

Authentic leadership, psychological capital, acceptance of change, and innovative work behaviour in non-profit organisations

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Abstract

This paper examines whether authentic leadership provides the resources employees need to build their psychological capacities and well-being so that they can embrace organisational change and engage in innovative work behaviour (IWB) within non-profit organisation (NPO). The paper builds on previous research examining the antecedents of IWB such as ‘innovation-enabling culture’ and psychological capital (PsyCap). The new variables examined in this study are authentic leadership and acceptance of change. Utilising a structural equation modelling methodology, 248 surveys from Australian not-for-profit employees were analysed revealing that authentic leadership accounted for more than a fifth of the variance of PsyCap; PsyCap, age, and authentic leadership accounted for 40% of employees’ well-being; and age, leadership, and acceptance of change accounted for a quarter of their IWB, although acceptance of change was not directly related to IWB. The main contribution of this paper is in explaining why authentic leadership is an important ingredient for building an ‘innovation-enabling culture’ for NPO

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employees, suggesting that such leadership provides a pathway for developing effective workplace relationships built on trust and ethical decision making. Such behaviour builds a supportive culture for developing employees' personal resources, which promotes the conditions for promoting IWB.

KEYWORDS

authentic leadership behaviour, Conservation of Resources (COR) theory, employee well-being, innovative behaviour, non-profit organisations (NPOs)

Points for practitioners

- Authentic leadership behaviour provides a platform for developing the psychological capacities of employees in non-profit organisations (NPOs) contracted to deliver social services to Australians.
- Authentic leadership behaviours and psychological capital enhance employees' well-being.
- Authentic leadership behaviours and psychological capital are significant building blocks of an innovation-enabling culture in NPOs.

1 | INTRODUCTION

The sustainability of the public sector service model requires an innovative organisational culture that promotes innovative work practices (IWP). At the macro level, New Public Management (NPM) is both an example of innovation (particularly in promoting the legitimacy of contracting out public services to the Third Sector [TS]) and the driver of innovative work behaviour (IWB) (Demircioglu et al., 2023; Li & Chun, 2020). IWB refers to employees' willingness and propensity to translate creative ideas into practical improvements in organisational processes, products, and services to improve organisational effectiveness (Brunetto, Xerri, et al., 2020), and previous research has shown that high psychological capacities are associated with high IWB in the TS (comprising not-for-profit and for-profit organisations) (Brunetto et al., 2021).

However, promoting IWBs amongst those who deliver social services has been challenging. For example, Demircioglu et al. (2023, p. 147) allude to the deeper issues at play within the contracting out domain, including governance problems associated with the '... difficulty and unaccounted monitoring costs associated with contracted-out service delivery'. In particular, the contracting out of social services to the TS is becoming increasingly complex as governments grapple with identifying and implementing appropriate governance structures that achieve quality delivery to the public. Other persistent issues identified include austerity funding models (Farr-Wharton, Xerri, et al., 2021) and poor contract specifications, including the lack of appropriate

performance indicators for measuring the quality of social delivery to monitor and evaluate performance (Isaksson et al., 2018).

Within the context of social services delivery in Australia, scholars and subsequent Royal Commission Reports all reiterate the link between poor governance processes, austerity-driven funding models, and the resulting low level of well-being for those delivering the services and those receiving the service (Aged Care Royal Commission Summary of Final Report, 2021; Disabilities Royal Commission Seventh Progress Report, 2023; Farr-Wharton, Xerri, et al., 2021; Xerri et al., 2019). However, when employees can access personal resources, they can maintain their well-being and be innovative. For example, previous research has already identified that when healthcare workers in Australia and the United States demonstrated high psychological capacity (measured by the level of psychological capital [PsyCap]), they also engaged in IWBs (Brunetto et al., 2020). PsyCap is a personal psychological resource that can provide employees with a buffer against stress (Luthans et al., 2006). Later research by Brunetto, Saheli, Dick, and Nelson (2022) found that employee well-being is a significant predictor of IWBs, and in both studies, PsyCap mediated the relationship between leadership and employee outcomes, including their IWBs. Both studies used a Conservation of Resources (COR) theoretical framework (Hobfoll, 2011) to explain how access to resources (or the lack of) motivated employees to engage in innovative behaviour or reduce their work activities to preserve their health and well-being.

In a recent study of innovation in Australia, Demircioglu and Van der Wal (2022, p. 12) identified 'the most important factor affecting the implementation of innovation is employees' innovative behaviour (IWB) ...'. Unlike the private sector, where employees can be incentivised to be innovative, Demircioglu and Van der Wal (2022, p. 13) found that the role of leaders supporting employees to innovate is crucial in the public sector context. They called for research to understand better the dynamics involved in creating an 'innovation-enabling' culture. However, much of the research to date focuses on 'the adoption and implementation of new and creative ideas, services or processes at the organisational level' (do Adro & Leitao, 2020, p. 51). The gap in the literature is therefore in understanding the drivers at the individual level of analysis (Demircioglu et al., 2023; Li & Chun, 2020).

