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Transformational leadership and personal outcomes: empowerment as mediator

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Abstract

Purpose – Creating and maintaining sustainable businesses require an understanding of the role of leadership in enhancing personal outcomes of employees, and of the processes by which they can be enhanced. The purpose of this paper is to report a study on analyzing how transformational leadership is related to followers' meaning in life and subjective wellbeing, with psychological empowerment being a mediating variable.

Design/methodology/approach – Data were collected from 285 managers (69 females and 215 males) of a large manufacturing organization in western India. They responded to questions about their superior's transformational leadership and their own empowerment, meaning in life and wellbeing.

Findings – Empowerment mediated the relationship between transformational leadership and follower's meaning in life and wellbeing.

Research limitations/implications – Same-source bias is a possible limitation of the study. Leader's self-rating on transformational leadership could be taken, but it would not be as valid as the rating given by followers. Another limitation is the collection of all data at the same time.

Practical implications – The strong and positive relationship between empowerment and meaning in life sheds light on making followers see greater meaning in life. Attempts to enhance meaning in life should first focus on increasing self-efficacy. If followers do not have faith in their own capability to do their job, it may not be possible for them to see meaning in life.

Originality/value – This study adds to the existing literature by clarifying the process by which transformational leaders enhance followers' meaning in life and subjective wellbeing.

Keywords Transformational leadership, Empowerment, Self-efficacy, Meaning in life, Subjective wellbeing, India, Manufacturing industries

Paper type Research paper

Creating and maintaining sustainable businesses require an understanding of the role of leadership in addressing personal outcomes of employees. Happiness is a common goal of everyone and most other things are possibly means to that goal. Personal outcomes of employees like meaning in life and subjective well-being have become an important concern for organizations in the intense competition for attracting and retaining talent. Meaning in life makes one's life purposeful and subjective well-being is about being happy; these are important dimensions of anyone's life, and people expect work organizations to contribute to them. Focussing only on work-related outcomes may not be sufficient anymore. There is a need to better understand the processes by which desirable personal outcomes of employees can be enhanced.

Supervisor's leadership style is one of the most significant factors that affect the life of subordinates. Transformational leadership is a mutually stimulating and engaging relationship between leader and followers. Employees are likely to be happier working



under managers who exhibit more transformational leadership behaviors, since such managers will show more individualized consideration. Transformational leadership has been found to have significant effects on several aspects of organizational life and on employee spirituality (Krishnan, 2008) and well-being (Nielsen *et al.*, 2008). However, the process through which such relationships are developed is not clearly understood. It is necessary to understand the immediate antecedents of personal outcomes.

Psychological empowerment is a common objective in many organizations today. Psychological empowerment in a work context is a form of intrinsic task motivation that consists of four dimensions – impact, meaningfulness, choice, and competence. Increase in intrinsic task motivation is known to result in happy and productive employees. Transformational leadership of supervisors could enhance the happiness of their subordinates, but this need not be a direct effect. Personal outcomes like subjective well-being are likely to be immediately affected by work-related factors rather than by supervisor's leadership behaviors, though of course, supervisor's leadership behaviors could affect those work-related factors. Managers who make their subordinates feel more competent and find work more meaningful are likely thereby to enhance the well-being of those employees. Understanding the mediating role of empowerment will provide clear guidelines to transformational leaders who wish to enhance the personal outcomes of their followers. This paper reports a study on analyzing how transformational leadership is related to followers' meaning in life and subjective well-being, with empowerment being a mediating variable.

Theory and hypotheses

Burns (1978) identified two types of leadership based on the nature of leader-follower interactions: transactional and transformational. The more traditional transactional leadership involves an exchange relationship between leaders and followers, but transformational leadership is based on leaders' shifting the values, beliefs, and needs of their followers. It is known to result in superior performance in organizations facing renewal and change.

Transformational leadership

According to Burns (1978), transformational leadership “occurs when one or more persons engage with others in such a way that leaders and followers raise one another to higher levels of motivation and morality” (p. 20), and results in a transforming effect on both leaders and followers. Bass (1985) built on Burns (1978) work and described transformational leadership in terms of the impact that it has on followers; followers feel trust, admiration, and loyalty toward the leader. Transformational leaders motivate followers to do more than the latter originally expected to do. Transformational leadership consists of four factors – charisma or idealized influence, inspirational motivation, intellectual stimulation, and individualized consideration.

