



Using positivity, transformational leadership and empowerment to combat employee negativity

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Abstract

Purpose – The purpose of this study is to hypothesize and test a conceptual model linking concepts of leadership and positive organizational behavior to a reduction in employee negativity, with empowerment as an important mediator in the causal relationships.

Design/methodology/approach – A heterogeneous sample of 341 working adults completed survey measures at two separate points in time. Confirmatory factor analysis was used to validate psychometric properties of instruments, and path analysis using structural equation modeling software was used to test hypotheses.

Findings – As hypothesized, both transformational leadership ($\beta = 0.27$) and positive psychological capital (hope, efficacy, resilience and optimism) ($\beta = 0.61$) were significantly related to feelings of empowerment. Empowerment was significantly related to intentions to quit ($\beta = -0.38$) but not employee cynicism. Empowerment also fully mediated the relationship between the independent variables and intentions to quit.

Research limitations/implications – A convenience sampling method limited the generalizability of results. Causal and longitudinal research designs would extend findings discussed here. Implications for management are significant in terms of countering employee negativity using leadership processes, employee selection and development.

Originality/value – This study offers the first conceptual model integrating emerging concepts from positive organizational behavior, in the form of positive psychological capacities, with validated leadership models (transformational leadership). Both were suggested to influence negative outcomes, with empowerment as an effective mediator of these relationships. Findings generally support the hypotheses advanced herein.

Keywords Organizational behaviour, Transformational leadership, Empowerment, Employee attitudes

Paper type Research paper



The popular press has given much attention to the dramatic rise of employees' working hours and stress levels. Such is a result of the escalating competitive pressures from

the global economy and the increasing demands managers are placing on their people. However, little attention has been given to the dysfunctional reactions of employees such as cynicism and intentions to quit, and more important, how to combat such employee negativity. The purpose of this study is to propose and test the model shown in Figure 1 that relates both newly emerging positive organizational behavior constructs such as psychological capital, and the more established construct of transformational leadership, with cynicism and intentions to quit. We hypothesize that these relationships are mediated by empowerment.

Theoretical foundation

Previous theory-building and research supports the relationships hypothesized in our proposed model. For example, Dvir *et al.* (2002) found evidence that transformational leadership led to empowerment and to subsequent engagement in the task, self-efficacy, and independent thinking and approach. Avolio *et al.* (2004) also found that transformational leadership led to empowerment and commitment. Empowerment has been found to be related to effectiveness, less strain, and job satisfaction (Spreitzer *et al.*, 1997), less anger and frustration on the job (Judge and Ilies, 2004), and organizational attachment (Spreitzer and Mishra, 2002). Most recently, the emerging work in positive organizational behavior (see Luthans, 2002; Luthans and Youssef, 2007; Luthans *et al.*, 2007a) has revealed the preliminary findings that psychological capital (defined and discussed below) is related to performance (Luthans *et al.*, 2005) and absenteeism (Avey *et al.*, 2007). However, to date there has not been either a theoretical model or research linking transformational leadership, psychological capital, and empowerment with combating employee negativity.

The role of empowerment

In advancing the theory of psychological empowerment, Spreitzer (1995, p. 1444) drew from the classic work on job enrichment (e.g., Hackman and Oldham, 1980) to define empowerment as “a motivational construct manifested in four cognitions: meaning, competence, self-determination and impact.” Specifically, empowerment is a multidimensional construct comprised of the shared variance of these four components. Meaning refers to the “value of a work goal or purpose, judged in

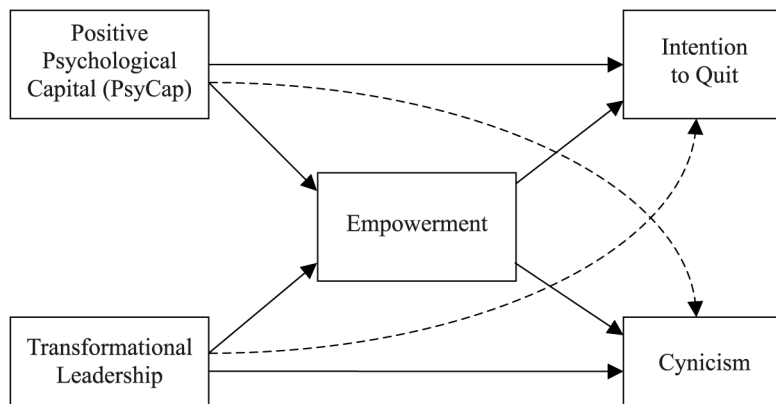


Figure 1.
The role of positivity,
leadership and
empowerment in
combating employee
negativity

relation to one's own ideals or standards;" competence is "an individual's belief in his or her capability to perform activities with skill"; self determination refers to individuals sense that they "have a choice in initiating and regulating actions"; and impact is "the degree to which an individual can influence strategic, administrative or operating outcomes at work" (Spreitzer, 1995, p. 1443).

