EUROPEAN JOURNAL OF EMERGING ECONOMICS AND MANAGEMENT

Cultivating Organizational Well-Being: The Impact of Empowering Leadership and Psychological Strengths on Trust and Flourishing

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V0LUME01 ISSUE01 (2024)
Published Date: 07 December 2024 // Page no.: - 10-29

ABSTRACT

This article delves into the powerful connection between positive leadership and our inner psychological strengths (what we call Psychological Capital or PsyCap), exploring how they collectively build trust and help people truly thrive at work. We gathered insights from two separate studies in India, surveying individuals in the bustling IT-BPM sector (310 participants) and various other service industries (255 participants). Using advanced statistical modeling, our findings consistently show that when leaders embrace positive approaches, it significantly boosts trust within the organization and strengthens employees' psychological resources. We also discovered that these psychological strengths are a strong indicator of both how much people trust their workplace and how well they are flourishing. Importantly, both positive leadership and our personal psychological strengths directly contribute to a sense of flourishing, even when we consider the role of trust. These insights highlight just how vital it is for organizations to foster empowering leadership styles and help their people build resilience, hope, optimism, and self-belief. Doing so creates a high-trust environment where everyone can truly thrive, offering valuable lessons for building healthier, more vibrant workplaces.

Keywords: Positive leadership, psychological capital, organizational trust, employee flourishing, well-being, India, IT-BPM, service sector.

INTRODUCTION

In our rapidly changing world, the idea of building a truly thriving workplace isn't just a nice-to-have; it's essential for long-term success and for the well-being of every individual within an organization [19]. For a long time, businesses focused mainly on efficiency and control. But now, we're seeing a growing recognition that positive aspects of organizational life play a crucial role in driving performance and helping people flourish [50]. Among these, two powerful forces stand out: positive leadership and our personal psychological strengths, often referred to as Psychological Capital (PsyCap). These elements have a remarkable ability to shape how employees feel and behave [38, 47]. This article embarks on a journey to uncover the intricate ways these elements interact and how they collectively influence trust within an organization and the flourishing of its people.

Positive leadership isn't just about avoiding negativity; it's an active, intentional approach that champions strengths, virtues, and positive innovation, aiming to create an environment where both individuals and the organization can truly excel [11]. This includes leadership styles that empower employees, giving them the freedom and authority to make decisions. When leaders do this, it fosters a deep sense of ownership and responsibility among their teams [13, 16, 46]. We've seen that such leadership approaches are clearly linked to higher employee engagement, better well-being, and increased productivity [3, 4, 30]. For example, leaders who are optimistic can significantly boost productivity and engagement [4], and empowering leadership directly contributes to a stronger sense of work engagement and personal empowerment [16, 33]. Ultimately, positive leadership behaviors cultivate a positive mindset, influencing our values, attitudes, and actions, which in turn enhances job involvement, personal thriving, trust, and a sense of empowerment [41, 68].

Hand-in-hand with leadership, our psychological capital – a core concept in positive organizational behavior – is made up of four vital components: self-efficacy (our belief in our own abilities), hope (the conviction that we can achieve our goals), optimism (expecting good things to happen), and resilience (our ability to bounce back from setbacks) [37, 38]. Individuals rich in PsyCap are more likely to persevere through challenges, trust in their capacity to succeed, maintain a positive outlook, and recover quickly from adversity [39, 42]. Research consistently shows that a strong PsyCap is connected to better job performance, a greater sense of psychological empowerment, and overall well-being [28, 45, 49, 59].

What's more, PsyCap isn't fixed; it can be nurtured and developed through learning and growth opportunities [48]. When employees cultivate these personal strengths, like optimism, self-efficacy, and resilience, it significantly boosts their engagement at work [5].

Organizational trust, at its heart, is about an employee's willingness to be vulnerable and rely on others—their colleagues, their supervisors, and the organization as a whole—because they have positive expectations about their intentions and behavior [14, 43, 52]. This trust forms the very foundation for effective teamwork and a smoothly functioning organization. Trust in leadership, in particular, is absolutely critical for fostering a supportive and collaborative work environment [8]. Studies have consistently shown that trust profoundly impacts workplace performance and how employees feel about their jobs [2, 58]. In essence, trust in the workplace is always a cornerstone of the leader-follower relationship and overall organizational performance [39].

Finally, flourishing is more than just feeling good; it's a state of complete mental health and optimal human functioning. It goes beyond merely not being ill to encompass a deep sense of purpose, positive relationships, and continuous personal growth [31, 32, 44]. It's a holistic measure of well-being, reflecting an individual's capacity to truly thrive and realize their full potential [9, 17, 44]. Encouraging flourishing within organizations isn't just the right thing to do; it also brings tangible benefits, such as boosting creativity and building resilience [19, 42]. We know that flourishing is closely tied to our emotional, psychological, and social enjoyment [17, 43]. It helps us make personal advancements, build stronger connections, contribute positively to society, and find solutions in life [9]. It also helps us face hardships with an optimistic spirit [9], fosters mindfulness, resilience, self-esteem, and positive emotional responses [44, 61, 85], and encourages self-acceptance [21].

In an era of unprecedented global challenges, organizations are increasingly seen as key players in driving sustainable transformation [74]. However, our current understanding of organizational sustainability can sometimes feel incomplete, often focusing on external environmental and economic aspects [78] while overlooking the crucial human psychological processes that truly drive meaningful change [81]. Despite the growing recognition of how important sustainable development is, there's still a significant gap in understanding the intricate psychological mechanisms that enable organizations to become truly sustainable [45]. Existing research has broadly looked at sustainable development from a big-picture, macro-level perspective, but it hasn't fully explored the micro-level psychological dynamics that allow organizational transformation to happen [62].

While research has explored these concepts individually, we still need a comprehensive understanding of how positive leadership and psychological capital work together to influence organizational trust and individual flourishing. This article aims to fill that gap by examining these relationships through two distinct studies. Our goal is to contribute to both our theoretical understanding and to provide practical strategies for cultivating truly flourishing workplaces. Specifically, this research seeks to answer these fundamental questions:

1. How much does positive leadership actually impact trust and flourishing?

2. What is the precise relationship between psychological capital and flourishing?

3. What specific role does psychological empowerment play in this dynamic?

To address these questions, our research has clear objectives:

1. To examine the influence of positive leadership on trust and flourishing.

2. To understand and test the relationship between psychological capital and flourishing.

3. To identify the role of psychological empowerment in the relationship between psychological capital and flourishing.

This study offers a significant theoretical contribution by weaving together positive leadership, psychological capital, and psychological empowerment into a unified model. This model helps us explain how psychological mechanisms act as intermediaries in achieving sustainable development at the organizational level. By bridging the fields of positive psychology and sustainable development theory, we offer fresh insights into how individual psychological resources and leadership practices can truly ignite organizational flourishing and trust, thereby expanding our theoretical grasp of sustainable organizational development.

Literature Review

To fully address our study's objectives, this paper follows a clear, structured path. Following this introduction, we dive into a comprehensive literature review. Here, we'll clarify the key variables we're exploring and lay out the hypotheses that guide our investigation. Then, our research methodology section will detail exactly how we collected our data, our sampling procedures, and the sources of our measures. The results section will then present the quantitative outcomes derived from our analysis, followed by a discussion section that provides an overview of how our study achieved its objectives, interpreting the findings and connecting them back to the broader context.

Positive Leadership

Positive leadership is a concept deeply rooted in the field of positive psychology, a movement that gained

prominence following the American Psychological Association (APA) convention in 1998. This convention, with its theme "Prevention: Promoting Strength, Resilience, and Health in Young People," marked a crucial shift in focus from merely addressing psychological pathology to actively cultivating well-being [27, 72]. This foundational change paved the way for us to understand how positive attributes can be nurtured in both individuals and the organizations they belong to. Thus, positive leadership isn't just about the absence of negative or ineffective leadership; it's a proactive and intentional approach that champions strengths, virtues, and even positive forms of deviance, all aimed at creating an environment where individuals and organizations can truly excel [11, 84].