This paper addresses this gap by examining whether authentic leadership is associated with non-profit organisation (NPO) employees' acceptance of change and IWBs. Park et al. (2021) posit that supportive leadership is the key to sustaining an innovative culture. This study builds on the work of do Adro and Leitao (2020) and Demircioglu and Van der Wal (2022) by examining whether authentic leadership is the missing ingredient required to build an 'innovation-enabling' culture likely to promote acceptance of change and IWB. The study adopts Hartley's (2018) perspective that public leadership is broader than traditionally conceptualised. Additionally, the paper extends previous research by Brunetto et al. (2021) by examining whether NPO employees' PsyCap mediates the relationships between authentic leadership and their acceptance of change, well-being, and IWB.

In line with previous studies examining how employees cope with working conditions dominated by austerity funding and management models (Brunetto et al., 2021; Farr-Wharton, Xerri, et al., 2021), this paper again uses COR theory (Hobfoll, 2011) as a theoretical framework to examine the research question (RQ):

RQ1: *What is the impact of authentic leadership and age on NPOs' employees' PsyCap, acceptance of change, well-being, and innovative behaviour?*

The paper's contribution is new knowledge about whether authentic leadership provides a new platform for managing employees, by building their psychological capacities, so that they have

the resources necessary to embrace change and be innovative within the austere environment dominating public service delivery in NPOs.

2 | THEORY AND HYPOTHESES DEVELOPMENT

2.1 | COR theory

According to Hobfoll et al. (2018), employees are motivated to protect themselves when they believe they are under extreme pressure. In particular, humans are innately programmed to protect their well-being or those work conditions that contribute positively to their well-being, such as supportive workplace relationships. On the other hand, employees become stressed when their well-being is threatened (Chen et al., 2016). Consequently, employees' performance is likely to be 'fostered by circumstances where people can apply, grow, and sustain their personal, social, and material resources' (Chen et al., 2016, p. 96). As such, employee well-being is a barometer of how employees cope in the workplace (Brunetto et al., 2011).

It is the responsibility of the leaders of NPOs to ensure that they create a supportive organisational culture that is likely to foster favourable work conditions and, in turn, can enhance employees' well-being (Hobfoll, 2011). Effective leaders develop processes and practices that ensure that employees access the resources they need to do their job. These processes and practices, termed in the literature 'resource caravan passageways', provide support mechanisms that employees can access as needed. Past research shows that authentic leadership behaviours build employees' reservoir of personal resources, such as PsyCap, which they can use when they feel stressed (Avey, 2014).

COR theory comprises two principles and four key corollaries. The relevant principle for this study is that a loss of resources causes a more substantial (negative) response than the impact of gaining resources (principle 1). This principle maintains that poor leadership is likely to negatively impact employees' PsyCap and subsequent well-being more than an increase from positive leadership behaviours. The most relevant corollary that explains employees' behaviour is that if employees perceive a lack of resources, they are likely to respond defensively to preserve their remaining resources (Corollary 4) (Halbesleben et al., 2014). If employees do not take steps to protect their resources, they are likely to experience psychological distress and ultimately, burnout over time (Hobfoll et al., 2018).

Previous research about healthcare workers has demonstrated that if employees can access more resources from, for example, supportive leadership, they can increase their psychological resources, which then enhances their well-being and IWP (Brunetto et al., 2021). The argument presented in this paper is that when employees perceive a supportive authentic leader, this builds their PsyCap and subsequent well-being. Together, employees' psychological capacities give them the resources to cope with organisational change and the uncertainty typically associated with change and IWB. The following section examines the factors likely to build or negate employees' resource base (PsyCap and well-being), subsequently promoting acceptance to change and IWP.

2.2 | Authentic leadership

The rationale for examining the effect of different leadership models is that, in general, '... leadership plays a central role in efforts to retain the workforce and increase their commitment to an organisation' (do Adro & Leitão, 2020, p. 51). Previous research has examined the efficacy

of different leadership models observed in NPOs. For example, Kammerhoff et al. (2019) examined the impact of transformational leadership on employee performance in NPOs, and Javed et al. (2019) examined the impact of inclusive leadership on employee empowerment and innovative behaviour. Cerne et al.'s (2013) research in the private sector found that authentic leadership behaviour was associated with increased creativity, and Grošelj et al. (2021) found that authentic leadership behaviours promoted increased levels of empowerment, which is essential for facilitating a supportive environment. Also, Suseno et al. (2020) found that a supportive workplace was associated with IWP. The difference between a supportive leadership behaviour and authentic leadership behaviour is that authentic behaviour incorporates far more than providing adequate support for employees—it also involves behaving morally and ethically and in ways consistent with positive personal values. Hock et al. (2018) compared the impact of different types of leadership on employee outcomes and found that positive leadership (authentic, ethical, and servant) models had a bigger impact on employee outcomes.

