

# Authentic Leadership Style and ISO 9001 Effectiveness: Developing a Theoretical Model

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## *Abstract*

This paper represents an extensive literature review conducted with aim to propose a theoretical model for investigating relationship between authentic leadership style and ISO 9001 effectiveness. Identification of mediators such as employee satisfaction and customer orientation in the mentioned relationship is one of the key objectives. Main methodology used in this study is qualitative literature review whereby numerous studies relevant for the topic are analyzed and based on their results, the new hypotheses are proposed. Finally, all hypothesized relationships are synthesized and integrated into one unified theoretical model which is proposed for further validation and testing by future researchers. Even though the aim of this study is not to validate, but only propose the model, some methodological recommendations and expected results will be mentioned. It is recommended to future researchers not only to validate this research model, but also to consider extending it with more mediating variables in future studies.

**Keywords:** authentic leadership, ISO 9001 effectiveness, employee satisfaction, customer orientation.

## 1. Introduction

Investigating ISO 9001 standard, its implementation, effectiveness, benefits, and other aspects gained attention of many researchers across the world (Strukan, 2015; Levine & Toffel, 2010; Sampaio, Saraiva & Rodrigues, 2011). Practitioners claim that it is impossible to talk of good implementation of ISO 9001 standard without good leadership, and according to them it is natural that these two paths are inseparable. In fact, even by the ISO 9001 standard itself, the leadership is the first instance of responsibility as the standard implementation represents strategic matter of each organization.

Even though mentioned relationship matters, it took little attention in eyes of researchers, and there are not many studies dealing with this relationship. Accordingly, this study aims to fill the gap in the literature and theoretically uncover not only relationship between leadership and ISO 9001 effectiveness, but also potential mediators in this relationship. The main deliverable of this study is theoretical model with clear hypotheses and recommendations for future validation.

The first section of this study will define variables and explain relationships among them using appropriate literature review. Later, the variables and proposed relationships will be

presented visually in form of a theoretical model. Methodology for model validation will be recommended, and finally expected results will be discussed.

## 2. Literature review

There is no one perfect definition of leadership, but rather many of them depending on the context. However, researchers agree that leadership involves three inseparable elements, leader, the follower, and situation. Some of the definitions which are selected and reported (Ginnett & Curphy, 2012) are as follows:

- *“The process by which an agent induces a subordinate to behave in a desired manner.”*
- *“An interpersonal relation in which others comply because they want to, not because they have to.”*
- *“The process of influencing an organized group toward accomplishing its goals.”*
- *“Actions that focus resources to create desirable opportunities.”*
- *“Creating conditions for a team to be effective.”*
- *“A complex form of social problem solving.”*

### 2.1 Leadership styles

This paragraph will explain leadership styles: directive, supportive, participative, and achievement-oriented.

Directive leader tells subordinates exactly what they are supposed to do. It characterizes a leader who tells subordinates about their task, including what is expected of them, how it is to be done, and time line for the completion of particular task. He also sets standards of performance and defines clear rules and regulations for subordinates (Northouse, 2004). Directive behavior is appropriate when task is complex or ambiguous, formal authority is strong and the work group provides job satisfaction (Achua & Lussier, 2013). On the other hand, supportive leader shows concern for subordinates' wellbeing and personal needs. Supportive leadership consists of being friendly and approachable as a leader and includes attending to the well-being and human needs of subordinates (Northouse, 2004). Supportive leadership is appropriate when task is simple, formal authority is weak, and the work group does not provide job satisfaction (Achua & Lussier, 2013).

Participative leader consults with subordinates about decisions. A participative leader consults subordinates, obtains their ideas and opinions and integrates their suggestions into decision making (Northouse, 2004). Participative leadership is appropriate when subordinates don't want autocratic leadership, have internal locus of control, and follower ability is high; when task is complex, authority is either weak or strong, and satisfaction from co-workers is either high or low (Achua & Lussier, 2013).

