

QUALITY OF LEADERSHIP, PSM, AND EMPLOYEE ENGAGEMENT: DRAWING ON A SOCIAL EXCHANGE PERSPECTIVE

Reginald G. Ugaddan

Research Center for Public Human Resource Development

Graduate School of Governance, Sungkyunkwan University, Email: rgu1216@skku.edu

Sung Min Park, Ph.D.

Research Center for Public Human Resource Development

Graduate School of Governance, Sungkyunkwan University, Email: sm28386@skku.edu

ABSTRACT

Employee engagement is seen as a priority across contemporary public organizations and a growing distinct construct in the field of human resource management. Many public organizations are placing greater emphasis on their employees' engagement as a means in enhancing organizational and job performance. While previous studies have extensively explored various antecedents and consequences of employee engagement, research focusing on the role of quality of public sector leadership (i.e., political and administrative leadership) and PSM remains limited. To resolve the gap, this study draws on the theoretical lens of social exchange theory proposing that quality of political and administrative leadership are most likely to predict employee engagement when it is mediated by PSM. Using the Merit Principles Survey 2010 by the U.S. Merit Systems Protection Board, this research develops an antecedent-mediator-outcome model and empirically examines the direct and indirect effects of the quality of public sector leadership and PSM on employee engagement. Managing for results, quality of public sector leadership is positively related to employee engagement. Results also suggest that PSM partially mediated the relationship of quality of public sector leadership and employee engagement. Implications for research and practice in the public management context are provided in the concluding section as well as the limitations and recommendations for future research.

Keywords: employee engagement, quality of leadership, political leadership, administrative leadership, PSM

Introduction

The employee engagement in the public sector organization is going to the core of organization-leader-employee workplace relationship unraveling the potentialities for better performance and transforming the employee's conditions (MacLeod & Clarke, 2009). The consequences of employee engagement have been attracting different organizations, both the private and public organizations. Among others, engaged employees are believed to be more productive, profitable, safer, and healthier, having low turnover intention, low absenteeism, and willing to engage in discretionary efforts (Fleming & Asplund, 2007; Shuck & Wollard,

2010). Further, employee engagement is viewed as a dominant source of competitive advantage that helps the organization cope with challenging problems like ‘increasing workplace performance and productivity amid widespread economic decline’ (Macey & Schneider, 2008; Shuck & Albornoz, 2008); and it is a medium for broader effects of individual and organizational factors on job performance (Xu & Thomas, 2011). Still further, engaging employees provides significant organizational advantages such as higher levels of productivity, organizational citizenship behavior, and overall performance (Christian et al., 2011; Rich, LePine, & Crawford, 2010; Shuck et al., 2011).

In the public sector there is a dearth of literature available on employee engagement for the public administration literature (Vigoda-Gadot et al., 2012). Nonetheless there is a mounting recognition of its role as a medium for driving the performance and well-being of the public servants (MacLeod & Clarke, 2009). The uncertain and continuous changes in the external government (Dowling & Welch, 2004) and the stringent financial environment requires modern public organizations to possess highly engaged employees that have a high level of energy, enthusiasm, and full immersion in their daily work (Macey & Schneider, 2008; May et al., 2004; Vigoda-Gadot et al., 2012). Public sector organizations need employees who are active, have the initiative, responsible, and are committed to high performance (Vigoda-Gadot et al., 2012). Such engagement is a mechanism for government organizations to uplift its value and relevance in bringing services to the people and to effectively and efficiently deal with organizational challenges. Thus, while public management and administration commentators recognized various mechanisms that may influence positive employee behavior, the relationship by which political and administrative leadership qualities affect employee engagement remain poorly explored. Our study examines the association of employee’s perception of leadership qualities through which might affect employee engagement via public service motivation (PSM).

Leadership in the public sector leadership is in dichotomy characterized by the interaction of political and administrative leaders (Wille, 2009). They are both in-charged in the administration and supervision of the affairs of the government with determined power and specific responsibility (Rainey, 2009; Van Wart, 2005). Political leaders are perceived to represent a political agenda, values, and interest, while administrative leaders are considered professional managers, the main machinery of the government that implements programs and activities, policy executor, have high technical and administrative expertise, and are not acting from biased, personal or partisan orientation (Wilson, 1999). Generally, political leaders are political designees that focus on executing the president’s agenda of governance. The terms of the position held by political leaders are not permanent, but rather co-terminus with the appointing authority. Administrative leaders are professional line managers and nonpolitical head of the organization (Van Wart, 2003).

Public service motivation (PSM) is defined as “an individual’s predisposition to respond to motives grounded primarily or uniquely in public institutions and organizations” (Perry & Wise, 1990, p. 368; Perry, 1996, p. 6). That is, motives—rational, norm-based, and affective—are psychological deficiencies that an individual feels the drive to dispose of

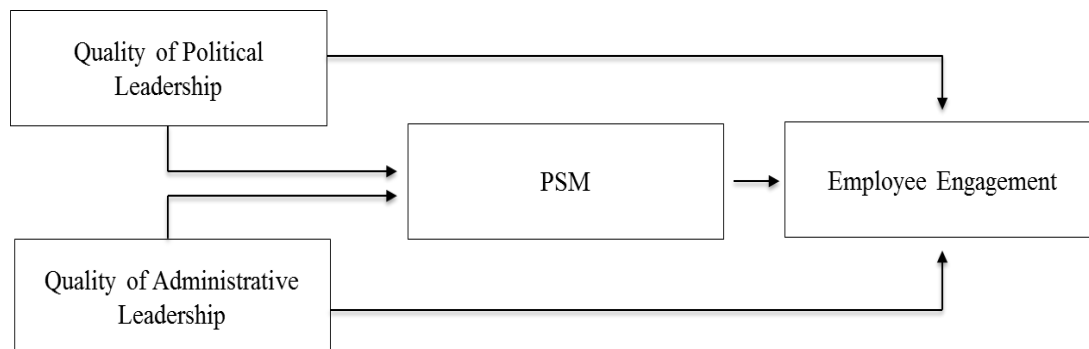
(Perry, 1996). Hence, PSM is characterized by beliefs, values, and attitudes that manifest greater concern on the interest of the organization and the general public (Perry & Wise, 1990; Perry, 1996; Vandenabeele, 2009). PSM has become an important research area in public management, nationally and internationally (Perry & Hondeghem, 2010). Various studies held that PSM influence positively various organizational factors such as satisfaction (Bright, 2008), and commitment of public employees (Park & Word, 2012), job performance (Alonso & Lewis, 2001), and among others.

