THE EFFECT OF AUTHENTIC LEADERSHIP AND PSYCHOLOGICAL CAPITAL ON WORK ENGAGEMENT AMONGST EMPLOYEES IN LEADERSHIP POSITIONS AT STANDARD LESOTHO BANK

SUBMITTED BY

ITHABELENG MIRIAM SEKOERE

IN FULFILMENT OF THE REQUIREMENTS FOR THE DEGREE
MASTER OF COMMERCE INDUSTRIAL PSYCHOLOGY IN THE FACULTY OF
ECONOMIC AND MANAGEMENT SCIENCES, DEPARTMENT OF INDUSTRIAL
PSYCHOLOGY

AT THE
UNIVERSITY OF THE FREE STATE
BLOEMFONTEIN

04 MAY 2015

SUPERVISOR: DR. P. NEL
CO-SUPERVISOR: DR. C. PIENAAR

DECLARATION

I Ithabeleng Miriam Sekoere

Hereby declare that the dissertation entitled;

The effect of authentic leadership and psychological capital on work engagement amongst employees in leadership positions at Standard Lesotho Bank.

Submitted for the qualification Masters of Commerce Industrial Psychology at the University of the Free State is my own independent work.

I hereby concede copyright to the University of the Free State.

_____

Ithabeleng Miriam Sekoere

TABLE OF CONTENTS

LIST OF TABLES

LIST OF FIGURES

Chapter 1
Introduction and Problem Statement

1. Introduction

The banking sector is a high stress environment in which proper engagement is needed to ensure that employees stay productive and do not burn out. There is extensive time spent sitting at the desk and staring at the computer screens. One of the most problematic issues in the banking sector is heavy fraud and big bonuses being given to the wrong people. As a result, banking organisations need to go above and beyond when engaging their employees in the workplace. There is constant stress on the employees due to the working conditions, the nature of the business and also stress from the clients and customers who expect a significant return on their investments and constant updates along the way (Petrick, 2003).

Employees do not understand their impact on the customer experience. Due to the high demands that come with a job in the banking sector, there may be multiple employees working on the same project at any given time to help reduce the workload. As a result, there are more people who do not work directly with clients as compared to those who do. The ones that do not deal directly with the clients do not get to see the delight and happiness of a satisfied customer, they do not get to speak with people outside of the office; and they do not know exactly whom they are working for. The constant stress combined with a lack of understanding of who the customer is, little-to-no customer interaction, and no clear definition on their impact and value to the customer experience contributes to low engagement rates (Petrick, 2014).

Furthermore, it is no surprise that the primary source of engagement among employees is directly related to the people they spend most of their day with and work with. An employee is directly influenced by his or her immediate supervisor, and how the supervisor makes him or her feel. By simply setting a good example, immediate supervisors can have a direct impact on increasing employee engagement within the banking sector (Petrick, 2014).

According to Mokaya and Kipyegon (2014) bank managers should concentrate on programmes and activities that promote employee engagement. Such programmes should include two-way

communication system, ensure that employees have the necessary resources they need to do their jobs, give employees appropriate training to increase their knowledge and skills, establish reward systems in which outstanding job performance is rewarded through various financial and non-financial incentives, build a unique corporate culture that encourages hard work and keeps success stories alive, develop a strong performance management system which holds managers and employees accountable and place attention on top-performing employees to reduce turnover.

Harter (2002) argues that leadership has been suggested as one of the single biggest factors contributing to employee work engagement. Authentic leaders behave in accordance with their values and strive to achieve openness and truthfulness in their relationships with employees. Such leaders have been described as leading by example and demonstrating transparent decision-making. Brown, Trevino and Harrison (2005) emphasise that leading by example demonstrates a leader's commitment to his or her work and provides guidance to follower's about how to remain emotionally and physically connected and cognitively vigilant during work performance and that is expected to raise levels of work engagement through observational learning. There is some debate over what actually constitutes work engagement. According to Macy and Schneider (2008) engagement can be treated as a trait, (for example, proactive personality), a state, (for example, attachment, involvement, commitment, mood), a performance construct or behaviour (for example, role, expansion) or a combination of all.

One of the most basic challenges and problems of managers in today business environment is obtaining the best results and effective performance through providing guidance for subordinates in order to perform their tasks and activities in the best possible manner (Avolio & Gardner, 2005). This goal will not be achieved unless the leadership style is in a way that employees have confidence in managers of the organisation and try too hard to achieve organisational goals (Zamahani, Ghorbani & Rezaei, 2011).

Numerous contemporary authors have provided definitions of leadership, identified the need for leadership on organisational performance, and proposed leadership models and leadership development strategies (Ardichvili & Manderschied, 2008). Avolio and Gardner (2005) state that organisations need leaders who lead with purpose, values, and integrity; leaders who build

enduring organisations, motivate their employees to provide superior customer service, and create long-term value for shareholders. Walumbwa, Peterson, Avolio and Hartnell (2010) argue that leaders who possess a variety of positive states or traits, goals, values, and character strengths are able to positively influence employee's states, behaviour, and performance.

One of the newest leadership theories in the third millennium is an authentic leadership theory. Authentic leadership is said to be a higher-order, multidimensional construct comprised of self-awareness, balanced processing, relational transparency, and internalization of a moral/ethical perspective. When leaders are aware of how their actions affect those around them and are open and transparent about the processes and influence inside and outside of their organisations, followers have a better sense of organisational goals/challenges (Walumbwa, Avolio, Gardner, Wernsing & Peterson, 2008).

The topic of authentic leadership is generating a lot of interest in both practitioner and academic literatures (Avolio, Gardner, Walumbwa, Luthans & May., 2004). A great deal of attention has been directed to the role of being an authentic leadership in the workplace. A challenging fact has led to calls for higher standards of integrity, character, and accountability of leaders. This means that being authentic becomes more and more important in organisations (Avolio & Gardner, 2005). Authentic leadership promotes positive employees attitudes and behaviours and contributes to organisational performance. As Avolio *et al.* (2004, p3) noted, "the unique stressors facing organisations throughout society today call for a new leadership approach aimed at restoring basic confidence, hope, optimism, resiliency, and meaningfulness."

Walumbwa, Wang, Wang, Schaubroeck and Avolio (2010) argue that there is a positive relationship between authentic leadership and demographics such as age and sex. The study suggests that these relationships were mediated by the follower's level of identification with the supervisor and their feelings of empowerment. According to Ted Brummelhuis, Ter Hoeven, Bakker and Peper (2011) older employees have higher levels of engagement than younger and middle aged employees due to their extensive experience in the working environment. Younger employees in the financial sector have been found to be less engaged because of high levels of burnout as a result of their work due to decline in their job resources and an increase in their job

demands. Older employees indicate that they may not want to work for long hours but in different ways. They prefer flexible schedules, fewer hours and working hours that may meet their particular needs. The older employees value the provision of flexibility and feel obliged to give to the organisation with higher engagement (Pitt-Catsouphes & Matz-Costa, 2008).

The banking sector was chosen for this study because trust in leaders is particularly important for effective functioning in organisations such as banks where tasks are complex and require high levels of interdependence, cooperation, and information sharing. Employees who have trust in their leaders are said to be committed and engaged in their work. Authentic leaders who create trusting relationships with their subordinates and employees enjoy working in such organisations (Hassan & Ahmed, 2011).

From the proposed study, insight will be gained as to how authentic leadership and psychological capital can improve work engagement of employees to benefit the organisation. However there is not much research conducted in Lesotho focusing on the effect of authentic leadership and psychological capital on work engagement. The aim of this study is therefore to address this gap in the research. The following section will focus mainly on the research questions, objectives and the hypothesis of the study.

1.1   Research questions
1.1.1   Primary research question
Do authentic leadership and psychological capital (self-efficacy, hope, optimism, resilience) have an effect on work engagement amongst employees at a financial institution in Lesotho?

1.1.2   Secondary research question
Are there differences in work engagement amongst employees with regards to age at a financial institution in Lesotho?

1.2   Research objectives
From the above research questions the following research objectives can be stated.

1.2.1 Primary research objective

To determine by means of a non-experimental research design whether authentic leadership and psychological capital have an effect on work engagement amongst employees at a financial institution in Lesotho.

1.2.2 Secondary research objective

To determine by means of a non-experimental research design if differences exist in work engagement with regards to age amongst employees at a financial institution in Lesotho.

1.3 Research hypothesis

According to Sekaran (2003, p. 418), hypothesis is "an educated conjecture about the logically developed relationship between two or more variables expressed in the form of testable statements." The following research hypothesis will be investigated in this study.

1.3.1 Hypothesis 1

Null hypothesis:

The variance in work engagement scores cannot be statistically explained by authentic leadership and psychological capital (self-efficacy, hope, optimism, resilience) amongst employees at a financial institution in Lesotho.

Alternative hypothesis:

The variance in work engagement scores can be statistically explained by authentic leadership and psychological capital (self-efficacy, hope, optimism, resilience) amongst employees at a financial institution in Lesotho.

1.3.2 Hypothesis 2

Null hypothesis:

There are no statistical significant differences in the scores achieved on work engagement with regards to age amongst employees at a financial institution in Lesotho.

Alternative hypothesis:

There are statistical significant differences in the scores achieved on work engagement with regards to gender amongst employees at a financial institution in Lesotho.

1.4   Outline of the study

In this chapter the introduction, research question, research objectives and research hypothesis have been discussed. The literature overview will be discussed in chapter 2 and 3 and it will focus on a review of the current literature on each of the respective constructs used in the study namely, work engagement, authentic leadership, and psychological capital. Chapter 4 will focus on the research methodology. Finally, chapter 5 will present and discuss the research results as well as provide recommendations for future research.

Chapter 2 will focus on the review of the current literature review on each of the respective constructs used in the study. In this chapter the following are discussed: definition of work engagement; a graphically depicted model of work engagement; why engaged employees perform better; how engaged employees stay engaged; work engagement and performance; is there a dark side of work engagement; effective interventions for work engagement; the role of managers to improve work engagement; work engagement and psychological capital; work engagement and leadership; and lastly this chapter reflects on work engagement and leadership.

Chapter 3 will focus on authentic leadership and psychological capital. Authentic leadership will commence with: the history of authentic leadership; definition of authentic leadership; model of authentic leadership; components of authentic leadership; authentic leadership amongst leaders in the banking sector; and lastly interventions to enhance authentic leadership. With regard to psychological capital, the focus will be on: definition of psychological capital; the model of psychological capital; the components of psychological capital; psychological capital and authentic leadership amongst employees; interventions to improve psychological capital; and lastly work engagement, authentic leadership and psychological capital.

Chapter 4 describes the methodology employed in this study. Survey research, selection of test persons, data gathering, measuring instruments and data analysis are discussed in this chapter.

In the last chapter, chapter 5, the research findings are presented and interpreted. Lastly, limitations of the study and recommendations for future research are discussed.

Chapter 2
Work engagement

2.   Introduction

Employees' psychological connection with their work has gained critical importance in the information or service economy of the 21st century. In the contemporary world of work, to compete effectively, companies must not only recruit the top talent, but must also inspire and enable employees to apply their full capabilities to their work. Contemporary organisations need employees, a) who are psychologically connected to their work; b) who are willing and able to invest themselves fully in their roles; c) who are proactive and d) committed to high quality performance standards. They need employees who are engaged with their work (Bakker & Leiter, 2010).

Organisations today are struggling with the challenges in their efforts to remain competitive. These include heightened performance pressures, the introduction of new technology, meeting the needs of increasingly diverse workforce and the globalization of business (Burke & Cooper, 2004). Organisations need to enhance the talents and motivations of all their employees if they are to achieve peak performance (Katzenbach, 2000). Recent efforts to improve organisational performance have begun to emphasise positive organisational behaviour concepts and positive emotions. This includes concepts such as optimism, trust and engagement (Seligman & Czikszentmihalyi, 2000). Work engagement has received increasing attention reflecting this emphasis. Engaged workers are energetic, positively connected to their work and feel they are doing their jobs effectively (Schaufeli & Bakker, 2004).

Research has revealed that engaged employees are highly energetic, self-efficacious individuals who exercise influence over events that affect their lives (Bakker, 2009). Because of their positive attitude and activity level, engaged employees create their own positive feedback, in terms of appreciation, recognition, and success. Although engaged employees do feel tired after a long day of hard work, they describe their tiredness as a rather pleasant state because it is associated with positive accomplishments. Finally, engaged employees enjoy other things outside work. Unlike workaholics, engaged employees do not work hard because of a strong and

irresistible inner drive, but because for them working is fun (Gorgievski, Bakker & Schaufeli, 2010).

Work engagement is defined as a motivational concept. When engaged, employees feel compelled to strive towards a challenging goal. They want to succeed. Work engagement goes beyond responding to the immediate situation. Employees accept a personal commitment to attaining these goals. Furthermore, work engagement reflects the personal energy employees bring to their work. Engaged employees not only have the capacity to be energetic, they enthusiastically apply that energy to their work (Bakker & Leiter, 2010).

Work engagement relates to any type of challenging work. It describes employees' ability to bring their full capacity to solving problems and coming up with solutions, connecting with people, and developing innovative services. Management makes a difference as well. Employees' responses to organisational policies, practices, and structures affect their potential to experience management. In a stable work environment employees maintain a consistent level of work engagement (Bakker & Leiter, 2010).)

2.1 Definition of work engagement

Macey and Schneider (2009, p.225) view work engagement as an overarching cover term containing different types of engagement, being trait, state and behavioural engagement. Trait engagement means that some people have a more engaged predisposition when it comes to their work. All things being equal, they are naturally more engaged than others. State engagement refers to employees who can feel more or less engaged in their work depending on the circumstances from day to day. The work and its conditions contribute to the feelings of engagement. People describe these feelings as being in the zone or experiencing moments of flow as they work. Lastly, behavioural engagement is commonly defined as putting forth the discretionary effort or going the extra mile.

Work engagement is also an affective-motivational, work-related state of fulfillment in employees that is characterised by vigour, dedication and absorption (Schaufeli & Bakker, 2004). According to Schaufeli and Bakker (2008) vigour is characterised by the high levels of

energy and mental resilience while working, the willingness to invest effort in one's work, and determination even in the face of difficulties. Dedication refers to being strongly involved in one's work and experiencing a sense of meaning, enthusiasm, inspiration, pride, and challenge. Finally, absorption is characterised by being fully concentrated and happily absorbed in one's work.

2.2   Model of work engagement

Work engagement is viewed as a state-like phenomenon, probably much more casually tied to real work-related events and behavioural outcomes than a judgment that requires combining previous experiences over an extended period of time, not as a fleeting, temporary state such as a mood, nor relatively non-malleable, fixed characteristics such as the Big Five personality traits. Specifically, engagement is portrayed as an affective-cognitive state-like condition not focused on a specific individual, object, event, or behaviour (Schaufeli, Bakker & Salanova, 2006). Empirical investigation of the JD-R model has provided confirmation to support the idea that job resources have the greatest impact on work engagement when the demands of the job are high.

The motivational process of the job demands–resources (JD-R) model (Bakker & Demerouti, 2007) suggests that job resources are the main initiators of employees' work engagement and consequently of enhanced performance. Job resources refer to physical, social, or organisational aspects of the job that are functional in achieving work-related goals, reduce demands and the associated costs, and stimulate personal growth and development (Bakker & Demerouti, 2007).

As intrinsic motivators, job resources fulfill basic human needs, that is, need for belonging and foster individuals' development (Deci & Ryan, 1985). As extrinsic motivators, they encourage employees' to exert effort towards a task (Gagné & Deci, 2005). In both cases, employees may become more engaged in their jobs, because they derive fulfillment from it (Schaufeli & Bakker, 2004), and in-turn they perform better (Bakker, 2009).

According to Hobfoll's (2007) theory, people do not only try to protect their resources, but also to accumulate them. Since resources do not exist in isolation, developmental processes create resources groups in a way that, for example, individuals working in a resourceful work

environment, that is, have autonomy over their tasks, or receive high-quality coaching are likely to increase their beliefs in their capabilities (self-efficacy), to feel valued, and to be optimistic that they will meet their goals. Consequently, employees develop a positive self-regard and in-turn experience a sense of self-importance (Luthans & Youssef, 2007).

Employees with a sense of self-importance are basically motivated to pursue their goals that may lead to higher levels of work engagement and performance. Indeed, personal resources were found to explain the transition from various job resources to work engagement (Xanthopoulou, Bakker, Demerouti & Schaufeli, 2007). Finally, training techniques that aimed at providing resources to employees, for example quality feedback increase employees' psychological capital, that is, self-efficacy, optimism, which, in-turn, may have a positive financial impact and high return on investment were revealed (Luthans, Avey, Avolio, Norman & Combs, 2006).

Engaged employees are highly self-efficacious, they believe that they are able to meet the demands they may face in a broad range of settings. Moreover, engaged employees have the tendency to believe they can generally experience good outcomes in life and that they are effective in adaptation to changing environments. In short, personal resources are positively linked to work engagement (Bakker & Demerouti, 2007).

Personal resources seem to link job resources with engagement and in-turn performance. However, although work-related personal resources are states that may be influenced by constantly changing work environments, there have been no studies so far on such within-person instabilities. Daily instabilities in job resources do occur in financial institutions, the context of this study. Employees working in financial institutions serve different types and amounts of customers, and work with different colleagues and supervisors every day. Thus, an employee may have different levels of autonomy, receive different types of coaching, and experience a different working atmosphere from one day to another (Bakker & Demerouti, 2007).

Employees' beliefs about their capabilities to perform the task at hand, that is, personal resources are also crucial in explaining performance. Personal resources may be consumed or replenished through the dynamic process that leads to performance and thus their levels may fluctuate from day-to-day even as a function of the available job resources (Hobfoll, 2002).

The evidence regarding the background and consequences of work engagement can be organised in an overall model of work engagement and two assumptions are drawn from the job demands-resource model. The first assumption is that job resources such as social support from colleagues and supervisors, performance feedback, skill variety, and autonomy, start a motivational process that leads to work engagement, and consequently to higher performance (Bakker & Demerouti, 2007). Schaufeli and Bakker (2004) found that work engagement is strongly predicted by job resources. Baumeister and Leary (1995) state that job resources fulfil the basic human needs for psychological autonomy, competence and relatedness that in turn improve the wellbeing of employees and increase intrinsic motivation.

Authentic leadership can be viewed as such a resource since authentic leaders behave in accordance with their values and strive to achieve openness and truthfulness in their relationship with their employees as a result this can contribute to employee work engagement. As authentic leaders are said to be transparent, know and express where they stand on important issues, values and beliefs, and they convey these through actions, employees would be most likely to identify with these values and beliefs and internalise them as their own (Schaufeli & Bakker, 2008).

 By actively involving and developing employees, authentic leaders increase employees work engagement and also by promoting more rapid and accurate transfer of information is most likely expected to facilitate more effective employee performance (Schaufeli & Bakker, 2008). According to Bakker and Demerouti (2007) the second assumption is that job resources become more significant and gain their motivational potential when employees are confronted with high job demands.

The model of work engagement is graphically depicted in **Figure 2.1**

Job Demands

Work Pressure

Emotional Demands

Job Resources

Autonomy

Performance Feedback

Personal Resources

Optimism

Self-efficacy

Work Engagement

Vigor

Dedication

Performance

In-role performance

Extra-role Performance
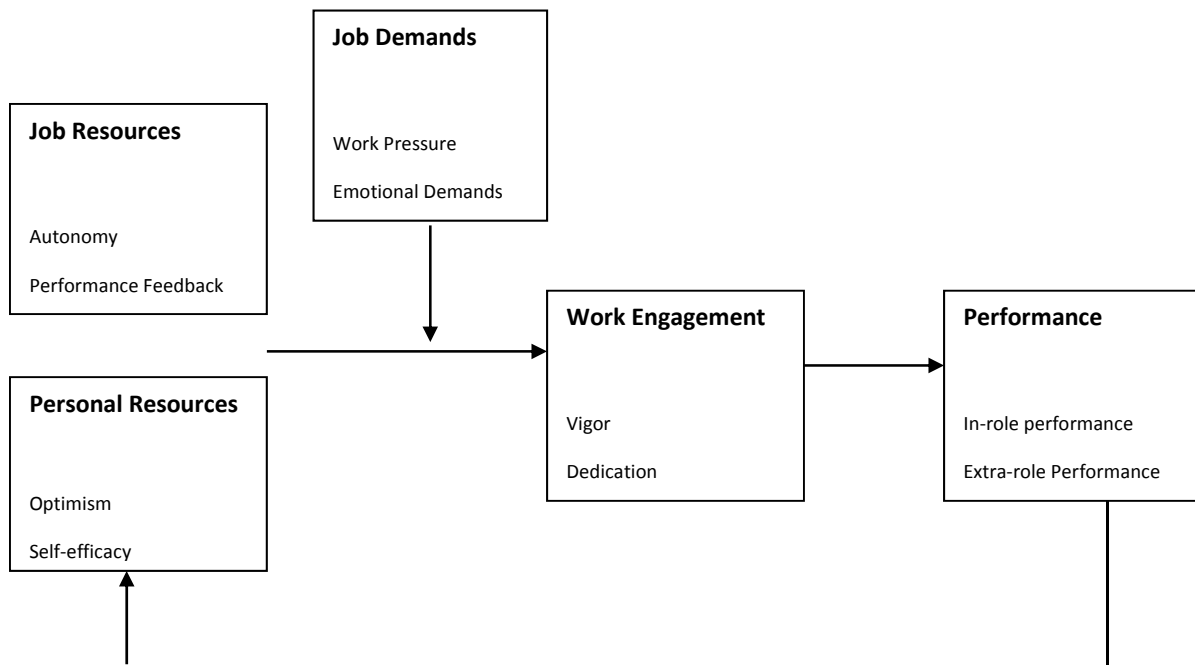
Figure 2.1 A model of work engagement (Bakker & Demerouti, 2007, p. 218)

2.3   Why engaged employees perform better

There are at least four reasons why engaged employees perform better that non-engaged workers. Engaged employees often experience positive emotions, including happiness, joy and enthusiasm, experience better health, create their own job and personal resources and transfer their engagement to others (Schaufeli & Van Rhenen, 2008). However, positive emotions seem to be the only advantage that is more relevant to the study because psychological capital and authentic leadership have an intervened effect on engagement through positive emotions. Higher levels of psychological capital and authentic leadership predict higher positive emotions which in turn led to engaged workers (Schaufeli & Bakker, 2008).

2.3.1   Positive emotions

Recent research has shown that engaged employees often experience positive emotions and this may be the reason why they are more productive. Happy people are more sensitive to

opportunities at work, more outgoing and helpful to others, and more confident and optimistic (Schaufeli & Van Rhenen, 2008). According to Fredrickson (as cited by Schaufeli and Van Rhenen, 2008) certain positive emotions including joy, interest and contentment, all share the capacity to broaden people's momentary thought. For instance, joy broadens resources by creating the urge to play and be creative.

2.3.2 Good health

According to Schaufeli and Bakker (2008) engagement is positively related to health and this would imply that engaged employees are better able to perform well. Engaged employees are said to report less mental complaints than their non-engaged counterparts.

2.3.3 Ability to mobilise resources

One important reason why engaged employees are more productive may be their ability to create their own resources. Fredrickson as cited by Schaufeli and Salanova (2008) state that positive emotions not only make people feel good at the moment, but also feel good in the future and can build enduring psychological resources and trigger upward spirals toward emotional well-being. In a study by Schaufeli and Salanova (2008) it was found that that engagement triggers an upward spiral and leads to higher levels of self-efficacy over time amongst employee in leadership positions. This suggests that in comparison with non-engaged employees, engaged employees are better able to mobilise their own job and personal resources that, in turn, fuel future engagement and so forth.

2.3.4 Crossover of engagement

In most organisation, especially in financial organisations, performance is the result of the combined effort of individual employees. It is therefore likely that the crossover of engagement among employees of the same work team increase performance. Crossover can be defined as the transfer of positive experiences from one person to the other. If colleagues influence each other with their work engagement they perform better as a team (Westman, 2001).

There is some experimental evidence for such a process of crossover of engagement. Damen (2007) asked a professional actor to show high arousal, positively valence emotions, for

example, enthusiasm to follower's being business students. Participants were encouraged by the actor, that is, a presumed leader to work on a task that asked them to process as many orders as possible relating to personal computers including software, printers, and other hardware. Results showed that those who were exposed to engaged leaders were more effective and produced more. One of the reasons for this is that the emotions of the leader conveyed action readiness. In addition, the effect only worked when follower's' emotions were similarly positive suggesting that a contagion effect may have been responsible for the enthusiasm-performance link.

2.4   How engaged employees stay engaged

Several studies maintain that job resources are the most important drivers of work engagement. Research has confirmed that career growth opportunities, supportive relationships with co-workers, performance feedback, and employee skill development facilitate engagement, particularly when the job is challenging. Given these findings, it may be argued that organisations play an important role in fostering engagement, through the provision of resourceful and challenging jobs. It can be agreed that managers can play a very crucial role in employee engagement because they have the legitimate power to influence work conditions (Bakker, Demerouti & Xanthopoulou, 2011).

