



**AUTHENTIC LEADERSHIP AND EMPLOYEE ENGAGEMENT: UNDERSTANDING LEADER –
EMPLOYEE OUTCOME**

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ABSTRACT

The purpose of this paper is to synthesize relevant empirical literature to develop propositions and suggest a research agenda on the authentic leadership as predictor of employee engagement (job engagement, organization engagement). The approach to the research propositions was to explore the existing literature to discover areas where opportunities for further research exist. Specifically, we develop a model and testable propositions of the relationships between Higher order authentic leadership (self awareness, relational transparency, balanced processing, internalized moral perspective and employee engagement (job engagement, organization engagement). The target respondents for this research will be front line employees working in banking sector in Sudan. Furthermore, propositions are developed to guide future empirical research.

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INTRODUCTION

The authentic leadership construct was introduced into the leadership literature nearly a decade ago and has generated a growing body of theoretical and empirical research (Gardner, Cogliser, Davis, & Dickens, 2011). Authentic leadership theory set out to examine the appropriate mechanisms through which authentic leadership influences performance. Authentic leadership had been connected with outcomes such as commitment and citizenship behaviour (Walumbwa *et al.*, 2008); however, limited empirical support is found that proves the link between authentic leadership and employee engagement (Shuck & Herd, 2012; Rego *et al.*, 2012; Wilson, 2014) and job performance (Leroy *et al.*, 2012; Peterson *et al.*, 2012; Woolley *et al.*, 2011). The four dimensions of authentic leadership (self-awareness, balances processing of information, relational transparency and internalized moral perspective) have been well researched in past psychological literature. However they have only been studied as independent constructs with little discussion of their as being part of a common core construct (Walumbwa *et al.*, 2010). According Xu and Thomas (2011) and Rego *et al.* (2012), a need exists to research leader behaviours and employee engagement in a single study. Shuck and Herd (2012) also believed a gap in comprehending leadership behaviours and how it could induce higher levels of employee engagement is present. The human resource literature base comprises only a few studies that have researched the relationship between leadership and employee engagement (Wilson, 2014).

Building from these ideas, the researcher sought to advance the line of research on authentic leadership and employee engagement. Thus, this current study includes authentic leadership as a higher order, multi-dimensional construct comprising (self-awareness, balanced processing of information, relational transparency, and internalized moral perspective) as antecedent variable of employee engagement (job engagement, organization engagement). Moreover, limited studies supporting the distinction between job engagement and organization engagement are found (e.g., Ali & Altarawneh, 2014; Andrew & Sofian, 2011, 2012; Moussa, 2013; Rasheed *et al.*, 2013; Saks, 2006; Srivastava *et al.*, 2014; Tucker, 2014). Thus, this study will contribute greatly to this area of concern.

Theoretical Foundation

Foundations of Authentic leadership

Several published academic articles have stated that authentic leaders have four types of characteristics (e.g., Gardner, Avolio, Luthans, May, & Walumbwa, 2005; Ilies, Morgeson, & Nahrgang, 2005; Walumbwa *et al.*, 2008). These include: self-awareness, balanced processing, relational transparency and internal moral perspective. Self-awareness is referred to as knowing his personal needs, first choice, motivations and what the employees want. Balanced processing refers to leaders who are aware of the information before a discussion, and who are ready to listen to opposite views from followers. Relational transparency is defined as leaders expressing their true feelings and thoughts they feel in an authentic way to their followers. Internal moral perspective refers to the ethical behaviour of leaders who follow rules and regulations guided

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by the moral standards and being consistent in decision-making.

Walumbwa *et al.* (2008), in their study of China, Kenya, and the United States, reported that authentic leadership is derived from these four dimensions. Higher order authentic leadership is related to self-reported organizational citizenship behaviour and, commitment in an organization, satisfaction with job and supervisor and job performance. Other individual factors failed to add meaningful incremental validity beyond the common core higher factor and only small meaningful attributes to the individual factors were added. Also, the common core factor of authentic leadership was related to work attitudes and behaviours (Walumbwa *et al.*, 2010).

Authentic leadership promotes affective organizational commitment, performance, and organizational citizenship behaviours in an organization (Kacmar, Bachrach, Harris, & Zivnuska, 2011; Walumbwa, Luthans, Avey, & Oke, 2011; Walumbwa *et al.*, 2010). Followers will follow the ethical good behaviour of the leaders, and they will adopt their values, trust and honesty (Hartog & Belschak, 2012). In addition to that these values, ethical leaders are capable of providing a positive work place and a trustworthy environment that promotes good decision making situations which, in turn, enhance building a positive emotional status and high-level engagement in the organization (Walumbwa *et al.*, 2010).

Authentic leadership is a new concept in employee engagement research. Incorporating this concept into in a multidimensional approach of employee engagement and social exchange model to understand the consequent variants in employee engagement is a new area of interest in employee engagement studies.

Employee Engagement

Human Capital is considered to be a crucial asset because the effort and performance of employees ultimately decides the success of any business (Handa & Gulati, 2014). Recently, engagement of employees has become more critical to the ultimate effectiveness of organizations, and the engagement of employees has gained popularity as because it affects employee outcomes significantly (Alvi, Abbasi, & Haider, 2014a; Gostautaite & Buciumiene, 2015; Rasheed, Khan, & Ramzan, 2013; Shuck, Ghosh, Zigarani, & Nimon, 2013).

