

Abusive, Arrogant, and Exploitative? Linking Despotic Leadership and Adaptive Performance: The Role of Islamic Work Ethics

Abstract

Purpose – This study aims to theoretically discuss and empirically test the mediating mechanism of psychological distress and the moderating effects of Islamic Work Ethics (IWE) in the relationship between despotic leadership and adaptive performance.

Design/methodology/approach – A three-wave survey was used to gather the data from eight construction firms in Pakistan from middle managers and their supervisors/Bosses. The final sample consisted of 304 respondents and data analysis was performed through SEM analysis.

Findings – Despotic Leadership enhances employees' psychological distress which results in a negative affect on adaptive performance. In addition, IWE played a buffering role in mitigating the harmful impact of despotic leadership on adaptive performance.

Originality/value – The study is pioneers that have investigated how despotic leadership impacts employees' adaptive performance via the underlying mechanism of psychological distress through a COR and SET lens.

Keywords –Despotic leadership, psychological distress, adaptive performance, Islamic work ethic.

Paper type –Research paper

Introduction

Working in the era of tighter economic resources and worldwide competition requires that employees should be capable of handling emergencies and adaptive to change (Pelgrim *et al.*, 2022; Shoss *et al.*, 2012). Adaptive performance is a facet of performance which reflects excellence in problem-solving in response to change (LePine *et al.*, 2000). Positive Leadership such as transformational and servant leadership plays prominent role in fostering adaptive

performance (Charbonnier-Voirin *et al.*, 2010; Kaya and Karatepe, 2020; Park and Park, 2019). Conversely, the dark side of leadership such as abusive supervision and despotic leadership which leads to negative outcomes (Fischer *et al.*, 2021; Khan *et al.*, 2022) has been scarcely examined in the linkage of adaptive performance. Prior studies have generally discussed the impact of dark side of leadership on task and general performance (Alexander *et al.*, 2021; Harris *et al.*, 2007; Moin *et al.*, 2020).

Despotic leadership is defined as a leader's action and attitude of gaining supremacy and dominance to gain self-interest and exploitation of subordinates (De Hoogh and Den Hartog, 2008). Despotic leadership is one of the dark sides of leadership which is very harmful to positive outcomes such as job performance, task performance, psychological well-being, job satisfaction (Raja *et al.*, 2020; Son and Pak, 2023), enhances negative emotions like job stress (Khan *et al.*, 2022; Son and Pak, 2023) and psychological distress (Chaudhary and Islam, 2022). To mitigate and cope with the negative effect of despotic leadership on employees' performance and behavior, scholars have identified different personal resources such as resilience, mindfulness, job embeddedness and Islamic work ethics (Avey *et al.*, 2015; Khan *et al.*, 2022; Mubarak *et al.*, 2023). Thus, the primary objective of the study is to check the impact of despotic leadership on employee adaptive performance with mechanisms of psychological distress and Islamic work ethics.

This research contributes to the literature in the following ways. First, our research presented and empirically tested a model by taking despotic leadership as a direct antecedent of psychological distress and employees' adaptive performance by using structural equation modeling (SEM). The relationship between despotic leadership and psychological distress is established (Albashiti *et al.*, 2021; Chaudhary and Islam, 2022) and being replicated in an understudied sector of Pakistan: the construction sector. The existing studies were conducted in the hospitality and service sector whereas employees of the construction industry face more issues of despotic leadership and different types of job stress and pressure (Neale and Gurm, 2022; Shahzad *et al.*, 2023). While, how adaptive performance is harmed by despotic leadership and psychological distress has been neglected so far. Currently, adaptive performance is considered a critical outcome because employees have to face the diverse nature of their jobs in their workplace. Further, researchers also recommended to investigate the impact of different leadership styles and their determinants on adaptive performance (Kaya and Karatepe, 2020; Park and Park, 2019; Zia, Decius, *et al.*, 2023).

Second, our study investigates the boundary conditions that exacerbate the mediating mechanism of psychological distress between the relationship of despotic leadership and

adaptive performance. Psychological distress is a negative mental state of an individual with negative feelings and thoughts related to anxiety, fear and depression (Gong *et al.*, 2016; Restubog *et al.*, 2011). Psychological distress is an important mental state but a neglected context in workplace setting and needs further investigation (Chaudhary and Islam, 2022; Hong *et al.*, 2021). Despotic leaders are the main cause of psychological distress which harms the individual as well as organizational performance (Raja *et al.*, 2020). However, literature is scant about the mechanism of psychological distress between despotic leadership and adaptive performance. Specifically, prior research in this context has taken the dark side of leadership (abusive supervision) and performance in a general context (Fischer *et al.*, 2021; Li *et al.*, 2016). The scholars also called for investigating the mechanism of psychological distress in different contexts (Pepe *et al.*, 2021; Rafiq *et al.*, 2022). We expect that negative reciprocity belief will result in the harmful indirect effect of despotic leadership on employees' adaptive performance through psychological distress.

Third, the potential for Islamic work ethics (IWE) as a personal resource to mitigate the negative impact of despotic leadership on adaptive performance via psychological distress is unexplored. IWE is a set of moral codes and goodness principles that stem from the Islamic faith and serve as a guiding compass for individuals in their professional behavior (Yousef, 2000). IWE is based on religion and emphasis on intentions rather than results and it emphasizes the significance of being accountable to God and the community, and the belief that our actions will be evaluated and rewarded based on their moral and ethical nature (Shazia *et al.*, 2023). Literature shows that the role of IWE in buffering the conservation of despotic leadership and shaping performance is scarcely investigated (Islam *et al.*, 2022; Khan and Gul, 2020; Qasim *et al.*, 2022). In addition, Jahanzeb *et al.*, (2019) suggested that IWE can be a potential resource to mitigate the negative influence of dark side of leadership on employee performance and negative emotions. In this vein, IWE will act as a moderator in our proposed model to evaluate the mitigating effect.

