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FROM TRUST TO BETTER LEADERSHIP OUTCOMES: THE MEDIATING ROLE OF PSYCHOLOGICAL EMPOWERMENT

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Trust is an essential feature of leadership that can often go unrecognized until it weakens. The study aims to investigate the relationship between trust in leadership and leadership outcomes, as well as the mediating role of psychological empowerment in this relationship. The sample consists of 351 employees from organizations operating in Serbia. The hypotheses are tested using the PLS-SEM and the results show that there is a statistically significant positive relationship between trust in the leader and leadership outcomes, and that the psychological empowerment of employees also has a significant mediating role in this relationship. Motivated by the insufficiently explored concepts of trust and psychological empowerment in the sphere of leadership within the business environment of developing countries, including Serbia, the authors contribute to the field by examining the mediating role of psychological empowerment, while also advancing the understanding of trust and highlighting their importance in achieving positive leadership outcomes.

Keywords: trust, psychological empowerment, effectiveness, satisfaction, extra effort, intention to quit

JEL Classification: M12, D23

INTRODUCTION

Bearing in mind the fact that human capital is the most valuable resource and one of the most important factors for gaining a competitive advantage of modern organizations (Oliveira, Andrade, Ratten & Santos, 2023) and, particularly in times of change, that business success depends on the focus on human

resources (Savović, 2017), the questions arise how to encourage them to achieve better results, i.e. be more successful, what motivates and drives them to work harder and be more satisfied, how to keep them in the organization, and what the leader's role in all this is. The literature indicates that psychological empowerment has significant positive effects on employee behavior and performance. In their work, A. Ergeneli, G. S. Ari and S. Metin (2007) present the results of previous research that explore how psychological empowerment contributes to increasing profits, reducing costs, greater customer satisfaction,

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increased loyalty to the organization, greater efficiency, effective problem solving, and problem prevention. Many factors contribute to the psychological empowerment of employees, trust in the leader being one of them (Ergeneli *et al*, 2007). Trust represents the fundamental basis of every leader–follower relationship as it enables open communication, cooperation, and the joint achievement of goals. The development of the leader–follower relationship is based on a realistic assessment of the role and abilities of both the leader and the followers, which constitutes a prerequisite for building mutual trust and support (Stojanović-Aleksić, 2016). According to F. X. Frei and A. Morriss (2020), trust is a critical form of capital for any leader. However, cultivating trust often demands a shift in how leadership is perceived. Leadership is not primarily about the leader themselves; it is rather about enabling and empowering others through their presence. Trust in the leader is considered a very important factor that contributes to a better and more pleasant climate and is one of the essential factors that contribute to a healthy work culture, which is in line with the results of a study conducted in the U.S. in 2023, involving a sample of 1,027 members of Generation Z (18 to 26 years of age), which revealed that Generation Z held clear beliefs about the key elements of a healthy work culture. One of the most critical factors identified was trust in leaders and coworkers (The Center for Generational Kinetics, 2023). Trust in leaders is related to the positive effects of leadership, and K. T. Dirks and D. L. Ferrin (2002) point out that a high level of trust in managers is strongly related to a high level of job satisfaction, job commitment and low intention to leave the organization.

The literature review shows that trust in leaders and psychological empowerment are broadly recognized as important topics in management and attract the attention of many researchers. However, in our business environment, as well as in developing countries in general, these topics have not been sufficiently explored, which motivated the conduct of the study presented in this paper. The constructs of trust in leaders, psychological empowerment, and leadership outcomes have previously been examined individually, and in relation to two of the

three mentioned concepts as well: trust in leaders and leadership outcomes (Gillespie & Mann, 2004; Henriques, 2015), trust in leaders and psychological empowerment (Ergeneli *et al*, 2007), and psychological empowerment and leadership outcomes (Kumar, Singh & Rangnekar, 2018; Ambad, Kalimin, Ag Damit & Andrew, 2021). However, what has not yet been done is the development of a research framework that integrates all the three constructs, thereby providing a deeper understanding of the role and importance of employee psychological empowerment as a mechanism that strengthens the relationship between trust in leaders and leadership outcomes. An additional value of this study lies in the fact that the research was carried out in Serbia, a developing country, where such studies are much less common compared to developed countries.

