Authentic Leadership and Organizational Effectiveness

Saidalavi K*

*Assistant Professor,

Department of Management Studies,

MANUU, Hyderabad, India.

saidalavimanuu@gmail.com

Abstract

This study is drawn upon the authentic leadership and organizational effectiveness literatures to explicate the impact of authentic leadership on organizational effectiveness based on previous conceptual and empirical research developments. The objective of the study is to synthesise the studies on authentic leadership, and to investigate the consequences and impact of authentic leadership on organizational effectiveness. The methodology of this study is by reviewing the researches on authentic leadership, its antecedents and consequences related to organizational effectiveness. The findings of the study is that authentic leadership is a predictor of all dimensions of organizational effectiveness; productivity and efficiency, morale and cohesion and adaptability and resource acquisition functions.

Keywords: Authentic Leadership, Authenticity, Organizational Effectiveness.

Introduction

The hierarchical, directive leadership style so prevalent in the past century is fading fast in favour of today's collaborative leaders who believe in distributed leadership at all levels (Bill George et al., 2013). New challenges, technologies, market demands, and competition demands leaders who lead with purpose, values, and integrity; leaders who build enduring organizations, motivate their employees to provide superior customer service, and create long-term value for shareholders. The centuries long research on what constitutes genuine leadership reached to authentic leadership theory which attracts practitioners and academicians with the notion that positive impact that authentic leadership development can have on meeting today's and tomorrow's challenges of meaningful sustainable performance. Because of the relevance of the authentic leadership theory and its ability to bring desirable outcomes, it is shown highlighted on other traditional models of

leadership such as ethical or transformational, transactional and directive styles. The influence of authentic leaders extends well beyond bottom-line success; such leaders have a role to play in the greater society by tackling public policy issues and addressing organizational and societal problems(Gardner, Avolio, Luthans, May, & Walumbwa, 2005).This study reviews the authentic leadership and its components and examines the relationship between authentic leadership and organizational effectiveness.

Authentic Leadership

Authentic leadership theory is a relatively new readership theory which as a construct has roots in philosophy and positive psychology .Martin Seligman (2004), defined the authenticity as owning one's personal experiences, be they thoughts, emotions, needs, preferences, or beliefs, processes captured by the injunction to know oneself and acting and behaving accordingly". Authentic leadership is a pattern of leader behaviour that draws upon and promotes both positive psychological capacities and a positive ethical climate, to foster greater self-awareness, an internalized moral perspective, balanced processing of information, and relational transparency on the part of leaders working with followers, fostering positive self-development(Walumbwa, Avolio, Gardner, Wernsing, & Peterson, 2008).According to Avolio & Gardner (2005), authentic leadership is a higher-order, multi-dimensional construct comprising self-awareness, balanced processing of information, relational transparency, and internalized moral standards. This theory of leadership which centres on the notion of being true to oneself was theorised and conceptualized in academic literatures like studies of Avolio & Gardner (2005), Luthans, Avey, Avolio, Norman, & Combs (2006), Avolio, Gardner, Walumbwa, Luthans, & May, (2004)and empirically validated in studies like of Walumbwa et al., (2008), Avolio & Gardner (2005), B George, Sims, McLean, & Mayer (2007), May, Chan, Hodges, & Avolio (2003).

(Peus et al., 2016) opined that self-knowledge and self-consistency are the two antecedents of authentic leadership. self-knowledge is a precondition to all components of authentic leadership that self-awareness is processed after knowing self, balanced processing which is soliciting views that challenge their deeply held positions after knowing one's position before challenging them, internalized moral perspective and relational transparency too require knowing one's ethics, values and standards clearly before presenting authentic self to others. A constant alignment between a leader's values and his behaviour and action is mandatory for developing credibility in the minds of followers and for engendering the identity image of an authentic leader. An integrated internal regulation which is a process of aligning the values with intentions and actions and thus achieving self-consistency is needed for constituting the most credible form of external regulation which is fully aligned and integrated with one's values, beliefs, attitudes, sense of self and actions.

