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LEADERSHIP CAPABILITY IN DISTRIBUTED WORKFORCES: UNDERSTANDING ITS ROLE IN EMPLOYEE WELL-BEING AND JOB SATISFACTION

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ABSTRACT

The rise of distributed work arrangements has led to a shift in the way leadership is practiced and a greater emphasis on the ability of leaders to manage, motivate, and support their employees through digital and virtual means. The aim of this study is to explore the role of leadership capability in distributed (remote and hybrid) workforces on employee well-being and job satisfaction and assess the effectiveness of leadership among various levels of virtual leadership capability. A quantitative, cross-sectional research design was adopted and data were gathered from employees working in distributed teams using standardized and validated scales measuring leadership capability, employee well-being, and job satisfaction. Leadership capability was evaluated by such dimensions as communication clarity, building trust, digital support, supporting autonomy, and psychological well-being, stress, and work-life balance were aspects of employee well-being. Data were analyzed by using descriptive statistics, correlation analysis, multiple regression and mediation analysis. The results show that leadership capability has a significant positive influence on the well-being of employees as well as job satisfaction ($p < 0.05$). Furthermore, employee well-being was found to mediate the effect between leadership capability and job satisfaction partially, which suggested that effective leadership contributes to job satisfaction directly and indirectly by improving well-being of employees. The findings emphasize the importance of leadership capability as a key organizational resource in distributed work settings, as well as the importance of developing leadership competencies specific to virtual settings in order to foster employee well-being and satisfaction.

KEYWORDS: Leadership capability, distributed workforces, virtual leadership, remote work, hybrid work, employee well-being, psychological well-being, job satisfaction, work-life balance, digital leadership, employee engagement, organizational behavior, leadership effectiveness, virtual teams, occupational stress, human resource management.

INTRODUCTION

1.1 Background

The accelerated growth in distributed and remote work has fundamentally changed the traditional leadership practices and organizational structures. Advances in digital communication technologies have allowed organizations to work outside of geographical boundaries and virtual teams and remote collaboration have become more common. As a result, leadership has moved away from face to face and supervision toward a more digital form of influence, coordination, and support. Scholars contend that leadership capability has become an essential factor in determining the outcomes of employees in such settings as leaders need to regulate performance, motivation, and relationship without being physically present (Neeley, 2021; Yukl, 2013). Empirical research further suggests that leadership behaviours do play an important role in shaping the psychological experiences of employees in remote work, affecting job satisfaction, stress levels and perceptions of social isolation (Efimov et al., 2022; Kranabetter & Niessen, 2022).

1.2 Motivation

Despite the technological advancements that make remote work easier, the well-being and job satisfaction of employees in distributed teams maintains an inconsistent score. While some employees find that they enjoy greater autonomy and flexibility, others report feeling stressed, lonely, and unbalanced with their work and life (Wang et al., 2021). Leadership capability may act as a stabilizing factor in this variability by building trust, clarity and psychological support. Virtual leaders who show the ability to communicate well, empathize, and support autonomy can help to mitigate feelings of isolation and disengagement, and boost employee well-being and satisfaction (Al Dilby & Farmanesh, 2023). Meta-analytic evidence has also indicated that leadership quality is inversely related to employee's stress and also positively related to mental health, indicating the importance of leadership capability in nontraditional work settings (Harms et al., 2017).

1.3 Problem Statement

Distributed workforces have long-standing challenges such as lesser informal social interaction, work-personal life line blur and communication lapses due to asynchronous and technology mediated communications. These challenges can destroy the welfare and job satisfaction of employees if not effectively managed (Wang et al., 2021). Although previous studies have recognised the importance of leadership in a virtual environment, many organisations do not have a clear understanding of the direct impact of leadership capability on employee well-being and job satisfaction in a distributed setting. Existing research tends to explore the outcome of remote work more generally without focusing on leadership capability as a focal construct, which curtails the practical guidance available to organizations that are trying to improve the outcome of their employees in their virtual environments (Efimov et al., 2022).

1.4 Leadership Capability in Distributed Workforces

Leadership capability in distributed workforces is essentially the capacity of a leader to communicate effectively, build trust, foster autonomy and manage performance over a digital platform. Effective virtual leaders use relational and transformational behaviors to overcome the lack of face-to-face interaction and focus on clarity, responsiveness, and psychological safety (Yukl, 2013). Empirical evidence shows that the virtual leadership capability has a positive impact on job satisfaction by building trust and enhancing work-lives balance among remote employees (Al Dilby & Farmanesh, 2023). Moreover, leadership behaviors that encourage autonomy and resources have been found to foster engagement and well-being in remote work environments (Gajendran et al., 2015; Wang et al., 2021). These findings point to leadership capability as a key mechanism by which organisations can sustain the well-being and satisfaction of their employees in distributed teams.

