The interactive effect of authentic leadership and leader competency on work engagement.

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Abstract
The aim of our research paper was to find the effect of authentic leadership on work engagement. It also examined the role of leader competency as a moderator between the relationship of authentic leader and work engagement. The data were collected from 55 employees of industrial and service sector of Lahore. Statistical tools were used to identifying the results. We conducted reliability, regression and correlation analysis. The result suggests that there was significant direct relationship of authentic leader and work engagement. The hypothesis predicted that authentic leadership style increases the followers work engagement. Whereas, there was no impact of leader competency on the relationship between authentic leadership and work engagement.

Key words: Authentic Leadership, Leader Competency, Work Engagement

1. Introduction
Work engagement has been an emerging and focal topic among the organizational researchers. Engagement at work has been potentially linked with the positive organizational outcome. Schaufeli et al. (2002) defined work engagement as a positive gratifying state of mind associated to work which is characterized by absorption, dedication and vigor. Bakker et al. (2008) described work engagement as how work is being perceived. A survey conducted by Gallup in 2016 showed that only 15% of employees are engaged at their workplace. Another survey which was directed by Global employee engagement in 2016 demonstrated only 24% of employees are highly engaged and 39% were moderately engaged. Furthermore, higher percentage of engagement was observed in Asia Pacific (APAC) which is 62% (Hewitt, 2017).
Authentic leadership has come up with the proposition of working fair and presenting one’s self crystal clear (BILL, SIMS, & GERGEN, 2007). Authentic leadership style has proved to positively effect on organizational commitment, job satisfaction, voice behavior, turnover intention and work engagement. The belief and valued system which is deeply integrated in the authentic leaders serves as an association to the followers. The mechanism on which authentic leaders are operating does not result to produce high level management proficiencies, and it relies on leader’s competencies. Many researchers on leaders behavior provided evidences that for the effective working of a leader there are certain competencies required as it serves as a boundary condition (Podsakoff, Todor, & Schuler, 1983). Only few studies have studied the moderating impact of leader competency on the association between authentic leadership and work engagement.

1.1. Problem Statement
During economic recession work engagement of employees is essential for the survival of company because engaged employees work more effectually and proficiently during that time (Amabile & Kramer, 2011). Work engagement is also very significant for organizations because it is linked with high level of creativity, OCB, client satisfaction and task performance (Bakker et al., 2014). Leadership is an important driver for having an engaged workforce because efficient and effectual leaders can influence employee working activities (Tims et al., 2011). Few of the studies have examined the impact of authentic leadership on work engagement (Walumbwa et al., 2010; Lelchook & Lorey, 2012; Oh, Cho & Lim, 2018). It is crucial to study which contextual variables moderate the relationship of authentic leadership and work engagement because effectiveness of authentic leadership relies on some boundary conditions (Wei et al., 2018). Employee perception that leader is competent is important because employee will be more encouraged and willing to take guidance from leader if he/she perceives him/her to be competent (Wei et al., 2018) so the purpose of this research is to examine the moderating impact of leader competency on association between authentic leadership and work engagement.

1.2. Research Objectives
- To study the effect of authentic leadership on work engagement.
- To assess the impact of leader competency on the relationship between authentic leadership and work engagement.

1.3. Research Questions
- To what extent does leader competency moderate the relationship between authentic leadership and work engagement?
- What is the effect of authentic leadership on work engagement?

1.4. Significance of the Study
The current research adds to the literature as variables of authentic leadership, work engagement and leader competency has not been studied together previously (Wei et al., 2018). Authentic leaders inspire loyalty and trust from employees by acting in a real and
genuine way and when employees feel that leader have follower’s best interest in their mind then employees are more dedicated and gives attention to their work. Leader competency plays an important role between this relationship.

