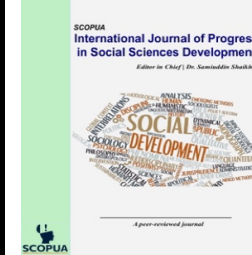


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Effect of Despotic Leadership on Creativity: Mediating Role of Psychological Distress and Moderating Role of Neuroticism in the Hospitality Sector

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ABSTRACT

This study examines the effect of despotic leadership on employee creativity in the hospitality sector, with a particular focus on the mediating role of psychological distress and the moderating role of neuroticism. In service-oriented industries such as hospitality, employee creativity is essential for delivering innovative services and enhancing customer satisfaction. However, destructive leadership styles, particularly despotic leadership, may undermine employees' ability to perform creatively. Drawing on the Componential Theory of Creativity and Situational Stress Theory, this study proposes a moderated mediation model to explain the underlying mechanisms influencing creativity. A quantitative research design was adopted, and data were collected from 250 employees working in the hospitality sector. The data were analyzed using SPSS and structural equation modeling techniques. The findings reveal that despotic leadership has a significant negative effect on employee creativity and a positive effect on psychological distress. Psychological distress was found to partially mediate the relationship between despotic leadership and creativity, indicating that employees experiencing higher levels of distress are less likely to engage in creative behaviors. Furthermore, neuroticism significantly moderates the relationship between despotic leadership and psychological distress, such that employees with higher levels of neuroticism experience stronger negative effects. The moderated mediation analysis further confirms that the indirect effect of despotic leadership on creativity is stronger at higher levels of neuroticism. This study contributes to the literature by integrating leadership, psychological, and personality factors into a comprehensive framework and offers practical implications for improving leadership practices and employee well-being in the hospitality sector.

Keywords: Despotic Leadership; Employee Creativity; Psychological Distress; Neuroticism; Hospitality Sector

1. Introduction

Creativity has emerged as important competitive and survival factor in the contemporary hospitality sector where customer demands are ever changing and the need to differentiate services. Creativity will help hospitality organizations to develop new services, improve the guest experience, and react swiftly to the evolving market dynamics, such as the case of Journal of Hospitality and Tourism research by Kabangire and Korir (2023). Workers in a sector that is highly dependent on human contact and service delivery are the driving force behind organizational performance in regards to their innovative contribution. Equally, Huzar et al. (2023) claim that the creativity of frontline employees has a direct impact on personalization of services, problem-solving, and customer satisfaction, which are fundamental in hospitality performance. Furthermore, Ouyang et al. (2021), in their meta-analysis that was published in the International Journal of Contemporary Hospitality Management, point out that creativity does not only correlate with the outcomes of innovation but also the adaptability of organizations and their long-term development. Based on the Componential Theory of Creativity, Zheng et al. (2025) state that creativity is a result of the interaction of domain-specific skills, intrinsic motivation, and favorable work environments. This means in the hospitality context that leadership behaviors and conditions at the workplace play a critical role in determining the creative performance of employees. As such, the issues that ease or impede creativity have emerged as a primary focus of researchers and practitioners in the field.



The role of leadership in determining the attitudes, behaviors, and performance levels of employees in organizations is critical. Saira et al. (2021) also note that leadership styles play a crucial role in motivating employees and empowering them as well as influencing their overall job performance. Transformational leadership has been closely linked to positive leadership styles which have led to enhanced employee engagement, psychological empowerment and creativity. Similarly, Haque et al. (2021) add that responsible leadership builds trust, ethical actions, and improved employee performance, both in innovation and commitment. Nonetheless, the recent literature has changed the focus to the dark side of leadership. According to Mehraein et al. (2023), the destructive leadership styles may negatively impact the employee creativity and innovation through the establishment of toxic work environments. In the same manner, Emmerling et al. (2023) indicate that abusive and exploitative leadership styles drive emotional strain and decrease the desire of employees to work creatively. These results suggest that not every leadership can be a positive influence; on the contrary, it may boost or limit the creativity of employees based on the type of leadership. This two-sided nature of leadership highlights the importance of exploring particular adverse leadership approaches, including despotic leadership and their impact on the hospitality industry.

Authoritarianism, dominance, self-interest, and non-concern about the well-being of employees are the traits of despotic leadership. These leaders tend to put personal power and control above organizational and employee interests, which results in a fear and suppression environment. Emmerling et al. (2023) state that the psychological and behavioral effects of the employees are negative and caused by the destructive leadership behaviors such as exploitation and coercion. Despotic leadership in the hospitality industry, where teamwork, communication and emotional labor are very crucial, can be very detrimental. Subordinate workers with this type of leadership can have less autonomy, fewer opportunities to take part in decision-making, and more fear of failure. Mehraein et al. (2023) emphasize that creativity is one of the adverse effects of the dark side of leadership since it lowers the willingness to take risks and be innovative. According to the Componential Theory of Creativity, these environments undermine intrinsic motivation and block the cognitive flexibility needed to perform creative tasks. Thus, the study of despotic leadership vis-a-vis employee creativity is important to assess the impact of adverse managerial practices on organizational performance.

