences?

Foreword
Dysfunctional is an accepted description of leadership behaviours associated with incompetence. Whilst toxic is a more emotive term, reserved for extreme deliberate leadership behaviours. I am suggesting that there are occasions when certain leadership actions are dysfunctional to the organisation, but committed by competent leaders. Therefore, it is necessary to differentiate between deliberate actions of toxic behaviours and incompetent dysfunctional behaviours.

It is with this differentiation in mind that I have provided definitions of each of the terms for review.

Toxic
“The ability to cause harmful health effects”
This definition of toxic in itself does not provide a full enough explanation of the term, therefore I have included toxicity as it provides a more meaningful explanation of what toxic implies.

Toxicity
“The degree to which something is toxic or poisonous to an organism”, by extension toxicity can metaphorically describe the effects on larger and more complex groups, such as the family unit, or “society at large”, or even to a business entity.

Dysfunctional
“The disturbance, impairment or abnormality of functioning of an organ”
Dysfunctional - (adj.) “functioning badly or incorrectly”, (dys - means badly). By extension, we can link the definition to the operational performance of a business entity.
Please TYPE or PRINT to ensure clarity and legibility of your opinions.

1A   How would you define toxic behaviours?

1B   Would you make a distinction between toxic and dysfunctional behaviours?

1C   How would you define a toxic leader?
1D Please identify factors / elements that you consider toxic behaviours
Please provide six examples, and explain why you feel this behaviour is
detrimental to an organisation.

<p>| Example 1 |
| Example 2 |
| Example 3 |
| Example 4 |
| Example 5 |
| Example 6 |</p>
<table>
<thead>
<tr>
<th></th>
<th>Question</th>
<th>Please provide a detailed explanation of your views.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1E</td>
<td>Do you think the recent incidences of local and international corporate governance failures are attributable to toxic leadership issues?</td>
<td></td>
</tr>
<tr>
<td>1F</td>
<td>Do you feel corporations are doing enough to eliminate incidences of toxic behaviour from the workplace?</td>
<td></td>
</tr>
<tr>
<td>1G</td>
<td>Are corporations aware that toxic leadership behaviours have an influence on the performance of the organisation?</td>
<td></td>
</tr>
<tr>
<td>1H</td>
<td>Does toxic leadership have a direct bearing on the progress and sustainability of an organisation?</td>
<td></td>
</tr>
</tbody>
</table>
1J Does toxic behaviours influence the retention of key personnel?

*Please explain your views.*

---

1K Please provide a list of five areas where toxic or dysfunctional behaviours can effect productivity or profitability

*Please provide an example to support your selection.*

---

End of Round One
## Appendix 2  Delphi Study – Round Two Questionnaire

### Part 1

<table>
<thead>
<tr>
<th>Themes</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1 Aggression</strong></td>
<td>Leadership by means of Anger / aggression / arrogance / sarcasm</td>
</tr>
<tr>
<td></td>
<td>Leaders that bullying / harass / threaten leading to resentments and hostility</td>
</tr>
<tr>
<td><strong>2 Ethics</strong></td>
<td>Leaders who exhibit unethical / fraudulent behaviour / dishonesty</td>
</tr>
<tr>
<td></td>
<td>Corruption, dubious accounting, denial</td>
</tr>
<tr>
<td><strong>3 Personal Gain</strong></td>
<td>Overly internal focus / personal gain / personal agenda</td>
</tr>
<tr>
<td></td>
<td>Placing personal ambition before organisational loyalty</td>
</tr>
<tr>
<td></td>
<td>Leader with a strong, influential, cunning, self-centred, personal focus</td>
</tr>
<tr>
<td><strong>4 Subversion</strong></td>
<td>Leaders that by-pass or ignore communication channels</td>
</tr>
<tr>
<td></td>
<td>Undermining system / management / communication channels by passive or active resistance</td>
</tr>
<tr>
<td></td>
<td>Practicing or promoting attitudes that cause harm to the organisation</td>
</tr>
<tr>
<td><strong>5 Decision Making</strong></td>
<td>Repeated or consistent examples of incompetency</td>
</tr>
<tr>
<td></td>
<td>Accepts mediocrity, supports incompetent supporters</td>
</tr>
<tr>
<td></td>
<td>Failing to take corrective action, lack of initiative, inability to in a timely manner</td>
</tr>
<tr>
<td><strong>6 Corporate Governance</strong></td>
<td>Non-compliance with organisational procedures</td>
</tr>
<tr>
<td></td>
<td>Undermining management policy, eg, undermining business plans</td>
</tr>
<tr>
<td><strong>7 Egotistical</strong></td>
<td>Egotistical management style</td>
</tr>
<tr>
<td></td>
<td>Egotistical / ideologically-driven</td>
</tr>
<tr>
<td><strong>8 Relationships</strong></td>
<td>Conducting a personal vendetta against others</td>
</tr>
<tr>
<td></td>
<td>Leader with a lack of authenticity</td>
</tr>
<tr>
<td></td>
<td>Failure to develop new leaders / fear of others potential / promotes “Yes Men”</td>
</tr>
<tr>
<td></td>
<td>Excessive favouritism</td>
</tr>
<tr>
<td><strong>9 Power</strong></td>
<td>Using influence or power to impact negatively on others</td>
</tr>
<tr>
<td></td>
<td>Micro managing people and tasks</td>
</tr>
<tr>
<td><strong>10 Inflexibility</strong></td>
<td>An inability to adopt to overcome incompatibility of personality with others</td>
</tr>
<tr>
<td></td>
<td>Blind beliefs, inflexible / rigid / unrealistic expectations</td>
</tr>
</tbody>
</table>
### Delphi Study - Round Two

