

Empowering leadership and team change capability: the mediating effect of team PsyCap

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Abstract

Purpose – Based on Resource Conservation (COR) theory, this study explores the antecedent of team change capability, which consists of the dimensions of learning, process and context and examines how, under the empowering leadership (EL) of middle managers, team change capability (TCC) may be built through team psychological capital (TPSyCap).

Design/methodology/approach – The study was conducted with 853 respondents and 55 teams from 11 leading autonomous higher education institutions (AHEIs) in Indonesia.

Findings – The results show that EL is positively related to TPSyCap, which mediates the relationship between EL and TCC, particularly for TCC learning capability. However, TPSyCap does not mediate the effect of EL on TCC process capability and TCC-context capability.

Originality/value – This study enriches existing leadership literature, which is considered relevant in building organizational change capabilities, particularly on a team level. Furthermore, the findings



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reveal TPsyCap is an important intervention mechanism in catalyzing the relationship between EL and TCC.

Keywords Team change capability, Empowering leadership, Team psychological capital, Higher education, Indonesia

Paper type Research paper

Research background

Organizational change is an integral component of the organizational life cycle (Gelaidan *et al.*, 2018). Unfortunately, large-scale organizational change tends to fail (Hughes, 2011). Organizations must develop organizational change capabilities to survive, successfully implement change (Meyer and Stensaker, 2006) and improve their performance (Heckmann *et al.*, 2016). Though change capability has been extensively studied at the organizational/macro level (Soparnot, 2011; Sukoco *et al.*, 2021) and individual/micro level (Harden *et al.*, 2021), research exploring capabilities on a team level has yet to receive attention, referred to as a micro foundation approach (Salvato and Vassolo, 2018). Letierce *et al.* (2023) emphasize that middle managers as team leaders are not only passive “translators” of change, but also real agents in the organizational change process. Organizations with strong team change capabilities are able to quickly realign their teams to take advantage of new opportunities or change strategies in the face of environmental change (Eisenhardt and Martin, 2000).

Team change capability (TCC) is defined as the repetitive, patterned and routine ability of a team in the organization, consisting of learning capability, change process capability and change context capability to deliberately move from a present state to the desired future state (change) in the face of continuous environmental change (Supriharyanti and Sukoco, 2023). On a team level, the process of change emerges through interactions between individuals in a team facilitated by middle managers (Nonaka *et al.*, 2016). Middle managers play a central role in processes of change and, therefore, potentially have a significant effect on the eventual success or failure of major change initiatives in organizations (Giangreco and Peccei, 2005). The antecedents of TCC have not been examined in depth and, hence, are not well-explained.

To successfully make change, leaders require follower participation (Stouten *et al.*, 2018), which depends significantly on the behavior of leaders in the form of empowering leadership (EL) (Amundsen and Martinsen, 2014). Moreover, change may cause stress because of the consequences of implementing changes, one of which is the risk of losing resources (Bamberger *et al.*, 2012). According to Resource Conservation (COR) theory, for leaders to deal effectively and successfully with changes in building resources or capabilities (TCC), they must invest other resources (Hobfoll, 2001). Firstly, on a team level, psychological capital (PsyCap) is a psychological source that maybe important in countering potential dysfunctional attitudes and behaviors relevant to organizational change (Luthans and Youssef, 2007; Han *et al.*, 2021). Secondly, EL behaviors are positively related to employees' psychological resources (Srivastava *et al.*, 2006).

Several studies have discussed how leaders deal with change in an academic context (Bui *et al.*, 2016). In recent decades, this sector has undergone many changes on a global level, including in Asia (Ganotice *et al.*, 2017). This condition forces higher education institutions to focus beyond their competitors, and most countries consider it a driving force to improve the quality of higher education (Marginson, 2006). As a country with a fifth of the world's population and a large number of young people, Indonesia mandates the top 11 universities to enter the global ranking. The world class university program (WCU) was launched in late 2015 and generated mixed responses from stakeholders (Sukoco *et al.*, 2021). Research related to change adaptation efforts in higher education, particularly in Indonesia, is still limited (Bui *et al.*, 2016). This research was conducted among 11 autonomous higher education institutions (AHEIs) in Indonesia which had experienced changes to encourage them to become world-class universities.

Several contributions are offered. Firstly, this research is the first attempt to explain the ability to deal with change on a team level (TCC) and its antecedent. Based on COR theory,

Hobfoll (2011) describes resources as “resource caravans,” that is, resources do not exist individually, but travel in caravans. This study proposes that the leader role could be used as a team resource in building TCC through TPsyCap. Secondly, this research contributes to COR theory in change management by considering the role of leaders in obtaining organizational resources (TCC) through investments in other resources such as TPsyCap (Hobfoll, 2011). Thirdly, this research is related to higher education in dealing with changes on a team level in the Asian context, particularly in Indonesia, which is culturally different from the global context (Heckmann *et al.*, 2016; Koo and Park, 2018).

