Failure of authentic leadership of SMEs in Pakistan

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ARTICLE DETAILS

ABSTRACT

The intent of the study is to assess authentic leadership and organizational citizenship behavior with structural empowerment in SME sector of Pakistan. The study is deductive and obtained data from Managerial level 262 employees of SME sector via questionnaire to assess relationship. There is indirect association among teamwork environment; information sharing, emotional empowerment. The participative leadership is taking consideration. And performance functions are less focused rationally in SME sector. Pakistani SME sector workers are less motivated and less psychological developed leading to less worker engagement in promoting citizenship behavior. In SME sector of Punjab there is need to develop adaptive and supportive working environment to engage the worker via hierarchical environment by providing assistance to workers. The study is addressing rarely investigated scope of Pakistani SME sector.

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1. Introduction

Authentic leadership is foundation of effective leadership that leads to progressive outcomes and desired consequences from an organization. Its core element that built the environment as it's the base for creation of effective relationship between leader and follower (Walumbwa. et, al, 2010). Influence leadership style and empowerment on organizational citizenship behavior is strongly established. Relationship on the empowerment and occupation outcomes has already been studied in previous researches. Theory of authentic leadership recommends that authentic leaders can give support to organizational environment as they are experienced and have psychological skills including self efficiency, hope, brightness and flexibility (Avolio, et. al. 2014).

This is a way of raising development, authenticity, genuine, wellbeing and sustained performance among followers (Avolio, 2005). It is a set plan for ethical behavior and transparency
to support ingenuousness information sharing to take wise decisions involving followers (Avolio et al. 2009). It’s the leadership trait that built the faith and improved environment for working by making surety of four components; dealing out with stability, clearness, self-awareness and perception of moral (Gardner, et. al, 2011). Authentic Leaders encourages followers to overcome future challenges and give importance to their ideas. Authentic leader sets high standards of moral and ethics and transmit self-awareness by having complete knowledge of limitations and strength and their effects.

By endorsing these behaviors authentic leader provide quality relationship for active engagement of employees in organization which leads employee job satisfaction and job performance goal achievements (Alilyyani et. al. 2018). Theory of Authentic leadership explains that followers are having self determination and support from leaders. Self determination is independency of performing ones assigned work in the way that one decides about methodology of performing work, effort timings and course of action (Ilies et al. 2005).

Leaders who are authentic are responsible for creating motivation among followers and independence by making structure, one to one meetings and open communication and autonomy in followers by providing trainings and productive feedback by having complete knowledge about followers' interests for making collaborated decisions (Gardner et al. 2005). Components of constant empowerment structure to promote effective and useful appointment of employees to maintain a link between leaders and workplace empowerment.

The development and empowerment of SME workers are found less focused enhancing low level of satisfaction and routine turnover of employees. This lack of empowerment and inadequate role of authentic leadership is enhancing change in workers working behavior and employees are found leaving their jobs due to inadequate leadership relationship and with subordinates. Most of the employees set themselves aside from other people’s work and not even help out their fellow colleagues during work hours. This research aimed at empirically investigate such level of organizational citizenship behavior and also find out how authentic leadership can help employees in maximizing Organizational citizenship behavior of employees with mediating role of structural empowerment. The questions of the study are as follows,

- Q1. Does authentic leadership positively affect the organizational citizen behavior on individual level?
- Q2. Does authentic leadership enhances the structural empowerment of an employee?
- Q3. Does structural empowerment significantly affect the relationship?
- Q4. Does Structural empowerment enhances the level of organizational citizenship behavior at individual?

Thus, the objective is to assess authentic leadership role on individualistic citizenship behavior with mediating role of empowerment of workers in Small medium industry of Pakistan.