**Part 2**

Which one the following statements do you think best matches the majority of organisations approach to managing the TSDL themes contained in part one.

<table>
<thead>
<tr>
<th>Panel Member</th>
<th>They are aware of the impact TSDL has within their organisation.</th>
<th>They are aware of the impact TSDL has within their organisation but do not know what to do about it.</th>
<th>They have a clear policy on what constitutes TSDL behaviours.</th>
<th>They monitor instances of leadership TSDL behaviours.</th>
<th>They actively confront TSDL behaviours.</th>
<th>Immediately act on reports of TSDL Behaviours.</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>0</td>
</tr>
<tr>
<td>B</td>
<td></td>
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<td>0</td>
</tr>
<tr>
<td>C</td>
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<td>0</td>
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<tr>
<td>D</td>
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<td></td>
<td>0</td>
</tr>
<tr>
<td>E</td>
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<td></td>
<td>0</td>
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<tr>
<td>F</td>
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<td>0</td>
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<tr>
<td>G</td>
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</tr>
<tr>
<td>H</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>0</strong></td>
<td><strong>0</strong></td>
<td><strong>0</strong></td>
<td><strong>0</strong></td>
<td><strong>0</strong></td>
<td><strong>0</strong></td>
<td><strong>0</strong></td>
</tr>
</tbody>
</table>

**Part 3**

The following statements identify strategies organisations can use to reduce the impact of TSDL leadership.

Please select 3 statements, that you believe can have the most impact. Rank these three statements in order of importance, (with 3 identifying the strongest agreement with the statements).

<table>
<thead>
<tr>
<th>Option</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>B</td>
<td>Organisations shape their culture to avoid or prevent toxic behaviours occurring</td>
</tr>
<tr>
<td>C</td>
<td>New candidates are assessed on their TSDL tendencies during the recruitment and selection process</td>
</tr>
<tr>
<td>D</td>
<td>Existing candidates are assessed on past TSDL behaviours during promotional selection processes</td>
</tr>
<tr>
<td>E</td>
<td>Internal politics are monitored to identify TSDL behaviours</td>
</tr>
<tr>
<td>F</td>
<td>The organisations culture is monitored to identify TSDL behaviours</td>
</tr>
</tbody>
</table>
Part 4

Part 4 - The following statements identify potential negative consequences of Toxic leadership within or to an organisation.

Please select 3 statements, that you believe can have the most impact. Rank these three statements in order of importance, (with 3 identifying the strongest agreement with the statements).

<table>
<thead>
<tr>
<th></th>
<th>Statement</th>
</tr>
</thead>
<tbody>
<tr>
<td>G</td>
<td>TSD behaviours directly impact on organisational performance</td>
</tr>
<tr>
<td>H</td>
<td>TSD behaviours directly impact on organisational profitability</td>
</tr>
<tr>
<td>I</td>
<td>TSD behaviours directly impacts on organisational sustainability</td>
</tr>
<tr>
<td>J</td>
<td>TSD is a major contributor to the loss of key staff</td>
</tr>
<tr>
<td>K</td>
<td>TSD behaviours damage person to person communication channels</td>
</tr>
<tr>
<td>L</td>
<td>TSD behaviours are symptomatic of egotistical leaders</td>
</tr>
</tbody>
</table>
Appendix 3  Web Survey Questions

For each question you are asked to select the answer that best matches your response and rate with the corresponding value (1 - 7)

1  =  Strongly Disagree
2  =  Disagree
3  =  Disagree a Small Amount
4  =  Neither Agree or Disagree
5  =  Agree a Small Amount
6  =  Agree
7  =  Strongly Agree

1. You feel a sense of pride for your organisation.
2. You would not leave your organisation for the same job at another company.
3. It is likely that you will look for a new job in the next year.
4. Your organisation has a high staff turnover.
5. You feel a strong sense of loyalty to your organisation.
6. Your organisation's leaders specify clearly what needs to be done.
7. Managers in your workplace are more concerned with their own material wealth than organisational duties.
8. You respect the ethical standards of your managers.
9. Managers in your workplace consistently ignore feedback from subordinates.
10. You would advise a friend to join your organisation.
11. You have no intention of leaving your organisation.
12. Your organisation spends time and money on staff development programs.
13. You would not leave your organisation for a small increase in salary.
14. Your organisation's leaders are held accountable for their behaviour and performance.
15. In your organisation leaders exhibit a high level of aggressive behaviour.
16. You have experienced a failure within your organisation that you attribute to poor leadership.
17. You work for leaders that consistently by-pass or ignore formal systems / communication channels.

