Diabolical dictators or capable commanders? An investigation of the differential effects of autocratic leadership on team performance

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ABSTRACT

Autocratic leader behavior is often seen as negative for team morale and performance. However, theories on social hierarchy suggest that autocratic leadership may also positively affect morale and performance through the creation of a psychologically appealing, hierarchically-ordered environment of predictability and security. We propose that autocratic leadership can foster team psychological safety when team members accept the hierarchy within the team. In contrast, when members challenge the hierarchy and engage in intrateam power struggles, autocratic leaders’ centralizing power behaviors will clash with team members’ competition for power and frustrate members, impairing psychological safety and performance. We find support for these ideas in a study of 60 retail outlets (225 employees and their managers) in the financial services industry. As expected, when team power struggles were low, autocratic leadership was positively related to team psychological safety, and thereby indirectly positively related to team performance. When team power struggles were high, autocratic leadership was negatively related to team psychological safety and thereby indirectly negatively related to team performance. These effects were also found when controlling for leader consideration.

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The amount of power leaders are willing to share with their team members is an important topic in both research and practice. Autocratic leadership is characterized by the centralization of decision-making and directive power in a single dominant leader (Bass & Bass, 2008; Jago, 1982; Lippitt, 1940) and creates a clearly defined intrateam hierarchy. Scholars and consultants have often criticized autocratic leadership for the demoralizing effect that an autocratic leader’s centralization of power can have on the team climate and thereby on team performance (e.g., De Cremer, 2006; De Luque, Washburn, Waldman, & House, 2008; Edmondson, 2003; Van Vugt, Jepson, Hart, & De Cremer, 2004). Namely, power centralization may activate team members’ feelings of being undervalued and wronged (Adams, 1965; Anderson & Brown, 2010), may increase perceptions of inequity (Muller, 1985), and may thereby hinder team climate and team performance. In line with these arguments, several studies show that autocratic leadership, through its effects on power centralization in a team, can negatively influence both team climate and performance (see e.g., Bass & Bass, 2008 for a review).

While autocratic may have earned a negative reputation, by definition autocratic leadership is the centralization of power, which depending on the circumstances could either help or hurt group functioning. Indeed, evidence exists that autocratic leadership is not always harmful and may at times also facilitate team functioning (e.g., Cammalleri, Hendrick, Pittman, Blout, & Prather, 1973; Page & McGinnies, 1959; see also Bass & Bass, 2008 for a review). In understanding why autocratic leadership may at times help teams, we
draw on functional models of social hierarchy which argue for the benefits of power centralization in teams (Halevy, Chou, & Galinsky, 2011; Magee & Galinsky, 2008; Tiedens, Unzueta, & Young, 2007; Van Vugt, Hogan, & Kaiser, 2008). Functional models of social hierarchy suggest that a clear hierarchy of authority, such as those that can stem from autocratic leadership, can meet fundamental human needs for hierarchical differentiation in social interaction (Magee & Galinsky, 2008; Tiedens et al., 2007; Zitek & Tiedens, 2012), providing a psychologically reassuring environment (Tiedens & Fragale, 2003). Such a hierarchy clarifies roles and enhances interpersonal predictability and structure (Fromm, 1941; Halevy et al., 2011; Kruglanski & Webster, 1996), facilitates coordination and cooperation (De Kwaadsteniet & Van Dijk, 2010; Halevy, Chou, Galinsky, & Murnighan, 2012; Keltner, Van Kleef, Chen, & Kraus, 2008), and can ultimately enhance team performance. Thus, autocratic leadership may under certain conditions have the potential to benefit rather than to hinder team climate and performance through creating a psychologically appealing hierarchical order within the team.

The current study aims to reconcile these divergent predictions on autocratic leadership by taking a contingency approach to autocratic leadership. Classic contingency approaches to leadership suggest that the effect of specific leader behaviors is entirely contingent upon the social-organizational context in which leadership takes place (e.g., Fiedler, 1964; Van Kleef, Homan, Beersma, & Van Knippenberg, 2010). Specifically, contingency approaches suggest that contextual factors, such as characteristics of the team and the environment, may enhance or decrease the effectiveness of specific leader behaviors. When considering the power-centralizing tendencies of autocratic leadership, a particularly relevant aspect of the team context that may determine the effectiveness of autocratic leadership is the presence of intrateam power struggles, or competition within the team (including between members and between members and the leader) over positions of power and control (Greer & Van Kleef, 2010; Pfeffer, 1981). When members accept the power structure within the team (team power struggles are low), the benefits of hierarchical differentiation (such as high order and role clarity) brought about by autocratic leader behaviors may facilitate a smooth-running, clear, and predictable interpersonal team environment, which is positive for team climate, and thereby for team performance (Halevy et al., 2011; Kahn, 1990; Magee & Galinsky, 2008; Tiedens et al., 2007; Van Vugt et al., 2008). In contrast, when the power structure within the team is challenged, the centralizing power behaviors of autocratic leaders will clash with the competition for power of the team members and may activate team member’s feelings of resentment and strain morale (Adams, 1965; Anderson & Brown, 2010). In such situations, autocratic leadership is less likely to create a psychologically safe environment and may harm team performance.

In explaining the quality of team climate that may be brought about by the interplay between leadership style and team power dynamics, we focus on team psychological safety as a key construct. Team psychological safety is defined as a team climate characterized by respect and trust among team members, in which members feel that situations are secure, predictable and clear (Edmondson, 1999; Kahn, 1990, p. 705). In a psychologically safe climate, team members feel accepted, value each other’s contributions, and trust that others will not attempt to gain personal advantage at their expense. Team psychological safety tends to be positively associated with team performance (e.g., Schaubroeck, Lam, & Peng, 2011).

Using a sample of 60 retail outlet teams, we examine the joint effects of the autocratic leadership of the retail outlet manager and power struggles within the retail outlet team on the financial performance of the team, and focus on team psychological safety as a mediator (see Fig. 1), while controlling for the role of leader consideration. In addition, we exploratively compare and contrast considerate and autocratic leader behaviors under these conditions. The present research (a) extends the leadership literature by identifying team power struggles as a theoretically relevant boundary condition for the effects of autocratic leadership and the improvement or inhibition of psychological safety as an underlying process of autocratic leadership, (b) contributes to the power literature by examining the role of team power struggles in relation to the team environment and by providing a first examination of how team power struggles may alter the effectiveness of certain styles of team leadership, and (c) suggests several potential practical implications for managers in terms of highlighting when drawbacks and benefits of autocratic leader behaviors for team morale and performance may occur even when the role of leader consideration is taken into account.

**Theoretical background**

The concept of autocratic leadership stems from early experimental studies by Lewin, Lippitt, and White (1939) and Lippitt (1940). While modern operationalizations of autocratic leadership differ somewhat from study to study (Foels, Driskell, Mullen, & Salas, 2000; Gastil, 1994), autocratic leadership is usually characterized by behaviors focused on centralizing decision-making and concentrating power (Foels et al., 2000; Jago, 1982) through which the leader controls every aspect of subordinates’ activity without consideration.
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