Today, employee engagement has become a critical aspect of understanding and enhancing not only an individual's performance but also the organization's performance as a whole (Miller, 2014; Singh, 2015). In the contemporary business world, organizations demand high performance and productivity from every employee compared to a few decades ago (Sahoo & Mishra, 2012). Rashid, Asad, and Ashraf (2011) believe that employee engagement is a key concept for business practitioners and academicians because proper engagement is relevant to modern-day business practices. Effective employee engagement is seen as a tool to gain a competitive edge over rival companies (Anitha, 2014; Bhuvanaiah & Raya, 2014). Furthermore, proper employee engagement produces benefits such as increased consumer satisfaction, rising productivity and profits and decreased attrition rates (Brunetto, Teo, Shacklock, & Farr-Wharton, 2012; Chat-Uthai, 2013; Harter, Schmidt, & Hayes, 2002;

Markos & Sridevi, 2010; Yalabik, Popaitoon, Chowne, & Rayton, 2013).

Saks (2006) defined engagement as a distinct, unique concept comprising cognition, emotion and behaviour, all of which are linked to individual role performance. In addition, engagement is distinguishable from other aspects such as organizational citizenship behaviour, involvement, and commitment.

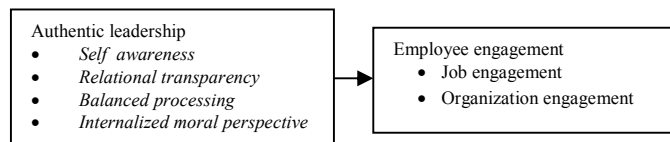
Almost all organizations today recognise that employee engagement provides their company with a competitive advantage (Anitha, 2014). They are also aware that good employee engagement leads to increased performance, productive and profits and such outcomes are highly valued, especially during an economic decline (Bhuvanaiah & Raya, 2014; Macey & Schneider, 2008; Macey, Schneider, Barbera, & Young, 2009; Rees, Alfes, & Gatenby, 2013). Thus, high-quality employee engagement has been accepted as necessary condition worldwide and is regarded as positive factor in producing employee motivation (Kahn, 2010).

Authentic leadership and Employee engagement

Authentic leaders demonstrate integrity, show sustained performance, build trust and openness, and help followers realize their true potentials (Gardner *et al.* 2005). Giallonardo, Wong, and Iwasiw (2010) identified a positive association between authentic leadership and work engagement. The outcome of their research indicated that new graduate nurses' perceptions of preceptor authenticity had a positive relationship with the work engagement of new graduate nurses. Alok and Israel (2012) studied 117 working professionals and found a positive relationship between authentic leadership and work engagement in a study done via Google Docs in India. Walumbwa *et al.* (2010) studied 387 employees and their 129 immediate supervisors and found that authentic leadership had a positive relationship with followers' self-rated work engagement. They also found that a positive relationship existed between supervisors' consistency between words and actions, their moral perceptions and employee engagement in a study of 386 employees in 1000 manufacturing forms and the best 500 service firms in Taiwan (Wang & Hsieh, 2013). Based on these findings, the following propositions are stated:

- H1.1a: Self-awareness is positively related to job engagement.
- H1.2a: Relational transparency is positively related to job engagement.
- H1.3a: Balanced processing of information is positively related to job engagement.
- H1.4a: Internalized moral perspective is positively related to job engagement.
- H1.1b: Self-awareness is positively related to organization engagement.
- H1.2b: Relational transparency is positively related to organization engagement.
- H1.3b: Balanced processing of information is positively related to organization engagement.
- H1.4b: Internalized moral perspective is positively related to organization engagement.

Theoretical Framework



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 *et al.*, 2008, p. 94). Authentic leadership has the following four dimensions:

Self-awareness refers to demonstrating behaviours that indicate that leaders are aware of personal needs, preferences, motivations, and wants of employees (Walumbwa *et al.*, 2008).

Relational transparency refers to presenting the leaders’ authentic self, their true feelings, and thoughts to followers (Walumbwa *et al.*, 2008).

Balanced processing is defined as the behaviour of a leader that indicates that the leader analyses significant data before making a decision and that the leader are never afraid of soliciting opposing views from their own followers (Walumbwa *et al.*, 2008).

Internalized moral perspective refers to the self-regulation, which is directed by internal moral standards as well as values that lead to behaviours as well as decisions consistent with these internalized values (Walumbwa *et al.*, 2008).

Saks (2006) defined employee engagement “a distinct and unique construct consisting of cognitive, emotional, and behavioural components associated with individual role performance” (p. 602). It comprises two dimensions, namely, job engagement and organization engagement

Job engagement is defined “as the extent to which an individual is attentive as well as absorbed in performing his or her role.” and Organization engagement “is defined as the extent to which an individual is psychologically present as an organizational member” (Saks, 2006).

CONCLUSION

Authentic leadership and employee engagement, in a way, have shared common fate. These theoretical constructs have been driven by practical needs and a desire to appreciate the relationship of individuals with organizations in some sense. We have made one of the first attempts to investigate their interrelations. In the process, the paper made three important contributions: a) this current study includes authentic leadership as a higher order, multi-dimensional construct comprising (self-awareness, balanced processing of information, relational transparency, and internalized moral perspective) as antecedent variable of employee engagement (job engagement, organization engagement) b) Incorporating this concept into in a multidimensional approach of employee engagement and social exchange model to understand the consequent variants in employee engagement, and c) This study is also among the few that distinguish between job engagement and organization engagement. The researcher

hopes that the study will trigger a number of future research initiatives to advance theory.

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