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Testing the Limits of Psychological Capital in Emerging Public Utilities

David Ocema

ocema_david@srmap.edu.in

SRM University AP

A. V.S. Kamesh

SRM University AP

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1. David Ocema (Corresponding Author)
   Doctoral Scholar (Organizational Behavior & HR Management)
   Department of Management, SRM University AP, Amaravati, Andhra Pradesh, India
   ocema_david@srmap.edu.in
   daviddeoocema@gmail.com
   ORCID: 0000-0002-5535-2658
2. A.V.S. Kamesh
   Professor of Organizational Behavior & HR Management
   Department of Management, SRM University AP, Amaravati, Andhra Pradesh, India
   kamesh_a@srmap.edu.in
   ORCID ID: 0000-0002-7793-144X

Testing the Limits of Psychological Capital in Emerging Public Utilities

Abstract

Positive organizational scholarship suggests that psychological capital (PsyCap) positively affects work attitudes and moderates the impact of leadership. However, researchers have not adequately investigated whether these individual-level resources still have predictive value in new public-sector contexts. This study used structural equation modeling to test the direct and moderating effects of PsyCap in the relationship between transformational leadership and job satisfaction in a state-owned public utility corporation. Data from operational and administrative staff showed that transformational leadership strongly predicted job satisfaction (β = 0.453, $p < 0.001$). In contrast, PsyCap had no significant direct effect on job satisfaction (β = 0.011, p = 0.787) and did not moderate the relationship between leadership and job satisfaction (β = 0.028, p = 0.681). Confirmatory factor analysis showed good construct validity and an acceptable model fit ($\chi 2/df$ = 2.014, CFI = 0.983, RMSEA = 0.047). Since these null findings call into question the general effectiveness of individual psychological resources, external supervisory behaviors explain much more variance in employee attitudes than personal psychological characteristics do in this type of utility organization. Therefore, public sector managers should focus on developing supportive leadership structures rather than on implementing individual resilience programs alone.

Keywords: *Psychological capital; Transformational leadership; Job satisfaction; Public utilities; Boundary conditions*

1.0 Introduction

Job satisfaction is still a basic concept in the study of organizational behavior and has a direct effect on employee retention, discretionary effort, and operational stability (Fahed-Sreih, 2020; Nowak, 2025). In today's enterprises, researchers continually find that leadership behaviors are the main factors influencing employees' attitudes (Hui & Long, 2024; Hur, 2024; Park et al., 2022). In particular, transformational leaders who set out an inspiring shared vision, provide individual attention, and encourage intellectual problem-solving promote greater psychological attachment and morale in a variety of organizational contexts (Bass, 1985; Park et al., 2022).

At the same time, the development of Positive Organizational Behavior has focused academic interest on employees' internal psychological resources (Luthans et al., 2007). At the heart of this approach is psychological capital (PsyCap)—a higher-order, adaptable cognitive resource made up of hope, self-efficacy, resilience, and optimism (Luthans & Youssef-Morgan, 2016). This concept is based on Conservation of Resources (COR) theory (Hobfoll, 1989), and the field of positive organizational scholarship suggests that PsyCap functions as a personal resource store that directly promotes positive job attitudes and helps people cope with workplace stress (Folchini Da Costa & Ampessan Marcon, 2026; Xiaoyang, 2025). Moreover, within interactionist frameworks, PsyCap is regarded as a key boundary condition, with the hypothesis that people with high levels of psychological resources are better able to translate supervisory inspiration into greater job satisfaction (Dóci et al., 2023; Gojny-Zbierowska, 2019).

Even though there is broad empirical evidence in favor of these relationships in Western, private-sector settings where there is a high degree of individual discretion, the universal applicability of positive psychological resources is now coming under increasing criticism (Caniëls & Stynen, 2021; Novitasari & Young, 2025). More and more scholars are questioning whether personal psychological

states function in the same way in different institutional environments, or whether the rigid nature of operational structures limits an individual's psychological agency (Muterera et al., 2024). Based on Situational Strength Theory (Mischel, 1977), organizational situations characterized by a centralized hierarchy, formal standard operating procedures, and clear status boundaries tend to produce "strong situations." In such environments, established operational procedures and directives from external supervisors give clear indications of the behavior that is expected, and may therefore override or cancel out the predictive effect of an individual's personal disposition.

The situation in public service organizations in developing and Sub-Saharan Africa provides a suitable operational setting for examining these theoretical limits. In Eastern Africa, public utilities usually function within institutional settings characterized by centralized decision-making, formal civil service operating guidelines, and clearly defined hierarchical authority relationships (Carol & Shamsuddin Bolatito, 2025; Galukande-Kiganda et al., 2024). Although the literature on personal psychological capital shows it can buffer workers facing resource shortages (Yao et al., 2024), frontline staff in state-owned operational utilities often face strict administrative procedures that limit their behavioral autonomy. It is still an open empirical issue as to how far internal psychological resources function independently of, or in interaction with, signals from relational leadership in affecting job satisfaction.

In order to fill this gap, the present study looks at the direct and moderating effects of psychological capital on the relationship between transformational leadership and employee job satisfaction within an emerging public utility corporation in Uganda. More specifically, the study assesses whether the individual's psychological resources enhance the impact of supervisory leadership or whether the direct actions of leadership instead take precedence in shaping work attitudes in structured operational environments.