2. Literature Review and development of hypotheses

Authentic leadership is holding positive mind set and propagating positivity (Gardner et al. 2005). Till date, Research related to authenticity has been mostly one sided (Algera & Lips-Wiersma, 2012) mostly focusing on leader authenticity, while on the other hand follower authenticity has been clearly ignored (Avolio & Reichard, 2008). No empirical research has been conducted on authentic followership (Gardner, Cogliser, and Davis & Diskens, 2011). By inculcating the true spirit of leader followership followers are more likely convinced that their work related activities are very
encouraging and motivating at the same time. This behavior in turn motivates the flowers and it significantly affects their work performance which reflects from their overall behavior towards their leader (Gagne & Deci, 2005; Griffin, Neal & Parker, 2007). Authentic leader is the one whose followers feel psychologically empowered to take greater ownership for their work duties (Ilies et al. 2005; Walumbwa et al. 2010). The structural empowerment has been identified as increased intrinsic work motivation, which manifests in these four cognitions, individuals to understand the work role, (a) Competence, an employee belief in himself to be effective, (b) Impact, the role which he/she can play to influence strategic, operational and administrative outcome to work environment, (c) meaning, understanding of work related values with its own values and standards, (d) self-determination (Organ, et al, 2018), an individual’s ability to initiate and regulate actions. Follower’s development is an important aspect of authentic leadership which can be achieved by having a clear communication (Gardner et al. 2005).

Structural empowerment refers to the concept that it that phenomenon where employees in organization have the access to a number of job related things like resources, information needed and other important things which can directly or indirectly effect their job (Laschinger et al. 2013). It is important source of motivating employees with work activities. Those employees who have been entitled with structural empowerment their overall productivity, motivation and job satisfaction increases with time (laschinger, 2013). Laschinger (2008) confirms that through empowerment organizations can achieve maximum out of their employees (Humphrey, 2012).

SME’s need to structurally empower their employees as it gives them easy work environment to perform their duties in full letter and spirit. Gibson (1991) explains that empowerment is a transactional and very emerging concept and it merely targets solution not the problem. McCarthy and freeman (2008) emphasized that the concept of empowerment did not emerged till 1920’s but when the civil rights movements erupts it comes under consideration and thoroughly debated and it became applicable till 1970’s. Chandler (1992) explain that empowerment is the tool which we can use to effectively perform our job duties as empowerment gives power to control, influence and provide domination over the job (Walumbwa, et al, 2009).

Many researches showed that leadership behaviors are positively related with organizational citizenship behavior (Podsakoff et al. 2000). This is mostly related authentic leadership behaviors because this behavior enables open environment for fair working (Peus, et al, 2012). This leadership behavior has direct effect on attitude of employee’s, high level of satisfaction, accepting extra duties and performing them with commitment (Avolio & Gardner, 2005; Avolio et al. 2004; Luthans & Avolio, 2003). There are many processes that been suggested to influence employee by authentic leaders: posing positive attitude, emotional containment and personal identification along social recognition and helping to be self determinant (Ilies et al. 2005). When it’s about self determination, ethical consideration and crystal clear behaviors in communication with employee’s, these leaders are able to increase personal identification of their sub ordinates as they are able to create productive groups (Colquitt, Scott, &LePine, 2007; Wong & Cummings, 2009). From the above literature we are proposing that:

**H1:** “There is significant relationship between authentic leadership and organizational citizenship behavior individual”.

Structural empowerment effects a number of concepts for example commitment, engagement, motivation, efficiency and work engagement are just a list of few(Mackinnon, 2011). Every organization wants to meet its goals so all the concepts are very important to fulfill with
complete precision (Cowden & Cumming, 2012). If organization provides the above components then their employees will perform at optimum level. Also it will produce a good and healthy relationship between employees and their leaders (Cowden & Cummings, 2012). Every organization wants to meet its goals so all the concepts are very important to fulfill with complete precision (Cowden & Cumming, 2012). Kanter believed that when employees have availability to power exercise (Laschinger, 2013). Laschinger (2008) explains organization provides the above components then their employees will perform at optimum level. Also it will produce a good and healthy relationship between employees and their leaders (Cowden & Cummings, 2012).

