

**The Benefits of Leader Happiness: A Parallel Mediation Model
Linking Employee Happiness, LMX, and Work Engagement**

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Abstract

It is an increasingly popular assumption that leader happiness may positively affect employee behaviors and, in turn, employee engagement. Yet, little empirical evidence is available on the mechanism of the link between leader happiness and employee outcomes. Against this backdrop, drawing upon social exchange theories, we develop and test a parallel mediation model of leader happiness. Drawing upon questionnaire data obtained from 214 Malaysian employees and their 77 immediate supervisors, we propose that leader happiness enhances employee engagement and that this relationship is explained by increased employee happiness and high-quality LMX. Results provide consistent support for our hypotheses. In sum, these findings expand our understanding of happiness to the domain of organizational leadership.

Keywords: Happiness, leader-member exchange, work engagement, parallel mediation

The Benefits of Leader Happiness: A Parallel Mediation Model

Linking Employee Happiness, LMX, and Work Engagement

Organizations today hunt for engaged employees. These employees exhibit increased levels of self-efficacy in devoting their energy towards their own career (Bakker, 2009; Bakker & Schaufeli, 2008). They are described as having high levels of energy, mental resilience, positive work attitude, and identification and absorption with one's role in the organization (Bakker & Demerouti, 2008; Leiter & Bakker, 2010). Given these attributes, such employees are deemed as great assets to organizations, as work engagement is reported to be related to several important outcomes (Christian, Garza, & Slaughter, 2011). In view of the pertinence of work engagement, it is equally essential to identify the antecedents of work engagement. One such emerging antecedent is positive psychological constructs such as happiness (Singh, David, & Mikkilineni, 2018). Ensuing this call, we designed a study that incorporated the Affective Events Theory (AET, Weiss & Cropanzano, 1996) and Emotion Contagion Theory (Hatfield, Cacioppo, & Rapson, 1994) to integrate the three paradigms of leadership literature--happiness, leader-member exchange (LMX), and work engagement--to address the research question: Can happy leaders promote their follower engagement? With this focus, our study aims to make the following three key contributions:

First, we are aware of no research that has combined the three bodies of leadership literature mentioned above. While there are some studies that have been conducted, those studies examined the relationship among those constructs in seclusion. Second, most studies employed a single perspective to comprehend the antecedent of work engagement. In this study, we utilize both perspectives—supervisor and subordinate—to understand work engagement. Third, there is a relative paucity of research recognizing the underlying process through which leaders can

influence subordinates' engagement. We suggest LMX and employee happiness as potential mediators between leader's happiness and followers' engagement. This suggestion is based on the notion that these constructs have been found to serve as a mediator for various antecedents of leader-follower relationships and consequences (Dulebohn, Bommer, Liden, Brouer, & Ferris, 2012; Singh et al., 2018). Hence, we develop a parallel-mediation model (Preacher, Rucker, & Hayes, 2007), which conjointly studies LMX and employee happiness as a mediator to enhance the theoretical validity and exactness of the employee engagement literature. Figure 1 summarizes the theoretical framework of the study.

Insert Figure 1 about here

Theoretical Background and Hypotheses¹

Work engagement is conceptualized as employees' attitude towards work characterized by high involvement, engrossment, and a positive mood, and has been found to be driven by job characteristics (Bakker & Demerouti, 2008). In the early work by Kahn (1990), engaged employee were portrayed as individuals who were deeply devoted to their work roles. Moving forward, scholars conceptualized this construct as productive work-related state of mind, which involves the display of vigor, dedication, and absorption (Schaufeli & Bakker, 2004). On the other hand, practitioners went on to characterize work engagement as the portrayal of organizational commitment and extra-role behavior (Bakker, Albrecht, & Leiter, 2011). Despite the divergence in definition, engaged employees have been consistently found to be more proactive, spirited, enthusiastic, and dedicated to high performance standards (Bakker et al., 2011).

¹ We used the terms "supervisor" and "leader" interchangeably throughout the manuscript. Similarly, we used the terms "subordinate," "employee," and "follower" interchangeably throughout the manuscript.

