An Empirical Study on Transactional and Authentic Leaders: Exploring the Mediating Role of Trust in Leader on Organizational Identification

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ABSTRACT

This research presents the empirical results of a study regarding the relationships between the concepts of *transactional* and *authentic leadership*, *trust in leader* and *organizational identification*. The sample used in the analysis (N=232) was taken in Turkish companies that abide by Corporate Governance Rules. The results of the study indicate that the aforementioned leadership styles (transactional and authentic) have a positive relation with trust in leader. Furthermore, trust in leader, as a full mediator, develops organizational identification among followers. The results also specify leader behaviors that promote followers' trust for their leaders. Implications and directions of future research are discussed at the end of the paper.

INTRODUCTION

The world of business is changing. Organizations are becoming flatter and hierarchical structures are being compressed, while maintaining and developing the continuous potential of companies' workforces becomes the key for remaining competitive. In order to comply with these changes, businesses seem to be focusing more on "their employees". Grojean and Thomas (2005) suggest that the result of employee-focused efforts is the establishment of employee identification with the organization, referred to as organizational identification (OI), which consequently causes increases in performance and commitment. Evidence indeed shows that a person who identifies him/her self with an organization will likely behave in the best interest of the organization (i.e De Cremer & Van Knippenberg, 2002, Kitapçı et. al., 2005, Riketta, 2005).

There are undoubtedly many organizational and individual factors that develop OI. This study, however, concentrates on the relationship between leader behaviors and OI. Although the literature has made considerable progress towards understanding the antecedents of OI (Mael & Ashforth, 1992, Riketta, 2005), how leaders develop OI in followers is still a vague concept. Researchers many times argued that leaders influence OI because of their impact on their followers' self-concepts (Mael & Ashforth, 1992, Lord & Brown, 2004). However, what it is exactly that makes leaders so influential on followers remains unknown. This study tries to answer this question. It examines if leaders create OI through building trust on their followers. In order to do this, the study explores the mediating effect of trust in leader between leader behaviors and OI.

Two leadership styles that are expected to create OI through trust in leader are analysed in this study: transactional and authentic leadership. The results exhibit, first, the specific leadership behaviors developing trust in leader and, second, whether or not this effect develops OI among followers.

Theoretical Background and Hypotheses

Trust in Leader

The concept *trust in leader* is similar to *interpersonal trust* in its nature, only the parties involved in the trust relationship change to "the follower and the leader". Nyhan and Marlowe (1997) define interpersonal trust as "the level of confidence that one individual has in another's competence and his or her willingness to act in a fair, ethical, and predictable manner".

Research on organizational and individual outcomes of trust in leader presents very important results for the efficiency of organizations. Wasti et al. (2007) claim that when the leader is viewed as trustworthy, subordinates will be motivated to show higher organizational outcomes such as performance, satisfaction and lower turnover rates, which in turn contribute to the leader's perceived effectiveness. Dirks & Ferrin (2002) reported on a meta-analysis that analyzes the relationships between trust in leader and 23 different constructs. They found significant and strong relationships between trust in leader and organizational commitment, belief in information provided by

the leader and satisfaction with the leader.

Organizational Identification

Riketta (2005) suggests that all different definitions of OI in the literature refer to the individuals' feeling of being a part of the organization, internalizing organizational values and /or feeling pride in his/her membership. OI can be considered as an overlap between the employees' image of the organization and the self (Riketta & Van Dick, 2005), because people who have OI may see themselves as personifying with the organization (Kitapçı et. al., 2005). In other words, via OI, the organization provides the individual with a sense of identity.

In the literature, several benefits of OI are discussed. Kitapçı et. al. (2005) claim that employees with a high level of OI are more likely to focus on tasks that benefit the organization, rather than those that serve purely self-directed goals. OI also acts as an important precondition for having high job satisfaction. Riketta (2005) presented a detailed meta-analysis of the research on OI. 96 different studies with 20,905 independent samples were analyzed. Occupational and work-unit attachment, job and organizational satisfaction and job involvement were correlated significantly and positively with OI. Furthermore, the intention to leave was strongly (r= -0.48), significantly and negatively related with OI, while in-role and extra role performance were weakly (r=.17), significantly and moderately related with OI.

