Authentic Leadership Makes Subordinates Happy:
Sri Lankan Context

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Introduction

In the contemporary literature, focus is more on what makes subordinates unhappy than happy. Positive emotions including happiness in organizations are rarely explored, according to Quoidbach, Berry, Hansenne and Mikolajczak (2010) even though it is an important organizational phenomenon requiring systematic exploration. Having happy, loyal and satisfied staff was thought to be important (Andrew, 2011) for happy satisfied customers who become loyal to the organization, according to Groth, Hennig-Thurau and Walsh (2009). Rego, Souto and Cunha (2009) consider "Happiness" to be a subjective experience where people are happy to the extent that they believe in themselves to be happy. This paper seeks to answer the question of what types of supervisors make their subordinates happy and more importantly, as to why and how they make their subordinates happy.

Research Problem

Lee, Farh and Chen (2011) report on leadership styles which are helpful in evoking positive emotions in service employees but Tepper (2000) informs that the focus of many studies is on unhappiness resulting from abusive supervision. According to Tepper (2000) and Zellers, Tepper and Duffy (2002), the root cause of employees' unhappiness is abusive supervision, characterized by behaviour such as ridiculing and blaming subordinates for things they did not do and expression of anger without reason. Such behavior decreases organizational citizenship behavior, and increases counterproductive behaviour. Similarly, the abused subordinates experience elevated psychological distress: anxiety, depression, job strain and burnout (Tepper, 2007). If abusive supervisors make unhappy employees, which eventually leads to customer unhappiness, then it is important to find out the leadership style which would make subordinates happy.

Moreover, transformational leaders according to Avolio and Gardner (2005) are known to induce positive emotions such as enthusiasm in their followers through behaviors. Several researchers have mentioned (Tepper, 2000) that charismatic leaders are also known to

evoke intense feelings among their followers. However, both transformational and charismatic leaderships were reported to be weak candidates for the exploration of happiness (located in positive psychology) by Connelly, Gaddis and Helton-Fouth (2002). On the other hand, authentic leadership is not only known to positively affect employees' work attitudes, but also their happiness (Clapp-Smith, Vogelgesang & Avey, 2009). In 2013, Casser and Buttigieg, report on the effect of authentic leadership on employee happiness where authentic leadership correlated significantly with subjective well-being, which is also known as happiness. Furthermore, Wesarat, Sharif and Majeed (2015) mention that the literature on employee happiness is limited.

Moreover, the term 'authenticity' defined to mean "know thyself" (Avolio & Gardner, 2005,p.319) dates back to the Greek philosophers and it was only after 1967 that 'Authentic Leadership' emerged in management research. The concept was first introduced by Luthans and Avolio (2003) to address the issues of mismanagement and scandals in organizations (Cooper, Scandura & Schriesheim, 2005). Authentic Leadership as defined by Walumbwa, Avolio, Gardner, Wensing and Peterson (2008, p.94) is a leader "behavior pattern that includes and induces positive psychological capacities and positive ethical climates to nurture the qualities of higher self-awareness, an internalized moral perspective, balanced processing of information, and relational transparency whereby leaders allow their followers to see the development of positive self-development in them". Researchers have considered authentic leadership to be a higher order construct comprising of these four distinct but related dimensions also showing empirical and theoretical support (Gardner et al., 2005; Kernis & Goldman, 2005; Rego et al., 2012; Walumbwaet al., 2008, 2011). It was Bass (1985), Avolio and Gardner (2005) who posit authentic leadership to be a root construct and a basic form for all positive leadership types. Authentic leadership theory promotes both positive psychological capacities and a positive climate for fostering positive self-development. Distinctive areas on authentic leadership can be summarized to show the differences between authentic leadership and other styles of leaderships. Firstly, positive modeling is the key factor governing authentic relationship between leaders and followers (Gardner et al., 2005). Secondly, authentic leaders are expected to evoke a deeper sense of personal commitment among followers (Walumbwa et al., 2008), thereby elevating followers' self-awareness. Thirdly, followers of authentic leaders assume greater ownership for their work (Ilies et al., 2005; Walumbwa, Wang, Wang, Schaubroeck & Avolio, 2010). Fourthly, authentic leaders provide higher levels of feedback to their followers (Walumbwa et al., 2008). Finally, organizational citizenship behaviour has been reported to be positively related to authentic leadership (Walumbwa et al., 2008; Gardner, Cogliser, Davis & Dickens, 2011).