Spreitzer (1996) argues that psychological empowerment extends job enrichment theory in several ways. For example, it assumes that individuals may have a voice in their organization to drive influence (impact). Next, psychological empowerment is a cognition that complements the job characteristics in the organizational environment. Last, she posits that empowerment is at the individual level of analysis versus job enrichment which has been aggregated. It should be noted, however, that some research efforts have used these dimensions to aggregate empowerment to the team level (e.g. Seibert *et al.*, 2004; Kirkman *et al.*, 2004).

Spreitzer's (1995) research also revealed that empowerment was predicted by an individual's self-esteem, locus of control and amount of information available. In addition, Spreitzer *et al.* (1997) found that empowerment was positively related to work satisfaction and negatively related to experienced strain at work.

The role of positive psychological capacities

Positive organizational behavior (POB; Luthans, 2002; Luthans and Youssef, 2007; Wright, 2003) and psychological capital or PsyCap (Luthans and Youssef, 2004; Luthans *et al.*, 2007a) draws from the positive psychology movement (Seligman and Csikszentmihalyi, 2000; Snyder and Lopez, 2002). Positive psychology is focused on optimal human functioning, and POB and PsyCap are its applications to the workplace. Luthans (2002, p. 59) specifically defines POB as "the study and application of positively oriented human resource strengths and psychological capacities that can be measured, developed, and effectively managed for performance improvement in today's workplace".

While there are other approaches to POB (e.g. see Nelson and Cooper, 2007; Wright, 2003) and positive organizational scholarship (Cameron *et al.*, 2003), Luthans and colleagues have recently proposed and are beginning to research a second order, core factor of psychological capital of PsyCap. This PsyCap is defined as "an individual's positive psychological state of development and is characterized by:

- having confidence (self-efficacy) to take on and put in the necessary effort to succeed at challenging tasks;
- making a positive attribution (optimism) about succeeding now and in the future;
- persevering toward goals and, when necessary, redirecting paths to goals (hope) in order to succeed; and
- when beset by problems and adversity, sustaining and bouncing back and even beyond (resiliency) to attain succeed" (Luthans *et al.*, 2007a, p. 3).

Thus defined, PsyCap is made up of the POB criteria meeting (i.e. theory and research based, valid measurement, state-like and open to development, and performance impact) positive psychological resource capacities of self-efficacy or confidence (Bandura, 1997; Stajkovic and Luthans, 1998), hope (Snyder *et al.*, 1991), optimism (Seligman, 1998) and resilience (Masten, 2001; Masten and Reed, 2002).

This second order, core factor of PsyCap is consistent with Hobfoll's (2002) description of psychological resources and his argument that many psychological constructs are best understood as contributing to an underlying common root construct or resource. It is analogous to Judge and Bono's (2001) description of core self evaluations in which the construct is best understood as an underlying common root or theme consisting of self esteem, generalized self efficacy, locus of control and emotional stability. Individually, each PsyCap capacity has been shown to be impactful in clinical applications (e.g., see Snyder and Lopez, 2002) as well as in the workplace (see Luthans and Youssef, 2007; Luthans *et al.*, 2007a).

Each of the PsyCap capacities seems to have a unique role in employee outcomes. For example, Bandura (1997) has found that those who are higher in efficacy expend greater amounts of effort on a given task. In addition, they are tenacious in maintaining effort toward a task despite encountering problems. In order to isolate the impact that self-efficacy can have on job performance, Stajkovic and Luthans (1998) conducted a meta-analysis of 114 studies and 21,616 subjects and found a positive and significant 0.38 weighted average correlation between self-efficacy and performance measures. When converted to the commonly used effect size estimate and transformed, this represented a 28 percent increase in work-related performance due to self-efficacy.

While efficacy is the belief individuals have in their ability to be successful in a given task, optimism is an expectation of future success. Specifically, Scheier and Carver (1985) note that this expectation of success is a motivational source that leads to the application of effort because individuals continue to expect success. Related to the workplace, Seligman (1998) found a highly significant linkage between measured optimism and performance in the insurance industry. In this extensive study at Metropolitan Life, Seligman found that high optimism insurance agents sold 37 percent more insurance their first two years on the job and had less turnover. The linkage between optimism and employee performance has also been demonstrated in the health care and banking industries (Luthans *et al.*, 2007b).