1.1 Problem Statement

Although the significance of creativity in hospitality has been acknowledged, there is rising concern that the ability of employees to be creative is being destroyed by the destructive leadership styles. Specifically, despotism leadership establishes an atmosphere of fear, control, and emotional suppression, which reduces the desire of employees to share ideas and practice innovative behavior. Toxic leadership environments frequently lead to the decline in innovation and stagnation of organizations, as Mehraein et al. (2023) believe. Moreover, with tyrant leaders, employees can be more creative, where they are afraid of making mistakes than coming up with new ideas. This proactive to defensive behavior change greatly decreases innovation. The issue is particularly acute in developing countries, where authoritarian leadership styles could be strengthened by hierarchical organizational cultures. As a result, it is urgent to explore the impact of despotic leadership on creativity and what mechanisms this relationship is based on. Psychological distress is one of the most important processes by which despotic leadership can affect creativity. Psychological distress is a form of emotional suffering that is defined by stress, anxiety and depression. According to Satıcı et al. (2023), psychological distress worsens cognitive functioning and emotional stability of individuals, thereby lowering their capacity to work well.

Based on the Situational Stress Theory, Fang et al. (2024) indicate that environmental stressors, including negative leadership behaviors, have a noteworthy impact on the psychological condition and behavioral performance of individuals. In case of despotic leadership, chances are that the employees will develop a higher degree of stress and emotional burnout. Cui et al. (2024) also reveal that psychological distress mediates the relationships between external pressures and adverse consequences, such as decreased performance and well-being. As the hospitality setting has already placed its employees at a high risk of job stress, the despotic leadership style may only worsen the psychological distress. This can, in its turn, affect the cognitive flexibility, problem-solving, as well as intrinsic motivation of employees, which are among the fundamental elements of creativity as underscored by Zheng et al. (2025). Thus, it can be predicted that psychological distress will have a significant mediating effect in the correlation between despotic leadership and employee creativity. Although psychological distress is used to explain how despotism leadership impacts on creativity, individual differences can be used to determine the weight of this association.

The personality trait of neuroticism, which is defined as emotionally unstable and sensitive to stress, is of great interest in this case. Mader et al. (2023) observe that neurotic people have more negative emotion swings and are more susceptible to stressors. Likewise, Stănescu and Romaşcanu (2024) claim that neurotic people tend to perceive the challenges at the workplace as a threat and thus experience more emotional responses. According to Situational Stress Theory, this implies that highly neurotic employees are likely to be more psychologically distressed in the presence of despotic leadership. On the contrary, low neuroticism people might be more resilient and capable to cope with negative leadership behaviors. Therefore, it is anticipated that neuroticism will mediate the association between despotic leadership and psychological



distress and the mediating impact on creativity. This shows the need to take into account personality traits when analyzing leadership results in an organizational context.

1.2 Research Objectives

The primary objective of this study is to examine the effect of despotic leadership on employee creativity in the hospitality sector. Specifically, the study aims to:

- Investigate the direct impact of despotic leadership on creativity
- Examine the mediating role of psychological distress
- Analyze the moderating effect of neuroticism
- Develop an integrated moderated mediation model

1.3 Research Questions

Based on the objectives, the study seeks to answer the following questions:

1. How does despotic leadership influence employee creativity in the hospitality sector?
2. Does psychological distress mediate the relationship between despotic leadership and creativity?
3. Does neuroticism moderate the relationship between despotic leadership and psychological distress?
4. How does the combined effect of these variables shape employee creativity?

This research contributes to the literature in a number of ways. In theory, it builds upon the Componential Theory of Creativity, introducing negative, leadership-related, and psychological variables into the concept. It also uses Situational Stress Theory to describe the role of environmental stressors in the outcome of employees. On an empirical basis, the research is a detailed model that combines despotic leadership, psychological distress, and neuroticism, which unveils new information about the processes influencing creativity. In practice, the results will assist hospitality managers to realize the effects of destructive leadership and the significance of fostering the well-being of employees. All in all, the research adds to both theory and practice by illustrating that leadership, psychological health and personality are important factors that contribute to creativity in the hospitality industry.

2. Literature Review

Despotic leadership has become one of the important constructions of the wider field of destructive leadership which is the expression of authoritarian, selfish, and exploitative leadership styles of leaders. Zhou et al. (2021) describe despotic leadership by leaders who are more concerned about their own interest, overly controlling, and less concerned about employee welfare. In the same way, Mukarram et al. (2021) elaborate that tyrannical leaders tend to use intimidation, coercion, and dominance to make the work environment a place of fear and obedience as opposed to trust and teamwork. These forms of leadership differ dramatically with positive leadership styles because they demoralize the employees and slow down the effectiveness of an organization. The despotic leadership may prove especially harmful in the hospitality industry, where interaction with employees and service delivery are the core factors. Albashiti et al. (2021) believe that despotic leadership is a key factor affecting work-related outcomes in employees (job satisfaction, engagement, and psychological well-being). The authors emphasize that employees under such leadership tend to be emotionally tired and lack motivation, which ultimately impacts the quality of services. Moreover, Mehraein et al. (2023) imply that the negative aspect of leadership, such as despotic practices, is the subject of little previous study, although it has an extensive implication on innovation and creativity.