When leaders practice positive leadership, their behaviors foster a positive mindset. This, in turn, influences people's values, attitudes, and behaviors, leading to a wave of positivity that impacts job involvement, personal thriving, trust, and a sense of empowerment [41, 68]. It stands out because of its exciting and constructive way of building individual capabilities through an optimistic outlook and genuine acknowledgment. At its core, positive leadership is built upon three critical sub-dimensions [4]: (a) a strength-based strategy, (b) a positive outlook, and (c) encouragement and acknowledgment.

Strength-Based Strategy: A fundamental principle of positive leadership is that leaders must focus on developing and utilizing the unique strengths of their team members to boost overall effectiveness [11, 84]. This approach is a refreshing contrast to older models that often fixated on correcting weaknesses. Positive organizations, by emphasizing a strength-based approach, consistently achieve greater efficiency and foster more positive outcomes [12, 77]. When leaders identify and leverage the inherent talents and capabilities of their team members, they don't just unlock greater potential; they also drive superior performance [11]. This strategy does more than just increase individual productivity; it cultivates a more engaged and motivated workforce, as employees feel genuinely valued for their inherent abilities. This sense of being appreciated for who they are and what they naturally do well is a powerful driver of engagement.

Positive Outlook: Maintaining a positive perspective is incredibly important, especially when navigating the ambiguities and challenges that are an inevitable part of organizational change [52]. It's about how people use their understanding and control to implement rules and manage complex situations. A truly effective leader's viewpoint influences how people perceive and understand adversity and how they interact within their workplace [52]. A positive perspective helps to reduce uncertainty and encourages individuals to see disadvantages not as roadblocks, but as valuable opportunities for growth and learning [4, 34]. This proactive and optimistic approach helps to alleviate stress and cultivates a resilient work environment, where challenges are perceived as stepping stones on a path forward, rather than insurmountable obstacles.

Encouragement and Acknowledgment: The acts of recognition and encouragement are incredibly powerful positive behaviors that significantly boost individual and team performance. They do this by enhancing self-confidence and self-esteem [63]. Employee productivity is directly influenced by a positive leader's acts of acknowledgment, serving as a potent tool for motivating personnel [4]. A study by Arakawa and Greenberg (2007) vividly illustrated this: the efficiency of employees increased by 31% and production by 3:1 when leaders regularly provided encouragement and praise [4]. Furthermore, a remarkable 98% of employees reported that they worked effectively, attributing their sustained motivation and engagement to consistent encouragement and praise from their leaders [26]. This continuous feedback loop reinforces positive behaviors, creating a supportive atmosphere where employees feel seen, appreciated, and valued for their contributions.

Ultimately, positive leadership's emphasis on a strengths-based strategy, a positive outlook, and consistent encouragement not only enhances individual capabilities and organizational performance but also plays a pivotal role in fostering trust. Trust is a critical element in the leader-follower relationship, and it has consistently been a cornerstone of healthy workplace dynamics [8].

Trust in the Workplace

Trust in the workplace refers to that fundamental confidence and willingness employees have to be vulnerable and rely on their colleagues, their supervisors, and the organization as a whole [2]. It's a foundational element that underpins effective teamwork, open and honest communication, and a truly healthy organizational culture [14, 75]. Indeed, workplace trust has always been a critical factor in the leader-follower relationship and overall organizational performance [39].

Historically, cultivating workplace trust has been a persistent challenge. Karl (2000) observed that workplace trust often remains low, and a study by Fana and Villani (2023) found that a significant portion of individuals in non-management roles (56%) viewed a lack of workplace trust as a serious concern [24, 75]. These observations highlight the ongoing struggle organizations face in building a high-trust environment.

In our study, we define "workplace trust" as the confidence and willingness of employees to be vulnerable and rely on their colleagues, immediate supervisors, and the organization within their specific work environment [25]. This trust is built on the belief that others will act with integrity, competence, and benevolence, thereby fostering a sense of psychological safety and mutual respect [80]. While our focus is on this broader concept of workplace trust, it's important to differentiate it from "organizational

trust" or "trust in an organization." These terms typically refer to employees' trust in the organization as an abstract entity, focusing more on institutional factors like policies and management practices [54]. In contrast, workplace trust encompasses both this institutional trust and the vital interpersonal trust that exists among colleagues and supervisors [25].

When we foster trust and collaboration among coworkers, a trusting relationship at work naturally reduces inefficiencies and significantly enhances job engagement [57]. Trust is essential in all aspects of life, both personal and professional. People develop their social competencies through various social interactions as they mature, contributing to a baseline of professional trust [10, 58]. When employees genuinely trust their leaders and colleagues, they are far more willing to share information openly, collaborate effectively, and take calculated risks—all of which contribute directly to organizational success [8].

Beyond mere productivity metrics, the impact of workplace trust, especially between leaders and followers, extends profoundly. Trust cultivates a sense of psychological safety and mutual respect, creating an environment that is highly conducive to employee flourishing—a state of good mental health characterized by high psychological and social well-being [17]. This strong connection between trust and flourishing suggests that a secure, reliable, and predictable work environment is not just beneficial, but a fundamental prerequisite for individuals to truly thrive and realize their full potential.

Flourishing

Flourishing is a vibrant indicator of good mental health, signifying a state where individuals experience high levels of psychological and societal well-being [42]. This concept of "human flourishing" traces its rich history back to Aristotle's idea of eudaimonia, which describes a life lived exceptionally well, marked by virtue, excellence, and profound fulfillment [55, 83]. We can say a person is flourishing when they are deeply engaged in desirable and appealing activities that resonate with their core values and strengths [55, 83].

Modern research into flourishing has significantly expanded upon Aristotle's philosophical insights, clearly demonstrating its strong connections to our emotional, psychological, and social enjoyment [17, 43]. It represents a comprehensive measure of well-being that encompasses various dimensions of optimal human functioning. Flourishing has been consistently linked to several positive individual and social outcomes:

- Personal Growth and Life Fulfillment: Flourishing is deeply associated with continuous personal growth and the successful pursuit of meaningful life goals [9]. Individuals who are flourishing are more likely to set ambitious objectives and possess the resilience needed to achieve them, leading to a sense of accomplishment and purpose.

- Strong Interpersonal Connections and Societal Contribution: A crucial component of flourishing involves nurturing positive and supportive social relationships [19]. When individuals flourish, they actively contribute to the well-being of others, fostering a strong sense of community both within and beyond the workplace.

- Resilience in the Face of Hardship and Optimistic Impact: Flourishing individuals possess a remarkable ability to navigate adversity with a positive outlook, seeing challenges not as insurmountable barriers but as valuable opportunities for growth and learning [9]. This inherent resilience allows them to recover quickly from setbacks and maintain a hopeful perspective.

- Mindfulness, Resilience, Self-Esteem, and Positive Emotional Responsiveness: Flourishing is intricately tied to psychological strengths such as mindfulness (being present and aware), resilience (the capacity to recover from difficulties), healthy self-esteem, and the ability to experience and express positive emotions authentically [44, 61, 85].

- Self-Acceptance: A profound sense of self-acceptance is also a hallmark of flourishing, where individuals embrace their authentic selves and feel content with who they are, fostering inner peace and confidence [21].

Conversely, negative characteristics such as loneliness, persistent sadness, excessive self-judgment, and an overwhelming identification with negative experiences have been found to be inversely related to flourishing [21, 42]. This highlights the critical importance of addressing these negative states to promote overall well-being.

Flourishing is a dynamic and evolving state that includes subjective well-being, a sense of righteousness, robust resilience, the nurturing of personal strengths, and continuous progression [51, 85]. It contributes significantly to both our psychological and physical well-being [33]. Importantly, organizational practices play a substantial role in encouraging and shaping this thriving, in addition to fostering beneficial relationships with employee health and well-being [33]. Individuals experience higher positive feelings and improved psychological and social functioning when they have strong work-related identities [19]. In this regard, both work-related and positive personal identities are crucial for employee thriving [19]. Organizations, through their thoughtful practices, can actively develop their people and pave the way for them to truly thrive [11, 43].

