



Buddhist compassionate leadership and employee psychological outcomes: The mediating role of trust in leader on Thai financial services employees

Keemapor Leesmidt*, Prapimpa Jarunratankul†

Faculty of Psychology, Chulalongkorn University, Pathumwan, Bangkok 10330, Thailand

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Abstract

Recent research has frequently demonstrated that leaders' behaviors hold an important place in organizational management. However, it is questionable whether compassionate leaders contribute to employee psychological outcomes through trust in leader. This study explored the relationships between Buddhist compassionate leadership (BCL), trust in the leader, and employee psychological outcomes from Thai financial institutions ($N = 324$). The Path analysis results showed that cognitive trust exerted a positive mediating effect in the relationships of BCL with a commitment to a leader, commitment to an organization, and employee creativity. Affective trust positively mediated the relationship between BCL and a commitment to an organization, but negatively mediated between BCL and creativity. The findings suggest that BCL enhances trust in the leader and emphasizes trust as a significant social process that underlies the impact of BCL on Thai employee outcomes.

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Introduction

Today globalization calls for adaptations to the leadership theories (Anderson et al., 2017). With employees' trust in leaders dropping due to work attitudes, they presumably leave jobs under pressure. Gaining employee trust to keep their commitment while encouraging creative behavior can assure success (Chen & Hou, 2016). Research consistently shows that trust in leaders

decreases followers' intention to quit (Dirks & Ferrin, 2002) and boosts creativity (Dietz & Den Hartog, 2006). This evidence indicates that trust is universally crucial for leadership effectiveness (Den Hartog, 2018).

Many leadership studies with trust as a mechanism have emerged remarkably (Legood et al., 2021), but none have directly developed leadership attributes from trust foundations. Our study contributes to Thai leadership research by exploring the effect of the new trust-based leadership on Thai financial employee outcomes, including commitment and creativity, with the mediating role of trust in the leader.

Recently, Thai financial business has faced many challenges. The current COVID-19 crisis and digital transformation have forced workers to adapt to new ways

* Corresponding author.

E-mail address: k.leesmidt531@gmail.com (K. Leesmidt).

† Co-first authors.

E-mail address: prapimpa.j@chula.ac.th (P. Jarunratankul).

of working to meet customer needs (Charoennan & Embalzado, 2021). Therefore, employees' creativity appears to be vital for Thai financial organizations' success and stability in the present time.

Literature Review

Buddhist Compassionate Leadership (BCL)

The BCL constructs are primarily developed from the interpersonal trust foundations—ability, benevolence, and integrity (McAllister, 1995). Ability. Modern-day leaders' abilities are recognized as social competence, indicating benevolence (Anderson et al., 2017; Burke et al., 2007). Thus, we identified ability as one form of benevolence. Benevolence. We analyzed compassionate attributes from Western, Eastern, and mainly Thai leadership. The Four Brahmaviharas were chosen as key principles of new trust-based leadership development (Chalermpolyothin et al., 2017). The Brahmaviharas, or Buddhist virtues, exemplify Thai leader traits with loving-kindness, compassion, empathetic joy, and equanimity. The first three traits align with benevolence from Western and Eastern cultures (Cheng et al., 2004; Karakas & Sarigollu, 2012), so we proposed them as three compassionate leader characteristics: *facilitating*—leaders give resources and opportunities to employees; *considerate*—leaders care about employee well-being at work and personal issues; *designing reward and recognition to express appreciation*—leaders reward employees for efforts and achievements. Integrity. From studies regards integrity, the ‘equanimity’ of the Four Brahmaviharas represents Thai leaders' virtues of *responsibility* and *unprejudiced* (Chalermpolyothin et al., 2017). At the same time, Western leaders expressed *decisive yet flexible integrity, consistent over time and context* (Musschenga, 2001; Yukl, 2013). Both have common moral traits of *honesty, fairness, and consistency between words and actions*. Based on this analysis, the seven moral virtues were classified in the fourth dimension: *integrity*. Combining four trust-induced characteristics from influential leaderships, we formed a new leadership style called Buddhist compassionate leadership.

In summary, BCL is defined as *leaders' positive behaviors reflecting benevolence and integrity to build employees' trust in leaders*.

Trust in Leader

As a willingness to be vulnerable and accept risk (Mayer et al., 1995), trust is a key mechanism for the positive impact of the latest leadership styles (Legood et al., 2021). In terms

of trust-building, leaders' behaviors highly affect cognitive and affective interpersonal trust foundations (McAllister, 1995). *Cognitive trust* refers to rational assessments of leaders' dependability. In contrast, *affective trust* refers to the emotional ties in a good relationship. Based on Social Exchange Theory (SET) (Blau, 1964), employees reciprocate cognitive and affective trust when recognizing leaders' competence and appreciating their bonds. Thus, the following hypotheses were proposed:

H1. BCL will have a positive association with employee cognitive trust (cTRU).