Theoretically, despotic leadership may be interpreted in light of the Situational Stress Theory that opines that stressors within the environment, e.g., toxic leadership, cause adverse psychological responses in the individuals. Despotic leaders make the work environment very stressful and this interferes with the emotional stability and cognitive ability of employees. Therefore, these environments tend to inhibit the creative abilities of employees, who are more interested in managing stress rather than getting creative. Employee creativity is the skill to create new and helpful ideas that can be utilized in organizational performance and innovation. Creativity is one of the major competitive advantage drivers in an organizational environment, especially in service-based organizations such as the hospitality industry. According to Jia et al. (2024), the effects of creativity are based on the personal abilities and situational conditions, such as leadership, technology, and organization climate. The authors also observe that conducive environments increase the creative participation of the employees whereas the restrictive conditions inhibit the creative participation of the employees.

Likewise, Żywiłek et al. (2022) believe that leadership is essential to enhance creativity through promoting knowledge sharing, flexibility, and teamwork. When employees feel valued, they are more likely to be involved in problem-solving and contribute to the innovation of the organization. Nevertheless, external factors do not always matter and intrinsic motivation is also crucial. The Componential Theory of Creativity suggests that the combination of domain-relevant skills, creative thinking processes, and intrinsic motivation influences creativity. According to this theory, any aspect that weakens motivation or the ability to think creatively like negative leadership may greatly decrease creative output. Creativity is especially crucial in the hospitality industry where service improvement and customer satisfaction must be constant. Employees are usually asked to improvise, think on their feet, solve customer problems in innovative ways and to adjust to



changing demands. Consequently, it is important to comprehend aspects that determine the level of creativity of an employee to succeed in an organization.

2.1 Despotic Leadership and Employee Creativity

The connections between despotic leadership and employee creativity have become the subject of growing interest over the recent years, especially in the context of negative leadership behaviors. Mehmood et al. (2024) believe that despotic leadership has a detrimental impact on the creativity of followers due to the culture of fear and psychological insecurity. Such employees are less likely to take risks and bring new ideas as they are scared of being criticized or punished. This is consistent with the results by Mehraein et al. (2023), who argue that the styles of leadership that are detrimental to innovation inhibit the autonomy and personal drive of employees. Moreover, Albashiti et al. (2021) emphasize that despotic leadership diminishes the intentions of employees to perform discretionary acts, including creativity, because of lower job satisfaction and emotional health. Employees are likely to become defensive and only aim at fulfilling the minimum requirements and not surpassing expectations by making innovative contributions.

Another point that Zhou et al. (2021) mention is that absence of supportive leader-member relationships, inherent to the despotic leadership, further weakens the confidence and self-efficacy of employees, which are crucial to creative performance. According to the Componential Theory of Creativity, despotic leadership interferes with motivational and environmental factors required to be creative. As employees feel fear, pressure, and lack of autonomy, their intrinsic motivation is lowered, and they engage less in creativity. Thus, autocratic leadership is predicted to directly affect employee creativity negatively.

2.2 Mediator Psychological Distress

The psychological distress is significant in the explanation of the impact of despotic leadership on the outcomes of the employees. Psychological distress includes emotional conditions like stress, anxiety and depression that may seriously affect cognitive functioning and job performance. Satıcı et al. (2023) clarify that psychological distress is a mediating factor that external stressors influence the well-being and behavioral outcomes of individuals. The authors in their study show that distress lowers the capacity of individuals to have positive relationships and to do well. Equally, Cui et al. (2024) believe that psychological distress is a significant mediator in the association between adverse conditions and negative outcomes such as lower quality of life and performance. Zhang et al. (2022) also confirm this argument by demonstrating that psychological distress is the mediator in the connection between environmental variables and personal results, highlighting its key role in organizational studies.

Using Situational Stress Theory, one can say that despotic leadership is a powerful stressor which enhances the level of psychological distress among employees. Such leadership is emotionally demanding with its lack of support, and the fear that accompanies it. The increased distress levels make employees drain their cognitive resources, which restrict them in being able to think creatively and solve problems effectively. In addition, psychological distress results in a negative impact on intrinsic motivation, which is one of the elements of creativity as described in the Componential Theory of Creativity. Emotionally exhausted employees will find it difficult to think creatively, with their main concern being dealing with stress. Thus, the interaction between despotic leadership and creativity of the employees is supposed to be mediated by psychological distress.

2.3 Neuroticism as a moderator

Neuroticism is a key personality trait which is defined as emotional instability, anxiety and also tends to develop negative emotions. Neurotic individuals are more prone to stress and are more apt to interpret situations as a threat. According to Nilsen et al. (2024), neuroticism affects the self-control and emotional reactions of people and makes them more susceptible to environmental stressors. In a similar approach, Chu et al. (2022) claim that neuroticism is a moderating factor in the psychological process because it increases the effects of stress on the mental health of individuals. The authors prove that high neuroticism can lead to severe psychological distress in people when they are put in unpleasant conditions. This is an indication that personality traits play a significant role in determining the response of people to leadership behaviors.