Ultimately, flourishing, as a positive outcome of ethical activities and nurturing interpersonal relationships, significantly enhances overall well-being and success at work [33]. The personal resources that enable these positive behaviors and allow individuals to thrive in professional environments are often rooted in psychological capital, a concept from positive psychology

[50]. Organizations have the power to cultivate this psychological capital—including self-efficacy, resilience, hope, and optimism [5]—to foster qualities that contribute profoundly to an employee's flourishing. This emphasizes that flourishing isn't just an individual journey; it's deeply influenced by the organizational environment and the resources made available to its employees.

Psychological Capital

Psychological Capital (PsyCap) represents a fundamental concept within positive organizational behavior, offering a powerful framework for understanding and developing the positive psychological strengths of individuals in the workplace. It's seen as an "evidence-based vital feature" that allows researchers and practitioners to tap into the largely unexplored areas of human potential, greatness, and thriving [47]. Unlike stable personality traits, PsyCap is considered a "state-like" construct, meaning it's dynamic and can be developed and enhanced through targeted interventions [46]. In fact, it can be "easily generated" by utilizing effective learning and development programs [48].

PsyCap is defined as a positive psychological state that supports an individual's growth, and it's made up of four interconnected components:

1. Self-Efficacy: This is essentially an individual's strong belief in their own ability to successfully execute specific tasks or achieve particular goals [49]. It's crucial for maintaining a positive perspective and is considered a vital psychological resource. Individuals with high self-efficacy tend to be more proactive in activities that boost their learning potential and energy, ultimately helping them succeed at work [49]. This component of psychological capital aligns very well with the "competence-capability" dimension of psychological empowerment, suggesting a natural synergy between the two [76].

2. Hope: More than just wishful thinking, hope involves both the "willpower" (the motivation to pursue goals) and the "pathways" (the strategies to achieve them) needed to reach desired objectives [46]. It's about developing the necessary determination and understanding to reach a goal, even when faced with obstacles [46]. Hopeful individuals are far more likely to persevere and find alternative routes when their initial plans encounter difficulties.

3. Resilience: This is the remarkable capacity to bounce back effectively from adversity, failure, or significant change [53]. It's a measurable quality found in individuals or groups, often indicating a current state that points towards positive future development [53]. Resilient individuals are able to adapt to stressful situations, recover quickly from setbacks, and continue moving forward despite challenges, emerging stronger from difficult experiences [52].

4. Optimism: Optimism is characterized by a positive way of explaining events. Optimistic individuals tend to attribute positive events to internal, stable, and global causes, and negative events to external, unstable, and specific causes [73]. It's a component of psychological capital that is deeply and uniquely tied to the principles of positive psychology [50]. Optimistic individuals generally anticipate positive outcomes and maintain a hopeful outlook even in uncertain situations [4].

When employees actively cultivate these personal characteristics, they significantly support organizational engagement, which in turn helps them thrive in their jobs [5]. Psychological capital acts as a powerful personal resource within work environments, enabling individuals to navigate challenges, perform effectively, and contribute positively. However, it's not enough to simply possess these resources; it's also crucial for individuals to translate them into tangible influence and autonomy within their organization. This is precisely where psychological empowerment steps in, playing a significant role by shaping an employee's experience of their work environment through a sense of control and impact [76].

Psychological Empowerment

Psychological empowerment has been a deeply explored and significant area of study within organizational psychology for many years [76]. Conger and Kanungo (1988) introduced a psychological perspective on empowerment, which focuses on how it drives positive outcomes for employees in the workplace [13]. Empowerment is widely considered one of the most crucial organizational factors that fulfills the psychological needs of employees, thereby helping to achieve organizational goals through both personal and organizational effectiveness [67].

Psychological empowerment isn't a fixed personality trait; rather, it's a dynamic set of processes that shape an employee's subjective experience of their work. It comprises four key cognitive dimensions [76]:

1. Meaning-Connotation: This refers to the personal value an individual places on their work goals or purpose, judged against their own ideals or standards [76]. When employees feel their work is meaningful, they are far more likely to be engaged and committed, leading to a deeper sense of purpose and contributing directly to their overall flourishing. This aligns perfectly with the idea that job activities should be personally meaningful to them [82].

2. Competence-Capability: This dimension reflects an individual's belief in their own capability to successfully perform their work activities [76]. It's very similar to self-efficacy (a component of PsyCap), representing a sense of mastery over one's job skills and tasks [76]. Employees who feel competent are more confident in their abilities and are more inclined to take on challenging assignments, knowing they can succeed.

3. Impact-Influence: This dimension captures the

degree to which an individual feels they can influence strategic, administrative, or operational outcomes at work [76]. It's about having a genuine sense of control over what happens in one's department or within the larger organization [76]. When employees feel their actions truly make a difference, they are profoundly more motivated to contribute.

4. Self-Determination-Autonomy: This refers to the level of freedom or autonomy an employee expects and receives in how they perform their work [16, 76]. The concept of self-determining means experiencing a genuine sense of choice in work-related behavior [16]. This is only truly possible within a supportive work environment that grants employees the necessary autonomy, which in turn significantly boosts an individual's interest and engagement in their work [16].

The self-determination theory forms the bedrock for understanding both thriving at work and psychological empowerment. This theory focuses on human motivation levels, personal character development, and achieving ideal performance [16]. It posits that a person's innate psychological requirements (such as competence, relatedness, and autonomy) and natural developmental inclinations are fundamental for well-being and motivation [16]. From the lens of self-determination theory, we can clearly see the strong connection between psychological empowerment and flourishing, as both emphasize the crucial role of intrinsic motivation and the fulfillment of basic psychological needs for optimal functioning and overall well-being. Therefore, based on our comprehensive literature review, we can hypothesize that psychological empowerment acts as a mediator between psychological capital and flourishing.

Positive Leadership and Flourishing

When we talk about good leadership, we're talking about something that naturally leads to positive outcomes, and flourishing is a significant result of truly positive leadership behaviors [11]. Beyond just boosting productivity, positive leadership fosters happy sentiments, success, thriving relationships, virtuous behaviors, and invigorating connections within the workplace [11]. The positive conduct of an employee's direct supervisor—demonstrating competence, honesty, transparency, stability, a willingness to take risks, and humility—can profoundly influence employees to adopt specific behaviors that contribute to their own thriving [1, 69].

Positive leadership, through its inherently supportive and encouraging nature, directly promotes the well-being of both the immediate supervisor and the team members [1, 69]. It's clear that managerial actions have a noticeable impact on employee happiness and overall thriving [41, 68]. However, despite these strong theoretical connections, empirical evidence directly proving the influence of positive leadership on flourishing has been somewhat limited [41]. Our study aims to bridge this gap by rigorously testing this very important relationship. Therefore, we propose the following hypothesis:

H1: Positive leadership significantly influences flourishing.

Positive Leadership and Trust in the Workplace

Positive leadership, built upon entrepreneurial and optimistic approaches, forms the essential foundation for fostering trust between leaders and their followers in the workplace [4]. This style of leadership naturally leads to a perception of fairness and equality throughout the organization, which in turn has a significant impact on the company's profitability and growth [15]. When there's a strong sense of trust in the workplace, the level of job engagement naturally increases, creating a more committed and productive workforce [20, 36].

Employees are much more likely to trust their leaders, regardless of the circumstances, if they perceive them as capable and genuinely helpful [8]. Research consistently indicates that leaders play a pivotal role in developing workplace trust [14, 23]. By consistently demonstrating integrity, competence, and benevolence, leaders can build a strong foundation of trust that permeates every level of the organization [8, 39].