Literature review

Team change capability (TCC)

Teece *et al.* (1997) outline how organizations articulate, restructure and create processes and routines to successfully adapt to environmental change. The capabilities that organizations utilize to manage and implement are diverse, such as the dynamic capabilities of management, innovation and marketing (Corrêa *et al.*, 2019). More specifically, on a team level, these capabilities can take the form of TCC. In this study, TCC is defined as the repetitive, patterned and routine ability of a team in the organization, consisting of learning ability, change process capability and change context capability to deliberately move from a present state to the desired future state (change) in the face of continuous environmental change (Supriharyanti and Sukoco, 2023). A TCC framework consists of three dimensions, namely the dimensions of learning capability (TCC-LC), change process capability (TCC-CP) and change context capability (TCC-CC) (Klärner *et al.*, 2007; Soparnot, 2011). TCC-LC describes the team capability to absorb and change knowledge and apply it to achieve a competitive advantage (Hsu and Fang, 2009). TCC-CP is a way of implementing changes specifically (Bouckennooghe *et al.*, 2012). Capability in the context of change (TCC-CC) is defined as the capability to develop a climate that supports change (Bouckennooghe *et al.*, 2012).

Empowering leadership (EL)

EL is a process that involves influencing team members through the distribution of power, motivation support and development support with the aim of promoting experience of independence, motivation and an ability to work independently (Amundsen and Martinsen, 2014). EL is a leadership behavior that empowers employees or team members where power is shared with them so as to increase their intrinsic motivation level (Srivastava *et al.*, 2006). When leaders exhibit empowering behavior and employees experience psychological empowerment (Lorinkova and Perry, 2017), it reduces the negative impact of cynicism about organizational change (Sabar *et al.*, 2022). When employees are empowered, they become self-motivated and committed individuals who put a maximum effort into their work (Idris *et al.*, 2018; Ke and Zhang, 2011).

Team psychological capital (TPsyCap)

Psychological capital (PsyCap) is an individual's positive psychological state of development characterized by hope, self-efficacy, resilience and optimism (HERO) (Luthans and Youssef, 2007; Sukoco and Lee, 2017). Initially, PsyCap was conceptualized as an individual resource, but recent research has shown that it can also emerge as a group resource (Walumbwa *et al.*, 2011). Heled *et al.* (2016) found that every construction of HERO that makes up PsyCap collectively occurs through shared mental model mechanisms. As such, this study integrated and defined TPsyCap as a collective team's positive psychological state of development characterized by HERO (Bandura, 1997).

Hypothesis development

Empowering leadership and team change capability

Empowering leaders treat team members fairly and recognize their input as valuable (Srivastava *et al.*, 2006). These leaders value the contribution of ideas and information from team members as part of team learning capability (Pletsch and Zonatto, 2018). This policy enhances the feeling of empowerment in employees and encourages them to be active, rather than passive and involved in formal empowerment initiatives (Hassi, 2019). Group members can openly reflect and develop new methods to deal with change (Sukoco and Lee, 2017). The perceived meaningfulness of the opportunities provided and capabilities of team members (in a higher education (HE) context) are important, particularly in dealing with change (Blazevic *et al.*, 2015).

A leader plays a role in building an organizational or team climate (Rego *et al.*, 2017), including building a context or climate that supports change (Bouckenoghe *et al.*, 2012). EL shows openness to change by trusting employees and team members (Jada *et al.*, 2019), by giving them the opportunity to provide ideas or proposals in discussions or meetings. Organizational leaders who are able to build interpersonal trust will be able to increase good knowledge sharing (Jain, 2023). EL also creates a climate that encourages team members to share their ideas with one another (Pletsch and Zonatto, 2018). These conditions are favorable toward the effort to support development and, eventually, change. Therefore, the following hypothesis is posited:

H1. EL influences TCC (a) learning, (b) process and (c) context.

Empowering leadership and team psychological capital

Considering the centrality of leadership in the team and in an organizational context, the attitude and behavior of leaders play a decisive role in the psychological condition of employees (Rego *et al.*, 2017). Referring to the COR theory (Hobfoll, 2011), for leaders to be able to handle change in building resources or capabilities to deal with changes that tend to be pressing, they must invest another resource in the team in the form of TPsyCap (Heled *et al.*, 2016). Luthans and Youssef-Morgan (2017) conceptualize leadership as the predecessor of PsyCap within the conceptual framework as when a leader has a positive leadership approach that is not directed, but participatory, sometimes demanding active participation (Bass, 2000). In this relationship, the leader can positively influence the psychological resources of employees through PsyCap (Gyu Park *et al.*, 2017).