1.5 Research Gap

Despite an increasing amount of scholarly attention to remote work, there are still a number of critical gaps in the literature. First, there is a small set of empirical research studies that focus specifically on the issue of leadership capability in distributed teams as many studies have treated leadership as a secondary or contextual variable. Second, the issue of employee well-being is frequently studied as an outcome instead of a mediating mechanism linking leadership capability to job satisfaction and as such, the causal pathways are not fully understood (Efimov et al., 2022). Third, there is a shortage of statistically validated models that specifically link leadership capability to job satisfaction in virtual contexts, specifically models that incorporate psychological well-being as a central explanatory model. Addressing these gaps is critical to theory development and evidence-based guidance for organizations dealing with distributed workforces.

1.6 Research Objectives

- O1. To empirically examine leadership capability within distributed work environments using validated measurement scales.
- O2. To assess the level and dimensions of employee well-being among employees working in distributed and remote settings.
- O3. To investigate job satisfaction levels among distributed employees in virtual work contexts.
- O4. To analyze the direct effects of leadership capability on employee well-being and job satisfaction in distributed workforces.
- O5. To examine the mediating role of employee well-being in the relationship between leadership capability and job satisfaction in distributed work environments.

1.7 Hypotheses

- H1. Leadership capability is positively associated with employee well-being in distributed work environments.
- H2. Leadership capability is positively associated with job satisfaction among employees working in distributed and remote settings.
- H3. Employee well-being mediates the relationship between leadership capability and job satisfaction in distributed work environments.

2. LITERATURE REVIEW

2.1 Distributed Leadership, Communication, and Trust in Remote Teams

The rise of distributed work has moved leadership scholarship towards models that place greater emphasis on shared influence, good communications and trust compared to hierarchical control. Contemporary research conceptualizes distributed leadership as being especially appropriate in virtual teams because it allows for flexibility, responsiveness, and the ability to solve problems collectively in a geographically dispersed environment (Raghuram et al., 2021). In such contexts, leadership effectiveness is worked out to a large extent in digital communication, so transparency, clarity, and signaling in relationships are also essential to keep collaboration and coordination going.

Empirical studies have shown that leader communication practices play an important role in trust building in remote teams. Newman et al. (2020) found that frequent and consistent, and supportive communication by virtual leaders increases trust over time, which supports team functioning. Similarly, O'Leary et al. (2022) highlight the symbolic role of communication in distributed work, which they contend serves to reinforce perceptions among employees regarding support and inclusion, as visibility of a leader through digital channels strengthens such perceptions. However, while these studies provide evidence that communication and trust are important, they have mostly been done with team level results in mind and don't offer much insight as to how distributed leadership tends to impact individual employee well-being and job satisfaction.

2.2 Supportive Leadership, Employee Well-Being, and Stress Reduction

Supportive leadership has become an important factor in determining the well-being of employees in remote work situations with isolation, uncertainty, and blurred lines between work and life. Research during and following the pandemic of 2020 consistently indicates that leaders that offer emotional support, flexibility and individual consideration can buffer the negative psychological effects of remote work (Bartsch et al., 2021; Kranabetter & Niessen, 2022). These leadership behaviors are especially salient in distributed settings, where employees have lesser access to informal social support.

Integrative reviews further emphasize leadership behavior as an important psychosocial resource for the mental health and stress outcomes of employees. According to Inceoglu et al. (2021), leadership is a very crucial factor in influencing the well-being of employees through relational, motivational, and contextual mechanisms. Similarly, Kniffin et al. (2021) identify leadership support as one of the greatest consistency predictors of employee resilience during large-scale remote work transitions. Despite all of these understandings, much of the literature has considered well-being as a direct consequence of leadership and has not explored its mediating role between leadership capability and work attitudes like job satisfaction.

2.3 Leadership Capability and Job Satisfaction in Distributed Work Environments

Leadership capability has increasingly been associated with job satisfaction in distributed work environments, especially through the ability of leaders to manage autonomy, expectations and relationships through digital platforms. Empirical evidence indicates that virtual leadership competence has a positive impact on job satisfaction, including trust, balancing work and life, and minimizing ambiguity (Al Dilby & Farmanesh, 2023). Work design research has further suggested that leadership capability leads to job resource enhancement like autonomy and feedback that are central predictors of job satisfaction in remote work situations (Wang et al., 2021).

Recent studies also emphasize that the leadership capability in distributed settings calls for context-specific skills, including digital fluency, outcome-oriented performance management, and adaptive communication (Hoch & Dulebohn, 2023). However, although these studies have confirmed that there is a positive link between leadership capability and job satisfaction, these studies often have cross-sectional research designs and fail to adequately account for intervening psychological mechanisms, which lessens the ability to draw causal conclusions and build theory.

2.4 Limited Integration of Leadership Capability, Well-Being, and Job Satisfaction

Despite the accelerated development of research studies and publications on remote work since 2020, there is a significant gap in research publications with integrative models, which simultaneously explore leadership capability, employee well-being, and job satisfaction. Large-scale reviews suggest that leadership is often used as a contextual variable, as opposed to the central explanatory variable, leading to fragmented and incomplete theoretic models (Kniffin et al., 2021; Raghuram et al., 2021). Similarly, studies of working from home tend to focus on structural or technological aspects and under-theorize leadership capability as a dynamic influence on employee experiences (van der Lippe & Lippenyi, 2020).

