THE SOUTHERN BUSINESS AND ECONOMIC JOURNAL

Volume 47, Number 1 2024

Leader Mindfulness and Effective LMX: Role of Perceived Supervisor Support and Affect-based Trust

Lipika Neshmin Arif

The price puzzle: understanding hospital charges by diagnosisrelated groups in 2019 America

Samaneh Torkzadeh, Ravi Chinta

Cultivating Commitment: The Role of Servant Leadership in Fostering Follower Engagement and Support for Organizational Vision

Randall Lockhart, Colleen P. Ramos, Dawn B. Valentine

Published by AUBURN UNIVERSITY at MONTGOMERY COLLEGE OF BUSINESS



THE SOUTHERN BUSINESS AND ECONOMIC JOURNAL

EditorsTeWhan Hahn and Mariano Runco

POLICY ADVISORY BOARD

DaeWoo Park

Dean, College of Business, AUM

Jeff Bohler

Head, Department of Information Systems, AUM

Rodney H. Mabry President, UT-Tyler Michael McDermott

Assistant Professor of Management, Northern Kentucky University

Shane Sanders

Associate Professor Syracuse University

Editorial Policy: The editors prefer to publish papers describing applied academic studies using data-based research relevant to individuals, businesses, and non-profit institutions located in the southern region of the United States. However, papers with a national or international focus will also be considered, along with theoretical and pedagogical studies that demonstrate relevance to decision making. Papers covering topics from all areas of business and economics are appropriate. Submissions typically get a double-blind review. Past issues of the journal are available by going to http://www.business.aum.edu/SBEJ. There is no submission fee; however, accepted articles require a publication fee of \$50 plus an additional \$10 per page after formatting for publication. Authors of accepted papers will be sent formatting instructions that include the requirement to have a page layout orientation of portrait and a page layout size of statement (5.5" x 8.5"). Submit papers for publication consideration in a Word file attached to an email to editor-sbej@aum.edu. The editors use publication guidelines found in the Publication Manual of the American Psychological Association, Sixth Edition.

Editors

The Southern Business and Economic Journal Department of Business Administration Auburn University at Montgomery PO Box 244023 Montgomery, AL 36124-4023

THE SOUTHERN BUSINESS AND ECONOMIC JOURNAL

Indexed in PAIS Bulletin and EBSCO Publishers Online ISSN: 0743779X

Volume 47, Number 1

2024

Articles

LEADER MINDFULNESS AND EFFECTIVE LMX: ROLE OF PERCEIVED SUPERVISOR SUPPORT AND AFFECT-BASED TRUSTS Lipika Neshmin Arif
THE PRICE PUZZLE: UNDERSTANDING HOSPITAL CHARGES BY
DIAGNOSISRELATED GROUPS IN 2019 AMERICA
Samaneh Torkzadeh, Ravi Chinta33-51
CULTIVATING COMMITMENT: THE ROLE OF SERVANT
LEADERSHIP IN FOSTERING FOLLOWER ENGAGEMENT AND
SUPPORT FOR ORGANIZATIONAL VISION
Randall Lockhart, Colleen P. Ramos, Dawn B. Valentine53-72

Leader Mindfulness and Effective LMX: Role of Perceived Supervisor Support and Affect-based Trust

Lipika Neshmin Arif

School of Business State University of New York- Fredonia

Abstract

This study examines the relationship between leader mindfulness and leader-member exchange (LMX) relationships. LMX refers to the quality of the interpersonal relationship between leaders and their subordinates and has consistently been a focal point in leadership research due to its influence on various organizational outcomes. The study proposes a mediation model to elucidate the relationship between leader mindfulness and LMX, emphasizing the roles of perceived supervisor support and affect-based trust. Data were collected from 213 full-time teachers and staff members employed in a public-school system within the southeastern region. The sample included participants from 59 distinct schools, encompassing elementary, middle, and high schools. Each school contributed between 2 to 10 respondents, resulting in an average of approximately 4 participants per school. The findings reveal a positive relationship between leader mindfulness and both perceived supervisor support and affect-based trust. Furthermore, perceived supervisor support and affect-based trust significantly mediate the relationship between leader mindfulness and LMX. The findings of the study indicate how mindful leaders can significantly enhance social relationships within the context of LMX by facilitating support and trust among employees, thus contributing to the development of a collaborative Finally, the study provides theoretical and practical implications along with future directions.

1. Introduction

The study of mindfulness is an ongoing interest in organizational studies because it yields positive effects through increased awareness and observation of the present moment without reactivity or judgment (Glomb et al., 2011). Research has demonstrated practical benefits of mindfulness, including reduced anxiety and enhanced cognitive performance (Baer, 2003; Chiesa & Serretti, 2009; Chiesa et al., 2011; Eberth & Sedlmeier, 2012), lower emotional exhaustion, higher job satisfaction, improved performance, better organizational citizenship behavior, reduced deviant behaviors, and decreased turnover intentions (Dane & Brummel, 2014; Hülsheger et al., 2013; Reb et al., 2017). Most of these studies highlight the intrapersonal effects of mindfulness on organizational outcomes. However, mindfulness can also yield positive interpersonal outcomes within organizations, particularly in leader-follower relationships.

The nature of the relationship between a leader and their followers has received more focus in leadership studies, owing to its significant theoretical and empirical implications (Cullen-Lester et al., 2017). A leader's behaviors can foster the development and maintenance of a quality relationship with followers, known as leader-member exchange (LMX). According to Graen and Uhl-Bien (1995), LMX refers to the quality of the exchange relationship between a leader and followers, and this relationship is driven by mutual trust, respect, affection, and loyalty. Individuals in quality LMX relationships enjoy greater mutual trust, respect, and commitment, as well as access to more significant resources.

Mindful leadership, characterized by non-judgmental consideration and awareness of present circumstances, is positively associated with employee relationships and well-being (Glomb et al., 2011; Good et al., 2016). Research supports the potential benefits of leader mindfulness for interpersonal relationships. Studies by Baer et al. (2004) and Brown and Ryan (2003) found a positive link between mindfulness and emotional intelligence, which in turn is related to enhanced social skills, cooperative responses, and satisfaction in marital partnerships (Schutte et al., 2001). Dane and Brummel (2014) noted that mindful leaders can better understand the behaviors and actions of employees and their impacts on others. This understanding

Arif 3

motivates employees and aligns them with shared goals and values. Such mutual collaboration and alignment positively contribute to the development of LMX. Given the positive influence of a leader's mindfulness on interpersonal relationships, this paper explores how leader mindfulness can impact the development of quality LMX relationships.

Despite studies (Baer et al., 2004; Brown & Ryan, 2003; Glomb et al., 2011; Good et al., 2016) indicating potential connections between leader mindfulness and LMX, little is known about the effects of a mindful leader on social relationships and interactions among employees. Glomb et al. (2011) underscore the necessity of examining advanced social relationships through the prism of mindfulness. Moreover, only a handful of theoretical studies address the significance of leader mindfulness within LMX relationships (Glomb et al., 2011; Sauer and Kohls, 2011), highlighting a lack of empirical research. Therefore, exploring the relationship between leader mindfulness and LMX will address the existing gaps in the literature. Therefore, it is necessary to investigate the mechanisms through which mindfulness contributes to the development of quality LMX relationships. This study adopts social exchange theory to examine the relationship between leader mindfulness and LMX, as it provides valuable insights into workplace relationships. Social exchange theory suggests a relationship based on mutual advantage, in which one individual provides benefits to another, and the recipient responds positively in return. (Cropanzano et al., 2017). It offers a robust theoretical foundation for LMX (Sparrowe & Liden, 2005). LMX facilitates social integration among members who believe they have greater access to resources and a better understanding of exchange relationships, contributing to more effective decision-making (Steffens et al., 2014).

Based on this theoretical framework, the present study emphasizes perceived supervisor support and affect-based trust in the relationship between leader mindfulness and effective LMX. It examines how leader mindfulness fosters -quality LMX through the mediating effects of perceived supervisor support. This study hypothesizes that practicing mindfulness in leadership can cultivate quality relationships with followers by addressing their needs and providing necessary support. Furthermore, in the context of affect-based trust, a mindful leader can enhance LMX relationships with followers by

demonstrating concern and care, giving greater attention, and ensuring the accuracy of shared information in exchange relationships. This attention attribute and truthfulness must create followers' affect-based trust in the leader and form a quality relationship between leaders and followers. A theoretical model of the variables assessed in this study is shown in Figure 1.

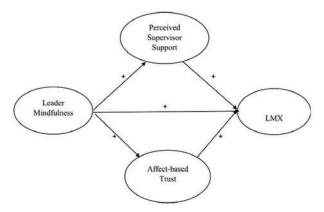


Figure 1: Conceptual Model for Theoretical Relationships

The study presents several significant contributions to the field of leadership research. First, it advances the understanding of leader mindfulness within the context of LMX by focusing on the behavioral aspects of mindfulness, particularly how a mindful leader facilitates interpersonal effectiveness in leadership dynamics. Second, to examine the relationship between leader mindfulness and LMX, the study integrates key mediators, specifically perceived supervisor support and affect-based trust. These mediators provide insights into how leaders can endorse mindfulness, thereby enhancing the quality of LMX relationships. Including these mediating factors extends the current literature by addressing the management of leader interpersonal relationships within organizational settings. Third, the research delineates critical relationships within the proposed conceptual model, encompassing leader mindfulness and perceived supervisor support, perceived supervisor support and LMX, leader mindfulness and affect-based trust, and affect-based trust and LMX. Each of these relationships possesses the potential to foster supportive and trust-oriented dynamics in leadership, contributing to a more Arif 5

cohesive workplace environment. Fourth, the arguments presented regarding the hypothesized relationship between leader mindfulness and effective LMX may encourage organizations to implement mindfulness interventions focused on leadership development. Such interventions are likely to yield substantial organizational advantages, given that LMX is associated with various positive outcomes, including enhanced subjective and objective performance ratings, increased affective commitment, reduced turnover intention, and improved job satisfaction (Good et al., 2016; Reb & Atkin, 2015). Finally, although prior studies have investigated various leadership styles and their influence on predicting LMX (O'Donnell et al., 2012). limited research has focused on mindfulness in leadership for achieving interpersonal relationships such as LMX. Therefore, leader mindfulness would be believed to be a novel and promising style for developing quality relationships with followers, thereby enhancing organizational dynamics comprehensively.

2. Theoretical Framework and Hypotheses

The concept of mindfulness originates from Buddhist philosophy (Purser & Milillo, 2015). Buddhism used the term "sati," which is often interpreted as mindfulness and is described as the ability to focus on present-moment awareness in a manner that conditions the senses to recognize reality (Shulman, 2024). A substantial body of literature integrates related constructs, practices, traits, and processes to define mindfulness (Baer et al., 2006; Brown et al., 2007). The foundational aspect of mindfulness theory promotes a flexible and open mindset, encouraging individuals to engage with their environment while minimizing judgment and prioritizing adaptability over certainty (Carson & Langer, 2006). Mindfulness fundamentally involves maintaining awareness of and attention to present experiences (Brown et al., 2007) and entails the capability to observe these experiences without judgment (Baer et al., 2006). Mindfulness represents the process of attending to the present moment by leveraging both internal stimuli, such as thoughts and feelings, and external stimuli, including the physical and social environment, while observing these stimuli impartially (Glomb et al., 2011). Bishop et al. (2004) provided an operational definition of mindfulness that highlights two key components: the self-regulation of attention directed toward immediate experiences and the cultivation of an attitude characterized by neutrality, openness, and curiosity.

Engagement in mindfulness can confer significant benefits within the workplace, particularly in the realm of leadership. Mindfulness is critically important for workplace transformation, as it exerts a positive influence on individuals, teams, and organizations (Reb & Atkin, 2015). To fully comprehend the impact of mindfulness in a workplace setting, one must explore its effects on various domains of human functioning, including attention, cognition, emotion, behavior, and physiology (Good et al., 2016). These domains offer valuable insights into achieving enhanced workplace outcomes related to performance, interpersonal relationships, and overall well-being (Good et al., 2016).

The state of mindfulness reflects an individual's awareness, which may differ across individuals based on personal traits and personality characteristics (Brown & Ryan, 2003). These individual differences and personality dimensions are frequently examined in the context of leadership development. Essential dimensions of mindfulness—such as prioritizing present circumstances, exhibiting understanding, practicing self-compassion and resilience, engaging in metacognition, and adopting a forward-looking perspective—are recognized as key drivers of leadership effectiveness (Reb et al., 2015; Sauer & Kohls, 2011). In the context of the relationship between mindfulness and leadership, Dunoon and Langer (2012) identified three attributes that can be cultivated through mindfulness practice: awareness of multiple perspectives, self-appraisal, and focused communication. Mindfulness in leadership practices is highly esteemed in various organizational studies, as mindful leaders are adept at fostering connections with numerous organizational outcomes.

2.1. Leader Mindfulness and LMX

Leadership fundamentally involves the capacity to influence others to achieve organizational objectives. The effectiveness of this influence is contingent upon the quality of exchange relationships that occur between leaders and followers (Northhouse, 2007). The fundamental idea of LMX revolves around the quality of the relationship between leaders and their followers (Uhl-Bien, 2006). The integration of mindfulness into leadership practices can

Arif 7

significantly alter a leader's behavior, rendering it more supportive and acceptable, which consequently enhances the quality of LMX. Mindful leaders typically adopt a positive mindset, which facilitates the development of improved relationships within the workplace. On the other hand, a negative mindset from leaders can hinder the development of a positive relationship with their subordinates, as it reflects a lack of trust, respect, and support (Reb et al., 2014).

Leaders who practice mindfulness focus on the present, fostering a mental state of awareness that encompasses cognitive, emotional, and behavioral aspects. This heightened awareness influences the quality of relationships, focus, well-being, and productivity in the workplace (Good et al., 2016). By demonstrating awareness and attentiveness to individuals within their team, leaders convey their genuine interest and concern for their subordinates. According to Wang et al. (2019), mindful leaders can enhance the quality of LMX through fair-minded interpersonal behaviors that ensure equitable treatment based on respect and dignity. By cultivating mindfulness, leaders can establish a foundation for the quality of LMX that is grounded in mutual respect and trust.

Furthermore, mindful leaders cultivate authenticity by engaging in self-discovery and self-awareness, guiding them toward self-concordant goals (Kinsler, 2014) and allowing them to identify their strengths and weaknesses (Brown & Ryan, 2003). Such self-awareness enables leaders to forge genuine relationships through transparency, trust, guidance toward meaningful objectives, and a commitment to follower development (Gardner et al., 2005). Ilies et al. (2007) argue that when leaders exhibit authentic behaviors, including unbiased information processing and integrity, they foster trustworthy relationships with their members, thereby enhancing the quality of LMX.

In addition, mindfulness encompasses a core understanding of the individual differences in attitudes, feelings, and behaviors (Chiesa & Serretti, 2009). A leader's ability to recognize and respect these differences among followers can effectively motivate them according to their specific needs and expectations. This understanding enhances the mutuality of the relationship, thereby improving the overall quality of LMX. Wang et al. (2019) assert that the effectiveness of leadership practices and behaviors is optimized when leaders and followers engage in the ongoing development of mature relationships that yield

mutual benefits. Thus, a leader who practices mindfulness is likely to cultivate quality relationships with followers by attending to their needs and providing necessary relational support. This attentiveness and support can foster long-lasting relationships between leaders and followers over time, ensuring mutual prosperity. It can therefore be postulated that:

Hypothesis 1: Leader mindfulness and followers' perception of LMX are positively related

2.2. Leader Mindfulness and Perceived Supervisor Support

Perceived supervisor support is a critical aspect of organizational dynamics, reflecting the extent to which employees believe their supervisors value their contributions and prioritize their well-being (Eisenberger et al., 2002). This concept can be articulated as a supervisor's readiness to assist employees, encompassing the degree to which employees feel acknowledged and respected by their supervisors. Mindful leaders, who remain fully present and attentive in their interactions, can positively influence this perception through their engagement with employees (Reb et al., 2014). By concentrating on the immediate context, these leaders are better positioned to recognize and address the specific support their subordinates require. Good et al. (2016). emphasized that employees benefit significantly when they work with leaders who are psychologically present. Such leaders empower their employees by providing the resources necessary to fully engage with their workplace experiences. In a similar vein, Reb et al (2015) highlighted that mindful leaders, through their attentive and open demeanor, can offer even greater support and resources, ultimately enhancing employee well-being and productivity.