2. Literature Review

2.1. Work Engagement:

Schaufeli, Salanova, González-Romá, & Bakker (2002) defined work engagement “as a positively fulfilling state of mind which is categorized by vigor, dedication and absorption”. Vigor means consistent in putting effort in one’s work and showing resilience at the workplace. Dedication represents sense of meaning, contribution, involvement and experiencing challenge at work. Absorption refers to being highly attentive and fully engaging in work. Individuals who engaged usually are the ones who are deliberately invest their effort in job. (Kahn, 1990; Salanova & Schaufeli, 2008).

In nutshell, we can say how employees comprehend their work is referred by a term called work engagement (Bakker et al., 2008), a deliberate and meaningful quest of work (cognitively involved), devoting oneself with passion (Vigor). Prior research stated overall positive outcome of engaged employees. It includes organizational goals, higher customer demand and value creating productivity, decreased absenteeism and turnover intention (Harter, Schmidt, & Hayes, 2002), boosting organizational commitment (Schaufeli and Bakker, 2004). Christian et al.( 2011) & Joo and McLean( 2006) examined that work engagement has proved to be a topic of vital importance as many scholars linked it with job satisfaction, Organization development, change management and improving work force performance.

Many leadership researchers have studied work engagement with different leadership styles and predicted the outcomes, that how a particular leadership style helps the followers in engaging to their work. Leadership styles are mostly taken as procedure of social influence, and creates a relationship of cause and effect.

2.2. Authentic Leadership

Luthans and Avolio (2003) conceptualized the construct of authentic leadership and on the basis of their work some scholars (Avolio & Gardner, 2005; Gardner et al., 2005; Ilies et al., 2005; Walumbwa et al., 2008) refined the authentic leadership theory. Authentic leadership refers to a sequence of leader behavior that supports positive ethical environment and positive psychological capabilities that helps the leader to establish better self-awareness, relational transparency, internalized moral perspective and balanced processing of information, encouraging positive self-growth(Walumbwa et al., 2008). Authentic leadership comprises of four dimensions: self-awareness, internalized moral perspective, balanced processing of information and relational transparency.

Self-awareness represents a leader ability to understand his/her own strength and weaknesses and to reflect upon his/her own nature. Balanced processing reflects to the degree the leader examines all the related information before making a rational judgment (Walumbwa et al., 2008). Internalized moral perspective refers to a leader behavior directed by internal moral
values and beliefs inspite of societal pressures. Relational transparency is about displaying one true self, views and emotions to followers and establishing mutual trust (Gardner et al., 2005). Leaders who follow the three elements (resiliency, hope and optimism) of psychological capital are most expected to turn out to be authentic and true leaders (Jensen & Luthans, 2006). Authentic leadership is related to increasing task performance (Leroy et al., 2012), job satisfaction (Jensen & Luthans, 2006; Giallonardo et al., 2010; Azanza, Moriano & Molero, 2013), organizational commitment (Peus et al., 2011), work discretionary behavior (Walumbwa et al., 2010) reducing perceived work stress and stress symptoms (Rahimina & Sharifirad, 2014). Authentic leadership also reduces the negative employee and organizational outcome like work place bullying, burnout and turnover intention (Laschinger & Fida, 2013). Authentic leadership has positive relationship with creativity and innovativeness (Muceldili, Turan & Erdil, 2013).

2.3. Leader Competency

Different schools of leadership have been developed over many years. One of perspective which is new compared to other schools is emerged which comprises of authentic leadership, spiritual leadership, servant leadership, self-sacrificial leadership, leadership competence and emotional intelligence (Kienke, 2007). A broad review of current theories and their assessment tool was done by Dulewicz & Higgs (2005) and through this review they distinguished fifteen leadership dimensions. These leadership dimensions were grouped into three competencies that are emotional, intellectual and managerial.

Tett at el. (2000) defined competency as “an identifiable aspect of prospective work behavior attributable to the individual that is expected to contribute positively and/or negatively to organizational effectiveness”.

