

THE EFFECT OF DARK SIDES OF LEADERSHIP ON MANAGERS' PERFORMANCE AND ENGAGEMENT AS VARIABLE INTERVENING IN MANUFACTURING COMPANIES

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ABSTRACT

This study aims to identify leadership success factor to enhance productivity in manufacturing companies. Empirical research has been conducted on senior managers' and employees' perception of the impact of dark sides of leadership as a variable intervening factor on managers' engagement and performance in Manufacturing Companies in Tangerang Indonesia. The dark side of leadership has manifested in one-way communication, uncompromising, harsh and coercive, limited tolerance behavior, in the hope for achieving target in the work place. The purpose of this paper is to investigate and explore the effect of negative and dysfunctional traits and behavior of leaders on managers' engagement and performance. This thesis explores three theories and in manufacturing companies observational testing was carried out. Data has been obtained by surveys directly to the respondents (the plant head, senior managers and staff of manufacturing companies) (the plant head, senior managers and employees in manufacturing companies). 119 senior managers from 2 manufacturing firms in Tangerang, Indonesia, engaged in this study. The research approach consists of a field sample with easy sampling and the study of data from the Lisrel software, Structural Equation Modeling (SEM). The findings are as follows: a) dark side of leadership positively and significantly effect on employee engagement (H1); b) Engagement positively and significantly effect on employee performance (H2); c) dark side of leadership positively effect on employee performance directly but it is not significant. However, the limitations of this research are a) characterized by cross sectional and perceptual analyzes; b) the location all of the companies involved is in Tangerang, Indonesia.

The managerial implication of this research, for certain conditions and situation, the dark traits and behavior of leaders are needed or can be accepted because have a positive effect in order to influence the behavior of employees and strengthen their engagement and improve the performance. In other words that to influence the behavior of employee (strengthen engagement, increase performance) a leader in manufacturing company can apply their methods to lead by combining charismatic, inspiring others, providing individualized support and serving as a role model combined with dark side of their leadership. The theoretical implications of this research is we provide evident to the concept developed by Manderscheid & Freeman (2012), that there is a paradox of leadership that not only the bright or positive side of leadership but also research on the dark side of leadership behaviors.

Keywords: Dark sides of leadership, engagement, performance.

I. INTRODUCTION

The conventional leadership research stream focused on good behaviours, for example, encouraging others, helping individuals and functioning as a model (Karakitapoglu Aygun & Gumusluoglu, 2012). In the past, increasing research was interested in learning about the essential influence of the dark side of organizational leadership, (Griffin & O'Leary-Kelly, 2004), and several scholars studied leadership in the dimens of inequality, behaviour, violence and unethical actions (Karakitapoglu-Aygun & Gumusluoglu, 2012). Furthermore, Furnhan (2010) has broken down the groups of leaders into sad, weak and wretched leaders, sad leadership as ineffectual and inept leaders, bad leaders as disruptive, despotic, and poisonous leaders who are anti-social or ridiculous. De Souza Watters (2014) says it is important for organisations, if they want to answer the question of poor, malfunctioning leadership, efficient or unproductive management, to consider what drives a leader in instability and, eventually, self-defeat behaviours. Rus (2009) said a leader should use his power and influence to serve the public interest so that it can have devastating effects as a result of self-serving behavior, such as a lower followers' motivation and efficiency, loss of leadership, employees' turnover and even organizational failure (de Souza Watters, 2014).

This study attempts to investigate the negative or dark side of leaders' traits and behavior on managers' engagement and performance in manufacturing companies. The remainder of this paper is organized as follows. First, we review past literature about the concept of dark side of leadership, leaders' engagement and performance of employees. Second, we describe the operationalization of variables, research model, followed by hypothesis. Third, we explain the research method covering data collection, followed by analysis and discussion of the findings. Finally, we draw conclusion, managerial contribution and theoretical contribution.