Finally, in line with job conservation of resource research, we combine social exchange theory (Blau) and conservation of resource theory (Hobfoll, 2011) to explain the linkage between despotic leadership and adaptive performance with the mediation of psychological distress at broader level while unrevealing the moderating role of IWE at the granular level. To reduce the issue of common method bias, data were gathered in three waves from Pakistan where adaptive performance was reported by supervisors instead of self-reporting.

Theoretical framework and hypotheses development

Our study integrates concepts from SET and COR theory to examine how despotic leadership indirectly influences adaptive performance with the mechanism of psychological distress and IWE. SET was introduced by Blau, (1964) and widely used in the leadership context (Eva *et al.*, 2019; Zhang *et al.*, 2018). SET propose reciprocity and states that employees' behavior towards the company/organization is reciprocation to his/her treatment in organization (Blau, 1964). This theory postulates that both employers and employees enjoy trusting and long-term relationships when they stick to exchange rules (Cropanzano and Mitchell, 2005). Leaders' negative attitudes and actions will harm the emotions of individuals — as a result, individuals will experience psychological distress and negative outcomes, such as low adaptive performance. Consistent with SET, we expect that the gaining supremacy and dominant behavior of leaders will negatively harm the psychological process and employees will exhibit low level of adaptive performance.

COR theory can explain the moderating role of IWE in the above relationship. COR theory is also a stress theory which explains that an individual has sufficient resources to cope, withstand or overcome stresses/threats (Hobfoll, 2011). COR theory further explains that resources are objects, conditions and personal characteristics that are generally helpful in reducing stress or resistance to stress. Khan *et al.*, (2015) added that personal characteristics such as IWE is part of this definition and stated it has the capability to provide resistance in the state of stress. Hobfoll (2011) further added employees preserve the resource due to fear of depletion of resources. Thus, based on COR- argument that the depletion of energy resources due to stressful conditions may be countered by access to valuable personal resources (Witt and Carlson, 2006), we expect that IWE as a personal resource will mitigate the negative influence of despotic leadership on psychological distress and adaptive performance.

Despotic Leadership, Psychological distress and adaptive performance

Despotic leadership is harmful to organizational effectiveness because it creates a stressful environment and produces negative outcomes (Albashiti *et al.*, 2021; Naseer *et al.*, 2016). Despotic leaders preserve authoritative behavior towards their followers, having arrogance and blaming attitude (Howell and Avolio, 1992). Among the dark side of leadership, the phenomena of despotic leadership has not been fully explored in organizational setting (Raja *et al.*, 2020) and much is needed to explore the dark side of leadership (De Clercq *et al.*, 2021a; Einarsen *et al.*, 2007). Research scholars emphasized that because despotic leadership

is the basis of creating stress at the workplace and leads to psychological distress (De Clercq *et al.*, 2021), thus it needs to be explored further concerning adaptive performance.

Work-related stress hurts psychological and physiological processes which results in depression and anxiety (Nielsen *et al.*, 2012). Psychological distress is a state of emotional suffering and is characterized as depression, stress and anxiety (Restubog *et al.*, 2011; Tepper, 2000). Research is increasingly addressing the dark side of leadership (abusive supervision, destructive, despotic leadership) as a main source of psychological distress at work which results in counterproductive behavior (Li *et al.*, 2016; Park *et al.*, 2018; Restubog *et al.*, 2011) and poor performance (Nauman *et al.*, 2021; Raja *et al.*, 2020). Among the different predictors of psychological distress, despotic leadership is considered most prominent due to the self-concern and arrogant behavior of the leader (Chaudhary and Islam, 2022).

Literature shows that psychological distress is negatively influenced by different negative leadership styles such as abusive supervision (Li *et al.*, 2016), workplace bullying (Anasori *et al.*, 2020), exploitative leadership (Majeed and Fatima, 2020) and unethical leadership (Qin *et al.*, 2021). However, there are only a few studies that have investigated the negative impact of despotic leadership on psychological distress. For instance, Albashiti *et al.*, (2021) suggested that working under the supervision of despotic leaders enhances stress which results in fear, stress and anxiety. Khan *et al.*, (2022) stated that employees who are subject to despotic leadership have negative emotional feelings and feel psychological distress.

Parallel to this, among the different types of performance, adaptive performance has become more important due to rapid technical innovation which forces employees to learn new ways (Park and Park, 2019). In the literature on adaptive performance, Park and Park (2019) made a significant contribution and opened new doors for researchers. They explained that adaptive performance is transforming the employee's capability to tackle sudden problems at jobs which result from incidents. A recent study also found that adaptive performance is mainly influenced by the leader's behavior (Zia *et al.*, 2023).