Competencies are particular personal traits and behaviors that are essential to be useful on the job (Mansfield, 1996; Antonacopoulou & Fitzgerald, 1996) so leadership competencies are leadership behaviors and skills that play a part in effective performance and these leadership competencies can be recognized, taught and evaluated (Brownwell, 2006). Some of leadership competencies are problem awareness, decision making, directing, short term planning, decision delegation, coordinating, strategic planning, monitoring, goal setting, team building, productivity, motivation by persuasion and motivation by authority (Tett et al., 2000).

Problem awareness refers to capability to identify situations in which actions are needed for organizational success. Decision making is usage of right assessment in settling problems. Directing refers to precisely defining to followers what they have to do (Tett et al., 2000). Giving authority related to decision making to capable subordinates is termed as decision delegation. Short -term planning is formulating steps that are required for the completion of task before action is carried out. Development of long-term plans so that organization remains aligned with future challenges, requirements and needs is called as strategic planning (Tett et al., 2000). Coordinating refers to allocating resources and organizing the activities of followers.

Determining work unit objectives related to organization and identifying methods to accomplish these objectives is termed as goal setting. Monitoring refers comparison of current
work unit advancement to predetermined objectives, deadlines and standards (Tett et al., 2000). Motivating by authority is using rewards and penalties for having a direct influence on employees. Convincing others to reach the level of excellence for their own selves is termed as motivating by persuasion. Productivity refers to achievement of goals established by oneself or others. Team building is identifying and integrating different subordinate roles for the purpose of collaboration (Tett et al., 2000).

Gentry and Sparks (2011) studied the effect of different leadership competencies endorsed by managers for organizational success is convergent or its impact is different according to different cultures. Alban-Metcalfe & Alimo-Metcalfe (2013) suggested that it is important to have a distinction between leadership competencies (what leader do) and leadership style (how they act). What leader do can be evaluated by leadership competency model and how they act is estimation of leadership style. According to Alimo-Metcalfe & Alban-Metcalfe (2008, pp.15-16) leadership competencies are essential because a competent leader makes it possible for the organization to function in a way that is goal oriented and this helps the employees to plan efficiently and effectually. Leadership competencies facilitates in turning the vision of a team, department and organization into reality. So being competent is important for anyone who is occupying a leadership or management role (Alban-Metcalfe & Alimo-Metcalfe, 2013).

3. Theoretical Framework

Theory:
Our theoretical framework is based on self enhancement theory (Allport, 1937). The main supposition is that individuals are motivated to enhance their feelings of self-worth (Sedikides and Strube 1997, p. 212). According to self-enhancement theory people can enhance themselves by self-protecting and self-evolving and that can be done by increasing the positivity or by lessening the negativity related to one self-opinions or self-concept (Arkin, 1981).

Authentic leaders encourage positive emotional and intellectual growth of their followers (Avolio and Gardner, 2005). According to Ilies et al. (2005), there are four sorts of behavior which authentic leaders shows: first is being aware of oneself, it includes all negative and positive side, strengths and weaknesses. Secondly by balancing between the fair and unfair process and coming up with the justified results. Thirdly, authentic leaders believe in moral values which are regulated by internal standards. Lastly, they work with the transparency and rationality, such
factors create trust and mutual consensus among all employees and enhance the dedication and willingness of followers to work with them.

All these characteristics of authentic leaders enhance the work engagement of followers, as leaders are considered to be drivers who help their followers in increasing their perception of self-value and significance. This will increase perceptions about their self-image and sense of worth as they receive a more encouraging self-assessment (Dutton et al., 1994). This also gives them a message that they are important and deserve their employer’s special attention and trust which in return increases their positive self-image. They then try to retain this positive image by putting more energy and by more goal focused behavior (Chen et al., 2013).

**Hypothesis:**

3.1. **Authentic Leadership and Work Engagement:**

Individuals who possess the traits of authentic leader are well acquainted with their own peculiarities and believes, and they transparently interact with others (Avolio et al., 2004). Authentic leaders demonstrate some essential characteristics which are integrity, sustaining performance, building trust and openness and shaping the follower’s potential (Gardner et al., 2005). All these behaviors impact the work engagement of the followers (Kahn, 1990). Followers of authentic leader adopt the willingness to achieve organizational goals (Vigor) by the exhibiting positive and compelling vision. By matching the extrinsic motivation of followers with their intrinsic motivation and delegating meaning to their work and direction towards organizational goals creates dedication for the followers (Ryan & Deci, 2000).