II. LITERATURE REVIEW

A. Dark Side of Leadership

In the organizational context, Schilling (2009) identified the behavioral categories of negative leadership, as insincere, despotic, exploitative and restrictive leadership, which represent task-oriented destructive behavior. But according to Kellerman (2004) as well as Padilla, Hogan, & Kaiser (2007), such behavior is part of ineffective/incompetent to destructive/unethical leadership behaviour (Karakitapoglu-Aygun & Gumusluoglu, 2012). And referring to Conger & Kanungo, 1998; Howell & Avolio, (1992); Padilla, et al (2007), destructive/unethical behavior is similar or closely related to intimidation, manipulation, coercion and one-way communication. Karakitapoglu-Aygun & Gumusluoglu (2012) also indicate that destructive behavior in leadership means selfish orientation, use impression management, self promotion and are more concerned with building support for themselves. But Padilla et al (2007) provided broad claim there are five critical characteristics of destructive leaders; namely charisma, personalized use of power, narcissism, negative life themes, and an ideology of hate, which suggests that destructive leadership may be rooted in the leaders' personality (Glaso, Eimarsen, Mattiesen, Skogstad, 2010).

Destructive management is always the product of aggressive provisions (Schaubroeck, Walumbwa, Ganster & Kepes, 2007) or even of psycho-pathological features (Hogan & Hogan, 2001). In terms of individual circumstances or personal characteristics. The leaders are narcissistic, vindication, untrustworthiness, selfishness, emotionalness, compulsiveness, power, abrasion, filthy, too distasteful or unwilling to delegate or take decisions with others, according to McCall & Lombardo (1983) (Schaubroeck, et al, 2007). Einarsen and others (2007) added that leaders may misuse their strength and display such conduct in

immoral, tyrannical, despotic or non-authentic ways for some reasons e.g. to promote the efficiency of the organizations or their own personal interests (Karakitapoglu-Aygun & Gumusluoglu, 2012).

Referring to the above explanation and for interest in this study in manufacturing companies, the dark side of leadership is defined in the organizational context, as dark traits of leader such as selfish orientation, personalized use of power, intimidation, manipulation, coercion and one-way communication, narcissism, negative life themes, and apply that all traits effectively to lead the company.

B. Transformational and Transactional Leadership

Mwita (2000) explained that performance is a major multidimensional construct aimed to achieve results and has a strong link to strategic goals of an organization (Abbas & Yaqoob, 2009). And Borman & Motowidlo (1993) identified the performance into two types of behavior, are as follow: task -- the effectiveness of job incumbents perform

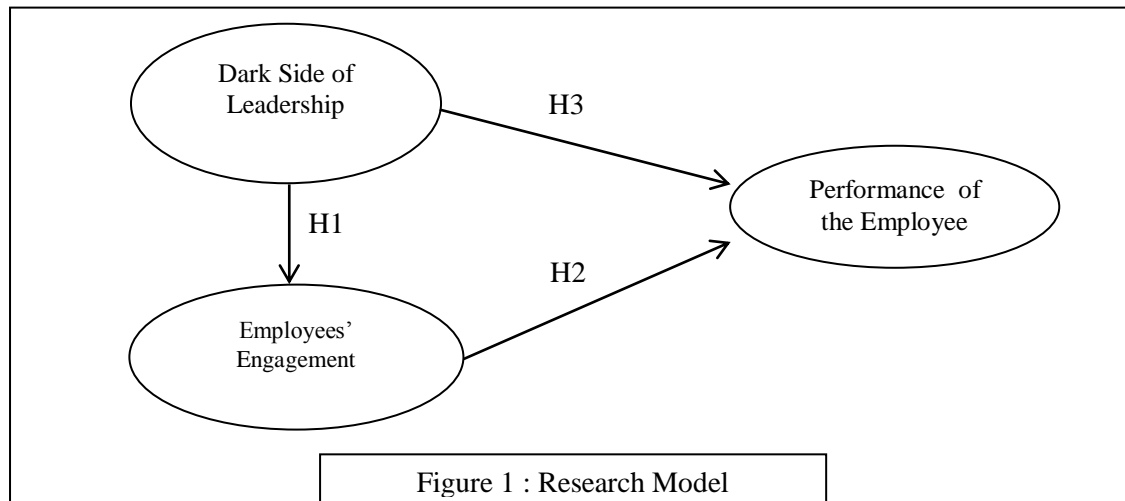
activities that contribute to the organization's technical core); and contextual performance -- helping to shape the social and psychological context of the organization (Jankingthong & Rurkkhum, 2012). But in this study, we will emphasize on both types of employees behavior. Because many factors can affect the performance of employees in the manufacturing, which are sourced from internal or external domain (Kenichi & Kreitner, 2003), such as leadership development (Abbas & Yaqoob, 2009); effect of teamwork (Manzoor, HafizUllah, Hussain, Ahmad, 2011); job stress, motivation and communication (Muda, Rafiki & Harahap, 2014; Chaudhary, & Sharma, 2012; Chukwuma, & Okafor, 2014; Dugguh, 2014) and the engagement (Markos & Sridevi, 2010; Kumar, 2012; Mehta, & Mehta, 2013).