Components of Authentic Leadership

The concept of authentic leadership includes four dimensions; namely Balanced processing, internalized moral perspective, relational transparency, and self-awareness (Walumbwa et al., 2008). Balanced processing refers to the quality of a leader who objectively examine the data and study all relevant information before coming to a decision. Such leaders also collect views that challenge their deeply held positions (Walumbwa et al., 2008); Avolio et al. 2004). It is a quality of a leader to collect and listen for feedbacks from subordinates and to act accordingly if they are

appreciated. Internalized moral perspective is acting in accord with one's values rather than to appease others, receive rewards, or avoid punishments, it refers to an internalized and integrated form of self-regulation (Deci & Ryan, 2008). This sort of self-regulation is guided by internal moral standards and values versus group, organizational, and societal pressures, and it results in expressed decision making and behavior that is consistent with these internalized values(Avolio et al., 2004); Avolio & Gardner, 2005). Authenticity is achieved when individuals enact internalized self-regulation processes—that is, their conduct isguided by internal values as opposed to external threats, inducements, or social expectations and rewards(Deci & Ryan, 2008). Both of these research streams provide impressive empirical evidence of the positive consequences that accrue in terms of physical and psychological well-being to individuals who achieve relatively high levels of authenticity(Ryan & Deci, 2003);Kernis & Goldman, 2013). Relational transparency is genuineness and trust of a leader with followers. Moreover, a leader acts subsequently in accord with one's values, refers to presenting one's authentic self (as opposed to a fake or distorted self) to others. Such behavior promotes trust through disclosures that involve openly sharing information and expressions of one's true thoughts and feelings while trying to minimize displays of inappropriate emotions (Walumbwa et al., 2008);Kernis & Goldman, 2013).Self-awareness means where a leader comes to understand his or her unique talents, strengths, objectives, core values, beliefs and desires. It refers to demonstrating an understanding of how one derives and makes meaning of the world and how that meaning making process impacts the way one views himself or herself over time. It also refers to showing an understanding of one's strengths and weaknesses and the multifaceted nature of the self, which includes gaining insight into the self through exposure to others, and beingcognizant of one's impact on other people (Kernis & Goldman, 2013). When individuals come to know and accept themselves, including their strengths and weaknesses, they display high levels of stable, as opposed to fragile, self-esteem. Such individuals are also relatively free of the defensive biases displayed by less mature persons and consequently more comfortable forming transparent, open, and close relationships with others. Furthermore, they display authentic behavior that reflects consistency between their values, beliefs, and actions(Kernis & Goldman, 2013). Walumbwa et al., (2008) suggested that the four components of authentic leadership; self-awareness, relational transparency, internalized moral perspective, and balanced processing are not independent and that a single second-order factor accounts for this dependence.

Organizational Effectives

Organization effectiveness is the efficacy of an organization to achieve its objectives including organizational productivity, quality assurance and competence leadership, communication, accountability, delivery, performance and measurement. Organizational effectiveness is a socially constructed, abstract notion carried about in the heads of organizational theorists and researchers(Quinn & Rohrbaugh, 1983). Quinn & Rohrbaugh (1983), suggested an implicit theoretical framework of organizational effectiveness with three value dimensions; 1. The first dimension is related to organizational focus: from an internal, micro emphasis on the well-being and development of people in the organization to an external, macro emphasis on the well-being and development of the organization itself. 2. The second dimension is related to organizational structure, from an emphasis on stability to an emphasis on flexibility. 3. The third dimension is related to organizational means and ends, from an emphasis on important processes (e.g., planning and goal setting) to an emphasis on final outcomes (e.g., productivity). Scott (1977), proposed a

model of effectiveness with three basic models which includes (1) the rational system model which is determined by productivity and efficiency, (2) the natural system model which is determined by morale and cohesion required for the unit to maintain itself and (3) open system model which includes adaptability and resource acquisition functions needed for system-elaborating as well as system-maintaining functions.

Cameron (1979),has suggested a four-model of organizational effectiveness which includes goal which is the organization's productivity and efficiency, systems resource which is confidence and unity of the employees, internal processes which is optimization of the processes for getting, storing, retrieving, allocating, manipulating, and discarding information, and participant satisfaction approaches which is a dynamic coalitional entity within which complex transactional networks of constituencies develop.