Additionally, a leader's non-judgmental approach and proactive communication can foster a constructive environment conducive to open dialogue and collaboration. By maintaining a strong focus on current circumstances, mindful leaders are equipped to effectively articulate present realities and anticipated developments within the organization. According to Chen and Thosvold (2013), a mindful leader promotes amicable interactions among subordinates, allowing for the articulation of diverse perspectives that serve mutual interests. Such communicative practices nurture supportive relationships,

Arif 9

leading employees to feel valued and cared for as leaders demonstrate a genuine commitment to their well-being and support (Van Quaquebeke & Felps, 2016). Therefore, it can be hypothesized that:

Hypothesis 2: Leader mindfulness is positively related to followers' perceived supervisor support

2.3. Leader Mindfulness and Affect-Based Trust

Mindful leaders have the potential to significantly enhance affect-based trust among their subordinates by intertwining mindful behaviors with the essential elements of trust. Research by Roeser et al. (2013) underscores that leader mindfulness is crucial for maximizing attention and minimizing cognitive biases. A leader who is both attentive and focused can communicate accurate information with followers in a non-judgmental and unbiased way. When followers perceive their leader as capable of delivering information sincerely and appropriately, it lays the groundwork for developing affect-based trust. In addition, mindful leaders exhibit a heightened sensitivity to their own emotions and those of their employees (Brown et al., 2007). This awareness cultivates a supportive environment where employees feel empowered to share their thoughts and emotions freely. Such a nurturing atmosphere fosters honesty and openness, further solidifying affect-based trust.

Numerous studies have shown a strong correlation between mindfulness and key leadership behaviors, including humility, authenticity, self-confidence, self-awareness, transparency, and optimism (Verdorfer, 2016; Baron, 2016). These traits create an environment of reliability (Grandey et al., 2012), encouraging followers to view their leaders as trustworthy, capable, and benevolent (Schoorman et al., 2007). By embodying these qualities, leaders can effectively guide their teams, set clear expectations, and nurture caring relationships, ultimately fostering a deep sense of affect-based trust. Thus, it is hypothesized that:

Hypothesis 3: Leader mindfulness is positively related to followers' affect-based trust

2.4. Perceived Supervisor Support and LMX

Perceived support from supervisors is a significant contributor to the emergence of high-quality leader-member exchange relationships. Social exchange theory posits that when employees perceive that they are receiving resources and support from their leaders, they are inclined to reciprocate such assistance (Graen & Uhl-Bien, 1995). Supervisor support largely consists of providing care and critical resources aimed at improving workers' job performance and general well-being (Hammer et al., 2020). In this regard, the willingness of supervisors to assist their employees, coupled with the employee's belief in the availability of that support and care, is of paramount importance. When employees perceive that their supervisors are proactive in providing necessary support and resources within the work environment, they are more likely to reciprocate that support, fostering a positive exchange relationship between leaders and their subordinates.

Employees' concern for the degree to which their supervisors are supportive, caring, and appreciative of their contributions and wellbeing can significantly affect the quality of their relationships with these supervisors. Supervisors hold a crucial role in making formal decisions regarding resource allocation and task prioritization within organizations (Krause, 2004). When employees perceive that their leaders are demonstrating support and concern for them by offering job-related resources, special privileges, formal and informal rewards, and prompt performance feedback needed to perform their roles effectively, it improves the quality of LMX relationships (Martin et al., 2016). When employees receive support from their leaders, they perceive the quality of LMX relations and feel obligated to reciprocate. As a result, the role of supervisor support in the establishment of LMX relationships is critical. It is, therefore, hypothesized that:

Hypothesis 4: Followers' perceived supervisor support is positively related to followers' perception of LMX

2.5. Affect-based Trust and LMX

The significance of trust in leader-member relationships is paramount. Trust plays a critical role in shaping the quality of interactions between leaders and their followers, as it significantly influences key outcomes of LMX (Schaubroeck et al., 2011). Research conducted by Nguyen et al. (2005) emphasizes that a trusting relationship is essential within LMX, as it facilitates effective coordination, communication, and collaboration among members, ultimately leading to productive outcomes. Organizational science literature has established that interpersonal trust relationships are vital for achieving both individual and managerial efficiency, drawing upon cognitive and emotional foundations (McAllister, 1995).

Affect-based trust, as a relational approach, is predicated upon continuous exchanges within social relationships (Farid et al., 2020). This dimension of trust develops from the belief that social exchanges are characterized by mutual concern and care between the involved parties (Schaubroeck et al., 2011; Zhu et al., 2013). Such trust is cultivated through emotional attachments formed individuals. Individuals desire to establish emotional bonds in trustworthy relationships characterized by the exchange of relevant information, authentic care for each other, and the presence of mutual respect, kindness, and support, all of which are considered reciprocal (Byun et al., 2017). The relationship between affect-based trust and LMX is notably positive. A leader's typical responsibility involves establishing performance expectations for subordinates. However, LMX theory posits that these expectations arise from the mutual bonding between the leader and the follower (Markham et al., 2010). The quality of exchanges increases with the strength of this mutual bond. In the context of affect-based trust, individuals engage in active listening to one another's perspectives rather than dismissing them outright (Chua et al., 2012). This form of trust enables individuals to understand and respect differing opinions within the social exchange relationship, thereby minimizing interpersonal conflict and promoting productive discourse and innovative problem-solving (Schaubroeck et al., 2011). Based on the above point of view, it is therefore hypothesized that:

Hypothesis 5: Followers' affect-based trust positively affects followers' perception of LMX

2.6. Mediating Effect of Perceived Supervisor Support and Affectbased Trust

A leader's mindfulness during interactions with subordinates can be perceived as a supportive approach that significantly contributes to the quality LMX relationship. Mindfulness entails maintaining high levels of awareness, consciousness, and direct engagement in present-time interactions (Parker et al., 2015). When leaders engage with employees mindfully, they are better positioned to comprehend their employees' needs and expectations, due to their ability to observe various situational factors with greater vigilance (Atkins & Parker, 2012). Research by Reb et al. (2014) indicates that mindful leaders experience lower levels of emotional exhaustion, higher job satisfaction, enhanced performance, and improved fulfillment of psychological needs. As a result, employees working under mindful leaders tend to experience increased emotional rejuvenation, greater satisfaction regarding their psychological needs, and improved performance outcomes (Schuh et al., 2019).

A mindful leader can empower employees with essential psychological resources, facilitating effective stress management and promoting behaviors that foster LMX. Furthermore, such leaders provide their employees with critical socio-emotional resources necessary for developing meaningful LMX relationships. Given that mindful leaders are truly present at the moment, they can support their followers by demonstrating a commitment to offering the essential resources to explore different opportunities within the workplace (Kock et al., 2018). When employees perceive support and assistance from their leaders, they are more likely to cultivate positive relationships and feel a sense of obligation to reciprocate such support.

Similarly, affect-based trust plays a crucial role in the dynamics between leaders and their followers. Mindful leaders, by focusing on the present moment, respond adeptly to the needs and feelings of their employees, coordinate their actions accordingly, and accept employees without bias (Carson et al., 2004). This responsive demeanor fosters emotional openness and encourages self-disclosure, both of which are fundamental to affect-based trust (McAllister, 1995). The establishment of affect-based trust cultivates a robust sense of mutual sharing, enabling individuals to express new ideas and concerns without fear of retribution (Chen et al., 2014). Such an environment facilitates open communication channels, allowing both

leaders and employees to share diverse ideas and perspectives, which can enhance collaborative efforts. Employees who perceive that their opinions and values are acknowledged and respected are more likely to engage positively with their leaders, thus contributing to the development of quality LMX relationships. In the context of affective trust, individuals often recognize the intrinsic value of their relationships, prompting them to invest their emotional resources accordingly. The quality LMX relationships between leaders and followers are fundamentally characterized by emotional exchanges grounded in mutual trust and respect (McAllister, 1995).

Therefore, the insights gleaned from the literature reviewed serve as a basis for the formulation of the following research hypotheses:

Hypothesis 6: Followers' perceived supervisor support mediates the relationship between leader mindfulness and followers' perception of LMX

Hypothesis 7: Followers' affect-based trust mediates the relationship between leader mindfulness and followers' perception of LMX

3. Methods

3.1. Participants and Sample

This study collected data from a public-school system located in the southeastern United States, focusing on full-time teachers and staff from elementary, middle, and high schools who operate under the supervision of their principals (leaders). A total of 59 schools participated, with the number of subjects ranging from 2 to 10 per school, resulting in an approximate average of 4 participants per school or principal. The final sample consisted of 213 individuals, which included 174 females (81.7%), 32 males (15%), 6 individuals who preferred not to disclose their gender (2.8%), and 1 participant with missing information (0.5%). The ethnic composition of the sample included 37 African Americans (17.4%), 162 Whites or Caucasians (76.1%), 4 Hispanic participants (1.9%), 3 Native participants (1.4%), 5 identified as Other (2.3%), and 2 individuals with missing information (0.9%).

3.2. Procedures

A survey methodology was employed to systematically select and survey teachers and staff within the schools. Theoretical hypotheses were evaluated over three distinct time points, each separated by three weeks, to mitigate common method variance (Podsakoff et al., 2012). At Time 1, data were collected to assess leader mindfulness and gather demographic information. Time 2 focused on measuring affect-based trust and perceived supervisor support, while Time 3 was dedicated to assessing Leader-Member Exchange (LMX). Participants were requested to provide their email addresses at each data collection phase to facilitate the matching of their responses across all three-time points. The survey was administered by the central office of the school system, ensuring that there was no direct involvement from the researcher with the participants. This methodology facilitated an unbiased data collection process while maintaining the integrity of the research.

3.3. Measures

Leader Mindfulness: Leader mindfulness was evaluated using a well-established scale developed by Brown and Ryan (2003), which has been frequently utilized in prior research (e.g., Hoefling et al., 2011; Huelsheger et al., 2013; Roche et al., 2014). Consistent with the preceding studies (Grant et al., 2010), I selected the five items exhibiting the highest factor loadings. Examples of the items include: "My principal rushes through activities without being really attentive to them" and "It seems that my principal is 'running on automatic' without much awareness of what s/he is doing," The scale demonstrated a reliability coefficient of .93.

Perceived Supervisor Support: To measure perceived supervisor support, I adopted the perceived organizational support scale developed by Eisenberger et al. (1986). This scale has been employed by Edwards and Peccei (2010) and Zumrah and Boyle (2015). Sample items include: "My principal takes pride in my accomplishments at work" and "My principal values my contribution to the organization's well-being". The reliability estimated for this scale is .92.

Affect-based Trust: Affect-based trust was assessed using a fiveitem scale designed to measure the emotional bond between individuals, as articulated by McAllister (1995). Sample items include: "We have a sharing relationship', and "We can both freely share our ideas, feelings, and hopes." Participants indicated their agreement with various statements ranging from 1 (strongly disagree) to 7 (strongly agree). The reliability estimated for this scale is .95.

Leader-member exchange (LMX): Leader-member exchange (LMX) was measured utilizing the LMX-7 scale, developed by Graen and Uhl-Bien (1995). LMX-7 is the most widely utilized scale for measuring leader-member exchange relationships and has exhibited a reliability coefficient of .93. The items in this measure are intended to capture individuals' perceptions of their interactions with their respective principals. Participants were presented with a series of statements and were requested to indicate their level of agreement. Sample items include: "How well does your principal understand your job problems and needs?" and "How would you characterize your working relationship with your principal?"

Control Variables: The analysis controlled for age, gender, ethnicity, education, and experience to mitigate alternative explanations in the causal relationships examined. The quality of leader-member relationships is greatly affected by demographic similarities like religion, gender, and ethnicity (Bakar & McCann, 2014). By incorporating controls for these extraneous variables, the researcher can more accurately delineate the causal relationships among the studied variables and enhance the internal validity of the findings. One of the necessary conditions of causality is controlling extraneous variables to minimize the threat to the study's internal validity (Christensen et al., 2014). Therefore, demographic attributes such as age, ethnicity, etc., were controlled for this study, considering them extraneous variables.

4. Results

4.1. Data Accuracy

In the current study, data were collected from a single source, which may introduce the risk of common method variance (Podsakoff et al., 2012). To assess the potential impact of common method variance on the current study, the Harmon one-factor test was employed. The results indicate that common method variance did not significantly affect the data, as the total variance explained was 31.56%, which is below the critical cutoff of 50%. Furthermore, the use of self-report measures is considered acceptable for evaluating individual cognitions (such as affective trust) and perceptions of interpersonal

experiences (including leader mindfulness, perceived supervisor support, and leader-member exchange or LMX), thereby reducing the risk of common method bias (Podsakoff et al., 2012).

Additionally, the analysis of multicollinearity involved examining the Variance Inflation Factor (VIF) and Tolerance for each variable. The results indicated that multicollinearity was not an issue, given that all VIF values were below 5 and Tolerance values were above 0.1. Specifically, the following results were observed: Leader Mindfulness exhibited a Tolerance of .49 and a VIF of 2.08; Perceived Supervisor Support had a Tolerance of .20 and a VIF of 4.87; and Affect-based Trust revealed a Tolerance of .25 and a VIF of 3.98. It is important to highlight that a VIF value exceeding 5 indicates a potential collinearity concern (James et al., 2017).

4.2. Descriptive Statistics

The descriptive statistics present essential information, including means, standard deviations, and correlations among the variables, as illustrated in Table 1. The results reveal several significant relationships worthy of consideration. For instance, perceived supervisor support is significantly related to LMX (r=.82, p<.01) and affect-based trust (r=.86, p<.01). Additionally, leader mindfulness demonstrates a significant relationship with LMX (r=.67, p<.01), underscoring the relevance of these constructs in understanding organizational dynamics.

Variable	Mean	SD	1	2	3	4	5	6	7	
1. Age	44.34	10.76								3
2 Ethnicity	1 94	0.68	-0.06							
3. Education	7.18	2.13	.196**	0.08						
4. Experience 5. Leader	2.31	1.48	.369**	-0.06	.180**					
Mindfulness 6. Perceived	6.12	1.26	.188**	-0.12	-0.12	0.08				
supervisor support	5.18	1.66	.213**	172*	-0.08	0.02	.721**			
7 Affect-based trust	5.81	1.44	.280**	.201**	-0.03	0.11	.642**	.865**		
8. LMX	3.82	0.98	.240**	-0.10	-0.02	0.09	.671**	.821**	.846**	t

Table 1: Means, standard deviations, and intercorrelations

^{**}Correlation is significant at the 0.01 level (2-tailed).

^{*}Correlation is significant at the 0.05 level (2-tailed).

Arif 17

4.3. Test of Hypotheses

This study investigated the effects of leader mindfulness on LMX, with perceived supervisor support and affect-based trust serving as mediators. It was hypothesized that these two factors would mediate the relationship between leader mindfulness and LMX. To test these hypotheses, a series of regression analyses were conducted using Hayes PROCESS.

