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AUTHENTIC LEADERSHIP AND ITS CONSEQUENCES IN A HOTEL RESTAURANT CONTEXT

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ABSTRACT

This paper examines the effect of authentic leadership on leader trust, organizational identification, job performance, and employee loyalty within the context of a food-and beverage department in a hotel. The data were collected from 204 hotel employees and analyzed using structural equation modeling. Findings are as follows: authentic leadership had significant effects on leader trust and job performance, but does not affect organizational identification. Leader trust was found to have significant influences on organizational identification and employee loyalty, and fully mediated the relationship between authentic leadership and organizational identification. Organizational identification significantly affected both job performance and employee loyalty and plays a full mediating role between leader trust and job performance, and also plays a partial mediating role between leader trust and employee loyalty. Finally, job performance had a significant effect on employee loyalty.

Keywords: Authentic Leadership; Leader Trust; Organizational Identification; Job Performance; Employee Loyalty

I. Introduction

In the last few decades, many industries emphasize the importance of leadership in severe competition among companies because even though the demand of technology and manpower has gradually increased in the rapidly changing market, limited human resources still exist (Avolio & Gardner, 2005). Moreover, the value and the role of a leader are more crucial in the 21\textsuperscript{st} century, unlike the 20\textsuperscript{th} century in which people can predict future changes (Kim, Kim, & Song, 2014). Thus, competent leaders are recognized as a source of competitive values in the hotel industry and the value of human resources is important due to the nature of the industry. Consequently, leadership and leaders who can help employees enhance loyalty, performance, and satisfaction are required (Clark, Hartline, & Jones, 2009).

Studies about leadership styles are classified into transactional leadership (Bass, 1990), transformational leadership (Burns, 1978), and servant leadership (Spears,
In this way, leadership has been studied based on theories that invisible and internal emotions, thoughts, and values beyond the leader’s visible behaviors and characteristics are considered as core factors of effective leadership in the past. Recent research on new leadership styles that comprise all previous leadership styles so far and that focus on positive aspects of leadership surpassing traditional leadership styles is necessary for sustained growth and effective human resource management in an organization (Walumbwa, Avolio, Gardner, Wernsing, & Peterson, 2008). In addition, because limitations of the old-fashioned, heroic, and charismatic leadership are indicated, alternative value is presented: authentic leadership.

Authentic leadership is continually reflecting on oneself in order to discover one’s true self, not learning from other’s leadership for success as a leader, and therefore authenticity when a leader shows his or her real self to his/her members and can be respected and win hearts (Shamir & Eilam, 2005). Unlike other leadership theory focusing on subordinates’ change, authentic leadership pays attention to the positive effect on organizational members based on leader’s belief, value, positive competence, so the study on authentic leadership should be needed for the influence of leadership (Sparrowe, 2005). Among various leadership styles, authentic leadership is one of promising styles for the hospitality industry (Brownell, 2010; Jacques, Garger, Lee, & Ko, 2015).

Accordingly, employees can carry out their duties faithfully through the leader’s authentic leadership. This leads to employee’s identification within the organization based on their trust in leaders, which is ultimately improving job performance. Therefore, leaders cause members changes in attitudes and behaviors for increasing job performance by demonstrating exemplary conduct, and concurrently employee’s loyalty would become stronger.

Employee loyalty is one of the key measures for better organizational performance. A high degree of employee loyalty is associated with a 10% rise in productivity. In addition, loyal employees improve an organization’s reputation in the job market (Mayfield & Mayfield, 2002). Enhancing employee loyalty initiates diminishing operational costs and improves customer service, which drives profit growth (Silvestro, 2002). In earlier studies, trust (Clapp-Smith, Vogelgesang, & Avey, 2009), performance (Koo, Kim, & Kim, 2013), and employee loyalty (Ryu, Ryu, & Park, 2015) were proposed as consequences of a superior’s leadership and considered distinct characteristics that value human resources and are crucial in the hospitality industry. Likewise, the study suggests trust, performance, and employee loyalty as consequences and that these individual performance factors are also variables to achieve good results in a hotel (Judge, Thoresen, Bono, & Patton, 2001). Yet, to date, not many studies focused on how authentic leadership should be adapted and link with leader trust, organizational identification, job performance, and employee loyalty in East Asia hotel context.

Therefore, this research, unlike existing studies, concentrates on the hotel food and beverage (F&B) sector, because the F&B is one of the core businesses across the hotel sector and the interaction between employees and their leaders plays an important role in terms of determining employee’s service quality, and job performance (Lee, Kim, Son, & Kim, 2015), and loyalty to organization, which increase hotel firm revenue (Lee, Nam, Park, & Lee, 2006).

Studies from different countries reviewed the influence of leadership in the hospitality industry. For example, Minett, Yaman, and Denizci (2009) studied hotel manager’s leadership styles in Australia, and examined the importance of successful leadership for performance. Wong and Chan (2010) presented implications by categorizing according to Chinese hotel employee’s perception level of leadership, and Clark et al. (2009) proposed that the hotel manager’s leadership plays a key role in creating a work environment that encourages employee commitment in the United States.

Therefore, this study addresses the need for holistic and integrated mechanisms of leadership theories regarding authentic leadership in the hotel industry. Moreover, advanced studies related to authentic leadership in a hotel only deal with leadership characteristics from the perspective of a subordinate’s...
perception of a superior’s leadership (Avolio, Luthans, & Walumbwa, 2004), and regarded authentic leadership as an antecedent (Avolio & Gardner, 2005). Accordingly, further study on authentic leadership should determine what the consequences can be that affect achieving the organization’s goals and performance. Therefore, this study will identify the relationship of authentic leadership as an antecedent to leader trust, organizational identification, job performance, and employee loyalty as consequences. This is because personal performance factors have proven to be core variables for improving organizational performance (Yousef, 2000).