This study makes two separate contributions to the fields of organizational behavior and human resource management. On the one hand, we examine the boundary conditions of positive organizational behavior in a public utility enterprise in an under-researched part of sub-Saharan Africa, looking at whether PsyCap still maintains its direct predictive validity in an environment where operational factors limit an individual's discretion regarding their tasks. On the other hand, by testing a latent interaction model involving contextual relational resources (transformational leadership) and personal cognitive resources (PsyCap), the study addresses current debates in Situational Strength Theory and shows how external leadership actions and an individual's psychological endowments shape employee satisfaction in centralized service organizations.

1.1 Theoretical Framework and Hypothesis Development

We anchor our conceptual model in Conservation of Resources (COR) theory (Hobfoll, 1989) and Situational Strength Theory (Mischel, 1977). COR theory posits that individuals seek to acquire, preserve, and foster valuable resources, broadly categorized as contextual resources (such as supportive leadership) and personal resources (such as personal agency and self-efficacy). In workplaces, such resource pools generally function together and produce "resource caravans," which in turn lead to favorable job attitudes (Hobfoll et al., 2018). In workplaces, such resource pools generally function together and produce "resource caravans," which in turn lead to favorable job attitudes (Hobfoll et al., 2018). Situational Strength Theory states that the environment's clarity, consistency, and constraints shape how personal resources translate into psychological outcomes. In difficult organizational situations, formal constraints and well-defined supervisory roles set uniform behavioral expectations, shaping how personal psychological resources influence satisfaction.

Figure 1 presents the conceptual model guiding the study.

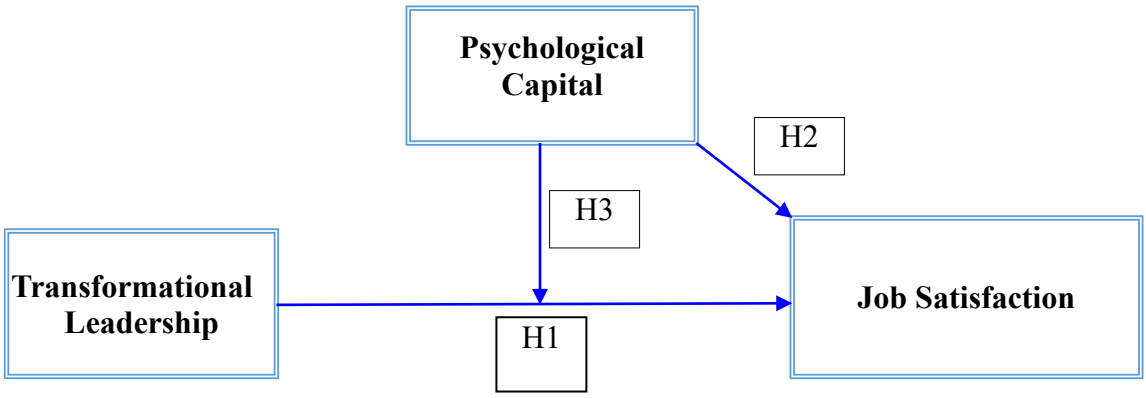

Figure 1. Conceptual research model illustrating direct and moderating relationships between transformational leadership, psychological capital, and job satisfaction.

Notes: *H1 denotes the direct relationship between transformational leadership and job satisfaction; H2 denotes the direct relationship between psychological capital and job satisfaction; H3 denotes the moderating role of psychological capital on the relationship between transformational leadership and job satisfaction.*

Source: *Investigator's conceptualization*

1.11 Transformational Leadership and Job Satisfaction

Transformational leadership comprises four behavioral aspects: idealized influence, inspirational motivation, intellectual stimulation, and individualized consideration (Bass, 1985). Leaders who display these behaviors set clear organizational missions, consider followers' development aspirations, and promote autonomous problem-solving (Krywalski-Santiago, 2024; Sutanto et al., 2025). In the context of the COR framework, transformational leaders serve as the primary source of environmental resources by offering social support, providing structural clarity, and providing psychological affirmation, all of which increase followers' ability to cope (Pradhan & Pradhan, 2016; Sarwar & Rahman, 2017; Yilmaz, 2020).

Empirical studies across a wide range of workplace settings worldwide and in Africa consistently show that transformational leadership increases employee job satisfaction (Chuanxi & Salman, 2024; Ghani et al., 2025; Mehta, 2023). In centralized operations, especially among public service providers, managers often face inflexible pay systems and limited discretion over material rewards

(Muterera et al., 2024). As a result, relational leadership behaviors become the main way of keeping subordinates' morale high. Transformational leaders do this by enhancing employees' perception of organizational support and establishing a common service mission, reducing task-related stress and fostering more positive work attitudes. We therefore hypothesize:

Hypothesis 1 (H1): *Transformational leadership positively relates to employee job satisfaction.*

1.12 Psychological Capital and Job Satisfaction

Positive organizational scholarship conceptualizes psychological capital as a synergistic resource composed of self-efficacy (confidence to mobilize effort), hope (goal-directed agency and pathway planning), optimism (positive outcome expectancies), and resilience (capacity to rebound from adversity) (Luthans et al., 2007; Luthans & Youssef-Morgan, 2016). As a personal resource within COR theory, PsyCap enables employees to navigate challenging work demands without exhausting their emotional reservoirs (Cong, 2025; Luthans & Frey, 2017; Wojtczuk-Turek, 2020; Youssef-Morgan & Petersen, 2019).