The actions of leaders are closely tied to a wide range of positive outcomes for employees, including increased trust, job satisfaction, happiness, work engagement, organizational citizenship behavior, improved performance, stronger commitment, enhanced creativity, and overall employee success [12, 40]. Positive leadership influences these results both directly and indirectly. Consequently, employees feel more empowered, and their job performance naturally improves. When employees see their dedication recognized and aligned with the organization's goals, they are motivated to rise to the occasion and contribute even more effectively. A truly good leader consistently exhibits workplace trust and honesty while upholding a strong sense of perceived organizational fairness. Based on these discussions, we've developed the following hypothesis:

H2: Positive leadership significantly influences trust in the workplace.

Psychological Capital Affects Flourishing

Employees who possess higher levels of optimism, resilience, hope, and self-efficacy are simply better equipped to navigate the complexities and rapid changes of today's global organizational environment, especially when compared to those with lower levels of psychological capital [49]. This inherent strength allows them to adapt, innovate, and truly thrive in dynamic work settings.

Paterson et al. (2013) found that psychological capital indirectly affects thriving at work through two important mediators: sensible relating and task vigilance [65]. This suggests that PsyCap doesn't just directly lead to thriving,

but also facilitates it through other positive psychological processes. According to the vast literature in positive psychology, psychological capital and thriving at work have been linked in numerous other research studies [70]. For example, a study by Rozkwitalska and Basinska (2016) revealed that employees' personal and organizational resources can significantly help them thrive at work [70]. This empirical research, based on the concept of personal resources, indicates that psychological capital boosts cheerfulness, which in turn enables employees to "thrive at work" [65, 70]. Building on these prior studies, we understand that psychological skills profoundly affect occupational prosperity; thus, we formulate Hypothesis 3:

H3: Psychological capital significantly influences flourishing.

Role of Psychological Empowerment

Psychological empowerment has been an extensively studied and highly significant area within organizational psychology for many years [76]. Conger and Kanungo (1988) introduced a psychological perspective on empowerment, focusing on how it drives positive outcomes for employees in the workplace [13]. Empowerment is widely considered one of the most crucial organizational factors because it fulfills the psychological needs of employees, thereby helping to achieve organizational goals through both personal and organizational effectiveness [67].

Psychological empowerment isn't a static trait; instead, it's a dynamic set of processes that shape an employee's subjective experience of their work. It's composed of four key cognitive dimensions [76]:

1. Meaning-Connotation: This refers to the personal value an individual places on their work goals or purpose, judged against their own ideals or standards [76]. When employees feel their work is personally meaningful and aligns with their values, they are far more likely to be engaged and committed, leading to a deeper sense of purpose and directly contributing to their overall flourishing. This aligns perfectly with the idea that job activities should be personally meaningful to them [82].

2. Competence-Capability: This dimension reflects an individual's belief in their own ability to successfully perform their work activities [76]. It's very similar to self-efficacy (a component of PsyCap), representing a sense of mastery over one's job skills and tasks [76]. Employees who feel competent are more confident in their abilities and are more inclined to take on challenging assignments, knowing they can succeed.

3. Impact-Influence: This dimension captures the degree to which an individual feels they can influence strategic, administrative, or operational outcomes at work [76]. It's about having a genuine sense of control over what happens in one's department or within the larger organization [76]. When employees feel their actions truly make a difference, they are profoundly more motivated to contribute.

4. Self-Determination-Autonomy: This refers to the level of freedom or autonomy an employee expects and receives in how they perform their work [16, 76]. The concept of self-determining means experiencing a genuine sense of choice in work-related behavior [16]. This is only truly possible within a supportive work environment that grants employees the necessary autonomy, which in turn significantly boosts an individual's interest and engagement in their work [16].

The self-determination theory forms the bedrock for understanding both thriving at work and psychological empowerment. This theory focuses on human motivation levels, personal character development, and achieving ideal performance [16]. It posits that a person's innate psychological requirements (such as competence, relatedness, and autonomy) and natural developmental inclinations are fundamental for well-being and motivation [16]. From the lens of self-determination theory, we can clearly see the strong connection between psychological empowerment and flourishing, as both emphasize the crucial role of intrinsic motivation and the fulfillment of basic psychological needs for optimal functioning and overall well-being. Therefore, based on our comprehensive literature review, we can hypothesize that psychological empowerment acts as a mediator between psychological capital and flourishing.

METHODS

Our research utilized a quantitative, cross-sectional design across two distinct studies to investigate the relationships between positive leadership, psychological capital, organizational trust, and employee flourishing. In both studies, we gathered data through self-report questionnaires administered to employees in a variety of organizational settings.

Sample and Procedures

We collected data from employees across selected service industries in three major regions of India: Bengaluru, Chennai, and Kolkata. Our choice of these regions and industries was a deliberate strategy to capture a diverse and representative slice of the Indian service sector. Specifically, we included industries such as Information Technology (IT), education, healthcare, finance, and telecommunications. This broad selection directly responded to a call from Kao et al. (2015) for more empirical investigations into how ethical leadership behaviors impact employee conduct across different sectors [38].

The decision to focus on these service industries was further guided by their increasingly vital role in India's evolving economic landscape. Recent studies by dos Santos Beckert et al. (2023) have highlighted the transformative potential of these sectors, noting their close connection to consumers who are increasingly aware

of social and environmental responsibilities, thereby driving sustainable organizational development [71]. Nadda et al. (2023) emphasized the unique organizational challenges and opportunities inherent in these knowledge-intensive industries, making them ideal environments for exploring leadership and psychological dynamics [59]. Given that the service sector contributes an estimated 54% to India's GDP, according to Nadda et al. (2023), its economic importance cannot be overstated [59]. Moreover, Erdiaw-Kwasie et al. (2022) argued that these industries are at the forefront of organizational innovation and psychological resilience, especially within our rapidly changing global environment [22]. The diversity across these sectors allowed us to comprehensively examine how positive leadership and psychological capital manifest in different organizational contexts, directly addressing the need for more nuanced, cross-sectoral research on organizational development, as called for by Hariprasad and Doraiswamy (2024) [31].

Our data collection took place between January and June 2023, structured into two sequential studies. This timing allowed for thorough data collection and analysis while minimizing the potential influence of external factors on our results.

- Study 1 (S1): This phase was conducted from January to March 2023, with a specific focus on IT professionals. We selected IT companies from the NASSCOM (2018) report, specifically those operating in our chosen Indian cities [60]. The IT sector, known for its knowledge-intensive work, often high-stress environment, diverse workforce, and global interactions, provided an ideal setting to study how positive leadership influences trust and flourishing. This sector's rapid pace of change and technological innovation makes the dynamics of leadership and employee well-being particularly relevant. For S1, we distributed 1800 employee questionnaires and successfully collected 983, resulting in a response rate of 54.61%. After carefully cleaning the data to remove incomplete responses, we ended up with a final sample of 310 usable responses for the analysis presented in this article. The participants had an average age of 30.5 years (SD = 6.2), with 55% being male and 45% female. Most held bachelor's degrees (70%) and had an average of 5 years of work experience.

- Study 2 (S2): This phase ran from April to June 2023, targeting employees in the banking, retail, and e-commerce sectors. We chose these industries as representative of the broader service sector, which broadly encompasses categories like travel, transportation, software, business, financial, and miscellaneous services [35]. The customer-centric, often high-pressure, and rapidly evolving nature of banking, retail, and e-commerce, combined with potentially higher turnover rates and diverse roles, made them perfect for examining how psychological capital and empowerment affect employees' ability to flourish. For S2, we distributed 1100 questionnaires and collected 722, achieving a response rate of 65.63%. After data cleaning, we retained 255 usable responses for the analysis presented here. The demographic profile of this sample was quite varied, with an average age of 33.1 years (SD = 7.5), 52% male and 48% female. Educational backgrounds and work experiences were also diverse, reflecting the wide scope of the service industry.

Our research team meticulously generated a list of individuals who could help us gain access to their respective companies. Following this, we scheduled meetings with each designated contact person and their HR managers. Once we secured endorsement from senior executive members, we presented a formal letter clearly outlining the project. This critical step allowed HR managers to provide us with a list of work units or groups that would be included in our survey. Participants were thoroughly briefed on the objectives and procedures for completing our questionnaire. To ensure the confidentiality of their responses, participants placed their completed questionnaires in unmarked envelopes and submitted them directly to our research team.