18. If you had to do it again, you would still join your present organisation.

19. Your job is usually interesting enough to keep you in your present organisation.

20. You often think about quitting your organisation.

21. Managers in your organisation are trained to retain their people.

22. Your organisation's leaders are knowledgeable in their respective skills.

23. You feel that the standard of leadership is on the decrease in your organisation.

24. Leaders in your organisation put personal ambition before organisational objectives.

25. Managers in your workplace play favourites.

26. You really feel a part of your organisation.

27. Most days you are enthusiastic about your work.

28. If free to choose, you would leave your organisation.

29. You know your job opportunity within your organisation over the next two years.

30. You get on well with your immediate boss.

31. Your organisation's leaders learn from its past mistakes.

32. In your organisation leaders exhibit a high level of emotionally abusive behaviour.

33. Leaders in your organisation fail to take corrective action in a timely manner.

34. Managers in your workplace bully colleagues and/or co-workers.

35. The longer you work here the more you feel you belong.

36. You find real enjoyment in your job.

37. In your organisation, employees are aware that they are an 'asset' and treated as such.

38. You like the way your organisation is managed.

39. Your organisation's leaders are capable of adapting to new ideas and challenges.

40. You work with leaders who improve the performance of the organisation.

41. Managers in your workplace conduct personal vendettas against other colleagues.

42. You like working with the people in your organisation.

43. You will leave if you think you will not receive promotion soon.
44. Your organisation knows who its talented employees are.
45. Few organisations can match your present one as a good place to work.
46. Your organisation's leaders demonstrate sound business principles.
47. Managers in your organisation have misled stakeholders (employees, clients, suppliers, shareholders etc).
48. Managers in your workplace distort information to protect their own interests.
49. You would leave your organisation for more money.
50. The only reason you will not leave is due to the shortage of alternative employment.
51. You think that your organisation does what is needed in order to retain its valuable employees.
52. Your organisation has a fine record of supporting its staff.
53. Your organisation's leaders understand the importance of evaluating staff performances to meet operational goals.
54. In your organisation leaders are focused on their own personal interests above those of the organisation.
55. In your organisation, leaders enforce unimportant rules and regulations because they can.
56. You are not willing to put yourself out to help your present organisation.
57. You intend to leave soon because of management’s attitudes / behaviours.
58. Your organisation has created a specific retention plan for you.
59. You feel that your organisation's problems are your own.
60. Your organisation's leaders demonstrate a high level of people skills.
61. In your organisation, leaders abandon ethical principles for profits.
62. Your organisation has a poor way of handling employee complaints.
63. Most of the time you have to force yourself to go to work.
64. Your organisations values have a positive influence on retention rates.
65. Your organisation's leaders are able to analyse situations effectively.
Demographics Section

Gender  Female  Male

Age  Under 30  30 - 39  40 - 49  50+

Level of Education (select only one)

Did not finish High School
High School Graduation
Diploma / Certificate level
Under-Graduate University Degree
Post-Graduate University Degree

Profession: Engineer, Accountant, (other, please specify)

Country: Australia, UK, USA, (other, please specify)

Number of years working in this organisation, if any

Position in organisation (select one)

Owner  Partner
Director  Senior Manager
Junior Manager  General Staff

Number of years in current position  0  1-5  6-10  11-20  20+

Number of staff directly reporting to you  0  1-5  < 20  < 50  50+

Number of staff indirectly reporting to you  0  1-5  < 20  100  100+

Is your company privately owned? Yes  No

Is your company listed on a stock exchange? Yes  No

Are you currently enrolled in a development programme, in-house training, college, university? Yes  No

In-house  College  Under-Graduate  Post-Graduate  None

Have you ever been directly involved in a leadership training programme? Yes  No
Appendix 4 Survey Questions Source References

The “Commitment to Organisation” construct comprises of questions, Q1, Q10, Q18, Q26, Q35, Q56, Q62 and Q63.

