

# Investigating the impact of strengths use on well-being: The mediating role of leader-member exchange

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## COMMENTS

The reader is reminded of the following:

- The references referred to in this mini-dissertation follow the format prescribed by the Publication Manual (6th edition) of the American Psychological Association (APA). This practice is in line with the policy of the Programme in Industrial Psychology of the North-West University (Potchefstroom) to use the APA style in all scientific documents as from January 1999.
- The mini-dissertation is submitted in the form of a research article.

## DECLARATION

I, Jolandie Viljoen, hereby declare that **Investigating the impact of strengths use on work engagement: The mediating role of leader-member exchange** is my own work and that the views and opinions expressed in this work are my own.

Furthermore, I declare that the contents of this research study will not be submitted for any other qualification at any other tertiary institution.

A handwritten signature in black ink, appearing to read 'J. Viljoen', with a large, sweeping flourish at the end.

Jolandie Viljoen

March 2014

## DECLARATION FROM THE LANGUAGE EDITOR

I hereby declare that the dissertation **Investigating the impact of strengths use on work engagement: The mediating role of leader-member exchange** by Jolandie Viljoen, was edited by me.

A handwritten signature in black ink that reads "El Diedericks". The "El" is written in a cursive style and is enclosed within a large, hand-drawn oval.

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March 2014

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“I’m a greater believer in luck, and I find the harder I work, the more I have of it.”

- Thomas Jefferson

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## SUMMARY

**Title:** Investigating the impact of strengths use on work engagement: The mediating role of leader-member exchange

**Key terms:** Strengths use, leader-member exchange (LMX), work engagement, well-being, financial services industry

Financial institutions are faced with many changes and challenges, especially after the global financial crisis; and look to their human capital to provide their competitive advantage. It is therefore important to investigate effective means of managing employees in a way that could foster work engagement. Strengths use and leader-member exchange (LMX) quality create an opportunity for organisations to manage and utilise their employees more effectively and finally promote work engagement.

The objective of this research study was to investigate the mediating effects of LMX quality in the relationship between strengths use and work engagement. A questionnaire was compiled, utilising the Strengths-based Leadership Questionnaire, the LMX-7 and the Utrecht Work Engagement Scale. These measuring instruments were administered to a total of 213 (N = 213) individuals employed in the financial services industry. For the purpose of this research study the quality of the LMX relationship was measured from the perspective of the subordinates. Strengths use was positively related to LMX quality and LMX quality was positively related to work engagement. Additionally, LMX quality played a mediating role in the relationship between strengths use and work engagement. Therefore, organisations can, by promoting strengths use and high quality LMX, achieve higher levels of employee work engagement. This research study is the first to include strengths use, LMX quality and work engagement in one mediating model.

## OPSOMMING

**Titel:** Die ondersoek na die impak van die gebruik van sterkpunte op werksbetrokkenheid: Die rol van “leader-member exchange” as mediator

**Sleutelterme:** Gebruik van sterkpunte, “leader-member exchange (LMX)”, werksbetrokkenheid, welstand, finansiële dienste industrie

Finansiële instellings staar vele veranderinge en uitdagings in die gesig, veral weens die globale finansiële krisis, en maak nou dus staat op menslike kapitaal om die organisasie van ‘n kompeterende voordeel te voorsien. Daarom is dit juis belangrik om die mees effektiewe maniere te bestudeer om werknemers so te bestuur dat werksbetrokkenheid behoue kan bly. Die gebruik van sterkpunte asook “leader-member exchange” (LMX) kwaliteit skep ‘n geleentheid vir organisasies om werknemers meer effektief te bestuur en te benut ten einde werksbetrokkenheid te bevorder.

Die doel van hierdie studie was om die mediasie effekte van LMX te bestudeer in die verhouding tussen the gebruik van sterkpunte en werksbetrokkenheid. ‘n Vraelys is saamgestel met behulp van die ‘Strengths Based Leadership Questionnaire’, die LMX-7 en die ‘Utrecht Work Engagement Scale’. Hierdie meetinstrumente is aan ‘n totaal van 213 individue (N = 213) wat tans in die finansiële dienste industrie werksaam is, geadministreer. Hierdie navorsingstudie het die kwaliteit van die LMX verhouding vanuit die ondergeskiktes se perspektief gemeet. Die gebruik van sterkpunte was positief verwant aan LMX kwaliteit en LMX kwaliteit was positief verwant aan werksbetrokkenheid. Verder het LMX kwaliteit ‘n mediasierol gespeel in die verhouding tussen die gebruik van sterkpunte en werksbetrokkenheid. Dus kan organisasies, deur die gebruik van sterkpunte en hoër kwaliteit LMX aan te moedig, hoër vlakke van werksbetrokkenheid onder werknemers bereik. Hierdie studie is die eerste om die gebruik van sterkpunte, LMX kwaliteit en werksbetrokkenheid in een mediasiemodel in te sluit.

# CHAPTER 1

## 1.1 INTRODUCTION

### 1.1.1 Problem Statement

All over the world organisations are experiencing major changes (Ismail & Tech-Hong, 2011; Schreuder & Coetzee, 2008; Sparks, Faragher, & Cooper, 2001). These changes include the increasing use of information technology at work, organisational restructuring, the globalisation of many industries, changes in work time scheduling and work contracts. During the last twenty years specifically, the financial services sector has experienced substantial changes – the flattening of organisational structures, a move from independent to team orientated working conditions, an increase in global communications, escalating use of internet based transactions and fraud – changes that are anticipated to occur at a higher pace in the future (Gordhan, 2011; Lown, Osler, Strahan, & Sufi, 2009; Rezaee, 2011; Van Zyl, 2011).

Commercial and investment banks and savings institutions, insurance companies, mortgage institutions, finance companies, investment companies, real estate trusts, credit unions and security brokers and dealers all form part of the financial services industry (Brandon & Welch, 2009; Rezaee, 2011). Factors that are believed to have motivated and contributed to the above mentioned changes include the global financial crisis, globalisation of businesses, consumerism, technological advances, the worldwide economic downturn, etc. (Blair-Loy & Jacobs, 2003; Gordhan, 2011; Rezaee, 2011; Stairs, 2005; Van Zyl, 2011; Verich, 2010). Van Zyl (2011) argued that these changes provide for a competitive environment within the financial industry, which in turn places progressively more pressure on organisations to be more flexible and do more with less. It is argued that institutions have to be client-orientated and provide high quality service to their clients in order to achieve success and to keep up with the growing demands of well-informed clients and their advisers (Asif & Sargeant, 2000; Heskett, Sasser, & Schlesinger, 2003; Van Zyl, 2011).

With the increasing competitive environment, financial institutions had to gain sustainable sources of competitive advantage and therefore started to consider the role that their employees could play (Asif & Sargeant, 2000). Hudson (2010) stated that organisations

formerly gained competitive advantage by focusing on technological advances and ensuring that their tangible assets are used in the most productive way. However, organisations lately started to understand that their human capital can contribute meaningfully to the organisation's economic success. This resulted in organisations expecting more and more from their employees, which led to extreme work pressure, finally causing higher occupational stress (Raham & Aktas, 2006; Schreuder & Coetzee, 2008). Arrington (2008) stated that continuing occupational stress causes a range of negative consequences and can ultimately result in burnout. Employees in the financial services industry are submitted to increasing work pressures specifically due to the economic crisis, regulatory change, competition from electronic communication networks and globalisation (Blair-Loy, 2009; Blair-Loy & Jacobs, 2003; Rocha, 2010; Van Zyl, 2011; Verich, 2010). Extensive client interactions, after-hours trading and the numerous layoffs are all contributing to comprehensive work pressures, resulting in increasing employee burnout within this industry (Blair-Loy, 2009; Blair-Loy & Jacobs, 2003; Rennar, 2007; Rocha, 2010).

According to Weaver (2011), employees in the financial services industry's levels of work engagement were influenced by the pressures caused by the financial crisis. Work engagement is a term that denotes to a constructive work-related state of mind characterised by vigour, dedication and absorption (Bakker, 2008; Bakker & Demerouti, 2008; Bakker, Schaufeli, Leiter, & Taris, 2008; Schaufeli, Salanova, González-Romá, & Bakker, 2002; Schaufeli, Bakker, & Salanova, 2006). It was observed that engaged employees are loyal, satisfied, productive, creative, committed and willing to go the extra mile, and therefore they generate value within the organisation (Bakker & Demerouti, 2008; Russell, 2008; Heskett et al., 2003). Consequently, work engagement in an organisation brings about lower turnover, higher production and profitability, and more satisfied customers (Harter, Schmidt, & Keyes, 2003). Additionally, Schreuder and Coetzee (2008) stated that in order to survive and thrive in the ever-changing environment, organisations need employees that are healthy and motivated. Organisations need to recognise and address the needs of their employees (Stairs, 2005). Furthermore, since it was emphasised that individuals' experiences in the working environment affect them while they are in the workplace, organisations had been encouraged to seek to develop future generations of "work-happy" employees (who are genuinely challenged, engaged and committed to their work), who put in effort to make their organisations great places to work at (Schreuder & Coetzee, 2008; Stairs, 2005).

The positive psychology movement is the initiative to research and understand what makes people truly fulfilled, motivated and engaged to finally reach their potential (Stairs, 2005). According to Peterson and Seligman (2004), character development forms part of the positive psychology movement, and entails the development of personal strengths. It was suggested that organisations can develop positive emotions in the workplace, whilst still addressing productivity and performance through the use of employee strengths (Linley & Carter, 2007; Rothmann, 2003). Personal strengths are said to develop inclinations that are encouraging to work engagement (Strümpfer, 1995). Proctor, Maltby, and Linley (2010) established that there is a strong link between strengths use and work engagement, and revealed that employees whose strengths were utilised, experienced higher levels of work engagement (psychological well-being). Thus, it is evident that the use of employee strengths within the workplace has a definite impact on employee work engagement and are therefore clearly beneficial to the individual and the organisation (Hodges & Clinton, 2004; Seligman & Csikszentmihalyi, 2000; Strümpfer, 1995).

