

THE EFFECT OF PERCEIVED AUTHENTIC LEADERSHIP ON EMPLOYEE ENGAGEMENT

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Abstract: *The study examines the effect of perceived authentic leadership on employee engagement. This cross-sectional study accumulated the data through a structured questionnaire survey from a purposive sample of 260 full-time employees from selected Malaysian small and medium budget hotels located in Kuala Lumpur and Selangor. The data were analyzed using stepwise multiple regression analyses. The results showed that from four components of authentic leadership, self-awareness and balanced processing behaviors of owner-managers contribute to physical, emotional and cognitive engagement of employees in the workplace. Accordingly, these findings present empirical evidences on leader-employee relationship, particularly in the context of Malaysian small and medium budget hotels. Further, the findings of this study add new knowledge to the existing literature by providing information related to the effect of each authentic leadership component on employee engagement. The findings also can be a useful guidance for owner-managers on how to encourage employees to be highly engaged in workplace.*

Keywords: *employee engagement, leadership, authentic leadership, Malaysian Small and Medium Budget Hotels.*

Introduction

Employee engagement is an important aspect that needs to be embraced within organizations due to its benefits on employees and organizations, especially during high economic pressures (Harter, Schmidt and Hayes, 2002; Kumar and Sweta, 2011). This concept of employee engagement has recently taken place and has gained high interest among practitioners in the industry as well as researchers from academic field (e.g., Harter et al., 2002; Saks, 2006; Tower Perrin, 2009). Employee engagement has found positively influence employees and organizational level outcomes that in turn generate positive implication for organizations (Bakker, Demerouti and Brummelhuis, 2012; Choo and Nasurdin, 2011).

From the perspective of practitioners, many consulting firms demonstrated positive outcomes of employee engagement, including high productivity (Towers Perrin, 2009) and high performance in business outcome (Harter et al., 2002). In regards to academic perspective, previous empirical findings also demonstrated that highly engaged-employees perform better at work, more attach to organization, have high respect for others, and remain loyal with the organization (e.g., Bakker, 2011; Bakker et al., 2012; Salanova, Lorente, Chambel and Martinez, 2011). In earlier study, Bakker (2011) argued that highly engaged-employees could perform better than disengagement-employees as they feel more positive toward their jobs, they are more energetic and most likely their health are better, thus these factors facilitate them to be more focused and dedicated in completing their work tasks. In addition, Xanthopoulou, Bakker, Demerouti and Schaufeli (2009) highlighted that high engagement employees have the ability to help the organizations to generate more profit and revenues, thus increasing organizational growth.

By promoting engaged-employees, organizations also have the capacity to retain their employees (Glen, 2006; Lockwood, 2007; Sanda and Ntsiful, 2013). Further, by highly engage their employees, organizations not only can overcome the problems of withdrawal intentions, but also increase employees' loyalty and improve their low level of work productivity (Shuck, 2010; Shusha, 2013). Evidently, these empirical findings have significantly support the positive outcomes of engagement for both employees and organizations. With the entire positive evident of employee engagement, it is therefore critical for organizations to plan their effective engagement strategies. Promoting employees to highly engaged at work not only strategically help retain the skillful employees (Bakker et al., 2012; Choi, Ajagbe and Tan, 2013; Glen, 2006; Lockwood, 2007), but also derive more innovation and impel the organizations ahead (Kishore, Majumdar and Kiran, 2012). As disengaged employees would affect organizational performance through high turnover rate, fostering their engagement would also help organizations to avoid unnecessary direct and indirect costs (e.g., cost expenses and recruitment and training time cost) (Ala'a Nimer and Ahmad, 2013; Tee, 2013).

Given the positive outcomes associated with employee engagement, it is therefore important to have a clear idea of the right factor that is most influential in impacting employees to highly-engage with their work roles. In this regard, leadership factor can has a profound impact in optimizing employee engagement at work (Bakker, 2011). There are enough evidence

from previous literature that leadership is a key factor to enhance the engagement of employees in performing their work role (e.g., Harter et al., 2002; Salanova et al., 2011; Xu and Thomas, 2011; Zhu, Avolio and Walumbwa, 2009). Saks (2006) especially pointed out that exposing employees to a high quality and trusted relationship with leaders would lead them to demonstrate positive attitude in the workplace, including displaying a high engagement in the organizations.

