The Impact of Servant Leadership on Follower's Behaviors: The Mediating Role of Psychological Empowerment & Positive Effect

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Abstract

Purpose/Objectives: This study examines how and why Servant leadership positively influences follower's behaviors i.e. (Job Performance and Creativity). By utilizing Frederickson's Broaden and Build theory and Psychological theory of Safety (Edmonson, 1999), we postulate that servant leadership promotes a safe environment which enables individuals to feel psychologically empowered and demonstrate higher positive affect thus creating favorable employee behaviors.

Design/Methodology/Approach: Field data which was temporally segregated at two different time intervals with a time lag of 1 month between was collected from employees and their peers (n= 417, self and peer dyads) working in the Banking sector of Pakistan. Structural equation modeling (SEM) technique using AMOS 18 software was applied whereby firstly a Full measurement model was run to check the discriminant and convergent validity of the study's variables. After gaining credence in the measurement model, the hypothesized structural model was run to test the direct as well as mediation paths.

Findings: The results of the SEM highlighted that all the direct effects hypothesis were supported. Moreover, the findings of the bootstrapping technique in SEM indicated that the indirect paths running from Servant leadership to job behaviors through both the parallel mediators (i.e. Psychological empowerment and Positive Affect) were significant (Two tailed significance) and contained non zero (bootstrapped confidence intervals). Thus, the results lend full credence to the hypothesized structural model which suggests that Psychological Empowerment and Positive affect act as unique mechanisms through which Servant leaders are beneficial in promoting positive job behaviors (i.e. Job Performance and Creativity).

Originality/Value: This study contributes to the current literature in the field of leadership in general and servant leadership in particular by identifying two novel processes of Psychological empowerment and positive affect in the servant leadership and employee behaviours relationship. This study explains how Servant leaders inculcate psychological empowerment and generate positive affect in their followers which further translates into productive work behaviors.

Keywords: Servant leadership, Psychological empowerment, Positive Affect, Job Performance, Creativity
Introduction

Contemporary organizations are plagued by systemic problems such as unethical leadership (Einarsen, Aasland & Skogstad, 2007), abuse of power (Sankowsky, 1995), unethical practices (Curra & Epstein, 2003), toxic emotions (Frost, 2004), social isolation and alienation in the workplace (Sarros et al., 2002). These chronic problems have become rampant particularly in the demise of Enron, World-Com, Tyco, and scores of other companies in the United States and globally. In view of the current demand for more ethical, people-centred management, leadership inspired by the ideas from servant leadership theory may very well be what organizations need now.

During the past few years, leadership studies have clearly moved away from a strong focus on, most notably, transformational leadership toward a stronger emphasis on a shared, relational, and global perspective of leadership (Avolio, Walumbwa, & Weber, 2009). Servant leadership has emerged as a leadership approach that appears more relevant and timely in the present context than other value-laden leadership approaches.

In most of today's organizations, leadership approaches that focus on the welfare of followers rather than glorification of the leader are increasingly valued (Van Dierendonck, 2011). Servant leadership has been proposed in the recent years and there are still many efforts to find theoretical and empirical investigations on the issue of servant leadership. The concept of servant leadership was first proposed by Robert Greenleaf (1977). Servant leadership focuses on developing employees to their fullest potential in the areas of task effectiveness, community stewardship, self-motivation, and future leadership capabilities (Greenleaf, 1977).

Although past research has clearly corroborated the servant leadership and employee performance and creativity relationship (Chiniara & Bentein 2016; Kyoo et al., 2012; Jorge & Dierendonck, 2014; Vandenberghe et.al., 2014), whereas the processes or mechanisms through which this effect materializes is still limited (Ehrhart, 2004; Hu & Liden, 2011). Past research on the processes through which servant leadership relates to outcomes has revealed that procedural justice climate (Ehrhart, 2004; Walumbwa, Hartnell & Oke, 2010), team potency (Hu & Liden, 2011), and trust (Schaubroeck et al., 2011) mediate relationships between team/unit-level servant leadership and team/unit performance and/or team/unit OCB.

