

# Humor as a Moderator of the Relationship between Leader-Member Exchange and Employees' Psychological Empowerment

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## Abstract

In this study, we examined the moderating effect of humor on the positive relationship between leader-member exchange and the psychological empowerment of the employees. The sample of the study consisted of 100 service employees working in US dinner houses. The results indicated that leader's humor can act as a minor moderator variable of the Leader Member Exchange (LMX) – Psychological empowerment association and as a major moderator variable of LMX – Competence and the LMX - Self-determination associations. The study also supported the hypothesis that positive leader's humor exerts a positive direct effect on employee's psychological empowerment. Limitations and future research are discussed.

## Introduction

Humor constitutes an integral element of work life. It exists in every workplace and in every working relationship. The use of humor in the workplace is claimed to have both individual and organizational benefits. Yet, despite the call for investigation of humor in the management literature (Duncan, Smeltzer & Leap, 1990), many unanswered questions on this topic exist (Cooper, 2004). There is limited empirical research exploring the connections between humor and working relationships (Avolio, Howell & Sosik, 1999; Cooper, 2004; Decker & Rotondo, 2001). The present paper attempts to contribute to this gap examining the moderating effect of humor in the relationship between leader-member exchange and employees' psychological empowerment. Moreover, the direct impact of humor on psychological empowerment is examined.

## LMX and Empowerment

Leader member exchange (LMX) theory argues that leaders develop different relationships with their subordinates (Dansereau, Graen & Haga, 1975). As such, a leader may have high - quality relations with some subordinates and low – quality with some others. the LMX construct has been associated with a variety of organizational factors such as task performance (Dansereau et. al., 1975), organizational commitment (Green, Anderson & Shivers, 1996) and job satisfaction (Dansereau et. al., 1975; Green et. al., 1996). Recently, there is a growing research interest regarding the link between the LMX and psychological empowerment (Aryee & Chen, 2006; George & Hancer, 2003; Kim & George, 2005; Laschinger, Purdy & Almost, 2007; Liden, Wayne & Sparrowe, 2000).

Psychological empowerment is defined as intrinsic task motivation manifested in four cognitions: meaning, competence, self-determination and impact. Meaning is perceived as “the value of a work goal or purpose, judged in relation to an individual’s own ideals or standards” (Spreitzer, 1995, p. 1443). Competence, or self-efficacy, is “an individual’s belief in his or her capability to perform work role activities with skill” (Spreitzer, 1995, p. 1443). Self-determination is termed as “an individual’s sense of having choice in initiating and regulating actions” (Spreitzer, 1995, p. 1443). Impact is “the degree to which an individual can influence strategic, administrative or operating outcomes at work” (Spreitzer, 1995, p. 1443). The argument here is that leaders who have high quality relationships with subordinates may enhance employees’ feelings of meaning, self-efficacy, self-determination and sense of impact, contributing, thus, to increased empowerment experiences. The following hypothesis is advanced:

**H1:** LMX exerts a direct positive effect on employees’ psychological empowerment.

### **Humor and Empowerment**

Humor is a social expression with beneficial effects on physical and psychosocial health and well-being. It is a multifaceted human expression, which is generated through the activation of three groups of mechanisms; namely cognitive, affective and interpersonal mechanisms (McGhee, 1974). That is, comprehension of humor requires cognitive abilities (Eisend, 2009) and some positive emotional and social contextual factors, such as a warm atmosphere (Rothbart, 1976) and communicator’s identification with ones audience (Meyer, 2000). The present study focuses on interpersonal mechanisms of humor, since they seem to affect to a greater extent the relationships between leaders and employees, compared to cognitive and affective mechanisms (Cooper, 2008; Lynch, 2002).

The main stream of sociological research has concentrated on two sets of paradoxical humor functions, control and resistance as well as identification and differentiation (Lynch, 2002). Most of the studies proved that humor functions as a control mechanism in workplace (Collinson, 1988, 1992). It can act as an effective management tool motivating employees to identify with the organizational culture (Lynch, 2002). Indeed, in management studies humor has been approached as a successful administrative practice that can improve the cohesiveness of a group (Cooper, 2008; Duncan & Feisal, 1990; Duncan, 1982).

