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Review of Practical Implications in Authentic Leadership Studies

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Abstract

Having good leader(s) is a real asset for organizations to sustain a competitive advantage and so be one step further from their competitors. Therefore, contemporary leadership studies are hot topic for academicians as well as practitioners. Emphasizing strategic importance of human resources, this study tries to analyze recent leadership studies in terms of leaders' behavior in particular authentic leaders' behavior. Authors aim to evaluate effects of authentic leaders' behavior on employees' and organizations' performance as well as relationship between leaders and followers. In this respect, authors investigate leadership studies in five high ranking organizational behavior journals and categorize these studies according to their subjects. Accordingly, the practical implications of studies that are related with authentic leadership are investigated in order to excerpt a common idea.

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1. Introduction

Today's leaders face more complex challenges when compared to that of their antecessors and it seems that they are luckier with respect to their successors in terms of the degree of complexity that they cope with in practice. Business environment is rapidly changing in particular with globalization that neither political nor business world could anticipate its effects holistically and adapt their selves accordingly. While the industry leaders of more than half of the companies that survive from mid-1950's to 1990, more than two-thirds of 1990's industry leaders does not exist anymore (Menkes, 2011; Fidler, 2014). This is because various factors today's leaders need to deal with -beyond their organizations' operations- such as weak global economy, intense global competition, environmental challenges such as climate change, communities' dissatisfaction which they operate in, etc. Difficulties for external adaptation i.e. building a strong brand loyalty in the eyes of customers and an environment friendly image in the sights of the community, and concerns for internal integration i.e. building a strong organizational culture and fair working conditions in the perceptions of the employees are important challenges today's leaders face (Bekiroğlu, et al., 2011; Eren, et al., 2003). Companies are forced to be much more risk taking, proactive and innovative (Ergün et al, 2004) but without sacrificing their quality, cost efficiency and flexibility in order to survive in the highly dynamic and competitive markets (Alpkanc, et al., 2003). As a consequence of this chaotic atmosphere, in early 2000s the corporate scandals, mismanagement issues along with public awareness and sensibility required the development of ethical

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approaches. Accordingly, positive organizational behavior concepts (Avolio and Luthans, 2006) emerged as necessities in response to gaps in accountability in organizations (Walumbwa et al., 2008).

While organizations need leaders with purpose who lead with integrity and values, they also need leaders who can motivate their employees in order to provide and sustain organizational effectiveness with the aim of creating long-term value for all stakeholders. Therefore both ethically and effectiveness of leaders are very critical for positive attitudes and behaviors of the employees (Elçi, et al. 2012). Likewise, leaders are expected to attract, awaken, develop, and retain the potential of their followers within the organization (Bulut et al., 2006).

This study argues that authentic leadership may be an appropriate answer for managing the chaotic order as well as promoting ethical approaches in organizations, which are critical for any company in today's business environment.

Scholars like Menkes (2011) argue that the need for authentic leaders is vital for organizational sustainability even through the most chaotic of circumstances via realistic optimism, subservience to purpose and finding order in chaos. Authentic leaders have some basic inclinations as confidence, optimism, and morality and they try to develop new leaders. The common idea of the studies on authentic leadership reveals that self-awareness and acting in accordance with self-reference are the most significant notions for a leader to be perceived as authentic by the followers (Ladkin and Taylor, 2010).

Consequently, we made a literature review in order to identify the studies with practical implications for authentic leadership. First, authentic leadership studies in five high-ranking organizational behavior journals from 2010 to 2014 are reviewed. Second, categorizations from the ones that have practical implications are selected for further examination. As a result, the papers are categorized according to their subjects and the practical implications are analyzed in order to excerpt a common idea. Since authentic leadership is relatively new concept in the literature and studies are limited in the field this study aims to give insights to scholars for further investigation of various aspects of authentic leadership and its effect on groups' and organization's performance.

2. The theoretical origins of authentic leadership

In early 2000s, positive organizational behavior concepts (Avolio and Luthans, 2006) emerged as response to corporate scandals and accountability problems in organizations (Walumbwa et al., 2008). As the research on authentic leadership evolves, the scholars realized that the concepts should go well beyond "being true to oneself" (Walumbwa et al., 2008). The importance of the theoretical development of the authentic leadership is still in the early stages of construct evolution. Ten years ago, scholars agreed upon that there was no integrated definition for authentic leadership (Cooper et al., 2005). As the academic research on the subject is in the progressive stage, the studies are generally designated as empirical when compared to early productions of conceptual definitions (Deci and Ryan, 2000; Kernis, 2003). Hence this development stage signifies the emergence of the concept to be evaluated (Gardner et al., 2011).

The authentic leadership is directly and positively linked with personal growth and self-development and by Luthans and Avolio (2003) authentic leaders are defined as confident, optimistic, and moral people who give emphasis to develop new leaders. More specifically, authenticity represents living one's life through specific values and be present in the society and in the social environment with these values (Ilies et al., 2005). Moreover, these internal values, rather than external conditions, become the most noteworthy bases in managing a leader's acts and attitudes (Ryan and Deci, 2003).