Research suggests that management influence the job demands and resources of their employees and can indirectly influence employee engagement. Furthermore engaged employees take care of their own work engagement by proactively shaping their work environment.   Engaged employees do not only make full use of the available job resources, but also create their own resources. Understanding the psychological processes that explain how engaged employees stay engaged contributes to the theoretical advancement of the work engagement concept, but also provides useful insights for sustaining or creating flourishing workforces (Bakker & Demerouti, 2008).

In essence, work engagement explores how workers experience their work as stimulating and energetic and something to which they really want to devote time and effort, that is, the vigour component as a significant and meaningful pursuit (dedication) and as engrossing and interesting (absorption). Research has found that engaged employees are optimistic and self-efficacious

individuals who exercise influence over events that affect their lives. Because of their positive attitude and high activity level, engaged employees create their own positive feedback, in terms of appreciation, recognition, and success. They are often also highly engaged outside work, for example in sports, creative hobbies, and volunteer work. However, engaged employees are not addicted to their work. They enjoy other things outside work and, unlike workaholics, they do not work hard because of a strong and irresistible inner drive, but because for them working is fun (Bakker, Demerouti & Xanthopoulou, 2011).

In order to differentiate work engagement from related types of work-related well-being, for example job satisfaction, workaholism and burnout, Bakker and Oerlemans (2011) used Russell's circumplex model of affect. According to this model affective states arise from two fundamental neurophysiological systems, one related to a pleasure–displeasure continuum and the other to arousal, activation, or alertness. Each emotion can be understood as a linear combination of these two dimensions as varying degrees of both pleasure and activation (see Figure 2.2). Specific emotions arise out of patterns of activation within these two neurophysiological systems, together with interpretations and labeling of these emotional experiences. For instance, the degree of activation whilst experiencing positive pleasurable emotions varies considerably. Feeling calm and content implies a lower level of activation compared to feeling happy, engaged, excited or enthusiastic. Similarly, unpleasant emotions may range from feeling bored or depressed to feeling upset, anxious or tense (Bakker, Demerouti & Xanthopoulou, 2011).

Figure 2.2

HIGH ACTIVATION

| WORKAHOLISM | | ENGAGEMENT |

UNPLEASANT   **PLEASANT**

| BURNOUT | | SATISFACTION |

LOW ACTIVATION
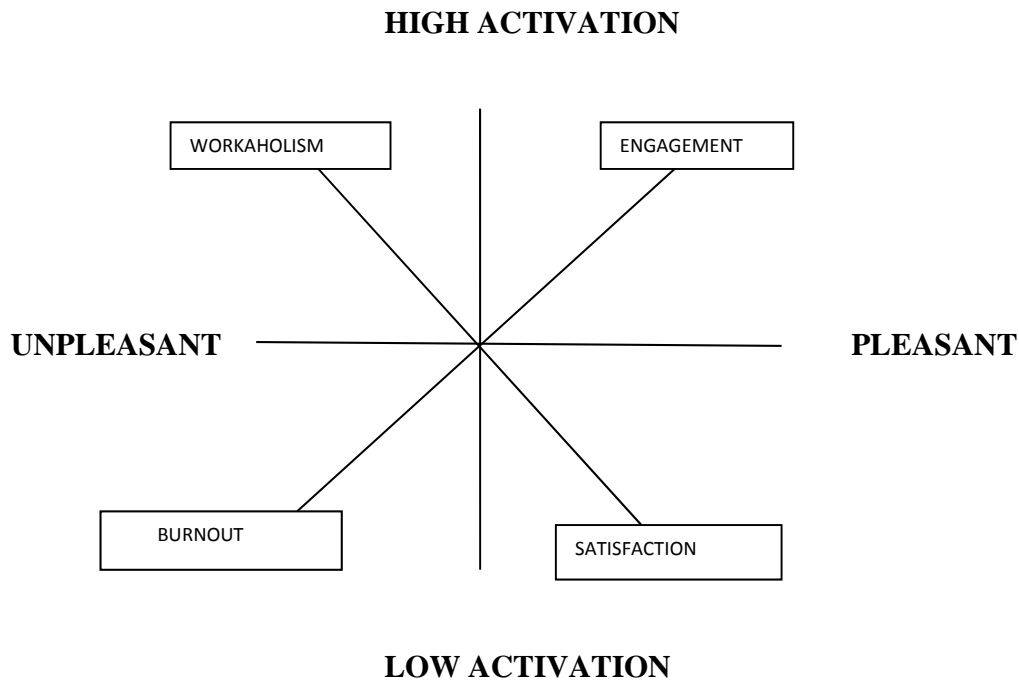
Figure 2.2 A two-dimensional view of work-related subjective well-being. (Bakker, Demerouti, & Xanthopoulou, 2011, p.16).

As can be seen in Figure 2.2 work engagement is positioned in the upper right quadrant of the circumplex model as it resemblances high levels of pleasure, that is, dedication and absorption and activation, that is, vigour. Engagement is different from job satisfaction in that it is a much more active experience. Also, engagement is different from workaholism in terms of the valence of the experience. Workaholics have a strong inner drive to work excessively hard, but this experience often goes along with low levels of pleasure. Finally, the positioning of burnout in the lower left quadrant of the circumplex model, that is, the low levels of pleasure and activation is consistent with some studies suggesting that burnout is conceptually the opposite of work engagement (Russell, 2009).

Initially, the concept of work engagement was developed to capture an overall state of employees with regard to their job. Schaufeli, Taris and Van Rhenen (2008) in one of their first articles on work engagement highlighted that rather than a momentary and specific state, engagement refers to a more persistent and pervasive affective cognitive state. Sonnentag (2008) however later on was the first to challenge this view by introducing the concept of state-like, as opposed to trait-like, work engagement.

2.5   Work engagement and performance

In most organisations performance is the result of collaborative effort. The engagement of one person may transfer to others and indirectly improve team performance. The number of studies supporting the positive relationship between employee engagement and task and extra-role performance has increased (Bakker, Demerouti and Xanthopoulou, 2011). For example, Halbesleben and Wheeler (2008) in their study among American employees, their supervisors, and their closest co-workers from a wide variety of industries and occupations showed that work engagement made a unique contribution after controlling for job embeddedness to explaining variance in job performance.

Bakker and Xanthopoulou (2010) showed that engaged school principals were rated as more creative, that is, a specific aspect of task performance by their subordinate teachers. It was proposed that engagement adds to creativity because a person who is not engaged is less likely to use his or her skills and expertise in the service of creative performance, even if he or she holds the expertise and ability to perform creatively. In contrast, energetic, dedicated and absorbed employees are more inclined to use their skills or to acquire new skills in order to be creative.

Saks (2008) supported the positive relation between engagement and organisational citizenship behaviour. In a survey study among employees working in a variety of jobs and organisations, it was found that engaged individuals were more likely to attend functions that were not required by the organisation in order to improve the overall image. Bakker and Demerouti (2010) in their study among 175 working couples supported the crossover of work engagement from women to men. In turn, men's work engagement related positively to their in-role and extra-role performance as rated by their colleagues.

2.6   Is there a dark side to work engagement?

It is important to note that there could be a dark side to work engagement and that it could be a hindrance to productive. When leaders talk about employee engagement they refer to the discretionary effort. They want employees who are invested in the organisations mission that they go above and beyond the call of duty. Therefore it is important to note that there could possibly be a dark side to work engagement but however they can be effective interventions for that.

The majority of studies on work engagement offer evidence for the benefits of the experience. Engaged employees that have psychological capital, seem to create their own resources, perform better, and have happier clients. This raises the question whether there is also a dark side of work engagement. Previous research on positive organisational behaviour (POB) construct has indeed shown that there can be a dark side of POB. For example, high self-esteem can lead to an underestimation of the time that is necessary for goal achievement and unrealistic optimism can harm individuals and organisations by promoting inappropriate persistence (Bakker, Albrecht & Leiter, 2011).

Whereas previous research has identified several qualities, for example, self-esteem, optimism as potential positive predictors of work engagement, it seems evident that over-engagement can also have negative consequences. For example, although engaged employees are not workaholics, they may become so engaged in their work that they take work home (Bakker & Leiter, 2010).

In addition, there may be specific conditions under which work engagement is linked to low performance. First, if those high in work engagement are highly aroused, then the levels of arousal might be distracting for cognitive performance. Second, high positive affect which is related to engagement is known to promote empirical processing that might impede performance where detailed, controlled information processing is needed (Bakker, Albrecht & Leiter, 2011). Furthermore it is important to determine whether enduring work engagement may create

workaholics, that is, employees who have an inner drive to work hard, even when they no longer like working overtime. This would imply that over time the high arousal, positive affect, for example, enthusiasm of engaged workers turns into negative affect and strain. The absorption component of work engagement seems a likely candidate for evoking unhealthy behaviour.

Employees may become so immersed in their work that they forget to rest or to maintain their personal relationships (Bakker, Albrecht & Leiter, 2011). Consistent with this view, Halbesleben (2011) found that engaged employees were most inclined to show extra-role work behaviours such as organisational citizenship behaviours. As a consequence, engaged employees were most likely to experience work-family conflict.

2.7   Effective interventions for work engagement

Organisations have become increasingly interested in how to develop engagement in employees. Although to date only very few interventions to improve work engagement exist and have been tested, it will be useful to classify engagement interventions in terms of organisational, job, and individual-level interventions. Some combination of interventions across the various levels will probably be needed to develop, embed, and sustain engagement in organisational settings (Bakker, Albrecht & Leiter, 2011).

Evidence indicates that interventions to promote engagement require a sustained effort. Statements of good intentions, high values, and brief periods of being in good spirit will not have a sustainable impact on employee's energy and identification with their work. An example of a sustained intervention is the Civility Respect and Engagement at Work (CREW) programme that builds upon a 6-month sequence of group sessions following principles of organisational development to improve civility among employees (Osatuke, Mohr, Ward, Moore & Dyrenforth, 2009).

Leiter, Laschinger, Day and Gilin-Oore (2009) determined that by increasing civility and decreasing incivility among employees the process improved work engagement as indicated by more positive scores on the exhaustion and cynicism subscales of the Maslach Burnout Inventory (MBI) as well as on the short version of the Utrecht Work Engagement Scale (UWES). They are

of the opinion that a key to the effectiveness of this approach is its sustained implementation that permits employees to identify new ways of interacting with one another, opportunities to practise these new behaviours, and responsibility to the workgroup to make best efforts for improving their collegiality.

Organisational commitment to work engagement requires senior leadership authorisation that is ideally realised by acknowledging engagement as a core value. Regular employee surveys provide a means of monitoring engagement and its variations across units. An open, effective communication strategy will send that information to leaders who can use it to guide their development of employees (Bakker, Albrecht and Leiter, 2011).

In addition to workgroup programmes, such as CREW or other organisational development strategies, instituting engagement requires well thought-through policies that integrate engagement into decisions regarding performance management and career development. On an operational level, information about engagement successes and shortfalls across the organisation would inform decisions on resource allocation. Also, engagement shortfalls may provide critical information to leadership about where the organisation is failing to realize its espoused values. That is, employees' work engagement may provide a valuable, indirect signal regarding the quality of products and services (Leiter, *et al.,* 2009).

Although engagement seems to have positive consequences and may spread across members of work teams, leaders have a special role in fostering work engagement among their followers. It is to be expected that considerate leadership and more particularly transformational leadership, is well suited for inspiring the open collaboration among employees that supports engagement.

Bakker and Demerouti's (2007) model of work engagement holds direct and valued suggestions for practice. It suggests that job and personal resources play an important role in engagement. Redesigning jobs in order to promote engagement comes down to increasing job resources. Developing social support and changing work procedures to enhance feedback and autonomy may create a structural basis for work engagement. Also, job rotation and changing jobs might

result in higher engagement levels because they challenge employees, increase their motivation, and stimulate learning and professional development.

Finally, in terms of individual level intervention programmes aimed at increasing work engagement could focus on building personal resources such as psychological capital, for example, efficacy beliefs, optimism, hope, and resiliency for employees. Additionally training, coaching, and developmental supports may aim, for example, at building positive affect, emotional intelligence, and positive adaptive behavioural strategies (Bakker, Albrecht & Leiter, 2011). Schaufeli and Salanova (2010), for example, provided an overview of how positive psychology interventions classified by behavioural, cognitive, and willpower strategies, might be deployed in organisational contexts.

Importantly, which ever strategies are implemented in attempt to enhance engagement in organisational contexts there is a clear and ongoing need to systematically evaluate the effectiveness of such interventions across a range of different contexts. Conventional evaluation taxonomies assessing the impact of engagement interventions at the level of reaction, learning, behaviour, outcomes, and return on investments might usefully be employed (Kirkpatrick & Kirkpatrick, 2006).

Leaders today need to be able to create inspiring workplaces that truly engage employees to give their best to the organisation. In order for that to happen, the following interventions can be implemented by leaders.

Employee-work environment fit. Employee engagement can be improved through better job design. The specific elements and tasks assigned to certain jobs can be redesigned to better match the strengths of particular employees. Generally, employees can be matched with the kinds of jobs and work colleagues that most closely match their abilities and talents what is referred to as person-environment fit. The general idea is to put more effort from the organisation's side into conducting assessments of employee attributes, interests, and job skills and then to use these individual profiles to proactively match work tasks and positions to an individual employees strengths and interests. This kind of person-environment fit should increase

the level of employee work engagement. By providing challenging jobs and interesting work to employees is one of the best ways for an organisation to create working conditions that lead to high engagement experiences for employees and increases employee loyalty as well (Attridge, 2009).

Recognition and appreciation. Recognition and appreciation are factors that can improve work engagement. Recognition may mean monetary rewards and compensation, but it also can refer to the appreciation and direct feedback that employees receive from managers. This recognition and appreciation demonstrates that employees are valued and that their contribution is acknowledged by the organisation. Recognition also means that leaders notice the often unnoticed things that employees do to make their organisations successful (Molinaro & Weiss, 2005).

Working conditions. Difficult job demands and stressful working conditions should be avoided by organisations as these factors are the main predictors of employee exhaustion and burnout. Organisations can avoid these factors by changing characteristics of job tasks and technical operations, adopting more ergonomic workplace equipment, adding flexibility to work schedules and workload, improving role clarity and the decision-making authority of workers, and fostering positive social relationships at work (Attridge, 2009).

Corporate culture and leadership. The culture of an organisation can affect work stress and can influence employee engagement in general. Employees are more engaged when the culture of the organisation is psychologically healthy and the management of the organisations acts in a way that makes employees proud to be part of the organisation (Attridge, 2009).

2.8   The role of managers to improve work engagement

It is important for organisations to boost employee's confidence and keep performance from wavering in good and bad times. Smart companies focus on fostering a culture of engaged workers. Leaders who create a culture of engagement maintain employee trust, drive optimal levels of productivity, increase overall satisfaction and retention, and are able to position the company for success. To give rise to higher levels of work engagement, organisations need to ensure that leaders are empowered to build a culture of employees who are motivated to achieve

the goals of the organisation. Conversely, how employees view organisations leadership can have a significant impact on their engagement level and overall views of the organisation (Wiley, 2010).

It is the role of managers to ensure that employees are motivated and engaged to contribute to organisational success and the willingness to go beyond basic requirements to accomplish organisational tasks and goals (Wiley, 2010). The following is a summary of the role of what managers can do to improve work engagement.

a. **Managers must demonstrate respect and recognition for their employees**. Employee recognition is an important component of achieving higher levels of engagement. Employees like to be appreciated, acknowledged, and respected and know that their efforts are making a difference for their organisation. Managers need to understand that recognising employees for their contributions are more than just nice to do it is an imperative. Employees who feel appreciated, recognised and valued for their hard work are most likely to be engaged (Wiley, 2010).

b. **Managers must imitate what they expect from their employees**. If managers lack energy in leading their employees it is most likely that employees will emulate their low energy approach which will result in employees who are not engaged in their work. Similarly, if managers lack dedication or absorption, employees will also lack the same in doing their own work. Therefore it is important for leaders to act as role models for engagement (Schaufeli & Salanova, 2007).

c. **Managers can select and develop a learning orientation in employees**. When individuals adopt a learning-orientated goal, they try to understand something new or to improve their level of competence for a given task. Learning-orientated employees like to seek out challenging tasks and treat failure as a form of feedback rather than a judgement of their competence. Therefore if managers can enable more learning goal-orientation in employees, they can improve and generate more work engagement (Bakker & Leiter, 2010).

d. **Managers can buffer employees from job demands that are disabling rather than enabling.** Some job demands may be unfavourable because they reduce employee's energy. Role ambiguity is said to be a factor that can depletes an employee's energy

because one may be uncertain about his or her role. Therefore to avoid undue role ambiguity, managers should make clear each employee's roles and responsibilities so that boundaries and accountability are clear (Bakker & Leiter, 2010).

e. **Meaningful Work**. Engaged employees believe that the work they are doing is important and has value. They believe they are contributing to something meaningful and take pride in the results of their efforts. As a manager, it is important to frequently reinforce the importance of employee's roles. Managers must involve the employees in decision-making so as to make them feel a sense of ownership in the organisation (Michael, 2010).

f. **Inspiring Leadership**. Competent, passionate and hands-on leadership is critical to employee engagement. Showing a genuine interest in your employees and investing time in understanding their needs and aspirations will help send the message that their contribution is valued. Check-in with them regularly to find out how their experience in the workplace can be improved. Find out what motivates them and how they define success so you can create a rewarding environment in which they can thrive.

2.9   Work engagement and psychological capital

In the face of an unstable working environment characterised by organisational downsising and rapidly escalating technological advancement and innovation, employees are expected to become accustomed to new environments with greater demands and fewer resources. Modern organisations are focusing more on managing human capital. Organisations are also beginning to understand the need for employees who are confident in their abilities, optimistic about success, focused on the willpower and mean to achieve goals, and are able to bounce back when faced with adversity and setback. In short, in today's context, there is a need to go beyond just managing for deficits only, beyond just managing to avoid employee burnout, and move to the opposite, positive end of the spectrum, developing psychological capital and enabling work engagement in the workplace (Bakker & Leiter, 2010).

As defined by Kahn (1990, p.3), work engagement of employees relates to how the psychological experiences of work and work contexts shape the process of people presenting and absenting themselves during task performance. Kahn (1990) asserts that the individual

accomplishes this through expression and employment of the preferred self in connecting with the task and others, and being personally present and fully active in performance of the role.

To gain insight and understanding into the four capacities of psychological capital and how they relate to the three components of work engagement, each component of psychological capital and its proposed relation to work engagement will be examined. Figure 2.3 provides a graphical depiction of these relationships and also includes the role psychological capital plays in impacting work engagement indirectly through positive emotions.
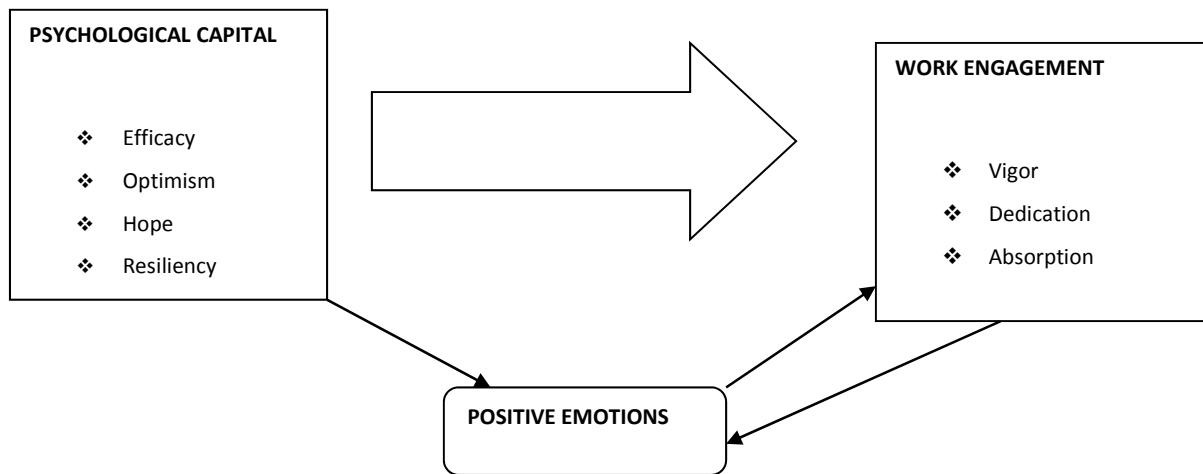
Figure 2.3 A model relating psychological capital to work engagement through positive emotions (Bakker & Leiter, 2010, p.58).

2.9.1   Work engagement and efficacy

According to Stajkovic and Luthans (1998), efficacy is defined as "the employees' conviction or confidence about his or her abilities to mobilise the motivation, cognitive resources, and courses of action needed to successfully execute a specific task within a given context." Bandura (1997) asserts that efficacy is widely recognised to come from four primary sources that are proposed to be relevant to work engagement. First, task-mastery, (that is, the ability to successfully accomplish specific tasks) is a primary source efficacy, and leads to the belief that success can be replicated in the future. When considering the model of work engagement, task-mastery would seem to be an imperative ingredient in absorption. That is, an individual competently able to

accomplish a particular task can become absorbed in the overall achievement of task, rather than being distracted by trying to comprehend all the detailed steps necessary to complete the task. Those high in efficacy are often characterised by their tenacity and persistence, driven by their belief in future success. On the other hand, low efficacy has been found to predict burnout, the antipode of work engagement (Gonzalez-Roma, Schaufeli, Bakker & Lloret, 2009). In addition, burnout has been found to reduce efficacy, thus creating a downward spiral of disengagement (Schaufeli & Bakker, 2009).

Vigour relates to the psychological capital capacities of efficacy in motivating the effort, hope in providing the willpower and developing alternate pathways to achievement, optimism in expecting future success, and resiliency in the continued pursuit of goals (Gonzalez-Roma *et al.,* 2009).

Dedication is described as being strongly involved in an employee's work and experiencing a sense of significance, enthusiasm, inspiration, pride and challenge. There are direct linkages to all four of the individual components of psychological capital: efficacy seems to be related to involvement in an employee's work, optimism in attributions of significance and pride, hope in dedicated way power and pathways, and resiliency in continuing in the face of challenging obstacles and adversity (Gonzalez-Roma *et al.,* 2009).

Absorption is the third and final characteristic of engagement. Individuals absorbed in their work can be thought of as being entirely absorbed in, and in a mindset enabling full concentration in that work. This component of work engagement directly relates to individual efficacy through having the confidence to be absorbed, optimism through the individual expecting positive outcomes will occur, and the resiliency to be persistently absorbed in the task (Schaufeli *et al.,* 2006).

To sum it up, the efficacy component of psychological capital relates directly to each of the three components of work engagement, that is, vigour, dedication, and absorption.

2.9.2 Work engagement and optimism

Another key positive resource meeting the criteria of psychological capital is optimism. Optimists are people who expect good things to happen to them, pessimists are people who expect bad things to happen to them (Carver & Schier, 2008). Optimism plays an influential role in employees' approach to job duties, with those high in optimism expecting success when presented with a challenge. Conversely, it should be noted that optimism is an individual-level attribution, that is, individuals who are high in optimism are high in their belief in their individual success, but not necessarily group-level or organisational-level outcomes (Avey, Wernsing & Luthans, 2008).

Although there are similarities, there is both conceptual and empirical evidence that optimism is different from efficacy. Optimism is an inclination to hopefulness and confidence, whereas efficacy is the belief in one's ability to succeed in a particular task in a specific context. For example, those high in optimism believe they will succeed regardless of their abilities (Avey, Wernsing & Luthans, 2008). Therefore, in order to be effective, optimism must be realistic. Those high in optimism tend to attribute success to the self and to global attributes, while attributing failures to external, uncontrollable, or specific to the situation attributes. Thus, optimists view success as something they can repeat and control. In contrast, pessimists tend to attribute failures to themselves and global attributes while attributing success to external factors over which they have little or no control. Furthermore, pessimists further conclude that future efforts at a task would likely result in unfamiliar and stressful events marked by failure (Seligman & Csikszentmihalyi, 2000).

Schulman (2007) maintains that while efficacy and optimism are distinct, a positive explanatory style increases efficacy beliefs regarding future tasks. Optimism is also related to other psychological capital constructs in that it helps people to see adversity as a challenge, transform problems into opportunities (hope), put in hours to refine skills, continue in finding solutions to obstacles or difficult problems (resiliency), maintain confidence (efficacy), rebound quickly after setbacks and persist (resiliency). Avey, Wernsing and Luthans (2008) argue that those that possess high levels of optimism will continue to believe in their positive potential regardless of previous experiences.

While high job demands can limit engagement through a decreased feeling of control and increased cynicism, this can be stabilised through the impact of the resource of optimism in reducing cynicism and increasing dedication by a sense of personal control over the demands at hand Karasek (1979, as cited in Bakker & Demerouti, 2007). The optimistic explanatory style may also lower the adverse impact of stressors and make them feel more understandable (Bakker & Demerouti, 2007). For example, this may occur by optimistically making external attributions for a stressful condition and thus not feeling the stressor was caused by a personal insufficiency, a systematic internal factor. Moreover, optimism enables one to be more psychologically available through the expectation of a positive outcome. That is, the optimist may be more likely to choose to be available to the task at hand given the anticipation of a positive outcome. This greater psychological availability leads to higher levels proposed engagement through absorption Kahn (as cited by Bakker & Leiter, 2010). It is therefore safe to conclude that the optimism component of psychological capital relates directly to the dedication and absorption components of work engagement (Bakker & Leiter, 2010).