Relation between Trust in Leader and OI

There are some studies analyzing the relationship between trust in leader and many organizational and individual outcomes (i.e. Podsakoff et al. 1990, Jung & Avolio, 2000). However, among them, studies that have taken OI as an outcome are very limited in number. In the study of Kitapçı et al. (2005) which was conducted on 133 middle level managers working in 35 manufacturing firms in Turkey, it was found that trust in supervisor has an effect on OI and both trust and OI were negatively related to turnover intentions. Based on this limited evidence in the literature, the first hypothesis is formed. The reasons for the following assumed relationship will be discussed in the section about the mediator role of trust in leader:

Hypothesis 1: Trust in leader will be positively related to organizational identification.

Transactional and Authentic Leadership and their Relations with Trust in Leader

Goodwin et al. (2001) define transactional leaders as *"those who focus on the motivation of followers through rewards or discipline, clarifying for their followers the kinds of rewards that should be expected for various behaviors"* (p.759). Therefore, their behaviors can be seen as an exchange process of implicit bargaining (Den Hartog et al., 1997) between the leader and the follower, which is based on their contractual obligations (Antonakis et al., 2003). Egri et al. (2000) define the main concern of transactional leaders as the accomplishment of the subordinates' task performance in terms of meeting organizational goals and objectives. Leaders gain the commitment of employees by giving them contingent rewards.

Authentic leadership, on the other hand, comes from "authenticity", a word etymologically rooted in Greek philosophy meaning, "to thine own self to be true" (Avolio & Gardner, 2005). Hence, Gardner & Schermerhorn (2004) explain authenticity as saying what one is really thinking and feeling and behaving accordingly. Therefore, authentic individuals achieve higher congruence between ideal and actual selves. Authentic leaders demonstrate transparent decision making, confidence, optimism, hope, resilience, consistency between words and deeds, have transparent intentions and recognize their own weaknesses. They achieve their authenticity by being aware of and accepting themselves. They are in touch with their emotions and their effects on themselves and on others.

The literature points out the relation between transactional leadership and trust in leader. According to Mayer et al. (1995), there are three dimensions of trust. These are namely, ability, integrity and benevolence of the trustee. Burke et al. (2007) claim that, *ability* refers to setting a clear and compelling direction. Setting direction is a behavior that transactional leaders primarily exercise. They do this by creating an enabling structure (designing work and allocating resources, establishing core norms) and setting functional norms. Hence, transactional leaders might create trust as supported in the study of Dirks and Ferrin (2002) (r_. 50).

The theoretical literature on authentic leaders also suggests that these leaders create trust on their followers. Referring again to Mayer's three dimensions of trust, Wasti et al. (2007) define *integrity* as the predictability of the person, and it occurs *"if the individual can be counted on and his or her words and actions are congruent"* (p.480).

As explained in the previous sections, authentic leaders do have congruence between their actual, ought and ideal selves (Gardner et al., 2005). They are genuine about their feelings and themselves (Gardner et al., 2005, Gardner & Schermerhorn, 2004). Gardner et al. (2005) opine that trust is not only created through benevolence and integrity, but also through transparency and honesty, which is another characteristic of authentic leaders. In line with this view, Dirks and Ferrin (2002) state that as part of the character-based perspective, perceiving the leader as honest and truthful is an antecedent of creating trust. In such cases, followers are able to observe the leader's actions in a transparent context. The follower will know what the leaders' values are and whether they match with their own values.

Based on this information, although in the literature, both leadership styles are suggested to create trust among followers, authentic leadership is expected to have a stronger relationship with trust in leader than transactional leadership. Pillai et al. (1999) explain that transactional leaders create relationships, which are based on economic contracts and where the emphasis lies on providing rewards in exchange for reaching agreed-targets. On the surface, this might create relationships between the leader and follower which do not necessarily enhance trust in the leader. Authentic leaders' ability of displaying unbiased self-relevant information, personal integrity and transparent relations with their followers, on the other hand, is expected to create higher levels of respect and trust between the leader and the follower (Avolio & Gardner, 2005).

Hypothesis 2: Authentic leadership will be a better predictor of employees' reported trust in leader than transactional leadership.