Doctoral research within this period shows a similar fragmentation with studies either focusing on leadership behaviors or employee well-being outcomes with little linking the two using strong

analytical frameworks (Anderson, 2022; Rahman, 2024). Consequently, there are insufficient statistically validated models that place employee well-being as a mediating mechanism by which leadership capability affects job satisfaction in the distributed work environment. Addressing this gap is critical to the advancement of leadership theory and evidence-based leadership development in increasing virtual organizations.

3. METHODOLOGY

Data for this study was collected from employees that work in entirely remote and hybrid teams in a variety of organizations and industries. Structured online questionnaires were distributed via secure survey platforms in order to guarantee data integrity and accessibility. Leadership capability, employee well-being and job satisfaction were assessed through validated Likert-scale instruments. To ensure the robustness of the dataset, the responses were tested for completeness, normality and reliability, enabling the provision of high-quality data for further statistical analyses.

3.1 Leadership Capability (Independent Variable)

Leadership capability, which is the independent variable in the current study, was measured using a multi-dimensional virtual leadership scale that reflected the key competencies needed by effective managers in managing distributed teams. These dimensions were digital communication effectiveness, trust building, autonomy support and quality of feedback. Responses were obtained on a five-point Likert scale from 1 (strongly disagree) to 5 (strongly agree), based on the participants' perceptions of their leaders' behaviors. The Leadership Capability Index (LCI) was computed by aggregating the scores of all the items as a complete measure of virtual leadership competence. Figure 1 outlines the measurement framework of leadership capability that outlines the contribution of each dimension in the overall index.

3.2 Employee Well-Being (Mediating Variable)

Employee well-being, as conceptualised as the mediating variable, was measured based on standardised indicators of psychological functioning, namely emotional exhaustion, work and life balance, as well as general mental health. Scores on these measures were higher, and indicated better psychological well-being. This approach provided an opportunity to capture both positive and negative aspects of employee experiences in virtual work experiences. The Well-Being Index (WBI) was calculated by aggregating the standardized scores of psychological well-being and perceived stress, which thus allows a composite assessment of the overall well-being of employees. Figure 2 shows the distribution of the well-being scores among the participants, showing the variation in well-being score for the different levels of perceived leadership capability.

3.3 Job Satisfaction (Dependent Variable)

Job satisfaction was assessed as the dependent variable using validated job satisfaction scales that assessed the intrinsic and extrinsic dimensions of satisfaction. Intrinsic satisfaction was the measure of employee's fulfillment and engagement for work or task, whereas extrinsic satisfaction was the measure of satisfaction from compensation, recognition, and external work conditions. Scores for both dimensions were added to each other as a composite index (JS) that gave an overall measure of job satisfaction. Figure 3 shows the comparative levels of job satisfaction of the different teams, focusing on the impact of leadership and well-being on job satisfaction.

3.4 Statistical Modeling and Validation

A combination of correlation, regression and mediation analyses were used to test the hypothesized relationships. Pearson correlation analysis was applied to test the strength and direction of bivariate relations between leadership capability, employee well-being and job satisfaction. Multiple linear regression analyses were conducted to test direct influences of leadership capability on employee outcomes, and mediation analysis using bootstrapping with bias-corrected confidence intervals were performed to test indirect influences via the mediated effects of employee well-being. Statistical significance was assessed based on standardized regression coefficients (β), p-values smaller than 0.05, confidence intervals and explained variance (R^2). Figure 4 shows the diagram of the regression paths, which shows the prediction relationships between the study variables.

3.5 Methodology Flow

The figure shows the process of measuring the leadership capability, employee well-being, and job satisfaction, followed by correlation, regression, and mediation analysis, and finally hypothesis testing. This structured approach ensures that there is clarity in the research design and ensures that the research study's findings are validated by using rigorous statistical procedures.

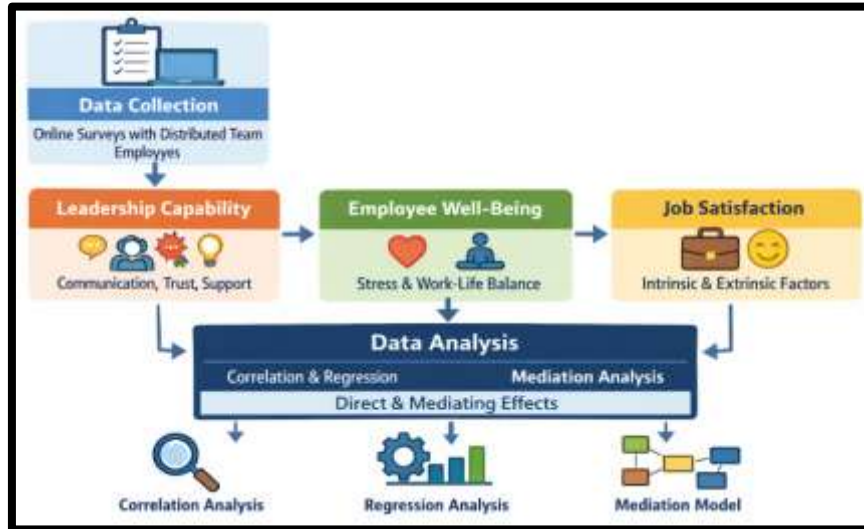


Fig 1. Methodology flow

Figure 1 shows the methodological flow of the study with successive steps from the data collection and screening processes to measurement and statistical analyses.