In view of the importance of having engaged employees, past studies set out to identify the probable antecedents of engagement. The findings have been grouped into two main categories: *job resources* (e.g., social support, autonomy) and *personal resources* (e.g., psychological capital; Bakker et al., 2011; Bakker, 2011). Subsequent studies have reported consistent results that support the notion that job and personal resources enable work engagement. Despite consistency in results, there remains countless areas that necessitate further investigations (Bakker et al., 2011).

There is a remarkable gap on exactly how leaders can impact followers' level of engagement (Carasco-Saul, Kim, & Kim, 2015; Gutermann, Lehmann-Willenbrock, Boer, Born, & Voelpel, 2017). While there are a handful of studies that investigated the influence of leadership--mainly transformational and transactional leadership--on employee engagement (e.g., see Table 1 in Carasco-Saul et al., 2015), there remains much to be discovered on how some leaders successfully engage their followers whereas others fail?

One such area is the role of leader's affect in facilitating employee engagement. Hence, the chief goal of this study was to investigate the link between leaders' own happiness and their employees' engagement through LMX and their employees' happiness. As mentioned earlier, several studies have examined the relationship among the above-mentioned constructs, but in isolation. Thus we intend to fill this gap by testing the role of employee happiness and LMX as parallel mediators in predicting the relationship between leader happiness and employee engagement in an integrated model (see Figure 1).

The Mediating Role of Employee Happiness

Happiness or joy is one of the six basic emotions outlined in the AET (Ekman, 1992). Generally, this emotion is demarcated as a recurrent experience of positive affect and a reduced

experience of negative affect related to life satisfaction (Diener Sandvik, Pavot, & Gallagher, 1991). Happiness is not limited to general life but can be experienced at work as well. Happiness at work is described as a positive feeling towards the job and the organization (Fisher, 2010). Salas-Vallina López-Cabrales, Alegre, and Fernández (2017) conceptualized happiness as a three-dimensional construct which includes engagement, job satisfaction, and affective organizational commitment. Undeniably, engagement and happiness are closely intertwined. Yet, the two constructs are distinctly different. Schaufeli and Salanova (2010) have differentiated happiness as a general emotional state that is not necessarily associated with specific context, whereas engagement is defined as an attitude related to work.

The influence of leader affect such as happiness on followers can be explained using two prominent theories associated with affect: the AET and emotion contagion theory. Leaders and followers interact, and these interactions serve as affective events (Ballinger & Rockmann, 2010; Cropanzano, Dasborough, & Weiss, 2017). In most cases, leaders are the transmitters of moods and followers are the receivers of moods (Sy, Côté, & Saavedra, 2005). Leaders' affective display in such interactions is said to have a corresponding implication on their followers' affect (e.g., Bono & Ilies, 2006) and behavior (e.g., Dasborough & Ashkanasy, 2002).

The transference of emotion between leader and follower happens through the process of emotional contagion (Hatfield et al., 1994). According to emotion contagion theory, when a person (sender) expresses certain emotion, this emotion is recognized, understood, and consequently expressed by the receiver in a congruent manner as the specific emotion (Doherty, 1997; Hatfield, Rapson, & Lee, 2009). For instance, employees tend to experience a heightened positive emotion when they work with leaders who express positive emotions (Sy et al., 2005).

The emotional contagion process is an imperative mechanism for leadership influence (Tee, 2015). Leaders are highly prominent members within organizations or work units and their prominence facilitates the emotional contagion process in two ways. Succinctly, their position creates opportunities for them to express their emotions (Butt & Choi, 2010) and their salience allows their emotions to be detectable by others (Hatfield et al., 1994)--hence, activating the contagion process.

Consequent to the emotion contagion process, employees are expected to experience changes in their attitudes and behavior. As extensively revealed by researches based on AET (e.g., Weiss & Cropanzano, 1996; Visser, van Knippenberg, van Kleef, & Wisse, 2013), an individual's affective conditions such as happiness can influence their attitude and behavior. For instance, Visser et al. (2013) found that leaders' display of happiness heightened their followers' happiness and led to improved creative performance. It is important to note that improvement in follower's performance was only evident when leaders' expression of affect elicits positive emotions among followers (Damen, van Knippenberg & van Knippenberg, 2008).

