The Role of Leadership Style on Employee Outcome: An Overview

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Abstract

Leaders play a crucial role in the creation of the work environment for the employee. This study apply an extensive literature review on the leadership style concept to investigate the impact of AL in creating a positive psychological and how that will influence the follower's performance. Leadership is an important feature for an organization to be able to attain a high level performance. There are many style of leadership, it depend on the way that leader perform within organization. Effective leader's tasks involve motivation, encouragement, remuneration and analytical skills. If such aspects implemented, the employee performance will be improved and overall organization. During the difficult situations and when there are changing's in an organization, leaders should show his right characteristic. Authenticity disheartens the leaders from copying the characteristic from others. In order to be authentic, leaders must be first authentic to themselves otherwise it will be not possible to be authentic to others. This study explores the role of authentic leadership (AL) and its influencing on followers performance. The results show that AL is positively related to employee wellbeing and consequently subordinates performance.

1. Introduction

Leaders are always seeking to enhance their organizational performance. For that, organization leaders need to encourage employees to increase their performance, motivate them, and encourage innovation and creativity. O'Reilly and Tushman (2013)

claimed that organization have to be adaptable to the competition challenge in order to achieve a successful organization in a dynamic environment. This statement was also supported by Beukman, 2005, work. Beukman, 2005, discuss that an organizations may not be able to grow or even stop working if they continue using old processes to adapt to the up to date competitiveness. Today's global economy forces organizations to predict and also be adaptable to the new challenges and needs (Lock, 2001; Alzghoul, 2013).

Authentic Leadership (AL) is a leadership style which relates to performance. The AL style is originated from a research stream concerned positive psychology movement (Avolio et al., 2004; Jensen & Luthans, 2006). AL differs from transformational leadership as it does not concern the transformation of followers according to leader's instruction. Actually, AL concern engaging positive development of employees based on the output of leader's modeling (Cerne, Jaklic, &Skerlavaj, 2013).

The leader plays a central role in determining group performance. For example, the research commissioned by Project Management Institute (PMI) noted that the leadership style in project is a one key success factor to team performance (Turner & Müller, 2005). Several taxonomies for classifying leaders by style have been proposed in the literature. Among these, the AL style today becomes one of the most cited leadership theories. AL is defined as leadership style which creates valuable and positive changes in its followers. Avolio, 2004 showed that AL is has high impact in terms of follower's outcome and performance.

This study apply an extensive literature review on the leadership style concept to investigate the impact of AL in creating a positive psychological and how that will influence the follower's performance.

2. Literature review

Authentic leadership

Henderson & Hoy, 1983 defined AL as "*The extent to which subordinates perceive their leader to demonstrate the acceptance of organizational and personal responsibility for actions, outcomes, and mistakes; to be non-manipulating of subordinates; and to exhibit salience of self over role. Leadership in authenticity is defined as the extent to which subordinates perceive their leader to be 'passing the buck' and blaming others and circumstances for errors and outcomes; to be manipulative of subordinates; and to be demonstrating a salience of role over self*" (Henderson & Hoy, 1983, pp. 67–68).

While Walumbwa et al. 2008 defined Al as "*pattern of leader behavior that draws upon and promotes both positive psychological capacities and a positive ethical climate, to foster greater self-awareness, an internalized moral perspective, balanced processing of information and relational transparency on the part of leaders working with followers, fostering positive self-development*" (p. 94). See table 1 the diminutions of AL (Walumbwa et al., 2008).

Table 1. Dimensions of Authentic Leadership from Walumba et al. (2008).

Dimensions of AL	Definition
Balanced Processing	"Showing that they objectively analyze all relevant data before coming to a decision. Such people also solicit views that challenge their deeply held positions" (p. 95).
Internalized Moral Perspective	"Refers to an internalized and integrated form of self-regulation. The sort of self-regulation is guided by internal moral standards and values versus group, organizational, and societal pressures, and it results in expressed decision making and behavior that is consistent with these internalized values" (p. 95).
Relational Transparency	"Presenting one's authentic self (as opposed to fake or distorted self) to others. Such behavior promotes trust through disclosures that involve openly sharing information and expressions of one's true thoughts and feelings while trying to minimize displays of inappropriate emotions" (p. 95).
Self-awareness	"An understanding of how one derives and makes meaning of the world and how that meaning-making process impacts the way one views himself or herself over time. It also refers to showing an understanding of one's strengths and weaknesses and the multifaceted nature of the self, which includes gaining insight into the self through exposure to others, and being cognizant of one's impact on other people" (p. 95).

The word authenticity may refer to genuineness. When it comes to leadership, authenticity can be seen as how individuals exemplify their persona into their work as leaders. Thus authenticity demands that leaders need to develop their area of domain, through for example appealing on their own values and beliefs, instead of copying or using other leaders compass (Luthans, 2011). AL require the leaders to develop their skills, make most use of their knowledge, relieving any weakness, and be responsible for their actions that effect on other employees in the organization. Leaders have to be authentic all the time, not only when required.

Empirical support is being provided to the theory of AL by several researchers as discussed in (Gardner et al., 2011). For example, AL was found to be able to forecast the employees´ trust in leaders in several research works as in (Clapp-Smith et al. 2009; Wong et al. 2010). Other studies such as in (Cottrill, Lopez. & Hoffman, 2014; Walumbwa et al. 2010) showed that AL is able to forecast employees' organizational citizenship behaviors. AL was also found to be useful to estimate the employees' voice behavior e.g. sharing suggestions, as discussed in (Wong & Cummings, 2009; Wong et al. 2010).