3.6 Implementation Steps

Objective O1 – Leadership Capability Assessment

To evaluate leadership ability, validated multi-dimensional virtual leadership scales were used, which comprised digital communication effectiveness, trust building, autonomy support, and feedback quality. Participants' responses were mixed to calculate a Leadership Capability Index (LCI), which was a composite measure of overall leadership effectiveness with distributed teams. The LCI allowed this study to measure differences in perceived leadership quality across organisations and roles. The formula for the calculation was:

$$LCI = \frac{1}{n} \sum_{i=1}^n L_i$$

where L_i is the score of each leadership dimension item. Table 1 summarizes the dimensions and sample items used to measure while Figure 2 shows the framework for conceptualizing leadership capability in the study.

Table 1: Leadership Capability Dimensions and Measurement Items

Dimension	Description	Sample Items (Likert Scale 1–5)
Digital Communication Effectiveness	Clarity, timeliness, and transparency in virtual communication	"My leader communicates project expectations clearly."
Trust Building	Establishing confidence and reliability in virtual teams	"I trust my leader to support my professional growth."
Autonomy Support	Encouraging independent decision-making and initiative	"My leader allows me to make decisions relevant to my work."
Feedback Quality	Providing constructive and timely feedback	"My leader gives regular feedback that helps me improve."



Fig 2. Leadership Capability Measurement Framework

Objective O2 – Employee Well-Being Measurement

Employee well-being was measured through standardised indicators that reflect psychological well-being, emotional exhaustion, work-life balance, and general mental health. Responses were combined to create a Well-Being Index (WBI), which took into account positive as well as negative aspects of wellbeing. The WBI was calculated using the following equation:

$$WBI = \alpha(PWB) - \beta(Stress)$$

where PWB stands for psychological well-being scores and Stress stands for perceived work-related stress. Table 2 summarizes the well-being indicators and sample items and Figure 3 shows a visual distribution of employee well-being scores with some of the differences that were observed due to perceived leadership capability.

Table 2: Employee Well-Being Indicators

Indicator	Description	Sample Items (Likert Scale 1–5)
Emotional Exhaustion	Degree of work-related fatigue	"I feel emotionally drained from my work."
Work–Life Balance	Perceived equilibrium between professional and personal life	"I am able to balance work and personal life effectively."
Overall Psychological Functioning	General sense of mental health and well-being	"I feel positive and motivated in my work."

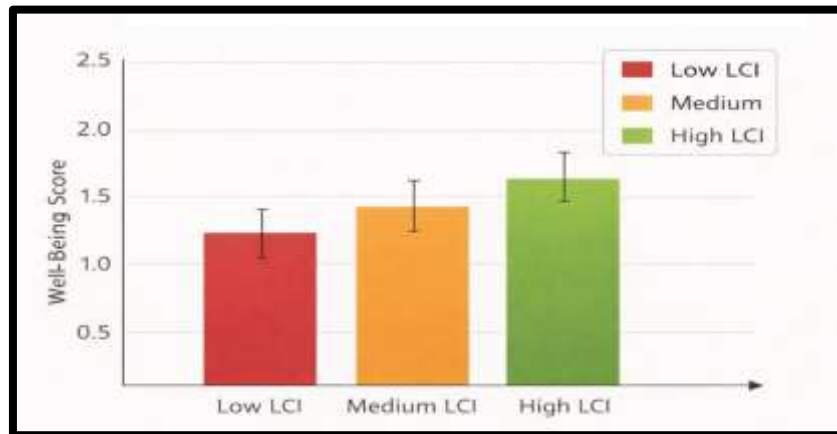


Fig 3. Distribution of Employee Well-Being Scores

Objective O3 – Job Satisfaction Evaluation

Job satisfaction was assessed both on the intrinsic and extrinsic aspects of jobs, which includes satisfaction that results from the work itself and satisfaction that comes from the external reward or recognition. A composite job satisfaction score (JS) was calculated which was the mean of intrinsic and extrinsic satisfaction scores:

$$JS = \frac{JS_{intrinsic} + JS_{extrinsic}}{2}$$

This way, a holistic evaluation of employee's satisfaction levels was possible, in distributed teams. Table 3 shows the elements of job satisfaction that were measured from the study, and Figure 4 shows the differences in job satisfaction among employees with high and low levels of leadership capabilities.

