AUTHENTIC LEADERSHIP FOR ORGANISATIONAL ADVANCEMENT IN THE NEW NORMAL

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Abstract:
The pandemic has brought numerous challenges to organisations such as working from home, virtual communication, and management of interpersonal relationships. Considering the notion that people are the lifeblood of the organisations, it is important to understand how and in what ways leaders can support their employees during and after the pandemic. Authentic leadership was shown to be one of the most effective approaches when it comes to supporting employees' psychological and work needs. This paper briefly outlines authentic leadership theory and provides an overview of the studies conducted during the pandemic that show the positive effects of authentic leadership on significant outcomes.

Keywords:
authentic leadership, new normal, pandemic.

1. INTRODUCTION

The COVID-19 pandemic has faced organisations with numerous challenges such as working remotely, relying greatly on technology for communication and managing interpersonal dynamics (Dobrijević & Savić, 2022), (Rayiramkandath, 2021), (Stanković & Radojević, 2022). Some of these newly introduced practices have negatively affected business processes and outcomes (Bonacini, Gallo, & Scicchitano, 2021; Donthu & Gustafsson, 2020). Organisations are, thus, forced to revaluate their practices in order to secure business continuity in the aftermath of the crisis (Bailey & Breslin, 2021), (Gajić & Đorđević, 2021). Since human resources are the essence of organisations (Ren & Gray, 2009), it is of particular interest to understand how and in what ways leaders can support their employees during and after the pandemic.

Authentic leadership is one of the most successful approaches when it comes to supporting employees' psychological and work needs (Fusco, O'Riordan, & Palmer, 2016; Oh, Cho, & Lim, 2018). Namely, authentic leadership contributes to subordinates' performance and engagement (Joo, Lim, & Kim, 2016a; Lyubovnikova, Legood, Turner, & Mamakouka, 2017). Therefore, authentic leadership seems to be an effective tool for managing employees' needs during crises and for securing business continuity in the new normal. This paper briefly outlines authentic leadership theory and provides an overview of the recently published articles concerning the effects of authentic leadership on various outcomes during the pandemic. Specifically, the studies cover hospitality industry in China (Du, Ma, Lin, & Wang, 2021), public sector in Indonesia (Daraba, Wirawan, Salam, & Faisal, 2021), small and medium-sized businesses in Thailand (Chen & Sriphon, 2022) and aviation sector in Vietnam (Thuy & Van, 2022). Even though positive effects of authentic leadership were known prior to the pandemic, this approach becomes particularly relevant for organisations in the new normal.

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2. AUTHENTIC LEADERSHIP THEORY

Even though there are numerous conceptualisations of authentic leadership, Walumbwa, Avolio, Gardner, Wernsing, and Peterson (2008) view it as a display of leader behaviour rooted in the leader's strong ethics and positive psychological qualities. The authors suggest that authentic leadership entails four intertwined components; internalised moral perspective, self-awareness, relational transparency and balanced processing (Avolio, Walumbwa, & Weber, 2009). The research has demonstrated that these four components constitute authentic leadership (Walumbwa, Christensen, & Hailey, 2011) and that they can be acquired and expanded over time.

Internalised moral perspective refers to the degree of congruence between leaders' behaviours and their own moral standards and personal values. As a self-regulatory process, it allows leaders to control the extent to which they are being influenced by organisational or societal pressures. Thus, authentic leaders' actions are aligned with the morals and beliefs they communicate to others.

Self-awareness entails the extent to which leaders recognise their strengths and weaknesses and the effect that their decisions have on others. It involves reflecting on one's core values, motives, identity, emotions and goals (Northouse, 2021). This process leads to greater-levels of understanding oneself which increases the leader's potential for leading and advancing others (Walumbwa et al., 2011).

Relational transparency embodies the degree to which leaders' feelings and thoughts are perceived to be authentic. This process is self-regulatory as leaders control their openness with others by sharing both positive and negative aspects of themselves (Northouse, 2021).

