ISSN 2710-4761 (Print)
ISSN 2073-0969 (Online)
http://doi.org/10.52587/JEMS050105
Journal of Economics and Management Sciences
Spring 2024, Volume 5, No.1, pp 58-66

MY WAY OR THE HIGH WAY: ROLE OF LEADER IN CENTRALIZED DECISION MAKING AND EMPLOYEE RECALCITRANT BEHAVIOR

Ayesha Ali[1]

ABSTRACT

The paper highlights the association of centralized decision making by employer with recalcitrant behavior of employees in presence of a leader as a mediating variable in public or private universities of Lahore, Pakistan. The investigation tries to understand whether the centralized decision making by the employer is related to the satisfaction or recalcitrant behavior in employees of an organization due to the presence of a powerful employee leader. The constructs are studied through mixed methodology in a cross-sectional comparative setting by administering 250 online questionnaires and 30 interviews of the faculty. The results indicate that centralized decision making by employer with leader playing the mediating role and the related perceptions lead to recalcitrant behavior in the university faculty. This has significant insights for the employee protest, resistance, and unrest in the universities as well as organizational image, sustainability and productivity.

Keywords: *Centralized decision making, employee leader, employee discontent, disobedience, recalcitrance, defiance.*

[1] University of the Punjab, Pakistan. 22ayesha11@gmail.com

1. INTRODUCTION

The study focuses on the presence of a powerful leader (union or employee leader) while understanding the association of the centralized decision making in an organization and the employee's recalcitrant behavior. Any disregard for an employee's participation in decision making creates discontent in them which minimizes their performance. The concentration of decision-making power in the management breeds disobedience in employees which may invoke defiant attitude in the employees. The paper highlights the mutinous tendencies due to the centralization of decision powers in both public and private academic organizations of Lahore, Pakistan. The disobedient behavior among the employees often assumes the shape of non-compliance of the official orders and attempts to destabilize the management of the organization and even affect the organizational sustainability. The paper discusses the non-participatory decision making and management's authoritarian attitudes in any organization and the role of organized employee effort under employee leader.

The study has three variables. Centralized decision making is the independent variable that relates to the employee's lack of participation in management's decision making that affects their behavior. The role of a powerful leader becomes a mediating variable in such a situation. The leader through strategy, ability or influence coordinates the efforts of the employees to express discontent. The employees feel united and strong under the leader to struggle for the protection of their interests. The leader, with the support of the workforce, can boost the impact of the independent variable upon the dependent variable. Employee recalcitrant behavior is the dependent variable which is defiance, disobedience or mutinous behavior towards the management. The success of these employees' responses is not the focus of the study but the existence of defiant behavior by organizing protests or the like against the management.

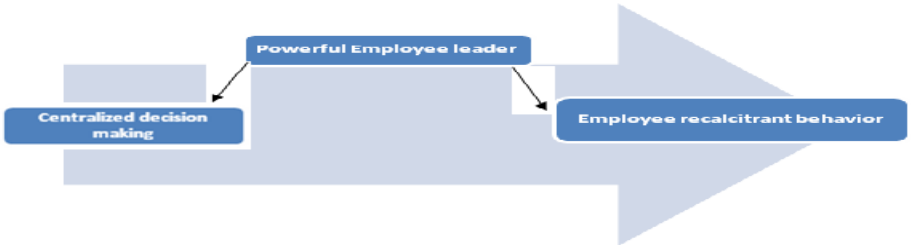
The psychological contract theory focuses on the promises between the employee and the employer during the initial phases of the relation. The contract includes various commitments regarding job security, financial compensation, career opportunities and work life balance. During the work relation, there is a constant comparison between the promises and their actual fulfillment. There are two resulting reactions of the employees. When the employee perceives fulfillment of the psychological contract, they reciprocate positively, whereas, when they perceive breach of contract, they express negative reaction such as distress, anger and sense of betrayal (Topa, 2022).

2. LITERATURE REVIEW

In an organizational context, centralized decision making refers to the lack of employees' participation in decision making process. The management decides and the workforce obeys and acts upon those decisions. Bunderson (2003) associated the centralization of decision making with the suppression of employee creativity and innovation in an organization. In such an environment, the employee behaves mechanically at the workplace without any discretion. The employees believe that their efficiency and aptitude decline due to lack of decision-making opportunities and this ultimately deteriorates their productivity. Moch (2007) presents a similar viewpoint by stating that such centralization deprives the workforce of the work-related excitement and breeds boredom in them.

