Impact of Authentic Leadership and Psychological Capital on Followers’ Trust and Performance

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Abstract: One of the most fundamental challenges and problems of managers in today’s business environment is obtaining the best result and effective performance through providing guidance for subordinates in order to perform their tasks and activities in an optimal manner. This goal will not be achieved unless the leadership style will be in a way which employees have confidence to their managers in the organization and try hard to achieve organizational goals. One of the newest leadership theories in the third millennium is an authentic leadership theory. Therefore, this study applied to investigate the effect of authentic leadership style and positive psychological capital on followers’ trust and performance. This research was conducted in one of the largest and famous telecommunication companies in Iran with 200 sample sizes. The results showed that there is a direct positive relationship between leaders’ authenticity and positive psychological capital and subordinates’ trust and performance at 99 percent confidence level. Also the results indicated that higher level of leaders’ authenticity and positivity increase their followers’ trust and performance.

Key words: authentic leadership; positive psychology; psychological capital

INTRODUCTION

To date, there seems to be no shortage of literature on leadership theory and practice. Safferstone (2005) stated, “The need for leaders and leadership is a perennial subject that traces its beginnings to the Old Testament, ancient China, and 16th-century Italy”. Numerous contemporary authors have crystallized definitions of leadership, identified the need for leadership in modern organizations, documented the positive impact of effective leadership on organizational performance, and proposed leadership models and leadership development strategies (Ardichvili and Manderschied, 2008).

The field of leadership has covered much ground in the last hundred years. Researchers in this area have created a great deal of valuable knowledge on leader traits and behaviors, follower characteristics, leader–follower relationships, and situational contingencies of leadership as well as other related topics and there has been growing interest in the field around a new construct, authentic leadership. The creators of this construct contend that the decrease in ethical leadership (e.g., Worldcom, Enron, Martha Stewart) coupled with an increase in societal challenges (e.g., September 11 terrorism, fluctuating stock values, a downturn in the U.S. economy) necessitates the need for positive leadership more so than in any other time (Cooper et al, 2005). As former head of Medtronic, Bill George (2003), succinctly states: “we need leaders who lead with purpose, values, and integrity; leaders who build enduring organizations, motivate their employees to provide superior customer service, and create long-term value for shareholders” (Avolio &Gardner, 2005). A rise in interest in positive forms of leadership is due in part to mounting evidence supporting the central role of positivity in enhancing human well-being and performance at work. For example, initial research (e.g., Liden, Wayne, Zhao, & Henderson, 2008; Peterson, Walumbwa, Byron, & Myrowitz, 2009; Walumbwa, Hartnell, & Oke, 2010; Walumbwa, Luthans, Avey, & Oke, 2009) suggests that leaders who possess a variety of positive states or traits, goals, values, and character strengths are able to positively influence followers’ states, behavior, and performance (Walumbwa et al, 2010).

Topics discussed in this article include reviewing the effects of authentic leadership and positive psychological capital components (hope, self-efficacy, optimism and resiliency) on followers’ trust and performance of subordinates in the workplace. This study by using different methods has followed to find how positive psychology and authentic leadership related to organizations' outcomes such as trust and performance.

2.Authentic Leadership and Psychological Capital:
2.1.Authenticity:

Authenticity as a construct dates back to at least the ancient Greeks, as captured by their timeless admonition to “be true to oneself” (Walumbwa et al, 2008; Gardner et al, 2009; Novicevic et al, 2006) or “To thine own self be true” (Avolio & Gardner, 2005; Clapp-Smith et al, 2009). Also authenticity implies that “one acts in accord with the true self, expressing oneself in ways that are consistent with inner thoughts and feelings”
(Michie and Gooty, 2005). As conceptualized within the emerging field of positive psychology (Seligman, 2002), authenticity can be defined as “owning one’s personal experiences, be they thoughts, emotions, needs, preferences, or beliefs, processes captured by the injunction to know oneself” and behaving in accordance with the true self” (Walumbwa et al, 2008).

2.2 Authentic Leadership:
A review of the recent literature focusing on authentic leadership indicates that the definition of authentic leadership has converged around several underlying dimensions. It has emerged as a central component in positive leadership studies since its conceptualization in the late 1970s and theoretical extension as a “root construct in leadership theory” (Clapp-Smith et al, 2009). Luthans and Avolio initially defined authentic leadership “as a process that draws from both positive psychological capacities and a highly developed organizational context, which results in both greater self-awareness and self-regulated positive behaviors on the part of leaders and associates, fostering positive self-development” (Walumbwa et al, 2008). It is a process by which leaders are deeply aware of how they think and behave, of the context in which they operate, and are perceived by others as being aware of their own and others’ values/moral perspectives, knowledge, and strengths (Clapp-Smith et al, 2009). The authentic leadership process positively influences self-awareness and self-regulated positive behaviors on the part of both leaders and followers, and it stimulates positive personal growth and self-development (Ilie et al, 2005).