First, I examined the direct effects outlined in hypotheses 1, 2, 3, 4, and 5. The results showed that leader mindfulness has a positive effect on LMX (B = .11, t(216) = 2.96, p = .003). Additionally, leader mindfulness positively affects perceived supervisor support (B = .83, t(222) = 14.91, p = .001) and affect-based trust (B = .85, t(146) = 12.08, p = .001). Furthermore, perceived supervisor support positively affects LMX (B = .17, t(216) = 3.44, p = .001), while affect-based trust also positively affects LMX (B = .31, t(216) = 7.78, p = .001).

Next, I examined the indirect relationships for mediating effects in hypotheses 6 and 7 using bootstrap confidence intervals for upper and lower limits. Bootstrapping confidence intervals represent a statistical method used to assess indirect effects in mediation analysis. This technique involves repeatedly drawing samples from the original dataset to compute the effect size. The effects can then be utilized to establish the desired confidence interval at the 95% level, complete with upper and lower limits (Hayes, 2012). It is considered statistically significant when there is a difference between confidence intervals for two groups. Hypothesis 6 focused on the mediating effects of perceived supervisor support and affect-based trust in the relationship between leader mindfulness and LMX. The results indicated that perceived supervisor support significantly mediates this relationship (b indirect = .14, 95% BC CI [.05 - .24]), as does affectbased trust (b indirect = .26, 95% BC CI [.18 - .36]), thereby supporting hypotheses 6 and 7. The direct and indirect effects are summarized in Table 2.

Table 2. Hypothesized Relationships-Direct and Indirect Effects

Structural Path	Coefficient	SE	p	Hypothesis	Supported?
Direct Effects					
Leader mindfulnes -> LMX	.11	.03	.003	Н1	Yes
Leader mindfulness -> PSS	.83	.05	.000	Н2	Yes
Leader mindfulness ->Affect- based trust	.85	.07	.001	НЗ	Yes
PSS -> LMX	.17	.05	.001	H4	Yes
Affect-based trust-> LMX	.31	.04	.001	Н5	Yes
Indirect					
Effects	Effect	BootLLCI	BootULCI	Hypothesis	Supported?
Leader mindfulness -> PSS -> LMX	.14	.05	.24	Н6	Yes
Leader mindfulness ->Affect- based trust -> LMX	.26	.18	.36	Н7	Yes

Additionally, the results revealed a significant total effect of leader mindfulness on LMX (B = .53, p < .001). The direct effect of leader mindfulness on LMX, even when accounting for mediators such as perceived supervisor support and affect-based trust, was also significant (B = .11, p = .003). Consequently, the relationship between leader mindfulness and LMX is partially mediated by perceived supervisor support and affect-based trust, as shown in Table 3.

Model Summary	Effect	se	t	р	LLCI	ULCI	c c
Total effect of X on Y	.53	.04	13.09	.001	.45	.61	.67
Direct effect of X on Y	.11	.03	2.96	.003	.03	.19	.14

Table 3: Total and Direct Effects of Leader Mindfulness on LMX

5. Discussion

While many organizations have acknowledged the significance of examining mindfulness within the workplace, the concept of leader mindfulness as a means of fostering quality leader-member relationships (LMX) remains relatively nascent in research. This study presents a theoretical model that investigates the relationship between leader mindfulness and the quality of LMX. The findings indicate that leader mindfulness exerts a positive influence on the quality of LMX through employees' perceptions of supervisor support and affectbased trust. The results underscore the essential roles of perceived supervisor support and affect-based trust as mediators in the relationship between leader mindfulness and LMX. It is imperative to investigate the impact of leader mindfulness on LMX, as LMX has associated with several beneficial outcomes for both organizations and employees. These outcomes include increased job satisfaction, enhanced task performance, greater employee commitment, improved organizational citizenship behaviors, and reduced turnover rates (Dulebohn et al., 2012; Martin et al., 2016; Skakon et al., 2010). Mindful leadership practices such as awareness, attentiveness, and neutrality cultivate employee support and strengthen trust in leaders. Consequently, this fosters coordination, collaboration, and positive employee perceptions, ultimately reinforcing strong, high-quality relationships.

Moreover, leader mindfulness can augment the quality of LMX by facilitating the sharing of accurate and unbiased information and by nurturing mutual understanding and trust within the leader-member relationship. Effective and impartial communication is critical to learning, as it ensures fairness and promotes equality in the exchange of information and support essential to individual development.

Mindful leaders play a vital role in creating emotional connections with their employees by establishing and maintaining trust. Providing unbiased resources and support, as well as fostering trust among employees, are fundamental components in the development of LMX. This study offers substantial evidence to support this significant relationship.

5.1. Theoretical Implications

The findings of this study provide robust evidence concerning the relationship between leader mindfulness and LMX, with perceived supervisor support and affect-based trust acting as pivotal mediators. This finding enhances the understanding of how leader mindfulness promotes supportive behaviors and fosters trust, thereby facilitating the establishment of quality LMX relationships. Leaders who practice mindfulness demonstrate essential intrapersonal characteristics, including self-awareness, confidence, hope, and optimism. The current study meticulously outlines how these intrapersonal attributes substantially influence interpersonal dynamics such as quality leadermember relationships in an organization. Through the enhancement of LMX quality, mindful leaders can contribute to a positive and productive work environment by building a culture of trust and support, leading employees to strengthen group dynamics.

The findings of the present study provide important insights into their relation with existing leadership theories. The results indicate that leader mindfulness may enhance relation-oriented leadership theories. Relation-oriented leadership theories encompass but are not limited to democratic leadership, affiliative leadership, and servant leadership. As noted by Tossi et al. (2000), these theories prioritize the establishment of trust, the development of interpersonal relationships, and the provision of support for subordinates to achieve beneficial organizational outcomes. The current study's findings revealed that by providing support and nurturing affect-based trust, leader mindfulness can improve the quality of leader-member exchange relationships, aligning well with a relation-oriented leadership approach.

Examining the relationship between leader mindfulness and LMX carries significant implications for the broader organizational context. High-quality LMX relationships are linked to numerous positive organizational outcomes, including increased job satisfaction,

improved employee well-being, and reduced stress levels. Conversely, low-quality LMX relationships can result in heightened employee stress and burnout (Skakon et al., 2010). In the context of the current study, mindful leaders are crucial in developing highquality supervisor-subordinate relationships that can enable employees to thrive and organizations to flourish through fostering employee satisfaction and well-being. Moreover, this study elucidates the intricate mechanisms that link leader mindfulness with LMX, while enriching the theoretical framework through the incorporation of the mediators of perceived supervisor support and affect-based trust. This integration broadens the understanding of what leaders may to ignite quality leader-member relationships Additionally, by examining the relationship between leader mindfulness and LMX, the current study moved mindfulness to LMX literature, thus offering important insights for the development and refinement of relevant new theories and concepts.

5.2. Practical Implications

This study effectively establishes the significance of leader mindfulness as a fundamental leadership behavior crucial for developing quality LMX relationships. The connection between LMX and various advantageous organizational outcomes, including increased employee commitment, enhanced morale, and improved retention rates, is well-documented, as mentioned earlier. Therefore, fostering leader mindfulness is not merely advantageous; it is achieving substantial organizational success. imperative for Organizations must therefore implement targeted training and development interventions to promote mindfulness among their leaders and take proactive steps to launch effective initiatives. An organization can utilize mindfulness training and development initiatives in various ways. For example, a company might organize weekly guided meditation sessions for all employees and frequently include mindful discussions during managerial and supervisory meetings. It is also feasible to allocate a specific space within the organization for mindfulness activities like breathing exercises and relaxation. Also, an organization may choose to host conferences focused on mindfulness in the workplace.

Furthermore, organizations can utilize external facilities to enhance leader mindfulness. Numerous professional organizations, including colleges and meditation centers, provide mindfulness-based leadership development programs. Given the experiential nature of learning, many of these programs are designed to equip leaders with mindfulness techniques applicable in multiple leadership scenarios, such as setting goals, communicating, resolving conflicts, solving problems, providing feedback, and more. (Baron et al., 2018; Brendel et al., 2016; Donaldson-Feilder, et al., 2018). Organizations can anticipate enrolling their leaders in these initiatives and key benefits.

The importance of perceived supervisor support and the establishment of trust within social relationships cannot be underestimated, as these elements are vital for cultivating a positive and collaborative workplace that fosters learning and facilitates effective communication (Dunoon & Langer, 2012). The findings of this study are consistent with prior research, indicating that leaders can significantly enhance social relationships within the context of LMX by facilitating support and trust among employees. This, in turn, contributes to the development of a collaborative workplace. Thus, organizations must create an environment in which employees feel supported and trusted by their leaders, thereby encouraging collaboration and establishing high-quality leader-member relationships.

This study examines the role of leader mindfulness in fostering quality leader-member relationships, indicating that leader mindfulness serves as a valuable approach for enhancing leaderfollower dynamics. This research makes a significant contribution to the expanding body of literature on leader mindfulness within illustrating organizational frameworks. its effectiveness establishing LMX relationships. The synergy between leader mindfulness and LMX creates substantial opportunities for realizing a range of organizational benefits. Consequently, organizations should strive to cultivate a mindful corporate culture to enhance leader mindfulness and facilitate quality LMX. Furthermore, organizations need to integrate mindfulness into their corporate culture and redesign job roles to create opportunities for leaders to practice mindfulness effectively.

5.3. Limitations and Future Direction

This study presents several limitations that could be addressed in future research endeavors. The current investigation primarily highlights the impact of leader mindfulness on the development of LMX relationships within an organizational context. However, it is crucial to acknowledge that leader mindfulness may also engage with other important areas such as employee resilience, procedural justice, and the management of exhaustion (Schuh et al., 2019). The research concentrated on perceived supervisor support and affect-based trust as mediators to elucidate the relationship between leader mindfulness and quality LMX. Moreover, the discussion surrounding the effectiveness of leader mindfulness remains confined within organizational boundaries, emphasizing the positive attributes of mindful leaders while offering limited insight into how these characteristics translate into specific leadership behaviors that influence LMX.

Mindful leaders can significantly enhance organizational outcomes by cultivating quality LMX relationships. Furthermore, their mindfulness behaviors can prove beneficial in various contexts, such as fostering employee resilience during crises. Given that mindful leaders tend to exhibit increased attention and focus, they can effectively instill a positive mindset in their subordinates, facilitating improved management of challenging situations. Consequently, investigating the application of leader mindfulness in emergency scenarios represents a valuable opportunity for future research. Subsequent studies should also explore alternative mediators to deepen the understanding of the relationship between mindfulness and LMX. As mindful leaders are presumed to exert influence over the behaviors of their colleagues, this dynamic may extend to the maintenance of inter-organizational relationships, thereby offering competitive advantages. Therefore, future research must examine how leader mindfulness can enhance relationships with external organizations. Additionally, incorporating qualitative perspectives in upcoming studies would be beneficial to capture the personal experiences and commitments of leaders engaged in mindfulness practices.

Additionally, to support and broaden the findings of this study, upcoming research should concentrate on longitudinal investigations by implementing mindful leadership experiments and monitoring the outcomes over time. Also, leadership theories are primarily influenced by Western cultural norms. Researchers in culture argue that societies can be classified by their approach to action (Richerson &

Christiansen, 2024), and these approaches impact leadership styles. Thus, to widely generalize the study's findings, future research should concentrate on cross-cultural comparisons of leader mindfulness to evaluate the results.

6. Conclusion

In contemporary organizational studies, leader mindfulness has become a prominent area of interest due to its demonstrated positive effects on various outcomes, such as employee performance, creativity, and overall well-being. Employees who engage with mindful leaders tend to experience a sense of safety and cultivate highquality relationships with their leaders. The present study aims to investigate the influence of leader mindfulness on the quality of LMX relationships. It proposes a conceptual framework that delineates a positive relationship between leader mindfulness and LMX, mediated by perceived supervisor support and affect-based trust. The mediating relationships outlined in this study provide a robust explanation of how leader mindfulness enhances the quality of leader-member relationships. Mindful leaders are capable of shaping follower behavior through their persistence, integrity, and attentiveness to contextual factors. Consequently, followers are more likely to view their leaders as trustworthy and supportive. This dynamic fosters a quality exchange relationship between leaders and followers, which consequently contributes to organizational success. The strong association between mindfulness and LMX highlights its significance for organizations striving to attain their objectives.

References

- Atkin, P. W. B., & Parker, S, K. (2012). Understanding individual compassion in organizations: The role of appraisals and psychological flexibility. *The Academy of Management Review*, 37(4), 524-546.
- Baer, R. A. (2003). Mindfulness training as a clinical intervention: A conceptual and empirical review. *Clinical Psychology: Science and Practice*, 10(2), 125-143.

Baer, R. A., Smith, G. T., & Allen, K. B. (2004). Assessment of Mindfulness by Self-Report: The Kentucky Inventory of Mindfulness Skills. Assessment, 11(3), 191-206.

- Baer, R. A., Smith, G. T., Hopkins, J., Krietemeyer, J., & Toney, L. (2006). Using self-report assessment methods to explore facets of mindfulness. *Assessment*, 13(1), 27-45.
- Bakar, H. A., & McCann, R. M. (2014). Matters of demographic similarity and dissimilarity in supervisor subordinate relationships and workplace attitudes. *International Journal of Intercultural Relations*, 41, 1-16.
- Baron, L. (2016). Authentic leadership and mindfulness development through action learning. *Journal of Managerial Psychology*, 31(1), 295-311.
- Baron, L., Rouleau, V., Gregoire, S., & Baron, C. (2018). Mindfulness and leadership flexibility. *Journal of Management Development*, *37*(2), 165-177.
- Bishop, S. R., Lau, M., Shapiro, S., Carlson, L., ,Anderson, N., D., Carmody, J., Segal, Z., V., Abbey, S., Speca, M., Velting, D., & ,Devins, G. (2004). Clinical Psychology: Science and Practice, 11(3), 230-241.
- Brendel, W., Hankerson, S., Byun, S., & Cunningham, B. (2016). Cultivating leadership Dharma: Measuring the impact of mindfulness practice on creativity, resilience, tolerance for ambiguity, anxiety, and stress. *Journal of Management Development*, 35(8), 1056-1077.
- Brown, K. W., & Ryan, R. (2003). The benefits of being present: Mindfulness and its role in psychological wellbeing. *Journal of Personality and Social Psychology*, 84(4), 822-848.
- Brown, K. W., Ryan, R. M., & Creswel, J. D. (2007). Addressing fundamental questions about mindfulness. *Psychological Inquiry*, 18(4), 272-281.
- Byun, G., Dai, Y., Lee, S. & Kang, S. (2017). Leader trust, competence, LMX, and member performance: A moderated mediation framework. *Psychological Reports*, *120*(6), 1137-1159.
- Carson, J. W., Carson, K. M., Gil, K. M., & Baucom, D. H. (2004). Mindfulness-based relationship enhancement. *Behavior Therapy*, 35(3), 471–494.