Fundamentally, such positive affect can lead individuals to engage in gratifying work behavior (Singh et al., 2018) such as work engagement. Hence, we hypothesize:

Hypothesis 1: Happiness (reported by employees) mediates the relationships between happiness (reported by supervisors) and work engagement (reported by employees), such that the effect of supervisor happiness is significantly smaller or non-significant after the effect of employee happiness is controlled for.

The Mediating Role of LMX

According to the Social Exchange Theory (Blau, 1964), subordinates strive to repay their leaders who treat them with respect and benevolence--paving the path for high-quality LMX

(Liang, Ling, & Hsieh, 2007). LMX denotes reciprocal exchange relationship grounded on shared trust, deference, and commitments between leaders and each of their followers (Graen & Scandura, 1987). It is important to build such mutually supportive supervisor-subordinate relationships in order to attain necessary work outcomes (Bhal & Ansari, 2000; Graen & Uhl-Bien, 1995; Liang et al., 2007).

Happiness is a possible antecedent of LMX and as such Cropanzano et al. (2017) found that happiness tends to promote high quality LMX relationships. On the other hand, leaders who displayed negative affect had a detrimental impact to outcomes such as LMX-quality and organizational citizenship behavior (Hui, Law & Chen, 1999). Fundamentally, a happy leader is perceived more favorably than their unhappy or neutral counterparts (Visser et al., 2013). In fact, happy leaders are perceived to be more charismatic (Pastor, Mayo, & Shamir, 2007), transformational (Jin, Seo, & Shapiro, 2016), and effective (Eberly & Fong, 2013; Bono & Ilies, 2006; Gaddis, Connelly, & Mumford, 2004).

Essentially, past studies mentioned above provided support to the notion of emotion contagion process that underlies leader effectiveness attribution. These studies elucidate why followers rate their leaders the way they do. However, we are not aware of any study that has investigated the influence of leader happiness on their perception of the quality of LMX and its implication on employee engagement. We anticipate that happy leaders will have a more positive outlook towards their work and relationships. They would probably interact more with their subordinates and extend the needed support which translates into high-quality LMX. Consequently, employees who are in high exchange relationships will reciprocate by being highly engaged. Thus, we advance the following hypothesis:

Hypothesis 2: LMX (reported by supervisors) mediates the relationships between happiness (reported by supervisors) and work engagement (reported by employees), such that the effect of supervisor happiness is significantly smaller or non-significant after the effect of LMX is controlled for.

Method

Research Site, Participants, and Procedure

In order to generalize the survey findings in significantly different settings, we included in our sample full-time employees and their respective current immediate supervisors representing several diverse service and manufacturing organizations. In the process of distributing the questionnaires, managers (supervisors) were asked to prepare a code list with the corresponding name(s) of employee(s), and the subordinates' questionnaires were numbered based on the code list before the questionnaires were distributed to the subordinates. The survey was coded so that the supervisor and subordinate responses were matched for statistical analysis. To protect the confidentiality of the respondents, completed questionnaires were returned directly to the researchers in sealed envelopes. The sampled employees had to meet the selection criterion of at least six months of working experience with their immediate supervisor. Of the 600 questionnaires distributed, we received usable ones from 214 subordinates and their 77 immediate supervisors (a response rate of 35.67%). Of the 214 pairs of usable responses, only 120 were received on time (i.e., within the specified time of three months) and the remaining 94 were received late after a few reminders. This might raise an issue if survey responses were subjected to a response bias. Thus, we conducted a non-response bias test—for supervisor and subordinate responses separately--to ensure the validity of the research findings by comparing the early and the late respondents on several demographic factors, such as age, gender, ethnicity,

organizational tenure, dyadic tenure, and levels of education. The analysis indicated no significant difference ($p > .05$) between the two groups of respondents on any of the demographic variables—thereby suggesting no threat to response bias.