Based on the above-mentioned, the research aims to determine the relationship between trust in leaders and leadership outcomes, as well as the mediating role of psychological empowerment in this relationship. The sample consists of 351 employees from organizations operating in Serbia. The data were collected using an instrument composed of standardized questionnaires measuring trust in leaders (Podsakoff, MacKenzie, Moorman & Fetter, (1990), psychological empowerment (Spreitzer, 1995), and leadership outcomes (Krishnan, 2005). To test the model and the hypotheses, the Partial Least Squares Structural Equation Modeling (PLS-SEM) method was applied.

The paper is organized into five main sections. Following the introduction, the second section focuses on the theoretical framework, providing the explanations of the key concepts such as trust in leadership, psychological empowerment, and leadership outcomes, along with the review of prior research in the interrelationships among these concepts. The third section outlines the research methodology, describing the survey instrument used for data collection and the characteristics of the sample. The fourth section presents the findings of the study, accompanied by a discussion of the results. Lastly, the conclusion summarizes the key findings of the study, and theoretical and practical implications are discussed.

LITERATURE REVIEW

Trust in the leader is a multidimensional construct characterized by the follower's positive belief or perception of the relationship with the leader (Karikumpu, Häggman-Laitila, Romppanen, Kangasniemi & Terkamo-Moisio, 2024). A shared element across many definitions of trust is the perception of the leader as an individual who earns the trust of their followers; the degree of trust a leader establishes is crucial in determining whether people will choose to follow or ignore them (Harper, 2017). According to J. L. Morrow, M. H. Hansen and A. W. Pearson (2004), trust is comprised of the two components: cognition-based trust and affect-based trust. Trust is cognitively driven, as individuals determine who to trust, in what contexts, and under which conditions. This decision is based on the cognitive evaluations of the empirical evidence of trustworthiness, including the factors such as competence, responsibility, reliability, and dependability (Costigan, Insinga, Berman, Ilter, Kranas & Kureshov 2006; Barton & Barton, 2011). Affective trust is built on emotional bonds, interpersonal interests, and support between individuals (Costigan, Ilter & Berman, 1998). P. M. Podsakoff *et al* (1990) conceptualized trust as faith in and loyalty to the leader. To measure these dimensions, six items were used. Three items assessed the followers' faith in their leaders' intentions, while the remaining three measured the followers' sense of loyalty and allegiance to their leaders. This approach was applied in the current study. There is a large amount of the research focused on trust in the leader that has proven that a higher degree of trust in the leader contributes to better outcomes. In their study, K. T. Dirks and D. L. Ferrin (2002) emphasized that trust in leadership was positively associated with job satisfaction, organizational commitment, organizational citizenship behavior, and job performance. According to D. Ivziku, V. Biagioli, R. Caruso, M. Lommi, A. De Benedictis, R. Gualandi and D. Tartaglini (2024), trust in leadership fosters greater organizational commitment, which in turn reduces the chances of employees considering leaving their current positions. K. T. Dirks and D. P. Skarlicki (2004)

emphasize that trust is a crucial element of effective leadership.

B. M. Bass and B. J. Avolio (1990) define leadership outcomes as a result of leader behavior. In this research, the authors considered the four leadership outcomes: perceived effectiveness, satisfaction with leaders, extra effort and intention to quit. According to M. Kotze and I. Venter (2011), effective leadership refers to how successful an individual in the leadership position is in motivating and encouraging employees to achieve better performance, both at an individual level and within the organization. Leadership effectiveness is greatly influenced by how followers perceive the leader and their leadership style (Yan & Hunt, 2005). Based on the above-mentioned, as a leadership outcome, perceived effectiveness can be explained by how followers perceive the leader in terms of achieving organizational goals and presenting their interests to higher hierarchical levels, and how effective their trust in the leader is (Bass & Avolio, 1997). As a leadership outcome, satisfaction with the leader refers to the extent to which employees or followers are satisfied with their leader's leadership style, including whether they apply adequate techniques and methods or not. As a leadership outcome, extra effort refers to whether the leader works to encourage their employees to do more than they initially thought possible or not, boosting their desire and self-confidence to work harder, perform better, and be more successful. As a leadership outcome, an additional effort can also be defined as the level of motivation that subordinates feel from their manager to exceed the expectations and achieve more than what was initially defined. Intention to quit can be defined as the degree to which an employee wishes to move out of his or her workplace (Lacap, 2020). The decision to leave an organization is influenced by many factors, one of the most significant being the leader's behavior, especially how employees perceive their leaders.

