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The effects of authentic leadership and a positive organisational context

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ABSTRACT

This research concerns itself with the effects of authentic leadership and a positive organisational context.

Gardner, Avolio, Luthans, May and Walumbwa's (2005) authentic leader and follower development model suggests that authentic leadership within a positive organisational context leads to increased authentic followership, which in turn influences positive follower outcomes, and finally leads to sustainable and veritable organisational performance. A research contextual framework, based on Gardner *et al.*'s (2005) model, is developed with one significant change being the repositioning of a positive organisational context as a relatively more significant construct in the development of authentic followership.

The research contextual framework and in particular the correlations between the various constructs are tested. This is performed through a quantitative study based on the completion of a research questionnaire by employees at four South African based services companies. In addition to a general testing of the various correlations, the role of a positive organisational context is specifically investigated in order to shed light on which model better reflects the authentic leadership development process: Gardner *et al.*'s (2005) model or the research contextual framework.

It is also intended that this research will provide insights into whether general authentic leadership theory can be generalised to a South African context.

KEYWORDS

Authentic leadership

A leader who influences people to do things by being true to his or her nature.

An authentic leader comprises of the following four components: positive psychological capital, positive moral perspective, leader self-awareness and leader self-regulation.

Positive organisation context

An organisation that is inclusive, transparent, ethical and strengths-based.

Authentic followership

Followers that comprise of the same four components as authentic leaders namely positive psychological capital, positive moral perspective, leader self-awareness and leader self-regulation.

Positive follower outcomes

Although a wide range of outcomes may arise for authentic followers, this research focuses on three principal outcomes, being trust, engagement and well-being.

Sustainable and veritable performance

Sustainable performance refers to an organisation being able to sustain above-average performance over time. Veritable performance refers to the underlying values that enable the organisation to achieve sustained performance.

DECLARATION

I declare that this research project is my own work. It is submitted in partial fulfilment of the requirements for the degree of Master of Business Administration at the Gordon Institute of Business Science, University of Pretoria. It has not been submitted before for any degree or examination in any other University. I further declare that I have obtained the necessary authorisation and consent to carry out this research.

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CHAPTER 1

INTRODUCTION TO RESEARCH PROBLEM

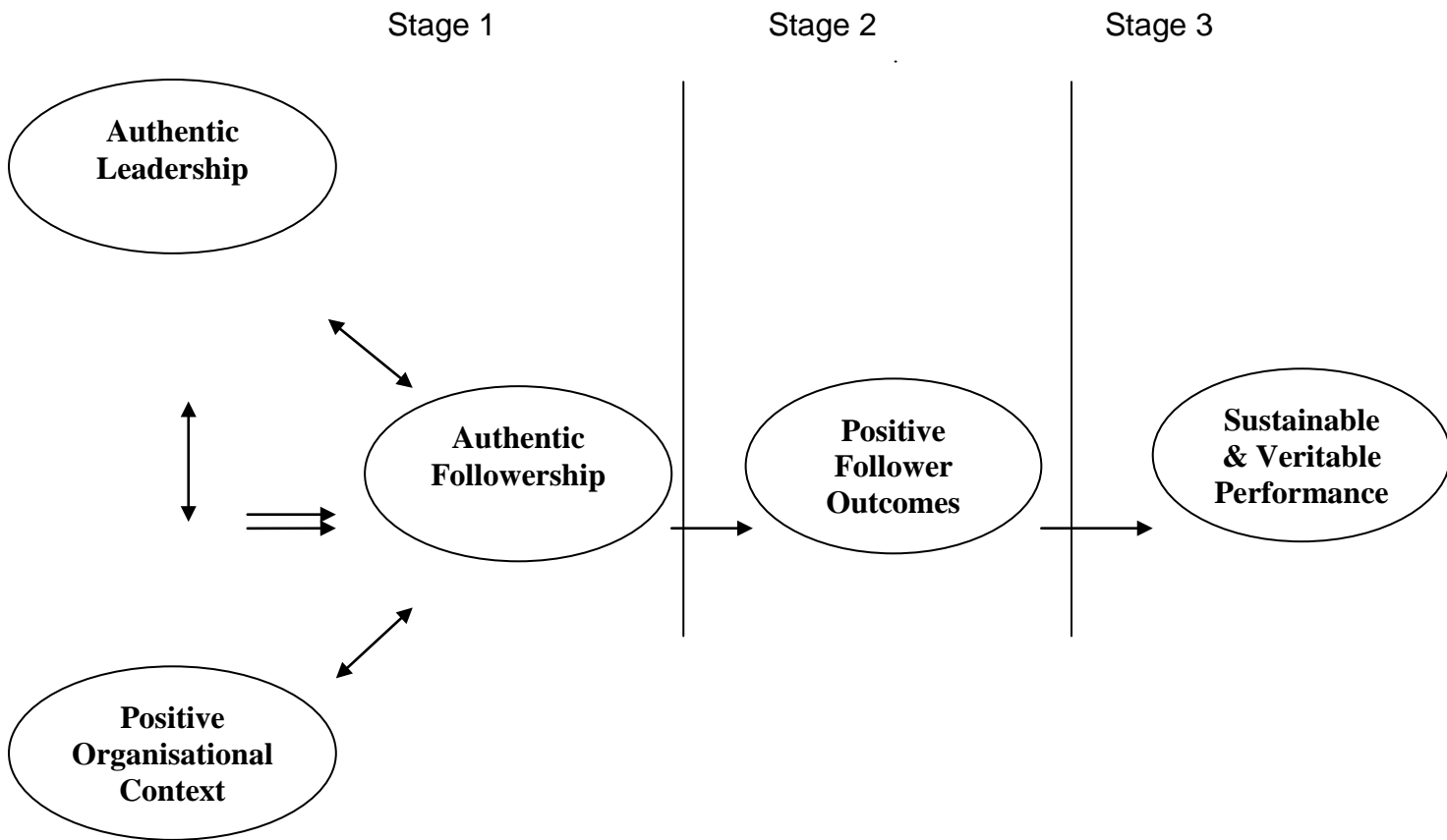
1.1. Introduction

The purpose of this research is to test whether there are correlations between authentic leadership, positive organisational context and authentic followership, and specifically whether a combination of the constructs of authentic leadership and positive organisational context is more highly correlated with authentic followership than either construct in and of themselves. The correlations between authentic followership and positive follower outcomes, and positive follower outcomes and organisational performance, are also tested.

1.2. The Conceptual Framework

The proposed relationships between the above constructs are illustrated in the following research conceptual framework (hereinafter referred to as the conceptual framework).

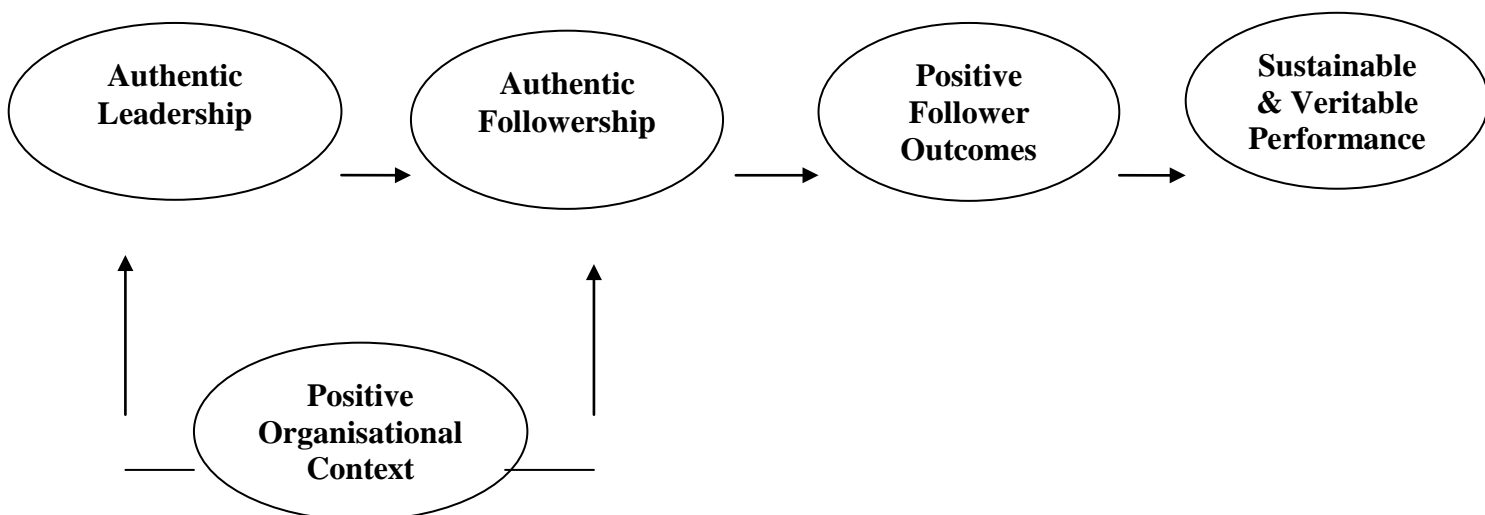
Figure 1: The research conceptual framework for the relationships between authentic leadership, positive organisational context, authentic followership, positive follower outcomes and sustainable and veritable performance



A brief explanation of the contextual framework follows. It is envisaged that authentic leadership and positive organisational context, independently and more so collectively, stimulate authentic followership. The constructs of authentic leadership and positive organisational context are also effected by authentic followership and by each other. Authentic followership, in turn, leads to positive follower outcomes such as trust, engagement and well being, which in turn leads to sustainable and veritable organisational performance.

The contextual framework is derived from Gardner, Avolio, Luthans, May and Walumbwa's (2005) model which has been reproduced in Annexure A. The only significant change to Gardner *et al.*'s (2005) model is the proposed repositioning of positive organisational context as a relatively more significant construct in the interaction between authentic leadership and authentic followership. A summarised version of Gardner *et al.*'s (2005) model is reflected below. This highlights the differing role of organisational context between the research contextual framework, where it is a significant construct in and of itself, and Gardner *et al.*'s (2005) model, where it is a moderator (Gardner *et al.*, 2005; Avolio & Gardner, 2005).

Figure 2: A summarised reproduction of Gardner *et al.*'s (2005) conceptual framework for authentic leader and follower development



This research project tests the contextual framework, in and of itself, and in relation to Gardner *et al.*'s (2005) model.

1.3. Implications for Business

This is an exploratory study, based on the perceptions of employees at four companies in the service industry in South Africa. Notwithstanding the limitations of the above sample set, it is hoped and intended that this study will hold relevance to business in general and business in South Africa, in particular.

The contention of general authentic leadership development theory is that authentic leadership, within a positive organisational context, leads to authentic followership which in turn leads to positive employee outcomes and sustainable and veritable performance (Avolio & Gardner, 2005; Gardner *et al.*, 2005). This research should be seen as a contribution to the existing theory of authentic leadership development in that it will quantitatively test the correlations between the constructs of authentic leadership, positive organisational context, authentic followership, positive employee outcomes and sustainable and veritable performance (hereinafter referred to as the research constructs) in the context of four South African companies in the service industry.

Should a positive correlation between these various constructs be found, this will begin to shed light on the impact of authentic leadership and positive organisational context on the other research constructs. The final outcome of the authentic leadership process, as highlighted in the contextual framework, is sustainable and veritable business performance. This is arguably the prime purpose of business and, as such, this topic is relevant to business.

In more specific terms, this research study is pertinent to the development of, and the improved interplay between, the research constructs. Some of the specific business areas impacted by this study are summarised in the table below.

Table 1: Business areas impacted by this research

Construct	Business Areas
Authentic leadership	Leadership development. Human resource strategies in terms of hiring, promoting and retaining leaders.
Positive organisational context	Measuring of organisational culture. Creation of an effective organisational culture.
Authentic followership	Employee development.
Positive employee outcomes	Employee engagement and productivity. Human resource strategies in terms of hiring, promoting and retaining employees.
Sustainable and veritable performance	Financial and non-financial business performance. Non-financial performance metrics.

This study tests various correlations between the research constructs as highlighted in Chapter 3. The directions and strengths of these correlations will hopefully provide relevance to the way businesses look at the research constructs, whether as independent silos or in a holistic manner.

The use of the designed research questionnaire as a means through which organisations can measure where they stand *vis à vis* the research constructs should be of particular interest to organisations.

1.4. Background

This study has its roots in the relatively new theory of leadership known as Authentic Leadership Development. The initial model of authentic leadership development was developed by Luthans and Avolio in 2003 (Gardner *et al.*, 2005). Despite its emergent status, it has attracted much attention from students of leadership as indicated by three fairly recent special issues dedicated to the topic in the academic journals, *Leadership Quarterly* (2005/1), the *Journal of Management Studies* (2005/42) and *The European Management Journal* (2007/2) (Ladkin & Taylor, 2010).

It is argued that the interest in, and development of, authentic leadership development theory is in response to the challenging times that we live in and the often inadequate response of leaders to these challenges (Avolio & Gardner, 2005). Luthans and Avolio's introduction to their paper, *Authentic Leadership Development*, of 2003 reads as follows:

"In times of swirling negativity, as has occurred in recent years with the dot bombs, September 11 terrorism, gyrating stock values, and the meltdown of

corporate ethics, society in general and organisations in particular turn to leaders for optimism and direction.” (Luthans & Avolio, 2003)

Since Luthans and Avolio’s paper of 2003, it may be argued that the need for authentic leadership development is even greater. The global financial crisis has been attributed by many people to greed. In April 2010, Gordon Brown, the former Prime Minister of the United Kingdom, accused leading investment bank Goldman Sachs of “moral bankruptcy” (www.bbc.com).

1.5. Rationale for research

There are three principal reasons for this research.

Firstly, although there has been considerable conceptual research on authentic leadership in recent years, there has been limited empirical research (Walumbwa, Avolio, Gardner, Wernsing & Peterson, 2008). This research paper, therefore, should be seen as a contribution to the existing empirical research.

Secondly, there has been limited conceptual research into the relationship between positive organisational context and the concepts of authentic leadership and followership. This has been highlighted as an area of future conceptual research by Avolio, Luthans and Walumbwa (2004) and Avolio and Gardner (2005). Walumbwa *et al.* (2008) highlighted organisational culture as a “potential moderator” and an area of further empirical research. This research

paper explores the role of positive organisational context as a potential moderator, or perhaps as a potential construct in and of itself in the area of authentic leadership and followership.

Finally, the effect of cultural context on authentic leadership has been highlighted as an area of future research. This is well expressed by Avolio, Walumbwa and Weber (2009) who argue that “there is a need to examine how authentic leadership is viewed across situations and cultures and whether it is a universally prescribed positive root construct.” Walumbwa *et al.* (2008) concluded from their empirical study into authentic leadership in the United States, China and Kenya that the core components of authentic leadership may be generalised across cultural contexts. The research underpinning this study is performed within South Africa, and should, therefore, provide insights into this area of cultural context.

1.6. Scope of Study

This study will be based on the perceptions of employees at four South African based companies in the broader services industry.

1.7. Conclusion

In conclusion, this research concerns itself with the relationships between authentic leadership, a positive organisational context, authentic followership, positive follower outcomes and sustainable and veritable performance. The

correlations between these constructs are tested in the context of four South African based service companies.

It is hoped that this research will contribute to the existing yet limited empirical research performed in the area of authentic leadership development, that it will shed some light on the role of a positive organisational context in the relationship between authentic leadership and followership, and that it will provide insights into the application of general authentic leadership development theory in a South African context.