Considerable theory and research by Snyder (2000, 2002) posits that individuals with high hope not only have the willpower to accomplish a goal, but also consider multiple pathways to reach it if one is blocked. High hoppers have an uncanny ability to forecast obstacles to challenges. Emerging research has also indicated that firms with higher hope employees are more profitable, and managers with higher hope levels have correspondingly higher performing work units (Peterson and Luthans, 2003).

While efficacy, optimism and hope are proactive constructs, resilience is more of a reactive capacity that one draws from when faced with adversity. Specifically, resilient employees tend to positively adapt after a setback and rebound to more optimal levels of functioning (Bonanno, 2005; Masten and Reed, 2002). Preliminary research has shown a positive relationship between resiliency and improved performance and bottom-line gains in the workplace (Luthans *et al.*, 2006; Luthans *et al.*, 2005).

In sum, those high in PsyCap are hopeful in terms of the will and the way to accomplish their goals, are realistically optimistic about attaining positive outcomes, have efficacy beliefs that they can make a positive difference in their work environment, and bounce back and beyond from setbacks. This PsyCap seems directly related to Spreitzer's (1995) impact component of empowerment. That is, individuals who are higher in PsyCap would seem to perceive themselves to have a greater impact on their organization. Furthermore, those people higher in PsyCap see alternate ways

to solve problems (hope) and pursue those paths with confidence without waiting for permission (hope, efficacy). These processes seem related to empowerment in that when individuals high on PsyCap operate on their environment, they experience a sense of personal control and autonomy, a component of psychological empowerment, over their work environment.

Finally, individuals high in PsyCap will tend to conceptualize more options to achieve the same goal (hope) and are more likely to exercise those options in the work environment (efficacy) with positive expectations (optimism) and be able to bounce back from adversity (resilience). Thus, high PsyCap employees should be more likely to perceive a sense of self-determination in their work environment where they are able to confidently execute their own work responsibilities. Thus, through these psychological mechanisms there should be a positive relationship between employee PsyCap and perceptions of empowerment in the job and leads to our first hypothesis:

H1a. PsyCap is positively related to empowerment.

The role of transformational leadership

Transformational leadership stems from decades of theory and research (e.g. Burns, 1978; Bass, 1985; Bass and Avolio, 1993). As articulated by Bass (1985), and based on Burns' model, transformational leaders are generally said to transform their followers to higher levels of performance and other positive work-related outcomes through four dimensions: charisma, inspirational motivation, intellectual stimulation, and individualized consideration. Transformational leaders communicate a collective vision that inspires followers to look beyond their self-interests for the good of the group. Meta-analytic evidence strongly supports the relationship between transformational leadership and positively-oriented work-related outcomes such as performance and job satisfaction (Lowe *et al.*, 1996).

Related to the current study, Kark *et al.* (2003) suggested that transformational leadership is related to empowerment in followers (see also Masi, 1994). Furthermore, transformational leaders transform followers into leaders, thus making meaning out of work, providing autonomy, etc. Bono and Judge (2003) found that followers of transformational leaders viewed their work as more important and as more self-congruent. This lends support to the notion that followers of transformational leaders would believe that they are more empowered, perhaps through greater autonomy, meaning, and ownership. Further, Bono and Judge (2003) supported the relationship between a self-concept-based theory (Shamir *et al.*, 1993) and motivational aspects such as goal-directed effort and goal attainment, which are integral components of Snyder's hope theory (Snyder, 2000, 2002). In addition, Shamir *et al.* (1993) support the notion that transformational leaders motivate followers in three key ways: by increasing follower self-efficacy, by facilitating followers' social identification with their group or organization, and by linking the organization's work values to follower values. This connection allows followers to feel greater levels of self-determination in their work and increases their level of perceived empowerment.

In more direct tests of the relationship between transformational leadership and employee empowerment, Dvir *et al.* (2002) conducted an intervention study and found evidence that follower's perceptions of transformational leadership in their commander led to a greater sense of follower empowerment. In addition, Avolio *et al.* (2004) found

that transformational leadership was directly related to follower perceptions of empowerment. In light of such findings, we offer *H1b* as follows:

H1b. Transformational leadership is positively related to empowerment.