**H2:** “Authentic leadership has significant effect on structural empowerment”.

Pioneers and supporters in high-LMX connections regularly report improved levels of fulfillment and adequacy, and in addition shared impact, more transparent correspondence, more noteworthy access to assets, and all the more additional part practices (Laschinger & Havens, 1997). Maslyn et al. (2001) clarify that low-LMX trades, interestingly, seem to put subordinates at a relative drawback as far as employment advantages and vocation progress. Participation in either gathering depends on how workers include themselves in creating and growing their part obligations with their administrator (Gardner et al, 2005).

Those representatives who arrange obligations commonly turn out to be a piece of the ingathering. These transactions for the most part include ventures that are well beyond the common set of working responsibilities. Thus, the chief will help out the representative like giving data, impact, certainty, and concern (Northouse, 2010). A resulting region of examination started to address how LMX hypothesis was identified with authoritative adequacy.

**H3:** “The impact of structural empowerment on organizational citizenship behavior individual is significant”.

Moreover, Seibert, Silver, and Randolph (2004) describes structural empowerment as empowerment climate which represents employees’ shared perceptions of managerial structures, practices and policies related with empowerment (Biron & Bamberger, 2010)”. Higher level of structural empowerment comes from access to opportunity, resources, information and support necessary to accomplish work. Work environment which provides access to mentioned factors render its employees as empowered (Greco et al., 2006; Wong & Laschinger, 2013). “Presence of social structures I n the work environment enable workforce to complete their work in meaningful ways (Kanter, 1993)”. Creative work happens to be vital at individual as well as organizational levels (Siegall & Gardner, 2000).

**H4:** “There is significant mediation of structural empowerment in the relationship between authentic leadership and organizational citizenship behavior individual”.

3. **Theory Support**

3.1 **Leader-Member Exchange Theory**

The difference between LMAX leadership theory and other theory is that it focuses exclusively with leaders and their teams (Du, 2013). The vertical dyadic relationship is a result of organizational social process proved by many of the researches. (Graen, Dansereau, & Minami, 1972). The dyad vertical linkage model is presented by Dansereau, Graen, and Haga (1975) advocates that a leader shares a set of different behaviors and relationship patterns with every person they supervise.
Low LMX trades, interestingly, seem to put subordinates at a relative drawback as far as employment advantages and vocation progress. Participation in either gathering depends on how workers include themselves in creating and growing their part obligations with their administrator (Maslyn, 2001). Those representatives who arrange obligations commonly turn out to be a piece of the in-gathering. These transactions for the most part include ventures that are well beyond the common set of working responsibilities.

**Figure 1: Conceptual Model**

3. **Research Design**

This study has used primary data collection method to collect data from the respondents. Quantitative analysis used to find out the relationship between variables. Hence, the study is following positivism paradigm and deductive in nature. This study is a causal study as it tends to find out the impact of authentic leadership as independent variable on organizational citizenship behavior individual as dependent variable with structural empowerment as mediating variable.

3.1 **Population, Sample and Sampling**

The population is composed of SME’s Staff from its offices located in Punjab to find out the impact of AL on OCBI with mediation of structural empowerment. The respondents were mostly Line managers of SME’s from both clinical and academic side. The population was further reduced to SME’s offices located in Faisal abad, Gujranwala, Gujrat, Multan, Rawalpindi, Sialkot and Rahim Yar Khan, Punjab. Stratified random sampling is used. 4 provinces of Pakistan and capital territory are declared as five strata. Due to homogeneity of all unites in one strata, data is collected from strata 3 i.e. Islamabad capital territory of Pakistan.

3.2 **Instrumentation**

The construct of OCB was developed by “Lee and Allen’s” (2002) while the constructs of Structural Empowerment is developed by Spreitzer (1995). 400 questionnaires were distributed in these eight SME’s offices but only 300 questionnaires were taken back from the respondents. Out of 300 questionnaires only 262 were filled properly so the whole data analysis comprises of 262 respondents.

3.3 **Measurement model**

In the model of authentic leadership, latent variables are as Authentic Leadership, Structural Empowerment & Organizational Citizenship Behavior.