Happiness was defined by Myers and Diener (1995, p.10) as an "experience of frequent positive affect; infrequent negative affect and an overall sense of satisfaction with life as a whole". It is also known as subjective well-being which Diener and Lucus (1999) identified as the primary index of the hedonic well-being, which is is to enjoy pleasure, without pain. In many research studies, happy persons are said to be more satisfied with their jobs in comparison to unhappy persons (Boehm and Lyubomirsky,2008; Connolly & Viswesvaran, 2000; George, 1995; Fisher, 2002; Judge & Ilies, 2004; Judge, Thoresen, Pucik & Welbourne,1999; Mignonac & Herrbach, 2004; Thoresen, Kaplan, Barsky, Warren

& de Chermont, 2003; Weiss, Nicholas & Daus, 1999;). A recent study by Cassar and Buttigieg (2013), the only empirical study yet done, reports that authentic leadership correlates with subjective well-being. Thus, the relationship between authentic leadership and subordinate's happiness was studied in the Sri Lankan context by asking the question whether Authentic Leadership makes subordinates happy?

Objectives

The impact of authentic leadership on subordinates' happiness is studied by drawing from the theories of authentic leadership, emotional labour, emotional contagion, and concept of subjective well-being related to happiness. This study is limited to authentic leadership style that tests its relationship to subordinate's happiness among employees in the Sri Lankan Service sector, modern trade.

Methodology

The researchers believe pragmatism to be most suited for the study because it considers "multiple methods, different worldviews, and different assumptions as well as different forms of data collection and analysis" (Creswell, 2011, p.12). Thus pragmatism offers the researcher a great opportunity to think, ask and follow in new ways about how to view the world and get answers to the research questions. Furthermore, the researchers believe that abduction, inter-subjectivity and transferability in the pragmatic approach will contribute towards deeper knowledge findings to answer the research questions. Thus the researchers select concurrent/convergent mixed method to answer the research questions. Validated and reliable measurement instruments were used to test the relationship between authentic leadership and subordinate's happiness. Semi structured interviews were also conducted to gain deeper insights of the problem. The study was conducted in the Service Sector where interaction between Leader and Follower is important for Authentic Leadership (Ilies et al., 2005). The study questionnaire was given to the leader in the outlet and to six to eight of his/her subordinates.

## Findings, Conclusions and Recommendations

The measurement model was tested for CFA. In the measurement model for authentic leadership (AL) construct there are four latent variables and four items in each variable.

Figure 1: Measurement Model 1 for Authentic Leadership

Chi-square = 999.958
Degrees of freedom = 104
Probability level = .000
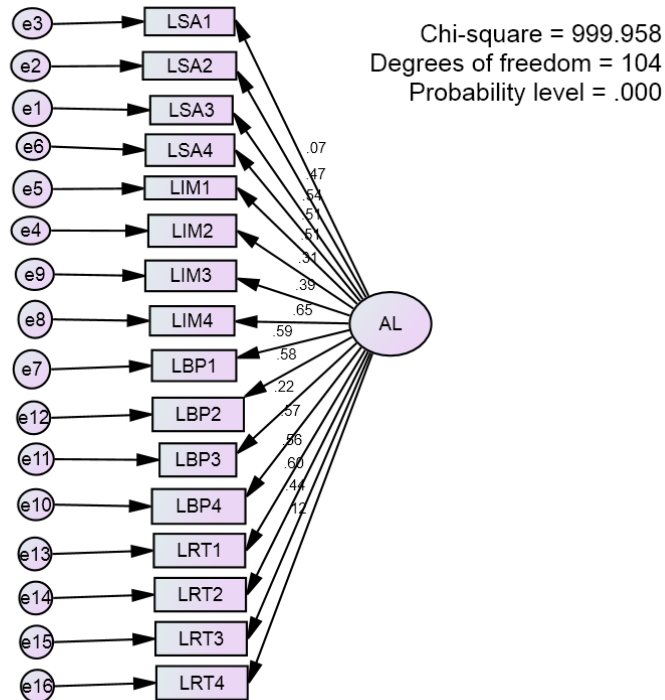
All variables in AL construct showed multicollinearity. Therefore, the variable AL comprising of all 16 items showed significance at 5 percent level. The measurement model analysis for AL is shown in Figure 1. Step-wise deletion method was applied to refine models. Accordingly, the items showing less than 0.5 factor loadings were removed from the measurement model (**LSA1 .44, LIM2 .20, LIM3 .39, LBP3 .23, LRT3 .44 and LRT4 .11**) and the remaining ten items were finalized for the measurement model of AL as shown in Figure 2. All factor loadings were significant at 5 percent level for the AL model assuring convergent validity.

