

Dynamic organisational capabilities and employee flourishing in a precarious work context: The role of authentic leadership and trust

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Preface and Declaration

This thesis is submitted in the form of three research articles. The editorial style as prescribed by the South African Journal of Industrial Psychology was applied in the second and third chapters. The editorial style prescribed by Frontiers in Organisational Psychology was used in the fourth chapter. The editorial and referencing style in the first and last chapters of this thesis were administered according to the Publication Manual (7th edition) of the American Psychological Association (APA) as prescribed by the Optentia Research Focus Area of the North-West University (Vaal Triangle Campus). The researcher, Daniel Johannes Kleynhans, conducted the research and wrote the texts. Prof Marita Heyns and Prof Marius Stander provided guidance and served as promoters of the study.

I, Daniel Johannes Kleynhans, declare that this study entitled “Dynamic organisational capabilities and employee flourishing in a precarious work context: The role of authentic leadership and trust” is my work and that all the sources that I have utilised are specified and acknowledged, using complete references. Lastly, I declare that a qualified language editor edited the content of this thesis.

The work was done under the guidance of Proffs Marita Heyns and Marius Stander at the North-West University (Vanderbijlpark campus).



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2021/12/01

Signature

Date

By typing in your name in place of a signature, you indicate your acceptance of this declaration

In my capacity as promotor of Mr DJ Kleynhans' thesis, I hereby certify that the above statements are true to the best of my knowledge.



Prof M Heyns

06/12/2021

Signature

Date

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Summary

Title: Dynamic organisational capabilities and employee flourishing in a precarious work context: The role of authentic leadership and trust.

Keywords: authentic leadership, trust in the organisation, trust in the leader, trust in colleagues, job insecurity, job overload, dynamic organisational capabilities, flourishing.

Many countries, such as South Africa, rely on the manufacturing industry to contribute to their economy and development. However, this industry is faced with challenges that threaten its performance and survival, forcing it to reorganise and downsize as alternatives in an attempt to find solutions that might address the situation. As with many of these initiatives, reorganisation and downsizing may have negative consequences such as job insecurity and job overload. Both outcomes hold the potential of negatively affecting the well-being of employees and the dynamic capabilities of the organisation.

This thesis explored whether a positive leadership approach such as authentic leadership will promote trust, dynamic capabilities and employee flourishing within a precarious South African organisational setting. A quantitative cross-section survey design, using a self-administered structured questionnaire to collect primary data were employed. Furthermore, a stratified random sampling technique was employed to collect data from managerial level employees ($n=314$) functioning at the operational areas of a South African manufacturing entity going through changes to improve performance and sustainability. The self-administered structured questionnaire consisted of the following measurement instruments: the Authentic Leadership Inventory, the Workplace Trust Survey, the Job Insecurity Scale, the overload items of the Job Demands Resources Scale, the Dynamic Organisational Capabilities, and the Flourishing-at-work scale. Descriptive statistics, confirmatory factor analysis and regression analyses were calculated. Statistical analysis was performed by employing the software programs *Mplus* and *R*.

Firstly, the results confirmed a model containing the proposed constructs, authentic leadership, trust in colleagues and trust in the organisation and its effect on the dynamic capabilities of a manufacturing organisation. Trust in the organisation was a stronger predictor of dynamic organisational capabilities than were authentic leadership and trust in colleagues. When leaders thus exhibit authentic leadership characteristics, they are likely to promote trust

in the organisation and trust in colleagues, which may enhance the organisation's ability to respond more effectively to challenges by sensing and seizing opportunities and reconfiguring faster after having been confronted by drastic changes or disruptions.

Secondly, the results revealed that authentic leadership is associated with trust in the leader, implying that a higher level of authentic leadership might increase trust in the leaders. Although the expectation was that job insecurity would moderate the relation between authentic leadership and trust in the leader, this study established that job insecurity did not function as a moderator in this relationship. The finding thus suggests that a fluctuation in the degree of job insecurity experienced will not influence the association between authentic leadership and trust in the leader.

Thirdly, the research supported a model in which authentic leadership is positively associated with flourishing through trust in the leader, suggesting that an increase in the levels of authentic leadership may cause increased employee flourishing. It was also established that the association between authentic leadership and flourishing via trust was not dependant on a moderation effect of job overload on the flourishing of employees. When employees thus trust their leaders and experience psychological, emotional and social well-being (flourishing), they are less likely to be affected negatively by job overload.

Future research recommendations were also made.

Opsomming

Titel: Dynamic organisational capabilities and employee flourishing in a precarious work context: The role of authentic leadership and trust.

Sleutelwoorde: outentieke leierskap, vertroue in die organisasie, vertroue in die leier, onderlinge vertroue tussen kollegas, werksonsekerheid, werkoorlading, dinamiese organisasievermoëns, die welstand van werknemers.

Talle lande, soos ook Suid-Afrika, maak staat op die vervaardigingsindustrie om tot hul ekonomie en ontwikkeling by te dra. Hierdie industrie word egter gekonfronteer deur uitdagings wat die werkverrigting en oorlewing daarvan bedreig, wat dit gevolglik dwing om alternatiewelik te herorganiseer en af te skaal in 'n poging om oplossings te vind wat die situasie moontlik onder die loep kan neem. Soos met talle van hierdie inisiatiewe, kan herorganisering en afskaling negatiewe gevolge inhou, soos werksonsekerheid en werkoorlading. Beide uitkomstes hou die moontlikheid in om 'n negatiewe invloed op die welstand van werknemers en die dinamiese vermoëns van die organisasie uit te oefen.

Hierdie proefskrif het ondersoek ingestel daarna of 'n positiewe leierskapbenadering soos outentieke leierskap, vertroue, dinamiese organisatoriese vermoëns en die welstand van werknemers binne 'n onbestendige Suid-Afrikaanse organisasiekonteks sal bevorder. 'n Kwantitatiewe benadering en 'n deursnee-ontwerp is tydens die studie gevolg. Voorts is 'n gestratifiseerde ewekansige steekproefnemingstekniek toegepas om data in te samel rakende werknemers op bestuursvlak ($n=314$) wat werksaam is by die vervaardigingsarea van 'n Suid-Afrikaanse vervaardigingsorganisasie wat veranderinge ondergaan. Die doel met die veranderinge is om werkverrigting en volhoubaarheid te verbeter. Deelnemers aan die studie was versoek om die volgende meetinstrumente in te vul: die *Authentic Leadership Inventory*, die *Workplace Trust Survey*, die *Job Insecurity Scale*, die *Overload items of the Job Demands Resources Scale*, die *Dynamic Organisational Capabilities*, en die *Flourishing-at-work scale*. Beskrywende statistiek, bevestigende faktoranalise en regressie-analises is uitgevoer. Statistiese analise is uitgevoer deur die aanwending van die sagteware-programme *Mplus* en *R*.

Eerstens het die resultate 'n model bevestig wat die voorgestelde konstrakte *outentieke leierskap*, *vertroue in kollegas* en *vertroue in die organisasie* bevat, en die effek daarvan op

die dinamiese vermoëns van 'n vervaardigingsorganisasie. Vertroue in die organisasie was 'n sterker voorspeller van dinamiese organisasievermoëns as wat outentieke leierskap en vertroue onderling tussen kollegas was. Wanneer leiers dus outentieke leierskapeienskappe toon, sal hulle waarskynlik vertroue in die organisasie en onderling tussen kollegas bevorder. Die vermoë van die organisasie om meer doeltreffend op uitdagings te reageer kan ook hierdeur bevorder word deur geleenthede te identifiseer en dit aan te gryp en die organisasie vinniger op koers te kry nadat dit deur drastiese veranderinge of ontwigtings gekonfronteer was.

Tweedens het die resultate getoon dat outentieke leierskap geassosieer word met vertroue in die leier, wat impliseer dat 'n hoër vlak van outentieke leierskap vertroue in die leiers moontlik versterk. Alhoewel dit die verwagting was dat werkonsekerheid die verhouding tussen outentieke leierskap en vertroue in die leier sou temper, het hierdie studie bevind dat werkonsekerheid nie as 'n tempering in hierdie verhouding opgetree het nie. Die bevinding dui dus daarop dat verskille in werkonsekerheidsvlakke nie die verband tussen outentieke leierskap en vertroue in die leier beïnvloed nie.

Derdens het die navorsing 'n model ondersteun waarin outentieke leierskap positief met die welstand van werknemers geassosieer word deur vertroue in die leier, wat daarop dui dat 'n toename in die vlakke van outentieke leierskap moontlik tot 'n toename in die welstand van werknemers kan lei. Ondersteuning is ook daarvoor gevind dat die verband tussen outentieke leierskap en die welstand van werknemers via vertroue nie afhanklik is van 'n matigingseffek van werkoorlading op die welstand van werknemers nie. Wanneer werknemers dus hul leiers vertrou en psigologiese, emosionele en sosiale welstand ervaar, is hulle minder daartoe geneig om negatief deur werkoorlading beïnvloed te word.

Aanbevelings is ook gemaak vir toekomstige navorsing.

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Chapter 1: Introduction

This study aims to determine whether a positive leadership approach such as authentic leadership is suitable for promoting trust, dynamic capabilities, and employee flourishing within a precarious South African organisational context. In what follows, the background and motivation for this study focus are outlined.

This chapter's intent is to provide an introduction and background to contextualise the research and articulate the problem as the basis for the research objectives. Furthermore, it summarises the research design, data collection methods and data analysis approaches that were applied to explore the stated problem while concluding with a chapter outline.

1.1 Introduction

1.1.1 *The Global World of Work*

The twenty-first century is characterised by an unpredictable and challenging work environment, confronted with continuous economic challenges, globalisation, and instability in the labour market (Di Fabio et al., 2017; World Economic Forum, 2020). Businesses are thus faced with the responsibility of navigating through a landscape characterised by volatility, uncertainty, complexity and ambiguity (VUCA) to ensure their economic survival (Tovar, 2016).

The VUCA notion alludes to the multifaceted world that originated from the Cold War, which is characterised by increased volatility, uncertainty, complexity and ambiguity. Yarger (2006) stated that it could be described as:

A world order where the threats are both diffuse and uncertain, where conflict is inherent yet unpredictable, and where our capability to defend and promote our national interests may be restricted by material and personnel resource constraints. In short, an environment marked by volatility, uncertainty, complexity, and ambiguity (p. 17).

This concept became more prominent in a business context following the 2008 to 2009 worldwide financial dilemma (Bhatt, 2017). Deo (2018) remarked that it relates to a business setting marked by:

Volatility: Volatility alludes to the pace of change in a market, industry or society in general. The more volatile an environment, the bigger the magnitude and faster the pace of change

(Kraaijenbrink, 2018). The pace of change we are facing in our business environment today demands quicker decision making (Deo, 2018).

Uncertainty: Due to uncertainty, predicting future events becomes more difficult (Kraaijenbrink, 2018). In these times, it is challenging to have clarity on the present and to predict future outcomes. It is thus vital for organisations to develop the capability to be at ease with it and form behaviours that will allow them to navigate through uncertainty (Deo, 2018).

Complexity: The quantity of variables that must be considered, their diversity and the relations between them results in complicated conditions. Increasingly complex environments are challenging to analyse (Kraaijenbrink, 2018). Organisations need to consider multiple factors in their decision-making and make peace with not finding the one perfect solution but rather seek collaboration and connect the dots of opportunity (Deo, 2018).

Ambiguity: The impact of the ever-changing and complex environment leads to a large amount of ambiguity, making it difficult to comprehend the meaning and impact of events (Deo, 2018). It also alludes to uncertainty on how to interpret situations. The more ambiguous an environment, the more difficult it is to analyse (Kraaijenbrink, 2018).

Hence it suggests that we are faced with a situation in which change is inevitable, where what lies ahead is no longer as predictable as it was in the past, in which the alternatives increase rapidly, and our approach to these alternatives is different. Leaders are compelled to process vast amounts of information, make decisions faster within an environment where everything is more interconnected than ever before (Tovar, 2016). Additionally, the Covid-19 pandemic resulted in unparalleled disarray in global labour markets, including loss of employment and income decline (International Labour Organization, 2021).

Recent changes to the economy, businesses, and work environment have undoubtedly reshaped the 21st Century World of Work. These changes have influenced the nature of careers, the nature of work, the nature of jobs, and the competencies needed to survive in the modern work context (Hagel et al., 2017).

One example of the changing world is evidenced by the increasing ease with which individuals switch from a digital arena to an offline domain by means of linked technology to assist them in navigating their personal world. These changes have such a drastic influence on our lives, work and ways of communication that it can be described as a Fourth Industrial Revolution, as labelled by the executive chairman of the World Economic Forum, Klaus Schwab (Miller,

2016). It is reshaping almost every aspect of life including, industries, firms, governments, and entire societies. The First Industrial Revolution started in 1760 mechanised production processes by harnessing steam power. The Second utilised oil and electric energy to facilitate mass manufacturing. The Third implemented electronics as well as information technology to enhance fabrication methods. To elaborate on the Third, a Fourth Industrial Revolution is currently developing, and it is a combination of advancements that are obscuring the connections among the biological, physical, and digital realms. These changes involve the evolution of complete manufacturing, management, and administration approaches. Generally, the inevitable movement from basic digitisation (the Third Industrial Revolution) to modernisation founded on various technologies (the Fourth Industrial Revolution) is making it unavoidable for entities to adapt their business approach. The Fourth Industrial Revolution is progressing at a rapid instead of a linear tempo if compared with earlier industrial revolutions, and it has an impact on almost every industry across the world (Schwab, 2015). Leaders in the business world need to acknowledge the changes in their surroundings, question the presumptions of their operational crew, and find ways to adapt. While these changes hold great promise, production methods, utilisation patterns, and applications constructed by it pose significant challenges, necessitating proactive tailoring by organisations, governing bodies and persons (World Economic Forum, 2016). Organisations need a clear view of the knowledge, skills and mindsets needed to succeed in this new world of work (Allais et al., 2017; Phillips et al., 2018).

In the rapidly changing and highly interconnected society, economies are also impacted by matters that range from uncertainties regarding globalisation to doubt linked to automation, from the complexities of viability to those of execution. Although not all countries follow the same approach to address these complications, a competitiveness capability may provide the means to mitigate these difficulties. Economists consider competitiveness as an indispensable element for long-term economic health. It enables companies to bring about sustainable progress, generate employment opportunities, and eventually elevate citizen prosperity (World Competitiveness Ranking, 2019).

1.2 Problem Statement

1.2.1 *South African Economy*

As the most advanced state and the strongest economy in Africa, until Nigeria overtook it in 2014, South Africa has not escaped the changes in the world of business as it is also faced with various challenges (International Monetary Fund, 2019).

The economy of South Africa contracted an annualised 3.2 per cent on a quarterly basis for the first three months of 2019, after a 1.4 per cent upturn in the preceding period and a market forecast of a 1.7 per cent decrease (Statistics South Africa, 2019). It recorded the steepest quarterly reduction since the first part of 2009, mainly indicating the impact of the interrupted power supply of Eskom on the mining and manufacturing sectors. The average South African GDP growth rate was 2.71 per cent for the period 1993 to 2019, achieving a peak of 7.60 per cent in Q4 of 1994 and an ultimate low of -6.1 per cent for Q1 2009. The 3.2 per cent contraction represented the most significant quarterly economic reduction since Q1 of 2009 when the worldwide financial dilemma caused a tumble of 6.1 per cent.

When considering South Africa's position on the IMD World Competitiveness Rankings, it fell three places from 53rd in 2018 to 56th in 2019, indicating that it is not performing well. The ranking takes into account measures such as the unemployment rate, Gross Domestic Product and government health and education expenditure, and the results of an Executive Opinion Survey focusing on relevant matters. The mentioned results are then reflected in categories such as economic achievement, infrastructure, government effectiveness, and business proficiency, leading to an ultimate tally per area. Although no universal solution exists for competitiveness, the top-performing countries are inclined to rate well for each category (World Competitiveness Ranking, 2019).

1.2.2 *South African Labour Market*

To add to this bleak picture, the South African employment market is confronted by excessive unemployment, poverty and inequality. The unemployment rate has increased for Q1 of each year since 2013 (Statistics South Africa, 2019). The most significant rise was achieved in Q1: 2015 (increased by 626 000), and then Q1: 2016 (increased by 530 000) and lastly Q1: 2017 (increased by 433 000). The unemployment figures reported for quarter two of 2019 is an alarming 29 per cent.

The South African government recognised that the manufacturing sector could contribute to achieving the increased employment goal while highlighting its labour-intensive nature in several government policies, including the New Growth Plan and the Industrial Policy Action Plan (Department of Trade and Industry, 2011). Notwithstanding this acknowledgement, the manufacturing division decline has carried on with limited contribution to economic expansion and employment. The manufacturing industry has contributed to the reduced GDP by recording an 8.8 per cent reduction in growth, compared to the same period in 2018 (Statistics South Africa, 2019). When looking at unemployment, the number of employed individuals declined by 69 000 during Q1: 2019, compared to the same period in 2018.

The major factors that have made the manufacturing sector of South African competitive, being reasonable labour-related expenses, affordable and dependable electricity provision, and government aid through infrastructure development and subsidies, have gradually been reduced (Williams et al., 2014). Remuneration increased at a faster pace than productivity, and the cost of electricity increased annually by 20% since 2008 (MyBroadband, 2015), while the South African government's World Trade Organisation (WTO) commitments limit its freedom to impose protectionist measures. Moreover, globalisation brought about relentless opposition from emerging countries, such as South-East Asia (Bhorat & Rooney, 2017).

1.2.3 SA Basic Iron and Steel Sector

As can be expected, the above-mentioned challenges have filtered through to the sub-sectors of the manufacturing industry as well. According to the South African Iron & Steel Institute (SAISI, 2017), the local steel market is continually grappling with challenges marked by structural complications and constant excess capacity. This situation is aggravated by weak international economic improvement and market need, harming local trade and employment. Indications are that there will be a modest steel demand increase and price recovery for the near future. However, the uncertainty regarding the sustainability of the recovery based on the megatrends is linked to decreased steel intensity, i.e. advancement towards recycling, atmospheric change, maturing population, and rising digitalisation. The influence of the steel dilemma is apparent throughout the value chain, affecting mining and primary steel mills that are finding it difficult to compete, contribute and retain jobs. The local steel sector is currently faced with, amongst others, the following challenges (South African Market Insights, 2019):

- Limited rise in steel demand resulting from lower economic activity.

- High production costs, ageing equipment, and inefficiencies result from the shortage of investment and improvements.
- Diminished competitiveness due to insufficient capacity usage and missed economy of scale opportunities.
- Increased cost-base and cost of raw materials resulting in escalating production costs.
- Irregular primary supply and diminished product-range lead to supplier/customer distrust and the creation of additional import opportunities.
- Downstream manufacturing facing increased pressure due to the import of low-priced finished goods culminating in the disintegration of production ability.
- Limited scrap metal supply may threaten investments in conventional mini-mills. Internationally, steel manufacturers are moving towards modern mini-mills that are more efficient and profitable.
- Escalating trade remedies resulted in restricted export markets and increased imports.

The mentioned challenges have put the competitive capability of the sector in jeopardy (Steel and Engineering Industries Federation of Southern Africa [SEIFSA], 2019)

1.2.4 Impact on a Manufacturing Organisation

In the case of a significant steel producer in South Africa, responsible for more than 70% of the domestic steel production, the organisation has endured many challenges since the global steel market slump in 2008 (Smit, 2015). The undesirable performance comes even after introducing import cost barriers by the South African government in an attempt to save this sector. The organisation has stated that it faces challenges such as over-regulation and increased production costs. The other reported cost pressures that it is dealing with is rail, port and primary raw material costs. The first six months of 2019 indicated a non-profitable period with a loss of R222 million compared to a R1.2 billion profit the previous year. Revenue decreased by five per cent to R21.74 billion, primarily due to lower sale volumes of nine per cent. The steel producer's performance has also been impacted by imports of steel from Asian countries and Russia, and the results show that steel imports for the six months are 18% higher, with flat product imports increasing by 23 per cent (Mathe, 2019). As a result of these challenges, the organisation had to restructure its business after failing to contain the effects of high input and commodity costs (Faku, 2019).

Considering the realities mentioned above, it is evident that the fluctuating work environment that contains unique requirements and ever-increasing pressures could negatively affect

employees and companies in general and the steel manufacturer that is of particular interest to this study.

1.3 Literature Review

In order to succeed in the next decade, organisations will need to equip themselves to navigate the change in organisational forms and the expertise required (Schultz, 2017; Teece et al., 2016). Therefore it is evident that the uncertain and challenging business world is forcing organisations and their human resource department to alter their human resources planning and leadership development programmes to maintain employee well-being and ensure alignment with future requirements. But how can one find an amicable balance between huge needs and only limited means at hand within the given challenging conditions? Bakker and Demerouti (2017) pointed us towards the JD-R theory as an appropriate reference point for researchers and practitioners promoting employee well-being and effective organisational functioning. The human resource department can assist managers in exploring the well-being of team members by applying the JD-R model. The model will assist them in identifying prevalent job demands that might prevent employees from performing at their best and job resources that can enable them to achieve set objectives and goals (Bakker & Demerouti, 2018).

More detail is provided regarding this theory in the next section.

1.3.1 Job Demand–Resource (JD-R) Model Perspective

Job demands represent those job features that need sustained psychological and/or physical effort or ability; therefore, associating it with energy cost (e.g. job insecurity, work pressure, and job overload), and *job resources* refers to those work environment elements that equip employees to reach their job-related objectives and inspire individual growth and progress (e.g. career and personal development opportunities, focussed mentoring, and coaching) (Bakker & Demerouti, 2018). The JD-R model was experimentally validated, and it specifies correlations among job (and personal) features, leadership, follower well-being, and other outcomes (Schaufeli, 2017). Tummers and Bakker (2021) determined that leadership as a resource can directly influence job resources, job demands, and personal resources as components of the JD-R theoretical framework. The model further suggests that leadership can enhance work engagement and prevent employee burnout by decreasing job demands while increasing job and personal resources. This results in the realisation of additional employee and organisation-focussed positive outcomes. Numerous JD-R model studies found

that job demands and job resources impact follower well-being, in addition to confirming the guarding effect of job resources on the association between job demands and staff well-being (Demerouti & Bakker, 2011). The JD-R model was applied in this research where the situation causes the organisation to be vulnerable in terms of its ability to sustain a competitive business and on an individual level in terms of its ability to maintain the well-being of its employees.

The researcher proposes that leadership is essential in the current business environment and that authentic leadership could be the leadership style that will provide direction under these precarious conditions.

1.3.2 Precarious Work Environment

The terms *precarious work* and *precarious work environment* are being used more often worldwide. The transformation of organisations and the labour market has increased precarious work, employee job insecurity and job overload and has become a serious challenge that may threaten the well-being of employees (Ruiz et al., 2017). Precarious work refers to employment that is marked by different degrees of subjective and objective unpredictability and insecurity (International Labour Organization, 2012).

The uncertainty and the powerlessness that employees experience refers to a future situation, resulting in the individual pondering over the future employment prospects and the features of the present job, which can potentially lead to a very precarious situation (Huang et al., 2017). This results in a feeling of uncertainty about the future. The future mentioned here does not only refer to the work environment but also to aspects such as health, family and social relations (Huang et al., 2017). The uncertainty related to the present work situation is regarded as a defining characteristic of job insecurity and work overload.

The phenomenon *job insecurity* comprises subjective and objective aspects (Helbling & Kanji, 2018). Objective job insecurity refers to those events that threaten the employment setting. In contrast, subjective job insecurity relates to job-related perceptions and experiences and the potentially negative consequences thereof on individuals. Objective job insecurity might be the product of the economic realities faced by a country, downsizing initiatives or outsourcing in an organisation or a change in the design of the organisational structure. The different and personal perceptions of the mentioned scenarios by employees relate to subjective job insecurity.

Another possible feature of a precarious work environment is work overload. Because of restructuring and staff reduction, work (job) overload can result from working faster, producing speedy results, executing multiple tasks, and handling several projects simultaneously. Previous research has revealed that job overload consists of quantitative and qualitative elements (Ukwadinamor & Oduguwa, 2020; Wen et al., 2020). Qualitative overload relates to situations where tasks are too complex to complete, while employees experience quantitative overload when the assignments are too many to finalise, both affecting employee performance (Ukwadinamor & Oduguwa, 2020).

These situations involve an element of change in the actual working environment, which individual employees can interpret very differently.

1.3.3 Authentic Leadership as Preferred Leadership Style to Provide Direction during Precarious Times

The leadership models used in previous years seem to have lost their efficiency in the 21st-century business environment (Ackerman & Kanfer, 2020). Similarly, Kaivo-oja and Lauraeus (2018) argued that leaders are faced with the challenge of finding new ways of leading in a VUCA world since many of the previous rules are no longer applicable. The most effective leaders will be those who have the most significant impact during times of volatility and uncertainty (Craig, 2015). Authentic leadership interest arose in reaction to a perceived necessity for leaders who are able to face challenging business circumstances with confidence and resilience while promoting team member identification and trust (Fernando, 2011; Johnson, 2019). Authentic leaders are “anchored by their own deep sense of self; they know where they stand on important issues, values and beliefs” (Avolio & Gardner, 2005, p. 329). Authentic leaders enhance self-awareness, self-regulation, positive modelling, and follower authenticity. The authenticity of their followers also enhances their well-being and contributes to sustainable and elevated achievement (Avolio & Gardner, 2005). Although authentic leadership first emerged as an attempt to curtail the ethical shortcomings of leaders, the focus shifted from ethical conduct to the positive contribution of authentic leadership in improving organisational performance (Avolio & Mhatra, 2011). Authenticity represents the type of positive leadership approach required during situations where the environment is drastically changing, where previous business rules are no longer effective, and where good leaders are transparent with their intentions, exhibiting alignment between their adopted values and behaviours (Cameron et al., 2003). Johnson (2019) pointed out that authentic leaders are

keen to support colleagues, eager to empower team members while being steered by the mind and heart.