A crucial inclusion criterion for our study was that employees needed to have worked for their current company for at least two years before completing the questionnaire. This requirement was vital to ensure that our respondents had sufficient experience within the company to provide informed and reliable insights into the influence of positive leadership, trust, and flourishing. We reasoned that employees with less than two years of experience might not have fully acclimated to the company culture or encountered enough leadership styles to offer truly meaningful perspectives. Additional inclusion criteria included considering only private-sector personnel and ensuring that a variety of job roles or individuals from different departments were represented in our sample.

Measures

For all our measures, we used a 7-point Likert scale, ranging from 1 = "very strongly disagree" to 7 = "very strongly agree," unless we specified otherwise. This broader scale allowed us to capture more nuanced responses compared to the more common 5-point scale, potentially providing a richer understanding of perceptions. We used two distinct questionnaires, S1 and S2, each carefully tailored to the specific hypotheses we were testing in each study. The exact items and variables used in our study are detailed in the Appendix.

- Positive Leadership (Study 1): We measured this construct using 17 items, which were adapted from the work of Arakawa & Greenberg (2007) [4]. This measure consisted of three important sub-dimensions:

  - Strength-based approach (5 items): These items focused on how leaders emphasized developing and utilizing their employees' strengths.

○ Positive perspective (5 items): This assessed the leaders' optimistic outlook and their ability to frame challenges in a positive light.

○ Recognition (7 items): These items measured the extent to which leaders provided genuine appreciation and acknowledgment for accomplishments.

The Cronbach's alpha for Positive Leadership was 0.885, which indicates a very high level of internal consistency, meaning the items reliably measured the same underlying concept.

● Trust in the Workplace (Study 1): We assessed this using a 6-item scale adapted from Yamagishi & Yamagishi (1994) [86]. This scale aimed to capture the confidence and willingness of employees to be vulnerable and rely on their colleagues, supervisors, and the organization as a whole. The Cronbach's alpha for this scale was 0.709, which indicates acceptable reliability.

● Flourishing (Study 1 & Study 2): This crucial construct was measured using the 8-item Flourishing Scale (FS) developed by Diener and Wirtz (2010) [17]. This scale assesses various aspects of psychological well-being, including a sense of purpose and meaning in life, supportive and rewarding positive relationships, engagement and interest in daily activities, active contribution to the happiness and well-being of others, feeling competent and capable in important activities, perceiving oneself as a good person living a good life, optimism about the future, and feeling respected by others. The Cronbach's alpha for Flourishing was an excellent 0.908, demonstrating outstanding internal consistency across both studies.

● Psychological Capital (PsyCap) (Study 2): We measured PsyCap using the comprehensive 24-item Psychological Capital Questionnaire (PCQ) developed by Luthans et al. (2007) [49]. This scale assesses the four essential components of PsyCap:

○ Self-efficacy (6 items): This measures an individual's belief in their ability to succeed in challenging tasks.

○ Hope (7 items): This assesses whether individuals have both the willpower and the pathways to achieve their goals.

○ Resilience (5 items): This gauges an individual's capacity to bounce back from adversity.

○ Optimism (6 items): This measures a positive way of explaining events and expecting good outcomes.

The overall Cronbach's alpha for Psychological Capital was 0.877, and the alphas for its sub-dimensions ranged from 0.862 to 0.879, all indicating very high reliability.

● Psychological Empowerment (Study 2): We assessed this using a 12-item scale developed by Spreitzer (1995) [76]. This scale measures the four key dimensions of psychological empowerment: meaning, competence, self-determination, and impact. The Cronbach's alpha for this scale was 0.861, indicating strong internal consistency.

Data Analysis

Our study aimed to explore the influence of positive leadership on trust and flourishing, understand the relationship between psychological capital and flourishing, and identify the specific role that psychological empowerment plays as a mediator. Given the complex relationships among these underlying concepts (latent constructs) like positive leadership, trust, flourishing, psychological capital, and psychological empowerment, Structural Equation Modeling (SEM) analysis was the perfect fit. SEM allows us to simultaneously estimate these intricate relationships among multiple latent variables [6, 30].

To begin, we loaded our collected data into SPSS 18. Our first step was to perform preliminary checks for any missing values or outliers. Ensuring the quality of our data at this initial stage is absolutely crucial for the integrity and reliability of all subsequent analyses. Once we confirmed that there were no significant missing values or problematic outliers, we moved forward with the SEM analysis. We also verified that our data met the assumptions of normality, which is important for the maximum-likelihood estimation method used in SEM, ensuring that our statistical inferences would be sound.

We conducted the SEM analysis using AMOS 18 software. Our analytical process involved two main, carefully executed steps:

1. Measurement Model Assessment: In this initial step, our primary focus was on evaluating the reliability and validity of our constructs (the underlying concepts we were measuring) and their observed indicators (the specific survey questions). We performed various goodness-of-fit tests to determine how well our hypothesized measurement model aligned with the actual observed data. Key fit indices we meticulously assessed included:

○ Goodness of Fit Index (GFI): This is a broad measure of how well our model fits the actual patterns in our data.

○ Comparative Fit Index (CFI): This compares how well our model fits compared to a very simple baseline model.

○ Incremental Fit Index (IFI): Similar to CFI, this assesses the improvement in fit our model provides over a null model.

○ Relative Fit Index (RFI): Another incremental fit index that helps us understand the model's comparative fit.

○ Root Mean Square Error of Approximation (RMSEA): This measures how closely our model approximates the true population relationships, with

lower values indicating a better fit.

○ Standardized Root Mean Square Residual (SRMR): This is an absolute measure of fit, representing the average standardized difference between the correlations we observed in our data and the correlations predicted by our model.

According to established guidelines from Hair et al. (2013) and O'Rourke et al. (1994), a model is generally considered to fit well if its RMSEA is less than 0.08, and its GFI, CFI, IFI, and RFI are all greater than 0.90, while its SRMR is less than 0.08 [30, 64].

2. Structural Model Assessment (Path Analysis): Once we established that our measurement model was a good fit, we moved to the second step: testing the hypothesized relationships between our latent constructs. This involved examining both direct effects (where one variable directly influences another) and, specifically for Hypothesis 4, indirect or mediating effects (where one variable influences another through a third variable). We estimated path coefficients (beta) to quantify the strength and direction of these relationships, along with their statistical significance (p-values). We also looked at the squared multiple correlations (R2) to understand how much of the variation in our outcome variables could be explained by the variables influencing them.

This rigorous and systematic analytical approach ensured that our findings were built on a statistically sound foundation, allowing us to draw robust conclusions about the complex interplay between positive leadership, psychological capital, organizational trust, and flourishing.

RESULTS

Structural Equation Modeling: Study 1

Our Structural Equation Modeling (SEM) analysis for Study 1, which focused on how positive leadership influences trust in the workplace and flourishing, produced strong model fit indices. These indices clearly indicated that our hypothesized model aligned very well with the actual data we collected. Using a maximum-likelihood estimation approach, the model showed minimal errors and excellent fit statistics. Specifically, we found the following values: AGFI = 0.86, CFI = 0.96, TLI = 0.95, RMSEA = 0.06, and RMSR = 0.07. These figures fall comfortably within the generally accepted thresholds for a good model fit, where, for instance, RMSEA should be below 0.08, and CFI, TLI, and others should be above 0.90 [30, 64].

When we looked at the squared multiple correlations (R2), which tell us how much of the variation in one variable is explained by another, we discovered that positive leadership accounted for a significant portion of the variance in both trust in the workplace and flourishing. Specifically, positive leadership explained 48.3% of the variance in trust in the workplace (R2=0.483). Even more impressively, it explained 48.6% of the variance in flourishing (R2=0.486). These high R2 values are a strong indication that positive leadership is a powerful predictor of both trust and flourishing within the IT-BPM sector.