2.9.3   Work engagement and hope

The third facet of psychological capital is hope and it is defined by Snyder, Irving and Anderson (1991, p. 287) as a "positive motivational state that is based on an interactively derived sense of successful (1) agency (goal-directed energy) and (2) pathways (planning to meet goals)." Avey, Wernsing and Luthans (2008) argue that those high in hope have the ability to not only determine a pathway to achieve their goal, but also generate multiple pathways and adapt their plans as needed. They continue to provide hope for goal achievement, even in the face of new challenges. However hope should not be confused with optimism. Whereas optimism involves a vision and expectation of positive outcomes, hope involves the pragmatic implementation of reaching a specific desired goal or outcome. Furthermore, those high in hope are able to frame tasks in such a way as to provide the internal motivation necessary to complete the task.

In relation to efficacy, hope refers to individuals' belief in their abilities to (a) generate possible pathways to a goal, (b) take actions toward achieving the goal, and (c) be successful in goal attainment. With high willpower, that is, motivation and high way-power, that is, capacity to

determine many alternate methods to achieving a goal, individuals would be anticipated to incorporate more pathways into the mental strategy and therefore increase their capacity to take proper perspective. These willpower and waypower components of hope can create a positive upward spiral where one component builds on the other (Luthans *et al.,* 2007).

Hope, the motivated, determined pursuit of goals and proactively determined pathways to the goals, is proposed to be a psychological antecedent to the vigour component of work engagement. Specifically, hope can lead to enabling the energy to be vigourously dedicated to a goal. This is in contrast to the feeling of exhaustion and depletion of energy associated with burnout (Bakker & Leiter, 2010). As noted by Snyder (2002, p. 258), hope "takes on special significance when people encounter impediments. During such instances of blockage, agency helps the person to apply the requisite motivation to the best alternative pathway." Moreover, Bakker and Leiter (2010) add that in this way, by being hopeful, one is showing persistent dedication toward achieving one's goals. Hope would not only seem to be a positive contributor to work engagement, it may however even be a requirement. Lack of hope is mostly associated with burnout. Without hope, the willpower is not present for one to accept neither new challenges nor the waypower to successfully determine pathways to achievement.

2.9.4 Work engagement and resiliency

The fourth and last primary component of psychological capital is resiliency. Luthans (2002, p.702) defined resiliency as a "positive psychological capacity to rebound, to bounce back from adversity, uncertainty, conflict, failure, or even positive change, progress and increased responsibility." As described by Masten and Reed (2002), the individual possessing resilience not only survives, but also thrives through positive adjustment to current adversities. Resilient individuals may also find that they are at ease outside their normal comfort zone and this enables individuals to challenge their personal assumptions and build further resilient capacities through positive adaptation to challenging situations.

Although the work engagement model and psychological capital both incorporate resiliency, the construct is conceptualised in somewhat different ways. Whereas both express the same outcome of resiliency, that is, continuing toward pursuit of a goal, a difference lies in the mechanism to

achieve that resiliency. In terms of engagement, particularly in the vigour dimension of the work engagement model, resiliency is associated with persistence. However, under psychological capital, resiliency is conceptualized to a larger extent as a psychological capacity to bounce back from adversity and readily face future uncertainty (Bakker & Leiter, 2010).

Conversely, rather than a potential split in the relationship between psychological capital and work engagement or even just a simply issue of repetition, this difference provides theoretical support for the proposed relationship between psychological and work engagement. In particular, psychological capital can be thought of as a general pool or bank of psychological resources from which one can draw when faced with any challenges (Avolio & Luthans, 2006).

Bakker, Van Der Zee, Lewig and Dollard (2006), emphasize that in the case of resiliency, the individuals draw from their psychological resource pool in order to exert resilient behaviours through the motivation of engagement in the work at hand, thus exhibiting the vigour of persistence. The enacting of these psychological resources however can lead to individual differences in handling potentially stressful aspects of the work environment.

Bakker, Demerouti and Euwema (2005) maintain that resiliency resources can therefore produce a buffering effect, whereby work engagement is maintained regardless of burnout inducing job demands. Consistent with Kahn's (1992, as cited in Bakker, Demerouti and Euwema, 2005) view, this buffering theory claims that the individual with resiliency can buffer the effect of potentially stressing job demands. Kahn and Byosiere (1992, as cited in Bakker, Demerouti and Euwema, 2005) furthermore maintain that this buffering can reduce the likelihood that activities will be stress-inducing, alter perceptions and cognitions of such potential stressors, and even reduce the health-damaging consequences of such responses, or simply put, reduce disengagement.

Hobfoll and Shirom (2001) argue that employees not guarding scarce personal resources will dedicate them to the task at hand, rather than guarding resources, individuals will be better able to bring their personal selves to their work and therefore become engaged. Therefore, resiliency is related to work engagement through increasing personal resources to handle the job demands

as well as through resources to undo the negative effects of past job demands. In total, it can be said that the resiliency component of psychological capital relates directly to all the three components of work engagement, namely, vigour, dedication, and absorption.

2.10 Work engagement and leadership

Engagement as an area of increasing interest has been discussed in terms of a wide array of organisational policies, practices, and outcomes. Today employees often work in teams, which emphasises the leader's role in promoting dynamic interactions among employees as well as providing visionary guidelines to the organisation (Northhouse, 2010). Work engagement is the subject of considerable discussion within organisations and of growing interest to researchers (Schaufeli & Bakker, 2010). Amabile and Kramer (2011) state that employee engagement may seem like an extra in a downturn economy. But it can actually make a big difference in a company's survival. Bakker and Leiter (2010) likewise stressed the importance of engagement in that modern organisations need employees who feel energetic and dedicated, that is, employees who are engaged with their work. Work engagement can make a true difference for employees and may offer organisations a competitive advantage.

The importance of leadership within organisations is well documented. Leadership has been described as energising emotions exhibited by leaders that ultimately encourage similar emotions in subordinates (Bass & Riggio, 2006). Leadership that generates means to bridge communication between subordinate employees and top management decision makers could influence knowledge creation. The study of engagement at work and the ways in which engagement and leadership interact can offer insights and provide directions research (Bakker, Albrecht & Leiter, 2011).

In the turbulent economic situation, leaders are considered one of the most effective and essential components of an organisation for overcoming limiting socioeconomic issues and remaining current on changing business trends (Northhouse, 2010). The traditional roles of leaders include providing visionary direction, providing a communication channel, finding the way forward, and leading change based on mutual trust with organisation members (Bass & Riggio, 2006).

Today's global environment continuously undergoes rapid changes, organisations face a multitude of challenging and turbulent problems. It is therefore increasingly evident that organisations need a kind of business leader in this, the 21st century (George, Sims, McLean, & Mayer, 2007). Specifically, organisations need leaders who lead with a) purpose, b) have strong values and integrity, c) who are able to create enduring organisations, d) and who motivate their employees to provide better customer service (George, 2003).

Shang-Wang and Chun Hsieh (2013) found out that the most important component of effective leadership is that leaders treat their employees authentically. This is because it promotes a caring enterprise and achieves enduring outcomes in organisations. In recent years, the focus on the topic of authentic leadership has gradually increased in both practical (George, 2003) and academic fields (Walumbwa *et al.,* 2008). A reason for this is that authentic leadership is acknowledged as a root construct of all positive forms of leadership it plays a vital role in addressing organisational and societal problems and which may positively affect employee engagement. When employees perceive that they are supported and treated sincerely, they increase they engagement at work (George, 2003).

Mayer, Kuenzi, Greenbaum, Bardes, and Salvador (2009) stated that employees believe that their leaders are obliged to be honest with them. If they are not, the employees feel that they are treated unfairly which then decreases their work engagement. Thus, leaders' openness and consistency between beliefs and actions play a very important role in influencing employee's decisions to provide voluntarily comments or suggestions intended to spark organisational improvement, which in turn help them and to be engaged at work.

Avolio et al. (2004) suggested that authentic leaders enhance follower's engagement in work and commitment to constantly improve their work and performance outcomes. The theoretical framework guiding this view integrates Avolio et al's (2004) model of authentic leadership with Schaufeli and Bakker's (2004) concept of work engagement. As depicted in Figure 2.4, it is proposed that authentic leadership creates the authentic connection that fosters employee engagement.
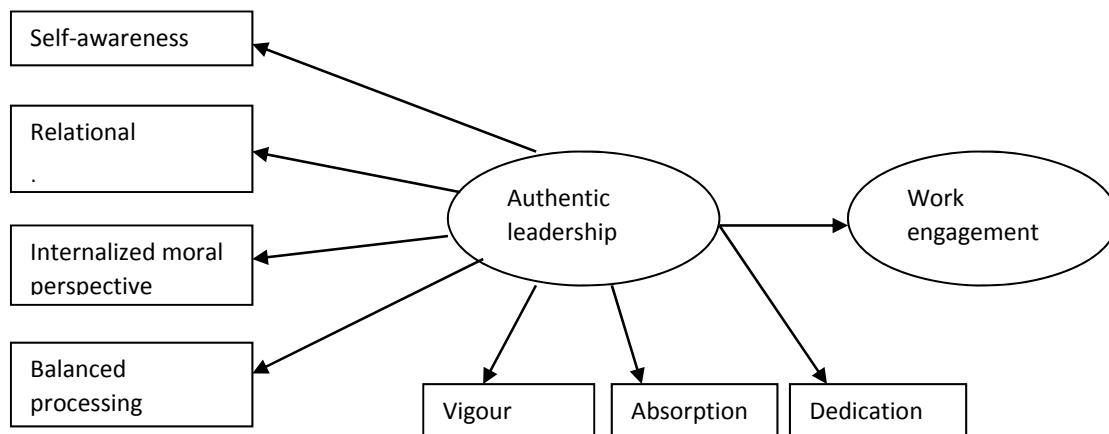
Figure 2.4 A model of authentic leadership and concept of work engagement (Avolio et al., 2004, Schaufeli & Bakker, 2004).

The role of the leader in fostering work engagement has received limited research attention. Bass (2008) differentiated between three broad leadership styles that vary from individual consideration and support for the employee (transformational style) to a proportional exchange between the leader and the employee (transactional style), or to no interest at all for the employee (laissez-faire style). The latter two leadership styles contribute to employees' work engagement considerably because they lack motivational power and inspirational appeal.

Transformational leadership is defined as leadership behaviour that transforms the norms and values of the employees, motivating them to perform beyond their own expectations (Yukl, 2008). The important feature of this leadership style is the inspiring vision of the supervisor. The transformational leadership style enhances employees' feelings of involvement, cohesiveness, commitment, potency, and performance (Shamir, House, & Arthur, 2009). An employee who receives support, inspiration, and quality coaching from the supervisor is likely to experience work as more challenging, involving, and satisfying, and, consequently, to become highly engaged with the job tasks (Bass, 2008).

Tims, Bakker, and Xanthopoulou (2010) conducted one diary study investigating whether supervisors' leadership style influences followers' daily work engagement. They predicted that transformational leadership would enhance employees' work engagement through the mediation

of self-efficacy and optimism on a day-to-day level. Forty-two employees first filled in a general questionnaire and then a diary survey for 5 consecutive workdays. The results of multilevel analyses showed that optimism (but not self-efficacy) partially mediated the relationship between transformational leadership and work engagement. Thus, transformational leaders fostered follower's' optimism, and indirectly contributed to follower's' levels of vigour, dedication, and absorption.

Possibly alternative models of leadership can also be helpful in understanding when, how, and what kinds of leadership behaviour influence engagement. Empowering leadership drawing as it does from high involvement management research emphasize the importance of leaders actively encouraging and enabling follower's to lead themselves (Manz & Sims, 2007). Empowering leaders by definition empower their employees through autonomy, discretion, control, or decision latitude. Examples of empowering leader behaviours include encouraging participative decision making, leading by example, sharing information, coaching, and demonstrating concern for employees. In response to these behaviours employees can be expected to have enhanced role-related feelings of contribution, control, competence, connectedness, and meaningfulness. In effect to feel and be more engaged (Srivastava, Bartol & Locke, 2006).

2.11   Age and work engagement

Today's workforce includes employees of all ages from young adulthood to the retirement-eligible and beyond all of whom are in their different stages of their careers (James, McKechnie & Swanberg, 2011). A number of studies have shown that younger employees tend to experience higher levels of burnout than older employees which make them to be less engaged in their work than the older employees. Possible reasons for their high levels of burnout which leads them to being less engaged in their work seem to include lack of coping skills to deal with everyday problems that arise in the workplace as a result of less experience in the working environment. (Patrick & Lavery, 2007).

Older employees may want other things from work. According to Hedge, Borman and Lammlein (2006):

"Older employees continue to work for reasons other than the need for income and benefits. Indeed, it is often noted that in midlife workers begin to place more emphasis on intrinsic rewards from work, such as a feeling of accomplishment, of learning and experiencing new things, and of doing something worthwhile. (p. 122)."

Different generations of employees have different value sets, criteria for motivations and expectations of their employer and job. All this influences how they experience their workplace, how they choose to position themselves within it and how engaged they are. Below is a discussion of the of age differences with regards to work engagement (www.insurance-times.net)

a. The bottom-end Gen Y (18-29 years old). These young people usually enter the workplace loaded with enthusiasm, expectation and hope that their employer of choice will meet the initial promise made to them. This makes them activated, positive and highly engaged individuals. This generation of employees has usually spent sufficient time within an organisation to reach the stage where for the first time, they are able to seriously reconsider their employer of choice. Is this job and employer what they expected it to be? Is the reward adequate? Is this organisation still relevant to them, that is, is this job really what they want to be doing and importantly for whom they want to be doing it? These are the young people who will take over the burden and challenges that lie ahead of every business they choose to be part of. This age group is said to be the least engaged group across the whole spectrum of employees.

b. The bottom-end Gen X (30-44 years old). This generation functions at average levels of engagement. This age group seems to be more content with their employer and particular working conditions. They are the most engaged when compared to other generations. Although they are highly activated, they seem to start losing connection with their organisation and become more task and service oriented rather than driven by organisational interests and goals.

c. The top-end Gen X (45-49 years old). More than all other generations, this group has a clear vision of their place within the organisation and possible resultant career paths. Research has shown that this age group is characterised by the highest overall engagement levels which assumes not only a high contribution rate but also high attraction to their job and employer.

d. Baby Boomers (50 years and above). Traditionally Baby Boomers are the loyalty-driven generation whose levels of attraction and activation towards their job and employer should always be somewhat unbalanced tipped in favour of attraction. But, because of the contemporary work environment in which they function today, attraction to their work is starting to lose its spark. Very few of them will allow their work to be compromised, they are still inherently activated, but one cannot resist illustrating them as somewhat grumpy contributors. Providing more purpose to their role within an organisation can easily turn them into highly engaged employees than the other age groups again. Their experience is incomparable, their values are strong and most often organisation driven. What they need is a little adjustment to their role. It can often turn them into excellent and dedicated mentors and consultants.

2.12   Summary

The objective of this section was to investigate the concept of work engagement. Bakker, Albrecht and Leiter (2011) states that despite the increase in engagement related research, and despite enormous advances having been made about how best to understand and manage engagement, the notion of work engagement is at something of a crossroads. There is growing agreement that engagement can be defined in terms of high levels of energy and high levels of involvement in work and that the JD-R model provides useful unifying theoretical platform to examine the causes and consequences of work engagement.

Engaged employees stay engaged because they have the autonomy to impact upon their work in a way that it becomes not only more resourceful but also challenging. This insight is important for practice because it indicates that engaged employees need active jobs in order to stay engaged. The competitive advantage of engaged employees though is that they do not rely only on management to get their ideal job but instead they are able and willing to initiate the required changes themselves (Bakker, Demerouti & Xanthopoulou, 2011).

To achieve a genuine system of engagement it is believed that employers and employees need to jointly to craft a positive, trusting civil, respectful and mutually beneficial working relationship

such that all parties genuinely believe there is the potential for equity, fairness, opportunity, and meaningful growth within the system (Bakker, Albrecht & Leiter, 2011).

<center>**Chapter 3**</center>

<center>**Authentic leadership and Psychological capital**</center>

3. Introduction

The current study looks at two dependent variables (authentic leadership and psychological capital) that may influence work engagement (the dependent variable).

3.1 Authentic leadership

3.1.1 Introduction

Leadership research has increased remarkably over the last several decades (Hunt, 2009). Studies show that leadership effectiveness predicts a variety of important employee and organisational outcomes (Finkelstein & Hambrick, 2008). Many researchers have focused on properly training and developing leadership to increase such outcomes (Day, 2008). Researchers have also successfully identified a variety of traits, processes, and behaviours that predict leadership effectiveness (Burke, Stagl, Klein, Goodwin, Salas, & Holphin, 2006).

One area of research that has received a lot of attention is leadership styles. Leadership style refers to the manner in which the leader generally makes decisions, behaves, and interacts with others when performing his or her role. Many leadership styles have been empirically investigated using a variety of methods providing insight into their numerous theories. There has been a substantial amount of research investigating transformational and transactional leadership styles. Transformational leadership style involves the use of charismatic behaviours aimed at inspiring follower's to perform beyond expectations. Transactional leadership style involves behaviours aimed at maintaining the status quo using rewards to ensure followers perform satisfactorily (Bass, 2003).

However, recently, there has been a growing observation that some effective leaders do not necessarily conform to a transformational leadership style and that their behaviours are not fully captured in any currently identified styles. Researchers theorise that some leaders are effective because they exhibit a style labeled authentic leadership (Avolio, Gardner, Walumbwa, & May, 2004).

The topic of authentic leadership is generating increased interest in both practitioner and academic literatures (Avolio, *et al.* 2004). An inspiring fact has led to calls for higher standards of integrity, character, and accountability of leaders. This means that being authentic becomes more and more important in organisations (Avolio & Gardner, 2005). Over the past few decades, authentic leadership has been a vague construct. Being authentic is about knowing "thyself" or in other words being authentic is about knowing, accepting and staying true to one self Harter (2002).

Authentic leadership builds on previous leadership theories and fits firmly within the framework of positive approaches to leadership. It takes the concepts of morality and ethics, concepts that previous leadership theories only touch on, and makes them central components. It provides a new viewpoint on self-awareness as the antecedent to leadership stating that self-awareness is an essential element for the development of authentic leaders. Authentic leadership theory has a strong focus on development and proposes that authentic leaders develop their follower's to become authentic leaders themselves (Walumbwa, Avolio, Gardner, Wernsing, & Peterson, 2008).

3.1.2   The history of authentic leadership

The history of the notion of personal authenticity can be traced back to ancient Greek philosophy as revealed in expressions such as "know thyself" and "to thine own self be true" through twentieth century modernism and then on to post-modernistic questioning of whether authenticity can even exist in the current era of multiplicity. Comparable to other psychological constructs, most attention has been devoted to the lack of authentic self-behaviour (Cameron et., 2003). According to Harter (2002) many positive psychologists regard this authenticity as both owning one's personal experiences and acting in accord with the true self.

Cameron et al. (2003) are of the opinion that the above meaning of authenticity best portrays the type of positive leadership needed in modern times where the environment is changing dramatically, where the rules that have guided how organisations operate no longer work, and where the best leaders will be transparent with their intentions, having a continuous link between their espoused values, actions and behaviours.

Howell (1992) argue that without authentic leadership, the dynamics that are created by charismatic leaders in weak situations run the risk of being self-centered, and destructive to one group to benefit another. Throughout history and up to present times, such inauthentic leaders have taken advantage of crises for their own self-gain. Luthans and Avolio (2003) suggest that authentic leadership best represents the convergence of positive organisational behaviour, transformational/full-range leadership and work on ethical and moral perspective-taking capacity and development which is at the core of what drives transformational leadership.

3.1.3   Definitions of authentic leadership

George (2003) posits that authentic leaders genuinely desire to serve others through their leadership, are more interested in empowering the people they lead to make a difference, and are guided by qualities of the heart, passion and compassion, as they are by the qualities of the mind.

Authentic leadership is defined as a process that draws from both positive psychological capacities and a highly developed organisational context, which results in both greater self-awareness and self-regulated positive behaviours on the part of leaders and associates, fostering positive self-development. Leaders engender trust, develop genuine connections with others and because people trust them, they are able to motivate others to high levels of performance (Luthans & Avolio, 2003, p. 243).

Many definitions of authentic leadership have been explored, each conceived from a unique standpoint and emphasising different components of the theory. Intrapersonal, interpersonal and developmental definitions are considered below (Northouse, 2010).

Intrapersonal definitions such as the one developed by Shamir and Eilam (2005) focus on the leader himself or herself. In this view, authentic leaders have highly developed systems of self-knowledge and self-regulation. They have genuine perceptions about themselves realistic that fixed in strong values and base their actions on these core values, exhibiting genuine leadership and leading from belief (Shamir & Eilam, 2005). These values include primarily loyalty, responsibility, trustworthiness, integrity, accountability, respect, and fairness, in addition to attributes such as self-awareness, emotional intelligence, and self-certainty (Michie & Gooty, 2005). This approach also points out the importance of the intrapersonal experiences of authentic

leaders, both in the role that their personal life stories have had in their developments as well as in the role that follower's play in affirming the authenticity of the leader and his or her behaviour (Shamir & Eilam, 2005).

Interpersonal definitions, on the other hand, highlight the relational aspect of authentic leadership which is dependent on the interactions of leaders and follower's. In this approach, authentic leaders are seen not only as hopeful and optimistic, but also as builders of confidence, hope and trust (Avolio *et al,* 2004). Through positive modeling, personal and social identification, emotional contagion, and positive social exchanges, authentic leaders foster positive follower attitudes and outcomes (Avolio & Gardner, 2005). However, only if the follower's identify with the values of the leader will positive outcome arise; there must therefore be a high degree of buy-in from follower's for authentic leadership to be effective (Northouse, 2010).

Developmental definitions, assert that both intrapersonal characteristics and interpersonal behaviours are qualities that can be developed into authentic leadership. Research for instance, has suggested that positive psychological capabilities such as self-awareness, internalised moral perspective, balanced processing, and relational transparency are skills that are taught. A review of available literature has highlighted these components that most researchers cite in discussing authentic leadership. These capabilities are thus not conceived of as fixed personality traits but rather as behaviour that can be fostered and developed over time or can even be triggered by major life events. Many explorations of authentic leadership take this explicitly developmental approach (Avolio & Gardner, 2005).

From a theoretical perspective, however, the most recent definition of authentic leadership that best captures intrapersonal, interpersonal, and development approaches is that of Walumbwa, *et al.,* (2008, p. 94) that comprehensively defined authentic leadership as "a pattern of leader behaviour that draws upon and promotes both positive psychological capacities and a positive ethical climate, to foster greater self-awareness, an internalized moral perspective, balanced processing of information and relational transparency on the part of leaders working with follower's, fostering positive self-development." Although complex, this definition includes many of the components of authentic leadership that are currently being developed.

3.1.4 Model of authentic leadership

Authentic leaders are able to enhance the engagement, motivation, commitment, satisfaction, and involvement required from follower's to constantly improve their work and performance outcomes through the creation of personal identification with the follower and social identification with the organisation (Kark & Shamir, 2002). Avolio, Gardner, Walumbwa and May (2004) were the first to make a formal statement of authentic leadership by proposing a theoretical model that draws from positive organisational behaviour, trust, recent work on leadership and emotions, and identity theories to describe the processes by which authentic leaders exert their influence on followers attitudes such as job satisfaction and engagement and behaviours such as job performance. Follower outcomes in their model are performance, extra effort and withdrawal behaviours (that is, turnover, absenteeism, and tardiness) Figure 3.1 depicts a model of authentic leadership.
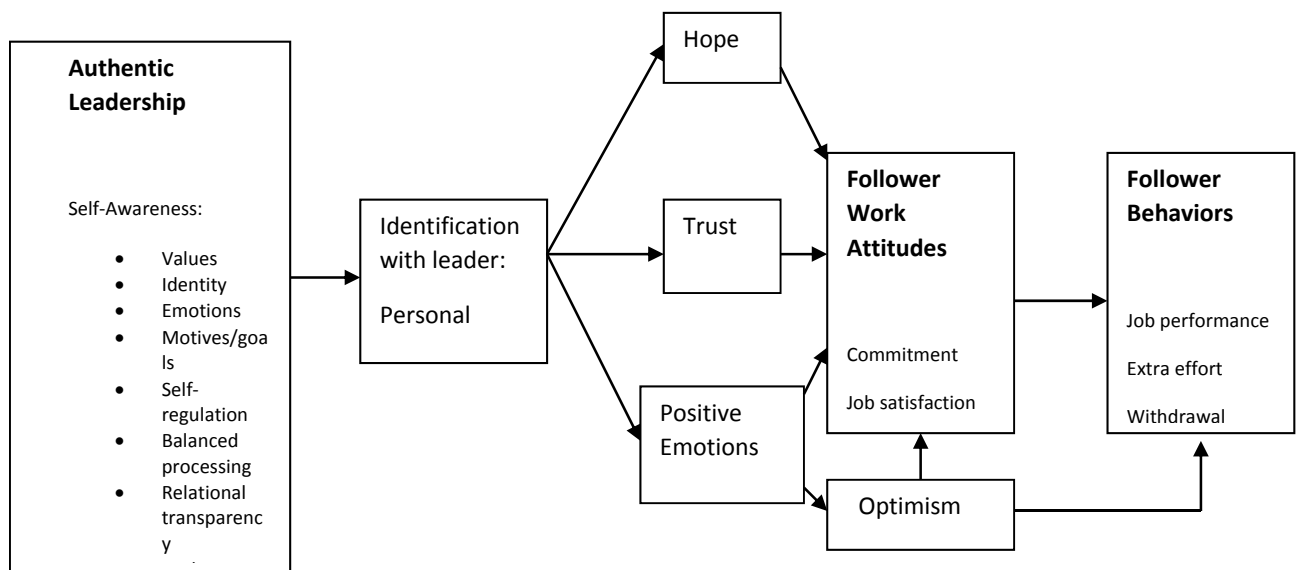
Figure 3.1 A model of Authentic Leadership Model (Avolio, Gardner, Walumbwa, Luthans & May, 2004, p. 538).