As a moderator, neuroticism will be expected to buffer the relationship between the leadership behavior and psychological distress in the environment of despotic leadership. Highly neurotic employees will tend to have more emotional strains in the presence of despotic leaders since they are more sensitive to negative encounters and criticism. On the other hand, low neuroticism employees might be stronger and more capable of dealing with such conditions. In the view of the Situational Stress Theory, neuroticism may be considered as a personal factor that determines the level of stress response. This shows the significance of taking into consideration the personalities in the analysis of the impact of leadership on the performance of the employees. Thus, neuroticism is also likely to enhance the correlation between despotic leadership and psychological distress, and the indirect impact on creativity.

A combination of such issues as despotic leadership, psychological distress, and neuroticism offers a complete picture of the process of creativity of the employees in the hospitality industry. Current research has focused mostly on the above variables separately, but there is an increasing interest in studying the interplay of these variables. Mehmood et al. (2024) highlight that leadership behaviours and psychological variables are key to influencing the creativity of employees.



Psychological distress has been suggested as a mediator in this study to explain the influence of despotic leadership on creativity, and neuroticism is suggested as a moderator to explain the intensity of this relationship. This combined method is consistent with the Componential Theory of Creativity as well as the Situational Stress Theory, which will give a solid theoretical base to the proposed model. The combination of these viewpoints provides the study with a more in-depth insight into the processes with the help of which destructive leadership affects the creativity of employees. It further emphasizes the need to work on environment and individual issues to boost the performance of an organization. This framework can therefore make contributions to the literature as it offers a more detailed explanation of how leadership, psychological well-being, and creativity in the hospitality industry are related.

2.4 Research Gap

Although the literature on leadership and creativity is increasing, there are still a number of gaps. To begin with, there is a paucity of literature that combines despotic leadership, psychological distress, and personality traits under one framework. The majority of the studies have analyzed these variables separately without considering the joint impact of these variables on employee creativity. Second, the current studies have mainly concentrated on positive leadership styles as there has been relatively less emphasis on destructive leadership in the hospitality industry. Mehraein et al. (2023) emphasize the need for more empirical studies exploring the negative aspects of leadership and their impact on innovation-related outcomes. Third, lack of context-specific studies in the developing countries, where organizational cultures and leadership practices might also vary greatly compared to those of the developed economies. This restricts the generalizability of the current findings and it is clear that research on the hospitality industry in such situations is necessary. The conceptual framework of the study is given in Figure 1.

Hypothesis

H1: Despotic Leadership negatively affects Creativity

H2: Despotic Leadership positively affects Psychological Distress

H3: Psychological Distress negatively affects Creativity

H4: Psychological Distress mediates DL → Creativity

H5: Neuroticism moderates DL → Distress (stronger for high neuroticism)

H6: Neuroticism moderates indirect effect (moderated mediation)

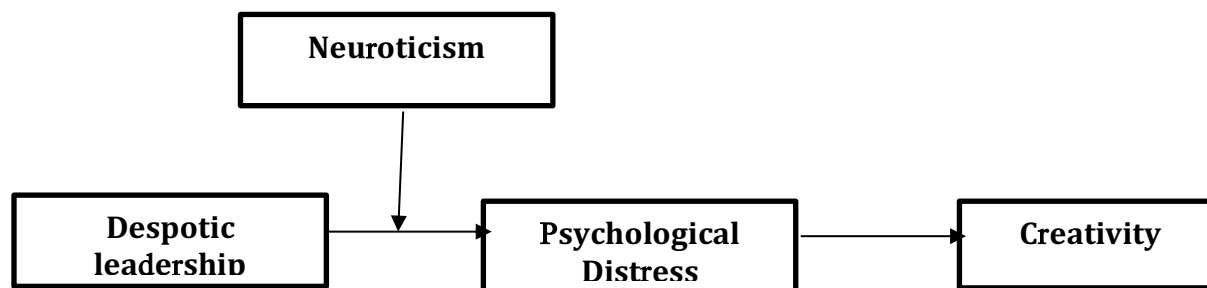


Figure 1: Conceptual Framework

3. Methodology

3.1 Research Design

This research is based on a quantitative research design to investigate the impact of despotic leadership on employee creativity with psychological distress as a mediator and neuroticism as a moderator in hospitality industry. The research design used included a cross-sectional one since data were gathered among the respondents at one time. The design is very common in the field of organizational and behavioral research to study the relationship between variables, and also, to test the theoretical model. The relationships between the variables of despotic leadership, psychological distress, neuroticism, and creativity can be measured and analyzed objectively and statistically using the quantitative approach. Moreover, the research employs the deductive methodology, according to which hypotheses are based on the existing theories, i.e., the Componential Theory of Creativity and Situation Stress Theory and are empirically tested with the help of gathered data.

3.2 Population and Sampling

This study aims at the employees in the hospitality industry, in the form of hotels, restaurants and organisations that offer guest services. This industry was chosen because it heavily depends on the creativity of employees and innovations in service. Front desk staff, customer service representatives, supervisors and operational staff were regarded as the right respondents as they are direct beneficiaries of leadership behaviors and are actively engaged in service delivery. The sample size targeted at the respondents was to be about 300-400 respondents to guarantee sufficient statistical power and reliability of the findings. Structural Equation Modeling Structural Equation Modeling (SEM) analysis with Partial Least Squares



(PLS-SEM) can be conducted on this size of sample. Convenience sampling method was employed because of the accessibility and time limit, which enabled the researcher to obtain data of easily available participants in the hospitality industry. Probability sampling techniques are usually desired, but in cases where access to respondents is constrained, convenience sampling is commonly used in behavioral studies.