Self-awareness and self-regulated behaviors, along with trust in personal characteristics, emotional and intellectual stance, becomes the core dimension of authentic leadership (Luthans and Avolio, 2003). Self-esteem plays an important role in self-awareness where acceptance and consciousness are essential in realizing strengths and weaknesses with the help of self-esteem (Kernis, 2003). Human relations are based on some essential forms of behavioral cognitional foundations. An important part of these foundations consists of forming open and mature relationships with others and this originates from self-awareness accompanied by self-esteem (Walumbwa et al., 2008). All of these basics are vital in developing collective goals and aims, encouraging and motivating teams and employees, appraising their work, sustaining organizational trust and cooperation among individuals. Authentic leaders have a strong inclination to promote diversity in thoughts and perspectives among their followers so that they can be perceived as authentic (Avolio et al., 2004). Moreover, the common idea of the studies on authentic leadership reveals that self-awareness and acting in accordance with self-reference are the most significant notions for a leader to be perceived as authentic by the followers (Ladkin and Taylor, 2010).

Accompanied by self-awareness, Ilies and colleagues (2005) proposed three additional dimensions; unbiased processing, authentic behavior and authentic relational orientation. According to their model, self-awareness and unbiased processing are related with self-acceptance and environmental mastery. Unbiased processing is mainly related with self-development acts of a person who is determined to his/her authenticity and with personal integrity and personality (Ilies, 2005). When leaders exhibit unbiased processing, they tend to be fair and recognize both positive and negative features and situations in the business context as well as in the social context (Kernis, 2003). When leaders accept all the situations objectively and avoid selecting only self-validating ones, then they tend to support their followers and which in turn, set forward to generate positive organizational outcomes (Dweck and Legget, 1988; Illies, 2005). Along with all these concepts, self-awareness and unbiased processing, if a leader do not convey these features in acting or behaving, then these features remain only as concepts that may have no effects on organizational outcomes. Therefore, when leaders have authentic behaviors they tend to act in line with their values, needs and wants rather than to satisfy those of other people or authorities (Illies 2005). Apparently this situation needs a balance between being aware of possible consequences of the leaders' actions and carrying out their values, needs and wants (Kernis, 2003). Authentic relational orientation includes reaching honesty and directness and reliability in relationships. Leaders should improve trust and mutual confidence with their followers and colleagues. This may be result in cooperation (Jones and George, 1998) which, in turn, leads to favorable outcomes in an organization. Moreover, trust enables to form positive relations with the other members in the organization which may help to increase the overall wellness of the employees (Ryff and Keyes, 1995) and create a positive atmosphere because of the contagion of emotions (Frederickson, 2003).

It should be noted that all these notions that form authentic leadership are complimentary for each other that authenticity cannot be accomplished for a leader when one of these concepts; self-awareness, unbiased processing, authentic behavior and authentic relational orientation is missing. Likewise, all these concepts are not independent of each other and are in close relationship with each other.

3. Methodology

A literature review is made in order to identify the studies with practical implications for authentic leadership. First, authentic leadership studies in five high ranking organizational behavior journals from 2010 to 2014 are reviewed. Second, categorizations from the ones that have practical implications are selected for further examination. The papers are categorized according to their subjects and the practical implications are analyzed in order to excerpt a common idea. Regarding the review of the empirical studies, and literature reviews devoted to authentic leadership and its various links, an online search of the ABI Inform, Emerald and Science Direct databases was conducted. Organizational Behavior and Human Decision Processes, Organization Studies, Journal of Organizational Behavior, Journal of Behavioral Decision Making, and Leadership Quarterly were among the journals included into the study. Besides, theoretical papers and those based on anecdotal evidence or case studies were also included to the study.

4. Practical implications related with authentic leadership

Amongst the studies that we take into account and are presented on Table 1, mainly, two functions of leaders which are substantial in aligning and reorganizing their relationship with the followers, are denoted. These are positivity that they create among their followers and trust that they build in their followers towards the organization and the leader.

Table 1. Review of Practical Implications

<u>Title, Authors, Date</u>	<u>Keywords</u>	<u>Practical Implications</u>
Authentic Leadership		
The impact of positivity and transparency on trust in leaders and their perceived effectiveness	Authentic leadership Positivity Transparency Trust Downsizing	- Leaders can be developed to exhibit higher levels of positive psychological capacities and transparency, with the expectation that such increases in each of those states could result in higher levels of trust and effectiveness.