There are several types of leadership that found have significant effect on employees, such as transformational leadership, transactional leadership, authentic leadership, empowering leadership and ethical leadership (e.g., Tim, Baker and Xanthopoulou, 2011; Xu and Thomas, 2011; Zhu et al., 2009). However, for this study, authentic leadership is chosen as antecedent for employee engagement based on following reason. Despite the significant contribution of authentic leadership in enhancing employee engagement, prior studies in this leadership-employee relationship have been primarily focused on authentic leadership construct as a core factor emerge from the relationships between four components, which are self-awareness, relational transparency, balanced processing and internalized moral perspective (e.g., Arif and Forbis, 2011; Bamford, Wong and Laschinger, 2012;). Although it has been emphasized that authentic leadership is indeed a multiple-components construct, there is a lack of empirical knowledge as to which authentic leadership behaviors have a stronger influence on employee engagement (Alok and Israel, 2012; Gardner, Claudia, Davis and Dickens, 2011; Peus, Wesche, Streicher, Braun and Frey, 2012). It is therefore, the effect of each components of authentic leadership remains unclear.

Only few studies were found have examined relation between different components of authentic leadership and the intended outcome (e.g., Darvish and Rezaei, 2012; Giallonardo, Wong and Iwasiw, 2010). Therefore, such limitation indicates a significant gap in the existing literature that need to be fulfilled in order to provide holistic insight of the leader-employee relationship (Alok and Israel, 2012; Gardner et al., 2011; Peus et al., 2012). The results of the study may also provide new perspective in understanding to which authentic leadership behaviors have a stronger impact on employees (Gardner et al., 2011).

Further, most of these previous studies of employee engagement and authentic leadership were carried out in Western countries. To the knowledge of the researcher, only two studies on this issue so far were conducted in Malaysia, which were Arif and Forbis (2011) and Choo et al. (2011) involving large organizations. This area of study remains unexplored in Malaysian environment, particularly in the context of SMEs and small and medium budget hotels, thus offering gap in the literature. According to Mohd Sam et al. (2012), not much study has been done to provide deeper understanding on leadership aspect in the context of SMEs in Malaysia. With this limitation, more SMEs should be involved in the engagement and authentic leadership studies so that more empirical evident can be generated on how owner-managers can utilize their authentic leadership to stimulate the engagement of employees. The evident generated may as well provides solution for SMEs, including Malaysian small medium budget hotels and their

owner-managers who face issue of human resource constraint (e.g., high employees' turnover rate and skill-shortage).

Literature Review

Definition and Concept Of Employee Engagement

Looking at psychological conditions of employees, Kahn (1990) has defined personal engagement as *“the harnessing of organization members' selves to their work roles; in engagement, people employ and express themselves physically, cognitively, and emotionally during role performances”* (Kahn, 1990, p. 694).

According to Kahn (1990), the psychological connection of employees to the organization demonstrated by their physical effort, cognitive and emotional energy into their work role. When employees are engaged, they will put their physical exertion in order to achieve their work role performance. Furthermore, they will bring their belief and feelings toward organizations, leaders and work environment while performing work responsibilities (Kahn, 1990). Opposite to that, the personal disengagement postulates, *“the uncoupling of selves from work roles; in disengagement, people withdraw and defend themselves physically, cognitively, or emotionally during role performances”* (Kahn, 1990, p. 694). Seeing, as effortless, automatic or robotic, employees will withdraw themselves from completing their work role when they are disengaged (Kahn, 1990).

Extending Kahn (1990) work, May, Gilson and Harter (2004) defined employee engagement as a manifestation of employees' cognitively, emotionally and physically in their work. Meanwhile, Saks (2006) has conceptualized employee engagement as *“a distinct and unique construct consisting of cognitive, emotional and behavioral components that are associated with individual role performance”* (Saks, 2006, p. 602). From 159 articles of employee engagement historical analysis done, Shuck and Wollard (2010) proposed similar definition, particularly for Human Resource Development (HRD) field as *“an individual employee's cognitive, emotional, and behavioral state directed toward desired organizational outcomes”* (Shuck and Wollard, 2010, p. 103).