Referring to the explanation in Table 1, it can be proposed a research model to analyze the link among the observed variables; namely, the dark side of leadership, employees' engagement and employees' performance, as shown in Figure 1:

C. Operationalization of Variables

Tabel 1. Operationalization of Variables

No.	Variable observe	Definition of Variable	Instruments	Reference
1	Dark side of leadership	Defined as dark traits of leader such as selfish orientation, personalized use of power, intimidation, coercion, manipulation, narcissism, one-way communication, negative life themes and apply that all traits effectively to lead the company.	Dark sides of leadership will be measured by 5 variables	Schaubroeck, et al, (2007); Padilla et al (2007).
2	Employees' Engagement	Employees' engagement defined as involvement of emotional, physical, and the mindset of employees in the workplace significantly, to be able to express their ideas and take actions to achieve individual, group and organizational goals.	Employees' engagement will be measured by 4 variables	Trus, et all (2013); McMullen (2013); Albdour & Altarawneh (2014). Mariza (2016)
3	Performance of the employee	Performance of the employee defined as results obtained from a series of activities and efforts of the employees in the company	Employees' performance will be measured by 4 variables	Zurikat, Salameh, Alrawasdeh (2011) Tze, Mei Theen & Boon Heng (2012)



D. Research Hypothesis

Dark Side of leadership and Employees' Engagement

According to Kellerman (2004), leaders are like the rest of us: trustworthy and deceitful, cowardly and brave, greedy and generous. Leadership is about two things – having clear vision and an ability to provide incentive for others to follow (Fioravante, 2013). Leaders use framing methods for providing understandable meaning to their message, and the most skillful are those being able to provide rule for rewards on certain aspects of work activities and disallow other as a means of controlling the message and placing emphasis in a self-serving manner. Such skill resonates in positivist as well as dark side leaders (Fioravante, 2013). According to Golleman (1998), truly effective leaders are distinguished by a high degree of emotional intelligence, which include self-awareness, self-regulation, motivation, empathy and social skill. Also the same concept by Michaelson & Michaelson (2010) that the importance of leaders concentrating on their own strength as a way to achieve superiority (Fioravante, 2013). According to Fioravante (2013), leaders use their charismatic and emotional intelligence in enabling sycophants or faithful subordinates to follow the vision, realize success, countering failure and ultimately commit to supporting the leader. Whereas the positivist leader practicing ethics of care, dark

sides leaders are central on controlling moral abuse of moral reasoning, and dark sides leaders choose to lead not by collective consent, but rather by autocratic rule (Fioravante, 2013). Even though, sometime leaders behave bad or destructive manner such as abusing their power (apply the coercive power) to achieve his/her personal goals but still effective to engage their followers in desirable manner.

Based on above explanation, hence, we propose the hypothesis as follow :

H1 = There is negative impact of dark side of leadership on employees' engagement in manufacturing companies in Jakarta Indonesia

Engagement and Employee's Performance

Woodruffe (2006) and Lockwood (2006) also clarified the connection between employee engagement with higher performance and organizational commitment (Desai et al, 2010). This statement confirms the Nowarck (2006) research finding on meta-analyzing more than 7,939 business units in 38 organizations that a clear correlation exists between employee satisfaction and customer satisfaction, profitability, efficiency and employee turnover results in business (Desai et al, 2010). Employee participation also has individual benefits, as Maitland (2005) has suggested that the contribution of employees

will help increase the profits. The CLC (2004) claimed that dedication can also inspire workers to make more efforts and productivity. The increase in rentability of employees' engagement was stated by Harter, Schmidt and Keyes (2003 (Desai et all, 2010). We suggest the following theories on the basis of the above description and findings:

H2: There is positive impact of employees' engagement on employee's performance at manufacturing companies in Jakarta Indonesia.