In order for organisations to better utilise their employees through strengths-use, they need to develop and adopt alternative strategies (Stairs, 2005). Supplemental to organisational strategies is the important role that leadership plays in this challenge. Since a leader's role is critical and can determine the outcomes of the group, Parry (2006) suggested that leaders should take on the role of aligning work with the individual strengths of group members. Hodges and Clifton (2004) stated that many of the world's best leaders have invested in their associates' individual strengths, by taking the time to learn about these strengths and then manage by keeping those strengths in mind. According to Stairs (2005), leaders are most able to create and facilitate a work environment that allows employees to be their best, ensuring that every employee has an appropriate level of authority and challenge in his/her work, receives the necessary training and development, and the appropriate rewards and recognition. Employees' experiences of the work environment were found to be influenced by their leader's behaviour (Mendes & Stander, 2011). They (leaders) were also argued to be the ones who are most able to facilitate the attainment of well-being within the workplace. Therefore, Stairs (2005) postulated that leaders have the ability to nurture a culture in which employees feel committed and engaged.

Due to the superior position leaders hold in their organisations, they can, intentionally or unintentionally cause stress for their subordinates (Sparks et al., 2001). Organisational

leaders' leadership styles impact employees in terms of job satisfaction (Al-shuwairekh, 2005), turnover (Raup, 2007), stress (Sparks et al., 2001), performance (Davir, Eden, Avolio, & Shamir, 2002; Fullan, 2001; Gingras, 2006), development (Davir et al., 2002), the work experience (Fullan, 2001; Kassin, Fein, & Markus, 2008), commitment (Fullan, 2001), and finally impacts organisational effectiveness (Gingras, 2006). Different leadership styles were distinguished of which the two most common included transactional leadership and transformational leadership (Forsyth, 2010; Gerstner & Day, 1997; Kassin et al., 2008; Sparks et al., 2001; Venter, Levy, Conradie, & Holtzhausen, 2009). Graen and Uhl-Bien (1995) argued that both the transactional and transformational leadership approaches describe the leader-member exchange (LMX) process, which is a dyadic, relationship-based approach to leadership undertaking that exchange relationships develop between leaders and each of their subordinates. These exchange relationships are otherwise referred to as leader-member exchange (LMX) relationships. Graen and Uhl-Bien (1991) stated that the dominant notion of the LMX theory is that leadership processes are effective when leaders and their subordinates are able to engage in mature leadership relationships – also referred to as partnerships.

Settoon, Bennett, and Liden (1996) discovered that the preferred work behaviours of employees are related to the quality of the relationship between the leader and the subordinates. According to Awater and Carmeli (2009), and Carmeli, Ben-Hador, Waldman, and Rupp (2009), high-quality LMX relationships (characterised by higher levels of mutual trust, respect and obligation) between leaders and subordinates impact employees' feelings of vigour, energy and excitement in the workplace; also causing higher levels of employee involvement in creative work. Moreover, Raja (2012) found that high-quality LMX led to employees feeling more dedicated and immersed in their work, experiencing higher levels of absorption, and consequently reporting higher levels of employee work engagement. Thus, LMX too, is a means through which employee work engagement can be affected. Consequently, as this study will aim to investigate, it is possible that LMX could play a mediating role in the relationship between strengths use and work engagement.

### **1.1.2 Literature Review**

#### **Strengths Use**

Strengths are the abilities of individuals to behave, think or feel in a specific way that is naturally comfortable and energising, and contributes to optimal functioning, development



and performance (Linley & Carter, 2007). Govindji and Linley (2007) suggested that people who get to use their strengths in the workplace tend to be happier and more fulfilled. Therefore, organisations started utilising the strengths-based approach that focuses on the use and development of employees' signature strengths, rather than attempting to improve on individuals' weaknesses (Stairs, 2005). Strengths-based development entails the recognition of individual talents, the integration of these talents into one's view of oneself; finally generating changes in individual behaviour (Hodges & Clifton, 2004). Harter et al. (2003), Stairs (2005), and Kaiser (2009) argued that organisations should use employees according to their individual strengths, since it is more difficult to teach people new behaviours, new thinking or new skills, rather than utilising their proven strengths more effectively. Consequently, by allowing individuals to do what comes naturally to them, organisations can benefit.

The strengths-based approach is derived from positive psychology which concentrates on building positive qualities and discovering what is right with people (Seligman & Csikszentmihalyi, 2000). This science aims to understand what makes individuals truly happy, fulfilled, engaged and motivated to achieve their potential (Stairs, 2005). Another driver of positive psychology includes the issue of prevention, which clearly derived from the tendency to build competency rather than correct weakness (Seligman & Csikszentmihalyi, 2000). Some human strengths, such as courage, optimism, future-mindedness, interpersonal skill, hope, perseverance, work ethic, honesty and the capacity for flow and insight, were found to act as buffers against mental illness. Therefore, researchers found that the science of human strengths can aid in preventing mental illness.

Linley and Carter (2007) stated that organisations can develop a work environment with more positive emotions and still address the ultimate goal of getting the job done, through the use of strengths. Hodges and Clifton (2004) reported that the use of strengths-based interventions led to measurable business results in that employee productivity improved dramatically. By using a strengths-based approach, organisations can improve their employees' satisfaction, performance, work engagement, well-being, happiness, fulfilment and life satisfaction (Govindji & Linley, 2007; Linley & Carter, 2007; Peterson & Seligman, 2004; Rath, 2007; Seligman, 2002).

According to a study done by the Corporate Leadership Council (2002), organisations that focused on the weaknesses of their employees experienced lower levels of performance; whereas those that focused on strengths experienced improved performance. Later it was established (Govindji & Linley, 2007; Hodges & Clifton, 2004; Proctor et al., 2010) that there is a strong link between strengths use, subjective well-being (life satisfaction) and psychological well-being (work engagement). These findings revealed that employees, whose strengths were utilised, experienced higher levels of well-being. Thus, by making use of individual strengths in the workplace, employees can attain genuine, positive well-being. Govindji and Linley (2007) furthermore stated that organisations can make an immense difference by enabling employees to identify and use their strengths. It will create a win-win situation for the organisation and its employees given the positive impact on employee well-being and organisational performance. Additionally, the use of strengths supports goal attainment, leading to higher need satisfaction and work engagement (Linley, Nielsen, Gillet, & Biswas-Diener, 2010). Workplaces that utilise employees' strengths are reportedly more productive, have advanced customer loyalty, and have lower levels of turnover due to the gains in employee work engagement (Clifton & Harter, 2003; Harter et al., 2003; Harter, Schmidt, & Hayes, 2002).

Leadership plays an important part in the task of achieving a healthy workforce, especially since managers have the power to create a work culture in which employees feel engaged and committed (Parry, 2006; Stairs, 2005). Hodges and Clifton (2004) referred to those managers who invested effort into exploring, developing and using their subordinates' strengths, as some of the best managers in the world. Managers should be encouraged to utilise a strengths-based approach in managing their subordinates. Sparks et al. (2001) stated that managers can, due to their superior position in the organisation, influence the stress experienced by their subordinates.

The leadership styles of managers can also influence the work performance, job satisfaction, turnover intention, commitment, development and work experience of their subordinates (Alshuwairekh, 2005; Davir et al., 2002; Fullan, 2001; Gingras, 2006; Kassin et al., 2008; Krishnan, 2005; Raup, 2007; Sparks et al., 2001). There were two well-known leadership styles distinguished, namely transactional leadership and transformational leadership. Transactional leadership refers to a transaction taking place between the leader and the subordinate, where the leader sets goals and offers promotions and rewards for the effort

provided by the subordinate (Forsyth, 2010; Gerstner & Day, 1997; Kassin et al., 2008; Sparks et al., 2001; Venter et al., 2009). Conversely, transformational leadership entails the transformation where leaders engage with subordinates on a personal level and foster their creativity and intelligence, involve them in decision-making, encourage innovation, and emphasise the importance of commitment (Forsyth, 2010; Gerstner & Day, 1997; Kassin et al., 2008; Sparks et al., 2001; Venter et al., 2009; Weiten, 2010). Both transactional and transformational leadership styles were found to be related to the leader-member exchange (LMX) process (Graen & Uhl-Bien, 1995).

LMX refers to the exchange relationships that develop between managers and their subordinates. LMX relationships begin with individuals who come together as strangers; exchanges are formal in that leaders make requests and subordinates comply with these requests because of their formal obligation towards the leader. In this phase self-interest is the motivation and there is little consideration for the good of the group. This corresponds with the transactional leadership process (Graen & Uhl-Bien, 1995). Exchanges are referred to as low-quality exchanges and are characterised by low trust, respect and obligation. Furthermore, the partnership stage of LMX relationships involves leaders and subordinates engaging in mature relationships where higher levels of mutual trust, respect and obligation progresses. This is referred to as high-quality exchanges, corresponding with the transformational leadership process, and encourage subordinates to participate in additional activities (Gerstner & Day, 1997; Graen & Uhl-Bien, 1995; Krishnan, 2005). Thus, if high-quality exchange relationships correspond with transformational leadership (where managers foster the creativity and intelligence of their subordinates), and low-quality exchanges correspond with transactional leadership (where the relationship is strictly formal), the following hypothesis can be formulated:

*Hypothesis 1:* Strengths use is positively related to leader-member exchange.

### **Leader-member exchange (LMX)**

LMX theory is a dyadic, relationship-based approach to leadership stating that exchange relationships (otherwise referred to as LMX relationships) develop between leaders and subordinates (Graen & Uhl-Bien, 1995). The central tenet of LMX is that when leaders and subordinates engage in mature relationships, leadership tends to be more effective. The LMX

process begins with low-quality relationships (“out-group”) where exchanges are purely contractual. This stage is where the leaders make requests and subordinates comply with these requests because of their formal obligation towards the leader (Graen & Uhl-Bien, 1991). Low-quality exchanges, according to Graen and Uhl-Bien (1995), are characterised by low levels of respect, trust and obligation and self-interest is the highest concern for the individuals involved. High-quality exchanges (“in-group”) that occur in the partnership stage of the LMX process, involve high levels of respect, trust and obligation where individuals participate in additional activities, other than those initially expected of them (Gerstner & Day, 1997; Graen & Uhl-Bien, 1995; Krishnan, 2005).