The focus in this study is on the role of authentic leadership (Walumbwa et al., 2008) because it comprises a number of key behavioural and attitudinal outcomes, including emotional awareness, which is a driver of effective workplace relationships (entitled relational transparency), ethical decision making (in line with delivering public value), as well as rational decision making, thereby incorporating elements of ethical and servant leadership models. Within COR theory (Hobfoll, 2011), the impact of an authentic leader is evident in the way they regulate their emotions and consequently can form genuine effective workplace relationships with employees as well as inspire high levels of trust as they demonstrate ethical decision making.

In terms of empirical evidence, Adendorff et al. (2021) found that Australian local government employees perceived relatively low levels of authentic leadership, and Farr-Wharton, Brunetto, et al. (2021) found similar results for the UK and Italian police. Their studies used COR theory to explain how an austerity funding model was associated with leadership behaviours that focused more on efficiency targets rather than the impact on police officers, leading to poor employee outcomes. Consequently, employees perceived a resource spiral loss (Hobfoll et al., 2018), eroding their discretionary power and PsyCap and, in turn, negatively impacting their well-being (Adendorff et al., 2021; Farr-Wharton, Brunetto, et al., 2021). In theory, authentic leadership behaviours are likely to enhance the employees' access to personal resources (such as PsyCap) and therefore are likely to positively impact employees' outcomes, leading to a spiral gain in resources (Chen et al., 2016). According to COR, these are the ideal conditions for employees to accept change and engage in IWP. Hence, leadership behaviours are either part of the solution for promoting acceptance of change and IWB by offering the level of support likely to build personal resources (such as well-being and PsyCap) or part of the problem negatively impacting the work resources available to employees.

2.3 | PsyCap and authentic leadership

A key argument regarding the effect of authentic leadership behaviour on IWP is that effective and authentic leaders engage in behaviour that builds employees' PsyCap (Avey, 2014). PsyCap refers to psychological attributes which give employees a buffer against stress (Avey et al., 2008). Further, employees' high PsyCap is associated with employees' acceptance of change (Avey et al., 2008) and innovative behaviour (Brunetto et al., 2020). Cerne et al. (2013), Avey et al. (2008), and Brunetto et al. (2020) identify the link between authentic leadership and PsyCap as the missing component in much of the public sector research that could be the key to developing an 'innovation-enabling

culture' as argued by Demircioglu and Van der Wal (2022). To the authors' best knowledge, no previous study has examined the combination of these factors despite such complexity being the 'norm' in NPOs contracted to deliver social services.

PsyCap is a personal resource that is developmental and is defined by Luthans et al. (2007, p. 3) as

'an individual's positive psychological state of development and is characterised by: (1) having confidence (*self-efficacy*) to take on and put in the necessary effort to succeed at challenging tasks; (2) making a positive attribution (*optimism*) about succeeding now and in the future; (3) persevering towards goals and, when necessary, redirecting paths to goals (*hope*) in order to succeed; and (4) when beset by problems and adversity, sustaining and bouncing back and even beyond (*resilience*) to attain success'.

PsyCap is vital because it provides employees with a mechanism for reducing stress and is associated with higher levels of performance (Luthans & Youssef-Morgan, 2017) and improved safety outcomes for patients in the TS (Xerri et al., 2019). Previous research shows that high authentic leadership behaviours are associated with high PsyCap in public sector employees (Adendorff et al., 2021). In COR theory, authentic leaders' behaviours are expected to provide the support processes likely to enhance employees' resources; hence, we expect to replicate these findings for NPO employees delivering social and health services to the public.

H1: High authentic leadership behaviour is associated with high PsyCap.

2.4 | PsyCap and organisational change

Increasingly, employees are expected to implement changes in a dynamic, constantly changing environment. Organisational change refers to changes in the organisational processes, procedures, and practices resulting from domestic or international forces. Research by Avey et al. (2008) on the PsyCap of 132 employees found that high PsyCap was associated with positive emotions likely to reduce cynicism about organisational change and higher levels of organisational citizenship behaviour, which promotes positive behaviours such as innovative behaviour. Using COR theory to explain the relationship between PsyCap and acceptance of change, it seems likely that if the processes are in place to promote high PsyCap, then these same processes are also likely to ensure adequate employee support, which is likely to trigger a perception of a spiral resource gain (Hobfoll, 2011), which would then increase employees' propensity to accept change. We expect to replicate similar findings for the NPO context.

H2: High PsyCap is associated with high acceptance of organisational changes.

2.5 | Authentic leadership, PsyCap, and well-being

There has been specific research examining different types of leadership likely to promote innovative activity. Hansen and Pihl-Thingvad (2019, p. 934) examined the impact of transformational and transactional leadership behaviours and concluded that 'different leadership styles [are needed] to achieve higher levels of innovative employee behaviour'. Also, Javed et al. (2019) found

that inclusive leadership promoted employee empowerment, enhancing employees' innovative behaviour working in the information technology sector in the United Kingdom and Canada.