The demographic profile of the subordinates was as follows: Subordinates were mostly in the age range of 19 to 55 years ($M = 33.0$; $SD = 7.8$). There were 112 female participants (52.3%). In terms of ethnicity, 102 participants were Malay (47.7%), 50 Indian (23.4%), 42 Chinese (19.6%), and 13 others (6.1%). About 60% of them were degree holders (bachelor's and above). The average tenure of employees with the current organization was 5.9 years ($SD = 6.3$) and the average tenure with the current immediate supervisor (i.e., dyadic tenure) was 3.1 years ($SD = 2.9$). Majority of them represented lower (45.8%) and middle (39.7%) levels of management.

As regards supervisors, they were mostly in the age range of 26 to 64 years ($M = 38.6$; $SD = 8.1$). Over half of them were male (56.5%). They reported their ethnicity as follows: Malay = 43.0%; Indian = 28.0%; Chinese = 21.0%; others = 7.0%. Over 85% of them were degree holders (bachelor's and above). Their average tenure with the current organization was 8.0 years ($SD = 6.0$). They were mostly at middle (69.0%) and upper (20.0%) levels of management.

In summary, supervisors were significantly older and better educated, had longer tenure, and held higher position than their subordinates ($p < .01$). However, they were not significantly ($p > .05$) different in terms of gender and ethnicity.

Measures

Data were obtained by means of questionnaire surveys from two sources. The subordinate survey included, in addition to demographics, work engagement, and happiness scales, whereas the supervisor survey consisted of demographics, happiness, and LMX scales.

Collecting two sources of data was a deliberate attempt to minimize any common method bias (Podsakoff, MacKenzie, Lee, & Podsakoff, 2003; Podsakoff, MacKenzie, & Podsakoff, 2012).

The item scores in each scale were summed up and then averaged to arrive at an overall score for the scale. Higher scores represented higher levels of each of the constructs.

Happiness. We employed a widely-used Subjective Happiness Scale (SHS) designed to assess dispositional happiness (Lyubomirsky & Lepper, 1999) of the participants. The scale consisted of 4 items, but we used only 3 positively-worded items. An example item includes: “In general, I consider myself” (1 = *not a very happy person*; 5 = *to a very happy person*). The scale was completed by both subordinates and their current immediate supervisors.

Leader member exchange. We employed a 12-item scale (LMX-MDM, Liden & Maslyn, 1998) to assess the quality of exchange relationship between participating managers and their respective immediate supervisors. The scale was originally developed to assess four exchange dimensions (contribution, loyalty, affect, and professional respect), with three items for each dimension. Supervisors were asked to indicate their degree of agreement or disagreement with each statement. Sample items are: “This employee is willing to apply extra efforts beyond those normally required, to meet my work goals” (Contribution); “I am impressed with this employee's knowledge of his/her job” (Professional Respect); “I like this employee very much as a person” (Affect); “This employee would defend me to others in the organization if I make an honest mistake” (Loyalty). Given that the four dimensions (often called “currencies”) have been found to fall under a second-order factor (Erdogan, Kraimer, & Liden, 2004; Liden & Maslyn, 1998), we used the scale as an overall measure of LMX in this research.

Work engagement. We measured subordinates' work engagement with a 9-item UWES-9 (Utrecht Work Engagement Scale, Schaufeli, Bakker, & Salanova, 2006). Though the scale is

composed of three subscales, we used an overall measure of engagement. Example items include, “At my work, I feel bursting with energy” (Vigor), “I am enthusiastic about my job” (Dedication), and “I get carried away when I’m working” (Absorption). The subordinates responded to items on a 7-point scale (0 = *never*; 6 = *always*).

Demographic-control variables. Subordinates provided information about their age, gender, ethnicity, education, organizational level, organizational tenure, and tenure with the current supervisor. Supervisors also provided demographic data similar to those reported by the subordinates. Given that none of the demographic items was found to be related to focal constructs, they were not used as control variables in the analysis. However, subordinates were asked to rate the 7 items of Social Desirability scale (Crowne & Marlowe, 1960). Doing so ruled out any alternative explanations for the findings (Podsakoff et al., 2012).