- Carson, S. H. & Langer, E. J. (2006). Mindfulness and self-acceptance. *Journal of Rational Emotive & Cognitive Behavior Therapy*, 24(1):29-43.
- Chen, X. P., Eberly, M. B., Chiang, T. J., Farh, J. L., & Cheng, B. S. (2014). Affective trust in chinese leader linking paternalistic leadership to employee performance. *Journal of Management*, 40, 796-819.
- Chen, Y. F. & Thosvold, D. (2013). Inside the leader relationship: Constructive controversy for team effectiveness in China. *Journal of Applied Social Psychology*, 43(9), 1827-1837.
- Chiesa, A., Calati, R. & Serretti, A. (2011). Does Mindfulness Training Improve Cognitive Abilities? A Systematic Review of Neuropsychological Findings. *Clinical Psychology Review*, 31(3), 449-464.
- Chiesa, A., & Serretti, A. (2009). Mindfulness-based stress reduction for stress management in healthy people: A review and meta-analysis. *Journal of Alternative and Complementary Medicine*, 15(5), 593–600.
- Christensen, L. B., Johnson, R. B., & Turner, L. A. (2014). *Research methods, design, and analysis*. Upper Saddle, NJ: Pearson
- Chua, R. Y. J., Morris, M. W., & Mor. S. (2012). Collaborating across cultures: Cultural metacognition and affect based trust in creative collaboration. *Organizational Behavior and Human Decision Processes*, 118, 116-131.
- Cropanzano, R., Anthony, E. L., Daniels, S. R., & Hall, A. V. (2017). Social exchange theory: A critical review with theoretical remedies. *Academy of Management Annals*, 11, 479-516.
- Cullen-Lester, K. L., Maupin, C. K., & Carter, D. R. (2017). Incorporating social networks into leadership development: A conceptual model and evaluation of research and practice. *The Leadership Quarterly*, 28(1), 130–152.
- Dane, E., & Brummel, B. J. (2014). Examining workplace mindfulness and its relations to job performance and turnover intention. *Human Relations*, 67(1), 105–128.
- Donaldson-Feilder, E., Lewis, R., & Yarker, J., (2018). What outcomes have mindfulness and meditation interventions for managers and leaders achieved? A systematic review. *European Journal of Work and Organizational Psychology*, 28(1), 11–29.

Dulebohn, J. H., Bommer, W. H., Liden, R. C., Brouer, R. L., & Ferris, G. R. (2012). A meta analysis of antecedents and consequences of leader-member exchange: Integrating the past with an eye toward the future. *Journal of Management*, 38(6),1715–1759.

- Dunoon, D. & Langer, E. (2012). Mindful leadership communication: Three keys for action. *Training & Development*, 39(3), 12-14.
- Eberth, J., & Sedlmeier, P. (2012). The Effects of Mindfulness Meditation: A Meta-Analysis. *Mindfulness*, *3*(3), 174-189.
- Edwards, M. R., & Peccei, R. (2010). Perceived organizational support, organizational identification, and employee outcomes. *Personnel Psychology*, *9*(1), 17-26.
- Eisenberger, R., Huntington, R., Hutchison, S., & Sowa, D. (1986). Perceived organizational support. *Journal of Applied Psychology*, 71, 500–507.
- Eisenberger, R., Stinglhamber, F., Vandenberghe, C., Sucharski, I. L. & Rhoades, L. (2002). Perceived supervisor support: Contributions to perceived organizational support and employee retention. *Journal of Applied Psychology*, 87(3), 565–573.
- Farid, T., Iqbal, S., Khan, A., Ma, J., Khattak, A., & Ud Din, M. N. (2020). The impact of authentic leadership onorganizational citizenship behaviors: The mediating role of affective- and cognitive-based trust. *Frontiers in Psychology*, 11, 1-9.
- Gardner, W. L., Avolio, B. J., Luthans, F., May, D. R. & Walumbwa, F. (2005). Can you see the real me? A self based model of authentic leader and follower development. *The Leadership Quarterly*, 16(3), 343-372.
- Glomb, T. M., Duffy, M. K., Bono, J. E., & Yang, T. (2011). Mindfulness at work. Research in Personnel and Human Resources Management, 30, 115-157.
- Good, D. J., Lyddy, C. J., Glomb, T. M., Bono, J. E., Brown, K. W., Duffy, M. K., Baer, R. A, Brewer, J. A., & Lazar, S. W. (2016). Contemplating mindfulness at work: An integrative review. *Journal of Management*, 42(1), 114–142.
- Graen, G. B., & Uhl-Bien, M. (1995). Relationship-based approach to leadership: Development of leader-member exchange (LMX) theory of leadership over 25 years: Applying a multi level multidomain perspective. *The Leadership Quarterly*, 6(2), 219-247.

- Grandey, A., Foo, S. C., Groth, M., & Goodwin, R. E. (2012). Free to be you and me: A climate of authenticity alleviates burnout from emotional labor. *Journal of Occupational Health Psychology*, 17(1), 1-14.
- Grant, J. A., Courtemanche, J., Duerden, E. G., Duncan, G. H., & Rainville, P. (2010). Cortical thickness and pain sensitivity in Zen meditators. *Emotion*, 10, 43–53.
- Hammer, L. B., Brady, J. M., & Perry, M. L. (2020). Training supervisors to support veterans at work: Effects on supervisor attitudes and employee sleep and stress. *Journal of Occupational and Organizational Psychology*, *93*(2), 273 301.
- Hayes, A. F. (2012, February). *PROCESS: A versatile computational tool for observed variable mediation, moderation, and conditional process modeling.*
- Hoefling V., Stroehle. G., Michalak J., & Heidenreich T. A. (2011). Short version of the Kentucky inventory of mindfulness skills. Journal of Clinical Psychology, 67, 1–7.
- Hülsheger, U. R., Alberts, H. J. E. M., Feinholdt, A., & Lang, J. W. B. (2013). Benefits of mindfulness at work: The role of mindfulness in emotion regulation, emotional exhaustion, and job satisfaction. *Journal of Applied Psychology*, 98(2), 310-325.
- Ilies, R., Nahrgang, J. D., & Morgeson, F. P. (2007). Leader-member exchange and citizenship behaviors: A Meta analysis. *Journal of Applied Psychology*, *92*(1), 269-277.
- James, G., Witten, D., Hastie, T., & Tibshirani, R. (2017). *An introduction to statistical learning: With applications in R.* Springer
- Kinsler, L. (2014). Born to be me... who am I again? The development of authentic leadership using evidence based leadership coaching and mindfulness. *International Coaching Psychology Review*, 9(1), 92-104.
- Kock, N., Mayfield, M., Mayfield, J. R., Sexton, S., & De La Garza, L. M. (2018). Empathetic leadership: How leader emotional support and understanding influences follower performance. *Journal of Leadership and Organizational Studies*, 26(2), 217-236.
- Krause, T. R. (2004). Influencing the Behavior of Senior Leadership. *Professional Safety*, 49, 29-31.

Markham, S. E., Yammarino, F. J., Murry, W. D., & Palanski, M. E. (2010). Leader-member exchange, shared values, and performance: Agreement and levels of analysis do matter. *The Leadership Quarterly*, 21(2010), 469-480.

- Martin, R., Guillaume, Y., Thomas, G., Lee, A., & Epitropaki, O. (2016). Leader–member exchange (LMX) and performance: A meta-analytic review. *Personnel Psychology*, 69, 67–121.
- McAllister, D. J. (1995). Affect and cognition-based trust as foundations for interpersonal cooperation in organizations. *Academy of Management Journal*, 38(1), 24-59.
- Nguyen, V. T., Weinstein, M., & Meyer, A. D. (2005). Development of trust: A study of interfirm relationships in Vietnam. *Asian Pacific Journal of Management*, 22, 211–235.
- Northouse, P. (2007). *Leadership theory and practice*. Sage Publications.
- O'Donnell, M., Yukl, G., & Taber, T. (2012). Leader behavior and LMX: A constructive replication. *Journal of Managerial Psychology*, 27(2), 143-154.
- Parker, S. C., Nelson, B. W., Epel, E. S., & Siegel, D. J. (2015). The science of presence: A central mediator of theinterpersonal benefits of mindfulness. In Brown, K. W,
- Creswell, J. D, Ryan, R. M (Eds), Handbook of Mindfulness: Theory, Research, and Practice. Guilford Press.
- Podsakoff, P. M., MacKenzie, S. B., & Podsakoff, N. P. (2012). Sources of method bias in social science research and recommendations on how to control it. *Annual Review of Psychology*, 63, 539-569.
- Purser, R. E., & Milillo, J. (2015). Mindfulness revisited: A buddhist based conceptualization. *Journal of Management Inquiry*, 24(1), 3–24.
- Reb, J. & Atkins, P. W. B. (2015). *Mindfulness in organizations:* Foundation, research and application. Cambridge Press
- Reb, J., Narayanan, J., & Chaturvedi, S. (2014). Leading mindfully: Two studies on the influence of supervisor trait mindfulness on employee well-being and performance. *Mindfulness*, 5(1), 36-45.
- Reb, J., Narayanan, J., Chaturvedi, S., & Ekkirala, S. (2017). The mediating role of emotional exhaustion in the relationship of mindfulness with turnover intentions and job performance. *Mindfulness*, 8, 707-716.

- Reb, J., Narayanan, J., & Ho, Z. W. (2015). Mindfulness at work: Antecedents and consequences of employee awareness and absent-mindedness. *Mindfulness*, 6, 111-122.
- Richerson, P. J., & Christiansen, M. H. (2024). *Cultural Evaluation: Society, Technology, Language, and Religion*. MIT Press
- Roche, M., Haar, J. M., & Luthans, F. (2014). The role of mindfulness and psychological capital on the well-being of leaders. *Journal of Occupational Health Psychology*, 19(4), 476-89.
- Roeser, R. W., Schonert-Reichl, K. A., Jha, A., Cullen, M., Wallace, L. Wilensky, R., Oberle, E., Thomson, K., Taylor, C., & Harrison, J. (2013). Mindfulness Training and Reductions in Teacher Stress and Burnout: Results from two randomized, waitlist-control field trials. *Journal of Educational Psychology*, 105(3), 787-804.
- Sauer, S., Kohls, N. (2011). Mindfulness in leadership: Does being mindful enhance leaders' business success? In Han, S. & Poppel, E. (Eds), *Culture and neutral frames of cognitions and communication (on thinking)*. Springer
- Schaubroeck, J., Lam, S. S., & Peng, A. C. (2011). Cognition-based and affect-based trust as mediators of leader behavior influences on team performance. *Journal of Applied Psychology*, *96*(4), 863-871.
- Schoorman, F. D., Mayer, R. C., & Davis, J. H. (2007). An integrative model of organizational trust: Past, present, and future. *Academy of Management Review*, 32, 344-354.
- Schuh, S. C., Zheng, M. X., Xin, K. R., & Fernandez, J. A. (2019). The interpersonal benefits of leader mindfulness: A serial mediation model linking leader mindfulness, leader procedural justice enactment, and employee exhaustion and performance. *Journal of Business Ethics*, 156, 1007-1025.
- Schutte, N. S., Malouff, J. M., Bobik, C., Coston, T. D., Greeson, C., Jedlicka, C., Rhodes, E., & Wendorf, G. (2001). Emotional intelligence and interpersonal relations. *The Journal of Social Psychology*, *141*(4), 523-536.
- Shulman, E. (2024). Ethics, Mindfulness, and Consciousness: A study of their relation in early Buddhism. *Mindfulness*, *15*, 2415–2427.
- Skakon, J., Nielsenb, K., Borgb, V., & Guzman, J. (2010). Are leaders' well-being, behaviours and style associated with the affective well-

- being of their employees? A systematic review of three decades of research. *Work & Stress*, 24(2), 107-139.
- Sparrowe, R. T., & Liden, R. C. (2005). Two routes to influence: integrating leader member exchange and social network perspectives. *Administrative Science Quarterly*, 50(4), 505-535.
- Steffens, N. K., Haslam, S. A. Kerschreiter, A., Schuh, C. S., & van Dick, R. (2014). Leaders enhance group members' work engagement and reduce their burnout by crafting social identity. *German Journal of Research in Human Resource Management*, 28(1-2), 173-194.
- Tossi, H. L., Rizzo, J., & Mero, N. P. (2000). *Managing Organizational Behavior*. Blackwell Business
- Uhl-Bien, M. (2006). Relational Leadership Theory: Exploring the social processes of leadership and organizing. *The Leadership Quarterly*, 17(6), 654-676.
- Van Quaquebeke, N. & Felps, W. (2016). Respectful inquiry: A motivational account of leading through asking open questions and listening. *Academy of Management Review*, 43(1), 5-27.
- Verdorfer, A. P. (2016). Examining mindfulness and its relations to humility, motivation to lead, and actual servant leadership behaviors. *Mindfulness*, 7(4), 950–961.
- Wang, Y. R., Ford, M. T., Wang, Y., & Jin, J. (2019). Shifts and variability in daily interpersonal justice are associated with psychological detachment and affect at home. *Journal of Vocational Behavior*, 115, 1-14.
- Zhu, W., Newman, A., Miao, Q., & Hooke, A. (2013). Revisiting the mediating role of trust in transformational leadership effects: Do different types of trust make a difference? *Leadership Quarterly*, 24(1), 94-105.
- Zumrah, A. R., & Boyle, S. (2015). The effects of perceived organizational support and job satisfaction on transfer of training. *Personnel Review*, 44(2), 236-254.

The price puzzle: understanding hospital charges by diagnosisrelated groups in 2019 America

Samaneh Torkzadeh University of the District of Columbia

Ravi Chinta
University of the District of Columbia

Abstract

Hospital charges in the United States exhibit significant variability, posing challenges for patients, healthcare providers, and policymakers. This study aims to analyze the variance in hospital charges across different Diagnosis-Related Groups (DRGs) using the National Inpatient Sample (NIS) data from 2019, provided by the Agency for Healthcare Research and Quality (AHRQ). Our analysis reveals that the variance in hospital charges significantly differs across DRG groups. Specifically, we identify the top 20 DRGs with the highest coefficient of variation and the 20 DRGs with the lowest coefficient of variation among more than 800 DRG groups. A closer examination of these extreme groups would be the empirical basis for future research to unravel factors that are associated with a reduction in the coefficient of variation. These findings suggest that implementing standardized care practices could enhance pricing transparency and equity in healthcare.

Introduction

Hospital charges in the United States exhibit significant variance, creating a complex landscape for patients and policymakers alike. This variance is driven by a multitude of factors, including geographical location, hospital type, and the specific services provided (RAND Corporation, 2022). The lack of transparency in hospital pricing further complicates the issue, as patients often do not know the cost of their care until after services have been rendered (Peterson-KFF Health System Tracker, 2021).

This opacity in pricing can lead to substantial differences in charges for the same treatment across different hospitals (HFMA, 2021). Moreover, the negotiation power of insurance companies and the presence of uninsured patients can further influence the pricing structure. Patients with high-deductible health plans may face significant out-of-pocket expenses, adding to the financial burden. Efforts to standardize pricing and improve transparency are ongoing, but progress has been slow and uneven across the country.

Given the unique characteristics of each hospitalized patient case, such as severity, comorbidities, complications, age, and gender, etc., analyzing hospital charges at the individual level can be misleading. Each patient's case is distinct, making it challenging to draw generalized conclusions from individual data points. Therefore, it is more effective to shift the unit of analysis to groups of cases within Diagnosis-Related Groups (DRGs). DRGs categorize patients with similar clinical conditions and resource usage, allowing for a more standardized comparison of hospital charges (Evidence Care, n.d.). By focusing on DRGs, we can better understand the underlying patterns and factors contributing to the variance in hospital charges.

This study aims to analyze national in-patient (NIS) data from 2019, collected by the Agency for Healthcare Research and Quality (AHRQ). The NIS data includes over 7 million in-patient cases across more than 900 DRGs. Using the coefficient of variation as the primary metric, we will examine the hospital charges data to identify trends and disparities at the DRG level. This approach will provide insights into the factors driving cost variations and inform potential policy interventions to enhance pricing transparency and equity in healthcare.

Literature review

Overview of hospital charges

Hospital charges in the United States have been a subject of extensive research due to their significant impact on healthcare affordability and accessibility. Studies have consistently shown that hospital charges vary widely, even for the same procedures and treatments, leading to concerns about pricing transparency and equity (RAND Corporation, 2022). This section reviews the existing literature on hospital charges, focusing on the factors influencing

these charges, the implications of charge variability, and the methodologies used to study hospital pricing.