Hunter et al. (2013) suggested that there is a need to study other attitudinal and affective mechanisms which can explain the servant leadership and behaviors relationship. Dierendonck (2011) in a latest review on Servant leadership recommended future researchers to examine other potential intervening mechanisms that can explain the Servant leadership and employee behaviors relationship. We take up the recent calls in the Servant leadership domain and study the mediating effects of two important constructs namely follower's Psychological Empowerment and their Positive affect in the Servant leadership-behaviors relationship. By utilizing Psychological theory of Safety (Edmonson, 1999) and Frederickson's Broaden and Build theory (2001), we explain how and why Servant leaders are able to promote follower's performance and creativity. Specifically, employing the theoretical assumptions of these theories mean that servant leaders through their selfless and caring nature create a psychological safe environment.
whereby followers are willing to raise their suggestions making them highly psychologically empowered which enhances their in-role performance and creativity. Similarly the Fredrickson's Broaden and Build theory assumes that servant leaders through their helpful behaviors and serving behaviors are more likely to ignite positive emotions in their followers which broadens followers thought processes and expand their cognitive, emotional and psychological resources which make them more productive in their jobs in the form of higher job performance and creativity.

**Figure 1: Research Model**

<table>
<thead>
<tr>
<th>Time-1</th>
<th>Time-2</th>
<th>Peer Reported</th>
</tr>
</thead>
<tbody>
<tr>
<td>Servant Leadership</td>
<td>1. Psychological Empowerment</td>
<td>1. Job Performance</td>
</tr>
<tr>
<td></td>
<td>2. Positive Affect</td>
<td>2. Creativity</td>
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Figure 1 shows a temporally segregated model where Servant Leadership influences followers job behaviors (i.e. Job Performance and Creativity) through two parallel mediators of Psychological Empowerment and Positive Affect.

**Theory and Hypothesis**

**Servant Leadership and Employee Behavior Relationship**

Servant leaders place the needs of their subordinates before their own needs and focus their efforts on helping subordinates grow to reach their maximum potential and achieve optimal organizational and career success (Greenleaf, 1977). Their motivation in accomplishing these tasks is not self-interest; rather, servant leaders “want their subordinates to improve for their own good, and view the development of followers as an end, in and of itself, not merely a means to reach the leader's or organization's goals” (Ehrhart, 2004, p. 69). Servant leaders attend to the affective and emotional needs of subordinates (Page & Wong, 2000), offering support that extends beyond the formal employment contract which finally enhance the job performance of subordinates. Recent research has shown that servant leadership is a multidimensional construct and at the individual level makes a unique contribution in explaining community citizenship behaviors and in-role performance (Liden et al, 2008; Liden et al., 2014).

Servant Leadership creates a strong serving culture, the pervasiveness of positive elements, such as trust in and helping and caring for others, clarifies the expected behaviors and values the group members. By using Edmonson theory of Psychological safety (1999), we assert that since servant leaders create a strong serving culture, it inculcates feelings of security and safety where they can fulfil their responsibilities.
without any fear of reprimand. In a psychologically safe environment, servant leaders uniquely stress independence and freedom to express divergent points of view (Greenleaf, 1977; Liden et al., 2008) which enhances creativity (Liden et al., 2014). In line with Fredickson's Broaden and Build theory (2001), we believe that servant leaders since focus more on others rather than the self, they are able to generate a positive climate where followers expand their current cognitive processes and build new resources which helps to foster follower's job performance and creativity. Thus, we hypothesize the following:

Hypothesis No. 1a: Servant Leadership is positively related to Job performance.

Hypothesis No. 1b: Servant Leadership is positively related to Creativity.

