A "BULLY" IN ITS OWN CHINA SHOP: THE IMPACT OF ABUSIVE ENTREPRENEURIAL LEADERSHIP BEHAVIORS ON EMPLOYEE TURNOVER AND FIRM PERFORMANCE (INTERACTIVE PAPER)

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INTERACTIVE PAPER

A “BULLY” IN ITS OWN CHINA SHOP: THE IMPACT OF ABUSIVE ENTREPRENEURIAL LEADERSHIP BEHAVIORS ON EMPLOYEE TURNOVER AND FIRM PERFORMANCE

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Principal Topic

Abusive supervision is a young but growing field of inquiry (Tepper 2007). Small and entrepreneurial businesses offer a unique context for studying this phenomenon. First, unlike CEOs of larger corporations, owner-founders often find themselves in management roles for which they have received little grooming or preparation. Without the years of training and mentoring that managers often receive as they progress in their levels of authority and responsibility, entrepreneurs may be more susceptible to an authoritarian, controlling leadership style to produce the desired results. Second, when abusive behavior does occur, these firms lack the oversight of a sophisticated corporate administrative or governance entity, and so the entrepreneur could run rampant over his or her underlings in an effort to “push” firm performance.

In this paper we look at how abusive supervision in particular industry classifications (e.g. service, retail, manufacturing, high tech) impacts turnover intentions and absenteeism of employees, sales growth and profitability. We predict that firms in which abusive supervisory behaviors occur frequently will experience higher levels of voluntary employee turnover and lower levels of firm performance.

Method

This study is a cross-sectional survey of owners-founders of small and medium-sized new firms five years old or less in a medium sized Midwestern city. Using existing measures of entrepreneur personality attributes (authoritarianism and control) (Tepper 2000; Heaven 1985), we test the effect of abusive entrepreneurial leadership on employee turnover, absenteeism, tenure, goals for growth, sales and profitability, and estimations of performance relative to peer companies.

Implications:

High levels of ambiguity, conflict, and pressure typical in start-ups, create the context for abusive behaviors (Mikkelsen and Einarsen 2001). It is important for entrepreneurs to understand the consequences and costs of abusive leadership and what they can do to avoid behaviors which may reduce growth, damage firm reputation, diminish their ability to recruit and retain quality personnel and raise the cost of doing business. This study advances the field of entrepreneurship by empirically assessing the impact of abusive entrepreneurial behavior in new and more detailed ways that can be used to educate and assist entrepreneurs desiring better performance.

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