Factors influencing hospital charges

Several factors contribute to the variability in hospital charges. Geographic location is a major determinant, with hospitals in different regions charging significantly different prices for the same services (Cooper et al., 2018).

Hospital type and ownership also play a crucial role; for instance, for-profit hospitals tend to charge higher prices compared to non-profit and public hospitals (Bai & Anderson, 2015). This difference in pricing can be attributed to the profit-driven motives of for-profit hospitals, which often prioritize revenue generation. These individual characteristics can lead to variations in treatment plans and resource utilization, further impacting overall charges. Understanding these dynamics is essential for developing policies that address cost disparities and ensure equitable access. Moreover, patient-specific factors such as age, gender, and the presence of comorbidities can influence the cost of care (Figueroa et al., 2016).

Pricing transparency and its implications

The lack of transparency in hospital pricing has been a persistent issue. Patients often face difficulties in obtaining clear and upfront information about the costs of their care, which can lead to unexpected and burdensome medical bills (Peterson-KFF Health System Tracker, 2021). This opacity not only affects patients but also complicates efforts to control healthcare costs at a systemic level (Brown, 2014). Studies have highlighted the need for improved pricing transparency to enhance patient decision-making and promote fair competition among healthcare providers (Hussey et al., 2013).

Methodologies for analyzing hospital charges

Researchers have employed various methodologies to study hospital charges. One common approach is the use of Diagnosis-Related Groups (DRGs) to categorize patients with similar clinical conditions and resource usage (Evidence Care, n.d.). This method allows for a more standardized comparison of hospital charges across different institutions. The novelty of using DRGs lies in their

ability to facilitate precise and consistent analysis across diverse healthcare settings. Another widely used metric is the coefficient of variation, which measures the extent of variability in relation to the mean value of the dataset (Tompkins et al., 2006). These methodologies provide a robust framework for analyzing and understanding the complexities of hospital pricing.

Impact of hospital charges on healthcare outcomes

The relationship between hospital charges and healthcare outcomes has been explored in several studies. Higher hospital charges do not necessarily correlate with better patient outcomes. For example, research has shown that hospitals with higher charges do not always provide higher quality care (Jha et al., 2009). This finding underscores the complexity of healthcare pricing and the need for policies that ensure value-based care rather than cost-based care (Rosenthal et al., 2013).

Policy implications and future directions

The variability in hospital charges has significant policy implications. Policymakers are increasingly focusing on strategies to enhance pricing transparency and control healthcare costs. Initiatives such as the Hospital Price Transparency Rule, which requires hospitals to disclose their standard charges for services, aim to address these issues (Centers for Medicare & Medicaid Services, 2020). Future research should continue to explore the impact of such policies and develop innovative approaches to ensure equitable and transparent healthcare pricing (Frakt, 2011). As can be seen from the above literature review on hospital charges, many research studies have examined hospital charges as a function of various factors that explain their variance, such as geographic location, hospital type, and patient characteristics. These studies have provided valuable insights into how different elements contribute to the overall cost structure in healthcare. Moreover, understanding these factors can help policymakers design more targeted interventions to effectively reduce unwarranted cost variations. By addressing the root causes of price disparities, it is possible to create a more efficient, transparent, and fair healthcare system. Additionally, patient education on hospital pricing can empower individuals to make more informed healthcare decisions. Collaboration between public and private sectors is essential to drive meaningful changes in pricing practices.

Ultimately, achieving a balance between cost control and quality care remains a critical goal for the healthcare system.

For instance, geographic disparities can lead to significant differences in hospital charges, with urban hospitals often charging more than their rural counterparts due to higher operational costs and demand for services. Similarly, the type of hospital—whether it is for-profit, non-profit, or public—can influence pricing strategies and charge levels. Patient-specific factors, including age, gender, and the presence of comorbidities, further complicate the pricing landscape, as they necessitate varying levels of care and resource utilization.

However, there are also studies that have focused exclusively on hospital charges themselves, without linking them to other variables. These studies aim to provide a clearer picture of the trends and financial challenges faced by hospitals. For example, the American Hospital Association (AHA) has published reports that analyze hospital charges and costs independently, highlighting the financial pressures on hospitals and the implications for healthcare delivery. Similarly, the RAND Corporation has conducted studies assessing hospital prices paid by private health plans, focusing solely on the charges to understand the pricing dynamics in the healthcare market. These exclusive analyses of hospital charges are crucial as they offer a direct examination of the cost structures and help identify areas where pricing reforms may be needed to enhance transparency and equity in healthcare (AHA, 2023; RAND Corporation, 2022).

However, these studies that focused only on hospital charges did not examine the variance of hospital charges at the aggregate level of Diagnosis-Related Groups (DRG) groups. Furthermore, these studies underscore the importance of addressing the financial sustainability of hospitals in the face of rising costs. They also highlight the need for ongoing monitoring and evaluation of hospital pricing practices to ensure fairness and accountability. By focusing on hospital charges alone, these analyses provide a foundational understanding that can inform broader healthcare policy reforms. These analyses have laid the groundwork for understanding the complexities of hospital pricing. They have also highlighted the critical role of standardized practices in achieving cost consistency. Additionally, past research has emphasized the importance of transparency and accountability in hospital pricing practices.

Our study fulfills this gap in the existing literature by focusing on the variance of hospital charges at the DRG level. By analyzing hospital charges using DRGs as the unit of analysis, we can provide a more standardized and comprehensive understanding of the factors driving cost variations. This approach allows us to identify patterns and disparities that may not be apparent when examining charges at the individual patient level, thereby offering valuable insights for policymakers and healthcare providers aiming to improve pricing transparency and equity.

Research hypotheses

In this study, we aim to investigate the variance in hospital charges across different Diagnosis-Related Groups (DRGs). To guide our analysis, we have formulated the following hypotheses:

Null Hypothesis (H₀): The variance in hospital charges does not differ significantly across DRG groups.

Alternative Hypothesis (H₁): The variance in hospital charges differs significantly across DRG groups.

These hypotheses will be tested using national in-patient data from 2019, with the coefficient of variation serving as the primary metric for analyzing hospital charge variability. By examining these hypotheses, we seek to determine whether there are significant differences in the variance of hospital charges when aggregated at the DRG level, thereby contributing to a deeper understanding of hospital pricing dynamics and informing potential policy interventions. This study will provide valuable insights into the consistency of hospital pricing practices across different DRG categories. The results could highlight areas where standardization efforts are most needed. Ultimately, our findings aim to support the development of policies that promote equitable and transparent hospital pricing. Additionally, this research will help identify specific DRGs that could benefit from targeted cost management strategies. By focusing on these areas, healthcare providers can work towards reducing unwarranted charge variability. This approach not only enhances pricing transparency but also promotes fairness in healthcare delivery.

The National (Nationwide) Inpatient Sample (NIS) is a database maintained by the Agency for Healthcare Research and Quality (AHRQ) as part of the Healthcare Cost and Utilization Project (HCUP). The NIS is the largest publicly available all-payer inpatient healthcare database in the United States, designed to produce national and regional estimates of inpatient utilization, access, cost, quality, and outcomes. It contains data from more than 7 million hospital stays each year, which can be weighed to represent around 35 million hospitalizations nationally. The NIS includes detailed information on patient demographics, diagnoses, procedures, discharge status, and hospital characteristics, making it an invaluable resource for healthcare research and policy analysis. For this study, we are utilizing the NIS data from 2019 to analyze the variance in hospital charges across different Diagnosis-Related Groups (DRGs) (HCUP-US, 2024).

For this study, we concentrated on examining the variability in hospital charges across various Diagnosis-Related Groups (DRGs). Specifically, we computed the coefficient of variation (CV) for total hospital charges within each DRG to assess the relative variability of these charges. The CV, which is a standardized measure of dispersion within a probability distribution or frequency distribution, is expressed as a percentage. This metric proves particularly advantageous for comparing the degree of variation between different data series, even when their mean values differ significantly. By employing the CV, we can gain a more nuanced understanding of the disparities in hospital charges, thereby facilitating more informed analyses and discussions regarding healthcare costs. The results could highlight areas where standardization efforts are most needed to reduce variance, ultimately supporting the development of policies that promote equitable and transparent hospital pricing.

After calculating the CV for all DRGs, we identified the bottom 20 DRGs with the lowest coefficient of variation, indicating the most consistent hospital charges, and the top 20 DRGs with the highest coefficient of variation, indicating the most variable hospital charges. The selection was based on the CV values calculated from the total charges associated with each DRG. DRGs with a higher number of cases (Count) provide more robust estimates of variability due to the larger sample sizes. This approach ensures that our

analysis captures both the most stable and the most fluctuating charge patterns across different DRGs. By focusing on these extremes, we can better understand the factors contributing to cost consistency and variability in hospital billing practices.

Data processing

The data processing involved several key steps:

- 1. **Data Cleaning:** We cleaned the dataset by removing any records with missing or anomalous values in the total charges or DRG codes to ensure the accuracy of our analysis. This step was crucial to maintain the integrity and reliability of the subsequent calculations.
- Calculating Coefficient of Variation: For each DRG, we calculated the CV of total hospital charges using the formula:

$$CV = \left(\frac{\sigma}{\mu}\right) \times 100\%$$

where σ is the standard deviation and μ is the mean value of the total charges for that DRG. This calculation allowed us to quantify the relative variability of charges within each DRG. Variance is best measured statistically by the standard deviation, which provides a clear indication of the spread of data points. The standard deviation, often symbolized by sigma (σ), is a crucial metric in understanding variability.

- 3. **Ranking DRGs:** We ranked the DRGs based on their CV values in ascending order to identify the DRGs with the lowest variability and in descending order to identify those with the highest variability. This ranking facilitated a clear comparison of charge consistency across different DRGs.
- 4. **Selection of Top DRGs**: We selected the bottom 20 DRGs with the lowest CVs and the top 20 DRGs with the highest CVs for detailed analysis. This selection enabled us to focus on the extremes of charge variability, providing insights into the most and least predictable hospital charges.

Findings

The DRGs with the lowest coefficient of variation (see Figure 1 and Table 1) predominantly consist of high-cost, highly standardized surgical procedures and treatments. Figure 1 below shows the DRGs with the most consistent charges, displaying the coefficient of variation for each DRG in a horizontal bar chart.

Figure 1: Bottom 20 DRGs with the Lowest Variance

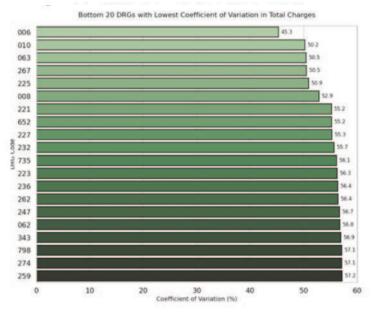


Table 1 below lists the DRGs that exhibit the most consistent hospital charges, indicating less variability in pricing for these groups. It includes the DRG code, DRG description, coefficient of variation, and the number of cases.

Table 1: Bottom 20 DRGs with the Lowest Variance

DRG	DRG Description	CV of Total Charges	Count
6	Liver transplant	45.3	450
10	Pancreas transplant	50.2	22
63	Ischemic stroke	50.5	1,348
267	Cardiac valve replacement	50.5	9,659
225	Cardiac defibrillator implant	50.9	791
8	Pancreas and kidney transplant	52.9	167
221	Major cardiothoracic procedures	55.2	1,484
652	Kidney transplant	55.2	4,200
227	Cardiac defibrillator implant	55.3	2,623
232	Coronary bypass	55.7	412
735	Radical hysterectomy	56.1	378
223	Cardiac implant with catheterization	56.3	263
236	Coronary bypass w/o catheterization	56.4	10,749
262	Cardiac pacemaker revision	56.4	638
247	Percutaneous with drug-eluting stent	56.7	54,249
62	Ischemic stroke	56.8	5,924
343	Appendectomy	56.9	11,804
798	Vaginal delivery with sterilization	57.1	6,351
274	Other intracardiac procedures	57.1	11,733
259	Cardiac pacemaker replacement	57.2	442

For instance, DRG 006 (Liver Transplant without MCC) exhibits the most consistent charges among 763 DRG, with a CV of 45.3 percent across 450 cases. Liver transplants are complex procedures that follow well-established medical protocols, leading to standardized costs across hospitals. Similarly, DRG 652 (Kidney Transplant), with a CV of 55.2 percent over 4,200 cases, demonstrates low variability due to the standardized nature of the procedure and strict adherence to clinical guidelines. These findings

suggest that procedures with well-defined protocols and consistent clinical practices tend to have more predictable costs.

Additionally, the high volume of cases for these DRGs contributes to the robustness of the observed low variability, reinforcing the importance of standardized care in achieving cost consistency. Furthermore, the consistency in charges for these DRGs highlights the effectiveness of standardized medical protocols in reducing cost variability. This underscores the potential benefits of expanding standardized practices to other procedures to achieve similar cost predictability. Future research should explore the impact of standardization on a broader range of DRGs to further enhance healthcare cost management.

Several factors may contribute to the low variability observed in these DRGs. The standardization of care plays a crucial role; procedures like organ transplants often adhere to stringent clinical guidelines and protocols, minimizing deviations in practice patterns across different hospitals. Additionally, the high fixed costs associated with specialized equipment and surgical teams can result in similar charges, as hospitals have less flexibility to adjust prices.

Regulatory oversight and specific reimbursement structures, such as bundled payments, can further standardize charges for these procedures. High-volume DRGs benefit from economies of scale, reducing cost variability due to the large number of cases processed. Furthermore, the consistency in pre- and post-operative care protocols ensures uniformity in the overall treatment process. This uniformity not only helps in maintaining predictable costs but also enhances the quality of care provided to patients. The combination of these factors underscores the importance of standardized medical practices in achieving cost efficiency and reliability.

Despite the benefits of standardization, it is important to recognize potential challenges in implementing such practices across all DRGs. Variability in patient conditions and the complexity of certain procedures can make standardization difficult. Additionally, hospitals may face resistance to change due to established practices and financial incentives tied to current pricing models.

Furthermore, the integration of advanced data analytics can help identify areas where standardization is most feasible and beneficial. Continuous education and training for healthcare professionals are also essential to ensure adherence to standardized protocols. By fostering a culture of continuous improvement, the healthcare system can gradually overcome barriers to standardization. Ultimately, achieving a balance between standardization and individualized patient care is crucial for optimizing both cost efficiency and treatment outcomes.

In contrast, the DRGs with the highest coefficient of variation (see **Figure 2 and Table 2**) are often associated with complex medical conditions, unpredictable treatment courses, and significant comorbidities.

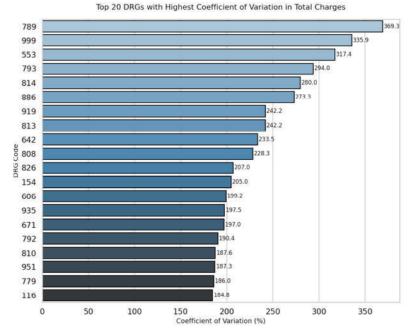


Figure 2: Top 20 DRGs with the Highest Variance

Table 2 below presents the DRGs with the most variable hospital charges, highlighting disparities in pricing. It also includes the DRG code, description, coefficient of variation, and the number of cases.