<p>Steven M. Norman, Bruce J. Avolio, Fred Luthans, 2010</p>		<ul style="list-style-type: none"> - With followers, leaders need to be very transparent and in addition be confident in themselves, hopeful of the future with both the desire to succeed and a plan to accomplish that success, and demonstrate their resilience to bounce back and beyond.
<p>Are authentic leaders associated with more virtuous, committed and potent teams?</p>	<p>Authentic leadership Team virtuousness Team affective commitment Team potency</p>	<ul style="list-style-type: none"> - Leaders may allow team members to experience a sense of positive purpose in their work, with positive consequences for work engagement and performance. - Leaders may create and sustain optimism, even when major challenges and difficulties are faced.
<p>Arménio Rego, Andreia Vitória, Ana Magalhães, Neuza Ribeiro, Miguel Pina e Cunha</p>		<ul style="list-style-type: none"> - Possible actions are (a) promoting employees' leniency for the past, (b) appreciating the present, (c) seeking opportunities for the future, and (d) maintaining realistic and flexible perspectives.
<p>2013</p>		<ul style="list-style-type: none"> - Leaders must act in a respectful, honest, trustful, courteous, and compassionate way, cultivating their credibility, as well as trust and social capital within the team. - By “leading with heart”, leaders are more able to establish closer relationships with colleagues, thus building teams whose collective business knowledge is greater than that of the leader.
		<ul style="list-style-type: none"> - Leaders should develop a strong focus on obtaining results and avoiding errors, together with a capacity to forgive (honest) errors and learn from them, encouraging psychological safety within the teams and helping the teams to be creative and improve continuously.
		<ul style="list-style-type: none"> - Team leaders may help teams to develop, and work within, “learning zones” by fostering a combination of high accountability for meeting demanding goals with high psychological safety.

<p>The relationship between authentic leadership and follower job performance: The mediating role of follower positivity in extreme contexts</p>	<p>Authentic leadership, Follower emotions, Psychological capital, Job performance, Extreme contexts</p>	<ul style="list-style-type: none"> - If authentic leaders can raise the positivity in officers, significant benefits can accrue. - When followers know that they have a trusted advisor who will listen to them and be candid with them, they will be more likely to see a reduction in negative emotions.
<p>Suzanne J. Peterson, Fred O. Walumbwa a,1, Bruce J. Avolio, Sean T. Hannah, 2012</p>		<ul style="list-style-type: none"> - By promoting authentic leadership, followers may exhibit higher levels of positivity in the form of hope, optimism, self-efficacy, and resilience, which may provide greater agency for enhancing their performance.
<p>The effects of authentic leadership on followers' ethical decision-making in the face of temptation: An experimental study</p>	<p>Authentic leadership Temptation Ethical decision making Guilt</p>	<ul style="list-style-type: none"> - Followers of more authentic leaders experienced higher levels of guilt when appraising an unethical action. - This is important because in addition to promoting self-sanctions and ethical behavior, guilt also promotes positive interpersonal relationships in organizations,
<p>Anna M. Cianci, Sean T. Hannah, Ross P. Roberts, George T. Tsakumis, 2014</p>		<ul style="list-style-type: none"> - Because guilt generally motivates individuals to confess, apologize, and help one's victims in order to repair relationships.

Trust is defined as being vulnerable in a relationship but and forming positive expectations related with the behaviors' of other party (Mayer et al., 1995; Rousseau et al., 1998). Positivity, in general terms, is related with the four basic components, namely; hope, resiliency, optimism and efficacy (Norman et al., 2010). When the positivity solidified and presented at the work place; the positive emotional stances like hope, courtesy, self-efficacy, appreciation, trust and honesty become more evident and visible among the employees. Moreover, trust becomes one of the most important and visible attitude which is presented by both leaders and followers. Based on these results and opinions, we propose the following:

The effects of authentic leadership are genuinely strong in enhancing ethical behaviors of the followers since authentic leadership behaviors are expected to raise moral standpoints of the employees (Avolio et al., 2004). This is possible when leaders are able to clarify and pass on their values and perspective to their followers by creating positive impacts on them (Campbell et al., 1996). It is also important for leaders to ensure acting in accordance under the same values, beliefs and standards (Gardner et al, 2005). Thus, by balanced processing, a leader's objectivity becomes a model for the followers (Gardner et al., 2005; Hannah et al., 2005). Thus, leaders who exhibit the dimensions of authenticity are likely to affect followers' moral stance and decisions based on ethics (Cianci et al., 2014). Furthermore, when leaders are engaged in authentic leadership, they tend to express moral maturity linked with their personal values (Avolio et al., 2004).

4. Conclusion

In this study, a perspective on authentic leadership and its possible relations with other concepts were reviewed in order to help in explaining the facades of this developing concept. We believe the proposed relations make some contributions and offer studies for the future research. We have discussed the dimensions of authentic leadership on the part of leaders, and on the followers and offer some propositions regarding the relationships between authentic leadership and other main topics. Accordingly, we assume that self-awareness is the most influential one among other dimensions- unbiased processing, authentic behavior and authentic relational orientation. We basically propose that there is a positive link between authentic behavior and positivity of followers. Another anticipation regarding relationship between authentic behavior and the positivity of followers is mediation effect of organizational trust. Moreover, we expect that authentic relational orientation has more positive relations with the ethical standing of

leaders and leader's positivity mediates this relationship. We conclude that authentic leadership involves a set of both formal and informal factors and these factors are needed to be investigated further for more concrete results to map relationship among constructs as well as the degree of relationship among them.

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