Many scholars studied the link between authentic leadership and work engagement of nurses. (Giallonardo, Wong, & Iwasiw, 2010) posit that all characteristics of authentic leader positively linked with work engagement.

All those factors which contributes in work engagement includes vigor, dedication and absorption. Authentic leaders increase the work engagement of the followers. Giving followers job autonomy and growth opportunities have been deemed to be essential for engaging the employees and such factor of absorption of work engagement (Kompaso & Sridevi, 2010). Authentic leaders induce their followers by stimulating something which creating value in the work, either by giving personal growth or by providing chance to become a leader which can be possible by shaping their personality (Luthans and Avolio, 2003).

In many interactive practices, where authentic leaders are inclined to the principles of openness and trustworthiness, followers are also encouraged and expected to display same qualities (May, Chan, Hodges, & Avolio, 2003). An environment of openness where leaders and followers discuss their weakness and emphasizing constant growth collectively creates a consistent effort and readiness to work which is associated with vigor (Avolio et al., 2004). Likewise, Chen et al. (2013) proposed that all those workroom interaction which are deeply embodied with respectfulness and dignity and constructive communication stimulates work engagement by referring to a sense of recognition and felling being challenging at work place. The outcome of such positive interactions results in followers willingness to work and display positive behavior. (Illies, Morgeson, & Nahrgang, 2005; Wang, et al., 2014).
H1: There is a significant relationship between Authentic leadership and Work engagement.

3.2. Leader Competency and Work Engagement

The term competency is defined as an amalgam of implicit and explicit knowledge, expertise, abilities and the behavior, which is one of the prospects for someone in performing effectively (Draganidis & Mentzas, 2006). Leaders competency includes awareness of problem, strategic management and planning, making decisions, setting goals and making strategies, coordinating work activities and monitoring. Many scholars of leadership propose that higher work engagement can be achieved when a leader is both task and relationship motivated (Hooijberg & Choi, 1999). Many evidences have shown that employees get more driven by the ideas of experts than those of with no expertise (Mausner, 1953). The leader competency characteristics of setting goals and directing helps the followers to shape their potential of authentic leadership and makes them willing to achieve collective goals of organization. Luthans & Avolio (2003) proposed that employees are generally more inclined to work with those leaders with supportive behavior and with authenticity of experience of expert. The competency characteristic of Problem solving and recognizing the efforts of employees brings the rational transparency of authentic leader Justis et al. (1978) also stated that leader competency depends on the perception of the employee, follower would be willing and motivated to work with a leader whom they think of competent and have more influence. Listening to the problems of followers creates an environment of openness and

Most of the studies suppose that peers follow the behavior of those leaders who are competent than those of who are less competent. All the arguments which are raised above are all connected to the moderating effect of leadership qualities and characteristics which in the end effects the employee engagement. Authentic leaders are the ones who present themselves genuine individuals, they accept both positive and negative traits of their personality, present their loopholes and do not try to covert. The essence of their personality is crystal clear, but that does not refer to their authenticity and competency. However, for a leader to be authentic it is essential to have leaderlike competencies for example making decisions, delegating work-related activities, proceeding all management functions.

Based on the above rational, we thus predict the following hypothesis.

H2: Leader Competency moderates the relationship between authentic leadership and Work engagement.

4. Methodology

4.1. Population

For this survey data was gathered from private sector of Lahore.

4.2. Sample Size

The sample size for this survey was 55.

4.3. Sampling technique
Convenience sampling was carried out for this study because it is easy to conduct and this sampling technique takes less time.

4.4. **Unit of Analysis**
The unit of analysis for this survey were individuals (employees).

