

UNIVERSITY OF LJUBLJANA
FACULTY OF ECONOMICS

MASTER'S THESIS

**THE DEVELOPMENT OF AUTHENTIC LEADERSHIP AND
POSITIVE PSYCHOLOGICAL CAPITAL: THE CASE OF
INSURANCE COMPANY "TRIGLAV OSIGURUVANJE" IN THE
REPUBLIC OF MACEDONIA**

Skopje, October 2014

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TABLE OF CONTENTS

INTRODUCTION	1
1 AUTHENTIC LEADERSHIP	6
1.1 Authenticity	7
1.2 Definition and conceptual basis of authentic leadership	8
1.3 Elements of authentic leadership	9
1.3.1 Positive psychological capital	9
1.3.2 The positive moral perspective.....	10
1.3.3 Self-awareness of the leader	10
1.3.4 Leadership processes / behaviors management	11
1.3.5 Self-awareness and self-regulation.....	11
1.3.6 Follower development	11
1.3.7 Organizational context	12
1.4 Measuring authenticity	12
1.5 Methods and techniques for authentic leadership development.....	14
1.6 Current trends in authentic leadership development	16
1.7 Competitive advantage vs. veritable and sustained performance beyond expectations	16
2 POSITIVE PSYCHOLOGICAL CAPITAL	18
2.1 Positive organization behavior	19
2.2 Definition of PPC	20
2.3 Elements of PPC.....	21
2.3.1 Confidence (self-efficacy).....	22
2.3.2 Hope	23
2.3.3 Optimism	23
2.3.4 Resilience	24
2.4 Measuring PPC.....	25
2.5 Developing PPC	26
2.6 Resent researches on PPC	28
3 QUALITATIVE RESEARCH	29
3.1 Basic information about Triglav Osiguruvanje	31
3.2 Research purpose.....	31
3.3 Research methodology	32
3.3.1 Research design.....	32
3.3.2 Data collection.....	34
3.4 Analysis of data	35
3.4.1 Reliability or internal consistency of the survey data (Cronbach's alpha).....	35
3.4.2 Results from the research	36
3.4.3 PPC measured in Triglav Osiguruvanje	36

3.4.4 Authenticity of the employees - self-assessment	37
3.4.5 Authenticity of the leaders – followers perception	38
3.4.6 Gender perspectives of PPC.....	39
3.4.7 Gender perspectives of AL.....	40
3.4.8 Age perspectives of PPC.....	41
3.4.9 Correlations	42
3.5 Discussion of the results.....	43
3.6 Limitation of the research and further implication	45
3.7 Implication for the leadership of company	46
CONCLUSIONS.....	47
REFERENCES LIST.....	50
APPENDICES	

LIST OF FIGURES

Figure 1. Theoretical Model.....	29
Figure 2. Relationships and the Influence of AL and AF to Competitive Advantage	30
Figure 3. Research Protocol in the Case Study of Triglav Osiguruvanje	33
Figure 4. PPC and its Components per Each Department.....	36
Figure 5. The AL Measure and its Components – Followers’ Self-Perception	37
Figure 6. Supervisors’ AL Measure and its Components per Each Department	38

LIST OF TABLES

Table 1: Methods and Techniques for AL Development.....	14
Table 2: Methods for Developing Authentic Leaders.....	15
Table 3. Description of Different Known Sources of Capital.....	20
Table 4. Difference Between States and Traits in PPC.....	21
Table 5. Approaches and Methods in Managing Human, Social and Psychological Capital	27
Table 6. Survey Questionnaires Used in the Case Study Research	33
Table 7. Structure of the Respondents in the Survey in Triglav Osiguruvanje.....	34
Table 8. Cronbach’s Alpha Computed for the Questionnaires Used in the Research	35
Table 9. PPC and its Components per Each Department.....	37
Table 10. AL Measure and its Components – Followers’ Self-Perception.....	38

Table 11. Supervisors' AL Measure and its Components per Each Department	39
Table 12. Average PPC of the Male Employees	39
Table 13. Average PPC of the Female Employees.....	40
Table 14. AL as Perceived by the Male Respondents	40
Table 15. AL as perceived by the female respondents	40
Table 16. PPC of Respondents from the Age Group up to 29	41
Table 17. PPC of Respondents from the Age Group 30–39.....	41
Table 18. PPC of Respondents from the Age Group 40–49.....	41
Table 19. PPC of Respondents from the Age Group 50 and over.....	42
Table 20. Average Values of the Survey Results per Each Department	42
Table 21. Correlation Coefficient (R) of the Results of the Three Survey Questionnaires.	42

INTRODUCTION

In order to create value, companies struggle to attain competitive advantage. They struggle to differentiate and to identify those customers' needs that are not satisfied by others. Companies such as Zappos, Danfoss, or Southwest Airlines have drawn global attention growing into leaders in different segments of the market. Such companies have recognized that their competitive advantage is in the positive atmosphere they have managed to build among their employees. The traditional resources formerly considered crucial for organizational success are no longer sufficient to attain sustainable competitive advantage in the modern globalized economy.

The economic and financial capital, advanced technology, and proprietary information were for many years dominant company competitiveness assets. However, in today's globalized world those resources are easily accessible. The dynamic markets require new qualities such as innovation, flexibility, and speed-to-market. Those can be achieved only through effective management and development of the employees' skills, knowledge, experiences and expertise. Such qualities, known as human capital are the source of the competitive advantage of today (Lawler, 2009).

In turbulent times shareholders expect managers to present results in due time. Edmans (2011, p. 638), analyzing the "relationship between employee satisfaction and long-run stock returns" finds "that firms with high levels of employee satisfaction generate superior long-horizon returns". Luthans et al. (2007) and Toor and Ofori (2010) argue that positive psychological capital (hereinafter: PPC) emphasizes the development of unique and long-term competitive advantage as a new approach to organizational management. Originally presented by researchers Luthans and Youssef (2004) and Jensen and Luthans (2006), PPC fulfills the criteria to be a viable option for organizations to leverage sustainable competitive advantage for organizational success. Furthermore, the development of psychological capital is something that can be demonstrated in a short period of time. In these efforts Luthans, Youssef and Avolio (2007 p. viii) propose "planned interventions and unplanned positive and negative events to facilitate and trigger their own and their associates' PPC."

Luthans and Youssef (2004, p.157) argue that "PPC meets the established criteria of competitive advantage across the board." This new form of capital complements the traditional, human, and social capital. Hence it does require a different strategic orientation which means development of a new vision and long-term commitment. Therefore, organizations interested in achieving competitive advantage need to adapt their

management approaches towards psychological capital development in accordance with their own situation and realities.

Companies in the Republic of Macedonia operate in a volatile environment, small market, and poor economic conditions, while also facing increased competition from global brands and companies. Identifying, building, and further improving their competitive advantages is key to their success. Traditional competitive advantages based on massive production require high investments and access to big markets.

Positivity theory, positive organizational behavior (hereinafter: POB), and PPC offer alternative solutions which do not require big investments. Alternatively, building teams, improved communication, and a swift flow of information from the market and within the company are recognized as factors that build and enhance competitive advantages for companies. They are widely accepted and well-established sources contributing towards building the competitive advantage of a company. They increase the motivation of the employees and contribute to positive organizational behavior, especially explaining how workers find and sustain their creative inspiration despite change, failures, setbacks, and success. The core of these phenomena is the leadership in the company. Clapp-Smith et al. (2009, p. 230) solicit that the effects of authentic leadership could influence performance growth especially in “sales-oriented organization that relies upon a self-assured and ethical workforce.”