It is further hoped that this research will be of relevance to business in general, especially as the final result of the authentic leadership process, as highlighted in the contextual framework, is sustainable and veritable business performance, which is arguably the principal aim of business.

In the following chapter, a theory and literature review of the research constructs and the conceptual framework is performed.

CHAPTER 2

THEORY AND LITERATURE REVIEW

2.1. Introduction

A theory and literature review is performed below in reference to the contextual framework outlined in Figure 1.

There are five principal constructs in the contextual framework which are referred to as the research constructs. These constructs are defined and analysed further below. Prior to a discussion of each construct, the broader areas within which each construct finds itself is briefly explored.

The following table highlights the abovementioned constructs and the broader areas within which they find themselves.

Table 2: Research constructs and their broader fields

Construct	Broader Area
Authentic Leadership	Leadership
Positive Organisational Context	Organisational Culture
Authentic Followership	People Management
Positive Employee Outcomes	
Sustainable and Veritable Performance	Organisational Performance

2.2. Construct 1: Authentic Leadership

The construct of authentic leadership falls within the wider field of leadership.

2.2.1. Leadership

Ciulla, in commenting on Rost's gathering of 221 definitions of leadership provided over a number of decades, states that all of the definitions basically express the same idea, that "leadership is about one person getting other people to do something" (Ciulla, 2002).

Ciulla notes that the 221 definitions differ in two respects; firstly as to "*how* leaders motivate their followers" and secondly as to "*who* has a say in the goals of the group or organisation" (*ibid*). Whilst different societies have moved backwards and forwards along these two continuums over time, being at times prone to more or less autocratic motivation, and at times prone to more or less inclusive goal setting, there has been a general shift in Western society from the 1920s to today.

This shift, as outlined by Ciulla, has been principally brought about by changes in the social environment. In the 1920s, Western leaders largely derived their power from their "position, superior knowledge, control of resources and ability to reward or punish" (*ibid*). Similarly, employees were excluded from the goal setting process. This type of leadership is referred to as transactional leadership. By the end of the twentieth century, however, leadership reflected

more of an *influence* relationship than a *power* relationship. Organisations competed for talent, and in the knowledge economy, the recruitment of talent was not enough; employee engagement, which refers to employees being fully involved in and enthusiastic about their work, was equally important.

Flowing from this shift in leadership requirements, a host of leadership theories emerged. Some of the better known theories to have emerged that reflect this shift include transformational, charismatic, servant and spiritual leadership (Avolio & Gardner, 2005). Authentic leadership has been presented as a “root construct” for the abovementioned theories (*ibid*).

2.2.2. Authenticity

The construct *authentic leadership* is appropriately termed as it is composed of two concepts, namely *authenticity* and *leadership*. Leadership as a background to, and a component of, authentic leadership has been discussed above. A brief explanation of authenticity follows.

Authenticity finds its modern academic roots in the writings of the humanistic psychologists Carl Rogers and Abraham Maslow (Avolio & Gardner, 2005). The concept of authenticity, however, can be found in many early writings. Avolio and Gardner (2005) trace its roots to Ancient Greek Philosophy, while Sparrowe (2005) quotes Polonius’ counsel to Laertes in Shakespeare’s *Hamlet* “to thine own self be true.”

According to Carl Rogers, people have an actualising tendency to become “the self which one truly is” (Rogers, 1961). Rogers conceives of an ideal state of *congruence* where there is no difference between people’s experiential world and their view of themselves. Authenticity per Rogers, therefore, refers to being true to oneself.

Abraham Maslow famously developed his hierarchy of needs of which the highest level of need is the need for self-actualisation. In this respect, Maslow says:

“A musician must make music, an artist must paint, a poet must write, if he is to be at peace with himself. What a man can be, he must be. He must be true to his own nature.” (Maslow, 1970)

Although people have a will to grow and realise their potential, Maslow acknowledges that few people actually do so. Maslow outlines various reasons as to why people do not self-actualise. One of the reasons he provides is a lack of self-knowledge and self-insight (Maslow, 1971). The person, therefore, is not aware of their own needs and depends on external guidance.

Interestingly both Rogers and Maslow conceive of what they respectively term *actualised* and *self-actualised* people as reflecting certain positive psychological and ethical characteristics. In other words, they conceive of the essential person as having these characteristics, albeit that people also have destructive and less intrinsic tendencies.

2.2.3. Authenticity and Sincerity

Before linking the above terms of leadership and authenticity into the construct authentic leadership, it is important to differentiate between sincerity and authenticity as these concepts are often misunderstood. This distinction was highlighted by Erickson (1995).

Based on Linonel Trilling's *Sincerity and Authenticity* (1972), Erickson defines sincerity as the extent to which the self is represented accurately and honestly to others, whilst authenticity is the extent to which one is true to the self. Authenticity therefore does not involve an explicit consideration of "others," but rather is seen as "existing wholly by the laws of its own being" (Erickson, 1995, p. 125).

2.2.4. Authentic Leadership

2.2.4.1. Introduction

If leadership, therefore, refers to getting people to do things, which at the beginning of the 21st century occurs less through power and more through influence (Ciulla, 2002), and authenticity refers to being true to your nature (Rogers, 1961; Maslow, 1970), then it would follow that authentic leadership is broadly about a leader getting people to do things by being true to his or her nature.

Avolio *et al.* (2004) define authentic leaders as “those individuals who are deeply aware of how they think and behave and are perceived by others as being aware of their own and others’ values/moral perspective, knowledge, and strengths; aware of the context in which they operate; and who are confident, hopeful, optimistic, resilient, and high on moral character (p. 4).”

Various authors such as Cooper, Scandura and Schriesheim (2005), however, take issue with such a broad definition which, for example, makes measurement very difficult. Avolio and Gardner (2005) acknowledge the measurement difficulties but nevertheless argue for a multi-dimensional definition due to the underlying complexity of the construct of authentic leadership.

Although the various authors on authentic leadership generally agree on the conception of authentic leadership, there is a very important debate as to whether positive psychological traits and a moral perspective are part and parcel of the construct. Shamir and Eilam (2005), for example, provide the following four characteristics of authentic leaders: (1) authentic leaders are true to themselves (rather than conforming to the expectations of others); (2) authentic leaders are motivated by personal convictions, rather than to attain status, honour or other personal benefits; (3) authentic leaders are originals, not copies; they lead from their own personal point of view; (4) the actions of authentic leaders are based on their personal values and convictions. Avolio and Gardner (2005) note that Shamir and Eilam (2005) purposefully exclude positive psychological traits and a moral perspective from their definition.

Shamir and Eilam's (2005) view of an authentic leader, therefore, is one who is true to his or her self, regardless of whether that self comprises of positive psychological traits or a moral perspective.

Shamir and Eilam (2005) may interestingly find support from the popular business writer Jim Collins, albeit that Collins was discussing great companies whilst they were discussing authentic leaders. Collins, in the Epilogue to his landmark book, *Good to Great* (2001), discusses the fact that the cigarette company, Philip Morris, is the only company to feature in both the eleven great companies highlighted in *Good to Great* and the eighteen visionary companies outlined in *Built to Last* (a book co-authored by Collins in 1994). Collins, in trying to reconcile this finding with the widespread belief that every member of the cigarette industry actively deceived the general public for many years about the health issues related to cigarettes, concludes that:

"... it is not the content of a company's values that correlates with performance, but the strength of conviction with which it holds those values, whatever they might be" (Collins, 2001, p. 215).

Collins, therefore, includes in the characteristics of great companies the fact that they are true to their values. These companies could thus be described as authentic companies if one is to apply Shamir and Eilam's (2005) definition in that they are true to their values, albeit that their values may not be regarded as moral.

Avolio and Gardner (2005), on the other hand, conceive of authentic leadership as, by definition, including a positive psychological and moral perspective. Avolio and Gardner's viewpoint may be based on the views of both Carl Rogers and Abraham Maslow, who as previously mentioned conceived of actualised and self-actualised people respectively as comprising of certain positive psychological and ethical characteristics (Rogers, 1961; Maslow, 1970). The underlying principle behind Rogers (1961) and Maslow (1970), and by extension Avolio and Gardner (2005), appears to be the notion that people *intrinsically* have a positive psychological and moral perspective. They are at the essence of what it means to be human, and the truly authentic person, by definition, is in touch with their essence.

Avolio and Gardner (2005) also refer to positive psychological and ethical characteristics as important antecedents of self-awareness and self-regulatory behaviours, which as indicated below, are widely held core components of authentic leadership.

Authentic leadership, therefore, comprises of certain components. Avolio and Gardner (2005) identify the following four components: positive psychological capital, positive moral perspective, leader self-awareness and leader self-regulation.

2.2.4.2. *Positive psychological capital*

As previously mentioned, various authors include positive psychological capital as a component of authentic leadership (including Avolio, Luthans & Walumbwa, 2004; Avolio & Gardner, 2005; Gardner *et al.* 2005). Luthans and Avolio (2003), for example, list capacities such as confidence, hope, optimism and resiliency as resources of the authentic leader.

Other academics such as Cooper *et al.* (2005), Shamir and Eilam (2005) and Sparrowe (2005) disagree. They argue that the meaning of *authentic* is diluted by reference to positive psychological capital, which makes research into *authentic leadership* difficult. They may consider positive psychological qualities as at best possible antecedents and/or consequences of authentic leadership, but do not believe they are inherent components of authentic leadership.

2.2.4.3. *Positive moral perspective*

As with positive psychological capital, there is a similar debate amongst authors as to whether a positive moral perspective should be included in the definition of authentic leadership. Luthans and Avolio (2003), for example, argue that authentic leaders, by definition, are moral and ethical. Others such as Cooper *et al.* (2005) disagree.

2.2.4.4. *Leader self-awareness*

Fundamental to the concept of authentic leadership is that leaders have heightened levels of self-awareness. May, Chan, Hodges and Avolio (2003, p. 248) state that “knowing oneself and being true to oneself are essential qualities to authentic leadership.”

Self-awareness refers to one’s awareness of their own personal characteristics, values, motives, feelings, and cognitions (Ilies, Morgeson & Nahrgang, 2005). Sparrowe (2005) states that self-awareness has generally been accepted as a component of authentic leadership albeit that it has been conceived of differently by various authors, with some authors conceiving of an awareness of one’s own values (Bass & Steidlmeier, 1999), one’s own purpose (George, 2003) or one’s own voice (Kouzes & Posner, 2002).

Self-awareness is closely linked with self-esteem. This cyclical relationship was highlighted by Ilies *et al.* (2005), who propose that leaders who have a positive self-concept will have greater self-awareness, and that leaders who are more self-aware will experience greater self-acceptance and higher autonomy.

2.2.4.5. *Leader self-regulation*

Whereas self-awareness refers to knowledge of the self, self-regulation refers to incorporating and aligning that knowledge with one’s actions. Avolio and

Gardner (2005) note that self-regulation involves aligning one's intentions and actions.

Self-regulation, in turn, comprises the following elements (Gardner *et al.*, 2005; Ilies *et al.*, 2005):

Internalised

Gardner *et al.* (2005), in drawing from Deci and Ryan's (1995) self-determination theory, describe four types of motivation that reflect progressively higher levels of internalisation and integration. They are, firstly, *external regulation*. This refers to behaviours that are prompted by external consequences of reward and punishment, and that are therefore not internalised. Second, is *introjected regulation*, which involves behaviours that are driven by internal pressures aroused by a sense that that one should perform the behaviour or by feelings of guilt. Third, is *identified regulation*, where the actor identifies with the value associated with a behaviour albeit that he has not yet integrated the value. Finally, *integrated regulation* refers to behaviours that reflect the full internalisation and integration of identified values into the actor's sense of self. The values are coherent with the actor's sense of self and are, therefore, authentic.

Balanced processing

Balanced processing refers to the processing of information that is self-relevant (Ilies *et al.*, 2005). It involves "not denying, distorting, exaggerating or ignoring

private knowledge, internal experiences and externally evaluative information” (Kernis, 2003, p. 14).

Relational transparency

Gardner *et al.* (2005) describe relational transparency as presenting one’s genuine as opposed to “fake” self through selective self-disclosure. This is well expressed as follows; “as authentic leaders come to know and accept themselves, they will display higher levels of trustworthiness, openness, and willingness to share (where appropriate) their thoughts and feelings in close relationships” (*ibid*, p. 358).

Authentic behaviour

Kernis describes authentic behaviour as follows:

“Behaving authentically means acting in accord with one’s values, preferences, and needs as opposed to acting merely to please others or to attain rewards or avoid punishments through acting ‘falsely’ ... Authenticity is not reflected in a compulsion to be one’s true self, but rather in the free and natural expression of core feelings, motives and inclinations” (Kernis, 2003, p. 14).

2.2.4.6. *Conclusion*

In conclusion, the construct of authentic leadership concerns itself with a person getting other people to do things by being true to his or her nature.

Authentic leaders are generally described as leaders who possess the following four components: (1) they have positive psychological capital, (2) they have a positive moral perspective, (3) they are self-aware and (4) they incorporate that awareness into self-regulatory action. There is considerable debate as to whether positive psychological capital and a positive moral perspective should be included in the definition of authentic leadership. That being said, many of the primary authors on authentic leadership consider these elements as an integral part of the definition of authentic leadership (including Avolio, Luthans & Walumbwa, 2004; Avolio & Gardner, 2005; Gardner *et al.* 2005). As such, positive psychological capital and a positive moral perspective have been regarded as key elements of authentic leadership in the measuring instrument of this research.

2.3. Construct 2: Positive Organisational Context

The second construct, that of positive organisational context, falls within the wider field of organisational culture.

2.3.1. Organisational Culture

2.3.1.1. Introduction

The culture of a group or organisation has been defined by Schein (2004, p. 17) as:

“A pattern of shared basic assumptions that was learned by a group as it solved its problems of external adaption and internal integration, that has worked well enough to be considered valid and, therefore, to be taught to new members as the correct way to perceive, think, and feel in relation to those problems.”

2.3.1.2. *Levels of Culture*

The *assumptions* mentioned above by Schein, which form the culture of the organisation, operate at three different levels: artefacts, espoused beliefs and values and underlying assumptions (*ibid*).

Artefacts

Artefacts occur at the surface level and represent the most visible signs of an organisation’s culture. This includes the physical space within which the organisation operates, peoples’ dress and the internal stories told about the organisation. Although artefacts are imminently recognisable, their meanings are not easily decipherable.

Espoused beliefs and values

Espoused beliefs and values occur at a deeper, albeit mostly conscious, level. They represent the beliefs and values of the organisation as manifested, for example, in the stated strategies and goals of the organisation.

Underlying Assumptions

Underlying assumptions, often referred to as paradigms, refer to deeply held, unconscious beliefs that the members of an organisation have come to treat as reality. They have been taken for granted to the extent that there will be very little variation within the organisation, with members finding behaviours based on any other premise to be inconceivable.