However, the complexity of working in the under-funded and under-governed NPO sector, characterised by chronic understaffing (Farr-Wharton, Xerri, et al., 2021), suggests a need to include a further variable—employee well-being. Seligman (2011) defines employee well-being as a product of emotions (how employees are generally feeling at work) and how employees' work consistently aligns with their values. Increasing employee well-being is recognised as a global goal since the United Nations identified it as the third Sustainable Development Goal (United Nations, 2020). Using COR theory (Hobfoll, 2011) as a framework, it seems likely that authentic leaders will promote high employee well-being by engaging in emotional regulation. This should encourage the development of relational transparency, and leaders' supportive and ethical behaviour is likely to promote a resource gain spiral (high well-being), which has the bonus effect of reducing the number of stress-related workers' compensation claims.

H3: *High authentic leadership is associated with high employee well-being.*

Additionally, Brunetto et al. (2020) found that high PsyCap was associated with high employee well-being and the IWB of Australian and US healthcare employees delivering public services. This relationship is replicated for NPO employees.

H4: *High PsyCap is associated with high well-being.*

2.6 | Authentic leadership and IWB

Research by Černe et al. (2013) used hierarchical linear modelling to show that authentic leadership was associated with the creativity and innovative behaviour of 289 team members working with 23 team leaders in Slovenian for-profit firms. Also, Sarros et al. (2011) found that organisational culture mediated the relationship between leaders' vision and innovative employees within the NPO context. In particular, they found that '... socially responsible cultures enhance the impact of visionary leaders on innovation in NPO organisations' (Sarros et al., 2011, p. 301), whereas Verchuere et al. (2014, p. 934) identified '... the importance of combining different leadership styles to achieve higher levels of innovative employee behaviour' in Flemish NPOs. Using COR theory, it seems likely that when authentic leadership is demonstrated, employees perceive a work context that allows them to build their personal resources (Chen et al., 2016), which provides ideal conditions for employees to behave innovatively. However, to the authors' best knowledge, there has not been a study examining the impact of authentic leadership on the innovative behaviour of NPO employees working under conditions of austerity-led policies and management practices.

H5: *Authentic leadership behaviour is associated with the innovative behaviour of NPO employees.*

2.7 | PsyCap, organisational change, and IWB

One of the key factors differentiating PsyCap from other psychological resources is that it is malleable and therefore open to change under the right conditions (Luthans et al., 2006). It is argued

that this variable may be the key to developing an 'innovation-enabling culture' under the 'right' conditions, which Demircioglu and Van der Wal (2022) argued was necessary for innovation to occur. Past research shows that when employees' PsyCap is high, their resistance to change tends to be low (Avey et al., 2008). Also, Abbas and Raja (2015) found that high PsyCap was associated with high levels of innovative performance. Using COR theory, it seems likely that employees will only embrace change and engage in innovative behaviour when they perceive that they have adequate supportive resources (Chen et al., 2016).

Similarly, both Cerne et al. (2013) and Avey et al. (2008) argue that a positive attitude to change is founded on employees' access to personal and organisational resources, which, in turn, produces an open culture, the creation of new ideas, supports experimentation, and is tolerant of mistakes. PsyCap provides the 'psychological resource individuals can draw upon' (Newman et al., 2014, p. 139), which likely enhances their openness to change and allows them to engage in IWPs. According to COR theory, when employees perceive adequate resources, for example from their manager, they are more likely to use their available resources to undertake work tasks. To date, there is a lack of research linking openness to change with IWPs.

H6: NPO employees who accept organisational change are more likely to engage in IWPs.

2.8 | The relationship between age, PsyCap, well-being, and authentic leadership

In an attempt to capture the reality of an aging workforce evident in the health and social services sector, the age of employees is considered in this study. Mavromaras et al. (2016) report that over three quarters of today's Australian aged care workforce are 'baby boomers' (aged 45 or older). This report is consistent with trends in other countries. Demircioglu and Van der Wal (2022) examined whether organisational size and gender were significant predictors of innovations. However, these factors were not significant in their study. In this paper, age is examined to capture the idiosyncrasy of working in an NPO contracted to deliver social services to the public.

The research about the impact of age is contested. There is a myth that older workers engage less in innovative behaviour. However, this was disproven empirically by Ng and Feldman's (2013) meta-analysis. Also, Wang and Hsieh (2013) found that compelling, authentic leaders build trust with employees of all ages over time. Hence, the longer the employee works with the leader, the higher the trust to develop, and Avey (2014) identified that age was a weak but significant predictor of PsyCap. However, previous research has not examined the impact of working in austere workplaces, where the lack of resources is chronic and therefore can erode employees' well-being (Chen et al., 2015). In this study, we expect to find that age is inversely related to PsyCap, that is, as employees age, their PsyCap lessens. This is consistent with the findings of Farr-Wharton, Xerri, et al. (2021) who found that workers in the aged care sector experienced higher levels of burnout, which Hobfoll (2011) explains as a downward resource spiral. Hence, we expect age to be inversely related to PsyCap.

H7: Age is inversely related to PsyCap.