4. **Data Analysis**

Study consist over approach of “structural equation modeling (SEM) for data analysis and
hypothesis testing (Anderson and Gerbing, 1988), using AMOS 23 (maximum likelihood estimation). In first step, Confirmatory factor analysis (CFA) produced adequate fit. Convergent validity has two conditions (a) all factor loads are significantly over 0.50 threshold (Fornell & Larcker, 1981); (b) the average variance extracted (AVE) in items by their respective constructs is greater than the variance unexplained (AVE > 0.50) (Bagozzi & Yi, 1988; Fornell & Larcker, 1981); and (c) factor composite reliability is equal to or greater than 0.60 (Fornell & Larcker, 1981).

Table 2 presents the results of CFA. The measurement scales show strong convergent validity. Discriminant validity is achieved when the variance-extracted estimates exceed the squared correlation estimates (Fornell and Larcker, 1981; Hair et al., 2006). From Tables I and II, it is clear that the AVEs of all variables are higher than the squared correlations of any pairs of variables, which supports the discriminant validity of all measures.

Authentic Leadership, Structural Empowerment and Organizational Citizenship Behavior are latent variables”. Each variable has some observed parts which called items. We can calculate the value of latent variables through their items. Authentic Leadership has total 10 items, Structural Empowerment has 5 items and Organizational Citizenship behavior has 6 items. In process of calculating the values for further analysis, trees have been drawn for all 3 latent variables & then put 2 headed arrows to demonstrate their correlation.

### 4.1 Model Fit Results

Table 1: Measures of Model Fit

<table>
<thead>
<tr>
<th>Measure</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>p-value of Model</td>
<td>.000</td>
</tr>
<tr>
<td>CFI</td>
<td>.865</td>
</tr>
<tr>
<td>GFI</td>
<td>.909</td>
</tr>
<tr>
<td>PCFI</td>
<td>.800</td>
</tr>
<tr>
<td>AGFI</td>
<td>.838</td>
</tr>
<tr>
<td>SRMR</td>
<td>.146</td>
</tr>
<tr>
<td>RMSEA</td>
<td>.748</td>
</tr>
<tr>
<td>PCLOSE</td>
<td>.000</td>
</tr>
</tbody>
</table>

In model the value for p-value of model is .05 & our model fulfils this criterion by showing its value .000. Likewise model fulfils all conditions of model fit including CFI, GFI, AGFI, SRMR & PCLOSE except RMSEA having value .148 which is considered as moderate.

### 4.2 Confirmatory Factor Analyses

Table 2: Confirmatory Factor Analyses

<table>
<thead>
<tr>
<th>Construct Item</th>
<th>Factor Loading</th>
</tr>
</thead>
<tbody>
<tr>
<td>“Authentic Leadership”</td>
<td>“AL1” .67</td>
</tr>
<tr>
<td>AL2</td>
<td>.65</td>
</tr>
<tr>
<td>AL3</td>
<td>.65</td>
</tr>
<tr>
<td>AL4</td>
<td>.78</td>
</tr>
<tr>
<td>AL5</td>
<td>.71</td>
</tr>
</tbody>
</table>
4.3 Structural Models

Values of latent variables are higher that showing items are explaining construct. All of the values are above 0.6 for each construct, which is acceptable. Values show that questionnaire is collecting desired information. Table 2 shows the results of “Structural equation modeling (SEM), with AMOS 23 (maximum likelihood estimation)”. SEM analysis was conducted for hypothesis testing (From H1 to H4) and to check the direct and indirect effect. “Standard procedure of mediation test was followed (Baron and Kenny, 1986; MacKinnon et al., 2007)”. Results for proposed framework of model1 were calculated without interaction. Model 1 achieves adequate fit: CFI = 0.865, PCFI = 0.800, GFI = .909, AGFI = .838, RMSE = .748. “Result shows that all proposed direct paths are significant”. Model 2 was calculated including all paths and mediator.

Table 3 “Presents the results of direct and indirect effects”. Hypothesis were tested based on SEM results. H1 predicts AL approach has strong positive relationship with OCBI. H1 is supported. H2 expects that authentic leadership has significant effect on structural empowerment. H2 is supported. H3 posits that impact of SE on OCBI is significant. H3 is also supported. H4 is about Structural empowerment enhances the level of organizational citizenship behavior at individual. Results supported H4.