Shuck, Tonette, Rocco and Albornoz (2011) also noted that engagement relates with employees' cognitive and emotional interpretation to their unique work experiences that occurred at work which are exhibited in their behavioral actions. Employees need to be alert and aware, involved and show positive emotion in order for them to engage physically, cognitively and emotionally in their work roles (Rich and LePine, 2010; Saks, 2006). Overall, all of these definitions are in line with Kahn's (1990) definition of personal engagement in referring to employees' psychological presence exhibited through their physical, cognitive and emotional behavior. Based on these arguments, the present study conceptualized employee engagement as a construct that is comprised of employees' entire physical, cognitive and emotional acts.

Definition and Concept of Authentic Leadership

Leadership research and its effectiveness have been investigated in many areas and scope. Leaders play an important role to direct, energize and enhance other's commitment to achieve organization vision (Kotter, 1990). In leadership, the process involved with employee's willingness to accept and implement leader's direction (Bono and Judge, 2004). Authentic leadership is among the newest leadership theories have emerged in leadership research. The emerging of this new style of leadership is aimed to help explain the gaps correspond to the lack of previous leadership styles such as transformational and transactional leadership styles in capturing the behaviors of effective leaders (Avolio, Gardner, Walumbwa, Luthans and May, 2004). The authentic leadership is derived from the concept of authenticity. Originated from the ancient Greek philosophers' ideas of to "know thyself", authenticity illustrates "owning one's personal experiences, be they thoughts, emotions, needs, preferences, or beliefs, processes captured by the injunction to know oneself" (Harter et al., 2002, p. 2008). It is a psychological construct, which expressed one's knowing, accepting, acting and communicating accordingly to one's personal experiences, values, beliefs, though and emotions (Harter et al., 2002; Kernis, 2003).

From this authenticity concept, few theories or models have been developed to conceptualized authentic leadership construct (e.g., Avolio et al., 2004; Luthans and Avolio, 2003; Walumbwa, Avolio, Gardner, Wernsing and Peterson, 2008). Luthans and Avolio (2003) for example developed one of the earliest theories of authentic leadership. The authors conceptualized authentic leadership based on the integration of positive organizational behavior, transformational/full range leadership and ethical development. According to Luthans and Avolio (2003), both organizational context and positive psychological capacities are important for the development of authentic leadership. Being authentic means that leaders are highly aware who they are and what they believe in, always transparent and open to others, act consistently with own values and constantly encourage the development of their followers. They are observed as a role model upon the demonstration of these authentic characteristics (Luthans and Avolio, 2003).

Refining and combining the definitions provided by previous researchers, Walumbwa et al. (2008) 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 internalize 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, p. 4).

The definition by Walumbwa et al. (2008) postulates both self-development and self-regulatory process of leaders and followers. It illustrates the leaders' behavior in promoting the positive psychological capacities and ethical climate that cultivate not only the leaders' self-

awareness, relational transparency, balanced processing and internalized moral perspective behaviors but also positive self-development of their followers (Walumbwa et al., 2008). As this study examined the predictive role for employee engagement, the definition provided by Walumbwa et al., (2008) is best to be chosen as it comprises the development of followers. Further, this definition was also the most definition cited by previous researchers in defining authentic leadership construct (e.g., Emuwa, 2013; Darvish and Rezaei, 2012; Leroy, Palanski and Simons, 2012; Valsania, Leon, Alonso and Cantisano, 2012). The present study conceptualized authentic leadership as a construct that comprised both leaders and followers' self-development.

There are four components of authentic leadership that cited by most of researcher when discussing the construct. These components are self-awareness, relational transparency, balanced processing and internalized moral perspective (Avolio et al., 2004; Avolio and Gardner, 2005). Altogether, these four main components illustrate the act of being true to oneself and having moral perspective in order to be authentic. These components are self-awareness, relational transparency, balanced processing, and internalized moral perspective. The last three components of relational transparency, balanced processing, and internalized moral perspective demonstrate the self-regulation component of authentic leadership (Avolio et al., 2004; Walumbwa et al., 2008).

The first component of self-awareness describes *of how one derives and make meaning of the world and how that meaning making process impacts the way one views himself or herself over time*" (Walumbwa et al., 2008, p. 95). Self-awareness attaches to the process of self-perception highlighted a greater understanding on own strength and weaknesses by interacting, communicating, interacting and responding to others (Avolio et al., 2004; Kernis, 2003). Self-awareness also acknowledges the contradictory and multi-faceted aspects of own self (Ilies, Morgeson and Nahrgang, 2005; Lagan, 2007). Self-awareness describes the understanding of one-self in finding the meaning of his/her life and how these understanding influence on his/her self-viewing over time (Lagan, 2007).