Further, previous attempts to test the relationship between age and well-being have produced inconclusive results (Wilks & Neto, 2013). They found that studies employing single-item measures of well-being exhibit a U-shaped association, with younger and older workers scoring

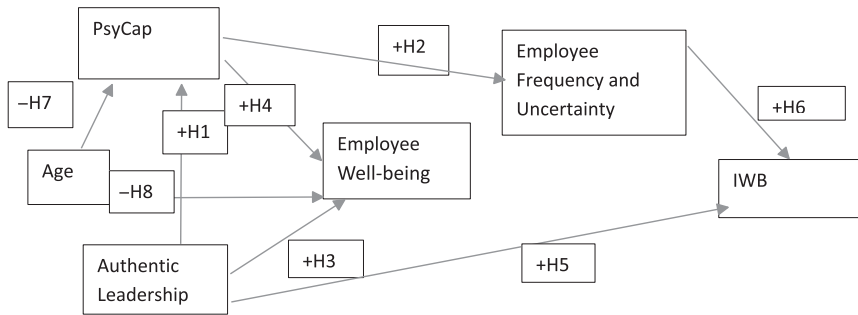


FIGURE 1 A summary of the model examined in this paper.

higher than those aged in between. Other studies using more complicated measures of well-being suggest mixed results. Since most NPO employees are older, we expect them to have higher well-being because they have developed a relationship with their managers and can negotiate under-staffing and poor resourcing with more skills than younger employees, which COR theory (Chen et al., 2015) argues is the key to motivating behaviour. The argument presented here is that over time, employees find support from colleagues and innovative shortcuts as a way of coping, and consequently, they maintain their well-being.

H8: Older NPO employees are likely to have higher well-being.

In sum, the hypotheses tested in this study are depicted in Figure 1.

3 | METHODS

This study used data from surveys collected at one point in time to examine the impact of authentic leadership and age on the PsyCap, well-being, acceptance of change, and the IWB of NPO employees. The sample examined consists of employees working in three NPOs delivering aged care and disability services to disabled and aged Australians in residential care and the community in two Australian states—the type of employees identified in recent Royal Commissions as most affected by under-funding and poor governance. One site was in New South Wales, and two sites were within Queensland. A total of 650 paper surveys were distributed, and in response 248 responded (a response rate of approximately 37%).

The instruments used for the collection of data were all validated test banks (see Appendix A). The scale used to measure the study's main variables was 1 = *Strongly Disagree*; 2 = *Disagree*; 3 = *Somewhat Disagree*; 4 = *Somewhat Agree*; 5 = *Agree*; and 6 = *Strongly Agree*. Authentic leadership was measured using the eight items developed and validated by Walumbwa et al. (2008). PsyCap was measured using Luthans et al.'s (2006) short PsyCap scale (12 items), including items such as 'I can think of many ways to reach my current work goals'. Employee well-being was measured by four items developed by Brunetto et al. (2011), with items such as 'Overall, I am reasonably happy with my work life'. The instruments used to capture acceptance of change involved two conceptual dimensions measuring the frequency and the uncertainty associated with change, as developed by Rafferty and Griffin (2006), including items such as 'Change frequently occurs in my organisation' and 'I am often uncertain about responding to change'. IWBs were

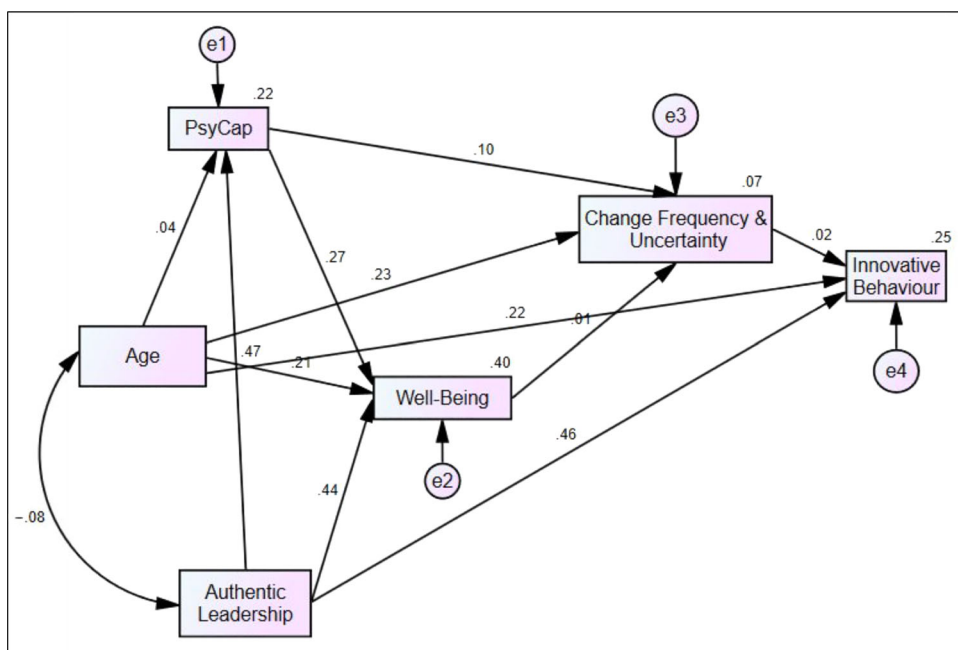


FIGURE 2 Results of structural equation modelling. [Colour figure can be viewed at wileyonlinelibrary.com]

measured by Janssen's (2000) instrument, with questions such as 'I create new ideas for difficult issues'.