The Mediating Role of Trust in Leader

Leadership behaviors are proven to be related to trust in leader, as explained in the previous sections (i.e. Pillai et al. 1999, Dirks & Ferrin, 2002, Gillispie & Mann, 2000). However, in the literature, there are very few studies in which trust in leader was specifically approached as a mediator between the leadership behaviors and OI. Nevertheless, it is possible to find some studies exploring the mediating role of trust in leader between leader behaviors and some other organizational or individual outcomes, like organizational commitment, follower performance and job satisfaction (i.e. Pillai et al., 1999, Podsakoff et al., 1990, Jung & Avolio, 2000) Although these studies do not directly refer to OI as their study concepts, they prove that leader behaviors are usually related to positive work attitudes and behaviors, like performance, satisfaction and OCB through trust in leader. It would then be logical to assume that OI, as another positive work attitude, might also be related to leader behaviors via trust in leader.

Specifically, transactional leaders design the work, allocate resources, set a clear direction, and provide necessary information about the roles, organizational values and norms of the followers. Their *ability* to perform these functions properly and successfully might create trust[1] as explained before. Followers will then unquestionably believe in the information given and the direction set by the leader, and they will clearly know what the organization stands for and what it means to be a member of it. This knowledge might make the follower identify him/herself with the organization, especially, if the mission and values of the organization match with the followers' personality and value systems. Hence, it can be concluded that transactional leadership behaviors might develop OI via trust in leader.

Hypothesis 3: The relationship between transactional leadership behaviors and organizational identification is mediated by trust in leader.

The characteristics of authentic leaders and how they create trust in their followers are explained above. The fact that they are genuine, honest and transparent makes followers trust these leaders deeply and unquestionably. Such leaders give accurate, true and realistic information about the future and the direction they set for the organization. Followers who trust their leaders will believe this information and they will feel more knowledgeable about the present and future of their organization. This, in turn, will make them feel more involved and make them identify with the organization. Furthermore, they will feel freer to articulate their views about organizational matters, thanks to the fact that the authentic leader provides them with the courage to do so. They will have the trust that their leader will involve them in the decision-making. This involvement also makes followers identify with their work and organization. Dirks and Ferrin (2002) claim that if the follower believes that the leader

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[1] Ability is one the dimensions of trust defined by Mayer et al. (1995)

is transparent, honest, and has integrity, s/he will have trust in the leader and be willing to commit to the goals set by the leader. This might make followers who believe in the organization identify more with the organization. Based on these views, the following hypotheses can be set:

Hypothesis 4: The relationship between authentic leadership behaviors and organizational identification is mediated by trust in leader.

Method

Sample Selection and Data Collection

Authentic leadership is a new concept, which has not yet been tested well empirically. Its major characteristics are being honest, transparent, consistent with one's self and others, and also having integrity and high ethical standards. Such leadership characteristics emerge only with difficulty and are hard to maintain in any type of organization. Even if the personality of the leader is authentic in his /her nature, fierce competition, internal and external pressures to be effective and efficient in a limited time period, low job security in the country, the fact that the organization has many shareholders etc., might force leaders to adopt unethical and self-protecting leadership styles. Therefore, in order to be able to reach leaders who are more likely to be authentic, organizations, which have some control mechanisms on their leaders, were chosen. These organizations are the ones that apply "Corporate Governance" rules, aiming to rule organizations in such a way that it brings benefits for all the stakeholders of the company and requiring leaders to behave ethically and unconventionally.

The survey was distributed in three manners. In two companies, that accounted together for 29 % of the respondents, data were collected in the traditional pen and paper way. A soft copy of the survey was sent to some of the respondents via e-mails. Then, due to the low response rate to the *hard* and *soft* copies, the survey was uploaded to a private survey web-site.

The survey took place in Turkey. The respondents were 232 middle level workers who were asked to rate their department managers between the months of May and October 2008. The exact number of leaders who were rated with hard and soft copy surveys is known thanks to follow-up e-mails and face-to-face conversations. In this way, 56 different leaders were rated. However, it is hard to know the exact number of leaders rated by those who answered the survey online, since the name of the company or the leader and the e-mail addresses of the respondents were kept anonymous. However, their answers to the demographic questions about their company, their sector and their leaders' gender suggest that at least 40 different leaders were rated. Hence, it can be stated that, in total, approximately 100 different leaders were evaluated. Gender wise, there was an almost equal number of female (116) and male (115) respondents taking part in the study. 48.7 % of the respondents were between the age of 20 and 30, 39.7 % between 31 and 40. The majority of participants (73.3 %) have undergraduate degrees. There were slightly more single respondents (50.4%). Out of the five categories classifying people according to total work experience, three had very similar results. 67 respondents had been working between 13-60 months (%28.9), 66 people between 61-120 months and 67 people between 121-244 months. 20 % of them had been working with the same leader for a period between 7-12 months and another 20 % of the respondents had been working with the same leader for 13-24 months. The majority of the leaders rated were male (67.2%). There was a preponderance of companies active in the service sector (53.9%) among those where respondents were working. Moreover, most respondents worked at large companies where the number of employees is above 500 (42.2%). Finally, most of the respondents (30.6 %) came from companies that had been operating in their respective sectors for between 11 to 25 years.

