A "Bully" in its Own China Shop: Risk Factors for Abusive Supervision in Small Firms

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Abstract

Scholarly interest in the phenomenon of abusive supervision has grown in recent years. While the prevailing literature considers abusive supervision as it occurs in corporate settings, the abuse of employees in small business firms is virtually unexplored. Yet because of the nature of such firms, the probability of abuse is much higher. We present the rationale for myriad factors that we propose will explain the increased likelihood of abuse in small firms. We discuss why structural factors and personal characteristics of owner-founders are potential antecedents to abusive supervision in small owner-founded firms.

Keywords: Abusive supervision, entrepreneur, small business

1. Introduction

Dickens vividly portrays the abusive supervisor in his classic tale, *A Christmas Carol*. Ebenezer Scrooge exemplifies the overly demanding, boorish, impossible-to-please business owner as he routinely belittles and abuses his overworked and underpaid clerk, Bob Cratchit. Anyone that has read the story or seen the stage play or film can immediately sympathize with poor Cratchit, whose employment options are limited and who perseveres despite the shabby way he is treated by his boss. Many changes have occurred in the 150 years since Dickens described the difficult working conditions of Victorian England, yet it is ironic that it is the owner-operated small firm, much like Scrooge & Marley, that has least been touched by the evolving norms and labor laws that protect the modern worker.

One reason for this is that the efficacy of these workplace regulations and societal expectations to reign in abusive treatment of employees is contingent on the applicability of the laws to specific contexts and an environment that fosters accountability. For example, many legal requirements, such as the Family & Medical Leave Act, apply to firms with 50 or more employees, while EEOC rules regulate firms with as few as fifteen. Larger firms also tend to have a greater number of stakeholders, such as boards of directors or shareholders, who look unfavorably on unethical behavior. Though not perfect, large firms have many incentives and mechanisms to identify and remove individuals who exhibit unacceptable behavior: witness the dismissals of Hewlett Packard's Mark Hurd, Wellpoint's CFO David Colby or infamous bosses like Leona Helmsley. Unlike these well-known examples, small businesses run by owner-founders are exempt from many regulations and are held accountable, like Scrooge, to nothing more than the ghosts of their own conscience.

Traditionally, the study of entrepreneurship has adopted a normative and positivistic approach that has focused largely on its intrinsic and extrinsic benefits (Shepherd & Haynie, 2009). Yet it is well known that entrepreneurs often tend to be poor managers (Miner, 2000), and the "dark side" of entrepreneurship has been largely overlooked (Kets de Vries, 1985; Strenger & Burak, 2005). In this paper, we propose that lax governance constraints and the distinct personal attributes of owner-founders that characterize many small businesses may permit a level of abusive behavior that is an undocumented and understudied characteristic of small business management. The paper begins with a review of the abusive supervision literature. We then examine how the informal and often unstructured organizational form of small business may permit a higher likelihood of abusive supervision. Next, we examine how the personal characteristics, motivations, and social environment of the owner-founder may contribute to an increased propensity to exhibit abusive behaviors towards employees. Finally, we discuss the importance of these propositions and the need for further research.

1.1 Abusive supervision

Scholarly interest in the phenomenon of abusive supervision has grown in the past decade. Consistent with the definition presented in extant literature, we define abusive supervision as "subordinates' perceptions of the extent to which their supervisors engage in sustained displays of hostile verbal and non-verbal behaviors excluding physical contact" (Tepper, 2000). Examples of abusive supervision include intimidation, threats of job loss, aggressive eye contact, and humiliating or ridiculing someone in front of others (Tepper, 2000). Intent to harm is not a requirement as many abusive supervisors are not aware of how their actions are being interpreted by those they abuse (Glasø, Nielsen, & Einarsen, 2009). Employees targeted with such abuse experience negative consequences such as job and life dissatisfaction, psychological distress, low self-esteem, decreased morale and lowered citizenship behavior (Burton & Hoobler, 2006; Tepper, 2000; Tepper, Henle, Lambert, Giacalone, & Duffy, 2008; Zellars, Tepper, & Duffy, 2002).