Psychological empowerment is one of the most broadly discussed concepts in the literature on contemporary management and leadership. However, despite its popularity, it remains a relatively underexplored topic, especially in the context of the

business environment. As defined by G. M. Spreitzer (1995), psychological empowerment is a motivational concept that represents an individual's proactive mindset and their perception of having the ability themselves to influence their own work role; it is characterized by the four key aspects: meaning, competence, self-determination, and the impact (Llorente-Alonso, García-Ael & Topa, 2024). Spreitzer's model of psychological empowerment in the workplace is one of the most broadly supported and consistently validated organizational empowerment frameworks in the literature. Therefore, it is this model that the authors base their presentation and analysis of the psychological empowerment variable. According to G. M. Spreitzer (1995), meaning is defined as a sense of commitment to job goals, competence refers to an individual's belief with respect to their ability to successfully and skillfully perform their tasks. Meaning refers to the value of the work goal evaluated in relation to an employee's personal ideals and standards. According to P. Y. Permarupan, A. A. Mamun, N. K. Samy, R. A. Saufi and N. Hayat (2020), meaning also facilitates the enhancement of employees' psychological connection with the organization. Competence refers to the degree of the skill demonstrated by an individual in a required task. Self-determination refers to the autonomy that an individual has to decide how they will perform their tasks and relates to the feeling of freedom and autonomy in performing work, whereas the impact indicates the intensity with which an individual feels that they can influence the place they works in and the work they perform. Psychological empowerment is associated with improved work performance (Rania, Rahmanb & Yusakc, 2021), job satisfaction (Mathew & Nair, 2022), commitment and innovative behavior (Sinha, Priyadarshi & Kumar, 2016), and organizational citizenship behavior (Saira, Mansoor & Ali, 2021). The results of previous studies also indicate that higher psychological empowerment reduces turnover intentions (Sinha *et al*, 2016; Islam, Khan & Bukhari, 2016; Kumar *et al*, 2018).

The research carried out so far has linked some of the mentioned variables from the presented research model, but there has been no research that has included all the three mentioned variables in a single

model. When speaking about the correlation between trust in the leader and psychological empowerment, A. Ergeneli *et al* (2007) conducted a study on a sample of 220 respondents from the banking sector in Ankara (Turkey), with the aim to determine the relationship between trust (cognition- and affect-based trust) in the leader and overall psychological empowerment (meaning, competence, self-determination and the impact). The results showed that there was a direct positive correlation between cognition-based trust and overall psychological empowerment, competence and the impact, but the connection with the self-determination aspect was not statistically significant. The authors relied on G. M. Spreitzer (1995) to explain that self-determination was an individual's sense of having a choice in initiating and regulating actions. Additional analysis showed that cognition-based trust had a positive relationship with meaning and competence, whereas affect-based trust was a strong predictor of the impact dimension (Ergeneli *et al*, 2007). When the relationship between trust in leaders and leadership outcomes is concerned, the most studied relationships are those between trust in leaders and intention to quit. However, connections with the other outcomes have been less investigated. The study that should be highlighted in this section is the research conducted in the project teams of a large public R&D organization in Australia. The data were gathered from a total of 33 teams across two divisions. The results of the study indicated that trust in the leader was strongly positively correlated with the team members' satisfaction with their leader, the perceived effectiveness of the leader, and the extra effort that the team members had invested in their work (Gillespie & Mann, 2004). The results of a study conducted on a sample of 496 employees from organizations operating in South Africa revealed a significant negative correlation between trust in leadership and intention to quit (Henriques, 2015). This finding suggests that, when employees lack trust in their leaders, they are more likely to contemplate leaving the organization, which is often due to concerns about the decisions leaders may make driven by the perceptions of a lack of integrity, fairness, honesty, or competence, which in turn leads employees to avoid potential risks associated with working under such leadership.