Primarily, our study examines the salient mechanisms through which quality of political and administrative leadership affects like the intervening role of PSM. We draw mainly on social exchange theory explain why PSM may act as a mediator, or a motivational factor that explains the relationship between quality of leadership and employee engagement.

Social exchange includes a string of interactions that may generate obligations (Cropanzano & Mitchell, 2005) on either party in interactive relationship. The social behavior in those interactions can be viewed as “an exchange of activity, tangible, or intangible, and more or less rewarding or costly, between at least two persons” (Homans, 1961, p. 13). In an organization, the relationship that is indispensable is that of an employee-employer relationship. Most of the time, such relationship is perceived to exist in an exchange relationship—both parties are expecting a degree of benefit from each other. This relationship can be explained through a psychological relationship. The psychological contract has been used to analyze the changing employment relationship and has been defined as “an individual’s belief regarding the terms and conditions of the reciprocal exchange agreement between the focal person and another party...key issues here include the belief that a promise is being made and a consideration offered in exchange for it” (Rousseau, 1989). It can be described as the set of expectations held the individual employee which specifies what the individual and the organization expect to give and receive from each other in the course of their working relationship (Sims, 1994). Levinson and colleagues (1962) further agreed that psychological contract is a mutual expectations and the exchange relationship between the two parties – employer and employee – were described as the core of the contract.

Accordingly, this study asks two questions: (1) How are quality of political and administrative leadership associated with employee engagement? (2) Do PSM mediate the relationship of quality of leadership and employee engagement? To answer these research questions, we build the relationships among the variables arguing social exchange theory explaining the association of quality of leadership on outcome variables and mediating role of PSM. Next, we discuss the research methods and measures used to describe the variables in the study. Consequently, we establish the reliability and validity of measurements and show the findings and results of empirical analysis. Lastly, we discuss the findings and presented the practical and theoretical implications of the study. Figure 1 depicts the conceptual model of the study.

Figure 1. Conceptual Model



Literature Review

Employee Engagement

One of the key factors that may help public organization to level up its performance is through employee engagement. In the U.S. federal government, for example, unengaged employees in the public sector organizations have caused millions of dollars every year on productivity (Ander & Swift, 2014). Engaging employees can help developing positive work and organizational attitudes among employees, and its capacity for offering public sector organizations a competitive advantage and better understanding of employee functioning in the public service (Vigoda-Gadot, Eldor, & Schotat, 2012).

Among the early and contemporary definition provided for employee engagement, Shuck and Wollard's (2010) seminal work holds a pervasive authority. Their scientific and detailed investigation of the diverse and in some ways disjoined, inconsistent, and conflicting conception of employee engagement leads to an encompassing definition. They proposed that employee engagement as the "individual employee's cognitive, emotional, and behavioral state directed toward desired organizational outcomes" (Shuck & Wollard, 2010, p. 103). Saks (2006) described employee engagement as "a distinct and unique construct that consists of cognitive, emotional, and behavioral components that are associated with individual role performance" (p. 602). This is an inclusive definition because it encompasses the early theories and conceptualization of engagement that includes development from a cognitive point of view, emotional and behavioral constructs (see Kahn, 1990; Maslach et al, 2001). The conceptual perspective laid in the seminal work of Kahn (1990) outlines three (3) requisite conditions for the development of behavioral engagement (e.g., meaningfulness, safety, and availability). While Macey and Schneider (2008) conceived three broad conceptualization of engagement: state, trait, and behavioral engagement. Schaufeli and colleagues (2002) pointed out that employee engagement composed of three distinctive dimensions – namely, vigor, dedication, and absorption. Harter, Schmidt, and Hayes (2002)

pointed out that “employee engagement refers to the individual’s involvement and satisfaction with as well as enthusiasm for work” (Harter et al., 2002). May, Gilson, and Harter (2004) in their empirical study testing the employee engagement conceptualization by Khan (1990), concurred and verified that “in engagement, people employ and express themselves physically, cognitively, and emotionally during the role performance” (May et al., 2004).

Quality of Leadership and Social Exchange

Public sector leadership is characterized by an indispensable interaction of two blocs of leadership—political and administrative leadership. They play key roles on directing and leading the organization towards the achievement of its goals and objectives. Undeniably, leaders can lead employees to achieve high quality of performance. There is, however, a growing call to enhance the capacity of leaders in order to have an effective and efficient public sector organization performance. The quality of political and administrative leadership embodies wide-ranging characteristics that are associated with successful and confidence in leadership. The quality of leadership reflects both leadership culture/climate—engaging and shared vision—and leadership capabilities—concerned with individuals, relationships, and competence on organizational systems and processes (Alimo-Metcalfe, Alban-Metcalfe, Bradley, Mariathasan, & Samele, 2008).

Leadership is among the most essential and important elements that may determine the predisposition of employees to be engaged in work. According to *social exchange theory*, when employees perceive that leaders in the organization are highly competent (e.g., possesses good management skills, communication skills, interpersonal relations, respect people in the organization and organizational processes, and work hard to achieve organizational mission) they are likely to reciprocate with positive attitudes or dispositions. Generally, the confidence or trust level on leaders is strongly linked on how competent they are in performing their jobs (Rosenthal et al., 2009). Thus, when employees perceive that political and administrative leaders’ actions are manifesting a trustful work environment, they will be encouraged to respond with extra-work behaviors.