While it is difficult to quantify the costs of permitting supervisors to abuse subordinates, there is no doubt that employers who lower their employees' morale and commitment also reduce their productivity and increase the levels of absenteeism, turnover and workplace deviance (Tepper, 2000). Indeed, the impact has been shown to drop to the bottom line. For example, Detert, Trevno, Burris, & Andiappan's (2007) study of 256 grocery restaurants found that abusive supervision led to counterproductivity, lower unit profitability and decreased customer satisfaction. Even more damaging is the fact that bystanders or observers of abusive/bullying behavior often suffer the same deleterious consequences as the actual targets (Hoel, Glasø, Hetland, Cooper, & Einarsen, 2010). Both employees and firms lose when this type of abuse occurs.

When the number of employees is small, the negative reactions of employees to supervisory abuse will have a proportionally greater impact. Employees who are abused by their supervisors are more likely to commit deviant acts against the organization (e.g. purposely damage equipment or supplies, deliberately waste company supplies), against their direct supervisor (e.g. disobey supervisor's instructions, interfere with or block supervisor's work) and to quit their jobs (Tepper et al., 2009). Employee deviance and turnover can be costly to the firm and small firms have less financial ability to absorb these avoidable costs. The direct and indirect costs of turnover can translate to reduced customer loyalty and ultimately lower revenues and profits. The small business may be limited in terms of internal candidates to replace a key employee that leaves and may be less capable of recruiting in the external market (Wagar & Rondeau, 2006). Therefore, behaving in an abusive manner towards employees can lead to inferior bottom line results for the small firm.

The study of abusive supervision has focused almost exclusively on its occurrence in large organizations with multiple layers in the reporting hierarchy. While some research has shown that abusive supervision is a low-base rate phenomenon in such settings (Tepper, 2007), others have found much higher rates, depending on the abusive actions measured. For example, Hogan, Raskin, and Fazzini (1990) found that 60 to 75 percent of employees viewed their immediate supervisor as the worst aspect of their job, and Aasland, Skogstad, Notelaers, Nielsen, & Einarsen (2010) found between 33 and 61 percent of employees reported immediate supervisors with consistent and frequent destructive leadership behaviors in the previous six months. Considering that small businesses in the U.S. employ over half of all private sector employees and have generated 64 percent of new jobs over the past 15 years (S. B. Institute, 2011) it is surprising that the investigation of these negative forces in the small business setting is noticeably sparse. Given the likelihood of some abusive supervision behaviors occurring and the significant portion of the U.S. economy composed of small businesses, it is surprising that such a potentially significant phenomenon has gone unstudied.

Research in the overarching field of counterproductive workplace behavior (CWB) has shown that negative workplace behaviors typically manifest because of both internal environmental and individual forces (Brodsky, 1976; Einarsen, Hoel, Zapf, & Cooper, 2003; Monks et al., 2009; Sperry, 2009). An unhealthy work environment coupled with bad actors can lead to the emergence of harassment, incivility, aggression, and other related destructive interactions. We propose that the internal small business environment is more likely to foster this type of abuse due to environmental and personal dimensions unique to the small business milieu. We address this gap in the literature by identifying a number of factors from the abusive supervision literature that may also lead to a higher incidence of abusive supervision in small owner-operated firms. Figure 1 shows the proposed model we use to explain the variables expected to influence owner-founder propensity to abuse employees. While study of abusive supervision might encompass the perspective of the target (the individual who experiences abuse), discussion of target attributes is beyond the scope of the present paper.

Further, we acknowledge that external economic and societal factors might also play a role in the occurrence of supervisory abuse. However, the external environment would equally impact employees in large and small firms and our focus is on identifying unique factors that might lead to abusive supervisory behavior in small owner-founded firms. A parsimonious model of this phenomenon is most useful for beginning theory development and construct explication (Bacharach, 1989).