However, several authors have expressed concerns about defining authentic leadership as encompassing the positive psychological capacities of confidence, hope, optimism, and resilience. Drawing on the Michael Kernis’s (2003) conception of authenticity, Ilies et al. (2005) proposed a more focused four-component model of authentic leadership that included self-awareness, unbiased processing, authentic behavior/acting, and authentic relational orientation (Walumbwa et al, 2008, Ilies et al, 2005, Endrissat et al, 2007). Shamir and Eilam described authentic leadership behaviour as “primarily motivated by components of the self-concept such as values and identities, rather than by calculations or expected benefits” (Shamir & Eilam, 2005; Sosik et al, 2009). They defined authentic leaders as people who have the following attributes: (a) “the role of the leader is a central component of their self-concept, (b) they have achieved a high level of self-resolution or self-concept clarity, (c) their goals are self-concordant, and (d) their behavior is self-expressive” (Walumbwa et al, 2008). The authentic leader is confident, hopeful, optimistic, resilient, moral/ethical, future-oriented, and gives priority to developing associates to be leaders. The authentic leader is true to him/herself and the exhibited behavior positively transforms or develops associates into leaders themselves (Ilies et al, 2005). Authentic leaders are leading followers toward a higher purpose and helping to promote their health. Authentic leaders provide a supportive and positive environment where positive mood is nurtured. The authentic leader influences followers through unconditional trust on the part of the follower, positive emotions, and a commitment to foster self-determination and growth in their followers (Macik-Frey et al, 2008). Also Bill George has been described authentic leaders as a person who brings people together around a shared mission and values and empowers them to lead, in order to serve their customers while creating value for all their stakeholders (George, 2003). Walumbwa et al. define authentic leadership as a pattern of leader behavior that draws upon and promotes both positive psychological capacities and a positive ethical climate, to foster greater self-awareness, an internalized moral perspective, balanced processing of information, and relational transparency on the part of leaders working with followers, fostering positive self-development (Walumbwa et al, 2008).

2.3 Authentic Leadership Components:
A review of the available literature has highlighted the components that most researchers and academics cite in discussing authentic leadership. These components are self-awareness, self-regulation, relational transparency and balanced processing (Ardichvili & Manderscheid, 2008; Endrissat et al, 2007; Norman et al, 2010; Walumbwa et al, 2010; Gardner et al, 2009, Chang & Diddams, 2009).

Self-awareness:
Self-awareness ‘refers to one’s awareness of, and trust in, one’s own personal characteristics, values, motives, feelings, and cognitions. Self-awareness includes knowledge of one’s inherent contradictory self-aspects and the role of these contradictions in influencing one’s thoughts, feelings, actions and behaviors’ (Ilie et al., 2005). Self-awareness has been described as an emerging process by which leaders come to understand their unique capabilities, knowledge and experience (Avolio and Gardner, 2005) and is particularly linked with self-reflection as a key mechanism through which leaders achieve clarity with regard to their core values and mental models (Gardner et al., 2005).

Balanced Processing:
Related to the concept of self-awareness is balanced, or unbiased processing. While engaging in the self-reflective process of gaining self-awareness, either through internal introspection or external evaluations,
authentic leaders do not distort, exaggerate or ignore information that has been collected (Kernis, 2003), but rather pay equal attention to both positive and negative interpretations about themselves and their leadership style (Gardner et al., 2005). Balanced processing has been described as ‘the heart of personal integrity and character’, thereby significantly influencing a leader’s decision making and strategic actions (Ilies et al., 2005).

**Self-regulation (Moral/Ethics or Internalized Moral Perspective):**

Self-regulation is the process through which authentic leaders align their values with their intentions and actions. This process includes making one’s motives, goals and values completely transparent to followers, leading by example and demonstrating consistency between espoused theories and theories-in-use (Avolio and Gardner, 2005). Key to this concept is that the regulatory system is internally driven, not a reaction to external forces or expectations (Gardner et al., 2005). Furthermore, self-regulation is distinct from concepts such as self-monitoring or impression management, which can encompass purposively distorted communications and therefore lead to inauthentic dialogue. Rather, self-regulation involves establishing congruence between one’s internal standards and anticipated outcomes (Gardner et al., 2005) and the discipline to convert core values into consistent actions (George, 2003).

As such, authentic leaders, possessing self-regulatory capabilities will say what they mean and mean what they say, thereby managing tensions and confronting conflicts between their personal values and organizational responsibilities. Authentic leaders act according to their own true selves and model norms of authenticity by remaining consistent in their actions (Mazutis & Slawinski, 2008).