Hence, Authentic Leadership as “the latest evolutionary stage in leadership development” (Marič, Dimovski et al., 2013), with its capacity to create Authentic Followers (Avolio et al., 2004) is the core that creates pre-conditions and influences the development of the components of PPC (Avolio & Gardner, 2005) and POB (Gardner & Schermerhorn, 2004) and by that influences the creation of the competitive advantage of a company.

The **basic aim** of the thesis is:

- to define and present the key constructs of AL and PPC by exploring the existing scientific and practitioners’ contributions;
- to explore the links between the two;
- to validate these theoretical findings with practical research in a company;
- to support and reaffirm the theoretical standings through their actual application to a company, subject of a case study;
- to analyze, examine and present the existing state of AL and PPC of the case study subject and to offer concrete recommendations to the management of the company as to how to increase the PPC by fostering authenticity of the leaders and followers.

The purpose of the master's thesis is to research and link the concepts of AL and positive psychological capital, to explore how to develop AL and PPC in a company and how an authentic leader affects the position, organizational behavior, and performance of the subordinates. The thesis aims to describe the processes whereby authentic leaders influence the relationships, attitudes, and behavior of the employees. Also, the purpose is to explore the existing levels of AL and PPC in the insurance company "Triglav Osiguruvanje" in the Republic of Macedonia (hereinafter: Triglav Osiguruvanje) and their interrelations, and also to offer recommendations as to how to increase the levels of AL and PPC. For this purpose, the research study analyses and explores the constructs of AL and PPC through the examination of the scientific and professional contributions of various authors and the most recent scientific research.

The main thesis states that the authenticity of the leaders influences the level of PPC in the company.

The study addresses the following **research questions**:

- R 1: Does the authenticity of the leader correspond to the existing level of PPC in the company?
- R 2: Does the authenticity of the leaders influence the development of PPC in a company?
- R 3: Are the instruments for measuring AL and PPC adaptive and applicable to Macedonian realm and to what extent?

The thesis is structured in an introduction, four chapters, and conclusions. The chapter following the Introduction is dedicated to defining authentic leadership, authenticity, exploring the conceptual basis of authentic leadership, but also to the elaboration of the basic elements (components) of AL, such as the positive moral perspective, self-awareness of the leader, leadership processes / behaviors management, self-awareness and self-regulation, follower development, and the organizational context. The PPC is herein analysed as an element of AL contributing to competitiveness. Chapter One also presents several different models for measuring authenticity. Based on the thesis that leaders can be developed, this chapter of the thesis presents the current trends, methods and techniques for AL development.

The core subject of Chapter Two of the thesis is PPC as a selfstanding phenomenon, its meaning, elements defining the concept of PPC (including confidence / self-efficacy, hope, optimism, and resilience, and their overall significance for PPC), and its consistency with positive organizational behaviour (hereinafter: POB). Similar to the research concept applied to AL, this chapter includes the discussion on measuring psychological capital as

well as the processes of management and developing of positive psychological capital. Finally, the chapter highlights the recent research on PPC, confirming PPC as a source of competitive advantage. Chapter Three is dedicated to the veritable and sustained performance beyond expectations being a common constituting element of both AL and PPC. Chapter Four contains the qualitative research and developing AL and PPC in Triglav Osiguruvanje. This chapter presents the findings from a research project conducted and PPC measured in Triglav Osiguruvanje. It also explains the findings regarding the influence of PPC and creating competitive advantage.

Different sets of **methodology** are used for the theoretical and empirical research. The research is based on the existing theoretical and practical contributions. Therefore the thesis explored theoretical aspects and contributions from the work of the founders and other significant authors and researchers defining the concept of Authenticity. In the theoretical part, the research compares the contributions and the findings of different authors and groups of researches defining the key elements of AL and Positive Psychological Capital. This part is aimed at introducing the topics and constructs and their key elements to the reader, as well as describing methods of developing each of the two research topics.

The theories are practically validated by case study research on the existence and the level of AL and PPC in Triglav Osiguruvanje. Triglav Osiguruvanje is a subsidiary of Triglav Group, an international company and leader on the insurance market. At the same time, it is a sales-oriented company where personal relations with the customers can make a difference. Hence, each of the employees faces ethical dilemmas in their everyday operations.

The Macedonian insurance market is small and therefore offers limited opportunities for price competition, and is consequently more suitable to explore the opportunities offered by investing in increased PPC and AL. Therefore leaders must promote a positive atmosphere and ethical working environment for better staff performance and better customer satisfaction. More satisfied customers will lead to better market positioning. For all these reasons, Triglav Osiguruvanje is selected as a suitable case study subject who can benefit from this.

Hence, besides exploring the existing elements of AL and PPC in Triglav Osiguruvanje the purpose of this thesis is also to offer suggestions as to how to further develop and nurture these states in the effort to differentiate and to build competitive advantages. Special attention is given to extracting proposed ways of influencing and developing authenticity and PPC in the company, although the thesis does not explore the competitiveness of the company. In addition, it explores the views of some of the opponents and critics of the

theory. The thesis' conclusions offer recommendations as to how to further improve and enhance AL to increase PPC in the company and, by that, to build competitive advantage and to increase its market share and profitability.

In the theoretical part the thesis employs the descriptive method used in scientific research, which appears to describe, compare, analyze, and conclude on the basis of the detected interconnections. It is done through the general process of cognitive research methods of the scientific literature and includes reviews of the secondary data sources such as scientific articles, books and website contributions in the most commonly used databases available through the Faculty of Economics (such as ScienceDirect and ProQuest Central).

The empirical part consists of qualitative research in the case of Triglav Osiguruvanje. The research measures existing AL and PPC in three different segments of the company - sales, complaints, and the administrative department. The conclusions are presented through a summary of the survey questionnaires and comparison of the results. At the end, recommendations are provided with advice regarding how to intervene in the development of authentic leaders and the enhancement of PPC in the company.

The qualitative research of Triglav Osiguruvanje reviews the primary and secondary data sources determining the existing authenticity practiced by the managers and their influence to creating positive psychological capital. For the empirical research we employed methods of direct observation, survey questionnaires, and in-depth structured and unstructured interviews with the key managers and the employees in different sectors of the company. In order to secure objectivity we collected data from different sources. For the structured survey we used questionnaires that are forged following sample questionnaires used and validated by established scientists. Three types of questionnaires are used; two self-evaluation measure of authenticity and PPC and the third evaluating the authenticity of the leaders. Further, the levels of AL and PPC are combined and triangulated between the three departments and across gender and age groups. Therefore it was possible to measure the company's AL and to compare the influence of individual leaders over the level of PPC in each department.

Limitations of the study derive from the use and accessibility of secondary data. The existing language barrier limits the access only to English literature and, in consequence, the non-native command of the language and individual perception and understanding due to cultural differences and background creates additional limitations. Further, the subjective views and perceptions of the participants in the surveys and their honest approach and commitment to the surveys represent perhaps the most significant limitation. In an attempt to overcome and to limit subjectivity and to validate the results, we

introduced three different questionnaires and three different departments also combining several different research methodologies. Although as a researcher I tried to remain objective, a certain degree of subjectivity is possible and likely. Time limitations exist as well. Field research was conducted on 15 and 16 December 2013 and it is limited to that period of time, although the company functions in a dynamic environment.