Delving into the specific paths within our model, the regression weights and critical ratios (C.R.) provided further compelling support for our hypotheses:

● Positive leadership rightarrow Trust in the workplace: The path coefficient for this relationship was beta=0.361 (with a Standard Error (S.E.) of 0.033, a Critical Ratio (C.R.) of 11.024, and a p-value of less than 0.001). This highly significant positive influence strongly supports Hypothesis H2. It tells us that when leaders adopt positive approaches, they have a substantial positive effect on building trust in the workplace. Leaders who embody strength-based strategies, maintain a positive outlook, and consistently offer recognition are incredibly effective at fostering confidence and reliability among their employees.

● Positive leadership rightarrow Flourishing: For this path, the coefficient was beta=0.405 (S.E. = 0.034, C.R. = 11.846, p\<0.001). This equally highly significant positive influence supports Hypothesis H1. It clearly demonstrates that positive leadership directly contributes to employees flourishing. When leaders inspire, empower, and genuinely acknowledge their team members, they create an environment where individuals feel a profound sense of purpose, enjoy positive relationships, and experience overall well-being.

In summary, the results from Study 1 provide robust empirical evidence for the direct and positive impact of positive leadership on both trust in the workplace and employee flourishing within the dynamic Indian IT-BPM sector. These findings underscore the critical and transformative role that leadership plays in shaping the psychological well-being and the quality of relationships among employees in a rapidly evolving industry.

Structural Equation Modeling: Study 2

Our SEM analysis for Study 2, which investigated the mediating role of psychological empowerment between psychological capital and flourishing across various service sectors, also yielded excellent model fit indices. This indicates that our model fit the observed data very well, with minimal errors. The fit statistics were as follows: AGFI = 0.88, CFI = 0.92, TLI = 0.91, RMSEA = 0.05, and RMSR = 0.07. These values consistently meet the widely accepted thresholds for a good model fit [30, 64].

To thoroughly assess the mediating role of psychological empowerment, our analysis focused on both direct and indirect effects. The standardized coefficients for the paths were quite revealing:

● Psychological capital rightarrow Psychological empowerment: The path coefficient here was beta=0.603, with a high significance level (p\<0.01). This strong

positive effect clearly shows that when employees possess higher psychological capital (meaning they have stronger self-efficacy, hope, resilience, and optimism), they are significantly more likely to experience psychological empowerment (feeling a sense of meaning, competence, self-determination, and impact in their roles). This suggests that our internal psychological resources are fundamental to feeling empowered in our work environment.

- Psychological empowerment rightarrow Flourishing: This path yielded a coefficient of beta=0.468, also highly significant (p\<0.01). This significant positive effect demonstrates that psychological empowerment directly contributes to employee flourishing. When individuals feel a strong sense of meaning, competence, self-determination, and impact in their daily work, they are much more likely to experience overall well-being and a profound sense of thriving.

- Psychological capital rightarrow Flourishing (Direct Effect): Even without considering the mediator, the direct path coefficient was beta=0.231, which was statistically significant (p\<0.01). This indicates that psychological capital has a meaningful direct positive influence on flourishing. This finding strongly supports Hypothesis H3, confirming that employees with higher psychological capital are indeed more likely to flourish.

To fully understand the mediating influence of psychological empowerment, we estimated both the direct and indirect impacts. The direct effect from psychological capital to flourishing was 0.231, which was significant. When we included psychological empowerment as a mediator in our model, the standardized path coefficient for the indirect effect (psychological capital rightarrow psychological empowerment rightarrow flourishing) was 0.282. The total effect, combining both direct and indirect paths, was 0.513. Since both the direct effect (0.231) and the indirect effect (0.282) were significant, and notably, the indirect effect was larger than the direct effect, this points to partial mediation. Therefore, Hypothesis H4 is accepted: psychological empowerment partially mediates the relationship between psychological capital and flourishing. This means that while our psychological strengths (PsyCap) directly contribute to our flourishing, a significant portion of this positive influence is channeled through, and amplified by, our feeling of psychological empowerment.

The results from Study 2 provide compelling evidence for the positive impact of psychological capital on flourishing. Crucially, they highlight psychological empowerment as a key mechanism through which this influence operates. These findings are particularly relevant for understanding and fostering employee well-being across the diverse service sectors in India.

DISCUSSION

The consistent findings from both Study 1 (focusing on the IT-BPM sector) and Study 2 (covering diverse service sectors) powerfully underline the profound impact that positive leadership and psychological capital have on nurturing organizational trust and individual flourishing within various Indian organizational settings. The robust and significant relationships we observed across these two distinct samples provide compelling empirical evidence for the immense importance of these positive organizational behavior constructs. This consistency strengthens the generalizability of our findings beyond just one industry, making a significant contribution to our broader understanding of workplace well-being.

Positive Leadership and Flourishing (H1)

Our results strongly support Hypothesis H1, clearly demonstrating that positive leadership has a significant positive influence on flourishing. This aligns perfectly with existing research that highlights a strong connection between positive leadership behaviors and employee well-being [3, 41]. When leaders embody positive attributes—such as a strength-based approach, an optimistic outlook, and consistent recognition—they actively create an environment that genuinely nurtures employee flourishing [4, 11].

More specifically, a strength-based leadership approach, where leaders concentrate on developing and utilizing individual talents rather than solely focusing on weaknesses, empowers employees and enhances their sense of competence and value [11, 84]. This focus on strengths not only boosts individual productivity but also fosters a more engaged and motivated workforce, as people feel truly recognized for their unique contributions—which are, after all, crucial components of flourishing [19]. Furthermore, a leader's positive outlook, especially during ambiguous or challenging times, can significantly reduce uncertainty and cultivate a resilient work environment [4, 34, 52]. By modeling optimism, leaders can inspire their teams to see obstacles as opportunities for growth, thereby promoting a more positive psychological state that is highly conducive to flourishing [26]. Lastly, consistent encouragement and acknowledgment from leaders act as powerful motivators, boosting employees' self-confidence and self-esteem [4, 63]. This continuous positive reinforcement directly contributes to employees feeling valued, respected, and purposeful in their roles, all of which are absolutely integral to experiencing a state of flourishing [19, 44]. The findings from Study 1, particularly within the high-pressure IT-BPM sector, underscore that even in demanding environments, positive leadership can profoundly elevate employee well-being and their sense of thriving. This empirical support helps to fill a gap identified in previous research regarding the direct impact of positive leadership on flourishing [41].

Positive Leadership and Trust in the Workplace (H2)

Our findings unequivocally support Hypothesis H2, confirming a significant positive influence of positive

leadership on trust in the workplace. This aligns with a substantial body of literature that emphasizes the critical role of leadership in building and sustaining trust within organizations [8, 14, 20]. Positive leaders, through their entrepreneurial and optimistic styles, naturally foster an environment characterized by fairness and equality [4, 15]. When employees perceive their leaders as just, transparent, and consistent in their actions, trust naturally flourishes [15, 20].

Leaders who consistently demonstrate integrity, competence, and benevolence are far more likely to be seen as trustworthy figures [1, 80]. The strength-based approach of positive leadership, coupled with a positive outlook and consistent recognition, translates into a leader-follower relationship built on mutual respect and confidence [4, 11]. When leaders openly acknowledge contributions and maintain a fair approach, employees feel secure and valued—essential precursors to trust [25, 75]. This enhanced trust, in turn, significantly impacts organizational outcomes, including increased job engagement and improved overall performance [2, 20, 36]. In the context of Study 1, software professionals in India showed higher trust towards immediate supervisors who recognized their abilities, respected their work, and maintained a positive outlook. This highlights that in knowledge-intensive industries, the human element of trust, cultivated by positive leadership, is just as crucial as technical competence. The positive influence of leadership on trust is a cornerstone for effective collaboration and a healthy organizational climate [8].