Employee negativity: cynicism and intention to quit

Cynicism and intention to quit may be considered components of employee negativity. Initial research of cynicism in organizational behavior considered it as a generalized trait (see Kanter and Mirvis, 1989), but more recent work has considered cynicism as a specific construct (Andersson and Bateman, 1997). The definition of state cynicism, or cynicism about organizational change (CAOC), as used in this study, is defined as “pessimistic viewpoint about change efforts being unsuccessful because those responsible for making change are blamed for being unmotivated, incompetent, or both” (Wanous *et al.*, 2000, p. 133). Wanous and colleagues found no support for CAOC as dispositional to negative affect. They also found that cynicism is spawned in an environment of ineffective leadership and lack of involvement or participation in decision making.

Essentially, we propose that high PsyCap employees, i.e. those who have generally positive expectations about the future (optimism) and derive many options (hope) to confidently attain success (efficacy) while resilient to setbacks, will be less cynical. By definition, optimistic employees will not have a “pessimistic view” (Wanous *et al.*, 2000, p. 133). Thus, one may expect a negative relationship between PsyCap and cynical attitudes. In addition, those who believe they can self-determine an impactful change in their environment (empowerment) will also be less cynical that things will never change. Those feeling empowered simply believe they have the influence to change the situation. Thus, it can be expected that those employees who report higher perceptions of empowerment also report lower levels of cynicism. Therefore, we advance *H2a* and *H2b* as follows:

H2a. PsyCap is negatively related to cynicism.

H2b. Empowerment mediates the relationship between PsyCap and cynicism.

In addition to PsyCap and empowerment being negatively related to cynicism, transformational leadership may also have a similar relationship with cynicism. Specifically, those employees with highly transformational leaders should be intellectually stimulated, or constantly challenged to “think outside of the box” and identify with the leader toward positive change, which is idealized influence. Moreover, transformational leadership should inspire and motivate employees toward change in an organization and performance beyond expectations. In such a context where the leader is continuously challenging the status quo, the follower should be less cynical about changing the organization in the future and leads to our third set of hypotheses.

H3a. Transformational leadership is negatively related to cynicism.

H3b. Empowerment mediates the relationship between transformational leadership and cynicism.

Besides cynicism, intention to quit (ITQ) is another common negative reaction of today’s employees. Such negative intentions are often examined in relation to actual

turnover. The premise is that individuals with greater intentions to quit are more likely to actually leave (turnover) the organization. Prior research has demonstrated that pay satisfaction, job satisfaction, and organizational commitment can have both direct and indirect effects on turnover intent (Lum *et al.*, 1998). A meta-analysis by Griffeth *et al.* (2000) offers empirical evidence of the importance that ITQ is to organizations. Negatively-oriented ITQ attitudes continue to be an important predictor of employee turnover and commitment to the organization (Crossley *et al.*, 2007).

Pierce *et al.* (2003) have noted the basic human need for efficacy. In other words, employees have a need to feel efficacious in a task or domain to maintain functioning levels of self-esteem. Those who do feel a sense of efficacy over a domain are often associated with a higher sense of self worth. Pierce *et al.* (2003), as well as Bandura (1997), argue that individuals gravitate toward domains or tasks in which they feel efficacious. Thus, employees are unlikely to intend to leave a domain (organization) where they have their needs for efficacy met in their job responsibilities. In addition to efficacy, those who expect success in a given situation (optimism) are more unlikely to leave that situation where they expect to be successful. Finally, highly resilient organizational members are more likely to positively adapt and rebound after a setback at work rather than remaining in the setback, which would lead to a desire and intention to leave the organization. Therefore, we would expect those higher in PsyCap to have less intention to quit the organization.

In addition to PsyCap, those who think they have control over and influence their environment, create change, have autonomy, and find meaning in their work (empowerment) will be less likely to want to leave their organizations. When employees are self determined in their organizational role and believe they can have a positive impact in their organization, they are more likely to apply that determination toward success in the organization rather than squander the opportunity to be successful by leaving the organization. For example, Spreitzer *et al.* (1997) found relationships between empowerment and job satisfaction. Judge and Ilies (2004) discovered that empowerment related to less anger and frustration on the job, which may contribute to ITQ. Finally, Spreitzer and Mishra (2002) found that empowerment was related to organizational attachment. Therefore, employees who feel empowered in their place of work are less likely to intend to quit their place of work. Thus, we offer our next set of hypotheses as follows:

H4a. PsyCap is negatively related to intentions to quit.

H4b. Empowerment mediates the relationship between PsyCap and intentions to quit.