Employee performance

Every organization has been established with certain objectives to achieve. These objectives can be achieved by utilizing the resources like men, machines, materials and money. All these resources are important but out of these the manpower is the most important. It plays an important role in performing tasks for accomplishing the goals

Job performance is defined as the actions and behaviors of individuals that contribute to organizational goals (Rotundo & Sackett 2002). Avolio et al. (2004) suggested that AL impact subordinates to constantly enhance their job and performance outcomes by improving work engagement and commitment. To date, authentic leadership predicted supervisor-rated performance ($\beta = 0\cdot44$; $P < 0\cdot01$) of business employees in one study (Walumbwa et al. 2008).

Team performance means to which degree that the team meets them objectives such as quality, cost, and time (Hoegl & Gemuenden, 2001). Many literatures acknowledge conceptualization the term of performance as a multidimensional construct (Jung & Avolio, 2000; Burke, Sims, Lazzara, & Salas, 2007). According to Jung and Avolio, 2000, the dimensions of team performance are quality, quantity, and satisfaction. Also in the study, they found that leadership affects team performance through value congruence and trust. Burke et al. (2007) suggested that team performance is the result of trust in leadership. Under a good leadership, team's members trust and collective efficacy may

develop through the team development, which led for extraordinary performance from followers.

3. Discussion

Leadership is a vital feature for an organization to be able to attain a high level of performance as discussed by several authors including Finkelstein and Hambrick (1996), Katz and Kahn (1978). There are a number of features that a leadership has to perform to be successful in any organization. This involves inspiration, management, motivation and logical skills. If such aspects implemented, the organization productivity will be improved and profits will be increased. Leroy wt al. 2012, they test the AL behavior as perceptions of leader behavioral integrity, due to the impact of AL on follower commitment and performance. The study found that AL and leader behavioral integrity are connected to follower work performance, fully mediated through subordinates affective organizational commitment. Another study done by Wang et al. 2014, investigates the moderating role subordinates positive psychological capital and the mediating role of leader– member exchange that play in enhancing the connection between AL and subordinates performance. The researchers found that AL is positively related to LMX and consequently subordinates performance, and to a high level, between subordinates who have low levels of PsyCap. Also, they highlight the usefulness of understanding the roles of relational processes and subordinates positive psychological resources by consider the effectiveness of AL and how they can be practically executed.

AL today recognized as a positive style to the organization that may be able to help to meet this era challenges (Avolio et al. 2004; George, 2003; Luthans et al. 2005; Walumbw et al., 2008). AL is differentiating by a leader's self-awareness, openness, and clarity behaviors. The leaders who behave authentically they share the needed information for decision making, accept the inputs from the others, and show their personal values, sentiments, and motives. This enable the subordinates to accurately

assess the specialization and excellence of their authentic leader's actions (Walumbwa et al. 2010).

AL proposed to build a healthy job environment, AL is effective leadership style because it's give a special attention to improve, develop, and empower the relation between the leader and his followers. Wong & Laschinger, 2013, conducts a study to test a model that link AL managers with the perceptions of nurses regarding performance, structural empowerment, and job satisfaction. The study results show that AL has significant and positive impact on the staff structural empowerment, which by the way increased the satisfaction and self-rated performance. Peterson et al. 2012 extended previous results which show perceptions of AL to higher levels of subordinate's performance. At the same time tested theoretical assertions that leaders with authentic style impact subordinates job performance through driving positive emotions and improving psychological capital in subordinates at the individual level. They applied from a practical perspective AL theory to stressful and more extreme work contexts.

AL which is originated from the essentials of positive psychology (Seligman & Csikszentmihalyi, 2000), concerns the interaction between leaders and followers in a more intrinsic way. According to (Luthans et al. 2005, p.4) Al is "transparent, reliable, trustworthy, ethical, and veritable". Thus AL, which enhance also employees' behavior and attitude, will contribute positively to the organization performance (Avolio, et al. 2004; Ilies et al. 2005; Walumbw et al. 2008).

Avolio el al. 2004 study focus on providing basis for a broader agenda to show how the leader with authentic behave impact the subordinates behaviors, attitudes, and outcome. The study found a significant emphasis in them, work grow out of the idea that the positive qualities and emotions of people and in turn leaders had been mentioned throughout the literature of leadership dating back to Socrates and Plato, if not before. They are also cognizant of the fact that for centuries, authors have written about the

importance of honesty, trust, ethics and their influence on leadership, followership, and organizations. Indeed, they have seek to go to the oldest, oldest, oldest wine with respect to leadership and to then build a new blend and bottle that provides a unique perspective on what constitutes the very core aspects of AL. By starting where the Greeks left off, they hope to rediscover the lessons on authenticity that the Enron's, Worldcom's and Global Crossing's have unfortunately forgotten or ignored.

Jensen & Luthans 2006, study they use the AL Model as a guiding framework, this study seeks to provide an exploratory examination of the linkage between subordinates perception regard the 'business founder' as an authentic leader with the subordinates attitudes and happiness. The study findings show that the subordinates perception of AL serves as the strongest single predictor of subordinates job satisfaction (t: 6:453, p: 0:000), organizational commitment (t: 6:665, p: 0:000), and work happiness (t: 5:488, p: 0:000).

4. Results

In conclusion, we can notice that most of leadership literature both the practitioner and academic emphasize on the importance of AL and its impact on organizational overall performance and the employee outcomes.

The study results supported Avolio et al.'s (2004) that AL theory propositions in terms of important effects of AL on job satisfaction and performance. The findings of the study suggest that leaders who emphasize transparency, balanced processing, self-awareness, and high moral standards increase subordinates perceptions of workplace, which led to enhance subordinates performance.

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