Insert Figure 1 here

2. Internal Structural Factors

Structural factors in an organization may create an environment that either promotes or frustrates abusive behavior by individuals at higher levels of the hierarchy (Duffy, 2009; Rayner, 1999). Policy statements, governance boards or councils, human resource staff, performance management processes, and employee advocacy programs are more common in larger organizations (Churchill & Lewis, 1983) and can reduce the occurrence of abusive supervision. Owners or founders of small firms, that is, those with 50 or fewer employees, (Wiklund, Patzelt, & Shepherd, 2009) have the option of whether or not to implement these practices in their firms. Many of them choose not to, which may lead to a work environment with few controls and guidelines for behavior (Carland, Hoy, Boulton, & Carland, 1984; Singh, 2006). Consistent with the "approach-inhibition theory of power" (Keltner, Gruenfeld, & Anderson, 2003), subordinates have lower relative power compared to their supervisors. This reduced capacity to influence others' behavior and decisions means that subordinates are subject to the whims of more-powerful individuals who can provide or withhold resources or administer punishment. Those in a less-powerful position are therefore anxious and fearful, concerned about threats and consequences of not complying with directives from their superior. Targets of abusive owner-founders are inhibited from taking actions to end the abuse and frequently find that structural issues prevent them from doing so.

2.1 Policies

Policies that prohibit negative workplace interactions are more common in larger organizations (those with over 100 employees). For example, Robertson (1991) found that 60 percent of the large firms in her study had a written code of ethics, and that 38 percent had formal training in it, as compared to 33 percent and 7 percent respectively for small firms. This is in part due to the complexity of managing a larger organization, which demands that formal systems and policies be put in place to control employee behavior. In addition to establishing expectations for workplace behavior, such policies typically include a reporting procedure for alleged abuse. The reporting procedure provides lower-ranking employees with "remedial voice", a mechanism to obtain relief from abusive supervisory behavior and a means to end the abuse (Cortina & Magley, 2003; Harlos, 2010). Engagement of an ombudsperson or internal mediator can facilitate resolution of negative workplace encounters. Smaller firms are less likely to establish such policies because the work environment may be viewed as more casual or like a "family" (Singh, 2006). When policies do exist, there is likely little training provided to assist employees in knowing what they are and how they are to be implemented. Smaller firms are less able to effectively meet the training needs of their employees (Kirby, 1990) and the smaller the business, the less training the company provides (Litz & Stewart, 2000).

Employees in small firms, therefore, may not be given voice via an effective reporting procedure to address abusive supervisory behavior. Because employees in small firms often report directly to the owner-founder, there is no vehicle within the organization to make a report or to obtain relief. An owner-founder that engages in abusive behavior would be unlikely to implement a policy prohibiting abuse or harassment and provide a way for employees to register complaints. Therefore, the potential for unchecked abuse by the owner is higher in small firms. Proposition One. Owner-founders are more likely to exhibit abusive supervisory behavior when there are no explicit policies prohibiting this mistreatment.

2.2 Governance and oversight

The oversight framework typical in larger organizations may be absent or less integral in small firms (Fiegener, 2005). In a corporation, the board of directors' role is formalized to provide guidance and direction. The board of directors or other advisory council oversees the firm's operation and provides feedback to the executive management team. The governance structure of a corporate board of directors would not be required or necessarily welcomed in a smaller firm (Gabrielsson, 2007).

Due to expense, time demands, and a desire for independence, the owner-founder of a small firm might seek counsel on a more informal basis from trusted advisors such as an attorney, accountant, or other business owners on an ad hoc basis. Monitoring and oversight by an external council or board might keep negative behaviors in check. Without such a conventional board of directors the small firm owner-founder might not receive objective input regarding his or her management style and its effectiveness and might continue to run roughshod over employees. Proposition Two. Owner-founders are more likely to exhibit abusive supervisory behavior when there is no formal advisory board to oversee executive behavior.