Psychological Empowerment as a mediator in Servant Leadership- employee behaviors relationship

The servant leader, according to Russell and Stone (2002), takes the position of servant to his or her fellow workers and aims to fulfill the needs of others. Page and Wong (2000) define servant leadership as serving others by working toward their development and well being in order to meet goals for the common good. It has many dimensions including empowerment, stewardship, humility, standing back, forgiveness, accountability etc. We believe that servant leaders will be able to enhance their followers performance and creativity through the development of Psychological empowerment in them.

Psychological empowerment refers to a motivational process that enhances employees' self-efficacy (Kim et al., 2012; Conger & Kanungo, 1988). Empowerment implies granting necessary authority and autonomy enabling subordinates to exercise control over workplace decisions (Clark et al., 2009). Ford and Fottler (1995) argued that empowerment is a mechanism by which individuals and teams are held accountable for outcomes. In line with Edmonson's theory of Psychological Safety (1999), we contend that followers who see themselves as a reflection of their leader will be willing to put in more effort and experiment with new ideas creating high levels of psychological empowerment. Since servant leaders believe in providing service to the followers, such psychologically empowered followers feel that it is safe to take the risk and offer novel ideas (Edmondson, 1999) promoting high levels of creativity. Servant leaders create a positive social climate in which followers feel accepted and respected (Greenleaf, 1977). Such relationship provides a context where followers are empowered to take the risk and develop novel and useful ideas hence providing a basis for greater performance and creativity. Thus, we hypothesize:

Hypothesis No. 2a: Psychological empowerment mediates the relationship between Servant leadership and Job performance.

Hypothesis No. 2b: Psychological empowerment mediate the relationship between Servant leadership and Creativity.

Positive affect as mediator in Servant leadership- employee behaviors relationship

Positive Affect (PA) reflects the extent to which a person feels enthusiastic, active, and alert (Watson & Clark, 1984). Drawing on the Broaden & Build theory (Fredrickson,
we argue that servant leaders through being emotionally healing and sensitive to the follower's needs are more able to foster positive emotions in them. Recent research provides evidence that leaders have a strong capacity to influence the emotional climate (Ozcelik et al., 2008) of their organizations and the emotions of their employees. Consistent with this theory, we view that servant leaders through the use of empathetic and meaningful language (Gutierrez-Wirsching, Mayfield & Mayfield, 2009; Liden et al., 2008) can spark positive emotions in their followers which helps them to be more productive and creative in their jobs.

Supporting Edmondson theory of Psychological safety (1999), we believe that when leaders express emotionally supportive behaviors a psychologically safe environment is created for followers. Such a secure environment helps employees to express their positive emotions which promotes the development of higher in-role performance and greater creativity. Since servant leaders are more attentive to follower's emotional needs and facilitate care giving acts (Greenleaf, 1977); followers under such a leader will feel more emotionally and psychologically protected thus displaying positive emotions of happiness and energy. These positive emotions will create conditions conducive to the performance in one's job and also to take risks and come up with new and creative ideas.

Past research has already supported the notion that when employees exhibit positive emotions of happiness, excitement and enthusiasm they are more likely to exhibit higher individual and team performance and creativity (Chi, et al., 2011; George & Brief, 1992; Isen & Daubman & Nowicki, 1987). We argue that servant leaders relentless focus on developing and motivating their followers would inculcate positive emotions which will enhance their mental processes and create greater resources which they can utilize for being more productive and creative. Servant leaders aspire more on becoming servant first and leader second, their humility and extreme benevolence creates a secure environment for the expression of one's positive affect. Such safety to demonstrate one's positive emotions makes followers more open and free to fulfil their job obligations and duty and take higher risks and novel ideas thus generating higher levels of in-role performance and creativity. Thus, we hypothesize:

Hypothesis No. 3a: Positive affect mediate the relationship between Servant leadership and Job performance.