According to Burns (1978, p. 4), “the result of transforming leadership is a relationship of mutual stimulation and elevation that converts followers into leaders and may convert leaders into moral agents.” Transformational leaders throw themselves into a dynamic relationship with followers who will feel elevated by it and become more active themselves, thereby creating new cadres of leaders. Transformational leaders raise their followers up through levels of morality. The issue of moral leadership concerned Burns the most. He considered moral leadership as emerging from, and always returning to, the fundamental wants, needs, aspirations, and values of the followers. Burns held that transformational leadership “ultimately

becomes moral in that it raises the level of human conduct and ethical aspiration of both leader and led, and thus it has a transforming effect on both” (p. 20).

Studies have found significant and positive relationships between transformational leadership and the amount of effort followers are willing to exert, satisfaction with the leader, ratings of job performance, and perceived effectiveness (Bass, 1998). Leader’s vision and vision implementation through task cues affects performance and many attitudes of subordinates (Kirkpatrick and Locke, 1996). Zhu *et al.* (2005) found that human-capital-enhancing human resource management fully mediated the relationship between CEO transformational leadership and subjective assessment of organizational outcomes.

Piccolo and Colquitt (2006) found that transformational leadership was positively related to perceived levels of the five core job characteristics (variety, identity, significance, autonomy, and feedback), which were related to intrinsic motivation and goal commitment. Intrinsic motivation was related to both task performance and organizational citizenship behavior (OCB). Gooty *et al.* (2009) showed that transformational leadership enhanced followers’ positive psychological capital – a higher-order construct that represents an individual’s motivational propensity and perseverance toward goals.

Meaning in life

Meaning in life can be defined as the sense made of, and significance felt regarding, the nature of one’s being and existence. Other definitions of meaning in life range from coherence in one’s life to goal directedness or purposefulness. Each person must create meaning in his or her own life through the pursuit of important goals or the development of a coherent life narrative (Steger *et al.*, 2006). Several studies have also positively linked meaning with well-being, as measured by a variety of indices such as life satisfaction, optimism, self-esteem, and positive affect (Steger and Frazier, 2005).

Meaning in life is a crucial aspect of healthy human existence. Humans are characterized by a will to meaning, an innate drive to find meaning and significance in their lives, and failure to achieve meaning results in psychological distress. Having more meaning has been positively related to work enjoyment, life satisfaction, and happiness, besides other measures of healthy psychological functioning (Steger *et al.*, 2006). Steger and Frazier (2005) found that meaning in life mediated the relation between religiousness and life satisfaction, as well as self-esteem and optimism. In addition, they found that meaning in life also mediated the relation between daily religious behaviors and well-being.

Transformational leadership results in followers being attracted toward the leader. Followers’ mood in the presence of the leader will be positive. Bono and Ilies (2006) showed that mood contagion was one of the psychological mechanisms by which charismatic leaders influenced followers. King *et al.* (2006) found strong relations between positive affect (measures of mood), goal appraisals, and meaning in life. Thus, transformational leadership could be indirectly related to meaning in life.

Intellectual stimulation is one of the dimensions of transformational leadership. Transformational leadership enables followers to critically examine existing assumptions and provokes them to think along new directions. Kray *et al.* (2010) explored whether two uniquely human characteristics – counterfactual thinking (imagining alternatives to the past) and the fundamental drive to create meaning in life – are causally related. They hypothesized and found that counterfactual thinking heightens the meaningfulness of key life experiences. Therefore, intellectual

stimulation dimension of transformational leadership is likely to enhance meaning in life.

Transformational leadership clarifies the self-concept of followers and shifts them toward the social part of the self-concept becoming more salient. Schlegel *et al.* (2009) found that the cognitive accessibility of the true self-concept predicted the experience of meaning in life. They also showed that priming traits related to the true self-concept enhanced perceptions of meaning in life.

Though there is no direct empirical evidence linking transformational leadership and follower's meaning in life, the above arguments provide some basis for expecting a relationship between them. Therefore, I hypothesized:

H1. Transformational leadership is positively related to follower's meaning in life.