1 AUTHENTIC LEADERSHIP

Each of the many leadership theories introduces new concepts in response to the changing environment. Peterson and Luthans (2003) argue that in their response to the factors of stress, pressure, and uncertainty, the organizations require innovative management with an aim to provide trust, hope, optimism, and flexibility, and to design a proper identity of the organization. To accommodate these requirements, a new leadership style named authentic leadership (hereinafter: AL) was described. The construct of AL was introduced by Luthans and Avolio (2003), and further developed by Gardner et al. (2005) as the model that emphasizes the need for moral virtues, the ethics and the authenticity of the leaders.

In their effort to create value, companies struggle to achieve competitive advantage, seeking opportunities to differentiate, that is to find the needs of the customers that are not satisfied by others. Leaders influence the emotions and the overall functioning and performance of their teams. They generate affecting events that influence teams positively or negatively, thus influencing the strength and the manner of their emotional responses. Emotions are important mechanisms to intervene with and the leaders use it to influence the performance of teams (Hmieleski, et al., 2011 pp. 2-3). Researchers (Luthans et al., 2007; Clapp-Smith, et al., 2009) have concluded that it is leadership that influences the creation and maintenance of positive psychological capital.

The AL development begins building on the works on previous theories of transformational leadership. Authors such as Bass and Steidlmeier (1999) suggested that “there are pseudo versus authentic transformational leaders”. Further on, Luthans and Avolio (2003) were exploring and writing about AL development, building on and integrating the earlier works on POB of Luthans (2002). They were using the theoretical basis in positive psychology conceptualizing a new theory that enables more effective leadership development. The concept got popularized among practitioners after publishing the book of George (2003) and among the academic community the books of Luthans and Avolio (2003) and Avolio et al. (2009).

The emphasis on authenticity explores building a system of values, sincerity, and honesty of the managers as leaders and their followers. Leaders of the future are those that lead to values and integrity that build permanent organizations, motivate employees for improved

results in customer services, and create longstanding values for shareholders. Avolio et al. (2004, p. 4) defined authentic leaders as “those individuals who are deeply aware of how they think and behave and are perceived by others as being aware of their own and others’ values/moral perspective, knowledge, and strengths; aware of the context in which they operate; and who are confident, hopeful, optimistic, resilient, and high on moral character.”

The learning function of leadership in modern enterprises is always a difficult but unique challenge for organizations around the world. This requires a new authentic management models. It is therefore necessary to maintain the investment in new knowledge and development in order to build and retain the company’s competitive position on the market. Although there are many articles and research, this thesis is focused on understanding how an authentic leader affects the position, organizational behavior and performance of the subordinates, as well as how to develop AL and PPC in a company. The thesis describes the processes whereby authentic leaders influence the relationships, attitudes, and behavior of the employees, according to the theory of positive organizational behavior, trust, hopes, emotions, (Luthans & Youssef, 2004).

Answering to the comment that authenticity and AL emerged only in the recent years, May et al. (2003, p. 249) argues, “When an economy is doing well, almost anyone can assume leadership and be viewed by stakeholders as successful.” In complex times of crisis, it is only those companies that manage to develop the right forms of leadership and adapt to the circumstances that develop competitive advantages. The theoretical model of AL suggests integrative approaches to studying leadership and organizational behavior. It includes leaders’ behaviors and the followers characterized by their level of psychological capital (Gardner et al., 2005). Further and additional tools for monitoring, and measuring leader authenticity and integrity should be introduced to secure AL full implementation.

1.1 Authenticity

“*Temet Nosce*” (Latin proverb) – Know yourself. Being true to oneself is the highest level of truth, as Shakespeare wrote in Hamlet (Avolio & Wernsing, 2008, p. 153). Most authors describing authenticity refer to the work of Susan Harter (Snyder & Lopez, 2002, p. 382) defining the concept of authenticity as presented by the ancient Greek philosophers in the context of “Know thyself” and “To thine own self be true”. In contemporary leadership, Authenticity refers to people being open and transparent, able to express themselves openly and to share personal values. It refers to people acting in accordance with their beliefs. Those are capacities of people, employees and leaders who know themselves and keep their true values, identity, preferences, and feelings. Avolio et al. (2004, p. 802) add the continuum to the concept, “the essence of authenticity is to know, accept, and remain true to one’s self”. In simple words it can be described as “the real me inside”; “saying

what you really think or believe”; “expressing your honest opinion” and “telling someone how you really feel.”

The concept of authenticity builds on the theory of positive psychology. Positive psychology focuses on strengths rather than weaknesses, fostering the positive capacities of the people (employees) rather than punishing them for their weaknesses. The leaders should focus on using the staff ‘s advantages and their further development (Gillham & Selligman, 1999). This is the role of authentic leaders. Clapp-Smith et al. (2009, p. 230) argue that the leaders should be “aware of how their actions affect those around them”. Followers have a better sense of the goals of the organization when the leaders present the processes inside and outside of their organization in a transparent manner.

1.2 Definition and conceptual basis of authentic leadership

Contemporary researches define AL as “a pattern of leader behavior that draws upon and promotes both positive psychological capacities and a positive ethical climate, to foster greater self-awareness, an internalized moral perspective, balanced processing of information and relational transparency on the part of leaders working with followers, fostering positive self-development” (Walumbwa et al., 2008, p. 94).

Authentic leadership consists in a person’s self-awareness, but also in their perception of others. It is not enough that a person believes he/she is authentic. It is important that others also perceive him/her as such (Fields, 2007). Authentic leaders are “those who are deeply aware of how they think and behave and are perceived by others as being aware of their own and others’ values/moral perspectives, knowledge, and strengths; aware of the context in which they operate; and who are confident, hopeful, optimistic, resilient, and of high moral character” (Avolio, Luthans, & Walumbwa, 2004, p. 4; Avolio, Gardner et al., 2004; Avolio & Gardner, 2005). Another important aspect of authentic leaders is the values and the moral perspective of the person that yield in self-regulation. Among the values important are respect and understanding for others.

Authentic leaders inspire and gain followers who share their values. This leads to another inevitable aspect, the gain of followers and positive social exchanges referring to the positive influence, as well positive modeling to the followers. Nonetheless, in pursuing shared goals (determined by previous mutual agreement), AL encourage and facilitate open discussion considering and valuing different viewpoints. “Authentic leaders act in accordance with deep personal values and convictions, to build credibility and win the respect and trust of followers by encouraging diverse viewpoints and building networks of collaborative relationships with followers, and thereby lead in a manner that followers recognize as authentic.” (Avolio, Gardner et al., 2004, p. 806)

Luthans and Avolio (2003) outline AL as personnel developing process that requires a highly supportive organizational climate. Authenticity draws from a person's life experiences, enacted moral perspective and existing positive psychological capital. From these experiences persons yield higher self-awareness, positive behaviors, continuous positive self-development, self-regulation and, ultimately, veritable sustainable performance.

1.3 Elements of authentic leadership

Understanding AL and especially its measurement and research requires identifying its elements (some authors call them components). Many researchers of the concept have contributed to better identifying and clustering the inevitable containing parts of AL. For the purpose of the thesis we will present the most important elements as proposed by Avolio and Gardner (2005); Ilies et al. (2005) and Walumbwa et al. (2008). All of the classifications were presented in the early stage of researching theoretical and practical validation of the construct, building on each other's work and presenting different clustering of the same elements motivated by the different needs of the researchers. The classification presented by Avolio and Gardner (2005) describes more details. They defined the components of AL in order to map the theoretical concepts and to highlight some of the differences and similarities with the predeceasing leadership theories. The elements they present are as follows:

1.3.1 Positive psychological capital

Walumbwa et al. (2010), exploring the relationship between AL and consequences over followers, confirmed that AL was significantly related to increased employee work engagement. In their study over a representative sample of working adults, Woolley et al. (2011) showed a positive correlation between AL and followers' psychological capital. They found that "leaders perceived as authentic by their followers were seen as contributing to a more positive work climate in the organization and that followers in more positive climates had higher PPC" (Woolley et al., 2011, p. 444).

