Impact of Employee Perception Shaped by Despotic Leadership on the Job Performance of Employees: Investigating the Mediating Role of Work Engagement and the Moderating Role of Social Climate of Friendship Groups

Author(s): Muhammad Saeed Ahmad, Mumtaz Muhammad Khan, Akhtar Mehmood, Usman Ali, Muhammad Navid Iqbal

Affiliation: Imperial College of Business Studies Lahore, Pakistan

Article DOI: https://doi.org/10.29145/jmr/82/03

Received: May 18, 2021
Revised: December 1st, 2021
Accepted: December 6th, 2021
Available Online: December 31, 2021


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Impact of Employee Perception Shaped by Despotic Leadership on the Job Performance of Employees: Investigating the Mediating Role of Work Engagement and the Moderating Role of Social Climate of Friendship Groups

Muhammad Saeed Ahmad*, Mumtaz Muhammad Khan, Akhtar Mehmood, Ali Usman and Muhammad Navid Iqbal
Department of Management Sciences, Imperial College of Business Studies Lahore, Pakistan

Abstract

The effect of employee perception of despotic leadership on employee job performance is an active area of research. The current study used the conservation of resource (COR) theory to investigate the mediating impact of employee work engagement and the moderating role of social climate of friendship groups. For this purpose, a proportionate sampling technique was used. Data was collected from 423 employees of pharmaceutical companies listed on Pakistan Stock Exchange (PSX) by utilizing a dyad approach with predictors (self-reports) and employees’ performance (supervisor-reports). The hypotheses were tested through Hayes Process (2012) and regression analysis. The study results showed that employee perception of despotic leadership is inversely associated with employee job performance and work engagement. Furthermore, this study identified that the impact of this association decreases under the conditions created by the social climate of strong friendship groups. This research explores this broad area and adds to the body of knowledge on dark leadership. The findings of the study have significance for both theory and organizational practice.

Keywords: Despotic Leadership, Employee Performance, Social Climate of Friendship Groups, Work Engagement

Introduction

Leadership has a significant effect on employees and workplaces, which is why it has been given importance in leadership studies (Schilling, 2009). In

*Corresponding Author: saeedahmadkhyal@yahoo.com
contrast, the implications of dark leadership have been generally ignored. Recently, however, there has been a gradual rise in studies investigating the implications of dark leadership (Raja et al., 2019; Islam et al., 2020). These studies mainly focus upon the detrimental effect of dark leadership on employee outcomes (Naseer et al., 2016). At present, dark leadership has become a rising concern for businesses all over the world. For this reason, it is essential to examine the implications of dark leadership (Hooboll & Hu, 2013).

Schilling (2009) proposed several forms of dark leadership, such as abusive supervision, supervisor undermining, laissez-faire leadership, tyrannical leadership, failed leadership, insincere leadership, and despotic leadership (Aronson, 2001). Despotic leadership aims to achieve complete sovereignty and dominance over employees. (De Clercq et al., 2018). These types of leaders are manipulative, selfish, demanding, and bossy (Schyns & Schilling, 2013; Raja et al., 2020). Erkutlu and Chafra (2018) reported that despotic leaders possess attributes that are a classic example of the dark leadership style. Such leaders are self-serving and exhibit dictatorial behaviour. They also utilize egotisms and self-aggrandizing behaviour to manipulate the employees (Aronson, 2001). Similarly, despotic leaders are authoritarian, fraudulent, and adopt immoral practices, which potentially reduces the performance and wellbeing of employees (Raja et al., 2020). Mistreated employees are less dedicated and enthusiastic about their jobs and cannot fully concentrate on work. Therefore, their job dissatisfaction increases (Islam et al., 2020).

Despotic leadership, like other theories of leadership, is based on the interaction of leaders and followers. The conservation of resources (COR) theory describes how despotic leadership affects employee outcomes, specifically employee work engagement and job performance. These outcomes are crucial because they directly affect organizational performance and are particularly relevant to COR theory, which states that employees are interested in gaining, preserving, and nurturing precious resources. COR theory states that employees perceive distress when they anticipate or experience definite resource loss. Hence, the peril of resource loss or substantial resource loss is the primary cause of stress (Hobfoll, 1989).
Keeping in view the negative implications of dark leadership mentioned above, we argue that job performance and work engagement of employees are crucial and have a direct effect on organizations. Moreover, the job performance of employees is directly related to workplace success and hence, is inherently tied to the overall performance of a business (Stephen & Stephen, 2016). Employee job performance comprises employees' passion, work manners, and energy that is dedicated to achieve workplace goals (Peiro & Bayona, 2020). Duffy et al. (2002) proposed that employee outcomes are influenced by leadership. For example, despotic leadership is the primary cause of the low job dedication of employees in organizations because these types of leaders are harsh with their subordinates (Tepper, 2000). These leaders are mocking, self-serving, and have no concern for their subordinates. It is an unfavourable leadership style that focuses on acquiring authority and domination in the workplace, rather than achieving workplace goals. Despotic leaders also do not concede during disagreements and seek vengeance when proven wrong.