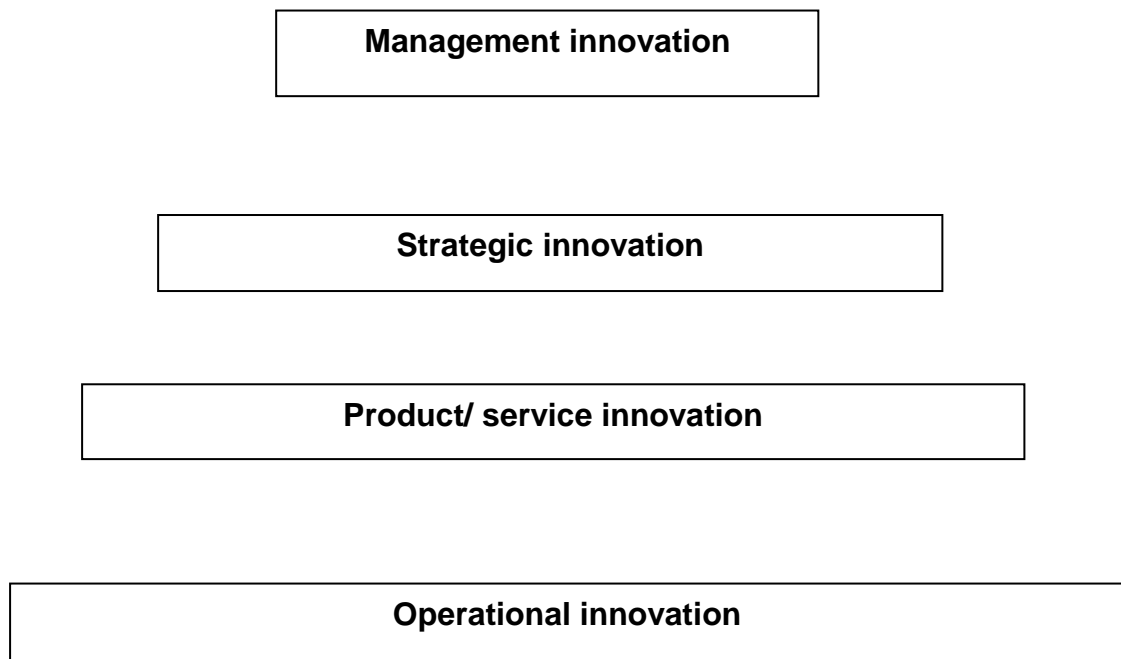
In a congruent organisation, the underlying assumptions inform the espoused beliefs and values as well as the artefacts.

2.3.1.3. *The importance of organisational culture*

Organisational culture, therefore, is heavily influenced by underlying, often unconscious, assumptions. As such, it is very subtle and difficult to imitate or replicate and is, therefore, a source of competitive advantage.

Hamel's (2007) study on innovation provides a very good example of the importance of culture and its potential to be a key source of competitive advantage. Hamel developed an innovation stack in which he listed four levels of innovation and arranged them on a hierarchal basis.

Figure 3: The innovation stack (Hamel, 2007)



The higher tiers represent higher levels of value creation, competitive advantage and competitive defensibility, as these types of innovation are more subtle and harder to copy.

At the base of the pyramid lies operational innovation. Whilst operational excellence is essential, it does not represent a major competitive advantage as operational aptitude can fairly easily be copied.

Although product or service innovation is likewise critical, it too does not provide a long term competitive advantage. Patent protection has become very difficult to enforce and advances in technology and globalisation mean that products and services can be copied overnight.

Strategic innovation represents a further higher level of advantage. Hamel (2007) provides the example of the American airline company, Southwest Airlines, as a company that innovated strategically and successfully by embarking in a new and bold direction. However, he notes that many other airlines managed over time to copy their business model.

At the top of the *innovation stack* lies management innovation. This is the most subtle tier of innovation and is, therefore, the hardest to copy. Management innovation is principally about the creation of an innovative organisational culture.

Whilst Hamel's (2007) *innovation stack* deals principally with innovation, it also provides insights into the importance of organisational culture in general. An innovative organisational culture, per Hamel, represents the most influential type of innovation at an organisation's disposal. It is reasonable to assume that organisational culture plays an important role and represents a competitive advantage in other organisational areas as well.

Certain components of an organisation's culture are seen as important moderators of authentic leadership development (Walumbwa *et al.*, 2008). These components, which are discussed below, form a type of organisational culture referred to as a positive organisational context.

2.3.2. Positive Organisational Context

It is proposed that authentic leaders and followers flourish in organisations that share certain cultural characteristics (Avolio, 2003). Authentic leaders and followers naturally also help to create an organisational environment composed of these same characteristics. A term that has been used to incorporate these cultural characteristics, which are described in more detail below, is positive organisational context (Luthans & Avolio, 2003).

The elements that have in the main been listed as components of the construct *positive organisational context* are inclusivity, transparency, ethical and strengths-based (Avolio & Gardner, 2005; Gardner *et al.*, 2005). These elements are described in further detail below.

2.3.2.1. Inclusivity

Inclusivity may be defined in two ways. Firstly it may be defined in relation to management. Secondly it may be defined in relation to organisational culture. This is explored below.

a) Inclusivity in relation to management

This relates to employees feeling that their points of view are taken into consideration and that they are included in the organisation's decision making process. The well-known businessman, Richard Branson, recently wrote an

article from a practitioner's point of view appropriately called *Don't leave employees on the outside looking in* (Branson, 2010). Branson argues that managers must make the effort to help employees feel like valued insiders. A feeling of inclusivity, which implies a level of acceptance, should lead to greater authentic followership and positive employee outcomes. As employees are generally closest to operations and customers, greater inclusivity should also lead to more relevant decision making and improved organisational performance.

b) *Inclusivity in relation to organisational culture*

In the modern organisation there are often a diverse group of people, whether by nationality, culture, gender, beliefs or a host of other factors. Diversity is a significant factor in South African organisations due to the heterogeneous nature of the South African workforce.

An organisation that is inclusive of diverse people should enable its people to feel comfortable to be themselves or, in other words, to be authentically themselves. Inclusivity should have additional benefits in that the organisation's diversity may be harnessed to lead to creative and diverse thinking.

It is important to note that an inclusive organisational culture goes beyond diversity as defined by a diverse employee base. An organisation may be diverse but not inclusive. The differences between inclusivity and mere diversity are outlined in the table below, which is based on Schomer (2000).

Table 3: Differences between an inclusive culture and a diverse culture (based on Schomer, 2000).

Inclusivity	Diversity (without inclusivity)
Differing approaches to solving problems are encouraged.	Only approaches to problem solving that fit with the prevailing leadership culture or the dominant social group are utilised.
Differing strengths of diverse management styles are utilised.	A single management style is utilised.
Varied approaches to managing and developing people are used for different people.	A one-size-fits-all approach to managing and developing people is used.
The symbols, narratives and rituals of the company speak to a wide range of employees.	The symbols, narratives and rituals of the company re-enforce in-group identities at the expense of others
Recruitment, career-tracking and promotion processes genuinely seek to develop diversity at all levels.	There are blinders in recruitment, career-tracking and promotion processes which perpetuate stereotypical roles for different groups of people.
The company promotes after-hours social interactions and professional networking across diverse groups of people.	Diversity exists only in the immediate job context.

2.3.2.2. *Transparency*

Transparency is a second component of a positive organisational context. Transparency, as an element of organisational context, principally refers to the communication of strategy from management ‘downwards’ through the organisation, as well as communication or knowledge management ‘across’ the organisation. These two elements of organisational transparency, namely vertical and horizontal transparency, are now explored.

a) Vertical Transparency

Vertical transparency principally refers to transparent communication from management downwards through the organisation. Although all transparent communication is important, the communication of strategy is an especially important area (Berggren & Bernshteyn, 2007).

Berggren and Bernshteyn (2007) argue that organisations that communicate their strategy “downwards” through an organisation in a transparent manner will perform better. Not only will employees understand the strategy of the organisation and, as such, will pull in the same direction, but they will also feel safer and more included in the organisation. This should lead to greater employee engagement.

Berggren and Bernshteyn (2007) describe four levels of transparency. At the first level of transparency, an organisation does not reveal its strategy to its own

employees. This is often done to prevent competitors from obtaining key information from the organisation's employees.

The second level of transparency relates to an ambiguous strategy where management does not share a clear view on the organisation's strategy. This is typical of organisations that house a number of different business units.

A third level of transparency refers to organisations that have developed a clear strategy, but have not clearly communicated it throughout the organisation.

Finally, the fourth and highest level of transparency relates to organisations that have a clear strategy and which communicate that strategy throughout the organisation. The strategy is further translated into action through the setting of actionable goals, aligned to the strategy, for each employee.

It should be noted that transparency may also take place 'upwards' in an organisation. An example of upwards transparency, as provided by Berggren & Bernshteyn (2007), relates to the music company, Capitol Records, where the employees of the company communicated their frustrations with their Chief Executive to the leadership of the company's holding company.

b) Horizontal Transparency

A further element of a positive organisational context is where there is horizontal transparency. This refers to a culture where employees are

transparent with each other. A tangible example of horizontal transparency is knowledge management.

Knowledge management is an important and emerging business area. It refers to the sharing and storing of knowledge across an organisation.

Davenport and Prusak (1998) argue that most knowledge management projects have one of three aims:

- (1) to make knowledge visible;
- (2) to build a knowledge infrastructure in terms of a technical system and a web of connections among people; and
- (3) to develop a knowledge-intensive culture by encouraging knowledge sharing, as opposed to hoarding, as well as promoting knowledge seeking.

It is this third aim of building a knowledge-intensive culture that is particularly relevant to authentic leadership and authentic followership. A culture whereby knowledge is shared and sought is one that leads to authenticity. The sharing of knowledge without fear should enable employees to feel safer to be themselves. The seeking of knowledge should be related to greater general awareness and self-awareness, which is a key component of authenticity.

2.3.2.3. *Ethical*

The third component of a positive organisational context is that of an ethical organisation. This has been defined as an organisation that deviates positively from regular organisations with regards to ethical matters (Caza, Barker & Cameron, 2004). Members of such organisations exceed industry or societal norms in ethics through their thoughts, feelings and behaviour, and in so doing enact a *living* code of ethics, as opposed to merely a *documented* code of ethics (Verbos, Gerard, Forshey, Harding & Miller, 2007). This living code of ethics results in the organisation's members having a deep sense that ethical behaviour is not only right, but is the only way to act within the organisation. The organisation's ethical code takes into account the cultural context within which it finds itself (*ibid*).

Positive ethical organisations are characterised by ethical practices that: (1) are modelled by authentic leaders; (2) are infused through an organisational context in which formal and informal structures, processes and systems, are aligned with ethical practices; and (3) are sustained by an organisational culture in which a heightened ethical awareness contributes to a positive climate regarding ethics (*ibid*).

2.3.2.4. *Strengths-based*

The final component of a positive organisational context is that of a strengths-based organisation which focuses on and leverages off its members' strengths.

The concept of a strengths-based organisation has its roots in positive psychology. Two of the most influential proponents of positive psychology, Seligman and Csikszentmihalyi (2000), have noted that most modern psychology is focussed on the identification of deficits and pathologies as opposed to virtues. Their contention was that psychological theories and practices need to shift to a focus on strengths; in other words, to that which is positive.

Wiseman, Clifton and Liesveld (2004) argue that there is much evidence to support the idea that far greater results derive from leveraging off one's natural abilities as opposed to overcoming one's weaknesses. Whilst it is important to use one's strengths, it is equally important to understand and accept one's faults, or what is sometimes referred to as one's shadow self. Where a person denies their weaknesses, they sacrifice their authenticity (George, 2003).

The strengths-based organisation focuses on and builds talent, and understands and manages weaknesses. The central focus, however, is on the utilisation of strengths. This is largely performed through talent identification and strengths development practices, performed informally by management and formally through business structures (Clifton & Harter, 2003).

2.3.3. Conclusion

In conclusion, organisational culture is seen as an important factor in organisational performance (Schein, 2004; Hamel, 2007). The particular aspects of an organisation's culture that encourage authentic leadership development are inclusivity, transparency (vertical and horizontal), ethical and strengths-based. These components comprise what is referred to as a positive organisational context.

It is posited in the contextual framework that authentic leadership and a positive organisational context stimulate authentic leadership.

2.4. Construct 3: Authentic Followership

The third construct, as indicated in the contextual framework, is that of authentic followership. As with the fourth construct, which is positive employee outcomes, authentic followership falls within the wider area of people or human resource management.

2.4.1. People Management

The members of an organisation have always been of key importance to the success of the organisation, as evidenced by the adage that "people are your most important asset." The importance of people carries even greater weight in the globalised world and knowledge economy where organisations' competitive

advantage largely lies in their people. This refers not only to the quality of the people in an objective sense, but the engagement of the people on an ongoing basis to further the goals of the organisation.

Authentic followership and authentic leadership are regarded as important indicators of successful people management. Authentic followership is now discussed.

2.4.2. Authentic Followership

2.4.2.1. Introduction

The same four components that constitute authentic leadership also constitute authentic followership. The authentic follower, therefore, exhibits positive psychological capital, positive moral perspective, self-awareness and self-regulation (Avolio & Gardner, 2005). Follower self-awareness is specifically explored below.

2.4.2.2. Follower self-awareness

Just as self-awareness and self-acceptance are essential components of authentic leadership, they are also basic to the development of authenticity amongst followers (Kernis, 2003).

It is expected that followers with higher self-awareness will respect and be drawn to authentic leaders. In the event that the authentic leader's values and goals are incongruent with those of the self-aware follower, then the follower will respect the leader but will not willingly follow him or her. On the other hand, where the follower's values are aligned with those of the authentic leader, then it is likely that the follower will happily follow the leader and possibly develop into a leader themselves (Gardner *et al.*, 2005).

It is expected that followers with low self-awareness will respond in two broad ways to authentic leaders. Firstly, low self-aware followers may be attracted to the leader's own self-awareness and identify with the leader's goals. However, as the follower's goals are not sourced from their inner core and are rather imported from an external source, their goals lack authenticity (Kernis, 2003). As such, the follower will not exude the deep passion that emerges from authenticity (Rosengren, 2006).

Secondly, followers with low self-awareness may respond to authentic leaders with defensiveness (Campbell, Trapnell, Heine, Katz, Lavallee & Lehman, 1996). They may feel threatened and confused by the authenticity and transparency of the leader which could inhibit their building of a relationship with the leader (Gardner *et al.*, 2005).

In both of the above instances, however, it is expected that the follower will begin to develop their own authenticity, especially if the leader exhibits consistent and respectful behaviour (*ibid*). Authentic leaders will also attempt to

encourage followers to develop their own self-knowledge as opposed to encouraging mere copying of themselves (Howell & Shamir, 2005).

2.4.2.3. Conclusion

Authentic followership, therefore, refers to followers who exhibit positive psychological capital, positive moral perspective, self-awareness and self-regulation.

The relationships between the constructs of authentic leadership, positive organisational context and authentic followership are now discussed.

2.5. Relationships between authentic leadership, positive organisational context and authentic followership

2.5.1. Introduction

We have up until now discussed the first three constructs in and of themselves being authentic leadership, positive organisational context and authentic followership. We will now discuss the interactions between these three constructs. As indicated by the connecting arrows in the contextual framework, it is proposed that there are seven causative relationships between the three constructs.

An explanation of these relationships follows.

2.5.2. Authentic leadership's influence on authentic followership

2.5.2.1. Introduction

The classical causative relationship that is highlighted in the literature on authentic leadership is the positive effect or influence of authentic leadership on authentic followership (Avolio & Gardner, 2005; Gardner *et al.*, 2005).

It is posited that this influence takes place through various mechanisms. These mechanisms, largely based on Ilies *et al.* (2005), include the following:

2.5.2.2. Positive Modelling

One of the primary mechanisms through which authentic leaders positively influence their followers is through positive modelling (Gardner *et al.*, 2005). This mechanism may be contrasted with the popular parental idiom “do as I say, not as I do.” The concept of positive modelling is that followers, including children, are more influenced by their leaders’ behaviour than their words.