Results

Psychometric Properties and Evidence against Common Method Bias

Prior to testing the major hypothesis, we performed several analyses to examine the psychometric properties of the measures and to document empirical evidence against common method variance (CMV). We conducted a series of confirmatory analysis (CFA) using covariance matrix and maximum likelihood estimation to assess the discriminant validity of the substantive constructs measured in this study. We used four indices to assess the fit of the measurement models: comparative fit index (CFI), Tucker-Lewis index (TLI), goodness of fit index (GFI) (Bentler, 1990), and root mean square error of approximation (RMSEA, Browne & Cudeck, 1993). Given a large number of items for the four study variables, which can potentially cause parameter instability, correlated residuals and cross-loadings, and increased standard errors (Bagozzi & Edwards, 1998), we adopted a parceling procedure (Little, Cunningham, Shahar, &

Widaman, 2002). Specifically, for the four constructs--the two subordinate self-reported constructs (i.e., happiness and work engagement) and two supervisor-rated constructs (happiness and LMX)--we adopted random assignment procedure and created parcels of randomly selected items for each construct except happiness, which had just 3 items (i.e., 21 parcels total). The hypothesized four-factor model shows satisfactory fit ($\chi^2 = 312.86$, $df = 164$, $p < .01$, $GFI = .90$, $CFI = .94$, $TLI = .94$, $RMSEA = .07$) and has significantly superior fit to the alternative two- and single-factor models (see Table 1). Further, in the four-factor model, all parcels had significant loadings on their respective factors. Given these CFA results, we continued to examine the four factors as distinct constructs.

Insert Table 1 about here

Since subordinates self-rated two factor items (happiness and work engagement) and supervisor self-rated two factor items (happiness and LMX) at the same time, the possibility of CMV cannot be ruled out. In order to provide some empirical evidence against this bias, we conducted a Harman's 1-factor test and examined the unrotated factor solution for supervisor and subordinate ratings separately. Each analysis constrained to two neat factors, as expected. It was evident that no single factor accounted for the majority of the variance in the data. In other words, a single factor did not emerge from an unrotated principal components analysis, and the first factor accounted for less than 50% of the variance in the matrix, suggesting that CMV was not a serious issue in this data set (Podsakoff et al., 2003, 2012). In addition, strong evidence of construct validity (CFA results reported above) also substantiates that measures do not suffer from common method bias.

Means, standard deviations, intercorrelations, and coefficients alpha are presented in Table 2.

Insert Table 2 about here

As can be seen, all constructs had acceptable coefficients alpha exceeding .80 (Hair, Black, Babin, & Anderson, 2010). It can also be seen in Table 2 that the constructs were as correlated as one would expect on theoretical grounds. In conclusion, results of measurement model analysis (CFA), Harman's 1-factor test, and reliability analysis indicate that the measures have sound psychometric properties in terms of reliability and construct validity and that there is no serious threat of common method bias in this research.

Tests of Hypotheses

We examined our major hypotheses using the PROCESS macro 3.0 (Model 4; Hayes, 2018) in SPSS, with subordinate-rated social desirability controlled for in the analysis. Results of parallel mediation model are summarized in Figure 2 and Table 3. Results indicate that leaders' experienced happiness has a significant direct effect on LMX reported by leaders ($\beta = .34$, $SE = .08$, $p < .01$), explaining a total of 11% of the variance. As expected, leader happiness has a significant direct effect on subordinates' experienced happiness ($\beta = .21$, $SE = .06$, $p < .01$), explaining a total of 11% of the variance. Finally, leader happiness ($\beta = .18$, $SE = .09$, $p < .05$), LMX reported by leaders ($\beta = .17$, $SE = .07$, $p < .05$), and subordinate happiness ($\beta = .47$, $SE = .10$, $p < .01$) have a significant effect on subordinate engagement, explaining a total of 25% of the variance. Taken together, these parallel mediation results suggest that leaders' experienced happiness predicts both subordinates' experienced happiness and LMX reported by leaders,

which in turn conjointly predict subordinate engagement—thus supporting both Hypotheses 1 and 2.