Positive psychological capital is considered to be a fundamental asset of authentic leadership. Also it is considered a unique and vital competitive advantage for contemporary businesses (Luthans & Avolio, 2003; George et al., 2007; Walumbwa et al., 2008; Toor & Ofori, 2010, p. 343). It is widely accepted that PPC is composed of confidence (self-efficacy), optimism, hope, and resiliency (Luthans, 2002; Peterson & Luthans, 2003, Luthans & Youssef, 2004; Avolio & Gardner, 2005); along with moral virtues and ethics they became key aspects of the authenticity of the leaders. In addition,

Youssef and Luthans (2012) define the construct of POB referring to the application of the strengths and positive psychological capacities of the human resources. The company can measure, develop, and effectively manage these capacities, thus contributing to improved performance.

1.3.2 The positive moral perspective

Every day leaders face moral dilemmas in the workplace. They would overcome them better if they have a heightened level of moral capacity. May et al. (2003) provide extensive arguments of the moral component of AL, arguing that it can be introduced through a learning process. Leaders must build a system of fundamental beliefs and values and distinguish what is important to them. They must apply those values and beliefs in every interaction at all levels of the organization introducing an ethical and transparent decision-making process.

Employees view the decision-making processes used inside the organization as just, fair, and impartial only if it follows indisputable and previously set principles, especially when making difficult decisions. Authentic leaders do not hide their reasoning from the stakeholders. They review and evaluate available alternatives and would select the least harm to one party over another. Authentic decision-making is a process engaging three important steps: identifying moral dilemmas, transparent evaluation of the alternatives, and acting consistently with the evaluations.

Maintaining a morality- and value-based belief system as well as focusing on positivity enables leaders to sustain their authenticity over time. Authentic leadership encompasses an inherent ethical (moral) component. In the process of development, authentic leaders acknowledge and nurture their moral capacities, self-efficacy, courage, and resiliency.

1.3.3 Self-awareness of the leader

Leader's self-awareness constitutes the basis for further AL development. Four elements of self-awareness were identified as follows: values, identity, emotions, and motives/goals who are conceived as predominantly relevant to AL development (Gardner et al., 2005). Self-awareness of the leaders is a process where individual continually learns and understands his/her "unique talents, strengths, sense-of-purpose, core values, beliefs and desires" (Avolio & Gardner 2005, p. 10). They agree with their predecessors (George, 2003) and classify it as the leader's awareness of his/her knowledge, experience, and capabilities. Besides, the leader should be aware of his/her deficiencies as well, in order to be able to work on their development or overcoming.

1.3.4 Leadership processes / behaviours management

What distinguishes and what makes leaders are their followers. Researchers have identified several different methods of how leaders influence followers. Those are processes whereby followers identify themselves with authentic leaders and their values. Avolio and Gardner (2005), drawing on the works of their predecessor, identify self-awareness, self-regulation, positive psychology, and positive moral perspective as mechanisms whereby authentic leaders influence and develop their followers. Influencing followers takes place in several processes, including positive social exchanges, emotional contagion, positive modeling, and encouraging self-determination. Authentic leaders lead by their own example. They are transparent in the decision making; they exhibit confidence, optimism, hope and resilience; they are consistent between what they say and what they do.

1.3.5 Self-awareness and self-regulation

Followers' self-awareness consists of setting and knowing their values, cognitions and emotions. Several authors see authentic self-regulation as central element of authentic leadership. Avolio and Gardner (2005, p.11) conclude that “self-regulation is the process through which authentic leaders align their values with their intentions and actions”. Also, Luthans and Avolio (2003) understand self-regulation as a process whereby people exercise self-control. In this process leaders set their internal standards, then compare these standards with the expected outcomes, than choose actions to reconcile the discrepancies.

Authentic leaders achieve alignment of values, motives and goals in a process transparent to followers. Followers' self-regulation consists of processes whereby they exert self-control. Their internalized authentic behavior consists of setting internal standards, relational transparency, and balanced processing (searching additional information before making final and objective decision).

1.3.6 Follower development

“Authenticity of the leader over time cascades to the followers and ultimately becomes part of the structure of the organization’s culture” (May, 2003). Shamir and Eilam (2005) and Luthans and Avolio (2003, p. 243) suggest that positive psychological states of authentic leaders “are contagious”, positively transforming or developing the followers. Leaders must be aware of their role in developing ethical responsibility with their followers as well as ability to develop their followers as authentic leaders (Luthans & Avolio 2003; George et al., 2007).

Sparrowe (2005) advocates for a narrative approach whereby consistency emerges as outcome of successful narrating through different life events. Leaders' responsibility is to use these events for self-reflection and coaching. Authentic leaders identify and value individual differences. Luthans and Avolio (2003) and Avolio et al. (2004, p. 806) suggest authentic leaders are able to identify people's talents and help building them into strengths.

1.3.7 Organizational context

The environment in which they operate identifies another important aspect influencing leaders' development. Different environments and historic circumstances shape different leadership style. This represents the organizational context. The globalized world, quickly developing markets and new technologies together with the economic crisis increase the uncertainty in which companies operate. In response to this, Avolio and Gardner (2005) suggest the companies develop "environments that provide open access to information, resources, support, and equal opportunity for everyone to learn and develop". Such environment would empower leaders and their followers enabling them to accomplish their tasks more effectively. Companies must endorse an inclusive organizational climate to enable the leaders and followers to learn and grow and by that to continuously increase their effectiveness adjusting to the changing environment.

1.4 Measuring authenticity

To measure authenticity we must exhibit its containing elements. Several attempts are evident in these efforts resulting in creation of several different models and at the same time suitable questionnaires. Ilies et al. (2005) suggested model of AL includes four components: "self-awareness, unbiased processing, authentic behavior and authentic relational orientation".

- **Self-awareness** refers to: "one's awareness of, and trust in, one's own personal characteristics, values, motives, feelings, and cognitions"; those "influencing one's thoughts, feelings, actions and behaviors". Achieving these state foster positive emotions such as joy and interest linked to eudaemonic states (Ilies et al., 2005, p. 377).
- **Unbiased processing** of information comprises of "not denying, distorting, exaggerating or ignoring private knowledge, internal experiences, and externally based evaluative information" (Kernis, 2003, p. 14 in Ilies et al., 2005, p. 378). This includes objective, unbiased perceptions; acceptance of others positive and negative aspects, opinions and qualities; acknowledging lack of certain skills and knowledge at specific activities and area.

- **Authentic behavior** refers to acting in accordance with “one’s values, preferences, and needs” opposed to only pleasing others or attaining rewards or avoiding punishments (Kernis, 2003, p. 14 in Ilies et al., 2005, p. 380).
- **Authentic relational orientation** encompasses “valuing and striving for achieving openness and truthfulness” in relationships and communication (Ilies et al., 2005, p. 381).