Numerous global inquiries establish robust direct associations between PsyCap and desirable work attitudes, including job satisfaction, organizational commitment, and subjective well-being (Folchini Da Costa & Ampessan Marcon, 2026; Madrid et al., 2017). Cross-cultural studies in emerging economies show that individuals with higher PsyCap sustain greater motivation and job satisfaction, even when organizational resources are limited (Sarwar & Rahman, 2017; Yao et al., 2024). In resource-constrained utility environments, employees with strong efficacy, optimism, hope, and resilience are better able to approach work routines constructively and find satisfaction in their daily contributions. Grounded in standard positive organizational behavior assertions, we hypothesize:

Hypothesis 2 (H2): *Psychological capital positively relates to employee job satisfaction.*

1.13 The Moderating Role of Psychological Capital

Beyond its direct effects, organizational behavior research often views psychological capital as a cognitive boundary condition that shapes how subordinates perceive and respond to different leadership styles (Aldiansyah et al., 2024; Zhang et al., 2023). Follower characteristics shape their cognitive evaluations of the supervision they receive; therefore, individual differences in psychological resources can affect the extent of leadership outcomes (Xu et al., 2017).

Two opposing mechanisms—resource amplification and resource substitution—have been suggested by scholars to account for this kind of interaction (Dóci et al., 2023; Wu et al., 2022). The resource amplification approach, which is in keeping with the COR theory idea of "caravan passageways," states that employees who have a great deal of personal resources can obtain greater benefit from supportive external leadership. Employees who are highly hopeful, resilient, and efficacious possess the mental capacity to absorb motivational messages and to put into practice the innovative methods stimulated by transformational leaders (Dóci et al., 2023). On the other hand, employees with low PsyCap may respond to demanding leadership initiatives with skepticism or apprehension, thus reducing the positive attitude changes that result from transformational supervision.

Although contingency models acknowledge that strong situational constraints can sometimes separate personal traits from behavioral responses (Caniëls & Stynen, 2021; Yilmaz, 2020), mainstream interactionist leadership theory stresses that personal and contextual resources combine positively. If transformational leaders provide clear direction and relational encouragement, followers with high internal PsyCap will have the cognitive resources to translate that supervisory

support into greater job satisfaction. Accordingly, in line with conventional interactionist approaches, we hypothesize:

Hypothesis 3 (H3): *Psychological capital moderates the relationship between transformational leadership and employee job satisfaction, such that the positive relationship is stronger for employees with higher levels of psychological capital.*

2.0 Methodology

2.1 Study Design and Setting

In order to examine the direct and moderating relationships between transformational leadership, psychological capital, and employee job satisfaction, the study employed a quantitative, cross-sectional survey method. Although this design makes it impossible to draw conclusions about causality over time, it provides a reasonable basis for evaluating latent interaction patterns within existing employee groups.

The empirical study took place in a large state-owned public utility company in Uganda. The organization operates through a centralized administrative system by means of which it supplies key public utility services across the country. This setting is suitable for testing the boundary conditions of organizational behavior, since staff follow standard civil-service operating guidelines, reporting lines are formal, and both material rewards and opportunities for promotion are structurally restricted. As a result, employees' everyday work attitudes are largely shaped by their immediate supervisors' behavior and their own coping resources.

2.2 Sample and Data Collection Procedures

We obtained primary empirical data through a structured, self-completed questionnaire sent to individuals in the operational, technical, and administrative divisions. The sample included a

number of different functional units in order to cover a wide range of occupations, yet at the same time to keep the participants within the same institutional setting. We sent out 776 questionnaires and received 507 replies (giving a raw response rate of 65.33%).

Following a rigorous process of data screening to remove incomplete entries, instances of straight-lining, and responses from unengaged participants, we retained 466 usable records for the final analytical sample (giving an effective response rate of 60.05%). The actual sample size of $n = 466$ is considerably above the usual thresholds for covariance-based structural equation modeling (CB-SEM), which ensures that the study has sufficient statistical power to detect small effect sizes and to produce reliable estimates of the parameters and latent interactions (Hair et al., 2019).

The Departmental Research Committee, SRM University AP, granted ethical clearance for this study. We obtained administrative access and institutional approval from the utility corporation's Research & Development Department. Participation in the study was entirely voluntary. To protect respondent anonymity, we did not record any personal identifiers such as names or specific branch locations.

2.3 Measures

We used validated measurement tools adapted to the organizational context for all focal variables. For all items, we used a 5-point Likert scale, with responses ranging from 1 (*Strongly Disagree*) to 5 (*Strongly Agree*).