2.3 Human resource staff

A common heuristic is that a firm with 100 or more employees should have a designated human resources professional on staff (Mathis & Jackson, 2011, p. 24). When an organization reaches that critical size, employing an HR profession is frequently necessary to insure compliance with legal requirements and to implement effective selection and talent management practices (EEOC, 2010; Labor, 2011). The presence of a human resources representative also affords employees an outlet to report concerns and provides oversight of employee relations activities. Smaller firms are disadvantaged when it comes to adequate human resource management practices (Brown, Hamilton, & Medcoff, 1990), lacking the financial capacity and economies of scale to efficiently administer a human resource system (Vickerstaff, 1992). Instead, smaller firms are more likely to assign human resource activities to a staff member in accounting or other administrative area because the primary function is to process payroll and employee benefits. Owner-founders of smaller firms are also less likely to utilize sophisticated selection practices; instead, they tend to hire family friends or individuals not properly suited for the job or environment. Poor hiring decisions can lead to a poor fit between employees and the organization. Owner-founders of smaller firms may be less aware of appropriate techniques to manage human resources and less able to benefit from the structure provided by a formal human resource function. Proposition Three. Owner-founders are more likely to exhibit abusive supervisory behavior when there is no human resource professional in the organization.

2.4 Performance evaluation

Large organizations typically institutionalize a procedure for evaluating employee performance and providing feedback to employees. Performance of managers in larger organizations is observed and evaluated by their superior and may also include input from subordinates and peers. This critical feedback process increases employee awareness of effective and ineffective management techniques. Abusive supervisory behavior may be more readily identified and the individual may be trained or counseled in appropriate management techniques. An abusive supervisor can be placed on a performance improvement plan and held accountable to his or her superiors. Owner-founders of small firms often complain of feelings of isolation from others (Hannafey, 2003), in part because they receive little or no performance feedback and might be unaware how their behavior affects their subordinates. Glasø, et al. (2009) point out that abusive behavior may result more from a lack of self-reflection and perspective-taking than from a conscious desire to harm others. This absence of performance feedback can lead owner-founders to continue mistreating their subordinates without realizing what they are doing. Workers reporting to a business owner depend on that individual for their very livelihood and are unlikely to offer critical performance feedback, particularly if it is negative (Tepper, Moss, Lockhart, & Carr, 2007). Accordingly, the abusive owner-founder may not solicit and receive the critical information needed to improve relations with employees (Matthiesen & Einarsen, 2007). Proposition Four. Owner-founders are more likely to exhibit abusive supervisory behavior when they are not required to receive and respond to performance evaluation and feedback.

2.5 Employee advocacy

Employees in all organizations expect that someone either within or outside the organization will be “in their corner” to advocate for them if they encounter work-related problems. In large organizations typically the human resources staff looks out for employee interests (Mathis & Jackson, 2011, p. 27). Human resources professionals are charged with balancing the organization’s interests with those of employees so that both stakeholders benefit from the relationship. As stated previously, in smaller firms there is less likely to be a human resources professional that insures fairness and ethical treatment of employees. Because the abusive owner may be responsible for employment matters, the employee may not have a designated representative working on his or her behalf to prevent mistreatment.Rather than seeking assistance via internal avenues, employees might join together and form a labor union to protect their rights and to improve compensation and benefit programs.

In smaller firms, there is a lower probability of employees collectively banding together to form a labor union (Pearce, 1990). Unions traditionally generate revenue from member dues. The greater the number of members, the more dues are collected. A small firm would have fewer potential union members and therefore would not be as attractive to a union organizer. There can be significant costs involved in establishing a labor union at a work site and it may not be cost-effective to organize firms with few employees. Thus, employees in small firms are less likely to have labor union representatives working on their behalf to prevent mistreatment and abuse. Employee Assistance Program (EAP) counselors can offer safe haven and emotional support to employees targeted by an abusive supervisor. EAP services are provided to employees and their families to assist with emotional and mental health concerns as well as to resolve work-related problems. The counseling provided by an EAP can help to mitigate some of the negative outcomes of abuse in the workplace and foster a healthy return to work for the employee. While 65 percent of U.S. employees are offered an EAP provided by their employers, 35 percent are not (F. a. W. Institute, 2008). Large organizations are more likely to sponsor an EAP program and all Fortune 1,000 companies offer these services. Owners of small businesses are less likely to offer an EAP; frequently because they are not aware of the benefits of providing a plan (London, 2010). Employees working for smaller firms do not commonly have access to these services.