Classification presented by Walumbwa et al. (2008) is also used for the design of the authentic leadership questionnaire (hereinafter: ALQ). They presented four components as follows:

- **Self-awareness** refers to the way one views him/herself over time. It is awareness of personal (idiosyncratic) qualities, strengths and weaknesses, also being aware of one’s impact on other (Kernis, 2003);
- **Relational transparency**, promotes trust through openly sharing information; it involves genuine (authentic) representation of the self to others (Gergen, 1991);
- **Balanced processing** refers to analyzing all relevant data and reconsidering previously set beliefs before coming to a decision. Leaders should gather all relevant objective information and particularly analyze the challenging one (Gardner et al., 2005);
- **Internalized moral perspective**, discusses self-regulation and self-determination, decision making and behavior according to internalized moral standards and values rather than acting solely in accordance with the demands of the situation and/or pressures from the society (Avolio & Gardner, 2005; Gardner et al., 2005).

Walumbwa et al. (2008, p. 96) and George (2003) concludes that a behavior to deserve being called AL must exhibit all four previously mentioned components. In addition, the others should be able to verify leaders’ genuine desire to understand their own leadership in order to be able to serve others more effectively. Therefore, AL is defined “as a consistent behavioral pattern of internally-guided moral action and genuine interaction with others, based on accurate self-knowledge and objective use of relevant information” (Caza et al., 2010, pp. 55 - 56).

Several questionnaires were developed as tools to measure authenticity. Those are the following: (1) Authentic leadership questionnaire (hereinafter: ALQ) by Avolio, Gardner, and Walumbwa (2007) used for self-assessment. Other authors developed questionnaires to assess AL of the leader based on perception of employees such are: (2) Authentic leadership inventory (hereinafter: ALI) by Neider and Schriesheim (2011) and (3) Supervisors authentic leadership measure by Maric, Dimovski, Djurica, Cerne and Djurica (2013).

1.5 Methods and techniques for authentic leadership development

Finding successful leaders, describing their success and identifying the traits, behaviors, or situations that made them successful has a long tradition in management research practice. The debate whether the leaders are born or they can be developed is still ongoing. It is a question raising many discussions and generating opposite opinions. Avolio (2005) suggests that leadership capacities can be developed. They are developing throughout life, influenced by different circumstances and triggered by events. Adequately, scientists managed to identify different features influencing each of the AL components and traits. Several different leadership development techniques and their promoters are presented in Table 1.

Table 1: Methods and Techniques for AL Development

Authors	Proposed methods and techniques
Shamir and Eilam (2005)	- A life stories approach;
Sparrowe (2005)	- The narrative process;
Avolio and Gardner (2005)	- Role modeling – leaders serve as a role model
William L. Gardner, Bruce J. Avolio, Fred Luthans, Douglas R. May, Fred Walumbwa (2005); Avey, Avolio and Luthans (2011)	- Positive modeling - whereby leaders develop authentic followers; - The level of leaders' positivity influences their followers' positivity and performance;
Bass and Steidlmeier (1999)	- Monitoring, teaching, and coaching by more experienced leaders;
Luthans, Youssef et al. (2007) Luthans (2012)	- Short training programs; - Web-based training interventions.

Organizations interested in leadership development should be aware of the key organizational factors and preconditions contributing to AL development. Firstly, as Peter Drucker (1988) suggests, “selecting the right people, and providing training and development to enhance their performance capabilities over time” (in Gardner & Schermerhorn, 2004), is of utmost importance in the course of the selection process in order to identify leaders with potential and/or motivation to develop authenticity. Also, Luthans and Youssef (2004) propose careful selection of human resources as essential precondition for their further development. Second, top management must provide supportive organizational context e.g. necessary support, and act as a role model, correspondingly securing resources for the development of leaders (Cooper et al., 2005; Luthans & Avolio, 2003). Finally, there must be some kind of system of acknowledgment and reward for the authentic and moral actions of the leaders, by designing suitable performance metric system (Cooper et al., 2005).

May et al. (2003), while exploring the ethical behaviors and decision-making processes, have suggested several ways to develop moral capacity of leaders. Those are the following: (1) engaging the leaders to discuss with peers, other leaders, in particular role models they respect regarding moral responsibility and moral dilemmas leaders face. (2) Discussing and self-reflecting about the role of leaders in organizations, especially the influence their decisions have upon followers and stake-holders. (3) Case-studies and simulations exposing them to moral dilemmas that leaders typically face in their work facilitate recognizing moral issues in business environment and can help building the “thinking system”. Table 2 depicts the methods for developing moral capacity, moral courage, and moral resiliency containing aspects of authentic leaders, suggested by May et al. (2003).

Table 2: Methods for Developing Authentic Leaders

Area of AL development	Suggested methods
Moral Capacity	<ol style="list-style-type: none"> 1. Leaders are engaged in self-reflection about <ul style="list-style-type: none"> - the role of leaders in organizations and - the moral responsibility associated with their activities. 2. Discussing moral dilemmas with role models they respect 3. Case-studies and simulations exposing them to typical moral dilemmas they face in their business environment to enable recognizing moral issues.
Moral Courage	<p>Training can enhance self-efficacy by fostering leaders’ beliefs in their ability to translate moral intentions into actions.</p> <ol style="list-style-type: none"> 1. Role plays with moral dilemmas by: <ul style="list-style-type: none"> - building an experience of success, - models of performance, - coaching and encouragement (verbal persuasion), and - reducing the emotional threat of failures 2. Coaching leaders through moral dilemmas experienced in the work place after their initial training.
Moral Resiliency	<p>Different process-oriented methods are used:</p> <ol style="list-style-type: none"> 1. Graduated mastery experiences; 2. Organizations prescribed techniques and strategies help leaders’ handling morally threatening situations. 3. Mentoring by leaders of high moral courage and resiliency. 4. Existing supportive ethical climate

Source: D. R. May, T. D. Hodges, A. W. L. Chan and B. J. Avolio, *Developing the moral component of authentic leadership*, 2003, pp. 257-258.

Different authors have identified additional circumstances influencing development of authentic leaders. For example, Luthans and Avolio (2003) elaborated the influence of leader's personal history (influence of the family, role models, different challenges in the life, work and educational experiences) and trigger events (different sources of turbulence) in leader's life potentially influencing authenticity. Leaders are the ones choosing the most suitable method; hence Bass and Steidlmeier (1999) suggest modeling, coaching, and mentoring as the most efficient ones in bringing long-term effectiveness.

1.6 Current trends in authentic leadership development

Globalization requires internationalization of the business and entering new markets. Consequently the companies operate in new environments, totally different cultures and many times on different continents. Many times the physical distance causes psychological, social and cultural distance and differences. Hence, leading from a distance causes specific challenges for both leaders and followers. Adjusting to such environment companies restructure their internal organization in a process of centralization and departmentalization of certain functions, also redefining the span of control. Consequently, existing specific local cultures causing cross-cultural barriers have to be taken in consideration. Hence Peterlin et al. (2009) propose AL as promising link between west and east management practices. Different value systems affect different status or significant power discrepancy. Certain power distance might hinder transparency or openness in leaders and followers communication (Youssef & Luthans, 2012).

Communication cause additional challenges, especially use of different language and in many cases use of English by non-native speakers especially when using social expressions difficult for foreign speakers to apprehend (Harzing, Köster & Magner, 2011; Zander, Mockaitis, & Harzing et al., 2011; in Youssef & Luthans, 2012). Assuming use of English language as adequate for all global business communication the leaders should focus on innovative integration of the differences and learning from each other instead of relying on universality.

1.7 Competitive advantage vs. veritable and sustained performance beyond expectations

Avolio and Gardner (2005) suggest veritable and sustained performance as another component of authentic leadership. This term is composed of two parts used to differentiate between classical sustainable competitive advantage (sustained performance beyond expectations) focusing on value creating strategies and the term 'veritable' which in addition includes ethical values used to attain sustained growth and performance.