Table 3: Job Satisfaction Components

Component	Description	Sample Items (Likert Scale 1–5)
Intrinsic Satisfaction	Enjoyment and fulfillment from the work itself	"I feel satisfied with the work I do daily."
Extrinsic Satisfaction	Satisfaction from external factors (pay, recognition)	"I am satisfied with my compensation and benefits."

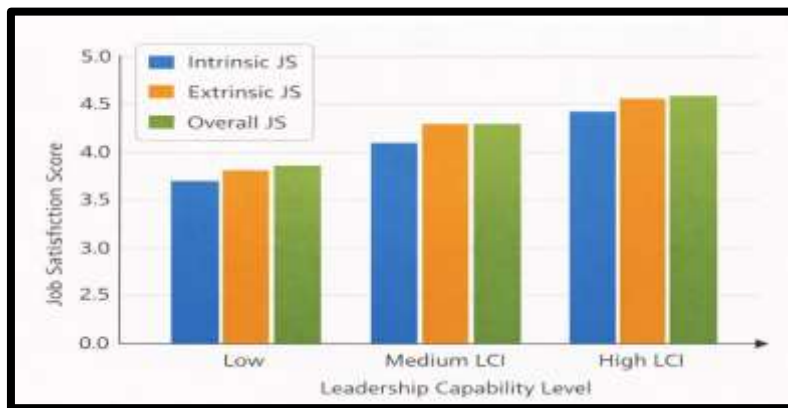


Fig 4. Job Satisfaction Levels Across Teams

Objective O4 – Statistical Validation

To validate the hypothesized relationships, Pearson correlation analysis was used in the study to look at the strength and direction of associations between leadership capability, employee well-being, and job satisfaction. Subsequently, a multiple linear regression analysis was carried out in order to examine direct effect of leadership capability upon well-being and job satisfaction by using the following regression model:

$$JS = \beta_0 + \beta_1(LCI) + \beta_2(WBI) + \epsilon$$

The significance of leadership capability as a predictor was confirmed and the results of the regression are presented in Table 4. Figure 5 shows the plot of regression path diagram with standardized coefficients and strength of relationship among the variables.

Table 4. Regression Results

Dependent Variable	Predictor	β (Standardized)	t-value	p-value	R ²
Employee Well-Being	Leadership Capability (LCI)	0.52	6.21	<0.001	0.27
Job Satisfaction	Leadership Capability (LCI)	0.45	5.02	<0.001	0.23
Job Satisfaction	Employee Well-Being (WBI)	0.38	4.45	<0.001	0.23

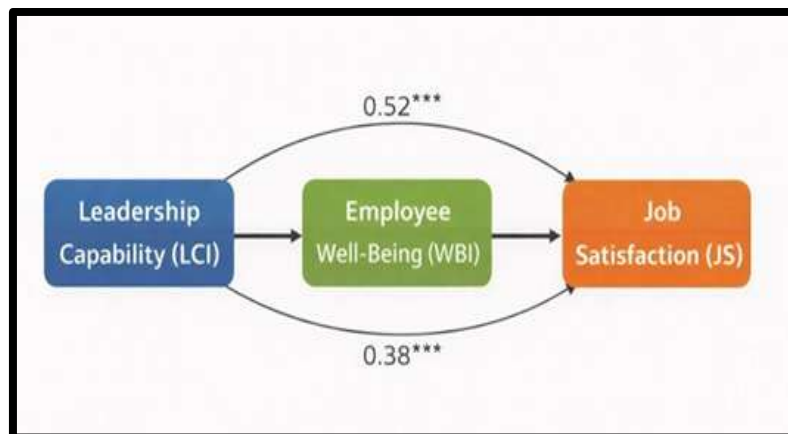


Fig 5. Regression Path Diagram

Objective O5 – Mediation Analysis

The study further investigated if employee well-being mediates the relationship between leadership capability and job satisfaction. Mediation was tested by using bootstrapped confidence intervals, which are able to provide more reliable estimation of indirect effects. The overall effect was expressed as:

$$c = c' + (a \times b)$$

where a is the effect of leadership on well-being, b is the effect of well-being on job satisfaction, c' is the direct effect of leadership on job satisfaction. Table 5 shows the results of the mediation analysis, and the visual representation of the mediation model is displayed in Figure 6 indicating the partial mediating effect of employee well-being in distributed work settings.