<table>
<thead>
<tr>
<th>Question</th>
<th>Commitment to Organisation</th>
<th>Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1</td>
<td>You feel a sense of pride for your organisation.</td>
<td>Buchanan (1974)</td>
</tr>
<tr>
<td>Q10</td>
<td>You would advise a friend to join your organisation</td>
<td>Bullock, (1952)</td>
</tr>
<tr>
<td>Q18</td>
<td>If you had to do it again, you would still join your present organisation</td>
<td>Lyons (1971)</td>
</tr>
<tr>
<td>Q26</td>
<td>You really feel a part of your organisation</td>
<td>Franklin (1975) / Cook &amp; Wall (1980)</td>
</tr>
<tr>
<td>Q35</td>
<td>The longer you work here the more you feel you belong</td>
<td>Franklin (1975)</td>
</tr>
<tr>
<td>Q56</td>
<td>You are not willing to put yourself out to help your present organisation</td>
<td>Cook &amp; Wall (1980)</td>
</tr>
<tr>
<td>Q62</td>
<td>Your organisation has a poor way of handling employee complaints</td>
<td><em>New Item</em></td>
</tr>
<tr>
<td>Q63</td>
<td>Most of the time you have to force yourself to go to work</td>
<td>Brayfield &amp; Rothe (1951)</td>
</tr>
</tbody>
</table>

The “Job Satisfaction” construct comprises of questions, Q2, Q19, Q27, Q36, Q42 and Q49.

<table>
<thead>
<tr>
<th>Question</th>
<th>Job Satisfaction</th>
<th>Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q2</td>
<td>You would not leave your organisation for the same job at another company.</td>
<td>Franklin (1975)</td>
</tr>
<tr>
<td>Q19</td>
<td>Your job is usually interesting enough to keep you in your present organisation</td>
<td>Hackman &amp; Oldham (1975)</td>
</tr>
<tr>
<td>Q27</td>
<td>Most days you are enthusiastic about your work</td>
<td><em>New Item</em></td>
</tr>
<tr>
<td>Q36</td>
<td>You find real enjoyment in your job</td>
<td>Hackman &amp; Oldham (1975)</td>
</tr>
<tr>
<td>Q42</td>
<td>You like working with the people in your organisation</td>
<td><em>New Item</em></td>
</tr>
<tr>
<td>Q49</td>
<td>You would leave your organisation for more money</td>
<td>Franklin (1975)</td>
</tr>
</tbody>
</table>
The “Intent to Leave the Organisation” construct comprises of questions, Q3, Q11, Q20, Q28, Q43, Q50 and Q57.

<table>
<thead>
<tr>
<th>Question</th>
<th>Intent to Leave</th>
<th>Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q3</td>
<td>It is likely that you will look for a new job in the next year.</td>
<td>Cammann, Fichman, Jenkins &amp; Klesh (1982)</td>
</tr>
<tr>
<td>Q11</td>
<td>You have no intention of leaving your organisation.</td>
<td>Franklin (1975)</td>
</tr>
<tr>
<td>Q20</td>
<td>You often think about quitting your organisation</td>
<td>Cammann, Fichman, Jenkins &amp; Klesh (1982)</td>
</tr>
<tr>
<td>Q28</td>
<td>If free to choose, you would leave your organisation</td>
<td>Bullock, (1952)</td>
</tr>
<tr>
<td>Q43</td>
<td>You will leave if you think you will not receive promotion soon</td>
<td>Cross (1973)</td>
</tr>
<tr>
<td>Q50</td>
<td>The only reason you will not leave is due to the shortage of alternative employment</td>
<td>Bullock, (1952)</td>
</tr>
<tr>
<td>Q57</td>
<td>You intend to leave soon because of management’s attitudes / behaviours</td>
<td>New Item</td>
</tr>
</tbody>
</table>

The “Organisational Retention” construct comprises of questions, Q4, Q12, Q21, Q29, Q37, Q44, Q51, Q58 and Q64.

<table>
<thead>
<tr>
<th>Question</th>
<th>Organisational Retention</th>
<th>Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q4</td>
<td>Your organisation has a high staff turnover.</td>
<td>New Item</td>
</tr>
<tr>
<td>Q12</td>
<td>Your organisation spends time and money on staff development programs</td>
<td>New Item</td>
</tr>
<tr>
<td>Q21</td>
<td>Managers in your organisation are trained to retain their people</td>
<td>Franklin (1975)</td>
</tr>
<tr>
<td>Q29</td>
<td>You know your job opportunity within your organisation over the next two years</td>
<td>New Item</td>
</tr>
<tr>
<td>Q37</td>
<td>In your organisation, employees are aware that they are an ‘asset’ and treated as such</td>
<td>New Item</td>
</tr>
<tr>
<td>Q44</td>
<td>Your organisation knows who its talented employees are</td>
<td>New Item</td>
</tr>
<tr>
<td>Q51</td>
<td>You think that your organisation does what is needed in order to retain its valuable employees</td>
<td>New Item</td>
</tr>
<tr>
<td>Q58</td>
<td>Your organisation has created a specific retention plan for you</td>
<td>Kahn, Wolfe, Quinn &amp; Snoek (1964)</td>
</tr>
<tr>
<td>Q64</td>
<td>Your organisations values have a positive influence on retention rates</td>
<td>New Item</td>
</tr>
</tbody>
</table>
The “Loyalty to the Organisation” construct comprises of questions, Q5, Q13, Q30, Q38, Q45, Q52 and Q59.