Self-awareness also illustrates the attention state of one-self where he/she direct this consciousness attention to some own aspect that lead to his/she self aware behavior (Hannah, Avolio and Walumbwa, 2011). Through self-awareness, authentic leaders not only know their values, motives, feelings, and thoughts but also the impact they have on others (Walumbwa et al., 2008; Gardner et al., 2005). It is a component of by how leaders are greatly aware of themselves and others, which need to be observed precisely (Klenke, 2007). By understanding the purpose, values, strength, weakness, and impact on others (Kernis, 2003; Walumbwa et al., 2008), leaders would have clear perspective on their values, identity, emotions and goals (Avolio and Gardner, 2005; Gardner et al., 2005).

The second component of relational transparency refers to presenting one's authentic self-compared to distort self to others (Kernis, 2003; Walumbwa et al., 2008). Relational transparency demonstrates the ability of authentic leaders to disclose their true feelings and beliefs on others (Walumbwa et al., 2008). Having this relational transparency would allow for

the process of conveying the true feelings, opinions and emotion with others (Kernis, 2003; Walumbwa et al., 2008). The disclosure of these behaviors of relational transparency would enhance trust as leaders' openly share information and emotion while trying to minimize the inappropriate feelings and thoughts with others (Kernis, 2003; Walumbwa et al., 2008).

Relational transparency of authentic leaders can be observed from their decision-making process, sharing information process and interaction process with others (Kernis, 2003; May, Chan, Hodges and Avolio, 2003) The transparency emerged from the decision-making process as authentic leaders provide details on how they derive that decision and how it fairs to all (May et al., 2003). During the process, authentic leaders not only openly share information related to them but as well as request others' feedback, others' points of view and suggestions. Authentic leaders are allowing to freely disclosing their true feelings and emotions, being open, express their thought and have a trustworthy relationship with associates (Avolio et al., 2004; Ilies et al., 2005; Kernis, 2003).

Through this relational transparency, followers are engaging with an open and transparent relationship (Kernis, 2003; Gardner et al., 2005), thus allowing followers with better prediction of leaders' thoughts and actions (Kernis, 2003). The times and efforts given by leaders to strengthen the relationship with followers (Kernis, 2003) would promote trust, teamwork and cooperation in organization (Gardner et al., 2005). Followers therefore may prefer this transparency relationship with leaders as it promote their feelings of predictability and stability among members (Chan, Hannah and Gardner, 2005; Gardner et al., 2005).

The third component of balanced processing refers to "*leaders who show that they objectively analyze all relevant data before coming to a decision*" (Walumbwa et al., 2008, p. 95). Balanced processing is about the process of demonstrating the unbiased collection and interpretation of all relevant information with diverse viewpoints before making any fair decisions, even though it contradicts and challenge one own perspective and initial thinking (Avolio et al., 2004; Gardner et al., 2005; Wong and Cummings, 2009). Through balanced processing, leaders are able to process all positive and negative information without biased, which make them aware of what happen in current realities (Ilies et al., 2005). With this information, leaders with high balanced processing can make accurate assessments that increase their effectiveness in decision-making process (Gardner et al., 2005; Walumbwa et al., 2008). These balanced processing behaviors illustrate the integrity, confidence, hope, optimism and resiliency of real authentic leaders (Ilies et al., 2005). Through these high balanced processing behaviors, authentic leaders modeled and inspired positive behaviors in followers, which leads to positive implication on followers' wellness and a sense of supportiveness in workplace (Gardner et al., 2005; Ilies at al., 2005).

The last component of internalized moral perspective are a form of self-regulation which postulates leaders' acting and behaviors that are contingent to their own internal moral standards and values (Avolio et al., 2004; Gardner et al., 2005). The internalized moral perspective is highly guided by leaders' authentic self than the external environment pressure (Gardner et al., 2005; Walumbwa et al., 2008). Having internalized moral perspectives, leaders are not

influenced by factors such as external pressures and expectations from the group, organization or society (Avolio et al., 2004; Gardner et al., 2005). The moral values held by authentic leaders is reflected in their behaviors and act such as in the decision-making process as they know the impact of their internalized moral perspective on others (Avolio et al., 2004). Through this moral lens, authentic leaders have the ability to evaluate moral dilemmas, consider the options and take proper action (May et al., 2003). Having high moral values and standards, the decision made is going to be fair to all in the organization as it was made consistent with authentic leaders' internalized values and beliefs (Avolio and Gardner, 2005; Gardner et al., 2005). Executing these high moral standards and ethical conducts may as well encourage others to do the same through the process of positive modeling toward followers (Avolio and Gardner, 2005; Gardner et al., 2005).