3.3 Data Collection Procedure

They were gathered using a structured questionnaire that was sent to the employees of the hospitality industry. Questionnaire was distributed both physically and electronically to get maximum response rates. Before gathering data, the respondents were informed on the purpose of the study and assured of confidentiality and anonymity in order to give honest answers. The respondents participated on their own will and had the freedom to pull out anytime. Reliability and validity were taken care of by designing the questionnaire based on scales that were previously tested and proved to be valid. All the items were rated on a five point Likert scale with a 1 (strongly disagree) to 5 (strongly agree) scale. This scale type is mostly applied in the social science research because it enables respondents to indicate their degree of concurrence with different statements.

3.4 Measurement of Variables

The research has four constructs in it, which are the despotic leadership (independent variable), psychological distress (mediator), neuroticism (moderator) and employee creativity (dependent variable). The measurement of all the variables was based on scales that had been used in previous studies. The scale of despotic leadership incorporated items modulated to suit the study that describe authoritarian behavior, dominance, and self-focused leadership behaviors. The measure of psychological distress encompassed indicators that assessed stress, anxiety and emotional exhaustion. The personality-based items were used to measure neuroticism, and they included items that measure emotional instability and sensitivity to stress. Items applied to measure employee creativity were those that evaluated idea generation of novel and useful ideas at the workplace. Validated scales contribute to increased credibility of the study and make sure that constructs are measured correctly. Also, a pilot test was done on a small sample of respondents in order to be sure that the questionnaire item was clear and reliable before actual collection of data in large numbers.

3.5 Data Analysis Techniques

The obtained data was analyzed with help of Statistical Package for Social Sciences (SPSS) and SmartPLS software. Preliminary data analysis was conducted using SPSS and this involved screening, descriptive statistics as well as reliability analysis. Data screening was done to verify the presence of missing values, outliers and normality to ascertain that the dataset met the criteria to be analyzed further. Cronbach alpha was used to measure reliability of the constructs with a value of 0.70 deemed satisfactory. Partial Least Squares Structural Equation Modeling (PLS-SEM) was used in SmartPLS to test hypothesis. The approach is especially appropriate to complicated models using mediation and moderation, and to those that have relatively small to medium samples. The analysis was done in two phases: measurement model analysis and structural model analysis. The measurement model was tested to provide an evaluation of reliability and validity of the constructs. Average Variance Extracted (AVE) was used to test convergent validity, and a value of more than 0.50 was considered acceptable validity. Composite reliability was also determined to measure internal consistency. Fornell-Larcker criterion and Heterotrait-Monotrait (HTMT) ratio were used to test discriminant validity.

To test the hypothesized relationships between variables, the structural model was tested. To establish the significance of relationships, path coefficients, t-values, and p-values were analyzed. To determine whether direct, indirect, and moderating effects were significant, bootstrapping was done with a resample size of 5,000. The mediation analysis was carried out to ascertain the presence of psychological distress in the association between despotic leadership and creativity. The moderation analysis was done to determine the effect of neuroticism on the correlation between despotic leadership and psychological distress.

3.6 Ethical Considerations

The ethical issues were also undertaken during the research process. The participants were also made aware of the objective of the research and assured that their answers would be kept confidential and would not be utilized in any other manner than academic purposes. No personal identifiable information was gathered, making it anonymous. Also, the respondents gave informed consent prior to filling in the questionnaire. The research complied with ethical standards of research to safeguard the rights and well being of all the participants. In general, the approach offers a strong model to investigate the connections between despotic leadership, psychological distress, neuroticism, and creativity of employees working in hospitality. The quantitative method and high-end statistical tools allow the study to be reliable and valid in its results and make significant contributions to the area of organizational behavior.

4. Findings and Results

4.1 Introduction

The following section gives the empirical results of the study studying the impact of despotic leadership on the creativity of employees in the hospitality industry in the presence of psychological distress as a mediator and neuroticism as a moderator. The analysis was done on 250 respondents in the hospitality sector. The analysis was conducted in a number of steps,



including the profiling of respondents, reliability tests, descriptive statistics, correlation tests, direct effect tests, mediation tests, and moderation tests. The results are tabulated in a methodical way to demonstrate whether the suggested relationships in the conceptual model were upheld.

4.2 Demographic Profile of Respondents

The participants were 250 hospitality workers. The gender distribution was 144 (57.6) respondents male and 106 (42.4) respondents female. In terms of age, the largest group was 21–30 years with 115 respondents (46.0%), followed by 31–40 years with 75 respondents (30.0%), 41–50 years with 43 respondents (17.2%), and 50+ years with 17 respondents (6.8%). In terms of education, 119 (47.6) respondents were bachelors, 84 (33.6) respondents were masters, 32 respondents (12.8) were intermediate and 15 respondents (6.0) were MS/MPhil and above. For work experience, 99 respondents (39.6%) had 1–3 years of experience, 76 respondents (30.4%) had 4–6 years, 43 respondents (17.2%) had 7+ years, and 32 respondents (12.8%) had less than 1 year. These statistics imply that the sample was quite young, quite educated and experienced enough to give meaningful answers about leadership and creativity in the workplace. The demographic characteristics of respondents are given in Table 1.