Insert Figure 2 and Table 3 about here

Discussion

Over the years, researchers have attempted to better understand the fundamental process through which leaders can foster their followers' engagement. Most past studies on leaders' role in encouraging employee engagement have recommended the employment of various leadership styles. While the conclusions of past studies on this topic remain pertinent, a noteworthy gap on how leaders can elevate followers' level of engagement still persists (Carasco-Saul et al., 2015; Gutermann et al., 2017). The impact of leader's affect in fostering employee engagement is one such gap that merits additional investigations. Hence, the present research contributes to leadership literature by assimilating three bodies of literature: happiness, LMX, and work engagement.

Implications for Theory and Practice

This study has two important theoretical ramifications. First, as anticipated, leader's happiness positively influenced subordinate's happiness, which consequently elevated subordinates' engagement. As delineated in AET (Weiss & Cropanzano, 1996) and Emotion Contagion Theory (Hatfield, Cacioppo, & Rapson, 1994), leaders' display of affect such as happiness is expected to have a positive contagion effect on employees' happiness (e.g., Bono & Ilies, 2006) and their subsequent desired behavior (e.g., Dasborough & Ashkanasy, 2002). The emotional contagion process is activated when leaders--incumbent of a prominent position—display and expresse their emotion (Butt & Choi, 2010), which is then detected by their

subordinates due to leaders' prominent standing (Hatfield et al., 1994). Hence, when a leader expresses happiness, subordinates detect it and express happiness in return (Doherty, 1997; Sy et al., 2005; Hatfield et al., 2009). Subsequently, subordinate's experience of happiness impacts their attitude and behavior (Singh et al., 2018) like work engagement as in this case.

Second, LMX was also found to serve as a mediator between leaders' happiness and subordinates' engagement. Happy leaders are expected to engage in high-quality exchange relationships and *vice versa* (Cropanzano et al., 2017; Hui, et al., 1999). While past researches studied the follower's attribution towards happy leaders (e.g., Pastor, et al., 2007; Jin, et al., 2016; Eberly & Fong, 2013; Bono & Ilies, 2006; Gaddis et al., 2004), we provide evidence from a leader's perspective. The results indicate that happy leaders evaluate their LMX relationships positively. We believe the positive association between leader happiness and LMX could be attributed to positive outlook of a happy leader. Such leaders would probably interrelate more with their subordinates and provide the required backing--which explains the high-quality LMX. Accordingly, subordinates in such high exchange relationships will reciprocate by being highly engaged in the workplace. In a nutshell, a leaders' expression of positive emotion such as happiness will enhance subordinate's engagement by influencing subordinate's affect and the quality of LMX. Our study has shed some light on how LMX explains the transference process of leaders' happiness to subordinates' engagement.

These theoretical contributions translate into practical implications for organizations today. Previous studies have constantly recognized job resources and personal resources as antecedents of employee work engagement (Bakker et al., 2011). Accordingly, organizations have focused on these resources to promote employee engagement. Our study has provided an additional resource to the existing pool--leader and subordinate happiness. While this may seem

simplistic, a leader's positive emotion appears to play a critical contagion role in enhancing employee's happiness, leader-subordinate relationship and, most importantly, employee engagement. Therefore, organizations should direct their focus on enhancing happiness at all levels to reap the benefits of having a happy workforce.

Potential Limitations and Opportunities for Future Research

Despite theoretical and practical implications, our study is not without limitations. First, our study was based on the Malaysian context which is characterized by cultural orientations such as high-power distance, collectivism, and paternalism. While it remains uncertain if culture has an influence on the results of this study, it would be interesting to see if similar findings could be reproduced in another distinct cultural context. Second, we did not consider any possible moderators of the leader happiness-employee happiness and LMX-employee engagement relationship. Based on our earlier limitation, cultural orientation could be included as a possible moderator to the abovementioned relationship. Finally, we only incorporated the LMX score from the perspective of the leader. It would be interesting to assess if LMX agreement between leaders and subordinates could provide a better depiction of the abovementioned relationship.