Competitive rivalry is a persistent process in the global economy. Organizations are seeking sources to build and maintain sustainable advantage that will become their core competence. Those are ones that competition cannot easily duplicate and will serve as a barrier to market entry. Joan Magretta (2011, p.9), elaborating on the work of Michael Porter who is considered guru on strategies and competitiveness with his full consent and support argues: “Only by competing to be unique can an organization achieve sustained, superior performance”. Compared to existing understanding of competitive advantage as a tool to defeat rivals, Michael Porter describes it as value creating tool and doing things differently from rivals. Further Magretta (2011) argues there is no such a thing as “the best” in the industry. Each customer and different segment in the market has its own specific needs and wants.

Each company is seeking niche market needs to address and to create added value. Avolio and Gardner (2005) summarize the work of their predecessors and describe competitive advantage as above-average performance; performance beyond expectations and organization’s ability to achieve high performance and growth over a long period of time. A firm has a “sustainable competitive advantage when it is implementing a value creating strategy not simultaneously being implemented by any current or potential competitors and when these other firms are unable to duplicate the benefits of this strategy” (Avolio & Gardner, 2005, p. 14). Hence, there is a risk that any potential competitor will try to duplicate the strategy that makes a sustainable competitive advantage in order to capture bigger part of the value created in the specific industry.

Traditional sources of competitive advantage were financial capital, plants and equipment, advanced technology, and proprietary information. Any organization should replenish these components faster than they are worn. Lately, non-financial factors such as lack of vision or strategic planning, inadequate utilization of resources, weak leadership, were considered the ones influencing and hindering organizations competitiveness. In the globalized world the results of almost any pioneering technology can be reverse-engineered and easily duplicated even with better quality and lower price, furthermore advantages based on internal procedures, specific strategies, or software are easily copied.

The companies can no longer rely on traditional resources such as sustainable competitive advantage. One of the examples of first-to-market competitive advantage achieved by Citicorp was introducing ATMs, nowadays followed by every bank. Besides high cost investments, “other recognized sources of competitive advantage are the criteria of being rare and unique, cumulative, interconnected, and renewable” (Luthans & Youssef, 2004, p. 144). Pursuing after new sources of competitive advantage they propose that companies should seek “resources that are specific or tightly intertwined with the organization’s history, culture, structure, and processes” (Luthans & Youssef, 2004, p. 144). Such

advantage can be gained through developing and managing psychological capital (Avolio & Gardner, 2005; Luthans, Youssef & Avolio, 2007).

Watson (2003, p. 171) introduced the term “veritable” referring to “genuine and ethical values used to attain sustained performance and growth”. Veritable sustained performance used as synonym to sustainable competitive advantage is defined to include financial, human, social and psychological capital returns. This involves non-financial intangibles and tacit knowledge, including building human, social and PPC (Avolio & Gardner, 2005). It refers to all aspects of how the company is run. When discussing human capital Luthans et al. (2004 p. 45) outlines: “the *human* referring to the people working at all levels of the organization, and the term *capital* referring to the resources that are invested for future anticipated returns.” In addition, they quote: “Human capital provides a company with an asset that is valuable, rare, and difficult to replicate and therefore a source of sustainable competitive advantage.”

Ilies et al. (2005, p 375) have explored positive influences of AL on leaders’ and followers’ eudaemonic well-being. They define eudaemonia as “peak experiences of interest, motivation, and joy” occurring “when one feels intensive involvement, special fit with an activity”. All these psychological states correlated with AL contribute to reaching and sustaining the state of above average performance of a company in longer period of time.

Luthans, Yousseff and Avolio (2007, p. 7) propose that “...competitive advantage can be gained through investing in, leveraging, developing, and managing psychological capital.” PPC makes the organizations and the management more effective in facing the everyday challenges. Existence of PPC is validated by four containing elements: confidence, hope, optimism and resilience. Luthans et al. (2004) argued that developing PPC within the organization and employees is beneficial for any organization; also difficult to replicate by their competitors. Their existence returns in higher productivity, improved performance and better customer service, also employee retention. The companies cannot purchase, nor sell this capital.

2 POSITIVE PSYCHOLOGICAL CAPITAL

Psychologist Martin E. P. Seligman and his book *Authentic Happiness* (Seligman, 2002) has been recognized as the one introducing the concept of Positive Psychology. Gillham and Seligman (1999) describe the difference of negative (traditional) psychology and positive psychology. These researches build on the work of Jung and Maslow and many others in the last fifty years. Until the 90’s psychology was focused on treating people’s negative feelings (emotions), offering solutions to states such as anxiety, anger, depression, and fear. In their practice both authors decided to focus on explaining positive emotions

such as joy, love, hope, creativity, persistence, compassion and other qualities that make life meaningful. Thus, positive psychology movement and the concepts of POB were introduced in management theory. Many followers joined as they were thrilled by this new idea focusing on the personal strengths of the staff and the leaders instead of their shortcomings and by that improving the performance of the organization. Respectively, some scientists got engaged to further explore and to scientifically verify these theories (Luthans, 2002; Peterson & Luthans, 2003). Consequently, the construct containing the elements of PPC was introduced by Luthans, Luthans and Luthans (2004).

Existing researches support the idea that organizations could develop and sustain competitive advantage through people. This is done by formulating human resources strategies in a way that considers context specific factors that are renewable, highly unique, hard to imitate, and non-substitutable (Luthans et al., 2007;). Therefore, Luthans et al. (2007 p. vii) “starting with human and social capital as the point of departure, propose that what they call psychological capital can be invested and developed for sustainable competitive advantage through people.” Toor and Ofori (2010) suggest the employers should invest in the PPC development of their leaders so that the impact can be transferred down throughout the organizations.

2.1 Positive organization behaviour

The importance of the organizational behavior draws the attention of the scientists after the great success of several books published by experienced managers-practitioners in the 1990's. Latter POB movement inspired researchers to explore the effects of positive climate in the company towards performance of the employees and different ways of developing it and maintaining it. James et al. (2011, p. 128) terms POB as positive approach to the workplace. Most common POB definition refers to utilization of the human capacities and strengths that can be “measured, developed and effectively managed for performance improvement in the workplace” (Luthans, 2002; Luthans & Youssef, 2004; Luthans et al., 2008, p. 209; Yammarino et al. 2008).

In addition, Avey et al. (2010, p. 20) determine that POB must meet certain criteria as follows: “(1) must be based on theory, research and valid measurement; (2) must be “state-like” (as opposed to more fixed “trait-like”) and thus be open to development; and (3) must have performance impact”. They explore how to enhance the positive states and processes that exist within organizations and to maximize their impact towards creating competitive advantage. Accepted criteria for POB definition are hope, efficacy, optimism, and resilience. In conclusion, they are identified with the label *psychological capital* (Luthans et al., 2008, p. 209).