Authentic Leadership and Employee Engagement

From social exchange theory (SET) perspective, the theory asserted that relationship between leaders and employees exist based on mutual benefits drawn from the positive exchange between the two parties (Blau, 1964). The obligations to engage will only occur when both parties stand to the rule of exchange (Saks 2006). Therefore, individuals are expected to positively reciprocate the benefits that they received from other parties (Blau, 1964; Cropanzano and Mitchell, 2005).

Relying on this SET, this study expected that self-awareness, relational transparency, balanced processing and internalized moral perspective behaviors of owner-managers are an important driver of employee engagement. Firstly, it is expected that owner-managers who possess strong self-awareness behavior would enhance the engagement of employees at workplace. One of the key characteristics of self-awareness is having a genuine, transparent and trusting relationship with others (Avolio and Gardner, 2005; Avolio et al., 2004). Leaders with high self-awareness specifically promote this relationship through open and honest work environments, where employees can express their feedback and criticism without any barrier or fear of the consequences. This, in turn, would make employees expected that owner-managers as authentic leaders understand their impact on employees, therefore, would encourage appropriate adjustment in their behavior in line with the needs and preferences of employees (Avolio et al., 2004; Avolio and Luthans, 2006; Walumbwa et al., 2010).

Moreover, highly aware the impact on others, high self-awareness owner-managers can also manage their emotion and action during conflict situation by avoiding displaying and giving inappropriate emotion and responses to others (Avolio et al., 2010; Kernis, 2003; Walumbwa et al., 2008). By connecting employees with open and honest communication, owner-managers would be able to provide safer and trusting workplace for employees (Avolio and Gardner, 2005; Avolio et al., 2004). Believing that high self-aware owner-managers genuinely care about

employees as they highly aware the impacts they have on others, employees are expected to respond in positive behaviors as a reciprocal responses. Perceived that owner-managers have treated them sincerely, employees would positively reciprocate by giving a great deal of attention and highly engaged in their work role (Blau, 1964; Cropanzano and Mitchell, 2005).

Secondly, it is expected that owner-managers could instill the engagement of employees through their relational transparency behavior. Relational transparency of authentic leadership demonstrates the ability of authentic leaders in disclosing their honest thought, feelings, values and beliefs on others in appropriate ways (Avolio et al., 2004; Walumbwa et al., 2008). As relational transparency includes self-disclosure aspects, the exchange and sharing of information will be in open, truthful and transparent ways (Gardner et al., 2005; Kernis, 2003; Walumbwa et al., 2008). This process will exhibit trustworthiness relationship between leaders and followers (Avolio et al., 2004; Gardner et al., 2005; Kernis, 2003; Walumbwa et al., 2008).

By involving employees through asking their feedback, listening and accepting employees' opinion, openly sharing information with them, owner-managers, as authentic leaders would promote a respectful environment in the workplace (Avolio et al., 2004; Wong and Cummings, 2009). Employees are expected to reciprocate positively as they perceived that they are connected with owner-managers through open and honest relationship (Blau, 1964; Cropanzano and Mitchell, 2005). Having this positive relationship, employees are expected motivated to highly engage in their work role performance.

Thirdly, it is expected that the engagement of employees can be foster by demonstrating higher balanced processing behavior. Balanced processing of authentic leadership demonstrates unbiased collection process before any decision is made (Avolio and Gardner, 2005; Gardner et al., 2005). According to Avolio and Gardner (2005), the concept of balanced processing illustrates the ability of authentic leaders to elude any biases when considering the different perspectives of information during the decision-making process. Ilies et al. (2005) argued that the ability to evaluate all different information with biases free is a basis to individual's integrity and behavior that influence both leaders' action in reaching decisions and follower's supportiveness and wellness in organization.