H2: BCL will have a positive association with employee affective trust (aTRU).

Because trust is a multidimensional construct, there is a possibility that cognitive and affective trust are related (McAllister, 1995). So, we examined this hypothesis:

H3. Cognitive trust (cTRU) and affective trust (aTRU) will be positively related.

Commitment

Commitment is the decisive outcome of leadership at all levels, for it maintains organizations' stable workforces (Meyer & Allen, 1991). Klein et al. (2012) defined commitment as ‘a volitional psychological bond reflecting dedication to and responsibility for a particular target,’ which suggests commitment as a specific type of bond applicable across targets. Therefore, the current study investigated two targets of commitment: (1) leader and (2) organization to differentiate the relationships of BCL and trust in leader with employees' commitment in the workplace.

Based on SET (Blau, 1964), commitment is the utmost reciprocity of trust in leadership. From these theoretical assumptions, we predicted the mediating roles of cognitive and affective trust in the relationship between BCL and commitment as the following hypotheses:

H4. Cognitive trust (cTRU) will positively mediate the relationship between BCL and commitment to a leader (COM-L) and commitment to an organization (COM-O).

H5. Affective trust (aTRU) will positively mediate the relationship between BCL and commitment to the leader (COM-L) and commitment to an organization (COM-O).

Creativity

Creativity represents ‘the production of novel and useful ideas in any domain’ (Amabile, 1996). It is a mental process to generate risk-taking behaviors. Prior research found that employees will be most creative in the presence of trustworthy leaders (Dietz & Den Hartog, 2006). Leaders who boost intellectual trust and affection

can enhance creativity (Amabile et al., 2004). From this inference, we hypothesized the following:

H6. Cognitive trust (cTRU) will mediate the relationship between BCL and creativity (CRE).

H7. Affective trust (aTRU) will mediate the relationship between BCL and creativity (CRE).

Methodology

Participants and Data Collection

In order to test the hypotheses, 350 paper questionnaires were distributed among the randomly selected Thai financial employees from 29 organizations with voluntary participation, and 337 questionnaires were returned. After screening data, the total number of completed questionnaires was 324, adequate for the maximum number of construct indicators and the minimum sample size for path analysis suggested by Kline (2005). Of the total sample, 178 were females (54.9%), and 146 were males (45.1%). The mean sample age was 37.28 years ($SD = 8.36$), with a range of 23–65 years. On average, the tenure in the company was 5.78 years ($SD = 5.37$), with 3.75 years with the leader ($SD = 2.68$). Most respondents were banking employees (91.7%), while the others were from insurance (8.3%). Most received a Bachelor's degree (88.3%). This study was approved by the Institutional Review Board of the Faculty of Medicine, Chulalongkorn University (COA No. 254/2019).

Instruments

BCL Scale Development and Pilot Study

Buddhist Compassionate Leadership Scale (BCLS) was developed with strategies suggested by DeVellis (1991). Then, a pilot study was conducted with Thai financial employees ($N = 527$) to test content-validated items. The Exploratory Factor Analysis, Confirmatory Factor Analysis, and convergent validity were performed. The results showed that BCLS consisted of 4 factors with 20 items, including facilitating (FA) 5 items, considerate (CO) 4 items, designing reward and recognition to express appreciation (DR) 4 items, and integrity (IN) 7 items, provided the best fit for the data. In addition, BCLS had appropriate convergent validity with good construct reliability among items and was highly related to leader-member exchange, transformational leadership, and the Four Brahmavihara scale ($r = .67\text{--}.86$) (Hair et al., 2010). Sample items from 4 dimensions included the following: *FA* — “My supervisor supports employee career advancement.”; *CO*—“My supervisor allows employees

to correct mistakes.”; *DR*—“My supervisor rewards those who do good works or make reputations for the organization.”; *IN*—“My supervisor consistently makes decisions based on principles and accuracy.”

Aside from BCLS, the other three study scales were translated from English to Thai using the back-translation method (Brislin, 1970) and revalidated for this study.

Measures

The variables in this study were measured on a five-point Likert scale ranging from 1 = ‘strongly disagree’ to 5 = ‘strongly agree.’ All scales demonstrated acceptable internal consistency, with Cronbach’s alpha coefficients exceeding .70 (Kline, 2005).