**Relational Transparency:**

Lastly, relational transparency encompasses all of the earlier capabilities in the act of open and truthful self-disclosure (Ilies et al., 2005). In addition to being self-aware, balanced and congruent in one’s goals, motives, values, identities and emotions, authentic leaders are also transparent in revealing these expressions to their followers (Mazutis & Slawinski, 2008). Disclosing one’s true self to one’s followers builds trust and intimacy, fostering teamwork and cooperation (Gardner et al., 2005). Furthermore, relational transparency requires the willingness to hold oneself open for inspection and feedback, thereby also being an essential component in the learning process (Mazutis & Slawinski, 2008).

In summary, authentic leadership, as a construct, is multidimensional and multilevel (Avolio and Gardner, 2005). Luthans and Avolio (2003) argue that authentic leadership behavior ‘should cascade from the very top of organizations down to the newest employee’ and that this cascading process is rooted and reinforced by the culture of the organization. Authentic leaders therefore are those who exhibit the capabilities of self-awareness, balanced processing, self-regulation and relational transparency and foster the same positive self-development in other organizational members (Mazutis & Slawinski, 2008).

**2.4 Positive Psychological Capital:**

Psychological capital represents an individual’s positive psychological state of development that is characterized by four psychological resources: efficacy (confidence to take on and put in the necessary effort to succeed at challenging tasks), hope (one’s ability to persevere toward a goal), optimism (a positive expectation about succeeding now and in the future), and resilience (being able to sustain and bounce back to attain success when beset by problems and adversity) which is described in following (Luthans, Youssef and Avolio, 2007; Walumbwa et al., 2010; Avey et al., 2009; Luthans et al., 2008; Norman et al., 2010; Luthans, Norman et al., 2008; Luthans, Avolio et al., 2007 & Luthans, Avey et al., 2008).

**Efficacy** is based on Bandura’s (1997) social cognitive theory. Applied to the workplace, it is defined as “an individual’s conviction about his or her abilities to mobilize the motivation, cognitive resources, and courses of action necessary to successfully execute a specific task within a given context” (Avey et al., 2009; Luthans, Avolio et al., 2007; Luthans et al., 2008; Luthans, Avey et al., 2008; Luthans et al., 2004 & Norman et al., 2010). Research has shown that the efficacy has a direct and significant relationship with job attitudes, leadership effectiveness, decision making and creativity (Simarasi et al., 2010).

**Hope** is commonly used in everyday language and Snyder et al. (1991) define it precisely as “a positive motivational state that is based on an interactively derived sense of successful (a) agency (goal-oriented energy) and (b) pathways (planning to meet goals)” (Luthans, Avolio et al., 2007; Avey et al., 2009; Luthans et al., 2008; Luthans et al., 2004 & Norman et al., 2010). In other words, hope consists of both willpower and “waypower” thinking (Avey et al., 2009). Willpower is the expectancy and motivation individuals have for attaining a desired goal. Pathways complement this willpower by providing psychological resources that help find multiple alternative pathways to the goal. This alternative pathways thinking helps individuals achieve goals despite the presence of obstacles (Luthans, Avey et al., 2008; Luthans, Norman et al., 2008, Jensen & Luthans, 2006).

**Optimism** is the closest structure in the positive psychology than others (Simarasi et al., 2010). Seligman (1998) defines optimists as those who make internal, stable, and global attributions regarding positive events same as task accomplishment and those who attribute external, unstable, and specific reasons for negative events
like a missed deadline (Luthnas, Avolio et al., 2007). Also his definition (2002) draws from attribution theory in terms of two crucial dimensions of one’s explanatory style of good and bad events: permanence and pervasiveness. Specifically, optimists interpret bad events as being only temporary “I’m exhausted”, while pessimists interpret bad events as being permanent “I’m all washed up”. The opposite is true for good events, for which the optimist makes a permanent attribution “I’m talented” and the pessimist a temporary attribution “I tried very hard on this one” (Luthans et al., 2004). The optimism is a general expectation that, good things happen more than bad things in the future (Simaras et al., 2010). Carver and Scheier (2002) offer complementary work with distinct theoretical underpinnings utilizing an expectancy framework noting, “optimists are people who expect good things to happen to them; pessimists are people who expect bad things to happen to them” (Luthans et al., 2008).

Resiliency represents coping and adaptation in the face of significant adversity or risk and has been adapted to the workplace by Luthans as the “positive psychological capacity to rebound, to ‘bounce back’ from adversity, uncertainty, conflict, failure, or even positive change, progress and increased responsibility” (Avey et al., 2009; Norman et al., 2010; Luthans, Norman et al., 2008). According to Coutu (2002), the common themes/profiles of resilient people are now recognized to be (a) a staunch acceptance of reality, (b) a deep belief, often buttressed by strongly held values, that life is meaningful, and (c) an uncanny ability to improvise and adapt to significant change (Luthans et al., 2004). Research indicates that resilient individuals are better equipped to deal with the stressors in a constantly changing workplace environment, as they are open to new experiences, are flexible to changing demands, and show more emotional stability when faced with adversity (Avey et al., 2009).