1.3.4 *Authentic Leadership and Selected Variables of Interest in this Study*

In what follows, the aspects mentioned as applicable to the study are discussed.

1.3.4.1 Authentic Leadership and Trust

When authentic leaders exhibit self-awareness, relational transparency, ethical perspective, and a balanced approach in processing and transferring information to team members, it may establish trustful relationships, particularly when their decisions are consistently ethical and they refrain from hasty decision-making (Maher et al., 2017). Therefore, based upon former experiences, followers will be more inclined to trust the future actions and decisions of the leader. Leader trustworthiness is rooted in their behaviour, integrity, application of control, willingness to demonstrate an interest in team members and proficiency to communicate (Northouse, 2021; Whitener et al., 1998). Leadership trust is a relationship between leadership and members based on mutual appreciation, cooperation, commitment, and reliability (Saleem et al., 2020). Authentic leader behaviour is guided by values and persuasions focused on building dependability and gaining follower favour and trust (Avolio et al., 2004). Trustworthiness is an intrinsic feature of authentic leadership (Bandura & Kavussanu, 2018; Hassan & Ahamed, 2011). Authentic leadership can positively influence workplace trust in more than one form (organisation, supervisor and co-workers) (Coxen et al., 2016). When a trustful relationship is established between team members and authentic leaders, the followers will be more loyal and dedicated to the leadership team, eventually resulting in improved performance (Luthans & Avolio, 2003).

1.3.4.2 Authentic Leadership and Dynamic Organisational Capabilities

Today's leaders need to be prepared for turbulence and uncertainty in various forms. To decide on a course of action, they will need organisational capabilities to cope with insufficient insight and understanding (Helfat & Peteraf, 2015). Teece (2007) mentioned three dynamic capabilities: "(1) to sense and shape opportunities and threats (2) to seize opportunities and (3) to maintain competitiveness through enhancing, combining, protecting and, when necessary, reconfiguring the business enterprise's intangible and tangible assets" (p. 1319). Barreto (2010) described dynamic capability as "the firm's potential to systematically solve problems, formed by its propensity to sense opportunities and threats, to make timely and

market-oriented decisions, and to change its resource base” (p. 270). Both descriptions are related and were thus used to describe the potential influence of authentic leadership on dynamic organisational capabilities.

Although studies investigating the relation between authentic leadership and dynamic capabilities are sparse, the researcher argues that, based on the discussion to follow, these two constructs could be positively related. When managers exhibit authentic leadership capabilities by demonstrating that they are aware of their abilities and weaknesses, effectively convey their thoughts, willingly share knowledge, demonstrating alignment between their convictions and conduct, and spurring members on to provide their input (Walumbwa et al., 2008), followers might be of the opinion that they have received ample information to make decisions and to solve problems (Tapscott & Ticoll, 2003). Authentic leadership may change employees' perspectives, motivating them to develop solutions and new ideas in reaction to identified opportunities or threats (Novitasari et al., 2020). Moreover, authentic leaders influence employee creativity and innovation, empowering them to address challenges (Rego et al., 2014; Ribeiro et al., 2020).

1.3.4.3 Trust and Dynamic Organisational Capabilities

Apart from leadership, trust functions as a dynamic capability facilitator, and both are critical sources of leverage (Pablo et al., 2007). Leadership and trust can create an organisational setting conducive to dynamic capabilities and resource creation in general. The workplace context affects the dynamic capabilities of sensing, seizing, and reconfiguring, which shapes organisational socialisation (Sackey, 2021).

A trusting organisational environment contributes to competitive advantage by enhancing the components of dynamic capabilities (Fainshmidt & Frazier, 2017). As “the firm’s ability to coordinate and to adapt...are both crucial aspects of dynamic capabilities” (Kleinbaum & Stuart, 2014, p. 353), trust in the organisation and in employees is specifically appropriate since it stimulates change-oriented sentiments and behaviours among the members of the organisation (Collins & Smith, 2006). It can thus be argued that elevated trust should reinforce the organisation’s potential to sense and seize events in its operations and to reshape its resources more efficiently.

1.3.4.4 Authentic Leadership and Flourishing

Numerous references indicate that authentic leadership is positively associated with follower well-being (Farida & Ingrid, 2009; Nübold et al., 2020; Rahimnia & Sharifirad, 2015). The authentic conduct of leaders can positively influence employee well-being (Ilies et al., 2005). Kernis (2003) maintained that authentic leaders undergo more positive emotions than inauthentic leaders and that the mentioned positive emotions are transmittable and will transmit to the employees. The positive emotive atmosphere established by authentic leadership is supported by a reciprocated affective interchange that will improve team-member well-being (Rautenbach & Rothmann, 2017b). Both authentic leadership and well-being reflect positive psychological resources related to individuals. While authentic leadership relies on the positive psychological capacities of the leader (Gardner et al., 2011), follower well-being also indicates the positive emotion and cognition of an individual (Zheng et al., 2015).

1.3.4.5 Trust and Flourishing at Work

Trust and trustworthiness are important conditions required for generalised human flourishing and should be fostered, maintained, and extended (Pratten, 2017). Flourishing individuals experience elevated mental health levels set apart by positive emotions and productive general functioning (Keyes, 2007). Feeling great can be linked to emotional well-being and operating optimally to psychological and social well-being (Keyes, 2013; Keyes & Annas, 2009).

1.3.4.6 Influence of Precariousness on Flourishing at Work

Organisations need healthy and motivated employees to thrive and persevere in constantly changing and challenging conditions (Varma, 2017; Weinberg & Cooper, 2007). Business leaders and researchers have acknowledged that ill-being can negatively affect employees and business entities. As presented by Keyes (2002), flourishing forms an essential part of mental health research that describes an optimum state that reaches beyond life contentment and a balance of positive-negative affect (Diener et al., 1999). Flourishing combines emotional, psychological, and social well-being and incorporates happiness, meaning, life purpose, personal growth, and constructive social relations involving engagement and a feeling of relatedness towards other individuals (Diener et al., 2010; Huppert & So, 2013). In other words, flourishing relates to the experience of a good life. It can be described as a mix between positive emotions and optimal functioning. The concept might be important to an organisation because flourishing individuals are more engaged, devoted to their employer,

productive, and resilient when faced with hardship (Afzal et al., 2020). Job insecurity as a form of precariousness was associated with elements of ill-being because it may affect follower work engagement and motivation with a possible decrease in enthusiasm and productivity (De Witte & Van Hooft, 2021).

1.3.4.7 Influence of Precariousness (Uncertainty) on Trust (in Leader)

The uncertainty management theory (Lind & Van den Bos, 2002) proposed that the requirement to overcome uncertainty is a reality in many individuals' lives, including the work environment. The perception of trust and fairness are essential elements of employee confidence. Previous research has confirmed that there may be a positive link between trust in the supervisor and uncertainty at work (Colquitt et al., 2012).

1.4 Conceptual Framework of the Study

This study concentrated on the role of a positive leadership style, such as authentic leadership and trust within a precarious (uncertain, insecure, and unpredictable) work context. Furthermore, the JD-R model was applied as a foundation for structuring relationships among the study's predictor- and outcome variables.

Figures 1-1, 1-2, and 1-3 illustrate the study's conceptual framework

Figure 1-1

The Conceptual Framework for the Study of the Relation between Authentic Leadership and Trust (in Organisation and Colleagues) and its Influence on Dynamic Organisational Capabilities

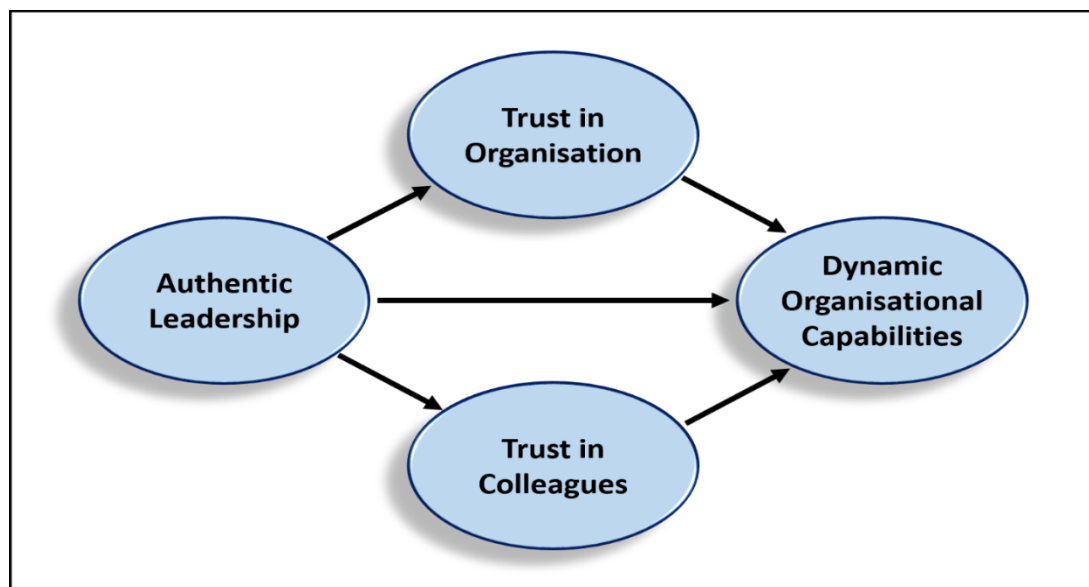


Figure 1-2

The Conceptual Framework for Studying the Relation between Authentic Leadership, Trust in the Leader and Precariousness (Job Insecurity)

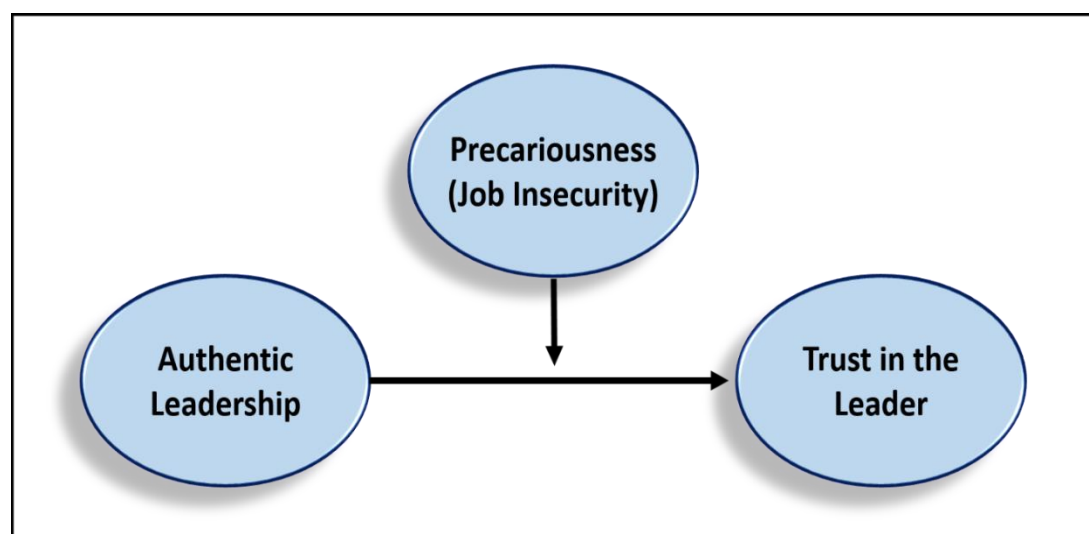
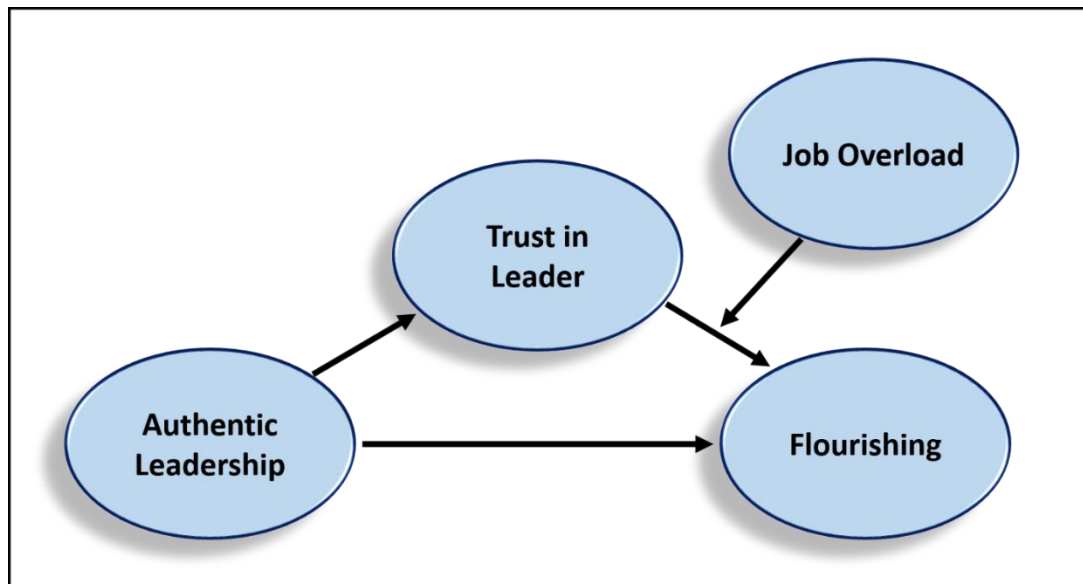


Figure 1-3

The Conceptual Framework for Studying the Relation between Authentic Leadership, Trust (in the Leader), Flourishing and Precariousness (Job Overload)



1.5 Research Gap and the Contribution of the Study

1.5.1 Research Gap

This study investigates the role of authentic leadership in a precarious context in South Africa, and no related research could be detected in the literature. Also, few studies have focused on how authentic leadership relates to trust and dynamic organisation capabilities. Lastly, limited information is available that describes the relation between precariousness and well-being. After a thorough literature search, including Google Scholar, Web of Science, and LexisNexis, it was confirmed that no studies could be found that related to the topics mentioned above and relations were conducted.

1.5.2 Theoretical Contribution

Little is also known about how authentic leadership relates to trust and dynamic organisational capabilities, and this study contributed to understanding this relation. This study also explored the relationship between authentic leadership and employee flourishing through trust within a manufacturing setting, adding some insight into this association. This study should thus be of interest to researchers who want to better understand authentic leadership and the application thereof.

1.5.3 Practical Contribution

The practical contribution of this study is contained in the insight that it gives organisations to better position and equip themselves to prosper in the uncertain and challenging world of business. The insights gained from this study might assist organisations to realise the contribution an authentic leadership approach and the resulting outcomes that was the focus of this study can make to their business.

1.6 Research Questions

The following research questions were formulated, referring to relevant and specific literature and empirical issues:

- Main research question: What is the role of a positive leadership approach (authentic leadership) within a country such as South Africa in terms of its contribution within a precarious organisational context?
- What are the effects of authentic leadership on trust (in the organisation and in colleagues) and dynamic organisational capabilities?
- What are the effects of perceived authentic leadership on trust in the leader, and to what extent does precariousness in the form of job insecurity moderate this relationship?
- What is the nature of the relationship between authentic leadership, trust (in the leader) and flourishing, given a context of precariousness (job overload)?

1.7 Research Objectives

1.7.1 General Objective

The general aim of this study was to determine whether a positive leadership approach such as authentic leadership is a suitable style to promote trust, dynamic capabilities and employee flourishing within a precarious South African organisational context.

1.7.2 Specific Objectives

The specific objectives of this study are as follows:

- To establish whether the authentic leadership style is associated with trust in the organisation, trust in colleagues, and dynamic organisational capabilities when applied to

a sample of employees employed in various functions at a manufacturing organisation based in South Africa.

- To determine whether authentic leadership is associated with dynamic organisational capabilities through the underlying mechanism of trust in the organisation and in colleagues despite the challenging economic conditions in which the target organisation is functioning.
- To investigate the association between authentic leadership and trust in the leader within a precarious business context in South Africa.
- To test whether job insecurity will have a moderating effect on the association between authentic leadership and trust in the leader.
- To analyse the relation between authentic leadership, trust in the leader, and flourishing, given a context of precariousness (job overload).
- To determine whether the indirect influence of authentic leadership on flourishing, through trust in the leader, depends on a moderation effect of job overload on flourishing.

1.8 Research Method

A quantitative research approach was followed when conducting this study, which is suitable when the relations between variables are examined to verify the theory (Creswell & Creswell, 2018).

The researchers adopted a positivist ontological approach in this study and quantitative measurement instruments were used to obtain the required data in order to understand the relations between chosen constructs. Ontology refers to the study of being and the nature of the reality (Crotty, 2003). Ontological assumptions are those that respond to the question “what is there that can be known?” or “what is the nature of reality?” (Guba & Lincoln, 1989, p83).

Epistemology is “a way of understanding and explaining how we know what we know” (Crotty, 2003, p. 3). Epistemology is also “concerned with providing a philosophical grounding for deciding what kinds of knowledge are possible and how we can ensure that they are both adequate and legitimate” (Maynard, 1994, p. 10).

1.9 Literature Review Approach for This Study

A literature study was conducted with a specific focus on the following concepts, their antecedents, consequences and possible relations: authentic leadership, trust, dynamic

organisational capabilities, precariousness and flourishing. The sources that were consulted for this study were either electronic or in hard-copy format, namely, books, theses and dissertations, and electronic databases for social sciences: EBSCOhost: Academic Search Premier, PsycARTICLES, PsycINFO, SocINDEX with Full Text, MasterFILE Premier; Emerald Insight Journals; Google Scholar; Science Direct; African Journals (SAePublications); JSTOR; LexisNexis; Web of Science, and Scopus.

1.10 Empirical Study Approach

1.10.1 Research Design

A quantitative cross-sectional survey design was applied. A cross-sectional method makes examining several groups of individuals at one time possible (Salkind, 2009). As part of the cross-sectional design, latent variable modelling was utilised to appraise model fit and the various effects (direct, indirect, and interaction). The assessment of direct and indirect effects is made possible by utilising latent variable modelling as it reduces measurement error and bias.

Yüksel (2017) posited that the generalisability of findings could be doubted due to possible response bias. To control for possible common method bias, the following procedural remedies were implemented. The procedural remedy proposed by Podsakoff et al. (2003), consisting of psychological separation among measurements, was applied during this study. It involves using a cover letter that clearly states that the measurements of the independent and dependent variables are not related. The second procedural remedy that was applied involved the improvement of scale items through their careful construction. Item uncertainty is common during the comprehension phase of the response (Tourangeau et al., 2000). Thus, unfamiliar terms were defined, vague concepts were avoided, or examples were provided, and questions were specific and clear.

1.10.2 Respondents and Sampling

This study was conducted among three leadership levels, incorporating senior-, middle-, and junior managers working at the manufacturing organisation. The target population consisted of approximately 537 permanently employed managers across the mentioned managerial levels. Demographic information consisting of gender, age, years of service, ethnic origin, operating area and managerial level was used in the study. The stratified random sampling technique that forms part of the probability sampling method was utilised to identify potential

respondents. Stratified random sampling is the separation of a target group into subgroups known as strata (Etikan & Bala, 2017). In this study, the strata were formed based on members' shared characteristics to one of the three management levels within the manufacturing organisation being studied and within these levels, managers had an equal opportunity to participate. Questionnaires were distributed to the identified respondents via an internal survey program administered and facilitated by a colleague who is also a registered industrial psychologist.

1.10.3 Measuring Instruments

The measuring instruments discussed below were applied:

The **Authentic Leadership Inventory** (ALI; Neider & Schriesheim, 2011) was utilised to evaluate employee perception regarding their direct supervisor's authenticity. The ALI consists of 14 items appraising authentic leadership's four dimensions (self-awareness, relational transparency, balanced processing and internal moral perspective). Items included: "My leader solicits feedback for improving his/her dealings with others" and "My leader encourages others to voice opposing points of view". The items were scored on a five-point Likert-type scale ranging from 1 (strongly disagree) to 5 (strongly agree). The Cronbach's alpha coefficients revealed scale reliability ($\alpha = 0.74$ to 0.85 ; Neider & Schriesheim, 2011). The ALI is a reliable instrument in a South African context ($\alpha = 0.93$; Stander et al., 2015).

The **Workplace Trust Survey** (WTS; Ferres, 2003) was developed to measure trust within companies and was used to measure trust in the leader, trust in colleagues and trust in the organisation. The subscales consist of 32 items and use a seven-point Likert scale ranging from 1 (strongly disagree) to 7 (strongly agree). Item examples are: "I act on the basis that my manager displays integrity in his/her actions"; "I believe that my manager follows promises through with actions", and "I think that my co-workers act reliably from one moment to the next" (Ferres, 2003). Prior research produced Cronbach alpha reliability coefficients from 0.90 to 0.97 within South African and Australian contexts (Ferres, 2003).

Dynamic capabilities were assessed using the 12 items from Wilden et al. (2013), using four items per component. Items included: "We observe best practices in our sector" (sensing); "We invest in finding solutions for our customers" (seizing); and "We frequently change our operating method or strategy" (reconfiguring). The Cronbach alpha coefficient for the three subscales ranged from 0.60 to 0.82 (Wilden et al., 2013). A seven-point Likert-type scale

ranging from 1 (strongly disagree) to 7 (strongly agree) was applied. No study could be found in which this instrument was administered in a South African context.

The ***Flourishing-at-work scale – Short form*** (FAWS-SF) consisting of 17 items measuring the flourishing dimensions, namely emotional well-being, psychological well-being and social well-being, was administered (Rautenbach & Rothmann, 2017a). Items were rated on a six-point scale ranging between 1 (never) and 6 (every day). The questions required the respondents to indicate the rate of experiencing identified symptoms during the preceding 30 days. Emotional well-being (three items, e.g. “How often did you experience satisfaction with your job?”) represents the frequency of emotional wellness feelings. Psychological well-being (nine items, e.g. “How often did you feel confident to think or express your own ideas and opinions?”) stipulates the frequency of psychological wellness. Social well-being (five items, e.g. “How often did you feel you had something important to contribute to your organisation?”) reflects the frequency of social feelings of wellness. Rautenbach and Rothmann (2017a) reported an internal consistency ranging from 0.77 to 0.89 during a South African study.

Job insecurity was assessed using the ***Job Insecurity Scale*** (JIS), a four-item scale developed by De Witte (2000). This scale is internationally applied to measure job insecurity. Examples of the items are “Chances are, I will soon lose my job”, “I am sure I can keep my job” (reverse coded), “I feel insecure about the future of my job”, and “I think I might lose my job in the near future”. Respondents rated the items on a five-point Likert type scale that ranged from 1 (strongly disagree) to 5 (strongly agree). A Cronbach alpha reliability coefficient of 0.77 was determined (Vander Elst et al., 2014).

Job overload was evaluated using the eight-item overload portion of the Job Demands Resources Scale (JDRS) as formulated by Jackson and Rothmann (2005). Overload includes items involving work pace and mental and emotional load. Example items include: “Do you work under time pressure?” and “Do you have to remember many things in your work?”. The questions were judged on a scale varying from 1 (never) to 4 (always). The Cronbach alpha reliability coefficient was recorded as being 0.75 (Rothmann et al., 2006).

1.10.4 Research Procedure

Authorisation to perform the research was secured from the manufacturing organisation which employs the potential respondents. To prevent the risk of impartiality and a potential conflict of interest, the researcher used a colleague who is also a registered industrial psychologist to inform and recruit respondents and facilitate and administer the data gathering process. The

potential respondents were also allowed to ask clarifying questions before making a final decision regarding participation in the survey. The information consisted of the following:

- Research purpose;
- Assurance of confidentiality and anonymity;
- The liberty to quit the study for any reason at any time without reprisal;
- Contact details of the facilitator if more information is required.

After sharing the information for prospective participant consideration, they were requested to contact the survey facilitator for inclusion in the study. An e-mail containing the consent letter as well as an electronic link to the relevant questionnaires were forwarded to potential respondents in an electronic format. Completed questionnaires were saved on a secure central electronic database with restricted access, which is not accessible to the researcher to assist with confidentiality. The populated questionnaires were made available to the researcher in a coded format to help ensure that responses could not be traced back to individual respondents. Data analysis commenced soon after all anticipated responses were received from respondents within the agreed period.

1.10.5 Statistical Analysis

Mplus 8.4 was used for analysing the data of articles 1 and 2 (Muthén & Muthén, 1998-2019). The data of article three was analysed by employing the software program R version 3.5.3 in RStudio (RStudio, 2020).

In the initial stage, variable-centred factor tests were carried out to evaluate the applicability of the models applied in the study. For this purpose, Structural Equation Modelling (SEM) methods were implemented to appraise the measurement- and structural models as well as to analyse the proposed structural paths among variables.

The Bayes Information Criteria (BIC) and the Akaike Information Criteria (AIC) were used for measurement model comparison. The absolute fit was determined by establishing the Chi-square values. In addition, alternative fit indices, including Root Mean Square Error of Approximation (RMSEA) and Standardised Root Mean square Residual (SRMR), were rated. Respective values lower than 0.08 and 0.05 for the indicators (RMSEA) and (SRMR) are indicative of a good fit between the data and the model (Hu & Bentler, 1999). The incremental fit was established by utilising the Comparative Fit Index (CFI) and Tucker-Lewis Index (TLI). Values above 0.90 are acceptable for CFI and TLI (Hair et al., 2010). Internal consistency was

assessed via the composite reliability measurement technique instead of the conventional Cronbach alpha technique. This is a preferred method that is applied by calculating the sum of squares of the standardised loadings and variance of error terms (Raykov, 2009).