When the relationship between psychological empowerment and leadership outcomes is concerned, the relationship between psychological empowerment and intention to quit was most frequently the research subject, whereas the relationship between psychological empowerment and the other outcomes was less frequently studied. S. N. A. Ambad *et al* (2021) highlighted that empowered employees made an extra effort and creatively committed to their tasks, which generally resulted in improved job performance. The results of a study conducted on a sample of 315 respondents from the first four ranks of the Indian Air Force showed the presence of a direct negative correlation between psychological empowerment and intention to quit (Kumar *et al*, 2018). This finding aligns with the existing literature, which suggests that psychological empowerment can negatively influence the intention to leave a job. Specifically, high levels of perceived psychological empowerment can reduce the likelihood of seeking alternative employment, thereby decreasing intention to quit (Griffeth, Hom & Gaertner, 2000; Prati & Zani, 2015). The mediating role of psychological empowerment in the relationship

between trust in leaders and leadership outcomes has not been the research subject until now, which is also the key contribution of this research study.

Based on the theoretical framework and the results of previous research, the following hypotheses were set:

- H1: There is a positive relationship between trust in the leader and leadership outcomes.
- H2: There is positive relationship between trust in the leader and psychological empowerment.
- H3: There is a positive relationship between psychological empowerment and leadership outcomes.
- H4: Psychological empowerment mediates the relationship between trust in the leader and leadership outcomes.

Based on the previously outlined theoretical framework, the proposed research framework is presented in Figure 1.

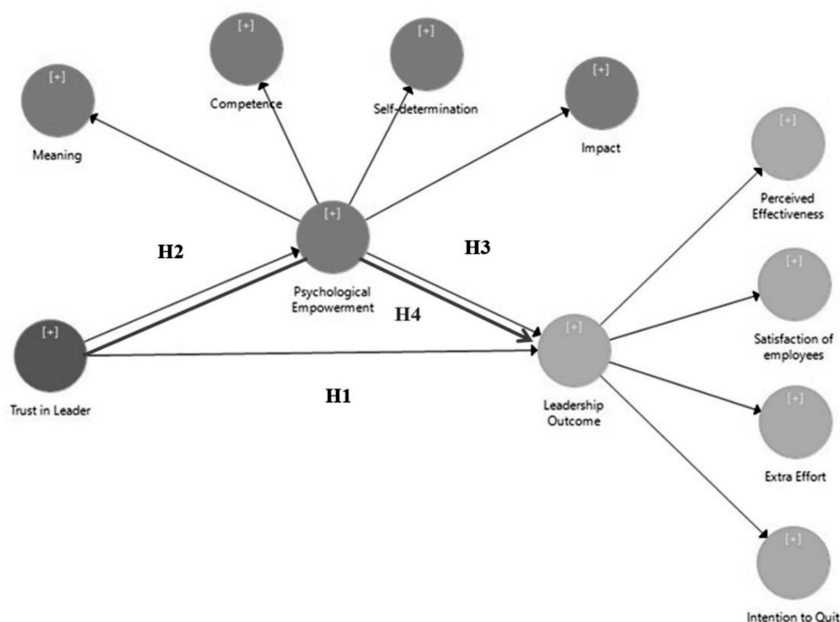


Figure 1 The research framework

METHODOLOGY

The questionnaire

The instrument used to conduct the research consists of the standardized questionnaires that measure the following research variables: trust in the leader, psychological empowerment and leadership outcomes. The questionnaire developed by P. M. Podsakoff *et al* (1990) was used to measure the trust in the leader variable, and consists of a total of six questions, including the statements such as: *I feel quite confident that my leader will always try to treat me fairly.* and *I feel a strong loyalty to my leader.* G. M. Spreitzer (1995) developed a questionnaire (which is also a standardized questionnaire) that was used in this research to measure the psychological empowerment variable. The questionnaire consists of a total of 12 questions related to the dimensions which psychological empowerment reflects through: meaning, competence, self-determination, and the impact. The statement: *The work I do is very important to me.* relates to meaning; the statement: *I am self-assured about my capabilities to perform my work activities.* relates to competence; the statement: *I can decide on my own how to go about doing my work.* relates to self-determination, and the statement: *I have a significant influence on what's happening in my department.* relates to the impact. The last part of the questionnaire refers to leadership outcomes, which are observed through the perceived effectiveness of the leader, employee satisfaction, extra effort and intention to quit. For this purpose, the questionnaire used by the author V. R. Krishnan (2005) was used in this research. Some of the questions used to measure leadership outcomes are as follows: *Compared to the other teams in your organization, how do you evaluate the effectiveness of your own team?* *All things considered, how satisfied are you with the leadership methods applied by your supervisor?* *My supervisor boosts my motivation to succeed.* *I often think about quitting my job.* A five-point Likert scale was used for all the statements. Details of the sample are presented in Table 1.