<table>
<thead>
<tr>
<th>Question</th>
<th>Loyalty to the Organisation</th>
<th>Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q5</td>
<td>You feel a strong sense of loyalty to your organisation.</td>
<td>Buchanan (1974)</td>
</tr>
<tr>
<td>Q13</td>
<td>You would not leave your organisation for a small increase in salary</td>
<td>Buchanan (1974) / Cook &amp; Wall (1980)</td>
</tr>
<tr>
<td>Q30</td>
<td>You get on well with your immediate boss</td>
<td>Aiken &amp; Hage (1966)</td>
</tr>
<tr>
<td>Q38</td>
<td>You like the way your organisation is managed</td>
<td>New Item</td>
</tr>
<tr>
<td>Q45</td>
<td>Few organisations can match your present one as a good place to work</td>
<td>Buchanan (1974)</td>
</tr>
<tr>
<td>Q52</td>
<td>Your organisation has a fine record of supporting its staff</td>
<td>Smith (1962 / 1976)</td>
</tr>
<tr>
<td>Q59</td>
<td>You feel that your organisation’s problems are your own</td>
<td>New Item</td>
</tr>
</tbody>
</table>

The “Organisational Competency” construct comprises of questions, Q6, Q14, Q22, Q31, Q39, Q46, Q53, Q60 and Q65.

<table>
<thead>
<tr>
<th>Question</th>
<th>Organisational Competency</th>
<th>Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q6</td>
<td>Your organisation's leaders specify clearly what needs to be done.</td>
<td>Cammann, Fichman, Jenkins &amp; Kiesh (1979)</td>
</tr>
<tr>
<td>Q14</td>
<td>Your organisation's leaders are held accountable for their behaviour and performance</td>
<td>New Item</td>
</tr>
<tr>
<td>Q22</td>
<td>Your organisation's leaders are knowledgeable in their respective skills</td>
<td>Quinn &amp; Staines (1979)</td>
</tr>
<tr>
<td>Q31</td>
<td>Your organisation's leaders learn from its past mistakes</td>
<td>Fleishman (1953 / 1957)</td>
</tr>
<tr>
<td>Q39</td>
<td>Your organisation's leaders are capable of adapting to new ideas and challenges</td>
<td>Vroom (1960)</td>
</tr>
<tr>
<td>Q46</td>
<td>Your organisation's leaders demonstrate sound business principles</td>
<td>New Item</td>
</tr>
<tr>
<td>Q53</td>
<td>Your organisation's leaders understand the importance of evaluating staff performances to meet operational goals</td>
<td>Kahn, Wolfe, Quinn &amp; Snoek (1964)</td>
</tr>
<tr>
<td>Q60</td>
<td>Your organisation's leaders demonstrate a high level of people skills</td>
<td>Quinn &amp; Staines (1979)</td>
</tr>
<tr>
<td>Q65</td>
<td>Your organisation's leaders are able to analyse situations effectively</td>
<td>Stogdill (1963)</td>
</tr>
</tbody>
</table>
The “Dysfunctional Behaviour” construct comprises of questions, Q7, Q15, Q23, Q32 and Q54.

<table>
<thead>
<tr>
<th>Question</th>
<th>Dysfunctional Behaviour</th>
<th>Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q7</td>
<td>Managers in your workplace are more concerned with their own material wealth than organisational duties.</td>
<td>New Item</td>
</tr>
<tr>
<td>Q15</td>
<td>In your organisation leaders exhibit a high level of aggressive behaviour.</td>
<td>New Item</td>
</tr>
<tr>
<td>Q23</td>
<td>You feel that the standard of leadership is on the decrease in your organisation.</td>
<td>New Item</td>
</tr>
<tr>
<td>Q32</td>
<td>In your organisation leaders exhibit a high level of emotionally abusive behaviour</td>
<td>New Item</td>
</tr>
<tr>
<td>Q54</td>
<td>In your organisation leaders are focused on their own personal interests above those of the organisation.</td>
<td>New Item</td>
</tr>
</tbody>
</table>

The “Toxic Leadership” construct comprises of questions, Q8, Q16, Q24, Q33, Q40, Q47, Q55 and Q61.