4.5. **Data Analysis**
For the purpose of data analysis, SPSS and Process Macros was used and descriptives, correlation and regression test were applied.

4.6. **Measures**
For work engagement, shortened version of UWES (Schaufeli and Bekker, 2003) was used which consists of nine items. Sample items comprise of “At my job, I feel strong and vigorous”. Work engagement was measured on five point likert scale (from 1 =Never to 5= always). Cronbach’s alpha was 0.86.

Authentic leadership was measured using authentic leadership inventory scale developed by Neider and Schriesheim (2011) which consist of fourteen items. Sample items comprise of “My leader clearly states what he/she means”. Authentic leadership was measured on five point likert scale (from 1=strongly disagree to 5=strongly agree). Cronbach’s alpha was 0.95.

Leader competency was measured using managerial competency established by Tett et al. (2000) which consist of thirteen items. Sample items comprise of “My leader uses good judgment in resolving problems”. It was measured on five-point Likert scale (from 1= very low to 5=very high). Cronbach’s alpha was 0.94 alpha.

5. **Analysis and Results**
Table 5.1 shows the demographic features of the respondents which includes gender, age, monthly income, tenure with current organization, highest qualification.

<table>
<thead>
<tr>
<th>Variable</th>
<th>F%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gender</td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>17 (30.9)</td>
</tr>
<tr>
<td>Female</td>
<td>38 (69.1)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Monthly income</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Below 25,000</td>
<td>5 (9.1)</td>
</tr>
<tr>
<td>25,000-50,000</td>
<td>2 (38.2)</td>
</tr>
<tr>
<td>50,000-100,000</td>
<td>19 (34.5)</td>
</tr>
<tr>
<td>100,000-300,000</td>
<td>10 (18.2)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Highest Qualification</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Intermediate</td>
<td></td>
</tr>
<tr>
<td>Graduation</td>
<td>19 (34.5)</td>
</tr>
<tr>
<td>Variables</td>
<td>M</td>
</tr>
<tr>
<td>-------------------------------</td>
<td>-------</td>
</tr>
<tr>
<td>1. Authentic leadership</td>
<td>3.49</td>
</tr>
<tr>
<td>2. Leader Competency</td>
<td>3.38</td>
</tr>
<tr>
<td>3. Work Engagement</td>
<td>3.67</td>
</tr>
</tbody>
</table>

Table 5.2 shows the mean, standard deviation, correlation and internal consistency reliability.

**Correlation is significant at the 0.01 level (2-tailed)**
The Table 5.2 displays mean, standard deviation and correlation among authentic leadership, leader competency and work engagement. The reliability for authentic leadership, leadership competency and work engagement are 0.94, 0.95 and 0.86 respectively that represents internal consistency for items for each variable is high. The findings represented that authentic leadership has a moderate positive relationship \( r = 0.45, \ p < 0.01 \) with work engagement. Leader competency also has a moderate positive relationship with work engagement \( r = 0.53, \ p < 0.01 \).

Before doing the regression test assumptions of regression (normality, linearity, autocorrelation, homoscedasticity, multicollinearity) were checked. The VIF value was 5.79. The VIF value less than 10 is acceptable (O’Brien, 2007).

Table 5.3.1

<table>
<thead>
<tr>
<th>Source</th>
<th>B</th>
<th>SE B</th>
<th>( \beta )</th>
</tr>
</thead>
<tbody>
<tr>
<td>Authentic leadership</td>
<td>0.41</td>
<td>0.11</td>
<td>0.46</td>
</tr>
</tbody>
</table>

\( \beta = \) standardized Beta; B = standardized Beta; SE B = standard error

Table 5.3.1 shows that authentic leadership construct was regressed against work engagement by using linear regression. The beta value for authentic leadership is 0.41 which shows that with one percent unit change in authentic leadership there is 0.41 percent change in work engagement. The r square is 0.213 which shows that 21 percent variance in work engagement is predicted by authentic leadership.