Authentic leaders seek to model positive psychological capabilities such as confidence and commitment, high ethical standards, self-awareness and self-regulatory behaviours (Luthans & Avolio, 2003). As followers in the modern organisation are generally exposed to their leaders for many hundreds of hours, leaders will only be able to successfully model the above capabilities if they truly

possess them, as opposed to merely fabricating them. In fact, it may be argued that positive modelling largely takes place unintentionally, as the leader goes about his or her regular affairs.

Through modelling the above capabilities, authentic leaders encourage their followers “to likewise embark on a process of self-discovery” (Gardner *et al.*, 2005, p. 359), whereby they seek greater self-awareness and act upon that awareness through self-regulatory behaviours.

Effective positive modelling generally takes place where the person being modelled is held by the follower to be a person of high credibility, prestige and trustworthiness (Bandura, 1997).

2.5.2.3. *Personal identification*

A second mechanism through which authentic leaders influence their followers is through personal identification. This occurs where the follower identifies with their leader. Personal identification often occurs where there is a high degree of value congruence amongst leaders and followers (Ilies *et al.*, 2005).

2.5.2.4. *Emotional contagion*

As leaders and followers work together on a daily basis, there is a convergence of emotions and moods. This process is referred to as emotional contagion.

Positive emotions have been found to be especially contagious (Fredrickson, 2003).

Ilies *et al.* (2005) note that authentic leaders experience more positive affective states than unauthentic leaders. Therefore, their followers, through emotional contagion, will experience more positive affective states as compared to followers of unauthentic leaders. A positive affective state, in turn, is both an antecedent and component of authentic followership and positive employee outcomes.

2.5.2.5. *Supporting self-determination*

A fourth mechanism through which authentic leaders influence their followers is through their support of their followers' self-determination (Ilies *et al.*, 2005). Authentic leaders are more likely to support follower self-determination by providing support for autonomy, providing non-controlling positive feedback and acknowledging their followers' perspectives (Deci, Connell & Ryan, 1989). This in turn has a positive effect on followership authenticity and positive employee outcomes.

2.5.2.6. *Positive social exchanges*

Finally, through the development of good relationships with their followers, authentic leaders are able to stimulate positive employee outcomes. The principle of social exchange refers to the perceived obligation of followers to

reciprocate high quality relationships with their leaders. Authentic leaders, therefore, through the development of positive social exchanges, are able to influence their followers to be more authentic and experience positive outcomes (Ilies, 2005).

2.5.3. Authentic followership's influence on authentic leadership

Authentic followership also influences authentic leadership (Avolio & Gardner, 2005). As followers exhibit the components of authenticity, namely positive psychological capital, positive moral perspective, self-awareness and self-regulation, they positively influence their leaders to be more authentic.

It is expected that the intensity of influence of followers on leaders will not be as strong as that of leaders on followers. Nevertheless, it is posited that authentic followership positively influences authentic leadership.

2.5.4. Authentic leadership and positive organisational context

Schein (2004) argues that organisational culture largely derives from three sources being (1) the beliefs, values, and assumptions of the founders of the organisation; (2) the learning experiences of group members; and (3) new beliefs, values and assumptions brought in by new members and leaders. It is, therefore, evident that both leaders and followers effect the culture of an organisation, albeit that leaders and especially founders have a greater influence on culture (*ibid*) .

It would appear to follow that authentic leaders and followers will help create a positive organisational context that is inclusive, transparent, ethical and strengths-based. In other words, they will help create an environment that best reflects their personal attributes and that is most conducive to their personal growth.

The creation of a positive organisational context does not take place automatically but rather takes a considerable amount of conscious work on the part of leaders and followers (Gardner *et al.*, 2005).

Whilst authentic leadership and followership assist with the creation of a positive organisational context, a reciprocal relationship also takes place. This is now discussed.

2.5.5. Positive organisational context and authentic leadership

A positive organisational context provides greater opportunities for authentic leadership and followership to be sustained (Avolio, 2003). Avolio *et al.* (2005) describe this relationship as follows:

“Many years ago Perrow (1970, p. 6) succinctly stated: ‘leadership style is a dependent variable which depends on something else.’ That “something else” is “the historic context in which they [leaders] arise, the setting in which they function ... They are an integral part of the system, subject to the forces that

affect the system ... In the process leaders shape and are shaped' (Gardner, 1993, p. 1)."

Thus, organisational context does not only function as a dependent variable of leadership action, but also as a variable of influence on leadership (Porter & McLaughlin, 2006).

An organisational context which is inclusive, transparent, ethical and strengths-based should encourage its leaders and members to be more authentic.

2.5.6. *The combination's influence on authentic followership*

It is proposed that the combination of authentic leadership and positive organisational context has a greater effect on authentic followership than either authentic leadership or positive organisational context alone. This is indicated in the contextual framework by the use of the double connecting arrow. It is proposed that consistent, reinforcing messages from leadership and the organisation's culture will have a multiplier effect of sorts such that $1+1=3$.

Gardner *et al.*'s (2005) model reflects a positive organisational context as a moderator of authentic leadership and authentic followership. The research contextual framework, on the other hand, posits that a positive organisational context plays a more significant role in the authentic leadership development process. As such, positive organisational context is reflected as a research construct in and of itself, and the combination of authentic leadership and

positive organisational context is shown to have a greater effect on authentic followership than either authentic leadership or positive organisational context alone. The two models are tested further below.

2.5.7. Conclusion

In conclusion, it is posited that the first three constructs of the contextual framework are all effected by and affect each other, and that the combination of authentic leadership and positive organisational context has a multiplier effect on authentic followership.

In terms of the contextual framework, authentic followership leads to a fourth construct, positive follower outcomes, which is now explored.

2.6. Construct 4: Positive follower outcomes

2.6.1. Introduction

Positive follower outcomes, as with authentic followership, falls within the general field of people management. Although a wide range of outcomes may arise for authentic followers, Gardner *et al.* (2005) highlight three principal outcomes, being trust, engagement and well-being.

2.6.2. Trust

The authentic leader, supported by a positive organisational context, is expected to build a strong and resilient psychological contract based on trust with his or her followers (Gardner *et al.*, 2005).

Gardner *et al.* (2005) outline three different levels of trust. At an initial level, there is *conditional trust* whereby trust in the leader's actions and decisions is based upon an understanding of the rationale behind them. Authentic leaders are transparent and, as such, engender conditional trust. As followers continue to sense that their leaders are authentic and that they have their followers' interests at heart, they develop a second, higher level of trust referred to as *relationally-based trust*. This means that followers will continue to trust in their leader even when their leader violates certain preconditions or expectations that the follower may have. Over time, and as the leader's intentions are clarified through repeated interactions, a deeper *developmental trust* emerges

Of course it is important that the leader is authentic and that the trust is therefore well placed (Avolio, 1999). There have, after all, been many cases of leaders, especially charismatic leaders, who have built deep trust amongst followers and then violated that trust for their own selfish interests.

2.6.3. Engagement

A second outcome of authentic followership outlined by Gardner *et al.* (2005) is follower engagement. Engagement has been found to be strongly related to a sense of meaning at work, which is in turn influenced by the nature of the work itself, high quality co-worker relations and the fit between individuals and their work roles (May, 2004). Employee engagement refers to the individual's involvement with and enthusiasm for their work (Harter, 2002).

It is expected that authentic leaders will facilitate follower engagement by helping followers discover their own strengths and assisting them to use those strengths, such that there is a better fit between work roles and the authentic self (May, Gilson & Harter, 2004).

2.6.4. Workplace well-being

Workplace well-being is seen as a third outcome of authentic followership (Gardner *et al.*, 2005). Ilies *et al.* (2005) differentiate between hedonic happiness and eudaemonic well-being. Hedonic happiness refers to the subjective feeling of pleasantness as opposed to unpleasantness, to pleasure as opposed to pain. Eudaemonic well-being, in contrast, refers to "living in a manner that actively expresses excellence of character or virtue" (Ilies *et al.*, 2005, p. 375 referring to Haybron, 2000, p. 210). Eudaemonic well-being occurs when one is fully engaged in an activity and existing as one's true self. It is

closely linked to peak experiences of interest, motivation and joy, or what Csikszentmihalyi calls *flow* (Csikszentmihalyi, 2003; Ilies *et al.*, 2005).

Closely linked to the concept of well-being is the concept of passion. Bringing passion into our lives is “insanely simple” because it springs from simple authenticity. It is “the energy that comes from bringing more of *you* into what you do. In essence, passion comes from being who you are.” (Rosengren, 2006).

2.6.5. Conclusion

In conclusion, the contextual framework indicates that authentic followership leads to positive follower outcomes. These outcomes comprise trust, follower engagement and workplace well-being.

2.7. Authentic followership and positive follower outcomes

As highlighted in the contextual framework, it is expected that authentic leadership within a positive organisational context will lead to authentic followership. This means that followers will exhibit positive psychological capital, a positive moral perspective, self-awareness and self-regulation. They will also feel aligned with their leader/s and their organisation.

In terms of the above, it should follow that authentic followers will experience the abovementioned positive follower outcomes of trust, engagement and

workplace well-being. They should experience (1) trust through the transparent relationship with their ethical leader and (2) engagement and well-being through being more self-aware, utilising their strengths and identifying with their organisation.

The final stage of the contextual framework, and the stage of most concern to business, is that of sustainable and veritable performance.

2.8. Construct 5: Sustainable and veritable performance

Sustainable and veritable performance falls within the field of organisational performance.

2.8.1. Organisational Performance

Performance can only be defined with regards to goals. An army's goal may be to win a war, a sports team may endeavour to win an event and businesses generally seek to increase turnovers, improve market share, improve efficiencies and increase profits and returns. Performance relates to achieving the goals of the relevant organisation.

2.8.2. Sustainable performance

The concept of sustainable performance traces its roots to the literature on strategic management and particularly the work of Michael Porter (Avolio &

Gardner, 2005). Sustainable performance refers to a firm being able to sustain an above-average performance over time. It is related to a firm having a sustainable competitive advantage which other firms are unable to duplicate. Porter (1985) outlines various industry and firm characteristics that provide a competitive advantage. Hamel (2007), as referred to earlier, highlights different levels of innovation as sources of sustained competitive advantage.

Authentic leadership theory posits that authentic leadership within a positive organisational context represents a source of sustained competitive advantage. Authentic leadership is very difficult for competitors to copy, as, by its very definition, it cannot be copied from without but must rather be developed from within. As highlighted in the contextual framework, authentic leadership which is framed within a positive organisational context leads to authentic followership and positive follower outcomes, which have a direct effect on organisational performance. Authentic leadership, therefore, represents a source of sustained competitive advantage which should ultimately lead to sustained performance.

2.8.3. Veritable performance

Veritable performance refers to the underlying values that enable the organisation to achieve sustained performance. It includes, for example, financial, human, social and psychological capital returns and the psychological contract with employees (Avolio & Gardner, 2005) and other stakeholders.

2.8.4. Conclusion

In conclusion, the *performance* construct indicated in the contextual framework refers to performance that is both sustainable and veritable. Performance is the final stage of the contextual framework which flows initially from authentic leadership in a positive organisational context, and thereafter from authentic followership and positive follower outcomes.

2.9. Positive follower outcomes and sustainable and veritable performance

Now that we have defined sustainable and veritable performance, we will discuss how the positive employee outcomes of trust, engagement and workplace well-being have an effect on performance.

2.9.1. The effects of follower trust

Well placed trust in leadership has been shown to lead to various positive organisational outcomes: (1) it leads to improved communication and the relaying of important information from followers to leaders; (2) it promotes organisational citizenship behaviour, which refers to any behaviour that is not prescribed by an individual's job description and yet is beneficial to the organisation. Examples of organisational citizenship behaviour include working after hours and informally mentoring new employees; (3) it encourages learning and knowledge sharing; (4) it helps to reduce undesired employee turnover where productive employees voluntarily leave the organisation; and finally (5) it

leads to improved performance at a team or organisational level. (Burke, Sims, Lazzara & Salas, 2007).

2.9.2. *The effects of engagement*

Employee engagement has been demonstrated to have a positively strong association with critical business performance outcomes, including customer satisfaction, productivity, profit, employee turnover and safety (Harter, Schmidt & Hayes, 2002; Macey, Schneider, Barbera & Young, 2009).

2.9.3. *The effects of workplace well-being*

It has been shown that followers who experience higher workplace well-being perform better in terms of being more co-operative, helpful to colleagues, punctual and time-efficient. They spend more days at work, stay with the company longer and receive higher performance ratings (Harter, Schmidt & Keyes, 2002).

2.9.4. Conclusion

In conclusion, various research has been conducted which supports the notion, outlined in the contextual framework, that the positive follower outcomes of trust, engagement and workplace well-being lead to sustained and veritable organisational performance.

2.10. Conclusion to theory and literature review

A theory and literature review was performed with reference to the contextual framework.

The five constructs in the contextual framework, being authentic leadership, positive organisational context, authentic followership, positive employee outcomes and sustained and veritable performance, were discussed in the following three ways. Firstly the broader academic and business area within which each construct finds itself was considered, secondly each construct was defined and explored in and of itself, and finally each construct was discussed in relation to each adjacent construct in the contextual framework.

In the following chapter, the research hypotheses are outlined.

CHAPTER 3

RESEARCH HYPOTHESES

3.1. Introduction

Various hypothesis tests have been conducted. A hypothesis test that a researcher is trying to support is referred to as an alternative hypothesis or research hypothesis. The opposite of the alternative hypothesis is the null hypothesis, which represents the current thinking or status quo that the researcher is trying to reject. The burden of proof is on the alternative hypothesis (Albright, Winston & Zappe, 2009).

The null and alternative hypotheses of this research study are stated below. The null hypotheses are depicted by H_0 . The alternative hypotheses are depicted by H_a .

3.2. Hypotheses

The hypotheses of this research study are outlined below:

3.2.1. Hypothesis 1

$H_0\#1$: There is no statistically significant correlation between perceived *authentic leadership* and *authentic followership*.

H_a#1 : There is a statistically significant correlation between perceived *authentic leadership* and *authentic followership*.

3.2.2. Hypothesis 2

H₀#2 : There is no statistically significant correlation between perceived *positive organisational context* and *authentic followership*.

H_a#2 : There is a statistically significant correlation between perceived *positive organisational context* and *authentic followership*.

3.2.3. Hypothesis 3

H₀#3 : There is no statistically significant correlation between the combination of perceived *authentic leadership* and perceived *positive organisational context* (“combination” hereinafter) on the one hand and *authentic followership* on the other.

H_a#3 : There is a statistically significant correlation between the combination, as defined above, on the one hand and *authentic followership* on the other.

3.2.4. Hypothesis 4

H₀#4 : In the event that the null hypotheses 1, 2, and 3 are rejected, the correlation between the combination, as defined above, and *authentic followership* is not statistically significantly larger than the correlation between perceived *authentic leadership* and *authentic followership*.

H_a#4 : In the event that the null hypotheses 1, 2, and 3 are rejected, the correlation between the combination, as defined above, and *authentic followership* is statistically significantly larger than the correlation between perceived *authentic leadership* and *authentic followership*.

3.2.5. Hypothesis 5

H₀#5 : In the event that the null hypotheses 1, 2, and 3 are rejected, the correlation between the combination, as defined above, and *authentic followership* is not statistically significantly larger than the correlation between perceived *positive organisational context* and *authentic followership*.

H_a#5 : In the event that the null hypotheses 1, 2, and 3 are rejected, the correlation between the combination, as defined above, and *authentic followership* is statistically significantly larger than the correlation between perceived *positive organisational context* and *authentic followership*.