<table>
<thead>
<tr>
<th>Question</th>
<th>Toxic Leadership</th>
<th>Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q8</td>
<td>You respect the ethical standards of your managers</td>
<td>New Item</td>
</tr>
<tr>
<td>Q16</td>
<td>You have experienced a failure within your organisation that you attribute to poor leadership</td>
<td>New Item</td>
</tr>
<tr>
<td>Q24</td>
<td>Leaders in your organisation put personal ambition before organisational objectives</td>
<td>New Item</td>
</tr>
<tr>
<td>Q33</td>
<td>Leaders in your organisation fail to take corrective action in a timely manner</td>
<td>New Item</td>
</tr>
<tr>
<td>Q40</td>
<td>You work with leaders who improve the performance of the organisation</td>
<td>New Item</td>
</tr>
<tr>
<td>Q47</td>
<td>Managers in your organisation have misled stakeholders (employees, clients, suppliers, shareholders etc)</td>
<td>New Item</td>
</tr>
<tr>
<td>Q55</td>
<td>In your organisation, leaders enforce unimportant rules and regulations because they can</td>
<td>New Item</td>
</tr>
<tr>
<td>Q61</td>
<td>In your organisation, leaders abandon ethical principles for profits</td>
<td>New Item</td>
</tr>
</tbody>
</table>
The “Management in the Workshop” construct comprises of questions, Q9, Q17, Q25, Q34, Q41 and Q48.

<table>
<thead>
<tr>
<th>Question</th>
<th>Management in the Workplace</th>
<th>Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q9</td>
<td>Managers in your workplace consistently ignore feedback from subordinates</td>
<td>Taylor &amp; Bowes (1972)</td>
</tr>
<tr>
<td>Q17</td>
<td>You work for leaders that consistently by-pass or ignore formal systems / communication channels</td>
<td>New Item</td>
</tr>
<tr>
<td>Q25</td>
<td>Managers in your workplace play favourites</td>
<td>Cammann, Fichman, Jenkins &amp; Klesh (1979)</td>
</tr>
<tr>
<td>Q34</td>
<td>Managers in your workplace bully colleagues and/or co-workers</td>
<td>New Item</td>
</tr>
<tr>
<td>Q41</td>
<td>Managers in your workplace conduct personal vendettas against other colleagues</td>
<td>New Item</td>
</tr>
<tr>
<td>Q48</td>
<td>Managers in your workplace distort information to protect their own interests</td>
<td>New Item</td>
</tr>
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</table>
## Appendix 5  Demographics Summary

### Gender

<table>
<thead>
<tr>
<th>Gender</th>
<th>Count</th>
<th>Percentage</th>
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</thead>
<tbody>
<tr>
<td>Female</td>
<td>55</td>
<td>(31.1%)</td>
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<tr>
<td>Male</td>
<td>119</td>
<td>(67.2%)</td>
</tr>
<tr>
<td>Not specified</td>
<td>03</td>
<td>(01.7%)</td>
</tr>
</tbody>
</table>

### Age

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<th>Count</th>
<th>Percentage</th>
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</thead>
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<tr>
<td>Under 30</td>
<td>49</td>
<td>(27.7%)</td>
</tr>
<tr>
<td>30 &lt; 39</td>
<td>51</td>
<td>(28.8%)</td>
</tr>
<tr>
<td>40 &lt; 49</td>
<td>39</td>
<td>(22.0%)</td>
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<tr>
<td>50+</td>
<td>35</td>
<td>(19.8%)</td>
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<tr>
<td>Not specified</td>
<td>03</td>
<td>(01.7%)</td>
</tr>
</tbody>
</table>

### Occupation

<table>
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<td>Academics</td>
<td>18</td>
<td>(10.17%)</td>
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<tr>
<td>Accounting and Finance</td>
<td>14</td>
<td>(07.91%)</td>
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<tr>
<td>Administrators</td>
<td>03</td>
<td>(01.69%)</td>
</tr>
<tr>
<td>Consulting</td>
<td>05</td>
<td>(02.82%)</td>
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<tr>
<td>Engineering</td>
<td>31</td>
<td>(17.51%)</td>
</tr>
<tr>
<td>General Management</td>
<td>18</td>
<td>(10.17%)</td>
</tr>
<tr>
<td>Hospitality</td>
<td>03</td>
<td>(01.69%)</td>
</tr>
<tr>
<td>Human Resources</td>
<td>05</td>
<td>(02.82%)</td>
</tr>
<tr>
<td>Law</td>
<td>03</td>
<td>(01.69%)</td>
</tr>
<tr>
<td>Marketing and Sales</td>
<td>13</td>
<td>(07.34%)</td>
</tr>
<tr>
<td>Miscellaneous</td>
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<td>(07.34%)</td>
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<tr>
<td>Not Specified</td>
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<td>(11.90%)</td>
</tr>
<tr>
<td>Nursing</td>
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<td>(02.26%)</td>
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<tr>
<td>Procurement</td>
<td>03</td>
<td>(01.69%)</td>
</tr>
<tr>
<td>Project Management</td>
<td>04</td>
<td>(02.26%)</td>
</tr>
<tr>
<td>Psychologist</td>
<td>05</td>
<td>(02.82%)</td>
</tr>
<tr>
<td>Public Servant</td>
<td>06</td>
<td>(03.39%)</td>
</tr>
<tr>
<td>Research</td>
<td>08</td>
<td>(04.52%)</td>
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</table>