Lastly, federal anti-discrimination laws may protect employees against harassment on the basis of their status in a protected class (i.e. race, sex, age, religion). Abusive supervision often occurs as an "equal employment opportunity" phenomenon and harassment is not directed at employees because of their protected status. Furthermore, there are employment thresholds that must be met before an employer is legally required to comply. Most anti-discrimination laws apply to employers with 15 or more employees and age discrimination law applies to employers with 20 or more employees (EEOC, 2010). It follows then that employees of relatively small firms may be ineligible for the protection of federal employment laws. Proposition Five. Owner-founders are more likely to exhibit abusive supervisory behavior when there are no available means of employee advocacy. The internal structural factors described in the preceding sections represent the environmental dimensions that might lead to small business abusive supervision. We now turn our focus to the explication of individual factors relative to the owner-founder that we propose will also influence the occurrence of subordinate abuse.

3. Personal factors

Personal factors relative to the owner-founder may predispose these individuals to employ an abusive management style. We consider the dynamics of starting one's own business, education and training, investment, job stress and social support, personality attributes, and other individual differences as primary owner-founder characteristics that might explain the propensity to mistreat subordinates. While not exhaustive, these factors encompass major elements that distinguish owner-founders from corporate managers.

3.1 Business start-up dynamics

The catalyst for starting a business can be either a "push" from the corporate world or a "pull" from a novel idea or unexploited opportunity. An individual may start a business because they have been laid off or outplaced from a corporate position. Or, the individual may not have been able to "make it" in the tightly controlled setting of a large corporation. Kets de Vries (1985) notes that entrepreneurs generally start their own business because they are difficult employees that do not take kindly to suggestions or orders from other people. They can be "misfits" that need to create their own environment because they are not willing to accept bureaucratic organizational rules and authority. However, not all owner-founders can be classified as hard-to-manage employees. Some individuals launch a business to capitalize on a creative or innovative product or service that they have developed or in response to an unrecognized opportunity in the marketplace. Many individuals start their own firm to obtain financial and career independence that are difficult to achieve in a corporate environment (Cassar, 2007). These entrepreneurs may be cut from a different cloth and have different, more effective management and interpersonal skills. Proposition Six. Owner-founders that start a business because of difficulties fitting in to a corporate environment are more likely to exhibit abusive supervisory behaviors.

3.2 Education and Prior Experience

It has been proposed that owner-founders bring practices that they have acquired from prior experience in to their business routines and methods of operating (McKelvey, 1982). Studies have shown that knowledge gained from education (Bates, 1990) and prior experience (Boeker, 1987) predicts firm survival and success. We suggest that the likelihood of abusive supervision in small businesses may be increased by the owner-founder's professional preparation.

First, the entrepreneurship literature has often viewed the entrepreneur's background characteristics as a cause of poor management skills (O'Gorman, Bourke, & Murray, 2005). Entrepreneurs who lack more developed management skills may have greater tendencies to exhibit abusive supervisory behaviors than managers who have gained more managerial experience in the context of a highly administrative structure.

Second, inferior management skills can also lead to lower firm performance (Miller & Toulouse, 1986; Orser, Hogarth-Scott, & Riding, 2000), intensifying the pressures for unethical behavior in the workplace (Chau & Siu, 2000; DeClercq & Dakhli, 2009). Entrepreneurs with less experience have a diminished capacity to make sense of a wide range market information (Baron & Ensley, 2006; Gaglio, 1997) or identify useful market opportunities (Westhead, Ucbasaran, & Wright, 2005). Entrepreneurs with less experience are therefore less likely to be pulled into the marketplace by opportunity. Instead they are more likely to be pushed by necessity or non-conformity into starting or owning a small business and are therefore more likely to exhibit the dysfunctions associated with the "dark side" of entrepreneurship (Kets de Vries, 1985). When less experienced entrepreneurs act as opportunistic innovators, many such individuals often struggle with the transition to day-to-day management. This creates a stressful and dissatisfying work environment that heightens the likelihood of abusive supervisory behavior (Spector, 1999).

Proposition Seven. Owner-founders are more likely to exhibit abusive supervisory behavior when they have inadequate education and experience in effective management practices.