Leaders who lead by example, participatory decision making, coaching, informing and showing concern manifest a form of autonomy and development support (Srivastava *et al.*, 2006). Leaders who show concern for followers' skill development and focus on their learning, abilities and growth increase their creative self-efficacy (Iqbal *et al.*, 2023). Team members are likely to receive fair recognition from an empowering leader for their contribution in the form of ideas and information, which motivates them to share their unique knowledge with one another (Amundsen and Martinsen, 2014). Similarly, the participative decision making and coaching behaviors of an empowering leader may also encourage knowledge sharing and increase interactions within teams. George (1990) found that work groups can develop affective tones and, when most group members experience a positive (or negative) emotional state, the overall affective tone of the group also becomes positive (or negative). This transmission process applies not only to emotions (Barsade, 2002), but also to cognition (Huy and Zott, 2019). When group members interact and are interdependent to achieve common goals, they develop similar psychological structures, representing cognitive, motivational, or affective states (Marks *et al.*, 2001). Therefore, the following hypothesis is posited:

H2. EL has a positive influence on team psychological capital (TPsyCap).

Team psychological capital and team change capability

Hobfoll (2011) considers the possibility that those with more access to resources may be less negatively affected by resource depletion in the face of stressful situations caused by change. Therefore, an additional resource should be offered in this study, namely TPsyCap. TPsyCap is a psychological resource (Luthans and Youssef, 2007) and shared mental capacity (Heled *et al.*, 2016) required to deal with change (Huy, 2011). TPsyCap may be considered to be part of emotional capability (Huy and Zott, 2019) and part of the cognitive abilities needed by a team in building adaptation to change (LePine, 2003). Teams with high PsyCap with confidence in trying different paths to achieve goals (hope) will be more effectively able to learn from experience or knowledge from the outside (Luthans *et al.*, 2007). Resilience will allow these individuals to make adaptive changes after a failure episode, which will make it more likely that the team will repeatedly evaluate its performance (Rego *et al.*, 2017). As team members value the contribution of ideas and information from each other, they will also be motivated to share their efficacy with one another (Hassi, 2019). In summary, when a team has higher PsyCap, their learning capability to change is greater compared to a team with lower PsyCap.

In general, team processes and circumstances involve the interactions of team members with other members and the work environment (Marks *et al.*, 2001). PsyCap also has a positive relationship with team relations, collaboration and cohesion, supporting the communication process in teams (West *et al.*, 2009; Abu Bakar and Connaughton, 2022). Furthermore, PsyCap encourages team members to more frequently experience positive emotional states, which, in turn, encourages positive movement (West *et al.*, 2009). An individual who works in a team characterized by a high TPsyCap has a lot of optimism and is encouraged to be more involved in solving organizational problems (Heled *et al.*, 2016). During the process of change, TPsyCap encourages self-directed behavior change or supports procedures built without the need for supervision or control (Choi, 2020). In short, when a team has a higher PsyCap, its change process capability is greater than a team that has a low PsyCap.

With additional role relationships and shared values that support change, it may be expected that the appropriate context for supporting change at the team level is developed (Jada *et al.*, 2019). When team members share hopes and goals with one another, it is expected that the team creates a supportive environment to implement change (Amundsen and Martinsen, 2014), wherein this environment facilitates a situation where every member of the team has the goal-directed energy and means of implementing change successfully (Snyder *et al.*, 1991). In summary, when a team has higher PsyCap, the change in their change context capability is greater compared to the team who has lower PsyCap. Therefore, the following hypothesis is posited:

H3. TPsyCap influences TCC (a) learning, (b) process and (c) context.

Mediating effect of team psychological capital

TPSyCap is a psychological resource (Luthans and Youssef, 2007) and a shared mental model required to deal with change (Huy, 2011; Heled *et al.*, 2016). Drawing on COR theory, this model can be explained by the concept of a resource caravan, in which resources do not exist individually but travel in packages, or caravans, both for individuals and organizations (Hobfoll, 2011). In other words, the process of developing resources will yield other resources. The leader, as a team resource, builds TCC. Change is a strategic problem faced at all levels of the organization, including the team (Liu *et al.*, 2012). Thereby, it requires the role of leader to build TCC, which is a team's capability to deal with change so that it can be sustainable (Heckmann *et al.*, 2016).

Empowering leaders provide authority and support to their employees and team members, slowly developing the team capability for change (Amundsen and Martinsen, 2014). However, when leaders empower their followers, it may not directly result to the capability for change if their followers do not have the shared mental model (Heled *et al.*, 2016) required to deal with said change (Huy, 2011). Since change requires extra energy and may even have negative effects on

employees and the organization, empowerment from leaders should transform into collective psychological resources that gradually allow the organizational members to develop learning, process and context for change capability (Heled *et al.*, 2016). In addition, leaders should be able to conserve team members' resources to support the change (Hobfoll, 2011). However, with leaders that provide motivational and developmental support, teams in the organization could develop capabilities for change (Amundsen and Martinsen, 2014). TPsyCap is required because change requires extra energy and may even cause negative effects for employees and the organization (Avey *et al.*, 2011). In other words, leaders' empowerment of team members depends on TPsyCap before it is able to influence the team's capability for change. Han *et al.* (2021) demonstrate the role of TPsyCap as a mediator at the team level in the relationship between leadership and team performance. Therefore, the following hypothesis is posited:

H4. TPsyCap mediates the influence of EL on TCC (a) learning, (b) process and (c) context.