From a social exchange theory perspective (Blau, 1964), despotic leadership demonstrates negative attitude and follows egoism perspective, which results in high level of job stress and employee reciprocates with negative outcomes. In this way, the norm of reciprocity in SET is highly disregarded in despotic leadership as it encourages positive employee-leader exchange. In this response, employee came into such a dilemma where he exhibits negative behavior in response of the leaders' negative attitude. Thus, based on negative aspects of reciprocity, we believe that the perception of despotic leadership will enhance psychological distress and decrease its adaptive performance. Accordingly, we also responded

to different calls about conducting the study that should examine the impact of negative leadership on employees' negative emotions and performance (Khan *et al.*, 2022; Mubarak *et al.*, 2023; Restubog *et al.*, 2011). Thus, it is proposed that

H1. Despotic leadership is positively related to psychological distress

H2. Despotic leadership is negatively related to adaptive performance

Psychological distress and adaptive performance

In this study, psychological distress is taken as a mechanism between despotic leadership and their effect on decreasing people's adaptive performance. Existing research has revealed that the conditions of distress and pressures at the workplace result in negative consequences such as low job performance, job satisfaction and creativity (Anasori *et al.*, 2023). According to COR theory (Hobfoll, 2008) employees feel that their psychological resources are depleted when they try to conserve their resources which impacts their life at the workplace. So, as a result of despotic behavior by the leaders at workplace, employees lose their personal and psychological results which destroy their creativity and performance. A study by Kalyar *et al.*, (2021) from hospital staff suggests that distress negatively affects creativity. According to a study by Anasori *et al.*, (2021), individuals are facing challenges in maintaining, safeguarding, and enhancing their psychological capital. The research suggests that at times, these psychological capital and resources may be insufficient, leading to a loss of resources among employees and subsequent psychological distress (Hobfoll, 2008). Thus, based on the above information, it is proposed that :-

H3. Psychological distress is negatively related to adaptive performance

The mediating role of psychological distress

Good mental health is a critical element of healthy and productive organizations (Poitras *et al.*, 2016) but mental health disorders are a major concern for today's managers as it will cost \$16 trillion to the world economy by 2030 (Burnette *et al.*, 2020). It is the major concern of business, particularly in employee attitude and performance domain. Psychological distress encompasses feelings of depression, anxiety, psychological stress, lack of well-being, and the absence of other distress-related constructs (Burnette *et al.*, 2020).

The review of existing studies indicates that unfair behavior by leaders towards subordinates generates negative emotional states and psychological distress (Park *et al.*, 2018b). Prior research also found that despotic leadership increases employee anxiety in the

workplace (Kant *et al.*, 2013; Nauman *et al.*, 2018). Furthermore, leaders with aggressive behavior towards followers can lead to increased stress and fear, ultimately generating psychological distress in employees (Naeem *et al.*, 2020).

Literature supports the notion that employees who experience despotic leadership are more likely to suffer negative emotions. COR theory supports this idea and suggests that strain arises when individuals perceive a potential loss of resources or experience a depletion of resources (Hobfoll, 2011; Hobfoll *et al.*, 2018). As mentioned earlier, despotic leadership leads to stress and anxiety, which over time can result in negative feelings (Khan *et al.*, 2022; Mubarak *et al.*, 2023). These negative feelings may cause employees to perceive a prolonged sense of negativity and a loss (or the threat of a loss) of psychosocial resources (Schmid *et al.*, 2019).

In addition, we anticipate that psychologically distressed employees are less inclined to engage in adaptive performance to conserve their remaining resources. According to the COR theory, individuals who are psychologically stressed are motivated to employ defensive coping mechanisms to prevent further loss of resources (Hobfoll, 2011). High levels of psychological distress lead to aversive psychological reactions, such as tension and anxiety, thereby depleting emotional and physical resources (Garcia *et al.*, 2017). For example, Park *et al.* (2018) suggested that psychologically distressed employees tend to become silent.

Overall, based on the COR theory, we propose that psychological distress serves as a significant mediator between despotic leadership and adaptive performance. Specifically, experiencing abusive behavior from leaders increases employees' psychological distress, which subsequently diminishes their valued resources. Consequently, this may reduce employees' adaptive performance. Therefore, we hypothesize that.

H4. Psychological distress mediates the relationship between despotic leadership and adaptive performance.

Moderating role of IWE between despotic leadership and psychological distress.

Protestant work ethics and Islamic work ethics are two broad concepts discussed in the ethics literature, with a focus on religious values influencing ethical behavior (Islam *et al.*, 2022). PWE has been extensively researched in Western countries since Weber's seminal work in 1958, while IWE is a relatively new concept that has received less attention (Ali, 1988). Both PWE and IWE are associated with positive job-related behaviors and attitudes such as loyalty,

exertion, workplace coordination, creativity, and devotion. However, IWE places a stronger emphasis on individual behavior (Raja *et al.*, 2020).

IWE encourages individuals to strive for excellence, serve society, and avoid harmful or exploitative actions (Javed *et al.*, 2019). Adhering to Islamic Work Ethics can help employees avoid psychological distress in the workplace, as they are guided by moral principles that discourage such actions. On the other hand, literature suggests that despotic leadership can contribute to negative emotions and feelings. However, mitigating the negative effects of despotic leadership can help reduce psychological distress, including anxiety, depression, and stress (Nauman *et al.*, 2018, 2021).

IWE is believed to protect against the adverse effects of despotic leadership by countering negative beliefs about one's situation, which can lead to mental health problems. Therefore, it is logical to assume that having a concern for IWE would be associated with lower psychological distress. Murtaza *et al.*, (2016) found that IWE weakens the positive relationship between abusive supervision and workplace deviance. Similarly, Khalid *et al.*, (2018) discovered that IWE weakens the positive connection between abusive supervision and knowledge hiding. On the other hand, Raja *et al.* (2019) found that IWE strengthens the association between despotic leadership and psychological well-being, job satisfaction, and performance. These findings suggest that the literature on the moderating role of IWE provides mixed results.