LMX quality is an important concept to investigate within the organisation in that it impacts a number of employee outcomes, of which some include job satisfaction, psychological empowerment, vigour, enthusiasm, intention to quit, stress and emotional exhaustion (Carmeli et al., 2009; Harris, Wheeler, & Kacmar, 2009; Hooper & Marin, 2008; Krishnan, 2005; Lapierre & Hachett, 2007; Loschinger, Purdy, & Almost, 2007; Thomas & Lankau, 2009). The positive employee outcomes (i.e. job satisfaction, psychological empowerment, vigour and enthusiasm) are believed to contribute to employee work engagement (Bakker & Demerouti, 2008; Bakker et al., 2008; Schaufeli & Bakker, 2004; Schaufeli et al., 2002; Schaufeli et al., 2006; Van den Broeck, Vansteenkiste, De Witte, & Lens, 2008), which supports the finding of Raja (2012) that high-quality exchange relationships caused employees to be more dedicated and immersed in their work; experiencing higher levels of absorption, and consequently reporting higher levels of employee work engagement. Therefore the following hypothesis can be formulated:

*Hypothesis 2: LMX is positively related to work engagement.*

## **Work Engagement**

Work engagement is a term referring to a positive work-related state of fulfilment characterised by vigour, dedication and absorption (Bakker, 2008; Bakker & Demerouti, 2008; Bakker et al., 2008; Schaufeli et al., 2002; Schaufeli et al., 2006). Vigour refers to experiencing high levels of energy and mental flexibility while working. Dedication is a state where individuals are strongly involved in their work; experiencing a sense of meaning, enthusiasm and challenge. Lastly, absorption refers to individuals being fully concentrated

and happily immersed in their work (Schaufeli et al., 2002; Schaufeli & Bakker, 2004). Yet, Naudé and Rothmann's (2004) research findings concluded that the internal consistencies of the absorption scale were not acceptable in the South African context specifically. Consequently, many studies recently suggested that the core constructs of work engagement were vigour and dedication only (González-Roma, Schaufeli, Bakker, & Lloret, 2006; Llorens, Schaufeli, Bakker, & Salanova, 2007; Schaufeli & Bakker, 2001; Storm & Rothmann, 2003).

Bakker and Demerouti (2008) stated that engaged employees tend to be more creative, more productive and are more willing to do more than what is expected of them. According to Harter et al. (2002), employee work engagement contributes a great deal towards business outcomes, and was found to be predictive of employees' intent to stay with the organisation, and higher performance levels; consequently resulting in higher business outcomes for the organisation (Bakker & Demerouti, 2008; Bakker et al., 2008; Harter et al., 2003). Organisations should therefore strive towards a workforce that is engaged, as engaged employees display high levels of energy and enthusiasm for their work, are more productive, more creative and more willing to go the extra mile (Bakker, 2008; Bakker & Demerouti, 2008; Bakker et al., 2008; Schaufeli et al., 2002). In turn, work engagement leads to job performance which benefits not only the employee, but offers the organisation a competitive advantage (Bakker & Demerouti, 2008; Bakker et al., 2008; Carmeli et al., 2009).

Considering the above mentioned hypothesised relationships, namely that strengths use may influence LMX which in turn may affect work engagement levels, it was expected that LMX will act as a mediator between strengths use and work engagement.

*Hypothesis 3: LMX mediates the relationship between strengths use and work engagement.*

The following research questions emerged from the above literature:

- How are strengths use, LMX and work engagement conceptualised according to literature?
- What are the relationships between strengths use, LMX and work engagement?
- Does LMX act as a mediator in the relationship between strengths use and work engagement?

- What recommendations could be made to organisations and future research?

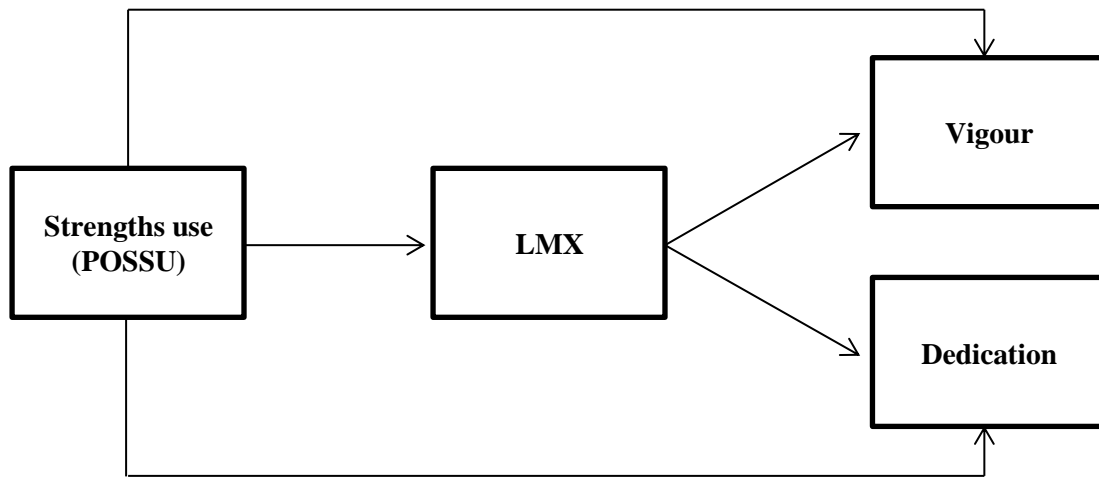


Figure 1. Hypothesised model.

## 1.2 CONTRIBUTION

The contributions of this study included contributions for the individual, the organisations and industrial and organisational literature.

### 1.2.1 Contribution for the Individual

The outcomes of this research provided managers with the knowledge on how to increase work engagement in their subordinates through strengths use and high-quality LMX relationships.

### 1.2.2 Contribution for the Organisation

The outcomes of this research benefit organisations in that managers can better utilise their subordinates through strengths use and high-quality exchange relationships. In turn, increased employee work engagement may lead to higher levels of commitment and productivity (Bakker & Demerouti, 2008; Schaufeli et al., 2002), and may lead to lower levels of

absenteeism, turnover and physical ill health (Bakker, Demerouti, & Verbeke, 2004; Marine, Ruotsalainen, Serra, & Verbeek, 2009; Schaufeli & Bakker, 2004).

### **1.2.3 Contribution towards Industrial and Organisational Literature**

As engaged employees contribute to organisations' competitive advantage (Bakker & Demerouti, 2008; Carmeli et al., 2009), research on how to foster work engagement among employees has escalated. Due to a lack of research on the interaction between strengths use and LMX and the effects of this interaction on work engagement, the outcomes of this research contributed to the I/O psychology literature's body of knowledge.

## **1.3 RESEARCH OBJECTIVES**

Research objectives included general objectives and specific objectives.

### **1.3.1 General Objective**

The general objective of this study was to investigate the relationship between strengths use, work engagement, leader-member exchange and its potential mediating role.

### **1.3.2 Specific Objectives**

The specific objectives of this study were to:

- Conceptualise strengths use, LMX quality and work engagement according to literature.
- Determine the relationships between strengths use, LMX quality and work engagement.
- Determine whether LMX quality acts as mediator in the relationship between strengths use and work engagement.
- Make recommendations to organisations and future research.

## **1.4 RESEARCH HYPOTHESES**

$H_1$ : Strengths use is positively related to leader-member exchange (LMX).

$H_2$ : LMX is positively related to work engagement.

$H_3$ : LMX mediates the relationship between strengths use and work engagement.

## **1.5 METHOD**

The research method consisted of a literature review and an empirical study. The results were presented in the form of a research article.

### **1.5.1 Literature Review**

A literature study was conducted, specifically focusing on strengths use, LMX and work engagement. Resources included books, papers, theses, dissertations and articles published between 1980 and 2012. These articles were obtained from databases available on the internet, including EbscoHost, Emerald, Science Direct, Scopus, ProQuest, Sabinet Online, SAE Publications, Lexis Nexis, Academic Search Premier, Business Source Premier, EconLit, ERIC, PsychArticles, PsycInfo, SocIndex. Journals, relevant to the topic of interest, were consulted and included: *Academy of Management Journal*, *Human Resource Management Journal*, *International Coaching Psychology Review*, *Journal of Applied Psychology*, *Journal of Applied Social Psychology*, *Journal of Career Assessment*, *Journal of Happiness Studies*, *Journal of Industrial Psychology*, *Journal of Leadership and Organizational Studies*, *Journal of Management*, *Journal of Occupational and Organizational Studies*, *Journal of Social and Clinical Psychology*, *South African Journal of Industrial Psychology*, *The International Journal of Human Resource Management*, *The Leadership Quarterly*, and *Work & Stress*. Keywords used in the research process included: financial services industry; strengths use; strengths-based approach; leader-member exchange; work engagement; well-being; leadership styles; employees.

### **1.5.2 Empirical Study**

The empirical study consisted of a research design, sampling method, study population, measuring instruments, procedure, statistical analyses and ethical considerations.



### **1.5.2.1 Research Design**

For the purpose of this study a quantitative research design was followed. Quantitative research involves large representative samples and follows fairly structured data collection procedures (Struwig & Stead, 2010). The research was of an exploratory nature since little was known about the specific topic. Furthermore, a cross-sectional survey design was utilised to collect the data and finally attain the research objectives, meaning that a large group of people was examined at one point in time (Salkind, 2009). Data collection took place by means of paper-and-pencil administered questionnaires as well as electronically administered questionnaires. According to Ritter, Lorig, Laurent and Matthews (2004), Schwarz, Stack, Hippler and Bishop (1991) and Webster and Compeau (1996) no differences occurred in the reliabilities and means when comparing electronically administered questionnaires to paper-and-pencil administered questionnaires. Both modes of administration were therefore used in this study to collect data.

