Abusive Supervision and Organizational Resilience: The Role of Employees’ Psychological Capital

Faith Njaramba¹, Daniel Skarlicki² and John Olukuru¹
¹Strathmore University, Nairobi, Kenya
²University of British Columbia, Vancouver, Canada

fnjaramba@strathmore.edu
skarlicki@sauder.ubc.ca
jolukuru@strathmore.edu

Abstract: Crises present important opportunities to study leadership. While previous research has established that abusive supervision occurs more frequently during a crisis, its effect on organizational resilience has not been studied. Micro-level mechanisms through which abusive supervision affects organizational resilience are also largely missing from prior studies. The aim of the present research was to investigate how abusive supervision relates to organizational resilience via employees’ psychological capital through the lens of the job-darems resources theory. Multi-level structural equation modelling using Stata version 18 was used to test a mediation model using a sample of 301 small and medium sized enterprises from Kenya. Results revealed that abusive supervision erodes organizational resilience however employees’ psychological capital offsets the negative effects of abusive supervision. Ultimately, this paper showed that psychological capital can aid in lessening the deleterious effects of abusive supervision in crisis.

Keywords: Abusive supervision, Employee psychological capital, Organizational resilience, Small and medium sized enterprises, Kenya

1. Introduction

Abusive supervision, which refers to hostile verbal and nonverbal behaviours excluding physical contact (Tepper, Simon and Park, 2017), occurs more frequently in high stress environments. However, study has yet to explore how abusive supervision affects organizational ability to survive or thrive in crisis. It is important to assess how abusive supervision relates to organizational resilience in a crisis because this is when leaders are at their worst and many more crises are likely to occur in future. Currently, abusive supervision research is skewed towards subordinate-focused outcomes (Bhattacharjee and Sarkar, 2022) as opposed to organizational outcomes. Additionally, despite calls for more research in different cultures in the world (Tepper, Simon and Park, 2017), studies on abusive supervision from Africa are missing (Bhattacharjee and Sarkar, 2022). Moreover, Annarelli and Nonino (2016) called for more studies on resilience of small to medium enterprises (SMEs) because SMEs have a distinct approach in dealing with crisis. The present study is based in Africa, specifically Kenya.

SMEs are dominant in the enterprise landscape in Kenya (Osano, 2019) which is East Africa’s largest economy (Mustafa and Hughes, 2018). SMEs in Kenya refer to enterprises that employ between ten and a hundred employees (Kenya National Bureau of Statistics, 2016). Kenya has a mix of both licensed and unlicensed SMEs with the unlicensed ones being poorly understood and insufficiently supported (Crick et al, 2018). SMEs in Kenya operate under a hostile environment characterized by limited access to managerial/human capital and financial resources and such challenges have made the SMEs highly dynamic and successful in the environment (Mustafa and Hughes, 2018). Despite scarce resources, this present study suggests that SMEs in Kenya could leverage on leader-follower relationships to enhance resilience. Teo et al (2017) proposed a relational approach to resilience where leaders can not only draw from tangible resources such as finances but also from intangible resources such as social relationships between leaders and followers to facilitate recovery during crisis. Organizational resilience is important because it predicts an organizational ability to survive or thrive in a crisis and is under explored.

There are diverse findings among scholars regarding empirically proven antecedents of organizational resilience. Resources such as leadership styles have been found to influence organizational resilience (Duchek, 2020), however positive leadership style have received the most attention. Additionally, the relationship between the leadership style and organizational resilience might not be direct. Employees’ psychological capital can occur as a function of leadership style (Avey, 2014; Wu and Nguyen, 2019). Previous research noted that understanding the effect of psychological capital and organizational resilience for organizations going through any type of restructuring is important (Prayag et al, 2020).

The aim of the present study was to investigate how abusive supervision relates to organizational resilience via employees’ psychological capital. Insights obtained will help SMEs in selecting and/or training leaders to be non-
abusive so that they do not detract from psychological resources of employees which are important for resilience.

The remainder of the paper is structured as follows: the next section discusses organizational resilience and why it is important leading to the hypotheses for the study. The results and general discussion follow including the limitations of the research, and some avenues for future research.

2. Literature Review and Hypothesis Development

2.1 Organizational Resilience

Organizational resilience has been defined as a capability, capacity, characteristic, outcome, process, behavior, strategy, approach, type of performance or a mix of these (Hillmann and Guenther, 2021). Although resilience is multi-determined (Annarelli and Nonino, 2016), the present study is interested in organizational resilience as an important capability for SMEs. Few studies investigated organisational resilience in the context of SMEs (Zighan et al, 2022). Organizational resilience is important because it represents an organization’s perceived capacity to overcome disruptions and accept change (Pathak and Joshi, 2020). Salwan and Gada (2018) proposed that organizational resilience is the capacity to alleviate, bounce back as quickly as possible from a crisis. The capacity to alleviate using existing capabilities is based on the planning aspect of resilience, while bouncing back is based on an adaptive capacity of resilience (Annarelli and Nonino, 2016; Prayag et al, 2020). The literature recognizes two major components of resilience: adaptive and planned (Prayag et al, 2020; Jalil et al, 2021). Planned resilience involves the use of existing capabilities and resources, as exemplified in business continuity and risk management planning which are predominantly pre-disaster activities (Prayag et al, 2020). Adaptive resilience emerges during the crisis phase as organizations develop new capabilities through dynamically responding to emergent situations that are outside of their plans (Prayag et al, 2020; Jalil et al, 2021).

Resilience occurs at different levels within an organization and these contribute to organizational resilience (Duchek, 2020). Lengnick-Hall et al, (2011) noted that organizational resilience can be formed from human characteristics. Noteworthy are the psychological antecedents of organizational resilience which have not been studied. The present study is interested in psychological capital which is a positive personal resource that can lead to individual and organizational success (Laschinger and Fida, 2014; Lupșa et al, 2020). Psychological capital refers to intangible capital that facilitates work outcomes and includes four positive psychological resources: hope, efficacy, resilience, and optimism, or the acronym HERO (Luthans, Youssef and Avolio, 2007). Avey et al (2021) underscored that psychological capital has emerged as an important mediating variable in leadership research. The theory that explains the link between abusive supervision and organizational resilience is discussed below.

The job demands- resources theory (JD-R) by Demerouti, Bakker, Nachreiner, Schaufeli and Wilmar (2001) predicts the dual function of demands and resources by integrating the study of stress and motivation at work. JD-R is based on the assumption that despite every occupation having its own risks associated with job stress, these factors can be classified as either job demands or job resources (Bakker and Demerouti, 2007). Job demands are the initiators of exhaustion while job resources initiate motivation (Demerouti and Bakker, 2011). Job demands include psychological, social, physical or organizational components of a job that require constant psychological and/or physical effort and are at certain psychological and/or physiological costs (Demerouti and Bakker, 2011). Job resources can exist at organizational level to include resources such as salaries and wages, at interpersonal level to include resources such as supervisor and co-worker support and at task level to include resources such as task significance and autonomy (Demerouti and Bakker, 2011). Job-demand resources theory specifies how demands and resources interact and predict important organizational outcomes (Demerouti and Bakker, 2011). The assumptions of the theory hold not only for self-reports but also for objective data (Demerouti and Bakker, 2011). Previous research noted that when employees have psychological resources they are more likely to have specific resources to fit job demands or can generate resources that can assist them to develop resources that can fit demands (Hobfoll, 2002). The present study draws from the JD-R theory to explain abusive supervision as a job demand which needs to be matched with a job resource, in this case, employees’ psychological capital to boost organizational resilience. The conceptual framework for the present study is displayed.

2.2 Conceptual Framework

The first aim of this study was to assess how abusive supervision relates to organizational resilience. Second we explore how abusive supervision relates to employees’ psychological capital. Third we assess how employees’ psychological capital relates to organizational resilience. Last we explore the mediating role of employees’
psychological capital in the relationship between abusive supervision and organizational resilience. **Figure 1** shows our conceptual framework. The left side of the vertical dotted line includes individual level variables while the right side includes organizational level variables.

![Conceptual Framework](image)

**Figure 1: Conceptual framework**

### 2.3 Hypothesis Development

#### 2.3.1 Abusive supervision and organizational resilience

Drawing from JD-R theory, abusive supervision will likely erode organizational resilience because abusive supervision serves as a job demand that erodes resources that are needed for resilience. Previous research noted that job demands and resources interact to predict strain and motivation at work (Tummers and Bakker, 2021). Destructive leadership styles serve as job demands (Tummers and Bakker, 2021) and abusive supervision is a form of destructive leadership that refers to sustained actions of leaders such as being rude, using offensive names, withholding important information, threatening employees with the loss of job among others (Keashly, 1998). Notably, abusive supervision does not refer to leader behaviours per se but to followers' subjective assessments of these behaviours (Tepper, 2000). Previous research has predominantly dealt with abusive supervision eroding subordinate outcomes such as job satisfaction, trust in leaders, intrinsic motivation, physical health, perceived stress and self-efficacy etc. and hardly analyzed organizational outcomes, with only financial performance being assessed (Fischer et al, 2021). The present study therefore hypothesizes that:

**H1:** Abusive supervision negatively relates to organizational resilience.

#### 2.3.2 Abusive supervision and employees' psychological capital

Further drawing on JD-R theory, abusive supervision is likely to erode employees' psychological capital because abusive supervision is a demand on the psychological capital. Psychological capital is composed of the positive states of self-efficacy, hope, optimism and resilience (Luthans et al, 2007; Wu and Nguyen, 2019). Self-efficacy is an individual sentiment of being able to take on and successful execute challenging duties, hope is characterized by perseverance towards goals and planning paths to succeed, optimism is about making positive attribution about now and future success while resilience is the capacity to sustain and bounce back after adversity to attain success (Luthans et al, 2007). Previous research found that psychological capital as a resource is not stable but it is affected by situational influences such as leadership style (Ahmad et al, 2019). Abusive supervision is however complex since it depends on the followers' perceptions of whether an act is abusive or not and this depends on several issues including culture, personality and the perceived power that the leaders hold over a follower (Tepper et al, 2007) hence the need to test abusive supervision and how it relates to employees' psychological capital. There is not much evidence to prove the antecedents of psychological capital (Wu and Nguyen, 2019) however leadership styles including authentic, transformational, abusive and empowering leadership as well as psychological health and organizational support have been brought out in literature (Vilariño del Castillo and Lopez-Zafra, 2022). The present study hypothesizes that:

**H2:** Abusive supervision negatively relates to employees' psychological capital.
2.3.3 Employees’ psychological capital and organizational resilience

Psychological capital provides employees important personal resources for coping with organizational demands and enhancing performance (Bakker and Schaufeli, 2008). Tucci and Clouse (2005) noted that the importance of psychological capital becomes clear particularly when small firms have to overcome challenges in order to achieve success. Positive psychological capital enhances the level at which a person utilizes their human and/or social capital and it is especially important for entrepreneurial ventures who may have scarcity of other resources such as finances as compared to long existing organizations (Tucci and Clouse, 2005). Organizational resilience helps an organization bounce back to achieve its objectives and realized opportunities in the face of crisis (Ruiz-Martin, Lopez-Paredes and Wainer, 2018). This present study viewed that the foundation of organizational resilience lies in managing employee resources particularly, their psychological capital which sets an organization up for success in crisis and hypothesizes that:

H3: Employees’ psychological capital positively relates to organizational resilience.

2.3.4 The relationship between abusive supervision and organizational resilience mediated by employees’ psychological capital.

In line with JD-R theory when employees have psychological resources they are more likely to fit job demands from an abusive supervisor. While abusive supervision is a demand that drains psychological capital, this present study suggests that subordinates may derive the psychological capital from other sources such as family and friends (Luthans, Luthans and Avey, 2014) not just from supervisors. Psychological capital is a form of intangible capital that facilitates work outcomes (Avey et al, 2011; Pitichat et al, 2018). The positive nature of psychological capital triggers positive affective states that broaden thought action repertoires for employees (Avey, Agarwal and Gill, 2021). Research indicates that individuals with high psychological capital have a strong belief in their ability to achieve their goals, they form positive anticipations in dealing with demanding situations and they positively contribute to harmonizing adverse situations (Ahmad et al, 2019; Luthans et al, 2007). Previous research noted that the relationship between leaders and followers affects organizational outcomes through the intermediary mechanism of psychological resources hence placing emphasis on quality relationships between leaders and employees who they lead (Liao et al, 2017). Fang et al (2019) found that psychological capital mediated organization wide interventions such as leadership and organizational consequences as an important psychological resource. Mediators of abusive supervision-organizational outcomes are however scant in literature.

The present study therefore hypothesizes that:

H4: The relationship between abusive supervision and organizational resilience is mediated by employees’ psychological capital.