Conclusion

The study extends existing leadership research by demonstrating that leaders' on-going experience of happiness is important in order to promoting the followers' work engagement. However, the relationship between leaders' experienced happiness and subordinate engagement is mediated by subordinate happiness and LMX reported by leaders. Hopefully, our paper's theorizing and findings will provoke leadership scholars to further explore the contagion role and process of leader happiness in subordinate work engagement.

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Table 1

Summary of Confirmatory Factor Analysis Results

<i>Models</i>	χ^2	<i>df</i>	$\Delta\chi^2$ (Δdf)	<i>GFI</i>	<i>CFI</i>	<i>TLI</i>	<i>RMSEA</i>
Four-factor hypothesized model	312.86	164	Baseline	.90	.94	.94	.07
Two-factor model	782.03	169	469.17(5)	.74	.78	.75	.13
Single-factor model	1828.49	170	1515.63(6)	.46	.41	.34	.21

Note. $N = 214$. All alternative models were compared with the hypothesized four-factor model. All $\Delta\chi^2$'s are significant at $p < .01$; GFI = Goodness of Fit Index; CFI = Comparative Fit Index; TLI = Tucker-Lewis Index (Tucker & Lewis, 1973); RMSEA = Root-Mean-Square Error of Approximation (Steiger, 1990); The four-factor hypothesized model consists of leader-rated happiness, subordinate-rated work engagement, subordinate-rated happiness, and leader-rated LMX; The two factor model consists of combined subordinate-rated factors (subordinate-rated engagement and subordinate-rated happiness) and leader-rated factors (leader-rated happiness and leader-rated LMX); Single-factor model consists of all four factors.

Table 2

Descriptive Statistics, Ciefficients Alpha, and Inter-correlations of Study Variables

<i>Factor</i>	<i>M</i>	<i>SD</i>	<i>01</i>	<i>02</i>	<i>03</i>	<i>04</i>	<i>05</i>
01. Social desirability	1.32	.30	.69				
02. Leader happiness	3.76	.65	-.06	.83			
03. Employee happiness	3.67	.64	-.25**	.23**	.76		
04. LMX-L	5.12	.84	-.20**	.27**	.18**	.94	
05. Employee engagement	3.99	.97	-.30**	.25**	.41**	.28**	.92

Note. $N = 214$. Diagonal entries in bold indicate coefficients alpha; LMX = Leader-Member Exchange reported by leader; M = Mean; SD = Standard deviation.

** $p < .01$.

Table 3

Summary of Parallel Mediation Analysis Results

	β	SE	<i>t</i>	<i>R</i>	<i>R</i> ²	MSE	<i>F</i> (<i>df</i>)
<i>LMX-Leader as criterion measure</i>							
Model summary				.33	.11	.63	12.49** (2,211)
Happiness-leader	.34*	.08	3.99**				
Social desirability-subordinate	-.51	.18	2.76**				
<i>Happiness-subordinate as criterion measure</i>							
Model summary				.33	.11	.37	12.53** (2,211)
Happiness-leader	.21	.06	3.29**				
Social desirability-subordinate	-.50	.14	3.55**				
<i>Engagement-subordinate as criterion measure</i>							
Model summary				.50	.25	.71	17.70** (4,209)
Happiness-leader	.18	.09	1.94*				
LMX-leader	.17	.07	2.37*				
Happiness-subordinate	.47	.10	4.86**				
Social desirability-subordinate	-.60	.20	2.94**				
<i>Completely standardized indirect effect(s) of happiness-leader on engagement-subordinate</i>				<i>Point estimate (95% CI)</i>			
	Effect		Boot SE		Boot LLC1		Boot ULC1
Total	.11		.03		.05		.17
LMX-leader	.04		.02		.01		.08
Happiness-subordinate	.07		.03		.02		.12

N = 214; Number of bootstrap samples for percentile bootstrap confidence intervals = 5000; In view of the non-significant relationships, demographics (supervisor gender, subordinate gender, and supervisor-subordinate dyadic tenure) as control variables are not included in this table.

* *p* < .05. ** *p* < .01.