Hypothesis No. 3b: Positive affect mediate the relationship between Servant leadership and Creativity

Methods

Sample and data collection

As our hypothesized research model was a parallel mediation model, we employed temporally segregated research design where our predictors and mediators were separated by a time lag of 3-4 weeks in between the two measurement points. Issues of mono-method bias arising from purely same source self-reported data along with cross-sectional design undermines a study's findings. Thus, in order to tackle such concerns, we conducted a field survey with temporally segregated data at two different time intervals from two different sources (i.e. Employees and their fellow coworkers).
Specifically, we measured our independent variable of Servant leadership from employees at time-1. After a time lag of 3-4 weeks the same respondents were contacted again and asked to report about their levels of Psychological empowerment and positive affect. At this time (time-2), we also distributed the surveys for employee's behaviors (i.e. Job Performance and Creativity) to their fellow peers. Field survey was conducted by collecting temporally segregated data from employee and peers from 15 different banks situated in the twin cities of Islamabad and Rawalpindi in Pakistan. We got access to these banks through personal contacts. The HR departments of these banks allowed us to visit and collect time lagged data over a period of 1 to 2 months, approximately. A cover letter was attached as the first page of the questionnaire which explained the study's objective, ensured the respondents of strict confidentiality of findings and also highlighted that participation was purely discretionary.

They were guaranteed that the personal information being collected was only for matching the time-1 and time-2 responses and all identifying information will be placed in a separate document detached from the rest of the data. To do that, each survey was given a unique ID number and later attached to the personal information of each participant. We also asked the respondents to indicate their co-workers whom they have known for the past 3 to 4 months so that we could request them to fill out the peer rated part of the survey. We also ensured that the respondents and their peers did not have access to each other's answers. Also we made sure that each employee was rated by a different peer so as to avoid issues associated with data nesting.

At time-1, we distributed 750 questionnaires out of which we received a total of 600 completely useable questionnaires generating a response rate of 80% at this stage. After a time gap of approx 3 to 4 weeks we contacted the same participants of time-1 and requested them to fill out another survey containing the study's variables of Psychological empowerment and positive affect. We received a total of 450 surveys at time-2, out of which 33 surveys were dropped because of either missing data or incomplete peer responses. Thus, the final sample comprised a total of 417 completely useable two time wave self and peer dyads resulting in a response rate of 70% and an overall response rate of 56%.

Most of the respondents belonged in the age brackets of 20 to 30 years (i.e. 67.4%). Majority of the participants had postgraduate degrees (82%). Majority of the respondents were working as middle level managers (44.6%), were from the accounting and finance department (33.3%) and had Finance as their area of specialization (64%). Participants average working experience in the current organization was 3.80 years and total working experience was 5.87 years.

**Measures**

Servant Leadership. SL was measured at time-1 from employees using a 28 item scale adopted from Liden et al., (2008). The scale was measured on 7 point anchors ranging from “strongly disagree” to “strongly agree”. A sample item is “My manager cares about my personal well being.” Cronbach alpha reliability for this scale is 0.96.

Psychological Empowerment. Psychological empowerment was measured at time-2 with
a 12 item scale adopted from Spreitzer (1995). A sample item is "The work I do is very important to me". This scale was measured on seven point likert scale ranging from "strongly disagree" to "strongly agree". The Cronbach alpha reliability coefficient for the overall empowerment scale in the current study is 0.94.

Positive Affect. PA was also measured at time-2 using the 10 PA items adopted from the PANA scale developed by Watson & Clark (1984). The respondents were asked to rate on a 7-point scale the extent to which they had experienced each mood state during a specified time frame. The scale anchors for this measure ranged from “never” to “everyday. Examples of scale items include "excited” and “enthusiastic”. Cronbach alpha reliability for this scale in the present study is 0.92.

Job performance. Job performance of the individuals was measured by employee's fellow peers using a 7 item scale (William & Anderson, 1991). This scale was measured on 7 likert points ranging from “never” to “always. A sample item included “This person performs tasks that are expected of him/her”. Cronbach alpha reliability for this scale in the present study is 0.89.

Creativity. Creativity was reported by peers using a 3 item scale that was developed by Oldham & Cummings (1996). These items were tapped on a 7 likert point scale ranging from “not at all” to “extremely”. A sample items include, “How creative is this person's work?”. Cronbach alpha of this scale is 0.89.