In addition to the above-mentioned, the instrument includes the questions related to the respondents' demographic characteristics (gender, age, the level of education) and the organizational characteristics (the organization size and sector).

Table 1 The questionnaire details

Variable	Number of statements	Original Source
Trust in the leader	6	P. M. Podsakoff <i>et al</i> (1990)
Psychological empowerment	12	G. M. Spreitzer (1995)
Leadership outcomes	12	V. R. Krishnan (2005)

Source: Authors

The sampling procedure and the sample

The data were collected using an online survey (*Google forms survey*) conducted during 2023. Participation in the study was on a voluntary basis, and the respondents' anonymity was assured. A total of 700 questionnaires were distributed to employees across various companies operating within the business environment of the Republic of Serbia. Of those, 360 responses were received, resulting in the response rate of 51.43%. After excluding incomplete or improperly filled-out surveys, the final sample consisted of 351 valid responses. The data analysis was conducted using the IBM SPSS and SMART PLS pieces of software. The descriptive statistics were obtained applying the IBM SPSS, whereas the partial least squares structural equation modeling (PLS-SEM) in SMART PLS was applied to test the model and the hypotheses. Based on the "10-times rule" (Hair, Ringle & Sarstedt, 2011), according to which the sample size should be at least 10 times the maximum number of the inner or outer model links pointing to any latent variable in the model (Goodhue, Lewis & Thompson, 2012), it can be concluded that the sample size is adequate for obtaining results and testing the validity of the model through the application of partial least squares structural equation modeling (PLS-SEM).

The detailed characteristics of the sample are given in Table 2.

Table 2 The sample characteristics

		Number of the respondents	Percentage proportion (%)
	Total respondents	351	100
Gender	Male	131	37.3
	Female	220	62.7
Age	Under 25	95	27.1
	25-34	137	39.0
	35-44	61	17.4
	45-54	43	12.3
	Over 55	15	4.3
Education	High school	92	26.2
	Three-year vocational studies	34	9.7
	Bachelor's degree	132	37.6
	Master's study	89	25.4
	Master's degree (the Serbian equivalent: Magistar)	2	0.6
	Ph.D. study	2	0.6
Organization size	Small	107	30.48
	Medium	98	27.9
	Large	146	41.6
Sector	Production	100	28.49
	Services	251	71.51

Source: Authors

RESULTS AND DISCUSSION

Model testing is the first step. Given that the model which the research is based on is reflective, it is necessary to define the reflective model testing criteria that include indicator reliability, where the loading for each indicator should be equal to or greater than 0.7; internal consistency, where the composite reliability of each construct should exceed 0.7; convergent validity, where the average variance extracted for each construct should be greater than 0.5; and discriminant validity, which can be tested using the cross-loadings approach, the Fornell-

Larcker criterion, and the Heterotrait-Monotrait ratio (HTMT) (Hair *et al.*, 2011; Grubor & Milićević, 2019). Figure 2 presents the loadings for each indicator.

The indicators presented in Figure 2 have values ranging from 0.735 to 0.958, and all are above the acceptable threshold of 0.708 (Hair, Risher, Sarstedt & Ringle, 2019). One indicator, *Trust 6*, was excluded from the further analysis because its value fell below the acceptable threshold. Although J. Hair, T. C. Hult, C. Ringle and M. Sarstedt (2017) suggest that indicators with the values between 0.4 and 0.7 can be retained, provided they do not compromise the reliability of the measurement model, this was not the case in the current model. Specifically, the excluded indicator did not meet the required composite reliability (CR) or average variance extracted (AVE) values. Table 3 presents the results of the reliability test conducted by calculating Cronbach's Alpha, Composite Reliability, and Average Variance Extracted (AVE).

According to J. Hair *et al.* (2017), the lowest acceptable limit of Cronbach's Alpha is 0.7, whereas according to S. Dakduk, Á. González and A. Portalanza (2019), the threshold is 0.6. The values of Cronbach's α range from 0.751 to 0.945. As shown, all Cronbach's α values for the constructs exceed the acceptable threshold. The composite reliability values range from 0.857 to 0.965, with the acceptable lower threshold for composite reliability set at 0.7 (Hair *et al.*, 2017). As is shown in Table 3, these results confirm that the composite reliability criterion was met. Convergent validity was assessed based on the analysis of average variance extracted (AVE). The AVE values range from 0.666 to 0.901. Given that the minimum acceptable threshold for AVE is 0.5 (Hair *et al.*, 2017), it can be concluded that convergent validity is satisfied for all the constructs.