In particular, employee loyalty is essential for efficient human resource management, along with job performance (Barrick & Mount, 1991), and it has a major impact on hotel performance (Silvestro, 2002). Employee loyalty is an effort to truly commit to the organization, and an organization full of loyal employees is likely to achieve organizational goals and provide high quality goods and services to its customers.

Therefore, we developed and tested an authentic leadership-trust-identification-performance-loyalty model in the context of South Korean hotel restaurants industry. Meanwhile, we considered leader trust, organizational identification, job performance as important mediating constructs in the relationship between authentic leadership and employee loyalty. To our knowledge there has been no attempt to the test the linkage among authentic leadership, several mediating constructs, and employee loyalty. More specifically, this research attempts to achieve three objectives: (1) to develop the theoretical model including effective consequences of authentic leadership; (2) to establish the structural model predicting influential consequences of authentic leadership of managers in the hotel restaurants, and the empirical analysis of this model explains the mediating roles on leader trust, organizational identification, and job performance between authentic leadership and employee loyalty; (3) to provide managerial implication for effective organization management and boosting employee loyalty in hotel based on the results of this research.

II. Literature Review

A. Authentic Leadership

Authentic leadership has been defined in various ways for decades. In the 1960s, the philosophical concept of authenticity in leadership first emerged, and authenticity of an organization was judged by the individual leader’s practice of authenticity (Novicevic, Harvey, Ronald, & Brown-Radford, 2006).

Authentic leadership, discussed by Bass (1990), and Bass and Steidlmeier (1999), is derived from the ethical and moral characteristics of the leader. Also, it is considered the underlying foundation that integrates ethical leadership and transformational leadership (Luthans & Avolio, 2003; May, Chan, Hodges, & Avolio, 2003). The current concept of authentic leadership is grounded in positive psychology, and pays attention to developing components of it (Luthans & Avolio, 2003).

Avolio et al., (2004b) defined that “authentic leaders deeply understand other people’s value, moral perspective, knowledge and strength as well as theirs by their subordinates, and are also confident, hopeful, optimistic, resilient and high moral.” Authentic leaders are able to encourage followers to increase engagement, motivation, commitment, satisfaction, and involvement for enhancing work performance by building individual and social identification (Kark & Shamir, 2002).

Luthans and Avolio (2003) define 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” (p. 243).

Authentic leaders treat people from the heart, show a keen interest in differentiating people from others, and behave with honesty, enthusiasm, and sympathy (George, 2003). Authentic leaders accept each individual’s differences, value them, have the motivation and ability to develop people’s talents, and help them make their talents strengths (Luthans
Authentic leaders are more concerned with people’s core belief, and promote employees to improve themselves until they become leaders by displaying authentic behaviors, which is coming from positive states of mind with confidence, optimism, hope, and resilience, and let other people have these states by showing them exemplary conduct. Besides that, authentic leaders use their positive moral perspectives with communication through their high morals, worthwhile words and actions in order to be a role model (May et al., 2003).

Authentic leaders should attain authenticity using self-awareness, self-acceptance, authentic actions and relationships, however, they are demanded to cover the relationships with associates and subordinates beyond the authenticity of the leader as an individual as well, and these relationships can be illustrated with transparency, openness, trust, leading people to work towards the goal, and highlighting employee improvement (Gardner, Avolio, Luthans, May, & Walumbwa, 2005).

According to Avolio, Gardner, Walumbwa, Luthans, and May (2004), authentic leadership is the behavior in accordance with deep personal value to be admired, trusted, and build reliability between leaders and staff by respecting different ideas and forming a cooperative relationship, thereby leading followers to acknowledge authenticity. In turn, staff can display their authenticity to colleagues, customers, and other stakeholders in a similar way learned from their leaders, which is the foundation enabler for integrating authenticity into the organizational culture as time goes by.

On the other hand, some studies introduce the concept of authentic followership to define authentic leadership. The research suggests that authentic followership is formed by subordinates who have an authentic relationship with leaders, and follow them for the reason of authenticity (Shamir & Eilam, 2005), and also it is characterized as to what reflects the developmental process of it, and stresses the level of self-awareness and self-regulation to lead follower’s improvement and positive performance (Gardner et al., 2005).

### B. Leader Trust

Trust in a leader is one type of hierarchical trust, and the type of interpersonal trust formed by organizational members as they maintain relations with each other. And one type is hierarchical trust, whereby relationships are among the people in the hierarchy (Butler Jr & Cantrell, 1984). Mayer, Davis, and Schoorman (1995) attempted to present the clear notion of trust based on earlier studies, considering relations between object and subject of trust, trust mirrors the object’s expectation and confidence that the subject will behave with favor, and then it is the interdependent conception that the object’s behavior is also able to influence positively on the subject’s performance.

Leader trust is the subordinate’s faith in the leader by reciprocal action between them (Koo, Lee, & Kim, 2014). Leader trust consists of consistency, loyalty, fairness, fulfillment of a promise, capability, openness, acceptance, and availability (Butler Jr, 1991), and further it has grouped leader characteristics into consistency, loyalty, leader capability, openness, and honesty founded on reviewing previous studies that identified components of trust (Mayer et al., 1995).