Methodology

Research context

The number of higher education institutions in Indonesia has reached 4,593 units, comprising state (122) and private (3,044) institutions under Ministry of Education, Culture, Research and Technology (MECRT) (Higher Education Statistics, 2020), whereas the rest are managed by Ministry of Religious Affairs (1,240 institutions) and other ministries (187 institutions). Since 2014, the government of Indonesia, through MECRT, has changed the status of 11 state universities to AHEIs, namely Universitas Indonesia (UI), Bandung Institute of Technology (ITB), Gadjah Mada University (UGM), Airlangga University (UNAIR), Bogor Agricultural Institute (IPB), Padjadjaran University (UNPAD), Diponegoro University (UNDIP), Institute of Technology Sepuluh Nopember (ITS), Brawijaya University (UB), Hasanuddin University (UNHAS) and Sebelas Maret University (UNS). Data were collected from 11 state universities that have Autonomous Higher Education Institutions (AHEI) status. AHEI status guarantees autonomy for these universities so that they can manage academic and non-academic activities, including financial affairs, more independently, transparently and accountably. Autonomous status also gives control to 11 AHEIs in managing their human resources, both academic and non-academic staff, as business entities, through endowment funds, as well as academic appointments, including managing the opening and closing of study programs. In accordance with the mandate of the Indonesian Government ratified through the Decree of the Ministry of Research, Technology and Higher Education Number 522b/M/Kp/IX/2015, in 2019, there were 11 AHEIs who were given targets to be included in the ranking. Of the 500 Best World-Class Universities (Sukoco *et al.*, 2021), in 2018, there were only three universities in Indonesia included. Every year, the government and each AHEI renew work contracts, and the government provides certain ranking targets if AHEI wants to continue to receive support from the government. To boost academic production related to Quacquarelli Symonds World university Ranking (QS WUR) requirements, this situation requires every level of AHEI leadership (chancellor) to carry out progressive organizational reforms together with the Dean. At an AHEI, the Dean who organizes the activities to be carried out by each faculty is given a target. Each Lecturer is given direction by the Dean in his position as Team Leader. This demanding situation requires the Dean to have an EL approach to not only encourage lower-level management to achieve targets, but also ensure that the team is developed and given autonomy to achieve these goals. In this way, faculty members and lower-level management have team resources (i.e. team PsyCap) that, in turn, develop TCC.

Sample

The data for this research were collected from 11 AHEI in Indonesia at the faculty (college) as a team level using a multisource approach. Respondents targeted in this study were team leaders or

middle managers (Deans and Vice Deans) and college members (Heads of Departments, Study Program Coordinators and Lecturers) at 11 AHEI. The lecturer survey was conducted using the convenience sampling method of at least 10 people per college. The survey for Deans and Vice Deans were designed to evaluate TCC and provide demographic information, whereas the survey for team members assessed TPsyCap (Lecturers) and EL (Heads of Departments, Study Program Coordinators and Lecturers), as well as demographic information from team members.

In this study, each college was treated as a team. Questionnaires were distributed to 4,267 respondents from 11 AHEIs, 2,047 participants answered (47.97%), belonging to 110 team. Of these, only 55 teams (colleges) were completely filled in and could be processed with a total of 853 respondents. The occurrence of non-response bias was prevented by creating anonymous questionnaires, following up on returned questionnaires and providing alternative online and offline questionnaires. Questionnaires were distributed online and offline, with 376 and 477 respondents, respectively. Online questionnaires were distributed via Google Forms or email, whereas offline questionnaires were distributed via post. Different data collection methods were used to maximize the response rate (Beatty *et al.*, 2016). Online and offline questionnaires were compared to ensure that there was no difference in how they were treated.

Respondents were comprised of 853 individuals from 55 teams with the following characteristics of the respondents: Dean 5.86%; Deputy Dean 6.68%; Head of Service 14.07%; Study Program Coordinator 32.59%; and Lecturers 40.80%. Male respondents comprised 54.63%, whereas female respondents comprised 45.37%. Most of the respondents were aged between 40 and 50 years (35.87%), almost the same proportion as those aged between 51 and 60 years (31.87%), while those aged over 60 years comprised 6.68% of the respondents. Participants with the longest tenure (above 15 years) comprised 59.44% of the total. In terms of academic positions, 47.13% of the respondents were Assistant Professors, 37.87% were Associate Professors, 20.28% were Junior Lecturers and 9.26% were Professors.

Data aggregation

This study conducted a group-level analysis using faculty as a unit of analysis. TCC is an aggregation of data from the surveys returned from the faculty leadership team, namely Deans and Vice Deans. TPsyCap was aggregated from survey data filled out by faculty members, namely Lecturers, and EL is an aggregation of data from surveys of team members, namely Heads of Departments, Study Program Coordinators, and Lecturers. The data collected were checked for the value of intergroup agreements (*Rwg*) (Lebreton *et al.*, 2003), with a minimum value of 0.70. All the values were above the threshold.