In addition to job performance, work engagement and deep work absorption of employees also enhance overall organizational performance. Kahn (1990) reported that employees' work engagement is a direct reflection of their physical, cognitive, and emotional labours. Hence, employees' work engagement is positively associated with workplace performance Gutermann and Lehmanan (2017) and innovation (Gomes & Curral, 2015). Additionally, studies describe that the work engagement of employees is necessary to achieve organizational profitability. It is also needed to enhance organizational growth, survival, and success (Breevaart & Demerouti, 2014; Tripathi & Srivastava, 2021). On the other hand, despotic leadership reduces employees' work ownership, self-determination, self-efficacy, and devalues workplace beliefs. Thus, despotic leadership reduces the performance and damages employees' job-related mindset, which ultimately reduces employee work engagement. This study aimed to justify that employee work engagement has a direct impact on employee job performance. Additionally, it was also determined that employee work engagement has a mediating effect on the relationship between despotic leadership and employee job performance.
“The friendship group define as a social group in which friends consider themselves as part of a group” (Hajli et al., 2014). Employees get frequent social support, repeated interactions with each other, and develop trust in themselves, creating a strong social climate of friendship groups (Sun et al., 2016; Hajli et al., 2014). Additionally, friendship groups engaged in shared activities and social interactions can be a source of motivation for employees. These mutual activities develop employee perceptions and behaviour (Tsai & Bagozzi, 2014). Social support from workplace friendship groups enhances employees’ commitment (Rousseau and Aube, 2010), job satisfaction (Hamaideh et al., 2011), and well-being (Brough & Behaviour, 2004; Karademas et al., 2006). Employees feel psychological support from workplace friends groups since they show concern, give excellent advice, offers instances of joint activities, exercises, and gamification, which allows them to cope with organizational stress. If the leader is despotic, then a strong social climate becomes an essential source of psychological support. It prevents workplace stress and is positively associated with employees’ work engagement and job performance. This study determined that the social climate of friendship groups plays a moderating role between despotic leadership and work engagement as well as work engagement and employee job performance. It also directly enhances employees’ work engagement.

Hence, this study explored the moderating effect of the social climate of friendship groups and mediating effect of work engagement on the relationship between despotic leadership and job performance. Additionally, this study determined that a strong social climate among coworkers’ safeguards employees against the adverse effects of despotic leadership. It also acts as a buffer between despotic leadership and employee job performance as well as work engagement. According to previous studies, such variables offer many benefits to organizations and directly impact workforce productivity and organizational success. The current study is novel because it examines the moderating effect of the social climate of friendship groups and the mediating effect of employee work engagement between despotic leadership and employee performance. Additionally, these concepts are relevant in developing nations, such as Pakistan, due to the poor check and balance of authorities.
Literature Review and Hypotheses

Despotic Leadership

The term "despotic leadership" refers to leaders who want sovereignty and power at the expense of others. Such leaders are callous, cunning, egotistical, and opportunistic. Additionally, these leaders are deceitful and demonstrate unjust behaviour towards their employees (De Clercq et al., 2018). These leaders follow an immoral code of conduct and exhibit dictatorial behaviour, which is driven by self-interest (Islam et al., 2020). These leaders are harsh, ruthless, and detrimental to the well-being and job performance of employees (Raja et al., 2020).

Despotic leaders demand that their followers’ express allegiance and unquestioned obedience. According to Nauman et al. (2018), such leaders demonstrate strict control over their employees, which cultivates a culture of high power distance in the eyes of the subordinates. Despotic leaders usually act against the organization's interests and seldom include subordinates in decision-making (Aronson, 2001; Lee, 2016; De Clercq et al., 2020). Additionally, these leaders exhibit unethical and prejudiced conduct, making their followers unhappy and less productive at work (Naseer et al., 2016). Despotic leadership is negatively associated with organizational citizenship behaviour (OCB), creativity Naseer et al. (2016), employee’s trust Jabeen and Rahim (2021), innovative employee behaviour, career satisfaction Ahmad et al. (2021), and life satisfaction, and is positively associated with work-family conflict Numan et al. (2018), and organizational deviance (Erkutlu & Chafra, 2018). However, its established manifestation in dark leadership, study in this area of management and leadership literature is still inadequate.

Despotic Leadership and Employee Job Performance

Porter and Lawler (1968) defined job performance as the attitude and output of employees in meeting the challenges and expectations of the leaders in order to fulfil workplace goals. Employees’ job performance is measured in the workplace through their work, job commitment, and job satisfaction (Lawler et al., 1968; Akhyar & Pahlevi, 2021). Employees play an important role in achieving organizational success since they offer suggestions and plans for the betterment of the workplace (Springer et al., 2021).
Furthermore, employees are necessary for organizational change, learning, creativity, and innovation (Craig & Allen, 2013; Peiro & Bayona, 2020). Employees’ work performance also depends upon the leadership style of their leaders and managers (Duffy et al., 2002). According to research, hostile leaders decrease employee performance, which negatively impacts organizational success.

COR theory also sheds light on the organizational leader-follower relationship. It suggests that subordinates are encouraged to reduce resource loss and increase resource gain. The threat of resource loss or physical loss of resources is considered the main contributor to increased stress (Hobfoll, 2001, 2002). This theory declares that employees are interested in obtaining, preserving, and nurturing valued resources. According to Feng (2019), dark leadership is a fundamental reason employees feel pressure and stress in the workplace. When despotic leaders adopt an unethical code of conduct, their employees have to face psychological stress and low job satisfaction. Therefore, from the above the above-given discussion, we can predict the following hypothesis:

H1: Employees’ perceptions of despotic leadership negatively affect employees’ job performance.