Bennis (1993) insisted that the importance of trust between leaders and staffs is imperative to establish and improve organizational culture, and strengthen relations among employees for building up trust, thus staff’s trust in leader is developed and maintained by the leader’s specific behavior (Bennis & Thomas, 2002). As Sparks (2000) suggested superior’s communication and supportive behavior as determinants of leader trust, overall trust perception is built upon the leader’s behavior treating subordinates, in that case, the mediating role of leader trust is accentuated.

The degree of trust in leader has a significant effect on organizational commitment with regard to the subordinate’s perception of identification with
C. Organizational Identification

Identification can be defined as identity and a sense of belonging to an organization, and in addition organizational identification is the engagement and commitment to the specific object, and a kind of psychological temperament about a meaningful relationship (Bhattacharya & Sen, 2003). Organizational identification means that an individual perceive oneness and common destiny with organization, in other words, the organization has an important meaning in forming personal self-conception (Mael & Ashforth, 1992). Identification with organization is the notion of implying the employee’s sense of belonging and satisfaction with company, and social organization efficiency (Patchen, 1970).

Those who belong to an organization understand themselves to be bound with organization or groups, share advantages and disadvantages and success and failure of the organization by considering themselves as their organization (Tolman, 1943). Similarly, identification signifies the degree of psychological integration that people share the fate with the group they belong to, and the experience success and failure together (Fournier, 1998). Like this, identification indicates a phenomenon that individual and organization become one by bonding with each other (Dutton, Dukerich, & Harquail, 1994).

Through organizational identification, an individual can recognize the relationships with the organization and define self (Mael & Ashforth, 1992), the higher identification with the organization has an individual cooperate and identify with the goal and value of the organization (Ashforth & Mael, 1989; Dutton et al., 1994). Therefore, the level of individual’s cooperation with development of the organization depends on how the individual value is consistent with the organizational value because such organizational identification could be the psychological criteria that members in organization are able to know their meaning of existence (Tyler, 1999).

D. Job Performance

Job performance is a concept which has been frequently used for predicting actions in the organization, and for human resource management in a fiercely competitive society today (Koo et al., 2014). In addition, job performance is the product of hard work to achieve organizational goals and tasks, and dynamic and multidimensional concept to show a staff’s act with regard to role performance of the organization (Millar, 1990). Job performance is also explained as the desirable state of tasks to perform or the degree of accomplishing goals, such goals includes the organization’s development direction (Tett & Meyer, 1993).

In general, job performance is the act involving the aims of the organization, and is under the control of each employee (Babin & Boles, 1996; Ellinger, Ketchen, Hult, Elmadağ, & Richey, 2008). According to a review of the literature, most researchers asserted that job performance is a faithful fulfillment of the job, and job activities should be harmonized with organizational activities. In particular, it is more noticeable in the hotel food and beverage department if a mechanism for motivating employees is utilized, human resources can get more output from the same input, unlike material resources, which produce a constant output from the same input (Ha & Park, 2008).

E. Employee Loyalty

Although many studies have explored employee loyalty, there is as of yet no clear definition available (Hart & Thompson, 2007). Loyalty is an active behavior to express pride and support for the organization. Examples of this behavior include defending the organization against criticism, highlighting the positive aspect of the organization, and not complaining about
the organization (Niehoff, Moorman, Blakely, & Fuller, 2001). Ashforth and Mael (1989) defined employee loyalty as the attitude in accordance with the norms and values of organization, and employee’s psychological attachment to an organization by positively evaluating an organization’s performance from experience and information about the organization. Adler and Adler (1987a) advanced the notion that an employee’s loyalty to an organization was solidarity with the organization, or a specific individual or group in organization.

Employee loyalty is a concept involving behavior of employees. This means whether or not employees have commitment and personal responsibility for their work, and whether or not they have turnover intention (Eskildsen & Nussler, 2000). Preceding measures of employee loyalty stem from the notion of organizational commitment (Chen, Tsui, & Farh, 2002).

In contrast, Niehoff et al. (2001) introduced the differences between employee loyalty and organizational commitment. Faithfulness illustrated by loyalty does not necessarily relate to a belief or strong emotional attachment to the object or person, whereas commitment contains a deep emotional attachment toward the organization. In brief, employees can have loyalty to colleagues, superiors, and the organization by not being committed to their values and belief.

III. Research Model and Hypotheses Development

A. The Effect of Authentic Leadership on Leader Trust, Organizational Identity, and Job Performance

Early social exchange theory focuses on an individual behavior, but after that, the focus moves on exchange of a small group’s member, and extend the range to the whole social structure (Blau, 1964; Homans, 1958). This theory has been applied to study on leader-member exchange (LMX) (Whitener, Brodt, Korsgaard, & Werner, 1998). The researchers who apply to the social exchange approach concentrate more on reciprocity (Croppanzo & Mitchell, 2005), and employees treated fairly with leader’s concern might have more reciprocity (Mayer, Kuenzi, Greenbaum, Bardes, & Salvador, 2009). Koo et al. (2014) insisted that social exchange theory rests on the relationship based on trust that the people involved in exchange will benefit each other, which is the proper theory to determine the relationship between subordinates and superiors. Furthermore, social exchange theory that is used as a useful idea to confirm the relationship between superior’s leadership and subordinate’s trust is more accentuated because it accounts for the reason to contribute to organization beyond economic and transactional exchange under the contract between them.

Trust has been regarded as the essential factor of leadership in study (Bass, 1990; Dirks & Ferrin, 2002). Authentic leaders show their members personal consideration and respect, which ultimately influence enhancing trust (Avolio et al., 2004a). Norman, Avolio, and Luthans (2010) declared that leaders with positive psychological capabilities are trusted by members, and have a positive relationship. It is important for leaders to demonstrate their consideration for others, however, without sympathy, leaders cannot develop trust (Bill, Sims, & Gergen, 2007). So, the trust development factors of member’s trust in leaders are integrity, goodwill, and professional competency, which are crucial elements to decide whether members trust their leaders or not (Colquitt, Scott, & LePine, 2007).