Subjective well-being

Diener *et al.* (1999) defined subjective well-being as a general area of scientific interest rather than a single specific construct. Subjective well-being is a broad category of phenomena that includes people's emotional responses, domain satisfactions, and global judgments of life satisfaction.

Employee well-being is an often discussed topic in an organizational setting and is crucial to effective management practice. There can be little dispute that it has serious consequences for both the individual and the organization. Fisher (2003) reported that happier and healthier employees contribute to increased effort and productivity. The repercussion of a lack of well-being on organizations includes costs of absenteeism, turnover, reduced productivity, compensation claims, health insurance, illness, and health care (Cooper and Cartwright, 1994; Grant *et al.*, 2007). Individual measures of personality are related to subjective well-being (Steel *et al.*, 2008).

Avey *et al.* (2010) found that employees' PsyCap (psychological capital consisting of the positive psychological resources of efficacy, hope, optimism, and resilience) was related to two measures of well-being and, importantly, that PsyCap explained additional variance in these well-being measures over time.

Pomaki *et al.* (2009) investigated whether two aspects of goal cognition – goal attainability and self-efficacy – influence the relationship between goal progress and well-being. They found that individuals who started off with unfavorable goal cognitions but who managed to achieve goal progress reported an increase in well-being, compared with those who had favorable goal cognitions and similar rates of progress. Doest *et al.* (2006) found that personal goal facilitation through work showed positive associations with job attitude and well-being, with stronger relationship between these for highly valued personal goals. Enhanced well-being could help enhance employee retention.

Supervisor behavior has a significant influence on employee's mental and physical health. Gilbreath and Benson (2004) found that supervisor behavior can contribute to the prediction of employee psychological well-being beyond the contribution of other influential variables. Nielsen *et al.* (2008) showed that followers' perceptions of their work characteristics (role clarity, meaningful work environment, and opportunities for development) mediated the relationship between transformational leadership and psychological well-being.

Transformational leaders exert influence on followers by broadening and elevating follower goals and providing them with confidence to perform beyond expectations. There is evidence that transformational leadership has effect on follower self-esteem,

motives, desires, preferences, and values. It encompasses three main domains of follower development – motivation, morality, and empowerment (Dvir *et al.*, 2002). Several studies have demonstrated the impact of supervisor behavior on follower’s well-being and health. Gill *et al.* (2006) reported that if employees perceived their managers to be transformational, job stress was perceived to be low. Therefore, I hypothesized:

H2. Transformational leadership is positively related to follower’s subjective well-being.

Empowerment

There are essentially two different conceptions of empowerment: structural and psychological. According to the structural approach, empowerment is a set of practices like delegation of authority and responsibility to employees, flexible hierarchy, and self-managed workgroups. Advocates of the psychological approach consider empowerment as a constellation of experienced psychological states or cognitions (Mathieu *et al.*, 2006). Menon (2001) submitted that the structural and psychological approaches are not antithetical; rather, treating the structuring acts as antecedents leading to employees’ psychological states provides a comprehensive perspective of the empowerment phenomenon.

Conger and Kanungo (1988, p. 474) defined empowerment “as a process of enhancing feelings of self-efficacy among organizational members through the identification of conditions that foster powerlessness and through their removal by both formal organizational practices and informal techniques of providing efficacy information.” Self-efficacy refers to the strength of the belief that one can achieve one’s goals or desires (Weierter, 1997). Leaders’ genuineness, empathy, respect, and warmth contribute to employees’ self-efficacy beliefs (Liao and Chuang, 2007).

Self-efficacy has been empirically linked to work performance. Walumbwa *et al.* (2008) found that the effect of transformational leadership on rated performance was mediated by the interaction of work unit identification and means efficacy, as well as partially mediated by the interaction of self-efficacy and means efficacy.