2.5. Trust and Performance:

Trust has been many different conceptualizations of trust in the organizational behaviour literature over the past few decades (Clapp-Smith et al., 2009). Deutsch defined trust as an interpersonal concept that involved uncertainty to the extent that trust refers to expectations with regard to a non-detrimental or desired event (Mosavian et al., 2009; Yılmaz & Atalay, 2009). However, the most agreed upon definition is “a psychological state comprising the intention to accept vulnerability based upon positive expectations of the intentions or behaviour of another” (Clapp-Smith et al., 2009; Gardner et al., 2009). Lewis and Weigert (1985) and McAllister (1995) identified two components of trust: Cognitive trust is based on evidence of trustworthiness, enabling an individual to decide whether to give or withhold trust. Affective trust is a deep emotional attachment during a relationship (Moustafa-Leonard, 2007; Smith & Lohrke, 2008).

Also Mayer et al. (1995) defined trust as the “willingness to be vulnerable” (Brower et al., 2000). They define trust as “the willingness of a party to be vulnerable to the actions of another party based on the expectation that the other will perform a particular action important to the trustor, irrespective of the ability to monitor or control the other party” (Chughtai & Buckley, 2008). Their model of trust focuses on the interpersonal relationships between two parties, the trustor and the trustee. Their model represents a compilation of previous research on antecedents and outcomes of trust. It can be applied to any dyad and is thus particularly useful in describing leader-subordinate relationships (Brower et al., 2000).

The performance means measurement of results and whether the work is done well or not. Performance includes total job-related behaviors that people showed in their working environment. Performance is a term meaning that the time for doing activities, the concept for work activities and its results. Accordingly, performance encompasses the concept of behavioral work and goals in its definition (Karimi, 2009). Also job performance is defined as the aggregated value to an organization of the set of behaviors that an employee contributes both directly and indirectly to organizational goals (Rich et al., 2010).

In recent years in the field of positive psychology and positive psychological capital, many researches have been done. The study of Walumbwa, Avolio, Hartnell (2010) on 79 police leaders and their direct reports (264 police followers) revealed that leader psychological capital was positively related to follower performance which is consistent with Gardner and Schermerhorn (2004) in the filed of positive organizational behaviour, Avolio and Luthans (2006) and Yammarino et al. (2008) researches. Indeed leaders' psychological capital is likely to play a role in followers' performance by enhancing their psychological capital reservoir (Walumbwa et al., 2010). Also Driscoll (1978), Mayer et al. (1995), McAllister (1995) and Scott (1980) had shown that trust has been previously associated with a leader's perceived ability, competence and performance. Specifically, Mayer and colleagues (1995) discussed three components of trustworthiness including competence, integrity and benevolence. We propose that a leader who displays higher levels of positive behaviour (hope, efficacy, optimism, and resiliency), would be seen by others as being more competent and in turn trustworthy because these components have been demonstrated to be connected to higher levels of performance (Norman et al., 2010). So it's important that we test this hypothesis in Iranian organization so below hypothesises is defined:

Hypothesis 1a:
The leaders’ positive psychological capacities have a positive relationship with the follower's trust.
Hypothesis 1b: 
The leaders’ positive psychological capacities have a positive relationship with the follower's performance in the organization.

Based mainly on case studies of leaders such as Jack Welch (e.g., George, 2003), researchers have identified a form of leadership concerned with developing positive leader-follower relationships, high moral standards, and integrity. By actively involving and developing followers, authentic leaders should increase follower job commitment, performance, and trust in leadership (Tate, 2008). Also, by promoting and building transparent relationships, more rapid and accurate transfer of information is expected that should facilitate more effective follower performance (Walumbwa et al., 2008). So hypothesis 2 is defined as below:

Hypothesis 2a: 
The authentic leadership style of leaders has a positive relationship with the follower's trust.

Hypothesis 2b: 
The authentic leadership style of leaders has a positive relationship with the follower's performance in the organization.

Finally, we expected that followers of leaders, who are viewed as being higher in both positive psychological capacities and authentic leadership style, would show more trust in them and higher performance. This leads to our final study:

Hypothesis 3: 
Followers’ trust and performance will be higher when the leader exhibits both high levels of authentic leadership style and positive psychological capacities.

Also according to theoretical background and literature review, the following conceptual model can be presented which is basis for hypothesis.