Theoretical Framework

The proposed theoretical framework of this study is that authentic leadership theory which has the dimensions of self-awareness, balanced processing, relational transparency, and ethical standpoint (Walumbwa et al., 2008);Hannah, Avolio, & Walumbwa, 2014); Bill George, 2015)— can predict organizational effectiveness which include various aspects like organizational focus, organizational structure, organizational means and ends(Quinn & Rohrbaugh, 1983), productivity and efficiency, morale and cohesion, adaptability and resource acquisition functions(Scott, 1977), organizational goal, systems resource, internal processes and participant satisfaction approaches(Cameron, 1979). As defined by Walumbwa et al. (2008), Authentic Leadership has been defined asa pattern of leader behaviour that draws upon and promotes both positive psychological capacities and a positive ethical climate, to foster greater self-awareness, an internalized moral perspective, balanced processing of information, and relational transparency on the part of leaders working with followers, fostering positive self-development. Organization effectiveness has been defined as the efficacy of an organization to achieve its objectives including organizational productivity, quality assurance and competence leadership, communication, accountability, delivery, performance and measurement.

Authentic Leadership and Organizational Effectiveness

There are many research studies which indicate on practical implications of authentic leadership for organizational effectiveness. Walumbwa et al. (2008),observed that Higher order authentic leadership measure was positively related to a variety of follower outcomes, including supervisor-rated follower performance which leads positive returns on the investment, enhancing follower commitment, promising citizenship behaviours, long-term motivation and sustaining high levels of performance, follower engagement at work, highest ethical and moral principles in terms of decisions, actions, and behaviours. Another study indicated the positive relationship between authentic leadership and individual follower job satisfaction, job performance, creating supportive organizational climate and individual followers' trust in the leader (Walumbwa et al., 2008). Avolio & Gardner (2005), explained the relationship between authentic leadership and Sustained and veritable performance

Alok, Israel, Alok, & Israel (2016), observed in a study to understand how authentic leadership relates to work engagement and psychological ownership, and psychological ownership interferes with the relationship between authentic leadership and work engagement in the organization, that authentic leadership can predict work engagement of followers when two conditions are satisfied: a) followers see their leaders as personal manifestations of organization's intend followers experience moderate to high levels of promotive and the authentic leadership is negatively associated with preventive psychological ownership. A study to investigate how authentic leadership and behavioural integrity relate to one another in driving follower performance by Leroy, Palanski, & Simons (2012),identified that the authentic leaders will be perceived as fulfilling the promises, and aligning words and actions and authentic leadership is related to follower affective organizational commitment, fully mediated through perceptions of leader behavioural integrity. the leaders who remain 'true to self' energises follower identification with the organization because these leaders have the authenticity which facilitates their aligning of words and actions, which attracts followers 'trust in the leader. Vogelgesang, Clapp-Smith, & Palmer (2009), explicated a model by which authentic leaders in a cross-cultural context can find a balance in the tension between their own deeply held values and those of the host-country's culture and suggested that the relationships between self-awareness, balanced processing, and morally grounded cultural adaptation is moderated by the cognitive component of cultural intelligence. Likewise, the relationship between leaders' moral/ethical perspectives and morally grounded cultural adaptation is moderated by motivational component of cultural intelligence. , whereas the relationship between relational transparency and morally grounded cultural adaptation is moderated by behavioural component of cultural intelligence. Yammarino, Dionne, Schriesheim, & Dansereau (2008), Implicated that that authentic leadership (AL) promotes the various multi-level "primary" criteria and outcomes of positive organizational behaviour (POB) that, in turn, enhances the various multi-level "secondary" criteria and outcomes of performance.