Transformational Leadership (TL): To assess supervisory transformational leadership, we used items adapted from the Multifactor Leadership Questionnaire (MLQ-5X; Avolio et al., 1999). The tool examined four main behavioral dimensions: idealized influence, inspirational motivation, intellectual stimulation, and individualized consideration. One example of these items is: "*My supervisor provides a clear and compelling vision of what our team can achieve."*

We assessed **Psychological Capital** (PCAP) using the revised Compound PsyCap Scale (CPC-12R; Lorenz et al., 2022). Developed specifically as an open-access, non-commercial alternative to proprietary measures, the CPC-12R captures the four foundational dimensions of psychological capital, i.e., hope, self-efficacy, resilience, and optimism, using 12 items (three per subscale). A sample item is: "When encounter*ing difficult challenges at work, I can think of many ways to achieve my goals."* The CPC-12R is distributed under the terms of the Creative Commons Attribution License (CC BY 4.0), permitting open scholarly adaptation and application.

Job Satisfaction (JS): To assess employees' overall level of job satisfaction, we used the short-form Minnesota Satisfaction Questionnaire (MSQ; Weiss et al., 1967). This questionnaire assesses employees' contentment with their working conditions, supervision, the degree of autonomy they have, and their success in completing their tasks. An example of an item is: "*I am satisfied with the feeling of accomplishment I get from doing my job."* (Table 1, Figure 2).

Table 1. Measurement Operationalization Summary

Construct	Instrument	Primary Source	Initial Items Pool
Transformational Leadership	Multifactor Leadership Questionnaire (MLQ-5X)	Avolio et al. (1999)	20 items
Psychological Capital	Compound Psychological Capital Scale (CPC-12R)	Lorenz et al. (2022)	12 items
Job Satisfaction	Minnesota Satisfaction Questionnaire (MSQ Short-Form)	Weiss et al. (1967)	20 items

Source: *Literature assessment*

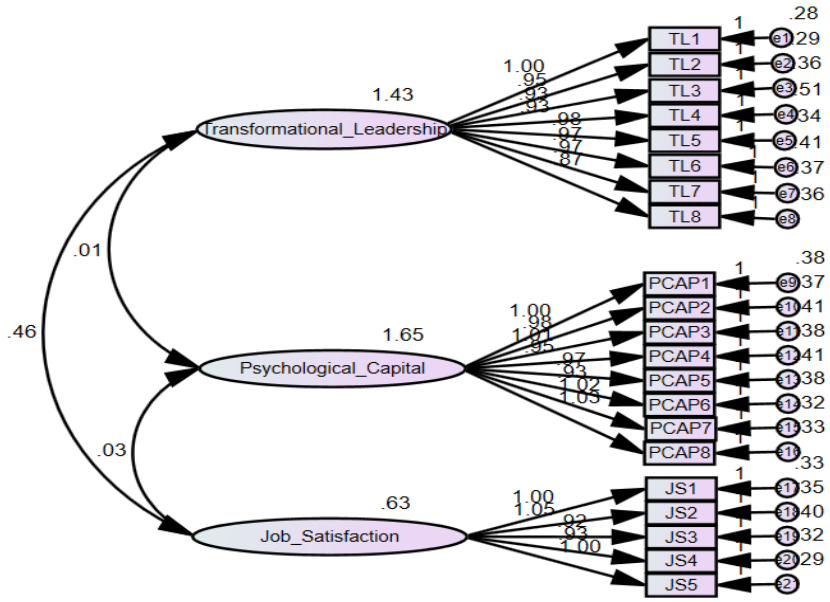

Figure 2. Confirmatory factor analysis measurement model for transformational leadership, psychological capital, and job satisfaction.
Source: *Primary data*

2.4 Mitigation of Common Method Variance

Because the study captured cross-sectional, self-reported data at a single time point, we incorporated procedural and statistical safeguards to evaluate and mitigate potential common method variance (CMV; Podsakoff et al., 2003).

Procedurally, we organized the survey into distinct sections with separate instructions to create psychological separation across predictor, moderator, and criterion measures. The survey introduction guaranteed anonymity, assured respondents that we would analyze data in aggregate, and clarified that items assessed personal perspectives with no right or wrong answers, minimizing evaluation apprehension and social desirability bias.

Statistically, we assessed method variance through two complementary diagnostics. First, we conducted Harman's single-factor test using an unrotated exploratory factor analysis across all 21

items. The first unrotated factor accounted for **37.577%** of the total variance, well below the conventional 50% threshold.

Second, we evaluated method variance using confirmatory factor analysis by comparing the hypothesized three-factor measurement model with a single-factor CFA model in which all 21 indicators loaded onto an omnibus latent factor. The single-factor model yielded poor fit across all indices (χ^2 = 6634.997, *df* = 189, χ^2/df = 35.106, CFI = 0.411, GFI = 0.303, TLI = 0.346, RMSEA = 0.271). A chi-square difference test confirmed that the hypothesized three-factor model fit the empirical data substantially better ($\Delta\chi^2(3) = 6260.326$, $p < 0.001$). These diagnostics confirm that common method variance does not account for the observed relationships.

2.5 Measurement Model Specification and Validation

We estimated the measurement model using covariance-based structural equation modeling in AMOS 27 with maximum likelihood estimation. Prior to structural testing, we inspected individual item factor loadings to optimize indicator retention. Indicators exhibiting low standardized factor loadings (< 0.60) or severe cross-loadings were iteratively removed to minimize measurement error and preserve construct distinctiveness, resulting in the final 21-indicator measurement model (*df* = 186).