Transformational leadership is also expected to have a negative relationship with followers' ITQ. There are several mechanisms that would seem to facilitate this relationship. First, the effective transformational leader decreases follower intentions to leave the organization by showing "how the goals and values of the group, follower, leader and organization are in basic agreement" (Bass and Riggio, 2006, p. 36). Followers intend to remain in the organization because the leader is seen as a pathway to accomplishing goals. Second, idealized influence, the charisma component of transformational leadership, leads to followers identifying with and emulating the leader (Shamir *et al.*, 1993). Therefore, followers are compelled to stay with the leader to maintain this part of their identity. Bass and Riggio (2006, p. 36) also suggest that

transformational leaders “use inspirational motivation to build emotional commitment to a mission or goal”. This commitment may be a mechanism causing one to have the desire to remain in the organization. Finally, when followers believe their personal needs are being met through individual consideration, they will be less likely to leave the organization and the leader who is meeting these needs. Thus, this leads to our final set of hypotheses:

H5a. Transformational leadership is negatively related to intentions to quit.

H5b. Empowerment mediates the relationship between transformational leadership and intentions to quit.

Methods

Participants in the study included a heterogeneous sample of 341 working adults with an average age of 38 years (S.D. 13.72), 13 years (S.D. 12.35) of work experience and primarily white/Caucasian ethnicity (87 percent). Potential participants were asked to volunteer via e-mail through a large Midwestern University.

In an effort to minimize common method variance, the data collection took place via a web link over two points in time (Podsakoff *et al.*, 2003). Specifically, the independent (transformational leadership and PsyCap) and mediating (empowerment) variables were collected one week prior to the dependant variables (cynicism and intentions to quit). Podsakoff *et al.* (2003) note that such a time separation makes it nearly impossible for the respondent to remember previous responses. Therefore, the potential for common method variance can be minimized and also its potential to artificially inflate relationships between variables.

Measures

All five measures used in the study demonstrated acceptable internal reliability which are shown in Table I.

PsyCap. The PsyCap Questionnaire (PCQ-24) (see Luthans *et al.*, 2007a, pp. 237-8) was used in this study. In previous research, this instrument has indicated acceptable reliability and factor analytic fit (Avey *et al.*, 2006). The PCQ-24 measures with six items each the psychological resource capacities of confidence, hope, optimism and resiliency. The scale items are anchored from “1” (strongly disagree) to “6” (strongly agree). Example items include “I feel confident helping to set targets/goals in my work area” (confidence); “I can think of many ways to reach my current work goals” (hope); “When things are uncertain for me at work I usually expect the best” (optimism), and “I usually take stressful things at work in stride” (resiliency).

Given that PsyCap is still emerging in management research we conducted a confirmatory factor analysis (CFA) to determine the psychometric properties of the

	<i>N</i>	Mean	SD	α
ITQ	344	2.67	1.38	0.90
Empowerment	345	4.59	.80	0.90
Cynicism	345	2.90	1.06	0.94
PsyCap	348	4.69	.62	0.92
Transformational leadership	342	4.12	.93	0.96

Table I.
Descriptive statistics

instrument. A CFA is the appropriate psychometric analysis (versus exploratory factor analysis) given that we had a priori expectations of the factor loadings from previous research (e.g. Avey *et al.*, 2006). Given that PsyCap is a second order factor, we set each item to its relative component (e.g. hope), and then each of the four components to the overall factor PsyCap. Using maximum likelihood techniques, the CFA fit results shows no significant cross loadings of items and each item and component loading on its relative factor at $p < 0.01$. In addition, fit indices were as follows: SRMR = 0.051, RMSEA = 0.054, CFI = 0.96. Per the guidelines of Hu and Bentler (1999), each of these fit indices indicates acceptable confirmatory factor analytic fit. Thus, overall the PsyCap measures for this study demonstrated strong psychometric properties.

Transformational leadership. Transformational leadership was measured by the 20 transformational leadership items from the Multifactor Leadership Questionnaire (MLQ) (Bass, 1985) version 5x. These items ask followers to indicate the extent to which their leaders' engage in behaviors of individual consideration, idealized influence, intellectual stimulation and inspirational motivation on a scale from "Not at all" to "Frequently, if not always." All internal sub-scales yielded an internal reliability alpha greater than 0.70 (intellectual stimulation = 0.83, individual consideration = 0.88, idealized influence = 0.92, inspirational motivation = 0.90). An example item is "Acts in ways that builds other's respect for him/her". Avolio *et al.* (1999) confirmed the four-factor structure and reliability of transformational leadership via the MLQ in a study involving over 9,000 cases. Given the overwhelming support for the four factor structure of the MLQ and adequate internal reliability of the subscales in this study confirmatory factor structured for the MLQ 5x was deemed unnecessary.