3.2.6. Hypothesis 6

H₀#6: There is no statistically significant correlation between perceived *authentic leadership* and perceived *positive organisational context*.

H_a#6: There is a statistically significant correlation between perceived *authentic leadership* and perceived *positive organisational context*.

3.2.7. Hypothesis 7

H₀#7 : There is no statistically significant correlation between *authentic followership* and *positive follower outcomes*.

H_a#7 : There is a statistically significant correlation between *authentic followership* and *positive follower outcomes*.

3.2.8. Hypothesis 8

H₀#8 : There is no statistically significant correlation between perceived *authentic leadership* and the length of time the leader has led the follower.

H_a#8 : There is a statistically significant correlation between perceived *authentic leadership* and the length of time the leader has led the follower.

3.2.9. Hypothesis 9

H₀#9 : There is no statistically significant correlation between *positive follower outcomes* and perceptions of past business unit *performance*.

H_a#9 : There is a statistically significant correlation between *positive follower outcomes* and perceptions of past business unit *performance*.

3.3. Significance Level

For the purposes of the hypothesis testing as set out above, each null hypothesis is rejected if the likelihood of randomly achieving the calculated correlation, assuming each respective null hypothesis, is less than the significance level (α). To be fairly conservative, α has been set as 5%.

3.4. Conclusion

Various hypothesis tests, as outlined above, have been tested. In the following chapter, the research methodology and design are discussed.

CHAPTER 4

RESEARCH METHODOLOGY AND DESIGN

4.1. Introduction

This exploratory research, in which the contextual framework is tested, follows a quantitative research design. Primary data was obtained through the circulation of an online questionnaire to employees at four South African based service companies. The questionnaire included questions relating to the five research constructs. The correlations between the various research constructs were then analysed to support or reject the alternative hypotheses.

4.2. Quantitative Analysis

Quantitative analysis has been performed. This study could have been performed utilising qualitative analysis, and it is suggested that this be performed in future research. However, it was decided to utilise quantitative analysis in order to show the direction and size of the interactions of the research constructs based on a fairly large sample.

4.3. Descriptive Design

A descriptive design has been undertaken. It was expected, as outlined in the literature review, that the first three constructs of authentic leadership, positive

organisational context and authentic followership would be interrelated, with each construct effecting and being affected by the two other constructs. A causal design with regard to the direction of the interaction between these constructs would, therefore, have proven very difficult to perform.

The contextual framework does highlight two one-way causal relationships being (1) the effect of authentic followership on positive follower outcomes, and (2) the effect of positive follower outcomes on sustainable and veritable performance. However, the measurement of the effect of one construct on the other would be complex. In the case of the effect of authentic followership on positive follower outcomes, it can easily be argued that positive follower outcomes are not only affected by, but also have an effect on, authentic followership, as engaged, trusting and happy followers most likely feel more safe to be authentically themselves. Further, as with all studies on causation, it could be argued that positive follower outcomes, although possibly correlated with authentic followership, are not necessarily caused by authentic followership.

In the case of the influence of positive follower outcomes on sustainable and veritable performance, the measurement of the effect of the former construct on the latter construct would also prove difficult to perform as it could be argued that strong business performance, albeit correlated with positive follower outcomes, is not necessarily caused by positive follower outcomes. A causal design has, therefore, not been utilised.

An exploratory design has also not been utilised as there is extensive conceptual research in this area and accordingly positive correlations are expected.

Therefore a descriptive design, as opposed to a causative design on the one side and an exploratory design on the other, has been used.

4.4. Participants, Population and Sample

4.4.1. Participants

4.4.1.1. Introduction

The research questionnaire was circulated to all employees with company email and internet connectivity at four South African based services companies. These employees represent *followers* in the contextual framework. The definition of a follower is someone who reports to someone else. As such, every employee of a company is a follower except perhaps the Chief Executive Officer, although he or she may report to the Chairperson or to another non-executive director.

The four companies are:

- a) *Blue Label Telecoms Ltd*

Blue Label is a distributor of prepaid tokens of value and a provider of various transactional services (www.bluelabeltelecoms.com). It is listed on the Johannesburg Stock Exchange (JSE).

b) Compu-Clearing Outsourcing Ltd

Compu-Clearing is an IT (information technology) company focussed on customs clearing, freight forwarding, air cargo and related industries (www.compu-clearing.com). It is listed on the JSE.

c) PKF (South Africa)

PKF (South Africa) is the South African branch of the international auditing practise, PKF (www.pkf.co.za).

d) Sasfin Holdings Ltd

Sasfin is a diversified banking group listed on the JSE (www.sasfin.com).

The companies' employee complement ranges in size from approximately 65 employees at Compu-Clearing (www.compu-clearing.com), to approximately 2,000 employees at Blue Label (www.bluelabeltelecoms.com).

The above companies were chosen based on two factors that they shared and one factor where they differed.

4.4.1.2. *Shared factors*

The two shared factors are:

South Africa

The first shared factor was that all four companies operate within South Africa. Although PFK is an international firm and Blue Label has a strong non-South African footprint, the questionnaire was only forwarded to South African based employees who were largely commenting on their South African based managers and organisations. As such, the sample (and therefore the population) is South African. This is, therefore, aligned to one of the reasons for conducting this research, which is to make a contribution to the study of cultural context on authentic leadership, which in this case is the South African context.

Service Companies

The second factor that the above companies have in common is that they are all service related companies. This has two benefits:

Firstly, service companies arguably have a greater need to focus on leadership, the organisation's culture and employee well-being than product related companies. As service companies do not have a tangible product to fall back on, they are more dependent on the human element. It is, therefore, expected

that the correlations between the research constructs may be stronger for service companies. The service companies may thus serve as a model for product companies looking to obtain a sustainable competitive advantage.

Secondly, the development of the service or tertiary sector is regarded as an important developmental goal of developing economies. If, indeed, there do appear to be correlations between the research constructs, then this serves as a model to potential entrants into this important sector of the South African economy.

4.4.1.3. Where the companies differed

Whilst it was important to find companies with similarities in order to represent a well defined population, it was also important to find companies that differed in order to obtain a broad sample. As such, the four companies that have been sampled all operate within different business sectors, namely telecommunications and the prepaid market, IT services, auditing and accounting, and finally banking.

4.4.2. Population

The population may be defined as managers, employees and organisations in the South African business environment operating within the services sector.

4.4.3. Sample

There were 262 respondents to the final question and 304 respondents to the first question of the survey. This represented a 13.8% drop off in responses. The drop off in responses appears to be largely due to two factors: (1) respondents did not realise that the online survey contained additional pages, or (2) respondents knew that the survey contained additional pages but did not want to complete them.

The measured correlations between any two constructs only took into account respondents who answered all of the questions for both constructs. This ranged from 262 to 304 respondents.

Of the 263 respondents who answered the question identifying the company they worked for, 133 respondents (50.6%) worked for company A, 92 (35%) worked for company B, 25 (9.5%) worked for company C and 13 (4.9%) worked for company D. The response rates for the various companies has not been shown as it was agreed between the researcher and the various companies that the responses per company, whether in terms of quantity or quality, were not to be revealed in the research study.

4.5. Measuring Instrument

4.5.1. Introduction

A questionnaire was developed to measure whether there are relationships between the research constructs, and if so, what the directions and strengths of the relationships are.

4.5.2. What is being measured

The questionnaire provides weightings for the five constructs as outlined in the below table. The table comprises three columns, being (1) the relevant construct, (2) what precisely is being measured, and (3) the definition of certain terms.

Table 4: What is being measured

Construct	What is being measured	Definition of Terms
Authentic leadership	Follower's perception of how <i>authentic</i> their manager is.	<i>Authentic</i> : positive psychological capital, positive moral perspective, self-awareness and self-regulation as defined in the literature review. <i>Manager</i> : the person they report directly to.

Positive Organisational Context	Follower's perception of how <i>positive</i> their organisation is.	<i>Positive</i> : inclusivity, transparency, ethical and strengths-based as defined in the literature review.
Authentic followership	How authentic <i>is</i> the follower.	<i>Is</i> : this assumes that the follower's true, as opposed to fabricated, authenticity will be revealed by the questionnaire.*
Positive follower outcomes	How <i>positive</i> is the follower within the organisation.	<i>Positive</i> : trust, engagement and well being.
Sustainable and veritable performance	Follower's perception of how well the organisation and his or her business unit has performed.	<i>Performance</i> : has not been defined in the questionnaire. Followers may, therefore, consider <i>performance</i> as turnover, growth, profits, operative or in some other way.

* In the case of the constructs of authentic followership and positive follower outcomes, the questionnaire touches on sensitive areas such as the follower's self-concept. The questionnaire was designed carefully so as to mitigate possible response biases.

Once the weightings of the various constructs were obtained, the correlations between the constructs as highlighted in the hypotheses were tested.

4.5.3. Questionnaire design

Questionnaire design is one of the most important aspects of the survey research process (Zikmund, 2003). This questionnaire was designed by the researcher with reference to various sources (Goleman, 1998; Avolio *et al.*, 2007; Gergen & Vanourek, 2008; Deloitte, 2009)

There are various guidelines when it comes to framing a research questionnaire which the study questionnaire has attempted to incorporate. The questionnaire utilised simple, conversational language and endeavoured to avoid ambiguity by asking specific questions. *Leading questions*, where the question suggests certain answers, were avoided. There was a conscious attempt to avoid using *loaded questions*, being questions where a socially desirable answer is suggested (Zikmund, 2003). This needed to be carefully considered as authenticity on the part of the follower is a generally desirable social aim.

The questionnaire involved fixed-alternative questions arranged on the basis of attitudinal or frequency category scales. The advantages of utilising a fixed-alternative category scale, as opposed to an open ended questionnaire, include the ability to obtain a larger sample and to be able to compare standardised responses, and thereby facilitate the coding, tabulation and interpretation of data (Zikmund, 2003).

The category scale was developed with five alternatives presented for each question. This, therefore, represented a balanced rating scale with what may be

regarded as a neutral point at the centre of the scale. All of the questions that relate to the respondents themselves were arranged in terms of frequency scales rather than attitudinal scales, and therefore the central point was not considered to be such a safe and neutral point that it could stimulate a response bias. An attitudinal scale was only used with regards to questions relating to the respondents' organisations and not to themselves. It was, therefore, expected that the respondents would generally feel comfortable to be forthright, and as such there was not a major concern that respondents would seek a safe central point. It was therefore not deemed necessary to utilise an unbalanced scale.

The responses were weighted from 1 to 5 based on the frequency or attitudinal response and these weightings were tabulated and summated. The average weightings were then calculated per the underlying construct, and the hypotheses tested.

The questionnaire was designed with regard to the contextual framework and the literature survey such that each question formed part of a particular construct and construct component. This is outlined in the below table. Naturally, respondents were only presented with the particular question.

Table 5: Questionnaire Design

Construct 1: Authentic Leadership

As a leader, my manager

Area	Sub-area	Question/s
<i>Positive psychological capital</i>	<i>Confidence</i>	expresses his or her views even if they may be unpopular is willing to take risks to pursue what he or she wants.
	<i>Optimism</i>	looks for opportunities rather than for obstacles.
	<i>Resiliency</i>	pursues his or her goals despite challenges.
<i>Positive moral perspective</i>	<i>Moral & ethical</i>	makes decisions that are ethical.
<i>Leader self-awareness</i>	<i>Characteristics</i>	is aware of his or her strengths. understands and accepts his or her weaknesses.
	<i>Feelings</i>	is aware of his or her feelings.
<i>Leader self-regulation</i>	<i>Internalised</i>	makes decisions based on his or her core values.
	<i>Balanced processing</i>	is open to receiving honest feedback. admits when he or she has made a mistake.
	<i>Relational transparency</i>	says what he or she means. displays emotions in line with my feelings.
	<i>Authentic behaviour</i>	is the same person at work, at home and with friends.

Construct 2: Positive Organisational Context

Area	Sub-area	Question/s
<i>Inclusivity: (relative to ...)</i>	<i>Management</i>	Employees are expected to express their opinions.
	<i>Culture</i>	Diversity is respected in this organisation.
<i>Transparency</i>	<i>Vertical</i>	Major changes in the organisation are communicated to employees. Leadership communicates openly and honestly with employees.
	<i>Horizontal</i>	People are generally open and honest in the organisation.

		There is a lot of internal politics in the organisation.
<i>Ethics-based culture</i>		Employees in this organisation behave ethically. There is a culture of honesty and trust in the organisation. Promotions are based on performance.
<i>Strengths-based culture</i>		Employees talents are generally used well in their current positions.
<i>General</i>		Most employees are proud to be associated with this organisation.

Construct 3: Authentic Followership

Area	Sub-area	Question/s
<i>Positive psychological capital</i>	<i>Confidence</i>	I express my views even if they may be unpopular. I am willing to take risks to pursue what I want.
	<i>Optimism</i>	I look for opportunities rather than for obstacles.
	<i>Resiliency</i>	I pursue my goals despite challenges.
<i>Positive moral perspective</i>	<i>Moral & ethical</i>	I make decisions that are ethical.
<i>Leader self-awareness</i>	<i>Characteristics</i>	I am aware of my strengths. I understand and accept my weaknesses.
	<i>Feelings</i>	I am aware of my feelings.
<i>Leader self-regulation</i>	<i>Internalised</i>	I make decisions based on my core values.
	<i>Balanced processing</i>	I am open to receiving honest feedback.
		I admit when I've made a mistake.
	<i>Relational transparency</i>	I say what I mean. I display my emotions in line with my feelings.
	<i>Authentic behaviour</i>	I am the same person at work, at home and with friends.

Construct 4: Positive Follower Outcomes

Area	Question/s
<i>Trust</i>	I believe that my manager has my interests at heart. I trust the people I work with.
<i>Engagement</i>	I utilise my talents at work. I feel motivated to make a difference in my workplace. I am able to be myself at work.
<i>Well-being</i>	I enjoy beginning a new work day.

Construct 5: Sustainable and Veritable Performance

Over the PAST couple of years ...

Area	Question/s
<i>Performance</i>	our business unit has been one of the better performing business units within our organisation. our business unit has performed better than most if its competitors. our organisation has performed better than most of its competitors.

4.6. Unit of analysis

The units of analysis are:

- a) the leader as perceived by the follower;
(the *follower* is the respondent to the questionnaire; the *leader* is defined as the person the follower reports directly to)
- b) the organisation as perceived by the follower;

(the *organisation* is the follower's organisation)

c) the follower.

4.7. Data gathering process

The questionnaire was completed online. The completion of the questionnaire was completely anonymous; respondents were not asked to complete their personal details and the researcher elected that the survey host, www.surveymonkey.com, would not store the respondents' email addresses.

One of the areas that was considered is under whose auspices the study would take place (Zikmund, 2003). If it was under the researcher's auspices the response rate may have been lower, but auspices bias would be reduced. On the other hand, if the study was under the underlying company's auspices, then the response rate should have been higher but there may have been auspices bias, especially if there was any concern that the questionnaire was not anonymous.

In the case of one of the four companies, a short email with a link to the questionnaire was sent directly by the researcher to the company's employees and, therefore, the study was performed under the auspices of the researcher. The support of the company was reflected in the email to improve the response rate.

In the case of the three other companies, an email with a link to the questionnaire was forwarded by the various companies' leadership or human resource departments to their employees.

4.8. Data Analysis

Once the data was obtained, it was analysed. The methodology for the data analysis was largely based on Albright, Winston and Zappe (2009).