The resulting three-factor measurement model exhibited excellent fit to the empirical data: χ^2 = 374.671, *df* = 186, χ^2/df = 2.014, CFI = 0.983, TLI = 0.981, RMR = 0.042, and RMSEA = 0.047 (90% CI [0.040, 0.054]. As reported in Table 2, all absolute, incremental, and parsimonious indices met or exceeded recommended thresholds (Hu & Bentler, 1999).

Table 2. Model Fit Indices

Indicator	Value	Limit	Interpretation
χ^2	374.671	-	-
DF	186	-	-
χ^2**/DF**	2.014	≤ 3.00	Excellent fit

GFI	0.932	≥ 0.90	Good fit
CFI	0.983	≥ 0.95	Outstanding fit
TLI	0.981	≥ 0.95	Excellent
RMR	0.042	< 0.08	Outstanding
RMSEA	0.047	< 0.06	Good
Probability	0.000	> 0.05	Significant (sensitive to sample size)

Source: *Calculated from primary data*

Cutoff criteria: *Hu & Bentler (1999)*

Table Legend:

χ^2**:** Chi-square
GFI: Goodness of Fit Index
CFI: Comparative Fit Index
TLI: Tucker-Lewis Index
NFI: Normed Fit Index
RMR: Root Mean Square Residual
RMSEA: Root Mean Square Error of Approximation

2.6 Descriptive Statistics, Reliability, and Validity Assessment

Table 3 presents the descriptive statistics, the internal consistency metrics, the convergent validity estimates, and the discriminant validity coefficients.

Table 3: Descriptive Statistics, Reliability, and Discriminant Validity

Variable	Mean	SD	CR	AVE	MSV	MaxR(H)	PCAP	TL	JS
PCAP	2.859	1.45	0.978	0.849	0.007	0.979	**0.921**		
TL	2.145	1.15	0.966	0.779	0.235	0.967	-0.084	**0.883**	
JS	1.814	0.821	0.899	0.640	0.235	0.900	-0.026	0.485	**0.800**

Notes: *Diagonal values in bold represent the square root of AVE. Off-diagonal values represent inter-construct correlations*
Source: *Computed from primary data*

The mean psychological capital score was 2.859 (standard deviation = 1.450), which shows that the respondents had a moderate level of personal cognitive resources at the start. Perceptions of transformational leadership had an average score of 2.145 (standard deviation = 1.150), with employee job satisfaction showing a lower mean score of 1.814 (standard deviation = 0.821) on the five-point Likert scale. The bivariate latent correlation estimates indicated that transformational

leadership was moderately and positively correlated with job satisfaction ($r = 0.485$, $p < 0.001$). On the other hand, psychological capital showed correlations close to zero both with transformational leadership ($r = -0.084$) and with employee job satisfaction ($r = -0.026$).

We used composite reliability (CR) and maximal reliability (MaxR(H)) coefficients to assess the internal consistency and reliability of each latent variable. The composite reliability figures varied between 0.899 and 0.978, which is well above the standard threshold of 0.70 (Hair et al., 2019). In a similar manner, the *MaxR(H)* values ranged from 0.900 to 0.979 for all three operational constructs, thus confirming the outstanding stability of the constructs and the high level of composite precision.

Convergent validity was established for all the variables by examining the Average Variance Extracted (AVE). As shown in Table 3, the AVE values for psychological capital (0.849), transformational leadership (0.779), and job satisfaction (0.640) were above the 0.50 threshold, which was suggested by Fornell and Larcker (1981). All the standardized factor loadings for the retained observed items were found to be statistically significant ($p < 0.001$), which shows that the indicators captured a substantial amount of shared variance within their proposed latent domains.

We finally used the Fornell and Larcker (1981) criterion to establish discriminant validity. The square root of the AVE for psychological capital ($\sqrt{AVE} = 0.921$), for transformational leadership ($\sqrt{AVE} = 0.883$), and for job satisfaction ($\sqrt{AVE} = 0.800$) was greater than each of the respective bivariate inter-construct correlations. Moreover, the Maximum Shared Variance (MSV) estimates remained consistently below the corresponding AVE values for all the latent variables (for example, the highest MSV was 0.235 compared with the lowest AVE of 0.640). These psychometric indices establish that transformational leadership, psychological capital, and job satisfaction represent statistically distinct empirical constructs.

2.7 Analytical Strategy and Latent Moderation Testing

After validating the measurement model, we examined structural paths to test *H1, H2,* and the interaction hypothesis *H3*. To test the moderating effect of psychological capital on the relationship between transformational leadership and job satisfaction (*H3*), we implemented an orthogonalized product-indicator approach within AMOS (Little et al., 2006).

Indicators of Transformational Leadership and Psychological Capital were standardized and cross-multiplied to form product indicators for the latent interaction term (TL x PCAP). We estimated path coefficients using maximum likelihood and evaluated statistical significance using a 5,000-sample bias-corrected bootstrap procedure that generated 95% confidence intervals. This procedure avoids normality distribution assumptions and yields robust standard errors for the estimated interaction term.

3.0 Structural Model and Hypothesis Testing Results

Following measurement model validation, we examined the hypothesized structural pathways using covariance-based structural equation modeling in AMOS 27 (Figure 3). We evaluated parameter estimates and statistical significance using maximum likelihood estimation with a 5,000-sample bias-corrected bootstrap procedure to generate 95% confidence intervals. Table 4 summarizes the structural modeling and hypothesis testing outputs.