Empowerment. The scale used to measure empowerment was originally published by Spreitzer (1995). The 12-item empowerment scale comprises of four dimensions:

- (1) meaning;
- (2) competence;
- (3) self-determination; and
- (4) impact.

Scale reliabilities for each dimension have been found to be acceptable (meaning, $\alpha = 0.91$; competence, $\alpha = 0.80$; self-determination, $\alpha = 0.76$; impact, $\alpha = 0.81$) (Spreitzer and Mishra, 2002). Example items include "The work I do is meaningful to me" (meaning); "I am confident about my ability to do my job" (competence); "I have significant autonomy in determining how I do my job" (self-determination), and "I have a great deal of control over what happens in my department" (impact).

Organizational cynicism. CAOC was measured using a scale designed by Wanous *et al.* (2000). The 12-item scale taps three dimensions using four items each: pessimism, dispositional attribution and situational attribution. Wanous *et al.* (2000) reported an overall scale reliability of 0.86 in over 350 respondents. Reliability was also adequate for all three dimensions in this study (0.84, 0.86 and 0.87 respectively). Example items include "Plans for future improvement will not amount to much" (pessimism); "The people responsible for making things better around here do not care enough about their jobs" (dispositional attribution); and "The people responsible for fixing problems around here do not have the resources they need to get the job done" (situational attribution).

Intentions to quit. To measure intentions to quit the Bluedorn (1982) staying-leaving scale was used. This instrument is common in organizational research and has consistently maintained reliability and construct validity (for a review and meta-analysis see Griffeth *et al.*, 2000). This ITQ instrument asks individuals to indicate the chances they will be at their current organization 3, 6, 12 and 24 months from now.

Results

In order to investigate model fit, MPlus (Version 3.13; Muthén and Muthén, 1998-2004; www.statmodel.com) was employed to confirm that the model had been identified properly and that it would fit the data. One metric for determining fit is the comparative fit index (CFI). The CFI score was 0.97, revealing a good fit for this model. This means that fit due to the target model is a 97 percent improvement of that achieved by the best possible model (Kline, 2005).

Hu and Bentler's (1999) combinatorial rule suggests that fit statistics may be combined to determine fit. For example, if the Root Mean Square Residual (SRMR) ≤ 0.08 and either CFI ≥ 0.95 or the Root Mean Square Error of Approximation (RMSEA) ≤ 0.06 , then fit is confirmed. In this model the SRMR value was 0.05, and the RMSEA, which measures the degree of population misfit per degree of freedom, was 0.09. This model met Hu and Bentler's second criteria in that the CFI and the SRMR values were both below the suggested cut-off values. This indicates that the model had adequate fit for this sample.

H1, H2a, H3a, H4a and H5a were analyzed using regression analyses. Specifically, we loaded control variables (gender, ethnicity, age and tenure) into step 1 of a regression model followed by PsyCap and transformational leadership in step 2. In each case, PsyCap and transformational leadership were significant predictors of empowerment, cynicism and intentions to quit, beyond the control variables. In addition, when PsyCap and transformational leadership were added to the regression model in step 2, the model predicted significant variance beyond the covariates. Results can be seen in Table II. Overall we found full support for these hypotheses.

The mediation hypotheses (*H2b, H3b, H4b, and H5b*) were tested with path analysis using MPlus. Path analysis was determined to be the preferred analysis technique over standard regression for reasons of rigor. A significant advantage of using structural equation modeling versus step-wise regression path analysis is the

	Empowerment		Cynicism		Intentions to quit	
	Step 1 β	Step 2 β	Step 1 β	Step 2 β	Step 1 β	Step 2 β
Age	-0.070	-0.047	0.064	0.064	-0.037	-0.045
Gender	0.047	-0.009	-0.058	-0.020	-0.138	-0.106
Ethnicity	0.088	0.017	-0.018	0.050	-0.057	-0.012
Tenure	0.335*	0.268	-0.084	-0.049	-0.311*	-0.277*
PsyCap		0.483*		-0.249*		-0.246*
Transformational leadership		0.340*		-0.421*		-0.246*
ΔR^2		0.436*		0.280*		0.154*

Note: * $p < 0.01$

Table II.
Regression models with PsyCap and transformational leadership predicting cynicism and intentions to quit

simultaneous test of all relationships and thus allows for a more rigorous test of relationships. In our proposed model, the transformational and PsyCap variables were loaded on the mediator and dependant variables. Next, the mediator variable (empowerment) was loaded on the dependant variables of cynicism and intentions to quit.