Direct Effect of Quality of leadership on Employee Engagement

The quality of leaders may suggest trustful leaders. Various studies on leadership have shown that trust plays a critical role in organizational effectiveness. Employees tend to be distracted from performing tasks if they perceive their organizational leaders to be untrustworthy (Mayer & Gavin, 2005). Trusted leaders help boost job satisfaction, organizational and individual performance, organizational commitment, and beef up the discretionary skills of their employees (Dirks & Ferrin, 2001; Cho & Park, 2011). In a meta-analysis study, findings indicate that faith in leadership resulted in desirable employee

behaviors, increased task performance, and organizational citizenship behaviors (OCB) (Dirk & Ferrin, 2002). Specifically, trust in administrative leaders largely demonstrates enviable attitudes and behaviors (Burke, Sims, Lazzara, & Salas, 2007); positively affect work attitudes and organizational performance (Cho & Lee, 2012). The employee's trust in political leaders affects organizational commitment (Tan & Tan, 2000) decrease turnover intention (Albrecht & Travaglione, 2003) and increase employee satisfaction (Cho & Park, 2011).

In this study, we argue that the quality of leadership may be able to influence employees' engagement to a higher degree. The social exchange theory posits that when the leaders' shows or manifest high quality of leadership, the employees may be encouraged to reciprocate such leadership behavior with high employee engagement. Thus, we hypothesize the following:

Hypothesis 1: Quality of political leadership will be positively related to employee engagement.

Hypothesis 2: Quality of administrative leadership will be positively related to employee engagement.

Quality of Leadership and PSM

Public service motivation (PSM) is a well-established concept that was developed in the U.S. and make known in the organizational behavior and psychological literatures. The idea of PSM revived the essence of public service ethic and public duty (Perry and Wise, 1990); thus is somewhat reflective of an intrinsic work motivation in the public sector (Perry & Hondeghem, 2010; Park & Word, 2012). As Perry and Wise (1990) put it, "public service motivation may be understood as an individual's predisposition to respond to motives grounded primarily or uniquely in public institutions and organizations" (p.368). Public service motivation (PSM) is an important public administration concept (Perry & Wise, 1990; Pattakos, 2004) because it gives an explanation of an individual's predisposition to act for the society (Brewer & Selden 1998, Baarspul & Wilderom, 2011). PSM as an individual attitude toward serving and contributing to the general welfare (Brewer, Ritz, & Vandenabeele, 2012) is also vulnerable to leadership influences.

Referring to social exchange theory, we may argue that quality of leadership may affect PSM. Perry (2000) posited that PSM is a predisposition that is developed and cultured through various environmental factors before an individual joins an organization (Mostafa et al., 2015), thus is also vulnerable to leadership influences. From a social exchange perspective, employees PSM may be bolstered when political and administrative leaders display high quality or trustful leadership behaviors. Thus, we hypothesize the following:

Hypothesis 3: Quality of political leadership will be positively related to PSM.

Hypothesis 4: Quality of administrative leadership will be positively related to PSM.

PSM and Employee Engagement

A number of studies also proved that the relationship of intrinsic motivation and employee engagement (Ryan & Deci, 2000). PSM and intrinsic motivation may encompass competence and confidence with respect to valued goals in which engaged employees see themselves as capable of addressing the demands of their jobs (Llorens et al., 2007; Stander & Rothman, 2010). Ryan and Deci (2000) discussed the role of self-endorsed goals and heteronymous goals wherein the former positively enhance employee engagement while the latter does not. Lastly, impact was defined as, “the belief that one is producing intended effects and has no control over desired outcomes through one’s task behavior (Spreitzer, 1992; Thomas & Velthouse, 1990; as cited in Gagne & Koestner, 1997). Spreitzer (1992) further construed that impact denotes ‘organizational involvement and reflects whether individuals feel they are making a difference in their organization.’ The logical consequence of impact to individuals gives them the feeling of development and advancement favoring individual goals and beliefs, and that their actions are important and are making a difference for the organization (Stander & Rothman, 2010). Thus, we hypothesize the following:

Hypothesis 5: PSM will be positively related to employee engagement.

Hypothesis 6: PSM mediates the relationship of quality of leadership (i.e., political and administrative leadership) and employee engagement.

Method

Data and Instrumentation

This study uses the Merit System and Protection Board’s (MSPB) 2010 Merit Principles Survey (MPS), a government-wide survey that asked federal employees’ opinions and experiences related to their careers, agency human resources practices and leadership. Specifically, the survey asks about perceptions toward merit system principles, employee engagement, work motivation, fairness, leadership, competency requirements, and whistle-blowing. The MSPB administered the survey to 71,790 federal employees from 18 departments and 6 independent federal agencies. A total of 42,020 or 58% of the randomly drawn samples were valid surveys. The characteristics of the samples utilized in the study are presented in the table 1.

In the structural equation model missing data can cause estimation errors. In this study, we dropped all cases on each of the variables with missing observations and retained a total of 13,051 responses for the empirical analysis.