Figure 2: Measurement Model 2 for Authentic Leadership

Chi-square = 145.905
Degrees of freedom = 35
Probability level = .000
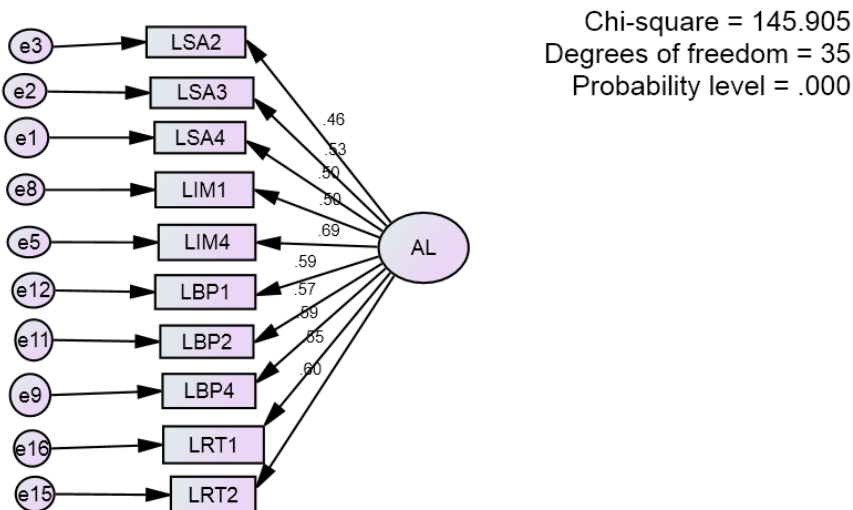
Similarly, the six items in subordinate's personal happiness(PerH), taken with refined Al model and those items with less than 0.5 factor loadings in PerH were removed (**Mean_R 0.41, Cheer_R 0.364 and Diswlife_R 0.452**) to finalize the measurement model for authentic leadership and subordinates' personal happiness (PerH). In the refined measurement model between dependent and independent variables as given in Figure 3, all items in authentic leadership and personal happiness showed significance at 5 percent level. The model significance is shown in Table 1.

Table 1: GOF Measures of 1st Order Measurement Model for AL and PerH

Absolute			Incremental			Parsimony
CMIN/DF	RMR	RMSEA	IFI	TLI	CFI	PRATIO
2.954	.025	.046	.952	.940	.951	.808

The CMIN/DF is close to 3, RMSEA is 0.046 proving the absolute model fit. All the incremental items shown in Table 1 are above 0.9, except parsimony indices which is 0.808 indicating a satisfactory model fit.

The structural equation model for independent variable Al and dependent variable PerH are given in Figure 4. The standardized regression rate near and above 0.5 verifies the convergent validity of items in the model. AL is shown to have positive impact on PerH (ß=0.35) with 5 percent significant level for all items in the variables. The GOF values are summarized in Table 2. The reliability (Cronbach's Alpha) reported on authentic leadership (AL) is 0.816 and 0.674 for subordinate's personal happiness (PerH).