### **1.5.2.2 Study Population**

Random availability sampling was used for the purposes of this study. The study population included employees within the financial services industry in South Africa ( $n = 213$ ), with participants mainly from the Gauteng and Limpopo provinces. Research participants were selected by participating organisations. The characteristics of participants varied with regard to racial groups (African, Indian, White and Coloured), gender, age and marital status.

### **1.5.2.3 Measuring Instruments**

The measuring instruments that formed part of the measuring battery included the Strengths-based Leadership Questionnaire, LMX-7 and UWES.

*Strengths based leadership questionnaire.* The dimension *perceived organisational support for strengths use* of the Strengths Use and Deficit Improvement Questionnaire developed by Els, Mostert, Van Woerkom, Rothmann Jr., and Bakker (in progress) was adapted to measure the extent to which employees believe their direct leader supported them to use their strengths in the workplace. This was an eight item questionnaire consisting of perceived leader support for strengths use (e.g. "My leader allows me to do my job in a manner that best suits my

strong points") and was measured on a 7-point Likert-type scale ranging from 0 (almost never) to 6 (almost always). The reliability of this questionnaire was satisfactory, reporting a Cronbach alpha coefficient of 0.96 (Els et al., in progress).

*The 7-item Leader-Member Exchange Scale (LMX-7).* To measure the quality of the dyadic relationship between the managers and their subordinates, the LMX-7 was utilised (Scandura & Graen, 1984). For the purpose of this study, LMX quality was measured as perceived by the subordinates only. This measure characterised various aspects of the working relationship between the managers and subordinates, including effectiveness of work relationship, understanding of job problems and needs, recognition of potential and willingness to support the other (Uhl-Bien & Maslyn, 2003). The LMX theory has endured many revisions over the years and therefore many versions for the measurement of LMX exist. According to Graen and Uhl-Bien (1995), Green, Craven, Scott, and Gonzalez (2006), and Marinez, Kane, Ferris, and Brooks (2012), the LMX-7 is the most appropriate, universal version used to measure LMX. However, the seven items of this measure were adapted and reworded by Liden, Wayne, and Stilwell (1993); and Wayne, Shore, and Liden (1997) in order to accommodate the use of a 7-point Likert scale ranging from 1 (strongly disagree) to 7 (strongly agree). Examples of items are "*I usually know where I stand with my supervisor?*" and "*Regardless of how much power he/she has built into his/her position, my supervisor would be personally inclined to use his/her power to help me solve problems in my work*". Cronbach alpha coefficients of between 0.80 and 0.91 were reported for the LMX-7 (Henderson, Wayne, Shore, Bommer, & Tetrick, 2008; Liden et al., 1993; Liden & Maslyn, 1998; Walumbwa et al., 2011; Wayne et al., 1997).

*Utrecht Work Engagement Scale (UWES).* The UWES is a self-report questionnaire designed to measure the work engagement levels of participants (Schaufeli et al., 2002). However, many studies have emphasised that vigour and dedication are the core constructs of work engagement and therefore only these constructs were included in the measurement of work engagement (Schaufeli & Bakker, 2001; Schaufeli et al., 2002; Schaufeli & Bakker, 2004; Schaufeli & Taris, 2005; Storm & Rothmann, 2003). This measure therefore contained a total of eleven items which measured two factors - vigour (six items) and dedication (five items). Items were scored on a 7-point frequency rating scale ranging from 0 (never) to 6 (always/every day). Sample items include, for example, "*At my work, I feel that I am bursting with energy*" (vigour); "*I feel happy when I am working intensely*" (absorption); and "*I am*

*enthusiastic about my job*” (dedication). The UWES was found to be reliable in both South African and international contexts with Cronbach alpha coefficients ranging between 0.81 to 0.85 for vigour and 0.83 to 0.87 for dedication (Goliath-Yarde & Roodt, 2011; Schaufeli & Bakker, 2004; Simons & Buitendach, 2013).

#### **1.5.2.4 Research Procedure**

Contact was established with the HR departments or management of different financial services organisations in the Gauteng and Limpopo provinces to obtain permission to conduct the study. Questionnaires were compiled, printed and hand-delivered to employees in these organisations. Participating employees were informed regarding the purpose and importance of the research. They were also notified that participation was voluntary, confidentiality was assured, and that their identities would be kept anonymous in the reporting of data. The estimated time to complete the questionnaire was between 30 to 50 minutes. Participants were able to complete the questionnaire within a two-week period after notification, where after the questionnaires were collected personally. A weekly reminder to complete the questionnaire was sent out to participants who had not yet completed the questionnaire. After the data collection period had ended, the process of data analyses started.

Participants to this study:

- included employees working within the financial services industry, and who were working under the supervision of a manager;
- had a thorough understanding of the English language in order to successfully complete the questionnaires; and
- voluntarily participated in this research (written consent was obtained after participants had been informed of all the procedures of the research).

#### **1.5.2.5 Statistical Analyses**

The statistical analysis was carried out by means of the Mplus 7.11 programme (Muthén & Muthén, 2013). Cronbach alpha coefficients and exploratory factor analysis were used to assess the validity and reliability of the measuring instruments. Cronbach alpha coefficients indicated reliability (Struwig & Stead, 2010), and were acceptable at a 0.70 or larger value. Descriptive statistics were utilised to analyse the data with the purpose of providing an

overall, logic and simple picture of the gathered data (Pallant, 2005; Struwig & Stead, 2010). In order to test hypotheses 1 and 2, the polychoric correlation matrix was computed to determine whether there were statistically significant relationships between the different constructs. The confidence interval level for statistical significance was determined at a value of 95% ( $p \leq 0.05$ ). Furthermore, to determine the practical significance of the results, effect sizes were utilised and, as determined by Cohen (1988), cut-off points of 0.30 (medium effect) and 0.50 (large effect) were established.

According to Preacher and Hayes (2008), mediation occurs when a predictor variable impacts a dependent variable indirectly through at least one intervening variable; otherwise referred to as the mediator. The mediating hypotheses were tested by using structural equation modelling (SEM). Hereafter, a bootstrapping analysis (a nonparametric resampling method) was applied to determine the indirect or mediating effects (Preacher & Hayes, 2008), together with the associated standard errors and significance levels (confidence interval level at 95%; significance at  $p < 0.05$ ). Bootstrapping is a powerful and valid method of testing indirect effects and is also referred to as the preferred method (Preacher & Hayes, 2008). Thus, this research entailed the investigation of the effect of the independent variable (strengths use) on the dependent variable (work engagement) that was mediated by the mediating variable (LMX). To assess the goodness of model fit,  $\chi^2$  statistic, Comparative Fit Index (CFI), Tucker-Lewis Index (TLI), the Root Mean Square Error of Approximation (RMSEA) and standardised root mean square residual (SRMR) were used. For the CFI and TLI, acceptable fit was considered at a value of 0.90 and above (Byrne, 2010; Hoyle, 1995). According to Cudeck and Browne (1993), for the RMSEA a value of 0.05 or less indicates a good fit, but values of 0.08 and less were also considered an acceptable model fit. The cut-off point for SRMR was set at smaller than 0.05 (Hu & Bentler 1999).

#### **1.5.2.6 Ethical Considerations**

Research conducted in a fair and ethical manner was essential for the success of this project. Participants were informed, beforehand, of the purpose and importance of the research without being misled or deceived (Struwig & Stead, 2010). Participation was voluntary; informed consent was obtained from every participant; the privacy, confidentiality and anonymity of participants were respected at all times and any possible harm to participants

was avoided (Salkind, 2009). Every participant was treated in an honest and fair manner, being sensitive to their individual differences such as age, ethnicity, religion, language and socio-economic status (Struwig & Stead, 2010).

## **1.6 CHAPTER DIVISION**

The chapters in this mini-dissertation were presented as follows:

Chapter 1: Introduction

Chapter 2: Research Article

Chapter 3: Conclusions, Limitations and Recommendations.

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## **CHAPTER 2**

### **RESEARCH ARTICLE**

## **Investigating the impact of strengths use on well-being: The mediating role of leader-member exchange**

### **Abstract**

**Orientation:** Strengths use and leader-member exchange (LMX) create an opportunity for organisations to manage and utilise their employees more effectively; finally promoting work engagement.

**Research Purpose:** The objective of this research study was to investigate the mediating effect of LMX (as perceived by subordinates) in the relationship between strengths use and work engagement.

**Motivation for the Study:** Financial institutions are faced with many changes and challenges after the global financial crisis, looking to their human capital to provide the competitive advantage. It is therefore important to investigate effective means of managing employees in a way that could foster work engagement.

**Research Design, Approach and Method:** A cross-sectional survey design was utilised to collect data. The questionnaire was administered to a random sample of employees in the financial services industry in South Africa ( $N = 213$ ). Cronbach alpha coefficients, descriptive statistics, polychoric correlation matrix, structural equation modelling and bootstrapping analysis were used to analyse the data.

**Main Findings:** Strengths use was positively related to LMX and LMX was positively related to work engagement. Additionally, LMX plays a mediating role in the relationship between strengths use and work engagement.

**Practical/managerial Implications:** Organisations can, by promoting strengths use and high quality LMX, achieve higher levels of employee work engagement.

**Contribution/value-add:** This research study contributes to the scientific literature in that it is the first research to include strengths use, LMX quality and work engagement in one mediating model. This confirmed model suggests that when employees are allowed to use their strengths in the workplace, they are more likely to experience a high quality exchange relationship with their leaders, as perceived by subordinates. This could consequently lead to higher levels of work engagement.