Next, according to prior studies on authentic leadership and organizational identification, Avolio et al. (2004a) assumed that identification would have a strong effect in authentic leadership theory, and authentic leadership might directly influence a member’s attitude and behavior, but the effect by organizational identification is more motivational. Leaders are organization’s representatives (Eisenberger, Stinglhamber, Vandenberghe, Sucharski, & Rhoades, 2002; Rhoades & Eisenberger, 2002), as leaders reveal their authenticity, subordinates accept more positive images of leaders, which leads to improving images of the organization as well as the individual, and
this improvement of the organization’s images is connected to identification with the organization (Dutton et al., 1994).

Authentic leaders are defined as the people who can increase engagement, motivation, commitment, satisfaction, and involvement to be needed to enhance job performance steadily by helping members shape personal identification social identification in organization (Kark & Shamir, 2002). Such leadership behavior becomes the link between leaders and members, and then it is also connected to values, goals, belief, actions of members identified with their leaders over time (Avolio et al., 2004a).

In terms of the studies on leader’s authenticity and employee’s job performance, a leader’s authenticity should be accompanied with integrity, leaders having personal values based on morals and impacts on member’s behaviors are respected by members (Fields, 2007). Thus, openness and consistence existing between leader’s belief and behavior have a really important influence on member’s decision making providing voluntary opinions and suggestion to promote growth of organization, which make members more absorbed in their job (May et al., 2003). It implies that members are more likely to be committed to their job, so it goes toward high performance as they recognize that their leader has morals and the correspondence of words and actions.

Leader’s authentic leadership always encourage members to have positive minds in a competitive work environment, and therefore it can affect the attitudes regarding not having negative minds of their jobs and abilities, so this means that authentic leadership can also affect performance improvement (Jaeckel, Seiger, Orth, & Wiese, 2012). Therefore, these hypotheses are constructed based on prior research.

H1: Authentic leadership has a positive effect on leader trust.
H2: Authentic leadership has a positive effect on organizational identification.
H3: Authentic leadership has a positive effect on job performance.

B. The Effect of Leader Trust on Organizational Identification, Job Performance, and Employee Loyalty

Trust is a functional attribute of leadership, honesty and concern between leaders and members are absolutely necessary to build trust in an interpersonal relationship (Russell & Stone, 2002). Authentic leaders build trust by encouraging and respecting individual’s integrity and various perspectives, and influence on form subordinates’ belief and identification with leaders (Song & Kim, 2011).

Kouzes and Posner (2011) claimed that it is difficult to display leader’s ability unless a leader gets member’s trust even though a leader has professional capability and management ability. The members who trust their leader have no choice but to tell them the truth about the organization, while they do not when feeling unfairly treated, and it decreases engagement (Morrison & Robinson, 1997). This means that low job engagement could be poor job performance. Notably, employees’ trust in a leader is the main factor causing individual attitude and behavior like personal job satisfaction, stress from organization, extra roles for organization, employee job performance (Yoon & Jang, 2006) And, trust brings more positive job attitudes and behaviors, as does performance (Dirks & Ferrin, 2001).

When it comes to studies on leader trust and organizational identification, Kim and Lee (2009) examined that trust in leader have a positive impact on hotel employee’s self-congruence and person-organization goal congruence in relationship between hotel manager’s leadership and employee’s organizational identification mediated by trust. DeConinck (2011) proved that leader trust has a positive effect on identification with organization.

In studies on the relationship between leader trust and employee loyalty, trust in management cause employee’s voluntariness showing loyalty as it turns out in social exchange theory, and loyalty is
employee’s faith with organization, not emotional attachment to organization (Niehoff et al., 2001).

Trust in management and colleague has a strong effect on employee satisfaction, and employee loyalty as well (Matzler & Renzl, 2006). To address relationships, this study constructed hypotheses affecting leader trust on organizational identification, job performance, and employee loyalty.

H4: Leader trust has a positive effect on organizational identification.

H5: Leader trust has a positive effect on job performance.

H6: Leader trust has a positive effect on employee loyalty.

C. The Effect of Organizational Identification on Job Performance and Employee Loyalty

Employees have identification with organization or individuals inside organization when employees perceive the same values and organizational identity as the organization does (Ashforth & Mael, 1989).

Therefore, employees who have identification with organization have intentions of extra role behavior, cooperation, staying in organization (Mael & Ashforth, 1995), remain in an organization rather than leaving for creating a positive outcome, and they are more responsible for their jobs in the workplace (Lee, 2004). As members identify themselves more with their organization, they regard an organization’s benefit as theirs, and act for the organization by making organizational goals and values their own (Dutton et al., 1994; Mael & Ashforth, 1995). And such organizational identification has a positive impact on the member’s effort for attainment of organizational goals, which increases job performance (Benkhoff, 1997). Schlenker (1986) explained these employee behavior using self-identification theory consisting of self-presentation and self-verification view. Self-presentation means that employee behaves a manner consistent with one’s self-concept so as to establish one’s identity with other people, whereas self-verification implies that employee demonstrates the chosen identity to one self.

As individuals feel identification with an organization, they think of themselves and the organization as one, regard the destiny, reputation, and success and failure of the organization as theirs, and they can also find personal fulfillment in achievement of the organization surpassing their own abilities by accepting it as the extended self (Tolman, 1943). Likewise, organizational identification make members in an organization have loyalty, which is a willingness to support or defend an organization since they identify with organizational goals and values. Usually, members’ identification with organization generates their loyalty toward the organization (Adler & Adler, 1987b), increase internal bonding (O'Reilly & Chatman, 1986), reduce turnover (Bhattacharya, Rao, & Glynn, 1995).