Table 1. Sample Characteristics

Contents	Dimension	Frequency	Rate	Contents	Dimension	Frequency	Rate
Years of Service	Under 1 year	466	1.1%	Pay System	Non-Supervisory	33205	79%
	1-3 years	4908	11.7%		General Schedule	3620	8.6%
	4-7 years	5639	13.4%		Wage Grade	260	0.6%
	8-11 years	5611	13.4%		Executive	4793	11.4%
	12-15 years	3597	8.6%		Other	7	0
	16-19 years	3860	9.2%	Department	Air Force	1199	2.9%
	20-23 years	5619	13.4%		Agriculture	3054	7.3%
	24-27 years	4468	10.6%		Army	1132	
	28-31 years	3300	7.9%		Commerce	1950	4.6%
	32-35 years	2428	5.8%		Defense	1260	3.0%
	More than 35 years	2087	5.0%		Justice	3468	8.3%
Race	American Indian or Alaska Native	1977	4.7%		Labor	3236	7.7%
	Asian	2044	4.9%		Energy	525	1.2%
	Black or African American	7048	16.8%		Education	689	1.6%
	Native Hawaiian or Other Pacific Islander	410	1.0%		EPA	668	1.6%
	White	30715	73.1%		FDIC	919	2.2%
Education Level	Less than a High School Diploma	135	0.1%		GSA	736	1.8%
	High School, Equivalent Diploma	2655	6.3%		HHS	2682	6.4%
	Some college credits but no degree	8310	19.8%		DHS	3896	9.3%
	Associate's College Degree	3230	7.7%		HUD	604	1.4%
	Bachelor's College Degree	15148	36%		Interior	2940	7.0%
	Master's Degree	8318	19.8%		NASA	734	1.7%
	Professional Degree	2256	5.4%		Navy	1133	2.7%
	Academic or	1598	3.8%		OPM	644	1.5%

	Scientific Doctorate						
Supervisory Status	Non-Supervisory	21829	51.9%		SD	727	1.7%
	Team Leader	5847	13.9%		SSA	1760	4.2%
	Supervisor	8931	21.3%		Transportation	2504	6.0%
	Manager	4782	11.4%		Treasury	3084	7.3%
	Executive	407	1.0%		VA	2476	5.9%
	TOTAL			42,020		100%	

Measures

All measurements for the four constructs in the study had reported construct reliability and consistency. Unless otherwise provided, responses were rated on a 5-point continuum asking the respondents to indicate their level of agreement to a specific statement ranging from “strongly disagree (1)” to “strongly agree (5)”.

Quality of Leadership. The study utilized two dimensions of quality of leadership. Based on Perry and Miller (1991), we measured political and administrative leadership through a six-item scale that asked the respondents separately on the political (Cronbach’s α .954) and administrative (Cronbach’s α .959) leader’s management skills, the commitment of the leaders to achieve the mission of the agency, communication skills, respect, and his/her working relationship with career senior executives.

PSM. PSM was measured using the shorter and modified scale of Perry (1996). Studies employed the shorter scale since it is dependable and consistent with the public service values (Alonso & Lewis, 2001; Brewer & Selden, 2000; Caillier, 2013). The Cronbach’s alpha value is .732

Employee Engagement. Employee engagement was measured based on the employees’ perception on how they are well-connected or embedded with their job. It was measured by a four-item scale (Cronbach’s α .731) that asked the employees perception on their job embeddedness or commitment to their work.

Control Variables. The study included two control variables. Education and supervisory status were controlled for employee engagement.

Analysis

Measurement Reliability and Validity Test

Using IBM SPSS Statistics Version 21, exploratory factor analysis (EFA) was performed on the variables. Maximum likelihood with Promax rotation method was applied

to reduce the number of items. Reliability test was also performed to assess the internal consistency amongst items that loaded on the extracted factors. To ensure the adequacy of the collected data for factor analysis, the Kaiser-Meyer-Olkin (KMO) Measure of Sampling Adequacy (MSA) were performed. From the findings, the required thresholds for both tests were satisfied. From the results of the factor analysis (see Table 2), there were four distinct and separate constructs extracted which include two composite indicators for quality of leadership dimensions: political leadership and administrative leadership; PSM (Cronbach's α .732) and employee engagement (Cronbach's α .846). The factor loadings ranged from .604 to .920 with KMO equivalent to .931 ($p < 0.001$) falling within acceptable thresholds.

Table 2. Results of Exploratory Factor Analysis

Dimensions	Survey Items	Factor Loadings
<i>Political Leadership</i>	Political senior executives in my organization...	
	Have a good management skills.	.920
	Work hard to fulfill the mission of the agency.	.892
	Communicate well.	.882
	Work well with other career senior executives.	.821
	Respect the career staff.	.815
<i>Administrative Leadership</i>	Respect the merit process when making hiring decisions.	.811
	Career senior executives in my organization...	
	Have a good management skills.	.903
	Work hard to fulfill the mission of the agency.	.886
	Communicate well.	.865
	Work well with other career senior executives.	.857
<i>Employee Engagement</i>	Respect the career staff.	.849
	Respect the merit process when making hiring decisions.	.764
	At my job, I am inspired to do my best work.	.865
	I feel highly motivated in my work.	.760
	The work I do is meaningful to me.	.741
	I know what is expected of me on the job.	.604

PSM	Making a difference in society means more to me than personal achievements.	.671
	I am prepared to make enormous sacrifices for the good of the agency.	.633
	Meaningful public service is important to me.	.621
	I am not afraid to go to bat for the rights of others even if it means I will be ridiculed.	.618

Extraction Method: Maximum Likelihood.

Rotation Method: Promax with Kaiser Normalization.

a. Rotation converged in 6 iterations.

To further establish the distinctive validity of the constructs, we performed a confirmatory factor analysis (CFA) for all the latent variables, and subsequently conducted validity and reliability analyses. The results revealed satisfactory and within acceptable fit, for example root mean square error of approximation (RMSEA) is .071 (<.08 is acceptable), and normal fit index (NFI) is .929 (>.90 is acceptable). Thus, the proposed model is a good fit for the data. Further, we determined indicators of internal consistency (CR Index) and convergence validity – average variance extracted (AVE) for each construct: political leadership—CR=.95, AVE=.79; administrative leadership—CR=.96, AVE=.80; employee engagement—CR=.85, AVE=.60; and PSM—CR=.74, AVE=.51. The results show that all CR values are greater than .70 and average variance extracted greater than .50 indicating a high internal consistency. The discriminant validity for each dimension using their correlations and the AVE as the reference was also obtained. Consistently, square roots of each AVE support the psychometric parameters: political leadership = .88, administrative leadership = .80, employee engagement = .77 and PSM = .64. See Table 3 for the intercorrelations and reliability estimates for the overall measurement model showing discriminant validity (see also Fornell & Lacker, 1981).