**Employee Work Engagement**

According to Cooke (2019), work engagement is "a joyful job state of mind marked by vigor, dedication, and absorption." Engaged employees are energetic, contribute to the job, and address their job tasks and requirements competently (Akkerman & Bakker, 2011). Additionally, engaged employees are solution-oriented, team-oriented, have better coping mechanisms (Rothmann, 2008; Hoon & Kyoung, 2012), enhanced self-efficacy, self-confidence, optimism Xanthopoulou (2007), and work resilience (Bakker, 2011). Organizations with highly engaged employees produce better profits than those organizations that do not have engaged employees (Akkerman & Bakker, 2011). According to Tripathi and Sharma (2021), management should promote, encourage, and empower employees since it helps them improve their work engagement. Many studies described that employees’ work engagement is enhanced by work-related factors, such as social support from peers and management as well as positive
feedback (Hoon & Kyoung, 2012). Leadership is considered a primary factor that contributes to subordinates’ work engagement in the workplace (Mehrad et al., 2020). Hence, leadership also affects subordinates’ job satisfaction and their work engagement in the workplace (Naeem & Weng, 2020).

Additionally, engagement is a precursor of job performance (Markos & Sridevi, 2010; Anitha, 2014; Chen & Peng, 2021). Hence, work engagement is directly associated with service performance, financial enhancement, and organizational growth (Zheng & Graham, 2020). Engaged employees are well-performed, committed, and strive hard to achieve challenging goals (Sarwar & Ishaq, 2020). Employees’ work engagement positively impacts employees’ work performance which induces better knowledge-sharing behavior, creativity, and adaptability among employees (Eldor & Vigoda-Gadot, 2017). Moreover, increased employee work engagement denotes a readiness to perform work role performance (Sonnenstag, 2011). A recent study showed that highly engaged employees enhance customer satisfaction, customer loyalty, and overall performance in the workplace (Osborne & Hammoud, 2017). Hence, increased work engagement indicates that an employee is psychologically present and is fully dedicated towards their work role performance (Breevaart et al., 2014). Bakker (2011) posits that it is essential for organizations to produce a healthy atmosphere that facilitates subordinates’ work engagement. According to him, organizations should implement such practices that enhance employee work engagement, which, in turn, would improve organizational performance.

COR theory describes that employee work engagement declines in the presence of despotic supervision. It elucidates that employees in difficult situations struggle to gain, maintain, and safeguard job resources (Hobfoll, 1989). Mistreated employees are less passionate and vigorous about their jobs. Hence, they are not enthusiastically engaged with their work. When employees feel threatened by despotic leaders, they are distracted and cannot concentrate fully on the task. Mistreatment of employees at the hand of despotic leaders also reduces vigor, dedication, and work ownership, which lowers the work engagement of employees (Poon, 2011). Based on these arguments, we proposed that despotic leadership detrimental to work engagement. Hence, we hypothesized that:
Hypothesis 2: Subordinates’ perceptions of despotic leadership are negatively associated with work engagement.
Hypothesis 3: Employee work engagement is positively associated with employee job performance.
Hypothesis 4: Employee work engagement mediates the relationship between their perceptions of despotic leadership and employees’ job performance.

**Social Climate of Friendship Groups**

The social climate of friendship groups is used to denote the social bonding and support that exists between coworkers. Social groups in-between coworkers build trust and a healthy social climate (Sun et al., 2016). Furthermore, a strong social group positively affects employee perceptions and behaviours (Zohar & Tenne-Gazit, 2008; Tsai & Bobozzi, 2014). For employees, social support from friendship groups is a valuable psychological resource since it improves their functional accuracy in the workplace (Rousseau & Aube, 2010). The collective support of group coworkers is also considered an important work resource in the literature related to employees' work engagement (Kiema-Junes & Saarinen, 2020). Moreover, recent research shows that social support significantly affects employees’ engagement and job performance (Tifferet, 2020; Orgambidez-Ramos & De Almeida, 2017). According to the buffering model social support safeguards employees from work stress (Aneshensel & Stone, 1982; Emmerik & Bakker, 2007; Guidetti & Viotti, 2018).

Social interaction is the process during which people collaborate and interact with each other (Argyle, 2017), this includes interactions with peers or colleagues, friends, family, or even with customers. According to Parsons and Ebinger (1968), social interaction comprises mutual effort on the behalf of the people involved. Current research on social interaction reports that it denotes how people interact, communicate, and coordinate (Yung-Chang & Hsiao, 2011). Better utilization of social interaction enhances access to knowledge management, innovation, and resources gained for organizational members (Argyle, 2017). Research has shown that interpersonal social interaction helps spread new ideas, explore new opportunities, and increase knowledge flow, leading to enhanced performance in the workplace (Yung-Chang & Hsiao, 2011).
Social trust is essential for maintaining meaningful social relationships. It is also a necessary component for employees, organizations, and even customers (Hardin, 2002). Without having the required level of social trust, interactions between individuals in social life would not be possible. Moreover, social trust is also an essential component of social support (Coleman, 1988). Social trust is needed to build social relations in the workplace (Hardin, 2002). From an organizational perspective, social trust develops confidence among employees and makes them friendlier. It creates meaningful interactions between group members (Putnam, 2000). Heightened trust develops a close and long-term relationship between group members (Kee & Knox, 1970). Hence, social trust is essential for enhancing employees’ work performance and job satisfaction, which ultimately increases the productivity and profitability of the organization (Cook et al., 2019). The combination of social support, social interaction, and shared trust among coworkers creates a strong social climate in the workplace (Sun et al., 2016).