3. Method:
3.1. Participants:
One of the international telecommunication companies in Iran participated in this study. Considering the type of work, five departments were chosen and sample of this study was selected based on stratified random sampling among male and female employees. Total of 200 employees which worked in Marketing, Sales and Distribution, Legal, Human Resource and Information System departments were surveyed. Participation in the survey was voluntary. The participants were informed that they were part of a research project and the anonymity of their data was warranted.

46.7% of participants were male and 53.3% were female. 80% of staff was less than 30 years old. Concerning professional education, 31.1% had associate degree, 48.9% had bachelor degree and others had
master degree. According to work experiences, 21.1% of staff has been working for the company for one year, 23.3% two years, 15.6% three years, 21.1% four years and 18.9% five years. More than 75% of them had been worked for more than one year with their managers.

3.2. Instrument:

3.2.1. Authentic Leadership:

All variables used in the analyses were measured with standard questionnaires. We used authentic leadership questionnaire by Avolio, Gardner and Walumbwa (ALQ, Version 1.0 Rater, 2007) to compromise four scales of this theory. Questions number 1 to 5 were used for transparency which a sample item is “My Leader says exactly what he or she means”. Questions number 6 to 9 for moral/ethics with sample item “My Leader demonstrates beliefs that are consistent with actions”, number 10 to 12 for balanced processing with sample item “My Leader solicits views that challenge his or her deeply held positions” and 13 to 16 for self-awareness with sample item “My Leader seeks feedback to improve interactions with others”. The answering format for both of these questions ranged from 1 (“not at all”) to 5 (“frequently, if not always”). The reliability for items was \( \alpha = 0.93 \) for transparency, \( \alpha = 0.88 \) for moral/ethics, \( \alpha = 0.83 \) for balanced processing, \( \alpha = 0.80 \) for self-awareness and \( \alpha = 0.88 \) for authentic leadership.

3.2.2. Psychological Capital:

To assess positive psychological capital, we used 12 Item Psychological Capital (PsyCap) Questionnaire (Luthans, Avolio, Norman and Avey, 2007, Version 1, Other Raterer). Questions number 1 to 3 were used for efficacy which a sample item is “This leader is confident in representing his organization”. Questions number 4 to 6 for hope with sample item “If this leader should find himself in a jam at work, he could think of many ways to get out of it”, number 7 to 9 for resiliency with sample item “At this time, this leader is meeting the work goals that he has set for himself.” and 10 to 12 for optimism with sample item “This leader can get through difficult times at work because he’s experienced difficulty before”. The answering format for both of these questions ranged from 1 (“not at all”) to 5 (“frequently, if not always”). The reliability for items was \( \alpha = 0.94 \) for efficacy, \( \alpha = 0.82 \) for hope, \( \alpha = 0.90 \) for resiliency, \( \alpha = 0.83 \) for optimism and \( \alpha = 0.92 \) for PsyCap.

3.2.3. Performance:

Welbourne, Johnson and Erez role-based performance scale (employee version, 1998) was used to assess job performance. We’ve got her permission by email to use this questionnaire. It has 5 dimensions which include job (sample item is “quality of work output”), career (sample item is obtaining the personal career goals), innovator (sample item is coming up with new ideas), team (sample item is working as a part of team) and organization (sample item is doing things to promote company). In this research we’ve used the first four items. The answering format for both of these questions ranged from 1 (“strongly disagree”) to 5 (“strongly agree”). The reliability was 0.82.

3.2.3. Trust:

The Organizational Trust Inventory (Cummings & Bromiley, 1996) was used to assess trust. The sample item is “In my opinion, the leader is reliable”. The answering format for both of these questions ranged from 1 (“strongly disagree”) to 5 (“strongly agree”). The reliability was 0.88 which all amounts indicated high reliability.

4. Results:

Before analyzing the results obtained, we assessed the normality of the data. Normality was assessed by examining skewness and kurtosis values and kolmogorov-smirnov test for each variable included in the study. Without exception, all study variables were found to be well within acceptable values between +1 and -1 for both skewness and kurtosis. Also significant level values based on kolmogorov-smirnov test were greater than 0.05 so homogeneity of variance assumption was met.

4.1. Testing of Hypotheses:

The means, standard deviations, and Pearson correlations among the research variables are presented in Table 1. Considering the correlation coefficient and significant numbers in the above tables, we can express that there is a significant relationship between authentic leadership, PsyCap and their components with performance and trust. Totally, result of the Pearson correlation test showed that there is a significant relation between authentic leadership and performance with coefficient 0.490 and between authentic leadership style and trust with a coefficient of 0.798 (significance level of 0.000). Also there is a significant relation between PsyCap and performance with coefficient 0.478 and between PsyCap and trust with a coefficient of 0.805 (significance level of 0.000). It’s considerable that in performance components there is a high correlation between AL, PsyCap and
their components with job and low correlation with career. Another point is the prominent relation between AL, PsyCap and their components with cognitive trust.