Table 3. Intercorrelations and Reliability Estimates

Construct	1	2	3	4
1. Employee Engage	0.77** (.85)*			
2. Political Leadership	0.55**	0.88** (.95)		
3. Administrative Leadership	0.65**	0.77**	0.89** (.96)	
4. PSM	0.32**	0.19**	0.20**	0.64** (.74)

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

*. Subdiagonal entries are the latent construct Intercorrelations. The diagonal shows the square root of the AVE with composite reliability in parentheses.

Common Method Variance

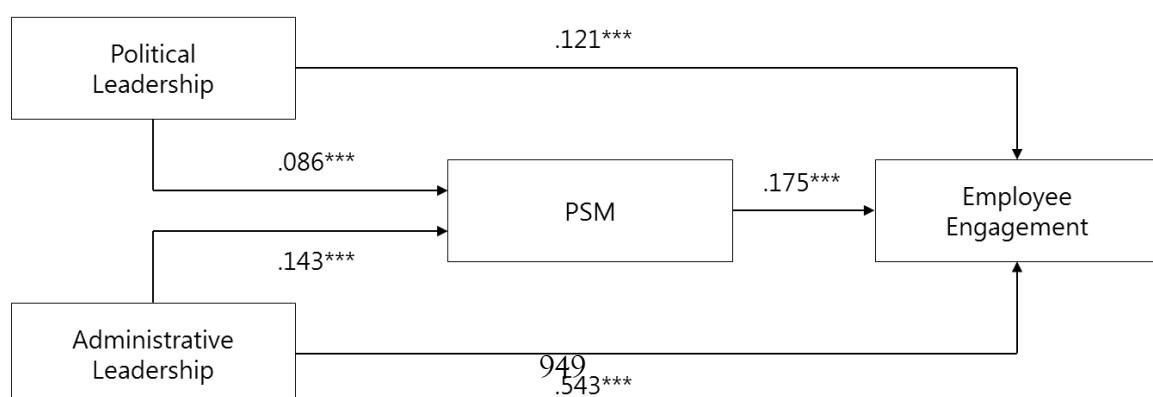
To minimize the possible effect of common method variance (CMV), we applied the Harman's single factor test that explores the common latent factors (CLF) through AMOS. The analysis took all items from the constructs of the research into a factor analysis and see if the variance can be attributed for a single or general factor (Podsakoff, MacKenzie, Lee, & Podsakoff, 2003). The results of the analysis provide that the risk of common method bias is insignificant—the CMV factor was .41 which is below the suggested threshold of .50 (Fornell & Larcker, 1981).

SEM and Mediation Analyses

We performed structural equation model (SEM) through AMOS the relationship of quality of political and administrative leadership, PSM, and employee engagement. The results of the structural equation model provided acceptable and adequate fit to the data: χ^2 ($df = 189$) = 17895.25, $p < .001$; $\chi^2/df = 94.68$; IFI = .924; TLI = .907; NFI = .924; CFI = .924; RMSEA = .078. The analysis provides that education level ($\beta = .044$, $p = .001$) and supervisory status ($\beta = -.042$, $p = .001$) have significant effect on the SEM model. Quality of political and administrative leadership and PSM explain 51 percent of the variance of employee engagement. In addition, quality of political and administrative leadership accounted 96 percent of the variance in PSM. As shown in figure 2, quality of political ($\beta = .121$, $p = .001$) and administrative leadership ($\beta = .543$, $p = .001$) had significant positive effect on employee engagement; quality of political ($\beta = .086$, $p = .001$) and administrative leadership ($\beta = .143$, $p = .001$) had significant positive effect on PSM. These findings supported hypotheses 1, 2, 3, and 4. It manifests how quality of leadership is capable of enhancing employee's altruistic and prosocial behavior towards serving the public and employee's engagement in their job. Examining the results in a comparative perspective, it revealed that quality of administrative leadership had a greater association with PSM (.143 against .086) and employee engagement (.543 against .121) than quality of political leadership.

Furthermore, PSM had positive and significant effect on employee engagement ($\beta = .175$, $p = .001$). Consistent with hypothesis 5, it proved that PSM was associated with employee's work engagement in the organization.

Figure 2. Results of Structural Equation Model



Employing the Preacher-Hayes (2004) bootstrapping mediation technique, we analyzed the mediating role of PSM on the relationship between the quality of political and administrative leadership and employee engagement. Testing for the indirect effect of political leadership on employee engagement through PSM, the coefficients shows a partial mediation ($\beta = .025$, $p = .001$, $CI = .024$ to $.034$). Repeating the test for administrative leadership, the result reveals that PSM partially mediates the relationship of administrative leadership and employee engagement ($\beta = .024$, $p = .001$, $CI = .024$ to $.032$). These findings supported hypotheses 6a and 6b. Table 4 summarized the results of the mediation analysis.

Table 4. Verification of Mediating Effects (Bootstrapping Analysis)

X	Path		B	BootLLCI- BootULCI	p-value	Mediation
	Mediator	Y				
Political	PSM	Engagement	.025	.024 to .034	.000	Partial
Administrative	PSM	Engagement	.024	.024 to .032	.000	Partial

Discussion

In recent years, the need for high leadership quality for delivering effective and efficient public sector organization performance is greatly demanded. The management reform in the public sector organizations has particular interest on enhancing confidence on the leaders--trustful, competent, has concern for the greater good, shared values, achieved outstanding performance, and close to people's concerns (Rosenthal, Moore, Montoya, & Maruskin, 2009). Van Wart (2003) also emphasized on the continuously investigating leadership within the public organization employing concrete data that are distinctly public sector (see also Ritz, et al., 2014). In addition, there is limited number of studies that focuses on the direct relationship of public sector leadership and engagement (Alban Metcalfe and Alimo-Metcalfe, 2008). Using a sample of 13,051 from the federal employees of the United States and drawing from the theoretical lens of social exchange theory, we analyzed the relationship of quality of political and administrative leadership and employee engagement, as well as PSM. We also analyzed the indirect effect of the quality of leadership dimensions on employee engagement through PSM. A structural equation model that follows an antecedent-mediator-outcome model of quality of leadership, PSM, and employee engagement was developed.