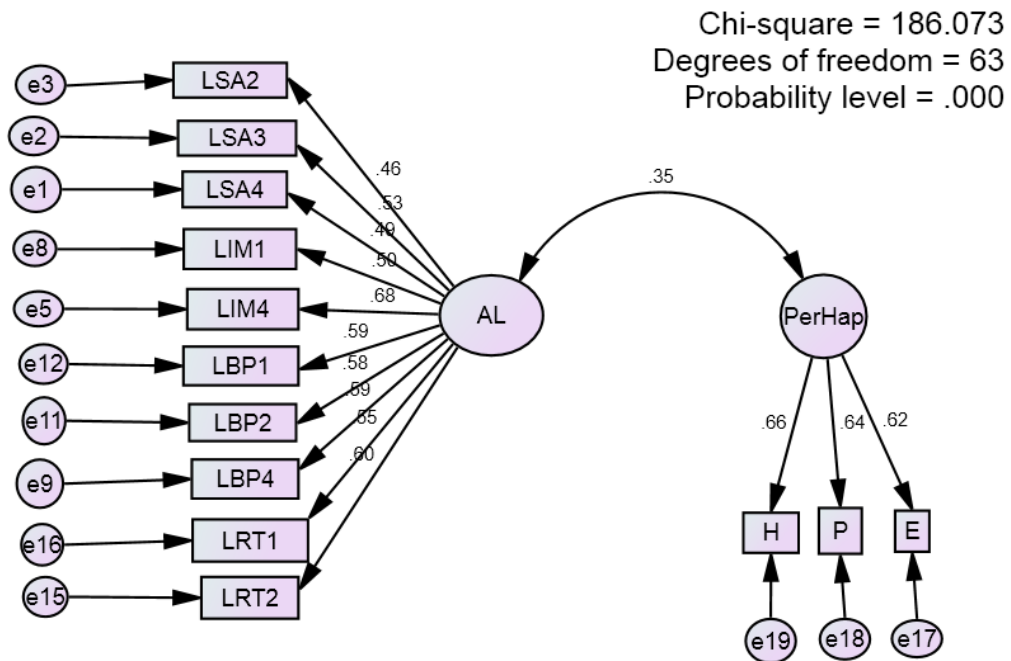**Figure 3: Measurement Model for Authentic Leadership and Personal Happiness**
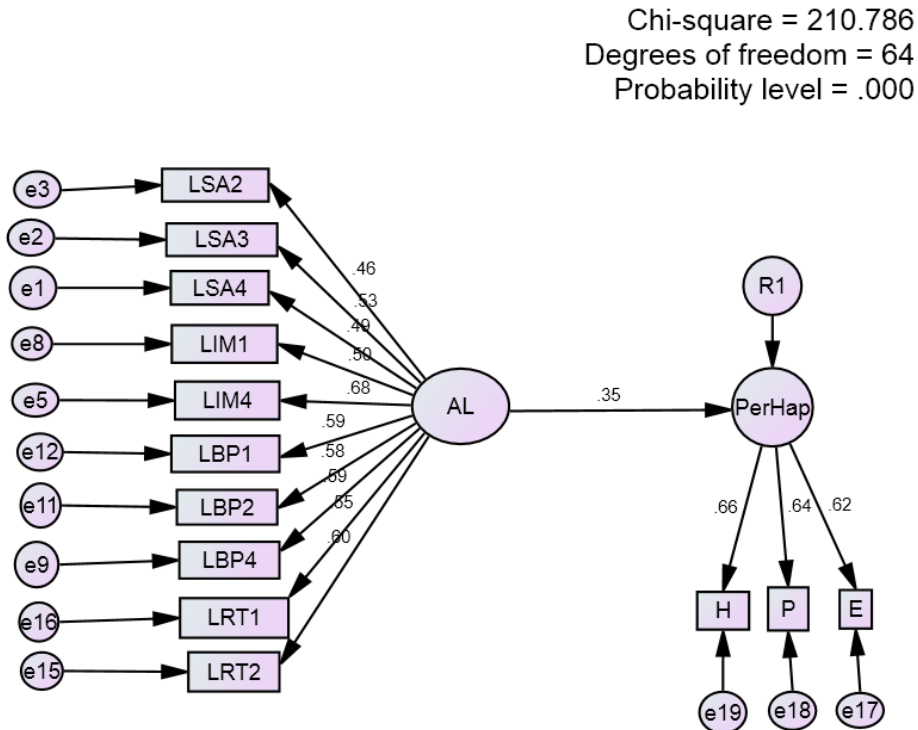
Table 2: GOF Measures of 1ˢᵗ Order Measurement Model for AL and PerH

Absolute			Incremental			Parsimony
CMIN/DF	RMR	RMSEA	IFI	TLI	CFI	PRATIO
2.954	.025	.046	.952	.940	.951	.808

Figure 4: SEM Model for Authentic Leadership and Personal Happiness

Chi-square = 210.786
Degrees of freedom = 64
Probability level = .000

The results show a positive impact of authentic leadership on subordinate's personal happiness. The six items mentioned above removed from the AL variables related to the leader knowing his weaknesses, not allowing group pressure to control him, not emphasizing his own point of view at the expense of others, rarely presenting a false front to others whilst admitting his mistakes to others, where other people know the stand he/she takes on controversial issues. This assessment was made by the subordinate on his/her leader which goes to explain that the subordinate was not aware of some of the areas which contributed to authentic self-regulatory process (Walumbawa et al., 2008). Similarly, the six items Short Depression-Happiness Scale (SDHS) had statistical bipolarity with three negative items and three positive items which the respondents did not identify as expected in this sample. Those items with factor loadings less than 0.5 were required to be removed from the analysis. According to literature SDHS is known to reliably identify the states of both depression and happiness even though this sample did not adhere (Joseph et al., 2004). Therefore, the three positive items only from the SDHS scale were taken for the final measurement model. While happiness of employees, especially in service sector, is critical for the success of the organization, this paper shows the importance of authentic leader's direct impact on subordinate happiness which has

been reported to be significantly correlated with subjective well-being also termed as Happiness (Casser and Buttigieg, 2013). This is the first ever study, testing this in the Sri Lankan context, in 2017. However, future research is recommended to understand the reasons for some of the behaviour of these items in authentic leadership and The Short Depressions-Happiness Scale (SDHS).

Keywords: Authentic Leadership; Emotional Contagion; Mixed Method; Subordinate Happiness

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