In order to be able to test the research hypotheses, it was necessary to obtain, for each respondent, summary values or measures for the following parameters:

- a) Perception of authentic leadership
- b) Authentic followership
- c) Perception of positive organisational context
- d) Positive follower outcomes
- e) The length of time of time the leader has led the follower
- f) Past business performance.

The questions in the questionnaire were categorised into groups of questions, each of which focused on the measurement of, or attribution of value to, one of the research constructs. Each of the questions had five possible, pre-defined answers which were sequentially ordinal. For each question the potential

answers were attributed a value ranging from 5 for the best possible value for the question, down to 1 for the worst possible answer to the question.

For each of the categories of questions a) through f) above, an average value was calculated. It was understood that this average was not a meaningfully interpreted value, but nevertheless served as a convenient and practical summary measure of the particular respondent's overall response to the questions in a given category.

It emerged at this point in the data analysis process that all of the answers for each respondent were summarised into six summary measures corresponding to the categories a) through f) above.

At this point, the correlation coefficients corresponding to the various hypothesis tests were calculated. For example, for the pairing of the first null and alternative hypotheses, the correlation between categories a) and b) above were calculated i.e. the correlation between perceived authentic leadership and authentic followership. Pearson's correlation analysis was utilised.

Values for a correlation coefficient (r) close to either 1 or -1 indicate high correlation values and generally absolute values exceeding 0.7 or 0.8 are considered to be substantially correlated. However, in order to be able to reject a particular null hypothesis, it is not sufficient to demonstrate that two categories are highly correlated. It is also necessary to demonstrate that likelihood of achieving a correlation as calculated by purely random chance, given that the

null hypothesis in question is applicable, is less than the significance value, α , of 5%.

If one makes the assumption that the respondents' summary values for categories a) through f) is approximately Gaussian (i.e. normally distributed), then it can be shown that r is approximately distributed according to the Student's t -distribution with $n-2$ degrees of freedom. It was then possible to test the significance of the correlation as described above. In practice, a statistical software package was used to perform the significance testing of the resulting correlations.

4.9. Research limitations

One of the limitations of the research is that it dealt with the respondents' perceptions of themselves, their leaders, their organisational context and business performance. Third party feedback on the respondents' authenticity was not obtained, nor did the respondents' leaders have the opportunity to provide input. Similarly, the organisational climate was not measured in a systematic manner. Likewise, business performance of the followers' underlying business units and organisations was not sourced independently, but was rather provided by followers.

Despite the above limitations, there is merit in sourcing feedback singularly from the respondents themselves. This touches on Ladkin and Taylor's (2010) study on embodied authentic leadership. They challenge the widespread assumption

informing much of the literature on authentic leadership that self-awareness and self-regulation on the part of the leader is automatically communicated to the follower. What is relevant, therefore, is embodied authentic leadership, which refers to the communication of the leader's authentic leadership to followers.

Ladkin and Taylor's study can also be applied to the other research constructs. Perception is extremely important as it influences reality. If an employee, for example, perceives the organisational context as being positive, then that should influence the actual organisational context. As such, sourcing feedback solely from the respondents on their leaders is very relevant.

A second limitation of this research is that the completion of the research questionnaire was a voluntary process. In the case of the four companies, the various response rates were approximately 3%, 5%, 24% and 38%. There is, therefore, a concern that the actual respondents' views may not accurately represent the views of the full pool of possible respondents. The actual respondents may, for example, have self-selected themselves due to strong feelings, whether positive or negative, regarding their manager or organisation (Zikmund, 2003).

A third limitation of the research was that it utilised a descriptive rather than a causal design, whilst the contextual framework is causative in nature. The theory and literature review was, therefore, relied on fairly heavily to supplement the research findings.

4.10. Conclusion

In conclusion, this exploratory research employed a quantitative research design. Primary data was obtained through an online questionnaire which was circulated to employees at four South African based service companies. The companies were all in the service sector and were South African based to ensure a well defined population. However, the companies represented four different business sectors in order to obtain a broad sample. The sample size ranged from 262 to 304 respondents for different questions on the survey.

The various questions pertained to the different research constructs and their underlying components. For example, there were two questions related to *confidence* which is an aspect of positive psychological capital, which in turn is a component of authentic leadership. There were also questions related to two other aspects of positive psychological capital, namely optimism and resiliency.

Once the data was collated, summary values in the form of average values for the different research constructs were obtained. At this point, the correlation coefficients corresponding to the various hypothesis tests were calculated using Pearson's correlation analysis and P-values were obtained. The null hypotheses were then either rejected or not rejected in favour of the alternative hypotheses.

In the next chapter, the results of the hypotheses tests are recorded.

CHAPTER 5

RESULTS

5.1. Introduction

As mentioned earlier, there were 304 people who completed the online survey. Of the above respondents, 262 completed the entire survey whilst 42 respondents only completed certain sections of the survey. In cases where a particular respondent did not complete a section of the survey relevant to the hypotheses under consideration, that particular respondent was excluded from that particular hypothesis test.

The results of the various hypothesis tests follow.

5.2. Hypothesis #1 : Authentic Leadership & Authentic Followership

$H_0\#1$: *There is no statistically significant correlation between perceived authentic leadership and authentic followership.*

$H_a\#1$: *There is a statistically significant correlation between perceived authentic leadership and authentic followership.*

276 respondents completed all of the sections relevant for the testing of this hypothesis.

The coefficient of correlation between perceived authentic followership and perceived authentic leadership was calculated to be approximately $r = +0.283$ or +28.3%.

The test statistic for this coefficient of correlation was calculated to be 4.876. This test statistic is to be used in conjunction with a students' t-distribution with 274 degrees of freedom.

Under the null hypothesis, the probability of attaining a test statistic of 4.876 or larger (the p-value for the hypothesis test), is 0.000092%. This is less than the significance level (α) of 5%. As such, the null hypothesis is rejected in favour of the alternative hypothesis.

In other words, there is a statistically significant correlation between perceived authentic followership and perceived authentic leadership and the best estimate of this correlation is +28.3%.

5.3. Hypothesis #2: Organisational Context & Authentic Followership

H₀#2 : There is no statistically significant correlation between perceived positive organisational context and authentic followership.

H_a#2 : There is a statistically significant correlation between perceived positive organisational context and authentic followership.

263 respondents completed the various sections relevant for the testing of this hypothesis.

The coefficient of correlation between perceived positive organisational context and authentic followership was found to be $r = +0.192$ or +19.2%.

The test statistic for this coefficient of correlation was calculated at 3.166 whilst the students' t-distribution was 261 degrees of freedom.

In terms of the null hypothesis, the probability of attaining a test statistic of 3.166 or larger is 0.0862%. This is less than $\alpha=5\%$. As such, the null hypothesis is rejected in favour of the alternative hypothesis.

In other words, there is a statistically significant correlation between positive organisational context and authentic followership, and the best estimate of this correlation is +19.2%.

5.4. Hypothesis #3: Authentic Leadership & Organisational Context with Authentic Followership

H₀#3: There is no statistically significant correlation between the combination of perceived authentic leadership and perceived positive organisational context ("the combination") on the one hand and authentic followership on the other hand.

H_a#3 : There is a statistically significant correlation between the combination, as defined above, on the one hand and authentic followership on the other hand.

263 respondents completed the relevant sections of the research questionnaire for the testing of this hypothesis.

It was found that the coefficient of correlation between the combination of perceived authentic leadership and perceived positive organisational context on the one hand, and authentic followership on the other, was $r = +0.283$ or +28.3%. The combination was calculated as the product of authentic leadership and positive organisational context.

The test statistic for this coefficient of correlation was calculated to be 4.765 with a students' t-distribution of 261 degrees of freedom.

Under the null hypothesis, the probability of attaining a test statistic of 4.765 or larger is 0.00016%, which is less than $\alpha=5\%$. The null hypothesis is, therefore, rejected in favour of the alternative hypothesis.

In other words, there is a statistically significant correlation between the combination, as defined above, and authentic followership, and the best estimate of this correlation is approximately +28.3%.

5.5. Hypothesis #4: Authentic Leadership & Organisational Context with Authentic Followership

H₀#4 : In the event that the null hypotheses 1, 2, and 3 are rejected, the correlation between the combination, as defined above, and authentic followership is not statistically significantly larger than the correlation between perceived authentic leadership and authentic followership.

H_a#4 : In the event that the null hypotheses 1, 2, and 3 are rejected, the correlation between the combination, as defined above, and authentic followership is statistically significantly larger than the correlation between perceived authentic leadership and authentic followership.

Given that the null hypotheses 1, 2, and 3 were rejected, this hypothesis test was performed.

The additional coefficient of correlation between the combination, as defined above, and authentic followership as opposed to merely the coefficient of correlation between perceived authentic leadership and authentic followership, was calculated to be $r = +0.0003524$ or $+0.03524\%$. The degrees of freedom for this hypothesis test is the sum of the degrees of freedom for hypothesis tests 1 and 3, i.e. 535.

The test statistic for this hypothesis test is 0.008. Under the null hypothesis, the probability of attaining a test statistic of 0.008 or larger (the p-value for the

hypothesis test) is 49.675%. This is greater than $\alpha=5\%$. As such, the null hypothesis is not rejected in favour of the alternative hypothesis.

In other words, it has not been shown that the additional coefficient of correlation between the combination, as defined above, and authentic followership as opposed to the coefficient of correlation between perceived authentic leadership alone and authentic followership is statistically significant. This is further discussed in Chapter 6.

5.6. Hypothesis #5: Authentic Leadership & Organisational Context with Authentic Followership

H₀#5 : In the event that the null hypotheses 1, 2, and 3 are rejected, the correlation between the combination, as defined above, and authentic followership is not statistically significantly larger than the correlation between perceived positive organisational context and authentic followership.

H_a#5 : In the event that the null hypotheses 1, 2, and 3 are rejected, the correlation between the combination, as defined above, and authentic followership is statistically significantly larger than the correlation between perceived positive organisational context and authentic followership.

Given that the null hypotheses 1, 2, and 3 were rejected, hypothesis test 5 was performed.

The additional coefficient of correlation between the combination, as defined above, and authentic followership as against the coefficient of correlation between positive organisational context alone and authentic followership, was calculated to be $r = +0.091$ or +9.1%. The degrees of freedom for this hypothesis test is the sum of the degrees of freedom for hypothesis tests 2 and 3 i.e. 535.

The test statistic for this hypothesis test is 2.104. Under the null hypothesis, the probability of attaining a test statistic of 2.104 or larger is 1.79%. This is lower than $\alpha=5\%$ and, as such, the null hypothesis is rejected in favour of the alternative hypothesis.

In other words, it has been shown that the additional correlation between the combination, as defined above, and authentic followership as opposed to the correlation between positive organisational context in and of itself and authentic followership is statistically significant.

5.7. Hypothesis #6: Authentic Leadership & Organisational Context

H₀#6: There is no statistically significant correlation between perceived authentic leadership and perceived positive organisational context.

H_a#6: There is a statistically significant correlation between perceived authentic leadership and perceived positive organisational context.

263 respondents completed the sections relevant for the testing of this hypothesis.

The coefficient of correlation between perceived authentic leadership and perceived positive organisational context was found to be $r = +0.428$ or +42.8%.

The test statistic for this coefficient of correlation was calculated at 7.659, whilst the students' t-distribution was at 261 degrees of freedom.

In terms of the null hypothesis, the probability of attaining a test statistic of 7.659 or larger is 0.0000%. This is less than $\alpha=5\%$. As such, the null hypothesis is rejected in favour of the alternative hypothesis.

There is, therefore, a statistically significant correlation between perceived authentic leadership and perceived positive organisational context, and the best estimate of this correlation is +42.8%.

5.8. Hypothesis #7: Authentic Followership & Follower Outcomes

H₀#7 : There is no statistically significant correlation between authentic followership and positive follower outcomes.

H_a#7 : There is a statistically significant correlation between authentic followership and positive follower outcomes.

304 respondents completed the sections of the research questionnaire relevant for the testing of this hypothesis.

The coefficient of correlation between authentic followership and positive follower outcomes was calculated at $r = +0.343$ or $+34.3\%$.

The test statistic for this coefficient of correlation was worked out at 6.351 and the students' t-distribution was 302 degrees of freedom.

In terms of the null hypothesis, the probability of attaining a test statistic of 6.351 or larger is 0.0000%. This is less than $\alpha=5\%$. As such, the null hypothesis is rejected in favour of the alternative hypothesis.

In other words, there is a statistically significant correlation between authentic followership and positive follower outcomes, and the best estimate of this correlation is $+34.3\%$.

5.9. Hypothesis #8: Authentic Leadership & Follower Outcomes (Time)

H₀#8 : There is no statistically significant correlation between perceived authentic leadership and the length of time the leader has led the follower.

H_a#8 : There is a statistically significant correlation between perceived authentic leadership and the length of time the leader has led the follower.

276 respondents completed the sections relevant for the testing of this hypothesis.

The coefficient of correlation between perceived authentic leadership and the length of time the leader has led the follower was found to be $r = +0.103$ or +10.3%.

The test statistic for this coefficient of correlation was calculated at 1.709 whilst the students' t-distribution was at 274 degrees of freedom.

In terms of the null hypothesis, the probability of attaining a test statistic of 1.709 or larger is 4.430%. This is less than $\alpha=5\%$. As such, the null hypothesis is rejected in favour of the alternative hypothesis.

There is, therefore, a statistically significant correlation between perceived authentic leadership and the length of time the leader has led the follower, and the best estimate of this correlation is +10.3%.

5.10. Hypothesis #9 (Follower Outcomes & Performance)

H₀#9 : There is no statistically significant correlation between positive follower outcomes and perceptions of past business unit performance.

H_a#9 : There is a statistically significant correlation between positive follower outcomes and perceptions of past business unit performance.

262 respondents completed the sections of the research questionnaire relevant for the testing of this hypothesis.

The coefficient of correlation between positive follower outcomes and perceptions of past business unit performance was calculated at $r = +0.235$ or +23.5%.

The test statistic for this coefficient of correlation was worked out at 3.901 and the students' t-distribution was 260 degrees of freedom.

In terms of the null hypothesis, the probability of attaining a test statistic of 3.901 or larger is 0.0061%. This is less than $\alpha=5\%$. As such, the null hypothesis is rejected in favour of the alternative hypothesis.

In other words, there is a statistically significant correlation between positive follower outcomes and perceptions of past business unit performance and the best estimate of this correlation is +23.5%.

5.11. Summary Table

A summary table of the results of the hypothesis testing follows:

Table 6: Summary of the results of the hypothesis testing

Hypothesis #	Number of respondents	Coefficient of Correlation (<i>r</i> value)	Degree of freedom	T-test statistic	P-value	Null hypothesis rejected?
1	276	+ 28.3%	274	4.876	0.000%	Yes
2	263	+ 19.2%	261	3.167	0.086%	Yes
3	263	+ 28.3%	261	4.766	0.000%	Yes
4	263	0.0%	535	0.008	49.675%	No
5	263	+ 9.1%	535	2.104	1.794%	Yes
6	263	+ 42.8%	261	7.659	0.000%	Yes
7	304	+ 34.3%	302	6.351	0.000%	Yes
8	276	+ 10.3%	274	1.709	4.430%	Yes
9	262	+ 23.5%	260	3.901	0.006%	Yes

Note to the table:

- Hypothesis 4 reflects a 0.0% coefficient of correlation and a P-value of 49.6%. This is the only hypothesis test in which the null hypothesis was not rejected. It has not been shown that the additional coefficient of correlation between the combination of perceived authentic leadership and positive organisational context on the one hand, and authentic followership on the other hand, as opposed to the coefficient of correlation between perceived authentic leadership alone and authentic followership is statistically significant. In other words, a positive organisational context does not significantly add to the correlation between authentic leadership and authentic followership.