Zdaniuk and Levine (2001) alleged that members can exhibit loyalty behavior including developing creative ideas and supporting organizational goals when having organizational identification. Cho and Choi (2011) investigated that the mediating role of employee’s organizational identification and satisfaction on the relationship between employees’ perceived socially responsible activities of convention centers and employee loyalty. In summary, employee loyalty toward organization can be maximized by raising employees’ satisfaction and organizational identification. Drawing from these findings, hypotheses of the study are proposed as follows:

H7: Organizational identification has a positive effect on job performance.

H8: Organizational identification has a positive effect on employee loyalty.

D. The Effect of Job Performance on Employee Loyalty

Job performance improved through job satisfaction, job attitude, and organizational emotions have influence
on employees’ organizational commitment and turnover, which might strengthen loyalty. However, to the best of our knowledge, the relationship between job performance and employee loyalty has not been explicitly examined. So, commitment is used as a proxy variable to measure employee loyalty. Chen et al. (2002) stated that preceding measures of employee loyalty originate from the notion of organizational commitment. Similarly, Porter, Steers, Mowday, and Boulian (1974) suggested that commitment indicates an employees’ involvement and loyalty to organization. Empirical studies suggest that job performance is an antecedent to job satisfaction that is an antecedent to employee loyalty (Chang, Chiu, & Chen, 2010; Yee, Yeung, & Cheng, 2010). Building a positive interactive relationship between employee and leader can contribute to employee’s job performance, which in turn directly leads employee loyalty. Specifically, if higher performer quit his/her job, it would be much more detrimental to organizational success compared to lower performer (Nyberg, 2010). Based on equity theory, employees creating higher performance would tend to leave voluntarily less when the ratio of outcomes like rewards or incentives to inputs is higher than referent ones (Nyberg, 2010). This means that high performers should be regarded as social capital or human capital (Kwon & Rupp, 2013) and employee performance is strongly related to loyalty and. Hence, we hypothesize that:

H9: Job performance has a positive effect on employee loyalty.

IV. Methodology

A. Sample and Data Collection

Data were collected from deluxe hotel restaurant employees who agreed with responding to the survey, and fully understood the purpose of the study and the exact measures solicited by researchers. Prior to data collection, researchers contacted hotel managers of each hotel restaurant to explain the aim of this research and to request participation in this study. Data collection was carried out in January, 2014. Graduate students from a private university in Seoul participated in data collection. Each student was assigned to restaurants of selected hotels and instructed to collect data from the employees of each restaurant. 60 employees in each of 4 hotels agreed to conduct the survey. A total of 240 copies of the questionnaire were distributed and 210 were returned, representing a response rate of 87.5%. 204 questionnaires were coded for the empirical analysis; 6 questionnaires were excluded because of incompleteness or inconsistent response.

B. Measures

All constructs were measured with multiple items developed and tested in preceding studies. Each item was measured on a 7-point Likert-type scale anchored by ‘strongly disagree’ and strongly agree’ (see Table 2 and Table 3). Authentic leadership was measured with four dimensions of Neider and Schriesheim (2011)’s The Authentic Leadership Inventory (ALI) including self-awareness (four items), relational transparency (four items), internalized moral perspective (three items), and balanced processing (five items).

Leader trust was measured using six items adopted from Nyhan (2000)’s study. Organizational identification was measured using five items from Smidts, Pruyn, and Van Riel (2001). Job performance was measured using two items adapted from Lee, Kim, Son, and Lee (2011)’s study. Employees rated their performance. Employee loyalty was measured using 3 items and adopted from the work of Lee, Kim, and Kim (2014).
V. Results

A. Sample Characteristics

Demographic characteristics of the 204 respondents are presented in Table 1. There were more males (62.3%) than females (36.8%). The majority of the respondents (42.6%) were between 20 and 29 years of age, followed by respondents between 30 and 39 years (27.9%), and 53.9% were married. About 83% of the respondents were college educated (two year college 45.6%, four year college 37.7%). With regard to duration length in the current workplace, 38.2% were 10 or more years, followed by under 2 years (32.8%). Furthermore, 77.9% worked in staffs, and 71.6% were full-time employees.

B. The Procedure of Analysis

In order to assess the unidimensionality of each construct, both exploratory factor analysis (EFA) for authentic leadership and confirmatory factor analysis (CFA) for all measures were performed.

First, exploratory principal components factor analysis (EFA) with varimax rotation was conducted to initially identify the dimensions of authentic leadership. Following Lee, Lee, and Wicks (2004)’s procedure, all items with a factor loading above 0.4 were included, whereas all items with factor loading lower than 0.4 were removed. One item (My leader clearly states what he/she means) was eliminated because of cross-loading on two factor (see Table 2). All four factors had eigenvalues greater than 1, accounting for 78.086% of the total variance. Coefficient alpha estimates were acceptable for an exploratory study with the range from .862 to .898. The Kaiser–Meyer–Olkin (KMO) overall measure of sampling adequacy was .946, which falls within the acceptable level. In addition, the Bartlett’s test of sphericity was 2,487.581(df = 105) and was significant at p < .001. Therefore, the appropriateness of EFA was appropriate.