Dark sides of leadership and Employees' Performance

Some researchers emphasize on positive behavior of leadership impact to follower and organizational performance by inspiring and intellectually stimulating their followers and building individualized relationship (Bass 1998; Bass & Riggio, 2006). But leaders who are not capable of transforming positively their followers and organizations, can lead to the downfall of their organizations by behave in unethical, tyrannical, despotic or inauthentic ways and abusing their power (Karakitapoglu-Aygun & Gumusluoglu, 2012). From a different point of view, Einarsen et al (2007) stated that leaders may show all kinds of destructive behaviors for certain purposes, maybe for sake the effectiveness or could be for personal interests (Karakitapoglu-Aygun & Gumusluoglu, 2012) but in general this trait is for compromise leader effectiveness and actually enhance group survival and fitness in others to improve their performance (Judge, Piccolo & Kosalka, 2009). Shortly, it is called dark sides of bright traits that explained all kinds of destructive behaviors is socially undesirable traits but in particular situations have positive implications for the employees performance (Judge, et al, 2009).

Five power resources were described in the French and Raven (1959) and could be divided into two categories: legal, enforceable, and personal (expertise and referent). The personal

power sources are typically greater than the organizational power sources in relation to employee satisfaction, corporate engagement and job efficiency. An organizational power base — coercive power — is negatively linked to work results (Lunenburg, 2012). But different sources of power must not be considered to be entirely independent, but should use the sources of power in different combinations according to the situation to increase the effectiveness of employees' leadership and efficiency (Lunenburg, 2012). On this basis, we therefore suggest the following hypothesis:

H3: There is negative impact of dark side of leadership on employee's performance at manufacturing companies in Jakarta Indonesia.

III. RESEARCH METHOD

In data collection, we used the form of survey and interviewed the leaders of 2 Jakarta Indonesia manufacturing companies. The survey used questionnaires as a method and collected on the basis of previous literature and the discussion in the focus group. And some of the surveys from earlier research were adopted but were amended to adapt the current situation and topic. 200 managers of 2 manufacturing firms are responsible for this study, which remain involved in 3 and above years. The response was not based on employee percentage, sex, economic status and originality. The survey respondents would use convenience sampling method to assess and reply immediately before the researcher and return it to the researcher after the questionnaire was completed on the same day.

The total questionnaire distributed to two companies in proportion was 150 copies. 150 copies (100 percent) were obtained, but only 119 (80 percent) copies were available for review after sorting/selecting. Respondents used the 1-5 Likert scale to test questions/declarations. Number 1 is rather split

and 5 firmly agree with it. SEM software Lisrel 9.2 has been used in this research for data processing.

IV. ANALYSIS AND DISCUSSION

Results analysis by SEM program Lisrel 9.2 shows that Reliability Construct (RC) score is **0.83** and above; and Variance Extracted (VE) score is **0.55** and above. It means that the reliability of the structural variable model as a whole meet the statistical requirement. Also results on analyses of

Goodness Of Fit (GOF) index supports the hypotheses test as proposed, meaning that all index of GOF are Good of Fit, the absolute fit measure show that RMSEA score is 0,072, and GFI as 0,913. It indicates the level of good appropriateness model. The other side of incremental fit measure, all index state score = 0,90, which means there are level of good of fit between model and the data. Furthermore, generally for the whole model have a good level of fit. Summary of research and hypotheses test is presented in Table 2.