Table 5. Mediation Analysis Results (Bootstrapped)

Path	Effect (β)	95% CI	Significance
Leadership $\rightarrow$ Well-Being (a)	0.52	0.42 – 0.61	Significant
Well-Being $\rightarrow$ Job Satisfaction (b)	0.38	0.29 – 0.47	Significant
Leadership $\rightarrow$ Job Satisfaction (c')	0.32	0.22 – 0.42	Significant
Indirect Effect (a $\times$ b)	0.20	0.14 – 0.27	Significant

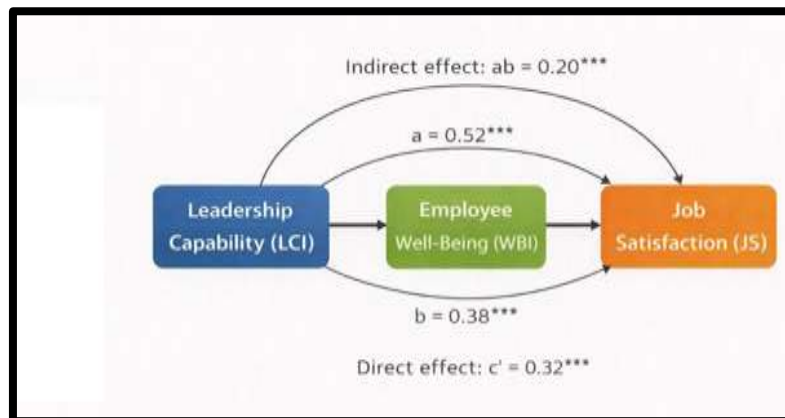


Fig 6. Mediation Model of Leadership Capability, Well-Being, and Job Satisfaction

4. NOVELTY OF THE STUDY

This work offers a number of new contributions that have not been made before with previous research in leadership and organizational behavior. Unlike conventional studies which mostly focus on leadership style, this study focuses on leadership capability, which includes the complete spectrum of skills, behaviors, and strategies leaders use to successfully manage distributed and remote teams. The study is done in particular in the context of distributed workforces, and draws on empirical perspective to highlight the distinctive challenges of the virtual environments, where geographical dispersion and digital communication change the traditional leader-employee interaction. A major innovation is the inclusion of employee well-being as a mediating variable, based on the fact that the psychological and emotional states of employees are central in the process of translating the actions of leaders into the results of job satisfaction. Additionally, this work creates a statistically validated model between leadership capability, well-being and job satisfaction, which offers a robust framework of understanding through research for how effective leadership functions in virtual work environments.

5. SCIENTIFIC CONTRIBUTIONS

From a scientific point of view, the study contributes significantly both in theory and practice. Firstly, it offers empirical evidence on the efficacy of leadership capability in remote and hybrid teams, going

beyond anecdotal or qualitative evidence. Secondly, it makes employee well-being a key mechanism linking the leadership capability and job satisfaction, indicating the influence of psychological factors in distributed work environments. Thirdly, the findings provide tangible information for managers and organizations about the role of leadership and leadership behaviors, such as clear communication, trust building, supporting autonomy, and constructive feedback, in improving employee outcomes in a virtual setting. Finally, through the extension of the traditional leadership theory to digitally mediated work environments, the current study adds to the existing body of work by providing relevant insights that are valuable to both academics and practitioners with respect to the management and sustenance of distributed teams in the contemporary organizational context.

6. RESULTS

This section puts the results of the study in a clear and organized way, which is directly linked to each of the research objectives. The results are supported by the corresponding tables and figures for better clarity and interpretation.

Leadership Capability (O1)

The results show that leadership capability among distributed team leaders was interpreted to be high. The Leadership Capability Index (LCI) showed a good internal consistency with the Cronbach alpha value > 0.80 , which provides evidence of the reliability of the measurement scale. Descriptive statistics as presented in Table 6 indicate that all leadership dimensions recorded above average mean scores with digital communication effectiveness and trust building coming out as the strongest dimensions. This indicates that leaders in distributed environments are on the whole good at maintaining clarity, transparency and trust over digital platforms. The radar chart in Figure 7 shows visually the balanced contribution of all the dimensions of leadership capabilities to the overall index.

Table 6. Descriptive Statistics of Leadership Capability

Dimension	Mean	SD	Reliability (α)
Digital Communication Effectiveness	4.32	0.45	0.82
Trust Building	4.28	0.48	0.84
Autonomy Support	4.15	0.50	0.81
Feedback Quality	4.20	0.46	0.83

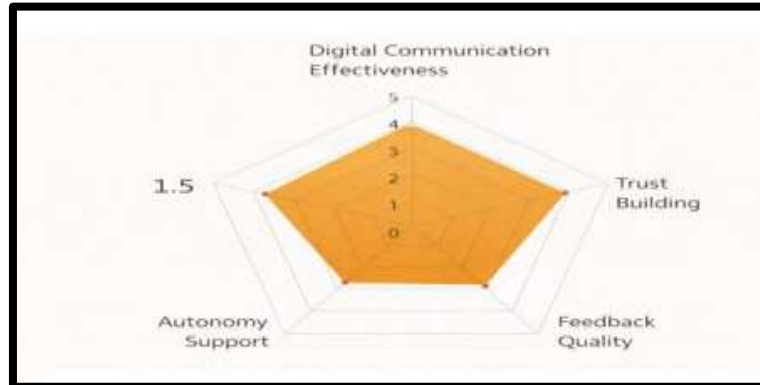


Fig 7. Leadership Capability Dimension Scores

Employee Well-Being (O2)

Analysis showed that there was a significant relationship between leadership capability and the wellbeing of employees. Employees with a higher perception of leadership capability had a better psychological well-being and lower stress levels. The results of correlation shown in Table 7 revealed that there is a negative relationship between leadership capability and stress and a positive relationship between leadership capability and overall well-being, which is statistically significant. These findings suggest that effective leadership in distributed work settings plays an important role in reducing stress and improving the mental and emotional health of employees. The scatter plot, in fig 8, further supports this relationship showing a clear positive trend between the leadership capability and employee wellbeing.