Some researchers have proposed that humor may operate as an empowerment management strategy (Miller, 1996). Duncan and Feisal (1990) claim that work can become meaningful, when managers use positive humor to communicate with their employees, because humorous expressions are an important aspect of some other meaningful group interactions, such as friendship. At the same time, a humorous work environment releases the employees’ creativity, reinforcing the sense of freedom and individual’s belief in his or her capabilities (Miller, 1996). Based on the aforementioned reasoning, it can assumed that:

**H2:** The use of humor exerts a direct positive effect on employee’s psychological empowerment.

### **Humor as a moderator**

Despite the plethora of empirical studies investigating the link between LMX and psychological empowerment, there is little research examining the mechanisms which affect this link. The present paper attempts to fill this dearth by incorporating the construct of humor as a moderating variable in the above relationship. To date the construct of humor has been

studied as a moderator of leadership style and performance (Avolio, 1999), but not as moderator of LMX-psychological empowerment relationship.

Humor is claimed to improve interpersonal relationships in both the work and non work life. In the latter case, according to Nezelek and Derks (2001) the use of humor is positively related to how pleasant people's lives are and how confident they feel when socialize with others. In organizational context, humor is considered to be a fundamental ingredient of good and healthy working relationships, particularly regarding that of manager – subordinate. However, as it is mentioned, humor has a paradoxical function in the social context, since at the same time can unite and divide a group of people. Joke hearer's identification with the joke teller is a factor that can enhance the effectiveness of humor in the workplace (Meyer, 2000). Bonds with co-workers and leader create a friendly working environment, in which humor has a central role (Cooper, 2008). Thus it can be assumed that leader's positive humor can enhance the relationship between LMX and empowerment. The following hypotheses are formulated:

**H3a:** The use of humor enhances the positive impact of LMX on employees' psychological empowerment.

**H3b:** The use of humor enhances the positive impact of LMX on meaning.

**H3c:** The use of humor enhances the positive impact of LMX on employees' self-efficacy.

**H3d:** The use of humor enhances the positive impact of LMX on employees' self-determination.

**H3e:** The use of humor enhances the positive impact of LMX on impact.

### **Sample**

The sample of the study consisted of 98 service employees working in US dinner houses. Of the 98 respondents participated in the study, 48% were female, and 52% were male. The majority (55.1%) of the respondents held a degree from Technological Education Institute (T.E.I.). 71.4% of the respondents were full time employees and 28.6% part time employees.

### **Measures**

LMX was assessed using the items taken from Liden and Maslyn (1998). Psychological empowerment was measured using Spreitzer's (1995) 12-item empowerment scale and humor by means of Dubinsky et al.'s (1995) scale for hedonic tone of leader humor.

### **Results**

Exploratory factor analysis (with VARIMAX rotation) of the items used to measure LMX, empowerment and leader's humor (Table 1). All of the items load significantly on their respective factors with one exception. The indicator of contribution was not significant. Hence, contribution stayed out of the analysis. In addition, the dimension of competence was below the recommended 0.70 level (0.648) (Nunnally, 1978). However, competence's reliability coefficient was near to 0.70 and was considered acceptable (Table 1).

Moderating effects were tested using a three step procedure adopted by Baron and Kenny (1986). This procedure concludes that a certain variable B moderates the relationship between two variables A and C if the following three conditions are met: (1) A has an impact on B, (2) B has an impact on C and (3) the interaction of A and B has a direct effect on C. The moderator hypothesis is accepted when variable B enhances significantly the effect of A on C.

**Table 1:** Reliability analysis (Cronbach's alpha)

Measures	Dimensions	Items	Cronbach's Alpha
LMX	Affect	3	.941
	Loyalty	3	.856
	Contribution	3	.312
	Professional Respect	3	.953
	<b>LMX</b>	9	.954
Employees' Psychological Empowerment	Meaning	3	.856
	Competence	3	.648
	Self Determination	3	.859
	Impact	3	.941
	<b>Empowerment</b>	12	.884
Leader's Humor		5	.884

The results of the path analysis are summarized in Table 2. Consistently with hypothesis 1 LMX variable exerts a positive effect on employees' psychological empowerment ( $p < .001$ ). In the same vein, leader's humor affects positively the employees' psychological empowerment ( $p < .01$ ). Hence, hypothesis 2 is accepted. As shown in Table 1, the relationship between LMX and employees' psychological empowerment is more positive in the high-use-of-humor subgroup compared to the low-use-of-humor subgroup. However, the difference is minor, indicating only a minor moderating effect of humor on the LMX-empowerment relationship. Similarly, humor does not enhance significantly the relationship between LMX and employees' meaning, as well as that between LMX and employees' impact. Thus, hypotheses 3a, 3b and 3e are not accepted.