Table 3: Path Coefficients

| Authentic Leadership ----→ Structural Empowerment | .76 |
| Structural Empowerment ---→ Organizational Citizenship Behavior Individual | .88 |
| Authentic Leadership ----→ Organizational Citizenship Behavior Individual | .75 |

Table 3 show that coefficient for the relationship of AL and SE is .76; Structural Empowerment
and Organizational Citizenship Behavior is .88 while AL and OCBI is .75. This shows increase of 1 point in independent variable leads to increase in dependent value according to calculated coefficient value.

Table 4: Structural Model Regression Weights

<table>
<thead>
<tr>
<th>Estimate</th>
<th>S.E.</th>
<th>C.R.</th>
<th>P</th>
</tr>
</thead>
<tbody>
<tr>
<td>Structural Empowerment</td>
<td>.559</td>
<td>.000</td>
<td>4.485 ***</td>
</tr>
<tr>
<td>Authentic Leadership</td>
<td>.650</td>
<td>.019</td>
<td>7.028 ***</td>
</tr>
<tr>
<td>Organizational Citizenship Behavior</td>
<td>.385</td>
<td>.002</td>
<td>1.793 ***</td>
</tr>
</tbody>
</table>

Table 4 shows the values of estimate, S.E, C.R. & P. Estimated value for each independent value shows that if independent variable goes up by 1, dependent variable goes up by certain value mentioned under estimate Column. As Structural Empowerment goes up by 1 unit then Authentic leadership will rise by .559 units. C.R. is T value in AMOS & as according to rules its value should be 2 or greater than 2. In subject estimation only for Organizational Citizenship Behavior & Structural Empowerment C.R. is below than 2. A general notion about manager is that capable manager can bring more benefits for organization (SeTin & Murwaningsari, 2018) and professional certifications polish the skills of managers and eventually creat positive impacts on the performacne of company (Moreo, Green & O’Halloran, 2018; Waugh, 2018).

4.4 Mediation Analysis

Table 5: Mediation Analysis
“To test the interactive effects that are associated” with H1 and H2, Table 5 presents the mediation analysis results. Coefficients of all four categories are different as stated in table 5. Here the decision rule is t-value. T-value for both relationships is < 1.96 (critical value of t). So, null hypothesis is accepted which mean that H3 and H4 are supported.

5. Discussion & Conclusion

The past writing and different studies of results, certain inferences and proposals have been drawn. Before giving textures of the outcomes and examination, there is a need to take a look at the suggestions of the study and their results. To offer answers to the examination questions, different theories were produced and after that tried with a specific end goal to figure out whether any relationship exists between leadership styles and innovative work behavior to individual inventive execution via intervening part of empowerment.

To start with, results from Authentic leadership and organizational citizenship behavior has a significant relationship with each other as different researchers evidently accept this tenant and give their theories regarding this relationship, in which leader member exchange theory clearly states that positive leadership clearly and positively affect the citizenship behavior of employees and they feel himself as an important player of the process and feel committed to be a part of the organization. The significance level relationship from our research provided a clear yes to the previous scholars and researchers that this relation is significant and positive.

The relationship between AL and structural empowerment also shows positive results from the analysis. The literature from previous also evidently clarifies that authentic leaders are the one who are true to their self and which structurally empower their subordinates. AL believes in their self and thy always giving space to others to perform well. Our analysis shows positivity with the scholars who explain this phenomenon.