1.11 Ethical Considerations

The Economic and Management Sciences Research Ethics Committee of the North-West University (EMS-REC) granted ethical clearance prior to data collection (NWU-00609-20-A4). This assisted in ensuring that the research was conducted fairly and ethically. The ethical considerations that guided this study involved voluntary participation and ensuring the anonymity and confidentiality of responses.

1.12 Gatekeeping and Mediation

Before performing the survey, permission was obtained from the manufacturing organisation where the potential respondents were employed. Permission was also obtained by requesting a senior executive of the organisation to sign an organisation permission letter, indicating approval for the research conducted at the manufacturing organisation. The Chief Human Resources Officer of the same manufacturing organisation was requested to act as a gatekeeper.

Once approval was obtained, the survey facilitator forwarded electronic mails to potential respondents to introduce the study. A document containing a brief description of the research project was included in the e-mail, and they were allowed an opportunity to raise concerns and ask questions to the survey facilitator before considering taking part in the survey. Voluntary participation, anonymity and the freedom to withdraw from the study at any time without any negative consequences was once again confirmed.

1.13 Informed Consent

After their consideration and decision to form part of the study, the consent of respondents was obtained electronically by including an informed consent form in the landing page of the survey program used. Respondents were requested to read through the consent form and indicate their permission by ticking a box, indicating that they agreed with the provided information, before commencing with the survey process. Questionnaires were made available to consenting respondents via a link to an internal survey program facilitated by a colleague who is also a registered industrial psychologist. The filled-out questionnaires were made available to the researcher in a coded format, without the names of the respondents

who had completed them, to assist in ensuring that responses could not be traced back to individual respondents.

1.14 Risks to Respondents

The following risks related to the study were foreseen for the respondents:

- Respondents might have felt vulnerable if they perceived that they could be identified and may be uneasy about the results impacting how people view them or the impact thereof on their career at the organisation. However, findings were analysed in a coded format, making it impossible for the researcher to trace back any response to a participant.
- Respondents spent approximately 25-35 minutes of their time with the questionnaire, which might have upset their routine. To counter this, consenting respondents did not have to complete all the items at once but were allowed to electronically save their input and continue at a later stage when it was more convenient for them so as to minimise any upset in their routine and to not interfere with their work duties.
- Respondents could become tired while completing the questionnaire because it can become long and tiring. To limit the potential effect of this, the questionnaire was set up so that it could be completed a few items at a time, and respondents could attend to it in a few shorter sessions instead of one prolonged sitting.
- Respondents might have been scared that they could state things they do not wish to be recorded as it may bother them after their participation. Respondents were given the research facilitator's contact details and telephone number on the consent form to minimise this effect. They were able to call and tell him that they wanted that part excluded. The research facilitator then removed it from the record.
- Respondents could have felt that the questionnaire left them with new uncertainties or questions or what they experienced during their participation. This was managed by reiterating that they were free to contact the research facilitator for additional conversations to clear up any uncertainties or to deal with any concerns.
- Because the research questionnaire contained questions concerning respondents' well-being and actions, it could make them feel uncomfortable. The potential impact of this was mitigated by the research facilitator and the researcher dealing with all the information with the highest level of confidentiality. Therefore, the individual questionnaire results were not made available to the employer or any other employee.
- Although it was not expected that the research process would have an impact on the health of any of the respondents, having to reflect on work and personal matters can occasionally

make a person feel unwell. If respondents felt unwell at any stage of the process, they could communicate this to the research facilitator so that alternative arrangements could be made. The services of a local counsellor were made available if respondents indicated that they required such support.

1.15 Privacy and Confidentiality

Privacy was ensured by using the services of a colleague who sent the survey links to the consenting respondents' e-mail addresses as supplied by them. The results were kept in a password-protected database, and only the research facilitator had access to it. Due to the electronic nature of the survey, candidates were able to attend to the survey when and where it suited them. Privacy was ensured by each person completing their survey at a location that they deemed private and secure (such as their office or at home).

The information was only analysed and utilised in a collective format and not in an individual participant format. Feedback requests were weighed up against the risk of revealing the identity of respondents and managed accordingly. Confidentiality was also ensured by removing all identifiable information (such as participant e-mail addresses) from the database before results were shared with the researcher. All related records are kept under lock and key (password protected for digital records and locked facilities for paper records, if applicable). Lastly, respondents did not need to capture their names on survey documentation.

Respondents had access to the ethics documentation. These documents included the approval from the scientific research committee, consent forms and information sent to participating members, ethical clearance, as well as any other applicable documentation that was required. The related data will be securely retained for at least five years.

1.16 Benefits to Respondents

Although there were no direct benefits to the study respondents, the indirect benefits are anticipated as being the improved understanding by the respondents of their own well-being and leadership habits in a precarious environment. This may positively influence them to improve these aspects of their work life.

1.17 Chapter Division

The chapters in this thesis are outlined as follow:

- Chapter 1: Introduction and background
- Chapter 2: Research Article 1 – Dynamic organisational capabilities: The role of authentic leadership and trust
- Chapter 3: Research Article 2 – Authentic leadership and follower trust: The effect of precariousness
- Chapter 4: Research Article 3 – Authentic leadership, trust (in the leader) and flourishing: Does precariousness matter?
- Chapter 5: Conclusion, limitations, recommendations and contributions

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Chapter 2: Article 1

Dynamic Organisational Capabilities: The Role of Authentic Leadership and Trust

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Chapter 2: Article 1

Dynamic Organisational Capabilities: The Role of Authentic Leadership and Trust

2.1 Abstract

This study investigated the impact of authentic leadership and trust in the organisation and in colleagues as possible predictors of dynamic organisational capabilities such as sensing, seizing and reconfiguration within a context of extreme volatility. Having a high level of dynamic organisational capabilities might contribute to the feasibility of organisations in the struggling manufacturing industry, as it could enhance their sustainability and competitiveness. A quantitative cross-sectional survey design was used. The Authentic Leadership Inventory, Workplace Trust Survey, and Dynamic Capabilities questionnaire were administered. The study determined that authentic leadership was a significant predictor of trust in the organisation, trust in colleagues and dynamic organisational capabilities. The direct effect of authentic leadership on dynamic organisational capabilities was further enhanced through both trust in the organisation and trust in colleagues as underlying mechanisms. Our study illuminates the conducive influence of authentic leadership on dynamic organisational capabilities as an important outcome. Insight into the underlying mechanisms by which authentic leadership achieves effect is advanced through trust, simultaneously targeting interpersonal- as well as organisational levels as foci.

Keywords: authentic leadership; trust in the organisation; trust in colleagues; dynamic organisational capabilities, sensing, seizing, reconfiguring.

2.2 Introduction

2.2.1 Orientation

The world of work, as we know it, has transformed dramatically during the last decade and is characterised by continuous renewal and change (Robbins, Judge, Odendaal, & Roodt, 2016). Henryhand (2009) maintained that organisations find it increasingly difficult to remain competitive as new economic and business challenges continue to emerge. The economic turbulence and the rapid pace of change in the business environment exacerbate uncertainty

and are throwing many leaders off-balance as they find it increasingly difficult to give direction under these circumstances (Raghuramapatruni & Kosuri, 2017).

Although most organisations across the globe are affected by these realities, the companies within the borders of South Africa (SA), which is a developing country, might be more susceptible to these negative external pressures. As an example, the South African manufacturing industry, more specifically the steel-making sector, has been plagued by challenging economic, market, and operational challenges. During the second quarter of 2020, the manufacturing industry decreased by 74.9%, and its contribution to the South African gross domestic product (GDP) was -10.8% (Statistics South Africa, 2020). In order to stay afloat, the sector had to embark on numerous restructuring and staff reduction initiatives over the past few years. This resulted in leaders finding it increasingly difficult to maintain employee trust and secure organisational competitiveness.

Hung, Yang, Lien, McLean and Kuo (2010) stated that the activity of maintaining a competitive advantage is dynamic; hence, proponents have suggested that for an organisation to remain competitive in a challenging business environment, the entity needs to develop, amongst others, dynamic organisational capabilities (DC) (Wilden, Gudergan, Nielsen, & Lings, 2013). In support of this view, Teece (2014) posited that DC could be a source of competitive advantage. The term dynamic capabilities refer to the capacity of an organisation to purposefully generate, expand or modify its resource base (Helfat et al., 2007).

The social context within an organisation shapes attitudes, behaviours and interpersonal relationships among role players and enables the adaptability and coordination that drives DC (Argote & Ren, 2012). The foundational climate for trust is of interest in this study as it has the potential to reinforce adaptability and coordination among organisation members (Carroll, Gormley, Bilardo, Burton, & Woodman, 2006; Collins & Smith, 2006), that could enhance DC (Kleinbaum & Stuart, 2014). Additionally, DC may be enabled by trusting relationships within an organisation (Helfat & Peteraf, 2015; Pablo, Reay, Dewald, & Casebeer, 2007). These findings suggest that trust has the potential to serve as an underlying process through which the effect of authentic leadership (AL) on DC takes shape.

Furthermore, Lewicki, McAllister and Bies (1998) maintained that trust is deemed vital in an uncertain business environment as employees utilise perceptions of trust as a method of dealing with challenges in their work environment. Additionally, Saruhan (2013) found that in the mentioned context, employees might find it difficult to have trust in the organisation (TO),

and these circumstances may result in them feeling insecure and uncertain. Uncertainty in the workplace could also result in feelings of mistrust towards supervisors and colleagues (Islam, Furuoka, & Idris, 2020; Thanetsunthorn & Wuthisatian, 2020; Villena, Choi, & Revilla, 2019).

Given the above-mentioned reality, Anuradha and Sujatha (2019) stated that the success of leaders functioning in this uncertain context is based on sound business principles, an organisation's ability to respond speedily, robust collaborative networks and trusting relationships, innovation and ethical practices. To this end, AL has attracted scholars' attention because of its claimed positive influence on various employee and organisational outcomes (Avolio & Walumbwa 2014; Gardner, Coglisier, Davis, & Dickens, 2011; Towsen, Stander, & Van der Vaart, 2020; Wang & Hsieh, 2013). As an example, Stander, De Beer and Stander (2015) mentioned that AL would predict positive work-related outcomes, more specifically, the outcome of TO, which is one of the focus areas of this study. Moreover, authentic leaders can cultivate credibility and trust among employees through the authenticity they display (Bamford, Wong, & Laschinger, 2013).

It is proposed that an AL style will enhance DC because of its positive influence on employee innovation and creativity (Muceldili, Turan, & Erdil, 2013; Rego, Sousa, Marques, & Cunha, 2014; Ribeiro, Duarte, Filipe, & Torres de Oliveira, 2020), information- and knowledge- sharing (Černe, Jaklič, & Škerlavaj, 2013; Rego, Sousa, Marques, & Cunha, 2012) and decision-making and problem-solving (Gaddy, Gonzalez, Lathan, & Graham, 2017). Despite the potential value that DC might have to contribute to the competitive advantage of an organisation, the relationship between AL and DC has not yet been sufficiently explored. Additionally, nor has the underlying mechanisms through which the relationship between AL and DC can potentially be strengthened been adequately researched in previous studies.

Although the potential value of adopting a leadership approach such as AL in a business setting has been investigated in several research studies (Azanza, Moriano, Molero, & Mangin, 2015; Coxen, Van der Vaart, & Stander, 2016; Khan, 2010; Munyaka, Boshoff, Pietersen, & Snelgar, 2017), little empirical work has been conducted to evaluate the role of authentic leadership in a South African manufacturing environment. This represents an important research gap in South African literature. It will be of value to investigate the application of AL within the mentioned context as it is currently functioning in a turbulent environment that accentuates the precariousness of both the organisation, in terms of its sustainability, and its employees, who are faced with uncertainty regarding continued employment.

2.3 Research Purpose and Value-Add

The study aimed to answer the following main research question: What is the relationship between AL, trust (in the organisation and in colleagues) and DC?

Firstly, the study adds value because it could assist in better understanding about how AL is experienced within a developing country context. This becomes of even more interest because the sector within which the study is conducted, namely the steel manufacturing sector of SA, is currently experiencing extreme turbulence that puts this leadership style and its impact on important outcomes to the test. Would AL be able to build the dynamic capabilities of the organisation despite the prevailing economic challenges? Because employees of the organisation are constantly confronted with the realities of restructuring and even possible retrenchment, the study provides more insight into the effect the mentioned realities might have on trust in the organisation (TO) and trust in colleagues (TC).

2.4 Literature Review

2.4.1 Authentic Leadership

Authentic leadership as a concept in leadership literature has been studied within the limits of modern leadership theories (Chan, Hannah, & Gardner, 2005). Wang, Sui, Luthans, Wang and Wu (2014) stated that AL is characterised by a leader's conduct that demonstrates self-awareness, relational transparency, balanced processing and internalised moral perspective. Self-awareness refers to the awareness of one's strengths and weaknesses, as well as values and beliefs (Avolio & Gardner, 2005). Relational transparency refers to presenting one's true self to others, resulting in the establishment of trust and cooperation and nurturing teamwork among co-workers (Gardner, Avolio, Luthans, May, & Walumbwa, 2005). Balanced processing points to a leader's ability to be unbiased in considering all relevant information before reaching a decision (Leroy, Palanski, & Simons, 2012). Lastly, internalised moral perspective refers to a leader's moral values and beliefs that are compatible with his or her behaviour (Walumbwa, Avolio, Gardner, Wernsing, & Peterson, 2008). Neider and Schriesheim (2011) maintained that the behaviour exhibited by authentic leaders is characterised by their inspiration and motivation of others, their stimulation of others on an intellectual level and their provision of individualised attention to followers. These features enable followers to thoroughly analyse their authentic leader's principles and proficiency based on the actions of their leader (Wang, Sui, Luthans, Wang, & Wu, 2014).

2.4.2 Authentic Leadership and Trust (in the Organisation and in Colleagues)

Stander et al. (2015) pointed out that TO is a highly sought-after organisational state – for instance, it has been associated with various positive outcomes such as work engagement (Gillis, 2003), knowledge sharing amongst team members in an organisation (Ferres, Connell, & Travaglione, 2005) and employee performance (Paliszkiewicz & Koohang, 2013). It is thus important for leaders – regardless of their leadership style – to strive to promote trusting relationships with their followers.

Authentic leadership represents authenticity as well as positive empowering behaviours which will result in employees being more willing to trust their employers (Stander et al., 2015). Avolio, Gardner, Walumbwa, Luthans and May (2004) further stated that AL enables social interplay between leader and follower in a culture that reinforces the sharing of information and open communication. The aforementioned results in TO, as the authentic nature of the leadership approach, culminate in transparency and the sense that the organisation, through its leaders, has the best interests of employees at heart (Gardner et al., 2005). Trust in the organisation, as described by Gilbert and Tang (1998), is a sense of support towards and confidence in one's employer as well as a conviction an employee holds that the organisation that employs them has their best interest at heart. Bromiley and Cummings (1996) posited that when employees have trust in their organisation, they will invest energy and effort to help ensure that the organisation's objectives are successfully achieved.

When authentic leaders display authenticity through their words and actions, they can foster respect, credibility and trust among employees (Bamford et al., 2013). Begley (2006) stated that AL is a reciprocal phenomenon as it results in authenticity in followers and prospective leaders, who then become authentic in their behaviour. Based on this statement and the fact that authentic leaders create a trustful relationship with their subordinates (Gardner et al., 2005), it is likely that the modelling of AL will also result in increased levels of trust that will be established in co-workers.

2.4.3 Authentic Leadership and Dynamic Organisational Capabilities

Dynamic capability is defined as “the firm's ability to integrate, build and reconfigure internal and external competencies to address rapidly changing environments” (Teece, Pisano, & Shuen, 1997, p. 516). Dynamic capabilities are noticeably different from organisational operations, which describe what the company is currently focussing on. Instead, dynamic capabilities emphasise the potential of the business to develop a long-term competitive

advantage through the modification of its short-term competitive position (Muldoon, Bendickson, & Mayherne, 2019). Dynamic capability can also be defined as “the firm’s potential to systematically solve problems, formed by its propensity to sense opportunities and threats, to make timely and market-oriented decisions, and to change its resource base” (Barreto, 2010, p. 270). The two definitions being closely related, the latter definition was used in this study to describe the potential relationship between AL and DC. Although organisations that have enhanced DC are not guaranteed success, it can serve as a potential source of improved organisational performance (Helfat et al., 2007). Gnizy, Baker and Grinstein (2014) concluded that a lack of dynamic capabilities would limit an organisation’s ability to maintain its competitive advantage, especially in an uncertain business environment.

Authentic leaders who exhibit self-awareness (act true to themselves), balance their values with external demands and make decisions according to their deep-rooted moral standards (internalised moral perspective), seek and appraise input from various perspectives (balanced processing) and sustain relationships rooted in transparency, authenticity, and honesty with followers (relational transparency), have a noticeable influence on positive outcomes (Avolio & Walumbwa, 2014).

According to the AL theory, authentic leaders can encourage innovation and creativity by motivating their followers to exhibit more daring and imaginative behaviour (Avolio et al., 2004). Furthermore, high levels of relational transparency make it possible for managers to openly display support and show that they value the capabilities of employees and want them to perform well (Zhou, Ma, Cheng, & Xia, 2014). Therefore, such leaders build strong relations with their subordinates, who then may be more willing to share their ideas and find different ways of solving problems (Laguna, Walachowska, Gorgievski-Duijvesteijn, & Moriano, 2019). Authentic leaders are also open and honest communicators who willingly share information with their followers (Joo & Jo, 2017). The shared information enables employees to develop their intuition, broaden their knowledge and acquire new skills (Kirkman & Rosen, 1999). Authentic leaders are also likely to enable employees to make sound decisions and to solve problems effectively in challenging and problematic situations by placing a focus on employee involvement and participation (Ilies, Morgeson, & Nahrgang, 2005). In an organisational environment where information and knowledge sharing is established as the norm, the possibility for employees sharing more opinions, suggestions, ideas and, solutions with the leader because of the leader engaging in participative decision making is higher (Rawung, Wuryaningrat, & Elvinit, 2015). These conditions might assist the leader in being more aware

of potential threats and opportunities, as well as arriving at an informed decision and the best solution when confronted by challenging situations, two key components of the DC construct.

2.4.4 Authentic Leadership, Dynamic Organisational Capabilities and Trust (in the Organisation and in Colleagues)

Authentic leadership can also be defined as a type of leadership behaviour that utilises both positive psychological capacities and an ethical climate to ensure that leaders and followers are cultivating self-awareness, an internalised moral perspective, the balanced processing of information and relational transparency (Walumbwa et al., 2008). Beddoes-Jones and Swailes (2015) found that trust is at the core of AL. Moreover, AL has a significant influence on TO, trust in the supervisor and trust in co-workers (Coxen et al., 2016). Miniotaite and Buciuniene (2013) suggested that AL increases followers' TO amongst other positive outcomes. Tabak, Polat, Çoşar and Türköz (2013) found that employees who have a high-level of AL perception reported high levels of organisational trust. This finding upheld the results of the studies conducted by Dasborough and Ashkanasy (2005) and Çeri-Booms (2009) that AL results in increased levels of organisational trust.

According to Bamford et al. (2013), authentic leaders are perceived to demonstrate authenticity and foster respect, credibility and, ultimately, trust amongst subordinates (co-workers). Furthermore, Gill and Caza (2018) posited that trust among co-workers could emerge from the authentic culture and climate created by supervisors (authentic leaders) for their subordinates at their workplace.

Fainshmidt and Frazier (2017) found that the dynamic capabilities of sensing, seizing, and reconfiguring are influenced by the organisational context, which shapes the member interaction within an organisation. A trustful environment (climate for trust) may promote the type of adaptability and coordination amongst organisation members, which results in increased DC and subsequent competitive advantage (Fainshmidt & Frazier, 2017). Schreyögg and Sydow (2010) further stated that a trustful environment might contribute to the organisation's ability to reflect on the current way things are performed. It might also encourage information- and knowledge-sharing and change-oriented behaviour and activities throughout the organisation, which may result in the discovery of new opportunities or the reconsideration of current routines as a means to adapt to new conditions (Schreyögg & Sydow, 2010). Subsequently, a trustful environment (climate for trust) should facilitate the actual reconfiguration of the organisation's resource base requiring minimum cost and friction

as it is enabled by the cooperative interactions and adaptability amongst employees (Fainshmidt & Frazier, 2017).

Based on the foregoing discussion, the main and supporting research questions of this study were formulated as follows:

- What are the effects of authentic leadership on trust (in the organisation and in colleagues) and dynamic organisational capabilities?
- Will trust (in the organisation and in colleagues) mediate the relationship between authentic leadership and the organisation's dynamic capabilities?

Considering the definition and components of AL as defined in the literature and indicated above, the researchers propose the following: (1) AL is positively associated with DC and (2) the association between AL and DC is strengthened by enabling a trustful environment characterised by TO and TC as underlying processes. The following hypotheses were formulated:

Hypothesis 1: AL is positively associated with TO, TC and DC.

Hypothesis 2: TO (a) and TC (b) is positively associated with DC.

Hypothesis 3: AL is positively related to DC through TO (a) and TC (b).

2.5 Research Design

2.5.1 Research Approach

A quantitative approach and a cross-sectional survey design were followed. The current study explored relationships among variables that have not been studied in this combination before; hence a cross-sectional design was deemed appropriate (Spector, 2019).

2.6 Research Method

2.6.1 Research Respondents

The study population comprised employees from three managerial levels consisting of senior, middle, and junior managers working at the respective plant sites of a South African manufacturing organisation that is currently undergoing changes in an attempt to increase its performance and sustainability. All respondents were proficient in English, either as their first

or second language. A total of 570 questionnaires were distributed, of which 314 were completed in full. This represents a response rate of 55%. A stratified random sampling technique enabled the collection of data. Table 1, as compiled by the authors, depicts the characteristics of the respondents: 41.7% of the respondents were in the 51–60 age group, and 64.7% were employed at the junior manager level. A total of 33.4% of the respondents had 21–30 years of service, and a further 30.5% had 31–40 years of service. Of the respondents, 63.3% indicated that they had 0–10 years of service in their current position, and 24.2% of the sample had been employed for 11–20 years in their current position.

Table 2-1

Characteristics of respondents (n = 314)

Item	Category	Frequency	%
Age group	20-30 years	7	2.2
	31-40 years	39	12.4
	41-50 years	126	40.1
	51-60 years	131	41.7
	≥ 61 years	11	3.5
Job category	Senior manager	41	13.0
	Manager	70	22.2
	Junior Manager	203	64.7
Experience	0-10 years of service	39	12.4
	11-20 years of service	60	19.1
	21-30 years of service	105	33.4
	31-40 years of service	96	30.5
	41-45 years of service	14	4.5
Years in current position	0-10 years	199	63.3
	11-20 years	76	24.2
	21-30 years	27	8.6
	31-40 years	10	3.1
	41-45 years	2	0.6
Operating area	Vanderbijlpark works	163	51.9
	Newcastle works	56	17.8
	Gauteng operations	26	8.3
	Corporate services	69	22.0

2.6.2 Measuring Instruments

Consenting respondents were requested to complete a biographical questionnaire as well as instruments for measuring AL, TO, TC and DC.

The Authentic Leadership Inventory (ALI) (Neider & Schriesheim, 2011) was used to measure the employees' perception of the AL characteristics of their direct supervisor. The ALI consists of four dimensions, namely self-awareness (three items), internal moral perspective (four items), balanced processing (four items) and relational transparency (three items), which are measured by 14 items. Example items include: 'My leader clearly states what he/she means' and 'My leader is guided in his/her actions by internal moral standards'. A five-point Likert-type scale ranging from 1 (strongly disagree) to 5 (strongly agree) was applied to score the items. Earlier studies reported acceptable reliabilities with Cronbach's alpha coefficients ranging between 0.74 and 0.90 (Men & Stacks, 2014; Neider & Schriesheim, 2011). The reliability of ALI was also determined in a South African study ($\alpha = 0.93$; Stander et al., 2015).

Two scales of the Workplace Trust Survey (WTS) (Ferres & Travaglione, 2003) were used to measure TC (12 items) and TO (11 items), which were scored applying a seven-point Likert scale ranging from 1 (strongly disagree) to 7 (strongly agree) for each scale. An example item for TO includes the statement 'I have positive feelings about the future direction of my organisation', and an example item for TC includes 'I feel that my co-workers are truthful in their dealings with me' (Ferres & Travaglione, 2003). Previous studies employing the WTS in both a South African and Australian context have resulted in Cronbach alpha reliability coefficients ranging between 0.90 and 0.97 (Ferres & Travaglione, 2003).

Dynamic organisational capabilities were measured using the 12 items taken from Wilden et al. (2013), with four items for each of the three components of sensing, seizing and reconfiguring. Example items include: 'In my organisation, we observe best practices in our sector' (sensing); 'In my organisation, we adopt the best practices in our sector' (seizing) and 'In my organisation, we frequently change our marketing method or strategy' (reconfiguring). A seven-point Likert-type scale ranging from 1 (strongly disagree) to 7 (strongly agree) was used to record responses. Cronbach alpha coefficients ranging from 0.60 to 0.82 were reported for the three subscales (Wilden et al., 2013).