Epstein (2007) prefers central decision making as it avoids management-employee conflicts but still admits that such a process hurts the efficiency of the employees.
Murphy & Coye (2013) state that the presence of a union leader play a strong influence in determining the course of employees' actions. The defiance takes place when the effort is synchronized and deliberate so the leader can participate significantly by gathering the employees under one flag and by being their spokesperson. Quaglieri (1988) mentioned official reports stating that individuals assume leadership roles to convince the management, and struggle to get their demand fulfilled due to the appeals by associate aggrieved employees. Berland & Jessop (1993) consider the unions' contribution as commendable in controlling the management's agendas in respect of the employees.
The employees display mutinous behavior despite the obstacles laid by the management often by uniting on one platform to safeguard their objectives (Staniland, 2007). The nature and type of the defiance is determined by the organizational culture and environment. Murphy & Coye (2013) make the phrase upward defiance to specify the tussle between the organization and the employees in the perspective of employee discontentment. The organizational citizenship behavior is practically the contrast of the employee defiance (O'Brien & Allen, 2008). Such extra role exhibits lack positive consequences for the organization since they are an outcome of the displeasure of the employees (Griffin et al., 2007). Murphy & Coye (2013) explain employees' defiant behavior as mutinous which is a well-planned and well-organized move against the management of the organization. This concerted effort to overshadow the lawful organization's authorities is based on serving their self-interests. The idea is linked to defiance which is being scrutinized in this paper as 'recalcitrance' of employees.
IV = Centralized decision making, MV = Powerful Employees' leader, DV = Employee recalcitrant behavior

Figure 1: Role of Leader in Centralized Decision Making and Employee Recalcitrant Behavior



3. MATERIAL AND METHODS

The research article is a cross sectional study with mixed methodology. To carry out this inquiry, the universities were selected to represent higher education sector of Lahore, Pakistan. The questionnaire comprised of the questions related to demographics asking for education, teaching hours, income and extra-curricular activities. Also, there were items about centralized decision making and role of employees' leader in employee recalcitrance. The questionnaires were emailed with an online link to 10 public and private universities out of a total of twelve general universities. The data was collected from

randomly chosen five lecturers from five departments from each university. The total sample consisted of 250 respondents. Qualitative data was collected from 30 interviews of lecturers. The unit of analysis were the faculty members of these Higher education institutions.

4. RESULTS AND DISCUSSION

The following Table 1 presents the response rate of the questionnaire administered on the faculty of the public and private universities.

Table 1: Response Rate

Activities	Frequency	Percentage
Distributed questions	384	100%
Returned questions	365	95 %
Usable questions	355	92 %

The table displays that 384 questionnaires were administered. Out of the distributed questionnaires, a total of 365 were returned. This reflects non-response from few participants, resulting in a response rate of 95%. Among the received questionnaires, 355 were usable. This happened because some of the returned questionnaires were incomplete or wrongly filled for analysis purposes.

Table 1: Demographic Profile

Demographic	**Categories**	N	%
Gender	Male	146	41.1
	Female	209	58.9
Age	21-25 years	152	42.8
	26-30 years	133	37.5
	31-35 years	52	14.6
	Above 35 years	18	5.1
Employment	Lecturer	172	48.5
Status	Assistant Professor	126	35.5
	Associate Professor	35	9.9
	Professor	22	6.2
Sector	Private	265	74.6
	Public	90	25.4

These demographics provide understanding into the respondent population to get insights into the characteristics of the sample.

Table 3: Internal Consistency Measures

Constructs	Items	Factors Loading	Items Deleted	Cronbach's Alpha	Composite Reliability	Average Variance Extracted
Centralized Decision Making	CDM1	0.901		0.956	0.957	0.641
	CDM2	0.902				
	CDM3	0.916				
	CDM4	0.893				
Employee Recalcitrant Behavior	ERB1	0.797		0.917	0.919	0.616
	ERB2	0.796				
	ERB3	0.834				
	ERB4	0.708				
Role of Leader	ROL1	0.797				
	ROL2	0.799				
	ROL3	0.786				
	ROL4	0.767				

4.1. Centralized Decision Making

This construct comprises four items. The factors loading reflect the magnitude of the relationship between the underlying construct and each item. All items have high factor loadings, ranging from 0.901 to 0.893, meaning thereby that they are good indicators of centralized decision making. There was no need to delete items during analysis. The Cronbach's Alpha coefficient is 0.956, indicating high internal consistency reliability. The Composite Reliability (rho_a) is also 0.957, suggesting good reliability. The Average Variance Extracted (AVE) is 0.641 (above the threshold of 0.5) suggesting acceptable convergent validity.