Table 2. Summary of Analyses Hypotheses Results

Hypothesis	Structure Path	Standardized Coefficient	t-value	Description	Conclusion
H1	DSL → MEng	0.71	6.20	Positive, significant	Rejected
H2	MEng → MPerform	0.98	4.17	Positive, Significant	Accepted
H3	DSL → MPerform	0,29	1.52	Positive, not significant	Rejected

Hypothesis 1

Test analysis of H1 shows that dark side of leadership has positive and significant impact to employees' engagement of the manufacturing companies in Indonesia. The result shows that t-value is 6.20 (≥ 1.96) and the standard coefficient 0,71, that is, H1 is rejected. It means, based the results that dark sides traits of leaders such as selfish orientation, personalized use of power, intimidation, manipulation, coercion and one-way communication, narcissism, negative life themes in certain portion can apply effectively to influence the employees' engagement.

This research supports earlier findings from Hogan & Hogan (2001) and Khoo & Burch (2008) that certain dysfunctional personality styles correlated with leadership and effective leadership behavior, such as to influence or motivate the employees to engage or improve

the employee involvement to the company. This finding also support the concept of dark side of bright traits of leader proposed by Judge et al (2009), that socially undesirable traits in particular situations have positive implications or contribution to engagement of the employee.

Hypothesis 2.

Test analysis of H2 shows that employees' engagement positive and significant impact to employees' performance of the manufacturing companies in Indonesia, the result show t-value is 4.17 (≥ 1.96) and the standard coefficient 0,98, that is, H1 is accepted. In other words, based the results that good communication, fairness of procedural implemented, job competence, leader and managers supporting effective improve the employees' performance. This findings

support the authors and researchers previously that employees' engagement have a positive and significant impact to employees' performance, such as Markos & Sridevi (2010) studied that employees' engagement is the key to improving performance; HBR report (2013) the impact of engagement to performance; Desai et al (2010) finding research in car manufacturing and IT organization in Bengalor India; This finding also supports the concept of employee engagement effect on performance proposed by Markos & Sridevi (2010) and research finding by Muda et al (2014) in Islamic banks in Indonesia.

Hypothesis 3.

Test analysis of H3 shows that dark side of leadership have positive impact to managers' performance directly of the manufacturing companies, but the impact is not significant because the finding of research show t-value is 1.52 (≤ 1.96) and the standard coefficient 0,29, it mean H1 is rejected. In other words, based the results that dark sides traits of leaders such as selfish orientation, personalized use of power, intimidation, manipulation, coercion and one-way communication, narcissism, negative life themes are un-effectively influence the performance of employees.

This research can support earlier findings have been done by Furham & Taylor (2004); Hogan & Hogan (2001); Moscoso & Salgado (2004) that dark sides of personality associated with the potential for derailment, poor work performance and the performance of deviant behavior; also support of Keiser et al (2007) finding that dark side personality traits can result in leaders making bad decisions, creating enemies in the organization, alienating their co-workers and also undermining the morale of their teams, also support Hogan (2001) proposal that root of leaders' bad behavior is that they are self-centered and unable or unwilling to consider other perspective because they are preoccupied by their own agenda, but partly support the

research by Bollaert & Petiti, (2010); Ouimet, (2010) that dark side traits found associated with leadership success. Because of this part dark sides of leadership can have positive impact even it is not significant.

V. CONCLUSION

The findings show that the dark sides of leadership traits and behaviors have a positive and significant effect on managers' performance and managers' engagement as intervening variable or have positive and significant effect indirectly. It means that H1 is rejected, the finding shows that in dark side of leader there are bright side and explicitly delivered properly in manufacturing company. And we can see that engagement have positive and significant effect of employees' performance, means H2 is accepted. This result is supports earlier findings by researchers and authors in many business areas. From the findings also show that H3 is rejected, because dark sides of leadership traits and behavior have a positive impact on employees' performance directly even it is not significant effect.

Finally, we can conclude that for certain reasons and proper conditions, the dark sides of leaders' traits and behaviors do have positive impact on employees' performance indirectly. This explained that from the dark side of leader there are bright traits of leaders and as effective method to influence the behavior of followers to improve their performance.

The managerial implication of this findings is that in certain conditions and situation the dark traits and behavior of leaders are needed or in certain level can be accepted because have a positive effect in order to influence the behavior of followers because effective strengthen employee engagement and improve the performance. In other words that a leader in manufacturing company can apply their methods to lead by combining charismatic, inspiring others, providing individualized support and serving as a role model combined