

Pario Innovations Executive Report

Authentic Leadership

How to fast-track Authentic Leadership & unlock potential at work

Research that defines Authentic Leadership
Leadership Style, Motivation & Performance
Unlocking the Potential of Generation Y

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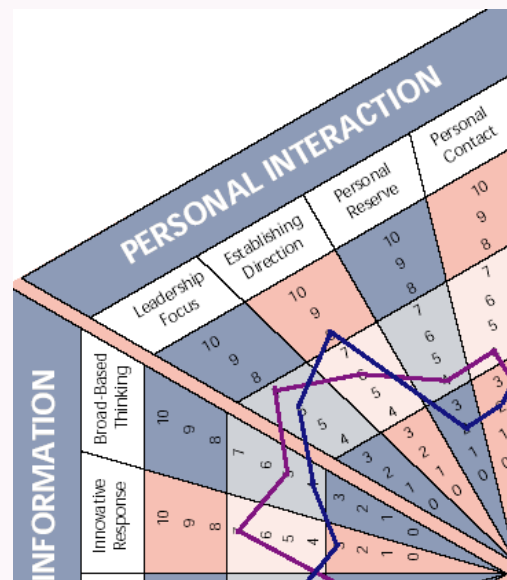
The **Pario Professional Questionnaire** profiles important aspects of work behaviour and motivation. The questionnaire is recognised by the British Psychological Society. Recent validation studies highlight underlying factors relating to leadership motivation, innovative thinking & learning agility, relationship building and developing opportunities.

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1. Leadership: Person and Process

Leadership theory has two strands. The first emphasizes the *personality* of the leader, the second concerns the *process* of influencing others. For many years research focused on the qualities of exceptional leaders, seeking to identify key attributes. This resulted in a preoccupation with personality and the traits that make a leader, but explained little of the factors that might cause a leader to thrive in one environment but fail elsewhere. It has become evident that it is important to relate Leadership to the demands created by Context.

The strong focus on the individual has its roots in history and folk myths of heroic figures. Personal qualities, such as vision, determination, courage and charisma, are identified in leaders who overcome great odds and motivate their followers to win. However, almost inevitably, this model of leadership tends to assume that leaders are born not made; that leadership is the result of 'nature' rather than 'nurture'.



The reality of leadership in organisations does not fit easily with this traditional perspective. Reliance on the 'dynamic personality' model is fraught with danger (as witnessed by Enron and others). However, some alternative perspectives, including ideas of Spiritual or Servant Leadership, are not grounded in empirical research or supported by evidence (Avolio & Gardner, 2005). Leadership Theory must be based on a coherent model of factors contributing to followers' levels of motivation and engagement.

Review of Leadership Theories

Leadership involves the process of influencing others and adapting to various demands. Personality traits do not provide an adequate explanation and there is little correlation with performance. Trait theories can help explain failure e.g. by identifying 'derailers'. However, adapting to Context is more important than specific aspects of personality. This contributes to both followers' job satisfaction and acceptance of the leader.

The idea of 'Situational' or 'Contingency' Leadership was highlighted by Fiedler (1967) who made the distinction between *relationship-motivated* and *task-motivated* styles. However, leadership also needs to be viewed in a wider organizational context. Successful leaders adapt well to the organization's Culture, are responsive to its values, and have the ability to build commitment and capability in others. One popular explanation of effectiveness has centred on the idea of Charismatic Leadership. This involves creating the *impression* of competence and vision, which leads to enthusiasm and commitment amongst followers. (Shortcomings in this model are explored in the following sections of the report).

Research studies have increasingly focused on the process of interaction between leaders and followers. This is central to understanding the concepts of shared purpose, discretionary effort and commitment.

Since the 1980s ideas relating to 'transformational' and 'charismatic' leadership have been at the forefront of research. These have placed greater emphasis on emotions and values and how leaders make events meaningful for followers.

Transactional & Transformational Leadership

Judge and Bono (2000) note that research relating to leadership effectiveness since the early 1980s has been dominated by the concept of Transformational Leadership. This dates back to Burns (1978) and his Pulitzer-Prize-winning book on leadership, which made the distinction made between Transactional and Transformational styles.