TCC is a collection of data from a survey returned from the faculty leadership team, namely the Dean and Vice Dean. TPsyCap is the sum of survey data filled in by faculty members, namely lecturers, and EL is the sum of survey data for team members, namely the Head of Department, the Study Program Coordinator and Lecturers. To assess the suitability of the aggregate individual scores to the team level, three measures are generally used: ICC(1); ICC(2); and *Rwg* (Lebreton *et al.*, 2003). All of the values satisfy the criteria.

Measurements

The multisource approach was used to decrease the different constructs that might reduce CMV (Avolio *et al.*, 1991). Team members provided a TPsyCap and EL rating, whereas the team leader (middle manager) assessed their team's change capability (TCC) – Table 1.

Team change capability (TCC)

TCC involves the repetition and choice of patterns and routines that provide the ability for a team to intentionally move from the current state to the desired future state through learning,

Table 1.
Descriptive statistics
and matrix correlations

Research variables	Mean	SD	1	2	3	4	5	6	7	8	9
1) TCC-LC	4.470	0.305	0.707	0.160	0.017	0.785	0.897	0.045	0.001	0.004	0.004
2) TCC-CP	4.420	0.360	0.400**	0.716	0.160	0.168	0.078	0.034	0.002	0.000	0.002
3) TCC-CC	4.650	0.311	0.129	0.400**	0.731	0.018	0.152	0.003	0.030	0.132	0.006
4) EL	4.181	0.389	0.886**	0.410**	0.134	0.760	0.260	0.040	0.010	0.003	0.011
5) TPsyCap	4.149	0.268	0.947**	0.280**	0.390**	0.510**	0.847	0.007	0.037	0.009	0.032
6) Team size	15.400	7.460	-0.212	0.184	0.051	-0.200	0.086	<i>n.a.</i>	0.007	0.024	0.004
7) Academic Positions	0.436	0.500	0.031	0.039	0.173	0.099	0.193	0.081	<i>n.a.</i>	0.358	0.340
8) Tenure	0.728	0.214	0.060	0.015	0.364**	0.057	0.095	0.154	0.598**	<i>n.a.</i>	0.270
9) Age	0.360	0.206	0.064	-0.048	0.078	0.103	0.179	0.060	0.583**	0.520**	<i>n.a.</i>

Note(s): Italic values on the diagonal are AVE. Values below the diagonal are inter-factor correlation. *Correlation values are significant at $p < 0.05$, **correlation values are significant at $p < 0.01$. TCC-LC = Learning Capability; TCC-PC = Change Process Capability; TCC-CC = Context Capability; EL = Empowering Leadership; TPsyCap = Team Psychological Capital

Source(s): Authors' work

process and context (Klarner *et al.*, 2007), using a total of 40 items. The team leader evaluated the change capability of the team that they led. Measurements used in the TCC variable have been adapted from various sources, namely Hsu and Fang (2009) and Bouckennooghe *et al.* (2012). All items were measured with ratings ranging from 1 ("strongly disagree") to 5 ("strongly agree"). The TCC was conceptualized from the level of individual team leaders. Therefore, TCC was treated as a linear summary of individual TCC team leaders, who ignored individual team leader variances (Chen *et al.*, 2004). Methodologically, the average scores of team leaders were calculated to represent overall TCC.

To test the factor structure of TCC_IC, TCC_PC and TCC_CC, a confirmatory factor analysis (CFA) was conducted. Items that did not load substantially on the variable (loading factor <0.05) were excluded. Subfactor loadings ranged from 0.516 to 0.920 and the subsequent measurement model demonstrated a satisfactory fit.

Team psychological capital (TPsyCap)

The psychological capital of a team or a team's collective psychological capital is defined as a group's psychological development characterized by hope, efficacy, resilience and optimism (Luthans *et al.*, 2007; Walumbwa *et al.*, 2011). TPsyCap was measured on a scale of eight items ($\alpha = 0.960$) with ratings ranging from 1 ("strongly disagree") to 5 ("strongly agree"), adapted from Walumbwa *et al.* (2011) using eight items from a recently validated Psychological Capital Questionnaire (PCQ) (Luthans *et al.*, 2007). An individual level two-factor CFA was conducted to test the factor structure of TPsyCap, resulting in factor loadings ranging from 0.733 to 0.884 and demonstrating a satisfactory model fit.

Empowering leadership (EL)

EL intrinsically motivates employees by sharing power and providing support for personal and professional development (Amundsen and Martinsen, 2014). This variable was measured using 18 items ($\alpha = 0.970$) with ratings ranging from 1 ("strongly disagree") to 5 ("strongly agree"). In order to test the factor structure of EL, CFA was conducted, resulting in factor loadings ranging from 0.68 to 0.97 and produced a satisfactory fit. Table 1 presents the descriptive statistics, correlation and reliability coefficients for the research variables.