Despotic leaders demean and threaten employees, which negatively affects job performance and work engagement. For this reason, a positive social climate of friendship groups is needed in the workplace, since it can minimize the effects of dark leadership. Our study adds to the literature on dark leadership by examining the mediating impact of employee work engagement and the moderating role of social climate of friendship groups. Our study deduced that the social climate of friendship group, in the presence of despotic leadership, would improve employees' work engagement, which leads to better employee performance. Thus, from the above-stated discussion, we predict the following hypothesis:

H5: Social climate of friendship group is positively related to employee work engagement.
H6: Social climate of friendship group moderates the relationship between their perceptions of despotic leadership and employee job performance.
H7: Social climate of friendship group moderates the relationship between employee work engagement and employee job performance.
H8: Social climate of friendship group moderates the relationship between their perceptions of despotic leadership and employee work engagement (indirect effect).
Research Model

Figure 1

Theoretical Model of Despotic Leadership

Methods

Data Collection and Sample

This research population comprised employees of pharmaceutical companies listed on the Pakistan Stock Exchange (PSX). The total number of working employees in these twelve companies were 13648. This research used the Yamane formula (1967) to estimate the sample size, which was found to be 389. The expected response rate in social sciences was 75% to 80%; hence, the oversampling approach was used to obtain a satisfactory response rate and the optimal sample size (Bartlett et al., 2001). The anticipated sample size for the current study was 519 respondents (using 75%) with a precision level of 0.05.

We visited twelve pharmaceutical companies in Pakistan, specifically in Faisalabad, Lahore, Rawalpindi, and Islamabad. We met with the head of the human resource department and, in some companies, the administration department and explained the purpose of gathering data. We informed that data from marketing and sales employees was required. We
also ensured that the personal information of employees would not be leaked. The responses were collected from both employees and supervisors.

We only sent questionnaires to marketing and sales personnel. Employees at every organization were called and requested to complete a structured survey. Employees completed their questionnaires on-site during scheduled work periods. Employees and their supervisors filled in the survey two times. Employees filled in the second survey after a specific time interval. At Time 1, data on employees’ perceptions of despotic leadership was collected. After two months, at Time 2, data on employees’ social climate of the friendship group, employee work engagement (self-reported), and employee job performance (supervisor reported) was collected. This was done to minimize the common method variance.

Respondents were asked for their email addresses and cell numbers. They were told that their email and cell numbers will be required to contact them for a follow up after the second survey held two months later. (Chughtai et al., 2014; Namasivayam et al., 2014) also employed a similar method. This methodology was adopted to avoid socially desirability bias (Sullman & Taylor, 2010). Non-respondents and late-respondents were contacted to improve the reply rate. The first survey was distributed to 519 employees, out of which 442 responses were filled and sent back. The second time questionnaire was distributed to the 442, out of which 423 completed surveys were filled and sent back. All respondents had a good understanding of the English language.

Measurement

All measures were adapted. Data was collected using a five-point Likert scale to measure the responses, namely strongly disagree =1, disagree = 2, neither agree/ nor disagree = 3, agree = 4, and strongly agree =5. All measures were employees’ self-report, except employee performance, which was a supervisor report.

Despotic Leadership

Hanges and Dickson (2004) developed the six items scale to measure despotic leadership. This scale was measured at Time 1. Using this scale, participants were asked how often their boss engaged in the behaviours that
were described in the survey. Examples of behaviours such as “vengeful, seeks revenge when wronged” were given. In this sample, the internal consistency reliability of the scale was 0.91.

**Employee Job Performance**

The supervisor's response was used to inquire about employee job performance; The six items scale was utilized to measure employees’ performance at Time 2. This scale was developed by Salanova et al. (2005). As an example, the following items were given, “This employee meets the formal performance requirements of the job.” In this sample, the internal consistency reliability of the scale was 0.85.

**Employees’ Work Engagement**

A nine-item scale, developed by Salanova et al. (2005), was used at Time 2 to measure employees’ work engagement by keeping in mind “three dimensions: vigor, dedication, and absorption.” The following item was given as an example “At my job, I feel strong and vigorous.” In this sample, the internal consistency reliability of the scale was 0.88.

**Social Climate of Friendship Groups**

Fifteen item scale was employed to measure “three social climate dimensions: social support, social interaction and social trust developed by Hajli et al. (2014).” They were measured at Time 2. The following item was given as an example, “Other members and I share emotion with each other.” In this sample, the internal consistency reliability of the scale was 0.89.

**Data Analysis**

The statistical methods were applied to test the descriptive statistics, reliability, correlation, and regression analysis. Hayes process 3.5 was used in software SPSS (20.0 version) for the statistical analysis. For the reliability test, Cronbach’s alpha was applied. Data normality was confirmed by using skewness and kurtosis tests. Data validity was established by conducting a confirmatory factor analysis by using Amos 20 version. Hayes (2012) methods were used for mediation and moderation analysis.
Results and Discussion

Confirmatory Factor Analysis

We used comparative fit index (CFI) 0.90, standardized root mean square residuals (SRMR) 0.10, root mean square error of approximation (RMSEA) 0.08, and chi-square ($\chi^2$/df) 3.0" (Williams et al., 2009) to examine model fitness. The model was found to be fit ($\chi^2$/df = 2.83, CFI = 0.92, SRMR = 0.079, RMSEA = 0.073). We used the recommended Hair et al. (2018) criteria for loading (i.e., 0.50), composite reliability (i.e., 0.60), and average variance extracted (i.e., 0.50). (Appendix A)

Descriptive Statistics and Correlation coefficient

Descriptive statistics, mean, standard deviations and correlation coefficients are all shown in Table 1. Furthermore, the study's skewness, kurtosis, tolerance, and reliabilities are also shown in Table 1. Data was collected from employees at all levels, ranging from sales promotion officers to officers sitting at higher management positions. The participants were mostly male (72%), having an average age of 32.17 years (SD = 2.12). Participants had an average of 2.03 (SD = 6.12) years of experience with the current company and a total work experience of 8.09 (SD = 5.39) years. All respondents had a minimum of intermediate education, while 69.6% had graduate degrees. Additionally, it was found that correlation analysis of despotic leadership is significantly and negatively associated with employees’ job performance ($r = -0.496**, p < .01), work engagement ($r = -0.435**, p < .01), and social climate of friendship group ($r = -0.326**, p < .01). Moreover, the correlation between variables was found to be below 0.85 and is displayed Table 1. It indicates that there is no collinearity between the variables (Tabachnick & Fidell, 2019).