### Country

<table>
<thead>
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<th>Count</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Australia</td>
<td>120</td>
<td>(67.80%)</td>
</tr>
<tr>
<td>Bahrain</td>
<td>01</td>
<td>(00.56%)</td>
</tr>
<tr>
<td>Bhutan</td>
<td>01</td>
<td>(00.56%)</td>
</tr>
<tr>
<td>Brazil</td>
<td>01</td>
<td>(00.56%)</td>
</tr>
<tr>
<td>Columbia</td>
<td>01</td>
<td>(00.56%)</td>
</tr>
<tr>
<td>Cyprus</td>
<td>01</td>
<td>(00.56%)</td>
</tr>
<tr>
<td>Denmark</td>
<td>01</td>
<td>(00.56%)</td>
</tr>
<tr>
<td>France</td>
<td>01</td>
<td>(00.56%)</td>
</tr>
<tr>
<td>Germany</td>
<td>01</td>
<td>(00.56%)</td>
</tr>
<tr>
<td>Ghana</td>
<td>01</td>
<td>(00.56%)</td>
</tr>
<tr>
<td>Ireland</td>
<td>02</td>
<td>(01.13%)</td>
</tr>
<tr>
<td>Jamaica</td>
<td>01</td>
<td>(00.56%)</td>
</tr>
<tr>
<td>Japan</td>
<td>01</td>
<td>(00.56%)</td>
</tr>
<tr>
<td>Malaysia</td>
<td>03</td>
<td>(01.69%)</td>
</tr>
<tr>
<td>Netherlands</td>
<td>01</td>
<td>(00.56%)</td>
</tr>
<tr>
<td>New Zealand</td>
<td>01</td>
<td>(00.56%)</td>
</tr>
</tbody>
</table>
Poland     02 (01.13%)
Portugal     01 (00.56%)
Seychelles     01 (00.56%)
Singapore     02 (01.13%)
South Africa    01 (00.56%)
Sri Lanka     01 (00.56%)
Sweden     01 (00.56%)
Switzerland    01 (00.56%)
United Kingdom    10 (05.65%)
United States    07 (03.95%)
Not specified    12 (06.78%)

Education

Did not finish High School 04 (02.26%)
High School Graduation 11 (06.21%)
Diploma / Certificate Level 25 (14.12%)
Under-Grad Uni Degree 42 (23.73%)
Post-Grad Uni Degree 94 (53.11%)
Not specified 01 (00.56%)

Appendix 6  Descriptive Statistics for IV and DV Constructs

<table>
<thead>
<tr>
<th></th>
<th>N</th>
<th>Minimum</th>
<th>Maximum</th>
<th>Mean</th>
<th>Std. Deviation</th>
<th>Skewness</th>
<th>Kurtosis</th>
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<tr>
<td></td>
<td>Statistic</td>
<td>Statistic</td>
<td>Statistic</td>
<td>Statistic</td>
<td>Statistic</td>
<td>Std. Error</td>
<td>Statistic</td>
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<tr>
<td>Intention to Stay</td>
<td>177</td>
<td>19.00</td>
<td>112.00</td>
<td>70.5932</td>
<td>21.23043</td>
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<td>0.183</td>
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<tr>
<td>Organisational Retention</td>
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<td>10.00</td>
<td>56.00</td>
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<td>10.19212</td>
<td>-0.741</td>
<td>0.183</td>
</tr>
<tr>
<td>Intention to Leave</td>
<td>177</td>
<td>7.00</td>
<td>49.00</td>
<td>25.9096</td>
<td>10.34808</td>
<td>-0.022</td>
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<tr>
<td>Leadership Competency</td>
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<td>16.00</td>
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<tr>
<td>Toxic Leadership</td>
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<td>6.00</td>
<td>42.00</td>
<td>30.0282</td>
<td>9.17471</td>
<td>-0.490</td>
<td>0.183</td>
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<tr>
<td>Indulgent Leadership</td>
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<td>49.00</td>
<td>29.8977</td>
<td>10.34606</td>
<td>0.013</td>
<td>0.183</td>
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<tr>
<td>Valid N (listwise)</td>
<td>175</td>
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Appendix 7  Initial Single Factor Solution