Results from the path analysis are presented in Figure 2. According to Baron and Kenny (1986), there is mediation when the following conditions are met:

- (1) the first regression equation shows that the independent variable is related to the dependent variable;
- (2) the second equation shows that the independent variable is related to the mediating variable; and
- (3) the third regression shows that the mediating variable relates to the dependent variable and the relationship of the independent variable with the dependent variable is significantly lower in magnitude in the third equation than in the second.

For full mediation, the independent variable must not relate to the dependent variable when the mediating variable is added to the equation. For partial mediation, the relationship between the independent and dependent variable must be significant after the mediating variable has been introduced.

We hypothesized (*H2b*) that empowerment mediates the relationship between PsyCap and cynicism. However, results indicate that empowerment was not significantly related to cynicism whereas PsyCap continued to be significantly negatively related with cynicism with the mediator in the model. Thus, we found no support for this hypothesis. We also hypothesized that empowerment mediates the relationship between PsyCap and ITQ (*H4b*). Results indicate full support for this hypothesis as empowerment was significantly related with intentions to quit and the relationship with PsyCap was non-significant with empowerment in the model.

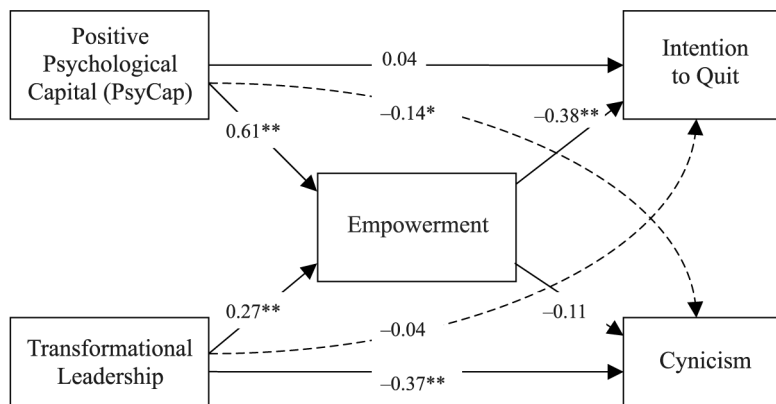


Figure 2.
Model with path loadings

* $p < 0.05$
** $p < 0.01$

H3b argued that empowerment mediates the relationship between transformational leadership and cynicism. However, results indicate that empowerment was not significantly related to cynicism whereas transformational leadership continued to be significantly negatively related with cynicism with the mediator in the model. Thus, we found no support for this hypothesis. We also hypothesized that empowerment mediates the relationship between transformational leadership and ITQ (*H5b*). Results indicate full support for this hypothesis as empowerment was significantly negatively related with intentions to quit and the relationship with transformational leadership was non-significant with empowerment in the model.

Discussion

The purpose of this study was to investigate the relationship of both transformational leadership and positive psychological capital, mediated by empowerment, with negative employee reactions of cynicism and intentions to quit. Overall, support was found for most of the hypothesized relationships. Specifically, and consistent with prior research findings (e.g. Kark and Shamir, 2002), transformational leadership was found to have a positive relationship with employee empowerment. Moreover, positive PsyCap emerged as an even stronger predictor of empowerment than transformational leadership. Regression analyses show that both transformational leadership and PsyCap contributed unique variance to employee empowerment, suggesting they are both important predictors of employee perceptions of psychological empowerment.

Regression analyses also indicated a negative relationship between transformational leadership and both employee cynicism and intentions to quit. In addition, mediation analyses using structural equation modeling techniques revealed that employee empowerment fully mediated the relationship between transformational leadership and employee intentions to quit. On the other hand, empowerment did not mediate the relationship between transformational leadership and employee cynicism. These results suggest that leaders' may have a more direct role in influencing their employees' level of cynicism than empowerment. This may be somewhat expected given the focus of cynicism for change. Given that leaders are often instruments of change in organizations, it is somewhat expected that leaders have a greater influence on employee cynicism than empowerment which is heavily dependant on job design.

In addition to transformational leadership as a predictor in the mediation analysis, empowerment was also found to fully mediate the relationship between PsyCap and intentions to quit the organization. However, consistent with the results on transformational leadership, mediation analyses revealed that empowerment also did not mediate the relationship between PsyCap and employee cynicism.