2.6.3 Research Procedure

Before the commencement of the study, permission was obtained from the Chief Executive Officer of the manufacturing company at which the study was conducted. Additionally, scientific and ethics clearance was secured from a reputable South African institution for higher education. Respondents were allowed four weeks to complete the electronic questionnaires in their own time and at their own pace.

We acknowledge the risk of common method variance (CMV) incurred through self-reported questionnaires. However, because of our interest in respondents' own perceptions (rather than how the objective environment would reflect possible associations between constructs), the use of monomethod self-reports was deemed more appropriate than alternative sources of information (Spector, 2006, 2019). We followed good measurement practice by making use of previously validated measures that have been carefully designed to eliminate item ambiguity. We also structured the context of questions so as to clearly separate the independent and dependent variables and by using different scales in different sections of the questionnaire. We further employed procedural remedies to counter CMV, for example, by asking respondents to complete the questionnaire at home (which would help to psychologically distance themselves) and over a rather lengthy period of four weeks during which they could complete sections of the questionnaire without doing so in one straight session. A cover letter explained that participation was voluntary and that responses would be anonymised prior to data analysis (rather than merely being treated confidentially) in order to encourage honest answers. Finally, we also employed statistical procedures to test for CMV, which will be discussed further below.

2.6.4 Statistical Analysis

Statistical analysis was performed by utilising *Mplus* 8.4 (Muthén & Muthén, 1998-2019). In *Mplus*, Structural Equation Modelling (SEM) was applied to evaluate the measurement and structural models and to analyse the proposed structural paths between the variables. Items of all questionnaires were treated as continuous, and because no missing values were recorded, the mean-adjusted Maximum Likelihood (MLM) estimator, which is robust to the non-normality of data (Wang & Wang, 2012), was used as an estimator.

The following fit indices were considered: Absolute fit was assessed by calculating the Chi-square values. Alternative fit indexes such as Root Mean Square Error of Approximation (RMSEA) and Standardised Root Mean Square Residual (SRMR) were also assessed. Values

lower than 0.08 are accepted as an indication of a good fit between the data and the model for the (RMSEA) and (SRMR) indicators, respectively (Wang & Wang, 2012). Comparative Fit Index (CFI) and the Tucker-Lewis Index (TLI) were further used to determine incremental fit. Comparative Fit Index and TLI values higher than 0.90 are considered acceptable (Hair et al., 2010b). Furthermore, two parsimonious fit indices, namely Bayes Information Criteria (BIC) and the Akaike Information Criteria (AIC), that are primarily concerned with the cost-benefit appraisal of fit versus degrees of freedom (*df*) were used to compare models. Neither has an absolute interpretation but are meaningful when comparing models – with lower values indicating better fit (Hair et al., 2010a). The composite reliability measurement technique was used to assess internal consistency, as it is superior to Cronbach alpha coefficients when latent variable modelling is used. This is the preferred scientific method in recent literature and is calculated using a formula based on the sum of squares of the standardised loadings and variance of error terms (Raykov, 2009). A cut-off point of 0.70 was considered acceptable (Wang & Wang, 2012).

To investigate the possibility of trust (TO and TC) indirectly influencing the relationship between AL and DC, mediation analysis was performed using a parallel multiple mediator model in PROCESS (Hayes, 2017). The bootstrapping resampling option was set at 10 000 samples, and statistical significance was determined by two-sided bias-corrected confidence interval levels (CIs) set at a value of 95% (<0.05).

2.6.5 Ethical Considerations

Ethical approval was granted by the Economic and Management Sciences Ethics Committee (EMS-REC) at North-West University. Reference number: NWU-00609-20-A4.

2.6.6 Results

Although there is no single statistical test that could comprehensively test for CMV (Spector, 2006; 2019), we nevertheless employed Harman's Single-Factor Test for CMV (Tehseen, Ramayah, & Sajilan, 2017) to perform an exploratory factor analysis on the data. Four factors emerged that explained 61.4% of the variance. The first component only explained 41.3% of the variance, thereby suggesting that CMV was not evident (Tehseen et al., 2017). Furthermore, a CFA in *Mplus* showed that the single-factor model did not fit the data well, as none of the indicators met the criteria for acceptable model fit ($\chi^2 = 1756.65$, $df = 464$, CFI = 0.66, TLI = 0.63, SRMR = 0.11 and RMSEA = 0.11). Although none of the results decisively rule out the possibility of CMV, they do suggest that CMV is not an overriding concern in this

dataset and for this reason, we did not perform post-hoc CMV correction during subsequent analyses.

2.7 Confirmatory Factor Analysis

To evaluate the possible relationships between the latent variables, a four-factor measurement model and two alternative models were compared.

In Model 1, AL was specified as a second-order latent variable consisting of four first-order sub-dimensions, TO and TC were both specified as first-order latent variables respectively measured by 11 and 12 directly observed items, and DC was specified as a second-order latent factor consisting of three first order-latent components consisting of four items each.

Model 2 was specified similar to Model 1 with the exception that AL was specified as a first-order latent variable measured by means of 14 directly observed variables.

Model 3 consisted of four first-order latent variables in which all constructs were measured by directly observed variables only.

Table 2-2 was developed by the authors and presents the fit statistics for the three competing measurement models as described above.

Table 2-2

Fit statistics of competing measurement models

Model I	χ^2	df	CFI	TLI	RMSEA	SRMR	AIC	BIC
1	1855.443 *	111 4	0.92 5	0.92 1	0.046 [0.042, 0.050]†	0.048	40127.69 4	40727.59 7
2	1869.270 *	111 8	0.92 4	0.92 0	0.046 [0.043, 0.050]†	0.048	40136.10 4	40721.00 9
3	1960.780 *	111 7	0.91 4	0.91 0	0.049 [0.045, 0.053]†	0.048	40243.74 9	40832.40 3

CFI, Cooperative Fit Index; TLI, Tucker-Lewis Index; BIC, Bayes Information Criteria; AIC, Akaike Information Criteria; RMSEA, Root Mean Square Error of Approximation; SRMR, Standardised Root Mean Square Residual.

*, $p < .001$.

†, 90 % confidence interval (CI).

For Model 1, the Chi-square test was significant ($p < 0.0001$), with a Chi-square (χ^2) value of 1855.443 and a degrees of freedom (df) value of 1114, indicating that a perfect fit to the data was not attainable. However, Hancock and Mueller (Eds. 2010) recommended that researchers should report multiple fit indices as this measure of fit is known to be oversensitive. According to the alternative fit indices, an approximate fit to the data was attainable: Both TLI and CFI were above the cut-off value of 0.90, RMSEA indicated a close fit (< 0.08 , $p > 0.05$) and SRMR also indicated a good fit (< 0.08).

The results for Model 2 indicated that the Chi-square test was significant ($\chi^2 = 1869.270$, $df = 1118$, $p < 0.0001$), which indicated that a perfect fit was not attainable. The CFI and TLI values supported an approximate fit (> 0.90), and this was supported by an acceptable model fit for the RMSEA (< 0.08 , $p > 0.05$) and SRMR (< 0.08) indices.

The Chi-square test, as part of the Model 3 results, was once again significant ($\chi^2 = 1960.780$, $df = 1117$, $p < 0.0001$). The alternative fit indices were again acceptable as represented by TLI and CFI (> 0.90), and both the RMSEA ($p > 0.05$) and SRMR values were smaller than 0.08.

Although acceptable comparative fit indices were indicated for all three competing models, the CFI (0.925) and TLI (0.921) values as well as the lowest AIC value of 40127.694 indicated that Model 1 fitted the data best. In addition, although the χ^2 value was significant, it was nevertheless the lowest, and the df was also the lowest for Model 1. Furthermore, the RMSEA and SRMR values were also acceptable. Only one indicator (BIC = 40721.009) pointed to Model 2 as the better model. When evaluating the findings of all the fit indices in conjunction, Model 1 was chosen as the preferred model. In support of the AIC value that pointed towards this model as the most acceptable, the CFI and TLI fit indices for Model 1 were slightly more ideal than those for the competing models. Another important consideration was that this model also offered the closest resemblance to the factor structures as theory proposes. The standardised results for the observed indicators measuring propensity ranged from 0.40 (lowest) to 0.99 (highest). Item to factor loadings for the scales measuring Relational transparency (ALR), Internalised moral perspective (ALM), Balanced processing (ALB), and Self-awareness (ALS) as related but separable sub-constructs of AL ranged from 0.40 (lowest) to 0.81 (highest). Values of items loading onto the two latent variables measuring TO ranged from 0.66 (lowest) to 0.83 (highest), and for TC, values ranged from 0.66 to 0.88. All indicators in the preferred model (model 1) loaded statistically significantly ($p < 0.001$) onto their respective constructs as expected, establishing the posited relationships among indicators and constructs (Hair et al., 2010).

To see how the χ^2 would change between the competing models when compared to the preferred measurement model, Chi-square difference testing had to be performed (Satorra & Bentler, 1999). Results in Table 2-3 provides further support for the preferred model (Model 1), because both competing models (Models 2 and 3) had significant p-values, suggesting a significantly worse fit to the data as compared to Model 1.

Table 2-3

Chi-square difference test for comparing nested models

Model	$\Delta\chi^2$	Δdf	<i>p</i>
2 vs. 1	13.83	4	0.01
3 vs.1	115.99	3	0.00

2.8 Testing Structural Models

Table 2-4 reflects the descriptive statistics (e.g. means and standard deviations), Raykov's rho reliability coefficients and Table 5 reflects a correlation matrix. The authors summarised results in Table 2-4, which indicate that the Raykov's rho coefficients, out of all the measuring instruments, were well above the minimum threshold with values above 0.90 and are thus considered highly reliable.

Table 2-4

Means, standard deviations and reliabilities

Variable	<i>M</i>	<i>SD</i>	<i>ρ</i>
1. Relational transparency (ALR)	3.74	0.71	0,75
2. Internalised moral perspective (ALM)	3.61	0.63	0,71
3. Balanced processing (ALB)	3.57	0.78	0,84
4. Self-awareness (ALS)	3.48	0.76	0,79
5. Authentic leadership	3.60	0.64	0.98
6. Trust in organisation	3.64	1.25	0.93
7. Trust in colleagues	4.79	1.07	0.95
8. Sensing (SE)	4.79	1.12	0,85
9. Seizing (SZ)	4.96	1.18	0,89
10. Reconfiguring (RC)	4.58	1.24	0,89
11. Dynamic capabilities	4.78	1.10	0.97

M, mean; *SD*, standard deviation; *ρ*, composite reliability coefficient.

Table 2-5

Correlation Matrix

Variable	1	2	3	4	5	6	7	8	9	10	11
1. ALR	-	-	-	-	-	-	-	-	-	-	-
2. ALM	0.92†**	-	-	-	-	-	-	-	-	-	-
3. ALB	0.93†**	0.93†**	-	-	-	-	-	-	-	-	-
4. ALS	0.95†**	0.95†**	0.96†**	-	-	-	-	-	-	-	-
5. AL	0.96†**	0.96†**	0.97†**	0.99 †**	-	-	-	-	-	-	-
6. TO	0.46†**	0.46†**	0.47†**	0.48†**	0.48†**	-	-	-	-	-	-
7. TC	0.42†**	0.42†**	0.43†**	0.44†**	0.44†**	0.59†**	-	-	-	-	-
8. SE	0.48†**	0.48†**	0.49†**	0.49†**	0.50†**	0.71†**	0.61†**	-	-	-	-
9. SZ	0.49†**	0.48†**	0.49†**	0.50†**	0.51†**	0.72†**	0.62†**	0.98†**	-	-	-
10. RC	0.43†**	0.43†**	0.44†**	0.45†**	0.45†**	0.64†**	0.55†**	0.87†**	0.88†**	-	-
11. DC	0.49†**	0.49†**	0.49†**	0.50†**	0.51†**	0.71†**	0.61†**	0.98†**	0.99†**	0.89†**	-

ALR, relational transparency; ALM, internalised moral perspective; ALB, balanced processing; ALS, self-awareness; AL, authentic leadership; TO, trust in organisation; TC, trust in colleagues; SE, sensing; SZ, seizing; RC, reconfiguring; DC, dynamic organisational capabilities.

**, $p < 0.01$.

†, $r > 0.30$.

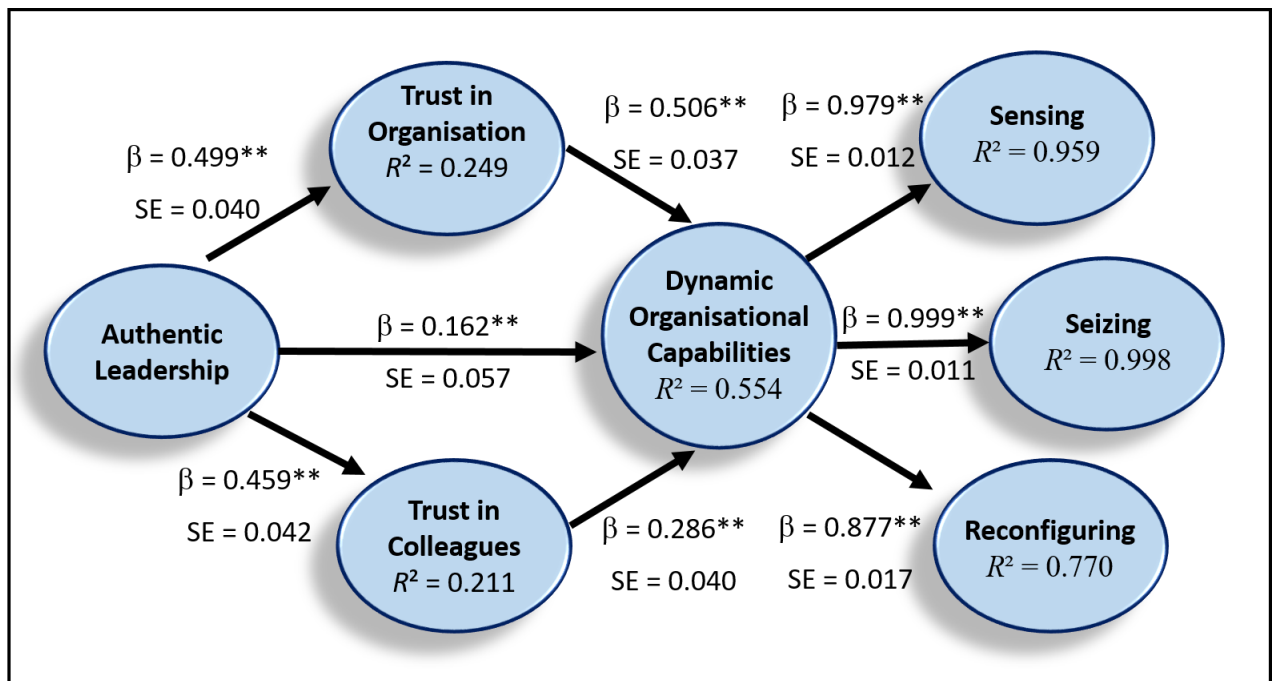
‡, $r > 0.50$.

Table 2-5 also indicates that the correlation coefficients of the variables were all statistically significant at a 99% level of certainty. Furthermore, AL was found to be practically and significantly related to TO ($r = 0.48$, medium effect); TC ($r = 0.44$, medium effect) and DC ($r = 0.51$, large effect). Trust in the organisation was practically and significantly related to TC ($r = 0.59$, large effect) and to DC ($r = 0.71$, large effect). Lastly, DC were practically and significantly related to TC ($r = 0.61$, large effect).

The path coefficients for Model 1 are depicted (Figure 2-1). As evident from Figure 2-1, AL significantly associates with TO ($\beta = 0.499$; $p < 0.05$), TC ($\beta = 0.459$; $p < 0.05$) and DC ($\beta = 0.162$; $p < 0.05$). Furthermore, AL explains 24.9% of the variance in TO, 21.1% of the variance in TC and 55.4% 31% of the variance in DC. These results provide support for Hypothesis 1 and Hypothesis 2.

Figure 2-1

Standardised path coefficients for the best-fitting model



******, $p < 0.01$.
SE, standard error.

Table 2-6

Regression paths of the research model

Regression relationships	Standardised estimate	Standard error	<i>p</i>
ALR → Authentic leadership	0.959	0.019	0.000
ALS → Authentic leadership	0.988	0.015	0.000
ALM → Authentic leadership	0.961	0.018	0.000
ALB → Authentic leadership	0.969	0.015	0.000
Authentic leadership → Trust in the Organisation	0.499	0.040	0.000
Authentic leadership → Trust in Colleagues	0.459	0.042	0.000
Authentic leadership → Dynamic Organisational Capabilities	0.162	0.057	0.000
Trust in the Organisation → Dynamic Organisational Capabilities	0.506	0.037	0.000
Trust in Colleagues → Dynamic Organisational Capabilities	0.286	0.040	0.000
SE → Dynamic Organisational Capabilities	0.979	0.012	0.000
SZ → Dynamic Organisational Capabilities	0.999	0.011	0.000

Regression relationships	Standardised estimate	Standard error	p
RC → Dynamic Organisational Capabilities	0.877	0.017	0.000

ALR, relational transparency; ALM, internalised moral perspective; ALB, balanced processing; ALS, self-awareness; SE, sensing; SZ, seizing; RC, reconfiguring.

2.9 Indirect Effect

As a next and final step, mediation analysis was performed employing a parallel multiple mediator model in Process (Hayes, 2017) to assess the potential mediating roles of TO and TC on the linkage between AL and DC. Bootstrapping (10000 samples) was used to construct two-sided bias-corrected 95% CIs to assess indirect effects. Both TO ($\beta = 0.3555$, $p < 0.05$; 95% CI = 0.2478-0.4795) as well as TC ($\beta = 0.1971$, $p < 0.05$, 95% CI = 0.1077-0.3072) were significant positive mediators in the relationship between AL and DC. The direct association between AL and DC decreased but remained significant ($\beta = 0.2730$, $p < 0.05$), showing that AL is still associated with OC independently of the indirect effect as well. This result provides support for Hypothesis 3 a and b.

2.10 Discussion

2.10.1 Outline of the Results

Firstly, the objective of this study was to determine whether the AL style associates with TO, TC, and DC amongst a sample of employees from various functions in a manufacturing organisation in South Africa. Secondly, the study aimed to understand whether AL could associate with dynamic capabilities through the underlying mechanism of trust as established in colleagues and towards the organisation as focal targets, despite the turbulent economic conditions that are being experienced in the target organisation.

The study was conducted to gain knowledge and understanding of how AL can potentially enhance DC and thereby promote sustainable organisation functioning and possibly even enhance competitiveness despite a precarious business environment.

The SEM results indicated that AL directly and positively associated with TO. This result is in line with previous studies on AL that were conducted in a developing country context and which found that AL is a positive predictor of TO (Coxen et al., 2016; Stander et al., 2015). Thus, if employees perceive their leaders to display AL behaviour, they will be more inclined to have TO. Employees will be more inclined to assess processes as fair and to share

information whilst experiencing a supportive work environment (Ferres & Travaglione, 2003). In such a positive work environment, one can expect people to stand together to face challenges, in this case, a very demanding business environment. Ferres and Travaglione (2003) further reinforce this notion by mentioning that when employees trust the organisation, they will positively focus on the effectiveness and sustainability of the organisation. When employees trust their organisation, leaders and/or colleagues, they are more likely to strive for better results in their work (Coxen et al., 2016; Kim, Wang, & Chen, 2018).

This study also revealed a statistically significant association of AL with TC. This finding might be the result of leaders who are perceived to demonstrate characteristics of authentic leadership and are therefore willing to share information, be objective and listen to the viewpoints and ideas of subordinates (Neider & Schriesheim, 2011). According to Avolio and Gardner (2005), authentic leaders are perceived to be self-confident, optimistic, reliable, and trustworthy. Additionally, whilst leading by example, authentic leaders encourage followers' potential and strengths, assisting to establish a transparent, healthy and ethical work climate (Gardner et al., 2005; Ilies et al., 2005). When employees trust one another, one can assume that they will be more open in their interaction, confide in one another and approach challenges as a team. It is nevertheless interesting to see that such positive results could still be established despite the broader context imposing threats to employees' sustained employment and which would logically be expected to erode trust both in their organisation and their co-workers.

The findings of the study further indicate that AL had a significant direct association with DC. This result is in line with previous studies suggesting that the way in which senior management behave and send messages would influence the practices and policies that are implemented to develop the capabilities they deem important (Lopez-Cabrales, Bornay-Barrachina, & Diaz-Fernandez, 2017). To this end, employees who perceive their leaders to exhibit an AL style could experience positive emotions, which in turn stimulate their creative behaviour in finding alternative solutions for existing challenges (Banks, McCauley, Gardner, & Guler, 2016; Semedo, Coelho, & Ribeiro, 2017; Zhou et al., 2014). Lastly, the study found that AL had a significant indirect effect on DC through trust as underlying mechanism. The latter process was particularly facilitated through the promotion of TO as focal entity, but also to a lesser yet still noteworthy extent through the development of trust in colleagues. It can thus be deduced that AL promotes TO and TC, which in turn strengthens the organisation's capability to respond more swiftly to challenges in the sense that it has a better capability to sense and seize opportunities and to reconfigure faster after facing disruptions or dramatic change. This

finding resonates with previous studies which found that trust, in general, mediates the relationship between employee attitudes and behaviours (Clapp-Smith, Vogelgesang, & Avey, 2009; Hassan & Ahmed, 2011) and that employees are more willing to exert effort if they feel that their organisation cares for them and recognises their efforts, irrespective of the challenges with which they are faced at their workplace (Avolio et al., 2004; Stander et al., 2015).

When the employees in the steel-making sector of the manufacturing industry are thus of the opinion that their employer has their best interest at heart, they will be more inclined to sense opportunities, seize them and play an active role in reconfiguring existing services, processes, and products.

The present study makes three theoretical contributions. Firstly, the study contributes to the limited research on AL in highly uncertain and volatile business environments. It does so by illustrating that AL acts as a positive contributor to support trust and adaptability to challenges. Secondly, it contributes to the leadership literature by showing the relationships within a model where AL is associated with three other specific constructs- TO, TC, and DC - which had not been used in such a combination previously, thereby revealing new possibilities for application. Lastly, it contributed to research findings on DC that will feature more in organisational psychology research in future.

2.11 Practical Contribution

The findings suggest that having authentic leaders in manufacturing organisations could enhance trust in these organisations and amongst employees. Having to face numerous challenges during times of uncertainty, organisations can benefit from authentic leaders who can play an important role in establishing a positive work environment. Furthermore, a work environment consisting of authenticity and trust could lead to employees being more willing to be open to change, share information, and find creative ways of solving challenges. Managers could also reinforce the trust relationship by creating an environment in which promises are kept, and colleagues support one another along the journey of achieving set goals. As was demonstrated in this study, trust holds the potential of positively influencing the extent to which the organisation is able to proactively sense opportunities, their ability to act on these (seizing) and to reconfigure after disruption.

It is thus important for management, employees, and human resource departments to understand and take note of the important role AL plays to promote key aspects such as TO,

TC, and DC. Lastly, manufacturing organisations may benefit from leadership development programmes focussed on the development of authentic leaders who could contribute to their success and sustainability. The development programmes could include modules on how to increase self-awareness and to understand personal values, sound relational skills, and how to ensure open and honest communication and its contribution to building trustful relationships, also how to empower and inspire others.

2.12 Limitations and Recommendations

This study had several limitations which should be taken into consideration when interpreting the results. Whilst the use of a cross-sectional survey design enabled a more time- and cost-effective means to establish an initial understanding of associations amongst variables that have not been studied in this combination before, this design also prevented us from drawing definite conclusions about causality and interaction effects in the strict sense. Final conclusions regarding the impact of AL can only be confirmed beyond any doubt through follow-up studies employing a more representative sample and a more complex study design.

The researchers relied on self-report questionnaires, which run the risk of response and common method bias. Although we documented practical measures and technical procedures by which we attempted to address CMV, we acknowledge the views put forward by Spector (2006; 2019) that there is no single measure as yet recorded in the existing literature base that could test for CMV in such a comprehensive manner that CMV could be completely ruled out.

Future studies might improve on this aspect, for instance, by introducing a time lag that separates the measurement of the independent and dependent variables or by collecting data from different sources, provided that resources for time and costs would allow for this.

Although theory contains a number of variables that associates with AL, only a few were included in the model used in this study. Furthermore, none of the potentially moderating factors such as tenure and biographic information were tested. Finally, the research was conducted on a single operation in the steel manufacturing industry, limiting the possibility of the generalisation of the findings to other contexts. Extending the scope beyond a single manufacturing organisation and even across sectors, as well as the inclusion of more levels of employment over and above managers, can be beneficial.

2.13 Conclusion

The results of this study support the influential role that AL can play in manufacturing organisations. This finding indicates that entrenching an AL style in manufacturing organisations may promote employees' trust as directed towards the organisation at large, as well as improve the trusting relationship amongst colleagues, which can improve performance as a result of increased willingness to accept leadership direction, more freely sharing information amongst team members, and cooperate constructively. Authentic leadership may directly and indirectly, through trust, enhance the organisation's ability to sense, seize and reconfigure opportunities, potentially resulting in improved competitive advantage due to proactive adaptation that is strengthened through such proficiencies. Moreover, although the manufacturing organisation found itself in a volatile and uncertain business environment at the time the study was conducted, the results indicate that an AL approach might lead to positive organisational outcomes despite such challenging circumstances.

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2.15 Competing Interests

The authors declare that they have no financial or personal relationships that may have inappropriately influenced them in writing this article.

2.16 Authors' Contributions

D.J.K. acted as first author (as the article is partially based on his thesis with M.M.H. as promotor and M.W.S. as co-promotor). M.M.H. acted as statistical specialist. M.H. and M.W.S. contributed towards the conceptualisation, review and editing of the article.