3.1.5 Components of authentic leadership

The four components of authentic leadership are briefly elaborated below.

3.1.5.1. Self-awareness

Ilies, Morgeson and Nahrgang (2005), refer to self-awareness as an individual's awareness of and trust in, individual's personal characteristics, values, motives, feelings, and cognitions. Self-awareness includes knowledge of an individual's inherent differing self-aspects and the role of these contradictions in influencing individual's thoughts, feelings, actions and behaviours. Avolio and Gardner (2005) however refer to self-awareness as an emerging process by which leaders come to understand their unique capabilities, knowledge and experience.

However, being self-aware might not be sufficient on its own. Authentic leaders must also be willing to self-declare or to communicate learnings about themselves with others in the organisation otherwise followers will remain unaware about a leader's core values and beliefs (Goffee & Jones, 2006). Extending this logic, it is argued that leaders who exhibit a heightened ability to understand their internal self-schemas will also be able to better notice their personal biases (increased self-awareness) and if coupled with the ability to communicate these biases, will be more likely to be able to correct for these biases within the conversations that they are engaging in at all levels in the organisation. Furthermore, authentic leaders at the top of the organisation will also implement diagnostic systems, rules and procedures that institutionalise self-awareness as a key component of formal feedback mechanisms helping individuals learn about themselves thereby encouraging a culture of authentic dialogue throughout the organisation (Berson, Nemanich, Waldman, Galvin, & Keller, 2006).

3.1.5.2 Balanced processing

Related to the concept of self-awareness is balanced or unbiased processing. According to Walumbwa *et al.* (2008) balanced processing refers to a leader's behaviour that is less vulnerable to denials, distortions, and exaggeration. Kernis (2003) asserts that while engaging in the self-reflective process of gaining self-awareness, either through internal introspection or external evaluations, authentic leaders do not distort, exaggerate or ignore information that has been

collected but rather pay equal attention to both positive and negative interpretations about themselves and their leadership style.

It is said that human beings have a tendency to hide their flaws, this particular capability is especially difficult for leaders who have been trained to withhold negative information about themselves or their actions. Acknowledging weaknesses as a leader is particularly problematic as it includes additional risk and consequences for the entire organisation. However, denying mistakes or distorting personal weaknesses can be just as disastrous for the organisation (Goffee & Jones, 2006). As such, balanced processing is critical in accurately self-assessing the leader's abilities and using this knowledge in communications with others. Moreover, authentic leaders will implement tools in an organisation's formal feedback mechanisms that foster the detection and correction of individual biases, yet also create "a supportive environment where people feel that they can take risks, make mistakes, create dialogue and be supported in a manner that is necessary for leaning to occur" (Berson et al., 2006, p. 585).

3.1.5.3 Self-regulation (Moral/Ethics or Internalised Moral Perspective)

Self-regulation is the process through which authentic leaders align their values with their intentions and actions. This process includes making the leader's motives, goals and values completely transparent to follower's leading example and demonstrating consistency between supported theories and theories-in-use (Avolio & Gardner, 2005). Furthermore, self-regulation is distinct from concepts such as self-monitoring or impression management, which can include purposively distorted communications and therefore lead to inauthentic dialogue. Rather, self-regulation involves establishing congruence between one's internal standards and anticipated outcomes (Gardner, Avolio, Luthans, May & Walumbwa, 2005).

As such, authentic leaders who possess self-regulatory capabilities will say what they mean and mean what they say, thereby managing tensions and avoiding conflicts between their personal values and organisational responsibilities (Novicevics, Harvey, Buckley, & Brown, 2006). Authentic leaders therefore not only act according to their own true selves, but also allow for shared understandings of their goals and motives to emerge at every level within the organisation by remaining consistent in their conversations and actions. This process may potentially be

facilitated through the formal or informal use of storytelling where organisational members hear similar examples of the leader's authentic behaviour (Goffee & Jones, 2006).

3.1.5.4 Relational transparency

Lastly relational transparency refers to leader behaviours that are aimed at promoting trust through disclosures that include openly sharing information and expressions of the leader's true thoughts and feelings (Walumbwa *et al.,* 2008). In addition to being self-aware, balanced and congruent in their goals, motives, values, identities and emotions, authentic leaders are also transparent in revealing these expressions to their follower's. Relational transparency requires the willingness to hold oneself open for inspection and feedback, thereby also being an essential component in learning process (Mazutis & Slawinski, 2008). Disclosing one's true self to one's followers builds trust and intimacy, fostering teamwork and cooperation (Gardner *et al.,* 2005).

3.1.6   Authentic leadership amongst leaders in the banking sector

Leadership in organisations ought to be authentic in order to be effective and successful over the long term. The importance of leadership credibility has been discussed in the authentic leadership model. Authentic leaders display high degree of integrity, have a sense of purpose, and committed to their core values. As a result they promote a more trusting relationship in their work groups that translate into several positive outcomes (Hassan & Ahmed, 2011).

Leaders are obliged to demonstrate the highest moral standard and ethical conduct in their daily communication, decisions as well as behaviour so that others in their organisations can follow suit. It is said that the most recent financial crisis has originated from failed corporate leaders. The shocking financial irregularities that have been uncovered in companies bring to fore the need for ethical leadership more than ever before. Trust in leaders is particularly important for effective functioning in organisations such as banks where tasks are complex and require high levels of interdependence, cooperation, information sharing (Hassan & Ahmed, 2011).

Authentic leaders build enduring organisations that meet the needs of all stakeholders. As a result they promote a more trusting relationship in their work groups that translate into several

positive outcomes such as job satisfaction, organisational commitment, intention to stay, and work engagement (Hassan & Ahmed, 2011).

One of the most fundamental challenges and problems leaders in today business environment face is obtaining the best results and effective performance through providing guidance for subordinates in order to perform their tasks and activities in the best favorable manner. This goal will not be achieved unless the leadership style will be in a way which employees have confidence to their leaders in the organisation and try hard to achieve organisational goals (Zamahani, Ghorbani & Rezaei, 2011).

Authentic leadership practices in leaders in the banking sector is said to be very important for the effective functioning of the organisation because tasks are complex and require high levels of interdependence, cooperation, and information sharing (Hassan & Ahmed, 2011).

Authentic leadership begins with trust. Trust is the essential link between leaders and led especially in the banking sector, vital to people's job satisfaction and loyalty. It is even more important when organisations are seeking rapid improvement which requires exceptional effort and competence and essentially important again to organisations like banks that offer extrinsic motivators (Evans, 2000).

Although direct empirical evidence of the relationship between authentic leadership amongst leaders in the banking sector and individual performance is generally absent, theory suggests that authentic leadership should be positively related to job performance which in turn will lead to engaged employees (Gardner, 2005). For example IIies *et al.* (2005) suggested that authentic leaders are likely to have a positive influence on follower's' behaviours because such leaders provide support for follower's' self-determination. Research has shown that leaders who engage in these behaviours are more effective at fostering intrinsic worker motivation which should in return result in higher follower job satisfaction and performance.

Authentic leaders are also said to be more effective in conveying their authentic self to followers and in projecting their values and vision onto followers. The time spent with follower's goes

beyond merely trying to reinforce positive and reduce negative outcomes. Instead time is spent trying to comprehend what caused outcomes thereby helping follower's to understand what can reasonably be attributed to internal versus external causes of performance. By setting a personal example of high moral standards of integrity, authentic leaders are expected to suggest a deeper sense of personal commitment among follower's and in the process raise follower's self-awareness about what can be accomplished with increased effort (Gardner, 2005).

3.1.7 Interventions to enhance authentic leadership

Research suggests that development in leadership pays off. Leadership development benefits organisations through impacts such as increased organisational commitments, while being able to use the development as a strategy to attract talent for succession management (Eriksen, 2009).

According to Cooper, Scandura and Schriesheim (2005) the development of authentic leadership is highly personal and needs to be a natural learning process. Ilies, Morgeson and Narhrgang (2005) suggests that there are six intervention approaches for the enhancement of authentic leadership and explain how the interventions support the development of each of the components of authentic leadership as outlined in Table 3.1

Table 3.1: interventions to improve authentic leadership

Authentic leadership	Selection criteria	Development interventions
Self-awareness	Positive self-concept Emotional intelligence	Multisource feedback: the purpose of multisource feedback is to increase self-awareness and enable self-growth in leaders in organisations. Multisource feedback is positively correlated to satisfaction and engagement at work. It helps leaders see a gap between their

		feedback ratings, the desired goal and they generally work to reduce the gap as a way of maintaining a positive sense of self-esteem.
Balancing processing	Integrity Learning goal orientation	Assessment centres
Internalised moral perspective	Self-monitoring Self-esteem	Coaching/ mentoring: Coaching aims at developing the leader through intensive support and may have a positive effect on the leader's social capital if the skills and knowledge developed are shared with the organisational network. Coaching is generally beneficial and linked to productivity. Mentoring: Mentoring aims at developing the leader and at the same time offers an evaluative tool and facilitates to understand if a leader is ready for a promotion. Behavioural role modeling
Relational transparency	Past positive relationships Past behaviour interview	Upward feedback: Upward appraisal is particularly valuable in attempts to develop leaders. The increasing use of upward feedback reflects the recognition that establishing directions for

		development and making decisions about managers can benefit from having input from subordinates. Upward feedback is supposed to work because the degree to which managers perceptions of their own leadership behaviour matches those of their staff, provides valuable information for development purposes. Leader member exchange training

Table 3.1 Interventions to improve authentic leadership (Ilies, Morgeson, and Narhrgang, 2005, p. 389)

According to Ilies, Morgeson and Narhrgang (2005) the interventions initiatives are in line with an on-going developmental interventions for leaders such as action learning where leaders are seen as both experts and students involved in a continuous learning process based on feedback and self-reflection. Mazutis and Slawinski (2008) states that action learning and reflective action support the key role that concepts such as self-awareness and other factors such as role-modeling play in the ongoing process of developing authentic leaders.

According to Eriksen (2009) there are a number of examples of interventions that use the techniques illustrated in table 1 to develop authentic leadership and these have been analysed to access outcome and the impact on participants. The results provide support for the process with enhancement levels of self-awareness, however it requires strong commitment from the participants in order to complete the programme.

However some authors argue that the theory has leaned too far on the development of authentic leaders even before there was a solid basis and empirical support for defining and measuring authentic leadership. This lack of empirical support makes it difficult to determine what is being

developed and to assess the outcome of the intervention. This critique hints at the difficulty that may be encountered when trying to develop authentic leadership in an organisational setting and whether ethical decision-making can be taught (Cooper, Scandura & Schriesheim, 2005).

Garger (2008) furthermore questions how authentic leaders can be developed if there are no defined set of leader behaviour like other leadership theories, which questions what is really covered in the programme to develop authentic leaders and if the programme is effective.

Cooper, Scandura and Schriesheim (2005) do identify the necessary elements of any development initiative with the aim of developing authentic leaders. These elements are listed below.

a. The intervention and facilitators model authenticity.
b. The participants are screened based on levels of self-concept clarity and developmental readiness to ensure they are the right candidates for the development intervention.
c. The intervention needs to be an ongoing process rather than a static, one-off intervention.

3.1.8   Summary

Authentic leaders create trusting relationships with their subordinates and employees enjoy working in such organisations. Organisations that are recognised as great place to work for put great emphasis on quality of relationship between employees and their leaders, between employees and their job, and among employees (Hasssan & Ahmed, 2011). Good leaders do not have to be born with specific characteristics or traits. Leadership emerges from the leader's life story, experiences, and so forth, which can facilitate authentic morality and integrity. Through employee trust, authentic leaders facilitate closer relationships with their employees, increase employee work engagement, and contribute to the sustainability of the organisation (George et al., 2007).

George et al. (2007) also suggests that the following are useful methods to foster authentic leadership: knowing your authentic self, practicing your values and principles, balancing your extrinsic and intrinsic motivations, and empowering people to lead. When leaders demonstrate

these behaviours the likelihood increases of employees reciprocating actions, trusting their leaders, and engaging in their work.

Over time, follower's come to internalise many of the leaders' values and perspectives, including a focus on self-discovery, which in turn facilitates the development of internal guiding points for making effective decisions about their work and subsequently individual follower performance. Also by promoting and building transparent relationships, it can be expected more rapid and accurate transfer of information that should facilitate more effective follower's performance (Walumbwa, *et al.* 2008).

The previous section provided an overview of the literature related to authentic leadership. The following section will focus on the second independent variable of the current study: psychological capital.

3.2   Psychological capital
3.2.1   Introduction
The interest in positivity in the workplace is driven by the still-emerging positive psychology movement. Positive psychology has broadened the perspective beyond what is wrong with people toward ideal functioning, flourishing, and reaching human potential. Leaders at all types of the organisations have tended to focus on what is wrong with human resources and possible ways to fix its weaknesses and problems (Luthans, Youssef, & Avolio, 2007).

For organisations and individuals to prepare themselves to achieve a competitive advantage, they require a shift to a new paradigm where excellence and sustainable competition can no longer be found on traditional, scarce resources. There seems to be growing support that positive psychological capabilities are crucial for organisational success and sustainable competitive advantage. The following section will start with an overview of human and social capital, more specifically what it is referred to as psychological capital or simply PsyCap. Psychological capital represents an individual's positive psychological state of development that is characterised by four psychological resources: self-efficacy, hope, optimism and resilience (Luthans, Youssef & Avolio, 2007).

3.2.2　Definition of psychological capital

Luthans, Youssef, and Avolio (2007, p. 3) define psychological capital as "one's positive psychological state of development that is characterized by (1) having confidence: self-efficacy, to take on and put in the necessary effort to succeed at challenging tasks; (2) making a positive expectation: optimism, about succeeding now and in the future; (3) persevering toward goals and, and when necessary, redirecting paths to goals: hope, in order to succeed; and (4) when overwhelmed by problems and difficulty, sustaining and bouncing back and beyond resilience, to attain success."

3.2.3　Model of psychological capital

In Figure 3.2 the different dimensions of psychological capital are depicted. Psychological capital is influenced by organisational climate and influences several positive and negative outcomes in the organisation. This influence can be directed by positive feelings in the organisation (Luthans, Avolio & Avey, 2008).
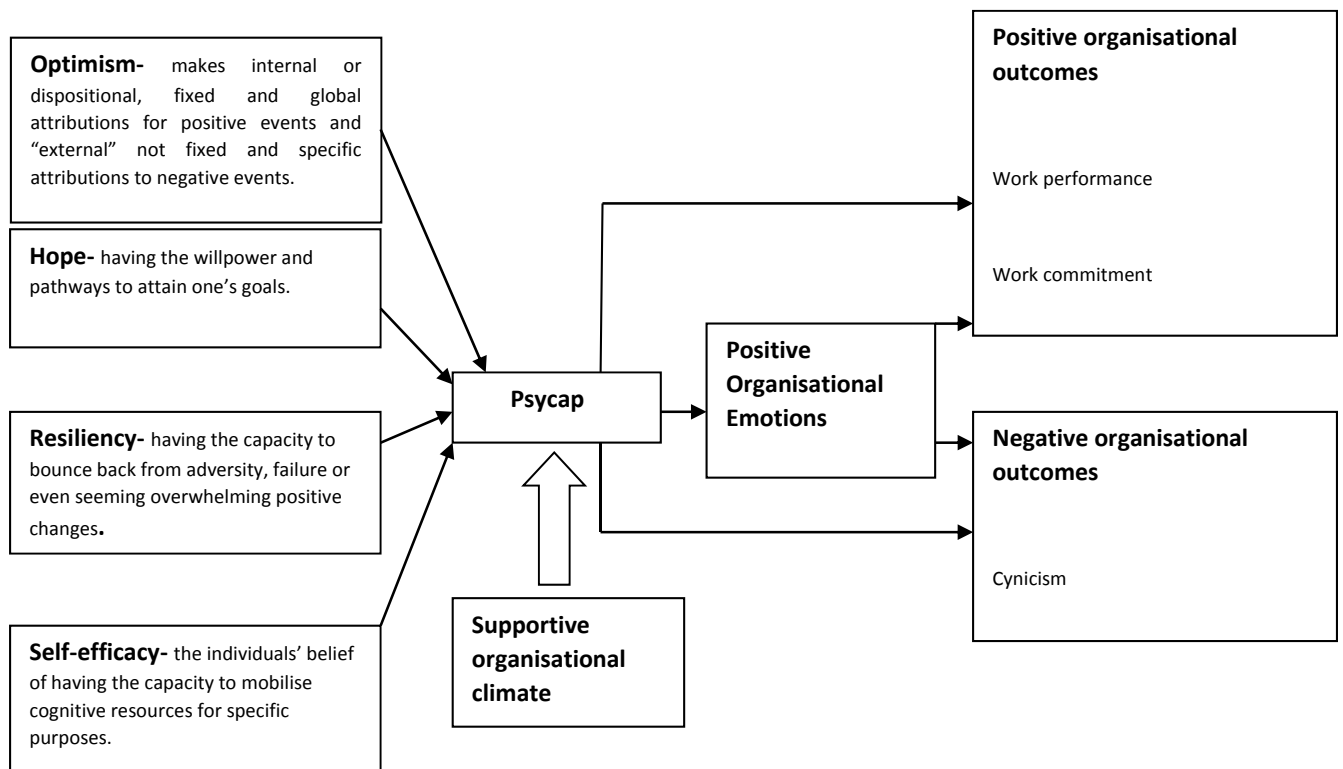
Figure 3.2 A model of Psychological capital (Avey, Patera & West, 2006, p. 53)

3.2.4   The components of psychological capital

Psychological capital comprises of four components: self-efficacy, optimism, hope and resilience.

3.2.4.1 Self-efficacy

According to Luthans, Norman, Avolio and Avey (2008) efficacy can be defined as an individual's conviction about his or her abilities to mobilise the motivation, cognitive resources, and courses of action necessary to successfully carry out a specific task within a given context. Appelbaum and Hare (2008) argue that self-efficacy beliefs are considered to be the outcome of a process of weighing, integrating, and evaluating information about one's capabilities and which in turn control the choices people make and the amount of effort they apply to a given task.

Moreover, according to Luthans et al. (2008) PsyCap efficacy is primarily based on Bandura's social cognitive theory which includes his five identified cognitive processes that are important elements of the efficacy equation: symbolising, forefought, observation, self-regulation, and self-reflection. According to Luthans, Youssef, and Avolio (2007) self-efficacious people are distinguished by five important characteristics. They:

1. Set high goals for themselves and self-select into difficult tasks;
2. Welcome and thrive on challenge(s);
3. Are highly self-motivated;
4. Invest the necessary effort to accomplish their goals;
5. Persevere when faced with obstacles.

According to Bandura (1997) the early development of self-efficacy is influenced primarily by two interacting factors. First, it is influenced by the development of the capacity for symbolic thought, particularly the capacity for understanding cause-and-effect relationships and the capacity for self-observation and self-reflection. The development of a sense of personal agency begins in infancy and moves from the perception of the causal relationship between events to an understanding that actions produce results, to the recognition that one can produce actions that cause results.

Second, the development of efficacy beliefs is influenced by the responsiveness of environments especially social environments, to the infant's attempts at manipulation and control. Efficacy beliefs and a sense of agency continue to develop throughout the life-span as one integrates information from four primary sources, that is, past performance, vicarious experience, verbal persuasion and emotional cues. These four sources are depicted in Figure 3.3

3.2.4.1.1 Sources of self-efficacy
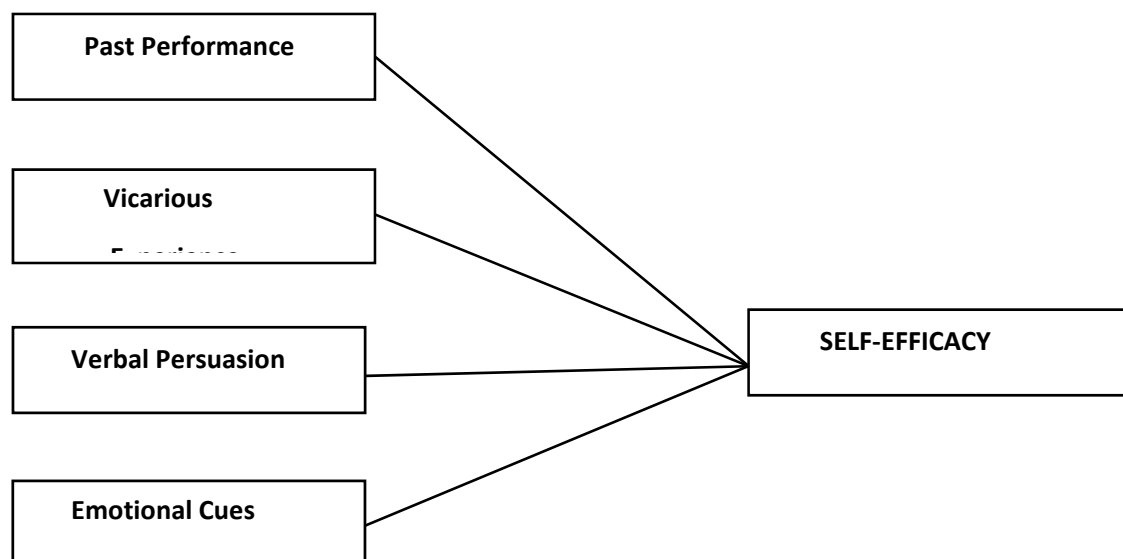
Figure 3.3 Sources of Self-efficacy. (Lunenburg, 2011, p. 278).

The four sources are briefly elaborated below

- **Past performance**

  According to Bandura (1997) the most important source of self-efficacy is past performance. Employees who have succeeded on job-related tasks are more likely to have confidence to complete similar tasks in future than employees who have been unsuccessful. Managers can however improve self-efficacy through careful hiring, providing challenging work assignments, professional development and coaching, supportive leadership, and rewards for improvement.

- **Vicarious experiences/modelling**

Vicarious experience is a second important source of self-efficacy. According to Appelbaum and Hare (2008) vicarious experience is primarily associated with environmental influences. Often people tend to build their confidence by observing others. Seeing a co-worker succeed at a particular task may boost an individual's own self-efficacy and encourage them to believe that through effort, despite setbacks the task can be successfully accomplished.

- **Verbal persuasion**

  The third source of self-efficacy is through verbal persuasion. Basically it involves convincing employees that they have the ability to succeed at a particular task and it also helps to build their PsyCap efficacy. The best way for a leader to use verbal persuasion is through the Pygmalion effect. The Pygmalion effect is a form of a self-fulfilling prophesy in which believing something to be true can make it true. A good example of the Pygmalion effect used in the workplace is when managers are confident that their subordinates can successfully perform a task, subordinates perform at a higher level (Eden, 2003).

- **Emotional cues**

  Finally, Bandura (1997) argues that emotional cues dictate self-efficacy. A person expects to fail at some task or finds something too demanding is likely to experience certain psychological symptoms. The symptoms may vary from individual to individual, but if they persist may become linked with poor performance.

3.2.4.2 Optimism

According to Luthans, Youssef, and Avolio (2007) optimism is one of the most talked about but yet the least understood psychological strengths. In everyday language, an optimist is regarded as one who expects positive and desirable events in future, whilst a pessimist is one who constantly has negative thoughts and is convinced that undesirable events will happen. PsyCap optimism is not just about predicting that good things will happen in the future, but most importantly PsyCap optimism depends on the reason and attributions one uses to explain why certain events happen, whether positive or negative, past, present, or future.

Seligman (2002) defines optimists as those who make internal, stable, and global attributions regarding positive events such as goal achievement, and an external relatively unstable, and specific cause for negative events like a failed attempt of reaching a goal. To avoid the criticism of false optimism, positive organisational behaviour (POB) tends to emphasise realistic optimism. In other words, optimism is not based on an unchecked process that has no realistic assessment. Luthans and Youssef (2007) state that optimists are less likely to give up and more likely to have a more positive difficulties, and to look for creative ways to solve problems and take advantage of opportunities.

According to Gabris, Maclin, and Ihrke (1998) optimism introduces individuals to the belief or at least the hope that through the responsible use of knowledge and reason, mankind can improve existing conditions. Rather than accept the status quo as the best of all possible worlds, the optimistic approach asks how can things be improved or made better. Optimist believe that good outcomes will occur in life and can therefore appraise stressful events more positively and mobilise their resources to take direct action in response to a stressor.