The next step implies the testing of discriminant validity. The authors tested discriminant validity using the Fornell-Larcker criterion and the Heterotrait-Monotrait (HTMT) ratio.

According to the Fornell-Larcker criterion, the square root of the average variance extracted (AVE) for each latent variable should be greater than the correlations between that latent variable and all the other latent

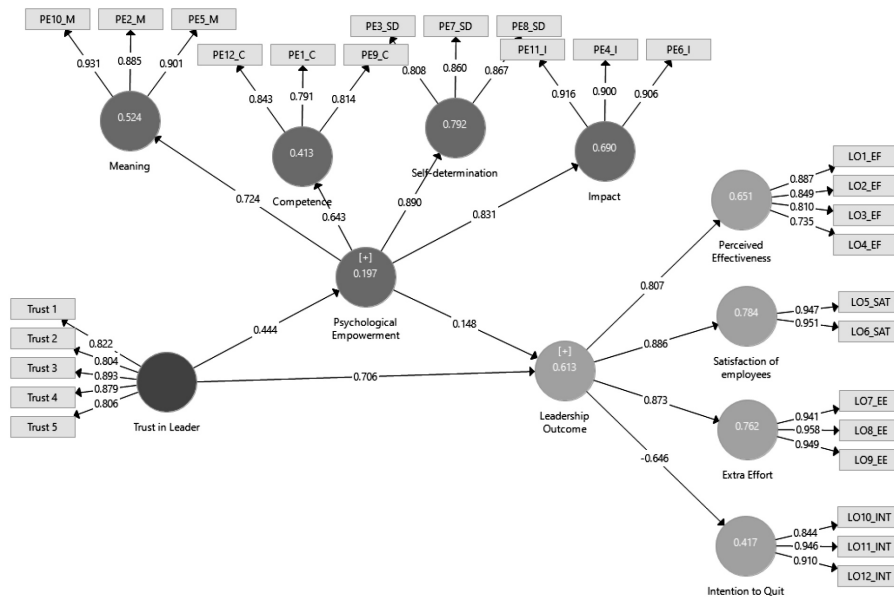


Figure 2 The reliability of the indicators (the outer loadings)

Source: Authors

Table 3 The reliability and validity of the constructs

	Cronbach's Alpha	Composite reliability	Average variance extracted (AVE)
Trust in leadership	0.896	0.924	0.708
Meaning	0.891	0.932	0.821
Competence	0.751	0.857	0.666
Self-determination	0.800	0.883	0.715
Impact	0.892	0.933	0.823
Perceived effectiveness	0.839	0.893	0.676
Extra effort	0.945	0.965	0.901
Employee satisfaction	0.890	0.948	0.901
Intention to quit	0.883	0.928	0.812

Source: Authors

variables (Fornell & Larcker, 1981; Ahire, Golhar & Waller, 1996). As demonstrated in Table 4, the discriminant validity of the model is confirmed.

The HTMT ratio values below 0.9 suggest that the constructs are sufficiently distinct from one another, indicating that they represent different constructs (Hair *et al*, 2019). The results presented in Table 5 indicate that all the HTMT values are below 0.9, thereby confirming that the discriminant validity criterion was met.

The coefficient of determination (R-squared) for psychological empowerment as the dependent latent variable is 0.197, meaning that 19.7% of the variance in this variable is explained by trust in the leader as the independent latent variable. The coefficient of determination for leadership outcomes as the dependent latent variable is 0.61, indicating that 61% of the variance in leadership outcomes is explained by the direct effects of trust in the leader as the independent variable, and through the indirect effect mediated by psychological empowerment as well.