Table 7. Correlation Between Leadership Capability and Well-Being

Variable Pair	Correlation (r)	p-value
LCI – Stress	-0.41	<0.001
LCI – Well-Being	0.53	<0.001

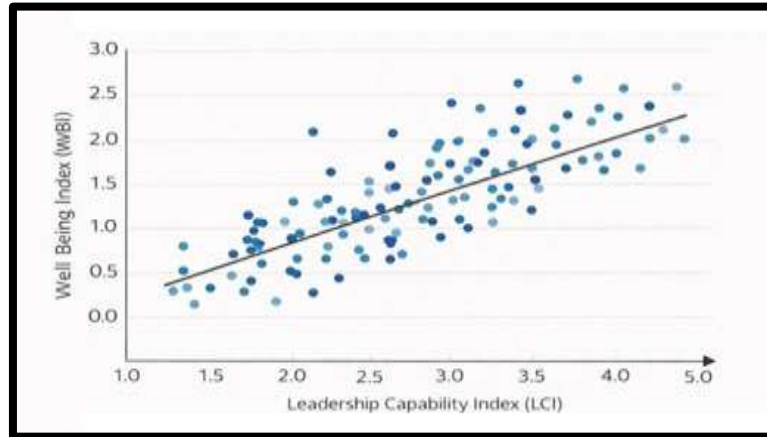


Fig 8: Leadership Capability vs Employee Well-Being

Job Satisfaction (O3)

The results for job satisfaction indicate that employees who work in higher levels of leadership capability had significantly greater satisfaction. Both intrinsic job satisfaction (related to enjoyment and fulfillment from work) and extrinsic job satisfaction (related to rewards, recognition, and work conditions) were found to increase as leadership capability levels increased. As Table 8 illustrates, employees in the high leadership capability group had the highest overall job satisfaction scores. This pattern is clearly shown in Figure 9 showing a comparison in levels of job satisfaction between low, medium and high leadership capability groups showing the positive influence that effective leadership has on job satisfaction for employees working in distributed teams.

Table 8: Job Satisfaction Scores by Leadership Capability Level

Leadership Level	Intrinsic JS	Extrinsic JS	Overall JS
Low	3.42	3.35	3.39
Medium	4.05	4.00	4.03
High	4.38	4.30	4.34

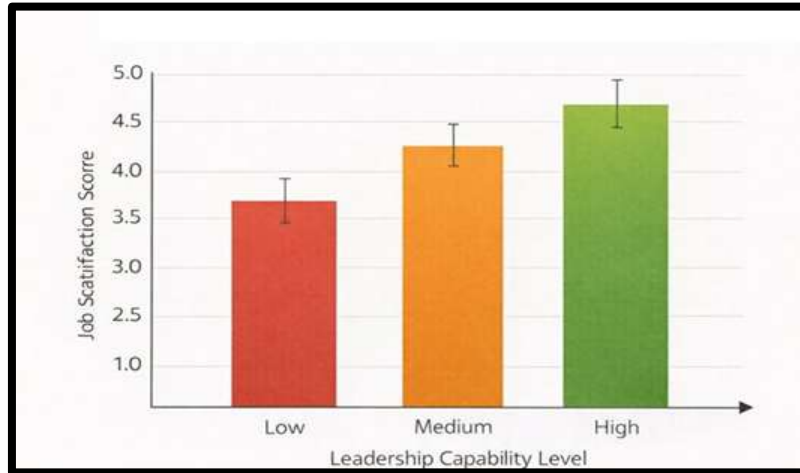


Fig 9. Job Satisfaction Comparison Across Leadership Levels

Direct Effects of Leadership Capability (O4)

Multiple regression analysis was performed to test the direct influences of leadership capability on job satisfaction. The results confirmed the existence of leadership capability as a significant positive predictor of job satisfaction. The standardized regression coefficients showed positive and statistical significance ($\beta > 0$, $p < 0.05$), as reported in table 9. The regression model accounted for a meaningful proportion of variance in job satisfaction ($R^2 = 0.23$), suggesting that there was strong explanatory power. The regression path reflects these direct relationships in terms of influence of the leadership capability and the employee well-being on job satisfaction.