Measures

Multifactor Leadership Questionnaire (MLQ): Transactional leadership was measured with MLQ which is initially developed by Bass (1985). Its 2004 version, after a number of modifications, was used for the study. There are basically two components to transactional leadership: contingent reward and management by exception. Each component has 3 items. However, due to low reliability test results (0.557), the second component was eliminated after the factor analysis and transactional leadership has been represented by only one factor "contingent reward" in the further analyses. Contingent reward referred to providing followers with material and psychological rewards based on contractual obligations, as well as on the efforts spent and on the performance level achieved. Respondents completing the survey evaluated how frequently or to what degree, they have observed their leader engaging in 6 specific behaviors. A five-point Likert scale for rating the frequency of observed leader behaviors is used. The reliability test gave high results (0.706).

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Authentic Leadership Questionnaire (ALQ): It is developed by Gardner et al. (2005) and has 4 components. Self-awareness (SA) refers to being able to *"understand own talents, strengths, sense of purpose, core values, beliefs and desires"* (Avolio, Gardner, 2005, pp. 324). Balanced processing (BP) refers to the unbiased collection and interpretation of self-related information and both negative and positive trigger events in the leader's life. An authentic leader does not exaggerate nor ignore the reality. Authentic behaviors are guided by the values, emotions, beliefs, thoughts and feelings of the leader and not by the pressures or contingencies from the outside world. Relational transparency (RT) indicates that the leader has trust, openness and self-disclosure in his/her relationships. The ethical/moral (E/M) dimension refers to the degree to which the leader sets a high standard for moral and ethical conduct for his/her decisions and behaviors. Self-awareness and ethical/moral dimensions have 4 items each, whereas transparency has 5 items and balanced processing has 3. Thus, in total, 16 ALQ items were used.

Organizational Trust Inventory (OTI): Nyhan & Merlowe (1997) developed OTI. 8 items are designed to measure the trust levels between the employee and the supervisor.

Organizational identification: The Mael and Ashforth's scale, developed in 1992, was used. It has 6 items. In total 36 items and 10 demographic questions were utilized in the survey. The reliability test results of ALQ, the trust inventory and OI, were found to be 0.901, 0.949, 0.76 respectively, which is considered to be very high (Hair et al. 2006).

Findings

On top of the reliability tests, KMO and Bartlett's test of sphericity are applied at the beginning of each factor test in order to calculate if the data are appropriate for the factor analysis (Sipahi et al., 2006). For all the data, KMO results were high[2] and Bartlett's test was significant. Defined in their original versions, the factor analysis for transactional leadership (contingent reward), OI and trust in leader gave a one-component solution, and the factor analysis for authentic leadership a four-component one. Although the composition of the items for authentic leadership was not totally identical to the original composition of the items, there was a considerable match between them, so each factor could even be labelled with its' original name[3]. Cronbach's Alpha for each factor was also calculated. The first three factors provided high consistencies, while the reliability of the fourth factor was found to be rather low (0.654), but still acceptable (Hair et al. 2006).

Hypotheses Testing

Hypothesis 1: Trust in leader will be positively related to organizational identification.

The Pearson analysis was performed and the results showed that there is a significant, positive, but somewhat moderate relation (r=0.269; p=0,00) between trust in leader and organizational identification. Thus, **H1 was supported**.

Hypothesis 2: Authentic leadership will be a better predictor of employees' reported trust in leader than transactional leadership.