Table 2: Top 20 DRGs with the Highest Variance

DRG	DRG Description	CV of Total Charges	Count
789	Neonates died or transferred	369.3	15496
999	Ungroupable	335.9	6267
553	Bone diseases	317.4	1,069
793	Full term neonate	294	44,227
814	Reticuloendothelial disorders	280	1013
886	Behavioral disorders	273.3	3117
919	Complications of treatment	242.2	7,607
813	Coagulation disorders	242.2	9,419
642	Disorders of metabolism	233.5	1,996
808	Major hematological with mcc	228.3	4512
826	Myeloproliferative disorders	207	440
154	ENT major	205	1095
606	Minor skin disorders	199.2	984
935	Non-extensive burns	197.5	3160
671	Urethral procedures	197	180
792	Prematurity w/o major probs	190.4	32,811
810	Major hematological w/o mcc	187.6	1,820
951	Misc factors influencing health	187.3	14,206
779	Abortion without D&C	186	1,707
116	Intraocular with cc/mcc	184.8	364

For example, DRG 789 (Neonates, Died or Transferred to Another Acute Care Facility) shows the highest variability, with a CV of 369.3 percent across 15,496 cases. The charges for this DRG can vary widely due to differences in the duration of hospital stay, the required interventions, and the level of neonatal care needed. Similarly, DRG 793 (Full Term Neonate with Major Problems) exhibits a CV of 294.0 percent over 44,227 cases, reflecting the

substantial variability in treatment needs for neonates with major health issues.

These high CV values indicate that the costs associated with these DRGs are influenced by a multitude of factors, including the severity of the condition, the specific treatments administered, and the individual responses to those treatments. Additionally, the necessity for specialized care and the potential for extended hospital stays further contribute to the wide range of charges observed. This variability underscores the challenges in managing and predicting costs for patients with complex and severe medical conditions.

The high variability in these DRGs can be attributed to several factors. Clinical complexity and uncertainty are significant contributors; patients in these groups often present with multiple comorbidities or complications, making their care needs unpredictable and leading to varying resource utilization. Differences in treatment approaches across hospitals, due to a lack of standardized protocols for certain conditions, can result in varied care strategies and charges.

Variations in the length of hospital stays, especially for patients requiring intensive care or specialized services, also can impact total charges significantly. Furthermore, regional and institutional differences, such as variations in hospital resources, staffing, and regional cost structures, contribute to charge disparities across different facilities.

The interplay of these factors creates a challenging environment for cost management, as hospitals must adapt to the unique needs of each patient. Additionally, the evolving nature of medical technology and treatment options can introduce further variability, as newer, often more expensive, interventions become available. Developing strategies to address these challenges is essential for ensuring both cost efficiency and high-quality care. Enhanced data collection and analysis can help identify patterns and inform better resource allocation. Collaboration among healthcare providers, insurers, and policymakers is crucial to create effective solutions. Ultimately, understanding and managing cost variability in complex cases is vital for improving healthcare delivery and financial sustainability.

Comparing the DRGs with the lowest and highest CVs underscores the significant impact of procedure standardization on hospital charge consistency. Standardized procedures tend to exhibit lower variability due to established protocols and predictable resource needs, which streamline the care process and minimize deviations. In contrast, conditions that are less predictable and more complex show higher variability in charges, reflecting the diverse and often unforeseen resource requirements. This contrast highlights the importance of standardizing care where it is possible to reduce unwarranted variability and promote equitable healthcare pricing. By implementing standardized protocols, healthcare providers can achieve more consistent and transparent pricing, ultimately enhancing the fairness and efficiency of the healthcare system. Additionally, standardization can improve patient outcomes by ensuring that all patients receive the same high-quality care, regardless of where they are treated. Furthermore, it can lead to better resource management and allocation within hospitals. This approach not only benefits patients but also supports the financial sustainability of healthcare institutions. Moreover, it can facilitate more accurate budgeting and financial planning for healthcare providers. Standardization also aids in the training and development of healthcare professionals by providing clear guidelines and expectations. Finally, it can enhance patient satisfaction by reducing the uncertainty and stress associated with variable healthcare costs.

Implications

The variability in hospital charges has direct implications for both patients and payers. High variability can lead to financial uncertainty for patients, resulting in unexpected medical bills and potential financial strain. This unpredictability can be particularly burdensome for those without comprehensive insurance coverage, exacerbating financial stress and potentially leading to delayed or foregone medical care. For insurance providers, this variability complicates cost estimation and premium setting, potentially leading to higher administrative costs and increased insurance premiums for consumers.

From a policy perspective, these findings emphasize the need for initiatives that enhance pricing transparency and promote the standardization of care. Encouraging hospitals to make their charge

data publicly available can help patients make informed decisions and foster competition based on cost and quality. Implementing standardized billing practices and uniform billing codes can reduce confusion and variability in charges.

Additionally, developing evidence-based clinical guidelines for conditions with high charge variability can reduce unwarranted differences in care and costs. Adopting value-based payment models, such as bundled payments and quality incentives, can align reimbursement with quality outcomes rather than volume, encouraging providers to focus on effective and efficient care delivery.

Addressing the high variability in certain DRGs, particularly those involving complex and unpredictable cases, requires targeted interventions. Improving care coordination and patient management strategies for these conditions can help reduce variability. Investing in research to better understand and manage complex conditions can lead to more standardized care approaches, ultimately benefiting patients and the healthcare system. Additionally, the availability of specialized medical resources and expertise can vary significantly between institutions. This disparity further contributes to the wide range of charges observed for these complex DRGs.

Limitations

It is important to acknowledge the limitations of this analysis. The study relies on hospital charge data, which may not accurately reflect actual costs or payments received due to negotiated rates with insurers and variations in patient insurance coverage. External factors such as regional economic conditions, hospital teaching status, and patient socioeconomic status can influence hospital charges but are not directly accounted for in the CV calculation. Additionally, changes in DRG definitions or coding practices over time can affect comparability and interpretation of results. Another limitation is that this analysis is cross-sectional, not a temporal longitudinal study, which limits the ability to observe changes and trends over time. Finally, the study does not account for potential differences in hospital efficiency and resource utilization, which can also impact charge variability. Also, the analysis does not consider the impact of hospital-specific pricing strategies, which can vary

widely and affect charge consistency. This omission may lead to an incomplete understanding of the factors driving variability in hospital charges.

Considerations for future Research

For future research, examining the relationship between hospital charges, actual costs, and reimbursement rates can provide a more comprehensive understanding of the financial dynamics in healthcare. Investigating whether variability in charges correlates with patient outcomes can shed light on the value provided at different cost levels. Qualitative studies involving hospital administrators and clinicians can uncover insights into the reasons behind charge variability. Analyzing variability across different regions and patient demographics can identify disparities and inform targeted interventions to promote equity in healthcare access and pricing.

Future research should also explore the impact of emerging technologies, such as telemedicine and electronic health records, on hospital charge variability. Understanding how these innovations influence cost structures and patient outcomes can provide valuable insights for policymakers and healthcare providers. Collaborative efforts between researchers, healthcare institutions, and policymakers are essential to develop effective strategies that ensure fair and transparent pricing in the healthcare system.

Conclusion

In conclusion, the study highlights significant disparities in the variability of hospital charges across different DRGs. Procedures that are standardized and follow well-established protocols tend to exhibit lower variability in charges, while complex medical conditions with unpredictable care needs show higher variability.

These findings emphasize the importance of policies promoting pricing transparency, standardization of care, and value-based payment models to reduce unwarranted charge variability. By addressing these issues, healthcare stakeholders can work towards a more equitable and efficient healthcare system that benefits patients, providers, and payers alike.

This study contributes to existing knowledge by providing a detailed analysis of hospital charge variability across different DRGs, offering valuable insights into the factors influencing cost consistency. By highlighting the impact of standardized protocols on reducing charge variability, the research underscores the potential benefits of expanding these practices to other medical procedures. Additionally, the study's findings support the development of targeted policy interventions aimed at promoting pricing transparency and equity in healthcare.

The comprehensive examination of high and low variability DRGs also provides a foundation for future research to explore cost management strategies in greater depth. Furthermore, the study's emphasis on value-based payment models aligns with current healthcare reform efforts, advocating for a system that rewards quality and efficiency. By addressing unwarranted charge variability, the research contributes to the ongoing discourse on healthcare cost containment and resource optimization. Ultimately, this study offers practical recommendations that can inform policy decisions and improve the overall sustainability of the healthcare system.

References

- Bai, G., & Anderson, G. F. (2015). Extreme markup: The fifty US hospitals with the highest charge-to-cost ratios. *Health Affairs*, 34(6), 922-928.
- Brown, L. D. (2014). Healthcare pricing: A conundrum. *Health Affairs*, 33(10), 1732-1738.
- Centers for Medicare & Medicaid Services. (2020). *Hospital price transparency*. Retrieved from CMS
- Cooper, Z., Craig, S. V., Gaynor, M., & Van Reenen, J. (2018). The price ain't right? Hospital prices and health spending on the privately insured. *The Quarterly Journal of Economics*, 134(1), 51-107.
- Evidence Care. (n.d.). *Understanding DRG codes and their impact on hospitals*. Retrieved from EvidenceCare
- Figueroa, J. F., Tsugawa, Y., Zheng, J., Orav, E. J., & Jha, A. K. (2016). Association between the value-based purchasing pay for performance program and patient mortality in US hospitals: Observational study. BMJ, 353, i2214.
- Frakt, A. B. (2011). How much do hospitals cost shift? A review of the evidence. *The Milbank Quarterly*, 89(1), 90-130.
- HCUP-US. (2024). HCUP-US NIS Overview. Agency for Healthcare Research and Quality. Retrieved from HCUP-US
- HFMA. (2021). Big divergence nationally found among hospitals both in billed charges and amounts paid. Retrieved from HFMA
- Hussey, P. S., Wertheimer, S., & Mehrotra, A. (2013). The association between health care quality and cost: A systematic review. *Annals of Internal Medicine*, 158(1), 27-34.
- Jha, A. K., Orav, E. J., Dobson, A., Book, R. A., & Epstein, A. M. (2009). Measuring efficiency: The association of hospital costs and quality of care. *Health Affairs*, 28(3), 897-906.
- Peterson-KFF Health System Tracker. (2021). *Price transparency and variation in U.S. health services*. Retrieved from Health System Tracker
- RAND Corporation. (2022). *Trends in hospital prices varied widely across the United States*. Retrieved from RAND
- Rosenthal, M. B., Landon, B. E., Normand, S. L. T., Frank, R. G., & Epstein, A. M. (2013). Pay-for-performance in commercial HMOs. *New England Journal of Medicine*, 355(18), 1895-1902.
- Tompkins, C. P., Altman, S. H., & Eilat, E. (2006). The precarious pricing system for hospital services. *Health Affairs*, 25(1), 45-56.

Cultivating Commitment: The Role of Servant Leadership in Fostering Follower Engagement and Support for Organizational Vision

Randall Lockhart Lockhart & Associates, Behavioral Leadership Development

> Colleen P. Ramos Keiser University

Dawn B. Valentine Texas Tech University

Abstract

This study explores how servant leadership cultivates follower engagement and support for the organizational vision within a nonprofit setting. It investigates the underlying factors driving followers' commitment to a servant leader's vision and identifies important leader characteristics that inspire engagement and collaboration. As a qualitative exploratory design, semi-structured interviews were utilized to gather insights from 10 non-executive employees at a large nonprofit organization. Data were analyzed using thematic analysis with the support of NVivo software. Five primary themes emerged: (1) commitment to employee development, (2) empowerment, (3) appreciation of followers, (4) integrity, and (5) providing clear direction for the vision. Results indicate that followers are highly motivated to engage with and support the servant leader's vision. Despite evidence of servant leadership's effectiveness in forprofit settings, limited research has explored its impact on follower engagement and vision support in nonprofit contexts. The findings provide novel insights into how servant leaders engage followers to realize a shared vision, offering a deeper understanding of the dynamics that foster engagement.

1. Introduction

Leadership is a critical factor in the success of both nonprofit and for-profit organizations, as it directly influences follower engagement and commitment (Kiersch & Peters, 2017). In today's dynamic environment, effective leadership is essential for guiding teams toward achieving organizational goals (Covelli & Mason, 2017). To cultivate engagement, leaders must build trust and align followers with a shared vision (Kimakwa et. al, 2023; Mburu et al., 2020). This study aims to understand how servant leaders inspire followers to engage with and actively support a shared vision.

Researchers have examined various leadership styles and their influence on organizational outcomes (Aritz et al., 2017; Gandolfi et al., 2017). Among these, servant leadership prioritizes followers' needs above the leader's (Greenleaf, 1998). Despite its suitability for nonprofit settings (Allen et al., 2018), research on servant leadership in nonprofit organizations remains limited, with most studies emphasizing its application in for-profit sectors (Sfetcu, 2021). Moreover, few studies have explored how servant leadership fosters follower engagement in realizing a shared vision (Aboramadan et al., 2022; Akdol & Arikboga, 2017).

Given the evolving demands of the workplace and the growing emphasis on servant leadership (Augustine, 2021), understanding how leaders can motivate employees to support and contribute to organizational vision is paramount (Bocean et al., 2018). This study addresses this gap by examining how servant leaders engage followers and the key leadership traits that encourage support for the vision within a nonprofit organization.

Through an exploratory qualitative methodology, this study explored how leaders influence followers to engage with a vision. Its essential contribution lies in examining followers' experiences in leadership, offering insights into why employees support and follow a servant leader's vision. Understanding why followers value a leader's ideas and concepts is central to fostering engagement and support (Sousa & van Dierendonck, 2017). While previous research highlights that followers appreciate the servant leader's message, which encourages alignment with the organization's vision (Kashyap & Rangnekar, 2016; Lacroix & Armin, 2017), the specific reasons

behind follower engagement with servant leaders remain underexplored (Linuesa-Langreo et al., 2018; Shim et al., 2016; Sousa & van Dierendonck, 2017).

2. Background

Servant leadership, introduced by Greenleaf (1977), emphasizes placing followers' needs first, with the leader's primary goal being to serve others. This leadership style is distinguished by its focus on the humanistic aspects of leadership, such as fostering trust, empathy, and community (Coetzer et al., 2017). Research indicates that servant leaders nurture followers' development and build a strong commitment to organizational vision (Irving & Berndt, 2017; Washington et al., 2014). However, limited studies have explored what inspires followers to engage with a servant leader's vision (Berger, 2014; Huang et al., 2016).

The effectiveness of servant leadership has been debated for decades (Greenleaf, 1977; Irving & Berndt, 2017; van Dierendonck & Nuijten, 2011), leading to some confusion regarding its understanding and value (Parris & Peachey, 2013). Research indicates that servant leaders' deep knowledge of human behavior is essential for developing future leaders (Cote, 2017; Hackett & Wang, 2012; Lynch, 2015; Notgrass, 2014; Zhang et al., 2014). However, limited studies have explored how servant leaders influence follower behavior. Scholars have called for a deeper exploration of the relationship between servant leaders and followers, particularly how they inspire belief in and engagement with the leader's vision (Berger, 2014; Huang et al., 2016; Kashyap & Rangnekar, 2014; Pearse, 2017; Washington et al., 2014; Young & Dollarhide, 2017).

Servant leadership is characterized by a solid moral compass, a desire to serve, and a focus on the follower (Williams et al., 2017). Research indicates servant leaders are goal-oriented, build trust, and promote a clear vision (Heine et. al, 2023). However, it remains to be seen why followers become engaged with the vision of their servant leader (Gotsis & Grimani, 2016; Parris & Peachey, 2013; Schneider & Jones, 2017; Washington et al., 2006). Previous studies have shown the positive effects of servant leadership on employee and customer perceptions (Huang et al., 2016), employee commitment (Caldwell, 2017), retention (Kashyap & Rangnekar, 2016), organizational

citizenship behaviors (Swearingen, et al. 2024), crisis management (Schowalter & Volmer, 2024), and overall success (Akdol & Arikboga, 2017). Servant leadership traits such as sincerity, integrity, humility, and courage significantly influence work engagement and creativity (Coetzer et al., 2017). Additionally, servant leaders who demonstrate ethics and trust have reported improved job performance and reduced turnover among employees (Caldwell et al., 2017; Kim & Kim, 2017). Servant leaders do not perceive themselves as bosses; rather, they view their role as stewards who listen to employees, are open to new ideas, and garner trust to enhance employees' productivity (Khan et. al, 2024).