Table 4 The discriminant validity of the model (the Fornell-Larcker criterion)

	Competence	Extra effort	Impact	INT	Meaning	EF	SAT	SD	Trust in the leader
Competence	0.816								
Extra effort	0.017	0.949							
Impact	0.358	0.286	0.907						
Intention to quit (INT)	-0.137	-0.413	-0.172	0.901					
Meaning	0.311	0.448	0.407	-0.433	0.906				
Perceived effectiveness (EF)	0.265	0.554	0.360	-0.356	0.370	0.822			
Employee satisfaction (SAT)	0.073	0.763	0.322	-0.454	0.377	0.642	0.949		
Self-determination (SD)	0.528	0.284	0.714	-0.271	0.489	0.348	0.272	0.845	
Trust in the leader	0.140	0.734	0.366	-0.405	0.455	0.541	0.787	0.357	0.841

Source: Authors

Table 5 The discriminant validity of the model (Heterotrait-monotrait HTMT)

	Competence	Extra effort	Impact	INT	Meaning	EF	SAT	SD	Trust in the leader
Competence									
Extra effort	0.041								
Impact	0.425	0.312							
Intention to quit (INT)	0.186	0.449	0.192						
Meaning	0.374	0.490	0.455	0.492					
Perceived effectiveness (EF)	0.338	0.609	0.417	0.413	0.423				
Employee satisfaction (SAT)	0.090	0.832	0.362	0.510	0.425	0.729			
Self-determination (SD)	0.675	0.328	0.846	0.326	0.575	0.431	0.324		
Trust in the leader	0.177	0.794	0.409	0.449	0.510	0.609	0.879	0.423	

Source: Authors

The results given Table 6 show that there is a statistically significant positive correlation between trust in the leader and leadership outcomes ($\beta = 0.772$, $t = 31.836$, $p = 0.000$), then between trust in the leader and psychological empowerment ($\beta = 0.444$, $t = 9.947$, $p = 0.000$), and between psychological empowerment and leadership outcomes ($\beta = 0.147$, $t = 3.076$, $p = 0.002$).

The presented results show that a higher degree of trust

in the leader encourages better leadership outcomes, which reflects in a higher degree of the perceived effectiveness of the leader by the employees, then in a higher degree of employee satisfaction, the additional effort that the employee invests in performing their tasks and in the presence of lower intention to leave organizations (H1), which is consistent with previous research (Gillespie & Mann, 2004; Henriques, 2015).

Table 6 The results of the bootstrapping analysis (the direct and indirect effects)

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	t-statistics (O/STDEV)	p-values	Hypotheses
Trust in the leader -> Leadership outcomes	0.772	0.775	0.024	31.836	0.000	✓
Trust in the leader -> Psychological empowerment	0.444	0.446	0.045	9.947	0.000	✓
Psychological empowerment -> Leadership outcomes	0.147	0.150	0.048	3.076	0.002	✓
Trust in the leader -> psychological empowerment -> Leadership outcomes	0.065	0.067	0.023	2.881	0.004	✓

Source: Authors

The results suggest that, when employees trust their leaders, they are more likely to feel secure and valued, which in turn motivates them to put in extra effort at work. Trust also leads to higher perceptions of leader effectiveness as employees view the leaders who act with integrity, fairness, and competence as making well-informed decisions aligned with organizational goals. This positive cycle reinforces employees' belief in their leaders' ability to guide the team towards achieving success. Furthermore, trust fosters a sense of respect and support, which enhances satisfaction with leaders. Conversely, when trust is low, employees may experience uncertainty about their future within the organization, increasing turnover intentions. In contrast, high trust in leadership creates a stable work environment, where employees feel more secure, aligned with organizational goals, and less likely to seek alternative employment. Trust in leadership, therefore, plays a crucial role in reducing turnover intentions and fostering greater organizational commitment.

Then, psychological empowerment increases as employees' trust in their leaders increases (H2), which is consistent with the findings of the study conducted by Ergeneli *et al* (2007). Trust in leaders helps overcome the traditional perceptions of authority, which have often limited employees' sense of empowerment in an organizational context. The last direct link that has been proven is the link between psychological empowerment and leadership outcomes (H3), which indicates that, if employees are psychologically empowered, they will perceive

their leaders as more effective, then they will be more satisfied, they will invest extra effort to perform better and their intentions to leave the organization will be reduced. This is partially consistent with the findings of previous studies (Kumar *et al*, 2018; Ambad *et al*, 2021). It follows from the above-mentioned that the first three hypotheses (H1, H2 and H3) are confirmed.