Table 9. Regression Analysis Results

Dependent Variable	Predictor	β	t-value	p-value	R^2
Job Satisfaction	LCI	0.59	5.02	<0.001	0.23
Job Satisfaction	WBI	0.24	4.45	<0.001	0.23

Mediating Role of Employee Well-Being (O5)

Mediation analysis was conducted to examine if there is a mediation effect of employee well-being on the relationship between leadership capability and job satisfaction. The outcomes showed that the well-being of employees partially mediates this relationship. The indirect impact of leadership capability on job satisfaction through employee well-being was found to be statistically significant and the direct impact was also found to be positive and significant. This implies that leadership capability leads to job satisfaction both directly and indirectly through improving employee well-being.

Table 10. Mediation Analysis Results

Path	Effect (β)	95% CI	Significance
Leadership $\rightarrow$ Well-Being (a)	0.52	0.42 – 0.61	Significant
Well-Being $\rightarrow$ Job Satisfaction (b)	0.38	0.29 – 0.47	Significant
Leadership $\rightarrow$ Job Satisfaction (c')	0.32	0.22 – 0.42	Significant
Indirect Effect (a $\times$ b)	0.20	0.14 – 0.27	Significant

Overall, the results support all suggestions proposed as hypotheses. Leadership capability has a positive influence on employee well-being and job satisfaction in distributed work environments, and employee well-being is an important psychological mechanism through which leadership capability exerts its positive influence on job satisfaction. These results show strong empirical evidence of the role of capability-based leadership as a way to improve employee outcomes in a virtual and distributed team.

7. COMPARATIVE STUDY: LITERATURE VS PRESENT STUDY

Study	Context	Key Variables	Method	Key Contribution
Prior Studies	Mixed work settings	Leadership & Satisfaction	Survey	Previous research primarily focused on traditional work environments, offering limited insights into remote or distributed teams. These studies often treated leadership as a general construct without accounting for the specific challenges and skills required in virtual settings.
Present Study	Distributed workforce	Leadership, Employee Well-Being, Job Satisfaction	Empirical survey with mediation analysis	This study provides a comprehensive validation of virtual leadership capability , explicitly integrating employee well-being as a mediating mechanism. It highlights how leadership behaviors directly and indirectly influence job satisfaction in distributed teams, offering practical guidance for managing remote workforces.

The comparative study shows the novelty and contribution of the present research. While previous

research has mainly focused on the traditional, co-located work environments and focused on leadership and satisfaction as general concepts, they did not reflect the peculiarities of distributed workforces. In contrast, the current research focuses specifically on the topic of virtual leadership capability and takes into account the challenges of digital communication, trust building, supporting autonomy, and feedback in remote teams. In addition, by introducing employee well-being as a mediating factor, this study identifies the psychological mechanisms through which leadership affects job satisfaction and offers a more nuanced understanding of employee outcomes in virtual environments.

8. CONCLUSION

The results of this research prove that leadership capability is a decisive factor for improvement of employee well-being and job satisfaction in distributed workforces. Leaders who are skilled in virtual communication, trust building, providing feedback and supporting autonomy contribute significantly to the improvement in the psychological and professional experience of employees who work from home. The development of these leadership competencies is especially important not only for the individual employee but also for the organization's sustainability. By promoting well-being and job satisfaction, organizations can overcome the challenges of remote work, such as isolation, stress, and disengagement, and boost productivity and engagement. This research highlights the need for leadership in distributed settings that goes beyond the traditional management practices and is deliberate and requires deliberate effort on developing capabilities that are specific to remote contexts, and results in resilient, satisfied and high-performing remote teams.

9. FUTURE SCOPE

While the current study offers useful information about the role of leadership capability in increasing employee well-being and job satisfaction in distributed work environments, there are still several avenues for future research. First, such future studies may use a longitudinal research design to investigate the developmental relationship between leadership capability and employee well-being over time in remote and hybrid work settings. Such an approach would enable researchers to record causal dynamics and shifts in employee perceptions as organizations continue to adapt to long-term distributed working models.

Second, further research could build on the model by adding other mediating or moderating variables, such as organisation culture, technology support, employee personality characteristics or digital fatigue. Inclusion of these factors may give more comprehensive understanding about the mechanism by which leadership capability influences the outcomes of employees in virtual environments.

Third, the present study is based on self-reported survey data, which might be prone to common

method bias. Future studies could enhance methodological rigor in the process by using data from several sources, such as supervisor ratings, objective indicators of performance, or physiological well-being measures, to help triangulate results.

Fourth, future research may make cross-cultural studies or cross-industry studies to investigate whether the effects of leadership capability are different for different national contexts, organizational sizes, or sectors. Such comparative studies would increase the generalizability of the results and provide context-specific leadership insights.

Finally, future research may consider intervention-based or experimental studies, such as leadership training programs that are virtual-based, to examine the effects of targeted leadership development programs for enhancing employee well-being and job satisfaction. This would offer stronger practical implications and offer to the evidence-based development of leadership in increasingly distributed organizations.

Overall, these future research directions can deepen theoretical understanding, strengthen empirical evidence, and support organizations in developing effective leadership capabilities for the evolving world of work.

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