Through balanced processing, employees have the ability to challenge owner-managers' decision-making as their relationship is being promoted by open and transparent ways (Avolio et al., 2004; Garner et al., 2005). Employees can freely share their thoughts, ideas and opinions with owner-managers during decision-making process (Avolio et al., 2004; Garner et al., 2005; Ilies et al., 2005). These relationships lead to the feeling of trustworthiness and being more values by owner-managers (Ilies et al., 2005). Therefore, employees are expected to positively

respond to positive behaviors of balanced processing demonstrated by owner-managers, as posited in SET (Blau, 1964; Cropanzano and Mitchell, 2005). Feeling being supported and trusted by owner-managers during the process of decision making, employees will positively reciprocate by highly engaged while performing their work role in organization.

Lastly, it is expected that owner-managers could promote the engagement of employee engagement through their internalized moral perspective behavior. The internalized moral perspective of authentic leadership demonstrates internalized-self-regulation of authentic leaders resulted from their own internal moral standards and values (Avolio et al., 2004). Promoting moral values in the organization, owner-managers would “*inspire their followers to act authentically in the workplace and experience greater meaning by acting consistently with their moral principles*” (Avolio et al., 2004, p. 805). Owner-managers with higher internalized moral perspective behavior would exhibit or demonstrate moral standards in actions, decision or behaviors (Avolio et al., 2004; Gardner et al., 2005).

Grounded by this morality, owner-managers are perceived as knowing what they are doing and what fair for their employees (Avolio et al., 2004). These would create psychological safety and meaningful environment in the workplace (Kahn, 1990). Employees are expected to positively reciprocate as they have been treated fairly by owner-managers Working in this fair and open work environment, employees are assumed to have higher motivation to perform work task beyond their world role and morally remain and engaged in the organization (Avolio and Gardner, 2005; Walumbwa et al., 2010).

Despite little research on the effect of each of the components of authentic leadership, few studies had found significant effect of self-awareness, relational transparency, balanced processing and internalized moral perspective on employees. For example, a study by Darvish and Rezaei (2012) among 80 employees demonstrated a significant positive relationship between followers’ perceptions of self-awareness, relational transparency, balanced processing and internalized moral perspective with followers’ team commitment and job satisfaction. In other study by Valsania et al. (2012) among 220 Spanish employees, the results demonstrated only two significant role of relational transparency and internalized moral perspective of leaders in enhancing the organizational citizenship behavior of their employees. In addition, conducting a research nonclinical setting, Wong and Cummings (2009) on the other hand found significant effects of relational transparency on voice.

In relation to employee engagement, a study by Giallonardo et al. (2010) revealed that positive correlation between all components of authentic leadership with work engagement. Self-awareness, relational transparency, balanced processing and internalized moral perspective of

leaders were found significantly related to the work engagement of new graduate nurses. Similarly, Wang and Hsieh (2013) demonstrated a positive relationship between supervisors' consistency between work and action and internalized moral perspective with employee engagement.

Based on above theoretical explanations and prior research, it is posited that employees who perceived higher level of self-awareness, relational transparency, balanced processing and internalized moral perspective behaviors were more likely to experienced positive work attitudes and work outcomes. Therefore, this study proposes to test the following hypotheses:

- H1: Higher perceived level of owner-managers' self-awareness leads to higher level of employee engagement.
- H2: Higher perceived level of owner-managers' relational transparency leads to higher level of employee engagement.
- H3: Higher perceived level of owner-managers' balanced processing leads to higher level of employee engagement.
- H4: Higher perceived level of owner-managers' internalized moral perspective leads to higher level of employee engagement.

Methods

Design and Sample

Employing the positivist, deductive and quantitative approach, this cross-sectional study collected the data through structured questionnaire survey. Since this study focused on the perceptions of employees toward authentic leadership and how its effect their engagement at workplace, a sample of 260 employees from small and medium budget hotels located in Kuala Lumpur and Selangor were purposively selected for this study. Out of that, 252 sets (96.9 percent) were returned back. After deletion of 38 outliers, only 214 sets out of 252 sets were useful for further analysis, yielding a response rate of 84.92 percent.

Measures

Employee engagement: The measurement items for employee engagement construct were adapted from Rich et al. (2010) Job Engagement Scale. Overall, 18 items were adapted to measure employee engagement construct. Based on a five-point Likert scale, respondents were asked to indicate their engagement on three key aspects of physical, emotional and cognitive engagement. They need to mark their answers by choosing one of these categories: 1 = strongly disagree, 2 = disagree, 3 = neither disagree nor agree, 4 = agree or, 5 = strongly agree.