Transactional leaders aim to monitor and control employees through rational or economic means, whilst transformational leaders seek to energise and motivate.



Bass (1985) suggested four dimensions of 'Transformational' Leadership.

Idealized Influence	acting as a charismatic role model to followers
Inspirational Motivation	expressing of a clear, inspiring vision
Intellectual Stimulation	questioning assumptions and challenging the status quo
Individual Consideration	attention and support to the needs of followers

The four dimensions of 'Transactional' Leadership are

Contingent Reward	linked to effort and performance
Management by exception-active	monitoring performance and taking corrective action
Management by exception-passive	only making an intervention when really necessary
Laissez-faire	avoidance of leadership responsibility

The model of transformational leadership developed by Bass and his colleagues has generated the most research and is primarily concerned with the leader's effect on followers. Important elements in the model (e.g. individualised consideration) are viewed in the context of the interaction between the leader and the employee. Subsequent studies found that key elements of transformational leadership correlated positively with subordinate satisfaction and performance.

Putting this into context suggests that elements of 'Transformational' Leadership offer benefits over 'Transactional' behaviour, aspects of which, e.g. 'Micro-Management' ('Management by exception-active') can undermine satisfaction and motivation at work. However, this does not mean that the Transformational model provides the best explanation of leadership.

Recent research has sought to develop a better integrated model that offers greater insight.

Yukl (1999) noted that the underlying influence processes for Transformational and Transactional leadership are vague. Recent research looks more closely at the links between influencing processes, the effect of mediating variables, and the impact on individual and group outcomes. This research provides the basis for the emerging concept of *Authentic Leadership*.

Authentic Leadership

Authentic Leadership has been a subject of much interest since 2000 and evidence is emerging of the specific elements that contribute to effectiveness. However, there is a risk that Authentic Leadership is viewed simply in terms of integrity or sincerity, moral values and consistency of purpose. By themselves, these attributes are not part of a coherent model. This prompts the question: [What exactly is Authentic Leadership?](#)

Research suggests that Authentic Leadership can be differentiated from the Transformational model in various ways. Most notably, it (i) takes more account of contextual (organizational) factors that impact on leadership effectiveness, and (ii) it addresses key issues relating to people's psychological well-being.

The Authentic Leader acts in accord with his/her values and enables others to do the same, building relationships and 'leading with purpose', clarifying the wider context and creating a sense of ownership. Authentic Leadership places emphasis on *unlocking people's strengths and building trust*. Contrast this with the idea, expressed in academic literature, of the Transformational Leader who relies on charisma to 'overcome' people's self-interest to gain commitment to corporate goals.



Avolio and Gardner (2005) emphasise that authentic leadership requires heightened levels of self-awareness, which provides the start point for Authentic Leadership Development. This self awareness involves leaders having the maturity to understand their core values, strengths, and sense of purpose - and how they align their work behaviour with organizational goals.

[Authentic Leaders' values should be aligned to their actions](#). This means that they need to identify with the organization's purpose, demonstrating personal conviction about what is required. At the same time, they engage with others in a positive, constructive way that meets people's core psychological needs. *This important aspect of Authentic Leadership is often overlooked.*

Transformational and Authentic models share common elements, but Authentic Leadership offers a more complete view of the behaviour required to build commitment. There is less emphasis on 'heroic' qualities involving an inspiring vision and a charismatic personality; more focus on [Self Regulation](#) (*i.e. standards and principles that have been internalised*) and attention to the needs of followers. Authentic Leaders are therefore 'anchored' by their own deep sense of self; they know where they stand on important issues, values and beliefs. They also have the Social / Organizational Awareness required to enhance Role Relationships.

The Building Blocks of Authentic Leadership

The concept of authenticity has its roots in Greek philosophy: “To thine own self be true”. Authenticity can therefore be viewed as *the unobstructed operation of one’s true, or core, self in one’s daily enterprise*. Research suggests that there are four core elements of authenticity. These include: self-awareness, ‘balanced processing’, relational authenticity, and authentic behaviour/action.