3.2.4.3 Hope

Hope, the third component of PsyCap, is commonly used in everyday language (for example, "let us hope for the best that our business venture succeeds"). According to Snyder, Irving, and Anderson (2000) hope is defined as a positive motivational state that is based on an interactively derived sense of success namely: (1) agency, goal-directed energy and (2) pathways, planning to meet goals. Luthans and Avolio (2007) maintain that central to this definition of hope is the idea that there is a strategic planning process for goals, (that is, goal-directed nature of thinking), which is the basis for a problem-solving solution. Snyder (2000) states that as a psychological construct, hope consist of three major conceptual foundations; agency, pathways, and goals. The agency component of hope can be thought of as having the will to accomplish the intended or desired effect. For that reason, hope involves agency or motivational energy to pursue a goal. In addition, hope also involves the pathways that include not only identifying goals and sub-goals, but also alternative ways to reach those goals. Those high in hope utilise contingency planning as they forecast obstacles to achieving goals or sub-goals and proactively identify multiple

pathways to attain the targeted goals. In other words, hope comprises the will to succeed and ability to identify, clarify, and pursue the way to success.

3.2.4.3.1 Developing hope in organisational leaders

Luthans, Van Wyk and Walumbwa (2009) argue that based on the hope theory, there are a number of practical guidelines that can be used to develop leaders and their organisations.

- For organisational leaders to enhance their own and others willpower, they must be allowed to have input and own the goals that they strive to achieve. However for goals to be meaningful and consistent, leaders must be allowed to set goals that are specific and challenging.
- Training in different models of hopeful thoughts can expand organisational leaders' capacities to think about issues in alternative ways.
- Hope can furthermore be developed by coaching and mentoring coping and hopeful strategies. This can be done through participation in leadership development programs designed to incorporate agency and pathways thinking, and coping strategies and techniques.
- Finally, leadership development of hope can use rehearsal and experiential exercises. Such training and development techniques can be used to build skills of when and how to take an alternative path.

3.2.4.4 Resiliency

Resilience is characterised by positive coping and adaptation in the face of significant risk or adversity (Masten, 2001; Masten & Reed, 2002). Clinical psychologists assert that resilience can increase and even grow when the individual returns to levels above homeostasis after an unfavourable event (Richardson, 2002). In short, individuals may actually become resilient to an adverse situation each time they affectively bounce back from a previous setback. Such positive reactions have been found in studies of emotions to have upward strengthening effects (Fredrickson & Joiner, 2002). This is where the interaction and synergies with hope, optimism, and self-efficacy may take the level of resilience beyond that of homeostasis (Richardson, 2002).

3.2.4.4.1 Resiliency in the workplace

Bouncing back to where one initially was before a problem or crisis is necessary but no longer adequate. In today's rapidly growing expectations, average performance can no longer meet the expectations of organisational demands. Managers and employees need to not only survive, cope, and recover but also able to thrive and flourish through the unavoidable and difficulties that they face and to do so faster than their competitors (Ryff & Singer, 2003).

According to Bonanno (2004) PsyCap resilience is not just a minimal coping or neutralising agent for difficult times, but rather it is viewed as proactive than just reactive which may lead to positive gains. Reivich and Shatte (2002) support the proactive nature of resiliency in describing it as the capacity to overcome, steer through, bounce back, and reach out to pursue new knowledge and experiences, deeper relationships with others, and finding the meaning of life. Ryff and Singer (2003) further assert that resilient people experience enhanced self-reliance, self-efficacy, self-awareness, self-disclosure, relationships, emotional expressiveness, and empathy.

Richardson's (2002) notion of resilient reintegration becomes particularly relevant to the perspective that reflecting on adversities helps in giving life meaning and value in refining one's philosophy of life, goals and priorities. He proposes that disruptions in one's life routines allows for the exploration and refinement of resilient qualities.

3.2.5 Psychological capital and authentic leadership amongst employees

The importance of authentic approaches to leadership is far reaching in both the research and practitioner domains. Economic, geo-political, and technological developments over the past few decades have placed demands on leaders that require them to be transparent, be aware of their values, and guide organisations with a moral/ethical perspective. In turn, organisations are using research to determine how to select and develop leaders that will add competitive advantage not only by impacting the short-term bottom line but also by leading with values that reflect those of stakeholders and creating long-term vision. Management scholars have responded to these calls by pursuing research in both authentic leadership and psychological capital (Walumbwa *et al.,* 2008).

Based on Bandura's (2006) perspective and the role that leaders play in collective interactions, it can be proposed that authentic leadership is related to psychological capital. For example, authentic leaders could analyse all relevant information received from outside the group as well as from group members themselves and then openly share that information with the whole group. Authentic leaders possess a great deal self-efficacy, hope, optimism, and resilience. With these attributes, authentic leaders are well equipped to face challenges of the corporate business world by understanding their follower's and realising the full potential of their vision, establishing organisational trust, and appreciating the complexity of the situation (Jensen & Luthans, 2006). They are also able to develop their follower's as authentic leaders through role modeling, monitoring, teaching, and coaching. They are committed to building the highest level of organisational capacity through individual performance, intra- and inter-individual impact, group-level impact, and organisational-level impact (Avolio & Luthans 2006). With a high level of PsyCap as their primary quality, authentic leaders turn their organisations into sustainable and high performing ventures and highly desirable places to work for (Toor & Ofori, 2010).

Because authentic leaders have the ability to remain realistically hopeful and trustworthy, such leaders can enhance employees hope by establishing not only their willpower, but also by including in their comments positive aspects of the waypower or directions to pursue that enhance a employees sense of self-efficacy. For example, by (a) maintaining high levels of commitment, sharing and transparency, (b) communicating important and relevant information needed to make informed judgments, and lastly (c) encouraging supportive inquiry, authentic leaders are able to enhance employees' hopefulness (Avolio, *et al.* 2004). Authentic leaders are depicted as having the ability to remain realistically hopeful (that is, agentic thinking), even when they encounter extremely difficult situations, and they are also future-oriented in their pathways thinking and action.

According to Kouzes and Posner (1998) leaders are change agents who challenge the status quo and are intrigued by adaptive puzzles posed by organisational environments. Significantly, optimistic leaders feel they can frame solutions to puzzles and subsequently influence the success of the organisation in moving toward preferred outcomes. Obstacles, instead of

becoming a source of despondency, are often seen as opportunities for doing something new. To be successful, leaders need to become skilled in several competencies. Kouzes and Posner (1998) succinctly summarise these as follows:

- Challenging the process: searching for opportunities, taking tasks;

- Inspiring a shared vision: envisioning the future, enlisting others;

- Enabling others to act: fostering collaboration, strengthening others;

- Modeling the way: setting examples, planning small wins; and

- Encouraging the heart: recognizing individual contributions, celebrating accomplishments.

If developed and well managed, PsyCap can result in real benefits for organisations. Investment and leveraging of PsyCap can help organisations to develop a strong workforce with the capacity to build large and complex ventures. With the increasing trend of strategic alliances, having better PsyCap at all levels of the organisation can help enterprises to deal with the challenges which organisations normally face when they work in various forms of alliances. PsyCap can also help businesses to realise desirable attitudinal outcomes which include job satisfaction, commitment to the organisation, work engagement, and perceived organisational effectiveness (Luthans & Youssef 2004).

Gardner *et al.,* (2005) furthermore maintain that authentic leaders could also ask for views from individual group members and then make use of their ideas to strengthen the group as a whole. Kirkman and Rosen (as cited by Gardner et al., 2005) argued that when leaders make use of members' ideas, members become more confident in their abilities. In other words, leaders sharing information provides group members with opportunities to develop collective insight, expand their knowledge, learn from each other, and acquire new skills. This in turn raises group members individual and in turn efficacy, a key component of psychological capital. In addition to efficacy, each of the other psychological resource components of hope, optimism, and resilience also contribute to the relationship between authentic leadership and psychological capital.

3.2.6   Interventions to enhance psychological capital

The following section is a discussion of the interventions to enhance psychological capital, that is, self-efficacy, hope, resilience and optimism.

3.2.6.1 Self-efficacy

Increasing self-efficacy in both individuals and teams should be made a managerial priority. When done properly, increasing self-efficacy will lead to enhanced capabilities of employees and will have a major impact on the performance of individuals as well as the team. Managers seeking increased performance in their teams should engage in practices that enhance self-efficacy in their employees and teams (Kreitner & Kinicki, 2009). Below are seven ways to help managers to improve self-efficacy in the workplace.

    a. **Ensure job demands are appropriate**. The complexity of job demands has an impact on self-efficacy. Individuals who gain mastery completing complex, challenging and autonomous jobs increase self-efficacy. Individuals who lack the opportunity to engage in challenging work are often bored and disengaged, leading to a decrease in self-efficacy. Therefore it is important for managers to ensure that job demands are appropriate.

    b.   **Improve training and professional development practices**. Employee's self-efficacy can be improved through guided experience, mentoring and role modelling. Assign a team leader who demonstrates self-efficacious behaviour and identify them as a role model. Furthermore, self-efficacy can be enhanced with professional development opportunities for all employees.

    c. **Enhance self-management**. Systematic self-management training enhances self-efficacy expectations. These training programmes encourage employees to set realistic, attainable personal goals, define clear priorities, be well-organised and enhance time-management skills.

    d. **Set reasonable goals and expectations**. Goal difficulty should match the individual or group's level of perceived self-efficacy. As self-efficacy and performance increase, so should the complexity of the task demands and the level of the goal. Goals that are too ambitious result in performance failure and can have a negative impact on self-efficacy and future performance. This will lead to greater frustration and discouragement when

the employee faces more difficult tasks. Goals that are challenging and attainable lead to both the highest performance levels and more resilient self-efficacy beliefs. Break larger goals into tangible steps. The achievement of mini-goals which lead toward a larger goal provides a sense of task mastery and competence, increasing self-efficacy.

e. **Increase coaching strategies**. Increase the quality and quantity of constructive pointers, feedback, guidance, support and education that is provided to the team. This feedback must be accurate, timely and specific in order for the individual or group to understand the cause-and-effect relationship involved in performing the task and to increase performance in the future.

f. **Increase leadership and mentoring**. Identifying top performers and promoting them to leadership positions will increase self-efficacy.

g. **Acknowledge and reward**. Both small and large successes should be acknowledged and rewarded. This will enhance self-efficacy and result in greater achievement. Also it is important to point out if an employee succeeded at a particular task. This will increase other employee's self-efficacy to perform better tasks.

3.2.6.2 Hope

Luthans, Van Wyk and Walumbwa (2009) argue that based on the hope theory, there are a number of practical guidelines that can be used to develop leaders and employees and their organisations.

- For organisational leaders and employees to enhance their own and others willpower, they must be allowed to have input and own the goals that they strive to achieve. However for goals to be meaningful and consistent, leaders and employees must be allowed to set goals that are specific and challenging.

- Training in different models of hopeful thoughts can expand organisational leaders' and employees capacities to think about issues in alternative ways.

- Hope can furthermore be developed by coaching and mentoring coping and hopeful strategies. This can be done through participation in development programs designed to incorporate agency and pathways thinking, and coping strategies and techniques.

- Finally, development of hope can use rehearsal and experiential exercises. Such training and development techniques can be used to build skills of when and how to take an alternative path.

3.2.6.3 Resilience

Luthans, Vogelgesang and Lester (2006) suggest that practices and identified characteristics of resilient individuals such as social competence, problem-solving skills, autonomy, and a sense of purpose and future can all be used for its enhancement as psychological capital. Specific resilience development programmes for individuals and organisations are already beginning to emerge. In all types of organisations, interactive, activity-based training programs have been conducted to improve employee's resilience skills:

a. Avoiding negative thinking traps when things go wrong.
b. Testing the accuracy of beliefs about problems and how to find solutions that work.
c. Remaining calm and focused when overwhelmed by emotion or stress.

Bonnano (2004) suggests that four distinct personality dimensions: positive emotion, self-enhancement, attribution or locus of control, and hardiness may ultimately result in enhancing pathways for individual resiliency.

a. **Positive emotions**. Positive emotions may be the most important factor to enhancing resilience. Specifically, positive emotions may take the form of laughter or smiles and such emotions may reinforce or enhance resiliency. Though these types of positive emotions may seem simple, their affects may be substantial.

b. **Self-enhancement**. Besides positive emotions, another dimension for enhancing resilience is self-enhancement. This is an individual trait-like tendency toward overly positive or unrealistic self-serving biases. Self-enhancers are said to be adaptive and generally better able to cope with stressful events. In short, self-enhancers tend to be extremely confident people in almost any situation. They believe that they will almost always find a way to succeed.

c. **Attribution**. Another strategy would be to use optimistic attribution to enhance an individual's resiliency to move past a negative event. A main component of attribution theory relating to improving resilience would be locus of control, or the belief that an individual has control over the environment versus the belief that the environment has control over the individual.

d. **Hardiness**. Hardiness involves the interrelated self-perceptions of commitment, control, and challenge that help in managing stressful circumstances in a manner that turns them

into developmental rather than devastating experiences. Bonnano (2004, p. 25) points out that "hardiness consists of three dimensions: being committed to finding meaningful purpose in life, the belief that one can influence one's surroundings and the outcome of events, and the belief that one can learn and grow from both positive and negative life experiences."

3.2.6.4 Optimism

The guidelines for developing optimism and resilience are not as extensive or proven as those for self-efficacy and hope, but there is still enough indirect evidence to be of value. In addition to Seligman's work, there are specific optimism training programs in organisations. Schneider (2001) offer three approaches for developing people's optimism that are still applicable to positive psychological capital development in today's workplace:

a. **Leniency for the past.** Managers and employees should learn to accept their past failures and setbacks, give themselves the benefit of the doubt and forgive themselves for past mistakes that they can no longer reverse.

b. **Appreciation for the present.** Managers and employees must be thankful and content about the positive sides of their current life, including both things that they can and cannot control.

c. **Opportunity seeking for the future.** Managers and employees must view the future and the uncertainties it holds as opportunities for growth and advancement and embrace them with a positive, welcoming and confident attitude.

3.2.7 Work engagement, authentic leadership and psychological capital

Leadership has been suggested as one of the single biggest factors contributing to employee work engagement (Harter, Schmidt, & Hayes, 2002). Avolio et al. (2004) suggest that authentic leaders are able to enhance the engagement of employees by strengthening their identification with the leader and organisation. In line with this Brown and Starkey (2000) argued that authentic leaders are sources of guidance because their attractiveness and credibility as role models draw attention to their modeled behaviour. Furthermore, Bandura (1997) is of the opinion that leading by example demonstrates a leader's commitment to his or her work and provides guidance to subordinates about how to remain emotionally and physically connected

and cognitively vigilant during work performance and as such is expected to raise levels of work engagement through observational learning. Dirks and Ferrin (2002) argue that research supports the value of authentic leadership behaviour in a positive organisational context by suggesting that when employees are treated in a fair and caring manner, they tend to trust in the leader and the system as a whole.

For organisations to maintain a healthy working environment and to retain and recruit employees, authentic leaders have to develop genuine connections with the employees in order for the employees to trust them and motivate them to high levels of performance (Avolio and Gardner, 2008). Avolio *et al.* (2005) claimed that the intent of authentic leadership was not to develop another new theory for leadership. In fact, the concept of authentic leadership may be a return to fundamental aspects of leadership. Avolio and Gardner (2008) proposed that authentic leadership makes a difference in organisations by helping people to find meaning at work, build optimism and commitment among follower's, encourage transparent relationships that build trust, and promote inclusive and positive ethical climates. They operate consistently with values visible to others, focus on ethical or right things to do, take lead even at personal risk, make the development of others perceive it as intended.

Authentic leadership prominently incorporates hope, optimism, resilience, efficacy and trust as intervening variables by which authentic leaders influence follower's attitudes such as work engagement. When employees recognise that their leaders have the skillful insight and ability to enlarge the growth and productivity of the organisation by making competent decisions that would give them increased assurance of a more profitable future with the organisation. In other words, there can be an increase in work engagement amongst employees if there is a sound sense of trust in the competence and capability of their leaders (Luthans, 2002).

Coaching in the form of assisting employees in locating their goals, organising their work, highlighting drawbacks, and offering advice as needed, is positively related to work engagement. If leaders are seen as transparent, acting according to supported values, and not displaying self-protective motives then they develop trusting relationship with their employees which in turn contribute to positive employees work outcomes such as work engagement. Authentic leadership

theory suggests that psychological capital can be measured, developed, and managed for effective performance (Luthans, 2002).

Avolio and Walumbwa (2006) argue that the role of an engaged organisational culture/climate is one of the most relevant positive contextual factors for the authentic leadership process. Specifically these authors propose environments that provide open access to information, resources, support and equal opportunity for everyone to learn and develop, and empower and also enable leaders and their employees to accomplish their work. This suggests that for employees to be effective, organisational leaders must provide an inclusive organisational climate that enables themselves and employees to continually learn and grow.

It is therefore important for authentic leaders to cultivate work engagement given that disengagement or alienation is central to the problem of employees' lack of commitment and motivation. Meaningless work is often associated with apathy and detachment from an individual's work (Thomas & Velthouse, 1990). Under such conditions, individuals are thought to become estranged from themselves and restoration of meaning in work is regarded as fostering an employee's motivation and attachment at work. Therefore, there are practical as well as humanistic reasons why authentic leaders should be concerned with employees' engagement levels regarding their work (Seeman, 1972).

3.2.7.1 The relationship between psychological capital of managers and work engagement
Successful organisations are able to effectively manage their resources to maximize their profits. Organisations can choose to focus on the development of positive psychological capital as another source of productivity and competitive advantage (Luthans & Youssef, 2004). Managers should promote positive emotions in themselves and among those they manage. They need self-awareness and need to increase their own efficacy, optimism, hope, and resilience by examining their own behaviour for them to be engaged in their work (Fredrickson, 2000).

Work engagement involves employees' cognitive and emotional connection to their work and to their workplace. Highly related to a variety of work and organisational outcomes across a variety of settings, employee engagement is heavily influenced by daily interactions with managers and

co-workers at the workgroup level (Harter, 2009). Manager positive emotions have been shown to predict group performance and work engagement (George, 1995). Employees are likely to imitate what their managers do. If managers lack dedication or absorption, employees will also lack the same. Therefore it is important for managers to act as role models for engagement (Schaufeli & Salanova, 2007). Managers, who have the confidence that their subordinates can successfully perform a task, usually have the highest level of engaged workers (Eden, 2003).

According to Luthans, Van Wyk and Walumbwa (2009) managers who have hope that they will achieve their goals regardless of any problems that they may encounter are said to be more engaged. In addition, they utilise contingency planning as they forecast obstacles to achieving goals or sub-goals and proactively identify multiple pathways to attain the targeted goals.

3.2.7.2 The relationship between psychological capital of individuals and work engagement

Organisations expect their employees to be active, show initiative, develop a sense of responsibility and be committed to the execution of high performance standards (Bakker, Schaufeli, Leiter & Taris, 2008). They require employees who feel energetic and are dedicated to and absorbed by their work, that is, who are engaged with their work (Bakker & Schaufeli, 2008). To encourage engagement in organisations, personal resources such as optimism, self-efficacy and resilience could be employed, as it is suggested that these personal resources facilitate work engagement and these resources fall under the heading of employee psychological capital (Bakker & Demerouti, 2008).

Previous studies have frequently found that job resources lead to work engagement. However, since engaged workers also seem to be engaged outside work life, engagement does not only stem from job resources, but from personal resources as well. Personal resources are state-like, positive self-evaluations that are linked to resiliency and refer to individuals' sense of their ability to control and impact upon their environment successfully. Psychological capital can be viewed as such personal resource that seems to link job resources with engagement (Hobfoll, Johnson, Ennis, & Jackson, 2003).

Personal resources have been recognised as the most important determinants of work engagement together with job resources, mostly self-efficacy and optimism which are both psychological capital components (Xanthopoulou, Bakker, Demerouti, & Schaufeli, 2009). Self-efficacious employees are able to meet their work goals, and to be persistent in the face of difficulties. As a result, engagement occurs through the facilitation of goal attainment. Optimistic employees always strive for positive outcomes and are likely to believe in their potential regardless previous failures. These qualities keep them energetic, maintain their perseverance in the face of demands, and also enable engagement (Sweetman & Luthans, 2010).

3.2.8 Summary

Psychology capital can be enhanced in the workplace through relatively brief and highly focused interventions. In today's turbulent work environment, managers need to see results, and to see them fast. Organisational leaders utilise both planned interventions and unplanned positive and negative events to facilitate and trigger their own and that of their associates PsyCap (Luthans, Youssef, & Avolio, 2007).

While many workplace concepts are generalisable across organisational levels, it is believed that PsyCap presents opportunities that are particularly relevant for authentic leadership development (Avolio & Luthans, 2006). When PsyCap development efforts are introduced within a positive organisational context in which planned and unplanned trigger events are integrated, developing, leaders can enhance their self-awareness, self-regulation, and self-development. The result is not just leaders with high PsyCap, but also more authentic leaders and if leaders are both higher in PsyCap and also more authentic, it is expected that the same will be true in terms of the development of their follower's (Gardner, *et al.,* 2005).

In addition to self-development, one of the primary characteristics of authentic leadership is that they are capable of and motivated to develop their followers. The integrity, trust, and transparency of authentic leader can encourage reciprocity from followers and an organisational culture in which openness, sharing, and ongoing PsyCap development become the norm (Luthans, Youssef, & Avolio, 2007).

<div align="center">

Chapter 4

Research Methodology

</div>

4.   Introduction

Research is a logical and systematic search for new and useful information on a particular topic. It is a structured enquiry, using acceptable scientific methodology to solve problems and create new knowledge that is generally applicable. The research process is represented by the collection, analyses and interpretation of information to answer questions related to a specific question or topic (Hair, Black, Babin, and Anderson, 2010). The aim of this study is to investigate the effect of authentic leadership and psychological capital on employees' levels of work engagement experienced by employees in a financial institution in Lesotho. In this chapter survey research, research methodology, and statistical techniques are discussed. The sample design as well as the data collection procedures and different measuring instruments are also discussed.

4.1   Survey research

Survey research entails the administration of questionnaires to a sample of respondents that form part of a larger population in order to discover the relative incidence, distribution, and interrelations of sociological and psychological variables. Survey sampling methods normally include methods like personal interviews, mail questionnaires, panel interviews and telephone interviews (Kerlinger & Lee, 2000). According to Bickman and Rog (2009) surveys are efficient in that many variables can be measured without substantially increasing the time or cost. Survey data can be collected from many people at a relatively low cost and depending on the survey design in a short period of time. Survey data collection methods lend themselves to probability sampling and therefore appealing when sample generalisability is a central research goal.

Bickman and Rog (2009) are of the opinion that the risk associated with survey research stems from two types of errors: poor measurement of cases that are surveyed (error of observation) and omission of cases that should be surveyed (errors of non-observation). Potential problems that can lead to errors of observation stem from the way questions are written, the characteristics of the respondents who answer the questions, the way the questions are presented in questionnaires, and the interviewers used to ask the questions. There are three sources errors of non-observation:

(a) coverage of the population can be inadequate due to a poor sampling frame, (b) the process of random sampling can result in sampling error, and (c) non-response can distort the sample when individuals refuse to respond or cannot be contacted. Due to the assumption that survey studies employ statistical techniques, it is important to elaborate on statistical modeling studies in the following section.

4.2 Statistical modeling studies

Kerlinger and Lee (2000) suggest that although survey studies provide a broad overview of the phenomenon being studied, it lacks the ability to evaluate the theoretical models developed through a literature review. To overcome this limitation, statistical modeling studies must also be combined with survey studies. A theoretical model is developed through a process of theorising about the process as observed in previous research studies. Data collected through the use of survey studies is used to quantitatively validate the theoretical model. Most often multivariate statistical analyses are used to evaluate and validate theoretical models. These analyses include multiple regression and structural equation modeling which are discussed later in this section.

4.3 Selection of test persons

Employees employed at a financial institution in Lesotho were selected for the purpose of this research. Employees in leadership positions being the first line supervisors, middle level managers and top management of different departments namely, human resource, finance, marketing and sales and their subordinates were invited to participate. The sample required individuals with an adequate level of literacy (holding at least a matric certificate) and having a direct reporting relationship in the organisation. The study sample was selected using a non-probability sampling.

4.3.1 Sample of participants

300 questionnaires were distributed to the population of which 50 respondents were managers and the remaining 250 their subordinates. Of the 300 questionnaires, 299 were returned. The characteristics of the sample of respondents who completed the survey questionnaires are described in this section. Their characteristics are provided in terms of the following variables: age, gender, marital status, education, race and department.

With regard to age, the sample consisted of the following age categories: 27 (9%) in the under 25 category, 60 (20%) in the 25-34 age category, 93 (31%) in the 35-44 age category, 85 (28%) in the 45-54 age category, and 35 (12%) in the 55 and above category.

The sample consisted of 168 (56%) female respondents and 132 (44%) male respondents.

Regarding the marital status, the largest proportion of respondents were married, 180 (60%), single 66 (22%), separated 10 (3,3%) and divorced 44 (14,7%).

The level of education reflected 57 (19%) matric respondents, 73 (24,3%) diploma respondents, 105 (35%) degree respondents and postgraduate respondents 65 (21,7%).

Regarding the race, the largest proportion of respondents were Blacks 255 (85%), followed by Whites 35 (11,7%), Coloured 6 (2%) and Indians 4 (1,3%).