**Key Words:** Strengths use, leader-member exchange (LMX), work engagement, well-being, positive psychology, financial industry

## INTRODUCTION

### **Key Focus of the Study**

Work engagement has become a major focus in research and in practice, continuously proving to be a vital facet to be considered within the working environment (Bakker & Leiter, 2010; Mills, Culbertson, & Fullagar, 2012; Rothmann, 2003; Schaufeli, Bakker, & Salanova, 2006). Engaged employees are proactive, responsible and show initiative which can ultimately lead to the organisation's competitive advantage (Bakker & Leiter, 2010). The use of individual strengths in the workplace has been proven to increase work engagement in employees (Chan, 2009; Proyer, Ruch, & Buschor, 2013; Rothmann, 2003; Stairs, 2005). Additionally, the importance of the leaders' role to be familiar with and effectively utilise the individual strengths of their subordinates has been emphasised (Forest et al., 2012). Due to the impact of work engagement and the relationship between manager and subordinate on the performance and well-being of employees, strengths use and LMX quality have gained great popularity in organisational psychology research. However, no research has yet been found to include the quality of the exchange relationship between leader and subordinate within the relationship between strengths use and work engagement. The purpose of this study is to investigate the mediating role of LMX quality (as experienced by subordinates) within the relationship between strengths use and work engagement.

### **Background of the Study**

Financial institutions throughout the world were substantially impacted by the global financial crisis that reached a critical point in 2008 (Hernandez Jr., 2010; Parzinger, Lemons, & McDaniel, 2012). The financial landscape changed in an exceptional way through consolidation, automation, new regulations from government, etc. (Hernandez Jr., 2010; Ochoa & Mujtaba, 2009). Consequently, the financial industry became an increasingly global competitive environment where financial institutions were constantly searching for new and innovative ways to compete and grow within the market. A shift has therefore taken place for organisations in the financial services industry to focus a great deal on hiring and utilising creative human capital (Parzinger et al., 2012). Ochoa and Mujtaba (2009) have, however, discovered that the financial services industry continues experiencing high levels of



employee turnover, mostly due to a lack of job satisfaction, motivation and organisational commitment. It was also established that a number of management practices within this industry contributed greatly to the increase in employee turnover (Ochoa & Mujtaba, 2009; Parzinger et al., 2012). According to Harzer and Ruch (2013) and Seligman (2002), positive experiences at work – such as job satisfaction, motivation, meaning, engagement and commitment – increase if the work environment allows for the application of individual strengths. They emphasised that the number of positive experiences at work is a function of the extent to which employees are empowered to utilise their strengths at work.

Positive psychology, being the initiative to study and understand what cause individuals to be truly motivated, fulfilled and engaged (Seligman & Csikszentmihalyi, 2000; Stairs, 2005), today affords opportunities for psychological interventions to enhance positive outcomes and reduce negative consequences (Bolier et al., 2013; Hurley & Kwon, 2012). The effective application of positive psychology interventions – in particular the use of individual strengths – can enhance the functioning and well-being of individuals as well as improve positive organisational outcomes (Bolier et al., 2013; Odou & Vella-Brodrick, 2011; Seligman, Steen, Park, & Peterson, 2005; Sin & Lyumbomirsky, 2009). Therefore, the movement of positive psychology strives towards investigating, understanding and applying measurable, positively-orientated human strengths which can be developed and utilised for performance improvement; finally increasing workplace productivity (Aspinwall & Staudinger, 2012; Gable & Haidt, 2005; Luthans, 2002; Peterson & Seligman, 2004; Snyder & López, 2009; Wood, Linley, Maltby, Kashdan, & Hurling, 2011).

## **Trends from Research Literature**

### **Strengths Use**

According to Peterson and Seligman (2004), individual strengths are those talents and abilities that create excitement, inevitability, yearning and invigoration when being utilised. Individuals have an intrinsic motivation to perform and continuously discover new ways to enact. The use of individual strengths is important in occupational environments. Harzer and Ruch (2013) found that as the number of strengths being applied at work increased, the number of positive employee experiences also increased. It was therefore concluded that by nurturing and utilising strengths regularly and astutely, greater levels of positive experiences

and excellence can be achieved, resulting in a more satisfied and productive workforce (Peterson & Seligman, 2004; Seligman, 2002; Seligman, Park, & Steen, 2004). Rothmann (2003) emphasised that it is essential to conduct more research focusing on the effects of interventions aimed at developing strengths in the workplace.

According to Seligman (2002), individuals and organisations can achieve greater success and satisfaction from identifying, utilising and developing strengths, rather than bestowing a lot of effort on improving weaknesses. Rothmann (2003), and Harter, Schmidt, and Keyes (2003) supported this notion by emphasising that should organisations focus on utilising and developing employees' strengths, rather than their weaknesses, they would avoid the challenge of teaching people new thinking, behaviours, abilities and skills – an idea of improving what is already good, rather than attempting to enhance difficulties or limitations. Furthermore, strengths use has proven to provide an array of constructive work-related outcomes. For example, strengths use has been found to be related to better goal attainment (Linley, Nielsen, Gillett, & Biswas-Diener, 2010; Quinlan, Swain, & Vella-Brodrick, 2012), higher job satisfaction (Harzer & Ruch, 2013), improved work performance (Linley et al., 2010; Page & Vella-Brodrick, 2009; So & Kauffman, 2010), higher productivity (Harzer & Ruch, 2013), increased happiness (Seligman, 2002; Seligman et al., 2004), improved life satisfaction (Allan & Duffy, 2013; Peterson & Seligman, 2004; Proctor et al., 2011b; Proyer et al., 2013), increased human flourishing (Proctor et al., 2011b), higher motivation (Quinlan et al., 2012) and lower turnover (Page & Vella-Brodrick, 2009). Finally, strengths use has also proven to contribute greatly to increased employee well-being (Harzer & Ruch, 2013; Linley et al., 2010; Page & Vella-Brodrick, 2009; Proctor, Maltby, & Linley, 2011a; Proctor et al., 2011b; Proyer et al., 2013; Quinlan et al., 2012; Seligman et al., 2005; Wood et al., 2011).

### **Employee Work Engagement**

Employee well-being is one of the core elements of mental health and a vital outcome organisations aim to accomplish, especially due to its important implications for performance, productivity, turnover and physical health (Bolier et al., 2013; Diener, 2000; Moodie, Dolan, & Burke, 2012; Page & Vella-Brodrick, 2009). An underlying, thoroughly researched construct of well-being is work engagement (Moodie et al., 2012). Work engagement is defined as a progressive and fulfilling work-related state of mind,

characterised by a) vigour – feeling energetic, being able to work for extensive periods of time without getting tired and being persistent through difficult times; b) dedication – feeling enthusiastic, satisfied, proud as well as challenged by your work; and c) absorption – being fully focused and happily submerged in your work (Bakker & Demerouti, 2008; Bakker & Leiter, 2010; Schaufeli, Salanova, González-Romá, & Bakker, 2002; Schaufeli et al., 2006). However, many studies have recently suggested that vigour and dedication constitute the core components of work engagement (González-Roma, Schaufeli, Bakker, & Lloret, 2006; Llorens, Schaufeli, Bakker, & Salanova, 2007; Schaufeli & Bakker, 2001; Storm & Rothmann, 2003). Research has found that the internal consistencies of the absorption scale, particularly in the South African context, were not acceptable (Naudé & Rothmann, 2004). Furthermore, although absorption has been described as a resulting feature of work engagement, research does not provide strong enough evidence to consider absorption a core construct in the measurement of work engagement (Schaufeli & Bakker, 2001; Storm & Rothmann, 2003).

Engaged employees have an active and adequate connection with their work-related duties and are confident to deal well with the demands of their work environments (Schaufeli & Salanova, 2006). Furthermore, engaged employees are more productive and increasingly more willing to apply themselves to their job requirements (Salanova, Agut, & Peiró, 2005). Consequently, if organisations can improve work engagement by promoting strengths use in the workplace, they can expect to reap the benefits of a dynamic workforce. The relationship between strengths use and work engagement is therefore an important relationship to investigate; however, many other factors could also mediate the effect of this relationship.

Research regarding strengths use has focused a great deal on individual experiences, but with insignificant consideration for the contribution of significant others at work (Quinlan et al., 2012). Harzer and Ruch (2013) also suggested that the impact of relationships among colleagues on strengths use, be investigated further. Harzer and Ruch (2013) have specifically emphasised the need to explore the effects of how different leadership practices, as well as the relationships between managers and subordinates, could impede or promote the application of strengths in the workplace. It was believed that the effectiveness of strengths use could potentially be improved by these relationships – moreover, suggesting that efficacious relationships between managers and subordinates could potentially lead to higher employee work engagement (Quinlan et al., 2012). Another conceptualisation of the

relationship between managers and subordinates is known as leader-member exchange (LMX) quality. This relationship-based approach to leadership is related to the quality and the outcomes of the partnership between managers and subordinates (Gerstner & Day, 1997).

### **Leader-member Exchange**

The quality of LMX has been the focus of considerable research (Dulebohn, Bommer, Liden, Brouer, & Ferris, 2011; Graen & Uhl-Bien, 1995). LMX is a construct that has been studied since the 1970s and has undergone a number of changes with regard to conceptual definitions of the construct and its subdivisions (Graen & Uhl-Bien, 1995; Schriesheim, Castro, & Cogliser, 1999). Today, LMX is known as the quality of the dyadic exchange relationship between managers and their subordinates based on three factors, namely a) mutual respect for the other's capabilities; b) the expectation of extending mutual trust; and c) the anticipation that interacting obligation will grow with time (Graen & Uhl-Bien, 1995; Schriesheim et al., 1999). LMX quality specifically refers to the effectiveness of the exchange relationships that develop between managers and their subordinates. Graen and Uhl-Bien (1995) identified that lower quality exchanges (otherwise known as the "out-group") are characterised by lower levels of mutual respect, trust and obligation. These exchanges are generally identified at the beginning of an exchange relationship – where the exchanges are mostly contractual. On the other hand, higher quality exchange relationships (also known as the "in-group") are characterised by higher levels of respect, trust and obligation and are believed to develop as the relationship matures into a partnership (Gerstner & Day, 1997; Graen & Uhl-Bien, 1995; Howell & Hall-Merenda, 1999).