Self-Awareness

...understand their unique talents, strengths, sense of purpose, core values, beliefs and desires... are open to experience, and receptive to feedback that supports the process of gaining this insight.

Balanced Processing

...make allowance for their subjectivity and are therefore inclined and able to consider multiple sides of an issue and multiple perspectives as they assess information in a relatively balanced manner.

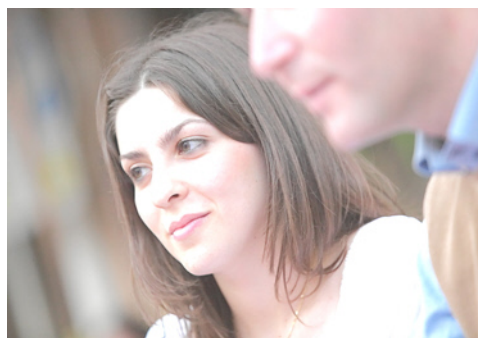
Relational Authenticity

...strive to achieve openness and truthfulness in their close relationships, using selective self-disclosure to build trust and appear genuine in their interaction with others.

Authentic Behavior / Action

...respond to situations in a way that is appropriate, in the context of their role, whilst recognizing their core values and, as far as possible, acting in a way that is consistent with these values

Avolio and Gardner (2005) suggest that increased self-awareness, self-regulation, and positive modeling enable Authentic Leaders to foster the development of authenticity in followers. However, *discretionary effort* and *commitment* to the organization, the two key factors linked to increased productivity, require additional steps. These are explored in Part 2 of the report.



The Concept of Positive Psychological Capital

There is growing recognition that *resilience and initiative* are strengthened by use of personal strengths in *activities that are valued by others* and create a shared sense of purpose. Important elements that contribute to the development of Positive Psychological Capital are Competence, Autonomy and Relatedness.

Authentic Leaders draw on their Positive Psychological Capital to make clear to others what is required. Personal conviction enables leaders to provide ‘positive modeling’ of the approach required to achieve the ‘vision’ or objectives. Authentic Leaders also explore issues with others to create Meaning and Purpose, which encourages a sense of personal ownership. Followers can then identify with the activity. Not all leaders have the same level of capability, particularly in terms of personal conviction, energy or learning agility, but organizations can create a culture that is characterized by the principles of Authentic Leadership.

2. Leadership in Context

Transformational Leadership emphasises 'charisma' and an 'inspiring vision' that will energise followers and 'individualised consideration' to support and encourage. However, it does not explain how attitudes and values become internalised and 'owned' by employees, or why discretionary effort and engagement are distinct factors shaped by different aspects of leader behaviour.

Leader effectiveness can also be gauged against Work Design criteria that impact on Organizational Health. The UK Health & Safety Executive (HSE) have set out '**Management Standards**' that cover six key areas that, if not properly managed, are associated with poor health, lower productivity & increased absence. This is not a model of leadership effectiveness, but does highlight a number of factors a leader should address.



Demands - relating to employees' workload, work patterns and the work environment.

