# Psychological Capital in the Airline Industry: Antecedents and Outcomes

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Submitted to the Institute of Graduate Studies and Research in partial fulfillment of the requirements for the degree of

Master of Science in Tourism Management

Eastern Mediterranean University June 2015 Gazimağusa, North Cyprus

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ABSTRACT

This thesis aims to develop and test a research model that investigates the effects of

servant leadership and psychological capital on work engagement and the effects of

psychological capital and work engagement on service recovery performance and life

satisfaction. Data were collected from flight attendants and their pursers in the three

private airline companies in Iran. The relationships among study variables were

tested using structural equation modeling.

According to the results of the study, servant leadership enhances flight attendants'

psychological capital. Flight attendants high in psychological capital are more

engaged in their work. These results suggest that psychological capital has a

mediating role in the relationship between servant leadership and work engagement.

The results demonstrate that psychological capital and work engagement positively

influence service recovery performance and life satisfaction. The results also show

that work engagement increases service recovery performance and life satisfaction.

These results suggest that work engagement has a mediating role in the relationship

between psychological capital and service recovery performance and life satisfaction.

In the thesis management implications are offered, limitations of the empirical study

are given, and implications for future research are provided at the end of the thesis.

Keywords: Airline Services; Flight Attendants; Life Satisfaction; Psychological

Capital; Servant Leadership; Service Recovery Performance; Work Engagement

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ÖZ

Bu tez, hizmetkar liderlik ve psikolojik sermayenin işe angaje olma üzerindeki etkisi ile psikolojik sermaye ve işe angaje olmanın hizmet iyileştirme performansı ve yaşam tatmini üzerindeki etkisini incelemeyi amaçlayan bir araştırma modelini geliştirip, test etmektir. Veri, İran'da faaliyet gösteren üç özel havayolu işletmelerindeki uçuş görevlileri ile onların yöneticilerinden toplanmıştır. Araştırmaya konu olan değişkenler arası ilişkiler yapısal eşitlik modellemesi yoluyla

test edilmistir.

Çalışmanın bulgularına göre, hizmetkar liderlik uygulamaları uçuş görevlilerinin psikolojik sermayesini zenginleştirmektedir. Psikolojik sermayesi yüksek olan uçuş görevlileri işe daha fazla angaje olmaktadırlar. Burada, psikolojik sermaye hizmetkar liderlik ile işe angaje olma arasında aracı rolünü oynamaktadır. Yine bulgular, psikolojik sermayenin hizmet iyileştirme performasını artırdığını ve yaşam tatminini olumlu yönde etkilediğini ortaya koymaktadır. Elde edilen bulgular, işe angaje olmanın hizmet iyileştirme performansı ile yaşam tatminini artırdığını göstermektedir. Burada işe angaje olma psikolojik sermaye ve hizmet iyileştirme performansı ve yaşam tatmini arasında aracı bir rol oynamaktadır. Tezde yönetsel belirlemelere yer verilmiş, araştırmanın sınırları üzerinde durulmuş ve ileride yapılacak araştırmalara yönelik öneriler sunulmuştur.

Anahtar Kelimeler: Havayolu Hizmetleri; Hizmet İyileştirme Performansı; Hizmetkar Liderlik; İşe Angaje Olma; Psikolojik Sermaye; Uçuş Görevlileri; Yaşam Tatmini

# **AKNOWLEDGEMENT**

Foremost, I would like to express my sincere gratitude to my advisor Prof. Dr. Osman M Karatepe for the continuous support of my MS study and research, for his patience, motivation, enthusiasm, and immense knowledge. His guidance helped me in all the time of research and writing of this thesis. I could not have imagined having a better advisor and mentor for my MS study.

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# Chapter 1

#### INTRODUCTION

Traditionally, the introduction chapter reveals significant information about research ideology of the thesis. It renders information about the relevance and significance of the research. This is followed by information that centers on participants and procedure, measures, and analytic method. The introduction chapter also explains what is available in the following chapters.

#### 1.1 Deductive Approach

This thesis uses deductive approach. When the researcher uses deductive approach, he or she starts with a theoretical framework or theoretical frameworks and utilizes current empirical studies to develop logical relationships among various variables. That is, the researcher tries to develop a model by using existing theories and empirical studies. Then, he or she tests the relationships through data to be collected in the field.

Considering the information presented above, this thesis puts forward a research model. This model is developed based on the motivational process of the Job Demands-Resources (JD-R) model and findings in the existing knowledge (Karatepe & Ulugbade, 2009). The motivational process of the JD-R model proposes that job resources (JRs) such as performance feedback, work social support, training, and career opportunities foster personal resources (PRs) such as core self-evaluations, psychological capital (PsyCap), and positive affectivity that in turn lead to work

engagement (WE) (Karatepe & Karadas, 2016; Karatepe, Keshavarz, & Nejati, 2010; Xanthopoulou, Bakker, Demerouti, & Schaufeli, 2007). Employees displaying higher WE are able to manage customer problems effectively and have higher life satisfaction (Karatepe & Karadas, 2016; Karatepe, 2012; Yeh, 2012).

Today's competitive airline industry requires managers to differentiate services to gain competitive advantages. Management can differentiate services by retaining talented flight attendants, because flight attendants are frequently in direct contact with passengers and are responsible for providing quality services and achieving passenger satisfaction (Karatepe & Vatankhah, 2014; Yeh, 2014). If flight attendants work in a company which provides various high-performance work practices (HPWPs), they are likely to be motivated to report positive affective and performance outcomes. Servant leadership that focuses on serving "...followers for the good of followers" (Graham, 1991, p. 110) can provide flight attendants with various useful HPWPs. Such leadership is likely to increase these employees' self-efficacy beliefs, hope, optimism, and resilience (cf. Hsiao, Lee, & Chen, 2015). They in turn are engaged in their work and report positive outcomes (cf. Karatepe & Karadas, 2016; Karatepe & Vatankhah, 2014; Yeh, 2012).

# 1.2 Purpose and Research Voids in the Current Literature

In light of the information given above, this thesis puts forward a research model focusing on the antecedents and outcomes of PsyCap. Specifically, this thesis aims to test: (1) the effect of servant leadership on PsyCap; (2) the mediating role of PsyCap in the relationship between servant leadership and WE; (3) the effect of WE on service recovery performance and life satisfaction; and (4) WE as a mediator of the effect of PsyCap on service recovery performance and life satisfaction. As can

be understood from this information, servant leadership is considered as the leadership type fostering PsyCap. Work engagement, service recovery performance, and life satisfaction are considered as the outcomes of PsyCap.

Self-efficacy, hope, resilience, and optimism are the components representing PsyCap. PsyCap refers to "an individual's positive psychological state of development and is characterized by: (1) having confidence (self-efficacy) to take on and put in the necessary effort to succeed at challenging tasks; (2) making a positive attribution (optimism) about succeeding now and in the future; (3) persevering toward goals and, when necessary, redirecting paths to goals (hope) in order to succeed; and (4) when beset by problems and adversity, sustaining and bouncing back and even beyond (resiliency) to attain success" (Luthans, Youssef, & Avolio, 2007, p. 3).

Work engagement is a motivational variable and describes individuals' work-related state of mind by showing positive levels of energy (vigor), high interest and concentration on their work (dedication and absorption) (Schaufeli, Salanova, Gonzáles-Romá, & Bakker, 2002). Service recovery performance is an important performance outcome (e.g., Karatepe, 2012) and refers to "frontline service employees' perceptions of their own abilities and actions to resolve a service failure to the satisfaction of the customer" (Babakus, Yavas, Karatepe, & Avci, 2003, p. 274) and life satisfaction is a non-work outcome and indicates the emotional state originated from one's appraisal regarding his or her life (Karatepe & Baddar, 2006).

This thesis has the potential to make the following contributions to current knowledge. First, there is little empirical research about factors influencing PsyCap

(Avey, Reichard, Luthans, & Mhatre, 2011; Newman, Ucbasaran, Zhu, & Hirst, 2014). This is also underlined in a more recent work that the potential antecedents of PsyCap have received little empirical attention (Karadas & Karatepe, 2015). Accordingly, this thesis measures the effect of servant leadership on self-efficacy, hope, resilience, and optimism as the indicators of PsyCap.

Second, extant research demonstrates that most of the studies have not tested the *joint* effects of the four indicators of PsyCap on various employee outcomes (e.g., Bouzari & Karatepe, 2015; Chen & Lim, 2012; Karatepe & Karadas, 2014, 2016). This is one of the research gaps in current knowledge. Therefore, this thesis tests the joint effects of self-efficacy, hope, resilience, and optimism on WE, service recovery performance, and life satisfaction. Third, it appears that the abovementioned relationships with regard to airline services have not been tested so far. Accordingly, this thesis tests these relationships through data collected from flight attendants and their pursers in Iran.