### Table 1: Means, Standard Deviations (SD) and Pearson correlation.

<table>
<thead>
<tr>
<th>Variable</th>
<th>M</th>
<th>SD</th>
<th>Job</th>
<th>Career</th>
<th>Innovator</th>
<th>Team</th>
<th>Performance</th>
<th>Affective Trust</th>
<th>Cognitive Trust</th>
<th>Trust</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transparency</td>
<td>3.74</td>
<td>0.61</td>
<td>.409**</td>
<td>.204**</td>
<td>.329**</td>
<td>.246*</td>
<td>.399**</td>
<td>.593**</td>
<td>.709**</td>
<td>.685***</td>
</tr>
<tr>
<td>Moral-Ethics</td>
<td>3.55</td>
<td>0.74</td>
<td>.501**</td>
<td>.240</td>
<td>.304</td>
<td>.294*</td>
<td>.437</td>
<td>.532</td>
<td>.632</td>
<td>.621***</td>
</tr>
<tr>
<td>Balanced</td>
<td>3.55</td>
<td>0.93</td>
<td>.546***</td>
<td>.305***</td>
<td>.305***</td>
<td>.377***</td>
<td>.495***</td>
<td>.676***</td>
<td>.725***</td>
<td>.725***</td>
</tr>
<tr>
<td>Processing</td>
<td>3.37</td>
<td>0.90</td>
<td>.365</td>
<td>.168</td>
<td>.276**</td>
<td>.255*</td>
<td>.353</td>
<td>.593**</td>
<td>.663**</td>
<td>.707***</td>
</tr>
<tr>
<td>Self-Awareness</td>
<td>3.49</td>
<td>0.72</td>
<td>.529**</td>
<td>.268**</td>
<td>.351***</td>
<td>.343***</td>
<td>.490***</td>
<td>.690***</td>
<td>.794***</td>
<td>.798***</td>
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<tr>
<td>Authentic Leadership</td>
<td>3.90</td>
<td>0.60</td>
<td>.460</td>
<td>.239</td>
<td>.343</td>
<td>.284*</td>
<td>.441</td>
<td>.700</td>
<td>.782</td>
<td>.783***</td>
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<tr>
<td>Efficacy</td>
<td>3.87</td>
<td>0.56</td>
<td>.416**</td>
<td>.234**</td>
<td>.320**</td>
<td>.309***</td>
<td>.424***</td>
<td>.532***</td>
<td>.667***</td>
<td>.670***</td>
</tr>
<tr>
<td>Resiliency</td>
<td>3.73</td>
<td>0.69</td>
<td>.384</td>
<td>.217</td>
<td>.384**</td>
<td>.329*</td>
<td>.445</td>
<td>.595</td>
<td>.716</td>
<td>.717***</td>
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<tr>
<td>Optimism</td>
<td>3.72</td>
<td>0.59</td>
<td>.359</td>
<td>.243</td>
<td>.234</td>
<td>.230*</td>
<td>.318</td>
<td>.472</td>
<td>.538</td>
<td>.575***</td>
</tr>
<tr>
<td>PsyCap</td>
<td>3.47</td>
<td>0.53</td>
<td>.471</td>
<td>.245</td>
<td>.379**</td>
<td>.338*</td>
<td>.478</td>
<td>.677</td>
<td>.795</td>
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<td>M</td>
<td>3.95</td>
<td>3.33</td>
<td>3.11</td>
<td>4.38</td>
<td>3.70</td>
<td>3.17*</td>
<td>3.43</td>
<td>3.43</td>
<td>3.20</td>
<td></td>
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<tr>
<td>SD</td>
<td></td>
<td></td>
<td>0.57</td>
<td>0.66</td>
<td>0.25</td>
<td>0.60</td>
<td>0.52</td>
<td>0.52</td>
<td>0.40</td>
<td>0.57</td>
</tr>
</tbody>
</table>

*** p<0.001, ** p<0.01, * p<0.05

Also the one-way analysis of variance test was used to determine the effects of independent variables (AL and PsyCap) on two dependent variables (performance and trust). The results showed that there is a meaningful relationship between AL and performance with coefficient 24.850 and trust with coefficient of 21.668. Moreover there is a meaningful relationship between PsyCap and performance with coefficient 15.606 and trust with coefficient of 16.290 (at the significant level of 0.000, 99% confidence level and p< 0.01).

Furthermore, in order to investigate the effect of AL and PsyCap as independent variables on two dependent variables of performance and trust, regression analysis were used to confirm hypothesis 1 and 2. Hypothesis 1, which predicted that PsyCap would be positively associated with the followers’ trust and performance. As hypothesized, the beta coefficient for trust was significant and positive ($\beta=0.805$, p<0.001) as well as performance ($\beta=0.478$, p<0.001). Between PsyCap components, resiliency affects performance ($\beta=0.445$) more than the rest and efficacy has more impact on trust ($\beta=0.783$).