Control - the degree of personal discretion employees have over work activities

Support - encouragement and resources for personal development

Relationships - positive working that avoids unacceptable behaviour

Role Clarity - clear goals, avoiding conflicting role demands

Change - effective management and communication of change

How Authentic Leadership Creates a Positive Culture

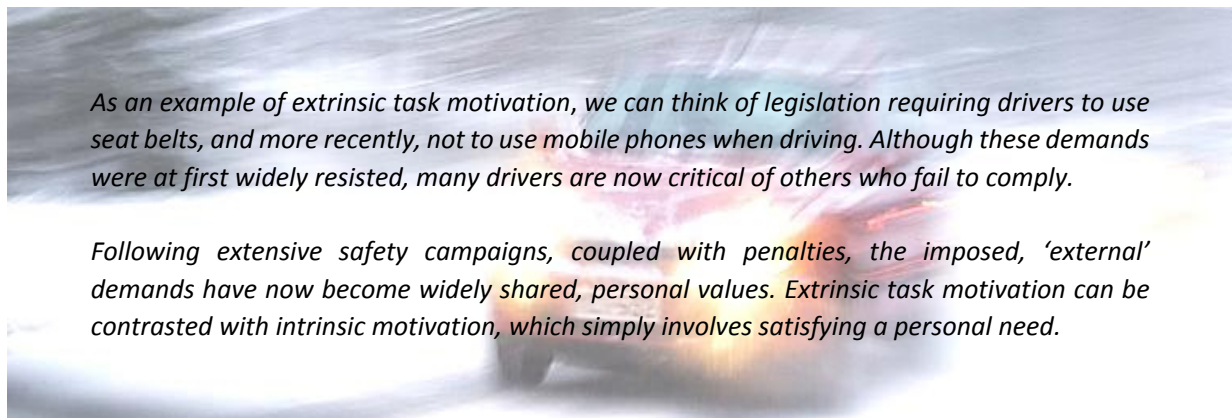
Authentic Leaders do not rely on delivering an 'inspiring vision' and being a charismatic role model to create a positive, enabling culture. However, they do display personal conviction, set clear direction, help others understand their roles and responsibilities, and create a strong sense of involvement. This requires the leader to manage Work Demands and ensure Role Clarity, but also to engage team members in a process of dialogue that creates Meaning and Purpose. Whilst the leader needs personal conviction concerning direction, followers need space to make sense of the rationale - and time to accept and take ownership of change.

Authentic Leadership involves building Relationships with followers in a way that (i) makes activities *meaningful* and leads to 'discretionary effort' i.e. 'going the extra mile', and (ii) supports others' *personal development*, which encourages engagement and emotional commitment.

Employee Engagement is the factor most strongly associated with increased productivity. To create an enabling environment, Authentic Leadership addresses wider organizational factors that impact on motivation, commitment and work stress - and it is this that creates the context for long-term success.

The Importance of Purposeful Conversations

Studies by Pario Innovations Ltd suggest that 'positive modeling' - linked to the personal conviction and behaviour of Authentic Leaders - is only part of the process that leads to a sense of authenticity in followers. A key step relates to creating *extrinsic task motivation*, which involves individuals coming to accept and 'own' work demands that come from 'outside'. These demands may initially be opposed or not fully understood. **Purposeful Conversations** play an important part in creating this sense of identification.

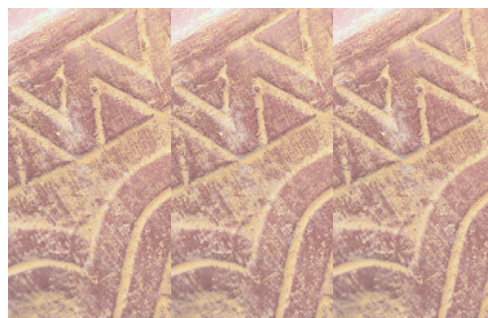


As an example of extrinsic task motivation, we can think of legislation requiring drivers to use seat belts, and more recently, not to use mobile phones when driving. Although these demands were at first widely resisted, many drivers are now critical of others who fail to comply.

Following extensive safety campaigns, coupled with penalties, the imposed, 'external' demands have now become widely shared, personal values. Extrinsic task motivation can be contrasted with intrinsic motivation, which simply involves satisfying a personal need.

Purposeful Conversations help create commitment to work processes, quality standards, and new ways of working. These conversations give employees the opportunity to make sense of new demands, feel in control and supported, whilst improving role clarity and the quality of work relationships. They are therefore vital to the process of encouraging discretionary effort and creating an enabling, high performance environment.

Purposeful Conversations enable leaders to address employee needs for **Competence, Autonomy and 'Relatedness'** (i.e. the opportunity to establish positive relationships with others). These core needs have been confirmed by extensive research and underpin Positive Psychological Capital. When these needs are not met, dysfunctional behaviour and disaffection are the likely result.