The sample consisted of 65 (21,7%) respondents from the Human resource department, 70 (23,3%) respondents from the Marketing department, 82 (27,3%) from the Finance department and 83 (27,7%) from the Sales department.

4.4   Data gathering

According to Cooper and Schindler (2003) data gathering is the collection of information from secondary source or primary source in a specific setting in order to analyse, test hypotheses and answer the research questions. The data gathering method adopted for this study is through the questionnaires. A questionnaire is an efficient data gathering mechanism when the researcher knows exactly what is required and how to measure the variables. Babbie and Mouton (2001) are of the opinion that this method is only appropriate when the population under study is adequately literate.

Questionnaires were issued to the employees and consisted of four sections that had to be completed. Instructions were provided on the first page of the questionnaire to ensure respondents of confidentiality regarding their identities as well as explaining the reason for

conducting this study. Respondents had to complete the entire questionnaire on their own and they were given the opportunity to complete the questionnaire during working hours. Participants were guaranteed complete confidentiality and anonymity.

4.5   Measuring instrument

The use of a standardised measuring instrument is required to operationalise each variable. A general discussion of the variables is presented in the literature that follows.

4.5.1   The Utrecht Work Engagement Scale (UWES)

In the next section the Utrecht Work Engagement Scale is discussed and specific focus is given on the nature and composition, reliability, validity and rationale for the inclusion of the UWES in the study. The Utrecht Work Engagement Scale (UWES) was developed by Schaufeli and Bakker (2003).

4.5.1.1 Nature and composition

The Utrecht Work Engagement Scale (UWES) has been developed that includes the three constituting dimensions of work engagement namely: vigour, dedication, and absorption. Originally, the UWES included 24 items, but after psychometric evaluation, 7 unsound items were eliminated so that three scales, totaling 17 items remained. This 17 item questionnaire is arranged along a seven-point Likert frequency scale ranging from 0 (never) to 6 (every day). Vigour: 6 items, refers to high levels of energy and resilience, the willingness to invest effort, not being easily fatigued, and persistence in the face of difficulties. Dedication: 5 items, refers to deriving a sense of significance from ones work, feeling enthusiastic and proud about one's job, and feeling inspired and challenged by it. Lastly, Absorption: 6 items, refers to being totally and happily immersed in one's work and having difficulties detaching oneself from it so that time passes quickly and one forgets everything else that is around. The reason for shortening the UWES is basically pragmatic; researchers strive to include as few items as possible because participants should not be unnecessarily bothered. Besides, long questionnaires increase the likelihood of attrition (Schaufeli, Salanova, Gonzalez-Roma & Bakker, 2002).

4.5.1.2 Reliability

The items of the UWES are grouped into three subscales that reflect the underlying dimensions of engagement. All the items are scored on a 7-point frequency rating scale ranging from 0 (never) to 6 (every day). The reliability for items is $\alpha= 0.92$ for vigour, $\alpha= 0.91$ for dedication and $\alpha= 0.90$ for absorption (Schaufeli & Bakker, 2004).

4.5.1.3 Validity

According to the study conducted by Schaufeli *et al.* (2002) on UWES, results provide support for the validity of UWES as an acceptable measure of work engagement.

For the purpose of this study the UWES was used, as respondents were requested to measure their own levels of work engagement. Examples of the items measuring work engagement are provided in Table 4.1

Table 4.1 Examples of UWES items

Item number	Item
1	At work, I feel bursting with energy
3	Time flies when I'm working
7	My job inspires me
13	To me, my job is challenging
15	At my job, I am resilient, mentally
17	At my work I always persevere, even when things do not go well

4.5.1.4 Rationale for inclusion

The instrument used is a relevant measure of this study because it showed good reliability and validity.

4.5.2 Authentic Leadership Questionnaire (ALQ)

Authentic leadership was measured using the 16 items of the Authentic Leadership Questionnaire by Avolio, Gardner, Fredrison and Walumbwa (2008). The questionnaire measures four dimensions namely; self-awareness, relational transparency, internalised moral

perspective, and balanced processing. The following section will discuss the nature and composition, reliability, validity and the rationale for the inclusion.

4.5.2.1 Nature and Composition

The ALQ consists of 16 questions representing the four different dimensions. Examples of items are: "My leader says exactly what he or she means" (transparency); "My leader demonstrates beliefs that are consistent with actions" (moral/ethics); "My leader solicits views that challenge his or her deeply held positions" (balanced processing); and "My leader seeks feedback to improve interactions with others" (self-awareness). A 5-point scale was used to answer these questions - ranging from 1 (not at all) to 5 (frequently, if not always) (Avolio *et al.,* 2008).

4.5.2.2 Reliability

Reliability of a measure indicates the stability and consistency with which the instrument is measuring the concept and helps to access the goodness of a measure (Sekaran, 2003). The following reliability estimates associated with each of the dimensions were reported by the developers of the ALQ: α= 0.93 for transparency, α= 0.88 for moral/ethics, α= 0.83 for balanced processing, α= 0.80 for self-awareness and α= 0.88 for authentic leadership (Avolio, Gardner & Walumbwa, 2007).

4.5.2.3 Validity

According to Zikmund (2003) validity refers to the ability of a scale or measuring instrument to measure what is intended to measure. That is, validity is concerned with whether the right concept is being measured. Avolio *et al.,* (2008) provide support for the validity of ALQ as a satisfactory measure of authentic leadership.

For the purpose of the study, only the rater version was used to measure the employees' perception regarding their manager's level of authentic leadership. Examples of items measuring authentic leadership are provided in Table 4.2

Table 4.2 Examples of ALQ items

Item	My leader
1	Says exactly what he or she means
3	Encourages everyone to speak their mind
6	Demonstrates beliefs that are consistent with actions
8	Asks you to take positions that support your core values
11	Analyzes relevant data before coming to a decision
16	Shows he or she understands how specific actions impact others

4.5.2.4 Rationale for the inclusion

The reliability and validity of the questionnaires are well suited for the study.

4.5.3 Psychological Capital Questionnaire (PsyCap)

To measure psychological capital among the participants, the 24-item psychological capital questionnaires by Luthans, Avolio, Norman & Avey (2007) was used. The nature and composition, reliability, validity and the rationale for the inclusion of the questionnaire is discussed below.

4.5.3.1 Nature and composition

To assess positive psychological capital, the 24-item psychological capital questionnaire was used. Examples of items are: "This leader is confident in representing his organisation" (self-efficacy); "If this leader should find himself in a jam at work, he could think of many ways to get out of it" (hope); "At this time, this leader is meeting the work goals that he has set for himself" (resiliency); and "This leader can get through difficult times at work because he's experienced difficulty before" (optimism). The answering format of these questions ranged from 1 (not at all) to 5 (frequently, if not always) (Zamahani, Ghorbani & Rezaei, 2011).

4.5.3.2 Reliability

Reliability demonstrates consistency of a measurement (Gregory, 2007). The following reliability estimates associated with each of the dimensions were reported by the developers of

PsyCap: α= 0.94 for self-efficacy, α= 0.82 for hope, α= 0.90 for resiliency, α= 0.83 for optimism and α= 0.92 for psychological capital (Luthans et al., 2007).

4.5.3.3 Validity

Validity is the degree to which conclusions reached from a test are significant (Gregory, 2007). The validation study done on the psychological capital questionnaire is said to be valid.

For the purpose of this study the other rater version was utilised, as respondents were asked to measure their manager's level of psychological capital. In addition, the self- rater version was also used to measure the employees own level of psychological capital. Examples of items measuring psychological capital are provided in Table 4.3 and 4.4

Table 4.3 Examples of Psychological capital items (Other Rater)

Item number	Item
1	This person feels confident analyzing a long-term problem to find a solution
3	This person feels confident contributing to discussions about the organisation's strategy
6	This person feels confident presenting information to a group of colleagues
7	If this person should find him/herself in a jam at work, he/she could think of many ways to get out of it.
9	This person feels there are lots of ways around any problem
12	At this time, this person is meeting the work goals that he/she has set for him/herself

Table 4.4 Examples of Psychological capital items (Self-Rater)

Item number	Item
1	I feel confident analyzing a long-term problem to find a solution.
3	I feel confident contributing to discussions about organisation's strategy.
6	I feel confident presenting information to a group of colleagues.
7	If I should find myself in a jam at work, I could think of many ways to get out of it.
9	There are lots of ways around any problem
12	At this time, I am meeting the work goals that I have set for myself.

4.5.3.4 Rationale for the inclusion

The instrument is considered to be a relevant measure of psychological capital for this study because it showed good reliability and validity.

4.6   Data analysis

The choice of data analysis technique is usually dependent on the type of research questions the study is aiming to answer. In general data analysis techniques emphasise relationships, significance of group membership, and structure (Field, 2005; Hair, Black, Anderson, & Tatham, 2006). The data in this study was analysed by means of quantitative techniques. The following section explains the various data analysis techniques that were employed to test the various hypotheses. The main aim of the current study was to determine the effect of authentic leadership and psychological capital on work engagement. To investigate this aim both descriptive and inferential statistics were used.

4.6.1   Descriptive statistics

Descriptive statistics is described as statistics such as frequencies, the mean, and the standard deviation which provide descriptive information of a set of data (Sekaran, 2003). The descriptive statistics (the frequency) has already been provided earlier in this chapter.

4.6.2   Inferential statistics

According to Sekaran (2003), inferential statistics are statistics that help to establish relationships among variables and draw conclusions from them. For the purpose of this study confirmatory factor analysis, Pearson product-moment correlation, and stepwise multiple regression were used to analyse data.

4.6.2.1 Confirmatory factory analysis

Confirmatory factor analysis (CFA) is a way of testing how well measured variables represent a small number of constructs (Hair et al., 2006). According to Salkind, (2007) confirmatory factor analysis is particularly useful in a deductive reasoning process. With CFA, it is possible to test the hypothesis that two factors versus only one factor underlie a set of data. Another important use of CFA is to measure the equivalence of parts of the basic factor model within a given data set.

The purpose of carrying out confirmatory factor analysis was to provide statistical evidence of whether each of the identified variables is adequately defined in terms of the common variance among the indicators in a measurement model (MacKenzie, Podsakoff, & Jarvis, 2005).

In this study, CFA was used to confirm the factor structure of each of the variables and to provide a confirmatory test of the measurement theory (authentic leadership, psychological capital, and work engagement). This involves constructing a model of relationships that are tested by the measurement theory. The measurement theory specifies a series of relationships that suggest how measured variables represent a latent construct that is not measured directly (Hair et al. 2010). After the measurement model has been specified, the next step is the assessment of the validity of each of the measurement models using a number of goodness-of-fit statistics, such as the comparative fit index (CFI), standardized root mean square residual (SRMR), and the root mean square error of approximation (RMSEA).

4.6.2.1.1 Goodness-of-fit statistics

According to Hair et al., (2010) goodness-of-fit is indicative of how well a specific model reproduces the observed covariance matrix among the indicator items, for example the similarity of the observed and estimated. Several goodness-of-fit statistics can be used to determine the validity of the measurement models. However for, the purpose of this study, only the following

goodness-of-fit statistics are discussed: Satorra-Bentler chi-square (S-B X^2), standardized root mean square residual (SRMR), root mean square error of approximation (RMSEA), and comparative fit index (CFI). Each of these statistics are discussed below.

- Satorra-Bentler chi-square (S-B X^2)

The Satorra-Bentler scaled chi-square is used when robust estimation is employed. The reason why robust estimation techniques are used is when data deviates from the normal distribution. If the data departs markedly from multivariate normality, the Satorra-Bentler chi square should be used to provide an improved estimate of the fit of a model (Sattora & Bentler, 2001).

- Standardised root mean residual (SRMR)

The SRMR is the standardized square root of the mean of the squared residuals. It is average of the residual between individual observed and estimated covariance and variance terms. Lower SRMR values represent better fit and higher values represent worse fit. The average SRMR value is 0, meaning that both positive and negative residuals can occur (Hair et al., 2010).

- The root mean square error of approximation (RMSEA)

RMSEA is a good representation of how well the model fits the population, not just the sample used for estimation. Lower RMSEA values indicate a better fit. As with SRMR, values below 0.10 for the RMSEA are indicative of acceptable fit, with values below 0.05 suggesting a very good fit (Hair et al., 2010). Although there is a general agreement that the value of RMSEA for a good model should be less than 0.05, but 0.06 is often considered as a cut-off criterion (Schermelleh-Engel, 2003).

- Comparative fit index (CFI)

The comparative fit index (CFI) takes into account sample size that performs well even when the sample size is small. This statistics assumes that all latent variables are uncorrelated and

compares the sample covariance matrix with this null model (Hooper, Coughlam, & Mullen, 2008). A general guideline for the interpretation of the CFI is that the values of 0.9 and higher indicate satisfactory fit between the postulated model and empirical data.

4.6.2.2 Pearson product moment correlation

Correlation between variables is a measure of the linear correlation between two variables. The most common measure of correlation in statistics is the Pearson correlation. The Pearson product moment correlation coefficient measures the strength of a linear association between two variables and is symbolized by r. According to Field (2005) it can take any value from -1 (as one variable changes, the other changes in the opposite direction by the same amount), through 0 (as one variable changes the other does not change at all), to +1 (as one variable changes, the other changes in the same direction by the same amount). A value greater than 0 indicates a positive association between two variables and a value less than 0 indicates a negative association.

According to Guilford (as cited in Tredoux and Durrheim, 2002) to evaluate the strength of a statistically significant relationship, it is useful to have a guide to interpret the strength of the identified correlation. Guilford provides a useful reference to interpret statistical significant relationships among variables. Thus, although a correlation may be statistically significant, it must still be evaluated in the context of its associated strength and the value to the research. Guilford's informal interpretations of the magnitude of r are presented in the table 4.5.

Table 4.5 Guilford's informal interpretations of the magnitude of r

Value of r (+/-)	Informal interpretation
< 0.2	Slight; almost no relationship
0.2 – 0.4	Low correlation; definite but small relationship
0.4 – 0.7	Moderate correlation; substantial relationship
0.7 – 0.9	High correlation; strong relationship
0.9 – 1.0	Very high correlation; very dependable relationship

4.6.2.3 Stepwise multiple regression

Stepwise multiple regression analysis is one of the most widely used methodologies for expressing the dependence of a response variable on several independent variables (Yasar, Bilgili & Simsek, 2012). The following is a discussion of the purpose of stepwise multiple regression.

The purpose of stepwise multiple regression

a. Stepwise regression is designed to find the mean set of predictors that are most effective in predicting the dependent variable.

b. Variables are added to the regression equation one at a time using the statistical criterion of maximizing the R^2 of the included variables.

c. After each variable is entered, each of the included variables is tested to see if the model would be better off it were excluded. This does not happen often.

d. The process of adding more variables stops when all of the available variables have been included or when it is not possible to make a statistically significant improvement in R^2 using any of the variables not yet included.

e. Since variables will not be added to the regression equation unless they make a statistically significant addition to the analysis, all of the independent variable selected for inclusion will have a statistically significant relationship to the dependent variable (Yasar, Bilgili & Simsek, 2012).

4.6.2.4 Estimates of reliability

Nunnally (1967) provides guidelines that can be used to determine levels of reliability which are indicated in table 4.6

Table 4.6 Guidelines for interpreting reliability coefficients

Reliability coefficient value	Interpretation
0.90 and above	Excellent
0.80 – 0.89	Good
0.70 – 0.79	Adequate
Below 0.70	May have limited applicability

4.6.2.5 ANOVA

Analysis of variance (ANOVA) is used to indicate whether or not there is a significant mean difference between two or more groups. The results of ANOVA will tell whether or not means of various groups are significantly different from each other (Sekaran, 2003). Whenever an ANOVA model is used to examine the differences among more than 2 groups, a posthoc procedure can be used to compare differences between all pairs of means. Posthoc comparisons are very similar to t-tests. However, posthoc comparisons are more appropriate for multiple tests because they help control type-I error. Type-I error is a chance of wrongly accepting differences between means as significant (Giles, 2002). For the current study the Scheffe posthoc was used to compare the age differences of the sample.

4.7   Summary

In this chapter an overview of the methodology used for this study has been provided. The methodology included both survey and statistical modeling research. The techniques used for data analysis, including Pearson product moment correlation, multiple regression analysis and confirmatory factor analysis have also been discussed. This information enables the researcher to reflect on the results in order to reject or accept the hypotheses formulated in chapter 1.

Chapter 5

Discussion of research results and recommendations for future research

5.   Introduction

In this final chapter the research results are presented, discussed, and interpreted. The chapter commences with a description of the statistical method used, that is, descriptive and inferential statistics. The frequency distributions are presented in table form followed by the reliability estimates for each of the instruments. In addition, the goodness-of-fit statistics associated with each of the four constructs used in the current study are also presented. This is followed by a discussion of inferential statistics. Discussions of results will be compared with previous research results. The chapter concludes with a discussion of the limitations of the study and recommendations for intervention and further research.

5.1   Descriptive statistics

With regard to descriptive statistics, frequency distribution of the biographical data and the reliability estimates for each of the instruments will be presented.

Table 5.1 Frequency distribution of age.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Younger than 35 years	81	27.1	27.1	27.1
	35-44 years	94	31.4	31.4	58.5
	45-54 years	85	28.4	28.4	87.0
	55 years and older	39	13.0	13.0	100.0
	Total	299	100.0	100.0	

From the above table it is clear that the majority of sample is 34-44 years (94%).

Table 5.2 Frequency distribution of gender.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Female	167	55.9	55.9	55.9
	Male	132	44.1	44.1	100.0
	Total	299	100.0	100.0	

From the above table it is clear that the majority of sample is females (55.9%)

Table 5.3 Frequency distribution of marital status

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Married	180	60.2	60.2	60.2
	Single	65	21.7	21.7	81.9
	Separated	10	3.3	3.3	85.3
	Divorced	44	14.7	14.7	100.0
	Total	299	100.0	100.0	

From the above table it is clear that the majority of sample is married (60.2%).

Table 5.4 Frequency distribution of race

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	White	34	11.4	11.4	11.4
	Black	255	85.3	85.3	96.7
	Coloured	4	1.3	1.3	98.0
	Other	6	2.0	2.0	100.0
	Total	299	100.0	100.0	

From the above table it is clear that the majority of sample is Black (85.3%).

Table 5.5 Frequency distribution of education

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Matric	27	9.0	9.0	9.0
	Diploma	73	24.4	24.4	33.4
	Degree	95	31.8	31.8	65.2
	Other	104	34.8	34.8	100.0
	Total	299	100.0	100.0	

From the above table it is clear that the majority of sample hold a postgraduate qualification (34.8%) followed by degree (31.8%).

Table 5.6 Frequency distribution of department

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Human Resources	65	21.7	21.7	21.7
	Marketing	70	23.4	23.4	45.2
	Finance	83	27.8	27.8	72.9
	Sales	81	27.1	27.1	100.0
	Total	299	100.0	100.0	

From the above table it is clear that the majority of sample comes from the finance department (27.8%) and sales department (27.1%).

5.1.1 Psychometric properties of the constructs/variables

The reliability estimates for each of the instruments are presented in the following section. Table 5.7 presents the reliability estimates of authentic leadership.

Table 5.7 Reliability estimates of authentic leadership

Variable	Number of Items	Cronbach's Alpha
ALQ_Rater		
Transparency	5	0.974
Moral/Ethical	4	0.974
Balanced Processing	3	0.973
Self-Awareness	4	0.984

The four dimensions associated with authentic leadership range from 0.973-0.984 which can be concluded that there is an excellent level of reliability.

Table 5.8 Reliability estimates of psychological capital (other rater)

PCQ_Other_Rater		
Efficacy/Confidence	6	0.983
Hope	6	0.959
Resilience	6	0.948
Optimism	6	0.961

The four dimensions of psychological capital (other rater) range from 0.948-0.983 which shows excellent levels of reliability.

Table 5.9 Reliability estimates of psychological capital (self-rater)

PCQ_Self		
Efficacy/Confidence	6	0.990
Hope	6	0.947
Resilience	6	0.848
Optimism	6	0.954

The four dimensions of psychological capital (self-rater) range from 0.848-0.990 which means there is an excellent level of reliability.

Table 5.10 Reliability estimates of work engagement

UWES		
Vigour	6	0.971
Dedication	5	0.982
Absorption	6	0.977

The three dimensions of work engagement range from 0.971-0.982 meaning there is an excellent level of reliability.

Table 5.11 Goodness-of-fit statistics

Construct	S-B X^2	df	CFI	RMSEA	SRMR
Authentic Leadership	727.3372	98	0.936	0.147 (0.137; 0.157)	0.018
Psychological Capital (Other Rater)	923.980	246	0.914	0.096 (0.089; 0.103)	0.032
Psychological Capital (Self Rater)	1019.8926	246	0.915	0.103 (0.096; 0.109)	0.058
UWES (Original Structure)	702.3564	116	0.927	0.130 (0.121; 0.139)	0.019
UWES (Unidimensional Structure)	761.8345	119	0.920	0.135 (0.125; 0.144)	0.019

All the variables in the analyses were measured with standard questionnaires. For authentic leadership, the current study found the following reliabilities: α= 0.974 for transparency, α= 0.974 for moral/ethics, α= 0.973 for balanced processing and α= 0.984 for self-awareness. Avolio, Gardner and Walumbwa, (2007) found similar reliability estimates for each of the four dimensions: α= 0.93 for transparency, α= 0.88 for moral/ethics, α= 0.83 for balanced processing, α= 0.80 for self-awareness and α= 0.88 for authentic leadership. Walumbwa et al. (2008, p. 99) found a slighter higher value for CFI (0.97) than that reported by the current study (CFI = 0.94). However, they reported a lower value for RMSEA (0.05) than that found by the current study (RMSEA = 0.15). Given both estimates of reliability and the goodness-of-fit statistics (as reported in Table 5.11) it can be concluded that the Authentic Leadership Questionnaire, as used by the current study, is a reliable and valid measure.

The reliability estimates for psychological capital (other rater) of the current study was α=0.983 for efficacy, α=0.959 for hope, α= 0.948 for resilience and α= 0.961. Luthans et al. (2007) reported fairly similar reliability estimates for each of the four dimensions: α= 0.94 for self-efficacy, α= 0.82 for hope, α= 0.90 for resiliency, α= 0.83 for optimism. They found that, when using all the PsyCap items, the reliability was 0.92. Luthans et al. (2007, p. 557) reported a fairly similar value for CFI (0.93) than that reported by the current study (CFI = 0.91). However, they reported a lower value for RMSEA (0.046) than that found by the current study (RMSEA =

0.096). In contrast the current study found a much lower value associated with SRMR (0.018 versus 0.051) than that reported by Luthans et al (2008). Given both estimates of reliability and the goodness-of-fit statistics (as reported in Table 5.11) it can be concluded that the PsyCap instrument, as used by the current study, is a reliable and valid measure.

With regard to work engagement, the following reliability estimates were found: $\alpha = 0.971$ for vigour, $\alpha = 0.982$ for dedication and $\alpha = 0.977$. Fairly similar reliability estimates were found by Schaufeli and Bakker (2004): $\alpha = 0.92$ for vigour, $\alpha = 0.91$ for dedication and $\alpha = 0.90$ for absorption. However, de Bruin, Hill, Henn, and Muller (2013) found that the UWES-17 should be treated as a unidimensional construct, consisting of a single factor. The current study found acceptable goodness of fit when looking at CFI (0.92) and SRMR (0.019). However, the values associated with RMSEA (0.135) indicate a lack of fit. Rothmann and Storm (2003, p. 66) found a fairly similar result for the CFI (0.91). However, they found better results when looking at RMSEA (0.09).). Given both estimates of reliability and the goodness-of-fit statistics (as reported in Table 5.11) it can be concluded that the UWES-17, as used by the current study, is a reliable and valid measure.

The following section provides a discussion of the results associated with the inferential statistics.

5.2   Inferential statistics

Regarding inferential statistics, results related to research question 1 will be discussed by referring to the stepwise multiple regression results and for research question 2, results will be discussed emphasizing on ANOVA.

5.2.1   Results related to Research Question 1

As stated in chapter 1, the research question states: do authentic leadership and psychological capital (self-efficacy, hope, optimism, resilience) have an effect on work engagement amongst employees at a financial institution in Lesotho?

Table 5.12 Correlations

		Engagement (Total)
PCQOR (Total)	Pearson Correlation	.718**
	Sig. (2-tailed)	.000
	N	299
PCQSR (Total)	Pearson Correlation	.520**
	Sig. (2-tailed)	.000
	N	299
Authentic Leadership (Total)	Pearson Correlation	.856**
	Sig. (2-tailed)	.000
	N	299

**. Correlation is significant at the 0.01 level (2-tailed).

From the above table it is clear that Authentic Leadership has a high correlation (strong relationship) with Work Engagement. The PsyCap of the Manager (PCQOR) also has a high correlation (strong relationship) with Work Engagement. Finally, The PsyCap of the employee (PCQSR) has a moderate correlation (substantial relationship) with Work Engagement.

The results of stepwise multiple regression will be discussed in the following section.

