

## DOCTORAL THESIS

### Authentic leadership and employee outcomes: examining mediating effects

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## **ABSTRACT**

Authentic leadership, its fundamental values, and its mediated effects on employee outcomes were studied. Past leadership studies have had different situational or environmental objectives, have concentrated mostly on the short or medium terms and have not focused on the core, fundamental values of leadership. Most of the existing leadership studies with different situational or environmental objectives have focused on the personality or behaviour of the leader and on the resulting psychological and financial outcomes, rather than on employee outcomes. Situations and environments have become increasingly complicated and their complexities cannot be explained by a single leadership style. As a result, concerns about the effectiveness of conventional leadership styles have been well noted. Both business practitioners and academic researchers are interested in finding a leadership style that works in different situations and environments, and has the potential to deliver the best, legitimate, ethical follower outcomes.

Authentic leadership is the recent research focus. Harter (2002) described the fundamental concept of leader authenticity as to ‘know thyself’ and ‘to thy own self be true’. Walumbwa, Avolio, Gardner et al. (2008, p. 94) further defined authentic leadership as ‘a pattern of leader behaviour that draws upon and promotes both positive psychological capacities and a positive ethical climate, to foster greater self-awareness, an internalised moral perspective, balanced processing of information, and relational transparency on the part of leaders working with followers, fostering positive self-development’. In this study, the authenticity of a leader and the mediated effects of authentic leadership on employee outcomes were studied. Possible

boundary conditions and limitations of the work were also considered. Demographic information was included with tenure-related control variables.

The mediated effects of authentic leadership on employee outcomes through the psychological capital, social exchange, and uncertainty management mediation processes were examined. Drawing on the well-established theoretical background of psychological capital theory and social exchange theory, the psychological capital and social exchange mediating processes were empirically tested. The uncertainty management process was also empirically tested, by considering how employees prioritise decisions when facing uncertainties during interactions between leaders and followers. A research model was developed to study the effects of authentic leadership on the follower attitude outcome of job satisfaction and the behavioural outcomes of helping behaviour and employee voice behaviour. The direct and mediated effects of authentic leadership on employee outcomes were investigated.

Questionnaires were prepared based on past studies and data were collected to empirically test the research model. The data were collected in dyads, giving 409 pairs of validated questionnaires from leaders and followers. The 409 followers worked with 103 direct supervisors or leaders in 50 organisations in Hong Kong.

The study achieved its aims. Authentic leadership was found to play a significant role in followers' perceptions and to affect the followers' helping behaviour and job satisfaction. Post-hoc testing indicated that authentic leadership can be a leader's core value, regardless of the situation or environment that the leader is in. The results reinforced that authentic leadership plays an important role with a transformational

objective.

The psychological capital process of the self-efficacy of the leader played a full mediating role in employee voice behaviour, but not in the other two processes using trust and psychological safety as mediators. All three mediating processes had partial mediation effects on job satisfaction, possibly due to the high authenticity of the leaders in the sample. The social exchange process of trust in leaders fully mediated helping behaviour, but the other two processes using self-efficacy and psychological safety as mediators did not. Using psychological capital theory and social exchange helped to explain and understand the mediating mechanisms by which authentic leadership affects employee outcomes. The results reinforced the construct validity of authentic leadership theory.

The study achieved all four of its objectives. The contributions of the study, its implications for future studies and business practitioners, and its limitations are discussed. Recommendations for future research are also included.

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