Results

Table 1 contains the details of the standard deviations, Means, coefficient alphas of variables and values of bivariate correlation of the main variables used in the study. Servant leadership was highly significant and positively correlated with Psychological empowerment (r= 0.73, p<0.01), positive affect (r = 0.66, p<0.01), job performance (r = 0.47, p<0.01) and creativity (r = 0.49, p<0.01). Psychological empowerment was highly significant and positively related job performance (r= .59, p<0.01) and creativity (r = .59, p<0.01). And Positive affect was also positively and highly significantly related to job performance (r= .54, p< 0.01) and creativity (r= .55, p< 0.01).

<table>
<thead>
<tr>
<th>Variable</th>
<th>Mean</th>
<th>SD</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Servant Leadership</td>
<td>5.86</td>
<td>0.78</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Psychological Empowerment</td>
<td>6.00</td>
<td>0.74</td>
<td>.66**</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. Positive Affect</td>
<td>5.51</td>
<td>1.17</td>
<td>.55**</td>
<td>.60**</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. Job Performance</td>
<td>6.61</td>
<td>0.82</td>
<td>.47**</td>
<td>.59**</td>
<td>.54**</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5. Creativity</td>
<td>5.58</td>
<td>1.09</td>
<td>.50**</td>
<td>.59**</td>
<td>.55**</td>
<td>.70**</td>
<td></td>
</tr>
</tbody>
</table>

Note. n =417; Alpha reliabilities presented in parenthesis.*p<.05, **p<.01

Structural Equation Modelling (SEM)

We tested our study's hypothesis using Structural equation modelling using AMOS 18. The SEM model requires testing of a full measurement model (CFA model) followed by
hypothesis testing through performing structural models. We ran a full measurement model comprising of all the study's 5 variables (i.e. Servant leadership, Psychological Empowerment, Positive Affect, Job Performance and Creativity). The model fit statistics values demonstrate adequate fit of our full measurement model to the data ($\chi^2 = 3537.69$, df= 1451, $p< .001$; CMIN/DF= 2.44, NFI=0.90, RFI=0.82, IFI=0.91, TLI=0.90, CFI=0.90). Figure 2 shows the full measurement model whereby the factor loadings of each construct's items are shown. As the figure 2 shows each item's factor loadings were greater than 0.40 indicating higher convergent validity of the items onto their respective variables.

After an adequate fit of our measurement model was established, we tested our developed hypothesis using latent variables in SEM. The results indicated that our hypothesized structural model demonstrated good fit to the data ($\chi^2 = 2670.61$, df=954; p< .001; CMIN/DF = 2.79; CFI= 0.91; GFI= 0.80; NFI= .86; RMSEA= 0.06). Figure 3 shows the SEM structural model with standardized path coefficient values and their significance. Hypothesis 1 (a & b) stated that servant leadership is significantly and positively related to employee's job performance and creativity. The structural paths running from servant leadership to employee's job performance ($\beta = 0.48$, p<.001) and creativity ($\beta = 0.55$, p<.001) was significant and positive, thus fully supporting H1a & H1b.

Hypothesis 2 (a & b) stated that psychological empowerment mediates the relationship
between servant leadership and employee's performance and creativity respectively. Our bootstrapping results shows that the indirect effects of servant leadership on Job Performance (Indirect Effect=0.38, p<0.001) and Creativity (Indirect Effect=0.36, p<0.001) through psychological empowerment were significant (Two tailed significance with normal distribution). The results of the bootstrap bias corrected 95% confidence interval (CI) did not contain zero for Job Performance (0.26, 0.56) and Creativity (0.25, 0.52). Thus our Hypothesis 2 (a & b) were fully supported.