5.12. Conclusion

The hypothesis test results were presented in this chapter. In the following chapter, the results are discussed.

CHAPTER 6

DISCUSSION OF RESULTS

6.1. Introduction

A discussion of the results outlined in Chapter 5 now takes place. The results are discussed for each hypothesis test. Reference is made to the theory and literature review outlined in Chapter 2.

6.2. Hypothesis #1 : Authentic Leadership & Authentic Followership

$H_0\#1$: *There is no statistically significant correlation between perceived authentic leadership and authentic followership.*

$H_a\#1$: *There is a statistically significant correlation between perceived authentic leadership and authentic followership.*

It was discovered, for the sample group, that a statistically significant positive correlation existed between authentic leadership, as perceived by followers, and authentic followership. The coefficient of correlation was calculated at $r = +28.3\%$ and the P-value was 0.000%. This represents the joint third highest correlation of the nine hypotheses that were tested.

Even though this correlation may appear low in absolute terms, the correlation is noteworthy when one considers the myriad other factors that have a bearing on both of the constructs of authentic leadership and authentic followership. These factors include, for example, a person's upbringing, societal influences and education. The correlation coefficient of +28% implies that authentic leadership on its own can explain approximately 28% of all of the factors that exist that feed into whether the follower is authentic or not. As such, the correlation coefficient of +28% is notable.

This relatively high level of correlation appears to indicate that there is a positive relationship between authentic leadership and authentic followership, such that authentic leaders generally have authentic followers and authentic followers generally have authentic leaders.

The contextual framework, as previously discussed, posits that authentic leadership influences authentic followership through positive modelling, personal identification, emotional contagion, supporting self-determination and positive social exchanges (based on Ilies *et al.*, 2005) . This research, however, merely points to a correlation between authentic leadership and authentic followership. It does not indicate causation.

It is also possible that the correlation is due to other factors than authentic leaders' influence on followers. Other reasons for the correlation may include authentic followers' influence on their leaders or authentic leaders' employment of authentic followers in the first instance (as opposed to their influencing of

followers during employment). Alternatively, the correlation may be due to an external factor and in reality there is no influence of either construct on the other. Finally, it is possible that there is only a correlation between authentic followership and *perceived* authentic leadership, as opposed to *actual* authentic leadership, as followers may be projecting their own level of authenticity onto their leaders.

Notwithstanding the above, it would appear from the literature review and from the high correlation level that part of the correlation is due to authentic leaderships' influence on authentic followership.

6.3. Hypothesis #2: Organisational Context & Authentic Followership

H₀#2 : There is no statistically significant correlation between perceived positive organisational context and authentic followership.

H_a#2 : There is a statistically significant correlation between perceived positive organisational context and authentic followership.

A statistically significant positive correlation was found to exist between the positivity of the organisational context as perceived by followers, and authentic followership. The coefficient of correlation was calculated at $r = +19.2\%$ (P-value = 0.086%), which represented the sixth highest correlation of the nine tested hypotheses. In other words, a positive organisational context on its own

can explain approximately 19.2% of all of the factors that exist that feed into whether the follower is authentic or not.

There appears therefore, to be a positive relationship between a positive organisational context and authentic followership, such that positive organisations generally employ authentic members and authentic members generally work for positive organisations. The research, however, does not indicate causation. A positive organisational context may, therefore, influence its members, or authentic followership may influence the organisational context, or the two constructs may be correlated albeit that neither construct has a significant influence on the other.

The contextual framework posits that a positive organisational context, as defined as an inclusive, transparent, ethical and strengths-based context, influences authentic followership. It is possible and reasonable to assume that part of the correlation is due to this influence. However, the make-up of the correlation coefficient has not been tested.

It is noteworthy that the correlation between the organisational context and authentic followership is significantly lower than the correlation between authentic leadership and authentic followership¹. With reference to the contextual framework, and notwithstanding that the hypotheses do not test causation, this seems to indicate that authentic leadership has a significantly greater influence on authentic followership than a positive organisational

¹ It is 32% lower. The correlation between the organisational context and authentic followership is 19.2% whilst the correlation between authentic leadership and authentic followership is 28.3%. Workings: $(28.3\% - 19.2\%) / 28.3\% = 32\%$

context does. Importantly, this seems to indicate that Gardner *et al.*'s (2005) framework, in which a positive organisational context is viewed as a moderator of the authentic leadership - authentic followership relationship (Gardner *et al.*, 2005; Avolio & Gardner, 2005), as opposed to a construct in and of itself, may be a more accurate representation than the contextual framework of this research, where the organisational context is viewed as a construct in and of itself. This is explored further below.

6.4. Hypothesis #3: Authentic Leadership & Organisational Context with Authentic Followership

H₀#3: There is no statistically significant correlation between the combination of perceived authentic leadership and perceived positive organisational context ("the combination") on the one hand and authentic followership on the other.

H_a#3: There is a statistically significant correlation between the combination, as defined above, on the one hand and authentic followership on the other.

A statistically significant positive correlation was found between the combination of perceived authentic leadership and positive organisational context, on the one hand, and authentic followership, on the other. The coefficient of correlation was calculated at $r = +28.3\%$ (P-value = 0.000%).

There appears, therefore, to be a positive relationship between the combination of authentic leadership and organisational context on the one hand, and

authentic followership on the other. However, it is noteworthy that the correlation between the combination and authentic followership is only fractionally higher than the correlation between authentic leadership and authentic followership. This is explored further below.

6.5. Hypothesis #4: Authentic Leadership & Organisational Context with Authentic Followership

H₀#4 : In the event that the null hypotheses 1, 2, and 3 are rejected, the correlation between the combination, as defined above, and authentic followership is not statistically significantly larger than the correlation between perceived authentic leadership and authentic followership.

H_a#4 : In the event that the null hypotheses 1, 2, and 3 are rejected, the correlation between the combination, as defined above, and authentic followership is statistically significantly larger than the correlation between perceived authentic leadership and authentic followership.

The null hypotheses 1, 2 and 3 were rejected, and as such this hypothesis was tested. The additional coefficient of correlation between the combination of authentic leadership and positive organisational context on the one hand, and authentic followership on the other, as opposed to merely the coefficient of correlation between authentic leadership and authentic followership, was calculated to be only $r = +0.03524\%$ (P-value = 49.675%). As mentioned in section 5 above, this correlation was not found to be statistically significant. The

null hypothesis was, therefore, not rejected in favour of the alternative hypothesis.

This indicates that a positive organisational context does not significantly add to the correlation between authentic leadership and authentic followership. It should, however, be noted that there is a strong positively correlated relationship between authentic leadership and positive organisational context as reflected in hypothesis 6. It therefore appears that a positive organisational context should be viewed as a moderator of authentic leadership (Avolio & Gardner, 2005; Gardner *et al.*, 2005) rather than an independent construct as reflected in the contextual framework.

6.6. Hypothesis #5: Authentic Leadership & Organisational Context with Authentic Followership

H₀#5 : In the event that the null hypotheses 1, 2, and 3 are rejected, the correlation between the combination, as defined above, and authentic followership is not statistically significantly larger than the correlation between perceived positive organisational context and authentic followership.

H_a#5 : In the event that the null hypotheses 1, 2, and 3 are rejected, the correlation between the combination, as defined above, and authentic followership is statistically significantly larger than the correlation between perceived positive organisational context and authentic followership.

As the null hypotheses 1, 2, and 3 were rejected, hypothesis test 5 was performed. The additional coefficient of correlation between the combination and authentic followership as opposed to the coefficient of correlation between positive organisational context alone and authentic followership, was calculated at $r = +9.1\%$ (P-value = 1.794%). This was found to be statistically significant.

This indicates that authentic leadership does notably add to the correlation between positive organisational context and authentic followership. This finding supports the higher positive correlation between authentic leadership and authentic followership than the correlation between positive organisational context and authentic followership. It implies that authentic leadership is a greater predictor of authentic followership than organisational context.

In summary, and notwithstanding that the hypotheses tests do not imply causation, it may be suggested from the research that authentic leadership has a greater influence on authentic followership than organisational context. This would reflect much of the authentic leadership literature (Avolio & Gardner, 2005; Gardner *et al.*, 2005; Luthans & Avolio, 2003) and Gardner *et al.*'s (2005) model that see a positive organisation context as a moderator of the authentic leadership process as opposed to a construct in and of itself.

6.7. Hypothesis #6: Authentic Leadership & Organisational Context

H_0 #6: *There is no statistically significant correlation between perceived authentic leadership and perceived positive organisational context.*

H_a #6: *There is a statistically significant correlation between perceived authentic leadership and perceived positive organisational context.*

The highest positive correlation was found to exist between authentic leadership and positive organisational context, as perceived by followers. The coefficient of correlation was calculated at $r = +42.8\%$ (P-value = 0.000%).

In terms of the hypothesis test, the correlation does not imply causation. In terms of the literature review that was undertaken, there are arguments for both the influence of leadership on the positivity of the organisation and the influence of the organisation on leaderships' authenticity. Schein (2004) argues that leaders have a significant influence on the organisational culture, whilst much of the authentic leadership literature (Gardner *et al.*, 2005; Avolio & Gardner, 2005) focuses on the moderating role of organisational context on authentic leadership.

6.8. Hypothesis #7: Authentic Followership & Follower Outcomes

H_0 #7: *There is no statistically significant correlation between authentic followership and positive follower outcomes.*

H_a #7 : There is a statistically significant correlation between authentic followership and positive follower outcomes.

A statistically significant positive correlation was found to exist between authentic followership and positive follower outcomes. The coefficient of correlation was calculated at $r = +34.3\%$ ($P\text{-value} = 0.000\%$). This represented the second highest correlation of the nine tested hypotheses.

It was expected that there would be a strong positive correlation between authentic followership, as defined as followers exhibiting positive psychological capital, a positive moral perspective, self-awareness and self-regulation, and positive follower outcomes, as defined as followers experiencing trust, engagement and workplace well-being. The hypothesis test does not imply causation and it is, therefore, conceivable that authentic followership influences positive follower outcomes, that positive follower outcomes influences authentic followership, or that the two constructs are correlated but that neither construct has a significant influence on the other.

Notwithstanding that causation has not been tested, the contextual framework, based on the literature review, posits that authentic followership influences positive follower outcomes (Avolio & Gardner, 2005; Gardner *et al.*, 2005). This occurs through authentic followers having transparent relationships with their leaders which results in them experiencing trust, engagement and well-being. It would, therefore, appear from the literature review and from the high correlation

level that part of the correlation is due to authentic followers' influence on positive follower outcomes.

6.9. Hypothesis #8: Authentic Leadership & Follower Outcomes (Time)

H₀#8 : There is no statistically significant correlation between perceived authentic leadership and the length of time the leader has led the follower.

H_a#8 : There is a statistically significant correlation between perceived authentic leadership and the length of time the leader has led the follower.

It was found that there was a statistically significant, albeit relatively weak correlation between authentic leadership and the amount of time that followers had worked for the leader. The coefficient of correlation was calculated at $r = +10.3\%$ (P-value = 4.430%). In other words, it was found that followers who currently have more authentic leaders have generally worked for them longer than followers who have more inauthentic leaders.

Positive follower outcomes were defined as trust, engagement and well-being. These measurements were all subjective in that they were derived from subjective attitudinal and frequency related questions that were completed by the followers. Therefore, an additional objective follower outcome was added to the questionnaire, being the amount of time that the follower was led by their current leader. It was presumed that followers would work for more authentic leaders for longer periods of time, and that this would be reflected in a strong

correlation. It was, therefore, interesting that although there was indeed a statistically significant correlation, that this correlation was relatively weak.

The relatively weak correlation may be ascribed to the support that authentic leaders provide for their followers' self-determination (Ilies *et al.*, 2005). In other words, authentic leaders influence their followers to become leaders themselves, which may result in their followers taking up new leadership positions.

6.10. Hypothesis #9 (Follower Outcomes & Performance)

H₀#9 : There is no statistically significant correlation between positive follower outcomes and perceptions of past business unit performance.

H_a#9 : There is a statistically significant correlation between positive follower outcomes and perceptions of past business unit performance.

The contextual framework and much of the literature on authentic leadership (Gardner *et al.*, 2005; Avolio & Gardner, 2005) view performance as the final outcome of authentic leadership. Avolio and Gardner (2005) define performance as 'sustainable and veritable performance' as has been discussed above.

The performance related question in the questionnaire asked respondents to compare the performance of their business unit against other business units within their organisation. Three points relating to the wording of this question

should be noted: (1) the term *performance* was not defined, as different business units naturally regard performance in different ways, for example by sales turnover, profits or operational efficiency; (2) *business unit* performance, as opposed to organisational performance, was asked for as followers have a greater influence on their business unit's performance than on the overall organisation's performance. The contention of authentic leadership theory, as indicated in the contextual framework, is that authentic followers who experience positive follower outcomes will generate greater performance for the organisation. This influence can best be measured at a business unit level; and (3) business unit performance was compared to other business units within the *organisation*. This was intended to further control for factors leading to performance that are extraneous to the influence of followers.

A statistically significant positive correlation was found between positive follower outcomes and historical business unit performance. The coefficient of correlation was calculated at $r = +23.5\%$ ($P\text{-value} = 0.006\%$).

There appears, therefore, to be a positive relationship between positive follower outcomes and historical business unit performance. The research does not indicate causation and, as such, it is possible that positive follower outcomes influenced business unit performance, but it is also possible that strong business performance leads to positive follower outcomes of trust, engagement and well being. Not only is this latter contention possible, but it is also probable when one considers the generally accepted notion that people like to be on a

winning team. Further, it is possible that although the two constructs are correlated, that neither construct has a significant influence on the other.

It is, however, reasonable to assume that part of the correlation is due to the influence of positive follower outcomes on business unit performance as is posited in the contextual framework and the various literature on authentic leadership (Gardner *et al.*, 2005; Avolio & Gardner, 2005).

6.11. Conclusion

In this chapter, the results were discussed for each hypothesis test. Reference was made to the theory and literature review contained in Chapter 2 in general, and specifically due to the fact that the hypothesis tests did not test for causation whilst the contextual framework is a causative model. The theory and literature review was, therefore, referred to in order to supplement the research findings.

In eight of the nine hypothesis tests, the null hypotheses were rejected in favour of the alternative hypotheses. The coefficients of correlation and P-values differed in strength between the various hypothesis tests, with the strongest correlation found to exist between perceived authentic leadership and perceived positive organisational context.

In one of the tests, hypothesis test #4, the null hypothesis was not rejected and it therefore appears that a positive organisational context does not significantly

add to the correlation between authentic leadership and authentic followership. This seems to support Gardner *et al.*'s (2005) framework, where organisational context is reflected as a moderator of the authentic leadership process rather than the research conceptual framework, where organisational context is shown as a construct in and of itself.

The overall findings of the research are discussed in the following chapter.

CHAPTER 7

CONCLUSION

7.1. Introduction

The results which were reported on in Chapter 5 and discussed in Chapter 6 are analysed below in terms of the three reasons for this research paper, which were provided in Chapter 1. Implications for business, based on the research results, are then provided. Finally, recommendations for future research are outlined.

7.2. Rationale for research

In Chapter 1, three primary reasons were provided for this research. Each of the reasons is now discussed in terms of the research findings.