4 | RESULTS

The demographics of the sample are as follows: out of the 248 employees, 233 were female, and 15 were male, of which 33 (13%) were 33 years old or less (Generation Y), 72 (29%) were between 34 and 48 years old, and 123 (49.6%) were over 48 years of age, with 20 respondents not disclosing their age. In terms of qualifications, 25 (10%) were registered nurses or endorsed enrolled nurses, 134 (54%) were assistants in nurses, 70 (28%) had community care certificates, and 19 (8%) had different types of qualifications (mainly in allied health, such as occupational therapy). The reliability and validity of the data were tested using standard protocols before testing the structural model shown in Figure 2—these are described in the section below.

4.1 | Validity and reliability tests

The first check involved screening each case and variable within the dataset, with all unengaged responses and outliers discarded as appropriate. The next step pertained to undertaking an exploratory factor analysis (EFA) of all the study's reflective latent measures (authentic leadership, PsyCap, well-being, acceptance of organisational change, and IWP). Any item that cross-loaded across more than one variable (discriminant validity) or loaded below the .500 thresholds

TABLE 1 Results of structural equation modelling.

			Estimate	SE	CR	<i>p</i>
Psychological capital	←	Authentic leadership	.426	.472	7.344	***
Psychological capital	←	Age	.003	.043	.670	.503
Well-being	←	Psychological capital	.290	.268	4.212	***
Well-being	←	Authentic leadership	.427	.436	6.839	***
Well-being	←	Age	.015	.212	3.769	***
Acceptance of change	←	Psychological capital	.110	.100	1.249	.212
Acceptance of change	←	Well-being	.013	.013	.161	.872
Acceptance of change	←	Age	.017	.234	3.269	.001
IWB	←	Acceptance of change	.013	.016	.253	.800
IWB	←	Age	.013	.222	3.405	***
IWB	←	Authentic leadership	.367	.458	7.238	***
***Significant at the $p < .001$ level (two-tailed).			$\chi^2 = 2.199$ ($df = 3$); $p = .086$			
			Goodness-of-fit index = .989			
			Root mean square error of approximation = .069			

Note: The results provide evidence to support the majority of the hypotheses in the study, as shown in Table 2. Abbreviations: CR, critical ratio; IWB, innovative work behaviour; SE, standard error.

(convergent validity) was deleted. Lastly, the remaining variables were tested using a Promax rotation, and the result was a five-factor model that explained 60.6% of the total variance. Further tests such as the Kaiser–Meyer–Olkin measure provided evidence of sampling adequacy (.858, $p < .001$), with all commonalities being above the .4 level, while the results of the factor correlation matrix identified no non-diagonal values over .7, thereby providing further evidence of discriminant validity. The Cronbach's (1951) alpha scores for each scale were examined, and all surpassed the .85 thresholds (authentic leadership .90, PsyCap .84, well-being .90, acceptance of change .87, and IWPs .90), easily meeting the Nunnally and Bernstein's (1994) criteria for ensuring internal consistency and acceptable survey inter-item reliability.

Lastly, a confirmatory factor analysis was undertaken. On the basis of this analysis, some deletion of items was deemed appropriate (one item from the authentic leadership scale and two items from the organisational change scales, and covariance between error terms of the structure of the IWP scale was added). The result of the EFA was an adequate five-factor model meeting all standard conventions ($\chi^2/df = 2.10$; goodness-of-fit index = .83; comparative fit index = .90; root mean square error of approximation = .06).

4.2 | Structural model

The default maximum likelihood estimation method was used to determine estimations of the parameters and the overall fit index of the model. Next, directional t -tests were undertaken to determine the critical ratios of the regression weight estimates over the estimates of their standard errors provided in the Amos output (see Figure 2).

Table 1 below presents maximum likelihood estimates for the proposed model. Table 2.

TABLE 2 Hypotheses testing.

H	Hypothesis	Accepted/ rejected	Supported at $p < .05/p < .001$
1	High levels of authentic leadership behaviour are associated with high psychological capital.	Accepted	.001 (replication)
2	High psychological capital is associated with high acceptance of organisational change.	Rejected	
3	High authentic leadership behaviour is associated with high employee well-being.	Accepted	.001 (replication, but new for NPOs)
4	High psychological capital is associated with high employee well-being.	Accepted	.001 (replication)
5	Authentic leadership behaviour is associated with IWB.	Accepted	.001 (replication, but new for NPOs)
6	Employees who accept organisational change are also more likely to engage in IWB.	Rejected	
7	Age is negatively associated with psychological capital.	Rejected	
8	Age is positively associated with well-being.	Accepted	.001 (new information)

Abbreviations: IWB, innovative work behaviour; NPO, non-profit organisation.