Authentic Leadership: The measurement items for authentic leadership were adapted from Walumbwa et al. (2008) Authentic Leadership Questionnaire (ALQ). Overall, 16 items were adapted to measure authentic leadership with each four items for self-awareness and internalized moral perspective, five items for relational transparency and three items for balanced processing component. For these items, respondents were asked to indicate their owner-managers' self-awareness, relational transparency, balanced processing and internalized moral perspective behaviors based on a five-point Likert scale. They need to select their choice of answers based on the following scale; 1 = not at all, 2 = once in a while, 3 = sometimes, 4 = fairly often, 5 = frequently/if not always.

Data Analysis and Results

Profile of Respondents

As shown in Table 1, the sample is slightly balance between Kuala Lumpur and Selangor.

Table 1: Profile of Respondents

Details	N	Percentage (%)
Location		
a) Kuala Lumpur	111	51.9
b) Selangor	103	48.1
Gender		
a. Male	102	47.7
b. Female	112	52.3
Age Level		
a. 25 years old and below	88	41.1
b. 26 to 35 years old	110	51.4
c. 36 to 45 years old	15	7.00
d. 46 years old above	1	0.50
Marital Status		
a. Single	128	60.1
b. Married	72	33.8
c. Divorced	4	1.90
d. Widowed	1	0.50
e. Others	8	3.70
Ethnicity		
a. Malays	110	51.9
b. Chinese	50	23.6
c. Indian	41	19.3
d. Others	8	3.80
e. Other Bumiputera	3	1.40
Highest Educational Level		
a. SPM and below	112	52.8
b. STPM/Matriculation/Certificate	44	20.8
c. Diploma	49	23.1
d. Bachelor Degree/Professional Qualification	7	3.3
e. Post Graduate Degree	-	-

Length of Employment at Current Workplace		
a. Less than 2 years	142	66.4
b. 2 to 5 years	68	31.8
c. 6 to 9 years	4	1.9
d. 10 years and more	-	-

About 111 (51.9 percent) employees work at small and medium budget hotels that located in Kuala Lumpur. Meanwhile, the remaining of 48.1 percent of employees work at small and medium budget hotels that operationalized in Selangor. Regarding gender group, the sample represents to some extent a balanced percentage between male and female respondents. The sample consisted of 102 male respondents (47.7 percent) and 112 female respondents (52.3 percent). The majority of respondents are within the age group of 26 to 35 years old (51.4 percent). With respect to marital status, most of the respondents are still single (60.1 percent). Another 72 respondents (33.8 percent) are married. In terms of ethnicity group, half of the respondents are Malays (110 respondents). Meanwhile, about 23.6 percent and 19.3 percent are Chinese and Indian respondents.

With regard to highest educational level, about 112 respondents or 52.8 percent are SPM holders or below. Other 43.9 percent or 93 respondents have obtained STPM to Diploma certificate. For the length of employment, the majority of respondents (66.4.0 percent) have worked at their current workplace for about less than two years. About 68 respondents (31.8 percent) have work for about two to five years. Meanwhile, the remaining four respondents (1.9 percent) have work for six to nine years. Next, around 47.9 percent or 102 respondents have overall work experienced three years or below. Another 70 respondents or 32.9 percent have stated four to six years of overall work experience.

Construct Reliability, Descriptive Statistics and Correlation

For construct reliability, the evidence was generated from the assessment on Cronbach alpha values (α). As shown in Table 2, a Cronbach alpha value (α) which depicts the internal consistency of items in their respective construct range from 0.63 to 0.88. The values of Cronbach alpha (α) had met the threshold of above 0.60 (Hair et al. 2010; Sekaran 2003). Therefore, the reliability of constructs was satisfactory and empirically supported. All items were internally consistent in their respective constructs.