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2.18 Data Availability

The authors confirm that the data supporting the findings of this study are available within the article, and the raw data that support the findings are available from the corresponding author, M.M.H., upon reasonable request. The main consideration for this was based on the ethical clearance conditions stipulated for this study in order to protect the organisation of interest.

2.19 Disclaimer

The views and opinions expressed in this article are those of the authors and do not necessarily reflect the official policy or position of any affiliated agency of the authors.

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Chapter 3: Article 2

Authentic Leadership and Follower Trust: The Effect of Precariousness

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Chapter 3: Article 2

Authentic Leadership and Follower Trust: The Effect of Precariousness

3.1 Abstract

This study investigated the impact of authentic leadership on trust in the leader while considering the possible moderating effect of perceived precariousness in the form of job insecurity. Establishing a high level of trust among the subordinates and their leaders employed by a manufacturing organisation under operational and financial pressure might contribute to the more effective functioning of the entity. A quantitative cross-sectional survey design was applied. The Authentic Leadership Inventory, Workplace Trust Survey, and Job Insecurity Scale were administered. The main outcome was that authentic leadership was a significant predictor of trust in the leader. Additionally, the study determined that job insecurity did not moderate the relationship between authentic leadership and trust in the leader. Promoting an authentic leadership style will thus benefit manufacturing organisations as it will elevate the trustful relationship between leaders and subordinates, despite precarious working conditions. The study emphasised authentic leadership's critical role in cultivating a trustful relationship between followers and their leaders. The non-significant influence of job insecurity on a trustful relationship in a precarious work context was also highlighted.

Keywords: authentic leadership; trust in the leader; job insecurity; precariousness.

3.2 Introduction

3.2.1 Orientation

The global economy has been affected by numerous economic crises over the past few decades, and this has had a negative influence on the world of work (Wang et al., 2021). The survival, advancement and competitiveness of organisations in the turbulent labour market depend on an organisation's ability to effectively manage the challenges brought about by change, both in the internal and external environment (Sartori & Rolandi, 2013). Barrech, Baumert, Gündel, and Ladwig (2018) mentioned that optimisation and reorganisation initiatives to deal with challenges are becoming more frequent.

The South African economy has also been affected by challenges, one of which is the effects of the 2008 global financial crisis and subsequent weak growth. Constraints in electrical supply, reduction in the performance of industries such as manufacturing and an alarming unemployment rate of 30.8% also have had a negative impact on the economic performance of South Africa (Statistics South Africa, 2020). To try and stay afloat in the competitive business environment, companies frequently implement cost reduction, reorganisation, or restructuring to remain competitive (Iverson & Zatzick, 2011). Keim, Landis, Pierce, and Earnest (2014) stated that job insecurity as an element of precariousness is often one of the stressors that is synonymous with organisational change. Precariousness and related job insecurity have been linked to several health-related outcomes, such as diminished well-being and reduced self-rated health, which is detrimental to employees and employers (De Witte, Pienaar, & De Cuyper, 2016). Breakwell (2020) posited that uncertainty could be linked to reduced trust between employees and employers.

Karamat (2013) found that effective leadership is essential in ensuring organisational sustainability in the increasingly turbulent business environment. Therefore, leaders are responsible for creating an environment in which employees feel safe and secure with trust in their leaders. Megheirkouni and Megheirkouni (2020) maintained that it is becoming increasingly evident that 21st-century organisations need a new type of leader. As a result of the rapidly changing business world, resulting in reduced steadiness and uncertainty, authentic leaders might be able to contribute to a situation of stability (Ciftci, 2020). An authentic leadership (AL) approach is required, especially when considering ethical and other business misconduct in organisations worldwide (Copeland, 2016). One of the critical elements of effective leadership is the authentic treatment of team members (Kouzes & Posner, 2007). When employees perceive their leaders to display AL characteristics by being open and truthful and involving them in decision-making, employees respond positively to their work, report higher engagement levels and increased trust in leadership (Wong, Spence Laschinger, & Cummings, 2010). Additionally, to increase trust, authentic leaders can foster respect and credibility (Bamford, Wong, & Laschinger, 2013).

Consistent with the Social Exchange Theory (Blau, 1964), authentic leaders could impact the development and maintenance of exchange relationships with followers (Wang, Sui, Luthans, Wang, & Wu, 2014). The authentic leader's trustworthiness, respectability, and integrity can be represented by the combined components of self-awareness, internalised moral perspective, and relational transparency, balanced processing (Ilies, Morgeson, & Nahrgang, 2005). Avolio, Luthans, and Walumbwa (2004) put forth that these characteristics represent

the critical attributes of a high-quality social exchange relationship. It is thus possible to argue that through their behaviour, authentic leaders will increase the level of trust that their team have in them, thereby establishing a cooperative relationship between them and their followers to the benefit of the organisation.

Trust is known to be sensitive to context (Burke, Sims, Lazzara, & Salas, 2007), such as one characterised by high volatility, which may cause trusting parties to become more risk-averse and hence less willing to extend trust towards others. Ruiz, Vives, Martínez-Solanas, Julià, and Benach (2017) believed that the changes in the business environment, labour market, and organisations have increased precariousness and employee insecurity and have become part of a severe problem that might threaten employee and business well-being. When employees face uncertainty, they might feel vulnerable, placing an additional burden on the type of leadership style required to maintain trust in their leader.

3.3 Research Purpose and Objectives

This study aimed to investigate the relationship between AL and trust in the leader (TL) within a precarious business context in South Africa. Moreover, we wanted to determine whether the perceptions of precariousness (in the form of job insecurity) would possibly moderate the relationship between AL and TL.

Although the relationship between AL and TL has been investigated and confirmed by various studies over the years (Agote, Aramburu, & Lines, 2016; Baker, 2020), limited studies are available that describe the relationship between AL, TL and the influence of job insecurity within a precarious business environment in South Africa. Although previous research has found a relationship between AL and trust, the direct moderating role of precariousness has not, to the best of our knowledge, been investigated.

The theoretical contribution made by this study deepens knowledge and understanding of the nature of the relationship between AL, TL, and perceived job insecurity as an element of work-related precariousness. Firstly, this study makes a new contribution to the existing leadership literature by depicting the relationships among constructs within a model, which, to the best of our knowledge, has not been researched before. Secondly, the study contributes to the limited research on AL within extremely uncertain and volatile business settings. Thirdly, this study contributes to the existing literature by testing the constructs in a developing country context within a real-time situation. The contribution is brought about by illustrating that AL may strengthen TL and adaptability to challenging employment conditions.

3.4 Literature Review

3.4.1 Authentic Leadership

Luthans and Avolio (2003) explained that AL developed as an important research area in positive psychology. Authentic leaders are defined as individuals who are:

[D]eeply aware of how they think and behave and are perceived by others as being aware of their own and others' values/moral perspectives, knowledge and strengths; aware of the context in which they operate; and who are confident, hopeful, optimistic, resilient, and of high moral character. (Avolio et al., 2004, p. 4)

Authentic leadership in organisations is described by Luthans and Avolio (2003):

[A]s 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. (p. 243)

Authentic leadership consists of four dimensions: the leader's relational transparency, internalised moral perspective, balanced processing, and self-awareness (Gardner, Avolio, Luthans, May, & Walumbwa, 2005). Knowing one's strengths and weaknesses and the social influence thereof on other individuals apply to self-awareness (Kernis, 2003). Balanced processing relates to a leader's ability to be unbiased when considering all available information before reaching a final decision (Leroy, Palanski, & Simons, 2012). An internalised moral perspective would influence a leader to act with self-regulation and self-determination rather than to react to situational pressures (Avolio, Walumbwa, & Weber, 2009). Relational transparency points to the leader's behaviour that demonstrates their authenticity and genuine feelings towards team members (Wei, Li, Zhang, & Liu, 2018). Exhibiting relational transparency encourages mutual trust in organisations (Wei et al., 2018). In support of this view, several studies found a positive relationship between AL and TLs (Clapp-Smith, Vogelgesang, & Avey, 2009; Maximo, Stander, & Coxen, 2019; Wong et al., 2010).

3.4.2 Trust in Leader

Trust can be defined as an expectation that one individual can rely on another individual's deeds and promises and that the individual intends to be true to their word (Bligh, 2017). The actions and character of a leader impact the willingness of an employee to trust the leader

(Heyns & Rothmann, 2015). In the context of social exchange theory, trust represents an acceptance of risk and uncertainty that the exchange partner may or may not reciprocate the expected behaviour (Whitener, Brodt, Korsgaard, & Werner, 1998). When team members observe open communication, support and cooperation, willingness to sacrifice, confidence, predictability, and fair treatment in their leader's behaviour, it will enhance trust within the leader-follower relationship (Clapp-Smith et al., 2009). Trust in the leader is defined as the willingness of employees to be vulnerable to their leader's conduct, which is beyond the employees' control (Sendjaya & Pekerti, 2010). Although an employee demonstrates the willingness to be vulnerable to the actions and decisions of a leader, there are no guarantees that the outcomes of the trust relationship will favour the employee.

Immediate supervisors who treat their team members fairly and take their needs into consideration when making decisions may enhance employee trust in them (James, 2011). Trust in a leader plays an essential role in inspiring employees to exert greater effort and perform beyond expectations (Schaubroeck, Peng, & Hannah, 2013). Conversely, when leaders are perceived to be untrustworthy by their followers, these followers might spend more time protecting themselves, which can negatively influence their performance (Mayer & Gavin, 2005).

Trust in the leader plays an integral part in the successful implementation of change initiatives within an organisation as it is deemed necessary for getting individuals to work together towards a common goal (Sørensen & Hasle, 2009), especially under high levels of perceived uncertainty. The way in which leaders deal with challenging events (e.g. layoffs or downsizing), may directly influence the level of trust that employees have in their leaders (Tourish, Paulsen, Hobman, & Bordia, 2004).

3.4.3 *Precariousness and Job Insecurity*

The instability and flexibility of the modern labour market have led to increased feelings of uncertainty, insecurity, and precariousness in the work environment (Urbini, Lo Presti, Chirumbolo, & Callea, 2020). The concept of precarity has its origin in French sociology and economics. Precarity initially referred to a social condition linked to poverty and only later referred to a different form of employment than the familiar permanent employment relationship (Barbier, 2002). The concept of precarity emerged from the early 2000s onwards and is characterised by increasingly insecure employment and generalised uncertainty and insecurity (Lazar & Sanchez, 2019). The consequences of precarious work and related job

insecurity were exacerbated by the global economic crisis of 2008. The precariousness in the work environment has increased as countries attempt to respond to weakening financial situations and the increasingly fragile economy (Kalleberg, 2018).

Job insecurity refers to the unintended concern employees have concerning the future continuity of their jobs (Vander Elst, De Witte, & De Cuyper, 2014). The decision to measure precariousness because of job insecurity was informed by the statement of Fullerton, McCollum, Dixon and Anderson (2020) that job insecurity is a crucial element of precarious work and precariousness. Change and optimisation in the workplace is synonymous with uncertainty about the future content of an employee's job (qualitative job insecurity) as well as the risk of job loss (quantitative job insecurity) (Urbini et al., 2020). Greenhalgh and Rosenblatt (2010) maintained that perceived job insecurity could have a destructive impact on employees and organisations. Additionally, job insecurity is linked to reduced levels of job satisfaction, organisational commitment, job performance, poor employee well-being (Lee, Huang, & Ashford, 2018), and decreased optimism about the future (Li, Li, Fay, & Frese, 2019).

3.4.4 Association of Authentic Leadership with Trust in the Leader and the Potential Impact of Precariousness (Job Insecurity)

Brower, Lester, Korsgaard and Dineen (2009) pointed out that trust is a crucial element in the supervisor-follower relationship. When authentic leaders exhibit behaviour in accordance with their personal values, they are able to build credibility, respect and trust with their team members through the encouragement of different perspectives and building synergetic relationships with them (Avolio et al., 2004). Kernis (2003) posited that the authentic leader's relational authenticity involves striving for achieving openness and truthfulness in their relationship with their followers and colleagues, which may result in elevated levels of trust. Several studies found that AL significantly impacts trust in leaders (Levesque-Côté, Fernet, Austin, & Morin, 2018; Maximo et al., 2019).

Clapp-Smith et al. (2009) maintained that trust can be described as the vulnerability of one person to another person's actions while being convinced that the actions of the other person will be carried out with good intentions. The willing exchange of actions between individuals also forms part of a trusting relationship. When the trusting employee believes that exploitation is unlikely, there will be a willingness to risk vulnerability and a display of trusting behaviour (Eggers, 2011). Agote et al. (2016) stated that TL will influence followers' attitudes and behaviour. Trust in the leader was positively related to job performance, positive attitudes

towards jobs and organisations and organisational citizenship behaviour (Colquitt, Scott, & LePine, 2007). In contrast, employees who do not trust their leader are less likely to do more than what is expected of them or remain in the relationship because of the lack of a sense of obligation and low positive expectations (Brower et al., 2009). Additionally, because of the behaviour of untrustworthy leaders, the performance of employees may be compromised as a result of their concern of being treated unfairly (Mayer & Gavin, 2005).

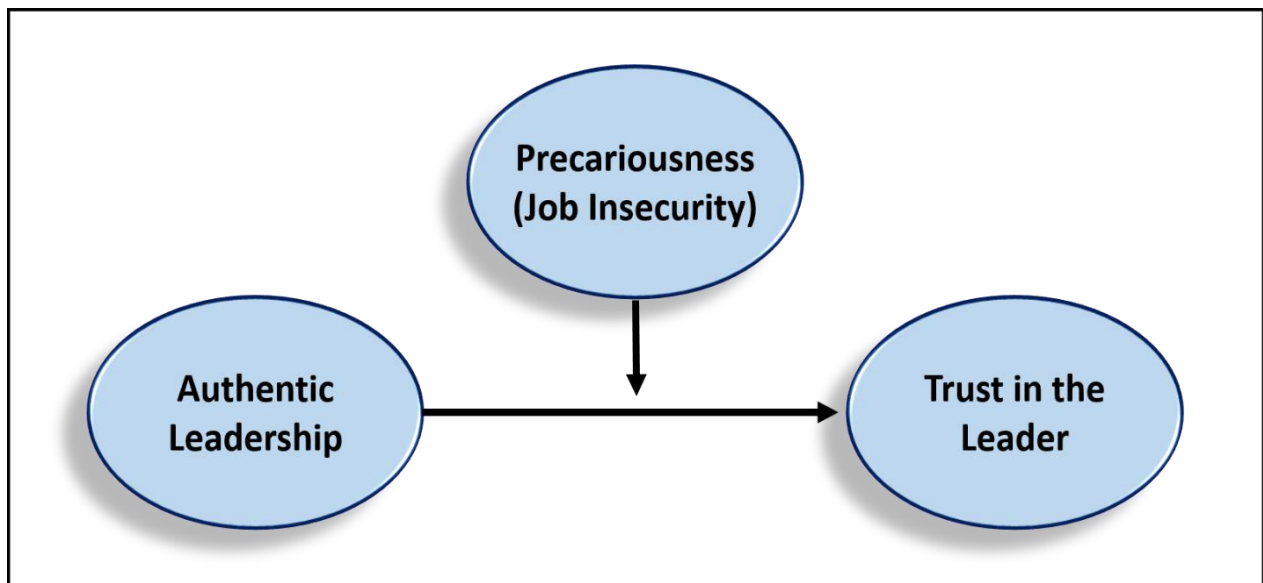
As a result of the dynamic business environment in which employees are functioning presently, they frequently experience job insecurity since they feel that the future of their employment might be at risk (Richter & Näswall, 2019). Job insecurity has consequently become a familiar stressor in working life (Lee et al., 2018). Jiang and Lavaysse (2018) maintained that living in constant uncertainty and fear that their working life may be subjected to substantial changes at any time may adversely affect employees as well as organisations. Prior job insecurity-related research suggests that feeling uncertain about the future of one's employment can be associated with several short (Cheng & Chan, 2008) and long-term negative consequences (De Witte et al., 2016). According to Arnold and Staffelbach (2012), trust in the organisation has been shown to negatively relate to job insecurity and perceived uncertainty during organisational restructuring and optimisation. Moreover, Huie, Cassaberry and Rivera (2020) argued that job insecurity might result in the loss of trust, jealousy, and destructive competitiveness in a work context. This can potentially be viewed as the deterioration of the employee's relationship with the employer and may result in reduced job satisfaction and employee well-being (Richter & Näswall, 2019). Mistrust forms the base of unsuccessful business relationships as it directly influences knowledge sharing that harms job performance and economic progress (Huie et al., 2020). Additionally, the future retention of employees with low levels of trust is likely to be negatively affected (Hopkins & Weathington, 2006).

Based on the above, the research questions of this study were formulated as follows:

- What are the effects of perceived AL on TL?
- To what extent does precariousness, in the form of job insecurity, moderate the relation between AL and TL?

Figure 3-1

The hypothesised research model to investigate the relation between AL, TL, and JI



3.5 Research Design

3.5.1 Research Approach

The researchers utilised a quantitative approach, together with a cross-sectional survey design during this study. A cross-sectional design was applied because the focus of this study was to explore the potential relation between constructions that have not been investigated in this combination before (Spector, 2019).

3.6 Research Method

3.6.1 Research Respondents

The study population comprised of employees from three managerial levels consisting of senior, middle, and junior managers working at the different plant sites of a South African manufacturing organisation. The questionnaires were distributed to 570 employees, and 314 completed questionnaires were received back, representing a response rate of 55%. Data collection was conducted via stratified random sampling.

Table 3-1 depicts the respondents' characteristics: 41.7% of the respondents indicated that they were in the 51–60 age bracket, 22.2% were employed at manager level, 30.5% of the

respondents had 31–40 years of service, 87.5% had up to 20 years of experience in their current position. More than half of the respondents stated that they are employed at Vanderbijlpark works in Gauteng (51.9%), and 17.8% at the Newcastle production facility in KwaZulu-Natal.

Table 3-1

Characteristics of respondents (n = 314)

Item	Category	Frequency	%
Age group	20-30 years	7	2.2
	31-40 years	39	12.4
	41-50 years	126	40.1
	51-60 years	131	41.7
	≥ 61 years	11	3.5
Job category	Senior manager	41	13.0
	Manager	70	22.2
	Junior Manager	203	64.7
Experience	0-10 years of service	39	12.4
	11-20 years of service	60	19.1
	21-30 years of service	105	33.4
	31-40 years of service	96	30.5
	41-45 years of service	14	4.5
Years in current position	0-10 years	199	63.3
	11-20 years	76	24.2
	21-30 years	27	8.6
	31-40 years	10	3.1
	41-45 years	2	0.6
Operating area	Vanderbijlpark works	163	51.9
	Newcastle works	56	17.8
	Gauteng operations	26	8.3
	Corporate services	69	22.0

3.6.2 Measuring Instruments

After having filled in the biographical questionnaire, respondents were requested to complete instruments for measuring AL, precarity, and TL.

The Authentic Leadership Inventory (ALI) (Neider & Schriesheim, 2011) was used to measure the followers' perceptions of their direct leader's AL characteristics. The ALI consists of four dimensions (self-awareness, internal moral perspective, balanced processing, and relational transparency), measured by means of 14 items. Example items include: 'My leader asks for ideas that challenge his or her core beliefs' and 'My leader objectively analyses relevant data before making a decision. A five-point Likert-type scale ranging from 1 (strongly disagree) to 5 (strongly agree) was applied to score the items. Alpha coefficients between 0.74 and 0.90 are acceptable (Men & Stacks, 2014). The reliability of ALI was also tested in South Africa ($\alpha = 0.93$; Stander, De Beer, & Stander, 2015).

One scale of the Workplace Trust Survey (WTS) (Ferres & Travaglione, 2003), consisting of 9 items, measured TL. Mentioned items were scored by applying a seven-point Likert-type scale ranging from 1 (strongly disagree) to 7 (strongly agree). Examples of the items include: 'I feel that my supervisor listens to what I have to say' and 'I believe that my supervisor follows through words with action' (Ferres & Travaglione, 2003). Previous studies in both a South African and Australian context have reported Cronbach alpha reliability coefficients of between 0.90 and 0.97 (Ferres & Travaglione, 2003).

Job insecurity was measured by applying the Job Insecurity Scale (JIS) – a scale consisting of four items initially developed by De Witte (2000). This scale is a global job insecurity measure, and it includes items that refer to the threat or possibility of losing a job, as well as the anxiety associated with job loss. Examples of the items include: 'I feel insecure about the future of my job', and 'I think I might lose my job in the near future'. Respondents were requested to rate these items on a five-point Likert type scale, ranging from 1 (strongly disagree) to 5 (strongly agree). The Cronbach alpha reliability coefficient was recorded as 0.77 (Vander Elst et al., 2014).

3.6.3 Research Procedure

The Chief Executive Officer granted permission for the study to be performed at the participating manufacturing company. A higher education institution gave scientific and ethical clearance for this study. Before participating in the study, respondents completed a consent form. An information brochure describing the purpose of the research and ethical considerations accompanied the questionnaire.

3.6.4 Ethical Considerations

Ethical approval was granted by the Economic and Management Sciences Research Ethics Committee (EMS-REC) at North-West University, reference number: NWU- 00609-20-A4.

3.6.5 Statistical Analysis

Mplus 8.4 was utilised to analyse the data related to this study (Muthén & Muthén, 1998–2019). Confirmatory factor analyses (CFA) were performed to determine the validity of the instrument and identify the best-fitting measurement model. Structural equation modelling (SEM) was applied to assess how the data fitted various structural models and to test the research model. The items of all questionnaires were dealt with as continuous. The mean-adjusted Maximum Likelihood (MLM) estimator, which is robust to the non-normality of data (Wang & Wang, 2020), was used because of all values being recorded.

The best-fit model was identified using the Chi-square values, which were calculated to evaluate absolute fit. The incremental fit was determined by applying the Comparative Fit Index (CFI) and the Tucker-Lewis Index (TLI). Wang and Wang (2020) deemed 0.90 an appropriate cut-off value for these two fit indices. The Root Mean Square Error of Approximation (RMSEA) and Standardised Root Mean Square Residual (SRMR) were also evaluated. The RMSEA values less than 0.08 represent an acceptable fit (Kline, 2016). Values lower than 0.05 are accepted as an indication of a good fit between the data and the model for the SRMR indicator (Wang & Wang, 2020). The SRMR values closer to 0.08 indicate an acceptable fit between the model and the data (Wang & Wang, 2020). The comparative fit indices, Akaike information criterion (AIC), and the Bayes information criterion (BIC) were used to compare the different measurement and structural models. Kline (2016) mentioned that the model with the lowest value is preferred. Composite reliability coefficients with a minimum value of 0.70 were employed to determine measuring instrument reliability (Wang & Wang, 2020). The internal consistency of constructs was established by utilising composite reliability (Raykov, 2009). A simple moderator analysis was performed during this study by using PROCESS (Hayes, 2018).

3.7 Results

3.7.1 Testing the Measurement Model

To evaluate the possible relationships between the latent variables, a three-factor measurement model (Model 1) was specified and tested for fit to the observed data.

Additionally, one competing model was identified and tested to confirm the fit of the preferred model.

Model 1 was constructed in line with what theory proposes: AL (measured as second-order construct), TL (measured by nine directly observed variables), and job insecurity (measured utilising four directly observed variables).

Model 2 was specified similar to Model 1 with the exception that AL was specified as a first-order latent variable measured employing only 14 directly observed variables.

Table 3-2

Competing measurement model fit statistics

Model	χ^2	df	CFI	TLI	RMSEA	SRMR	AIC	BIC
Model 1	506.189*	317	0.959	0.954	0.044 (0.036-0.051)#	0.035	19783.448	20113.394
Model 2	518.642*	321	0.957	0.953	0.044 (0.037-0.051)#	0.035	19790.696	20105.646

χ^2 , Chi-square statistic; *df*, Degree of freedom; CFI, Comparative fit Index; TLI, Tucker–Lewis Index; RMSEA, Root Mean Square Error of Approximation; SRMR, Standardised Root Mean-square Residual; AIC, Akaike Information Criterion; BIC, Bayes Information Criterion.

#, 90 Percent C.I.

*, $p = 0.000$.

The results for model 1 reflected that the Chi-square test was significant ($p < 0.001$), with a Chi-square (χ^2) value of 506.189 and a degrees of freedom (*df*) value of 317, suggesting that a perfect fit to the data was not achievable. As a result of the oversensitivity of the measure of fit, Hancock and Mueller (2010) recommended that researchers consider reporting multiple fit indices. The alternative fit indices indicated that an approximate fit to the data was attainable: Both CFI and TLI were above the cut-off value of 0.90, RMSEA indicated a good fit (< 0.05 , $p > 0.05$). The SRMR value of less than 0.08 also indicated a good fit (Wang & Wang, 2020).

Table 3-2 presents the goodness-of-fit statistics for the competing measurement models described above. Table 3-2 indicates that Model 1 has the best statistical fit of the two models under review. The initial measurement model obtained an χ^2 value of 506.189 and a *df* value of 317. The fit indices for CFI and TLI were also acceptable (> 0.90), as was the model fit for the RMSEA (< 0.05). The SRMR value for Model 1 was acceptable (< 0.08) and was equal to the value of the alternative model. Lastly, the AIC and BIC fit indices were used to compare

models to identify the best fit (lowest value). Model 1 had the lowest AIC value, and Model 2 had the lowest BIC value.