Table 1: Demographic Characteristics of Respondents

Variable	Category	Frequency	Percent
Gender	Male	144	57.6
	Female	106	42.4
Age	21–30	115	46.0
	31–40	75	30.0
	41–50	43	17.2
	50+	17	6.8
Education	Intermediate	32	12.8
	Bachelor	119	47.6
	Master	84	33.6
	MS/MPhil+	15	6.0
Experience	<1 year	32	12.8
	1–3 years	99	39.6
	4–6 years	76	30.4
	7+ years	43	17.2

4.3 Reliability Analysis

To ascertain internal consistency of the scales used in the study, reliability analysis was done. The alpha values of Cronbach indicated that all constructs met the minimum acceptable value of 0.70. The alpha of despotic leadership was 0.895, psychological distress was 0.883, neuroticism was 0.842, and creativity was 0.908. Those values provide evidence of high internal consistency throughout measures and imply that the items were able to measure what they were intended to measure. Table 2 shows the reliability statistics results.

Table 2: Reliability Statistics

Construct	Number of Items	Cronbach's Alpha
Despotic Leadership	6	0.895
Psychological Distress	5	0.883
Neuroticism	4	0.842
Creativity	6	0.908

The reliability values demonstrate that the measurement scales were suitable for hypothesis testing. In particular, the creativity and despotic leadership scales showed excellent reliability, which strengthens confidence in the stability of the results.

4.4 Descriptive Statistics

The central tendency and spread of the data were determined by calculating descriptive statistics. The overall values of the key variables were near to the value 3.00, indicating moderate perceptions among the respondents. The mean of despotic leadership was 3.001 with a standard deviation of 0.755, psychological distress had a mean of 3.001 and standard deviation of 0.771, neuroticism had a mean of 3.004 and a standard deviation of 0.779 and the creativity had a mean of 3.001 and a standard deviation of Minimum and maximum values were signs of adequate variability in responses to all constructs. The descriptive statistics results are given in Table 3.

Table 3: Descriptive Statistics



Variable	Mean	Std. Dev.	Minimum	Maximum
Despotic Leadership	3.001	0.755	1.167	5.000
Psychological Distress	3.001	0.771	1.200	5.000
Neuroticism	3.004	0.779	1.000	5.000
Creativity	3.001	0.786	1.167	5.000

These findings show that respondents reported moderate levels of despotic leadership, distress, neuroticism, and creativity, allowing meaningful comparisons and relationship testing.

4.5 Correlation Analysis

The bivariate correlation of the variables was analyzed using Pearson correlation analysis. Psychological distress was found to have a positive relationship with despotic leadership ($r = 0.511$), meaning that the more despotic leadership was high, the more psychological distress. The creativity had negative correlation with despotic leadership ($r = -0.398$), with employees under more despotic leadership reporting less creativity. Creativity was also negatively related to psychological distress ($r = -0.492$), which implied that employees with psychological distress were less inclined to exhibit creative behaviors. Despite the fact that neuroticism had a very weak negative correlation with despotic leadership ($r = -0.022$) and weak negative correlation with creativity ($r = -0.045$), these small correlations do not disqualify the existence of moderation effects, which are not mere associations, but rather interaction-based. Table 3 shows the correlation matrix.

Table 4: Correlation Matrix

Variable	1	2	3	4
1. Despotic Leadership	1.000			
2. Psychological Distress	0.511	1.000		
3. Neuroticism	-0.022	0.039	1.000	
4. Creativity	-0.398	-0.492	-0.045	1.000

The correlation matrix provides preliminary support for the proposed model, particularly the negative association between despotic leadership and creativity and the positive association between despotic leadership and psychological distress.

4.6 Direct Effect of Despotic Leadership on Creativity

A simple linear regression analysis was conducted to test the direct effect of despotic leadership on creativity. The model was statistically significant, $F = 46.680$, $p < .001$, with $R^2 = 0.158$, indicating that despotic leadership explained 15.8% of the variance in creativity. The regression coefficient for despotic leadership was $B = -0.415$, $t = -6.832$, $p < .001$, indicating a significant negative effect. The direct effect regression is given in Table 5.

Table 5: Direct Effect Regression

Predictor	B	Std. Error	t	p
Constant	4.245	0.188	22.611	0.000
Despotic Leadership	-0.415	0.061	-6.832	0.000

This result shows that despotic leadership significantly reduces employee creativity in the hospitality sector. As despotic leadership increases by one unit, creativity decreases by about 0.415 units.

4.7 Effect of Despotic Leadership on Psychological Distress

To test the first stage of mediation, psychological distress was regressed on despotic leadership. The model was significant, $F = 87.850$, $p < .001$, with $R^2 = 0.262$. Despotic leadership had a strong positive effect on psychological distress ($B = 0.522$, $t = 9.373$, $p < .001$). Table 6 shows the regression of psychological distress on despotic leadership.