3.3 Investment

An individual that establishes his or her own business must invest considerable financial and human capital in the endeavor. Borrowing funds from family, lending institutions, or utilizing personal credit lines may be required to capitalize the enterprise (Mangelsdorf & Bianchi, 1994). The investment of time, energy, ideas, and personal talents is a significant contribution that the owner-operator makes to the firm (Carter & van Auken, 1990). The personal stake invested by the owner-operator can never be equaled by employees in the firm. The owner-operator will always have the greatest investment and therefore the greatest concern for the firm's success. The pressure to protect one's assets and investment can result in lack of patience and concern for others who have less to lose. From the perspective of the owner-operator, abuse of subordinates may be rationalized because they have not made the same personal sacrifice to start the firm and to keep it going. If the enterprise fails, employees might be out of work; however, the owner-operator stands to lose everything. This can lead to intense pressure on employees to step up and give as much to the firm as the owner does. The owner-founder may tyrannize employees and place unreasonable demands on their time and work performance to prevent the firm from failing.

Compounding this problem is the fact that many entrepreneurs often have limited networks from which to raise capital and often must draw upon family and friends for resources (Starr & Macmillan, 1990). This type of financing may interfere with the entrepreneur's ability to draw encouragement and comfort from what should be a natural resource for emotional support. Moreover, when entrepreneurs have only these small stakeholder networks, there is a higher likelihood of unethical behavior due to the possibilities for collusion and misbehavior (Barlow, 1993).

Proposition Eight. Owner-founders that have a substantial personal or family financial investment in the firm are more likely to exhibit abusive supervisory behaviors.

3.4 Job stress and social support

Consistent with the Job-Demand-Control (JDC) model, owner-founders may experience a high level of stress related to owning and operating the firm (Karasek, 1979). Job demands refer to work load (i.e. time pressure). The owner-founder likely spends a considerable amount of time either directly or indirectly "working" to assure business success. Excessive time spent on the job can lead to fatigue and frustration that causes aggressive behavior towards others (Harvey & Keashly, 2003). Job control refers to an individual's ability to control his or her work activities. According to the JDC model, workers with low demands and high control should experience lower levels of stress than workers with demanding jobs and little control. While owner-founders have a great deal of autonomy and latitude to make decisions, employee-related problems and circumstances external to their business (i.e. economy, customer demands) may reduce the level of actual control and decision-making that they can exercise. Thus, owner-founders may experience work conditions that are both highly demanding and out of their immediate control. Demanding compliance and obedience from employees is one mechanism they can use to attempt to regain control.

Social support can mitigate some of the stress inherent in a highly demanding job. Social support is typically manifested as emotional support (i.e. a sympathetic ear, demonstrating caring and understanding) or tangible/instrumental support (i.e. pitching in to relieve work load, providing resources) (Chay, 1993; Viswesvaran, Sanchez, & Fisher, 1999). In the evolution of the JDC model, research has shown that a “buffer” effect via provision of social support reduces worker stress created by a high-demand/low-control work situation. The availability of peers, superiors, and human resources staff in a larger organization can offer both emotional and tangible support to managers experiencing work-related stress.

Conversely, the owner-founder of a small business may have access to fewer sources of social support than managers in a larger organization. Family members may become fed up with listening to the owner-founder’s complaints and worries about the firm. The owner-founder may also wish to protect family members by not sharing these concerns, lest the family members also become worried and stressed. Recent research by Werbel and Danes (2010) found that the spouse of a small business owner can either constrain or contribute to the venture’s success due to spillover work-family conflict effects. Thus, family relationships can be complex and cannot unilaterally be expected to mitigate owner stress. Further, the owner-founder may not feel safe in confiding to peers about business worries; for fear that this might demonstrate weakness or give competitors an opportunity to gain advantage in the marketplace.

Shepherd & Haynie (2009) observe that what drives individuals to distinguish themselves as entrepreneurs may not allow them to satisfy their need to belong. Entrepreneurs put their family relationships at risk (Ufuk & Ozgen, 2001), suffer feelings of loneliness (Akande, 1994), and have few if any confidantes with whom they could share their concerns (Gumpert & Boyd, 1984). Owner-founders may believe that stoicism is valued and that admitting to fear and anxiety represents failure. Without effective social support, the highly stressed owner-founder may take it out on subordinates by behaving impatiently and insensitively to workers’ needs.
Proposition Nine. Owner-founders who have high levels of job stress are more likely to exhibit abusive supervisory behaviors.