#### 1.3 Methodology

#### 1.3.1 Participants and Procedure

As indicated above, this thesis used data obtained from flight attendants and their pursers in Iran. According to the information we received from Iran Civil Aviation Organization, the researcher learnt that there were 13 private airline companies having international and/or national flights. The researcher was capable of receiving permission from management of only three airline companies after she had contacted management of each airline company. The permission was obtained through using a letter. One airline company had only domestic flights and the other two companies had both international and national flights.

For controlling common method bias, the researchers utilized a two-week time lag in three waves and collected performance data from the pursers (Podsakoff, MacKenzie, Lee, & Podsakoff, 2003). What is done concerning the control of common method bias here is consistent with other studies (e.g., Karatepe & Choubtarash, 2014; Karatepe & Karadas, 2014).

Four different surveys were used. The questionnaire at Time I consisted of the servant leadership measure and items about flight attendants' profile such as education and age. The questionnaire at Time II comprised the PsyCap and WE measures and the Time III survey consisted of the life satisfaction measure. The service recovery performance was in the purser survey. All questionnaires had a cover letter. This cover letter provided information about anonymity and confidentiality. The researcher took all questionnaires back in sealed envelopes. Further, the researcher matched all questionnaires with each other through an identification number. The researcher was capable of receiving 200 questionnaires from flight attendants at Time III and their pursers.

#### 1.3.2 Measures

The thesis used various sources to measure the study variables. Specifically, servant leadership was measured using six items from Lytle, Hom, and Mokwa (1998). The PsyCap questionnaire had 24 items and each component (i.e., self-efficacy, hope, resilience, optimism) had six items. The PsyCap questionnaire was taken from Luthans et al. (2007). The shortened version of the Utrecht WE scale was used to measure WE. This scale had nine items (Schaufeli, Bakker, & Salanova, 2006). Five items came from Diener, Emmons, Larsen, and Griffin (1985). Five items from Boshoff and Allen (2000) were used to gauge flight attendants' service recovery performance.

Responses to items in life satisfaction were recorded using a seven-point scale, while responses to items in servant leadership and service recovery performance were recorded through a five-point scale. Responses to the PsyCap items were recorded using a six-point scale and responses to WE were rated based on seven different options. In addition, the control variables included age, gender, education (EDUC), marital status (MS), and organizational tenure (OT) to check whether they would result in statistical confounds.

Each questionnaire was arranged using the back-translation method. Each questionnaire was tested with different pilot samples of five flight attendants and pursers. No changes were made in the questionnaires, because respondents reported no problems with the understandability of items.

#### 1.3.3 Analysis Strategy

Using the guidelines of two-step approach (Anderson & Gerbing, 1988), the measurement model was tested though confirmatory factor analysis regarding convergent and discriminant validity and composite reliability (e.g. Fornell & Larcker, 1981). Then, the structural model was tested through structural equation modeling. Sobel test was used for the mediating effects. All of these analyses were made using LISREL 8.30. The results were assessed via the  $\chi^2/df$ , comparative fit index (CFI), parsimony normed fit index (PNFI), root mean square error of approximation (RMSEA), and standardized root mean square residual (SRMR).

Frequencies were used for showing respondents' profile. Means, standard deviations, and correlations of all observed variables were also reported.

#### 1.4 Content

This section includes information about deductive approach, research gaps in the current literature, participants and procedure, measurement, and analysis strategy. The second chapter centers on theoretical background that includes information about the antecedents and outcomes of PsyCap already tested and reported in the literature. This chapter also gives information about the JD-R model as the theoretical framework, servant leadership, WE, service recovery performance, and life satisfaction. The third chapter shows the hypotheses and research model. The fourth chapter gives detailed information about methodology (i.e., deductive approach, participants and procedure, measurement, and analysis strategy). The fifth chapter presents the findings conducted with flight crew in the private airline business in Iran. The sixth chapter contains discussion of the findings, methodological concerns, and management implications. The conclusion section is in the seventh chapter.

# Chapter 2

#### THEORETICAL BACKGROUND

This chapter presents the JD-R model that includes the health impairment and the motivational processes. This chapter also provides information about servant leadership, which is an important leadership type in frontline service jobs. This is followed by self-efficacy, hope, resilience, and optimism as the indicators of PsyCap and WE. Service recovery performance and life satisfaction are discussed as the potential employee outcomes in frontline service jobs.

#### 2.1 The JD-R Model

The JD-R model postulates that job demands and **JRs** can be used as the two specific working conditions for employee well-being (Bakker, Demerouti, Hakanen, & Xanthopolou, 2007). Personal resources also play a critical role in linking **JRs** to WE that in turn leads to positive job outcomes (Bakker & Demerouti, 2008; Karatepe, 2014). The JD-R model has two important processes: the health impairment process and the motivation process. There are numerous empirical studies which have considered these processes to test the effects of job demands and/or **JRs** on burnout, WE, and/or job outcomes (e.g., Bakker et al., 2007; Bakker & Demerouti, 2008; Karatepe & Karadas, 2016; Karatepe & Olugbade, 2009).

#### 2.1.1 The Health Impairment Process

The health impairment process of the JD-R model proposes that when there are high job demands such as emotional demands, work-family conflict, or emotional dissonance, they may weary out employees' resources and emerge in energy loss and

negative health-related outcomes such as work-related depression, absenteeism, and turnover intentions (Xanthopolou et al., 2007). In short, this process tests the job demands  $\rightarrow$  burnout  $\rightarrow$  employee outcomes relationships.

Schaufeli and Bakker (2004) showed that job demands that included workload and emotional demands triggered burnout which in turn led to health problems and turnover intentions. Another study reported that workload, pupil misbehavior, and physical environment as the indicators of job demands aggravated burnout and therefore triggered poor perceived health and poor work ability as the indicators of ill health and reduced organizational commitment (Hakanen, Bakker, & Schaufeli, 2006). Karatepe and Ehsani's (2012) study showed that customer verbal aggression and perceptions of organizational politics increased disengagement that in turn resulted in work-related depression.

#### 2.1.2 The Motivational Process

According to the motivational process of the JD-R model, JRs are related to positive employee outcomes through WE. In this process, PRs also mediate the effects of JRs on WE that in turn leads to positive employee outcomes (Bakker et al., 2007; Karatepe & Olugbade, 2009; Xanthopolou et al., 2007). Job resources, because of their motivational role, foster learning and development. Such employees display WE, which is a motivational variable. That is, they are engaged in their work. There is a link between JRs and WE via PRs (Xanhopolou et al., 2007). These employees in turn are committed to the organization, have reduced intentions to leave the organization, and exhibit better performance in the organization (e.g., Bakker & Demerouti, 2008; Xanthopolou et al., 2007).

Empirically, according to Schaufeli and Bakker (2004), JRs that included performance feedback, social support, and supervisory coaching were negatively linked to turnover intentions through WE. Similarly, Hakanen et al. (2006) reported that information, supervisor support, job control, innovative climate, and social climate as the indicators of job resources enhanced organizational commitment through WE. Karatepe's (2012) study demonstrated that supervisor and coworker support were positively linked to WE that in turn increased career satisfaction, service recovery, job and creative performances. Karatepe (2014) showed that hope increased WE and therefore resulted in better service recovery performance, job and extra-role performances. Karatepe and Karadas (2016) indicated that self-efficacy, hope, resilience, and optimism as the indicators of PsyCap activated WE and therefore resulted in better satisfaction with job, career and life.

Personal resources also play a mediating role in the motivational process of the JD-R model. For example, Xanthopolou et al. (2007) showed that JRs increased WE directly or indirectly through PRs. Karadas and Karatepe (2015) demonstrated that HPWPs increased WE only through PsyCap and WE partially mediated the effect of PsyCap on turnover intentions, creative and extra-role performances.

In short, it appears that the JD-R model is a viable theoretical underpinning to develop the relationships between JRs, PRs, WE, and employee outcomes.

#### 2.2 Servant Leadership

The term servant leadership coined by Greenleaf (1977) has started to receive empirical attention in the current literature. It is highlighted that servant leaders focus on the needs of their followers. Although there are similarities, servant leadership is different from transformational leadership. For example, servant leadership considers humility, authenticity, and interpersonal acceptance. However, these are not explicit in transformational leadership (Van Dierendonck, 2011).