The findings of our study confirmed our hypotheses based on the theoretical links drawn from the literature research. The empirical results reveal that the quality of political and administrative leadership is positively and significantly related with PSM and employee engagement, as well as from PSM to employee engagement. This study also confirmed the mediating role of PSM on the relationship between quality of political and administrative leadership. As posited in the social exchange theory, when leaders display and show high

quality of managerial skill and has strong interpersonal interactions with the members of the organization, employees respond with high engagement in their job. Employees are also becoming more concerned on organization's mission and a strong desire for the organization to be successful as evidenced by high PSM (Mostafa et. al., 2015).

While previous studies have alluded on the important role of leadership on employee engagement, this study provided empirical evidence that directly linked leadership and engagement. Our results are consistent with the arguments of Kahn (1990) that declares that leadership trust, support, and leaders building an organizational climate of blamefree are important factors of psychological well-being which encourages employee engagement. Specifically, we were able to demonstrate that high social exchange between the political and administrative leaders—displaying high management skills, commitment to achieve the agency's mission, good communication skills, respect the people in the organization, and have good working relationship—can highly influence employees' PSM, which is associated with desirable employee outcomes such as employee engagement.

Though the two dimensions of quality of leadership were significantly associated with PSM and employee engagement, the strongest links are from the quality of administrative leadership. These results have implications for political and administrative leaders in their desire to enhance the social exchange with the subordinates in the public sector organizations. As high quality of leadership is positively related with PSM and employee engagement, political and administrative leaders should endeavor to strengthen managerial trustworthiness – ability, benevolence, and integrity (Mayer et al., 1995). The relationship in a social exchange is based on trust and respect and oftentimes emotional relationship that move out from the context of employment boundaries (Bauer, Tayla, Ergoden, & Berrin, 2015). The quality of leadership is among the most essential element that may determine and develop trust and meaning that can potentially enhance the individual's intimacy towards their job (Boverie & Kroth, 2001). Leadership trustworthiness can be manifested through public sector organization leaders' display of absolute commitment to achieve organizational goals, manifest behaviors something worth imitating, and show seriousness to do what it says it is going to do (Konz & Ryan, 1999; Herriot, 2001). Such behavioral manifestations of trustworthiness can signal leadership commitment to the workforce and organization's welfare.

The findings of the study, supporting a social exchange relationship as a mechanism that may predict employee engagement from the quality of leadership through PSM, suggests to focus on enhancing relational contracts between leaders and subordinates in the organization. As Rousseau (1995) pointed in the concept of psychological contract that it can either be transactional or relational. The former refers to a fixed terms of exchange defined between by parties while the latter is linked with an emotional exchange. Studies found that the government falls short on engaging employees who have acquired higher education (Ander & Swift, 2014; Ugaddan & Park, 2014). For instance, in the 2014 Gallup report on employee engagement, an average of only 27 percent U.S. federal government workers are engaged, 57 percent not engaged, and 19 percent actively disengaged (Ander & Swift, 2014).

This is alarming because such lack of engagement is wasting an approximately \$18 billion of federal monies for productivity (Ander & Swift, 2014). In order to re-engage employees there is a need to emphasize and establish a strong relational and/or emotional contract among leaders and subordinates. This is highly dependent on high social exchange that can take genesis from leadership effort to promote managerial trustworthiness by displaying good and relevant management skills, high value and commitment in the organization, showing virtuous communication skills, establish an organizational climate that respects and encourages harmonious working relationship. Investing on building these leadership qualities and manifest it in a social exchange or practically through relational or emotional relationship may take time. Nonetheless, our findings will provide objective and patent information for the political and administrative leaders to focus on honing and developing PSM enhancing and employee engagement driven leadership qualities.

Finally, while the quality of political and administrative leadership is positively related with PSM and employee engagement, employees' perception on individual leadership quality had differential effects. Specifically, perception of administrative leadership quality is highly associated with PSM and employee engagement compared with the perception of political leadership quality. Although, there were efforts on professionalizing the political appointee's system in the federal government, it has to endeavor in enhancing political leader's managerial competence. The bureaucratic institutional politicization (Almendares, 2011) and the perceived inexperience in public management and governance of political leaders (Gilmor & Lewis, 2006) should be addressed through political and career leader's development program. We suggest, while our findings confirmed that administrative leadership quality is more influential, that political and administrative leaders should jointly manifest stronger leadership qualities and display collective behavior that enhances PSM and employee engagement rather than to be in competition.

Conclusion

Engaging employees in the public sector organizations is of central importance in the field of human resource management. Scholars in the HRM field put emphasis on exploring important organizational determinants of employee engagement to enhance organizational and job performance. Our article contributes to this pursuit of expanding the literature through studies that may discover critical mechanisms that are of significance to the public sector organizations such as, quality of leadership depicted by political and administrative leaders and PSM. While previous studies have extensively explored several antecedents of employee engagement, research focusing on the role of quality of public sector leadership and PSM remains limited. Thus, our study assessed the association between quality of leadership and PSM and, consequently PSM on employee engagement. Drawing on the social exchange theory, we confirmed the positive links between quality of leadership, PSM, employee engagement, as well as, the intervening role of PSM as a motivational mechanism through which quality of leadership affects employee engagement.