Table 2: Reliability, Descriptive and Correlation Analyses

Variables	α	Mean	SD	1	2	3	4	5
1. EE	0.880	4.247	0.376	1.00				
2. SA	0.633	4.045	0.510	0.329**	1.00			
3. RT	0.818	4.155	0.501	0.275**	0.320**	1.00		
4. BP	0.794	4.150	0.601	0.344**	0.149*	0.284**	1.00	
5. IMP	0.782	4.046	0.553	0.317**	0.271**	0.385**	0.516**	1.00

Note: EE = Employee Engagement, SA = Self-Awareness, RT = Relational Transparency, BP = Balanced Processing, IMP = Internalized Moral Perspective, $p < 0.01$ **, $p < 0.05$ *

Next, the mean scores for all variables were in the range of 4.0 to 4.25. Meanwhile, from correlation analysis, all five construct were found significantly correlated with each other. Employee engagement was found significantly correlated with self-awareness ($r = 0.329$, $p < 0.05$), relational transparency ($r = 0.275$, $p < 0.05$), balanced processing ($r = 0.344$, $p < 0.05$) and internalized moral perspective ($r = 0.317$, $p < 0.05$).

Hypotheses Testing Results

From stepwise multiple regression analysis (as shown in Table 3), the control variables only explained 1.9 percent of the variation in employee engagement. Meanwhile, the combination of control variables and independent variables explained 13.9 percent of the variation in employee engagement construct. Only two variables (balanced processing and self-awareness) were found significantly explained the variation in employee engagement.

Table 3: Stepwise Multiple Regression Analysis

Variables	Step 1	Step 2	Step 3
Age	0.009	0.023	0.012
Education	0.022	0.025	0.033
Length of employment	-0.141	-0.138	-0.134
Balanced Processing		.283**	
Balanced Processing			0.258**
Self-Awareness			0.204**
F-Value	1.320	5.639**	6.663**
R^2	.019	.098	.139
Adjusted R^2	.005	.081	.118
Change in R^2	.019	.079	.120

Dependent: Employee Engagement, excluded insignificant variables: relational transparency and internalized moral perspective,

Note: * $p < 0.05$, ** $p < 0.01$

From the R^2 change of 0.12 ($p < 0.01$), these two balanced processing and self-awareness constructs had explained an additional 12.0 percent of the variation in employee engagement. Balanced processing ($\beta = 0.258$, $p < 0.01$) and self-awareness ($\beta = 0.204$, $p < 0.01$) were found to positively and significantly related to employee engagement. The findings indicate that the higher perceived level of owner-managers' self-awareness and balanced processing will lead to a higher level of employee engagement. Hence, only H1 and H3 were empirically supported.

Discussion and Conclusion

Improving employee engagement has become a major concern nowadays for the organizations. Dealing with human resource constraints, including high turnover rate and skill shortage, employee engagement is a promising strategy, given that the benefits of increased engagement have been linked to reduce the turnover rate and low withdrawal intention among employees (Glen, 2006; Lockwood, 2007; Sanda and Ntsiful, 2013). In enhancing employee engagement, the previous evidences demonstrated that one of the leadership style that found have positive impact on employee engagement is authentic leadership (e.g., Alok and Israel, 2012; Giallonardo et al., 2010; Walumbwa et al., 2008). Given these positive evidences, this study was conducted to investigate how owner-managers through their authentic leadership style can foster the engagement of their employees in organization.

Provided support for SET (Blau, 1964; Cropanzano and Mitchell, 2005), the result suggested that employees are willing to reciprocate positively when they perceived that their high self-aware owner-managers treat them sincerely. Perceiving that owner-managers are highly aware the impact they have on others, employees, having this mutual benefits in turn, would increase their engagement as a reciprocal for the positive relationship they have with owner-managers. Believing that owner-managers are genuinely caring about them, employees would give a great deal of attention in their job.

Next, the results of the study reveal significant and positive relationship between balanced processing of owner-managers and employee engagement, indicating that the higher perceived level of employees toward balanced processing behavior of owner-managers, the higher their engagement in organization. The trust develops during the process of decision-making have encouraged employees to reciprocate positively their owner-managers by highly engaged in organization (Blau, 1964; Cropanzano and Mitchell, 2005). These findings also seems to be in line with Darvish and Rezaei (2012) and Giallonardo et al. (2010) which reveals that self-awareness and balanced processing behaviors of leaders significantly contributed to high team commitment job satisfaction and work engagement of followers.

The findings of the present study provide some theoretical and practical implications. From the theoretical perspective, this study has extended the existing studies by investigating the effect of specific components of authentic leadership on employee engagement. For managerial implications, leaders or owner-managers may use the results of the study as a guide to developing effective strategies to highly engaged-employees at the workplace.

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