Balanced processing represents leaders' willingness to pursue, analyse and objectively evaluate evidence before making decisions, even if such perspective contradicts their own positions (Gardner, Avolio, Luthans, May, & Walumbwa, 2005). Authentic leaders are thus open about their own views but are also objective when evaluating others' views.

Authentic leadership theory is appealing since it offers board guidelines to people who aspire to become authentic leaders (Northouse, 2021). Another attractive feature of this theory entails its explicit moral dimension. Indeed, authenticity urges leaders to do what is in the best interest of their followers and society. Importantly, authentic standards and behaviours can be advanced over time, since everyone has the ability to learn how to be authentic. Namely, leaders can be trained to become more aware, transparent, relational and other-directed. Furthermore, Luthans and Avolio (2003) argue that leaders could acquire positive psychological capacities such as optimism, confidence, hope, and resilience which could be used to create positive organisational practices.

Rayiramkandath (2021) views authentic leadership as a mechanism for advancement in the new normal following the pandemic of COVID-19. Indeed, authentic leaders' values tend to provide stability in organisations by enabling employees to deal with stressful and critical situations (Chully, Jose, & Luthufi, 2022; Fox, Davis, & Baucus, 2020). Namely, authentic leaders face crisis situations with clear vision, they adjust to the ongoing change and facilitate reciprocal communication to reach organisational goals (Rayiramkandath, 2021). Furthermore, authentic leaders show empathy and sensitivity towards others' needs (Singh, Sengupta, & Sharma, 2016) which enables them to create positive and gratifying relationships (Hirst, Walumbwa, Aryee, Butarbutar, & Chen, 2016). Reciprocal understanding and trust motivate subordinates to perform to the best of their abilities. Leader's emphasis on open communication makes subordinates feel valued and respected which, in turn, enhances their loyalty to the organisation (Rayiramkandath, 2021). Authentic collaborative approach enhances employee satisfaction and engagement at work (Hsieh & Wang, 2015). Also, authentic leaders encourage positivity and development of their subordinates by placing an emphasis on ethical beliefs and behaviours (Hannah, Avolio, & Walumbwa, 2011). Therefore, authentic leadership is valuable, desired and needed since it enhances the overall morale in the organisation (Walumbwa et al., 2008).

3. AUTHENTIC LEADERSHIP: AN OVERVIEW OF EMPIRICAL STUDIES CONDUCTED DURING THE PANDEMIC

Scholars have recognized that authentic leadership is one of the core approaches for managing organisations in critical periods such as the COVID-19 pandemic and for securing business resilience in the times that follow. Therefore, several studies examined the impact that authentic leadership has on various organisational outcomes across cultures, industries and organisation types including the public sector in Indonesia (Daraba et al., 2021), aviation sector in Vietnam (Thuy & Van, 2022), hospitality industry in China (Du et al., 2021), and small and medium-sized businesses in Thailand (Chen & Sriphon, 2022). This section provides an outline of these studies to highlight the significance and impact of authentic leadership in organisations.

During the pandemic, many organisations had to embrace working from home in order to reduce physical contact among employees. This was the case with many organisations in Indonesia, including governmental institutions. In their study, Daraba et al. (2021) evaluated the impact that authentic leadership, employee gender and psychological capital may have on employees' performance in a public organization under Indonesia's Ministry of Home Affairs while implementing working from home.

Psychological capital is viewed as a constructive phase in one's psychological development that entails self-confidence, resilience, hope and optimism (Luthans, Avey, Avolio, Norman, & Combs, 2006). The gender orientation theory suggests that males and females hold specific opinions regarding the traditional roles that men and women have regarding meeting the demands of family and professional sphere (Bird, Bird, & Scruggs, 1984). The traditional aspect of gender roles implies that women are in charge of taking care of the home and raising the children and while men provide for their family (Mintz & Mahalik, 1996). Even though there are other aspects on gender roles, women tend to be main caregivers and thus are more likely to face work-family conflict (Maume, Sebastian, & Bardo, 2010). The work/family border theory views family and work as two separate realms of life that can affect each other (Clark, 2000). These spheres are divided by borders that come in three forms, namely (1) physical when home and work are in different locations, (2) temporal when office hours are separate from family time, and (3) psychological when strict rules at work differ from family discourse. Interference can occur when participants within the domains communicate and interrupt each other (Clark, 2000). For instance, a manager can interrupt a female employee if he asks her to send a file while she is with her family.