Table 5.13 Stepwise Multiple Regression Results

Variable	Standardised Beta	Standard Error	Significance	Contribution to R^2
Transparency (AUL)	0.736	0.179	0.000	0.73
Efficacy/Confidence (PCQOR)	0.248	0.205	0.000	0.02
Hope (PCQSR)	0.099	0.124	0.004	0.01
Optimism (PCQOR)	-0.139	0.240	0.028	0.01

All four variables explain 77% of the variance in Work Engagement, which is statistically significant (p = 0.000). From the above table it is clear that Relational Transparency (AUL) contributes the most to the variance of Work Engagement (73%).

5.2.2   The relationship between authentic leadership and work engagement

A significant positive correlation exists between authentic leadership and work engagement (r = 0.856; p = 0.000). The current study found that Relational Transparency (β = 0.736) was the strongest predictor of employees' levels of engagement. Leadership has been suggested as one of the single biggest factors contributing to employee work engagement (Harter, Schmidt, & Hayes, 2002). Avolio et al. (2004) suggest that authentic leaders are able to enhance the engagement of employees by strengthening their identification with the leader and organisation. In line with this, Brown and Starkey (2000) argued that authentic leaders are sources of guidance because their attractiveness and credibility as role models draw attention to their modeled behaviour. Furthermore, Bandura (1997) posits that leading by example demonstrates a leaders' commitment to his or her work and provides guidance to subordinates about how to remain emotionally and physically connected and cognitively vigilant during work performance and as such is expected to raise levels of work engagement through observational learning.

Avolio et al. (2004) view engagement in their model as an important consequence of authentic leadership that mediates its effects on follower outcomes commonly seen as influenced by leadership processes including transformational leadership. Luthans and Avolio (2004) suggest that while they recognise that other forms of leadership can be effective in achieving these outcomes, they believe that the intervening states of follower identification, trust, hope, and positive emotions in the model theorises to arrive from authentic leadership, provide an especially solid foundation for real and sustainable organisational performance.

Schaufeli and Salanova (2007) state that if leaders lack energy in leading their employees it is most likely that the employees will imitate low energy approach which will result in employees who are not engaged in their work and if they lack dedication and absorption, employees will also lack the same in doing their job. Therefore it is important for leaders to act as role models for engagement. Hence it seems apparent that authentic leadership behaviours have a strong influence on levels of followers work engagement. Schaufeli and Bakker (2008) state that as

authentic leaders are said to be transparent, know and express where they stand on important issues, values and beliefs, and they convey these through actions, employees would be most likely to identify with these values and beliefs and internalise them as their own. By actively involving and developing employees, authentic leaders increase employees work engagement and also by promoting more rapid and accurate transfer of information is most likely expected to facilitate more effective employee performance and engagement (Schaufeli & Bakker, 2008).

5.2.3 The relationship between efficacy/confidence (PCQOR) and work engagement

A significant positive correlation exists between PsyCap (other rater) and work engagement (r = 0.718). One of the elements of the PCQOR is efficacy/confidence. In addition, efficacy/confidence of the leader was the second best predictor of employees' levels of engagement (β = 0.248).

In general, personal resources have been recognised as the most important determinants of work engagement together with job resources, mostly self-efficacy and optimism which are both psychological capital components (Xanthopoulou, Bakker, Demerouti, & Schaufeli, 2009). Self-efficacious employees are able to meet their work goals, and to be persistent in the face of difficulties. As a result, engagement occurs through the facilitation of goal attainment. Luthans and Peterson (2002) claim that the manager's self-efficacy may be related to employee engagement because as the manager's employees become more engaged in their work, the manager gains confidence and believe in her/his abilities to create and build an engaged team or group successfully. A team led by an efficacious manager, results in desired unit/organisational outcomes. Managers' positive emotions have been shown to predict group performance and work engagement (George, 1995). Employees are likely to imitate what their managers do. If managers lack dedication or absorption, employees will also lack the same. Therefore it is important for managers to act as role models for engagement (Schaufeli & Salanova, 2007). Managers who have the confidence that their subordinates can successfully perform a task, usually have the highest level of engaged workers (Eden, 2003).

Organisations expect their employees to be active, show initiative, develop a sense of responsibility and be committed to the execution of high performance standards (Bakker, Schaufeli, Leiter & Taris, 2008). They require employees who feel energetic and are dedicated to

and absorbed by their work, that is, who are engaged with their work (Bakker & Schaufeli, 2008). To encourage engagement in organisations, personal resources such as optimism, self-efficacy and resilience could be employed, as it is suggested that these personal resources facilitate work engagement and these resources fall under the heading of employee psychological capital (Bakker & Demerouti, 2008).

It is therefore apparent that a positive relationship between self-efficacy and work engagement exists given the evidence in the literature.

5.2.4   The relationship between hope (PCQSR) and work engagement

Employees' levels of hope were the third best predictor of their levels of work engagement ($\beta = 0.099$). A significant positive correlation also exists between PCQSR and work engagement ($r = 0.520$). One of the elements of the PCQSR is hope. Employees with high hope are said to be more engaged in their work since they have more goal orientated strategies and are more motivated to goal achievement. In turn, these employees perform well in service delivery and complaint-handling processes (Bakker & Demerouti, 2008).

Research supports the significance of hope to the workplace and the impact it has on performance outcomes. Hope, the motivated, determined pursuit of goals and proactively determined pathways to the goals, is proposed to be a psychological antecedent to the vigour component of work engagement. Specifically, hope can lead to enabling the energy to be vigourously dedicated to a goal. This is in contrast to the feeling of exhaustion and depletion of energy associated with burnout. When faced with difficulties, agency helps a person to apply the necessary motivation to the best alternative pathway. In this way, by being hopeful an employee is showing persistent dedication toward achieving his/her goals. Hope should not only seem to be a positive contributor to work engagement, it may even be a requirement. Lack of hope is mostly associated with burnout. Without hope, the willpower is not present for an employee to accept neither new challenges nor the waypower to successfully determine pathways to achievement (Bakker & Leiter, 2010).

In a study by Ugwu and Amazue (2014) it was found that hope can give teachers from mission schools the agency and pathways to observe their new image as an opportunity for strengthening

their belief in a bright future and higher determination to find innovative ways to capitalise on such an opportunity such as being engaged with their work.

Kahn (1990) argues that employees high in hope are most likely able to find alternative ways to overcome obstacles and have the motivation to exercise the most suitable strategy. However, when employees find that the strategy they prefer to pursue does not seem to work, they focus on other alternative strategies to overcome problems or difficulties to reach their goals. Hope creates the enablement to accomplish challenging goals. Such employees drive their physical, cognitive, and emotional energy into their work roles while pursuing strategies that may lead to goal attainment.

5.2.5   The relationship between optimism (PCQOR) and work engagement

The fourth and final predictor of employees' levels of work engagement was their managers' levels of optimism. (β = 0.139). A significant positive correlation exists between PCQOR and work engagement (r = 0.718). Optimism of the manager is one of the elements of the PCQSR.

Sweetman and Luthans (2010) propose that optimistic managers always strive for positive outcomes and are likely to believe in their potential and that of their subordinates regardless of previous failures. These qualities keep them to be energetic, maintain their perseverance in the face of demands, and most importantly enable engagement. Managers who possess high levels of optimism maintain a positive perspective and do not make disasters out of setbacks. They control their emotions, they recognise what is within their sphere of influence and what is not, they see and discuss the problem as an opportunity, and they provide a solution-orientated perspective. In essence, they make themselves part of the solution rather than another problem for employees to deal with. This helps the employees to tackle the problem and feel more engaged.

 Avey, Wernsing and Luthans (2008) argue that managers that possess high levels of optimism will continue to believe in their positive potential regardless of previous experiences. They believe that they can succeed no matter what. Therefore, in order to be effective, optimism must be realistic. Those high in optimism tend to attribute success to the self and to global attributes, while attributing failures to external, uncontrollable, or specific to the situation attributes.

Optimism plays an influential role in an employee's approach to job duties, with those high in optimism expecting success when presented with a challenge. In contrast, it should be noted that optimism is an individual-level attribution, that is, individuals who are high in optimism are high in their belief in their individual success, but not necessarily group-level or organisational-level outcomes (Avey, Wernsing & Luthans, 2008).

Therefore given the evidence in the literature of the relationship between optimism and work engagement, it is safe to conclude that optimism is related to work engagement.

5.2.6   Results related to Research Question 2

As stated in chapter 1, the second research question states: Are there differences in work engagement amongst employees with regards to age at financial institution in Lesotho.

From Table 5.14 it is evident that statistically the various age groups differ significantly with regard to work engagement. Employees from the age group 55 years and older scored higher on engagement than the younger employees (younger than 35 years). The 55 years and older are more engaged than the other three groups.

In the current study, research has shown that older employees are more engaged than the younger employees. According to a survey on state employee engagement, it was found that the bottom-end Gen X (30-44 years old), top-end Gen X (45-49 years old) and baby boomers (50 years and above were more engaged than the bottom-end Gen Y (18-29 years old). The bottom-end Gen Y (18-29 years old) are the young people who usually enter the workplace loaded with enthusiasm, expectation and hope that their employer of choice will meet the initial promise made to them. This makes them activated, positive and highly engaged individuals.

Table 5.14 ANOVA results: Age differences

(I) Age (Recode)	(J) Age (Recode)	Mean Difference (I-J)	Sig.
Younger than 35 years	35-44 years	-11.43473[*]	.004
	45-54 years	-27.92259[*]	.000
	55 years and older	-43.52802[*]	.000
35-44 years	Younger than 35 years	11.43473[*]	.004
	45-54 years	-16.48786[*]	.000
	55 years and older	-32.09329[*]	.000
45-54 years	Younger than 35 years	27.92259[*]	.000
	35-44 years	16.48786[*]	.000
	55 years and older	-15.60543[*]	.002
55 years and older	Younger than 35 years	43.52802[*]	.000
	35-44 years	32.09329[*]	.000
	45-54 years	15.60543[*]	.002

This generation of employees (baby boomers) has usually spent sufficient time within an organisation to reach the stage where for the first time; they are able to seriously reconsider their employer of choice. This age group is said to be the least engaged group across the whole spectrum of employees (www.insurance-times.net)

Based on previous research (www.insurance-times.net) the bottom-end Gen X (30-44 years old), top-end Gen X (45-49 years old) and baby boomers (50 years and above) were found to be the most engaged group of employees than the younger employees. In these age groups, employees seems to be more content with their employer and particular working conditions which makes them to be more engaged. They have a clear vision of their place within the organisation and possible resultant career paths and they are characterised by the highest overall engagement levels which assumes not only a high contribution rate but also high attraction to their job and employer.

According to Coetzee and Bergh (2009) younger employees tend to have lower satisfaction and job or career satisfaction than the older employees which makes them to be less engaged. This is

due to a stronger need to be exposed to a variety of challenging assignments and development and growth opportunities in order to gain the skills and experience they need.

The previous section was a discussion of inferential statistics and the following section will look at the limitations, future recommendations and conclusion of this study.

5.3   Limitations and future recommendations

This section of this research study aims to provide guidance for future research and highlights some of the limitations of the study. Firstly, some limitations of this study are discussed and then this is followed by recommendations for future research.

5.3.1   Limitations of the present research study

a. Although the sample size of the current study is considered appropriate, for future research studies a much larger group of respondents could be considered.
b. The concept of work engagement is fairly new and the notion of engagement in the financial institution in Lesotho has not been explored a lot.
c. Respondents from this study were elicited from a single sample used from just one organisation which may limit the generalisability of the findings to other organisational settings.
d. A more ethnically diverse sample would have been useful to discover whether authentic leadership, psychological capital and work engagement are seen and assessed differently by different cultural groups.

5.3.2   Recommendations for future research

This section provides a discussion of the recommendations for future research.

When considering directions for future research, it is important to restate that authentic leadership and authentic leadership development are related but separate phenomena. Authentic leadership involves the processes whereby leaders form genuine transparent and trusting relationships of influence with followers. In contrast, authentic leadership development involves the planned and unplanned processes whereby individuals come to identify the leader role as part

of their core self-concept and achieve self-awareness, balanced processing, relational transparency and authentic behaviour when enacting the role of the follower (Gardner, Avolio & Walumbwa, 2005).

Further work is needed on differentiating authentic leadership from existing theories of leadership such as transformational, charismatic, inspirational and servant leadership. Further research also needs to be explored on how some other leadership theories might be connected to authentic leadership. In addition researchers need to explore ways that organisations can intervene to develop authentic leadership, boost psychological capacities, thus positively impacting levels of work engagement for continued sustainable growth and performance.

Further theory development may also be gained by analysing psychological capital as an antecedent to authentic leadership rather than just an outcome or mediator (Luthans & Avolio, 2003). Most of the research had established that psychological capital leads to better performance, engagement and positive work attitudes. However, there is a need to analyse if better work outcomes lead to improvement in psychological capital (Luthans, Norman, Avolio, & Avey, 2008).

Research in psychological capital has been conducted mostly by Luthans and his colleagues in the US. There is a need for research in psychological capital in other cultures and contexts to generalise its importance in the workplace (Sridevi & Srinivasan, 2012).

Gooty, Gavin, Johnson, Frazier and Snow (2009) suggest that the negative effects of psychological capital, for example, being over confident or overly hopeful, need to be considered as well.

Interventions of work engagement should try to focus on both individuals and the organisation. In addition, it may be worthwhile to focus on the mechanisms through which work engagement leads to favorable outcomes by getting insight in the processes that it initiates or is involved in. This can help not only to achieve better performance but also to increase chances for better career development (Bakker & Demerouti, 2008).

5.4 Conclusion

The results obtained from the sample presented in chapter 4 were presented with interpretations and possible explanations in this chapter. The interpretations focused on the reliability of the constructs and the goodness-of-fit statistics associated with each of the four constructs. In addition, to identify the significant predictors of work engagement, the interpretations of the stepwise multiple regression analysis and ANOVA were presented. The limitations of the current study were discussed and in order to address those limitations, recommendations for future research were provided.

In conclusion, organisations are starting to recognise that positive psychology concepts help organisationsal leaders to meet the challenges in today's turbulent environment. Although traditional approaches are still necessary for effective management, they are no longer sufficient in today's paradigm competitive environment (Friedman, 2005). Organisations should take full advantage of developing authentic leadership and growing the psychological capital of their employees in order to capitalise on these factors. The advantage of organisations developing authentic leadership and psychological capital in order to increase levels of work engagement is that it is difficult to imitate by competitors without considerable effort and discipline on the part of managers and leaders making it an enduring competitive advantage (Luthans & Youssef, 2004).

Authentic leaders who are transparent, know and express where they stand on important issues, values and beliefs, and convey these through actions, will have subordinates that are more likely to identify with these values and beliefs and internalise them as their own. By actively involving and developing employees, authentic leaders increase employees' work engagement and also promote more rapid and accurate transfer of information that is likely to positively influence employee performance and their levels of work engagement.

Managers who have the confidence that their subordinates can successfully perform a task, usually have the highest level of engaged workers. Employees are likely to imitate what their managers do. If managers lack dedication or absorption, employees will also lack the same. Therefore it is important for managers to act as role models for engagement.

Employees high in hope are said to be more engaged in their work since they have more goal orientated strategies and are more motivated to goal achievement. In turn, these employees perform well in service delivery and complaint-handling processes.

Managers who possess high levels of optimism maintain a positive perspective and do not make disasters out of setbacks. They control their emotions, they recognise what is within their sphere of influence and what is not, they see and discuss the problem as an opportunity, and they provide a solution-orientated perspective. Optimism plays an influential role in an employee's approach to job duties, with those high in optimism expecting success when presented with a challenge.

Future research needs to explore further ways that organisations can intervene to develop authentic leadership, boost realistic optimism, self-efficacy, hope and resilience, thus positively impacting levels of work engagement for continued sustainable growth and performance.

Bibliography

Amabile, T., & Kramer, S. (2011). Do happier people work harder? *New York Times.*

Appebaum, S.H., & Hare, A. (2008). Self-efficacy as a mediator of goal setting and performance. *Journal of Managerial Psychology,* 1(3), 33-47.

Ardichvili, A., & Manderscheid, S. (2008). Emerging practices in leadership development: An introduction. *Advances in Developing Human Resources,* 10, 619-631.

Attridge, M. (2009). Research works. *Partnership for Workplace Mental Health,* 1(2), 154-159.

Avey, J.B., Patera, J.L., & West, B.J. (2006). The implications of positive psychological capital on employee absenteeism. *Journal of Leadership and Organisational Studies*, 13, 42-60.

Avey, J.B., Wernsing, T.S., & Luthans, F. (2008). Can positive employees help positive orgaanisational change? Impact of psychological capital and emotions on relevant attitudes and behaviors. *Journal of Applied Behavioral Science,* 44, 48-80.

Avolio, B.J., & Gardner, W.L. (2005). Authentic leadership development: Getting to the root of positive forms of leadership. *Leadership Quarterly*, 16, 315-338.

Avolio, B.J., Gardner, W.L., Walumba, F.O., Luthans, F., & May, D.R. (2004). Unlocking the mask: A look at the process by which authentic leaders impact follower attitudes and behaviors. *The Leadership Quarterly*, 15, 801-823.

Avolio, B.J., & Luthans, F. (2006). *The high leader.* New York: McGraw-Hill.

Avolio, B.J., & Walumbwa, F.O. (2006). Authentic leadership: moving HR leaders to a higher level. *Research in Personnel and Human Resource Management,* 25, 273-304.

Avolio, B.J., Walumbwa, F.O., & Weber, T.J. (2009). Leadership: Current theories, research and future directions. *Annual Review of Psychology,* 60(1), 421-478.

Bakker, A.B. (2009). *Building engagement in the workplace.* Routledge.

Bakker, A.B. (2009). *Building engagement in the workplace. The peak performing organisation.* Abingdon, UK: Routledge.

Bakker, A.B., Albretcht, C., & Leiter, P. (2011). Work engagement. Further reflections on the state of play. *European Journal of Work and Organisational Psychology,* 20(1), 4-28.

Bakker, A.B., & Demerouti, E. (2007). The job demands-resources model: state of the art. *Journal of Managerial Psychology,* 22, 309-328.

Bakker, A.B., & Demerouti, E. (2008). Towards a model of work engagement. *Career Development International,* 13, 209-223.

Bakker, A.B., Demerouti, E., & Xanthopoulou, D. (2011). *How do engaged employees stay engaged?* Oxford University Press.

Bakker, A.B., & Leiter, M.P. (2010). *Work engagement: A handbook of essential theory and research.* Psychology Press.

Bakker, A.B., & Oerlemans, W.G.M. (2011). *Handbook of positive organisational scholarship.* Oxford: Oxford University Press.

Bakker, A.B., Van Der Zee, K.L., Lewig, K.A., & Dollard, M.F. (2006). The relationship between the Big five personality factors and burnout: A study among volunteer counselors. *Journal of Social Psychology,* 146, 31-50.

Bakker A.B., & Xanthopoulou, D. (2010). *The convergence of job performance during interactions with engaged colleagues. An actor-partner interdependence analysis.* Rotterdam, Erasmus University.

Bananno, G.A. (2004). Loss, trauma and human resilience: have we underestimated the human capacity to thrive after extremely aversive events? *American Psychologist,* 59(1), 20-28.

Bandura (1977). *Social Learning Theory.* Prentice-hall.

Bandura, A. (1989). Human agency in social cognitive theory. *American Psychologist,* 44, 1175-1184.

Bandura (2006). Toward a psychology of human agency. *Perspective on Psychological Science,* 1, 164-180.

Bass, B.M. (2003). Leadership: good, better, best. *Organisational Dynamics,* 13(3), 26-40.

Bass, B.M., & Riggio, R.E. (2006). *Transformational Leadership.* Mahwah, NJ: Erlbaum.

Baumeister, R., & Leary, M.R. (1995). The need to belong: desire for interpersonal attachments as a fundamental human motivation. *Psychological Bullentin,* 117, 497-529.

Beal, D.J., Weisis, H.M., Barros, E., & MacDermid, S.M. (2005). An episodic process model of affective influences on performance. *Journal of Applied Psychology,* 90, 1054-1068.

Begley, P.T. (2001). In the pursuit of authentic school leadership practices. *International Journal of Leadership in Education***,** 4, 353-365.

Berson, Y., Nemanich, L.A., Waldman, D.A., Galvin, B.M., & Keller, R.T. (2006). Leadership and organisational learning: a multiple levels perspective. *Leadership Quarterly,* 17, 577-594.

Bickman, L., & Rog, D.L. (2009). *The Sage handbook of applied social research methods:* SAGE Publications, Incorporated.

Bonanno, G.A. (2004). Loss, trauma and human resilience. *American Psychologist,* 59, 20-28.

Britt, T.W., Adler, A.B., & Bartone, P.T. (2001). Deriving benefits from stressful events: the role of engagement in meaningful work and hardiness. *Journal of Occupational Health Psychology,* 6, 53-63.

Brown, M.E., Trevino, L.K., & Harrison, D.A. (2005). Ethical leadership: A social learning perspective for construct development and testing. *Organisational Behavior and Human Decision Processes,* 97, 117-134.

Bruin, G.., Hill, C., Henn, C.M., & Muller, K.P. (2013). Dimensionality of the UWES-17: An item response modelling analysis. *SA Journal of Industrial Psychology,* 39(2), 1-8.

Burke, R.J. (2006). *Workaholic types: it is not hard you work but why and how you work hard.* UK: Edward Elgar.

Burke, R.J., & Cooper, C.L. (2004). *Leading in Turbulent Times.* Blackwell: Oxford.

Burke, C.S., Stagl, K.C., Klein, C., Goodwin, G.F., Salas, E., & Halphin, S.M. (2006). What type of leadership behaviors are functional teams? *Leadership Quarterly,* 17(3), 288-307.

Cameron, K.S., Dutton, J.E., & Quinn, R.E. (2003). *Positive Organisational Scholarship,* San Francisco: Berrett-Koehler, Inc.

Carver, C.S., & Scheier, M.S. (2002). Optimism*. Handbook of Positive Psychology*, 231-243.

Coetzee, M., & Bergh, Z.C. (2009). Psychological career resources and subjective work experiences of working adults: an exploratory study. *Southern African Business Review,* 13(2), 1-31.

Cooper, D.R., & Schindler, P.S. (2003). *Business research methods.* New York: Macraw-Hill.

Cooper, C.D., Scandura, T.A., & Schriesheim, C.A. (2005). *Looking forward but leaving from the past: Potential challenges to developing authentic leadership theory and authentic leaders.* Lincoln, NE.

Day, D.V. (2008). Leadership development: a review in context. *Leadership Quarterly,* 11(4), 581-613.

Deci, E,L., & Ryan, R.M. (1985). *Intrinsic motivation and self-determination in human behavior.* New York.

Demerouti, E., Bakker, A.B., Nachreiner, F., & Schaufeli, W.B. (2001). The job demands-resources model of burnout. *Journal of Applied Psychology*, 86, 499-512.

Dirks, K.T., & Ferrin, D.L. (2002). Trust in leadership: meta-analysis findings and implications for research and practices. *Journal of Applied Psychology,* 87, 611-628.

Doherty, R.W. (1998). Emotional contagion and social judgement. *Motivation and Emotion,* 22, 187-209.

Edward, J.R. (2008). Person-environment fit in organisations: An assessment of theoretical progress. *Academy of Management Annals,* 2, 167-230.

Eriksen, M. (2009). Authentic leadership: practical reflexivity, self-awareness and self-authorship. *Journal of Management Education,* 33(6), 747-771.

Evans, R. (2000). *The Jossey-Bass reader on educational leadership.* John Wiley and Sons.

Field, A. (2005). *Discovering statistics using SPSS* (2nd ed). Thousand Oaks, CA: Sage.

Finkelstein, S., & Hambrick, D.C. (2008). Top-management team tenure and organisational outcomes: the moderating role of managerial discretion. *Administrative Science Quarterly,* 35(3), 484-503.

Fleming, J.H., & Asplund, J. (2007). *Human sigma: managing the employee-customer encounter.* New York: Gallup Press.

Fredrickson, B.L. (2001). The role of positive emotions in positive psychology: The broaden-and-build theory of positive emotions. *American Psychologist,* 56, 218-226.

Fredrickson, B.L., & Joiner, T. (2002). Positive emotions speed recovery from the cardiovascular sequelae of negative emotions. *Cognitive and Emotions,* 12, 191-220.

Friedman, T.L. (2005). *The world is flat.* New York: Farrar, Strauss and Giroux.

Gabris, G.T., Maclin, S.S., & Ihrke, D.M. (1998). The leadership enigma: toward a model of organisational optimism. *Journal of Management History,* 4(4), 334-349.

Gagne, M., & Deci, E.L. (2005). Self-determination theory and work motivation. *Journal of Organisational Behavior,* 26, 331-362.

Gardner, W.L., Avolio, B.J., Luthans, F., May, D.R., & Walumba, F.O. (2005). "Can you see the real me?" A self-based model of authentic leader and follower development. *Leadership Quarterly,* 16, 343-372.

Gardner, W.L., & Schermerhorn, L.M. (2005). Unleashing individual potential: Performance gains through positive organisational behavior and authentic leadership**.** *Organisational Dynamics,* 33, 270-281.

Garger, J. (2008). Developing authentic leadership in organisations: some insights and observations. *Development and Learning in Organisations,* 22(1), 14-16.

George, J.M. (2000). Emotions and leadership: the role of emotional intelligence. *Human Relations,* 53, 1027-1055.

George, J.M. (2010). *More engagement is not necessarily better: the benefits of fluctuating levels of management*. Cheltenham, UK: Edward Elgar.