Table 6: Regression of Psychological Distress on Despotic Leadership

Predictor	B	Std. Error	t	p
Constant	1.433	0.172	8.313	0.000
Despotic Leadership	0.522	0.056	9.373	0.000

This means that despotic leadership significantly increases psychological distress among hospitality employees.

4.8 Mediation Analysis

To test whether psychological distress mediates the relationship between despotic leadership and creativity, a multiple regression model was estimated with both despotic leadership and psychological distress predicting creativity. The model was significant, $F = 45.950$, $p < .001$, with $R^2 = 0.271$. Despotic leadership remained significant ($B = -0.206$, $p = .002$), while psychological distress also had a significant negative effect on creativity ($B = -0.399$, $p < .001$). Mediation Model results are given in Table 7.

Table 7: Mediation Model



Predictor	B	Std. Error	t	p
Constant	4.816	0.198	24.330	0.000
Despotic Leadership	-0.206	0.066	-3.134	0.002
Psychological Distress	-0.399	0.064	-6.182	0.000

The reduction in the despotic leadership coefficient from **-0.415** to **-0.206** after including psychological distress indicates **partial mediation**. This suggests that despotic leadership lowers creativity both directly and indirectly through higher psychological distress.

4.9 Moderation Analysis

Moderation analysis was conducted to test whether neuroticism strengthens the effect of despotic leadership on psychological distress. A centered interaction term between despotic leadership and neuroticism was included in the regression model. The model was significant, $F = 34.080$, $p < .001$, with $R^2 = 0.294$. The interaction effect was significant ($B = 0.150$, $t = 2.341$, $p = .020$). Table 8 shows the Moderation Model results.

Table 8: Moderation Model

Predictor	B	Std. Error	t	p
Constant	3.003	0.041	72.802	0.000
Despotic Leadership (centered)	0.517	0.055	9.427	0.000
Neuroticism (centered)	0.126	0.053	2.369	0.019
DL $\times$ Neuroticism	0.150	0.064	2.341	0.020

This finding indicates that neuroticism significantly moderates the relationship between despotic leadership and psychological distress. Employees high in neuroticism experience stronger distress under despotic leaders than those low in neuroticism.

4.10 Conditional Indirect Effects

Bootstrapped conditional indirect effects were estimated at low, mean, and high levels of neuroticism. The indirect effect of despotic leadership on creativity through psychological distress became stronger as neuroticism increased. Table 9 shows Conditional Indirect Effects.

Table 9: Conditional Indirect Effects

Neuroticism Level	Indirect Effect	LLCI	ULCI
Low (-1 SD)	-0.159	-0.244	-0.086
Mean	-0.206	-0.292	-0.127
High (+1 SD)	-0.253	-0.352	-0.157

Because none of the confidence intervals include zero, the indirect effect is significant at all three levels. The effect is strongest at high neuroticism, supporting moderated mediation.

4.11 Summary of Hypotheses

Overall, the findings support the proposed conceptual framework. Despotic leadership significantly reduced creativity increased psychological distress, and psychological distress partially mediated the effect on creativity. Neuroticism significantly strengthened the effect of despotic leadership on psychological distress, and the indirect effect was stronger for employees high in neuroticism. Table 10 shows the hypothesis summary.

Table 10: Hypotheses Summary

Hypothesis	Statement	Result
H1	Despotic leadership negatively affects creativity	Supported
H2	Despotic leadership positively affects psychological distress	Supported
H3	Psychological distress negatively affects creativity	Supported
H4	Psychological distress mediates DL $\rightarrow$ Creativity	Supported
H5	Neuroticism moderates DL $\rightarrow$ Psychological Distress	Supported
H6	The indirect effect is stronger at high neuroticism	Supported

These results show a clear pattern: despotic leadership harms employee creativity in hospitality, partly because it raises psychological distress, and this harmful pathway becomes even stronger among employees with higher neuroticism.

5. Discussion & Conclusion

This research was carried out to investigate how despotic leadership influences employee creativity in hospitality industry taking psychological distress as a mediating variable and neuroticism as a moderating variable. The results offer great empirical evidence to the conceptual model offered and add to the existing body of literature on the dark side of leadership, employee well-being, and creativity. This section presents the results through the prism of the available theories and



previous studies as well as suggests theoretical and practical implications. The initial important conclusion of this research is that despotism leadership influences negatively the creativity of employees significantly. This finding aligns with the past studies, in which Zhou et al. (2021) suggested that despotism leadership style diminishes the confidence and job satisfaction of workers, and eventually, it impacts their performance results. Equally, Albashiti et al. (2021) discovered that tyrannical leadership in hospitality contexts results in poor engagement and work performance. The current research builds upon these results as it also shows that the important service industry outcome of creativity is adversely impacted. This observation is consistent with that of Mehmood et al. (2024), who explained that despotism leadership inhibits creative behavior because it instills fear and reduces the disposition of the employees to take risk.