Given that empowerment mediated the relationships between both transformational leadership and PsyCap on intentions to quit, psychological empowerment emerges as potentially an especially important predictor of employee intentions to leave an organization. In essence, employees' perceptions of empowerment may be a more useful predictor of intentions to quit than both PsyCap and transformational leadership. However, results regarding the negativity associated with employee cynicism were quite opposite. Empowerment did not mediate the relationship between PsyCap or transformational leadership and employee cynicism. Given that both PsyCap and transformational leadership remained significant predictors of employee cynicism (with transformational leadership being the strongest predictor), these results

suggest that perceptions of empowerment may not be a useful predictor of cynicism and researchers and practitioners should focus their efforts on issues of context (such as leadership) and employees' positive psychological resource capacities (PsyCap).

Limitations, implications, and future research

A notable limitation to this study is the use of a single information source. Individuals were asked to report on both the independent and dependent variables in this study. However, it should be noted that all the study variables are perceptual in nature. For example, measures included the extent to which participants perceived transformational leadership behaviors, perceived themselves in terms of their levels of PsyCap, and reported perceptions of their degree of empowerment, cynicism and intentions to quit. Therefore, it is not likely that an alternative rater source would be appropriate in measuring these self-perceptions of the study variables. Also, the same source bias limitation was minimized by the temporal separation in data gathering on the independent and dependent variables.

The results of the study have several implications as scholars and practitioners try to better understand the roles that leadership, positivity, and empowerment may play in overcoming the increasing negativity of today's employees. First, PsyCap emerged as a very strong predictor of employee empowerment. While Spreitzer (1995) has argued that organizations can benefit from employee empowerment by sharing information and linking rewards to empowering behaviors, the results of this study also suggest that practitioners may influence empowerment by training interventions that target development of PsyCap (e.g. see Luthans *et al.*, 2006).

While this study suggests that PsyCap may be related to empowerment, and in turn may be able to help decrease employee negativity, several research questions also remain for the future. For example, does empowerment mediate or partially mediate the relationship between PsyCap and other outcomes? What are the potential moderating effects of these relationships? How may context influence PsyCap, empowerment, and the relationships with outcomes? Given that empowerment exists at the team level, does the PsyCap relationship also exist at the team level? Are the relationships found in this study isomorphic? Answers to these, and other, research questions would seem to contribute to the knowledge base of the important role that positivity may play in organizational behavior and performance management.

In addition to psychological capital, the findings of this study in regard to transformational leadership also have several practical implications. First, given the strength of the negative relationship between transformational leadership and employee cynicism, organizations that wish to accelerate change may significantly benefit from developing transformational leaders within their management ranks. Given that those higher in cynicism are less likely to embrace and engage in organizational change (Wanous *et al.*, 2000), and transformational capabilities in existing managers can be developed (e.g. Dvir *et al.*, 2002), then this study results would suggest that these developed transformational leaders can help decrease the level of employee cynicism and increase the rate of positive organizational change. Furthermore, transformational leadership is thought to have an impact on followers beyond the direct reporting relationship (Dvir *et al.*, 2002) and thus may have a multiplier effect on the climate for change in an organization.

In terms of future research, the systematic examination of mediators beside empowerment in the relationship between transformational leadership and employee negativity and other outcomes is needed. While transformational leadership has been linked to several important outcomes such as performance (Howell *et al.*, 2005) and turnover (Bass and Riggio, 2006), the results of this study suggest a closer look at mediating factors may help explicate not only employee negativity, but the previously researched outcomes as well. Analysis of mediators, which we have included in this study, is more likely to generate better understanding of the micro processes that constitute true theory (Sutton and Staw, 1995).

Conclusion

Overall, this study extends theory and empirical research in the domain of positive organizational behavior and leadership in general and the way to help counteract increasing employee negativity in particular. The use of a heterogeneous sample contributes to external validity and the temporal separation of the independent and dependent measures increases the internal validity of the findings that both psychological capital and transformational leadership, mediated by perceptions of empowerment, may help combat the negativity that many, if not most, of today's employees are experiencing. This does not intend to imply that the reality of the times, i.e. longer hours, threats of being downsized, ever increasing technological advances, and pressures to produce and serve faster and better will disappear with increased positivity and transformational leaders. Instead, this study simply indicates that being more positive and leaders being more transformational may contribute to employees feeling they are more empowered and in turn help reduce their cynicism and urges to quit.

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