Similarly, Cronbach’s Alpha coefficient was checked to find the scale’s internal reliability; whose value was 0.7 or higher and is acceptable (Nunnally & Bernstein, 1994; Hair et al., 2018). The value of despotic leadership was $\alpha = 0.91$. The value for the social climate of friendship groups was $\alpha = 0.89$. The value for employees job performance was $\alpha = 0.85$, while the value for employee work engagement was $\alpha = 0.88$. For these results, the skewness value was ± 1, while the Kurtosis value was ± 3.
The tolerance value was >0.1. All values displayed excellent findings and are displayed in Table 1.

Table 1

Descriptive Statistics

<table>
<thead>
<tr>
<th>Descriptions</th>
<th>Mean</th>
<th>SD</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
</tr>
</thead>
<tbody>
<tr>
<td>DL</td>
<td>3.773</td>
<td>.843</td>
<td>(.91)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>EWE</td>
<td>2.771</td>
<td>.821</td>
<td>-.435**</td>
<td>(.88)</td>
<td></td>
<td></td>
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<tr>
<td>SCFG</td>
<td>2.946</td>
<td>.327</td>
<td>-.326**</td>
<td>.453**</td>
<td>(.89)</td>
<td></td>
</tr>
<tr>
<td>EJP</td>
<td>3.134</td>
<td>.595</td>
<td>-.496**</td>
<td>.562**</td>
<td>.228**</td>
<td>(.85)</td>
</tr>
<tr>
<td>Skewness</td>
<td>± 1</td>
<td>----</td>
<td>-.734</td>
<td>.210</td>
<td>.659</td>
<td>.505</td>
</tr>
<tr>
<td>Kurtosis</td>
<td>± 3</td>
<td>----</td>
<td>-.893</td>
<td>-1.39</td>
<td>.060</td>
<td>-1.070</td>
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<tr>
<td>Tolerance</td>
<td>&gt;0.1</td>
<td>----</td>
<td>.658</td>
<td>.173</td>
<td>.739</td>
<td>.598</td>
</tr>
</tbody>
</table>

Note. N=423, Correlation significant *P < 0.05 level. **P <0.01 level. (DL= Despotic leadership, EWE= Employee Work Engagement, SCFG= Social Climate of Friendship Group, EJP= Employee Job Performance)

Hypotheses Testing

Regression Analysis

The result of the regression analysis showed that the employees’ perceptions of despotic leadership negatively affects the employee work performance ($\beta = - .350$, $R^2 = .25$, and $P < .000$) as displayed in Table 2. Likewise, despotic leadership is negatively associated with work engagement ($\beta = - .423$, $R^2 = .19$, and $P < .000$). However, employee work engagement positively affects job performance ($\beta = .41$, $R^2 = .32$, and $P < .000$). Social climate of friendship groups is also positively associated with employee work engagement ($\beta = .45$, $R^2 = .21$, and $P < .000$). Hence, the hypotheses of the study are supported by all variables.

Mediation Analysis

This study also employed Hayes (2012) bootstrapping method (Table 2). The first step of mediation analysis revealed that the regression of despotic leadership with subordinates’ work performance was significant: $b = - .499$, df2 (417), $t = -19.24$, and $p =.001$. The second step revealed that the relationship between despotic leadership and work engagement (mediator) was equally significant, where $b = - .495$, $R^2 = .344$, df2 (417), $t = $
-11.67, and p = .001. The third step of the mediation model revealed that the mediator's work engagement was significantly associated with job performance, where b = .328, df2 (416), t = 13.00, and p = .001. The fourth phase of the mediation model revealed that despotic leadership was a significant predictor of employee job performance when work engagement was taken as a mediator: b = -.3361, df2 (420), t = -13.32, and p = .001. The effect is significantly larger than zero at .05, since the effect size does not contain a zero. Table 2 shows that the indirect effect of despotic leadership on subordinates' job performance is significant due to the mediating effect of work engagement. Furthermore, it was found that the lower-level confidence interval (LLCI) and upper-level confidence interval (ULCI) values have the same sign (LLCI = -.1959 & ULCI = -.1301) and do not include zero. Hence, using the (Hayes 2012) rule, we propose that work engagement partially mediates the association between despotic leadership and subordinates' job performance. The findings of our study suggest the same association.

Table 2

Regression Analysis

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Variables</th>
<th>β</th>
<th>R²</th>
<th>T</th>
<th>P</th>
</tr>
</thead>
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<td>H:1</td>
<td>Despotic Leader → Job Performance</td>
<td>-.350***</td>
<td>.25</td>
<td>-11.72</td>
<td>.000</td>
</tr>
<tr>
<td>H:2</td>
<td>Despotic Leader → Work Engagement</td>
<td>-.423***</td>
<td>.19</td>
<td>-9.91</td>
<td>.000</td>
</tr>
<tr>
<td>H:3</td>
<td>Work Engagement → Job Performance</td>
<td>.408***</td>
<td>.32</td>
<td>13.94</td>
<td>.000</td>
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<tr>
<td>H:5</td>
<td>SCFG → Work Engagement</td>
<td>.453***</td>
<td>.21</td>
<td>10.4</td>
<td>.000</td>
</tr>
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</table>