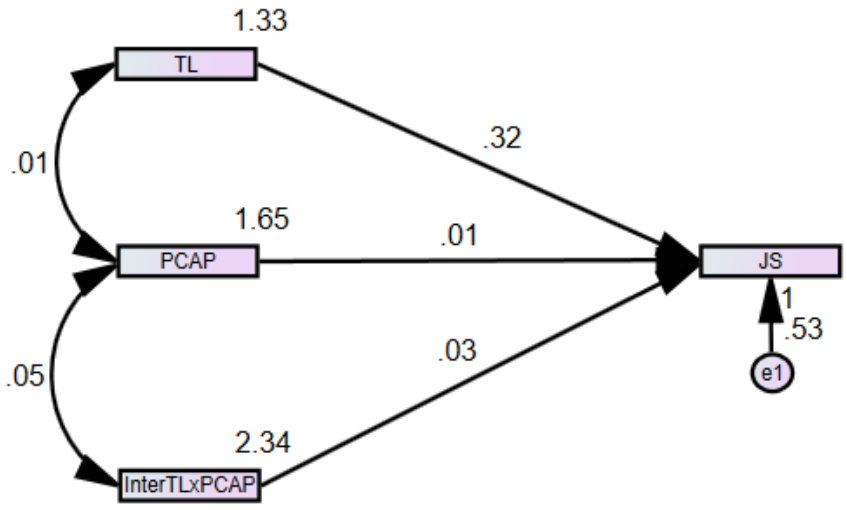

Figure 3. Structural equation model demonstrating the direct and moderated effects on job satisfaction.
Notes: TL = Transformational Leadership; PCAP = Psychological Capital; InterTLxPCAP = Interaction term (TL × PCAP); JS = Job Satisfaction.
Source: *Computed based on primary data*

Table 4: Structural Model Parameter Estimates and Hypothesis Decisions

Hypothesis	Path/Relationship	β	CR/t-value	95% BC CI	*p*-value	Decision
Direct Effects						
H1	TL→JS	0.453	10.936	[0.344, 0.550]	< 0.001	Supported
H2	PCAP→JS	0.011	0.273	[-0.070, 0.092]	0.787	Rejected
Moderated Effects						
H3	TL*PCAP→JS	0.028	0.679	[-0.109, 0.161]	0.681	Rejected

Notes: *n = 466. Bootstrap resamples = 5,000. BC CI = Bias-Corrected Confidence Interval. TL = Transformational Leadership; PCAP = Psychological Capital; JS = Job Satisfaction.*

Source: *Computed from primary data*

As reported in Table 4, the structural analysis reveals a clear divergence between contextual leadership and personal psychological resources.

Hypothesis 1 was supported. Transformational leadership exerts a strong, positive, and statistically significant direct effect on employee job satisfaction ($\beta = 0.453$, $CR = 10.936$, $p < 0.001$, 95% BC CI [0.344, 0.550]. This finding demonstrates that supervisory visionary guidance, intellectual stimulation, and individualized support remain salient drivers of positive work attitudes in this utility setting.

Hypothesis 2 was not supported. In contrast to standard positive organizational behavior expectations, psychological capital demonstrates no significant direct association with job satisfaction ($\beta = 0.011$, $CR = 0.273$, $p = 0.787$, 95% BC CI [-0.070, 0.092].

Hypothesis 3 was not supported. The latent interaction term 9TL x PCAP) failed to achieve statistical significance ($\beta = 0.028$, $CR = 0.679$, $p = 0.681$, 95% BC CI [-0.109, 0.161]). Psychological capital neither amplified nor buffered the baseline impact of transformational leadership on employee satisfaction.

4.0 Discussion

The current research explored the extent to which contextual leadership behaviors and individual psychological resources predict employee job satisfaction in an emerging public utility corporation in Uganda. The results of the structural equation modeling analysis revealed a marked asymmetry between the influences of transformational leadership, which showed a large positive effect on job satisfaction ($\beta = 0.453$, $p < 0.001$), and individual psychological capital (PsyCap), which showed no direct effect ($\beta = 0.011$, $p = 0.787$) and failed to moderate the relationship between leadership and job satisfaction ($\beta = 0.028$, $p = 0.681$). This article contributes timely empirical insights into the boundary conditions of positive organizational scholarship and sheds light on the mechanism of action of relational resources in centralized public service organizations.

4.1 The Dominance of Relational Leadership Resources

As anticipated in Hypothesis 1, transformational supervisory leadership positively affected employees' job satisfaction. This finding confirms that, as transformational leadership theory posits, visionary guidance, inspirational motivation, intellectual stimulation, and individualized consideration enable leaders to foster more positive organizational attitudes among followers (Aldossari & Alanizan, 2025; Mehta, 2023; Sutanto et al., 2025). Park et al. (2022) also found

that leaders who set challenging goals and recognize employees' efforts contribute to a positive work environment that enhances collective organizational morale.