Van Dierendonck (2011) considers Spears' (2010) work that includes ten characteristics of servant leadership. These characteristics are "listening, empathy, healing, persuasion, conceptualization, foresight, awareness, stewardship, commitment to the growth of people, and building community" (p. 1232). The servant leader listens to what is said and shows empathy to people (Spears, 2010). The servant leader has "the ability to help make whole" (Van Dierendonck, 2011, p.1232). The servant leader shows general awareness to understand issues related to ethics, power, and value (Spears, 2010). The servant leader tries to persuade others by relying on arguments to make changes (Spears 2010; Van Dierendonck, 2011). The servant leader conceptualizes things based on realities by considering a number of variables in the work environment. He or she should have a balance between conceptual thinking and the present-day operational approach (Spears, 2010). The servant leader foresees "outcomes of situations and working with intuition (Van Dierendonck, 2011, p. 1232). The servant leader serves the needs of others. The servant leader is committed to the growth of people in the organization. example, the servant leader encourages employees to participate in decision making (Spears, 2010). The servant leader also emphasizes that "local communities are essential in a person's life" (Van Dierendonck, 2011, p. 1232).

The current literature demonstrates several studies that focus on the antecedents and/or outcomes of servant leadership. For example, in an empirical study of bank employees, servant leadership was shown to reduce burnout and increase person-job fit (Babakus, Yavas, & Ashill, 2011). Van Dierendonck, Stam, Boersma, de Windt, and Alkema (2014) reported that psychological needs satisfaction linked servant leadership to WE. Liden, Wayne, Liao, and Meuser (2014) documented that store climate linked service leadership to store performance. In a recent study, Bouzari and Karatepe (2015) found that PsyCap fully mediated the effect of servant leadership on lateness attitude, service-oriented organizational citizenship behavior, intention to remain with the organization, and service-sales ambidexterity. Ozyilmaz and Cicek (2015) also showed that psychological climate partially mediated the impact of servant leadership on job satisfaction.

#### 2.3 PsyCap

Self-efficacy, hope, resilience, and optimism are the indicators of PsyCap. Although there are studies about the antecedents and outcomes of PsyCap in the current literature, there is still a lack of empirical research in frontline service jobs in this research stream (Bouzari & Karatepe, 2015; Karatepe & Karadas, 2016).

#### 2.3.1 Self-Efficacy

Self-efficacy is an important personality trait or resource that enables individuals to manage work- and non-work related problems effectively. Self-efficacy describes individuals' confidence regarding their abilities to activate their personal resources and to be able deal successfully with various circumstances (Wood & Bandura,

1989). Individuals may have self-efficacy beliefs. However, the most important thing is whether these individuals are able to use their skills under difficult and stressful situations. Wood and Bandura (1989) discuss that individuals may show poor or good performance in the workplace, "...depending on whether their self-beliefs of efficacy enhance or impair their motivation and problem-solving efforts" (p. 364).

The literature shows the results of several useful meta-analytic studies. For example, Stajkovic and Luthan's (1998) study reported an average correlation of .38 between self-efficacy and work-related performance. Sitzmann and Yeo's (2013) meta-analytic study indicated that self-efficacy was an important source of past performance rather than influencing individuals' future performance. A study by Wang, Lawler, and Shi (2010) showed that self-efficacy increased job satisfaction among bank employees in China and India.

Karatepe and Olugbade's (2009) study in Nigeria showed self-efficacy as a critical personal resource that increased frontline hotel employees' absorption. Luthans, Avolio, Avey, and Norman (2007) indicated that self-efficacy increased worker' job performance and job satisfaction. Self-efficacy was also reported to positively influence frontline hotel employees' WE, career, job, and life satisfaction in Romania (Karatepe & Karadas, 2016).

Self-efficacy is a critical personality trait or resource enhancing employees' work engagement, job satisfaction, organizational commitment, and job performance. It also appears that self-efficacy is an important product of employees' past performance in the workplace.

#### **2.3.2 Hope**

Hope is a personality trait that includes two components, which are pathways and agency (Luthans, Norman, Avolio, & Avey, 2008). Karatepe (2014) states, "hope refers to the successful goal oriented determination (agency) and planning to meet these goals (pathways)" (p. 679). Individuals high in hope can cope with difficulties in the workplace; for example, they can manage stress- and/or strain-related problems in the workplace. Evidence suggests that hope reduces the impact of exhaustion on bank employees' in-role and extra-role performances (Yavas, Babakus, & Karatepe, 2013). Evidence also suggests that hope is a remedy to the detrimental effects of hindrance stressors and exhaustion on turnover intentions among frontline hotel employees (Yavas, Karatepe, & Babakus, 2013a).

There are several studies about the impact of hope on WE and employee outcomes. For example, Luthans, Avolio et al. (2007) reported that hope was one of the personality variables increasing job performance and job satisfaction. As stated before, Karatepe's (2014) study showed that WE was a full mediator of the effect of hope on service recovery, job and extra-role performances. Alarcon, Bowling, and Khazon's (2013) meta-analytic study showed that hope was negatively correlated with stress and was positively correlated with happiness.

#### 2.3.3 Resilience

Resilience refers to "the positive psychological capacity to rebound, to 'bounce back' from adversity, uncertainty, conflict, failure or even positive change, progress and increased responsibility" (Luthans, 2002, p. 702). Individuals high in resilience can manage difficulties and can bounce back after setbacks without losing much time (Luthans et al., 2008). Luthans, Avolio et al.'s (2007) study demonstrated resilience to be positively related to job performance and job satisfaction. Karatepe and

Karadas's (2016) recent study provided evidence about the relationship between resilience and life satisfaction. However, what is known about the antecedents and outcomes of resilience is still limited; especially in business-related empirical studies (cf. Luthans et al., 2008; Newman et al., 2014).

#### 2.3.4 Optimism

Optimism "... includes an objective assessment of what one can accomplish in a specific situation, given the available resources at that time, and therefore can vary..." (Luthans et al., 2008, p. 222). Optimism is related to an attribution of events that includes motivation and refers to a realistic evaluation (Luthans, Avolio et al., 2007). As is the case with the other components of PsyCap, optimism has received limited empirical attention in frontline service jobs. For example, optimism was reported to be positively linked to job satisfaction (Karatepe & Karadas, 2016). Luthans, Avolio et al. (2007) showed that optimism positively affected job performance and job satisfaction. Alarcon et al.'s (2013) meta-analytic inquiry showed that hope was negatively correlated with health problems and was positively correlated with life satisfaction.

### 2.4 Work Engagement

Positive organizational behavior refers to "the study and application of positively oriented human resource strengths and psychological capacities that can be measured, developed, and effectively managed for performance improvement in today's workplace" (Luthans, 2002, p. 59). Work engagement is a motivational and positive organizational behavior construct and consists of three components: vigor, dedication, and absorption (Bakker & Demerouti, 2008).

Vigor is defined as "high levels of energy and mental resilience while working, the willingness to invest efforts in one's work, and persistence even in the face of difficulties", while dedication refers to "a sense of significance, enthusiasm, inspiration, pride, and challenge" (Schaufeli et al., 2002, p. 74). Finally, absorption refers to "being fully concentrated and deeply engrossed in one's work, whereby time passes quickly and one has difficulties with detaching oneself from work" (Schaufeli et al., 2002, p. 75). Work engagement is highlighted as a mediating mechnaism in the motivational process of the JD-R model. That is, it is proposed that job resources are linked to work engagement directly or indirectly via personal resources. This is related to the fact that job resources and personal resources activate work engagement together or job resources independently foster work engagement. Work engagement in turn leads to positive employee outcomes such as AOC, job performance, and/or reduced quitting intentions (Bakker & Demerouti, 2008; Karadas & Karatepe, 2015; Karatepe & Olugbade, 2009; Xanthopolou et al., 2007).

According to Hakanen, Schaufeli and Ahola's (2008) study, JRs enhanced future WE that in turn triggered organizational commitment. Rich, LePine, and Crawford (2010) found that WE mediated the effects of core self-evaluations and perceived organizational support on task performance and organizational citizenship behaviors. Karatepe and Aga (2012) showed that both job resourcefulness and customer orientation were linked to JS, AOC, and lower turnover intentions through We. As mentioned earlier, Karatepe and Karadas (2016) also showed that WE mediated the joint effects of self-efficacy, hope, resilience, and optimism on career, job, and life satisfaction. In short, these studies provide evidence for WE as a mediating mechanism.

#### 2.5 Employee Outcomes

It seems that there are empirical studies which have centered upon the outcomes of PsyCap such as JS, TI, organizational commitment, and job performance (e.g., Avey et al., 2011; Karatepe & Karadas, 2014; Luthans et al., 2008). Service recovery performance and life satisfaction are employees' work- and nonwork-related outcomes. However, these outcomes are not widely considered in the PsyCap research (e.g., Karatepe & Karadas, 2016; Karadas & Karatepe, 2015). Therefore, this section will present information about service recovery performance and life satisfaction.

#### 2.5.1 Service Recovery Performance

Service recovery performance refers to frontline employees' performance concerning the successful solutions of customer complaints or problems. As defined by Babakus et al. (2003), it refers to "frontline service employees' perceptions of their own abilities and actions to resolve a service failure to the satisfaction of the customer" (p. 274). After Boshoff and Allen's (2000) and Babakus et al.'s (2003) works, service recovery performance has been utilized in a number of empirical studies. These studies included samples of bank employees, hotel employees, airline employees, and/restaurant employees.