In addition to the direct relationships between the mentioned variables, their indirect relationship was also examined, more precisely the mediating role of psychological empowerment in the relationship between trust in the leader and leadership outcomes. The obtained results presented in Table 6 indicate that there is a statistically significant indirect correlation between trust in the leader and leadership outcomes through psychological empowerment ($\beta = 0.065$, $t = 2.881$, $p = 0.004$). Psychological empowerment mediates the relationship between trust in leadership and the key leadership outcomes by influencing employees' perceptions, attitudes, and behaviors. Trust in leaders creates a supportive environment where empowerment can flourish, leading to higher levels of an extra effort, greater satisfaction with leadership, enhanced perceptions of leader effectiveness, and reduced turnover intentions. Understanding this mediating role highlights the importance of building trust in leadership as a means of fostering an empowered workforce, which in turn drives better organizational outcomes.

CONCLUSION

Managers must be aware of the fact that trust is hard to build and easy to break. Therefore, in addition to creating a climate of trust within the organization, maintaining it is even more critical. Furthermore, the trust that managers build with employees, as well as the trust employees have in them, can significantly contribute to employees feeling better and being psychologically empowered, which in turn leads to better outcomes, as demonstrated in this study. Additionally, managers must recognize that the process of implementing empowerment is gradual and will yield positive results in the medium run and in the long run. It is truly worthwhile to invest effort into fostering such an environment.

The theoretical implication is that the mediating role of psychological empowerment has not been thoroughly examined in previous research. This study, therefore, addresses the gap in the existing literature by exploring how psychological empowerment mediates the relationship between trust in leadership and the key leadership outcomes, including perceived effectiveness, employee satisfaction, an extra effort, and turnover intention. The proposed theoretical model requires further exploration across different research and cultural contexts. Additionally, future research could investigate the relationship between various leadership styles, such as transformational, authentic, and inclusive leadership, and trust in leaders, as well as their impact on psychological empowerment and leadership outcomes.

The practical implication refers to pointing out and raising the awareness of the importance of gaining and fostering trust between employees and leaders, as well as proposing concrete measures so that leaders could encourage psychological empowerment. In different types of training courses, leaders could be taught how to improve their communication skills, how to openly share information with their employees, develop empathy and strengthen interpersonal relationships, which creates conditions for creating and nurturing a climate of trust. On the other hand, training courses and programs could be designed so that leaders first learn and then

apply different strategies for encouraging employee psychological empowerment. Based on the paper by M. Oliveira *et al* (2023), the following suggestions were made for the ways to increase employee psychological empowerment. For the *meaning* dimension, it is important to add a value proposition when assigning new tasks. This approach ensures that employees understand the purpose and significance of their work, aligning individual tasks with personal growth and organizational goals. Additionally, taking more time to engage with employees with respect to work/life balance can help reinforce the connection between their roles and broader life satisfaction, further enhancing the sense of meaning in their work. In relation to the *competence* dimension, organizations should offer continual education and training programs to help employees develop and refine their skills. By fostering opportunities for professional growth, organizations can enhance employees' belief in their ability to perform tasks effectively and with confidence. Moreover, encouraging peer learning and engagement practices supports a collaborative environment, where employees can share expertise, build new competences, and increase their collective knowledge. To encourage *self-determination*, it is essential to maintain the strategies that support autonomy and empowerment. This involves providing a clear value proposition when assigning new tasks, helping employees recognize the significance and impact of their contributions. Finally, for the *impact* dimension, organizations should publish comparative data about best practice standards to demonstrate how employees' work contributes to organizational success. This transparency can help individuals understand the broader effect of their contributions. Additionally, regularly monitoring and reviewing performance outcomes can highlight the impact of individual efforts, providing recognition and reinforcing the importance of each employee's role within the organization.

The limitation of this study lies in the sample size, and from this perspective, the authors believe that it affects the ability to generalize the results and conclusions of the research. Therefore, it will be necessary to expand the sample in the next cycle of the study. In addition, one possible limitation relates

to the perceptual nature of measuring leadership outcomes, as the results are based on the respondents' subjective assessments rather than on the objective indicators of leadership outcomes. To address this limitation, future studies should incorporate objective measures of leadership outcomes. However, despite these limitations, given the detailed statistical analysis of the collected data and the thorough testing of the validity of the questionnaire, the results provide a good starting point for more extensive research using this new combination of constructs in one model.

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