Table 5.3.2

<table>
<thead>
<tr>
<th>Variable</th>
<th>Outcome</th>
<th>( \beta )</th>
<th>LCL</th>
<th>UCL</th>
<th>P value</th>
</tr>
</thead>
<tbody>
<tr>
<td>IV</td>
<td></td>
<td>-.0552</td>
<td>-.4665</td>
<td>0.3561</td>
<td>0.7886</td>
</tr>
<tr>
<td>Moderator</td>
<td></td>
<td>0.5652</td>
<td>0.1310</td>
<td>0.9995</td>
<td>0.0118</td>
</tr>
<tr>
<td>Interaction 1</td>
<td></td>
<td>0.1383</td>
<td>-.0471</td>
<td>0.3236</td>
<td>.1404</td>
</tr>
<tr>
<td>Total R(^2)</td>
<td></td>
<td>0.3144</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
The Table 5.3.2 depicts that the p value for interaction 1 is .4927 which is greater than 0.05 that shows that leader competency doesn’t moderate the relationship between authentic leadership and work engagement. The results do not support H2.

6. Discussion and Conclusion
This study attempted to explore the role of leader competency in the association between authentic leadership and work engagement. The first finding of the study was that there was a significant relationship between authentic leadership and work engagement. This finding of the study was supported by literature like Walumbwa et al. (2010), Wang & Hsieh (2013) work showed that authentic leadership has a significant positive association with work engagement. When leaders are authentic and build a relationship with followers that is based on transparency, high moral standards and self-awareness then employees put more effort in their work. The second hypothesis was not supported that leader competency moderates the relationship between authentic leadership and work engagement. One of the causes for that is the data set was only of fifty-five observation which is not sufficient to conceptualize the outcomes.

6.1. Theoretical Implication
Our study offers several theoretical implications. Firstly, results contribute the literature of authentic leadership and competency by presenting how both variable effects and relate to the each other. How does the authentic leadership effect on the work engagement of employees and how its function varies through leader competencies? Researchers of organizational behavior are keep in observing the effect of authentic leadership on work engagement (Wong & Cummings, 2009). The key is to know when authentic leadership is impacting less or more on work engagement of the followers. We expect researcher of leadership to devote their focus to the boundary condition of leader competency in future studies.

Secondly, with the moderating effect of leader competency we can predict that competencies play a vital role in understanding the one’s cognitive and effective potential. Work engagement has always been proved to positively associated with leader’s interaction and attention. This approach embodies both contextual and personal factors by increasing the work engagement of employees which also helps in organizational performance. Work engagement produces positive theoretical implication of intrinsic motivation and affective commitment.

6.2. Practical Implications:
There are several practical implications related to our study. Firstly, the result showed that authentic leader plays a positive role in enhancing work engagement of followers. It includes not only work engagement of employees but also achieving the organizational goals effectively. In engagement research, only a few of studies have examined simultaneous effect of leader competency on authentic leadership and work engagement. The moderating role of leader
competency is noteworthy variable which presents that an authentic leader can only bring positive results when leader has all the factors of leader competency.

On the other hand, study also propose that work engagement play a vital role in boosting the follower work and which outcome in boosting their performance. The result that authentic leadership directly effects the work engagement is significant in our studies, it is likely to increase work engagement. Many prior researchers have found that work engagement is aggravated through resources available at the job, organizational support and core evaluation.

Practitioners of Organizational development and human resource department can help employees to work more positively and inclined to work with more dedication. For improving the engagement of employees’ supportive competencies of leaders are highly essential.

6.3. Limitations and Future directions

First limitation of the study was that sample size was small and data was only collected from Lahore so there is an issue of generalizability. Further studies should be done on large sample size because small sample size was not enough to predict causal relationship. Second limitation was that the study was cross sectional in nature. Longitudinal research should be done in future to form a firm validation of results. The sample of our study particularly consist of private sector so researchers can conduct this study in different areas of industrial sectors.

7. References:


