

Impact of Toxic Leadership on Deviant Workplace Behaviour of Operational Level Employees with the Mediating Effect of Psychological Contract Breach

Thilakarathna, W. M. A. K.¹ and Jayasinghe, Chathuni.²

It is becoming increasingly clear that many organizations have a large number of leaders with toxic leadership styles and situations that violate employees' psychological contracts. Importantly, deviant workplace behaviours are exacerbated by such leaders and practices. As a result, organizations must adapt their practices to identify and manage top-level managers who exhibit toxic leadership and employees who exhibit deviant workplace behaviours, as well as the psychological contracts that exist with them. As a result, drawing on social exchange theory, the current study attempts to investigate the impact of toxic leadership on deviant workplace behaviour of employees, with psychological contract breach acting as a mediator. A structured online questionnaire was distributed to collect data from 376 operational level employees of private banks in the Kurunegala district. The convenience sampling technique was used to select the sample. Regression analysis was performed to test hypotheses of the study. Toxic leadership was found to have a significant impact on deviant workplace behaviour, and psychological contract breach was found to have a significant direct impact on toxic leadership and deviant workplace behaviour. However, psychological contract breach does not mediate the relationship between toxic leadership and deviant workplace behaviour. Accordingly, it is concluded that toxic leadership fosters deviant workplace behaviours that impede the smooth operation of banking processes. Managers as leaders should be able to develop better leader follower relationships in order to create high-performing, productive employees. The social exchange theory supports the argument that if employees have better leadership, they will not deviate from their work. It is suggested that instead of toxic leadership, leaders and practitioners create such a culture. Cross validation of the findings of this study in different industries and cultures comparatively among a larger sample is recommended in subsequent studies, which will add more insights to the substance of the current study.

Keywords: *Toxic leadership, Deviant workplace behaviour, Psychological contract breach, Social exchange theory, Operational level banking sector employees*

¹ Undergraduate, Department of Human Resource Management, Faculty of Commerce and Management Studies, University of Kelaniya, Sri Lanka [akumuduni260@gmail.com]

² Senior Lecturer, Department of Human Resource Management, Faculty of Commerce and Management Studies, University of Kelaniya, Sri Lanka [chathuni@kln.ac.lk]