Buddhist compassionate leadership (BCL) was measured by the 20-item BCLS. Because this research did not aim to distinguish the unique impact of the four forms of BCL on employee outcomes, all factors were combined into a single factor with Cronbach’s alpha reliability of .85. The higher scores on BCLS mean the higher the BCL behaviors.

Trust in leader was measured using ten items from McAllister’s (1995) trust scale. The overall Cronbach’s alpha reliability was .84 for this study. Sample item included the following: “We have sharing relationship, and we can both freely share our ideas, feelings, and hopes.” The higher scores on the trust scale mean the higher of trust in leaders.

Commitment was measured by a 4-item scale from Klein et al.’s (2012) Unidimensional, Target-free commitment (KUT) measure with two targets of commitment: (1) leader; and (2) organization. The Cronbach’s alpha reliability of the leader target was 0.72, and the organization target was .89 for this study. Sample item included the following: “How committed are you to your organization?” The higher scores on the KUT measure mean the higher employees’ commitment.

Creativity was measured by a 13-item unidimensional Creativity Scale developed by Zhou and George (2001). The Cronbach’s alpha reliability was .91 for this study. Sample item included the following: “I am not afraid to take risks.” The higher scores on the creativity scale mean the higher employees’ creativity.

Data Analysis

This research used path analysis to explore the relationships among BCL, trust in the leader, commitment, and creativity. The data analysis was conducted using Mplus Version 8 (Muthén & Muthén, 1998–2017). Harman’s single factor test showed that the self-report data was not affected by common methods bias (Podsakoff et al., 2003).

Results

The correlation matrix of the study variables is presented in [Table 1](#). Results indicate that BCL is significantly positively related to trust and outcomes. Most of the correlations among the variables are in the expected directions.

Path Analysis

Model fit was evaluated based on fit indices established by Hu and Bentler (1999) and Kline (2005). The criteria including $\chi^2/df < 5$, comparative fit index (CFI) > 0.90 , Tucker-Lewis index (TLI) > 0.90 , root mean square error of approximation (RMSEA) < 0.08 , and standardized root mean square residual (SRMR) < 0.06 . Overall, the model provided a good fit to the data ($\chi^2/df = 1.96$, $p > .05$, CFI = 1.00, TLI = 0.98, RMSEA = 0.05, and SRMR = 0.02) with explained variance ranged from 11.2% (creativity) to 60.6% (cognitive trust).

Table 1 Correlation matrix

Variable	BCL	cTRU	aTRU	COM-L	COM-O	CRE	(N = 324)
BCL	(.85)						
cTRU	.74**	(.75)					
aTRU	.78**	.73**	(.72)				
COM-L	.42**	.50**	.36**	(.72)			
COM-O	.55**	.54**	.59**	.45**	(.89)		
CRE	.11*	.26**	.05	.37**	.08	(.91)	
<i>M</i>	3.74	3.83	3.81	3.84	3.85	3.98	
<i>SD</i>	.51	.59	.59	.59	.84	.53	
<i>SK</i>	-.94	-.26	-.52	-.12	-.99	-.27	
<i>KU</i>	1.90	-.60	.08	-.09	.72	.08	

Note: *M* = mean; *SD* = standard deviation; *SK* = skewness; *KU* = kurtosis; BCL = Buddhist compassionate leadership; cTRU = cognitive trust; aTRU = affective trust; COM-L = commitment to a leader; COM-O = commitment to an organization; CRE = creativity.

* $p < .05$.

** $p < .01$.

[Figure 1](#) shows that BCL has positive relations with cognitive and affective trust. Also, two forms of trust are positively correlated. This led to the confirmation of *H1*, *H2*, and *H3*.

Mediational Analysis

Based on the mediation approach specified by Shrout and Bolger (2002), there is a mediation effect in the relationship when the direct effect between: (1) independent variable and mediator variable; and (2) mediator variable and dependent variable are significant.

Relationship between BCL and commitment

[Figure 1](#) showed that BCL was positively related to cognitive trust and affect trust, which met the first assumption of mediational analysis. For the second assumption, cognitive trust was positively associated with commitment to the leader and the organization. The findings ([Table 2](#)) denoted that cognitive trust significantly mediated between BCL and commitment to the leader and the organization. The results were supportive of *H4*.