Second, in order to assess the validity of the measures and overall measurement quality using AMOS. Several items were dropped to maintain the proper level of discriminant and convergent validity. The CFA results suggest the data fit the model: ($\chi^2 = 146.873$, df = 109 ($\chi^2$/d.f = 1.347), $p = 0.0091$, GFI = 0.922, AGFI = 0.890, NFI = 0.960, CFI = .989, RMSEA = 0.042) (Anderson & Weitz, 1989). After the purification process, all standardized factor loadings exceeded 0.7 ($p < 0.01$), suggesting evidence of convergent validity. Discriminant validity was checked by comparing the proportion of variance extracted (AVE) in each construct to the square of the coefficients representing its correlation with other constructs. The variance extracted in each construct exceeded the respective squared correlation estimate,
Table 2. The result of exploratory factor analysis for authentic leadership scale

<table>
<thead>
<tr>
<th>Constructs and Items</th>
<th>Factor loadings</th>
<th>Eigen value</th>
<th>Variance extracted (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Self-Awareness (α=.869)</td>
<td>3.122</td>
<td>20.814</td>
<td></td>
</tr>
<tr>
<td>My leader describes accurately the way that others view his/her abilities.</td>
<td>.773</td>
<td></td>
<td></td>
</tr>
<tr>
<td>My leader is clearly aware of the impact he/she has on others.</td>
<td>.751</td>
<td></td>
<td></td>
</tr>
<tr>
<td>My leader solicits feedback for improving his/her dealings with other.</td>
<td>.671</td>
<td></td>
<td></td>
</tr>
<tr>
<td>My leader shows that he/she understands his/her strengths and weaknesses.</td>
<td>.557</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Relational Transparency (α=.862)</td>
<td>3.225</td>
<td>21.701</td>
<td></td>
</tr>
<tr>
<td>My leader expresses his/her ideas and thoughts clearly to others.</td>
<td>.791</td>
<td></td>
<td></td>
</tr>
<tr>
<td>My leader admits mistakes when they occur.</td>
<td>.778</td>
<td></td>
<td></td>
</tr>
<tr>
<td>My leader openly shares information with others.</td>
<td>.705</td>
<td></td>
<td></td>
</tr>
<tr>
<td>My leader clearly states what he/she means.*</td>
<td>-</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Internalized Moral Perspective (α=.882)</td>
<td>2.470</td>
<td>16.469</td>
<td></td>
</tr>
<tr>
<td>My leader resists pressures on him/her to do things contrary to his/her beliefs.</td>
<td>.814</td>
<td></td>
<td></td>
</tr>
<tr>
<td>My leader is guided in his/her actions by internal moral standards.</td>
<td>.701</td>
<td></td>
<td></td>
</tr>
<tr>
<td>My leader shows consistency between his/her beliefs and actions.</td>
<td>.417</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Balanced Processing (α=.898)</td>
<td>2.865</td>
<td>19.103</td>
<td></td>
</tr>
<tr>
<td>My leader asks for ideas that challenge his/her core beliefs.</td>
<td>.815</td>
<td></td>
<td></td>
</tr>
<tr>
<td>My leader encourages others to voice opposing points of view.</td>
<td>.746</td>
<td></td>
<td></td>
</tr>
<tr>
<td>My leader objectively analyzes relevant data before making a decision.</td>
<td>.613</td>
<td></td>
<td></td>
</tr>
<tr>
<td>My leader carefully listens to alternative perspectives before reaching a conclusion.</td>
<td>.540</td>
<td></td>
<td></td>
</tr>
<tr>
<td>My leader encourages others to voice opposing points of view.</td>
<td>.438</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Total variance extracted (%) 78.086

KMO = .946, Bartlett's Test of Sphericity = 2,487.581(df = 105), p = .000
* Items were deleted for further analyses due to cross-loading.

Table 3. Measurement model resulting from CFA

<table>
<thead>
<tr>
<th>Items</th>
<th>Standardized factor loading</th>
<th>t-value</th>
<th>AVE</th>
<th>CCR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Authentic leadership</td>
<td>0.699</td>
<td>0.903</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Self-awareness</td>
<td>0.850</td>
<td>16.558</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Relational transparency</td>
<td>0.809</td>
<td>15.082</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Internalized moral perspective</td>
<td>0.874</td>
<td>17.467</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Balanced processing</td>
<td>0.896</td>
<td>Fix</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Leader trust</td>
<td>-</td>
<td>0.783</td>
<td>0.935</td>
<td></td>
</tr>
<tr>
<td>I feel quite confident that my chef will always try to treat me fairly.*</td>
<td>-</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>My chef would never try to gain an advantage by deceiving workers.*</td>
<td>-</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I have complete faith in the integrity of my chef.</td>
<td>0.900</td>
<td>22.564</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I feel a strong loyalty to my chef.</td>
<td>0.957</td>
<td>28.231</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I would support my chef in almost any emergency.</td>
<td>0.947</td>
<td>27.197</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I have a sense of loyalty toward my chef.</td>
<td>0.936</td>
<td>Fix</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Organizational identification</td>
<td>-</td>
<td>0.720</td>
<td>0.911</td>
<td></td>
</tr>
<tr>
<td>I feel strong ties with this hotel.</td>
<td>0.901</td>
<td>20.162</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I experience a strong sense of belonging to this hotel.</td>
<td>0.925</td>
<td>21.598</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I feel proud to work for this hotel.</td>
<td>0.892</td>
<td>19.621</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I am sufficiently acknowledged in this hotel.</td>
<td>0.904</td>
<td>Fix</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I am glad to be a member of this hotel.*</td>
<td>-</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Job performance</td>
<td>-</td>
<td>0.835</td>
<td>0.910</td>
<td></td>
</tr>
<tr>
<td>I always achieve my goal.</td>
<td>0.923</td>
<td>Fix</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I perform at a high level of quality of work.</td>
<td>0.910</td>
<td>14.781</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employee loyalty</td>
<td>-</td>
<td>0.681</td>
<td>0.865</td>
<td></td>
</tr>
<tr>
<td>I will be happy to spend the rest of my career in this hotel.</td>
<td>0.861</td>
<td>Fix</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I say positive things about my hotel to other people.</td>
<td>0.934</td>
<td>18.251</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I recommend our hotel to someone who seeks my advice.</td>
<td>0.862</td>
<td>16.072</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

