

Relationship of Transformational Leadership, Empowering Leadership and Leader-Member Exchange (LMX) with Thriving at Work

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Abstract

The focus of this study is to examine the relationship between transformational leadership, empowering leadership and LXM with thriving at work. This research used survey questionnaire method for collecting the primary data from 299 officer rank bank employees of Lahore, Pakistan. SPSS-25 was used for the analysis of data. Results confirm that transformational leadership, empowering leadership and LMX have a positive impact on thriving at work. This study adds to the body of literature by proposing the current framework on the basis of SET theory. This study provides guidelines for participating enterprises to enhance workplace thriving by promoting transformational leadership, empowering leadership and LMX.

Keywords: Transformational Leadership, Empowering leadership, Thriving at Work, Banking Sector

1. Introduction

One of the most recent constructs to gain attention for behavioral advances and a better workplace is "thriving" (Jiang & Jiang, 2020; Rai et al., 2024). Recent studies used this emerging variable i.e., thriving at work (TAW) (Rahaman et al., 2021). The concept of TAW covers both learning and energy. The concept of TAW is relevant and important as it helps as "an adaptive function that helps individuals navigate and change their work contexts to promote their development" (Spreitzer et al., 2005). TAW is also focused on the application and development of knowledge and new skills (Niessen et al., 2017). Additionally, 32% of flourishing employees perform much better, and 46% of these workers are happy with their occupations (Spreitzer & Porath, 2012). TAW is one of the emerging issues which affect mostly workplace environment (Ahmed et al., 2021) and is essential for the effectiveness of both individuals and the organization (Ali et al., 2018).

It has been demonstrated that styles of leadership that focus more on relationships, such as contact among the supervisor and the employees, inspire higher levels of creative production (Opoku et al., 2019). Those who believe in social skills and the concept of reciprocity believe that people do more willingly when they feel that they've been given some importance (Parsell & Clarke, 2022). This belief is contained by those people who believe in the social exchange theory (SET) of reciprocity. SET elaborates that individuals who possess the better level of TAW may contribute to society and the environment in a better way (Tsai & Kang, 2019). Scholars also describe that when there is more focus on empowering leadership, there is a higher degree of employee adaptability (Srivastava et al., 2017), high work behavior (Jada et al., 2019), low ambiguity in work-related outcomes (Tierney et al., 2002) and increased work performance (Sigler & Pearson, 2000). Empowering leaders play a vital role s in sharing authority with their workers at the workplace and by assigning the decision-making authority to other members of their team (Lorinkova & Perry, 2017; Susanto et al., 2024).

LMX is focused on dyadic relationships and describe the exchange of relationships between followers or members and leaders (He et al., 2021). The nature of the exchange connection that develops between a leader and their followers plays the crucial role of the leadership style (Gupta & Sharma 2018). High-quality exchanges result in trust, mutual respect, liking, and this quality of relation which has a positive effect on happiness at work (Ellis et al., 2019). The interactions that take place between workers and their superiors have a direct influence on workers' perceptions and reduce stress at workplace (Enwereuzor et al., 2020). A number of researches examines that LMX has positive influence on TAW (Patnaik & Dubey, 2019; Lartey, 2022; Walumbwa et al., 2020; Di Milia & Jiang 2024).

Though TAW has gained increased importance, key very few researches have examined the effect of empowering leadership (EL) and transformational leadership (TL) on thriving at work in a single model. Similarly, no previous research has proposed the relationship of TL, EL and LMX with thriving at work on the basis of SET theory. Current study is significant as it focuses on the banking sector of developing countries and aims to improve this through the proposed research model.

The current research paper is organized into 4 sections. Section 1 is about introduction, section 2 discusses methodology, section 3 provides the information about analysis and finally section 4 presents the conclusion, limitation and future direction.

2. Literature Review

2.1. Theoretical Framework

SET is one of the persuasive frameworks for studying employee behavior in organizations (Oparaocha, 2016). This theory emerged in the 1920s (Malinowski, 1922) in the fields of anthropology (Firth, 1967; Sahlins, 1972), sociology (Blau, 1964), and social psychology (Thibault & Kelley, 1959). Although there are diverse concepts of SET, researchers describe it as involving a series of connections that create commitment (Emerson, 1976). SET suggests that these connections are generally viewed as codependent and reliant on others' actions (Blau, 1964). These interdependent exchanges result in stronger relationships (Muriuki et al., 2016).