Leroy et al. (2012),explained ethical organizational culture ,follower affective organizational commitment, fully mediated through leader behavioural integrity as the outcome of authentic leadership and follower work role performance as related to authentic leadership and leader behavioural integrity, fully mediated through follower affective organizational commitment. Hannah, Avolio, & Walumbwa (2014), confirmed the authentic leadership positively relates to followers' displays of moral courage. Moreover, followers' moral courage mediates the effects of authentic leadership on followers' ethical and pro-social behaviours. The moral courage is promoted through the leaders' demonstration of moral perspective, self-awareness, and establish transparency and openness with their followers—authentic leadership and moral courage is an important intervening mechanism linking authentic leadership to followers' pro-social and ethical behavior .Jensen & Luthans (2016), suggested a positive relationship between entrepreneurs' positive psychological capital and their self-perception of authentic leadership and explained that entrepreneurs' reported levels of optimism, resiliency, and hope each demonstrated a significant positive relationship with the perception of their authentic leadership and moreover, the psychological capital serves as an effective predictor of the perceptions of the authentic leadership.

Rego, Sousa, Marques, & Cunha (2012), observed that authentic leadership is an important predictor of employees' creativity and help to understand the processes through which the relationship operates. They explained that Employees' creativity which employees develop higher

psychological capital, thus being more creative is promoted by authentic leaders and there is direct relationship between authentic leadership and employees' creativity. Hsiung (2012), proposed a theoretical framework to describe the cross-level effects of authentic leadership on employee voice behavior and observed that authentic leadership positively relates to employee positive mood, LMX quality, and group procedural justice climate and positive mood and LMX quality had mediating effects on the relationship between authentic leadership and employee voice; procedural justice climate had an interaction with positive mood and LMX quality and explained through the moderation of procedural justice climate, positive mood and LMX quality build a stronger link with voice behaviour, thus reinforcing the influences of authentic leadership on employee voice.

Studies on effectiveness of authentic leadership in healthcare sector also produced some meaningful findings like Spence Laschinger, Wong, & Grau (2012),proved that nursing leaders' authentic leadership behaviors are connected with new graduates' experiences of bullying, burnout, job satisfaction, and job turnover intentions within the first two years of practice and authentic leadership was an important factor influencing nursing retention outcomes by decreasing the likelihood of bullying and burnout, thereby improving new nurses' job satisfaction and lowering turnover intentions. Spence Laschinger et al. (2012), highlighted the importance of trust in leaders in health care organizations and supportive leader behaviour and trust in management are necessary for staff willingness to voice concerns and offer suggestions for workplace improvements, including patient care. Wong & Laschinger (2013), explicated that authentic leadership significantly and positively influences staff nurses' structural empowerment, which positively correlated with job satisfaction and self-rated performance and they submitted that the more managers are seen as authentic, by accentuating transparency, balanced processing, self-awareness and high ethical standards, the more nurses perceive they have access to workplace empowerment structures, are satisfied with their work.

Discussion and Managerial Implications

This study proposes a theoretical framework based on reviewing the literatures on of the authentic leadership and various aspects of organizational effectiveness that authentic leadership has direct relationship with organizational effectiveness, explaining the underlying mechanisms by which authentic leaders can make impact on various dimensions of organizational effectiveness like productivity and efficiency, morale and cohesion and adaptability and resource acquisition functions, followers' positive attitudes, performance, commitment and behaviours. This study has brought together several theories that have not been previously jointly connected to authentic leadership to better understand the impact of authentic leaders on organizational effectiveness.

This study observes that authentic leadership has impact on all three dimensions of organizational effectiveness in organizational effectiveness model of Quinn & Rohrbaugh (1983); organizational focus, organizational structure and organizational means and ends. The relationship of authentic leadership with organizational focus was established by Spence Laschinger et al. (2012) and Jensen & Luthans (2016), with organizational structure and organizational means and ends was established by Wong & Laschinger (2013), Rego et al.(2012), Leroy et al. (2012), Hannah et al.(2014) and Avolio et al.(2004). Furthermore, this study reflects that the impact of authentic leadership has an effect on all three dimensions of organizational effectiveness in the Scott's model (Scott, 1977); productivity and efficiency, morale and cohesion and adaptability and resource

acquisition functions. The relationship of authentic leadership with productivity and efficiency was established by Wong & Laschinger (2013), Rego et al.(2012), Yammarino et al. (2008) and Walumbwa et al.(2008), with morale and cohesion was established by Hsiung (2012) and Hannah et al. (2014), with adaptability and resource acquisition was established by Spence Laschinger et al. (2012), Leroy et al.(2012) and Vogelgesang et al. (2009). As well, this study explains the relationship of authentic leadership with dimensions of organisational effectiveness in Cameron's Model (Cameron, 1979); organizational goal, systems resource, internal processes and participant satisfaction approaches. The relationship of authentic leadership with goal and systems resource was established by Avolio & Gardner (2005), Walumbwa et al. (2008) and Jensen & Luthans (2016) and with internal processes and participant satisfaction approaches was established by Spence Laschinger et al. (2012), Ilies, Morgeson, & Nahrgang (2005), May et al. (2003), Alok et al. (2016) and Hsiung (2012).