χ² = 146.873, df = 109 (χ²/d.f = 1.347), p = 0.0091, GFI = 0.922, AGFI = 0.890, NFI = 0.960, CFI = 0.989, RMSEA = 0.042
AVE: Average Variance Extracted
CCR: Composite Construct Reliability
* Items were deleted during the CFA
showing evidence of discriminant validity. A chi-square difference test was performed to further check for evidence of discriminant validity of the measures using confirmatory factor analysis. The test examines whether or not the model constraining the measures is significantly different from the unconstrained model. If the chi-square differences are significant, the evidence of discriminant validity is indicated (Lee et al., 2014). The test result supported the evidence of discriminant validity among the constructs at the level of \( p < 0.01 \).

Lastly, common method bias was tested using Harman’s one-factor test (Lee et al., 2011). A one-factor solution suggests \( \chi^2 = 1,255.823 \) and df = 119 compared with \( \chi^2 = 146.873 \) and df = 109 for the five-factor model. Since the common method bias is not a serious consideration in the study, since the five-factor model had a much better fit.

Table 4 presents construct intercorrelations, means, and standard deviation. Following previous studies (Walumbwa et al., 2008; Walumbwa, Wang, Wang, Schaubroeck, & Avolio, 2010), four dimensions of authentic leadership were used as indicators of authentic leadership second-order factor.

### C. Testing Hypothesized Structural Models

The proposed model was analyzed using AMOS. As shown in Figure 1, the data fits the model quite well: \( \chi^2 = 147.051 \), df = 110 (\( \chi^2 / \text{d.f.} = 1.337 \)), \( p = 0.011 \), GFI = 0.922, AGFI = 0.891, NFI = 0.960, CFI = 0.990, RMSEA = 0.041. The variance explained by structural relationship is 44.5% for leader trust, 59.6% for organizational identification, for 30.6% for job performance, and 61.5% for employee loyalty.

### D. Hypothesis Testing

H1-H3 posits that authentic leadership influences leader trust, organizational identification, and job performance. The results suggest that authentic leadership significantly and positively influences leader trust (coefficient = 0.667, \( p < 0.01 \)) and job performance (coefficient = 0.307, \( p < 0.01 \)), but does not affect organizational identification (coefficient = 0.115, n.s.). Therefore, the results support H1 and H3, but not H2.

H4-H6 posits that leader trust influences organizational identification, and job performance. The results show that leader trust significantly and positively influences organizational identification (coefficient = 0.691, \( p < 0.01 \)) and employee loyalty (coefficient = 0.265, \( p < 0.01 \)), supporting H4 and H6. Meanwhile, leader trust does not affect organizational identification (coefficient = 0.115, n.s.), not supporting H5.

H7-H8 addresses that organizational identification influences job performance and employee loyalty. As hypothesized, organizational identification has a positive and significant effect on job performance (coefficient = 0.243, \( p < 0.05 \)) and employee loyalty (coefficient = 0.298, \( p < 0.01 \)), thus supporting H7 and H8.

H9 concerns that job performance influences employee loyalty. The study suggests that job performance significantly and positively influences employee loyalty (coefficient = 0.370, \( p < 0.01 \)). Therefore, H9 is supported.

<table>
<thead>
<tr>
<th></th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>Mean</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Authentic leadership</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>4.78</td>
<td>.98</td>
</tr>
<tr>
<td>Leader trust</td>
<td>0.625</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td>4.57</td>
<td>1.32</td>
</tr>
<tr>
<td>Organizational identification</td>
<td>0.537</td>
<td>0.735</td>
<td>1</td>
<td></td>
<td></td>
<td>4.58</td>
<td>1.24</td>
</tr>
<tr>
<td>Job performance</td>
<td>0.451</td>
<td>0.443</td>
<td>0.446</td>
<td>1</td>
<td></td>
<td>4.78</td>
<td>0.98</td>
</tr>
<tr>
<td>Employee loyalty</td>
<td>0.518</td>
<td>0.636</td>
<td>0.644</td>
<td>0.590</td>
<td>1</td>
<td>4.58</td>
<td>1.21</td>
</tr>
</tbody>
</table>

* All correlations are significant at \( p < 0.01 \)
E. Mediation Test

In order to test the mediating roles of leader trust, organizational identification, and job performance between authentic leadership and employee loyalty, the Sobel test was conducted (Baron & Kenny, 1986; Lee et al., 2014; Preacher & Leonardelli, 2010-2012, http://quantpsy.org/sobel/sobel.htm). As shown in Table 5, authentic leadership has a significantly indirect effect on organizational identification through leader trust (coefficient = 0.577, p < 0.01). However, authentic leadership does not have a significantly direct effect on organizational identification. Therefore, leader trust could be regarded as a full mediator between authentic leadership and organizational identification (Z-value = 6.926, p < 0.01). Meanwhile, leader trust has a significantly indirect effect on job performance and employee loyalty. Leader trust does not have a significantly direct effect on job performance, but has a significantly direct effect on employee loyalty. Hence, organizational identification could be regarded as a full mediator in the between leader trust and job performance (Z-value = 2.178, p < 0.05), but a partial mediating role in the between leader trust and employee loyalty (Z-value = 3.226, p < 0.01).