On the other hand, the association between leader-member exchange and employees' competence is significantly moderated by leader's positive humor, supporting hypothesis 3c. Particularly, the effect of LMX on employees' competence is significant when the leader's use of humor is high, but not when it is low. Finally, hypothesis 3c is accepted, since leaders' use of humor moderates the association between LMX and employees' self-determination.

**Table 2:** Results of Path Analysis

Hypothesized Proposed Path	Unmoderated model (n=98)		Moderated Model			
	Standardized Path Coefficient	Unstandardized Path Coefficient	Low Humor (n=40)		High Humor (n=58)	
			Standardized Path Coefficient	Unstandardized Path Coefficient	Standardized Path Coefficient	Unstandardized Path Coefficient
Hypothesis 2 Humor → Empowerment	0.26	0.567**				
Hypothesis 1, 3a LMX → Empowerment	0.39	0.45***	0.449	0.49**	.74	.50***
Hypothesis 3b	0.79	.0765***	0.81	0.57***	0.87	0.84***

LMX → Meaning						
Hypothesis 3c LMX → Competence	0.07	0.06	-.246	-0.198	0.33	0.31**
Hypothesis 3d LMX → Self Determination	0.48	0.36**	0.42	0.34***	0.542	0.47**
Hypothesis 3e LMX → Impact	0.288	0.21*	0.364	0.11*	0.254	0.20*

\*p<.05

\*\*p<.01

\*\*\*p<.001

## Discussion and Conclusions

In the literature, there are few empirical studies indicating a link between the use of humor and manager – subordinate relationships (Cooper, 2004; Decker & Rotondo, 2001; Priest & Swain, 2002). The current paper attempted to explore the moderating effect of leader’s use of humor in the relationship between LMX and psychological empowerment of the employees. In others words, it was assumed that the higher leader’s humor is, the greater the positive influence of LMX on psychological empowerment will be. The analysis of results indicated that leader’s positive humor has only a slight moderating effect on the relationship between LMX and employees’ psychological empowerment.

On the other hand, leader’s use of humor functions as a significant moderator on the relationship between LMX and competence, as well as between LMX and self determination. In other words, it seems that the use of humor in the workplace is a mechanism to deal with employees’ stress, increasing their self confidence and self respect. Coworkers as well as leaders use very often humorous stories and funny jokes, when they experience situations that can be very stressful (Mik-Meyer, 2009). Humor is a management tool that helps individuals to cope with their everyday hectic work life, allowing them to take a different perspective of tense situations. In this manner, individuals manage to remain creative and productive, even in the most difficult days of the year (Cooper, 2005). Also, leader’s humor can improve employees’ morale, resolving their doubts as whether or not they can respond effectively to their duties (Gruner, 1997). Thus, the use of positive humor by a leader can motivate his or her subordinates to initiate and regulate some everyday organizational processes, a fact that can enhance their belief that can perform work role activities with skill (Crawford, 1994).

Humor does not seem to moderate the relationship between LMX and meaning and impact. As far as meaning is concerned, the effect of LMX appears to be too intense to be moderated by any other factor, such as leader’s humor. High quality relationships with the leader can affect to a great extent employees’ sense that they can accomplish their work in meaningful ways (Spence, Purdy & Almost, 2007). In these high quality work relationships, leader’s humor is a desirable but not a sufficient factor that can affect the relationship between LMX and the perceived value of the work. Finally, impact seems to be an empowerment dimension that is affected very little by humorous expressions. Other factors such as intrinsic and extrinsic rewards may have a more significant role on this factor.

## Limitations and Future Research

This study, however, has some limitations. The present study only focused on the positive style of leader’s humor and therefore its generalizability is limited. Further, because all constructs were measured with self –report questionnaires from the same employees, relationships might be inflated due to common method variance. These limitations suggest

directions for future research. Thus, future research should be directed towards incorporating, along with positive tone of leader humor, negative hedonic tone. Moreover, it should include qualitative approach in order to enhance the findings presented here. Another area for future research is to investigate the influence of demographics (e.g., gender, age) regarding the examined relationships.

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