Control variables

This study used age, tenure and academic position as relevant control variables. Franco-Santos and Doherty (2017) also consider age a relevant characteristic in influencing the context of higher education. The items in the questionnaire were arranged randomly as to avoid leading questions. To test the research instrument, this study used a procedure similar to that used by Kleijnen *et al.* (2007), in which reflective indicators were applied to all constructs. Reliability testing used the reliability of a composite scale (CR) and average variance extracted (AVE) (Chin, 1998). Based on the results of this test, the cut-off value was above 0.700, and AVE was more than the cut-off value of 0.500 (Fornell and Larcker, 1981). In addition, convergent validity was evaluated by examining the standard of the loading value of each construct (Chin, 1998), and all actions showed loading values exceeding 0.500. The validity of the discriminant act was then assessed.

Results

This study used Mplus Version 8.5 (Muthén and Muthén, 2012) to confirm that the model had been identified properly and that it would fit data. The overall hypothesized and mediated model (Model 1) showed acceptable suitability for the data: $\chi^2(55) = 161.84$, comparative fit index (CFI) = 0.95, root mean square error of approximation (RMSEA) = 0.070 and

standardized root mean square residual (SRMR) = 0.050. In addition, the following proposed model was estimated and compared with alternative models in order to assess whether the hypothesized model was the most accurate representation of the data. The model's suitability was then compared with the alternative model. Firstly, Model 2 was assessed, including the direct pathways of EL and TPSCap. This model results showed an unsatisfactory fit.

The non-mediated model (Model 3) was then tested, which includes only the direct paths from EL to each of the TCC variables, namely TCC-LC, TCC-CP and TCC-CC. The results show that the non-mediated model produced unsatisfactory fit models, as in Table 2, with less effective CFI (<0.9) and RMSEA (>0.800). Model 4 also examined the direct effect of TPC on each TCC variable, with the suitability of the model being unsatisfactory (CFI <0.9 and RMSEA > 0.8). Finally, a model was tested that determined the indirect path (Model 4) of EL to TCC. The results show that the two models (Model 5b and 5c) are equivalent to the model required (Model 1), though the χ^2 number in Model 1 is more appropriate. Meanwhile, Model 5a, which examines the indirect effect of EL on TPC_LC produced a less effective model than Model 1 as seen from its fit indicator. From Table 2 it is evident that Model 1 has the most appropriate statistical suitability.

Structural model

After testing the measurement model, the hypotheses were tested using Mplus. The results of the analysis are presented in Figure 1. As suggested by the results, EL directly and indirectly affected TCC. EL had a direct effect on TCC-PC ($\beta = 0.346$; $p = 0.017$), but EL did not have a direct effect on TCC-LC ($\beta = -0.001$; $p = 0.955$) and TCC-CC ($\beta = 0.120$; $p = 0.517$). Therefore, H1b is supported, but H1a and H1c are not supported. EL had a direct influence on TPSCap ($\beta = 0.565$; $p = 0.000$). Therefore, H2 is accepted. H3 postulated that TPSCap affects TCC. After testing, the value of $\beta = 0.400$ and $p = 0.011$ was obtained for the effect of TPSCap on TCC-LC. TPSCap did not affect TCC-PC ($\beta = 0.168$; $p = 0.256$) and TCC-CC ($\beta = 0.123$; $p = 0.510$), so H3b and H3c are rejected, whereas H3a is accepted.

The result of analysis with control variables

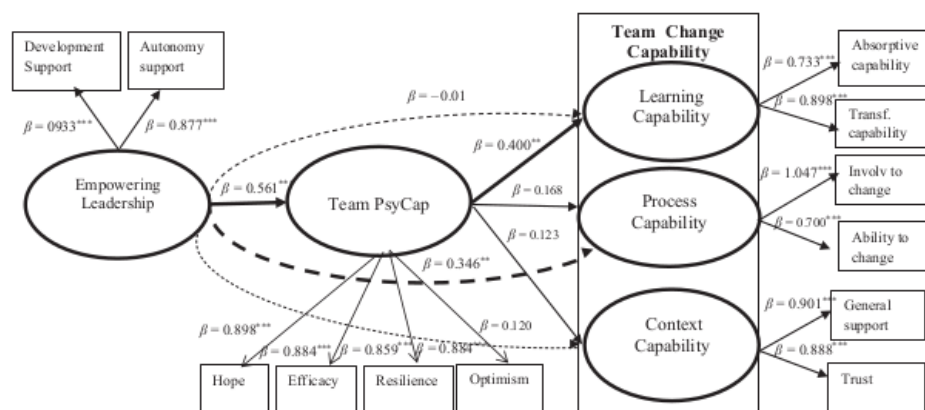
The results of the analysis show that there are no control variables, namely team size, academic position, tenure and age, with an effect on the TCC-LC, TCC-PC and TCC-CC variables, except for academic position on TCC-PC. However, the magnitude of the coefficient