George, W., & Sims, P. (2007). *True north: Discover your authentic leadership.* San Francisco: Jossey-Bass.

George, B., Sims, P., McLean, A.N., & Mayer, D. (2007). Discovering your authentic leadership. *Havard Business Review,* 85, 129-138.

Giles, D. (2002). *Advanced research methods in psychology*. Psychology Press.

Goffee, R., & Jones, G. (2006). *Why should anyone be lead by you? What it takes to be an authentic leader.* Boston, MA: Harvard Business School Press.

Gonzalez-Roma, V., Schaufeli, W.B., Bakker, A.B., & Lloret, S. (2006). Burnout and work engagement: Independent factors or opposite poles? *Journal of Vocational Behavior,* 68, 165-174.

Gooty, J., Gavin, M., Johnson, P.D., Frazier, M., & Snow, D. (2009). In the eyes of the beholder: transformational leadership, positive psychological capital, and performance. *Journal of Leadership and Organisational Studies,* 15, 353-367.

Hair, J.K., Black, B., Anderson, R.E., & Tatham, R.L. (2006). *Multivariate Data Analysis* (6th ed.). Tatham: Prentice Hall.

Hair, J.K., Black, B., & Babin, B. (2010). *Multivariate Data Analysis: a global perspective.* Pearson Education.

Halbesleben, J.R.B. (2011). The consequences of engagement: The good, the bad, and the ugly. *European Journal of Work and Organisational Psychology,* 20(1), 68-73.

Halbesleben, J.R.B., & Wheeler, A.R. (2008). *The relative roles of engagement and embeddedness in predicting job performance and intervention to leave*, 22, 242-256.

Hamel, G., & Valikangas. (2008). The quest for resilience. *Harvard Business Review,* 81, 52-63.

Harland, L., Harrison, W., Jones, J., & Reiter-Palmon, R. (2005). Leadership behaviors and subordinate resilience. *Journal of Leadership and Organisational Studies,* 11, 2-14.

Harter, S. (2002). Authenticity. In C.R. Synder, and Lopez, S. *Handbook of positive psychology.* Oxford, UK: Oxford University Press.

Harter, J., Schmidt, F., & Hayers. T. (2002). Business unit-level relationship between employee satisfaction, employee engagement, and business outcomes: A meta-analysis. *Journal of Applied Psychology,* 87, 268-279.

Harter, J.K., Schmidt, F.L., Kilhm, E.A., & Agrawal, S. (2009). *Q® meta-analysis: the relationship between engagement at work and organisational outcomes.* Omaha, NE: Gallup.

Hassin, A., & Ahmed, F. (2011). Authentic leadership, trust and work engagement. *International Journal of Human Social Sciences,* 6, 3-22.

Hatfield, E., Cacioppo, J.T., & Rapson, R.L. (1993). Emotion contagion. *Current Directions in Psychological Science, 2*, 96-99.

Hedge, J.W., Borman, W.C., & Lammelein, S.E. (2006). *The aging workforce: Realities, myths, and implications for organisations.* Washington, DC: American Psychological Association.

Hobfoll, S.E. (2008). Social and psychological resources and adaptation. *Review of General Psychology, 6*, 307-324.

Hobfoll, J.M., & Avolio, B.J. (1992). The ethics of charismatic leadership: Submission or Liberation? *Academy of Management Executive*, 6, 43-53.

Hobfoll, S.E., Johnson, R.J., Ennis, N., & Jackson, A.P. (2003). Resource loss, resource gain, and emotional outcomes among inner city women. *Journal of Personality and Social Psychology, 84*(3), 632-643.

Hobfoll, S.E., & Shirom, A. (2001). Conservation of resource theory: Applications to stress and management in the workplace. *Handbook of Organisational Behavior,* 57-81.

Hooper, D., Coughlam, J., & Mullen, M.R. (2008). Structural equation modeling: guidelines for determining model fit. *Electronic Journal of Business Research Methods,* 6(1), 53-60.

Humphrey, R.N. (2002). The many faces of emotional leadership. *The Leadership Quarterly,* 13, 493-504.

Hunt, J.G. (2009). Transformational/charismatic leadership's transformation of the field: a historical essay. *Leadership Quarterly,* 10(2), 129-144.

Ilies, R., Morgeson, F.P., & Narhrgang, I.D. (2005). Authentic leadership and eudaemonic well-being: Understanding leader-follower outcomes. *The Leadership Quarterly,* 16, 373-394.

James, J.B., McKechnie, S., & Swanberg, J. (2011). Predicting employee engagement in an age-diverse retail workforce. *Journal of Organisational Behaviour,* 32(2), 173-196.

Jensen, S.M., & Luthans, F. (2002). The impact of hope in the entrepreneurial process: Exploratory research findings. *In Decision Sciences Institute Conference Proceedings.* San Diego, CA.

Jensen, S.M., & Luthans, F. (2006). Relationship between entrepreneurs psychological capital and their authentic leadership. *Journal Management.* 53(2), 254-273.

Kahn, W.A. (1990). The psychological conditions of personal engagement and disengagement at work. *Academy of Management Journal,* 33, 692-724.

Kahn, W.A. (1992). To be fully there: Psychological presence at work. *Human Relations,* 45, 321-349.

Kahn, R.L., & Byosiere, P. (1992). Stress in organisations. *Handbook of Industrial and Organisational Psychology,* 2, 571-650.

Karasek, R.A. (1979). Job demands, job decisions latitude, and mental strains: Implications for job redesign. *Administrative Science Quarterly,* 24, 285-308.

Kark, R., & Shamir, B. (2002). *The dual effect of transformational leadership: Primary relational and collective selves and further effects on followers.* Oxford, UK: Elesevier.

Katzenbach, J.R. (2000). *Peak performance: Aligning the hearts and minds of your employees,* Havard Business School Press, Boston, MA.

Kerlinger, F.N., & Lee, H.B. (2000). *Foundations of Behavioral Research.* (4th ed). USA: Fort Worth.

Kernis, M.H. (2003). Toward a conceptualization of optimal self-esteem. *Psychological Inquiry,* 14, 1-26.

Kirkman, B.L., & Rosen, B. (1999). Beyond self-management, antecedents and consequences of team empowerment**.** *Academy of Management Journal,* 42, 58-74.

Kouzes, J., & Posner, B. (1998). *The Leadership Challenge.* Jossey-Bass: San Francisco, CA.

Kreitner, R., & Kincki, A. (2009). *Organisational Behaviour.* Boston. MA: McGraw Hill, Irwin. 9th edition.

Latham, G. (2000). *Motivate employee performance through goal setting*. Englewood Cliffs, NJ: Prentice Hall.

Latham, G., Erez, M., & Locke, E. (1998). Resolving scientific disputes by the joint design of crucial experiments by the antagonists: Application to the Erec-Latham dispute regarding participation in goal setting. *Journal of Applied Psychology,* 73, 753-772.

Leiter, M.P., Laschinger, H.K.S., Day, A., & Gilin-Oore, D. (2009). *The role of civility and incivility in a model of trust and engagement.* Paper presented at the APA/NIOSH work, stress, & health conference, San Juan, Puerto Rico.

Llorens, S., Schaufeli, W.B., Bakker, A.B., & Salanova, M. (2007). Does a positive gain spiral of resources, efficacy beliefs and engagement exists? *Computers in Human Behavior***,** 23, 825-841.

Locke, E., & Latham, G. (1990). *A theory of goal setting and task performance*. Englewood Cliffs, NJ: Prentice Hall.

Luthans, F. (2002). The need for and meaning of positive organisational behavior. *Journal of Organisational Behavior,* 23, (6), 695-706.

Luthans, F., Avey., J.B., Avolio, B.J., Normans, S.M., & Combs, G.M. (2006). Psychological capital development: Toward a micro-intervention. *Journal of Organisational Behavior,* 27, 387-393.

Luthans, F., & Avolio, B.J. (2003). *Authentic leadership: A positive development approach.* San Francisco: Berrett-Koehler Publishers.

Luthans, F., Norman, S.M., Avolio, B.J., & Avey, J.B. (2008). The mediating role of psychological capital in the supportive organisational climate-employee performance relationship. *Journal of Organisational Behavior*, 29, 219-238.

Luthan, F., & Peterson, S.J. (2002). Employee engagement and manager self-efficacy: implications for managerial effectiveness and development. *Journal of Management Development,* 21(5), 376-371.

Luthans, F., Van Wyk, R., & Walumbwa, F. (2009). Recognition and development of hope for organisational leaders. *The Leadership and Organisational Development Journal,* 25(6), 512-527.

Luthans, F., Vogelgesang, G.R., & Lester, P.B. (2006). Developing psychological capital of resiliency. *Human Resource Development Review,* 5(1) 25-44.

Luthans, F., & Youssef, C.M. (2004). Human, social, and now positive psychological capital management. *Organisational Dynamics,* 33, 143-160.

Luthans, F., & Youseef, C.M. (2007). Emerging positive. *Organisational Behavior Journal of Management.* 33(4) 321-349.

Luthans, F., Youssef, C.M., & Avolio, B.J. (2007). *Psychological capital: Developing the human competitive edge.* Oxford, UK: Oxford University Press.

Macey, W.H., & Schneider, B. (2009). *Employee engagement: Tools for analysis, practice, and competitive advantage.* Wiley-Blackwell, Chichester.

Mackenzie, S.B., Podsakoff, P.M., & Jarvis, C.B. (2005). The problem of measurement model misspecification in behavioural and research and some recommended solutions. *Journal of Applied Psychology,* 90, 710-730.

Manz, C.C., & Sims, H.P. (2007). Leading workers to lead themselves: the external relationship of self-managed work teams. *Administrative Science Quarterly,* 32, 106-128.

Masten, A.S., & Reed, M.G.J. (2002). Resilience in development. *Handbook of Positive Psychology,* 74-88.

Mayer, D.M., Kuenzi, M., Greenbaum, R., Bardes, M., & Salvador, R. (2009). How long does ethical leadership flow? *Organisational Behavior and Decision Process,* 108, 1-13.

Mazutis, D., & Slawinski, N. (2007). *The art of conversation: How authentic leaders influence organisational learning.*

Mazutis, D., & Slawinski, N. (2008). Leading organisational learning through authentic dialogue. *Management Learning,* 39(4), 437-456.

Mokaya, S.O., & Kipyegon, M.J. (2014). Determinants of employee engagement in the banking industry in Kenya. *Journal of Human Resources Management and Labor Studies,* 2(2), 187-200.

Nunnaly, J.C. (1967). *Psychometric theory.* New York: McGraw-Hill Inc.

Osatuke, K., Mohr, D., Ward, C., Moore, S.C., Dyrenforth, S., & Belton, L. (2009). Civility, respect, engagement in the workplace. *Journal of Applied Behavioral Science,* 45, 384-410.

Parker, S.K., & Griffin, M.A. (2011). Understanding active psychological states: Embedding engagement in a wider nomological net and closer attention to performance. *European Journal of Work and Organisational Psychology,* 20(1), 60-67.

Patrick, K., & Lavery, J.F. (2007). Burnout in nursing. *Australian Journal of Advanced Nursing,* 24(3), 43-48.

Pescosolido, A.T. (2002). Emergent leaders as managers of group emotion. *The Leadership Quarterly,* 13, 583-599.

Pitt-Catsouphes, M., & Matz-Costa, C. (2008). The multi-generational workforce: Workplace flexibility and engagement. *Community, Work & Family,* 11, 215-229.

Reivich, K., & Shatte, A. (2002). *The resilience factor.* New York. Broadways Books.

Reivich, K., & Shatte, A. (2002). *The resilience factor: 7 essential skills for overcoming life's inevitable obstacles.* New York: Random House.

Russsell, J.A. (2009). Core affect and the psychological construction of emotion. *Psychology Review,* 110, 145-172.

Ryff, C., & Singer, B. (2003). *Flourishing under fire: Resilience as a prototype of challenged thriving.* New York: McGraw-Hill.

Salkind, N.J. (2007). *Encyclopedia of Measurement and Statistics.* Thousands Oaks, CA: Sage.

Saks, A.M. (2008). Antecedents and consequences of employee engagement. *Journal Management of Psychology,* 21, 600-619.

Sattora, A., & Bentler, P.M. (2001). A scaled difference chi-square test statistics for moment structure analysis. *Psychometrika,* 66, 507-514.

Schaufeli, W.B., & Bakker, A.B. (2004). Job demands, job resources, and their relationship with burnout and engagement: a multi-sample study. *Journal of Organisational Behavior*, 25, 1017-1032.

Schaufeli, W.B., & Bakker, A.B. (2006). The measurement of work engagement with a short questionnaire. *Educational and Psychological Measurement*, 66(4) 701-716.

Schaufeli, W.B., Martinez, I., Marques Pinto A., Salanova, M., & Bakker, A.B. (2002). Burnout and engagement in university students: Across nation study. *Journal of Cross-Cultural Psychology,* 33, 464-481.

Schaufeli, W.B., & Salanova, M. (2007). Work engagement: an emerging psychological concept and its implications for organisations. *Managing Social and Ethical Issues in Organisations,* 5, 323-344.

Schaufeli, W.B., & Salanova, M. (2010). *How to improve work engagement?* Cheltenham, UK: Edward Elgar.

Schaufeli, W.B, Taris, T.W., & Van Rhene, W. (2008). Workaholism, burnout, and work engagement: Three of a kind or three different kinds of employee well-being. *Applied Psychology Review,* 57, 173-203.

Schaufeli, W.B., & Van Rhenen, W. (2006). About the role of positive and negative emotions in managers well-being: A study using the job-related affective well-being scale. *Applied Psychology: An International Review,* 19, 701-716.

Schermelleh-Engel, K., Moosbrugger, H., & Muller, H. (2003). Evaluating the fit of structural equation models: Test of significance and descriptive goodness-of-fit measures. *Methods of Psychological Research Online*, 8(2), 23-74.

Schulman, P. (1999). Applying learned optimism to increase sales productivity. *Journal of Personal Selling and Sales Management,* 19(1), 31-37.

Schulman, S. (2007). Applying learned optimism to increase sales productivity. *Journal of Personal Selling and Sales Management,* 19, 31-37.

Scott, K.S., Moore, K.S., & Miceli, M.P. (1997). An exploration of the meaning and consequences of workaholism. *Human Relations,* 50, 287-314.

Seeman, M. (1972). Alienation and engagement. In Campbell, A., and Converce, P.E. (eds). *The Meaning of Social Change,* 467-527. New York: Russell Sage Foundation.

Sekaran, U. (2003). *Research methods for business: A skill building approach.* New York: John Wiley.

Seligman, M.E.P. (2002). *Authentic happiness: Using the new positive psychology to realize your potential for lasting fulfillment.* New York: Free Press.

Seligman, M. and Czikszentmihalyi, M. (2000). Positive psychology. *American Psychologist,* 55, 5-14.

Seligman, M.E. and Csikszentmihalyi, M. (2000). Positive psychology. *American Psychologist,* 55, 5-14.

Shane, S, Locke, E.A., & Collins, C.J. (2003). Entrepreneurial motivation. *Human Resource Management Review,* 13, 257-259.

Shang-Wang, D., & Chun Hsieh, C. (2013). The effect of authentic leadership on employee trust and employee engagement. *Social Behavior and Personality,* 65, 354-410.

Sharma, S., Mukherjee, S., Kumar, A., & Dillon, W.R (2005). A simulation study to investigate the use of cut-off values for assessing model fit in covariance structure models. *Journal of Business Research,* 58(7), 935-943.

Smilor, R.W. (1997). Entrepreneurship, reflections on a subversive activity. *Journal of Business Venturing,* 12, 341-346.

Snyder, C.R. (2000). *Handbook of hope: Theory, measures and applications.* Academic Press, San Diego.

Synder, C.R. (2002). Hope theory: Rainbows in mind. *Psychological Inquiry,* 13, 249-276.

Snyder, C.R., Irving, C.M., & Anderson, J.R. (1991). *Hope and Health.* Oxford University Press.

Sonnentag, S. (2008). Recovery, work engagement, and proactive behavior: A new look at the interface between non-work and work. *Journal of Applied Psychology,* 88, 518-528.

Sonnentag, S. (2011). Research on work engagement is well and alive. *European Journal of Work and Organisational Psychology,* 20(1), 29-38.

Spreitzer, G., Sutcliffe, K., Dutton, J., Sonenshein, S., & Grant, A.M. (2005). A socially embedded model of thriving at work. *Organisation Science,* 16, (5), 537-549.

Sridevi, G., & Srinivasan, P.T. (2012). Psychological capital: a review of evolving literature. *International Journal of Theory and Practice,* 3(1), 25-39.

Stajkovic, A.D., & Luthans, F. (1998). Self-efficacy and work-related performance. A meta-analysis. *Psychological Bulletin,* 124, 240-261.

Storm, K., & Rothmann, S. (2003). A psychometric analysis of the Utrecht Work Engagement Scale in the South African police service. *SA Journal of Industrial Psychology,* 29(4), 62-70.

Survey on the state of employee engagement. A third of our workforce are disengaged. (n.d). 2014 September 18. Retrieved from http://www.insurance-times.net.

Sweetman, D., & Luthans, F. (2010). *The power of positive psychology: Psychological capital and work engagement.* New York, NY: Psychology Press.

Taris, T.W., Geurts, S.A.E., Schaufeli, W.B., Blonk, R.W.B., & Lagerveld, S. (2008). All day and all of the night: the relative contribution of workaholism components to well-being among self-employed workers. *Work and Stress,* 22, 153-65.

Ted Brummelhuis, L.L., Ter Hoeven, C.L., Bakker, A.B., & Peper, B. (2011). Breaking through the loss cycle of burnout: the role of motivation. *Journal of Occupational and Organisational Psychology,* 84(2), 268-287.

Thomas, K., & Velthouse, B.A. (1990). Cognitive elements of empowerment: an interpretive model of intrinsic task motivation. *Academy of Management Review,* 16, 666-681.

Toor. S.R., & Ofori, G. (2010). Positive psychological capital as a source of sustainable competitive advantage for organisations. *Journal of Construction Engineering and Management,* 136(3), 341-352.

Tredoux, C., & Durrheim, K. (2002). Numbers, hypothesis and conclusions. *A Course in Statistics for the Social Science.* Lansdownme: UCT Press.

Ugwu, F.O., & Amazue, L.O. (2014). Psychological ownership, hope, resilience and employee work engagement among teachers in selected mission schools. *European Journal of Business Management,* 6(10), 2222-2839.

Vallerand, R.J. (2008). On the psychological of passion: in search of what makes people's lives most worth living. *Canadian Psychology,* 49, 1-3.

Waite, P., & Richardson, G. (2004). Determining the efficacy of resilience training in the work site. *Journal of Applied Health,* 33, 178-183.

Walumba, F.O., Avolio, B.J., Gardner, W.L., Wernsing, T.S., & Peterson, S.J. (2008). Authentic leadership: development and validation of a theory-based measure**.** *Journal of Management,* 34, 89-126.

Walumba, F.O., Luthans, F., Avey, J.B., & Oke, A. (2011). *Authentically leading groups: The mediating role of collective psychological capital and trust,* 32(6) 4-24.

Walumba, F.O., Peterson, S.J., Avolio, B.J., & Hartnell, T.S. (2010). An investigation of the relationship among leader and follower psychological capital, service climate job performance. *Personnel Psychology,* 634, 937-963.

Walumbwa, F.O., Wang, P., Wang, H., Schaubroeck., J., & Avolio, B.J. (2010). Psychological processes linking authentic leadership to followers behaviors**.** *Leadership Quarterly,* 16, 231-256.

Wiley, J. (2010). *The impact of effective leadership on employee engagement.* Wiley Periodicals, Inc.

Xanthopoulou, D., Bakker, A.B., Demerouti, E., & Schaufeli, W.B. (2007). The role of personal resources in the job-demands resources model. *International Journal of Stress Management,* 14, 121-141.

Xanthopoulou, D., Bakker, A.B., Demerouti, E., & Schaufeli, W.B. (2009). Reciprocal relationships between job resources, personal resources, and work engagement. *Journal of Vocational Behaviour,* 74, 235-244.

Xanthopoulou, D., Bakker, A.B.., Heuven, E., Demerouti, E., & Schaufeli, WB. (2008). Working in the sky: A dairy study on work engagement among flight attendants. *Journal of Occupational Health Psychology,* 13, 345-356.

Yasar, A., Bilgili, M., & Simsek, E. (2012). Water demand forecasting based on stepwise multiple regression analysis. *Journal of Science Engineering,* 37, 2333-2341.

Youssef, C.M. (2004). *Resiliency development of organisations, leaders and employees: Multi-level theory building and individual-level, path-analytical empirical testing.* Unpublished doctoral dissertation. University of Nebraska. Lincoln.

Yukl, G.A. (2008*). Leadership in organisations.* Englewood Cliffs, NJ: Prentice Hall.

Zamahani, M., Ghorbani, V., & Rezaei, F. (2011). Impact of authentic leadership and psychological capital on followers trust and performance. *Australian Journal of Basic and Applied Sciences,* 5(12), 658-667.

Zikmund, W.G. (2003). *Business Research Methods.* Australia: Thomson. South-Western.

Abstract

Organisations today are struggling with the challenges in their efforts to remain competitive. They need to enhance the talents and engagement of all their employees if they are to achieve peak performance, as engaged employees yield direct economic benefits to the organisation. The concept of work engagement plays an important role in this endeavor. The assumption of this study was that certain variables influence work engagement and it is therefore important to gain an understanding of these antecedents of work engagement. More specifically, the current study sought to answer the following question: does authentic leadership and psychological capital (self-efficacy, hope, optimism, resilience) have an effect on work engagement amongst employees in the banking sector in Lesotho? The primary aim of the study was to determine the effect of authentic leadership and psychological capital on work engagement amongst employees in the banking sector in Lesotho. The secondary aim was to determine whether differences exist in work engagement with regard to age amongst employees in the banking sector in Lesotho. A discussion of the relationship between the variables was discussed in the study. Both survey and statistical modeling methodologies were employed to guide the investigation.

In order to conduct the survey research, questionnaires were used as the method of data gathering. In total, 299 questionnaires were returned by employees and consisted of four sections that had to be completed. The measuring instruments included the Utrecht Work Engagement Scale (UWES), the Authentic Leadership Questionnaire (ALQ) and the Psychological Capital Questionnaire (PsyCap) (self and other rater).

The goodness-of-fit statistics associated with each of the four constructs was determined and the results indicated that all the constructs are valid and reliable measures for this study. The current study found that Relational Transparency ($\beta = 0.736$) was the strongest predictor of employees' levels of engagement. Authentic leaders are able to enhance the engagement of employees by strengthening their identification with the leader and organisation. By actively involving and developing employees, authentic leaders increase employees work engagement and also by promoting more rapid and accurate transfer of information is most likely expected to facilitate more effective employee performance and engagement. A significant positive correlation existed

between PsyCap (other rater) and work engagement (r = 0.718). One of the elements of the PCQOR is efficacy/confidence. In addition, efficacy/confidence of the leader was the second best predictor of employees' levels of engagement (β = 0.248). Self-efficacious employees are able to meet their work goals, and to be persistent in the face of difficulties. As a result, engagement occurs through the facilitation of goal attainment. Manager's self-efficacy may be related to employee engagement because as the manager's employees become more engaged in their work, the manager gains confidence and belief in her/his abilities to create and build an engaged team or group successfully. A team led by an efficacious manager, results in desired unit/organisational outcomes. Employees' levels of hope were the third best predictor of their levels of work engagement (β = 0.099). A significant positive correlation also existed between PCQSR and work engagement (r = 0.520). Employees high in hope are said to be more engaged in their work since they have more goal orientated strategies and are more motivated to goal achievement. In turn, these employees perform well in service delivery and complaint-handling processes. The fourth and final predictor of employees' levels of work engagement was their managers' levels of optimism. (β = 0.139). A significant positive correlation was also found between PCQOR and work engagement (r = 0.718). Optimistic managers always strive for positive outcomes and are likely to believe in their potential and that of their subordinates regardless of previous failures. These qualities help them to be energetic, maintain their perseverance in the face of demands, and most importantly enable engagement. Managers who possess high levels of optimism maintain a positive perspective and do not make disasters out of setbacks.

In addition, employees from the age group 55 years and older scored higher on engagement than the younger employees (younger than 35 years). The 55 years and older we found to be more engaged than the other three groups. Older employees are more content with their employer and particular working conditions which makes them to be more engaged. They have a clear vision of their place within the organisation and possible resultant career paths and they are characterised by the highest overall engagement levels which assumes not only a high contribution rate but also high attraction to their job and employer.

In conclusion, further work is needed on differentiating authentic leadership from existing theories of leadership such as transformational, charismatic, inspirational and servant leadership. Further research also needs to be explored on how some other leadership theories might be connected to authentic leadership. Future research should also try to compare multiple measures of psychological capital to determine appropriate psychometric validity. Further theory development may also be gained by analysing psychological capital as an antecedent to authentic leadership rather than just an outcome or mediator. Interventions of work engagement should try to focus on both individuals and the organisation at large. Furthermore, it is worth focusing on the mechanisms through which work engagement leads to favorable outcomes by getting insight in the processes that it initiates or is involved in. this can help not only to achieve better performance but also to increase chances for better career development.