The results based on 116 online surveys showed that the extent to which employees perceive their leader to be authentic could directly impact employees' performance through employees' psychological capital. Employees' gender was shown to significantly moderate the link between authentic leadership and psychological capital as this impact was positive and significant for female employees. In line with the work/family boundary theory and gender role theory, female respondents tend to lose more resources due to work-family conflict compared to their male colleagues. Even though working from home has previously been voluntarily implemented in organisations, it never coincided with the pandemic. This study highlights potential downsides of working from home for male and especially female employees and calls for caution then implementing these practices in public organisations. Additionally, the study highlights that various aspects of authentic leadership have positive impact on employee performance.

Before the pandemic, the aviation sector in Vietnam significantly contributed to the country's economic development. During the pandemic, nevertheless, air transportation in Vietnam suffered severe damage as was the case with the aviation sector worldwide. Indeed, in 2020 and the first half of 2021 aviation enterprises in Vietnam had a 61% decrease in their revenues compared to that of 2019 (Thuy & Van, 2022). For example, Vietnam Airlines reported that in 2020 they had over 100 airplanes

temporarily withdrawn from operation (Thuy & Van, 2022). During these challenging times, authentic leadership was shown to play a vital role in increasing employee engagement and job satisfaction.

Employee work engagement is specified as positive, rewarding work-related attitude that involves dedication, enthusiasm and immersion (Schaufeli, Salanova, González-Romá, & Bakker, 2002). Job satisfaction entails an employee's attitude regarding their job and the value they receive from it (Organ & Ryan, 1995). Additionally, it represents a positive emotional attitude that benefits one's mental and physical health (Judge, Thoresen, Bono, & Patton, 2001).

In the midst of the pandemic, Thuy and Van (2022) conducted a research at an Aviation Operation Centre in order to explore the effect of authentic leadership on employees. The results based on 155 survey responses analysed by partial least square structural equation modelling showed that the four components of authentic leadership (i.e., internalized moral perspective, relational transparency, balanced processing and self-awareness) have a positive effect on employees' engagement while job satisfaction mediated these effects (Thuy & Van, 2022).

The authors provide several recommendations regarding embracing authentic leadership in the aviation enterprises. First, leaders need to be aware of their own, as well as of organisational strengths and weaknesses, and the impact that those may have on employees. Leaders must be aware of their inner self, of their values and yet be able to observe themselves critically. Second, leaders need to root their behaviour in their moral knowledge and beliefs and avoid being controlled by the external pressures. Additionally, they have to be aware of and nourish their moral habits, moral motives, and moral energy and emotions (Thuy & Van, 2022). Third, leaders must enhance their capacity to evaluate objective information and seek others' viewpoints in order to avoid being biased. Leaders need to be fair and strive to implement transparent policies, procedures and methods always showing care and respect for their followers. Finally, leaders should be honest and transparent in their communication with their subordinates. Leaders demonstrate their authenticity by sharing their motivations, tendencies and feelings with their employees.

Another sector that has been negatively affected by the pandemic is the hospitality industry in China (Bergen, 2021). Jobs in hospitality organisations are emotionally demanding and service-intensive (Du et al., 2021). Therefore, it is important for leaders to provide support to their subordinates (Ma & Qu, 2011) and motivate them to provide valuable experiences to their clients (Joo, Lim, & Kim, 2016b). Mark Hoplamazian (2021), the CEO of Hyatt, reported that demonstrating authentic leadership during the pandemic enabled him to effectively manage

the crisis and win trust and support of his colleagues. Close relationships at work develop via social exchanges.