Model	χ^2	df	CFI	TLI	RMSEA	SRMR
Model 1	53.755	44	0.979	0.968	0.063	0.048
Model 2	25.294*	8	0.198	0.936	0.880	0.036
Model 3a	0.130	1	0	1	1	0.003
Model 3b	5.11	4	0.276	0.071	0.991	0.976
Model 3c	0.001	1	0	1	1	0
Model 4a	22.988*	8	0.185	0.938	0.883	0.034
Model 4b	22.449*	13	0.115	0.961	0.931	0.039
Model 4c	25.757*	8	0.201	0.93	0.868	0.038
Model 5a	30.427*	17	0.957	0.930	0.120	0.048
Model 5b	62.755	55	0.983	0.976	0.051	0.057
Model 5c	62.755	55	0.983	0.976	0.051	0.057

Table 2.
Fit indices for nested structural models

Note(s): $n = 55$. CFI, comparative fit index; TLI = Tucker Lewis Index; RMSEA, root-mean-square error of approximation; SRMR, standardized root-mean-square residual. * $p < 0.01$

Source(s): Authors' work



Note(s): + refers to $p < 0.10$, * refers to $p < 0.05$, ** refers to $p < 0.01$, *** refers to $p < 0.001$
Source(s): Authors work

Figure 1.
Research model and
analysis results

of the influence of the independent variable on the dependent variable varies, though it shows the same number of significance.

The study also examined the role of TPsyCap as a mediator between EL and TCC. Using Mplus 8.5, a mediation analysis was performed for each variable (LC, PC and CC). The data were analyzed to determine the indirect effects of each predictor on TCC via TPsyCap. The results show that the relationship between EL and TCC-LC is fully mediated by TPsyCap as EL did not have a direct influence on the variable ($\beta = 0.228$; $p = 0.027$). Moreover, the influence of the EL on the TCC-PC and TCC-CC was not mediated by TPsyCap.

Discussion

This study explores whether TCC may be fostered through EL and TPsyCap. The study proposes that EL influences TPsyCap, which, in turn, influences team capability in the form of TCC. Referring to the COR theory (Hobfoll, 2001), it is suggested that TPsyCap acts as a mediator between EL and TCC. As such, TPsyCap is suggested to be the “resource” generated by the leader in building the TCC.

The initial findings show that EL influences TPsyCap. One of the core behaviors of an empowering leader is sharing power by providing autonomy and development support to the team (Amundsen and Martinsen, 2014). This support provides employees with strength (hope) and confidence (efficacy) to find new and different ways to achieve their goals and overcome difficulties (resilience), while believing that leaders will give them whatever support they might need (Luthans *et al.*, 2008). Participative decision making and coaching behaviors of an empowering leader may also encourage knowledge sharing and increase interaction within teams. George (1990) found that work groups may develop affective tones, and, when most group members experience a positive (or negative) emotional state, the overall affective tone of the group also becomes positive (or negative). This transmission process applies not only to emotions (Barsade, 2002), but also to cognition (Huy and Zott, 2019). When group members interact and are interdependent to achieve common goals, they develop similar psychological structure, which represents cognitive, motivational, or affective states (Marks *et al.*, 2001).

Secondly, TPsyCap influences TCC-LC and mediates the influence of EL on TCC-LC. These findings complement existing research, which has found that TPsyCap mediates the influence of leaders in producing results (Rego *et al.*, 2017; Rebelo *et al.*, 2018). This finding can be explained

by the COR theory (Hobfoll, 2011), which is still limited to explaining how to deal with the pressures of change by building change capabilities. The leader's behavior is concerned with the team conserving resources by creating other resources and the process through which resource emergence can occur along the way. Faced with the pressure of change, leaders build team change capabilities through learning, process and context capabilities (Sukoco *et al.*, 2021). This mechanism occurs when a leader is able to build a PsyCap collectively as part of a team, which is a personal resource for said team (Avey *et al.*, 2011).

However, TPsyCap does not mediate the influence of EL on TCC-CP and TCC-CC, and it seems that EL has a direct influence on TCC-CP and TCC-CC. In the context of higher education institutions, where team members tend to be knowledgeable and quite confident (Meister-Scheytt and Scheytt, 2005), the autonomy given to team members enables them to be involved in decision making regarding change to build a culture of innovation (Naqshbandi and Kamel, 2017). A leader plays a role in building an organizational or team climate (Rego *et al.*, 2017), including building a context or climate that supports change (Bouckennooghe *et al.*, 2012). EL also creates a climate that encourages team members to share ideas with one another (Pletsch and Zonatto, 2018). Group members openly reflect and develop new methods to deal with change (Sukoco and Lee, 2017). The perceived meaningfulness of the opportunities provided and the capabilities of team members in a higher education context are important, particularly in dealing with change (Blazevic *et al.*, 2015).