A Multiple Hierarchical Regression Analysis was used to test this hypothesis. The test was repeated 3 times in order to go into more details of the relationships. Table 1 exhibits the results. Although significant F ratios showed that both independent variables (authentic and transactional leadership) are suitable to predict the dependent variable (trust in leader) and even though both independent variables make significant contributions to the model, authentic leadership was found to make the biggest contribution. Authentic leadership accounted for 55% of the variance in trust in leader, when included in the model alone. When transactional leadership was included in the model, it accounted for an extra 4 % of the variance in trust in leader. So, authentic leadership was found to have a higher explanation power than transactional leadership. ß values also showed that authentic leadership is a better predictor than transactional leadership (see Table 1). Thus, **H2 was accepted**.

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[2] 0.663 for contingent reward, 0.899 for authentic leadership, 0.993 for "trust in leader" and 0.784 for OI.
[3] **1. Factor:** SA, SA, SA, SA, SA, BP, **2. Factor:** BP, BP, RT, RT, **3. Factor:** RT, RT, RT, E/M, **4. Factor:** E/M, E/M, E/M

Hypothesis 3: The relationship between transactional leadership behaviors and organizational identification is mediated by trust in leader.

A Multiple Hierarchical Regression Analysis was done to explore this hypothesis. The explanation power of transactional leadership on organizational identification, and then on trust in leader, was analysed. Finally, the combined explanatory power of transactional leadership and trust in leader on organizational identification was examined. Table 2 shows the results for each regression test.

Table 1 Multiple Regression of Authentic / Transactional Leadership on Trust in Leader

	b	SE b	ß	p
Step 1				
Constant	.657	.210		
Authentic Leadership	.920	.057	.742	.000
Step 2				
Constant	.577	.199		
Authentic Leadership	.658	.076	.531	.000
Transactional Leadership	.284	.057	.304	.000

$R^2 = 0.551$ for Step 1, $\Delta R^2 = 0.04$ for Step 2

Table 2 Multiple Regression of Transactional Leadership and Trust in Leader as the mediator on Organizational Identification

	b	SE b	ß	p
First Regression (trust in leader is regressed on transactional leadership)				
Constant	1.650	.175		
Transactional Leadership	.641	.047	.668	.000
Second Regression (organizational identification is regressed on transactional leadership)				
Constant	3.050	.185		
Transactional Leadership	.194	.050	.250	.000
Third Regression (organizational identification is regressed on both transactional leadership and trust in leader)				
Constant	2.803	.162		
Transactional Leadership	.908	.134	.127	.139
Trust in Leader	.149	.094	.185	.032

$R^2 = 0.446$ for the First Regression, $\Delta R^2 = 0.063$ for the Second Regression, $\Delta R^2 = 0.081$ for the Third Regression

As the table exhibits, transactional leadership can explain 44 % of trust in leader. Both concepts have a positive and significant relationship. Transactional leadership also has a positive, significant, but weak relationship with OI. When OI was regressed on both transactional leadership and trust in leader, the beta coefficient of transactional leadership went down from .250 to .127 in the third regression analysis compared to the second. Furthermore, it became insignificant. This illustrates that transactional leadership does not have any effect on OI when trust in leader is controlled. Although the explanatory power of trust in leader on OI is low, it has a fully mediating role between transactional leadership and OI. Thus, **H3 is accepted**.

H4: The relationship between authentic leadership behaviors and organizational identification is mediated by trust in leader.

The same procedure of the previous hypothesis was followed for H4 by taking authentic leadership as the independent variable. Table 3 exhibits that authentic leadership also has a positive and significant relationship with OI. When OI was regressed on both authentic leadership and trust in leader, the beta coefficient of authentic leadership went down from .164 to .013 in the third regression analysis compared to the second. Most importantly, it became insignificant. This highlights that authentic leadership does not have any effect on OI when trust in leader is controlled. Despite the fact that the explanatory power of trust in leader on OI is low and ΔR^2 for the third regression is 5 %, trust in leader has a fully mediating role between authentic leadership and OI. Thus, **H4 is accepted.**

Results and Discussions

The results of this research reveal that transactional and authentic leadership have strong and positive relations with trust in leader. However, their level of influence differs. In terms of transactional leadership, the results revealed that contingent rewarding influences trust in leader. This illustrates that rewarding employees based on their efforts and performance levels causes followers to feel trust for their leaders. Specifically, behaviors like assisting followers in exchange for their efforts, expressing satisfaction when followers meet expectations and making clear what followers can expect to receive when performance goals are achieved, create trust. This can be explained by the fact that leaders act benevolently by considering these individual needs of their followers. Benevolence, the concern of the leader for the personal and professional welfare of his/her subordinates (Watsi et al. 2007, Mayer et al. 1995), is one of the dimensions of trust defined by Mayer et al. (1995).