Indirect effect’s Bootstrap results

<table>
<thead>
<tr>
<th>Effect</th>
<th>SE</th>
<th>95%LLCI</th>
<th>95%ULCI</th>
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</thead>
<tbody>
<tr>
<td>H:4</td>
<td>-.1629***</td>
<td>.0165</td>
<td>-.1959</td>
</tr>
</tbody>
</table>

The Mediating role of Work engagement

Note. N = 423. Unstandardized regression coefficients. Bootstrap sample size (5000). lower limit = LL, confidence interval (CI) 95%, upper limit = UL. Path=1-IV→DV, Path=2-- IV→MV, Path=3-- MV→DV, Path=4-- IV→MV→DV (P<.05*, P<.01**, P<.001*** significant level. SCFG = Social Climate of Friendship Group)
**Moderation Analysis Direct Effect**

The hypothesis ‘the social climate of friendship groups moderates the link between despotic leadership and employee work performance’ is strongly supported by the findings of our study as seen in Table 3. Where p-value less than .001 and β = -.708, df2 = 413, R² = .721, ΔR² = .041. Figure 2 shows that the social climate of friendship groups produces a significant and positive impact on the relationship between despotic leadership and employees’ job performance at (ΔR² = .041).

The social climate of friendship groups significantly supports and enhances the link between subordinates' work engagement and job performance where p-value less than .001 and β = -.628, df2 = 413, R² = .721, ΔR² = .02, as seen in Table 3. Figure 3 illustrates that the social climate of friendship groups substantially improves the relationship between employees' work engagement and job performance.

**Table 3**

*The Moderating Role of Social Climate of Friendship Groups*

<table>
<thead>
<tr>
<th>Interaction Terms</th>
<th>β</th>
<th>SE</th>
<th>T</th>
<th>P</th>
<th>95%LLCI</th>
<th>95%ULCI</th>
</tr>
</thead>
<tbody>
<tr>
<td>H:6 DL*SCFG</td>
<td>-.708***</td>
<td>.0908</td>
<td>-7.79</td>
<td>.0000</td>
<td>-.8863</td>
<td>-.5294</td>
</tr>
<tr>
<td>H:7 WE*SCFG</td>
<td>-.628***</td>
<td>.1178</td>
<td>-5.34</td>
<td>.0000</td>
<td>-.8615</td>
<td>-.3982</td>
</tr>
</tbody>
</table>

Conditional direct effects of DL on EJP at values of the moderator (i.e., DL*SCFG)

<table>
<thead>
<tr>
<th></th>
<th>Effect</th>
<th>SE</th>
<th>LLCI</th>
<th>ULCI</th>
</tr>
</thead>
<tbody>
<tr>
<td>-1SD</td>
<td>-.1088***</td>
<td>.0347</td>
<td>-.1770</td>
<td>-.0405</td>
</tr>
<tr>
<td>M</td>
<td>-.2503***</td>
<td>.0263</td>
<td>-.3020</td>
<td>-.1987</td>
</tr>
<tr>
<td>+1SD</td>
<td>-.4863***</td>
<td>.0360</td>
<td>-.5571</td>
<td>-.4155</td>
</tr>
</tbody>
</table>

Conditional direct effects of DL on EJP at values of the moderator (i.e., WE*SCFG)

<table>
<thead>
<tr>
<th></th>
<th>Effect</th>
<th>SE</th>
<th>LLCI</th>
<th>ULCI</th>
</tr>
</thead>
<tbody>
<tr>
<td>-1SD</td>
<td>.4088***</td>
<td>.0403</td>
<td>.3296</td>
<td>.4880</td>
</tr>
<tr>
<td>M</td>
<td>.2828***</td>
<td>.0275</td>
<td>.2288</td>
<td>.3368</td>
</tr>
<tr>
<td>+1SD</td>
<td>.0729</td>
<td>.0421</td>
<td>-.0099</td>
<td>.1557</td>
</tr>
</tbody>
</table>

*Note*. N = 423. Unstandardized regression coefficients are reported. Bootstrap sample size (5000); lower limit= LL; confidence interval (CI) 95%, upper limit
(UL). P < 0.05*, P<.01**, P < 0.001*** (DL= Despotic leadership, EWE= Employee Work Engagement, SCFG= Social Climate of Friendship Groups, EJP= Employee Job Performance)

**Figure 2**

*Interactive Effect of Despotic Leadership and Social Climate of Friendship Groups on Job Performance*

![Interactive Effect of Despotic Leadership and Social Climate of Friendship Groups on Job Performance](image1)

**Figure 3**

*Interactive Effect of Work Engagement and Social Climate of Friendship Groups on Job Performance*

![Interactive Effect of Work Engagement and Social Climate of Friendship Groups on Job Performance](image2)
**Moderation Indirect Effect**

The hypothesis ‘social climate of friendship groups moderates the relationship between despotic leadership and employee job performance through mediator (work engagement)’ is strongly supported by the findings of our study as seen in Table 4. Where $\beta = -0.490$, $t = -5.49$, $df2 = 415$, $R^2 = 0.50$, $\Delta R^2 = 0.04$ and the P-value is smaller than 0.001., while the influence of despotic leadership on job engagement is $\beta = 1.24$, $t = 4.49$, $p = 0.001$. The effect of work engagement on employee job performance is $\beta = 2.08$, $t = 6.04$, $p = 0.001$; whereas, the effect of despotic leadership on employee performance is $\beta = 1.77$, $t = 6.67$, $p = 0.001$. Figure 4 depicts the results of $\Delta R^2 = 0.04$ and indicates that the social climate of friendship groups produces a substantial and positive improvement in the relationship between despotic leadership and employee job engagement.