As always, results of studies should be discussed within the bounds of its limitations, thus further studies may be conducted to extend and address shortcomings of the study. Our study relies on a cross-sectional data set which do not allow for a casual interpretation of empirical findings. Also, although the MSPB survey was administered to a large pool of federal employees, the reliability and generalizability of the findings can still be at issue. Future researchers may also wish to explore other variables that may moderate the impact of PSM on employee engagement, for example the job characteristics to extend and elaborate the implications of this study. Finally, because this study employed quantitative research methods through a survey of government employees, further study should expand the findings by performing an in-depth qualitative study on this study's topic. For example, an inductive approach with in-depth interviews and grounded theory methodology should be applied, and determinative scales for employee engagement can be developed.

References

- Alimo-Metcalfe, B., Alban-Metcalfe, J., Bradley, M., Mariathan, J., & Samele, C. (2008). The impact of engaging leadership on performance, attitudes to work and wellbeing at work: A longitudinal study. *Journal of Health Organization and Management*, 22(6), 586-598.
- Alimo-Metcalfe, B., Alban-Metcalfe, J., Bradley, M., Mariathan, J., & Samele, C. (2008). The impact of engaging leadership on performance, attitudes to work and wellbeing at work: A longitudinal study. *Journal of health organization and management*, 22(6), 586-598.
- Almendar, W. (2001). Politicization of bureaucracy. *SAGE International Encyclopedia of Political Science*
- Alonso, P., & Lewis, G. B. (2001). Public service motivation and job performance evidence from the federal sector. *The American Review of Public Administration*, 31(4), 363-380.
- Alonso, P., & Lewis, G. B. (2001). Public service motivation and job performance evidence from the federal sector. *The American Review of Public Administration*, 31(4), 363-380.
- Ander, S. & Swift, A. (2014). U.S. Federal Employees Less Engaged Than the Rest. Gallup. <http://www.gallup.com/poll/180206/federal-employees-less-engaged-rest.aspx>
- Baarspul, H. C., & Wilderom, C. P. (2011). Do employees behave differently in public-vs private-sector organizations? A state-of-the-art review. *Public management review*, 13(7), 967-1002.

- Bauer, Tayla; Ergoden, Berrin (2015). *The Oxford Handbook of Leader-Member Exchange*. New York, NY 10016: Oxford University Press. ISBN 9780199326174.
- Boverie, P. E., & Kroth, M. S. (2001). *Transforming work: The five keys to achieving trust, commitment, and passion in the workplace*. Basic Books.
- Brewer, G. A., Ritz, A., & Vandenabeele, W. (2012). Introduction to a symposium on public service motivation: An international sampling of research. *International Journal of Public Administration*, 35(1), 1-4.
- Brewer, G. A., Selden, S. C., Facer, I. I., & Rex, L. (2000). Individual conceptions of public service motivation. *Public Administration Review*, 60(3), 254-264.
- Brewer, Gene A., & Sally Coleman Selden. 1998. Whistle Blowers in the Federal Civil Service: New Evidence of the Public Service Ethic. *Journal of Public Administration Research and Theory* 3: 413-439.
- Bright, L. (2008). Does public service motivation really make a difference on the job satisfaction and turnover intentions of public employees?. *The American Review of Public Administration*, 38(2), 149-166.
- Burke, C. S., Sims, D. E., Lazzara, E. H., & Salas, E. (2007). Trust in leadership: A multi-level review and integration. *The Leadership Quarterly*, 18(6), 606-632.
- Caillier, J. G. (2013). Transformational leadership and whistle-blowing attitudes: Is this relationship mediated by organizational commitment and public service motivation. *The American Review of Public Administration*, 0275074013515299.
- Cho, Y. J., & Park, H. (2011). Exploring the relationships among trust, employee satisfaction, and organizational commitment. *Public Management Review*, 13(4), 551-573.
- Christian, M.S., Garza, A.S., & Slaughter, J.E. (2011). Work engagement: a quantitative review and test of its relations with and contextual performance. *Personnel Psychology*, 64, 89-136.
- Cropanzano, R., & Mitchell, M. S. (2005). Social exchange theory: An interdisciplinary review. *Journal of management*, 31(6), 874-900.
- Dirks, K. T., & Ferrin, D. L. (2001). The role of trust in organizational settings. *Organization Science*, 12(4), 450-467.
- Dirks, K. T., & Ferrin, D. L. (2001). The role of trust in organizational settings. *Organization science*, 12(4), 450-467.
- Fleming, J.H. & Asplund, J. (2007). Where employee engagement happens. *The Gallup Management Journal*. November, available at: <http://gmj.gallup.com/content/102496/>.

- Fornell, C., & Larcker, D. F. (1981). Evaluating structural equation models with unobservable variables and measurement error. *Journal of Marketing Research*, 39-50.
- Gagne, M., Senegal, C.B., & Koestner, R. (1997). Proximal job characteristics, feelings of empowerment, and intrinsic motivation: a multidimensional model. *Journal of Applied Social Psychology*, 27, 14, pp. 1222-1240.
- Gilmour, J. B., & Lewis, D. E. (2006). Assessing performance budgeting at OMB: The influence of politics, performance, and program size. *Journal of Public Administration Research and Theory*, 16(2), 169-186.
- Homans, G. C. (1961). *Social behavior: Its elementary forms*.
- Kahn, W. A. (1990). Psychological conditions of personal engagement and disengagement at work. *Academy of Management Journal*, 33(4), 692-724.
- Konz, G. N., & Ryan, F. X. (1999). Maintaining an organizational spirituality: No easy task. *Journal of Organizational Change Management*, 12(3), 200-210.
- Llorens, S., Schaufeli, W., Bakker, A., & Salanova, M. (2007). Does a positive gain spiral of resources, efficacy beliefs and engagement exist?. *Computers in human behavior*, 23(1), 825-841.
- Macey, W.H. & Scheneider, B. (2008). Engaged in engagement: we are delighted we did it. *Industrial and Organizational Psychology*, Vol. 1. No. 1, pp. 76-83.
- MacLeod, D. & Clarke, N. (2009). *The MacLeod review – engaging for success: Enhancing performance through employee engagement*. Department for Business Innovation and Skills, London, Crown Copyright.
- Maslach, C., Schaufelli, W.B., & Leiter, M.P. (2001). Job burnout. *Annual review of Psychology*, Vol. 52, pp. 397-422.
- Mayer, R. C., & Gavin, M. B. (2005). Trust in management and performance: who minds the shop while the employees watch the boss?. *Academy of Management Journal*, 48(5), 874-888.
- Mayer, R. C., Davis, J. H., & Schoorman, F. D. (1995). An integrative model of organizational trust. *Academy of Management Review*, 20(3), 709-734.
- Mostafa, A. M. S., Gould-Williams, J. S., & Bottomley, P. (2015). High-Performance Human Resource Practices and Employee Outcomes: The Mediating Role of Public Service Motivation. *Public Administration Review*.
- Park, S. M., & Word, J. (2012). Driven to service: Intrinsic and extrinsic motivation for public and nonprofit managers. *Public Personnel Management*, 41(4), 705-734.