**Table 5. Mediation test**

<table>
<thead>
<tr>
<th>Paths of mediating role</th>
<th>Indirect effect</th>
<th>Direct effect</th>
<th>Z-value</th>
<th>Mediating role</th>
</tr>
</thead>
<tbody>
<tr>
<td>Authentic leadership → Leader trust → Organization identification</td>
<td>0.577 **</td>
<td>0.115 n.s</td>
<td>6.926 **</td>
<td>Full mediator</td>
</tr>
<tr>
<td>Leader trust → Organization identification → Job performance</td>
<td>0.341 *</td>
<td>0.078 n.s</td>
<td>2.178 *</td>
<td>Full mediator</td>
</tr>
<tr>
<td>Leader trust → Organization identification → Employee loyalty</td>
<td>0.440 **</td>
<td>0.265 **</td>
<td>3.226 **</td>
<td>Partial mediator</td>
</tr>
</tbody>
</table>

* p < 0.05, ** p < 0.01
V. Conclusion

The main objective of this study is to investigate the effect of authentic leadership on several important variables by proposing a model that includes leader trust, organizational identification, job performance, and employee loyalty. Due to the characteristics of the hotel industry relying upon human services, it has been more critical and essential to study leadership commanding subordinates directly dealing with customers on the frontline.

A. Theoretical Implications

This research makes a number of contributions to the literature of authentic leadership. First, we developed and tested the authentic leadership-leader trust-organizational identification-job performance-employee loyalty framework in the hotel restaurant industry context based on leadership theory, social exchange theory, and self-identification theory. Previous studies in the hotel context deal with the comprehensive leadership styles excepting authentic leadership in hospitality (Brownell, 2010; Pittaway, Carmouche, & Chell, 1998; Tracey & Hinkin, 1996; Wu, Tse, Fu, Kwan, & Liu, 2013), and authentic leadership in general (Avolio & Gardner, 2005; Cooper, Scandura, & Schriesheim, 2005; Walumbwa et al., 2010).

Second, this provides the evidence that leader trust, organizational identification, and job performance play critical mediating roles in the relationship between authentic leadership and employee loyalty based on mediation test. This finding can contribute to understand the dynamic relationships among authentic leadership, leader trust, organizational identification, job performance, and employee loyalty. Also, based on the mediation test, it is suggested that authentic leaders are critical causes of positive employees’ trust to leader and identification to organization, and that their loyalty will be increased when they feel leader trust and organizational identification, hence will lead to better job performance.

B. Managerial Implications

The study shows that hotel manager’s authentic leadership has a significant direct effect on leader trust and job performance, which affects organizational identification indirectly. The research suggests that authentic leadership is a crucial factor to be trusted by members and improves performance, and increases employees’ identification with an organization through positively affecting employees’ trust in the leader. In other words, employees can build trust and loyalty for their leader and obtain good results through manager’s leadership holding moral values and goals, and giving enough attention and consideration to subordinates, then ultimately the employees’ attitudes toward their leaders will extend to the organization.

The study also supports that employees who trust in their leader tend to display a higher level of employee loyalty toward the organization, and exhibit an enhanced performance through employees’ identification with the organization. Employees’ trust in the leader is an influential variable to have a strong sense of belonging and loyalty toward organization as well. Hotel companies based on employees’ trust let employees identify themselves with organization to work towards common goals and values, and to be proud of their organization, which, leads to higher quality performance and enhanced loyalty.

According to the mediation testing, the important role of organizational identification is underlined through its full mediating effect between leader trust and job performance. While leader trust is critical for organizational identification, it does not have a direct impact on job performance. In other words, the influence of leader trust on job performance is fully mediated by organizational identification. This finding highlights the notion that employees’ confidence of their leader contributes to employee job performance through their identification with an
In addition, leader trust plays an important role in mediating between authentic leadership and organizational identification. Authentic leadership does not have a direct effect on organizational identification, though it is an influential factor for leader trust. Therefore, it means that the effect of authentic leadership on organizational identification is fully mediated by leader trust. A hotel manager’s leadership induces subordinates to follow leader’s fairness and faithfulness, which denotes that the objective to trust is expanded to the organization as well as the leader.

However, unlike middle manager’s leadership, this study is about hotel manager’s leadership, thus the findings of this study is that managers communicating and contacting less with members in the workplace have more influence on hotel employees’ trust in a leader and identification with the organization, but the important thing is that leader trust and organizational identification must take precedence in order to increase hotel employee job performance. Accordingly, hotel managers need to set the stage for comfortable conversation with employees, and also it implies that the role of authentic leader giving trust to their staffs is much more important to maintain good relationship between managers and subordinates and characteristics of each department. Third, this study does not analyze differences among employees in the position and type of employment. Since employees may show different trust, organizational identification, performance, and loyalty along with position and employment type, there may be differences among those employee groups. Future research may be required for multi-group analyses to investigate the differences among employee groups.

C. Lations and Future Research

Even though this research has theoretical contributions and practical implications, there are some limitations to this study. First of all, the proposed model was tested by hotel employees working in Seoul, and this requires caution for interpreting the findings of the study. Further studies may want to test the model throughout the entire country to generalize the findings. Second, this study is about manager’s leadership in the food and beverage department of hotel, so there may be different results from the study on manager’s leadership in other departments of the hotel. Further research should examine leadership in accordance with job

References


Sae-Mi Lee, Keum-Ja Lim, Eric Swanson, Dae-Hwan Park and Yong-Ki Lee