### Table 2: Results of Regression Analysis (H1).

<table>
<thead>
<tr>
<th>Coefficients</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
<th>99.0% Confidence Interval for B</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trust</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Constant)</td>
<td>1.003</td>
<td>.124</td>
<td></td>
<td>8.086</td>
<td>.000</td>
</tr>
<tr>
<td>PsyCap</td>
<td>.633</td>
<td>.035</td>
<td>.805</td>
<td>18.123</td>
<td>.000</td>
</tr>
<tr>
<td>Efficacy</td>
<td>.486</td>
<td>.029</td>
<td>.783</td>
<td>16.775</td>
<td>.000</td>
</tr>
<tr>
<td>Hope</td>
<td>.497</td>
<td>.041</td>
<td>.670</td>
<td>12.043</td>
<td>.000</td>
</tr>
<tr>
<td>Resiliency</td>
<td>.411</td>
<td>.030</td>
<td>.717</td>
<td>13.723</td>
<td>.000</td>
</tr>
<tr>
<td>Optimism</td>
<td>.484</td>
<td>.052</td>
<td>.575</td>
<td>9.380</td>
<td>.000</td>
</tr>
<tr>
<td>Performance</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Constant)</td>
<td>2.519</td>
<td>.167</td>
<td></td>
<td>15.108</td>
<td>.000</td>
</tr>
<tr>
<td>PsyCap</td>
<td>.341</td>
<td>.047</td>
<td>.478</td>
<td>7.262</td>
<td>.000</td>
</tr>
<tr>
<td>Efficacy</td>
<td>.248</td>
<td>.038</td>
<td>.441</td>
<td>6.554</td>
<td>.000</td>
</tr>
<tr>
<td>Hope</td>
<td>.285</td>
<td>.046</td>
<td>.424</td>
<td>6.251</td>
<td>.000</td>
</tr>
<tr>
<td>Resiliency</td>
<td>.231</td>
<td>.035</td>
<td>.445</td>
<td>6.634</td>
<td>.000</td>
</tr>
<tr>
<td>Optimism</td>
<td>.242</td>
<td>.054</td>
<td>.318</td>
<td>4.472</td>
<td>.000</td>
</tr>
</tbody>
</table>

Hypothesis 2 predicted that AL would be positively associated with trust and performance. Table 3 indicates a positive and significant relationship between AL and dependent variables - trust ($\beta=0.798$, p<0.001) and performance ($\beta=0.490$, p<0.001) which is providing support for Hypothesis 2. It's considerable that Balanced Processing has more effect on trust ($\beta=0.725$) and performance ($\beta=0.495$) between authentic leadership components.
Table 3: Results of Regression Analysis (H2)

<table>
<thead>
<tr>
<th>Coefficients</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
<th>99.0% Confidence Interval for B</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
<td>Lower Bound</td>
</tr>
<tr>
<td>(Constant)</td>
<td>.984</td>
<td>.128</td>
<td>7.659</td>
<td>.000</td>
<td>.649</td>
</tr>
<tr>
<td>AL</td>
<td>.636</td>
<td>.036</td>
<td>.798</td>
<td>17.645</td>
<td>.000</td>
</tr>
<tr>
<td>Self-Awareness</td>
<td>.453</td>
<td>.034</td>
<td>.707</td>
<td>13.330</td>
<td>.000</td>
</tr>
<tr>
<td>Balanced Processing</td>
<td>.447</td>
<td>.032</td>
<td>.725</td>
<td>14.043</td>
<td>.000</td>
</tr>
<tr>
<td>Moral-Ethics</td>
<td>.481</td>
<td>.046</td>
<td>.621</td>
<td>10.557</td>
<td>.000</td>
</tr>
<tr>
<td>Transparency</td>
<td>.509</td>
<td>.041</td>
<td>.685</td>
<td>12.541</td>
<td>.000</td>
</tr>
</tbody>
</table>

Finally, to prove the third hypothesis, multivariate analysis of variance with 95% confidence level was used. To do this the five separate organizational units determined. Each of these units is compared in terms of AL and PsyCap. Table 4 shows that the highest level of AL and PsyCap is in the legal department and the lowest is in the marketing. Note that the significant level was 0.02 (p<0.05), so the test is significant.

Table 4: Results of Multivariate analysis of variance between departments.