LMX quality has been proven to be an important predictor of various work outcomes. For example, employees in high quality exchange relationships have been found to participate in additional work activities and make added contributions, regardless of whether it is expected of them (Graen & Uhl-Bien, 1995; Krishnan, 2005). Thomas and Lankau (2009) stated that the establishment of high quality LMX relationships could assist organisations in improving constructive behaviours in employees. Moreover, higher quality LMX was also related to higher work performance (Dusterhoff, Cunningham, & MacGregor, 2013; Howell & Hall-Merenda, 1999; Li, Sanders, & Frenkel, 2012; Wang, Law, Hackett, Wang, & Chen, 2005; Zhang, Wang, & Shi, 2012), higher organisational citizenship behaviour (Ashraf, Jaffri, Riaz, & Khan, 2012; Van Lamoen, 2012; Wang et al., 2005), improved job satisfaction (Gerstner &

Day, 1997; Rockstuhl, Ang, Dulebohn, & Shore, 2012; Zhang et al., 2012), increased intrinsic motivation (Van Lamoen, 2012), higher commitment (Gerstner & Day, 1997), and lower emotional exhaustion (Thomas & Lankau, 2009). Additionally, high quality LMX was also related to higher levels of work engagement (Argawal, Datta, Blake-Beard, & Bhargava, 2012; Li et al., 2012; Van Lamoen, 2012). It is therefore evident that as the quality of the exchange relationship between managers and their subordinates increases, so will the level of employee work engagement increase. These finding taken into consideration supports the possibility that LMX mediates the relationship between strengths use and work engagement.

Based on the above literature review, the following hypotheses are formulated:

*H<sub>1</sub>*: Strengths use is positively related to leader-member exchange (LMX) quality.

*H<sub>2</sub>*: LMX quality is positively related to work engagement.

*H<sub>3</sub>*: LMX quality mediates the relationship between strengths use and work engagement.

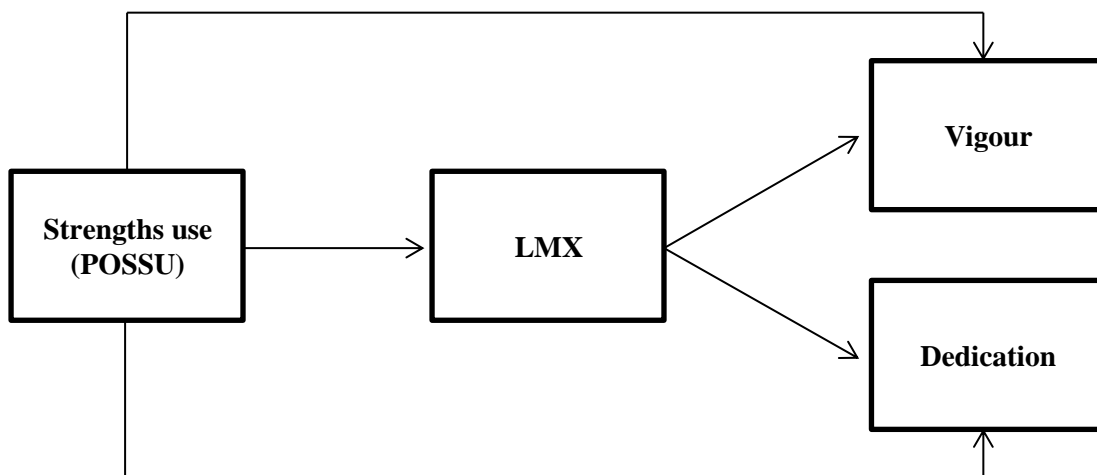


Figure 1. Hypothesised model.

## Research Objectives

In view of the above-mentioned literature, the research objectives of this study included (1) conceptualising strengths use, LMX quality and work engagement according to literature; (2) investigating the relationships between strengths use, LMX quality and work engagement; (3) exploring whether LMX quality can act as a mediator in the relationship between strengths

use and work engagement; and (4) suggesting recommendations to future research and organisations.

### **Potential Value-add of the Study**

The value of this research affords managers the opportunity to empower their subordinates and increase employee work engagement through strengths use and high-quality LMX relationships. Organisations can benefit from this research, should managers be empowered with the knowledge of how to better utilise their subordinates through strengths use and high-quality exchange relationships. In this manner increased levels of employee work engagement could be achieved, which could result in higher levels of commitment and productivity and lower levels of absenteeism, turnover and physical ill health (Bakker & Demerouti, 2008; Schaufeli & Bakker, 2004; Schaufeli, Salanova, González-Romá, & Bakker, 2002). Engaged employees have the potential to contribute a great deal to organisations' competitive advantage (Bakker & Demerouti, 2008), and so research on how to nurture work engagement among employees has intensified. As a result of the limited research regarding the interaction between strengths use and LMX quality and the effects of this relationship on work engagement, this research study contributed to Industrial and Organisational Psychology literature's body of knowledge.

### **What will Follow**

A literature review providing the theoretical framework and hypothesis forms the first part of the article. The research method, including the sampling method, data collection and measuring instruments to be used within this study is then described. After the research method, the results as obtained through the confirmatory factor analysis (CFA) and indirect effects with structural equation modelling (SEM) methods will be presented. The last part of the article discusses the implications, limitations and future recommendations of this research.

# **RESEARCH DESIGN**

## **Research Approach**

Both a literature review and an empirical study formed part of this research design. A literature study, specifically focusing on strengths use, LMX quality and work engagement, has been conducted utilising various resources including books, papers, theses, dissertations and articles. A quantitative research design was followed as a big representative group participated in structured data collection technique. The research was exploratory by nature. A cross-sectional survey design was utilised where the sample group were examined at one point in time. Furthermore, data collection took place by means of paper-and-pencil administered questionnaires as well as electronically administered questionnaires. In previous studies where electronically administered questionnaires were compared to paper-and-pencil administered questionnaires no differences originated in means or reliabilities between the two different modes of administration (Ritter, Lorig, Laurent & Matthews, 2004; Schwarz, Stack, Hippler & Bishop, 1991; Webster & Compeau, 1996). Therefore, both modes of administration were made available to participants depending on their preference.

## **Research Method**

### **Research Participants**

The participants of this study comprised employees currently working in the financial services industry in the Gauteng and Limpopo provinces in South Africa. Participating organisations included various accounting, insurance, investment, banking and auditing firms. Participants comprised of those employees who worked under supervision of a direct manager or supervisor. Participants that were easy to reach, available and willing to participate in the study were selected and therefore random convenience sampling was utilised for the collection of data. Due to the administration of questionnaires taking place by means of paper-and-pencil administration as well as electronic administration, the response rate of questionnaires was not possible to determine.

**Table 1***Characteristics of Participants (N = 213)*

<b>Item</b>	<b>Category</b>	<b>Frequency</b>	<b>Percentage (%)</b>
Gender	Male	98	46.90
	Female	111	53.10
Race	Asian	9	4.30
	Black	41	19.40
	Coloured*	8	3.80
	White	150	71.10
	Other	3	1.40
Home Language	Afrikaans	113	54.10
	English	57	27.30
	Sepedi	18	8.60
	Sesotho	6	2.90
	Setswana	5	2.40
	Tshivenda	3	1.40
	isiZulu	3	1.40
	isiXhosa	1	0.50
	Xitsonga	3	1.40
Highest Qualification	Grade 10	13	6.30
	Grade 11	6	2.90
	Grade 12	100	48.10
	Technical College Diploma	27	13.00
	Technicon Diploma	13	6.30
	University Degree	22	10.60
	Post-graduate Degree	27	13.00

\* This is an official term in South Africa used to describe citizens of mixed ethnic origin.

A total number of 213 employees participated in this study (see Table 1) of which approximately 46.90% of the participants were male and 53.10% were female. The demographic characteristics of participants varied with regard to racial groups, including Asian people (4.30%), Black people (19.40%), Coloured people (3.80%), White people (71.10%) and other people (1.40%). The majority of the sample indicated their home language to be Afrikaans (54.10%), followed by English (27.30%). The highest education levels of the participants were also captured - the most prevalent being a Grade 12 qualification (48.10%), where after Technical Diplomas (13.00%) and post-graduate degrees (13.00%) followed.



## Measuring Instruments

*Strengths Use.* Strengths-based leadership questionnaire – The dimension of *perceived organisational support for strengths use* (POSSU) of the Strengths Use and Deficit Improvement Questionnaire developed by Els, Mostert, Van Woerkom, Rothmann Jr, and Bakker (in progress) was adapted to measure the extent to which employees perceive their direct leaders as supporting them in using their strengths in the workplace. The questionnaire consisted of eight items measuring perceived leader support for strengths use. Items were measured on a 7-point Likert-type scale ranging from 0 (almost never) to 6 (almost always) (Perceived organisational support for strengths use items included, for example, “*This organisation uses employees’ strengths*”; “*In this organisation, employees receive feedback regarding their limitations*”). This instrument was found to be reliable with a Cronbach alpha coefficient of 0.96 (Els et al., in progress).

*Leader-member Exchange.* In order to measure the quality of the dyadic relationship between managers and subordinates, the LMX-7 (Scandura & Graen, 1984) was utilised and only administered to subordinates. Therefore, LMX quality is measured as it is perceived by subordinates. Considering the number of revisions LMX theory has undergone over the years as well as the different measures that have been developed (Schriesheim et al., 1999), a great deal of uncertainty exists. Graen and Uhl-Bien (1995); Green, Craven, Scott, and González (2006); and Martinez, Kane, Ferris, and Brooks (2012) stated that the seven-item LMX measure (LMX-7) is the most suitable, universal measure of LMX quality (LMX-7 items, e.g. “*Regardless of how much power he/she has, my supervisor would use his/her power to help me solve problems in my work*”). For the purpose of this study, the items of the LMX-7 were adapted and reworded by Liden, Wayne, and Stilwell (1993); and Wayne, Shore, and Liden (1997) to accommodate the use of a 7-point Likert scale ranging from 1 (strongly disagree) to 7 (strongly agree). Results of previous studies revealed satisfactory Cronbach alpha coefficients of between 0.80 and 0.91 for the LMX-7 (Henderson, Wayne, Shore, Bommer, & Tetrick, 2008; Liden et al., 1993; Walumbwa et al., 2011; Wayne et al., 1997).