Shamir *et al.* (1993) were among the first authors who linked self-efficacy to transformational leadership in their self-concept-based motivational theory of leadership. They suggested that the transformational leader enhances followers’ perception of self-efficacy by communicating high performance expectations and expressing confidence in followers’ abilities to contribute to the mission and goals of their organization. Kirkpatrick and Locke (1996) suggested that the transformational leaders who set high goals and communicate their confidence to their followers are more likely to develop followers who believe in the leaders’ goals. They then try to identify with and emulate the leaders’ values and thus their self-efficacy increases. Priyabhashini and Krishnan (2005) showed that leader’s expectation fully mediated the relationship between transformational leadership and follower’s readiness for taking on higher responsibilities. Nandal and Krishnan (2000) found that three of the five factors of charismatic leadership were positively related to lack of role ambiguity, which in turn was positively related to self-efficacy.

Thomas and Velthouse (1990) improved upon Conger and Kanungo’s (1988) definition by identifying empowerment with intrinsic task motivation and specifying three additional task assessments – impact, meaningfulness, and choice – that produce this motivation, besides self-efficacy, which they termed as competence. Spreitzer (1995) developed and validated a multidimensional measure of psychological empowerment in

a work context consisting of these four dimensions – impact, meaningfulness, choice, and competence.

Ergeneli *et al.* (2007) found a significant relationship between cognition-based trust in immediate managers and overall psychological empowerment. They also separately looked at the four aspects of psychological empowerment – meaning, impact, self-determination, and competence – and found that cognition-based trust related to meaning and competence aspects, and affect-based trust was related to impact only. Liden *et al.* (2000) found that the meaning and competence dimensions of empowerment mediated the relation between job characteristics and work satisfaction.

Several studies have obtained support for a positive relationship between transformational leadership and psychological empowerment (Ozaralli, 2003). Jung and Sosik (2002) found that transformational leadership was positively related to empowerment, group cohesiveness, and group effectiveness. Jung *et al.* (2003) showed that transformational leadership had significant and positive relationships with both empowerment and an innovation-supporting organizational climate. Gong *et al.* (2009) found that employee creativity was positively related to employee sales and to supervisor-rated employee job performance. Employee learning orientation and transformational leadership were positively related to employee creativity, and these relationships were mediated by employee creative self-efficacy.

Hepworth and Towler (2004) found that psychological empowerment partially mediated the relationship between charismatic leadership and workplace aggression. Avolio *et al.* (2004) showed that psychological empowerment mediated the relationship between transformational leadership and followers' organizational commitment. Kark *et al.* (2003) found that transformational leadership was positively related to both followers' dependence and their empowerment and that personal identification mediated the relationship between transformational leadership and followers' dependence on the leader, whereas social identification mediated the relationship between transformational leadership and followers' empowerment.

Arnold *et al.* (2007) found that the meaning that individuals ascribe to their work mediated the relationship between transformational leadership and psychological well-being. Nielsen and Munir (2009) found that followers' self-ratings of self-efficacy mediated the relationship between transformational leadership style and positive affective well-being. Only limited evidence for a direct path between leadership behavior and positive affective well-being was found. Nielsen *et al.* (2008) showed that the relationship between transformational leadership and follower well-being was mediated by followers' perceived work characteristics (role clarity, meaningful work environment, and opportunities for development).

Several studies have shown that work characteristics mediate the relationship between transformational leadership and follower's personal outcomes like psychological well-being. Psychological empowerment or intrinsic task motivation is likely to have a similar mediating effect. The relationship between leaders and followers has its primary basis in organizational work, and hence the effect of such a relationship on followers' personal outcomes is likely to happen by first affecting work outcomes. Hence, I hypothesized:

- H3.* Empowerment mediates the relationship between transformational leadership and follower's meaning in life and subjective well-being.

Method

Data were collected from a random sample of 285 managers (69 females and 215 males) of a large manufacturing organization in western India. All responses were anonymous, and this was made clear to every respondent. The median age of the respondents was 35 years and the median organizational tenure was two years. They responded to questions about their superior's transformational leadership and their own empowerment, meaning in life and subjective well-being. Most of the respondents had been working with the superior they rated for at least one year.

Measures

The Multifactor Leadership Questionnaire Form 6S of Bass and Avolio (Northouse, 2003, p. 196) was used to measure transformational leadership. The scale has 12 items, with three items for each of the four factors – idealized influence, inspirational motivation, intellectual stimulation, and individualized consideration. A sample item of inspirational motivation was: “Provides appealing images about what others can do.” The mean of the three items of each factor was taken as the score for that factor of transformational leadership, and all analyses were done separately for each of the four factors.