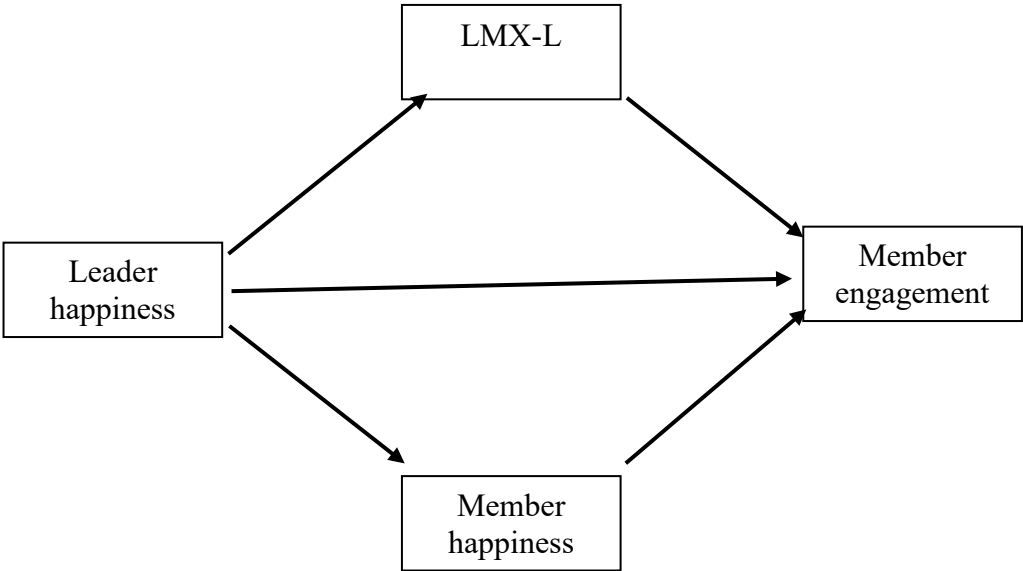


FIGURE 1. HYPOTHESIZED RELATIONSHIPS AMONG VARIABLES.

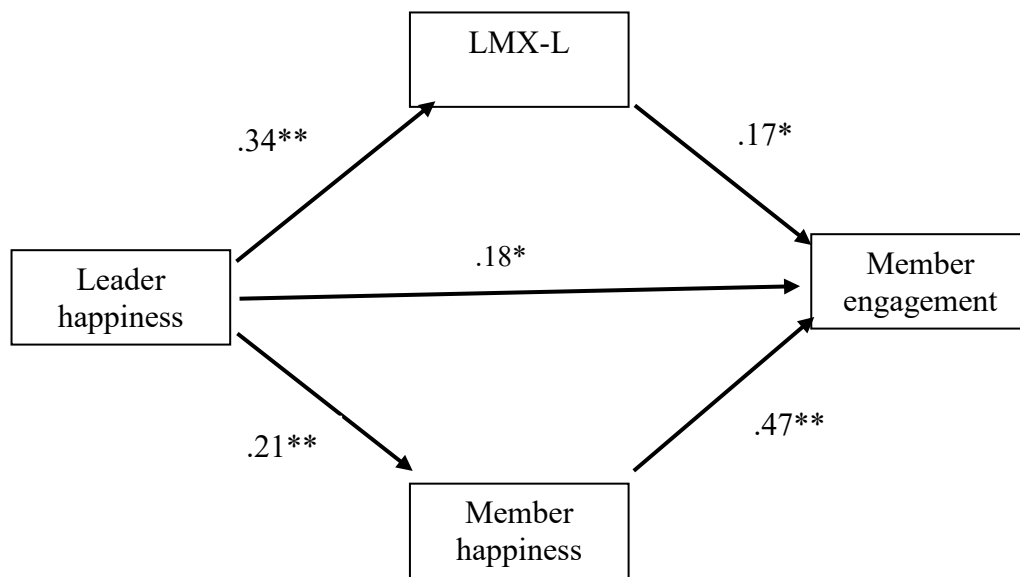


FIGURE 2: STANDARDIZED COEFFICIENTS OF PARALLEL MEDIATION LINKING LEADER/FOLLOWER HAPPINESS, LMX, AND EMPLOYEE ENGAGEMENT (* $p < .05$; ** $p < .01$).