5 | DISCUSSION

This paper examined the drivers of IWB within NPOs delivering disability and aged care services in Australia. Social service delivery has been plagued by decades of austerity funding and management models, poor governance, and accountability frameworks, leading to over-worked and under-paid older employees delivering public services under conditions of continuous pressure (Farr-Wharton, Xerri, et al., 2021; Xerri et al., 2019; Aged Care Royal Commission Summary of Final Report, 2021; Disabilities Royal Commission Seventh Progress Report, 2023). These are the very same employees who are expected to accept change and act innovatively to address the chronic struggles in workplaces contracted to deliver social services under conditions of demand for services exceeding supply (Demircioglu et al., 2023; do Adro & Leitão, 2020; Li & Chun, 2020).

Scholars called for research to enhance understanding of the antecedents of IWBs at the individual level of analysis (Demircioglu & Van der Wal, 2022). Previous research has identified the importance of supportive leadership in promoting IWBs, which are argued to be crucial to NPO's sustainability (do Adro & Leitão, 2020; Park et al., 2021). This study adds to existing research about IWBs by examining the proposition that authentic leadership and tolerance of change frequency and uncertainty are key antecedents of IWBs. It builds on Demircioglu and Van der Wal's (2022) work, which identifies IWBs as the most significant predictor of innovation, and provides new information about the antecedents of an 'innovation-enabling culture'. Additionally, the study builds on previous research examining PsyCap and well-being as predictors of IWBs. Using a COR theoretical framework (Hobfoll, 2011), it examined whether authentic leadership behaviours promoted the development of employees' personal resources by building their psychological capacities and well-being enough for them to accept organisational change and embrace IWBs. What is more, we adopt Hartley's (2018) perspective that public leadership is broader than traditionally conceptualised.

Our findings show that authentic leadership has a direct positive effect on PsyCap, employee well-being, and IWBs, and it indirectly affects employee well-being through PsyCap (mediation effect). As such, the study confirms previous findings undertaken in for-profit and public organisations (Adendorff et al., 2021; Černe et al., 2013; Javed et al., 2019) and responds to calls for more research on the type of leadership required in the NPO context (do Adro & Leitão, 2020). It also adds to the knowledge about antecedents of IWBs in line with calls by Hansen and Pihl-Thingvad (2019) and DeVries et al. (2015). Our findings also support previous studies that have shown that PsyCap and age significantly relate to well-being (see Wilks & Neto, 2013).

Contrary to our expectations, PsyCap does not appear to be a significant predictor of employees' acceptance of change, and there was no relationship between employees' acceptance of change and IWB. In terms of COR theory, it was argued that if employees perceive adequate supportive resources, then they were more likely to accept change and have enough personal resources to engage in IWBs (Chen et al., 2016). This is consistent with the findings of Newman et al. (2014), Cerne et al. (2013), and Avey et al. (2008) who have argued that PsyCap provides a personal resource that employees can draw upon, when, for example, supportive leadership and adequate resourcing are unavailable. However, this does not appear to be the case for NPO employees. Indeed, our findings seem to suggest that employees perceive that NPO leaders displayed only some authentic leadership behaviour and therefore it was not surprising that they perceived only some PsyCap and well-being. From a COR theory perspective, this would suggest that NPO leaders engaged in only some behaviours and practices likely to build employees' personal resources (PsyCap). These findings are consistent with those of the Royal Commissions into Aged Care and Disabilities, suggesting that poor leadership, chronic under-funding, and an inadequate governance framework had created the opposite of an 'innovation-enabling culture'. These are not the right conditions for building acceptance of change and IWBs.

Additionally, Brunetto, Dick, et al. (2020) found that half of their sample had very low levels of PsyCap in a pre-test administered to different employees working in aged care before undergoing an upskilling program in PsyCap. Hence, it seems likely that these employees had minimal personal resources to draw upon. Our findings confirm that when employees perceive minimal support from their managers, the outcome is a change-resistant workforce limited in their capacity to innovate because of a lack of support. Whilst do Adro and Leitão (2020, p. 51) argue that '...organisational innovation becomes crucial [for] the sustainability of non-profit organisations (NPOs)', there was minimal evidence of effective leadership in these NPOs, and therefore the low levels of acceptance to change and innovative behaviour were expected.

The limitations of the study are acknowledged. The use of a cross-sectional research design has inherent flaws, however, as Avey et al. (2011) has argued, variables such as PsyCap are subjective in nature and their measurement requires the collection of data through self-report at a specific point in time. Although all possible statistical checks were undertaken (Harman's [1976] single-factor test and the standard latent factor test), common methods variance is still a potential danger to the study's internal validity. Despite, however, the usual caveats of survey-based research (difficulty to support causality, standardised data constrained by the rubric of the questionnaire, issues with variable measurement, etc.), we still believe that the strengths of our research design (replicability of the method, sample size, and generalisability of the findings) far outweigh these limitations.