Empowerment was measured using six items designed to capture the meaning and competence dimensions of empowerment (Spreitzer, 1995). A sample item of competence was: “I am confident about my ability to do my job.” The remaining two dimensions (self-determination and impact) of Spreitzer were not included because they were not relevant for the sample studied. There was hardly any variance in the surveyed organization on those two dimensions of self-determination and impact, because of the rigidly defined nature of the job.

Meaning in life using was measured using five items from Steger *et al.* (2006) that capture the presence of meaning in life. A sample item was: “My life has a clear sense of purpose.” Subjective well-being was measured using the five items of the satisfaction with life scale (Pavot and Diener, 1993). A sample item was: “If I could live my life over, I would change almost nothing.” All responses were recorded on a five-point scale.

Common method variance

In the present study, all data were collected from a single source, which can lead to common method bias. To check for the presence of common method bias, Harman's one factor (or single-factor) test, which is one of the most widely used techniques, was used. This method involves loading all the variables in the study into an exploratory factor analysis and examining the unrotated factor solution to determine the number of factors that account for the variance in the variables (Podsakoff *et al.*, 2003). The basic assumption of this technique is that if a substantial amount of common method variance is present, either a single factor will emerge from the factor analysis or one general factor will account for the majority of the covariance among the measures. For the present study, principal components analysis was done on the seven variables, and it was found that two factors emerged (eigenvalue > 1). This gives confidence that common method bias may not have significantly affected the results.

Results

The means, standard deviations, and Cronbach's α of and correlations between all variables are given in Table I. All the variables were significantly positively correlated to each other.

The method suggested by Baron and Kenny (1986) was followed to test the hypotheses. The regression results are presented in Tables II-V for the four factors of transformational leadership. First, transformational leadership affected empowerment in the first equation; second, transformational leadership affected meaning in life in the second equation; and third, empowerment affected meaning in life in the third equation

	<i>M</i>	<i>SD</i>	1	2	3	4	5	6	7
1. Idealized influence	3.09	0.74	(0.78)						
2. Inspirational motivation	2.87	0.65	0.65	(0.68)					
3. Intellectual stimulation	2.75	0.78	0.58	0.73	(0.79)				
4. Individualized consideration	2.79	0.76	0.65	0.68	0.61	(0.71)			
5. Empowerment	3.35	0.45	0.26	0.24	0.18	0.23	(0.78)		
6. Meaning in life	3.14	0.59	0.24	0.22	0.16	0.20	0.56	(0.79)	
7. Subjective well-being	2.67	0.59	0.23	0.22	0.20	0.19	0.40	0.45	(0.73)

Table I.
Means, standard deviations, and correlations between all variables

Notes: Standardized Cronbach's coefficient α are reported in parentheses along the diagonal. $N = 285$. $p < 0.01$ for all correlation coefficients

Dependent variable	Independent variable	Parameter estimate	<i>t</i>	Model R^2	Model <i>F</i>
1. Empowerment	Idealized influence	0.15	4.46***	0.07	19.85***
2. Meaning in life	Idealized influence	0.20 ^a	4.24***	0.06	17.95***
3. Meaning in life	Idealized influence	0.09 ^a	2.11*		
	Empowerment	0.72	10.63***	0.33	69.06***
4. Well-being	Idealized influence	0.18 ^b	3.95***	0.05	15.57***
5. Well-being	Idealized influence	0.11 ^b	2.42*		
	Empowerment	0.48	6.47***	0.18	29.87***

Table II.

Idealized influence as predictor, empowerment as mediator

Notes: ^aSobel test statistic for empowerment mediating the effect of idealized influence on meaning in life = 4.11 ($p < 0.001$). ^bSobel test statistic for empowerment mediating the effect of idealized influence on well-being = 3.67 ($p < 0.001$). * $p < 0.05$; *** $p < 0.001$

Dependent variable	Independent variable	Parameter estimate	<i>t</i>	Model R^2	Model <i>F</i>
1. Empowerment	Inspirational motivation	0.16	4.11***	0.06	16.86***
2. Meaning in life	Inspirational motivation	0.20 ^a	3.77***	0.05	14.24***
3. Meaning in life	Inspirational motivation	0.08 ^a	1.79***		
	Empowerment	0.72	10.78***	0.33	68.13***
4. Well-being	Inspirational motivation	0.20 ^b	3.74***	0.05	14.00***
5. Well-being	Inspirational motivation	0.11 ^b	2.34*		
	Empowerment	0.49	6.57***	0.17	29.63***

Table III.