<table>
<thead>
<tr>
<th>Component</th>
<th>Initial Eigenvectors</th>
<th>Extraction Sums of Squared Loadings</th>
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<tbody>
<tr>
<td></td>
<td>Total % of Variance</td>
<td>Cumulative %</td>
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<tr>
<td>1</td>
<td>15.120</td>
<td>54.002</td>
</tr>
<tr>
<td>2</td>
<td>1.956</td>
<td>6.984</td>
</tr>
<tr>
<td>3</td>
<td>1.063</td>
<td>3.795</td>
</tr>
<tr>
<td>4</td>
<td>1.004</td>
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<tr>
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<td>2.744</td>
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<tr>
<td>7</td>
<td>.666</td>
<td>2.380</td>
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<tr>
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<td>.602</td>
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<td>9</td>
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<td>10</td>
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<td>1.644</td>
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<td>12</td>
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<td>13</td>
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<td>.404</td>
<td>1.445</td>
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<td>15</td>
<td>.353</td>
<td>1.259</td>
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<td>16</td>
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<td>1.192</td>
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<tr>
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<td>.795</td>
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<td>.769</td>
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<tr>
<td>24</td>
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<td>.729</td>
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<td>25</td>
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<td>.562</td>
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<tr>
<td>27</td>
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<td>28</td>
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</table>

Extraction Method: Principal Component Analysis.
Appendix 8  Un-rotated Factor Analysis Component Matrix for Independent Variables

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<td>Q14</td>
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</tr>
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<td>Q22</td>
<td>.722</td>
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<td></td>
<td></td>
</tr>
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<td>.814</td>
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<td></td>
<td></td>
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<td></td>
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<td></td>
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<td>.671</td>
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<td>Q60</td>
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<td></td>
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<tr>
<td>Q15</td>
<td>.564</td>
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<td>.420</td>
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<td>.776</td>
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<td></td>
<td></td>
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<td>Q32</td>
<td>.729</td>
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<td></td>
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<td>Q24 (R)</td>
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<td></td>
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<td>Q47 (R)</td>
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<tr>
<td>Q55 (R)</td>
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<td>Q61 (R)</td>
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</tr>
<tr>
<td>Q9</td>
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<td>Q17</td>
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<td>.661</td>
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<td></td>
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<tr>
<td>Q34</td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q41</td>
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<td>Q48</td>
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</tr>
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</table>

Extraction Method: Principal Component Analysis.

a. 4 components extracted.
### Appendix 9  Dependent Variables Initial Solution 6 Factors

#### Total Variance Explained

<table>
<thead>
<tr>
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<th>Initial Eigenvalues</th>
<th>Extraction Sum of Squared Loadings</th>
<th>Rotation Sum of Squared Loadings (a)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total</td>
<td>% of Variance</td>
<td>Cumulative %</td>
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<td>17.699</td>
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<td>47.834</td>
</tr>
<tr>
<td>2</td>
<td>1.937</td>
<td>5.235</td>
<td>53.069</td>
</tr>
<tr>
<td>3</td>
<td>1.520</td>
<td>4.086</td>
<td>57.177</td>
</tr>
<tr>
<td>4</td>
<td>1.276</td>
<td>3.449</td>
<td>60.626</td>
</tr>
<tr>
<td>5</td>
<td>1.157</td>
<td>3.127</td>
<td>63.753</td>
</tr>
<tr>
<td>6</td>
<td>1.050</td>
<td>2.837</td>
<td>66.589</td>
</tr>
<tr>
<td>7</td>
<td>0.988</td>
<td>2.605</td>
<td>69.194</td>
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<td>8</td>
<td>0.856</td>
<td>2.331</td>
<td>71.526</td>
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<td>9</td>
<td>0.800</td>
<td>2.163</td>
<td>73.519</td>
</tr>
<tr>
<td>10</td>
<td>0.741</td>
<td>2.002</td>
<td>75.521</td>
</tr>
<tr>
<td>11</td>
<td>0.685</td>
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**Extraction Method:** Principal Component Analysis.

(a) When components are correlated, sums of squared loadings cannot be added to obtain a total variance.
| Q1  | Q10 | Q18 | Q26 | Q35 | Q56 | Q62 | Q63 | Q2 | Q19 | Q27 | Q36 | Q42 | Q49 | Q3 | Q11 | Q20 | Q28 | Q43 | Q50 | Q57 | Q4 | Q12 | Q21 | Q29 | Q37 | Q44 | Q51 | Q58 | Q64 | Q5 | Q13 | Q30 | Q38 | Q45 | Q52 | Q59 |
|-----|-----|-----|-----|-----|-----|-----|-----|---|-----|-----|-----|-----|-----|----|-----|-----|-----|----|-----|    |-----|-----|    |-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| 0.787 | 0.793 | 0.729 | 0.817 | 0.782 | 0.504 | 0.700 | 0.743 | 0.619 | 0.708 | 0.804 | 0.721 | 0.690 | 0.603 | -0.673 | -0.752 | 0.790 | -0.815 | -0.535 | -0.524 | 0.830 | 0.571 | 0.506 | 0.623 | -0.520 | 0.826 | 0.649 | 0.770 | 0.803 | 0.790 | 0.813 | 0.564 | -0.414 |

Extraction Method: Principle Component Analysis.

(a) 6 Components extracted.
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