According to COR theory, the pursuit of additional resources is particularly beneficial in the face of adverse work conditions that pose a threat of future resource losses (De Clercq and Belausteguigoitia, 2017; Hobfoll, 2011). IWE serves as a personal resource and the fear of resource loss motivates employees to improve their attitudes and behaviors at work (De Clercq *et al.*, 2019). Considering COR theory, it can be claimed that IWE encourages employees to protect their resources, leading to positive outcomes and reduced negative behavior in challenging situations. IWE is proposed to act as a buffer against the negative impact of despotic leadership on employees' psychological well-being. Therefore, practicing IWE in the workplace is likely to reduce psychological distress.

H5. IWE moderates the relationship between despotic leadership and psychological distress.

H6. IWE moderates the relationship between despotic leadership and adaptive performance.

Methods

Participants and procedure

Data for this study were gathered from the construction industry in Pakistan. The participants were middle managers from eight construction organizations involved in large-scale construction projects. These organizations are providing their services around the country and their offices are mainly located in Karachi, Lahore, Islamabad, Faisalabad, and Peshawar. The study adopted a post-positivist perspective, commonly found in quantitative social science research, to establish and explain relationships between variables through statistical analysis (Tashakkori *et al.*, 2020). A deductive approach was utilized, and survey research was conducted with a time-lagged design to address the research questions. To collect the data, a non-probability sampling plan, primarily purposive sampling, was employed due to the lack of a sampling frame. This type of sampling is more suitable for studying complex and professional phenomena in construction projects.

Our study implemented several strategies to reduce the impact of common method variance (CMV) as suggested by Podsakoff *et al.*, (2012). Initially, we obtained consent from the HR managers of the designated construction firms. The researchers personally distributed the surveys to the participants in sealed envelopes and collected the completed surveys. Participation in the study was voluntary, and participants had the freedom to withdraw at any point. The respondents and their supervisors completed three different surveys at three different times with a 30-day interval between each administration. The data of the study was also gathered from two layers (middle managers and their supervisor). Operationalization of despotic leadership and psychological distress was performed in Time 1 and a total of 327 out of 400 surveys were received at this stage. IWE was assessed in Time 2 from the same respondents but this time 311 survey were returned, while adaptive performance was assessed in Time 3 and the survey was filled by 69 supervisors/managers of respondents. In short, we received completed 304 questioners.

Instrumentation

We used validated items to measure the study's constructs. Despotic leadership ($\alpha = 0.940$) was assessed using 6 items from De Hoogh and Den Hartog (2008). Psychological

distress ($\alpha = 0.909$) was also measured with six-item scale taken from Kessler et al. (2010). IWE ($\alpha = 0.921$) was measured via 17 items from Ali (1992). Adaptive performance was assessed with 10 items taken from Kaya and Karatepe (2020). Responses were recorded on 5-point Likert scale '1 = strongly disagree' to '5 = strongly agree'. The complete scale is presented in Table 2. In our study, we used age, gender, education and job tenure as control variables to account for their potential influence on the outcomes (Zia et al., 2023). Gender was categorized as '0 = male' and '1 = female'. Age and education were divided into four and five categories, respectively. Since middle managers have a minimum education bachelor and are familiar with English-speaking, thus no translation was necessary for the measures used.

Data Analysis

Structural equation modeling (SEM) was utilized for data analysis using SPSS and AMOS version 25. The analysis involved two models: the measurement model and the structural model. The measurement model assessed the reliability and validity of the scales through confirmatory factor analysis (CFA), while the structural model tested the study hypotheses. The model fit was assessed using the following indices: χ^2/df , comparative fit index (CFI), and root mean square error of approximation (RMSEA) (e.g. Ampofo & Karatepe, 2022).

The results from Table 2 showed that the skewness and kurtosis values for the variables were below the thresholds of 3.00 and 8.00, respectively, indicating that the normal distribution assumption was not violated (Kline, 2011). Table 2 also presents the intercorrelations and summary statistics. The mean score for despotic leadership was reported as 2.28 and 2.13, which was consistent with previous empirical studies by Albashiti *et al.*, (2021) and Mubarak *et al.*, (2023).

Results

Descriptive statistics and correlations

Table 1 presents the results for means, standard deviations, and correlations. Despotic leadership showed a positive correlation with psychological distress ($r = -0.563$), negative correlations with IWE ($r = -0.305$), and adaptive performance ($r = -0.328$). Psychological distress showed negative correlations with IWE ($r = -0.263$) and Adaptive performance ($r = -0.317$). These correlations were significant. Age ($r = 0.055$ and $p > 0.05$), gender ($r = -0.023$ and $p > 0.05$), and experience ($r = 0.014$ and $p > 0.05$) were not correlated with adaptive performance.

Measurement Model

The discriminant validity was assessed by comparing various models and combining items from different constructs to load onto a shared factor, disregarding their original construct affiliation. Table 3 demonstrates that out of the six models compared, the hypothesized model (i.e., the four-factor model) was found to fit the data well ($\chi^2 = 972.26$, $df = 521$, $\chi^2/df = 1.86$, $p < .001$, CFI = .936, RMSEA = .048). The discriminant validity was also assessed through the Fornell and Larcker (1981) method in which the square root of AVE was found greater than the correlation of the constructs (Table 1). After removing three items from IWE and two items from adaptive performance (Table 2) due to low factor loading ($<.60$) as suggested by Hair et al. (2010), the remaining item loadings were significant and greater than 0.60, indicating convergent validity. The average extracted values also exceeded 0.50, further confirming convergent validity (Hair et al., 2010). The reliability was evaluated using composite reliability (CR) with values ranging from .89 to .94 (refer to Table 2). These values surpass the recommended minimum threshold of .70 suggested by Hair et al. (2010).