Psychological Capital Affects Flourishing (H3)

Our research strongly supports Hypothesis H3, demonstrating a significant positive influence of psychological capital on flourishing. This finding is in complete alignment with the extensive positive psychology literature that links PsyCap's components (self-efficacy, hope, optimism, and resilience) to enhanced well-being and thriving [17, 29, 31, 42, 65, 70]. Employees who possess higher levels of PsyCap are simply better equipped to navigate the complexities and rapid changes of today's global organizational environment [49]. Their inherent psychological strengths enable them to adapt, innovate, and truly thrive in dynamic work settings.

- Self-efficacy: A strong belief in one's capabilities empowers individuals to approach tasks with confidence, persist even when difficulties arise, and ultimately achieve success. This contributes deeply to a sense of accomplishment and purpose, which are vital for flourishing [49, 76].

- Hope: The combination of having both the "willpower" (motivation) and clear "pathways" (strategies) to achieve goals provides individuals with a strong sense of direction and drive, even when faced with obstacles [46]. This goal-oriented mindset fosters a proactive approach to both work and life, directly contributing to a sense of progress and overall well-being.

- Resilience: The ability to bounce back effectively from adversity and adapt to change is absolutely crucial for sustained well-being in today's demanding work environments [53]. Resilient employees are less likely to be overwhelmed by stress and far more capable of maintaining a positive outlook, even after experiencing setbacks [52].

- Optimism: An optimistic way of explaining events, where individuals attribute positive outcomes to internal factors and view negative events as temporary and external, promotes a positive emotional state and a proactive approach to challenges [4, 73]. This positive outlook is a direct contributor to overall life satisfaction and flourishing.

The findings from Study 2, conducted across diverse service sectors, reinforce that psychological capital enhances self-directed work habits and job satisfaction, ultimately promoting flourishing at work [65]. Employees with higher levels of psychological capital were more likely to experience vitality (energy) and learning, two key components of flourishing [70]. This emphasizes that PsyCap serves as a vital personal resource that empowers individuals to not only perform better but also to experience a deeper sense of well-being and growth in their professional lives.

Role of Psychological Empowerment (H4)

Our study confirms Hypothesis H4, establishing that psychological empowerment partially mediates the relationship between psychological capital and flourishing. This is a truly crucial finding because it clarifies the specific mechanisms through which PsyCap translates into enhanced well-being. While psychological capital directly contributes to flourishing, a significant portion of this influence is channeled through the employee's subjective experience of empowerment. This aligns with previous research indicating that psychological empowerment acts as a mediator between psychological capital and work engagement [37], employee well-being [82], and job performance [32].

Psychological empowerment, defined by its four key cognitions—meaning-connotation, competence-capability, impact-influence, and self-determination-autonomy [76]—plays a pivotal role in this mediation:

- Meaning-Connotation: When employees perceive their work as personally meaningful and deeply aligned with their values, they become more engaged and committed. This leads to a profound sense of purpose, directly contributing to their flourishing [76, 82].

- Competence-Capability: The belief in one's ability to successfully perform job tasks, which is closely related to self-efficacy (a core component of PsyCap), fosters confidence and a sense of mastery. This competence directly contributes to an individual's sense of

accomplishment and overall well-being [76].

- Impact-Influence: Feeling that one's actions genuinely have a significant impact on departmental or organizational outcomes provides a powerful sense of control and contribution. This is highly motivating and contributes to a feeling of effectiveness and flourishing [76].

- Self-Determination-Autonomy: The freedom and choice in how one performs their work tasks, as highlighted by self-determination theory, are fundamental for intrinsic motivation and personal growth [16, 76]. When employees have autonomy, they are more likely to take ownership of their work, innovate, and experience a greater sense of vitality.

The self-determination theory, which suggests that our innate psychological needs for competence, relatedness, and autonomy are crucial for human motivation and optimal performance, provides a strong theoretical foundation for this mediation [16]. Employees who feel truly empowered at work—experiencing meaning, self-determination, competence, and impact—are far more likely to thrive and experience growth (learning) and vitality. This mediation effect highlights that simply possessing psychological capital isn't enough; the organizational environment must also actively provide opportunities for employees to feel empowered, thereby allowing their psychological strengths to fully manifest as flourishing. The use of two diverse samples, particularly the inclusion of various service sectors in Study 2, strengthens the generalizability of this mediation effect, showing its relevance across a wide range of organizational settings.

Theoretical Implications

Our study makes several significant theoretical contributions to the growing body of literature on positive organizational behavior and sustainable organizational development.

Firstly, by skillfully integrating positive leadership, psychological capital, and psychological empowerment into a comprehensive model, our research offers a nuanced and deeper understanding of how micro-level psychological mechanisms actually drive sustainable development within organizations. It effectively bridges the fields of positive psychology and sustainable development theory, providing novel insights into how individual psychological resources and leadership practices can truly catalyze organizational flourishing and trust. This expands our theoretical understanding of sustainable organizational development beyond just macro-environmental or economic perspectives, directly addressing a critical research gap identified by Norton et al. (2023) and Kyrdoda et al. (2024) [45, 62].

Secondly, the consistent findings we observed across two distinct samples (the IT-BPM sector and diverse service sectors) significantly enhance the generalizability and robustness of the relationships we explored. This multi-context validation strengthens the empirical foundation for our proposed model, suggesting that the intricate interplay between positive leadership, PsyCap, trust, and flourishing is not confined to a single industry but holds broad relevance across various organizational landscapes in India. This directly responds to the call for more nuanced, cross-sectoral research on organizational development [31].

Thirdly, our study provides strong empirical evidence for the direct positive influence of positive leadership on both organizational trust and employee flourishing. This is an important contribution, as it helps to fill a gap in previous assertions regarding the effectiveness of certain leadership styles, which sometimes lacked sufficient empirical proof [41]. Our findings reinforce the PERMA-Lead model, which suggests that positive leadership can foster positive emotions, engagement, relationships, meaning, and accomplishment—all of which contribute to flourishing [26]. By demonstrating that leaders are not the sole primary influencers, but that employee characteristics (like PsyCap) and their perceptions (like psychological empowerment) also significantly impact outcomes, our research supports a more distributed and holistic view of influence within organizations [26].

Finally, the confirmed role of psychological empowerment as a partial mediator between psychological capital and flourishing offers a much deeper understanding of the underlying psychological processes at play. This highlights that the benefits of PsyCap are not just direct; they are significantly amplified when employees feel truly empowered in their roles. This finding extends the self-determination theory by empirically showing how autonomy and competence, actively fostered through empowerment, are crucial for translating internal psychological resources into optimal well-being and performance [16].

Practical Implications

The robust findings from our research offer several clear and actionable insights for organizations, human resource departments, and leaders who are committed to cultivating a thriving, high-trust, and truly sustainable workforce.

1. Strategically Invest in Positive Leadership Development: Organizations should make it a top priority to invest strategically in comprehensive training programs designed to equip their leaders with positive leadership skills. These programs should specifically focus on nurturing empowering behaviors, fostering an optimistic outlook, and promoting consistent recognition practices [11, 47]. This includes vital training on transparent communication, demonstrating unwavering integrity, and actively creating an inclusive environment where every employee feels valued and genuinely heard [1, 15]. By developing leaders who can effectively implement strength-based approaches and provide regular,

meaningful acknowledgment, organizations can directly enhance employee well-being and build a much stronger foundation of trust.

2. Proactively Develop Psychological Capital (PsyCap): Given the strong and clear link between PsyCap and both trust and flourishing, organizations must actively implement interventions aimed at strengthening employees' self-efficacy, hope, optimism, and resilience. These vital initiatives can include:

○ Resilience Training: Offering workshops that focus on effective coping mechanisms, practical stress management techniques, and adaptive thinking to help employees bounce back stronger from adversity [52].

○ Goal-Setting Workshops: Designing programs that teach effective and inspiring goal-setting strategies to foster a sense of hope and provide clear pathways for achievement [46].

○ Cognitive Restructuring Techniques: Providing training to help employees develop a more optimistic way of thinking, enabling them to reframe challenges into valuable opportunities [4, 73].

○ Self-Efficacy Building: Creating opportunities for continuous skill development, assigning challenging projects with appropriate support, and celebrating even small wins to boost confidence in their capabilities [49].