Theoretically, this observation is a strong argument in favor of the Componential Theory of Creativity, which underlines the role of intrinsic motivation and a conducive environment to creativity. With despotism leadership, employees feel a lower level of autonomy, and they get pressured, a factor that undermines intrinsic motivation. This causes the employees to be less inclined to think creatively or come up with innovative ideas. Such leadership styles are especially harmful to the hospitality industry, where communication between employees and innovation of services is a key factor. Accordingly, the adverse impact of despotism leadership on creativity, as witnessed in this experiment, underscores the importance of supporting and empowering leadership behaviors. The second significant conclusion is that tyrannical leadership is a serious contributor to the psychological distress of employees. This finding correlates with the argument of Mukarram et al. (2021), who described the notion that despotism leaders establish an environment of stress, fear, and emotional strain. Similarly, Emmerling et al. (2023) implied that the negative emotional and psychological consequences are closely linked with the destructive leadership behaviors. The existing results affirm that employees who are subjected to despotism leaders tend to be more prone to stress, anxiety, and emotional fatigue.

Situational Stress Theory can be used to explain this relationship and assume the fact that environmental stressors, including negative leaders behavior, have a direct impact on the psychological state of people. Despotism leadership is a recurring stressor, which is a constant influence on the emotional state of employees. This effect is exaggerated even in high-pressure service settings, such as the hospitality setting, where employees already have customer demands and workloads pressures. Thus, the results support the notion that leadership behavior is a determinant critical to the psychological health of the employees. The third important conclusion is that creative ability of employees is greatly affected in a negative way by psychological distress. Satici et al. (2023) substantiated this finding because they stated that psychological distress undermines cognitive abilities and decreases the capacity of individuals to do things effectively. Likewise, Zhang et al. (2022) revealed that psychological distress has an adverse impact on behavior outcomes by restraining the mental resources of individuals. When it comes to this study, workers subjected to high levels of distress would be less inclined to think creatively or come up with innovative solutions.

The discovery also aligns with the Componential Theory of Creativity, which emphasises on the importance of cognitive flexibility and motivation in creativity performance. The psychological distress burns cognitive resources and diminishes the capability of employees in thinking creatively. Rather than creating new ideas, stressed employees would rather focus on ways to cope with stress and prevent any negative consequences. This change of proactive to defensive behavior greatly minimizes creativity. Thus, this negative correlation between psychological distress and creativity is another evidence in favor of the theoretical framework that is observed in this study. The other important conclusion of this research is that the mediating factor between despotism leadership and creativity is the psychological distress. The findings reveal that despotism leadership not only has a direct negative impact on creativity but also has an indirect negative impact on creativity via elevated levels of psychological distress. This observation aligns with Cui et al. (2024), which showed that psychological distress is a mediator between the detrimental conditions and negative outcomes. In the same vein, Satici et al. (2023) emphasized that the influence of external stressors on the behaviors of individuals is mediated by distress.

The partial mediation in this study is an indication that psychological distress is a fundamental process by which despotism leadership affects creativity. Nevertheless, the immediate impact of tyrannical leadership cannot be overlooked, which means that other factors can also have an influence. This result adds to the literature as it gives a more detailed picture of the impact of destructive leadership on employee outcomes. It also shows the value of psychological well-being in organizations to improve creativity and performance. The researchers also discovered that neuroticism is the most significant moderator of the correlation between despotism leadership and psychological distress. In particular, the more neurotic employees are, the more they are psychologically distressed by despotism leadership than their less neurotic counterparts are. This result is in line with Nilsen et al. (2024), who claimed that neurotic people are more vulnerable to stress and emotional instability. In a similar fashion, Chu et al. (2022) have discovered that neuroticism enhances the effects of stressors on psychological outcomes.

This moderating effect can be attributed to Situational Stress Theory that posits that individual differences affect individual reaction to environmental stressors. Neurotic employees are likely to experience despotism leadership as threatening and stressing and thus make them more distressing. Conversely, low neuroticism employees can be more resilient and be able to withstand negative leadership behaviors. The finding has shown the significance of factoring in personality traits in



research and practice of organizations. Moreover, findings indicate a substantial moderated mediation with the indirect effect of despotic leadership on creativity mediated by psychological distress being greater at higher levels of neuroticism. This implies that employees that have been exposed to despotic leadership and those with high neuroticism are the worst hit with regard to creativity. The discovery gives good evidence to the integrated conceptual model and shows the intricate interplay of leadership, psychological factors, and personality traits.

Theoretically, this research has a number of significant contributions. It initially expands the Componential Theory of Creativity by including negative leadership and psychological distress among the determinants of creativity. Second, it uses Situational Stress Theory to determine the interaction of environmental and individual factors to determine employee outcomes. Combining these theories, the work offers a complete framework of comprehending creativity in organizations. In practical terms, the results have far-reaching implications to the hospitality industry. Managers ought to know the negative impacts of despotic leadership and work towards adopting leadership styles that promote and empower them. Other ways through which organizations should put in place measures to minimize psychological distress includes provision of mental health assistance, work-life balance and establishment of a favorable work environment. Also, knowledge of the personality characteristics of employees, including neuroticism, can assist managers to customize their leadership styles and offer specific support to the vulnerable employees. In general, the results of this paper emphasize the importance of leadership in determining the creativity and the well-being of employees. Despotic leadership not only hinders creativity directly but also indirectly via psychological distress, especially amongst highly neurotic employees. These findings highlight the need to create favourable working conditions and to deal with environmental and personal factors to boost creativity in the hospitality industry.

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