As followers internalise new ideas and issues are explored by the leader, their conception of what constitutes their *actual* and *possible* selves have scope to change and develop. *"As followers come to know who they are, they in turn will be more transparent with the leaders, who in turn will benefit in terms of their own development."* Avolio and Gardner, 2005.

Purposeful Conversations therefore support the positive work outcomes linked to Discretionary Effort and Engagement, whilst reducing the negatives associated with Work Stress and Disaffection. Validation studies can be completed to gauge the Return on Investment linked to Authentic Leadership initiatives.

The benefits of Authentic Leadership can be assessed in terms of reduced sickness, absence and turnover, improved customer satisfaction, levels of repeat sales, and other independent measures.

Developing Leadership Capability

Looking at the research studies can be daunting, especially as Authentic Leadership draws on a number of different ideas. However, it is possible to build on core principles to set out the key steps required to engage followers. In contrast to transformational leadership, authentic leadership places far less emphasis on charisma to overcome 'self interest'. The focus is on building positive work relationships and leading with purpose, meaning and values. It is not necessary to be perceived as charismatic by others, which has been defined as the core component of transformational leadership (Bass, 1985).

The Steps to Success

Employees are more motivated when they are involved in purposeful activity that contributes to a sense of competence, allows adequate autonomy, and is characterised by positive relationships with others. This is best achieved when the leader has a clear vision of what is required and translates this 'bigger picture' into meaningful tasks and objectives. However, this may involve challenging existing attitudes, assumptions and 'ways of working', which almost inevitably will meet with resistance. As a result, Purposeful Conversations play an important part in helping followers make sense of requirements and take ownership of activities.

The shortcomings of Transactional Leadership quickly become apparent as it offers little scope for constructive dialogue, 'coaching', and engagement of followers. Transformational Leadership places high emphasis on the "Inspiring Vision", but is less clear on the specific steps that create engagement.

Authentic Leadership Elements... and the practical steps that create 'AIMS'

Self-Awareness & Balanced Processing

- consider multiple sides of an issue and differing perspectives

Relational Authenticity

- open and truthful in their relationships, and genuine in their approach, which is reflected in a degree of self-disclosure

Authentic Behavior / Action

- are consistent in their actions and the standards that are applied

Awareness & Appreciation: Seeks alternative views and encourages dialogue to evaluate options and decide how best to respond. The leader is receptive to feedback, but also uses this to build positive role relationships...

Creates **Insight:** Clarifies role requirements and context. Challenges current attitudes & assumptions, seeking opportunities to convey **Meaning**, emphasising the value of activities and how they fit with wider goals.

Provides **Support:** Discusses issues and develops capability (competence), encouraging initiative (autonomy), maintaining consistent standards (positive modelling).

Purposeful Conversations & AIMS

The AIMS model highlights leadership behaviour that should be explored in feedback from direct reports.

Competency Profiling interviews help clarify AIMS related behaviour affecting the motivation and commitment of followers (and other groups), and contribute to *Purposeful Conversations* that build Trust. Pario can incorporate this information in the design of a tailored 360 degree feedback process. The result is a reliable questionnaire, based on sound factors.

To discuss the possibilities of *Intelligent 360*, email enquiries@Pario360.com

Intelligent 360 Degree feedback

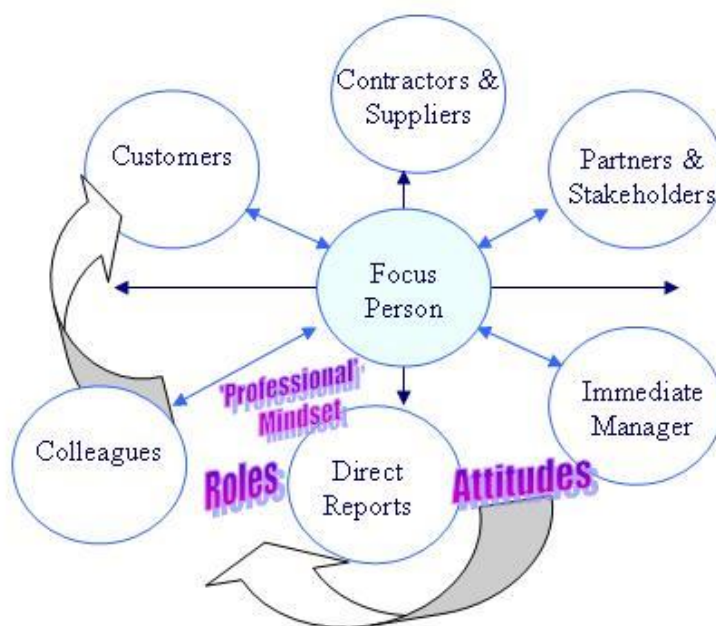
Balanced Processing of information plays a significant part in the development of Authentic Leadership. This requires feedback that provides insight into the thinking of others, and is best viewed in the context of differing Roles and Responsibilities. Intelligent 360 degree feedback can support this process by identifying the *specific aspects of behaviour that are important to different groups of work associates*.