Proposition Ten. Owner-founders that have few social support resources are more likely to exhibit abusive supervisory behaviors.

3.5 Personality attributes

Hisrich, Langan-Fox, & Grant (2007) point out that researchers such as Kets de Vries (1985), Winslow & Solomon (1987), and Osborne (1991) have observed a “dark side” of entrepreneurship in which individuals pursue entrepreneurship to obtain psychological well-being as well as economic success. They are driven into business ownership to seek recognition and to satisfy their need to control and in so doing find a place where they can indulge their socio-pathologies without the restrictions of an employer. Despite the intriguing nature of these issues, McClelland’s (1961) call over 50 years ago to investigate what makes entrepreneurs more or less ethical has yielded scant research beyond clinical case studies and small patient samples (Hisrich et al., 2007). We support this call for better understanding the “dark side” of the entrepreneur and propose that there are traits that may tend to lead to abusive behavior. Because in very small businesses it is the entrepreneur who establishes and maintains the culture of the organization (von Gelderen, Frese, & Thurik, 2000), it is even more imperative that we better understand these characteristics.

Many studies have attempted to identify the personality traits of entrepreneurs, yet the results have been inconsistent. Studies in which consistent patterns of traits have been found to affect entrepreneurial success have yielded only modest relationships at best (Cromie, 2000; Cromie, Callaghan, & Jansen, 1992). Conversely, studies have found characteristics such as internal locus of control or risk-taking propensity to be heterogeneously distributed among entrepreneurs (Brockhaus, 1980). In a recent meta-analysis, Rauch & Frese (2007) found modest but positive relationships between autonomy, internal locus of control, risk-taking propensity, innovativeness, need for achievement, and self-efficacy with new venture creation and success.

3.5.1Authoritarianism. Owner-founders may adopt a range of leadership styles to create the structure and conditions for follower compliance. Leadership style can range from egalitarian or democratic to authoritarian or dictatorial (Cellar, Sidle, Goudy, & O'Brien, 2001). Democratic leaders share decision making power and invite input from subordinates in a participatory way. Authoritarian leaders “assert absolute authority and control over subordinates and demand unquestionable obedience” (Cheng, Chou, Wu, Huang, & Farh, 2004).

The lack of structural oversight combined with a substantial personal investment and the need to control their circumstances may predispose owner-founders to exhibit an authoritarian leadership style. Authoritarian leaders are more likely to abuse subordinates because they have a high need to control and are less able to manage their emotions (Aryee, Sun, Chen, & Yaw, 2007; Begany & Milburn, 2002). Proposition Eleven. Owner-founders are more likely to exhibit an authoritarian leadership style and are therefore more likely to engage in abusive supervisory behaviors.

3.5.2 Big Five attributes. Research in human personality has resulted in strong support for the Big Five model consisting of five attributes: agreeableness, conscientiousness, extraversion, openness to experience, and neuroticism (McCrae & Costa, 1989). Salient Big Five factors related to abusive supervision are agreeableness and neuroticism (Tepper, 2007). Agreeableness is characterized by cooperativeness, trust, and tender-mindedness. Owner-founders who are low in agreeableness would not be troubled by how their behavior affects subordinates (such that they would be seen as hostile or argumentative) and might be more likely to treat subordinates abusively. Neuroticism is characterized by high levels of anxiety, anger, and negative emotions. Owner-founders that are high in neuroticism would experience high levels of frustration and anger with subordinates that do not comply with directives or otherwise demonstrate competence and commitment to the firm.