*Work Engagement.* The self-report questionnaire, the Utrecht Work Engagement Scale (UWES) (Schaufeli et al., 2002) was employed to measure participants’ work engagement levels. Only the core constructs of work engagement were used in the study, i.e. vigour and dedication (Llorens et al., 2007; Schaufeli & Bakker, 2001; Schaufeli & Bakker, 2004;

Schaufeli & Taris, 2005; Storm & Rothmann, 2003). The measure contains eleven (11) items which measure two factors, namely vigour (VI) (six items, e.g. “*At my work, I feel bursting with energy*”) and dedication (DE) (five items, e.g. “*At my work I persevere, even when things do not go well*”). Items are measured on a 7-point frequency rating scale ranging from 0 (never) to 6 (always/every day). Satisfactory Cronbach alpha coefficients were reported in South Africa and abroad of between 0.81 and 0.85 for vigour and between 0.83 and 0.87 for dedication (Goliath-Yarde & Roodt, 2011; Schaufeli & Bakker, 2004; Simons & Buitendach, 2013).

## **Research Procedure**

Several financial institutions were approached to participate in this research study. Questionnaires were compiled, printed and hand-delivered to employees from various financial organisations who voluntarily participated. Participating employees were selected by the organisations and they were informed about the purpose and importance of the research; they were notified that participation was voluntary; that information would remain confidential; and that anonymity of participants would be guaranteed in the reporting of responses. On request, electronic questionnaires were also made available and distributed to some participants. Participants were provided with a period of two weeks during which to complete the questionnaires, where after the questionnaires were personally collected. A weekly reminder was sent to all participants to complete the questionnaire. After completion the questionnaires were again collected by visiting the participating organisations. All the data collected were combined into a single data set presenting the current sample ( $N = 213$ ).

## **Statistical Analysis**

Mplus 7.11 (Muthén & Muthén, 2013) was utilised to implement structural equation modelling methods due to its proficiency to specify continuous and categorical variables in model investigations. The mean and variance adjusted weighted least squares estimator, WLSMV (Muthén, Du Toit & Spisic, 1997; Muthén & Muthén, 2013), was chosen for analysis as the weighted least squares approach is considered to be more appropriate for categorical data analysis (Newsom, 2012); it being robust against non-normality of data. WLSMV is also the default estimator used by Mplus when specifying and analysing categorically observed variables. Mplus generates a polychoric correlation matrix in the

presence of categorically observed variables and the implementation of the WLSMV estimator, as it is more accurate for this purpose; for Spearman's rank correlation coefficient has "some undesirable properties, and the empirical polychoric correlation coefficient is better suited for statistical inference" (Ekström, 2011, p. 1). The values for practical significance are set at  $r \geq 0.30$  and higher (medium effect) and  $r \geq 0.50$  (large effect).

For the structural equation model analyses, the following fit indices were considered: Comparative Fit Index (CFI), Tucker-Lewis Index (TLI) and the Root Mean Square Error of Approximation (RMSEA). An acceptable fit for the CFI and TLI (Hoyle, 1995) is considered at a value of 0.90 and above. A value of 0.05 and lower for the RMSEA indicates a good model fit (Cudeck & Browne, 1993); however, an acceptable fit could be considered at a value of 0.08 or lower.

In the investigation of the theoretical paths of Hypotheses 1 and 2, the standardised path coefficient sizes and the significance thereof were considered and described. To examine the significance of the indirect effects of Hypothesis 3, the *model indirect* function of Mplus was used with the bootstrapping re-sampling option enabled and set to 5,000 draws. Bias corrected 95% confidence intervals (Shrout & Bolger, 2002) were also requested. Lastly, kappa-squared values ( $\kappa^2$ ) were calculated in order to form a basis that will assist in communicating the strength of the mediating effect sizes (Preacher & Kelly, 2011). Similar to squared correlation coefficients - small, medium and large mediation effect sizes with  $\kappa^2$  are described as 0.01, 0.09 and 0.25 (Cohen, 1988).

## RESULTS

Confirmatory Factor Analysis (CFA) was used to determine the model fit of the measurement model. A total of 8 items measured POSSU, 7 items measured LMX, 6 items measured Vigour and 5 items measured Dedication.

As illustrated in Table 2 all the items loaded sufficiently on all of the factors and the standard errors were quite small – indicating relatively accurate estimates. Item POSSU2 (0.94) was the highest factor loading on positive strengths use whereas POSSU5 (0.83) was the lowest. The highest factor loading for LMX was item LMX4 (0.91; 'My supervisor recognises my potential') and LMX3 (0.90; 'My supervisor understands my problems and needs'). Vigour's

highest factor loading was item VIG6 (0.89; ‘At my job I feel strong and vigorous’), while VIG5 (0.63; ‘At my job, I am very resilient, mentally’) had the lowest factor loading. Lastly, the highest factor loading for dedication was DED3 (0.97; ‘I am enthusiastic about my job’); whereas the lowest factor loading was item DED1 (0.68; ‘To me, my job is challenging’).

**Table 2**  
*Factor Loadings of the Latent Variables*

Latent variable	Item	Loading	S.E.	<i>p</i>
POSSU	POSSU1	0.90	0.02	0.001
	POSSU2	0.94	0.01	0.001
	POSSU3	0.88	0.02	0.001
	POSSU4	0.86	0.02	0.001
	POSSU5	0.83	0.02	0.001
	POSSU6	0.90	0.01	0.001
	POSSU7	0.92	0.01	0.001
	POSSU8	0.90	0.01	0.001
LMX	LMX1	0.80	0.03	0.001
	LMX2	0.83	0.03	0.001
	LMX3	0.90	0.02	0.001
	LMX4	0.91	0.02	0.001
	LMX5	0.89	0.02	0.001
	LMX6	0.83	0.02	0.001
	LMX7	0.80	0.03	0.001
Vigour	VIG1	0.79	0.03	0.001
	VIG2	0.83	0.02	0.001
	VIG3	0.67	0.04	0.001
	VIG4	0.68	0.04	0.001
	VIG5	0.63	0.04	0.001
	VIG6	0.89	0.02	0.001
Dedication	DED1	0.68	0.04	0.001
	DED2	0.96	0.01	0.001
	DED3	0.97	0.01	0.001
	DED4	0.76	0.04	0.001
	DED5	0.87	0.02	0.001

*Notes: p < 0.001*

Table 3 shows the polychoric correlation statistics of the latent variables in the total sample.

**Table 3**

*Polychoric Correlation Matrix for the Study Variables (N = 213)*

Variables	LMX	POSSU	Vigour	Dedication
LMX	(0.93)			
POSSU	0.41*	(0.95)		
Vigour	0.42*	0.43*	(0.84)	
Dedication	0.38*	0.51**	0.93**	(0.88)

Notes:  $p < 0.001$  for all correlations; \* = Medium practical significance; \*\* = Large practical significance

Cronbach alpha coefficients are displayed in brackets on the diagonal

According to the results, displayed in Table 3, POSSU practically significantly correlated positively with LMX ( $r = 0.41$ ) with large effect. POSSU showed practically significant correlations with the work engagement components (vigour:  $r = 0.31$ ; medium effect) and dedication ( $r = 0.51$ ; large effect). The correlation table also shows medium practically significant positive correlations between LMX the work engagement variables (vigour:  $r = 0.42$  and dedication:  $r = 0.38$ ). Furthermore, the correlation between vigour and dedication ( $r = 0.93$ ) is well above the recommended value of 0.80, indicating potential issues with discriminant validity. However, it is not deemed a serious issue within the context of this study since vigour and dedication are the two components measuring work engagement.

Table 3 presents the latent variables and their associated factor loadings by observed variable (item).

The results also reveal that all four instruments used in this study can be deemed reliable ( $\alpha \geq 0.70$ ; Struwig & Stead, 2010).

SEM analyses revealed that the CFI (0.97) and TLI (0.97) results are an indication of good model fit for the measurement model as it exceeded the rule of thumb of 0.90 (Hoyle, 1995), as well as the more recent guideline of 0.95 (cf. Hooper, Coughlan, & Mullen, 2008). Additionally, the RMSEA value of 0.08 relates to the guideline of 0.08, confirming an acceptable model fit. Regressions were then added to constitute a structural model, and the model fitted the data ( $\chi^2=731.81$ ;  $df=293$ ; CFI=0.96; TLI=0.96; RMSEA=0.10). The RMSEA value of the structural model was 0.10, which is above the acceptable value of 0.08. However, it has been found that there is little support for a universal cut-off value for

RMSEA, and that it is dependent upon model specification, degrees of freedom and sample size (Chen, Curran, Bollen, Kirby, & Paxton, 2008). It was therefore decided to proceed with the results.