Unlike conventional 360, which uses a fixed set of questions, intelligent 360 ensures that respondents only answer questions that are relevant to them. This means, for example, that 'Customers' are not asked about aspects of behaviour that can only be assessed by colleagues or direct reports.

A New Perspective on Leadership Effectiveness

Highlighting the aspects of leader behaviour that are most relevant to each group can strengthen coaching and development programmes.

The use of intelligent 360 also offers scope to review the reliability of competency models and improve the focus if the 360 is linked to performance appraisal.



Authentic Leadership is not simply about influencing followers. It provides the essential start point in addressing the Work Design issues described previously, and also sets effective leadership in the context of actively managing Role Relationships, including those with colleagues, clients & customers, stakeholders, direct reports and immediate manager. Viewed from this perspective, openness to feedback, and understanding of each group's expectations, are important steps towards high performance.

Group Based 360 Degree Feedback Reports

Well-designed 360 degree feedback also creates the opportunity to analyse data for larger groups of Focus People (i.e. the subjects of the 360 feedback). These Group Reports can compare ratings by Division, Region or Office, identifying areas of strength and weakness, adding focus to subsequent follow-up initiatives.

3. Conclusions

Leadership is about creating a sense of direction, *energizing people*, and gaining their commitment to a shared purpose. However, as Avolio noted in 2007, *“most leadership research has considered the follower a passive or non-existent element when examining what constitutes leadership”*. Studies have described the personality of the leader, but generally provided little explanation of motivational processes.

Authentic Leadership provides a different perspective. The start point is with the needs of followers and poses the question: *What do employees require to feel a sense of shared purpose and personal commitment to the organization and its goals?* This is particularly important in meeting the expectations of Generation Y (i.e. those born in the period 1982 - 1995) who typically seek more feedback, responsibility, and involvement in decision making. This mind-set may also be viewed as part of wider liberal-democratic trends in society.

Authentic Leaders are able to align their personal values with the organization and its overall objectives. This prompts various questions relating to the organization's values and culture, thinking on how best to manage role relationships, and issues linked to Work Design. It is also evident that Authenticity forms an essential element in the 'distributed leadership' required in modern organizations.

Developing 'Win-Win' Scenarios

Not all managers have the ability or drive to take on the challenges associated with this wider view of the leadership role, and this is particularly true at more senior levels. It is therefore important to use objective techniques to support selection, assess work behaviour, identify talent and design career pathways.

Creating the context where Authentic Leadership can flourish may also require profiling of wider organizational issues affecting employee motivation and commitment. However, many surveys are not based on a clear model of the drivers of engagement and discretionary effort. Authentic Leadership and Employee Engagement research is relevant in helping organizations identify the most significant factors.

To produce data that is reliable and valid, a survey should meet the standards expected of a well-designed psychometric tool. It then offers real insights into the culture of the organization - and the key issues affecting different groups.

Authentic Leadership is at the heart of the 'enabling environment' that sustains high performance.

“Overall, the more an organization's climate is positively oriented toward developing followers into leaders and has a history of doing so, the more likely followers will be to engage in leadership responsibilities and experiences, creating a climate of engagement.” Avolio, 2007

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