To be sure, past examination has generally ignored the part of cooperation and data partaking in predicting gathering variables that are exceptionally helpful for effective imaginative results. By crossing over these examination holes, our outcomes exceptionally show that when employees perceive to be included in helpful cooperation, reliant, and composed of team work and procedures, they are more disposed to add to a common, significant vision and also to aggregatedly take part in purposive development steady courses of activities. In addition, our discoveries recommend that while accepting broad correspondence about the organizations' objectives, goals, key arrangements, and core value with respect to center empowerment exercises, employees will probably share and secure pertinent information in request to meet toward gathering objectives, and in addition to propose, assess, and bolster new and conceivably valuable thoughts. These discoveries, in this manner, add to broadening our knowledge of the part of saw collaboration and data part taking in forming those view of gathering flow that are prone to drive and sustain people's original actions. The relationship between authentic leadership and structural empowerment also shows positive
results from the analysis. The literature from previous also evidently clarifies that authentic leaders are the one who are true to their self and which structurally empower their subordinates. Authentic leaders believe in their self and thy always giving space to others to perform well. Our analysis shows positivity with the scholars who explain this phenomenon.

The mediation effect shows very strange results from the literature as it clearly states that structural empowerment mediates between the relationship of authentic leadership and organizational citizenship behavior at individual level. Our analysis rejects this tenant that there is no mediation happening in the above relationship. There can be a lot of reasons to this statement as this future directions were taken from Canadian context where organizations are creative enough to decide on their own and they can empower employees to maneuver and decide what is good for them and for the organization. In Pakistan context this structural empowerment phenomenon is not evolved yet. Also employees do not know about the level empowerment in hierarchical level and at the same organizations do not take risk on empowering their employees.

This research is a theoretical contribution to literature of empowerment that provide support to mediating role of a team’s vision and individuals for improvement in relationship between emotional empowerment and practice. Results of study provide an explanation of indirect association among teamwork environment, information sharing, emotional empowerment and participative leadership taking into consideration that rational direction for performing functions were missing (Seibert et al., 2011).

6. Practical Implications

Our discoveries distinguish a few basic elements that would help administration to shape their policies regarding the execution of strategies and retaining their employees and develop and dynamic and vigilant workforce which are not only satisfied but always for the betterment of the organization. From the analysis and also the literature gives a very strong support to this statement that AL is strongly related to OCB. Organizations can create a more committed and satisfied by using authentic leadership style to show the employees that what level of expectation are required from their side and how important they are for the organization.

This relationship will positively shape the behavior of employees and they feel motivated and citizenship behavior will be created which will affect the organization in a number of issues like low turnover, High level commitment, high level of satisfaction and much more. Structural empowerment is an important source of encouragement and a best tool to take on board your employees. Our research has shown a positive relationship between structural empowerment and OCBI which is supported by a number of researchers in literature review part of this study and a number of studies will support this argument. Organizations can use this relationship to proactively make a dynamic environment in which employees feels comfortable and satisfied at the same time.

At last, our study acknowledges participative leadership styles urgent part in both improving advancement arranged gathering flow and forming representative’s mental support. These discoveries consequently approach administration to arrange and initiate particular administration preparing projects that emphasis on enhancing listening and relational abilities, arrangement capacities, and steady practices.

7. Conclusion

This research concluded that authentic leadership is an important component which can bring
change in the organizational citizenship behavior specifically in SME’s of Pakistan. Citizenship behavior comes with higher commitment, high level of job satisfaction and when employees consider him or her as an important part of the organization. Authentic leadership always tries to encourage their subordinates to push to their limits and work in a helping environment which in turn positively affects their overall organizational citizenship behavior. Structural empowerment is used to get information about resources, structure and other related things which also can bring about changes in citizenship behavior of employees. Although structural empowerment does affect the Organizational Citizenship Behavior Individual and authentic leadership in those organizations where there is some level of autonomy, creativity and empowerment. In our research the mediation effect on Authentic Leadership and Organizational Citizenship Behavior Individual did not showed any effect. SME’s in Pakistan and specifically in capital territory are those level organizations which can give provide proper empowerment strategies by which employees can attain high level of satisfaction and commitment which can transfer into organizational citizenship behavior.

1. We recognize a few restrictions in this exploration that should be included in future research. To start with, since all information was gathered from the same source through self-report measures, the watched connections among our study variables could be enhanced.

2. This study can be replicated in other setting like telecom sector, education sector, in different industries where the organizations are exercising empowerment strategies to boost up their employees.

3. Longitudinal studies need to clearly look into the analysis from a bigger perspective.

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