7.2.1. *Empirical research*

Walumbwa *et al.*, (2008) note that although there has been much conceptual research on authentic leadership, there has been limited empirical research. One of the intentions therefore of this research paper was to contribute to the existing empirical research.

The research results appear to support much of the existing conceptual research referred to in the literature review. This is briefly described in the below table. It should be noted, however, that the abovementioned conceptual research largely deals with the influence of one construct on another (as outlined, for example, in Gardner *et al.*'s, 2005, model) whilst this research was descriptive in nature and did not set out to measure causation.

Table 7: Research findings and conceptual research

Conceptual Research	Research Findings
Authentic leadership influences authentic followership.	A correlation of 28.3% and P-value of 0.000% (H #1) was found.
Positive organisational context moderates authentic leadership and authentic followership.	A correlation of 42.8% and P-value of 0.000% was found between authentic leadership and organisational context (H #6). A correlation of 19.2% and P-value of 0.086% was found between authentic followership and organisational context (H #2).
Authentic followership influences positive follower outcomes.	A correlation of 34.3% and P-value of 0.000% (H #7) was found.
Positive follower outcomes influences sustainable and veritable performance.	A correlation of 23.5% and P-value of 0.006% (H #9) was found.

The results, therefore, appear to support much of the existing conceptual research, albeit that the results only indicate construct correlation and not causation.

7.2.2. The role of positive organisational context

A second reason for this research was to explore the role of organisational context in the area of authentic leadership development. Avolio and Gardner (2005), Gardner *et al.* (2005) and Walumbwa *et al.* (2008) describe organisational context as a potential moderator of authentic leadership and authentic followership. There are two alternative positions to this position of a 'moderator' situated to the left and right of it. Perhaps organisational context is not a significant moderator at all, or, on the other side, perhaps it is so influential that it can be viewed as an independent construct in and of itself. One of the hypotheses of this research (alternative hypothesis #4), which is also reflected in the contextual framework, indicates that this third position best represents the role of organisational context.

The three positions are reflected in the table below and viewed against the research findings. Once again, it is important to note that the research findings merely look at correlation and not causation.

Table 8: Organisational context and research findings

Organisational context - Role	Research findings
Organisational context has no influence on authentic leadership and followership	<p>A correlation of 42.8% (P-value: 0.000%) was found between authentic leadership and organisational context (H #6).</p> <p>A correlation of 19.2% (P-value: 0.086%) was found between authentic followership and organisational context (H #2).</p> <p>It is, therefore, apparent that a positive organisational context does have an influence.</p>
Organisational context should be viewed as a construct in and of itself	<p>The correlation between organisational context and authentic followership (H #2) was substantially lower than the correlation between authentic leadership and authentic followership (H #1).</p> <p>Further the additional correlation between the combination of authentic leadership and positive organisational context, on the one hand, and authentic followership, on the other hand, as opposed to the correlation between authentic leadership and authentic followership (H #4) was calculated to be miniscule and, in fact, the alternative hypothesis was rejected.</p> <p>This appears to indicate that a positive organisational context is not best viewed as a construct in and of itself.</p>
Organisational context is a moderator	<p>Due to:</p> <p>the relatively high correlations between a positive organisational context and both authentic leadership and</p>

	authentic followership, but on the other hand, the very weak additional correlation provided by the combination as defined above and authentic followership as opposed to the correlation between authentic leadership and authentic followership it appears that the role of moderator best describes the role of a positive organisational context.
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Therefore, a positive organisational context appears to be best described as a moderator as opposed to a construct in and of itself. Gardner *et al.*'s (2005) model, thereby seems to reflect the authentic leadership process more accurately than the contextual framework.

7.2.3. Cultural context

The third purpose of this research was to estimate whether authentic leadership theory was applicable to the South African context. Although the sample was fairly limited in that it comprised of employees at four service-based companies, and notwithstanding that no regard was given to the demographic characteristics of the followers or leaders, it appears that authentic leadership theory is indeed relevant to the general South African context. This conclusion may be argued from the relatively large sample size of between 262 – 304 respondents and the fairly strong correlation coefficients,

7.2.4. Conclusion

The research results provided insights into the three abovementioned purposes of the research. The implications of the research results for business in general, and South African business in particular, are now discussed.

7.3. Implications for business

It appears that various implications for business arise from this study. Some of these implications are discussed below.

7.3.1. Authentic leadership influences authentic followership

A relatively strong correlation was found between authentic leadership and authentic followership. Although causation was not tested, it is reasonable to assume, based on the literature review (for example, Gardner *et al.*, 2005; Avolio & Gardner, 2005), that a significant reason for the correlation was due to the influence of authentic leadership on authentic followership.

This apparent finding, which supports much of the existing research, is important for business as the authentic leadership process, per the contextual framework, leads to authentic followership and eventually to improved organisational performance.

It is therefore suggested that businesses endeavour to hire authentic people when hiring employees, and especially when hiring potential leaders. This may be done by testing for the different components of authentic leadership, being positive psychological capital, positive moral perspective, leader self-awareness and leader self-regulation, through various means including obtaining character references.

It is also recommended that authentic leadership training takes place in businesses as authentic leadership is learned and developed over time (Gardner & Schermerhorn Jr., 2004; George, 2003). Further, authentic leadership should be encouraged and rewarded through the promotion of authentic leaders within the organisation.

In conclusion, the hiring, training and promotion of authentic leaders should generally lead to more authentic followers and, in turn, positive follower outcomes, and ultimately to improved and sustained business performance. There is, therefore, a strong imperative for business leaders to encourage authentic leadership within their organisations.

7.3.2. Positive organisational context as moderator

It appears from the research that a positive organisational context moderates both authentic leadership and authentic followership. It is, therefore, important for businesses to pursue such an organisational context which has been

defined as inclusive, transparent, ethical and strengths-based (Avolio & Gardner, 2005; Gardner *et al.*, 2005).

Whilst a positive organisational context appears, from the research, to moderate both authentic leadership and authentic followership, it does not have as marked an impact on authentic followership as does authentic leadership. It could, therefore, be argued that a more primary aim of businesses should be to develop authentic leadership, which is the starting point in a process that leads to organisational performance. The creation of a positive organisational context is an important moderator of authentic leadership, but it should not be seen as a replacement to authentic leadership in the development of authentic followership.

7.3.3. *Authentic followership, positive follower outcomes and performance*

The research results seem to indicate that authentic followership influences important follower outcomes such as trust, engagement and follower well-being, which in turn lead to improved organisational performance. The influence of these outcomes on organisational performance has been identified by the likes of Burke *et al.*, 207; .Harter *et al.*, 2002 and Macey *et al.*, 2009.

7.3.4. *Cultural context*

Finally, it appears that authentic leadership applies to the South African business context as it applies, for example, to the American, Chinese and

Kenyan contexts (Walumbwa *et al.*, 2008). This appears to be an important consideration, for example, for multinational companies interested in doing business in South Africa.

The research also seems to support the view of Walumbwa *et al.* (2008) that the main components of authentic leadership theory may be generalised across various cultural contexts. This would imply that businesses should consider authentic leadership development when doing business in a wide range of cultural contexts.

7.3.5. Conclusion

In conclusion, it appears that the research is relevant to businesses. The authentic leadership process leads to sustainable and veritable performance, which is arguably the primary aim of business. At the same time, this process can be managed and developed by businesses through, for example, hiring, training and promoting authentic leaders and actively creating a positive organisational culture. Authentic leadership development, therefore, holds relevance.

It is also suggested that businesses introduce metrics for authentic leadership, positivity of the organisational context, authentic followership and positivity of follower outcomes. In this way businesses will be able to gauge their standings and growth in these areas.

7.4. Recommendations for future research

It is recommended that further research is undertaken. The various focus areas are discussed below with regards to the three principal reasons for this research being a contribution to existing empirical research, the role of positive organisational context and cultural context.

7.4.1. Empirical Research

One of the purposes for this research was to supplement much of the existing conceptual research on authentic leadership with empirical research which has been fairly limited (Walumbwa *et al.*, 2008). It is recommended that there be further research in three main areas.

7.4.1.1. Qualitative Research

This research study was quantitative in nature. 304 people completed a questionnaire by responding to fixed-alternative questions arranged according to attitudinal or frequency category scales. The advantages of this methodology include the ability to obtain a large sample and to be able to compare standardised responses, and thereby be better able to code, tabulate and interpret data (Zikmund, 2003).

However, quantitative research lacks the depth of qualitative research which may be conducted, for example, through in-depth interviews (Zikmund, 2003). It

is recommended that further qualitative research takes place to deepen the research findings and to complement this and other existing research.

7.4.1.2. *Causation Testing*

One of the weaknesses of the research that was performed was that causation was not tested. Although correlations were found (in the most part), causation was not determined. As such, the research results did not provide conclusive support for either the contextual framework or Gardner *et al.*'s (2005) model, as both models concern themselves with causation or influence as opposed to mere correlation.

It is therefore recommended that causation is tested in further research, which should enable a fairly thorough testing of the contextual framework and Gardner *et al.*'s (2005) model.

7.4.1.3. *Objective primary data*

In this research study, five constructs were measured through the completion of the research questionnaire. All of the constructs were derived from the perceptions of followers, whether these constructs related to themselves (authentic followership and positive follower outcomes) or to others (authentic leadership, organisational context and organisational performance). Perceptions are very important, as highlighted in Ladkin and Taylor's (2010) study on embodied authentic leadership as discussed in Chapter 4 above.

However, there is also merit in obtaining more objective data. This can be performed by obtaining feedback from more than one source. Feedback may, for example, be obtained by followers, leaders and third parties. Organisational performance can of course be measured in far more objective terms, such as actual financial or operational performance.

It would be worthwhile to compare the subjective data with more objective data. This would complement Ladkin and Taylor's (2010) conceptual research on embodied authentic research and would also highlight the relationship between perceptions and reality, where perceptions influence reality and reality influences perceptions.

7.4.2. *The role of organisational context*

A second reason for this research was to try and better understand the role of a positive organisational context in the authentic leadership process. The research results seem to indicate that a positive organisational context does not significantly "influence" authentic followership above the "influence" of authentic leadership. However there was a strong positively correlated relationship between authentic leadership and positive organisational context and, as such, positive organisational context may be seen as an important moderator of authentic leadership as highlighted in Gardner *et al.*'s (2005) model.

There is much conceptual research into the relationship between leadership and organisational culture. Some of the research focuses on the influence of leadership on organisational culture (Schein, 2004; Gardner *et al.*, 2005), while other research focuses on the organisational culture's influence on leadership (Avolio, 2003; Avolio *et al.*, 2005; Porter & McLaughlin, 2006). It is recommended that the direction of the influence be further explored by way of empirical research in order to better gauge the importance of organisational culture as a moderator of authentic leadership.

It is further suggested that the primary data on authentic leadership and organisational context be more objectively obtained than in this research paper. This could take place, for example, by comparing the authenticity of leaders across different organisations with varying organisational cultures.

7.4.3. Cultural context

The third purpose of this research study was to explore the authentic leadership process in a South African context. Whilst it appears that this process, as highlighted in Gardner *et al.*'s (2005) model, does apply in a South African context, it is recommended that two further areas be explored.

Firstly, it is suggested that further research enables the comparison of authentic leadership in South Africa with that of other national cultures. This requires standardised testing across different cultures similar to what was performed by Walumbwa *et al.* (2008) in terms of their study of authentic leadership in the

United States, China and Kenya. Standardised testing has also been recommended by Avolio *et al.* (2007), who recommend use of their standardised *Authentic Leadership Questionnaire* across different cultures.

Secondly, it is recommended that further research into authentic leadership be segmented across different South African races, cultures and genders. South Africa is a heterogeneous society with a particularly complex history. As such, it would be relevant to explore the authentic leadership process across different groups of South Africans.

7.5. Conclusion

In conclusion, the research results have been analysed in terms of the three primary reasons for this research paper. The results appear to support much of the existing conceptual research and especially Gardner *et al.*'s (2005) model. They also indicate that authentic leadership theory applies in a South African context. Finally, the results appear to support Gardner *et al.*'s (2005) model over the contextual framework in terms of the role of organisational context in the authentic leadership process.

It is argued that the research results hold interest for business in general and business in South Africa in particular, as the authentic leadership process eventually leads to improved organisational performance. It is therefore recommended, for example, that businesses actively look for authenticity when

hiring leaders and followers, and that businesses engage in authentic leadership training.

Finally, recommendations for future research that add to this research have been outlined.

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APPENDICES

A. The conceptual framework for authentic leader and follower development (Gardner, Avolio, Luthans, May & Walumbwa, 2005)

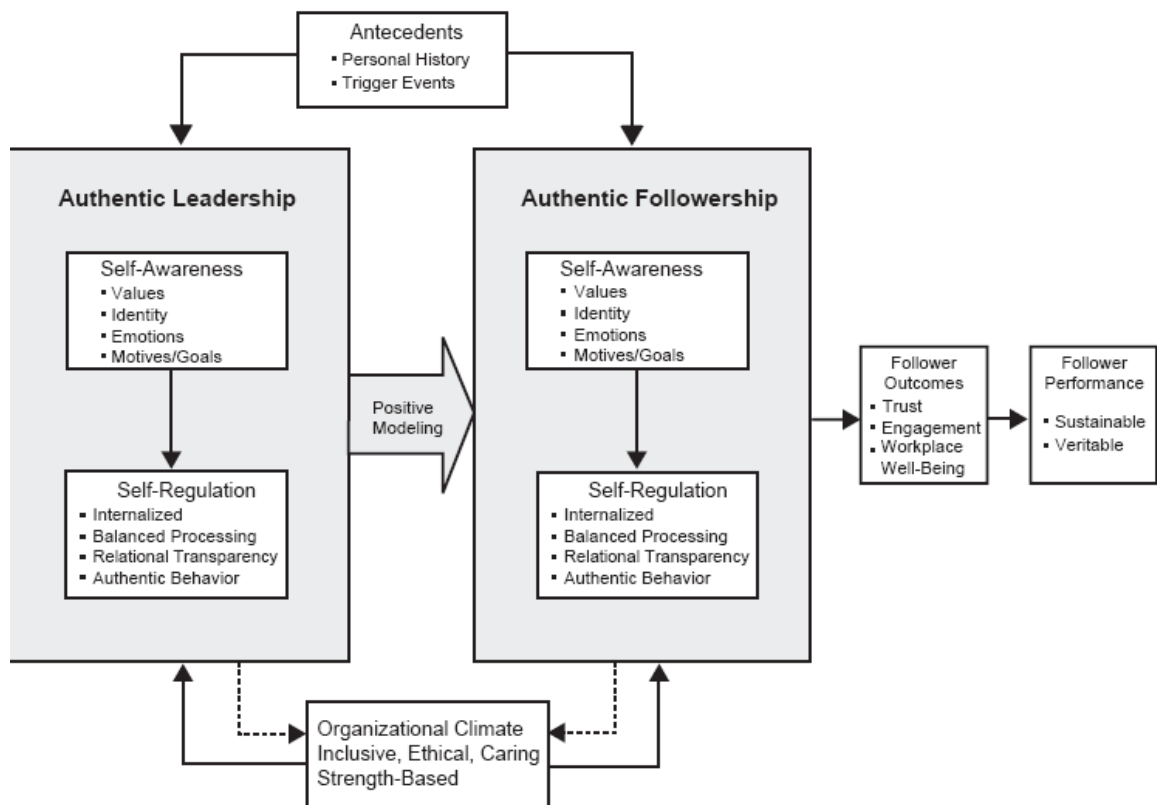


Fig. 1. The conceptual framework for authentic leader and follower development.