Direct and indirect linkages

The findings (Table 4) illustrated that despotic leadership positively influenced the psychological ($\beta = 0.52$, $t = 11.84$, $p < 0.01$), which confirmed H1. The results further supported H2 because despotic leadership portrayed a negative link to adaptive performance ($\beta = -0.16$, $t = -3.28$, $p < 0.01$). Moreover, psychological distress negatively impacted adaptive performance ($\beta = -0.17$, $t = -3.22$, $p < 0.01$), supporting H3. Regarding mediating hypothesis 4 was also confirmed as findings supported the mediating role of psychological distress between the linkage of despotic leadership and adaptive performance (indirect effect = -0.12 , $p < .001$; 95% CI $[-0.151, -0.037]$). To determine the mediation effects, consistent bootstrapping was conducted with 5000 draws for path coefficients, lower and higher confidence intervals, as well as t and p values (Preacher and Hayes, 2008).

Moderation Analysis

The moderating effect of IWE on the relationship between despotic leadership and adaptive performance was examined. To examine the moderation effect, an interaction effect was created in SPSS by multiplying the standardized values of the independent variable (despotic leadership) and the moderating variable (IWE) as suggested by Baron and Kenny (1986). The findings (Table 4) showed that IWE moderates the association between despotic leadership and psychological distress ($\beta = -0.184$, $t = -4.53$, $p < .001$), supporting H5. The slope test also reflects that the impact of despotic leadership on psychological distress gets weaker as employee IWE rises, for reference see Table 4. On the other hand, hypothesis 6 was rejected

as IWE failed to significantly moderate the linkage of despotic leadership and adaptive performance ($\beta = .045, t = 1.25, p = .731$).

Discussion

Our study explored the relationships between despotic leadership, psychological distress and adaptive performance with the moderating role of IWE, specifically focusing on construction employees' workers who experience heightened dark side of leadership in Pakistan. The control variables (age, gender, experience) were not found to have an impact on adaptive performance. However, the majority of the hypothesized connections, which were based on the principles of COR theory (e.g., Hobfoll, 1989), were supported, providing evidence for the validity of the research model proposed in this paper. These results contribute to the understanding of despotic leadership research and its mediators and moderators, highlighting the moderating role of personal resources in mitigating negative emotions.

Summary of Findings

Direct effect. In congruence with SET theory (Blau, 1968), construction employees refrain from engaging in adaptive performance due to despotic leadership. This is because they reciprocate in the same way as they perceive leaders' behavior exhibited by their supervisors. As a result, they display low levels of engagement in an adaptive performance. In Addition, despotic leaders have negative characteristics such as abusive behavior, dictatorship and exploitation (Naeem et al., 2020) which also harms individual health such as psychological distress. This finding is supported by previous studies that have also found a positive association between despotic leadership and psychological distress. Lastly, it is widely agreed by researchers that employees who are experiencing physical or mental distress are unable to concentrate on their work (Russ-Eft, 2001; De Clercq *et al.*, 2018). This is supported by the conservation of resources theory, which states that when employees are stressed and anxious due to stressors within their organization, they may lose cognitive resources, resulting in poor adaptive performance.

Mediating effects. The study result supports the idea that construction employees who are beset with despotic leadership are in psychological distress which results in poor adaptive performance. These findings are consistent with previous research conducted by Khan et al. (2021), who found that despotic leadership is a major contributor to employees' negative emotions at the workplace. Mubarak et al. (2020) also noted that job stress which is caused by despotic leadership leads to poor performance. Additionally, the results can be explained by COR theory (Hobfoll, 1989), which proposes that stressors such as despotic leadership deplete employees' psychological resources, leading to psychological distress.

When employee faces a situation of psychological distress due to the behavior of the leaders at workplace, they can lose cognitive resources (Richeson and Shelton, 2003), which results in a poor adaptive performance. In high power distance cultures like Pakistan, despotic leadership is prevalent as leaders are expected to assert their authority and demonstrate superiority. Consequently, leaders often abuse their power and disregard established norms, resulting in psychological distress among employees and a decline in adaptive performance.

Moderation effect. When construction employees face despotic leadership behavior at workplace, the deleterious impact of despotic leadership on psychological distress and adaptive performance becomes stronger. Islamic work ethics as a personal resource played a buffering role in mitigating the harmful impact of despotic leadership. Existing studies on the moderation of IWE offer variegated results. For example, De Clercq et al. (2019) found that employees having high levels of IWE weaken the negative linkage of family-to-work conflict and helping behavior. Similarly, IWE was found to buffer the impact of dark leadership on sharing behaviors (Islam et al., 2020). The findings further support the study's theoretical premise, which is grounded in COR theory. According to this theory, individuals tend to safeguard their resources when faced with a loss or perceive a threat to their resources. In the case of despotic leadership, it poses a significant threat to resources, prompting individuals to protect their personal resources by expressing psychological distress. However, when individuals tap into their personal resources, the impact of resource loss is mitigated. Hence, our study not only contributes to the existing literature on the detrimental.

Theoretical implications

Our research expands upon the existing empirical studies in multiple ways. Through a review of the relevant literature, we have identified a number of empirical studies that have shown the detrimental effects of despotic leadership on employee outcomes such as performance, knowledge sharing and project success (Choi et al., 2019; Islam et al., 2021; Lee et al., 2018). Our paper fills this gap by presenting the pioneer empirical evidence about harmful impact of despotic leadership on adaptive performance in construction industry.

