

The impact of engaging leadership on employee engagement and team effectiveness

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Executive Summary

This article addresses how engaging leadership influences work engagement at the individual level and team effectiveness at the team level, with a focus on identifying mediating mechanisms. The authors — Mazzetti and Schaufeli (2022) — argue that engaging leadership, grounded in Self-Determination Theory, fosters follower engagement and team effectiveness by building personal resources (psychological capital: optimism, resiliency, self-efficacy, and flexibility) and team resources (performance feedback, trust in management, communication, and participation in decision-making). Using a two-wave longitudinal design with $N = 1,048$ employees nested within 90 work teams from a single Dutch public service agency, and analysed via Multilevel Structural Equation Modelling (MSEM), the study finds that psychological capital partially mediated the relationship between engaging leadership and individual work engagement, while team resources fully mediated the relationship between shared perceptions of engaging leadership and team effectiveness. A significant cross-level effect was also observed: team resources positively influenced individual work engagement. The study concludes that engaging leadership operates through both individual-level psychological and collective team-level resource mechanisms to produce positive organisational outcomes.

Key Insights

1. Psychological capital (optimism, resiliency, self-efficacy, and flexibility) partially mediates the longitudinal relationship between individual perceptions of engaging leadership at T1 and work engagement at T2, indicating that direct effects of engaging leadership on engagement also exist beyond resource-building pathways.
2. Team resources (performance feedback, trust in management, communication, and participation in decision-making) fully mediate the relationship between shared team-level perceptions of engaging leadership at T1 and team effectiveness at T2, suggesting the effect of engaging leadership on team outcomes is entirely resource-dependent.
3. A significant cross-level effect was identified: team-level resources had a positive impact on individual work engagement ($\beta = .57$), indicating that collective team climate processes independently contribute to individual engagement over and above individual-level resource mechanisms.

Practical Takeaways

- Organisations investing in leadership development programmes, coaching, or workshops oriented toward inspiring, strengthening, and connecting behaviours may observe downstream effects on both individual psychological capital and collective team resources, with corresponding associations with

engagement and team effectiveness.

- The finding that psychological capital is state-like and developable suggests that interventions targeting personal resources — such as structured PsyCap Interventions — alongside leadership development may address engagement through complementary pathways.

Frameworks Mentioned

Job Demands-Resources (JD-R) Model — A motivational model positing that job resources and challenging demands are inherently motivating and lead to work engagement; used here as the overarching theoretical structure linking leadership to engagement outcomes.

Self-Determination Theory (SDT) — A psychological theory of motivation proposing that satisfaction of three basic psychological needs — autonomy, competence, and relatedness — is essential for optimal functioning; used as the theoretical foundation for the engaging leadership construct.

Average Leadership Style (ALS) — A multilevel leadership model positing that leaders display a consistent style toward all team members, resulting in homogeneous leader-follower interactions within teams but variation across teams.

Critical Analysis

Strengths include the longitudinal two-wave design with a one-year lag, a large nested sample of 1,048 employees across 90 teams, and the use of Multilevel Structural Equation Modelling which simultaneously estimates mediation at individual and team levels while accounting for measurement error. The study is also grounded in established psychological theory (SDT and JD-R), enhancing construct validity. The open data availability on OSF and absence of declared competing interests further support transparency. Limitations are notable: the sample is drawn exclusively from a single Dutch public service agency, restricting generalisability across sectors and cultures. All measures are self-reported, raising common method variance concerns despite the time-lagged design. Only two measurement waves were used; a three-wave design would provide stronger mediation evidence. Several scales used very few items (some single-item), though internal consistency thresholds were generally met. The operationalisation of psychological capital deviates from the established Luthans et al. PsyCap model by substituting flexibility for hope, which, while justified by the authors, limits comparability with prior PsyCap research. The dropout analysis revealed that retained participants scored higher on engaging leadership and several resource variables, introducing potential optimistic bias. Additionally, prior cross-lagged evidence cited in the article suggests that the causal direction between engaging leadership and engagement may be reciprocal, complicating interpretation of the study's directional claims.

Organizational Practice

Data were collected from a large Dutch public service agency responsible for unemployment benefits, work incapacitation claims, and employee rehabilitation. The agency's HR department collaborated in administering two online surveys one year apart to all employees organised into work teams. Leadership behaviours assessed included inspiring, strengthening, and connecting dimensions as perceived by individual team members. Team-level practices included performance feedback systems, trust in management, intra-team communication, and participation in decision-making processes.

Strategic Implications

The findings indicate that the effect of leadership on performance outcomes operates through both individual psychological resource pathways and collective team climate mechanisms, suggesting that PMS designs which address only individual appraisal processes may miss team-level resource dynamics that independently predict engagement. The full mediation of team resources in the leadership–team effectiveness relationship points to team climate indicators (feedback quality, trust, communication, participative decision-making) as potentially important intermediate metrics in performance frameworks. The cross-level effect of team resources on individual engagement implies that team-level conditions may moderate the effectiveness of individually-targeted engagement or development interventions. The identification of engaging leadership as distinct from transformational leadership, with its own measurable dimensions, may have implications for how leadership competency frameworks within PMS are constructed and validated.

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