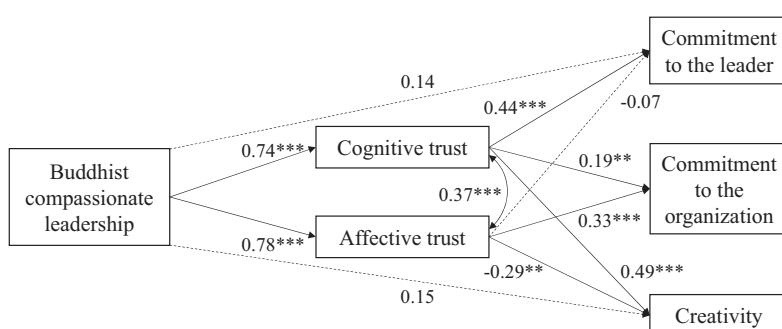


Figure 1 Relationships among BCL, trust in leader, commitment, and creativity

Note: * $p < .05$. ** $p < .01$. *** $p < .001$.

Contrarily, affective trust was significantly related to commitment to the organization, while it had no significant association with commitment to the leader. These results suggested that affective trust only mediated BCL and employees' commitment to the organization, partially supporting *H5*.

Relationship between BCL and creativity

In [Figure 1](#), the outcomes indicated that cognitive trust was positively related to creativity, while affective trust was negatively related to creativity. As a result, cognitive trust positively mediated the relationship between BCL and creativity, whereas affective trust negatively mediated between BCL and creativity ([Table 2](#)). The results supported *H6* and *H7*.

Discussion

The significant findings of the research are discussed as follows: First, *BCL is related to employees' cognitive and affective trust*. The finding is consistent with SET (Blau, 1964) and previous research findings (Burke et al., 2007; Dirks & Ferrin, 2002). Leaders with BLC behaviors undeniably create trustworthy work environments.

Second, *cognitive trust is the mediator between BCL and employee commitment to the leader and organization and creativity*. According to SET (Blau, 1964), trust increases employees' commitment to leaders and makes a more profound commitment to organizations (Dirks & Ferrin, 2002). They also perform creativity more willingly.

Finally, *affective trust has an intriguing mediator effect in the knowledge-intensive industry context*. The mediating effect of affective trust between BCL and organizational commitment aligns with SET (Blau, 1964). Positive relationships make employees commit to the organization. In contrast, affective trust has no mediating effect on commitment to the leader due to *relationship expectations*. SET asserts that a fruitful

relationship is based on cost-benefit. Employees do not trust leaders solely through positive bonds but also by conscious decisions in individual-level relationships. Nevertheless, at the organizational level, bonding with leaders means receiving support and benefits. Thus, employees with strong ties to leaders would likely commit to the organization but not to leaders in person.

A plausible explanation for the negative mediating effect of affective trust on creativity relates to work contexts. Since financial employees are knowledge-intensive workers (Alvesson, 2000), affective trust may be an impractical source. The more emotional ties they feel toward leaders, the more they rely on them and use lesser skills to be creative (Burnett et al., 2015).

There are two limitations to our study. First, the data have limited generalizability through only financial samples. Second, path analysis cannot infer causality among variables.

In summary, the BCL model is the first Thai trust-based leadership style that benefits organizations. Trust as a mediator between BCL and Thai employee outcomes implies that trust should be included in the following research. Lastly, future studies should examine more outcomes related to trust in leadership (Dirks & Ferrin, 2002).

Conclusion and Recommendation

This paper intended to explore trust-based leadership effectiveness in the Thai context. By investigating the relationship between BCL and employee psychological outcomes with trust in the leader as a mediator, this study gives insights into the Thai's trust indulged compassionate leadership style, which advantaged financial organizations. Hence, financial institutions should establish BCL training programs to improve leader supervision—especially integrity, which vastly improves cognitive-based trust. Besides, financial institutions should also develop a solid BCL management practice to build trust

Table 2 Mediation role of trust in leader between BCL and commitment and creativity.

Hypothesis	DV	BCL cTRU	BCL aTRU	BCL m DV	(N = 324)
cTRU mediates the relationship between BCL and COM-L	COM-L	0.74***	-	0.33***	
cTRU mediates the relationship between BCL and COM-O	COM-O	0.74***	-	0.14**	
aTRU mediates the relationship between BCL and COM-L	COM-L	-	0.78***	-0.06	
aTRU mediates the relationship between BCL and COM-O	COM-O	-	0.78***	0.26***	
cTRU mediates the relationship between BCL and CRE	CRE	0.74***	-	0.36***	
aTRU mediates the relationship between BCL and CRE	CRE	-	0.78***	-0.23**	

Note: DV = dependent variable; m = mediator.

* $p < .05$. ** $p < .01$. *** $p < .001$.

in leaders. Practical guidelines for leaders would suggest facilitating resources, considering employees, creating reward systems, and leading with integrity.

It is an appeal that leadership plays a crucial role in organizational management. Overall, a better understanding of BCL's impact on employee outcomes shall be the extensive growth of leadership research in Thailand.

Conflict of Interest

There is no conflict of interest.

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