Second, our research is groundbreaking as it goes beyond the existing research on the relationship between despotic leadership and performance. While previous studies have identified job stress, emotional exhaustion and negative emotions as mediators. Our empirical study introduces psychological distress as a mediator between despotic leadership and adaptive

performance which was overlooked in existing studies. This expands the understanding of the complexities involved in this link, providing a more comprehensive analysis.

Third, existing research has examined several factors such as resilience, and mindfulness, that influence the relationship between despotic leadership, individual behavior and work outcomes (Khan et al., 2022; Mubarak et al., 2023). However, little empirical evidence exists regarding the potential moderating role of IWE in this relationship of despotic leadership, psychological distress and adaptive performance. Our study is among the pioneers to establish that IWE acts as a moderator in the association between despotic leadership, psychological distress and adaptive performance. In short, under the lens of COR theory, our study provided evidence of how despotic leadership raises psychological distress and decreases the adaptive performance of construction sector employees. The study further establishes that individuals following IWE at workplace buffers the harmful impact of despotic leadership. Thus, this research enhances our knowledge of despotic leadership literature and highlights the ways to decrease its harmful effect on psychological distress and adaptive performance.

Practical Implications

Our research has significant implications for policymakers and management. Firstly, it is crucial for management to address leaders' despotic behaviors as it has a detrimental effect on employees' job-related outcomes. To achieve this, a system should be developed to measure and counteract despotic behaviors and attitudes among leaders. Additionally, management should provide training to employees on how to voice their concerns regarding such behaviors, and a zero-tolerance policy should be implemented to resolve these issues. Moreover, our findings highlight a common challenge where employees hesitate to highlight the despotic behavior of leaders due to organizational hierarchy. Resultantly, they take stress which results in psychological distress as a form of reciprocation. To overcome this, management needs to create an environment where employees feel comfortable addressing these issues without fear of retribution. Furthermore, our research suggests that cultivating and nurturing an IWE among employees can greatly benefit the organization. IWE can serve as a coping mechanism against negative workplace behaviors. Particularly, multinational companies operating in Muslim countries can develop a work culture that aligns with these values, thereby promoting positive employee outcomes. Overall, our findings underscore the need for proactive measures to address leaders' negative behaviors, empower employees to voice their concerns, and foster an inclusive work environment.

Limitations

We acknowledge several limitations in our empirical paper. Firstly, our study sample was limited to middle managers of construction firms in Pakistan. To enhance the generalizability of future research, we recommend including a larger and more diverse sample that encompasses employees in various positions within the industry, such as worker engineers and higher-level managers. Additionally, considering employees from other sectors of the construction industry, like road construction, would provide valuable insights. Moreover, replicating our study in other important sectors of the economy, such as airlines, transportation, and recreational operations, would contribute to a more comprehensive understanding.

Secondly, despite conducting a three-wave data collection, we were unable to establish causal relationships from our findings. Therefore, we suggest that future studies gather cross-lagged data to draw meaningful causal conclusions. For example, by collecting cross-lagged data, researchers can determine whether employees with higher levels of adaptive performance experience more growth within the firm and are more engaged in adaptive performance.

Thirdly, it is important to note that supervisors are not the only individuals who may exhibit hostility towards employees in the workplace. Employees may also experience inappropriate treatment from their co-workers. Therefore, further research should examine how abusive co-worker behavior impacts psychological distress and adaptive performance. Additionally, employees may indirectly experience despotic behavior from supervisors within the organization. Future studies could investigate whether despotic leadership has a stronger impact on adaptive performance and psychological distress compared to vicarious abusive supervision"

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Tables

Table 1.

Descriptive statistics, normality, correlations, and discriminant validity.

No.	Construct	Mean	SD	1	2	4	5	6	7	8	Skewness	Kurtosis
1	Despotic leadership	2.275	1.121	.831							1.103	0.173
2	Psychological Distress	2.130	1.037	.563**	.803						1.266	0.429
4	IWE	3.918	0.711	-.305**	-.263**	.726					-1.051	0.956
5	Adaptive performance	3.967	0.866	-.328**	-.317**	.405**	.754				-0.832	0.108
6	Gender	1.309	0.463	-.008	.022	-.007	-.023	1			-	-
7	Age	2.309	0.935	-.108	.028	.131*	.055	.121*	1		-	-
8	Tenure	1.641	0.650	-.038	-.018	.017	.014	-.014	.216**	1	-	-

Note. * Correlation is significant at the 0.05 level; ** Correlation is significant at the 0.01 level

Age: 1 = below 25 years (24%), 2 = 26–35 years (29%), 3 = 36–45 years (37%), 4 = above 45 years (9%).

Gender: 1 = male (71%), 2 = female (29%).

Education: 1 = less than 14 years education (31%), 2 = 16 years education (67%), 3 = more than 16 years education (2%).

Job Tenure: 1 = Upto 10 years (45%), 2 = 11-20 years (46%), 3 = 20 years and above (9%)

Table 2.
Overall Reliability of Constructs and Factor Loadings of Indicators.