- Park, Sung Min., and Ugaddan, Reginald G. 2015. Human resource management in the public organization: An essential guide. Sungkyunkwan University Press.
- Pattakos, A. N. (2004). The search for meaning in government service. *Public Administration Review*, 64(1), 106-112.
- Perry, J. L. (1996). Measuring public service motivation: An assessment of construct reliability and validity. *Journal of Public Administration Research and Theory*, 6(1), 5-22.
- Perry, J. L. (1996). Measuring public service motivation: An assessment of construct reliability and validity. *Journal of public administration research and theory*, 6(1), 5-22.
- Perry, J. L., & Miller, T. K. (1991). The Senior Executive Service: Is It Improving Managerial Performance? *Public Administration Review*, 554-563.
- Perry, J. L., & Wise, L. R. (1990). The motivational bases of public service. *Public administration review*, 367-373.
- Perry, J. L., Hondeghem, A., & Wise, L. R. (2010). Revisiting the motivational bases of public service: Twenty years of research and an agenda for the future. *Public administration review*, 70(5), 681-690.
- Podsakoff, P. M., MacKenzie, S. B., Lee, J. Y., & Podsakoff, N. P. (2003). Common method biases in behavioral research: a critical review of the literature and recommended remedies. *Journal of Applied Psychology*, 88(5), 879.
- Rainey, H. G. (2009). *Understanding and managing public organizations*. John Wiley & Sons.
- Rich, B. L., Lepine, J. A., & Crawford, E. R. (2010). Job engagement: Antecedents and effects on job performance. *Academy of management journal*, 53(3), 617-635.
- Rosenthal, S. A., Moore, S., Montoya, R. M., & Maruskin, L. A. (2009). National leadership index 2009: A national study of confidence in leadership. Center for Public Leadership, Harvard Kennedy School, Harvard University, Cambridge, Massachusetts. COPyRIGHT, 3.
- Rousseau, D. (1995). *Psychological contracts in organizations: Understanding written and unwritten agreements*. Sage.
- Rousseau, D. M. (1989). Psychological and implied contracts in organizations. *Employee responsibilities and rights journal*, 2(2), 121-139.
- Ryan, R. M., & Deci, E. L. (2000). Intrinsic and extrinsic motivations: Classic definitions and new directions. *Contemporary educational psychology*, 25(1), 54-67.

- Saks, A.M. (2006). Antecedents and consequences of employee engagement. *Journal of Managerial Psychology*, Vol. 21, pp. 600-619.
- Shuck, B. & Alborno, C. (2008). Employee engagement: under the salary line. In T. J. Chermack (Ed.). *Proceedings of the Academy of Human Resource Development 2008 Annual Conference* (14-3). Panama City, FL: AHRD.
- Shuck, B. & Reio, T., & Rocco, T. (2011). Employee engagement: An antecedent and outcome approach to model development. *Human Resource Development International*, 14-427-445
- Shuck, B., & Wollard, K. (2010). Employee engagement and HRD: A seminal review of the foundations. *Human Resource Development Review*, 9(1), 89-110.
- Sims, R. R. (1994). Human resource management's role in clarifying the new psychological contract. *Human Resource Management*, 33(3), 373-382.
- Spreitzer, G. M. (1992). When organizations dare: The dynamics of individual empowerment in the workplace. Unpublished doctoral dissertation, University of Michigan.
- Thomas, K. W., & Velthouse, B. A. (1990). Cognitive elements of empowerment: An "interpretive" model of intrinsic task motivation. *Academy of Management Review*, 15, 666-68
- Van Wart, M. (2005). Dynamics of leadership in public service: Theory and practice. ME Sharpe.
- Vandenabeele, W. (2009). The mediating effect of job satisfaction and organizational commitment on self-reported performance: more robust evidence of the PSM—performance relationship. *International review of administrative sciences*, 75(1), 11-34.
- Vigoda-Gadot, E, Eldor, L, & Schohat, L.M. (2012). Engage them to public service: Conceptualization and empirical examination of employee engagement in public administration. *The American Review of Public Administration*, 43(5) 518-538.
- Wart, M. V. (2003). Public-Sector leadership theory: An assessment. *Public Administration Review*, 63(2), 214-228.
- Wille, A. (2009). Political and administrative leadership in a reinvented European commission. *Public sector leadership: International Challenges and Perspectives*. Edward Elgar Publishing, Inc
- Wilson, P. A. (1999). A theory of power and politics and their effects on organizational commitment of senior executive service members. *Administration & Society*, 31(1), 120-141.

Xu, J. & Thomas, H.C. (2001). How can leaders achieve a high employee engagement?
Leadership and Organization Development Journal, Vol. 32, pp. 399-416.