<table>
<thead>
<tr>
<th>Dep.</th>
<th>Sample Size</th>
<th>AL</th>
<th>SD</th>
<th>PsyCap</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Legal</td>
<td>58</td>
<td>3.66</td>
<td>.65</td>
<td>3.73</td>
<td>.59</td>
</tr>
<tr>
<td>Information System</td>
<td>48</td>
<td>3.64</td>
<td>.92</td>
<td>3.29</td>
<td>.79</td>
</tr>
<tr>
<td>Human Resource (HR) and Sales &amp; Distribution (S&amp;D)</td>
<td>46</td>
<td>3.28</td>
<td>.91</td>
<td>3.40</td>
<td>.85</td>
</tr>
<tr>
<td>Marketing</td>
<td>48</td>
<td>3.24</td>
<td>.66</td>
<td>3.35</td>
<td>.59</td>
</tr>
</tbody>
</table>

According to Table 4, the relationship between AL and PsyCap between organizational units can be displayed as Figure 3. Thus the AL and PsyCap is low in the marketing department, AL is low and PsyCap is high in HR and S&D unit, AL is High and PsyCap is low in Information system department and in the legal unit the two variables are high. It is worth mentioning that the relationship between various units in this organization obtained same as Fig 2 and can occur in different organizations and companies in another way.

Fig. 2: Relation between PsyCap and AL between 4 sample departments.

Next, the level of trust and performance was assessed according to the analysis of variance. Table 4 shows the highest trust and performance is in legal unit and the lowest level of trust and performance is in the marketing unit. Note that the significant level was 0.03 (p<0.05) so the test is meaningful.

Table 4: Results of Multivariate analysis of variance.

<table>
<thead>
<tr>
<th>Dep.</th>
<th>Sample Size</th>
<th>Trust</th>
<th>SD</th>
<th>Performance</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Legal</td>
<td>58</td>
<td>3.56</td>
<td>.41</td>
<td>3.86</td>
<td>.48</td>
</tr>
<tr>
<td>Information System</td>
<td>48</td>
<td>3.25</td>
<td>.54</td>
<td>3.74</td>
<td>.52</td>
</tr>
<tr>
<td>Human Resource (HR) and Sales &amp; Distribution (S&amp;D)</td>
<td>46</td>
<td>3.00</td>
<td>.59</td>
<td>3.69</td>
<td>.59</td>
</tr>
<tr>
<td>Marketing</td>
<td>48</td>
<td>2.91</td>
<td>.41</td>
<td>3.50</td>
<td>.53</td>
</tr>
</tbody>
</table>
Based on what is discussed in table 3 and 4 and Fig 3, we can conclude that higher level of AL and PsyCap in leaders has been occurred a higher level of subordinates’ trust to their leaders and showing higher performance to achieving organizational goals so the third hypothesis of study is confirmed.

5. Discussion & Conclusion:

The main purpose of this study was to examine how authentic leadership and psychological capital impacted participants’ level of trust in the leader and their performance. Our results support that both the level of authenticity exhibited by the leader and the leader's level of positive psychological capacity each positively impacted both participants’ trust and performance. All study hypotheses were supported with departments' leaders that were represented as being higher in both positive psychological capacity and authenticity being rated as more effective than leaders in any other condition. The results of this study support the findings of Norman et al (2010) and Walumbwa et al (2008). In total, the study results contribute evidence regarding the important role of positive psychological capacity and authenticity of leaders to attain their followers’ trust and encourage them to better performance which facilitate achieving to organization’ goals. Also, tables 1, 2 and 3 indicated the synergistic effects of psychological capital. It means that the overall impact of positive psychological capital is more than its component which is emphasized by Luthans et al (2006 & 2007) research (Avey et al, 2009). Therefore, managers and leaders is proposed to establish a clear organizational communication, application of ethics in organizations, increase awareness and balanced performance and develop positive psychological capacities to improve organizational behavior to achieve its brilliant results.

One limitation of this study is that AL and PsyCap is new subject in Iran and there are a few researches on it. The more focus was on PsyCap and job outcomes such as job satisfaction and commitment (Simarasl et al, 2010). Also only questionnaire was used as an instrument and there aren’t any in-depth interviews with subordinates due to their managers’ resistance on these topics. Third limitation is opposition of other departments' head to do the survey on their area to have more samples to compare the result and archiving to stronger findings. Also in five selected departments, some of employees refused to complete the questionnaire as they afraid of informing the mangers on what they filled.

At the end, this study proposed and tested a model that evaluated two of newest and important concepts in context of organizational management and behavior –authentic leadership and psychological Capital- for enhancing the performance of the people and organization. It constructed that positive attitude and behavior of leaders has an effective role in how they subordinates act in the organization. The findings shed light on the importance of specific leaders' behaviors for creating trust on followers and enhancing their performance. It’s suggested that researchers and practitioner in Iran and other countries started working on AL and PsyCap to develop them and expand these fields as it is a need for third millennium.

REFERENCES