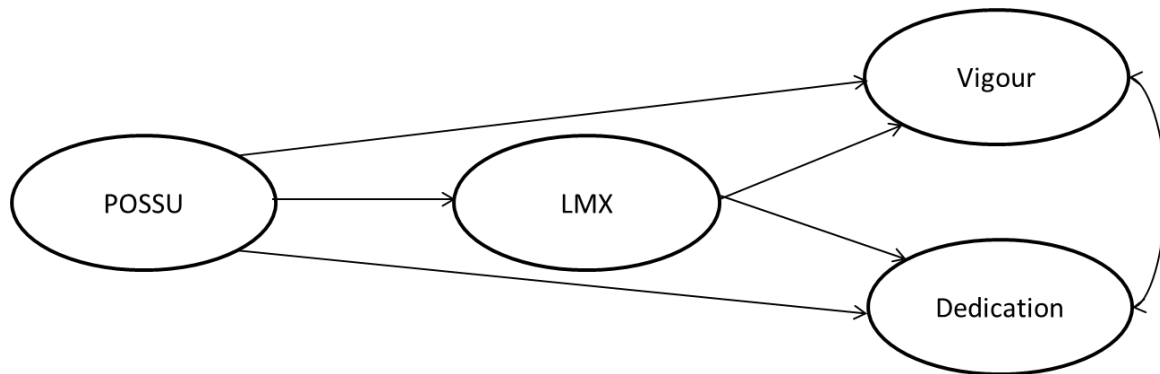


Figure 2. The research model.

Table 4 presents the results of the structural model with the standardised path coefficients and the statistical significance of each relationship.

**Table 4**

*Path Coefficients of the Structural Model*

Path	$\beta$	S.E.	$p$	Path result
POSSU → LMX	.41	.07	0.000	Significant
POSSU → Vigour	.31	.07		
POSSU → Dedication	.42	.07		
LMX → Vigour	.30	.08	0.000	Significant
LMX → Dedication	.21	.07	0.013	Significant

Notes:  $\beta$  = Beta coefficient; S.E. = Standard error;  $p$  = Two-tailed statistical significance;

POSSU was significantly related to LMX ( $\beta = 0.41$ ;  $p < 0.001$ ), confirming Hypothesis 1 of this study. Similarly, Hypothesis 2 was also supported in that the positive relationship between LMX and the components of work engagement (vigour:  $\beta = 0.30$ ;  $p < 0.001$ ) and dedication ( $\beta = 0.21$ ;  $p < 0.013$ ) was significant. Furthermore, Hypothesis 3 was also supported. The direct relationships from POSSU to vigour ( $\beta = 0.31$ ) and dedication ( $\beta = 0.42$ ) were significant. Furthermore, results revealed that LMX mediates the relationship between POSSU and vigour with an indirect effect of 0.12 ( $p < 0.001$ ; 95% CI = 0.06, 0.18) and LMX mediates the relationship between POSSU and dedication with an indirect effect of 0.09 ( $p < 0.001$ ; 95% CI = 0.02, 0.15). The *model indirect* function of Mplus was used with

the bootstrapping re-sampling option enabled and set to 5,000 draws. The bootstrapped estimates revealed that the indirect effects did not include 0 (zero) and therefore the mediating relationships are significant. LMX mediated the relationship between POSSU and vigour with a medium effect ( $\kappa^2 = 0.14$ ). Similarly, LMX mediated the relationship between POSSU and dedication with a medium effect ( $\kappa^2 = 0.14$ ).

## DISCUSSION

The first objective stated that to investigate the relationship between strengths use and LMX quality. It was hypothesised that strengths use is positively related to LMX quality, as perceived by subordinates. The results confirmed that strengths use positively correlates with LMX quality, implying that the use of strengths in the workplace can lead to higher quality LMX. According to Linley, Woolston and Biswas-Diener (2009), leaders play a critical part in creating a strengths-based environment and that by managing individuals according to their strengths, relationships can be better promoted between managers and their subordinates. Therefore, it is evident that employees feel a stronger sense of mutual trust, respect and obligation when they are allowed to apply their individual strengths in the workplace.

The second objective was to investigate the relationship between LMX and the two work engagement dimensions, vigour and dedication. Results revealed that LMX quality is positively related to both vigour and dedication. The second hypothesis was therefore supported, indicating that higher quality LMX relationships, as perceived by subordinates, lead to higher levels of vigour and dedication and therefore work engagement. These findings are in line with the findings of Argawal et al. (2012), Li et al. (2012) and Van Lamoen (2012), indicating that higher LMX quality leads to increased work engagement. The findings of this study have also confirmed the positive correlation between strengths use and work engagement (Linley et al., 2010; Page & Vella-Brodrick, 2009; Proyer et al., 2013; Seligman et al., 2005; Wood et al., 2011).

To achieve the third objective, the mediating role of exchange relationships between strengths use and work engagement was investigated and the data fitted this proposed model well. Results indicated that LMX quality, as perceived by subordinates, mediates the relationship between strengths use and vigour as well as the relationship between strengths use and dedication. This is congruent with research suggesting that strengths use as well as

LMX quality is related to work engagement (Bolier et al., 2013; Li et al., 2012; Page & Vella-Brodrick, 2009; Seligman et al., 2005; Van Lamoen, 2012). However, this study confirms that the model proposed by Hypothesis 3 was well supported in that LMX quality fully mediated the relationship between strengths use and work engagement. It is therefore expected that when employees are allowed to use their strengths in the workplace, they are more likely to experience their relationship with their direct leader as one that is characterised by mutual trust, respect and obligation (i.e. a high quality LMX). The latter, in turn, will lead to employees experiencing higher levels of vigour (i.e. energy to complete daily work tasks), and dedication (i.e. an enthusiasm towards one's job).

To conclude the primary objective of the study was to investigate the mediating role of LMX in the relationship between strength use and work engagement. Results confirmed that LMX mediates the relationship between strengths use and work engagement. As research has not as yet included the constructs of strengths use, LMX and work engagement in one model, this study contributes to the field of research. A conceptual model was hypothesised and results revealed that LMX mediates the relationship between strengths use and work engagement. The practical contribution of the research findings also suggested that should employees be provided with the opportunity to use their strengths in the workplace, a higher quality exchange relationship between the manager and subordinate could develop, ultimately leading to higher levels of work engagement. These finding imply that managers as well as organisations could foster higher levels of work engagement amongst employees by investing in higher quality LMX relationships. Ultimately, with higher levels of employee work engagement, organisations could achieve the benefits of higher levels of productivity and commitment and lower levels of absenteeism, turnover and physical ill health (Bakker & Demerouti, 2008; Bakker et al., 2004; Schaufeli & Bakker, 2004; Schaufeli et al., 2002).



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## **CHAPTER 3**

### **CONCLUSIONS, LIMITATIONS AND RECOMMENDATIONS**

The main objective of this study was to investigate the mediating role of LMX quality in the relationship between strengths use and work engagement. The findings of this research should provide managers with the knowledge on how to maximise their employees through the use of employee strengths and developing high quality LMX relationships, and work engagement (Harzer & Ruch, 2013; Quinlan et al., 2012).

#### **Conclusions and Practical Implications**

This study was conducted within the financial services industry and consequently the implications of the findings contribute a great deal to this industry specifically. As the financial services industry is becoming increasingly more competitive and experiencing high levels of turnover due to management practices and lack of job satisfaction and commitment (Ochoa & Mujtaba, 2009; Parzinger et al., 2012), financial institutions rely more and more on their human capital to provide for an innovative and ever-increasing market advantage. Aoki (2011) referred to employees as assets within an organisation and highlighted that organisations should not invest in their businesses, but in their employees that build their businesses. Organisations should invest in the well-being of their employees as healthy, engaged employees are productive and enthusiastic about their work, ultimately adding to the organisation's growth (Salanova et al., 2005). Stairs (2005) stated that leaders have the ability to cultivate a work environment where employees experience high levels of commitment and work engagement. The findings of this research study, in particular, can provide organisations and their leaders with knowledge on how to nurture work engagement amongst employees.

The research findings of this study propose a model that can serve as a guide for organisations and leaders on how to foster work engagement amongst their employees. Hodges and Clifton (2004) and Parry (2006) indicated that leaders can achieve greater success through identifying their subordinates' individual strengths and managing them accordingly. This research study suggests that not only does strengths use promote higher

levels of work engagement in employees, but also that higher levels of mutual respect, trust and obligation between leader and subordinates result in increased employee work engagement. As the mediating role of LMX quality has been found in the relationship between strengths use and work engagement, it is implied that 1) strengths use increases the level of work engagement of employees; and 2) by establishing higher quality LMX relationships amongst leaders and their subordinates, employees are more likely to experience increased levels of vigour and dedication. Therefore, it is evident that work engagement can be increased by allowing employees to make use of their strengths in the workplace, as well as through establishing high quality LMX relationships that are characterised by mutual trust, respect and obligation.

As a result, organisations can introduce new modules into their leadership development programmes that teach organisational leaders the knowledge and skills they require, to firstly understand and apply strengths use in the work environment; and secondly, to have the ability to establish and maintain high quality LMX relationships amongst themselves and their subordinates. Since work engagement contributes to a number of positive work-related outcomes, leaders can achieve greater results by utilising individuals according to their individual strengths as well as by establishing higher quality LMX relationships with their subordinates through developing mutual respect, trust and obligation.

### **Limitations and Recommendations for Future Research**

LMX quality is normally measured by gathering responses from both the subordinates and their relevant managers (Graen & Uhl-Bien, 1995). Thereafter, the combined score of both parties is calculated to determine the quality of the exchange relationship. This constitutes the first limitation of this research study. In this study, LMX quality was measured from the subordinates' perspective only, without considering the responses of managers as well. It is therefore recommended that similar research including the measurement of LMX quality, could include both the employees' and managers' responses to the LMX measurement. The sample size of the participants in this study is another limitation. A larger sample size could have strengthened the confidence in the results obtained. Future research could include a significantly larger population.

Moreover, the population sample only included individuals from the financial services industry. Researchers can include a wider context in order to report on more generalised results. Although sufficient for the measurement of LMX quality in this study, the 7-item LMX scale is a relatively old measurement tool and could undergo some refinement or even be updated in future. LMX quality has only recently gained momentum in the research field again and for that reason researchers should be encouraged to conduct studies relating to this topic more readily. Finally, future research in this field could also provide significant value should it include a longitudinal study on the mediating role of LMX quality in the relationship between strengths use and work engagement. Other constructs like burnout, physical health and job satisfaction could also be included in similar research studies.

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