As part of the Model 2 results, the chi-square results were once again significant ($\chi^2 = 518.642$, $df = 321$, $p < 0.0001$). The alternative fit indices represented by the TLI and CFI values being higher than 0.90 were acceptable. Lastly, both the RMSEA ($p > 0.05$) and SRMR (< 0.05) values were also acceptable.

Although acceptable comparative fit indices were indicated for both competing models, the CFI (0.959) and TLI (0.954) values and the RMSEA confidence intervals of Model 1 pointed to this model being the best fit to the data. Additionally, with the lowest AIC value of 19 783.448, it is suggested that Model 1 had the best data fit. However, the BIC value pointed to Model 2 as being the best-fitting model. When evaluating all the fit indices in conjunction, Model 1, which was also the model that most closely represented theory, was chosen as the preferred model.

3.7.2 Testing Structural Models

The structural model was tested based on the chosen measurement model and resulted in similar fit statistics as was obtained from the measurement model. The results in Table 3-3 indicate that the Raykov's rho coefficients were well above the minimum threshold with values above 0.9 and are thus considered highly reliable. The Raykov's rho coefficients of all the measuring instruments ranged from 0.709 to 0.985 and were deemed acceptable. Furthermore, Table 3-3 provides the correlation coefficients of the study variables. The AL was found to be significantly related to TL ($r = 0.820$), and AL and job insecurity are inversely related ($r = -0.137$; $p < 0.05$).

Table 3-3

Correlation matrix including means, standard deviations and reliabilities

Variable	<i>M</i>	s.d.	<i>p</i>	1	2
1. Authentic leadership	3.607	0.646	0.985	-	-
2. Trust in leader	5.249	1.208	0.960	0.820†*	-
3. Job insecurity	3.209	0.642	0.709	-0.137	-0.158

M, mean; s.d., standard deviation; *p*, composite reliability coefficient.

†, $r > 0.30$; ‡, $r > 0.50$.

*, $p < 0.05$.

Table 3-4 depicts the path coefficients of the structural model (Model 3) as estimated by *Mplus* 8.4 (Muthén & Muthén, 1998–2019). Table 4 also portrays the standard path coefficients for AL and job insecurity as independent variables and trust as a dependent variable.

Table 3-4

Standardised regression coefficients of authentic leadership and job insecurity in predicting trust in the leader

Variable	E	s.e.	E/s.e.	p
Trust in leader on				
Authentic leadership	0.814	0.027	30148	0.000*
Job insecurity	-0.046	0.043	-1070	0.284

E, estimate; s.e., standard error; p, probability.

*, $p < 0.01$.

As can be deducted from Table 3-4, AL is a significant predictor of TL ($\beta = 0.814$; $p < 0.01$). However, job insecurity was not significantly associated with TL ($\beta = -0.046$; $p > 0.05$). Authentic leadership explains 45.43% of the variance in TL.

3.7.3 Moderating Effect

To test whether the relationship between AL (independent variable) and TL (dependent variable) depends on the extent to which employees experience job insecurity (moderator), a simple moderator analysis was performed using PROCESS (Hayes, 2018). The interaction between AL and job insecurity was not statistically significant ($\beta = -0.036$, 95% CI, LCI = -0.242, UCI = 0.170). Therefore, job insecurity cannot be considered a moderator of the relationship between AL and TL.

3.8 Discussion

3.8.1 Outline of the Results

The objectives of this study were to determine whether the AL style can predict TL among the selected sample of employees from various functions in a manufacturing organisation in South Africa. More specifically, the study was conducted to gain knowledge and understanding of how AL can potentially enhance TL despite the turbulent economic and business conditions

experienced in the target organisation. The potential moderating effect of job insecurity on the relationship between AL and TL was also tested:

- What are the effects of perceived AL on TL?

The results of this study confirmed the first part of our research question by indicating that AL directly and positively influences TL – higher AL lead to increased TL. This result also confirmed the outcome of previous studies on AL that found that AL is a positive predictor of TL (Maximo et al., 2019; Qiu, Alizadeh, Dooley, & Zhang, 2019).

Authentic leaders are able to establish engaging and constructive organisational conditions because of them being profoundly aware of their values and beliefs and being genuine, dependable and trustworthy (Avolio and Gardner 2005). Gardner et al. (2005) put forth that authentic leaders can develop trust in team members through their ability to be conscious of their capabilities and shortcomings and disclosing their real self to others while being sensitive to the impact their actions may have on others. Additionally, high self-awareness levels have been associated with positive follower attitude, behaviour, and performance (Avolio & Gardner, 2005) and, in this study, trust. One of the prerequisites of trust is to possess knowledge of and insight into the other person. The leader who is willing to allow his employees to get to know them has a better chance to instil trust in their leadership. Relational transparency is a component of AL that relates to the open sharing of information and exhibiting true emotions to others, resulting in elevated trust between leaders and employees (Iqbal et al., 2020). The sharing of information and emotions will create a psychologically safe environment where the employee will become more open about their feelings and needs. By feeling comfortable, employees will easily share positive experiences and concerns, leading to healthy, trustful relationships. When employees experience that there are no hidden agendas, their TL will increase. Trust is likely to influence individual cooperation levels within a relationship (Norman, Avolio, & Luthens, 2010). Such behaviour can result in developing positive follower qualities such as optimism and confidence in the work situation. Authentic leaders may also instil enhanced admiration in their followers by demonstrating their internalised moral perspective through applying high moral standards and ethical behaviours (Ilies et al., 2005) rather than being influenced by external pressures and opinions. These leaders behave transparently towards their followers and lead by example while guided by characteristics such as honesty, fairness, and accountability. When employees perceive that they are being treated fairly and morally by their supervisor, they might trust their leader while

being more engaged at work (Cropanzano & Mitchell, 2005; Norman, 2006). If followers perceive that they are being treated unfairly, they will trust that leader less.

Awareness of the leader's values, and even more critical, alignment between the leader and employee's values, creates a climate in which there are fewer reasons not to mistrust the leader. Lastly, an authentic leader's ability to consider all available information in an unbiased and balanced manner before reaching a final decision (Penger & Černe, 2014) can reinforce the sense of confidence employees have in their leader's decisions. This approach may result in actions that are well-planned and thought through. Although the decision-making processes that authentic leaders follow might be a bit more time-consuming, the methodology they follow might be beneficial in new and uncertain situations. A balanced approach will reinforce the employees' perceptions that the leader acts in the organisation's best interest and its employees, without bias towards specific individuals.

Flavian, Guinaliu and Jordan (2019) mentioned that when employees trust their leader, they are likely to have positive expectations about their intentions and behaviours since they have confidence that their leader will have their best interest at heart. When high levels of TL exist, followers are more likely to exhibit a readiness to face vulnerability during times of uncertainty as a result of their positive perception of the supervisor's intentions and behaviour (Zhang & Zhou, 2014). The findings of a study conducted by Bligh (2017) underlined the importance of this result as it emphasises the vital role TL can play in improving organisational performance. The trust between leaders and team members notably influenced employee-related outcomes such as turnover intentions and engagement through the reduction of workplace uncertainty and strengthening the social exchange relationship (Skiba & Wildman, 2019):

- To what extent does precariousness in the form of job insecurity moderate the association between AL and TL?

In contrast to expectations, no evidence could be found that job insecurity will moderate the direct and indirect associations between AL and TL. This implies that a variation in job insecurity levels will have no influence on the magnitude or direction of the relation linking AL and TL.

When employees regard their leader as trustworthy, it is plausible that they will feel safer and more optimistic about the leader making crucial decisions (Jiang & Probst, 2019) despite the lack of guarantees. One can assume that authentic leaders are able to demonstrate their

concern for employee well-being through their lack of bias while considering all available and relevant information before reaching a final decision (Leroy et al., 2012), even during restructuring and workforce reduction initiatives.

Drawing from the Social Exchange Theory (Blau, 1964), it might be said that when employees trust their leader, these employees may deem it a relationship of social exchange while being convinced that the leader will reciprocate the trusting behaviour. The inherent principle of reciprocity suggests that an individual's behaviour depends on the give and take relationship between one person (leader) and another (follower). It might thus be possible that because employees trust their leader and are dedicated to their work, they expect that the supervisor will 'return the favour' by considering their well-being when making decisions during an organisational optimisation and workforce reduction process. Moreover, because team members have trust in their leaders and their decision-making ability, they might have faith that the leader will make a decision that will have their best interest at heart. The unfortunate reality that the manufacturing organisation where the study was conducted had to undergo numerous restructuring and down-sizing initiatives over the past number of years might also have resulted in employees exhibiting a certain level of reduced fear for the unknown and willingness to face the risks of the potential loss or change in the content of their jobs.

This study addressed the identified research gap by firstly confirming the relationship between a positive leadership style, such as AL and TL. Secondly, the study added theoretical value by suggesting that job insecurity as a form of business-related precariousness does not have a moderating effect on the relationship between AL and TL.

3.8.2 Practical Implications

Leaders can be successfully developed provided the leadership development intervention used has been proven effective and that both the leader and the organisation are developmentally ready to embrace leadership development (Avolio & Hannah, 2020). Organisations should thus consider including AL elements in their selection, training, and rating activities to benefit from AL. As part of their succession planning and leadership development processes, organisations might want to consider the inclusion of AL training in order to prepare future leaders. Organisations should afford leaders on all levels the opportunity to develop their AL capabilities. Aside from earning the trust of their followers, leaders must also be educated to increase perceptions of their authenticity by behaving in line

with their beliefs or by ‘practising what they preach’ and being open and honest towards their team members as well as themselves.

3.8.3 Limitations and Recommendations

Various study limitations should be noted when interpreting the study results. Firstly, using a cross-sectional design limited the ability to make causal inferences between research variables. Employing self-report questionnaires as the only source of information for the study may result in common method variance. On account of the research being conducted at only one manufacturing organisation in the steel manufacturing industry in South Africa, the extrapolation of results to different environments should be made with caution.

Regardless of the mentioned research limitations, the following proposals could be considered in future studies. The fact that the study was conducted by only involving managers leaves the question as to whether involving employees on lower levels (e.g. less educated, blue-collar) would have resulted in the same outcome. New insights into the potential influence of a precarious work environment could also be gained by conducting a longitudinal or mixed-methods study. Future studies might want to include trust in the organisation since the possibility exists that job insecurity might have a closer relation to trust in the organisation than to AL.

The results of this study underscore that promoting AL is a promising pathway for improved follower trust levels in their leader, which may ultimately benefit individual and organisational performance. The benefit of promoting trust within an organisation is highlighted in a study by Koohang, Paliszkiewicz and Goluchowski (2017), who found that trust is a critical factor in social and economic relationships as well as a significant contributing factor to organisational performance. The non-moderating effect of job insecurity may imply that even employees with high job insecurity will have trust in their leader. The researchers are of the opinion that organisations will benefit from developing authentic leaders.

3.9 Conclusion

Despite the mentioned limitations, the present study demonstrates the potential positive impact of AL, as perceived by team members, on the level of trust they have in their leader. Authentic leadership entrenchment might thus lead to increased employee trust in their supervisor in manufacturing organisations even if the organisation is functioning in a volatile and uncertain business context. When employees trust their leaders, it may strengthen their

intention to stay with the organisation and contribute to its successful functioning. Those as mentioned above could be ascribed to the harmonious environment that trusted leaders can create and the influence it may have on the attitudes and behaviours of followers (Yurtkoru et al., 2018).

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3.11 Competing Interests

The authors declare that they have no financial or personal relationships that may have inappropriately influenced them in writing this article.

3.12 Author Contributions

D.J.K. acted as first author (as the article is partially based on his thesis with M.M.H. as promotor and M.W.S. as co-promotor). M. M. H. acted as statistical specialist. M.M.H. and M.W.S. contributed towards the conceptualisation, review, and editing of the article.

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3.14 Data Availability

The authors confirm that the data supporting the findings of this study are available within the article, and the raw data that support the findings are available from the corresponding author, M.M.H., upon reasonable request. The main consideration for this was based on the ethical clearance conditions stipulated for this study in order to protect the organisation of interest.

3.15 Disclaimer

The views and opinions expressed in this article are those of the authors and do not necessarily reflect the official policy or position of any affiliated agency of the author.

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Chapter 4: Article 3

Authentic Leadership, Trust (in the leader), and Flourishing: Does Precariousness Matter?

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Chapter 4: Article 3

Authentic Leadership, Trust (in the leader), and Flourishing: Does Precariousness Matter?

4.1 Abstract

This study employed a second stage moderated mediation analysis to explore the impact of authentic leadership on employee flourishing via trust in the leader (mediating variable) and job overload (moderating variable). The relationship between authentic leadership and flourishing was explored by considering the indirect effect of trust in the leader as potentially moderated by job overload. An authentic leadership style, trust in the leader, and job overload may influence employee flourishing. A deeper understanding of the potential interaction effect of trust in the leader and job overload in the relationship between authentic leadership and flourishing may improve individual and organizational productivity. This study used a quantitative, cross-sectional survey design and PROCESS for moderated mediation. The sample consisted of 314 employees in a prominent steel manufacturing organization in South Africa. The Authentic Leadership Inventory, Workplace Trust Survey, Flourishing-at-Work Scale, and the Job Demands Resources Scale were utilized. The outcome indicated that authentic leadership was a significant predictor of flourishing through trust in the leader. Job overload did not moderate the relationship between trust in the leader and employee flourishing. The role of authentic leadership in fostering a trustful relationship between employees and their leaders was emphasized because it might result in the increased flourishing of employees. The insignificant influence of job overload on trusting relationships in precarious work-related contexts was also illuminated. Through the analysis of these relations, organizations may be favourably equipped to optimize the resources required to improve performance. Moreover, the investigation into trust in the leader combined with job overload increases our understanding of supporting and promoting employee flourishing at work.

Keywords: authentic leadership, trust in the leader, flourishing, precariousness, job overload.

4.2 Introduction

The turbulent 21-century global economic climate has been characterized by organizations plagued with constantly increasing challenges and pressures to meet stakeholder demands

(Hameed & Sharma, 2020). To this end, the South African economy is faced with several challenges and weaknesses that include declining investments, decreasing incomes, rising unemployment, and high levels of inequality (Statistics South Africa, 2019). Although South Africa is the most industrialized economy on the African continent, the country's manufacturing sector and, more specifically, its iron and steel industry is facing a desperate situation as it grapples with the high cost of raw materials, electricity, and reduced market demand, coupled with weak economic growth (Njini, 2019). This situation might lead to workplace-related uncertainty resulting from employees experiencing doubt concerning their future work environment, professional relationships, or job security (Allen et al., 2007). Although being employed during uncertain times may provide income security, it can still result in anxiety and stress (Ererdi et al., 2021) that might affect the employee's emotional and psychological well-being.

More recently, the influence of the coronavirus disease (COVID-19) on the socio-economic and personal environments is something the world has not experienced in a long time (Statistics South Africa, 2020). COVID-19 is recognized as the largest global crisis after the Second World War, and it continues to impact public health fiercely and has had an unparalleled impact on economies and labor markets across the world (International Labour Organisation, 2020). The pandemic has created extensive uncertainty that is more impactful than the uncertainty caused by the 2008-2009 financial crisis and comparable to the uncertainty that resulted from the 1929-1933 Great Depression (Baker et al., 2020). The pandemic and the subsequent periods of lockdown have had a considerably negative effect on the economy, the work environment, and the well-being of individuals (Greyling et al., 2021). To survive, some organizations had to reorganize their operations and resort to downsizing. Downsizing as a result of restructuring can be described as an event that could result in adapted working conditions (Sonnentag & Frese, 2003) as well as work overload and job insecurity (Foster et al., 2019) and may affect the well-being of surviving employees (Shoss, 2017). Sonnentag et al. (2017) state that work overload could lessen an employee's ability to recover from work strain, resulting in diminished health and well-being.

Leadership plays a critical role during challenging and uncertain times (Baran & Woznyj, 2021; Rath et al., 2021) as employees look up to leaders for guidance and direction. A trustful relationship between a manager (leader) and employees is vital as it increases employee commitment and productivity (Krot & Lewicka, 2012). The behavior of leaders during turbulent and unpredictable times can gain or lose followers' trust and support. Leaders whose words and actions are not aligned will find it hard to be trusted by their team members (Agote et al.,

2016). Trust as a key element in the entity's success is established mainly through the leader's strategies, plans, and actions (Ndevu, 2019). Authentic leaders can build follower trust via their supportive behavior and the transparent nature of their relationships (Norman et al., 2010). It is thus proposed that a significant positive relationship between authentic leadership (AL) and followers' trust in the leader (TL) is possible (Agote et al., 2016). Wang et al. (2014) define authentic leadership as a genuine, ethical, and transparent leadership style characterized by a positive approach when faced with the challenges related to organizational leadership during times of uncertainty. Rautenbach and Rothmann (2017b) point out that it will be beneficial for organizations to promote authentic leadership as it will enhance the flourishing of their employees.

Individuals who flourish are more likely to deal with the vulnerabilities and challenges they are confronted with than are non-flourishers (Schotanus-Dijkstra et al., 2016). The concept of flourishing (F) is represented by hedonic and eudaimonic well-being (Huppert & So, 2013). Subjective well-being unfolded in the 1950s and focussed on hedonic or emotional well-being, including happiness, the balance of positive-negative effects, or life satisfaction (Diener, 1984). Eudaimonic well-being incorporates psychological well-being and social well-being and various elements like life purpose, meaning, constructive relationships, and individual development (Salavera et al., 2020). It will be less probable for employees who flourish at work to quit their organization as they are inclined to be above average achievers, going above and beyond what is expected of them, contributing to organizational performance (Krekel et al., 2019; Redelinguys et al., 2019). The prevailing uncertain and insecure (precarious) work environment negatively influence employee health and well-being (Standing, 2011; Utzet et al., 2020).

Although authentic leadership, trust in the leader, and flourishing in the workplace have been studied individually, studies on the relationship between these constructs within a manufacturing environment and within a precarious context are sparse. More specifically, the role of job overload (JO) due to restructuring and how it might moderate the relationship between trust in the leader and flourishing is still unclear.

This study intended to determine the nature of the relationship between authentic leadership, trust in the leader, and flourishing in the work environment, given a context of precariousness (represented by job overload in this study). By exploring these associations, companies may be better prepared to apply the internal resources required to achieve improved performance.

Moreover, an analysis of trust in the leader combined with job overload improves our comprehension of possible ways to enhance workplace flourishing.

The Jobs Demands-Resources (JD-R) model (Bakker & Demerouti, 2017; Demerouti et al., 2001) was established as an excellent research framework (Lesener et al., 2019). The JD-R model is easy to understand and apply and enables human resource practitioners to identify job resources and job demands. Additionally, the model assists them to establish the influence it might have on identified personal and organisational outcomes. When considering the job demands-resources (JD-R) model, when job demands are high or when an organization, such as the manufacturing entity, is functioning within a challenging context, having relevant job resources can be beneficial (Bakker et al., 2007). Job demands might involve qualitative demands (e.g. emotional or mental), quantitative demands (e.g. job overload or tempo of change). Job resources may include social resources (e.g. supervisor support), organizational resources (e.g. trust in leadership) and personal resources (e.g. resilience) (Schaufeli, 2017). Occupational well-being could increase in conditions where the available job resources enable employees to decrease the potential influence of job demands (Bakker et al., 2014). It could thus be beneficial to identify and utilize available job resources while simultaneously reducing job demands (Lesener et al., 2019). In this study, we will investigate how authentic leadership and trust in the leader as job resources and job overload as a job demand impact the well-being of employees (outcome) in the manufacturing environment.

4.3 Literature Review and Research Questions

4.3.1 *Authentic Leadership and Trust (in the Leader)*

Authentic leadership emanates from the attitude and behavior of leaders who have a positive effect on their followers (Rego et al., 2016). The significance of AL in the workplace has been emphasized by literature and practitioners due to authentic leaders being true to themselves, mainly when they display behaviors such as being honest, sincere, and living their values (Leroy et al., 2015). Authentic leaders encourage and motivate subordinates to accomplish goals through authenticity and positive moral views, aided by enhanced awareness and effective communication (Crawford et al., 2019). Although authentic leadership has been conceptualized in several ways and evaluated in various empirical research studies (Gardner et al., 2011), possibly the most frequently utilized definition is the one posited by Walumbwa et al. (2008) 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

internalised moral perspective, balanced processing of information, and relational transparency on the part of leaders working with followers, fostering positive self-development” (p. 94).

As depicted in the definition, authentic leadership is multidimensional. It consists of balanced processing, self-awareness, relational transparency, and lastly, internalized moral perspective (Banks et al., 2016). Self-awareness alludes to one’s awareness of one’s strong and weak points in addition to the societal impact (Kernis, 2003). The balanced processing of information relates to the action of leaders who confront their convictions and justly appraise applicable information prior to reaching a final conclusion (Walumbwa et al., 2008). An internalized moral perspective pertains to the self-regulated actions of a leader that are steered by internal beliefs and principles rather than behavior directed by external social factors (Hannah et al., 2011). Lastly, relational transparency relates to actions of a leader that demonstrate the leader’s genuine self, actual convictions, and emotions to subordinates resulting in reciprocated trust (Wei et al., 2018).

Authentic leaders make ethical decisions and apply balanced processing rather than reaching hasty conclusions. Subordinates may trust the forthcoming actions of a leader because they can utilize prior experiences as an indication of what the future might entail (Clapp-Smith et al., 2009). The behavior and temperament of a leader is an essential factor in the tendency of a follower to trust that leader (Heyns & Rothmann, 2015). When authentic leaders behave with personal consideration and respect towards their subordinates, it will, in all likelihood, enhance the level of trust (Avolio et al., 2004). In support of this view, Hsieh and Wang (2015) suggested that leaders who display authentic behaviour can raise the level of trust amongst followers. This statement was confirmed in recent studies that found that an authentic leadership style was favourably linked to trust in the leader (Enwereuzor et al., 2020; Levesque-Côté et al., 2018; Wei et al., 2018).

4.3.2 Trust (in the Leader) and Flourishing

Gaining the trust of subordinates is one of the crucial components of being an effective leader. The social exchange theory suggests that trust is essential for improving employee and organizational effectiveness (Hsieh & Wang, 2015). Trust is the cement in the relationship that binds employees and their leaders within an organization (Mineo, 2014), leading to organizational outcomes (Dirks & Ferrin, 2002). The trusting relationship employees have with their leader plays a vital role in predicting their workplace experience (Bligh & Kohles, 2013).

They might feel that their inputs and ideas matter. Employee perception of the trustworthiness of their leader will be influenced by, amongst others, the following behavioral categories: honesty, sharing control, timeous and precise communication while demonstrating empathy (May et al., 2004).

Diedericks and Rothmann (2013) maintained that, based on the social exchange theory, it is conceivable that if employees have a positive relationship with their leader, the relation will cultivate work engagement, emotional well-being, and psychological well-being. Many of the aspects that could threaten human well-being can be ascribed to distrust, as trust is the essence of all relationships (Kleinig, 2018). Flourishing entails the subjective well-being of individuals involving emotional, psychological, and social aspects (Keyes & Annas, 2009). Workplace flourishing can be divided into flourishing, moderately mentally healthy, and languishing (Rautenbach & Rothmann, 2017a). Flourishing in the workplace has also been described as individuals' perception that they feel good and function well in their organization (Rautenbach, 2015). Mental health involves the well-being of individuals that enables them to develop their abilities, function productively, contribute to their community and cope with life stresses (Keyes, 2007) in an uncertain environment. Languishing, which is seen as the opposite of flourishing, represents the absence of mental health (Rautenbach & Rothmann, 2017a).

In summary, trust and employee well-being are also valuable in improving the hiring and achievement of employees and retaining them (Krekel et al., 2019). Given the aforementioned, it is possible to argue that trust in the leader will influence employee flourishing in work and organizational context (Kelloway et al., 2012; Pillai et al., 1999).

4.3.3 *Precariousness, Trust (in the Leader), and Flourishing*

One of the challenges confronting organizations is the decline in the conventional long-term occupational relational obligation, mutual exchange, and employment security, as it has been substituted by elevated precariousness (Utzet et al., 2020). Changing work conditions resulting in work overload might contribute to the occupational stress experienced by employees and may be negatively associated with their well-being (Laurence et al., 2016). Work overload may result from new legal or market requirements, the introduction of updated technology, workforce reductions and restructuring (García-Arroyo & Osca, 2019). Morgan and Zeffane (2003) analyzed the influence of different organizational changes such as technological, structural, and work roles on employee trust in leaders. Their study indicated

that the uncertainty and insecurity due to reorganization and change significantly erode trust in the leader. The negative emotions of employees towards ongoing changes and uncertainty result in reduced levels of trust in the organization, senior management, and line management (Kiefer, 2005). The uncertainty and vulnerability brought about by ownership and top management changes, strategic reorientation, and significant organizational restructuring will challenge and weaken employee's trust in their leader (Sørensen et al., 2011).

It may also be argued that the measure of trust employees have in their leader could have a buffering consequence because when employees have belief in their leader's judgment and good intentions, they will experience less uncertainty during times of change (Gundhus, 2018). Since trust can serve as lubrication for social systems, it may imply that employees can rely on the promises of others within their organization (Martins & Van der Ohe, 2011). Werbel and Henriques (2009) stated that trust is "the willingness to make oneself vulnerable to another person despite uncertainty regarding motive and prospective actions" (p. 781), implying that peril, exposure, and doubt are part of trustful relationships (Heyns & Rothmann, 2015). Another element of trust is the expectation that the future actions of another party will be advantageous (Cheng et al., 2019). Most researchers describe trust as being vulnerable and exposed to another party due to positive future expectations. The trust employees have in their leaders and their employer influences the interpretation of the potential threat of insecurity and uncertainty resulting from change and reorganization within an entity (Arnold & Staffelbach, 2012). As a result, employees might perceive the situation as less threatening because they believe in their organization's ability, benevolence, and integrity (Arnold & Staffelbach, 2012).