In Indonesia, external factors such as government regulations related to AHEI are driving factors that dominate change (Sukoco *et al.*, 2021). Although these institutions' status as autonomous institutions means that there is greater flexibility in academic and non-academic issues, to a certain extent, these institutions are dependent on the government in relation to public funding, which is in line with the concept of regulatory stakeholders (Mainardes *et al.*, 2012). The findings of Sukoco *et al.* (2021) also show that organizational change capability is built serially starting from learning capability, process capability and then context capability. Therefore, PC and CC are mediated by previously built capabilities.

Theoretical implications

The findings of this study indicate that EL affects TPsyCap. This behavior is appropriate in higher education, which emphasizes the importance of autonomy in leadership in higher education (Bryman, 2007). A bibliometric analysis conducted by Maheshwari and Kha (2023) found that leadership studies in higher education are dominated by transformational leadership, whereas EL is still limited.

This study enriches existing leadership literature, which is considered relevant in building organizational change capabilities, particularly on a team level. Previous studies that have focused on change capabilities have found that leadership affects change capabilities such as transformational leadership (Lei *et al.*, 2019). Sukoco *et al.* (2020) found that middle manager capability in higher education affects an organization's capacity to change but on an individual level. The process of change emerges through interactions between individuals within the team facilitated by middle managers (Nonaka *et al.*, 2016).

Another theoretical contribution relates to the mediating effect of TPsyCap. The findings reveal that TPsyCap is an important intervention mechanism of how EL may affect TCC. This finding complements previous research, which has found that TPsyCap mediates the influence of leaders in producing results (Rego *et al.*, 2017; Rebelo *et al.*, 2018). This research enriches the results of change capability, as explained by the COR theory (Hobfoll, 2011), which is still limited in explaining how to deal with the pressures of change by building change capabilities.

Finally, this research was conducted in the context of a developing country, namely Indonesia, which has a different cultural context from the West. Communities and organizations in Asia tend to have a collectivist culture compared to those in Europe or North America, placing

a greater emphasis on group considerations and collective goals rather than individual goals (Lam *et al.*, 2012). The leadership expectations embedded in collectivism may certain leadership styles or characteristics more prominent in this area, such as empowering leaders who pay more attention to and trust their followers (Lam *et al.*, 2012).

Practical implications

The study also has practical implications for helping team leaders, particularly in Asia. Firstly, TCC may be built by expanding EL and TPSCap. Middle managers in higher education should adopt empowering leader behavior related to their focus in dealing with change. This behavior is also consistent with the collectivist culture of Asian societies, and leaders may seek to emphasize group considerations and collective goals over individual goals (Lam *et al.*, 2012). However, organizations should still provide training related to leadership, such as through talent management or pools so that it is clear which leaders are truly capable of empowering subordinates. The practice of leadership development in HEIs is still largely based on academic positions. Meanwhile, leadership is a competency that must be trained formally and informally (experience). Another method may be to develop a special performance assessment for middle managers that encourages leaders to empower team members to ensure that they participate in work and problem solving within the team (Li *et al.*, 2015). The performance appraisal system may be linked to other compensation or benefit systems.

Secondly, psychological capital is generated from the social interactions of team members (Heled *et al.*, 2016). Organizational leaders in Asia, particularly Indonesia, must offer organizational policies that support and train middle managers to develop productive social interactions in teams related to task relations (e.g. meetings, seminars and joint training). Furthermore, people with positive emotions toward their work and change may have a positive influence on the group. Leaders also need to practice fostering a cooperative work climate by stimulating team members to produce and share ideas so that they produce positive emotional interactions between members or for leaders (Li *et al.*, 2015). This approach may be easier for Asian people who tend to have a collective culture (Koo and Park, 2018).

Conclusion

This study answered the question of how EL and TPSCap build TCC so that organizations may face the pressure of constant change. By empowering leader behavior, this research demonstrated how leaders should play a role in protecting their team's resources when changes occur by producing other resources, namely TPSCap. Furthermore, witnessing the mediation of TPSCap in the EL and TCC relationship deepened the understanding that TPSCap is a psychological resource that contributes significantly to building the team's ability to face change, providing a basis for future research and encouraging the managerial practices of middle managers during change.

Despite these important implications, this study has several limitations. Firstly, the unit of analysis for this research was team-based with a fairly large sample. However, cross-sectional data used in organizational change research may not be able to capture true change capacity. Therefore, further research with a qualitative or longitudinal approach should add depth to the findings of this research. Although a multisource approach was used, this research was still single-level research, whereas cross-level research may provide more accurate results.

Secondly, TCC appeared in this research as a complex variable. Based on the validity test, only 23 of the 40 items were valid. Therefore, it is necessary to carry out a pre-test or Delphi method so that the questions asked are appropriate to the context.

Finally, this research was conducted in the context of AHEIs' change towards WCU. Future research should use the magnitude to change variable (Groves, 2005; Supriharyanti and Sukoco, 2023) as a moderating variable to measure how the strength of change influences TCC development.

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