Boshoff and Allen (2000) indicated that rewards, empowerment, and organizational commitment increased service recovery performance that in turn led to JS and lower TI among bank employees. Babakus et al. (2003) found that JS and organizational commitment mediated the joint effects of training, empowerment, and rewards on service recovery performance among bank employees. As reported earlier, WE increased hotel employees' service recovery performance. Surprisingly, Karatepe

and Choubtarash (2014) found that emotional dissonance was positively linked to service recovery performance through emotional exhaustion for a sample of ground staff members of an airline company.

#### 2.5.2 Life Satisfaction

Life satisfaction is a nonwork employee outcome and indicates the emotional state originated from one's appraisal regarding his or her life (Karatepe & Baddar, 2006). Employees' satisfaction with life in general is influenced by work and nonwork variables as well as personal resources. Yavas, Karatepe, and Babakus (2013b) found that job autonomy and job satisfaction positively influenced life satisfaction. They also found that positive affectivity was a personality variable fostering life satisfaction.

It appears that the extant literature lacks empirical studies that focus on the effect of and PsyCap on life satisfaction (Newman et al., 2014). It also seems that there are limited empirical studies on the relationship between WE and life satisfaction (Williamson & Geldenhuys, 2014).

# Chapter 3

#### **RESEARCH HYPOTHESES**

The present chapter presents the research model and the relationships to be tested through data collected from flight attendants and their pursers. Specifically, this chapter gives information about the servant leadership  $\rightarrow$  PsyCap  $\rightarrow$  WE relationship and the PsyCap  $\rightarrow$  WE  $\rightarrow$  service recovery performance and life satisfaction relationships. By doing so, the mediating roles of PsyCap and WE are tested. In addition to these relationships, the control variables (e.g. age, gender) are included in the research model.

#### 3.1 Research Model

The motivational role of the JD-R model is used as the theoretical framework to develop the relationships. Specifically, servant leadership plays a significant role in an organization through motivation, because it focuses on the well-being of the followers. As shown in Figure 1, servant leadership enhances flight attendants' self-efficacy, hope, resilience, and optimism and WE. Self-efficacy, hope, resilience, and optimism as the indicators of PsyCap mediate the relationship between servant leadership and WE. The model indicates that both PsyCap and WE enhance flight attendants' service recovery performance and life satisfaction. Here WE also mediates the effect of PsyCap on service recovery performance and life satisfaction. As stated before, the demographic variables are included as control variables in the model.

#### 3.2 Hypotheses

#### 3.2.1 The Servant Leadership $\rightarrow$ PsyCap $\rightarrow$ WE Relationship

Flight attendants working in an environment where there are a number of HPWPs such as training, rewards, selective staffing, and teamwork are self-efficacious, hopeful, resilient, and optimistic. Servant leaders serve the needs and desires of their followers and encourage them to participate in decision-making process (Schneider & George, 2011). Servant leaders are humble and are more concerned about the followers than themselves (Liden et al., 2014). Under these circumstances, flight attendants are engaged in their work.

The relationship between servant leadership, PsyCap, and WE is based on the principles of the *motivational* role of the JD-R model (Bakker & Demerouti, 2008). That is, job resources are linked to WE directly or indirectly through PRs (e.g., Karatepe et al., 2010; Xanthopolou et al., 2007). Here servant leadership provides a number of HPWPs to the followers (Bouzari & Karatepe, 2015; Liden et al., 2014). PsyCap represents flight attendants' PRs (Karatepe & Karadas, 2014). The presence of servant leadership approach in the organization activates flight attendants' self-efficacy, hope, resilience, and optimism. Flight attendants high in PsyCap in turn have higher WE.

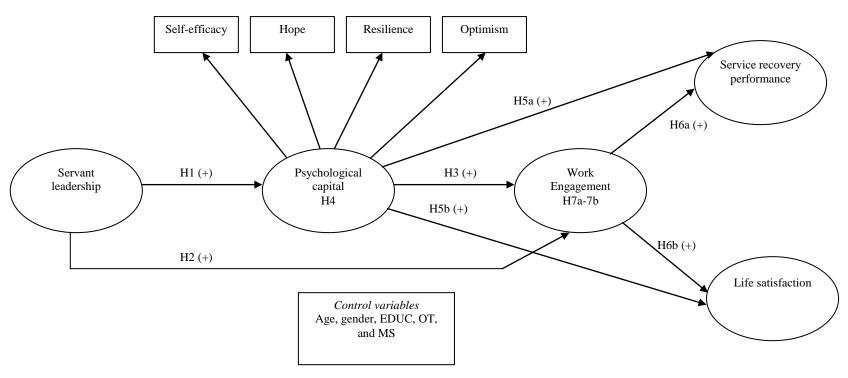


Figure 1: Research Model

Evidence indicates that servant leadership is a significant determinant of PsyCap (Bouzari & Karatepe, 2015). Evidence further demonstrates that PsyCap enhances employees' WE (Karatepe & Karadas, 2016; Nigah, Davis, & Hurrell, 2012). It seems that PsyCap mediates the effect of servant leadership on WE based on the principles of the motivational role of the JD-R model and existing knowledge in the literature. Accordingly, the hypotheses are given:

H1: Servant leadership will increase flight attendants' PsyCap.

H2: Servant leadership will increase flight attendants' WE.

H3: PsyCap will increase flight attendants' WE.

H4: PsyCap will mediate the effect of servant leadership on WE.

# 3.2.2 The PsyCap → WE→ Service Recovery Performance and Life Satisfaction Relationships

The abovementioned information and discussion provides support for the relationship between PsyCap and WE. As the motivational role of the JD-R model proposes, flight attendants high in PsyCap and WE display positive outcomes. Flight attendants who are self-efficacious are also able to manage passenger requests and problems effectively. Hopeful flight attendants may seek alternative ways to be able to meet passenger expectations if their initial strategies fail (cf. Yavas et al., 2013a). They can show coping responses to adverse and unexpected events and have positive emotions in stressful situations (Luthans et et al., 2008). Finally, individuals high in optimism have "... positive outcome expectancies..." (Alarcon et al., 2013, p. 821).

Although limited, it has been shown that PsyCap is positively related to performance outcomes in the workplace. For instance, Karadas and Karatepe (2015) reported that PsyCap increased hotel employees' creative and extra-role performances. Bouzari and Karatepe (2015) showed that PsyCap enhanced hotel salespeople's service-oriented organizational citizenship behaviors. Newman et al.'s (2014) provided evidence regarding the relationship between PsyCap and several performance outcomes such as creative performance and job performance. However, evidence for the relationship between PsyCap and service recovery performance is missing.

WE as a mediating mechanism is also shown in this process. For example, Karatepe, Karadas, Azar, and Naderiadib (2013) demonstrated that polychronicity was linked to job and extra-role performance via WE. Karatepe (2014) found that WE mediated the effect of hope on performance outcomes. Similarly, Rich et al. (2010) indicated that WE mediated the effects of core self-evaluations on task performance and organizational citizenship behaviors. As provided before, both job resourcefulness and customer orientation significantly influenced job satisfaction (JS), affective organizational commitment (AOC), and turnover intentions (TI) through WE (Karatepe & Aga, 2012).

These studies provide evidence for the effects of personal resources on WE and employee outcomes. It goes without saying that WE is also linked to various employee outcomes. However, it is important to note that evidence regarding the relationship between WE and life satisfaction is still limited (Karatepe & Karadas, 2016). Accordingly, the following hypotheses are given based on the principles of the JD-R model and relevant evidence in the literature:

H5: PsyCap will increase flight attendants' (a) service recovery performance and (b) life satisfaction.

H6: WE will increase flight attendants' (a) service recovery performance and (b) life satisfaction.

H7: WE will mediate the effect of PsyCap on (a) service recovery performance and (b) life satisfaction.

# Chapter 4

#### **METHODOLOGY**

The aim of the methodology chapter is to discuss a number of issues relating to the research philosophy, data collection, survey instruments, and strategy of analyses.

#### **4.1 Deductive Approach**

A research model is tested that consists of a number of direct and mediating effects. Specifically, hypotheses developed based on a theoretical underpinning and empirical evidence in the literature are proposed in light of precepts of deductive approach and results are discussed and their implications are offered as well.

The study hypotheses are developed based on the JD-R model and the related findings in the existing knowledge. The hypothesized model of the study includes the effect of servant leadership on PsyCap and WE and the mediating role of PsyCap in the association between servant leadership and WE. PsyCap's and WE's effects on service recovery performance and life satisfaction are tested. WE's mediating role in this process is also tested. Then, data are collected from the relevant sample to test these relationships. Developing a research model and testing the relationships among the abovementioned study variables is congruous with other studies in the current literature (e.g., Avey et al., 2011; Karatepe & Karadas, 2014; Schneider & George, 2011).