Conclusion and Suggestions

This study provides insights through which organizations can provide authentic leadership development training to design programs and interventions for organizational effectiveness. It is suggested further research on empirical validations of the impact of authentic relationship on various dimensions of organizational effectiveness .More importantly, further work is suggested on empirically validating the effect of authentic leadership or organizational effectiveness, interpersonal relationships, effectiveness of organizational structure in various cultural contexts and cross cultural situations which still remains overlooked.

References

Alok, K., Israel, D., Alok, K., & Israel, D. (2016). Authentic Leadership & Work Engagement Published by : Shri Ram Centre for Industrial Relations and Human Resources Stable URL : http://www.jstor.org/stable/23267340 Authentic Leadership & Work Engagement, 47(3), 498–510.

Avolio, B. J., & Gardner, W. L. (2005). Authentic leadership development: Getting to the root of positive forms of leadership. Leadership Quarterly, 16(3), 315–338. https://doi.org/10.1016/j.leaqua.2005.03.001

Avolio, B. J., Gardner, W. L., Walumbwa, F. O., Luthans, F., & May, D. R. (2004). Unlocking the mask: A look at the process by which authentic leaders impact follower attitudes and behaviors. Leadership Quarterly, 15(6), 801–823. https://doi.org/10.1016/j.leaqua.2004.09.003

Cameron, K. S. (1979). Evaluating organizational effectiveness in organized anarchies. Meeting of the Academy of Management.

Deci, E. L., & Ryan, R. M. (2008). Correction to Deci and Ryan (2008). Canadian Psychology/Psychologie Canadienne, 49(3), 262. https://doi.org/10.1037/0708-5591.49.3.262

Gardner, W. L., Avolio, B. J., Luthans, F., May, D. R., & Walumbwa, F. (2005). "Can you see the real me?" A self-based model of authentic leader and follower development. Leadership Quarterly, 16(3), 343–372. https://doi.org/10.1016/j.leaqua.2005.03.003

George, B. (2015). Discover your true north. Discover Your True North, 1–305. https://doi.org/10.1002/9781119169116

George, B., Sims, P., Mclean, A. N., George, B., Sims, P., Mclean, A. N., & Mayer, D. (2013). Discovering Your Authentic Leadership Discovering Your Authentic Leadership.

George, B., Sims, P., McLean, A. N., & Mayer, D. (2007). George, Sims, McLean Mayer (2007) Discovering your authentic leadership (HBR)_2016.pdf. Harvard Business Review. https://doi.org/Article

Hannah, S. T., Avolio, B. J., & Walumbwa, F. O. (2014). Addendum to "Relationships between Authentic Leadership, Moral Courage, and Ethical and Pro-Social Behaviors." Business Ethics Quarterly, 24(2), 277–279. https://doi.org/10.5840/beq201453011

Hsiung, H. H. (2012). Authentic Leadership and Employee Voice Behavior: A Multi-Level Psychological Process. Journal of Business Ethics, 107(3), 349–361. https://doi.org/10.1007/s10551-011-1043-2

Ilies, R., Morgeson, F. P., & Nahrgang, J. D. (2005). Authentic leadership and eudaemonic well-being: Understanding leader-follower outcomes. Leadership Quarterly, 16(3), 373–394. https://doi.org/10.1016/j.leaqua.2005.03.002

Jensen, S. M., & Luthans, F. (2016). Relationship between Entrepreneurs ' Psychological Capital and Their Authentic Leadership Author (s): Susan M . Jensen and Fred Luthans Published by : Pittsburg State University Stable URL : http://www.jstor.org/stable/40604537 REFERENCES Linked referen, 18(2), 254–273.