The perception of followers regarding the interaction and bond with their leader can be a resource that can affect their well-being (Halbesleben et al., 2014). For example, follower-leader trust represents the employee's perception of communicating freely with the leader regarding job-related challenges without fearing negative consequences (Fulk et al., 1985). The mentioned characteristic of trust in the leader has been linked to follower well-being (Braun et al., 2013; Liu et al., 2010). Russell (2008) described subjective well-being as comprising emotional well-being and positive functioning (psychological and social well-being). When employees trust their leader, it will beneficially influence their psychological well-being, reducing their perceived level of risk and vulnerability (Kelloway et al., 2012). Trust in the leader favourably impacts the social well-being of laborers because the trusting relationship will lead to a sound social bond between them (Pillai et al., 1999). When employees trust their leader, it will influence their emotional well-being positively. They do not

have to consume emotional and cognitive energy and resources while attempting to safeguard themselves from their leader due to low levels of trust (Kelloway et al., 2012).

The information above may suggest that the level of trust in the leader is associated with flourishing in the workplace. A precarious context might negatively impact the relationship between trust in the leader and employee flourishing. Precariousness in this study is represented by job/work overload resulting from organizational restructuring and staff reduction. The mentioned changes might imply that employees receive more responsibilities and work longer hours, negatively impacting their well-being.

4.3.4 *Precariousness and Flourishing*

Organizations are becoming increasingly aware of promoting and sustaining employee well-being to maintain their competitive advantage (Nielsen et al., 2017). Keyes (2005) described flourishing as “a syndrome of subjective well-being which combines feeling good (emotional well-being) with positive functioning (psychological and social well-being)” (p.7). The constantly changing worldwide economy and work environment have made the occupational situation more insecure and uncertain, resulting in the increased perceived precariousness of employees and have put their sustainable well-being at risk (Giunchi et al., 2019). The era we live in is increasingly characterized by precarious employment, representing a fundamental shift towards widespread uncertainty and insecurity, potentially leading to employees encountering low levels of subjective well-being (Kalleberg, 2018). In the complex and ambiguous work environment, job insecurity has developed into a significant stressor with adverse effects on employees' well-being (De Witte et al., 2016; Jiang & Lavaysse, 2018).

The modern organizational setting is increasingly typified by complex work demands and work overload (Vogel, 2012) and longer working hours, given a 24/7 operational process in most organizations (Barnett & Hyde, 2001). Considering the Job Demands-Resources model framework (JD-R; Bakker & Demerouti, 2017), job overload is seen as one of the job demands that may affect employee well-being negatively. Janse van Rensburg and Rothmann (2020) stated that job demands represent a job's psychological, tangible, societal, or organization-related attributes requiring actual and intellectual exertion and are linked to specific physical and intellectual expenses. Job demands may be synonymous with, amongst others, overtime work (Richardsen et al., 2006); job insecurity and time-associated demands at the workplace (Mauno et al., 2007); challenges resulting from reorganization and workload (Bakker et al., 2003).

4.3.5 Authentic Leadership, Trust (in the Leader), Flourishing, and Precariousness

Supervisors who display authentic behavior by demonstrating mindfulness, transparency in their relations with others, a sound moral point of view, and a well-balanced approach to reaching conclusions will most likely establish a trusting relationship with their followers (Hassan & Ahmed, 2011). This could be related to the leader's accommodative and considerate behavior and open and transparent communication (Clapp-Smith et al., 2009). Additionally, authentic leaders promote subordinate trust in the leader due to leadership authenticities, such as relational transparency and authentic behavior that are positively associated with the follower's trust in the leader (Hassan & Ahmed, 2011). Authentic leadership was identified as a principal job resource from a JD-R point of view. It assists in establishing a positive and healthy work environment, resulting in numerous beneficial work-related outcomes (Adil et al., 2019).

Helliwell (2011) and Liu et al. (2010) established that the level of perceived trust directly impacts the subjective well-being of individuals. Flourishing points to personal subjective well-being, which centres around how employees evaluate their encounters within different conditions (Janse van Rensburg et al., 2017). Employees who trust their leader reportedly experience a sense of security and comfort because they feel their leader wish them no harm; therefore, they feel less exposed to being harmed by their leader (Kelloway et al., 2012; Liu et al., 2010). When the sense of uncertainty and vulnerability is reduced through trust in the leader, it affects employee well-being (Kelloway et al., 2012). Prior studies have found that trust in the leader can mediate the link between authentic leadership as a predictor and organizational citizenship behavior and work engagement (Altuntas & Baykal, 2010; Hsieh & Wang, 2015). However, when employees are of the opinion that they cannot trust their leaders, they may feel anxious, adversely affecting their well-being (Dirks & Ferrin, 2002). One can assume that the distress will be more severe in uncertain times.

The global economic and technological changes have brought about increased employment uncertainty in many sectors of the economy and have led to a rise in precariousness (Standing, 2014). Job overload in the form of additional work and longer working hours might result from changes in the working environment. Demerouti et al. (2009) found that followers who faced job demands, such as workload and physical demands, reported reduced well-being.

Uncertainty and insecurity created in an organization will almost certainly threaten the trust relationships between employees and their leaders (Sørensen et al., 2011). Although trust is highly desirable, organizations find it challenging to develop interpersonal trust and trust in the leader due to a highly uncertain and insecure business environment (Zanini et al., 2009). Because employment is a source of meaning, identity, and personal connection, employment-related uncertainty and instability might threaten the subjective follower well-being (Blustein, 2006).

The JD-R model suggests that when faced with stressful conditions (job overload), employees will be likely to draw on their resources (Demerouti & Bakker, 2011), such as the trust in their leaders (Visser et al., 2016) and the perceived authentic leadership behavior of these leaders (Adil et al., 2019).

Based on the information above, it is viable to argue that although authentic leadership will affect the trust relationship between followers and their leaders, the level of trust will determine the influence a precarious work context, characterized by job overload, will have on this research regarding the flourishing of employees.

Based on the discussion as set out above and the research model (figure 4-1) as reference, the research questions of this study are formulated as follows:

- What is the relationship between authentic leadership, trust (in the leader), and flourishing, given a context of precariousness (represented by job overload)?
- Is the indirect effect of authentic leadership on flourishing, through trust in the leader, dependent on a moderation effect of job overload on flourishing?

4.4 Method

4.4.1 Respondents

This study included the managers on different levels employed at the various plant sites of a noteworthy manufacturing organization in South Africa. The questionnaires were sent to 570 potential respondents, and 314 completed questionnaires were returned, resulting in a reaction rate of 55%. According to MacCallum et al. (1999), samples of 300 or more observations in factor analytic studies will enable researchers to obtain meaningful results. Stratified random sampling was utilized during data collection.

As drafted by the authors, Table 4-1 reflects the attributes of the respondents: 12.4% of the participators indicated that they were between 31-40 years of age. A total of 13% reported that they were employed at the senior manager level, and 30.5% indicated that they had 31-40 service years. Of the target group, 63.3% stated 0-10 years of experience in their present job. Lastly, 22% of the respondents said that they are employed in the corporate services environment.

Table 4-1

Participant characteristics (n = 314)

Item	Category	Frequency	%
Age group	20-30 years	7	2.2
	31-40 years	39	12.4
	41-50 years	126	40.1
	51-60 years	131	41.7
	≥ 61 years	11	3.5
Job category	Senior manager	41	13.0
	Manager	70	22.2
	Junior Manager	203	64.7
Experience	0-10 years of service	39	12.4
	11-20 years of service	60	19.1
	21-30 years of service	105	33.4
	31-40 years of service	96	30.5
	41-45 years of service	14	4.5
Years in current position	0-10 years	199	63.3
	11-20 years	76	24.2
	21-30 years	27	8.6
	31-40 years	10	3.1
	41-45 years	2	0.6
Operating area	Vanderbijlpark works	163	51.9
	Newcastle works	56	17.8
	Gauteng operations	26	8.3
	Corporate services	69	22.0

4.4.2 Measures

Respondents were requested to fill out a biographical information form and the survey for appraising AL, TL, F and JO.

To measure employee perception of leader AL characteristics, the Authentic Leadership Inventory (ALI; Neider & Schriesheim, 2011) was utilized. The ALI comprises four dimensions (self-awareness, internal moral perspective, balanced processing, and relational transparency) quantified using 14 items. Examples of the items include: "My leader openly shares information with others" and "My leader encourages others to voice opposing points of view". A five-point Likert-type scale ranging from 1 (strongly disagree) to 5 (strongly agree) was utilized to score the individual items. Previous studies established admissible reliabilities with Cronbach's alpha coefficients varying between 0.74 and 0.90 (Men & Stacks, 2014; Neider & Schriesheim, 2011). The ALI was also confirmed as reliable in a South African context ($\alpha = 0.93$; Stander et al., 2015).

TL was measured by utilizing a scale of the Workplace Trust Survey, comprising nine items (WTS; Ferres & Travaglione, 2003). Items were rated by employing a seven-point Likert-type scale spanning from 1 (strongly disagree) to 7 (strongly agree). Example items incorporate: "I proceed on the basis that my supervisor will act in good faith" and "I feel that my supervisor is available when needed" (Ferres & Travaglione, 2003). Cronbach alpha reliability coefficients ranging from 0.90 to 0.97 were reported during studies conducted in South Africa (Ferres & Travaglione, 2003).

The eight-item job overload portion of the Job Demands Resources Scale (JDRS) instrument, established by Jackson and Rothmann (2005), was applied to assess work overload. Mental and emotional load and items pertaining to rate and volume of work are included. Item examples are: "Do you have too much work to do" and "Does your work put you in emotionally upsetting situations". A scale ranging from 1 (never) to 4 (always) was utilized to rate the questions. A Cronbach alpha reliability coefficient was found to be 0.75 (Rothmann et al., 2006).

Workplace flourishing was measured by applying the short version of the Flourishing-at-Work Scale - 17 items (FAWS-SF; Rautenbach & Rothmann, 2017a). These items were assessed by applying a six-point scale that varies from 1 (never) to 6 (every day). Emotional well-being was measured by three items (e.g. "During the past month at work, how often did you experience satisfaction with your job?"), Psychological well-being by nine items (e.g. "During

the past month at work, how often did you feel your work is meaningful?") and Social well-being by five items (e.g. "During the past month at work, how often did you feel you had something important to contribute to your organisation?"). The FAWS-SF were tested under South African conditions and found to be valid and reliable (>0.70) (Rautenbach & Rothmann, 2017a).

4.4.3 Statistical Analysis

For statistical analysis, the software program R version 3.5.3 was utilized in RStudio (RStudio, 2020). The best-fitting measurement model was identified by conducting a Confirmatory factor analysis (CFA) with the "lavaan" package (Rosseel, 2012). Structural equation modelling (SEM) was carried out to evaluate the research model and determine how the data fit the models. The items contained in the questionnaires were treated as continuous. The Maximum Likelihood estimator (MLR), known for its robustness to the abnormality of input data (Wang & Wang, 2012), was applied to estimate the model on the data with no missing values.

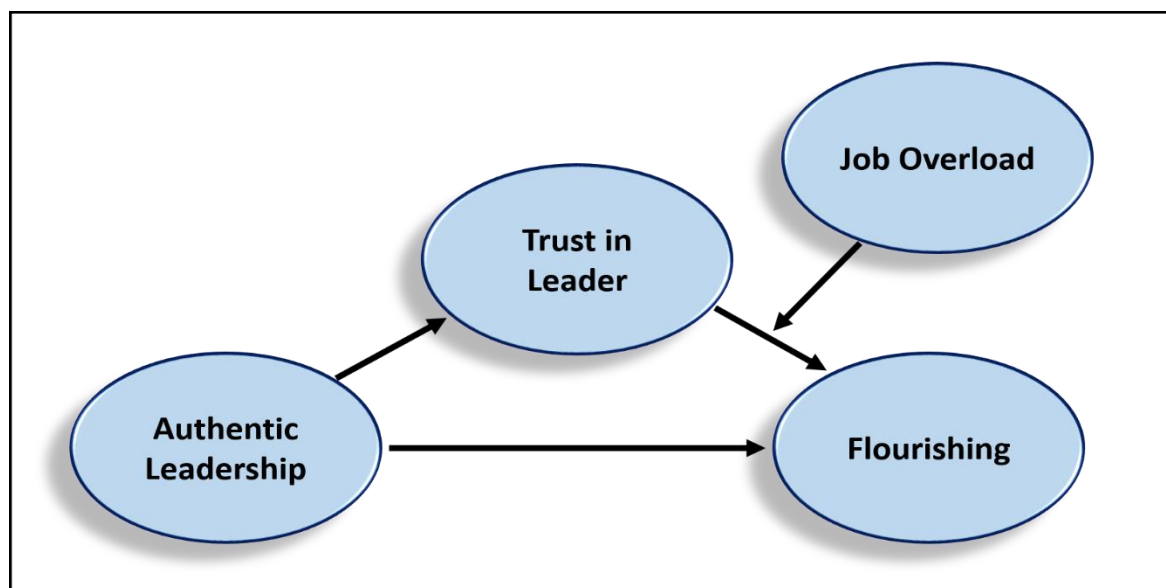
To pinpoint the best-fit model, the subsequent fit indices were utilized: Absolute fit was evaluated by determining the chi-square value. The Comparative Fit Index (CFI) and the Tucker-Lewis Index (TLI) were used as the incremental fit statistics. The cut-off value for the CFI and TLI fit indices is 0.90 (Wang & Wang, 2020). The Root Mean Square Error of Approximation (RMSEA) and Standardised Root Mean Square Residual (SRMR) representative of the alternative fit indexes were calculated and considered. RMSEA and SRMR values below 0.08 are indicative of a good fit between the model and the data (Wang & Wang, 2012).

The objective of this study was to determine the conditional indirect effect of authentic leadership on flourishing via trust in the leader at different values of job overload (moderation analysis). The research consisted of the association between authentic leadership and trust in the leader (a-path), trust in the leader and flourishing (b-path), the direct influence of authentic leadership on flourishing (c-path) and lastly, the interaction consequence of trust in the leader and job overload on flourishing. This conditional indirect effect was evaluated using PROCESS Model 14 (Hayes, 2013) to ascertain whether second-stage moderated mediation was evident. Specifically, the latent variable factor values from the CFA model were administered as a new data set as an input to PROCESS as it cannot estimate latent variables itself. Bootstrapped confidence intervals were generated to calculate the index of moderated mediation (IMM). Zero inclusion in the lower and upper confidence intervals point to a

meaningful conditional indirect effect (Hayes, 2015). Composite reliability was calculated using the sum of squares of the standardized loadings and variance of error terms (Raykov, 2009). The cut-off value of 0.70 is viewed as admissible (Wang & Wang, 2012).

Figure 4-1

The conceptual model



4.5 Results

4.5.1 Confirmatory Factor Analysis

A measurement model was specified with authentic leadership as a second-order factor, indicated by the four first-order components of authentic leadership that, in turn, were indicated by the respective items for each of the four components. Flourishing was also treated as a second-order factor, while trust in the leader and job overload were measured by observed items as they do not consist of individual components. The chi-square test was notable ($p < 0.01$), suggesting a less than perfect fit to the data ($\chi^2 = 1813.47$, $df = 1067$, $p < 0.01$). However, this fit measure is known to be oversensitive to sample size, and researchers should report multiple fit indices (Hancock & Mueller, 2010). The respective alternative fit indices pointed to an approximate fit to the data: The TLI (0.903) and CFI (0.907) values were higher than the 0.90 cut-off point, the RMSEA value suggests a good fit (0.047), and SRMR indicated a good fit (0.069). Due to Model 1 closely resembling theory, it was identified as the best model.

Table 4-2 reflects the correlation table with descriptive statistics (e.g. means and standard deviations) and Raykov's (2009) rho reliability coefficients. As summarised by the authors, the results in Table 2 show that Raykov's rho coefficients were higher than the minimum threshold and considered reliable as the values were above 0.70.

Table 4-2

Correlation Matrix Including Means, Standard Deviations and Reliabilities

Variable	<i>M</i>	s.d.	ρ	1	2	3
1. Authentic leadership	3.61	0.65	0.98	-	-	-
2. Trust in the leader	5.25	1.22	0.96	0.82†*	-	-
3. Job overload	3.18	0.38	0.71	0.09	0.03	-
4. Flourishing	4.45	0.77	0.93	0.43†*	0.54‡*	-0.08

M, mean; s.d., standard deviation; ρ , composite reliability coefficient.

†, $r > 0.30$; ‡, $r > 0.50$.

*, $p < 0.01$.

Variables were conceptualized as X = Authentic leadership, M = Trust in the leader, W = Job overload, Y = Flourishing and, as depicted in Table 2, showed mixed results. Authentic leadership showed positive, statistically significant associations with trust in the leader ($r = 0.82$, large effect) as well as flourishing ($r = 0.43$, medium effect). However, trust in the leader was not notably associated with job overload ($r = 0.03$, $p > 0.05$) but indicated a statistically strong positive association with flourishing ($r = 0.54$, large effect). Lastly, job overload was negatively but not statistically significantly associated with flourishing ($r = -0.08$, $p > 0.05$).

4.5.2 Testing interaction Effects

The Hayes (2017) Mediation, Moderation, and Conditional Process Analysis technique was applied, using PROCESS Model 14. The moderated mediation analysis consisted of the testing of association between authentic leadership (X) and trust in the leader (M, a-path), trust in the leader and the outcome variable flourishing (b-path), the direct effect of authentic leadership on flourishing (c'-path) and lastly the interaction effect of trust in the leader and job overload on flourishing ($m \cdot w$).

The moderated mediation assessment was non-significant: $\beta = 0.08$; SE = 0.24; CI (-0.41; 0.52), and the bootstrapped estimates indicated a non-significant moderated mediation effect because zero did span the CI.

This outcome insinuates that the direct and indirect influences, in addition to the conditional indirect influences, were similar when job overload was added as moderator (Hayes, 2018). Additionally, the second stage moderated mediation model explained 40% of the variation in flourishing when trust in the leader was utilized.

The conditional indirect effects are displayed in Table 4-2 and Figure 4-3.

Table 4-3

Research model: Moderated Mediation Results

(2 nd Stage)	β	s.e.	<i>t</i>	<i>p</i>	95% CI (lower)	95% CI (upper)
AL → TL (a)	1.93	0.07	29.36	0.001*	1.80	2.06
TL → F (b)	0.47	0.05	8.78	0.001*	0.36	0.57
AL → F (c')	-0.22	0.12	-1.86	0.063	-0.46	0.01
TL*JO → F (c-c')	0.04	0.11	0.36	0.714	-0.18	0.27
Indirect effects and Index of Moderated Moderation						
JO – Low (-0.23)	0.88	0.13			0.62	1.14
JO – Moderate (0.01)	0.90	0.13			0.65	1.15
JO – High (0.26)	0.93	0.15			0.62	1.20
Index of Moderated Mediation	0.08	0.24			-0.41	0.52

β , unstandardized beta coefficient (PROCESS does not provide standardized in moderation results); s.e., standard error.

*, $p < 0.001$.

The only direct effects in the model that were significant were the regressions from AL to TL ($\beta = 1.93$; SE = 0.07; CI [1.80, 2.06]) and TL to F ($\beta = 0.47$; SE = 0.05; CI [0.36, 0.57]). The direct regression from AL to F ($\beta = -0.22$; SE = 0.12; CI [-0.46; 0.01]) and the interaction effect were insignificant ($\beta = 0.04$; SE = 0.11; CI [-0.18, 0.27]). Even though there was no significant moderated mediation evidence existed that only the indirect effect from AL to F through TL was meaningful as all of the values (even at different levels of JO) were similar and did not include zero. Therefore, there was only evidence of an indirect effect but no moderation of that effect.

4.6 Discussion

The intent of this study was to position authentic leadership and trust in the leader (job resources) as facilitators of flourishing. The process (trust in the leader) through which authentic leadership influences flourishing was also analysed. Lastly, the study determined whether a contextual factor such as job overload influenced the association between authentic leadership, trust in the leader and flourishing. To the best of our knowledge, no study involving the constructs of authentic leadership, trust in the leader, job overload and flourishing has been conducted before.

The results underpin the significant and influential part authentic leadership can play in the manufacturing industry. Firstly, the study indicated an affirmative connection between authentic leadership and trust in the leader. This outcome suggests that increased levels of authentic leadership may result in higher trust in the leader and employee flourishing. This finding supports the suggestion that authentic leadership functions as a job resource as stipulated by the JD-R model (Lee et al., 2020). Similar results came from previous research studies (Adil & Kamal, 2019; Álvarez et al., 2019; Zhang et al., 2018). The behavior and persona of a leader may influence employees to trust that leader (Heyns & Rothmann, 2015), especially when leaders keep their promises (Wang & Hsieh, 2013). The trusting relationship between employees and leaders can also result from authentic leaders acting transparently when dealing with them (McAuliffe et al., 2019), giving employees hope to cope with future uncertainty. During challenging times (e.g. restructuring and COVID-19 pandemic), employees must trust their leader to implement initiatives that might mitigate the negative effect of mentioned challenges on the organization and followers. This result also implies that leaders positively influence employees when they listen to them and consider their opinions and ideas while being transparent in their dealings with them, as these employees will feel confident and determined to perform at their best. It can be expected that a leader who exhibits these behavioral characteristics will promote feelings of trust in followers because they will feel comfortable to share information with the leader, test ideas and improve their work engagement levels.

Secondly, the relation between authentic leadership and flourishing was confirmed. This outcome is similar to the results of research, which established that authentic behavior has a profound effect on the well-being of followers (Ilies et al., 2005; Kerns, 2018; Rautenbach & Rothmann, 2017b). Authentic leader behavior also promotes organizational citizenship behavior, follower creativity, and employee performance (Ribeiro et al., 2018). According to

Kernis (2003), authentic leaders are positive and optimistic, and these positive emotions tend to spill over to employees as it is contagious. The positive environment created by authentic leaders is preserved by a mutual emotional transfer that strengthens subordinate well-being (Rautenbach & Rothmann, 2017b).

Thirdly, as in other research (Braun et al., 2013; Kelloway et al., 2012; Liu et al., 2010), a positive association between trust in the leader and employee flourishing was established. This outcome suggests that positive follower-leader relationships hold the potential to result in enhanced employee well-being. On the other hand, distrust can threaten employee well-being as it is key to human relationships in the workplace and elsewhere (Kleinig, 2018). Not only is trust and employee well-being value-adding to the work context, but they are also instrumental in enhancing human resource management processes such as employee recruitment, retention, and performance (Krekel et al., 2019). In an environment faced with many challenges, it is vital for employees to feel that they are being motivated and inspired by their leader as it will improve their work experience and engagement.

Fourthly, the indirect association of authentic leadership with flourishing, via trust in the leader, was not found to be affected by a moderating effect of job overload on employee flourishing – a strong association between trust in the leader and employee flourishing was not moderated by the presence of job overload. The study results indicate that a fluctuation in the level of job overload did not impact the direction or size of the association between trust in the leader and flourishing. This outcome was unexpected as many organizations (including the organization used in this study) had to revert to the restructuring of their operations involving downsizing that could result in heightened work demands and the overload of remaining employees (survivors) (Kozlowski et al., 1993). Downsizing may also result in the remaining employees experiencing feelings of job insecurity, anger, depression, decreased motivation, and morale that could have a negative effect on their well-being (Kets de Vries & Balazs, 1997).

Lastly, even though the index of moderation-mediation was not found to be meaningful as expected, the results did support an indirect link joining authentic leadership and flourishing through trust in the leader. Authentic leaders can foster a climate of inclusion, trust and support that influences employee behavior and attitudes. In an environment where information is shared openly and freely, and employees are encouraged to provide inputs and develop themselves, the leader-follower relationship will benefit. It is highly likely that when followers have a positive relationship with their leader, it will promote employee well-being and engagement (Diedericks & Rothmann, 2013). The relation linking authentic leadership and

flourishing may be enhanced when trust in the leader is elevated rather than reduced, as trust in the leader will function as a supplementary job resource that might increase leadership influence.

Given that the target entity has had to undergo the restructuring of its operations before, it is likely that the effect of possible job overload was mitigated by how the leaders dealt with these initiatives in the past (Heyns & Rothmann, 2015; Penger & Černe, 2014). The finding might be explained by the authenticity demonstrated by the leaders through their leading by example while exhibiting optimism, hope and confidence (Gardner et al., 2005). The mentioned positive attitudes could have a trickle-down effect that can lead to the same positive emotions among employees (Frederickson, 2003). Furthermore, when making decisions such as the redistribution of work after a downsizing exercise, authentic leaders are likely to objectively and fairly assess all relevant information before reaching a final decision. Employees working under these conditions are encouraged to support and assist one another (Walumbwa et al., 2010) and remind one another of the benefit such behavior might hold for all role-players involved (Brown et al., 2005). This type of behaviour, with the transparent and frequent sharing of relevant information, might lessen the possible negative effect job overload could have on employees and their well-being.

Hence it is evident that manufacturing organizations should consider promoting and developing authentic leadership among their leaders as it could instil trust in the leaders and possibly enhance employees' psychological, emotional, and social well-being. Even though the manufacturing entity where the study was conducted was confronted with uncertainty and volatility due to restructuring when the study was carried out, the results suggest that despite operating in a turbulent context, promoting an authentic leadership style can have beneficial individual consequences. In uncertain times leaders should admit and embrace their discomfort (self-awareness and transparency), support employees to understand the prevailing complexities (balanced processing), involve and value employees' input (relational transparency), and clarify the bigger picture and purpose (internal moral perspective) in managing ambiguity.