**Figure 4**

*Interactive Effect of Despotic Leadership and Social Climate of Friendship Groups on Work Engagement*

![Graph showing interaction effect](image)

**Table 4**

*The Moderating Role of Social Climate of Friendship Groups*

<table>
<thead>
<tr>
<th>Interaction Terms</th>
<th>$\beta$</th>
<th>SE</th>
<th>T</th>
<th>P</th>
<th>95%LLCI</th>
<th>95%ULCI</th>
</tr>
</thead>
<tbody>
<tr>
<td>H:8 DL*SCFG via WE</td>
<td>-0.490**</td>
<td>.089</td>
<td>-5.49</td>
<td>.01</td>
<td>-.6649</td>
<td>-.3151</td>
</tr>
</tbody>
</table>

Conditional indirect effects of DL on EJP (i.e. DL->WE->EJP)
(Social Climate of Friendship Groups via work engagement)

<table>
<thead>
<tr>
<th>Effect</th>
<th>SE</th>
<th>LLCI</th>
<th>ULCI</th>
</tr>
</thead>
<tbody>
<tr>
<td>-1SD</td>
<td>-.0244**</td>
<td>.0286</td>
<td>-.0774</td>
</tr>
<tr>
<td>M</td>
<td>-.0446**</td>
<td>.0159</td>
<td>-.0756</td>
</tr>
<tr>
<td>+1SD</td>
<td>-.0234</td>
<td>.0140</td>
<td>-.0523</td>
</tr>
</tbody>
</table>

Note. N = 423. Unstandardized regression coefficients are reported. Bootstrap sample size (5000); lower limit = LL; confidence interval (CI) 95%, upper limit (UL). P < 0.05*, P < .01**, P < 0.001*** (DL = Despotic leadership, EWE = Employee Work Engagement, SCFG = Social Climate of Friendship Groups, EJP = Employee Job Performance) (The Mediating Role of Work Engagement)

**Discussion and Conclusion**

Despotic leadership endures a neglected part in the Pakistani pharmaceutical’s sales division, and this shows many deleterious effects and even basis for organizational failures like Enron and WorldCom (Naseer et al., 2016). The current study aimed to investigate how despotic leadership that negatively affect workplace performance (Naseer et al., 2016; De Clercq et al., 2018; Raja et al., 2020). This study also explored how despotic leadership negatively affects employee job performance and work engagement. Moreover, we found that a strong social climate of friendship groups among co-workers safeguards employees from the negative effects of despotic leadership. Furthermore, a strong social climate acts as a buffer between despotic leadership and employee job performance.

The proposed hypotheses were supported by the findings of the study, which are based on COR theory. Recent research shows that despotic leaders negatively affect essential job outcomes and produce job dissatisfaction as well as organizational deviance among employees (Islam et al., 2020). Furthermore, when despotic leaders mistreat their employees, it decreases trust, organizational identification, and increases counterproductive behaviour in the workplace. Therefore, despotic leadership negatively affects employee and organizational outcomes (Erkutlu & Chafra, 2018). For this reason, the current study verified and showcased how despotic leadership decreases work performance and work engagement of employees.

The findings of our research also revealed that the social climate of friendship groups mitigates the adverse effects of despotic leadership by
Impact of Employee Perception Shaped…

directly affecting and enhancing employee work engagement in the Pakistani context. Hence, the social climate of friendship groups directly and positively affects employee work engagement, which, in turn, enhances employee job performance in the presence of despotic leadership. The findings also highlighted that a strong social climate mitigates the negative effects of despotic leadership on employee job performance. Our findings are in agreement with the findings of Javed & Rawwas (2018) and De Clercq et al. (2020), who reported that Islamic work ethics (IWE) weakens the relationships between despotic leadership and workplace deviance and recovers its harmful effects. Islam et al. (2020) also noticed that IWE mitigates the negative effect of despotic leadership on employee job dissatisfaction and organizational deviance.

A strong social climate of friendship groups is necessary for employees working with despotic leadership in developing nations, such as Pakistan. Pakistan scored the highest in power distance, collectivism, risk avoidance, and short-term orientation (Hofstede, 2007; Naseer et al., 2016). United Nations' Human Development Index 2020 ranked Pakistan at 154th position among 189 countries, indicating a relatively low level of human development (Ahmad et al., 2021). People in Pakistan face high poverty, a high prevalence of unemployment, and corruption. Employees are more likely to accept power disparities and dishonest management in these conditions (Naseer et al., 2016; Raja et al., 2020). In such a distressing work setting, where subordinates are mistreated and oppressed, a strong social climate of friendship groups is essential. Therefore, this research adds to the literature on dark leadership by demonstrating how a strong social climate of friendship groups among co-workers moderates the relationship between despotic leadership and employee outcomes, such as job performance.

This study concludes that a strong social climate of friendship groups encourages employees and provides positive energy, which may also be used to deal with a harmful work environment characterized by despotic leadership. The findings of this study are in agreement with the theoretical evidence built on the conservation of resource (COR) theory, which suggests that people maintain their valuable resources when they feel threatened by the loss of their valuable resources.
Recommendations and Future Research

This study investigated the effect of employees’ perceptions of despotic leadership on job performance and work engagement in Pakistani pharmaceutical industries. Given the focus of our research, future researchers can study other outcome variables, such as employee deviance behaviour, employee wellbeing, employee silence, employee career satisfaction, and burnout. Future researchers may also consider other positive and negative leadership types to determine their combined effect on the different behaviours of employees. The current study was conducted on Pakistan’s pharmaceutical sector, future researchers may study other sectors such as telecommunication, banking, cement industry, medical or hospital sector, hotel industries. The researchers may also use psychological capital (PsyCap) as moderating effect.