In the case of authentic leadership, transparency, self-awareness and balanced processing are found to have an influence on trust in leader. Specifically, leaders who are aware of how their actions impact others and who know when it is time to reevaluate their positions create trust. Transparent behaviors like displaying emotions exactly in line with their feelings, knowing and admitting mistakes and encouraging everyone to express their ideas, are found to have an impact on the trust followers have for their leaders. This confirms Gardner et al. (2005) who claim that trust is the result of transparency and Dirks & Ferrin (2002) who suggest that perceiving the leader as honest and truthful is an antecedent in creating trust. The most interesting and unexpected result of the study is the fact that the ethical and moral dimension of authentic leadership does not seem to have a significant impact on the trust followers have for their leaders in our data set. Among the items of this dimension, only one behavior is found to an influence on trust in leader: leaders whose beliefs and actions match create trust on their followers. This is logical as integrity refers to the compatibility of words and actions and is defined as one of the antecedents of trust by Mayer (1995).

One of the most important findings of this study is the fully mediating role of trust in leader between leader behaviors and OI. Although the explanatory power of trust in leader on OI is low (R^2=0.08), its fully mediating role between transactional leadership and organizational identification shows that transactional leaders facilitate the perceptions of trust in leader, which in turn makes followers identify with the organization. The possible explanation for this, as has been explained in this study before, might be the link between transactional leadership actions and the "ability" dimension of trust. The transactional leader's ability to design the work and clarify the expectations, roles and organization, as well as his ability to introduce the organizational norms and values to followers effectively, positively affect followers' trust in their leaders. Thus, followers who trust their leaders also believe in the information provided by the leader about what the organization stands for and what it means to be a member of it. This might cause followers to identify with the organization. The fact that trust in leader fully mediates this relationship shows that the only condition for a transactional leader to create OI is to build followers' trust in him/her.

The results of the hierarchical regression analyses show that trust in leader fully mediates the relation between authentic leadership and OI. Although the explanatory power of trust in leader on OI is low (R^2= 0.02), it is illustrated that the trust followers have for their authentic leaders, causes them to have OI. This might be due to the fact that authentic leaders provide unexaggerated and accurate information about the organization and its future. Their honesty, transparency, genuinity, integrity and consistency make followers believe and trust those leaders unquestionably. They also trust in the information these leaders provide. A follower who knows what is really happening in the organization and where the future of the organization lies, will feel more involved with the organization. Moreover, because authentic leaders want to have a balanced processing in their decisions, such leaders give the opportunity to followers to contribute to the organization with their ideas. Followers who know that decisions are taken after they are consulted, will trust the leader and his/her goodwill more. They will feel that the future of the organization is also in their hands, which, in turn, makes them feel more involved with their work and

with the organization and all this promotes OI. The fact that trust in leader fully mediates the relationship between authentic leadership and OI, shows that the only condition for an authentic leader to create OI is to build followers' trust for him/her.

Table 3 Multiple Regression of Authentic Leadership and Trust in Leader –as the mediator on Organizational Identification

	b	$SE\ b$	β	p
First Regression (trust in leader is regressed on authentic leadership)				
Constant	.658	.209		
Authentic Leadership	.919	.057	.742	.000
Second Regression (organizational identification is regressed on authentic leadership)				
Constant	3.129	.262		
Authentic Leadership	.172	.072	.164	.000
Third Regression (organizational identification is regressed on both authentic leadership and trust in leader)				
Constant	3.000	. 265		
Authentic Leadership	-.013	.106	-.013	.900
Trust in Leader	.201	.085	.238	.019

R^2= 0.551 for the First regression, ΔR^2=0.027 for the Second Regression, ΔR^2=0.052 for the Third Regression