4.1.1. Employee Recalcitrant Behavior

This construct comprises four items. Similar to centralized decision making, all items have relatively high factor loadings, ranging from 0.797 to 0.708. No items were deleted due to low factor loading. The Cronbach's Alpha coefficient is 0.917, indicating high internal consistency reliability. The Composite Reliability (rho a) is also 0.919, suggesting good reliability. The Average Variance Extracted (AVE) is 0.616. This is above the threshold of 0.5 reflecting an acceptable convergent validity.

4.1.2. Role of Leader

This construct includes four items. Again, all items have high factor loadings, ranging from 0.797 to 0.767. No items required deletion as a result of statistical analysis.

Table 4: Discriminant Validity

Constructs	Centralized Decision Making	Employee Behavior	Recalcitrant
Centralized Decision Making	0.840		
Employee Recalcitrant Behavior	0.797	0.748	
Role of Leader	0.784	0.742	

4.2. Centralized Decision Making and Employee Recalcitrant Behavior

The value of discriminant validity is 0.840, indicating the correlation coefficient between the constructs i.e., Centralized Decision Making and the Employee Recalcitrant Behavior. This value is less than 0.9, thus, establishing discriminant validity between these two constructs.

4.2.1. Centralized Decision Making and Role of Leader

The value, here, is 0.784, suggesting the correlation coefficient between the Centralized Decision Making and the Role of Leader. As the value is less than 0.9, therefore, there is significant discriminant validity between these two constructs.

4.2.2. Employee Recalcitrant Behavior and Role of Leader

The value of discriminant validity is 0.742, indicating a meaningful correlation coefficient between the Employee Recalcitrant Behavior and Role of Leader. Also, this value is less than 0.9, therefore, it indicates acceptable discriminant validity between these two constructs.

In short, Table 4 demonstrates that there is discriminant validity between the constructs. This suggests that each construct measures a distinct aspect of the variable being investigated, without significant redundancy or overlap.

Table 5: Causal Relation: Structural Equation Model

Relationship	*b (SE)*	C.I	P Values	Result
Centralized Decision Making -> Employee Recalcitrant Behavior	0.561(0.07)	0.440, 0.681	**0.000**	**Supported**

Table 5 shows the results of a structural equation model, specifically indicating the causal relationship between "Centralized Decision Making" and "Employee Recalcitrant Behavior". These columns explain the relationship being statistically analyzed between " Centralized Decision Making" to "Employee Recalcitrant Behavior". It means that the study is investigating whether centralized decision making has a significant impact on employee recalcitrant behavior.

b (SE) provides the estimated unstandardized coefficient (b) for causal relationship and its standard error (SE). In this case, the value of coefficient is 0.561 with its standard error being 0.07.

C.I indicates the confidence interval for the given estimated coefficient. The value of confidence interval ranges from 0.440 to 0.681. This suggests 95% confidence that the value of coefficient exists within this range.
P Value provides the p-value/significance value associated with the coefficient estimate. Here, the p-value is 0.000 (p-value < 0.05) indicating statistical significance of the results. The findings indicate that there is significant and positive causal relationship between centralized decision making and employee recalcitrant behavior. This suggests that higher level of centralized decision making is related with higher level of employee recalcitrant behavior as the structural equation model analysis shows.

Table 6: Indirect Relation

Relationship	*b (SE)*	**C.I**	**P Values**	**Result**
Centralized Decision Making -> Role of Leader -> Employee Recalcitrant Behavior	0.293(0.05)	0.208, 0.378	**0.000**	**Supported**

Table 6 shows the results of indirect relationship between " centralized decision making" and "Employee Recalcitrant Behavior" as mediated by the construct entitled "Role of Leader." This first column mentions the causal relationship being studied. This case examines how "centralized decision making" indirectly affects the dependent variable i.e. "Employee Recalcitrant Behavior" through the mediator variable - "Role of Leader". It indicates that the impact of centralized decision making on employee recalcitrant behavior is significantly mediated by the perceived role of the leader.
The *b (SE)* value shows estimated unstandardized coefficient (b) for the given variables' indirect relationship, as well as standard error (SE). In this case, the coefficient is 0.293, along with the standard error of 0.05.
The column of confidence interval shows the confidence level for the estimated coefficient. Its values range between 0.208 and 0.378, signifying that there is a 95% chance for the value to lie within this confidence interval.
The p-value reflects the significance of the coefficient estimate. In this case, the p-value is 0.000, suggesting that the result is significant.
Therefore, the results indicate that there is a significant indirect relationship between centralized decision making and employee recalcitrant behavior mediated by the perceived role of the leader. Also, this implies that the effect of centralized decision making on employee behavior is determined by the mediating variable.