Achievement-oriented leader sets clear and challenging goals for subordinates. The leader establishes a high standard of excellence for subordinates and seeks continuous improvement. Further leader shows a high degree of confidence in subordinates (Northouse, 2004). Achievement-oriented leadership is appropriate when followers are open to autocratic leadership, have external locus of control, and follower's ability is high; when task is simple, authority is strong, and job satisfaction from co-workers is either high or low (Achua & Lussier,

2013). In findings of Malik (2013), directive, supportive, participative, and achievement-oriented leader behaviors have significant relationship with supervision and job in general. While supportive, participative and achievement-oriented leader behaviors were also significantly related with the co-worker and work. Further, linear combination of leader behaviors, i.e., directive, supportive, participative and achievement-oriented are significantly related with job satisfaction. This results-oriented approach to management works well with self-motivated employees and weeds out those who are not committed to the common goal. Leaders who relate to their teams and inspire effective action are critically important to business success.

Leadership is viewed as an important determinant/predictor of organizational effectiveness and employee job satisfaction. Studies show that there is a positive correlation between leadership and employee job satisfaction (Malik, 2011; Berson & Linton, 2005; Seo, Ko & Price, 2004; Mosadeghrad, 2003). Downey, Sheridan and Slocum (1975) have reported higher level of job satisfaction under directive leadership behavior when task was highly structured and under supportive behavior when task was highly unstructured.

### *2.2 Employee satisfaction and customer orientation and ISO 9001 effectiveness*

The concept of employee satisfaction has been in a focus of research and practice for the last two decades. Greasley, Bryman, Dainty, Price, Soetanto and King (2005) consider it to be a critical issue for organizational performance. A number of scholars stressed the importance of employee satisfaction and its influences on organizational performance as much as customer satisfaction (Chen, Yang, Shiau & Wang, 2006). The concept of employee satisfaction is a multi-dimensional and inter disciplinary term that has been attracted the attention of researchers and practitioners from different disciplines such as psychology, human resource management, organizational behavior, TQM and etc.

Organizations need to be smart enough to predict the changing needs of their customers, focus on their organizational capability, offer high-quality services, and to see the quality of internal and external service as a tool to gain competitive advantage (Hawa & Said, 2015). Nevertheless, the presence of customer orientation skills on behalf of sales personnel does not necessarily guarantees customer satisfaction unless a quality service is delivered to satisfy the customers.

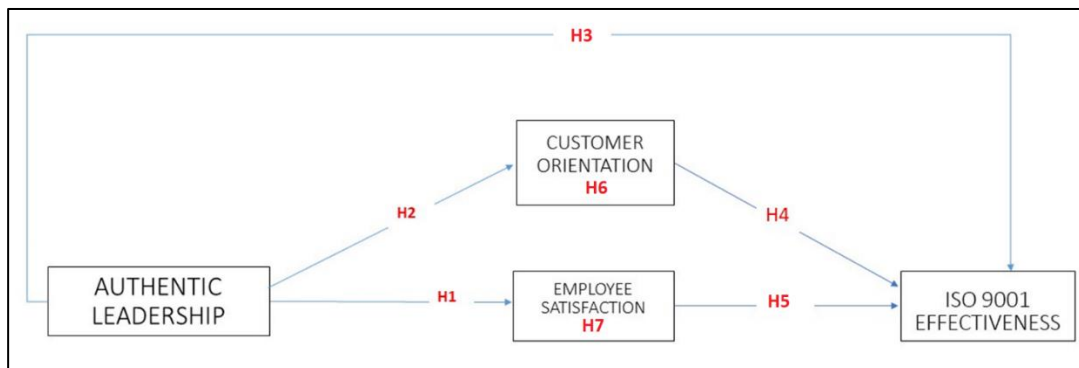
Guo, Li and Wu (2015) deals with propositions related to leader effectiveness in his theory. As already explained, the whole purpose of this theory is to investigate which leadership behavior brings higher leader effectiveness. In case of this study, theory will be applied to examine which leadership behavior leads to higher ISO 9001 effectiveness in organization. Coming to the stage where we believe that not only the leadership, but the competent leadership is required to understand, formulate and implement the most suitable change for organizations, the next manifest is, what kind of knowledge, skills, talent and competencies are required from a leader to bring a successful organizational change.