3. Methods

3.1 Sample and Procedures

This present study adopted positivism research philosophy to deductively analyze how abusive supervision relates to organizational resilience through employees’ psychological capital. The study adopted cross-sectional survey design and quantitative research methods in line with positivism philosophy to capture objective reality using validated measurements. The data were drawn in the middle of the COVID pandemic, which has been described as one of the more challenging crises of our time.

Three-hundred and one SMEs took part in the study. Two employees per SME were surveyed to obtain better estimates of reliability by simultaneously recognizing multiple raters (Gerhart et al, 2000). In terms of demographics, 52.66% of the respondents were male while 46.68% were women. A majority of the respondents (26.08%) were between 35-39 years, the majority of the respondents (43.85) had diploma level of education and majority of the respondents (29.07) had a role in business continuity. The study complied with ethical standards and obtained required ethical approvals and permissions. Once the researchers received permission to conduct the data collection from various decision makers in the SMEs, they approached employees. All participation was completely voluntary. Employees were requested to report on abusive supervision perceptions of their leaders, their own psychological capital and organizational resilience through questionnaires administered by the researcher with the help of trained research assistants.

Abusive leadership was assessed using Tepper’s (2000) abusive leadership questionnaire based on a five-point Likert scale. Psychological capital of employees was measured using the psychological capital questionnaire.
Faith Njaramba, Daniel Skarlicki and John Olukuru

(PCQ) by Luthans et al (2007) on a five-point Likert scale. Organizational resilience was assessed on a five-point Likert scale using the short version of the benchmark resilience tool (BRT) by Whitman et al (2013).

3.1.1 Control variables

The study controlled for monthly turnover and sector which had been found to influence resilience of firms (Sullivan-Taylor and Branicki, 2011; Biggs, 2020). Monthly turnover is important in the present study to indicate firm size among the small and medium categories which relate to resilience (Sullivan-Taylor and Branicki, 2011). Resilience of service sector firms is important because different sectors can be disproportionately affected by crisis (Biggs, 2020).

3.1.2 Reliability of the measures

Cronbach alpha was used to determine the internal reliability of the variable measures using a required threshold is .70 (Hair, Ringle and Sarstedt, 2011). The Cronbach alpha values for this study were as follows: abusive supervision 0.947, organizational resilience 0.917 and employees’ psychological capital 0.909 therefore above threshold. Discriminant validity which is the extent to which one construct differs from another was assessed from the correlations in Table 1 whereby the correlation between two different variables should be lower than 0.85 (Voorhees et al, 2016), this being the case discriminant validity for the present study variables was ascertained.

Table 1: Correlation Table

<table>
<thead>
<tr>
<th></th>
<th>Abusive</th>
<th>PSY</th>
<th>OrganRes</th>
<th>ServiceD</th>
<th>TurnovD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Abusive</td>
<td>1.0000</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>PSY</td>
<td>-0.6159</td>
<td>1.0000</td>
<td>0.0000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>OrganRes</td>
<td>-0.6304</td>
<td>0.6852</td>
<td>1.0000</td>
<td>0.0000</td>
<td>0.0000</td>
</tr>
<tr>
<td>ServiceD</td>
<td>-0.1284</td>
<td>0.0747</td>
<td>0.1214</td>
<td>1.0000</td>
<td>0.0016</td>
</tr>
<tr>
<td>TurnovD</td>
<td>-0.0298</td>
<td>0.0361</td>
<td>-0.0400</td>
<td>0.0260</td>
<td>1.0000</td>
</tr>
</tbody>
</table>

In Table 1, Abusive represents abusive supervision, PSY represent employees’ psychological capital, OrganRes represents organizational resilience, ServiceD represents service sector dummy variable and Turnov>D represents monthly turnover of Kes 1 million dummy variable.

The correlations from Table 1 show that abusive supervision has a significant negative relationship to employees’ psychological capital, organizational resilience and service sector firms. The relationship between abusive supervision and monthly turnover is negative but not significant. Multilevel structural equation modeling used to test the study hypothesis is described below.