Inspirational motivation as predictor, empowerment as mediator

Notes: ^aSobel test statistic for empowerment mediating the effect of inspirational motivation on meaning in life = 3.84 ($p < 0.001$). ^bSobel test statistic for empowerment mediating the effect of inspirational motivation on well-being = 3.48 ($p < 0.001$). *** $p < 0.10$; * $p < 0.05$; *** $p < 0.001$

Table IV.

Intellectual stimulation as predictor, empowerment as mediator

Dependent variable	Independent variable	Parameter estimate	T	Model R^2	Model F
1. Empowerment	Intellectual stimulation	0.11	3.16**	0.03	9.98**
2. Meaning in life	Intellectual stimulation	0.12 ^a	2.74**	0.03	7.50**
3. Meaning in life	Intellectual stimulation	0.04 ^a	1.17		
	Empowerment	0.74	11.08***	0.32	66.78***
4. Well-being	Intellectual stimulation	0.15 ^b	3.40***	0.04	11.59***
5. Well-being	Intellectual stimulation	0.10 ^b	2.35*		
	Empowerment	0.50	6.78***	0.17	29.67***

Notes:^aSobel test statistic for empowerment mediating the effect of intellectual stimulation on meaning in life = 3.04 ($p < 0.01$). ^bSobel test statistic for empowerment mediating the effect of intellectual stimulation on well-being = 2.86 ($p < 0.01$). * $p < 0.05$; ** $p < 0.01$; *** $p < 0.001$

Table V.

Individualized consideration as predictor, empowerment as mediator

Dependent variable	Independent variable	Parameter estimate	t	Model R^2	Model F
1. Empowerment	Individualized consideration	0.13	3.91***	0.05	15.31***
2. Meaning in life	Individualized consideration	0.16 ^a	3.48***	0.04	12.09***
3. Meaning in life	Individualized consideration	0.06 ^a	1.56		
	Empowerment	0.73	10.86***	0.32	67.57***
4. Well-being	Individualized consideration	0.15 ^b	3.34**	0.04	11.12**
5. Well-being	Individualized consideration	0.09 ^b	1.97*		
	Empowerment	0.50	6.68***	0.17	28.71***

Notes: ^aSobel test statistic for empowerment mediating the effect of individualized consideration on meaning in life = 3.68 ($p < 0.001$). ^bSobel test statistic for empowerment mediating the effect of individualized consideration on well-being = 3.37 ($p < 0.001$). * $p < 0.05$; ** $p < 0.01$; *** $p < 0.001$

while transformational leadership was present in the model. Thus, all the three conditions of mediation held in the predicted direction. Moreover, the effect of transformational leadership on meaning in life was less in the third equation than in the second. Sobel's test was done, and it showed that this decrease in the effect of transformational leadership was statistically significant. Thus, empowerment mediated the relationship between transformational leadership and follower's meaning in life.

The above procedure was repeated to test the mediating effect on follower's subjective well-being. The regression results are presented in Tables II-V for the four factors of transformational leadership. First, transformational leadership affected empowerment in the first equation; second, transformational leadership affected well-being in the fourth equation; and third, empowerment affected well-being in the fifth equation while transformational leadership was present in the model. Thus, all the three conditions of mediation held in the predicted direction. Moreover, the effect of transformational leadership on well-being was less in the fifth equation than in the fourth. Sobel's test was done, and it showed that this decrease in the effect of transformational leadership was statistically significant. Thus, empowerment mediated the relationship between transformational leadership and follower's well-being. All the three hypotheses were supported.

Discussion

Burns (1978) considered transformational leadership to be focussed mainly on development of followers and lifting them to a higher state of moral development. The results of this study shed some light on the mediating role of empowerment in transformational leadership predicting follower's personal outcomes like meaning in life and subjective well-being. Findings reveal that transformational leadership is positively related to follower's meaning in life and subjective well-being and this relationship is mediated by empowerment. There is also a direct effect of transformational leadership on well-being. Thus, the effect of transformational leadership on well-being is only partially mediated by empowerment.