Construct & Indicators	CR	AVE	Loading
<i>Despotic leadership</i>	.93	.69	
1. My supervisor is punitive; has no pity or compassion.			0.89
2. My supervisor is incharge and does not tolerate disagreement, gives orders.			0.90
3. My supervisor acts like a tyrant or despot; imperious			0.78
4. My supervisor tends to be unwilling or unable to relinquish control of projects or task.			0.81
5. My supervisor expects unquestioning obedience of those who report to him/her			0.82
6. My supervisor is vengeful; seeks revenge when wronged			0.79
<i>Psychological Distress</i>	.91	.67	
1. During the past 30 days, about how often did you feel nervous?			0.63
2. During the past 30 days, about how often did you feel hopeless?			0.78
3. During the past 30 days, about how often did you feel restless or fidgety?			0.89
4. During the past 30 days, about how often did you feel so depressed that nothing could cheer you up?			0.88
5. During the past 30 days, about how often did you feel that everything was an effort?			0.83
6. During the past 30 days, about how often did you feel worthless?			0.81
IWE	.94	.56	
2. Dedication to work is virtue.			0.76
3. Good work benefits both one's self and others.			0.74
4. Justice and generosity in workplace are necessary conditions for society's welfare.			0.67
5. Producing more than enough to meet one's personal needs contribute to prosperity as a whole.			0.80
6. One should carry out the work to the best of one's ability.			0.72
8. Life has no meaning without work.			0.74
9. More leisure time is good for society.			0.79
10. Human relations should be emphasized and Encouraged			0.76
11. Work enables man to control nature.			0.76
12. Creative work is a source of happiness and accomplishment.			0.75
14. Work gives one chance to be independent			0.74
15. A successful man is the one who meets deadlines at work.			0.79
16. One should constantly work hard to meet responsibilities.			0.76
17. The value of work is derived from the accompanying intentions rather than the results			0.79
Adaptive Performance	.89	.51	
1. This employee knows that every customer requires a unique approach			0.73
2. This employee likes to experiment with different approaches			0.76
3. This employee does not change his or her approach from one customer to another (-)			0.73
4. This employee is very sensitive to the needs of his or her customers			0.67
6. This employee finds it difficult to adapt his or her style to certain customers (-)			0.79
7. This employee varies his or her approach from situation to situation			0.77
8. This employee tries to understand how one customer differs from another			0.68
10. This employee treats all customers pretty much the same (-)			0.68

Note.. AVE represents the average variance extracted, CR represents composite reliability,

Table 3.

Results of Confirmatory Factor Analysis.

Model	X ²	CMIN/df	df	CFI	RMSEA
Four-factor model	972.26	1.86	521	.936	.048
Three-factor model Despotic leadership and Psychological distress were blended	1594.45	3.04	524	.848	.082
Three-factor model Psychological distress and IWE were blended	2254.24	4.30	524	.754	.104
Three-factor model Psychological distress and adaptive performance were blended	2185.62	4.17	524	.724	.101
Two-factor model Despotic leadership, Psychological distress, and IWE were blended	3606.12	6.56	526	.584	.136
One-factor model Despotic leadership, Psychological distress, IWE, and adaptive performance were blended	4297.69	8.15	527	.465	.154

Note. *df* = degree of freedom; CFI = comparative fit index; RMSEA = root mean square error of approximation. These are the items after the adjustment of the scales and dropping the items due to low factor loading.

Table 4.

Hypothesis Results

Path	Estimate	C.R.	LBCI	UBCI	P-Value
H1. Despotic Leadership--> Psychological distress	0.521	11.84	-	-	0.001
H2. Despotic Leadership--> Adaptive performance	-0.163	-3.28	-	-	0.001
H3. Psychological distress --> Adaptive performance	-0.183	-3.21	-	-	0.001
H4. Despotic Leadership--> Psychological distress --> adaptive performance	-0.012		(-0.151	-0.037)	0.001
H5. Despotic leadership *IWE--> psychological distress	-0.184	-4.53	-	-	0.001
H6. Despotic leadership *IWE--> adaptive performance	0.045	1.25	-	-	0.731