Like transformational leaders, servant leaders are driven by vision, empowerment, and encouragement (Iqbal et. al, 2023). The literature largely agrees that servant leaders are visionary, supportive, inclusive, nurturing, and trusting (Aleksic, 2016; Schneider & Jones, 2017; Setyaningrum, 2017). While research suggests that followers play a crucial role in defining leaders—where the interaction among followers influences the success of the leader's focus (Aleksic, 2016)—a gap exists in understanding how leaders influence followers and why followers choose to adapt, engage, and support a leader's vision. Servant leaders aim to serve others and inspire followers to embrace their vision. Scholars have called for further research into why followers engage with servant leaders and support their vision to achieve shared goals (Andersen, 2009; Pearse, 2017; Winston & Fields, 2015; Young & Dollarhide, 2017).

In the existing literature on servant leadership, there are several contradictions and limitations that should be addressed. While much of the research has focused on the positive influence of servant leaders on followers, there is a notable lack of exploration into why followers choose to engage with the leader, leaving an important gap in the literature. Another limitation is the generalizability of findings, as many studies focus on specific organizational contexts, making applying results across diverse industries difficult (Canavesi & Minelli, 2022). Additionally, many studies have relied heavily on quantitative methods, prioritizing statistical justification over in-depth qualitative exploration, which may limit the understanding of the subjective experiences of followers. However, this limitation overlooks the ability of qualitative methods to uncover deeper motivations and perceptions that quantitative data alone cannot explain. The existing literature also reveals a tendency to focus on the

"how" of leadership, rather than the "why," which could provide a more holistic view of follower engagement and the effectiveness of servant leadership. By addressing these contradictions, future research could better balance quantitative and qualitative approaches to provide a more comprehensive understanding of servant leadership and its impact.

3. Methodology

This qualitative study was conducted within a large nonprofit organization in the Southwestern United States, which employs over 1,000 individuals. To ensure a variety of perspectives, participants were selected from non-executive roles and consisted of ten employees. Data were collected through semi-structured interviews using open-ended questions based on Liden et al.'s (2008, 2015) research. All interviews were digitally recorded, transcribed, and analyzed using thematic analysis supported by NVivo software.

Prior to the interviews, participants were briefed on the purpose of the study and their rights, including confidentiality and the option to withdraw at any time. They were also asked to provide signed consent for recording. To ensure a consistent understanding of the study's focus, participants were given a definition of servant leadership. Interviews ranged from 35 to 60 minutes, with an average duration of 50 minutes.

Thematic analysis was employed to identify patterns and themes within the data. Transcripts were meticulously reviewed multiple times, and the original recordings were used for verification. NVivo 12 software facilitated the organization and interpretation of data, helping to filter out redundant information and ensure a coherent analysis. Member checking was utilized to confirm the accuracy and credibility of the findings. Participants had the opportunity to review and refine their transcripts, ensuring their responses were captured accurately. This iterative process enabled the identification of key themes that reflected the influence of servant leadership within the organization and offered deeper insights into shared experiences and organizational dynamics.

To mitigate interview bias during data collection, several strategies were implemented to ensure the accuracy and integrity of the data. First, neutral, open-ended questions were employed to encourage

participants to share their experiences freely without leading them toward specific answers (Seidman, 2013). Telephone interviews were used to create a comfortable, secure environment that minimized interviewer influence, allowing participants to speak candidly. The interview process included consistent questions across participants to maintain uniformity and prevent unintended bias. Additionally, member checking was utilized, giving participants the opportunity to review and revise their transcripts to ensure accuracy and alignment with their intended meaning, reducing misinterpretations or bias in transcription and analysis (Miles & Huberman, 1994). Confidentiality and anonymity measures further helped to minimize social desirability bias, encouraging honest feedback. The interviews were recorded digitally and professionally transcribed, with audio recordings serving as a backup to ensure accuracy. Finally, NVivo 12 software was employed for systematic coding and thematic analysis, preserving objectivity by identifying patterns without relying on subjective interpretation.

4. Findings

Through the analysis of transcripts, audio recordings, and careful reflection on the interviews, five major themes emerged from the participants' words. By focusing on personal experiences and involvement (Bevan, 2014), the analysis uncovered the following themes: (1) focus on the success and development of people, (2) empowerment of individuals, (3) appreciation of followers, (4) integrity, and (5) providing direction for the vision (Table 1).

Participants	Focus on the success and development of people.	Empowerment of individuals	Appreciation of followers	Integrity	Providing direction for the vision
P1	X	X	X	X	X
P2	X	X	X	X	X
P3	X	X	X	X	X
P4 P5 P6	X	X	X	X	X
P5	X	X	X	X	X
P6	X		X	X	X
P7 P8	X		X	X	X
P8	X	X	X	X	X
P9	X	X	X	X	X
P10	X	X	X	X	X

Theme 1: Focus on Success and Development of People

All participants emphasized that the CEO is deeply committed to fostering employee growth, the organization's prosperity, and the well-being of the communities they serve. The CEO was described as someone who genuinely believes in people's potential to overcome challenges and better their lives. This was echoed by Participant P2, who noted, "The preparation and the time the CEO invests in the company powerfully speak about their commitment. The CEO goes out of their way to help people daily and likes to see them excel. They are out there doing what they would ask others to do." This dedication to supporting others' growth resonates throughout the organization, inspiring employees to believe in their own potential and the organization's mission.

Several participants, such as P4, shared how the CEO's communication methods, including videos and newsletters, consistently highlight employees' achievements rather than their own. P4 stated, "I never hear the CEO say 'I did this' or take credit for anything. It's always, we did that.' This reflects a 'what I say is what I do' leadership style." This focus on collective success and development fosters a culture of shared pride and teamwork, aligning with the organization's values and contributing to a supportive work environment.

Participant P5 shared a particularly compelling story of an individual who was homeless and in need of employment. Recognizing the individual's potential, the CEO directed the department manager to interview the candidate for an entry-level position. Today, this individual is a department manager, having benefited from the organization's developmental programs. P5 explained, "This story serves as a strong message to all employees, motivating them to seize the opportunities provided by the organization and advance their own careers." The emphasis on employee development was seen as central to the organization's

success and as a reflection of the CEO's commitment to supporting others.

Theme 2: Empowerment of Individuals

Seven participants reported feeling empowered to make decisions within their roles and take initiative in contributing to the organization's mission. They expressed that this autonomy enhanced their job satisfaction and commitment. For example, Participant P8 shared, "Within my first week of employment, I was already interacting with the CEO. It was encouraging to come up with a product, present it, and receive direct positive feedback from the CEO." This immediate access to leadership and the openness to new ideas created a sense of ownership and pride in their contributions.

Participant P9 echoed this sentiment, sharing their experience of proposing an idea and the positive reception it received: "If I have an idea that can help support the mission of the organization, I'm given the freedom to do it. I love what I do, and this empowerment motivates me to give my best every day." Such empowerment was perceived as a consistent theme among participants, indicating a culture that values innovation, recognizes individual contributions, and supports taking calculated risks.

Participants noted that the criteria for implementing new ideas included ensuring they aligned with the organization's values and did not create undue hardship for others. This environment of trust and encouragement was seen as vital for fostering creativity and engagement.

Theme 3: Appreciation of Followers

All participants agreed that the CEO and management team demonstrated genuine appreciation for employees and community members. Six participants had direct contact with the CEO and regularly witnessed their positive interactions. Participant P3 shared, "The management team jumps in and works alongside us, contributing to the vision of helping others learn how to help themselves. Their willingness to help shows their appreciation for what we do, and at the end of the day, we all smile at each other and acknowledge that it was a good day. That makes me want to come back and help out more." This story illustrates the profound impact of

the CEO's appreciation on employees' motivation and desire to contribute.

Participants highlighted that the CEO's appreciation went beyond words—it was reflected in actions and reinforced through various recognition programs, personal interactions, and celebrations of employee successes. This sincere acknowledgment created a strong sense of belonging and pride among employees, reinforcing their commitment to the organization's mission.

Theme 4: Integrity

Integrity was a recurring theme, with nine participants sharing firsthand observations of the CEO's honesty and ethical behavior. Participant P7 remarked, "The CEO is honest and demonstrates integrity in every interaction. When asked questions, they don't pause to think about how the answer will make them look but respond in a way that's best for the organization and those we serve. The CEO does not appear concerned about themselves, only about the welfare of the employees and the community." This perception of integrity built a strong foundation of trust between the leadership and employees, fostering an environment where employees felt secure in voicing concerns and contributing ideas.

Theme 5: Providing Direction for the Vision

All participants expressed strong belief in the organization's vision, attributing their commitment to the CEO's ability to clearly communicate and embody this vision. Participant P8 recounted a story about how the CEO's involvement in a program to help local youth obtain their GEDs significantly impacted the community. "The CEO agreed to offer a higher-than-minimum wage and additional incentives for those willing to take on the challenge of earning their GEDs. Several individuals participated, and some went on to complete college degrees and pursue new career opportunities." This story illustrates how the CEO's actions aligned with the organization's mission, inspiring both employees and community members to strive for better outcomes.

The CEO's ability to articulate the vision and create actionable plans around it reinforced employees' alignment with the organization's goals. All participants emphasized that the CEO's direction and support for the vision were critical in maintaining their motivation and dedication. As Participant P8 noted, "Being empowered to propose ideas and seeing them implemented gives us a sense of purpose and strengthens our connection to the organization."

The identified themes—focusing on the success and development of people, empowerment of individuals, appreciation of followers, integrity, and providing direction for the vision—are interrelated and collectively contribute to a deeper understanding of servant leadership's impact on follower engagement. The emphasis on developing people and empowering individuals creates a supportive environment where employees feel valued and motivated to contribute to the organization's mission. This empowerment is reinforced by the CEO's appreciation of followers, which strengthens a sense of belonging and fosters loyalty, as employees are not only encouraged to grow but also recognized for their contributions. Integrity plays a crucial role in building trust between the leader and followers, ensuring that employees feel secure in sharing ideas and concerns. Finally, a clear and inspiring leadership vision integrates these elements by providing a shared purpose that aligns personal development with organizational success. Together, these themes illustrate how servant leadership cultivates an environment where followers are engaged, committed, and aligned with the leader's vision, ultimately driving organizational effectiveness and community impact.

5. Discussion

This study demonstrates that servant leadership fosters trust and loyalty among followers, with many wanting to emulate the CEO's behavior toward others. The interviews allowed participants to share their perceptions of the CEO, their beliefs, and commitment to the organization's vision. The analysis revealed five key themes: (1) focus on the success and development of people, (2) empowerment of individuals, (3) appreciation of followers, (4) integrity, and (5) providing direction for the vision. Of these, all participants identified four as the most influential for engaging with the leader: focus on others' success, appreciation of followers, integrity, and vision direction. Additionally, seven participants emphasized empowerment as a significant motivator in their commitment to the leader's vision.

Participants described the organization's culture and environment as positive and supportive, attributing this to the CEO's encouragement of employees and community members to pursue development opportunities and strive for self-improvement. They expressed gratitude for the CEO's genuine care and concern for individuals, emphasizing that the CEO treats people as valued individuals, not just as workers. The CEO was seen as a leader who actively engages with others, asking about their families, needs, and personal challenges. Participants provided examples of the CEO's involvement in employee activities such as fashion shows, talent shows, birthday celebrations, and success celebrations, highlighting the CEO's commitment to helping others succeed.

When discussing their commitment to the organization's success, all participants revealed a strong sense of an internal calling to seek employment there, with many attributing their dedication to the CEO's influence. Several mentioned feeling guided by a force beyond themselves, suggesting their commitment extended beyond monetary rewards. Participants unanimously expressed that the CEO's actions and commitment encouraged them to reflect on and follow their internal convictions. The CEO's genuine concern, care, and compassion for people were key to their desire to stay and contribute to the organization's vision. Additionally, participants highlighted the CEO's openness to new ideas, drive for meaningful change, and ability to provide clear direction as influential factors in their decision to remain with the organization and support the leader's vision.

All 10 participants emphasized that the CEO's ability to provide direction for the vision was crucial to their engagement and commitment to achieving the organization's goals. They placed a high value on this theme, with the CEO fostering an environment that encouraged trying new ideas with the understanding that failure was part of the process: "We will never know if it works until we try it." Being empowered to propose ideas strengthened employees' commitment and gave them a sense of purpose. One participant shared their pride and joy when seeing their unique idea implemented, noting that it reinforced their connection to the organization. They credited the CEO's supportive environment for inspiring them to seek ways to improve things for everyone continuously.

All 10 participants emphasized that the CEO's ability to provide direction for the vision was crucial to their engagement and

commitment to achieving the organization's goals. They placed a high value on this theme, with the CEO fostering an environment that encouraged trying new ideas with the understanding that failure was part of the process: "We will never know if it works until we try it." Being empowered to propose ideas strengthened employees' commitment and gave them a sense of purpose. One participant shared their pride and joy when seeing their unique idea implemented, noting that it reinforced their connection to the organization. They credited the CEO's supportive environment for inspiring them to continuously seek ways to improve things for everyone.

The findings of this study are rooted in the theoretical foundations of servant leadership (Greenleaf, 1977). The five major themes focusing on the success and development of people, empowering individuals, appreciation of followers, integrity, and providing direction for the vision—are consistent with the core principles of servant leadership, which emphasizes serving others, fostering trust, and promoting growth and well-being. The theme of "focusing on the success and development of people" aligns with Greenleaf's concept of stewardship and commitment to the growth of others, as the leader actively seeks to enhance the lives and skills of employees and community members through opportunities for development. Similarly, the theme of empowerment reflects the servant leader's ability to give followers the freedom to take initiative and learn from failure, promoting a culture of trust and self-confidence. The theme of appreciation of followers ties directly to compassionate love, a central tenet of servant leadership, wherein the leader demonstrates care, empathy, and forgiveness, fostering loyalty and engagement among followers. The theme of integrity builds trust and ensures the alignment of the leader's actions with their words. Finally, the theme of providing direction for the vision aligns with the servant leader's role in articulating a clear and motivating vision, inspiring followers to work toward a common purpose. These findings not only reinforce the principles of servant leadership but also highlight the practical application of these theories in creating an engaging, empowering, and supportive organizational culture. Additionally, these findings can be connected to Social Exchange Theory (Blau, 1964) which emphasizes the reciprocal nature of relationships. In this study, the leader's focus on employee development, empowerment, and appreciation creates a positive exchange, where employees feel valued and supported, motivating them to contribute to the organization's success. Social Exchange Theory suggests that such reciprocal relationships foster

trust and commitment, which were evident in the study, as employees reciprocated the leaders' investment in them by demonstrating increased engagement and loyalty to the organizational vision. This reciprocal dynamic strengthens the relationship between the leader and followers, further enhancing the organizational culture and the achievement of shared goals and vision.

6. Conclusion

This research offers valuable insight into how servant leaders engage followers to support the organization's vision. Merging servant leadership with other leadership styles presents an opportunity to enhance individual and organizational success. By integrating servant leadership principles with existing leadership approaches, leaders can become more effective in engaging followers and achieving objectives and visions. Leadership has the power to inspire individuals to exceed their perceived limits by influencing, guiding, empowering, developing, and motivating them toward a shared vision (Greer, 2016). To attract and engage value-driven employees, organizations should foster a culture and values that encourage followers to connect with leaders and actively contribute to the organization's mission (Newman et al., 2017).