4. Results

Due to the nested nature of data, we used multilevel structural equation modelling using gsem function on Stata version 18 to test the mediation model. The interclass correlation (ICC) for the multilevel model was .023 which is less than .05 hence does not indicate significant clustering (Pituch and Stevens, 2015). The goodness of fit statistics indicated that the overall model was a good fit. The root mean squared error of approximation (RMSEA) was 0.000 hence a close fit (Pituch and Stevens, 2015), comparative fit index (CFI) value was 1.000 and Tucker-Lewis Index (TLI) value was 1.008 which are both high (> .95) (Pituch and Stevens, 2015) represented a very good fit. Standardized root mean squared residual (SRMR) value was 0.005 hence a close-fitting model (i.e. 0 to .05 is close fitting (Pituch and Stevens, 2015).

First, we examined the relationship between abusive supervision and organizational resilience. Results revealed a significant negative effect of the model, p < .0001, R² = -0.31. The relationship between abusive supervision
and employees’ psychological capital was also significant and negative, $P < .0001$, $R^2 = -0.45$. The relationship between employees’ psychological capital and organizational resilience was significant and positive $p < .0001$, $R^2 = 0.62$. Lastly, controlling for monthly turnover and sector, employees’ psychological capital mediated the relationship between abusive supervision and organizational resilience ($p < .0000$, $R^2 = 0.62$). These are shown in Figure 2 below. In summary, all hypotheses were supported.

Figure 2: Mediation model

5. General Discussion

Organizational resilience is an important construct for study because it provides a measure of whether firms survive or thrive following a crisis. The present study is important because it was conducted in a novel macro crisis, in Africa and among SMEs. The purpose of the present study was to examine the relationship between abusive supervision and organizational resilience via employees’ psychological capital. The model was fully supported. First, abusive supervision negatively relates to organizational resilience. As predicted by JD-R, this means that abusive supervision serves as a demand on organizational resilience. Second, abusive supervision negatively relates to employees’ psychological capital also showing that abusive supervision is a demand on personal resources. Third, employees’ psychological capital relates positively to organizational resilience, meaning psychological capital is a personal resource that contributes to organizational resilience. Last, employees’ psychological capital mediated the relationship between abusive supervision and organizational resilience hence indicating the importance of individual level variables in contributing to organizational resilience. Previous research has only shown that abusive supervision deteriorates desirable organizational outcomes such as financial performance (Fischer et al., 2021), which is a narrow outcome measure. The present research has provided evidence for organizational resilience as an outcome, which has broad implications for organizational survival and reflects employee well-being. Previous research had shown that abusive supervision deteriorates psychological capital (Avey, Agarwal and Gill, 2021) which was confirmed in this study. No previous study has reported that employees’ psychological capital boosts organizational resilience. Moreover, most studies of these constructs in the present research have been conducted in large-scale companies, and primarily in North America and Europe. There is a growing appetite for studies conducted in Africa and in developing countries. The present study is unique because it brings out a different setting since the assessments of the study variables such as abusive supervision and psychological capital and how they predict different outcomes have been shown to differ across cultures (Wu and Nguyen, 2019).

This research makes an empirical contribution by examining the relationship between abusive supervision and organizational resilience via employees’ psychological capital. This finding is a contribution to a field where empirical studies remain scarce regarding the mediating variables (Avey, Agarwal and Gill, 2021). The present study related abusive supervision and psychological capital as an individual level variables and organizational resilience as an organizational level variable reflecting a (1-1-2) multilevel model. Based on job-demands resources theory (JD-R), the present study built on the scant body of research on destructive leadership behaviors and their potential negative effects on organizational outcomes. Most importantly the present study
makes a theoretical contribution that employees’ psychological capital can buffer the negative effects of abusive supervision on a firm’s ability to be resilient. Although abusive supervision can erode psychological capital, it can be bolstered by other resources including support from family and friends (Luthans, Luthans and Avey, 2014).

The limitations of this study include potential common method variance from single source data. Future research could look at measuring organizational resilience using an independent measure. The present sample also focused on small and medium-sized enterprises, hence future studies can expand into other areas such as the public administration, large firms and nonprofits to comprehensively test leadership theory. Future research can utilize longitudinal research designs since abusive supervision, psychological capital and organizational resilience can vary.

Conclusively, this present study reveals the crucial role of employees’ psychological capital in enhancing organizational resilience during crisis. Specifically, this present study makes a contribution on the role of employees’ psychological capital in lessening the negative effects of abusive supervision on a firm’s ability to be resilient. The present study implies that SMEs should be aware of the likelihood of abusive supervision during crises and take steps to reduce it. By doing so, employees’ psychological capital can be increased leading to higher organizational resilience.

References