Managerial Implications

This study is relevant for the management of organizations and policymakers since they can formulate and implement policies that can safeguard employees from the adverse effect of dark leadership. Keeping the findings of this study in mind, management can cultivate a mechanism through which the behaviour of despotic leaders would be negated. The organization can train its employees to blow the whistle against such behaviours to promote an employee-supportive atmosphere.

References


Impact of Employee Perception Shaped…


Impact of Employee Perception Shaped…


De Hoogh, A. H., & Den Hartog, D. N. (2008). Ethical and despotic leadership, relationships with leader's social responsibility, top


Appendix A.

Table A1

Confirmatory Factor Analysis

<table>
<thead>
<tr>
<th>Items</th>
<th>Loading</th>
<th>α</th>
<th>CR</th>
<th>AVE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Despotic Leadership</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. My supervisor has no pity or compassion.</td>
<td>0.64</td>
<td>0.91</td>
<td>0.89</td>
<td>0.59</td>
</tr>
<tr>
<td>2. My supervisor is in charge and does not tolerate disagreement or questioning.</td>
<td>0.78</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. My supervisor acts like a tyrant or despot, imperious.</td>
<td>0.72</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. My supervisor tends to be unwilling or unable to relinquish control of projects or tasks.</td>
<td>0.83</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5. My supervisor expects unquestioning obedience from those who report to him/her.</td>
<td>0.81</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6. My supervisor Is vengeful, seeks revenge when wronged. Social Climate of Friendship Groups</td>
<td>0.80</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7. Other members and I share emotions with each other</td>
<td>0.70</td>
<td>0.89</td>
<td>0.94</td>
<td>0.53</td>
</tr>
<tr>
<td>8. Other members and I am concerned about each other</td>
<td>0.77</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>9. Other members often agree with each other’s points of view</td>
<td>0.82</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>10. When I encountered a problem, some people in the group would give me information to help me overcome the problem</td>
<td>0.68</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>11. To what extent members would like to give suggestions to others when others value help</td>
<td>0.73</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>12. To what extent members can get help from other members</td>
<td>0.66</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>13. I feel that my friends mean to maintain close social relationships with each other</td>
<td>0.81</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>14. I feel that my friends mean to spend a lot of time interacting with each other</td>
<td>0.79</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>15. I feel that my friends mean to frequent communication with each other</td>
<td>0.83</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
|   | Statement                                                                 | Value  
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>16.</td>
<td>I measure how active members are in the day-to-day interaction</td>
<td>0.68</td>
</tr>
<tr>
<td>17.</td>
<td>Members put a lot of energy into communication</td>
<td>0.72</td>
</tr>
<tr>
<td>18.</td>
<td>I feel that my friends mean to keep the promises to each other</td>
<td>0.74</td>
</tr>
<tr>
<td>19.</td>
<td>I feel that my friends know we can count on each other</td>
<td>0.67</td>
</tr>
<tr>
<td>20.</td>
<td>I feel that my friends behave in a consistent manner</td>
<td>0.62</td>
</tr>
<tr>
<td>21.</td>
<td>I feel that my friends are truthful in dealing with each other</td>
<td>0.64</td>
</tr>
<tr>
<td>22.</td>
<td>Employee Work Engagement</td>
<td></td>
</tr>
<tr>
<td>23.</td>
<td>At my work, I feel bursting with energy</td>
<td>0.71</td>
</tr>
<tr>
<td>24.</td>
<td>At my job, I feel strong and vigorous</td>
<td>0.77</td>
</tr>
<tr>
<td>25.</td>
<td>I am enthusiastic about my job</td>
<td>0.84</td>
</tr>
<tr>
<td>26.</td>
<td>My job inspires me</td>
<td>0.79</td>
</tr>
<tr>
<td>27.</td>
<td>When I get up in the morning, I feel like going to work</td>
<td>0.83</td>
</tr>
<tr>
<td>28.</td>
<td>I feel happy when I am working intensely</td>
<td>0.82</td>
</tr>
<tr>
<td>29.</td>
<td>I am proud of the work that I do</td>
<td>0.77</td>
</tr>
<tr>
<td>30.</td>
<td>I am immersed in my work</td>
<td>0.67</td>
</tr>
<tr>
<td>31.</td>
<td>I get carried away when I am working</td>
<td>0.65</td>
</tr>
<tr>
<td>32.</td>
<td>Employee Job Performance</td>
<td></td>
</tr>
<tr>
<td>33.</td>
<td>This employee adequately completes assigned duties</td>
<td>0.80</td>
</tr>
<tr>
<td>34.</td>
<td>This employee fulfills the responsibilities specified in the job description</td>
<td>0.82</td>
</tr>
<tr>
<td>35.</td>
<td>This employee performs the task that is expected of him/her</td>
<td>0.71</td>
</tr>
<tr>
<td>36.</td>
<td>This employee meets the formal performance requirements of the job</td>
<td>0.67</td>
</tr>
<tr>
<td>37.</td>
<td>This employee engages in activities that will directly affect his/her performance evaluation</td>
<td>0.62</td>
</tr>
<tr>
<td>38.</td>
<td>This employee neglects aspects of the job he/she is obligated to perform</td>
<td>0.73</td>
</tr>
<tr>
<td>39.</td>
<td>This employee fails to perform essential duties</td>
<td>0.69</td>
</tr>
</tbody>
</table>