According to Conservation of Resources (COR) theory (Hobfoll, 1989), transformational leaders are a primary source of both contextual and social resources. In public utility firms, where uniform civil service regulations and a centralized salary structure generally preclude discretionary financial rewards (Muterera et al., 2024), relational support becomes a critical nonpecuniary resource. Transformational supervisors who devote time to mentoring subordinates, discussing public service values, and encouraging innovative work practices help alleviate followers' operational stress. The large path coefficient ($\beta = 0.453$) suggests that, even in the standardized institutional environment of a public utility company, direct supervisory interventions have the most substantial influence on organizational attitudes.

4.2 Reassessing the Efficacy of Personal Resources: The PsyCap Null Findings

The results contradict hypotheses 2 and 3 because psychological capital was not found to be directly linked to job satisfaction, and it did not have a moderating effect on the relationship between transformational leadership and job satisfaction. This lack of effects stands in opposition to the universalist view widely accepted in Positive Organizational Behavior, which asserts that individual qualities such as hope, efficacy, resilience, and optimism always result in higher levels of job satisfaction regardless of the work setting (Folchini Da Costa & Ampessan-Marcon, 2026; Luthans et al., 2007; Xiaoyang, 2025). Although meta-analytic reviews usually find moderate positive correlations between PsyCap and job attitudes, the bivariate correlation here was nearly zero ($r = -0.026$).

To understand the counterintuitive findings, consider the organizational setup through the lens of Situational Strength Theory (Mischel, 1977). Strong organizational situations have well-

established procedures, clear role expectations, and formal administrative control (Caniëls & Stynen, 2021; Johns, 2006). At this utility company, rigid administrative rules, technical standards, and fixed bureaucratic reporting lines control how operations are carried out. We think this clearly defined pattern creates a difficult situation that reduces individuals' discretion in their behavior. Because work routines are strictly prescribed, personal psychological traits like optimism or general self-efficacy have little chance to affect everyday work attitudes. Individual coping abilities remain private internal states rather than factors determining job satisfaction.

Respondents reported fairly low levels of job satisfaction (M = 1.814, SD = 0.821). This indicates that there is general dissatisfaction among the workforce regarding the actual working conditions and pay. In this situation, personal psychological resilience by itself is not sufficient to overcome the real structural and material limitations. Although Luthans and Youssef-Morgan (2016) claim that PsyCap protects individuals from adverse work environments, our results are in line with critical views that point out personal psychological assets have practical limits when dealing with ongoing institutional constraints (Novitasari & Young, 2025).

The pathway that is not significant (β = 0.028, p = 0.681; 95% BC CI [-0.109, 0.161]) also contradicts the resource-amplification hypothesis. Subordinates who had a higher level of personal PsyCap obtained no greater advantage from receiving transformational supervision than those who were less psychologically endowed. Since transformational leaders in centralized operational systems give workers a clear understanding of the institution and a common mission, which are beneficial to the work group as a whole, their positive effect is the same for all employees, regardless of their individual psychological differences.

4.3 Theoretical Implications

These findings advance organizational behavior and public sector management literature in two substantive ways.

Our findings probe the boundaries of universalism in positive organizational behavior. The results illustrate the peril of assuming that Western-derived personal psychological resources operate identically across all administrative settings. By showing that PsyCap had no measurable effect on job satisfaction ($\beta = 0.011$), this study underscores the need to establish contextual boundary conditions for positive organizational behavior theories in Sub-Saharan African operational enterprises.

The outcomes contextualize Situation Strength and COR Theories. While COR theory posits that personal and contextual resources naturally aggregate into "resource caravans" (Hobfoll et al., 2018), our findings demonstrate that situational constraints can decouple these resource streams. In centralized, highly standardized operational settings, contextual relational resources (transformational leadership) play a decisive role in shaping work attitudes, whereas personal cognitive resources (PsyCap) remain structurally inert.

4.4 Practical Implications

For experienced personnel in the field of human resources and executive leadership in newly developing public utilities, these findings provide clear guidance on strategy.

Management should place a higher priority on supervisory leadership than on personal resilience training. It is common for organizations to allocate limited training budgets to personal development workshops aimed at enhancing employee resilience and mindfulness. Yet our empirical results indicate that individual psychological training yields only minor improvements

in workforce satisfaction unless there are changes in the underlying supervisory dynamics. Therefore, utility leadership should direct development resources toward transformational supervisory coaching that teaches managers to provide intellectual stimulation and individualized mentorship.

Utility leadership should address actual working conditions. Since the baseline level of job satisfaction is so low ($M = 1.814$), it is not feasible for management to expect employees to merely persevere by adopting a positive psychological attitude. Executive leaders should combine relational supervision with clear grievance procedures, fair promotion routes, and sufficient operational equipment.

4.5 Policy Implications

For public sector oversight bodies, civil service commissions, and the regulatory authorities of state enterprises, these empirical findings highlight the key priorities in the area of administrative governance.

We should modernize the leadership development frameworks in the public sector. In the past, policy regarding state-owned enterprises has placed more emphasis on following procedures, exercising fiscal oversight, and obtaining technical certifications over interpersonal managerial skills. Since transformational leadership is responsible for a large amount of the variation in workforce morale ($\beta = 0.453$), the bodies responsible for state governance should include measures of transformational leadership in performance agreements and when determining executive promotions. By introducing leadership requirements based on competency, the culture of management in the public utility sector can shift from one of passive administrative control to one that actively empowers followers and provides mentorship.