#### **4.2 Participants and Procedure**

The sample of this empirical study was based on judgmental sampling. This non-probability sampling procedure enables the investigator to choose respondents who are likely to represent the population of interest (Babbie, 1999). In technical terms, Curwin, Slater, and Eadson (2013) state, "...there is no element of chance and judgment is used to select participants" (p. 116). In this thesis flight attendants represent the sample of the empirical study. Flight attendants are selected, because they represent the company to a number of parties outside the organization, have intense interactions with customers, and have a significant role in service delivery process (e.g., Chen & Kao, 2012; Kim & Cho, 2014; Kim & Park, 2014).

There were 13 private airline companies in the Iranian civil aviation industry. That is, according the information we received from Iran Civil Aviation Organization there were 13 private airline companies having international and/or national flights. However, permission was obtained from management of only three airline companies after the researcher had contacted management of each airline company through a letter. One airline company had only domestic flights and the other two companies had both international and domestic flights.

Common method bias was controlled using several tools or remedies (Podsakoff et al., 2003). That is, the researcher used a two-week time lag in three waves and collected performance data from the pursers. This is in line with recent studies (e.g., Karatepe & Choubtarash, 2014; Karatepe & Karadas, 2014).

This thesis used four different surveys. The Time I survey comprised the servant leadership measure and items about flight attendants' profile such as education and

age. The Time II survey contained the PsyCap and WE measures and the Time III survey consisted of the life satisfaction measure. The service recovery performance appeared in the purser questionnaire. Each questionnaire had a cover letter. This cover letter provided information about anonymity and confidentiality. The researcher took all surveys back in sealed envelopes. Further, the researcher matched all surveys with each other through an identification number.

Of 230 Time I surveys distributed to flight attendants, usable 229 surveys were returned. Two hundred and twenty-nine Time II surveys were distributed to flight attendants. Two hundred and sixteen surveys were returned. However, 16 surveys were removed because of missing information. This resulted in usable 200 surveys. Then, 200 Time III surveys were distributed to flight attendants. The researcher was capable of receiving usable 200 Time III surveys. As a result, the response rate was 87.3% of the sample at Time I. In addition, 42 pursers participated in this study to assess flight attendants' service recovery performance.

## **4.3** The Measuring Instruments

#### 4.3.1 Measures

This thesis used data collected from flight attendants using a time lag of two weeks in three waves and their pursers. All items in each survey were subjected to the back-translation method. In other words, all surveys were prepared in light of the guidelines provided by the back-translation method. As indicated above, the questionnaire at Time I contained the servant leadership measure and items related to flight attendants' profile. The questionnaire at Time II included the PsyCap as well as WE items. The Time III survey included the life satisfaction measure and the purser questionnaire contained the service recovery performance measure.

This study received six items from Lytle et al. (1998) to measure servant leadership. The PsyCap questionnaire consisted of 24 items (Luthans, Youssef et al., 2007). Each dimension (i.e., self-efficacy, hope, resilience, optimism) had seven items. Work engagement was measured with nine items taken from Schaufeli et al. (2006). The nine-item scale came from the shortened version of the Utrecht work engagement scale. The five-item service recovery performance scale was obtained from Boshoff and Alllen (2000). The five-item scale for life satisfaction came from Diener et el. (1985).

Responses to items in servant leadership and service recovery performance were coded using five different options. Responses for WE included seven different options. Responses to items in PsyCap were recorded using six different options (see the Apendix for more details). Life satisfaction included seven different options. The control variables were also included in the study because of their potential statistical confounds. For control variables, gender and MS were classified as dichotomous variables. Four categories for EDUC and OT were used for coding.

All questionnaires were subjected to pilot studies. The Time I questionnaire was subjected to a pilot study that included five flight attendants. This was repeated for the Time II and Time III questionnaires. The purser questionnaires were also tested with a pilot study that included five pursers. The results showed that all respondents did not report any problems regarding the understandability of items.

## 4.4 Analytic Strategy

The present thesis takes into consideration the guidelines provided by Anderson and Gerbing's (1988) two-step approach. Using this approach is not new. This approach

consists of the assessment of the measurement and structural or hypothesized models. An analysis of the literature demonstrates that various studies have used this in the assessment of the same constructs (e.g., Bouzari & Karatepe, 2015; Gupta & Singh, 2014; Karatepe & Karadas, 2016; Xanthopulou et al, 2007).

In the first step, the measurement model that includes eight latent variables (i.e., servant leadership, self-efficacy, hope, resilience, optimism, service recovery performance, life satisfaction) is tested via confirmatory factor analysis. This enables the researcher to demonstrate the results about convergent and discriminant validity as well as composite reliability (see for example Anderson & Gerbing, 1988). In the second step, the hypothesized model is tested through structural equation modeling. According to Bagozzi and Yi (2012), using structural equation modeling has several important benefits. Specifically, it "...helps researchers to be more precise in their specification of hypotheses and operationalizations of constructs...guides exploratory and confirmatory research in a manner combining self-insight and modeling skills with theory. Works well under the philosophy of discovery or the philosophy of confirmation...is useful in experimental or survey research, cross-sectional or longitudinal studies, measurement or hypothesis testing endeavors, within or across groups and institutional or cultural contexts..." (p. 12).

In agreement with similar empirical studies (e.g., Karatepe & Karadas, 2014; Karatepe & Vatankhah, 2014), this thesis uses Sobel test to report the results of hypotheses about the mediating effects. Consistent with similar empirical studies in the existing literature (e.g., Karatepe & Kaviti, 2015; Nunkoo & Ramkissoon, 2012), the  $\chi^2/df$ , CFI, PNFI, SRMR, and RMSEA were considered in the evaluation of

model fit statistics. Analyses mentioned above were carried out via LISREL 8.30 (Joreskog & Sorbom, 1996).

Other statistical analyses such as correlations of all observed variables were presented in the results chapter likewise frequencies were used to report the results about flight attendants' profile.

## Chapter 5

## **RESULTS**

Traditionally, the current chapter includes the findings about the characteristics of the respondents. Then, this chapter gives the findings about the psychometric properties of the measures. This includes an analysis of convergent and discriminant validity and internal reliability consistency based on composite reliability. These are reported through confirmatory factor analysis. Lastly, this chapter shows the findings about the research hypotheses.

## 5.1 Respondents' Characteristics

Table 1 shows the characteristics of the respondents in terms of age, EDUC, gender, OT, and MS. As expected, the study sample included 113 female (56.5%) and 87 (43.5%) male respondents (flight attendants). Among these, 59 (29.5%) were aged between 18 and 27 years and 120 (60.0%) were aged between 28 and 37 years. Twenty-one (10.5%) respondents were older than 37 years. In terms of education, 11 (5.5%) respondents reported having secondary and high school education. Forty-five (22.5%) respondents had two-year college degrees and 113 (56.5%) four-year college degrees. The rest of the respondents had graduated degrees. Twenty-five (12.5%) respondents had tenure of one year or less. Ninety-two (46.0%) respondents reported having tenure between one and five years and 70 (35.0%) between six and ten years. The rest of the respondents belonged to the organizational tenure group

that ranged from 11 to 15 years. In addition to these findings, the demographic breakdown of the sample included 119 (59.5%) respondents who were not married.

Table 1: Subject Profile (n = 200)

Variables percentage	# of respondents	<u>Valid</u>
Age		
18-27	59	29.5
28-37	120	60.0
38-47	21	10.5
Gender		
Male	87	43.5
Female	113	56.5
Education		
Secondary and high school	11	5.5
Two-year college degree	45	22.5
Four-year college degree	113	56.5
Graduate degree	31	15.5
Organizational tenure		
Less than 1 year	25	12.5
1-5	92	46.0
6-10	70	35.0
11-15	13	6.5
Marital status		
Single or divorced	119	59.5
Married	81	40.5

# 5.2 Convergent Validity, Discriminant Validity, and Composite Reliability

## **5.2.1 Convergent Validity**

Convergent validity of the measures is checked based on the findings of confirmatory factor analysis. Specifically, all measures were analyzed through confirmatory factor analysis. The results showed that several items were to be discarded due to several measurement issues. Therefore, three items from each of the work engagement, resilience, and optimism measures were discarded. Two items from each of the servant leadership and life satisfaction measures were discarded,

while one item from each of the self-efficacy and hope measures was deleted. Discarding items that cannot represent their underlying dimensions is consistent with a number of studies in the literature (e.g., Boshoff & Allen, 2000; Karatepe & Karadas, 2014; Karatepe & Vatankhah, 2014). After this stage of the analysis, model fit statistics was checked. Consequently, there was an acceptable fit of the eightfactor measurement model to the data ( $\chi^2 = 866.55$ , df = 499;  $\chi^2 / df = 1.74$ ; CFI = .90; PNFI = .70; SRMR = .066; RMSEA = .061). All factor loadings were greater than .50 and significant. All items loaded on their designated dimensions / factors. All average variances extracted by latent variables were greater than 0.50. In short, the results provided evidence for convergent validity.