2.2 Definition of PPC

Luthans and Youssef (2004) together with other proponents of PPC believe that human resources are not just paid personnel; rather, they are an essential asset that an organization can truly take advantage of, if they are properly managed to be psychologically healthy. One of the most accepted definition of PPC is the following: “An individual’s positive psychological state of development that is characterized by: (1) having confidence (most self-efficacy) to take on and put in the necessary effort to succeed at challenging tasks; (2) making a positive attribution (optimism) about succeeding now and in the future; (3) persevering toward goals, and when necessary redirecting paths to goals (hope) in order to succeed; and (4) when beset by problems and adversity, sustaining and bouncing back and even beyond (resilience) to attain success.” (Luthans, Youssef, & Avolio, 2007, p. 3; Linley, Harrington, & Garcea, 2010, p. 278; Avey et al., 2010, p. 20)

Table 3. Description of Different Known Sources of Capital

Traditional economic capital		Human capital		Social capital		PPC
What you have		What you know		Who you know		Who you are
- Finances - Tangible assets (plant, equipment, patents, data)		- Experience - Education - Skills - Knowledge - Ideas		- Relationships - Network of contacts - Friends		- Confidence - Hope - Optimism - Resilience
... 1990		1990		1993		2003

Source: F. Luthans, W. K. Luthans and C. B. Luthans, *Positive psychological capital: Beyond the human and social capital*, 2004, p. 46.

Hope, optimism, efficacy, and resilience as constituent parts of PPC are considered as first order constructs. When combined they determine the PPC (Avey et al., 2011, p. 128). Therefore, PPC has been conceptually identified to be a second-order construct (Luthans, Avolio, Avey & Norman, 2007). To better distinguish different types of capital, Luthans et al. (2004) have developed a chart prescribed in Table 3 depicting main characteristic of the four different known sources of capital. According to that (traditional) economic capital refers to “what you have”; human capital to “what you know”; social capital to “who you know”; and PPC to “who you are”. Compared to some predeceasing theories Luthans, Luthans and Luthans (2004, p. 45) conclude “Who I am” is every bit as important as “what

I know” and “who I know.” In their study they define it as a measure equally important as the traditional forms of intellectual, social and physical capital.

2.3 Elements of PPC

Many theoretical and empirical researches have demonstrated that work performance is positively linked to psychological capital. Luthans (2002) defines the term of PPC as conglomerate of four positive states of the human mind that exist and impact the employee performance. The four inevitable components of the PPC are confidence (self-efficacy), hope, optimism, and resilience (Luthans, Luthans & Luthans, 2004). Development, nurturing and preserving of those states are the essence of the PPC.

Table 4. Difference Between States and Traits in PPC

Positive States (human feelings)	State-Like
Very changeable (in a moment); <ul style="list-style-type: none"> - pleasure, - positive moods, and - happiness. 	Open to development; <ul style="list-style-type: none"> - confidence, - hope, - resilience, and - optimism, Other with similar properties: wisdom, courage, well-being, gratitude and forgiveness.
Positive Traits (personality)	Trait-Like
Very difficult to change (fixed) <ul style="list-style-type: none"> - intelligence, - talents, and - inherited characteristics. 	Difficult to change (Relatively stable) <ul style="list-style-type: none"> - character strengths - virtues - personality dimensions, - core self-evaluations,

Source: F. Luthans, B. J. Avolio, B. J. Avey and M. J. Norman, *Positive psychological capital: Measurement and relations with performance and satisfaction*, 2007, p. 544.

The psychology science makes difference between states and traits. States represent human feelings and traits (behaviors) personality factors and strengths. To clarify the difference and to define different states and traits, Luthans et al. (2007) have proposed the classification described in the figure 1. The components of PPC construct are defined as state-like, meaning that compared to the others they are open to development and it is possible to change.

2.3.1 Confidence (self-efficacy)

The confidence could be defined as “The Power of Believing - You Can”. Alternatively referring to confidence some authors use the term self-efficacy. The basic premise of self-efficacy philosophy is that people believe in their capabilities to generate the desired outcome by their own activities and the persistence in their efforts facing different obstacles and challenges (Maddux in Snyder & Lopez, 2002 p. 277).

Self-efficacy has been introduced in 1977 by the Psychologist Albert Bandura. Even since through extensive theoretical and empirical research he has demonstrated that it is possible to develop confidence (self-efficacy) of the people. Self-efficacy beliefs develop through experience and grow over time (Bandura, 1997). Believing that a person can accomplish what he/she wants to accomplish is one of the most important preconditions.

Confidence relates to the beliefs of a person about its own abilities; what that person believes is capable of doing. Most authors describing confidence quote the following definition “believing in one’s ability to mobilize cognitive resources to obtain specific outcomes” (Luthans & Youssef, 2004, p. 152). Self-efficacy beliefs result with self-regulation in several ways. Self-efficient people constantly challenge them self, they are setting more challenging individual tasks and goals. Maddux (cited in Snyder & Lopez, 2002, p. 282) suggests that confident people set clear and higher order goals; they are more persistent in their achievement and they are more efficient and effective in solving problems. Luthans, Youssef, and Avolio (2007, p. 38) suggest that:

“Self-efficacious people are distinguished by five important characteristics:

- They set high goals for themselves and self-select into difficult tasks.
- They welcome and thrive on challenge.
- They are highly self-motivated.
- They invest the necessary effort to accomplish their goals.
- When faced with obstacles, they persevere.”

Developing self-efficacy is best done by experiencing success in actual performance of given tasks and by coaching and on-the-job training. That is also done by experiential exercises accomplishing specific tasks entailed by the job. If those techniques are risky and too expensive, then imaginal experiences’ are used in which a person can imagine himself/herself succeeding in difficult situation. Use of flight simulator would be an example of one of the techniques used for this. In addition, social persuasion and positive feedback prove to be useful.

2.3.2 Hope

Snyder, Rand, and Sigmon (cited in Snyder & Lopez, 2002) define hope as will to succeed. This includes the ability of a person to identify, clarify, and follow different possible ways to success. Although some authors (Farina, Heath & Popovich, 1995) consider hope as an emotion, Snyder and Lopez (2002) have emphasized the thinking processes in defining hope. Their assumption is that human actions are aimed at attaining certain goal. Setting the goals is a mental process and that is the cognitive part of the hope theory.

All the mental actions of a person are oriented toward the set goals including one's capabilities to generate alternative routes to goals. Whether they are short- or long-term goals or they contain some degree of uncertainty, the goals must be achievable and people must consider themselves as being capable of finding suitable routes to those goals.

The mental process of developing several different pathways to the goal is very important. This process, called pathways thinking, represents one's perceived capabilities to generate workable routes to the set goals. High-hope people will efficiently discover (invent) alternative routes. Their thinking and actions can be summarized by the sentence "I'll find a way to get this done!" Hopeful thinking is different than wishful thinking. By applying it, individuals would develop their capabilities of finding multiple pathways to desired goals. This should increase their motivations to pursue those goals (Snyder, Lapointe, Crowson, & Early, 1998; in Snyder & Lopez, 2002, pp. 257 – 276).

High-hope individuals bring multiple benefits for the company as they easily adjust to the teamwork practices while apart from theirs, they are also interested in the goals of the others. Developing high-hope individuals brings additional benefits such as social competence and support (Snyder & Lopez, 2002, p. 266). Developing hope among the employees should consider the following: (1) process of setting the targets (goals) towards which people can direct their actions. (2) Long-term, difficult or complex goals should be broken into manageable sub-goals; (3) delegating and empowering; (4) contingency planning, scenario analysis and exploring alternative courses of action; (5) mental rehearsal in which a manager or an employee visualizes important upcoming events or anticipates possible obstacles; (6) re-defining the goals in case of unsolvable blockages (Youssef & Luthans, 2004).

2.3.3 Optimism

"Optimists are people who expect good things to happen to them; pessimists expect bad things to happen to them" (Carver & Scheier, cited in Snyder & Lopez, 2002). Optimistic people are struggling to distance themselves from negative outcomes. Optimists largely

believe that people and events are naturally good, so that most situations in the end result for the best.