6 | CONCLUSION

Contracting out of social services is a reality for many countries, with some also experiencing austerity funding and management models. Using COR theory, our study shows that NPO employees

have a limited pool of organisational (from leadership) and personal (from PsyCap) resources to draw upon. This has the effect of eroding their well-being, making them resistant to change, and limiting their IWBs. If low well-being persists over a long period, it will likely trigger a defensive response as a way of preserving their remaining resources (Halbesleben et al., 2013). However, at this time, employees do perceive some PsyCap and well-being. Without more access to supportive resources, however, these employees are at risk of experiencing burnout and adding to the stress-related workers' compensation and mental health disease statistics (Safe Work Australia, 2021).

The contribution of this paper is in empirically showing that authentic leadership provides a plausible explanation about how NPOs could build PsyCap that enables an 'innovation-enabling culture' for their employees. On the other hand, the findings indicate low levels of authentic leadership, which is perhaps another reason as to why poor staffing and governance models have become the norm in the delivery of aged care and disability services. The findings address a gap in identifying the antecedents of an 'innovation-enabling culture' as argued by Demircioglu and Van der Wal (2022). This study shows that authentic leadership and PsyCap are the foundational components for building an 'innovation-enabling culture'. Such a finding has implications for improving the decision making of leaders of NPOs contracted to deliver health and social services. Firstly, the trend towards austerity-driven funding models for delivering social and health services is an ethical issue at the heart of public value that each society must negotiate according to the values and beliefs of that society. In the case of Australia, the society has voiced their concerns in the form of Royal Commissions and given the government a mandate to address the issues of poor funding and governance models presently compromising the quality of services delivered to vulnerable Australians (Australian Government, 2019). Secondly, governments that contract out social and health services have an opportunity to embed better leadership behaviour linked to key quality indicators (such as innovation) in their contract specifications, which means that upskilling is required. When contracting out, improving the governance structure could include building leadership and PsyCap capabilities in NPOs to ensure they understand the link between organisational support structures, processes, and practices and employees' capacity to deliver services effectively to vulnerable clients. This strategy would enhance the quality of services delivered. Thirdly, the age of employees is a crucial component in understanding the complexity of delivering social and health services in many countries. Age did not impact PsyCap in this study, but increased age was associated with increased well-being. This finding suggests that older employees cope better than younger employees working under these conditions. More research is required to understand how this context can provide a springboard for promoting innovative behaviour, especially for the growing number of countries with aging workforces.

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CONFLICT OF INTEREST STATEMENT

The authors declare no conflicts of interest.

DATA AVAILABILITY STATEMENT

Data for replication purposes can be obtained by contacting the authors.

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APPENDIX A

SCALES USED IN THE ANALYSIS

Name	Authors	Items
Authentic leadership	Walumbwa et al. (2008)	My manager seeks feedback to improve interactions with others.
		My manager accurately describes how others view his or her capabilities.
		My manager is willing to admit mistakes when they are made.
		My manager demonstrates beliefs that are consistent with his/her actions.
		My manager makes decisions based on his/her core beliefs.
		My manager solicits views that challenge his or her deeply held positions.
		My manager listens carefully to different points of view before coming to conclusions.
Psychological capital	Luthans et al. (2007)	My manager says exactly what he/she means.
		I feel confident in representing my work area in meetings with management.
		I feel confident contributing to discussions about my workplace's strategy.
		I feel confident presenting information to a group of colleagues.
		If I find myself in a jam at work, I could think of many ways to get out of it.
		Right now, I see myself as being pretty successful at work.
		I can think of many ways to reach my current work goals.
		At this time, I am meeting the goals that I have set for myself.
		I can be on my own, so to speak, at work if I have to.
		I usually take stressful things at work in my stride.
		I can get through difficulty times at work because I've experienced difficulty before.
Employee well-being	Brunetto et al. (2011)	I always look on the bright side of things regarding my job.
		I'm optimistic about what will happen to me in the future as it pertains to work.
		I approach this job as if 'every cloud has a silver lining'.
		Overall, I am reasonably happy with my work life.
		Overall, I fulfil an important purpose in my work life.
		Most days, I feel a sense of accomplishment in what I do at work.
		Overall, I get enough time to reflect on what I do in the workplace.

(Continues)

Name	Authors	Items
Organisational change	Rafferty and Griffin (2006)	Change frequently occurs in my organisation.
		It is difficult to identify when change starts and ends.
		It feels like change is always happening.
		My work environment is changing in an unpredictable way.
		I am often uncertain about how to respond to change.
		I am often unsure about the effect of change on my work unit.
Innovative work behaviours	Janssen (2000)	I create new ideas for difficult issues.
		I search out new working methods, techniques, or apps.
		I generate original solutions for problems.
		I can get support for innovative ideas and solutions.
		I can get approval for innovative ideas and solutions.
		I encourage managers and colleague to be enthusiastic about innovative ideas and solutions.
		I transform innovative ideas into useful applications.
		I introduce innovative ideas into the way I work.
I evaluate how useful an innovative idea will be.		