#### **5.2.2 Discriminant Validity**

This thesis utilized Fornell and Larcker's (1981) criteria to assess discriminant validity of the measures. When the average variance extracted by each latent variable was compared with the shared variance between constructs, there was evidence for discriminant validity, because the average variance extracted by each latent variable was greater than its shared variance with any other variable.

#### **5.2.3** Composite Reliability

According to Bagozzi and Yi (1988), composite reliability should be equal to or greater than .60 so that each measure will exhibit an acceptable reliability score. The results showed that composite reliability for each latent variable was greater than .60. That is, composite reliability scores were as follows: servant leadership .82, self-efficacy .85, hope .85, resilience .70, optimism .81, work engagement, .91, service recovery performance .80, and life satisfaction .85. These results indicated that all measures were reliable.

#### **5.2.4** Correlations of Observed Variables

Table 2 shows means, standard deviations, and correlations of all observed variables. All correlations among study variables were significant, excluding the one between resilience and life satisfaction. The results demonstrated significant correlations between control variables and several study variables. For example, older and better educated flight attendants as well as the ones with longer tenure reported low levels of hope. Better educated flight attendants were also low in optimism. Better educated flight attendants reported unfavorable perceptions of servant leadership. This may be due to the lack of specific HPWPs that may be one of the signals of a resourceful work environment or servant leadership. On the other hand, flight attendants who were married were high in optimism. It appears that marital status is an additional resource for flight attendants.

Table 2: Means, Standard Deviations, and Correlations

Variables	1	2	3	4	5	6	7	8	9	10	11	12	13
1. Age	-												
2. Gender	143*	-											
3. Education	.123*	.071	-										
4. Organizational tenure	.547**	066	.007	-									
5. Marital status	.395**	016	073	.434**	-								
6. Servant leadership	102	.010	218**	037	.022	-							
7. Self-efficacy	.039	110	.061	040	.072	$.157^{*}$	-						
8. Hope	138 <sup>*</sup>	049	144*	122*	.074	.374**	.366**	-					
9. Resilience	.070	009	.007	.074	.097	.121*	.342**	.210**	-				
10. Optimism	.071	031	117*	.037	.155*	.345**	.356**	.560**	.339**	-			
11. Work engagement	.092	056	164**	.049	.176**	.322**	.361**	.504**	.274**	.565**	_		
12. Service recovery performance	$.117^{*}$	.054	.005	.138*	.130*	.322**	.284**	.355**	.196**	.365**	.493**	_	
13. Life satisfaction	016	.012	226**	.056	.166**	.382**	.137*	.521**	.057	.483**	.560**	.320**	-
Mean	1.81	.57	3.82	2.36	.41	2.65	4.60	4.25	4.84	4.25	4.00	3.10	4.01
Standard deviation	.61	.50	.76	.78	.49	.93	.83	.97	.86	1.09	1.35	.58	1.46

Notes: p < .05, \*\* p < .01 (one-tailed test)

The results further showed that better educated flight attendants reported lower work engagement and life satisfaction. This may be because of the fact that the expectations of better educated flight attendants in the workplace are not met sufficiently. According to the results in Table 2, older and married flight attendants as well as the ones with longer tenure reported higher service recovery performance. It seems that such flight attendants have learnt how to manage passenger requests and problems successfully. Lastly, married flight attendants had better life satisfaction. As highlighted above, marital status seems to be an additional resource for flight attendants.

## **5.3 Tests of Research Hypotheses**

Table 3 presents the results about the relationships among study constructs. The results showed that the model fit the data well. That is, the model fit statistics was as follows: ( $\chi^2 = 527.05$ , df = 287;  $\chi^2 / df = 1.84$ ; CFI = .92; PNFI = .67; SRMR = .065; RMSEA = .065).

As shown in Table 3, self-efficacy, hope, resilience, and optimism are significant indicators of PsyCap. Hypothesis 1 predicts that servant leadership has a positive effect on PsyCap. This hypothesis is supported, because servant leader positively influences PsyCap. Hypothesis 2 is not supported, since servant leadership does not significantly affect work engagement. Hypothesis 3 predicts that PsyCap has a positive impact on work engagement. The results from structural equation modeling provide support for hypothesis 3. When the mediating role of PsyCap is considered, hypothesis 4 is also supported. Broadly speaking, the results based on Sobel test in Table 3 indicate that PsyCap is a complete mediator between servant leadership and PsyCap.

Hypotheses 5a and 5b are supported based on the results provided by structural equation modeling. That is, PsyCap positively influences service recovery performance (hypothesis 5a) and life satisfaction (hypothesis 5b). This is also observed for hypotheses 6a and 6b. In other words, hypothesis 6a and 6b are also supported, because WE is positively associated with service recovery performance (hypothesis 6a) and life satisfaction (hypothesis 6b). Lastly, WE has a partial mediating in the association between PsyCap and service recovery performance and life satisfaction based on Sobel test. Hence, hypotheses 7a (PsyCap → WE → service recovery performance) and 7b (PsyCap → WE → life satisfaction) are supported.

The results further show that better educated flight attendants have unfavorable perceptions of servant leadership, while they are less engaged in their work. Flight attendants with longer tenure report better service recovery performance, while married flight attendants have better life satisfaction.

The results explain 7% of the variance in servant leadership, 29% in PsyCap, 57% in work engagement, 38% in service recovery performance, and 54% in life satisfaction. No confounding effects due to the inclusion of control variables have been observed.

Table 3: Main Results

Rese	arch hypotheses t-value	Estimate
H1	Servant leadership $\rightarrow$ Psychological capital ( $\beta$ ) 4.18	.50
H2	Servant leadership $\rightarrow$ Work engagement ( $\beta$ )	02
НЗ	26 Psychological capital → Work engagement (β)	.74
H5a	5.36 Psychological capital → Service recovery performance (β) 2.65	.39
H5b	Psychological capital $\rightarrow$ Life satisfaction ( $\beta$ ) 3.37	.45
Н6а	Work engagement $\rightarrow$ Service recovery performance ( $\beta$ ) 2.00	.25
H6b	Work engagement $\rightarrow$ Life satisfaction ( $\beta$ ) 2.67	.29
	Self-efficacy $\leftarrow$ Psychological capital ( $\lambda$ )	.48
	Hope ← Psychological capital (λ) 6.21	.77
	Resilience ← Psychological capital (λ) 3.90	.34
	Optimism ← Psychological capital (λ) 6.18	.75
H4 H7a H7b	Servant leadership → Psychological capital → Work engagement Psychological capital → Work engagement → Service recovery performance Psychological capital → Work engagement → Life satisfaction	<b>z-score</b> 3.27 1.81 2.36
Educat Organi	ion $\rightarrow$ Servant leadership ( $\gamma$ )23 -2.87 ion $\rightarrow$ Work engagement ( $\gamma$ )12 -1.91 zational tenure $\rightarrow$ Service recovery performance ( $\gamma$ ) .15 1.78 status $\rightarrow$ Psychological capital ( $\gamma$ ) .18 2.08	
Psycho Work e Service	t leadership .07 llogical capital .29 engagement .57 e recovery performance .38 tisfaction .54	
Model	tisfaction .54  fit statistics: 7.05, $df = 287$ ; $\chi^2 / df = 1.84$ ; CFI = .92; PNFI = .67; SRMR = .065; RMSEA = .065	

**Notes:** one-tailed test t > 1.65, p < .05; and t > 2.33, p < .01. CFI = Comparative fit index; PNFI = Parsimony normed fit index; SRMR = Standardized root mean square residual; RMSEA = Root mean square error of approximation. \*Fixed to 1.00

## Chapter 6

## **DISCUSSION**

The present chapter gives a theoretical discussion of the findings reported in chapter 5. The theoretical discussion is followed by limitations of the empirical study and implications for prospective investigation. After presenting the methodological concerns associated with the empirical study, management implications that can be considered useful are presented.

## **6.1 Theoretical Implications**

The study examined PsyCap as a mediator. This study also assessed WE as a mediating variable by testing these mediating mechanisms. The motivational role of the JD-R model has served as a theoretical underpinning to develop these relationships (Bakker & Demerouti, 2008; Xanthopolou et al., 2007).