Hypothesis 3 (a & b) stated that positive affect mediates the relationship between servant leadership and employee's job performance and creativity. Our bootstrapping results shows that the indirect effects of servant on Job Performance (Indirect Effect= 0.26, p<0.001) and Creativity (Indirect Effect= 0.26, p<0.001) through positive affect was significant (Two tailed significance with normal distribution). The results of the bootstrap bias corrected 95% confidence interval (CI) did not contain zero for Job Performance (0.18, 0.36) and Creativity (0.18, 0.36). Thus our Hypothesis 3 (a & b) were fully supported.

**Discussion**

In the wake of corporate scandals and unethical practices, the current corporate landscape needs leaders who can put others first and provide a service to community. In this context, servant leadership is one such contemporary and emerging leadership style (Greenleaf, 1977) that engenders caring, morality and selflessness to followers in particular and the society in general. The present study examined the two important processes of psychological empowerment and positive affect in the servant leadership and
employee behaviors relationship. By utilizing the Fredrickson Broaden and Build theory (2001) and Edmonson's Psychological theory of safety (1999), we hypothesized the parallel mediating effects of psychological empowerment and positive affect in servant leadership and behaviors (job performance and creativity) relationship. Our study's findings lend support of all the direct effects as well as the parallel mediation effects hypothesis clearly highlighting the unique role these two mechanisms can play in influencing the servant leadership and employee behaviors relationship.

Our study has important theoretical and methodological strengths. First, we examined a very nascent and emerging leadership style in the positive OB domain (Chiniara et al., 2015; Van Dierendonck, 2011; Vandenberghhe et al., 2014). Second, we hypothesized two novel attitudinal and affective mechanisms of psychological empowerment and positive affect in the servant leadership and employee behaviors relationship. Third, we utilized the theoretical assumptions of Edmonson's Psychological theory of safety (1999) and Fredrickson's Broaden and Build theory of positive emotions (2001) to justify the direct as well as parallel mediation effects. Fourthly, we used a temporally segregated two wave research design at two different time periods with a gap of 3-4 weeks in between them with independent measures of job performance and creativity from peers. Lastly, we employed one of the latest techniques of SEM using AMOS 18 to verify our hypothesis. The substantiation of all our direct, simple and parallel mediation paths clearly indicates the utility and robustness of this technique over simple regression in SPSS.

Although our study had several strengths, however it is not free from limitations. First, although we used a longitudinal temporally separated research design with data collected at two time waves from employees and their fellow peers. Nonetheless it cannot be classified as a pure longitudinal design and future researchers can collect data at multiple time waves with all the variables tapped at all time periods. Second, participants in our study belonged to the banking industry only. To increase the generalizability of our results, future studies should investigate samples from different service sectors. Future research can study other attitudinal outcomes such as intentions to quit, job satisfaction or work engagement. Finally, research is further needed to examine under what conditions servant leadership may or may not be effective. Individual differences such as culture, values, personality traits may act as powerful moderators of servant leadership and employees outcomes (Liden et al., 2014).

Findings of this study have practical implications for managers at workplace. Our results make a positive contribution to the organizational field because they offer insight into how servant leaders can motivate employees to perform better and grow through psychologically empowerment and positive affect. Organizations can benefit by developing present leaders into servant leaders and also hiring more servant leaders in key positions. Better training, hiring and selection procedures should be designed and communicated inside and outside of organization. Our results suggest that servant leaders are beneficial in reinforcing a culture that psychologically empowers them and promotes positive affect which foster greater performance and creativity.

Managers should consider the value of employee positive displayed emotions. Managers should also emphasize on recruiting front line employees who have friendly and optimist personalities, thus regulating their inner emotions and display more positive affect during
service hours. Managers must use this new information to foster performance and creativity among employees. Hence, our study opens a new avenue in the positive leadership domain by emphasizing the pertinent role that servant leaders can play in creating employee performance and creativity. By studying and analyzing our research model in a newer and lesser explored developing country of Pakistan, we extend the servant leadership field and verify two new processes that account for why and how variations are caused by servant leadership in employee's performance and creativity levels.

References