Social exchanges represent a pattern of interactions that generate interdependent commitments provisional on the reciprocity of responses (Blau, 1964). These interdependent transactions tend to create high-quality relationships. On the basis of this conceptualisation, leader-member exchange theory suggests that leaders create relationships of varying quality with their followers (Graen & Schiemann, 1978). High-quality relationships involve mutual trust, respect, affect, intensive communication and exchange of favours (Bauer, Erdogan, Liden, & Wayne, 2006). In contrast, low-quality relationships are rooted in the leader's and subordinate's job description (Bauer et al., 2006).

Building on social exchange theory, Du et al. (2021) proposed and tested a multilevel model that examines conditions under which authentic leadership can impact engagement of employees in hospitality industry in China. Data collected in two waves among frontline employees in luxurious hotels provided 440 valid responses. The study demonstrated that authentic leadership positively impacts work engagement, and that this relationship is mediated by leader-member exchange. Power distance represents the extent to which individuals accept asymmetry in power (Hofstede, 1997). Unlike prior studies which showed the negative impact of power distance on employee behaviour, the study by Du et al. (2021) implies that the link between authentic leadership and respondents' work engagement is strengthened by power distance. Furthermore, Du et al. (2021) explain how the interplay between contextual and personal factors modify the effect of authentic leadership on work engagement among hospitality employees.

Regarding practical implications, Du et al. (2021) note that human resources practices such as recruitment, training, performance evaluation and advancement could consider authentic leadership behaviour and traits. For instance, priority could be given to candidates who demonstrate more authentic features. Considering the notion that authentic leadership could be propagated and developed (Avolio & Gardner, 2005), the authors encourage hospitality organisations to offer leadership training sessions that promote leaders' fairness, transparency and integrity. Furthermore, social activities designed to promote relations between leaders and followers could eventually contribute to staff engagement (Du et al., 2021).

Thailand's small and medium-sized businesses have also faced difficulties related to the COVID-19 pandemic. In addition to the health crisis, economic challenges included interruptions in supply chain which resulted in diminished revenues (Chen & Sriphon, 2022). Interpersonal dynamics in the workplace have also been affected due to job uncertainty, social distancing and working from home. Chen and Sriphon (2022) conducted a study in which they examined the links between authentic leadership, social exchange relationships, trust and leader behaviour. The data was based on survey responses from 380 supervisors in retail, manufacturing, wholesale, and service industries in Thailand.

The moderating and mediating effects were examined via a regression-based approach (Chen & Sriphon, 2022). The findings suggest that authentic leadership has a positive effect on trust and social exchange relationships, and that trust is directly linked to social exchange relationships. During the pandemic, leader behaviours rooted in ethics, competence, and positive relationships had a positive effect on the links between authentic leadership, trust, and social exchange relationships. Furthermore, authentic leadership and social exchange relationships were positively mediated by trust. The results of the study demonstrate that authentic leadership enhances high-quality social exchange relationships and trust (Chen & Sriphon, 2022). Authentic leaders achieve this by managing change effectively, taking appropriate action, increasing employee work motivation, and by providing support to their followers. In line with the social exchange theory, high-quality leader-follower relationships have a positive effect on other variables. The results of this study highlight the importance of authentic leadership in critical situations which could as well be applied in the aftermath on the pandemic (Chen & Sriphon, 2022).

In view of the fact that continual, disruptive change has become the new normal, and that previous achievements are no guarantee for the future ones, Chen and Sriphon (2022) emphasize that organisations need to abandon traditional command-based routines and embrace authentic leadership. Authentic leaders should coach their followers to embrace and adapt to an ever-evolving organisational settings. Satisfied employees will demonstrate more commitment, engagement, and readiness to face unprecedented challenges and build resilient organisations.

4. CONCLUSION

Several studies conducted across cultures, industries and organisation types have shown positive effects of authentic leadership on employees and organisations during the pandemic such as enhanced job engagement, employee performance, trust and social exchange relationships. Therefore, authentic leadership seems to be a tool for securing organisational progress and business resilience in the new normal especially since it could be acquired and developed over time.

5. LITERATURE

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