The first contribution of the empirical study is related to the consideration of servant leadership as an antecedent to PsyCap, which is an important personality variable or PR. As mentioned in Avey et al.'s (2011) meta-analytic study and Newman et al.'s (2014) review, there is little empirical evidence about the factors influencing employees' PsyCap. This is especially critical for employees working in frontline service jobs (Bouzari & Karatepe, 2015). Specifically, flight attendants have intense contact with passengers and have to meet passenger expectations (Chen & Kao, 2012; Yeh, 2012). If possible, they have to exceed passenger expectations during service delivery process (Karatepe & Vatankhah, 2014; Kim & Park, 2014). If this is

the case, then these flight attendants have to work in an environment where there are servant leaders focusing on the needs of their followers via personal integrity. Servant leaders trying to establish long-term relationships with their followers are likely to boost PsyCap. In other words, servant leadership is likely to boost flight attendants' self-efficacy, hope, resilience, and optimism.

The results of this study provide evidence for the relationship between servant leadership and PsyCap. Servant leadership has a strong positive effect on flight attendants' PsyCap. Flight attendants who perceive that supervisors/managers practice servant leadership in the organization have self-efficacy beliefs, are hopeful and resilient, and are optimistic. In short, the results contribute to the PsyCap research, since the potential antecedents of PsyCap have received little empirical attention in the extant literature.

The second contribution of the empirical study is related to the test of the consequences of PsyCap. It has been documented that JS, organizational commitment, job performance, and TI are the outcomes of PsyCap (e.g., Avey et al., 2011; Luthans et al., 2008). However, it appears that empirical research about the effect of PsyCap on WE, service recovery performance, and life satisfaction is limited (Karatepe & Karadas, 2016; Nigah et al, 2012). More importantly, there is limited evidence about the joint effects of self-efficacy, hope, resilience, and optimism on WE, service recovery performance, and life satisfaction in frontline service jobs (Gupta & Singh, 2014; Karadas & Karatepe, 2015; Karatepe & Karadas, 2016).

This study responds to these calls for research about the consequences of PsyCap. The results indicate that PsyCap enhances flight attendants' WE. Flight attendants with high PsyCap feel energetic, are enthusiastic, and do not know how time flies while working. The results pertaining to the effects of PsyCap and WE is in agreement with what is reported by Nigah et al. (2012).

The results also indicate that PsyCap enhances flight attendants' service recovery performance and life satisfaction. Flight attendants should always be ready to serve the needs of passengers. Therefore, they should have the personality traits needed for effective service delivery (Karatepe & Vatankhah, 2014) and should be motivated to do so (Ng, Sambasivan, & Zubadiah, 2011). In this study, it is evident that flight attendants with high PsyCap can respond to passenger requests successfully. It is also evident that flight attendants have higher life satisfaction when they are high in PsyCap. In short, these results add to what is already known about the consequences of PsyCap.

The third contribution of the study is related to the selection of the sample and the region. The relationships mentioned above have not been tested before using a sample of flight attendants in Iran, an underrepresented country in airline-related studies (cf. Karatepe & Vatankhah, 2014). Therefore, this thesis reports the results of the empirical study through data collected from flight attendants with a two-week time lag in three waves and their pursers in Iran.

The results indicate that servant leadership positively influences WE only through PsyCap. That is, servant leadership increases flight attendants' PsyCap that in turn leads to higher WE. This is consistent with the principles of the motivational role of

the JD-R model that refers to the JRs  $\rightarrow$  PRs  $\rightarrow$  WE relationship (Bakker & Demerouti, 2008; Karatepe et al., 2010; Karatepe & Olugbade, 2009; Xanthopoulou et al., 2007). The results show that PsyCap positively influences service recovery performance and life satisfaction directly or indirectly through WE. Again this is consistent with the principles of the motivational role of the JD-R model (Karatepe, 2014; Karatepe & Karadas, 2016).

## **6.2 Limitations and Implications for Future Research**

The results of this study suggest that PsyCap is a complete mediator in the association between servant leadership and WE. The results also suggest that WE partially mediates the impacts of the indicators of PsyCap on service recovery performance and life satisfaction. As is the case with every empirical study, there are several limitations that stress the need for directions for potential research. First, the empirical investigation obtained data from flight attendants with a time lag of two weeks in three waves. This may give some evidence about the issue of causality. However, it is not enough. Therefore, there is a need for using a longer period of time to have evidence about causality. Second, this study collected data from flight crews in the private airline companies. If possible, collecting data from flight attendants in the public airline companies in Iran would enable the researcher to make a comparison.

Third, service recovery performance and life satisfaction were the consequences used in this study. Family satisfaction, actual turnover, and work-related depression can be considered in future studies. For example, family satisfaction is defined as "an affective state resulting from one's assessment of family aspects of his or her life in general" (Karatepe & Baddar, 2006, p. 1018). The presence of servant leadership

may foster flight attendants' family satisfaction. In addition, flight attendants high in PsyCap and WE may display higher family satisfaction. As stated by Karatepe and Tizabi (2011), work-related depression appears to be a common problem among employees who have intense direct contact with customers. Flight attendants are also likely suffer from work-related depression. Servant leadership and PsyCap may be potential remedies for alleviating such a health-related problem. In short, future research can include the abovementioned outcomes in the research model to ascertain their relationships with servant leadership, PsyCap, and WE.

Fourth, if possible, future research can obtain data from flight attendants in different countries such as Iran, China, and the United States. That is, future research can consider a cross-national study to ascertain the differences and/or similarities among the samples. As a final note, replication studies using larger samples in different service settings are likely to enhance our understanding about the relationships in the study model and contribute to the database in this research stream.

## **6.3 Management Implications**

Using the results emerging from the current empirical investigation, this study offers several management implications for the airline industry. First, the results clearly suggest that servant leadership triggers flight attendants' self-efficacy, hope, resilience, and optimism. In simple terms, it can be concluded that managers and/or supervisors should demonstrate leadership skills that are related to the nature of servant leadership. For example, they should show that they focus more on subordinates. This can be done through the investment in various HPWPs such as offering new career opportunities, providing quality training programs, and using

selective staffing procedures. Such practices are also likely to give messages to various parties that management really invests in delivery of service quality.

Second, the results also suggest that self-efficacy, hope, resilience, and optimism jointly increase flight attendants' work engagement. Management needs to provide various training programs to increase flight attendants' PsyCap. This can be implemented through case studies. Such training programs can focus on quality in service delivery process and effective complaint handling. When flight attendants have the authority to deal or cope with passenger complaints or requests, they are likely to find that they do something which is important and meaningful.

Third, the results suggest that flight attendants high in PsyCap and WE report higher levels of service recovery performance and life satisfaction. Management should use selective staffing techniques to be able to hire individuals who are likely to meet the requirements of in-flight service jobs. One formula for this can be the continuous use of the PsyCap questionnaire. When management uses the PsyCap questionnaire in this process, it may be possible to understand the candidates' self-efficacy, hope, resilience, and optimism.

Fourth, the results demonstrate that marital status is positively associated with optimism, WE, service recovery performance, and life satisfaction. Good marriage is a resource according to conservation of resources theory (Hobfoll, 1989). Married flight attendants are likely to be optimistic, be highly engaged in their work, deal with passengers successfully, and display higher life satisfaction. Therefore, management may try to hire individuals who are married and do not appear to report family-related problems.

## Chapter 7

## CONCLUSION

This thesis tests an underresearched personality trait or personal resource in in-flight jobs. Specifically, a research model is developed that tests PsyCap and WE as the two mediating mechanisms. Unlike the bulk of related studies, the thesis tests these relationships through data gathered from flight attendants and their pursers in Iran.

The results demonstrate that servant leadership enhances flight attendants' self-efficacy, hope, resilience, and optimism. Flight attendants high in PsyCap in turn display higher WE. These results are related to PsyCap as a mediator between servant leadership and WE. That is, servant leadership is linked to WE only through PsyCap.

The results also demonstrate that PsyCap boosts flight attendants' service recovery performance and life satisfaction. Flight attendants who are high in PsyCap are able to deal with passenger demands and complaints successfully and have higher life satisfaction. This is also observed for flight attendants who have high levels of WE. That is, WE enhances flight attendants' service recovery performance and life satisfaction. These results clearly demonstrate that PsyCap influences service recovery performance and life satisfaction directly and indirectly through WE.

This thesis has offered a number of managerial implications in the airline industry that may prove useful. This thesis has also presented limitations of the study and offered potential implications for future research.

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## **APPENDIX**

#### FIELD STUDY IN THE AIRLINE INDUSTRY IN IRAN

Dear Respondent:

This study which is initiated by university-based researchers is aimed to better understand your daily experiences at work. Therefore, we kindly request that you self-administer this questionnaire.

There are no right or wrong answers in this questionnaire. Any sort of information collected during our research will be kept in confidential. Participation is voluntary but encouraged. Management of your company fully endorses participation. We appreciate your time and participation in our research very much.