Kernis, M. H., & Goldman, B. M. (2013). Assessing stability of self-esteem and contingent self-esteem. In Self-Esteem Issues and Answers: A Sourcebook of Current Perspectives (pp. 77–86). https://doi.org/10.4324/9780203759745

Leroy, H., Palanski, M. E., & Simons, T. (2012). Authentic Leadership and Behavioral Integrity as Drivers of Follower Commitment and Performance. Journal of Business Ethics, 107(3), 255–264. https://doi.org/10.1007/s10551-011-1036-1

Luthans, F., Avey, J. B., Avolio, B. J., Norman, S. M., & Combs, G. M. (2006). Psychological capital development: Toward a micro-intervention. Journal of Organizational Behavior, 27(3), 387–393. https://doi.org/10.1002/job.373

Martin Seligman. (2004). Martin Seligman: The new era of positive psychology. https://doi.org/seligman2004new

May, D. R., Chan, A. Y. L., Hodges, T. D., & Avolio, B. J. (2003). Developing the moral component of authentic leadership. Organizational Dynamics, 32(3), 247–260. https://doi.org/10.1016/S0090-2616(03)00032-9

Peus, C., Wesche, J. S., Streicher, B., Braun, S., Frey, D., Journal, S., … Frey, D. (2016). Mechanisms Linked references are available on JSTOR for this article : Authentic Leadership : An Empirical Test of Its Antecedents , Consequences , and Mediating Mechanisms, 107(3), 331–348. https://doi.org/https://doi.org/10.1007/s10551-011-1042-3

Quinn, R. E., & Rohrbaugh, J. (1983). A Spatial Model of Effectiveness Criteria : Towards a Competing Values Approach to Organizational Analysis Author (s): Robert E . Quinn and John Rohrbaugh Published by : INFORMS Stable URL : http://www.jstor.org/stable/2631061 REFERENCES Linked referenc. Management Science, 29(3), 363–377.

Rego, A., Sousa, F., Marques, C., & Cunha, M. P. e. (2012). Authentic leadership promoting employees' psychological capital and creativity. Journal of Business Research, 65(3), 429–437. https://doi.org/10.1016/j.jbusres.2011.10.003

Ryan, R. M., & Deci, E. L. (2003). On assimilating identities to the self: A self-determination theory perspective on internalization and integrity within cultures. Handbook of Self and Identity. Retrieved from http://www.redi-bw.de/db/ebsco.php/search.ebscohost.com/login.aspx?direct=true&db=psyh&AN=2003-02623-013&site=ehost-live

Scott, W. R. (1977). Effectiveness of organizational effectiveness studies. New perspectives on organizational effectiveness.

Spence Laschinger, H. K., Wong, C. A., & Grau, A. L. (2012). The influence of authentic leadership on newly graduated nurses' experiences of workplace bullying, burnout and retention outcomes: A cross-sectional study. International Journal of Nursing Studies, 49(10), 1266–1276. https://doi.org/10.1016/j.ijnurstu.2012.05.012

Vogelgesang, G., Clapp-Smith, R., & Palmer, N. (2009). The Role of Authentic Leadership and Cultural Intelligence in Cross-cultural Contexts : An Objectivist Perspective. International Journal of Leadership Studies, 5(2), 102–117.

Walumbwa, F. O., Avolio, B. J., Gardner, W. L., Wernsing, T. S., & Peterson, S. J. (2008). Authentic leadership: Development and validation of a theory-based measure. Journal of Management, 34(1), 89–126. https://doi.org/10.1177/0149206307308913

Wong, C. A., & Laschinger, H. K. S. (2013). Authentic leadership, performance, and job satisfaction: The mediating role of empowerment. Journal of Advanced Nursing, 69(4), 947–959. https://doi.org/10.1111/j.1365-2648.2012.06089.x

Yammarino, F. J., Dionne, S. D., Schriesheim, C. A., & Dansereau, F. (2008). Authentic leadership and positive organizational behavior: A meso, multi-level perspective. Leadership Quarterly, 19(6), 693–707. https://doi.org/10.1016/j.leaqua.2008.09.004