Based on the literature regarding Big Five attributes of entrepreneurs, a need for control, sense of distrust, and narcissist tendencies are common themes. Kets de Vries' (1996) case study demonstrates that low agreeableness and high neuroticism may be more common in small firm owner-founders than those working in large organizations. Given that the strong desire to be in control is difficult to achieve in a corporate environment, running one's own business may provide the feeling of being in complete control. Distrust of bureaucratic policies and processes, along with a general suspicion of authority can be relieved by escaping the corporate environment and starting a firm of one's own. Similarly, Strenger & Burak's (2005) theory of fatherless entrepreneurs suggests that many entrepreneurs are "self-destroyers" or unrealistic dreamers who engage in entrepreneurship as a way to work out their frustration with their childhood deprivations. Lastly, owning one's own firm places that individual at the center of attention (narcissism) and it becomes "all about me". These personality attributes are more likely to lead to abusive supervision due to a lack of self-awareness and a general feeling of superiority by the owner-founder.

Proposition Twelve. Owner-founders low in agreeableness are more likely to exhibit abusive supervisory behaviors.
Proposition Thirteen. Owner-founders high in neuroticism are more likely to exhibit abusive supervisory behaviors.

4. Discussion

To date, the abusive supervision literature has focused on large organizations, leaving the arena of entrepreneurship and small business a fertile and untapped field. Given the reduced levels of resources and administrative structure, along with the high failure rates of new ventures, the phenomenon of abusive entrepreneurial behavior may have even greater explanatory power of venture success for new and small businesses than for larger organizations. A major contribution of this paper is the identification of important characteristics of small firms that may increase the probability for destructive supervisory behavior.

A second contribution of this paper is that it advances the idea of a symbiotic relationship between the situational and personal factors that might affect the propensity for abusive supervisory behavior in small firms. The interplay between situation and person has been shown to influence ethics and moral decision making (Church, Gaa, Nainar, & Shehata, 2005; Trevino, 1986) as well as workplace aggression (Douglas et al., 2008). Thus, although we do not predict which factors will interact among the situational and personal elements we propose it is highly likely that these forces work in tandem to influence owner behavior.

The study of small business success is incomplete without investigation of the dark side of owner-founder behavior. Small businesses are the engine of economic growth in the U.S. and even more workers will be employed in small firms in the future. Determining how to maximize the owner-employee relationship and create positive work environments is critical to achieving maximum productivity from this sector. Owner-founders may not recognize the impact of their behavior on employees and, by extension, customers and clients. If researchers are able to pinpoint particular steps that they can take to enhance work conditions, owner-founders will experience greater business success and growth.

The propositions set forth in this paper point us in the direction of informative avenues of empirical investigation. Based on existing theory and research in the fields of abusive supervision, entrepreneur psychology, and work-related stress, the offerings are fruitful topics for exploration.

5. Limitations and Future Research

We acknowledge that external environmental factors (e.g. economic conditions, industry sector) likely play a role in the emergence of abusive owner-founder behavior. External factors are likely to impact larger organizations in a similar manner and therefore, they do not represent distinct elements of the small business environment. We therefore limit our discussion to those structural and personal elements that distinguish the small enterprise from its larger cousin. An interesting extension of the propositions put forth would include consideration of the external environment. A constellation of factors most likely explain the variance in abusive behavior by owner-founders in small firms. Is an owner-founder who has started a business because of failure to adjust to corporate strictures less likely to embrace controls such as performance feedback and strong advisory oversight? Conversely, might the lack of controls and governance bring out the "dark side" tendencies of an owner-found who is disagreeable, neurotic, or controlling? These are interesting questions worthy of further research. There is likely a complex relationship among the proposed variables that only additional research can determine. Further, the relative importance of each specific factor cannot be determined without empirical investigation.

6. Conclusion

We have extended the literature in abusive supervision to encompass small firms and have identified structural and personal factors especially salient to this business segment. This paper informs scholars in both abusive supervision and small business regarding an under-explored aspect of this destructive workplace phenomenon. As personified by Ebeneezer Scrooge, the small business owner-founder that mistreats his staff may find it difficult to achieve superior business results for lack of dedicated, productive employees. Owner-founders that operate as Scrooges will be challenged to attract and retain key workers that engender customer loyalty and repeat business. Small business owners operate at their own peril when behaving as if employees are deserving of such treatment. Owner-founders that take heed and understand the risk factors associated with possible abusive behavior can provide a healthier, more productive work environment for their employees and enjoy greater enterprise success.

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Figure 1. Model of Internal Structural and Personal Factors that Influence Owner-founder Propensity to Abuse Employees