Managerial Implications

Trust in leader is a very important concept that contributes to the efficiency and effectiveness of the organization, because it has an influence on many organizational and individual outcomes, like performance, satisfaction and lower turnover rates and OCB (e.g. Watsi et al, 2007, Ertürk, 2006). Leaders who realize this importance, will try to adopt strategies to develop trust in the leader in their work place. This research might help them to define these strategies by exhibiting which leadership behaviors create this effect. A leader who wants to foster a relationship of trust with the employees should aim to transcend the level of economic contract and build more than just superficial relationships. S/he will be most successful if s/he strives to conform to the image of an authentic leader. Nevertheless, as it is explained above, transactional leadership also has a strong influence on trust in leader. Thus, if leaders want to create trust, they can also learn a lot from the transactional leadership style. They will achieve this goal by offering help, recognizing employees when they meet expectations and clarifying what followers can expect to receive when performance goals are achieved. This last point deserves special attention, especially in countries where job opportunities are limited and economic instability forces people to choose jobs with stable financial returns.

As far as the authentic leadership style is concerned, leaders who want to be trusted should not only be honest to others but also to themselves. They should be transparent and be able to see the reality and act accordingly. Leaders who are aware of themselves and know how others are affected by their actions create trust on their followers. The results also suggest that leaders whose words and actions match, create trust. Therefore, leaders should think before using impression management techniques to inspire others if they feel different inside.

The study has also shown that authentic and transactional leadership characteristics can create OI by developing followers' trust in their leaders. This is a finding that might be very useful for the manager of the future, as there has been a general uneasiness and failure of employees to identify with their organization since corporate governance scandals like Enron started to erupt 10 years ago. The current economic and financial crisis did not help to restore faith. These findings suggest that a company that wishes its employees to identify with the organization should look for leaders who can create trustworthy relations with the followers.

For people teaching *leadership*, this study can draw some conclusions that might be helpful for their curriculum. So far, the leadership curriculum has mainly been based on transformational and charismatic leaders, since their leadership approaches are considered to be contemporary. This study has analysed the new concept of authentic leadership, which clearly has a big impact (especially on trust in leader). Furthermore, it was established that authentic leaders motivate employees to dedicate themselves to the company through developing employees'

trust for their leaders. Organizational efficiency can benefit from this, especially in today's climate, since trust in the Business world has completely been eroded, thanks to the reckless behaviors of bankers and their immense responsibility for the current credit crisis. Business courses, leadership trainings and management programs can thus largely benefit from including a focus on trust in leader and authentic leadership in their curriculum and from developing ways to practice it.

LIMITATION OF THE STUDY AND FUTURE STUDIES

The first limitation of the study is about the sampling criteria used for the study. It was enough for a person to be included in the sample group if s/he was working for a company applying "Corporate Governance" rules. This situation caused to have a heterogeneous sample group of people that work in many different companies, in different sectors and with many different leaders. This way, it was possible to reach a broad evaluation of many different leaders, but the results cannot be generalized to single industry settings. Therefore, the study should be replicated in specific sectors.

Another limitation was about the data collection method. Although collecting data through the internet increased confidentiality and was instrumental in reaching many respondents at a high speed, tracking the numbers of leaders who were rated was difficult, since more than one respondent might have rated the same leader. However, it was obvious that additional questions about the leader would raise fear and unwillingness to respond to the questionnaire among the respondents. Indeed, some potential respondents who were contacted to give information about the study were suspicious and did not even want to take part in the research online, in spite of the fact that they were not required to give their own names and e-mail addresses, nor the ones of their respective companies.

This study is the first one in Turkey that empirically explores *authentic leadership*. It is still such a novel and ambiguous concept that any research on it will necessarily be new in Turkey. It will also contribute to the world literature in this field, since the amount of empirical studies on authentic leadership is also low worldwide. The concept needs a lot more exploration on its relation with organizational (e.g. performance, commitment, OCB) and individual outcomes, (e.g. well-being, burnout, job alienation). Fields (2008) suggests that higher levels of work unit performance will have a positive effect on follower consensus about leader authenticity and integrity. Future researchers should also explore this or include "unit performance" as a variable in their research to confirm or disconfirm this claim. There is also a need to test the reliability and validity of the scale used in this study in different cultures and different samples. Future research should also examine the conditions (moderators) under which these variables influence these reported outcomes (Aryee et al. 2002). These moderators could be organizational, like organizational climate and culture and/or individual, like propensity to trust. Future research should also look into the influence processes of leadership styles. However, more accurate measures of leader behavior should be used (e.g., observations, diaries, more field experiments), instead of behavior questionnaires. In such cases, organizing a simulation that extends over several weeks might be very beneficial.

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