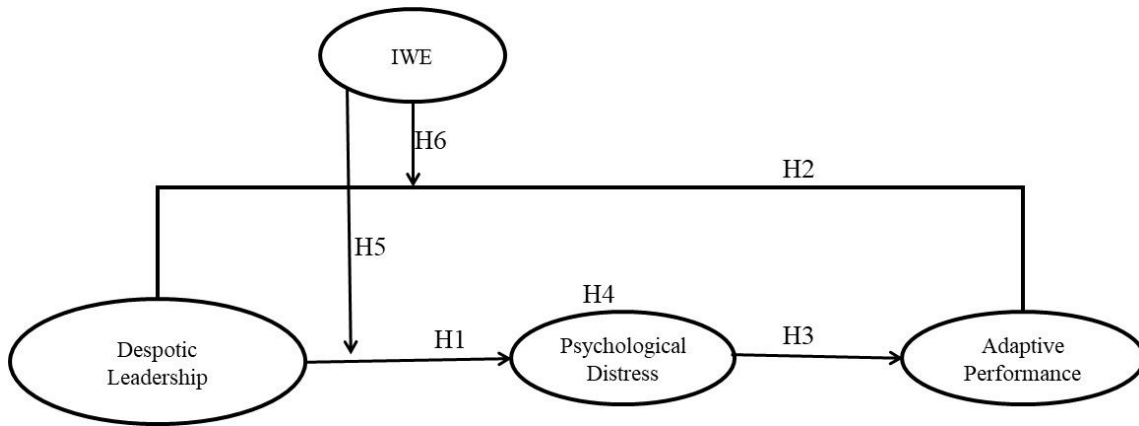


Figure 1. Study Model

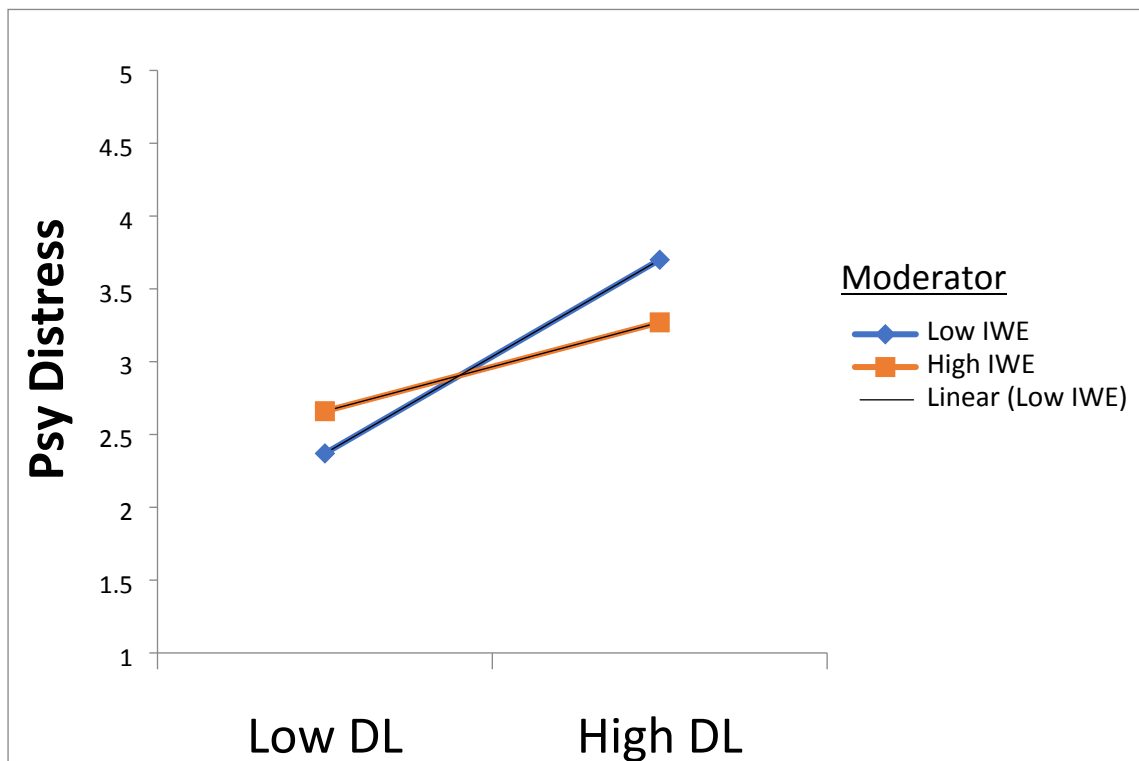


Figure 2. IWE moderates despotic leadership (DL) and Psychological Distress

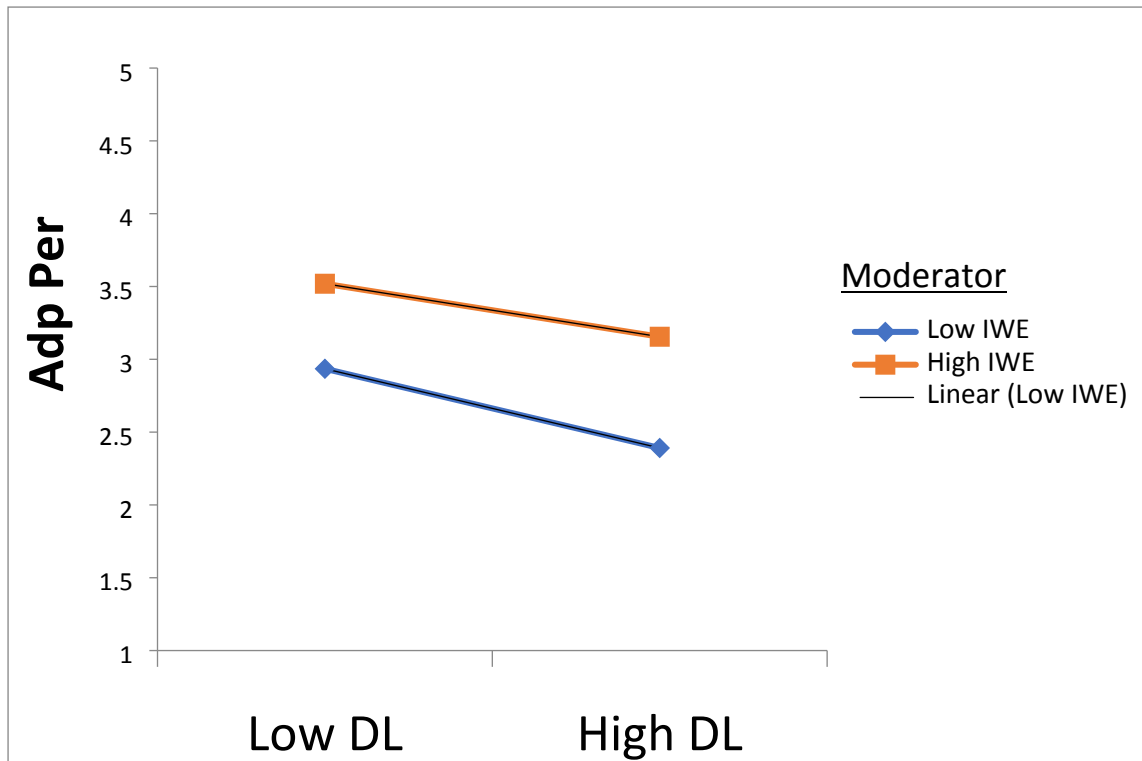


Figure 3. . IWE moderates despotic leadership (DL) and adaptive performance