2.2. Transformational Leadership and Thriving at work

Leadership is crucial as organizations are increasingly shifting work into environments based on teamwork. This is one of the reasons for leadership gaining enormous importance in recent times. However, there hasn't been sufficient research on how leadership grants people more autonomy, which ultimately increases their sense of thriving at work. Employees display a greater sense of support when their supervisors provide them with more freedom and autonomy in decision-making (Tuckey et al., 2012; Desgourdes et al., 2024). One key aspect of relational leadership is TL, which involves delegating authority to encourage active participation in assigned responsibilities.

"Thriving" has recently gained attention for fostering behavioral advances and a positive workplace (Jiang et al., 2020). Recent studies have used the emerging construct of TAW (Rahaman et al., 2021), which has been linked to important organizational outcomes such as better health, performance, reduced burnout, innovation, and self-development (Paterson et al., 2014). TAW also emphasizes the development and application of knowledge and new skills (Niessen et al., 2017).

Based on The Social Exchange Theory, several studies have examined the relationship between TL and TAW such as Exterkate (2021), Hayavi et al. (2022) and Hildenbrand et al. (2018). Similarly, Di Milia and Jiang (2022) also propose that LMX has a positive relationship with thriving. Hence, we propose the following hypothesis:

H1: TL is positively related to TAW.

2.3. Empowering Leadership

In the field of behavioral research, numerous leadership styles have been examined, with EL emerging as a distinct type of leadership (Amundsen & Martinsen, 2014). In recent years, scholars have focused on understanding the impact of leader-empowering actions and their outcomes through both deductive and inductive approaches (Srivastava et al., 2006). Empowering leaders play a crucial role in sharing authority with employees by delegating decision-making power (Lorinkova & Perry, 2017). For successful task completion, they enhance workers' confidence in their abilities (Spreitzer, 1995; Khalil & Yozgat, 2021).

There are four main leader behaviors in empowerment: enabling employee participation in decision-making, emphasizing the significance of their roles, removing bureaucratic barriers, and highlighting their strengths (Ahearne et al., 2005; Leach et al., 2003). In short, employees are more psychologically empowered when they perceive meaning, autonomy, competence, and impact in their work (Spreitzer, 1995; Stoverink et al., 2020). Previous studies have also reinforced the concept that EL positively influences TAW (Ali et al., 2018; Li et al., 2016). Hence, the following hypothesis is proposed in this regard:

H2: EL has a positive impact on TAW

2.4 LMX

The examination of LMX's effects on various job outcomes has recently gained attention from organizational professionals (Buengeler et al., 2021). Researchers have focused on this variable because leaders aim to cultivate diverse relationships with their subordinates based on exchanges and interactions (Teng et al., 2019). These interactions occur in different forms, and leaders can create high levels of dyadic interaction through LMX (Liang et al., 2022). LMX is defined as “the extent to which the quality of the relationship between superiors and employees is improved”

(Hasib et al., 2020).

According to LMX theory, dyadic relationships develop over time through a series of interactions between leader and member (Martin et al., 2018). Employees reporting lower levels of psychological empowerment and job satisfaction also report lower levels of LMX (Martin et al., 2018). Factors such as the absence of LMX relationships, low self-efficacy, and weak follower-leader connections contribute to this deprivation. LMX positively impacts TAW (Di Milia & Jiang, 2022; Li, 2015). The following hypothesis is proposed in this regard:

H3: LMX has a positive impact on TAW

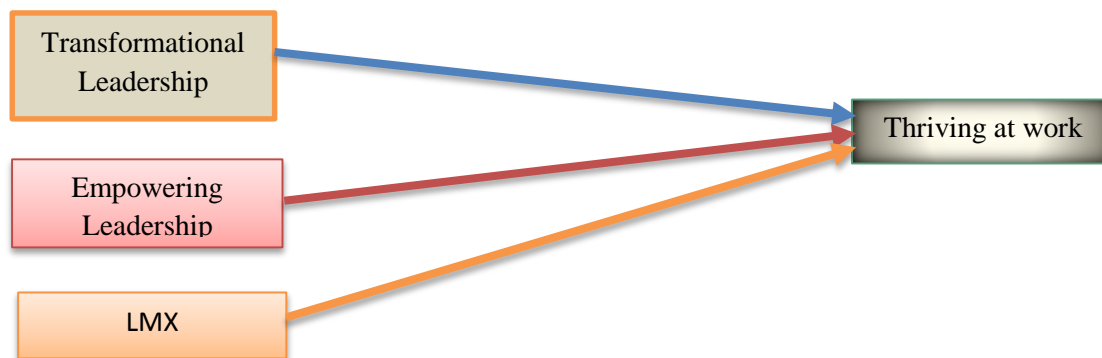


Figure 1. Theoretical Framework

3. Research Methodology

The current research is cross-sectional, as responses were collected from 300 bank officers at a single point in time. A structured questionnaire was used to gather responses, consisting of 32 items. TAW was assessed using 10 statements (Spreitzer & Porath, 2012). LMX was adapted from Caliskan (2015) with 7 questions, while transformational leadership was also adapted from Caliskan (2015) with 10 questions. EL was assessed using 8 statements (Hoch et al., 2010). All responses ranged from “1-Strongly Disagree” to “7-Strongly Agree.” The target population was private bank officers in Lahore. Data were gathered from lower, middle, and upper management through a survey. A total of 453 questionnaires were distributed using convenience sampling, and 200 usable responses were received. Lower management provided 110 (36.78%) responses, middle management 164 (54.85%), and upper management 25 (8.36%). Demographic details are presented in Table 1.

4. Result & Discussion

The analysis was conducted using SPSS-25. Descriptive analysis was employed to perform demographic analysis. Reliability, correlation, and regression tests were also conducted using SPSS-25 to further analyze the data.

Table 1. Demographics Profile

Particulars	Description	Values	Percentage
Gender	Male	250	83.27%
	Female	50	16.72%
Age group	21-30	110	36.67%
	31-40	164	54.67
	41-50	26	8.66
	51-60	0	0
Job Position	Lower Management	110	36.78%
	Middle Management	164	54.85%
	Upper Management	25	8.36%
Total work Experience	Less than 1 years	0	0
	1-5 years	110	36.78
	6-10 years	165	54.85%
	Above 10 Years	25	8.36%
Recommended Working Hours	4-8	279	93.31%
	9-12	19	6.35
	3-16	1	0.33%
	17-20	0	0
	21-24	0	0
Qualification	Matric	0	0
	Inter	0	0
	Graduation	22	7.02%
	Masters	278	92.98

Table 2 illustrates the reliability of the model which includes factor loading ranges and reliability values. All the values of factor loading, and reliability meet the threshold criteria.

Table 2. Reliability

Construct	Items	Factor Loading Ranges	Reliability
LMX	7	0.899	0.841
Empowering Leadership (EL)	8	0.879	0.835
Thriving at work (TAW)	10	0.896	0.896
Transformational Leadership (TL)	7	0.911	0.867

Table 3. Correlation Analysis

	LMX	EL	TL	TAW
LMX	1			
EL	0.342	1		
TL	0.457	0.424	1	
TAW	0.254	0.293	0.364	1

Note: *. Correlation is significant at the 0.05 level (2-tailed)

**. Correlation is significant at the 0.01 level (2-tailed).

4.1 Regression Analysis

Regression analysis was performed to analyze the influence of TL, EL and LMX on TAW. The constant term is 14.452. The coefficient (B = 0.364, p = 0.000) indicates that for every unit increase in TL, there is a 36.4-unit increase in TAW. This finding aligns with prior research (Hayavi et al., 2022; Hildenbrand et al., 2018), which also found a positive impact of TL on TAW. Similarly, the coefficient (B = 0.284, p = 0.000) shows that each unit increase in EL is associated with a 28.4-unit rise in TAW, supporting previous findings (Ali et al., 2018; Li et al., 2016). Lastly, the coefficient (B = 0.249, p = 0.000) reveals that each unit increase in LMX results in a 24.9-unit increase in TAW, consistent with earlier research (Di Milia & Jiang, 2022; Li, 2015), which also identified a positive effect of LMX on TAW.

Table 3. Regression

Model	Unstandardized		Standardized		
	Coefficients		Coefficients		
	B	Std. Error	Beta	T	Sig.
1 (Constant)	14.452	4.238		5.318	0.000
TL	0.364	.064	.364	2.692	0.000
EL	0.284	.065	.372	4.364	0.000
LMX	0.249	0.54	0.243	3.434	0.000

a. Dependent Variable: TAW

5. Conclusion

This study aimed to assess the impact of TL, EL, and LMX on thriving at work (TAW). The results confirm that all three variables have a positive influence on TAW, with TL having the most significant effect. EL also shows a strong positive impact on TAW. Therefore, bank management should prioritize employee development and leadership skills, as fostering these qualities will enhance satisfaction and contribute to thriving at work.

5.1 Research Limitation and future direction

This research has several limitations. The data was collected solely from banks in Lahore, limiting the generalizability of the findings. Future studies could collect data from banks across all provinces of Pakistan to provide more robust results. Additionally, this study is cross-sectional in nature, and future research could adopt a longitudinal design to improve generalizability. Expanding future research to include employees from the manufacturing and services industries could also provide more in-depth insights and explanations.

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