The research gap was addressed by affirming the association between authentic leadership, trust in the leader, and flourishing. This study also contributed to theory by demonstrating that job overload as a type of precariousness in an occupational context does not moderate the relation between trust in the leader and employee flourishing. The positive link between authentic leadership, trust in the leader and employee flourishing highlight the probable value

of authentic leadership in a broader South African context and the manufacturing industry. The results of this study may also be extended to other industries that find themselves in a precarious business environment and that depend on the manufacturing industry for economic advancement. While comprehending the mechanisms of authentic leadership's boundary conditions are essential for theory development, mediated-moderation research related to authentic leadership is limited. This study attempted to add value by clarifying and understanding the leader-follower influencing process by eliminating some boundary conditions.

4.6.1 *Managerial Implications*

Leaders should enable employees to identify what is within their control and what threats they must accept. External threats are beyond their control, but leadership development and creating a trustful climate are within the organization's control.

The outcome of this study suggests three approaches that organizations can follow to enhance the flourishing of their employees through the development of authentic leaders and to strengthen trust in the leader. The first suggested approach is to incorporate interventions to increase authentic leadership. This can be brought about by creating an organizational culture that not only advocates authenticity but also encourages leaders to undertake a journey of self-awareness to discover their strengths, limitations and emotions while being true to themselves and others.

The second recommended approach is to introduce interventions that will encourage leaders to be more transparent, sincere, supportive, and true to their word and enhance trust in them, which will potentially result in increased employee well-being. Additionally, when trusted leaders encourage frequent open and honest two-way communication opportunities and provide honest feedback and recognition while demonstrating caring and empathy, it might affect the flourishing of their followers. One way to install a two-way interactional approach is to develop leaders as coaches. Not only will it enhance self-awareness within the leader, but it will also reinforce focusing on strengths, continuous feedback and a development culture.

Thirdly, involving employees to rethink jobs and allow creative job crafting can reduce the load and enhance meaningful work experiences.

Lastly, the practical value of the JD-R model is that it is not difficult to understand and apply. It also enables human resource practitioners to more easily identify job resources and job

demands and assists them in determining the influence they may have on certain outcomes within the organisation.

4.6.2 *Limitations of the Study and Recommendations for Future Studies*

This research contains a few limitations. First, causal inferences involving the variables cannot be made due to the cross-sectional nature of the study. However, Spector (2019) maintains that a cross-sectional design is warranted when exploring the association between variables not being studied in the intended combination before.

Second, the cross-sectional research design may result in common method variance (CMV), as self-report measures can cause relationship over-inflation and bias (Podsakoff et al., 2003). Third, the study focussed on only one manufacturing company, and it might thus be interesting to determine whether the same results are achieved when including more than one manufacturing entity.

Future studies could explore how different categories of resources impact the processes through which authentic leadership associates with follower outcomes. Although the current study focussed on the respective management levels within the targeted manufacturing organization, future studies could include employees employed in non-supervisory roles and those on the lower levels of the entity. Future studies should contemplate the employment of a longitudinal approach to interrogate the relation between authentic leadership, trust in the leader, and flourishing over a period of time to determine if variations in the business context will affect the findings of this study. Adding organizational constructs, for instance, work engagement, psychological safety and organizational citizenship behaviour, with authentic leadership and trust as the main focus, could also form part of future studies.

4.7 Conclusion

The study's results underpin the significant and influential part authentic leadership can play in the manufacturing setting. When leaders display an internalized moral perspective, self-awareness, relational transparency, and balanced processing in the workplace, they are likely to enhance employee trust. Manufacturing organizations should consider promoting and developing authentic leadership among their leaders and managers to instil trust in the leader with the possibility of enhancing employees' psychological, emotional, and social well-being. The finding suggests that job overload did not moderate the association between trust in the leader and flourishing. Through trust in the leader, the behaviour of authentic leaders

influences the achievement of flourishing and potentially increases employee performance. Lastly, although when the study was conducted, the manufacturing company that took part in this study was confronted with uncertainty and volatility due to restructuring, the research findings indicate that an authentic leadership style could result in favourable individual effects notwithstanding the turbulent context.

4.8 Data Availability Statement

It is hereby confirmed that the information supporting the research outcome is available within this article. The corresponding author, [DK], will provide the raw data supporting the findings upon fair inquiry. The study was guided by the ethical clearance conditions to protect the participating organization.

4.9 Ethics Statement

Clearance for the research to be carried out was granted by the target manufacturing entity's Chief Executive Officer. Scientific and ethical approval was obtained from a recognized higher education establishment. Those who participated in the research consented by completing the related form. The study's purpose and ethical considerations were contained in an information letter attached to the questionnaire.

4.10 Author Contributions

The first author was D.J.K. (due to this article being part of his thesis). M.H. functioned as study promotor and M.W.S. as co-promotor. L.T.d.B. performed the statistical analysis. M.H. and M.W.S. made contributions regarding the study's conceptualization, revision and editing.

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4.12 Conflict of Interest

The study was performed without any association that could result in a conflict of interest.

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Chapter 5: Conclusions, Limitations, Recommendations and Contributions

5.1 Introduction

This chapter highlights the research objectives, followed by the recommendations and the limitations and lastly the contributions made by this study.

5.2 Aim of the Study

The general intent of this study was to determine whether a positive leadership approach such as authentic leadership is a suitable style for promoting trust, dynamic capabilities and employee flourishing within a precarious South African organisational context.

This chapter reflects on the three articles that were included in this study. Firstly, conclusions were made commensurate with the selected study objectives. Secondly, the limitations related to this research are mentioned, and recommendations are put forward. Lastly, future research possibilities that originate from this study are proposed.

5.3 Reconciliation of Research Objectives

The conclusions outlined below flowed from the three research articles that formed part of this study. Based on literature and empirical results, the specific objectives will subsequently be discussed.

5.3.1 Objective 1

To establish whether the authentic leadership (AL) style is associated with trust in the organisation (TO), trust in colleagues (TC), and dynamic organisational capabilities (DC) when applied to a sample of employees employed in various functions at a manufacturing organisation based in South Africa.

Firstly, the results of this study suggested that AL is directly and positively associated with TO. This finding is consistent with a study conducted in the South African public health care sector, which found that authentic leadership predicts trust in the organisation (Stander et al., 2015) as well as studies conducted in the Canadian health care facilities (Wong & Cummings, 2009) and the Malaysian banking sector (Hassan & Ahmed, 2011). Transparency and trust are at the base of Authentic leadership (Walumbwa et al., 2011). Furthermore, trust in the

organisation is greatly influenced by the behaviour of the leader as they are regarded to be representatives of the entity (Khattak et al., 2019).

Secondly, the study found a positive relation between AL and TC. Lester et al. (2010) highlighted the critical part that leader behaviour and values play within an organisation because such leaders guide the organisation and are role models for their subordinates. Some of the key features of authentic leadership were identified as trust, integrity and moral and ethical values (George & Sims, 2007). The trustful environment created by leaders through their authentic behaviour could also contribute to trust among colleagues. By observing and mirroring their leader's authentic leadership behaviour, subordinates also exhibit authentic follower behaviour by displaying confidence, belief in others, and constructive organisational behaviour that may improve performance (Hassan & Ahmed, 2011). TC might result in a willingness to be more open towards one another, display mutual support and teamwork, resulting in improved performance during challenging times.

Thirdly, findings indicated that AL significantly associates with DC. This finding is plausible as leaders may influence the organisation's dynamic capabilities by establishing a work environment where employees are encouraged to be open to innovation and change (Akkaya, 2020). Due to the environment created by the authentic leader, employees might also be more willing to find creative solutions to work-related challenges. Dynamic organisational capabilities will enable organisations to adapt to changing market dynamics while contributing to improved performance (Helfat et al., 2007) and the retention of its competitive position in an unstable business environment (Gnizy et al., 2014).

The outcome of this study implies that manufacturing organisations should take note of the conducive influence of authentic leadership on outcomes such as trust in the organisation, trust among colleagues, and dynamic organisation capabilities since it could contribute to their performance and sustainability.

5.3.2 Objective 2

To determine whether AL is associated with DC through the underlying mechanism of TO and TC despite the challenging economic conditions in which the target organisation is functioning.

The study found that AL positively associates with DC through trust as an indirect variable. Both TO and TC were found to mediate the relation between AL and DC in a significant manner. Authentic leaders have the ability to influence the level of trust in the organisation,

trust in the leader, and trust among colleagues (Coxen et al., 2016), establishing trustful work conditions in which followers feel comfortable to share ideas and suggestions as they know their inputs are valued. This motivates followers to navigate challenging and uncertain circumstances as they are encouraged to support one another and consider all relevant information before making decisions and solving problems (Ilies et al., 2005). The existence of trusting relations within an organisation is highly beneficial as it has been linked to work engagement (Gillis, 2003), improved knowledge-sharing between colleagues (Ferres et al., 2005), and enhanced follower performance (Paliszkiewicz & Koohang, 2013). A trustful work context may also improve the adaptability of the organisation and its members, leading to elevated dynamic capabilities (Fainshmidt & Frazier, 2017).

Hence it is plausible that when authentic leaders influence trust in the organisation and trust among colleagues, it could increase the organisation's capability to respond more quickly to disruptions and radical change due to it being better equipped to sense and seize opportunities and to adapt accordingly. Furthermore, when the organisation's sensing, seizing, and reconfiguring capabilities are enhanced, it will affect its performance.

5.3.3 Objective 3

To investigate the association between authentic leadership (AL) and trust in the leader (TL) within a precarious business context in South Africa.

The outcome indicated that AL is directly and positively associated with TL, implying that higher levels of authentic leadership could increase trust in the leader. This outcome aligns with earlier studies, which established that AL associates with trust in the leader (Baker, 2020; Farid et al., 2020; Maximo et al., 2019;).

This could be attributed to relational transparency as an authentic leadership component that involves the honest sharing of information and the exhibition of genuine emotions to others, consequently strengthening follower-leader trust (Iqbal et al., 2020). When team members trust their supervisor, they will have favourable expectations regarding the actions and conduct of the leader because they are convinced that the leader will have their welfare at heart (Flavian et al., 2019). Additionally, employees will be more prepared to face vulnerability and uncertainty (job insecurity) during restructuring and downsizing initiatives as they will trust the actions and decisions of their leader (Zhang & Zhou, 2014).

It is feasible to reason that because authentic leaders set a good example of ethical norms, openness, and honesty, employee trust in them will increase. When a trustful employee-leader relationship exists, employees could be more willing to accept that the decisions of the leader were well thought through and were made to the benefit of employees and the company.

5.3.4 Objective 4

To test whether job insecurity will have a moderating effect on the association between AL and TL.

This study determined that the link between authentic leadership and trust in the leader will not be moderated through job insecurity. The link between authentic leadership and trust in the leader was thus not impacted by increased or decreased job insecurity levels. This outcome was unexpected as previous studies suggested that job insecurity could reduce the levels of trust in an organisation (Cheng & Chan, 2008; Richter & Näswall, 2019).

Authentic leadership is known to enhance follower trust in their leader and positively affect subordinate work behaviour and attitude (Maximo et al., 2019; Qiu et al., 2019; Wang & Hsieh, 2013). Drawing from the Social Exchange Theory (Blau, 1964), it can be deduced that when team members trust their supervisor, they may consider it a social exchange relationship where the leader will reciprocate their trusting behaviour by trusting them while believing in their abilities. The Social Exchange Theory (Blau, 1964) also advocates that people's behaviour depend on past rewards or expected future rewards (Penger & Černe, 2014). It is thus possible that followers will feel confident and optimistic about the decisions made by these leaders, even in the absence of guarantees that the decisions will be to their benefit (Jiang & Probst, 2019), resulting in reduced levels of job insecurity.

Another explanation might be found in the possibility that interpersonal trust is gradually developed over time as individuals get to know one another (Pemartin et al., 2017). Because more than 80% of the respondents indicated that they have more than ten years of service, it might suggest that the relationship (work-related and personal) between employees and supervisors is strong. In organisations where follow-leader relationships are established, and the level of trust is high, while employees are convinced that retaining skilled staff is required for the survival of the organisation (Goodridge et al., 2013), the possibility exists that they might support a downsizing initiative, thereby reducing the negative impact of job insecurity that might prevail. Due to this study focussing on the various levels of leaders only, this

assumption might not ring true for employees who are non-managers as the employee-leader relationship might not be the same as the leader-to-leader relationship.

When subordinates trust their superior and are devoted to their occupation, they might anticipate that the leader will have their best interest at heart when making staffing-related decisions during a staff reduction process. The resulting measure of confidence in the possibility of them not losing their job or understanding the reason if they do could reduce job insecurity in the target manufacturing organisation's employees. The fact that the surviving employees have been exposed to numerous restructuring exercises over the past three decades could also leave them feeling less insecure as they will have trust in their leader to again make decisions during the latest initiative that will not affect them negatively.

5.3.5 Objective 5

To analyse the relation between authentic leadership (AL), trust in the leader (TL), and flourishing (F), given a context of precariousness (JO).

Firstly, a positive association between AL and TL was confirmed in this study. It implies that an increase in authentic leadership can enhance the trust employees have in their leader. The positive link between authentic leadership and trust in the leader was substantiated in recent studies (Enwereuzor et al., 2020; Wei et al., 2018). It is thus likely that authentic leadership could be viewed as a job resource as described by the JD-R model (Lee et al., 2020) and confirmed by previous research (Álvarez et al., 2019; Zhang et al., 2018). The trust followers have in their supervisor is impacted by the supervisor's qualities and behaviour (Heyns & Rothmann, 2015), implying that when a supervisor behaves in a transparent fashion, value the opinions and inputs of followers and treats them in a caring manner, the trust followers have in that leader will be enhanced. Furthermore, authentic leaders can encourage followers to accomplish success through their authentic behaviour, positive moral-based views, and clear communication (Crawford et al., 2019).

Secondly, the association between authentic leadership and flourishing was also established. This suggests that an increase in leader authentic behaviour will likely positively impact the well-being of the followers involved. This outcome is aligned with previous study results that confirmed the beneficial effect authentic leadership behaviour could have on the well-being of employees (Kerns, 2018; Rautenbach & Rothmann, 2017). Tafvelin et al. (2011) stated that leaders are in a position to affect the well-being of their followers and because authentic leaders strive to create a positive organisational climate through their honest, open, and caring

behaviour towards employees and colleagues, they might positively influence follower well-being. Employing members who flourish will benefit the organisation as it could contribute to a happier workforce, improved performance, and a more productive work environment.

Thirdly, as determined in similar studies (Braun et al., 2013; Kelloway et al., 2012), a positive connection was confirmed between trust in the leader and employee flourishing. Trust has been identified as the adhesive that binds the relationship between followers and their supervisors within an organisation (Mineo, 2014) while resulting in certain organisational outcomes (Dirks & Ferrin, 2002). If employees perceive the relationship they have with their leader as positive, it can function as a resource affecting follower well-being (Halbesleben et al., 2014). Employees who trust their leader may feel more assured and comfortable as they are convinced that their well-being will be regarded as important, leaving them to feel less vulnerable against the decisions and actions of the leader or the organisation (Kelloway et al., 2012; Liu et al., 2010).

5.3.6 Objective 6

To determine whether the indirect influence of AL on F, through TL, depends on a moderation effect of JO on F.

The study determined that the indirect association between authentic leadership and flourishing, through trust in the leader, was not influenced by a moderation impact of job overload on employee flourishing. The aforementioned suggests that if the link between trust in the leader and employee flourishing is strong, it will not be impacted by the existence of job overload. Additionally, indications are that even if the levels of job overload fluctuated, the size and direction of the link between trust in the leader and flourishing was unaffected. This outcome was unexpected as previous studies indicated that the downsizing of the organisation's workforce could result in increased workload for employees who remain behind, negatively impacting their well-being (Kozlowski et al., 1993).

The organisation that was the focus of this study has undergone numerous restructuring initiatives over the past two decades, and the way in which it was dealt with could explain this unexpected result. Penger and Černe (2014) stated that job overload on surviving employees might be mitigated by how optimisation and staff reduction were dealt with in the past. This finding could imply that if previous optimisation initiatives were conducted in a transparent, participative, and fair manner, it could result in the remaining employees adapting to improved processes while understanding that it had to be done in the interest of the survival of the

company, making them more susceptible to what lies ahead. Moreover, they might consider the supportive work environment created by their leader as a contributing factor that might assist them in coping with the increased workload.

Although the index of the moderation-mediation result was against expectation, this study did find an indirect association between authentic leadership and flourishing via trust in the leader. As a value-adding job resource from a JD-R perspective, authentic leadership can contribute to a healthy and productive work context and various favourable work outcomes (Adil et al., 2019). While promoting an inclusive climate in which information is shared freely and frequently, authentic leaders can strengthen follower-leader relationships and influence the trust that these followers have in them. The constructive relationship that is created will likely enhance follower engagement and well-being (Diedericks & Rothmann, 2013). The relation between authentic leadership and flourishing could be reinforced when there is an increase in trust in the leader rather than a reduction. The above-mentioned could be ascribed to trust in the leader performing the role of complementary job resource with the potential to elevate leadership influence.

5.4 Recommendations

Given the stated outcomes and limitations, the recommendations will be discussed next.

5.4.1 Recommendations for the Individual

The outcome of this study indicated that authentic leadership might result in positive employee and organisational outcomes. Because authentic leadership involves a set of leadership behaviours that facilitate positive psychological competencies to promote personal growth (Walumbwa et al., 2008), managers might benefit from adopting an authentic leadership style. However, they must note that developing into an authentic leader necessitates the commitment to a journey of personal transformation and growth (Yasinski, 2014). The benefits of embarking on the journey of authentic leadership are that individuals are likely to become more aware of their true selves: their values, strengths, and weaknesses that could facilitate meaningful and authentic relationships with subordinates. Due to their high self-awareness, authentic leaders do not only know themselves but are also aware of the effect they may have on followers. By adopting an authentic leadership style, supervisors might strengthen the trust relationship by creating an environment of integrity, where co-workers support one another to achieve set targets. Lastly, trust in the leader advances the well-being of subordinates (Hendriks et al., 2020) and could assist leaders in guiding them to achieve improved

performance. Recent studies conducted by Hoch et al. (2018) and Schuh et al. (2017) suggested that authentic leaders have a favourable influence on employee well-being and their work-based persuasions and conduct such as work satisfaction, dedication, work engagement, and individual engagement, performance, and creativity.

5.4.2 Recommendations for the Organisation

The findings of this study reinforced the instrumental contribution that authentic leadership can make to manufacturing organisations. The results also indicated that even if a manufacturing organisation finds itself in an uncertain and volatile business context, adopting an authentic leadership approach may bring about beneficial organisational outcomes. It is thus recommended that manufacturing entities adopt an authentic leadership style as it might elevate trust in the organisation and enhance trust between co-workers while possibly contributing to heightened competitive advantage due to increased dynamic organisational capabilities. Building trustful relationships may be of benefit to the manufacturing entity because if followers have trust in their company, their leaders, and colleagues, they will focus on improving their job-related efforts (Coxen et al., 2016; Kim et al., 2018). The human resource and development departments of manufacturing organisations should develop their leaders on all levels towards being more authentic by emphasising authentic leadership in succession planning and leadership capability-building programmes and including authenticity as a key performance area in their performance management system.

Development programmes could focus on developing authentic leaders on various management levels by including mentoring and coaching programmes with the following focus per level:

Junior manager level: Because leaders in these levels function on an operational (first-line) level, development programmes should focus on the guidance of junior managers on the basic building blocks of how to be(come) an authentic leader. Development programmes might contain practical guidance on becoming more self-aware, being more analytical, and that it is beneficial to take into account and trust the inputs from others when having to make decisions. The focus might also be placed on the importance of building sound relationships and the importance of follower trust, and the role that integrity plays in being an effective leader. Development programmes could also include effective communication and listening skills as authentic leaders should be able to communicate clearly and be open to being influenced by the views of others.

Middle manager level: Assuming that it is the same manager population that has undergone the junior manager training as mentioned above and who has had time to apply what was taught, it is proposed that the development programme of middle managers could include, amongst others, how to conquer their fears and use their strengths to the benefit of all stakeholders. They should be coached to better understand what their role and purpose as an authentic leader on this level are and how to focus on the longer-term results to further contribute to the performance of a bigger team and, ultimately, their organisation. They could also be guided on how to lead with a measure of empathy and understanding as it might encourage employees to go above and beyond what is expected of them and then to celebrate successes with followers. The continued importance of the demonstration of self-discipline, consistency in word and deed, sound values, and relationship building should also be emphasised. These managers could also coach and mentor the junior managers to develop their authentic leadership skills.

Senior manager level: As more established leaders, the development programme of this group of managers should build upon the components of authentic leadership that they have been applying. Because they are functioning on a more strategic level in their company, they should be coached to use their strength base more effectively when leading while focussing on long-term results. Emphasis should be placed on how to clearly and frequently communicate the state of the organisation and its vision. Because they are able to influence the culture and future direction of the company, it is essential for them to be reminded of the importance of listening to and taking into consideration the inputs and comments of followers when deciding on a course of action. Leaders on this level could be appointed as coaches and mentors for middle managers with the purpose of assisting them in perfecting their authentic leadership abilities.

The recommendation that human resource and development functions should promote the development of authentic leaders could benefit manufacturing organisations as it can establish an environment that will contribute to team-member well-being, employee retention and improved productivity.

5.4.3 Recommendations for Future Research

Because this study is cross-sectional in nature, future research may benefit by applying a longitudinal technique to determine if the associations uncovered in this study might change when measured over a period of time and also to establish whether adjustments in the

business conditions will impact the outcome. Future research might enhance this study by concentrating on managers employed by other manufacturing companies to enable comparative studies. The inclusion of different levels of employees as additional sources of data within manufacturing organisations may benefit future research. Conducting a similar study within a different context could also be considered. The application of a mixed-method approach may enhance the results of future studies. When studying the relation between authentic leadership, precariousness (job insecurity), and trust in the leader, future research might consider including trust in the organisation due to the likelihood of job insecurity having a stronger relation to trust in the organisation than to authentic leadership. Finally, because this study only focussed on two aspects of precariousness, future research might focus on the comprehensive description of the aspects of precariousness and its role in a business setting.

5.4.4 Limitations

Firstly, the study focussed on and was limited to the various management levels at a manufacturing company in South Africa. Due to the research being done at a single company in the steelmaking industry, generalisation of these results should be made with care.

Secondly, the cross-sectional method of data collection does not permit assumptions concerning causal relations between variables. Additionally, because the data was not collected over a period but at one point in time, it might result in common method variance.

Thirdly, the self-reported data that were utilised created the risk of response bias in which respondents tend to manipulate their responses for the sake of providing socially desirable answers.

Lastly, as with most studies, there are limitations when determining causality and it is recommended that more investigation must be done to find better methods to address this challenge.

5.5 Contribution of the Study

The contribution of the study was to enhance insight into the relation between authentic leadership, trust, dynamic capabilities, and employee flourishing among a group of managers employed by a South African manufacturing company that is functioning under precarious business conditions.

5.5.1 Theoretical Contribution

The study concluded that an authentic leadership approach could affect the dynamic capabilities and the flourishing of the employees of a business by encouraging trusting relations (in the organisation, in the leader & in colleagues). The study added to the sparse body of knowledge involving authentic leadership within an unpredictable and uncertain business climate as viewed from a theoretical perspective. It contributed by showing that authentic leadership functions as a resource to enhance trust and flexibility to adapt to a challenging work environment. This study added to research findings on dynamic organisational capabilities, a topic that will become more prominent in future organisational psychology research. A theoretical contribution was also made by indicating that job insecurity as a form of organisational precariousness did not moderate the authentic leadership, trust in the leader association. Furthermore, this study added to the theory by concluding that job overload as an element of precariousness within a business environment will not moderate the association between trust in the leader and employee flourishing. Even though clarifying the mechanisms related to the boundary conditions of authentic leadership is vital for theory development, mediated-moderation research involving authentic leadership is not readily available. An attempt was made to clarify the leaders-employee influencing process by ruling out some boundary conditions.

5.5.2 Empirical Contribution

This research clarified the worthy contribution that an authentic leadership style can make by enhancing trust while creating the milieu for manufacturing businesses to improve their capabilities of staying in touch with market realities and aligning their strategy to remain competitive. The connection between authentic leadership and trust in the leader was also confirmed, supplying more clarity to the significant contribution of authentic leadership and its potential to foster trusting bonds between followers and leaders that can buffer potentially harmful external forces. The finding that authentic leadership is associated with trust in the leader and follower flourishing contributes to understanding the dynamics between these constructs in a South African setting. Although the study was done within the manufacturing industry, the ability of authentic leadership to indirectly influence follower well-being and dynamic organisational capabilities through trust could also benefit other industries that are confronted with precarious business realities.

In conclusion, this research contributed to theory and practice by reinforcing the significant part authentic leadership can play in promoting organisational (dynamic capabilities) and individual (employee flourishing) outcomes through trust. In addition, it empirically determined the association between previously uncombined constructs. It accentuates the potentially beneficial contribution of dynamic organisational capabilities and employee flourishing to the manufacturing sector in South Africa.

Lastly, the question was asked, what is the role of an authentic leadership approach within a country such as South Africa in terms of its contribution within a precarious organisational context? The answer to this question is that the importance of leadership in the mentioned context is important as it had a significant impact on trust, dynamic organisational capabilities and employee flourishing.

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