Nonprofit leaders can enhance organizational effectiveness and foster a culture of trust, empowerment, and appreciation by focusing on employee development, integrity, and clear communication of their vision. Investing in employee growth through training, mentorship, and educational resources nurtures loyalty and motivation, driving engagement and organizational success. Empowering employees with autonomy to make decisions and take ownership of their work strengthens their commitment to the mission and encourages creativity. A culture of appreciation, where employees are regularly recognized for their contributions, further deepens their connection to the organization. Integrity and ethical behavior are essential in building trust and ensuring employees feel secure in their roles, while clear, inspiring leadership that aligns with the organization's vision provides purpose and fosters collaboration. Implementing servant leadership practices, such as prioritizing follower development, demonstrating integrity, and aligning leadership actions with the organization's mission, can lead to a more motivated workforce and drive community impact. By integrating servant leadership principles with existing leadership frameworks, nonprofit organizations can establish sustainable engagement strategies, improve employee satisfaction and retention, and ultimately contribute to long-term success and fulfillment of their mission.

There are several opportunities for future research. Studies should explore the impact of servant leadership on diverse groups, considering factors such as age, gender, education, and generational differences, as these can shape varying perspectives and approaches. Additionally, future research could adopt an exploratory approach to examine servant leadership in for-profit organizations and its influence on their success. A comparative study on the effects of servant leadership in for-profit versus nonprofit settings would also help address gaps in the literature.

This study has some limitations that should be considered. It did not explore the political dynamics surrounding community service, focusing solely on employees' experiences with the CEO. Participants were not selected from specific departments, limiting the ability to compare responses across different sections of the organization. Additionally, including participants from multiple organizations could have introduced a broader range of perspectives. The use of telephone interviews also presented a limitation, as it prevented the observation of body language, which might have provided additional insights. Finally, the inherent potential for bias in qualitative research is also acknowledged as another limitation.

In conclusion, this study explored the impact of servant leadership on employee engagement and empowerment within a nonprofit organization, emphasizing the importance of servant leadership characteristics in fostering alignment with the organization's vision. By examining personal experiences, the research highlighted how servant leaders actively inspire followers to engage with and support the organization's goals, demonstrating that leaders who prioritize the development, empowerment, and appreciation of their employees create a motivated and committed workforce. The findings emphasize the important role of servant leadership in not only achieving organizational success but also cultivating a culture of trust and collaboration that drives both employee satisfaction and community impact.

References

- Akdol, B., & Arikboga, F. S. (2017). Leader member exchange as a mediator of the relationship between servant leadership and job satisfaction: Research on Turkish ICT companies, *International Journal of Organizational Leadership*, 6(4), 525-535. doi:10.33844/ijol.2017.60226
- Aleksic, V. S. (2016). Followers in the organizational leadership process: From attribution to shared leadership. *Ekonomski Horizonti*, 18(2), 35-148. doi:10.5937/ekonhor1602139S
- Allen, W., B. E., Tatone, G. R., & Crowson, H. M. (2018). Exploring a model of servant leadership, empowerment, and commitment in nonprofit organizations. *Nonprofit Management & Leadership*, 29(1), 123–140. https://doi.org/10.1002/nml.21311
- Andersen, J. A. (2009). When a servant-leader comes knocking. Leadership & Organization Development Journal, 30(1), 4-15. doi:10.1108/01437730910927070
- Aritz, J., Walker, R., Cardon, P., & Li, Z. (2017). Discourse of leadership: The power of questions in organizational decision making. *International Journal of Business Communication*, 54(2), 161-181. doi:10.1177/2329488416687054
- Augustine, L. G. (2021). Exploring various leadership styles TO use among nurses towards challenges faced within THE 21ST century: A systematic review. *International Journal of Human Resource Studies*, 11(1), 55-69 doi:10.5296/ijhrs.v11i1.18063(1
- Berger, T. A. (2014). Servant leadership 2.0: A call for strong theory. *Sociological Viewpoints*, 30(1), 146-167. https://www.pasocsociety.net/viewpoints
- Bevan, M. T. (2014). A method of phenomenological interviewing. *Qualitative Health Research*, 24(1), 136-144. doi:10.1177/1049732313519710
- Blau, P. M. (1964). Exchange and power in social life. Wiley.
- Bocean, C. G., Del Baldo, M., & Sitnikov, C. S. (2018). Responsible leadership for corporate responsibility. *Symphonya. Emerging Issues in Management*, (1), 139-167. http://dx.doi.org/10.4468/2018.1.11bocean.delbaldo.sitnikov
- Caldwell, C. (2017). Lakota virtues and leadership principles: Insights and applications for ethical leaders. *The Journal of Management Development*, 36(3), 309-318, doi:10.1108/JMD-03-2016-0038
- Caldwell, C., Ichiho, R., & Anderson, V. (2017). Understanding level 5 leaders: the ethical perspectives of leadership humility. *Journal*

- *of Management Development*, 36(5): 724-732. https://doi.org/10.1108/JMD-09-2016-0184
- Canavesi, A., & Minelli, E. (2022). Servant leadership and employee engagement: a qualitative study. *Employee Responsibilities and Rights Journal*, 34(4), 413–435. https://doi.org/10.1007/s10672-021-09389-9
- Coetzer, M. F., Bussin, M. H. R., & Geldenhuys, M. (2017). The functions of a servant leader. *Administrative Sciences*, 7(1), 5. doi:10.3390/admsci7010005
- Cote, R. (2017). Vision of effective leadership. *Journal of Leadership, Accountability and Ethics*, 8(6), 1-10. doi:10.5430/ijba.v8n6p1
- Covelli, B. J., & Mason, I. (2017). Linking theory to practice: Authentic leadership. *Academy of Strategic Management Journal*, 16(3), 1-10. Retrieved from: https://www.abacademies.org
- Gandolfi, F., Stone, S., & Deno, F. (2017). Servant leadership: An ancient style with 21st century relevance. *Revista De Management Comparat International*, 18(4), 350-361. Retrieved from: https://pdfs.semanticscholar.org/
- Gotsis, G., & Grimani, K. (2016). The role of servant leadership in fostering inclusive organizations. *Journal of Management Development*, 35(8), 985-1010. https://doi.org/10.1108/JMD-07-2015-0095
- Greenleaf, R. K. (1977). Servant leadership: A journey into the nature of legitimate power and greatness. New York, NY: Paulist Press.
- Greenleaf, R. K. (1998). *The power of servant leadership*. San Francisco, CA. Berrett-Koehler.
- Greer, E. (2016). Step up & be a leader. *Professional Safety*, 61(12), 31-33. https://www.assp.org/publications/professional-safety
- Hackett, R., & Wang, G. (2012). Virtues and leadership. *Management Decision*, 50(5), 868-899. https://doi.org/10.1108/00251741211227564
- Huang, J., Li, W., Qiu, C., Yim, F. H.-K., & Wan, J. (2016). The impact of CEO servant leadership on firm performance in the hospitality industry. *International Journal of Contemporary Hospitality Management*, 28(5), 945-968, doi:10.1108/IJCHM-08-2014-0388
- Heine, E. C. E., Stouten, J., & Liden, R. C. (2023). Providing service during A merger: the role of organizational goal clarity and servant leadership. *Journal of Business Ethics*, 184(3), 627–647. https://doi.org/10.1007/s10551-022-05162-6
- Iqbal, A., Ahmad, M. S., & Nazir, T. (2023). Does servant leadership predict innovative behaviour above and beyond transformational

- leadership? Examining the role of affective commitment and creative self-efficacy. *Leadership & Organization Development Journal*, 44(1), 34–51. https://doi.org/10.1108/LODJ-01-2022-0016
- Irving, J. A., & Berndt, J. (2017). Leader purposefulness within servant leadership: Examining the effect of servant leadership, leader follower-focus, leader goal-orientation, and leader purposefulness in a large U.S. healthcare organization. *Administrative Sciences*, 7(2), 1-20. doi:10.3390/admsci7020010
- Kashyap, V., & Rangnekar, S. (2014). The moderating role of servant leadership: Investigating the relationships among employer brand perception and perceived employee retention. *Review of HRM*, 3, 105-118. doi:10.2139/ssrn.2429711
- Kashyap, V., & Rangnekar, S. (2016). Servant leadership, employer brand perception, trust in leaders and turnover intentions: A sequential mediation model. *Review of Managerial Science*, 10, 437-461. doi:10.1007/s1perform1846-014-0152-6
- Khan, F., Muhammad A., Raoof, R. & Farooq, O, (2024). Servant leadership and employees' performance: organization and information structure perspective. *The Service Industries Journal*, 44 (11-12): 832-850. doi:10.1080/02642069.2022.2086976
- Kiersch, C., & Peters, J. (2017). Leadership from the inside out: student leadership development within authentic leadership and servant leadership frameworks. Journal of Leadership Education, 16(1). doi:10.12806/V16/I1/T4
- Kim, J. H., & Kim, M. (2017). The influence of captains' servant leadership on leader trust, job satisfaction, and job performance in the marine industry. *International Journal of Economic Perspectives*, 11(2), 490-499. Retrieved from: http://www.econsociety.org
- Kimakwa, S., Gonzalez, J. A., & Kaynak, H. (2023). Social Entrepreneur Servant Leadership and Social Venture Performance: How are They Related? *Journal of Business Ethics*, 182(1), 95–118. https://doi.org/10.1007/s10551-021-04986-y
- Lacroix, M., & Armin, P. V. (2017). Can servant leaders fuel the leadership fire? The relationship between servant leadership and followers' leadership avoidance. *Administrative Sciences*, 7(1), 6. doi:10.3390/admsci7010006
- Liden, R. C., Wayne, S. J., Meuser, J. D., Hu, J., Wu, J., & Liao, C. (2015). Servant leadership: Validation of a short form of the SL-28. *The Leadership Quarterly*, 26(2), 254-269. doi.org/10.1016/j.leaqua.2014.12.002

- Liden, R. C., Wayne, S. J., Zhao, H., & Henderson, D. (2008). Servant leadership: Development of a multidimensional measure and multi-level assessment. *The Leadership Quarterly*, 19(2), 161-177. https://doi.org/10.1016/j.leaqua.2008.01.006
- Linuesa-Langreo, J., Ruiz-Palomino, P., & Elche-Hortelano, D. (2018). Integrating servant leadership into managerial strategy to build group social capital: The mediating role of group citizenship behavior. *Journal of Business Ethics*, 152(4), 899-916. doi:10.1007/s10551-018-3823-4
- Lynch, B. (2015). Partnering for performance in situational leadership: A person-centred leadership approach. *International Practice Development Journal* (Special issue on Personcentredness, Article 5). 5. doi:10.19043/ipdj.5SP.007
- Mburu, B., Koome, P., & Gichuhi, D. (2020). Influence of employer-employee relationships on service quality in the hospitality industry in Nakuru County, Kenya. *International Journal of Research in Business and Social Science (2147-4478)*, 9(5), 166-171. https://doi.org/10.20525/ijrbs.v9i5.854
- Miles, M. B., & Huberman, A. M. (1994). Qualitative data analysis: An expanded sourcebook (2nd ed.). Thousand Oaks, CA: Sage.
- Newman, A., Schwarz, G., Cooper, B., & Sendjaya, S. (2017). How servant leadership influences organizational citizenship behavior: The roles of LMX, empowerment, and proactive personality. *Journal of Business Ethics*, 145, 49-62. doi:10.1007/s10551-015-2827-6
- Notgrass, D. (2014). The relationship between followers' perceived quality of relationship and preferred leadership style. *Leadership & Organization Development Journal*, 35(7), 605-621. doi:10.1108/LODJ-08-2012-0096
- Parris, D. L., & Peachey, J. W. (2013). A systematic literature review of servant leadership theory in organizational contexts. *Journal of Business Ethics*, 113, 377-393. Retrieved from: https://link.springer.com/article/10.1007/s10551-012-1322-6
- Pearse, N. J. (2017). Service of followers as a leadership competency: A social exchange perspective. *Journal of Management Development*, 36(3), 361-375. doi:10.1108/JMD-10-2015-0152
- Schneider, B. Z., & Jones, T. O. (2017). Assessing leadership performance dimensions: A thinking framework for leadership decisions. *Journal of Applied Business and Economics*, 19(6), 37-50. doi:10.33423/jabe.v19i6.730
- Schowalter, A. F., & Volmer, J. (2024). Servant and crisis manager? The association of servant leadership with followers' adaptivity

- and proactivity. *Journal of Leadership & Organizational Studies*, 31(4): 433-452. https://doi.org/10.1177/15480518241287647
- Setyaningrum, R. P. (2017). Relationship between servant leadership in organizational culture, organizational commitment, organizational citizenship behaviour and customer satisfaction. *European Research Studies Journal*, 20, 554-569. doi:10.35808/ersj/728
- Sfetcu, L. (2021). An introduction to servant leadership and its potential for nonprofit organizations. *Jurnalul Practicilor Pozitive Comunitare*, 21(4), 48–60. https://doi.org/10.35782/JCPP.2021.4.04
- Shim, D. C., Park, H. H., & Eom, T. H. (2016). Public servant leadership: Myth or powerful reality? *International Review of Public Administration*, 21(1), 3-20. doi.org/10.1080/12294659.2016.1147753
- Sousa, M., & van Dierendonck, D. (2017). Servant leadership and the effect of the interaction between humility, action, and hierarchical power on follower engagement. *Journal of Business Ethics*, 141, 13-25. https://doi.org/10.1007/s10551-015-2725-y
- Swearingen, A. H., Ailts Campeau, D., Siats, N., & Nowakowski, M. J. (2024). Organizational citizenship behavior to the environment at medical device firms: the intersection of leadership characteristics, organizational factors and employee behaviors. *Leadership & Organization Development Journal*, 45(8), 1356–1374. https://doi.org/10.1108/LODJ-11-2023-0652
- van Dierendonck, D., & Nuijten, I. (2011). The servant leadership survey: Development and validation of a multidimensional measure. *Journal of Business and Psychology*, 26, 249-267. Retrieved from: https://link.springer.com/article/10.1007/s10869-010-9194-1
- Washington, R. R., Sutton, C. D., & Feild, H. S. (2006). Individual differences in servant leadership: The roles of values and personality. *Leadership & Organization Development Journal*, 27(8), 700-716. doi:10.1108/01437730610709309
- Washington, R. R., Sutton, C. D., & Sauser, W. I., Jr. (2014). How distinct is servant leadership theory? Empirical comparisons with competing theories. *Journal of Leadership, Accountability and Ethics*, 11(1), 11-25. Retrieved from https://studydaddy.com/attachment/98472/How+Distinct+is+Servant+Leadership+Theory+Empirical+Comparisons+with+Competing+Theories.pdf

- Williams, A., Jr., Randolph-Seng, B., Hayek, M., Haden, S. P., & Atinc, G. (2017). Servant leadership and followership creativity: The influence of workplace spirituality and political skill. *Leadership & Organization Development Journal*, 38(2), 178-193. doi.org/10.1108/LODJ-02-2015-0019
- Winston, B., & Fields, D. (2015). Seeking and measuring the essential behaviors of servant leadership. *Leadership & Organization Development Journal*, 36(4), 413-434. doi.org/10.1108/LODJ-10-2013-0135
- Young, A. A., & Dollarhide, C. T. (2017). Introduction to the special issue: A case for school counseling leadership. *Professional School Counseling*, 21(1b), 1-8. doi:10.1177/2156759X18772988
- Zhang, T. C., Avery, G., Bergsteiner, H., & More, E. (2014). The relationship between leadership paradigms and employee engagement. *Journal of Global Responsibility*, 5(1), 4-21. doi.org/10.1108/JGR,-02-2014-0006

THE SOUTHERN BUSINESS AND ECONOMIC JOURNAL

College of Business Auburn University at Montgomery P.O. Box 244023 Montgomery, Alabama 36124-4023



Non-Profit U.S. Postage

PAID

Permit No. 223 Montgomery, AL 36124