Burns (1978) conceptualized that transformational leaders lift followers to higher levels of motivation. Earlier studies have shown that followers of transformational leaders are willing to exert more effort and they also display OCB. However, this study adds to the existing body of knowledge by showing that followers of transformational leaders see greater meaning in life and are also higher on well-being. Followers of transformational leaders not only exert more effort but also experience higher levels of personal outcomes. The findings of this study expand our conceptual understanding of the effects of transformational leadership.

The findings of this study provide important pointers to managers and organizations. Employees who are happy and see meaning in life are the best contribution to organizations in a competitive world. The difference in effectiveness between organizations will not be based on how much employees work but how happy they are in doing their duties. A happy workforce is the best that an organization can ask for. Transformational leadership is crucial in achieving this.

The link between transformational leadership and empowerment was one of the basic premises of Bass (1985). He elaborated the role of Pygmalion effect or self-fulfilling prophecy in transformational leadership. Followers' performing beyond expectations is a consequence of transformational leaders having high expectations from their followers (Priyabhashini and Krishnan, 2005). Earlier studies have documented the effect of transformational leadership on follower self-efficacy. However, this study contributes to the body of knowledge by including the further outcomes of empowerment also. While enhancing follower self-efficacy is a desirable goal by itself, this study shows that enhancing self-efficacy might be a useful means to enhance meaning in life and subjective well-being. Managers need to be trained to continuously focus on making their subordinates feel confident about their ability to do their job. The goals set for employees should be challenging but realistic so that striving toward them does not result in reducing the confidence of employees.

The strong and positive relationship between empowerment and meaning in life sheds light on making followers see greater meaning in life. Attempts to enhance meaning in life should first focus on increasing self-efficacy. If followers do not have faith in their own capability to do their job, it may not be possible for them to see meaning in life. Meaning in life is a higher level of motivation (Burns, 1978), which is possible only if self-efficacy or belief in one's own capabilities is already present. This study adds to the existing literature by clarifying the process by which transformational leaders enhance followers' meaning in life and subjective well-being.

The most significant finding of this study is perhaps that transformational leadership enhances followers' meaning in life and subjective well-being through enhancing empowerment. Burns (1978) claimed that the secret of transformational leadership is lifting followers into their better selves. Enhancing meaning in life and

subjective well-being could be an indication of being lifted into one's better self. Transformational leadership will not only enhance organizational outcomes, but it will also make employees happier thereby making the entire work environment more invigorating.

Limitations and suggestions for future research

Same-source bias is a possible limitation of the study. Since transformational leadership is a dyadic relationship between a particular leader and a particular follower, transformational leadership cannot be meaningfully measured by asking some other follower different from the one whose outcomes are being measured. Leader's self-rating on transformational leadership could be taken, but it would not be as valid as the rating given by followers. Leadership relationship exists only if followers say it exists.

Another limitation is the collection of all data at the same time. Future researchers should use a longitudinal design to test causal relationships between the different variables. Measuring transformational leadership at Time 1, empowerment at Time 2, meaning in life at Time 3, and well-being at Time 4 would be the ideal way to study the relationships. Such a longitudinal design will also address the problem of same-source bias to some extent.

More research is needed to further confirm these findings, and highlight the process by which transformational leadership affects followers' personal outcomes like meaning in life and subjective well-being. Future researchers could include a wider set of work attitudes that may possibly affect followers' meaning in life and subjective well-being.

Conclusion

The multiple changes occurring in the business world and the heavy competition for talent in the new economy have created a greater need to focus on the personal outcomes of employees. The secret of transformational leadership is lifting followers into their better selves (Burns, 1978). Transformational leadership plays a crucial role in enhancing followers' meaning in life and subjective well-being. The effect of transformational leadership on followers' meaning in life and subjective well-being is mediated by empowerment. This study provides initial support for the mediating role of empowerment in the relationship between transformational leadership and followers' personal outcomes. As further research provides greater support, the process of enhancing followers' meaning in life and well-being could focus on training leaders to be more transformational, and persuading transformational leaders to concentrate on empowering followers.

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