Such initiatives can powerfully empower employees to take greater ownership of their well-being and performance, leading to a more engaged, adaptable, and resilient workforce [28, 59].

3. Prioritize Trust-Building Initiatives: Recognizing that trust is far more than just an organizational lubricant—it's a vital ingredient for individual thriving—organizations must actively work to build and meticulously maintain trust at every level. This involves:

○ Consistent Ethical Conduct: Ensuring that leadership and all organizational practices are consistently ethical, fair, and transparent [15, 20].

○ Transparent Policies and Decision-Making: Openly communicating organizational decisions and policies, fostering a sense of clarity and reducing uncertainty and speculation [14].

○ Open Communication Channels: Actively encouraging dialogue, constructive feedback, and genuine active listening between management and employees to build strong rapport and address concerns promptly and effectively [43].

○ Fairness and Equity: Implementing equitable reward systems, transparent promotion opportunities, and just conflict resolution processes to ensure all employees feel treated fairly and impartially [15].

4. Adopt Holistic Well-being Programs: Organizations should evolve beyond merely addressing stress or illness and embrace a comprehensive approach to employee well-being that actively focuses on promoting flourishing. This could include initiatives that:

○ Foster Positive Relationships: Creating intentional opportunities for social interaction, engaging team-building activities, and robust mentorship programs to strengthen interpersonal connections within the workplace [19].

○ Provide Opportunities for Skill Development and Growth: Investing in continuous learning and development programs that allow employees to master new skills, expand their competencies, and advance their careers, thereby contributing significantly to their sense of competence and purpose [19].

○ Encourage a Sense of Purpose at Work: Helping employees clearly connect their daily tasks to the broader organizational mission and its positive societal impact, thereby enhancing the personal meaning and significance of their work [76, 82].

By cultivating these essential psychological qualities among employees, particularly within the service sector, organizations can work more effectively towards improving these vital skills, actively encouraging their workers to thrive. Upper management in competitive sectors can leverage the insights from this study to strategically build the psychological resources of their frontline and core employees, leading to greater engagement, reduced attrition rates, and the retention of crucial organizational talent.

Limitations and Future Research

While our study offers significant strengths and valuable contributions, it's important to acknowledge certain limitations that also point towards exciting avenues for future research.

First, the cross-sectional design of our study means that we captured data at a single point in time. While our model suggests causal relationships, this design cannot definitively establish causality or fully capture the dynamic, evolving interplay and potential reciprocal influences between our variables. For future research, we highly recommend employing longitudinal designs to better understand the causal pathways and the developmental trajectories among positive leadership, psychological capital, organizational trust, and flourishing. For example, tracking changes in leadership behaviors over an extended period and then observing their subsequent impact on employee PsyCap and overall well-being would provide much stronger evidence of causality.

Second, our reliance on self-report measures introduces the potential for common method bias. Although we took steps to ensure anonymity and encourage honest responses, individuals' current moods, opinions, and attitudes at the time of the survey might have influenced their self-reported data. To address this, future studies could incorporate multi-source data. For instance, leadership effectiveness could be assessed by direct

supervisors or peers, while objective performance measures could complement self-reported flourishing. This triangulation of data sources would provide a more comprehensive and less biased understanding of the relationships.

Third, while our samples were diverse within India, encompassing both the IT-BPM sector and various service industries, the findings may not be fully generalizable to other cultural contexts or different economic systems. Organizational dynamics, specific leadership styles, and employees' perceptions of trust and well-being can vary significantly across different cultures. Therefore, comparative studies across diverse cultures would be incredibly beneficial to assess the universality or cultural specificity of these relationships [61]. Additionally, future research could specifically compare findings between private and public sector service organizations to assess potential differences, as our current study focused exclusively on private-sector entities.

Fourth, our study's inclusion criterion, which required employees to have served their current business for at least two years, while valuable for gathering informed responses, did present challenges in industries with high turnover rates, such as retail. This might have affected the sample representation in certain sectors. For future research, exploring alternative sampling strategies or adjusting inclusion criteria could help ensure broader and more representative participation in such industries.

Finally, future research could explore additional mediating or moderating variables to further refine our understanding of these complex relationships. For example:

- Organizational Culture: How does a supportive versus a highly competitive organizational culture influence the effectiveness of positive leadership or the impact of PsyCap on trust and flourishing?
- Industry Type: Are there specific industry characteristics (e.g., regulatory environment, pace of change) that strengthen or weaken these relationships?
- Individual Differences: How do specific personality traits, various demographic factors, or prior work experiences moderate the effects we observed?
- Relational Energy and Humor: Investigating the role of relational energy and humor in conjunction with PsyCap for enhanced engagement and performance, as suggested by Braha and Karabulut (2023), could be a fascinating avenue to explore [7].
- Organizational Commitment and Organizational Citizenship Behavior: Exploring the influence of these variables on employee engagement and their potential mediating or moderating role with psychological empowerment would provide valuable insights.
- Effects of Training Interventions: Conducting studies to examine the long-term effects of targeted training interventions specifically designed to enhance psychological capital and empowerment on various employee outcomes would offer highly practical implications.
- Cross-Industry Comparisons: A more detailed, comparison-based study across different industries could help us identify unique elements specific to certain sectors, as well as common elements that apply broadly, providing a more comprehensive understanding of how positive leadership and psychological empowerment contribute to employee flourishing in diverse organizational settings.
- Application in Other Sectors: Exploring the application of these findings in sectors beyond service organizations, particularly where psychological involvement is critical for job success (e.g., manufacturing, creative industries, non-profits), could significantly broaden the study's impact and relevance.

Addressing these limitations and pursuing these exciting future research directions will undoubtedly contribute to a more comprehensive and nuanced understanding of how positive organizational phenomena foster well-being and trust in contemporary workplaces.

CONCLUSION

This study makes a truly significant contribution to our understanding of positive leadership, psychological capital, organizational trust, and employee flourishing within the Indian service sector. Through two distinct and robust empirical investigations, we have provided compelling evidence for the intricate interplay of these crucial organizational behavior constructs.

Firstly, our research offers powerful empirical evidence that positive leadership practices—characterized by a strength-based approach, an optimistic outlook, and consistent recognition—profoundly and positively influence both employee trust in the workplace and their overall flourishing. This finding directly addresses a gap in the existing literature by clearly demonstrating the direct and significant impact of supportive and empowering leadership on key individual and relational outcomes.

Secondly, the study unequivocally confirms the strong positive relationship between psychological capital—which encompasses self-efficacy, hope, resilience, and optimism—and employee flourishing. Individuals who are fortunate enough to possess higher levels of these psychological strengths are consistently more likely to experience a state of optimal well-being and continuous personal growth. This powerfully reinforces the critical role of actively cultivating these internal psychological resources for fostering a truly thriving workforce.

Thirdly, a key and novel contribution of this study is the establishment of psychological empowerment as a partial mediator in the relationship between psychological capital and flourishing. This highlights a crucial insight: while our

psychological strengths directly contribute to our well-being, a significant portion of this positive influence is channeled through, and amplified by, the employee's subjective experience of empowerment. This includes their deep sense of meaning in their work, their feeling of competence, their ability to exercise self-determination, and their perception of having a real impact in their roles. This provides a much deeper understanding of the specific mechanisms through which PsyCap translates into tangible benefits for employees.

The consistent findings observed across both the dynamic IT-BPM sector and the diverse range of other service sectors in India enhance the generalizability of these relationships, suggesting their broad applicability within the contemporary organizational landscape. These insights are invaluable for both academic researchers who are seeking to expand theoretical models of positive organizational behavior, and for practitioners who are striving to create more human-centric, sustainable, and ultimately successful workplaces. By strategically investing in positive leadership development, actively fostering employees' psychological capital, prioritizing initiatives that build and maintain trust, and implementing holistic well-being programs, organizations can cultivate an environment where employees not only perform effectively but also genuinely flourish. This research provides a clear and actionable roadmap for building resilient, engaged, and thriving workforces in the 21st century.

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