If you have any questions about our research, please do not hesitate to contact Mrs. Niusha Talebzadeh through her e-mail address: niushatalebzadeh@yahoo.com.

Thank you for your kind cooperation.

## **Research Team:**

Prof. Dr. Osman M. Karatepe Niusha Talebzadeh

## Address:

Faculty of Tourism
Eastern Mediterranean University
Gazimagusa, TRNC
Via Mersin 10, Turkey

#### SECTION I.

Please indicate your disagreement or agreement with each statement by crossing the number using the following five-point scale:

- (1) I strongly disagree(2) I disagree(3) I am undecided

  - (4) I agree(5) I strongly agree

<b>01.</b> Management constantly communicates the importance of service.		2	3	4	5
<b>02.</b> Management regularly spends time "on the floor" with flight attendants.		2	3	4	5
<b>03.</b> Management is constantly measuring service quality.		2	3	4	5
<b>04.</b> Management shows that they care about service by constantly giving of					
themselves.	1	2	3	4	5
<b>05.</b> Management provides resources, not just "lip service", to enhance flight					
attendant ability to provide excellent service.	1	2	3	4	5
<b>06.</b> Managers give personal input and leadership into creating quality service.	1	2	3	4	5

## SECTION II.

Please indicate your answer by placing a  $(\sqrt{\ })$  in the appropriate alternative.

1. How old are you?	<b>2.</b> What is your gender?
18-27 ( ) 28-37 ( ) 38-47 ( )	Male ( ) Female ( )
<b>3.</b> What is the highest level of working in education you completed?	<b>4.</b> How long have you been this hotel?
Secondary and high school ( ) Vocational school (two-year program) ( ) University first degree ( ) Master or Ph.D. degree ( )	Under 1 year ( ) 1-5 years ( ) 6-10 years ( ) 11-15 years ( )
5. What is your marital status?  Single or divorced ( ) cooperation. Married ( )	Thank you for your kind

#### A FIELD STUDY IN THE AIRLINE INDUSTRY IN IRAN

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Thank you for your kind cooperation.

**Research Team:** 

Prof. Dr. Osman M. Karatepe Niusha Talebzadeh

Address:

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Gazimagusa, TRNC
Via Mersin 10, Turkey

## **SECTION I.**

Below are statements that describe how you may think about yourself right now. Use the following scales to indicate your level of agreement or disagreement with each statement:

- (1) I strongly disagree
- (2) I disagree
- (3) Somehow I disagree
- (4) Somewhat I agree
- (5) I agree
- (6) I strongly agree

<b>01.</b> Psychological Capital (Copyright by Luthans et al., 2007).	1	2	3	4	5	6
<b>02.</b> Psychological Capital.	1	2	3	4	5	6
<b>03.</b> Psychological Capital.	1	2	3	4	5	6
<b>04.</b> Psychological Capital.	1	2	3	4	5	6
<b>05.</b> Psychological Capital.	1	2	3	4	5	6
<b>06.</b> Psychological Capital.	1	2	3	4	5	6
<b>07.</b> Psychological Capital.	1	2	3	4	5	6
<b>08.</b> Psychological Capital.	1	2	3	4	5	6
09. Psychological Capital.	1	2	3	4	5	6
10. Psychological Capital.	1	2	3	4	5	6
11. Psychological Capital.	1	2	3	4	5	6
12. Psychological Capital.	1	2	3	4	5	6
13. Psychological Capital.	1	2	3	4	5	6
14. Psychological Capital.	1	2	3	4	5	6
15. Psychological Capital.	1	2	3	4	5	6
<b>16.</b> Psychological Capital.	1	2	3	4	5	6
17. Psychological Capital.	1	2	3	4	5	6
18. Psychological Capital.	1	2	3	4	5	6
19. Psychological Capital.	1	2	3	4	5	6
<b>20.</b> Psychological Capital.	1	2	3	4	5	6
21. Psychological Capital.	1	2	3	4	5	6
22. Psychological Capital.	1	2	3	4	5	6
23. Psychological Capital.	1	2	3	4	5	6
24. Psychological Capital.	1	2	3	4	5	6

#### **SECTION II.**

The following statements are about how you feel at work. Please read each statement carefully and decide if you ever feel this way about your job. If you have never had this feeling, cross the "0" (zero) in the space after the statement. If you have had this feeling, indicate how often you felt it by crossing the number (from 1 to 6) that best describes how frequently you feel that way.

- (0) Never
- (1) Almost never (a few times a year or less)
  - (2) Rarely (once a month or less)
  - (3) Sometimes (a few times a month)
    - (4) Often (once a week)
  - (5) Very often (a few times a week)
    - (6) Always (Every day)

<b>25.</b> At my work, I feel bursting with energy.	0	1	2	3	4	5	6
<b>26.</b> At my job, I feel strong and vigorous.	0	1	2	3	4	5	6
<b>27.</b> I am enthusiastic about my job.	0	1	2	3	4	5	6
<b>28.</b> My job inspires me.	0	1	2	3	4	5	6
<b>29.</b> When I get up in the morning, I feel like going to work.	0	1	2	3	4	5	6
<b>30.</b> I feel happy when I am working intensely.	0	1	2	3	4	5	6
<b>31.</b> I am proud of the work that I do.	0	1	2	3	4	5	6
<b>32.</b> I am immersed in my work.	0	1	2	3	4	5	6
<b>33.</b> I get carried away when I am working.	0	1	2	3	4	5	6

Thank you for your kind cooperation.

#### A FIELD STUDY IN THE AIRLINE INDUSTRY IN IRAN

Dear Respondent:

This study which is initiated by university-based researchers is aimed to better understand your daily experiences at work. Therefore, we kindly request that you self-administer this questionnaire.

There are no right or wrong answers in this questionnaire. Any sort of information collected during our research will be kept in confidential. Participation is voluntary but encouraged. Management of your company fully endorses participation. We appreciate your time and participation in our research very much.

If you have any questions about our research, please do not hesitate to contact Mrs. Niusha Talebzadeh through her e-mail address: niushatalebzadeh@yahoo.com.

Thank you for your kind cooperation.

## **Research Team:**

Prof. Dr. Osman M. Karatepe Niusha Talebzadeh

#### Address:

Faculty of Tourism
Eastern Mediterranean University
Gazimagusa, TRNC
Via Mersin 10, Turkey

Please indicate your disagreement or agreement with each statement by crossing the number using the following seven-point scale:

- (1) I strongly disagree
- (2) I disagree

- (3) I slightly disagree(4) I am undecided

- (5) I slightly agree(6) I agree(7) I strongly agree

<b>01.</b> In most ways my life is close to my ideal.	1	2	3	4	5	6	7
<b>02.</b> The conditions of my life are excellent.	1	2	3	4	5	6	7
<b>03.</b> I am satisfied with my life.	1	2	3	4	5	6	7
<b>04.</b> So far I have gotten the important things I want in my life.	1	2	3	4	5	6	7
<b>05.</b> If I could live my life over, I would change almost nothing.	1	2	3	4	5	6	7

Thank you for your kind cooperation.

#### A FIELD STUDY IN THE AIRLINE INDUSTRY IN IRAN

#### Dear Respondent:

The purpose of this research is to obtain information regarding flight attendants' performance under your supervision. Therefore, each questionnaire (to be self-administered by you) will belong to each flight attendant who is supervised by you.

There are no right or wrong answers in this questionnaire. Any sort of information collected during our research will be kept in confidential. Participation is voluntary but encouraged. Management of your company fully endorses participation. We appreciate your time and participation in our research very much.

If you have any questions about our research, please do not hesitate to contact Mrs. Niusha Talebzadeh through her e-mail address: niushatalebzadeh@yahoo.com.

Thank you for your kind cooperation.

#### **Research Team:**

Prof. Dr. Osman M. Karatepe Niusha Talebzadeh

#### Address:

Faculty of Tourism
Eastern Mediterranean University
Gazimagusa, TRNC
Via Mersin 10, Turkey

Please indicate your disagreement or agreement with each statement by crossing the number using the following five-point scale:

(1) I strongly disagree

- (2) I disagree(3) I am undecided(4) I agree(5) I strongly agree

<b>01.</b> Considering all the things this flight attendant does, he/she handles					
dissatisfied passengers quite well.	1	2	3	4	5
<b>02.</b> This flight attendant doesn't mind dealing with complaining passengers.	1	2	3	4	5
<b>03.</b> No passenger this flight attendant deals with leaves with problems					
unresolved.	1	2	3	4	5
<b>04.</b> Satisfying complaining passengers is a great thrill to this flight attendant.	1	2	3	4	5
<b>05.</b> Complaining passengers this flight attendant has dealt with in the past are					
among today's most loyal passengers.	1	2	3	4	5

Thank you for your kind cooperation.