When these observations about planning skills are considered in light of our earlier observations about the need for effective structuring behavior by leaders, the following conclusion seems indicated. Leaders who are better able to identify key causes, restrictions, and downstream consequences and leaders who can the environment and implement opportunistically will engage more effective structuring behavior resulting in higher group performance under conditions (e.g., turbulence) where structuring behavior is needed (Marta, Leritz & Mumford, 2005). However, it is important to emphasize that there are two aspects of ISO 9001 effectiveness variable. One aspect is about effectiveness in terms of goals achievement, while another important aspect is fact that goals in this case are about ISO 9001, quality management standard. A recent study found that

employee satisfaction mediates the effect of competencies and work environment on employee performance (Widyaningrum, 2020).

Finally, based on previously reviewed literature the following hypotheses are proposed for validation by future researchers: (H1) *Authentic Leadership Style affects Employee Satisfaction*; (H2) *Authentic Leadership Style affects Customer Orientation*; (H3) *Authentic Leadership Style affects ISO 9001 Effectiveness*; (H4) *Customer Orientation affects ISO 9001 Effectiveness*; (H5) *Employee Satisfaction affects ISO 9001 Effectiveness*; (H6) *Customer Orientation mediates effects of Authentic Leadership on ISO 9001 Effectiveness*; (H7) *Employee Satisfaction mediates effects of Authentic Leadership on ISO 9001 Effectiveness*.

Proposed research model including all variables, relationships among variables along with all hypotheses and research questions is presented in the next figure.



Source: Prepared for this study through extensive literature review

Figure 1. Presentation of proposed research model

The model reflects in total 7 hypothesized relationships which are proposed to be investigated. These relationships are further explained in the following table.

Table 1. Summary of proposed indirect and direct effects

<b>Proposed Effect</b>	<b>Type</b>
<i>Authentic Leadership Style → Employee Satisfaction</i>	Direct
<i>Authentic Leadership Style → Customer Orientation</i>	Direct
<i>Authentic Leadership Style → ISO 9001 Effectiveness</i>	Direct
<i>Customer Orientation → ISO 9001 Effectiveness</i>	Direct
<i>Employee Satisfaction → ISO 9001 Effectiveness</i>	Direct
<i>Authentic Leadership → Customer Orientation → ISO 9001 Effectiveness</i>	Indirect Effect – Mediation
<i>Authentic Leadership → Employee Satisfaction → ISO 9001 Effectiveness</i>	Indirect Effect – Mediation

### 3. Proposed methodology

In a case researchers would like to perform model validation on a sample comprised of companies, it is recommended that it is well balanced in terms of size, industry type and other characteristics important for researcher. The most appropriate research design to validate the proposed model seems to be a data collection via structured survey. Once the data is collected, considering that besides direct effects, there are two proposed mediating relationships in the model, it is recommended to apply Structural Equation Modelling approach. Before structuring the model in relevant SEM software (AMOS, Smart PLS etc.) it is strongly recommended to

perform Exploratory Factor Analysis and make sure that validity of each construct is appropriate. Besides this, it is also recommended to check Reliability using Cronbach's Alpha values for each individual variable in the model.

#### 4. Expected results

Based on previously conducted studies, it is expected that Authentic Leadership will have statistically significant positive effects on Employee Satisfaction, Customer Orientation and ISO 9001 Effectiveness. It is also expected that Employee Satisfaction, Customer Orientation will have statistically significant positive effects on ISO 9001 Effectiveness. When it comes to mediating relationships, it is expected that both Employee Satisfaction and Customer Orientation are statistically significant partial mediators between Authentic Leadership and ISO 9001 Effectiveness. However, these are assumed expected results based on previous studies, and it is strongly recommended to full validation of proposed theoretical model with aim to get results based on the real data. Replication of the model validation in different countries and different samples will bring even better opportunities for comparative analysis and will bring stronger confidence in model itself.

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