We should reform the strict rules concerning compensation and the inflexibility of the organizational structure. Public enterprise policy often applies the same salary limits and inflexible civil-service career paths across all functional levels, without taking performance into account. The revelation that the baseline level of job satisfaction is low (M = 1.814) shows how vulnerable the administration is when it ignores workforce morale. Regulatory authorities and the relevant ministries need to modernize the reward systems for public servants, granting parastatal boards the legal power to introduce clear incentive payments, promotions based on performance, and defined career progression routes that directly tackle the dissatisfaction among frontline employees.

The institutional training procurement guidelines should be revised. Since public procurement procedures tend to direct fiscal allocations toward general external capacity-building workshops that concentrate on individual motivation and personal resilience, and since empirical evidence has shown that individual psychological capital was incapable of driving satisfaction (with a mean of 0.011), government auditing agencies should review their assessments of training spending. Instead, public money should be directed towards initiatives that result in tangible improvements in organizational capability, specifically towards supervisory coaching, institutional communication channels, and decentralized operational discretion, rather than off-the-shelf personal mindset programs.

4.6 Societal Implications

The wider implications of these findings go beyond matters concerning internal administrative workings and have an effect on national development and the delivery of public services.

The results show how important it is to maintain the quality of the delivery of essential public services. In emerging economies, key infrastructure providers, for example those supplying

water and energy, form the foundation of public health, industrial competitiveness and social stability (Nowak, 2025). When employees in these organizations are highly dissatisfied, operations become less reliable, emergency responses are delayed, and the likelihood of service interruptions for disadvantaged citizens increases. If transformative supervisory behaviors are developed, organizations can provide the non-monetary relational support needed to keep staff committed, ensuring the continued operation of public utilities for society as a whole.

Governments ought to take the lead in tackling the problem of institutional brain drain in developing countries. In Eastern Africa, emerging economies are suffering from continuous talent loss since skilled engineers, technicians, and administrative professionals tend to leave government organizations for the private sector or for multinational companies. If the salaries offered by the civil service are not able to match those in the commercial sector, then supervisory leadership serves as a first line of defense against employees' intentions to leave. An inspiring workplace atmosphere that provides psychological support reduces professional disillusionment and keeps essential technical expertise in the public sector.

Encourage a culture of accountable civic stewardship. As Galukande-Kiganda et al. (2024) noted, frontline staff in centralized state institutions directly represent government legitimacy to the public. Leaders who model intellectual stimulation, integrity, and individualized concern instill a shared institutional ethos among civil servants. By boosting internal morale and a sense of mission, transformational practices promote responsive civic engagement, reduce petty bureaucratic corruption, and rebuild citizens’ confidence in state institutions.

5.0 Limitations and Future Research Directions

A number of methodological limitations should guide the interpretation of these findings.

Cross-Sectional Single-Source Design: Although rigorous procedural controls and comparative single-factor confirmatory factor analysis demonstrated that common method variance did not distort the model, cross-sectional survey data cannot verify causal directionality. Longitudinal designs should track whether changes in leadership behaviors over time yield lagged gains in employee attitudes.

Unmeasured structural mechanisms: While we theorize that administrative formalization and hierarchy created a strong situation that neutralized PsyCap's predictive capacity, we did not measure formalization or centralization directly as statistical moderators. Future cross-organizational studies should operationalize formalization (e.g., Hage & Aiken (1968) scales) and subjective power distance across multiple public and private utility providers to test this situational strength mechanism empirically.

Single-organization boundary: Data originated from a single public utility corporation in Uganda. Comparative inquiries across different emerging economies and sector classifications (e.g., state-owned vs. private commercial entities) will establish whether this attenuation of personal psychological resources represents a unique feature of public infrastructure monopolies or a general principle of centralized operational enterprises.

6.0 Conclusion

This study nuances the universalist assumptions of positive organizational behavior by examining the boundaries of personal and contextual resources within an emerging public utility corporation in Uganda. Our structural equation modeling analysis shows that transformational leadership strongly enhances employee job satisfaction, whereas psychological capital has no direct effect and does not moderate supervisory effects. Grounded in Situation Strength and Conservation of Resources theories, these findings demonstrate that rigid operational environments suppress individual cognitive

assets while amplifying the impact of relational leadership. Consequently, public enterprises must prioritize supervisory leadership development and institutional reforms over individual-level resilience interventions to sustain workforce morale.

Declarations

Author contributions

DO: *Conceptualization, methodology, investigation, analysis, original draft preparation, review, and editing.*

AVSK: *Supervision*

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Data availability: *The underlying data may be requested from the corresponding author.*

Ethics approval and consent to participate

The Research and Development Ethics Committee of the National Water and Sewerage Corporation (NWSC) approved this study in accordance with the Uganda National Council for Science and Technology guidelines and regulations governing minimal-risk, non-clinical, organizational research (Protocol number: BSS/R&D/19-08). Academic review and approval were conducted by the Department of Management Institutional Review Committee at SRM University AP. All procedures and methods involving human participants were performed in accordance with relevant national guidelines and regulations, and with the ***1964 Declaration of Helsinki and its later amendments or comparable ethical standards****. All participants provided informed consent before data collection; participation was voluntary; and we collected all responses anonymously, with no personally identifiable information recorded.*

Consent to publish: *Not applicable*

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