5. CONCLUSION AND RECOMMENDATIONS

The study investigates the effects of centralized decision making by employers over employee recalcitrant behavior, with role of the leader as mediating variable. The study covers public and private universities through the representative sample. This enhances the comprehension of organizational dynamics with particular focus on employee behavior and leadership. The findings explain the important role of leaders in forming employee behavior within the organizations. The article demonstrates that the behavior of the leader

can mediate the association of centralized decision making and employee recalcitrant behavior, indicating that leaders play a critical role in reducing or aggravating the effects of organizational practices on behavior of the employees. The results highlight the significance of resolving issues related to management's centralized decision making and leadership within organizations. Organizations need to acknowledge the potential impact of centralized decision making on employee behavior in a situation where the employee leaders play a significant role in shaping employees' attitudes, behavior and actions.

Centralization of decision making in the presence of a union leader will be a whole different game. The issue would not remain associated with the problems faced by one employee but the whole lot of them. The most obvious role of the employee leader will be to rally the employees together and motivate them to demand their rights to be heard and the right to grow as professionals. Employee disobedience will definitely become even more because they understand that they have to act as a single team. They will also be made to believe, either rightfully or wrongfully, that their demands are legitimate and need to be heard. The call for decentralization may actually result in full blown strike calls and the calls to halt operations altogether. The presence of a leader definitely gives the employees a belief in the higher cause. Thus, the employees will not only disobey, but they will also believe it righteous to do so.

The interviews from the respondents also confirmed that the *"management's decisions have a great influence on the employees. Their decisions affect them whether it is remuneration or job description, be it office timings or workload."* They also agreed that the organizations must take into account the role of leader in mediating the impact of management's centralized decisions and employee's recalcitrant behavior. A participant said that "*a strong employee can voice the views of employees and thus become their guide. He or she can help the management better implement their decisions or exacerbate the situation of resistance or frustration as a result of non-involvement in the decision-making process."*

Thus, the employee leader plays a major role in the professional development of fellow colleagues as well as influencing the organizational communication patterns. The feeling of being heard and represented at a higher relevant forum makes the whole process more effective in terms of employer employee relationship. So, the organization either performs better as a result of handling employees and their leaders or sinks in organizational politics due to the resistance or non-cooperative behavior of the workforce. This, thus, has serious implications for organizational stability and sustainability.

Pertinent studies in the field highlight that the role of a powerful employee leader shape up employee morale and confidence. Centralized decision making often makes the employees think that they are sidelined despite their contribution to the organization. The employees with their leader's help become expressive and action-oriented. Thus, either the employees would respond in more cooperative manner if they feel they are being heard or they would end up in non-compliance towards management's orders or at least avoiding them. The presence of leader may lead to propaganda against the management through word of mouth. In some situations, the powerful leader finds formal forums to engage in meaningful reaction towards the management. The study, thus, offers valuable insights into the organizational mechanism pertaining to employee behavior, role of leader and centralized decision making in public and private universities in Lahore. The results have

valuable implications for organizational management as well as contribute to theoretical comprehension of organizational behavior, sustainability and leadership dynamics.

REFERENCES

Berland, M., Jessop, S. (1993). Workers' views of labor unions: A focus group perspective. The Public Perspective, 17, 18

Bunderson, S. (2003). Team Member Functional Background and Involvement in Management Teams: Direct Effects and the Moderating Role of Power Centralization. Academy of Management Journal. 46 (4), pp.458-474.

Epstein, J. (2007). Implementing a corporate environmental strategy: establishing coordination and control within multinational companies. Business Strategy and the Environment. 16 (6), pp.389-403

Griffin, A. Neal, A. Parker, K. (2007), "A New Model of Work Role Performance: Positive behavior in uncertain and interdependent contexts", Academy of Management Journal, Vol. 50 No. 2.

Moch, K. (2007). Size, Centralization and Organizational Adoption of Innovations. American Sociological Review. 42 (5), pp.716-725

Murphy, P. &. Coye (2013). *Mutiny And Its Bounty.* New Haven: Yale University Press Books.

O'Brien, E. Allen, D. (2008). The relative importance of correlates of Organizational Citizenship Behavior and Counterproductive Work Behavior using multiple sources of data. Human Performance, 21, 62-88. doi: 10.1080/08959280701522189.

Quaglieri, P. (1988). "The New Men of Power: The Backgrounds and Careers of Top Labor Leaders." Journal of Labor Research 9(3), 271-284.

Staniland, P. (2012). Organizing Insurgency. *International Security* , 142-177.

Topa, G. Carmena, M, Maria, B, (2022). Psychological Contract Breach and Outcomes: A Systematic Review of Reviews. International Journal of Environmental Research and Public Health. doi: 10.3390/ijerph192315527