The approach and beliefs of the people also differ when they are facing problems and situations and how they try to solve them. Optimists always expect the best outcome; they believe to be able to deal with most of the situations in the best possible way. Optimism is always focused on future events. Optimism, when directly applied to the workplace, has positive value in terms of worker's performance, work-related happiness and their job satisfaction (Seligman 1998; Luthans et al., 2005; Luthans et al., 2007, p. 548).

Seligman (1990), in his book "Learned optimism", suggests that optimism can be learned, and this is one of the preconditions to be considered as part of the PPCs. He builds this theory as contrary to the predeceasing theory of "learned helplessness" according to which the people put in a situation in which they cannot influence the outcomes of their actions become passive, depressed and do not try to change the situation.

During these studies Seligman refocuses his interest from the negative into positive aspects in the life of people. In the context of PPC, optimism is linked with expected positive outcome of events, including motivation and positive emotions. However, the optimism must be realistic (Luthans, 2002; Luthans et al., 2007). In this context, optimism is understood as the manner in which one responds to different events and the manner in which people explain and interpret the occurring events. It is understood as determination for effective problem solving and achievement. This optimism model perceives people as being able to move toward desirable and away from undesirable objectives (Carver & Scheier, 2000; cited in Snyder & Lopez, 2002).

Luthans and Youssef (2004, p. 156) suggest several ideas of how to develop optimism. According to them, managers and employees should learn to (1) forgive themselves for mistakes that they can no longer reverse; instead, they could make effort to prevent similar mistakes in the future; (2) be happy about the positive things; (3) view the future as opportunity for growth and advancement.

2.3.4 Resilience

Resilience in the workplace is defined as ability to "bounce back", to recover from negative or positive changes. This can happen when facing negative situations with a disappointing result, delay or failure; also in positive events such as increased responsibility and progress in the hierarchy (Luthans, 2002). This concept refers to adaptability, flexibility to significant change, the ability to face and to adapt to new circumstances, risk or adversity. In cases of difficult and harsh conditions - not to get disappointed, and in cases of increased responsibility, such is advancement of carrier and

increase of responsibility - to be able to cope with this new situation. Resilience arises from human adaptation systems; it explores human protective factors and experiences that enable resistance to stress and success when facing adversity.

Individuals learn and develop resiliency through facing and overcoming adversity and difficulties. They may actually become more resilient each time they successfully bounce back from any faced obstacle (Luthans et al., 2007, p. 547). It reduces the fear factor and prepares them to recover from any difficult circumstances (Toor & Offori, 2010). This confirms its state-like character. In short, individuals possibly will become more resilient to a negative situation each time they successfully recover from a setback.

Luthans and Youssef (2004, p. 156) believe that people undertake progressive steps each day increasing their resiliency and it is a lifelong development process. For its development they refer to the strategies developed by Masten (2001) such as (1) Reducing the risk (risk-focused); introducing preemptive procedures to reduce the chances of accidents, or training courses. (2) Increasing the probability of positive out-comes (asset-focused strategies), enhancing the supporting resources and helping to mitigate adversities. An example of such strategies might be investing in development of human, social and PPC of managers and employees; (3) Enhancing the preparedness of an organization to dealing with crises and adversity situations, by adapting a (process-focused) system to assess and manage risk factors by strategic and contingency planning and organizational learning.

2.4 Measuring PPC

Most commonly used tool to measure existing psychological capital is the psychological capital questionnaire (PCQ). Luthans, Avolio et al. (2007) and Luthans, Youssef and Avolio (2007) have developed questionnaires with 24 questions, six from each of the four PPC components. Alternative shorten versions of the questionnaire with 12 or 16 questions have been also used.

The PCQ are composed by items and scales regularly used in positive psychology. The responses for the PCQ are registered using 6-point Likert scale (1-strongly disagree, 2-disagree, 3-somewhat disagree, 4-somewhat agree, 5-agree, and 6-strongly agree). Luthans et al. (2008, p. 215) suggest that these questionnaires were adapted and developed by following standard scales proposed by predecessor researchers as follows: (1) Hope (Snyder et al., 1996); (2) Resilience (Wagnild & Young, 1993); (3) Optimism (Scheier & Carver, 1985); and (4) Efficacy (Parker, 1998).

2.5 Developing PPC

Main characteristic of PPC is the possibility to manage it and to develop it. This means the companies can invest in its development. Several researchers (Luthans, Avey, Avolio, Norman & Combs, 2006; Luthans, Youssef & Avolio, 2007) provided conceptual evidence and (Luthans, Avey & Patera, 2008) empirical evidence demonstrating that PPC can be developed. Furthermore, there is a positive relation between the existence of supportive organizational climate and employees' performance. In their work, Luthans, Avey, Avolio and Peterson (2010, p. 42) summarize many researches demonstrating positive relationship of PPC with desired employee behaviors such as improved attitudes (e.g., satisfaction and commitment), and performance and negative relations to undesired behaviors (e.g., stress, absenteeism).

Many authors have explored and suggested different ways and methods of developing PPC. Luthans, Avey et al. (2006) have developed a psychological capital intervention (PCI) training model. Moreover, Luthans, Avey, and Patera (2008), in their exercise, have confirmed effectiveness of on-line training. They even suggested that in some cases web-based approaches may be even more effective than delivery of traditional face-to-face intervention. Shared feature of all proposed interventions and methods is the focus put on the development of each individual constituting element of confidence, hope, optimism and resilience. When combined, they have an impact on the development of the PPC's fundamental core construct.

Luthans et al. (2008) studies show that PPC is developable through a web-based training intervention. They used highly focused web-based training intervention using heterogeneous samples of adults working in the sectors of manufacturing, service, sales, and government. The PPC of study subjects was measured before and after the intervention. The outcome demonstrates a significant improvement in PPC of those who had gone through the intervention (Toor & Ofori, 2010, p. 343).

Luthans and Youssef (2004) have synthesized a list of techniques (table 4) for managing human, social and psychological capital. For human capital management they suggest (1) careful selection and hiring of the most competent person for the job, (2) training development balancing between external (outsourced) and internal transfer of knowledge, and (3) maintaining tacit knowledge by socialization and rotation of positions and jobs. Three aspects of social capital, networks, norms and trust contribute to building sustainable competitive advantage. These are achieved by the following: (1) open communication channels, transparency and organizational culture of openness which increases accountability too, (2) cross-functional work teams. (3) work-life balance programs increasing job satisfaction.

Table 5. Approaches and Methods in Managing Human, Social and Psychological Capital

Managing human, social and psychological capital	
Approach	Managing methods
Human Capital Management (HCM)	<ol style="list-style-type: none"> 1. Selection and selectivity. 2. Training and development. 3. Building tacit knowledge.
Social Capital Management (SCM)	<ol style="list-style-type: none"> 1. Open communication channels. 2. Cross-functional work teams. 3. Work-life balance programs.
Psychological Capital Management (PCM)	<ol style="list-style-type: none"> 1. Developing efficacy/confidence through <ul style="list-style-type: none"> ○ mastery experiences ○ vicarious learning/modeling ○ social persuasion ○ positive feedback ○ physiological and psychological arousal 2. Developing hope through <ul style="list-style-type: none"> ○ goal setting ○ “stepping” ○ participative initiatives ○ showing confidence ○ “preparedness” ○ contingency planning ○ mental rehearsals ○ “re-goaling” 3. Developing optimism through <ul style="list-style-type: none"> ○ leniency for the past ○ appreciation for the present ○ opportunity-seeking for the future ○ realistic perspectives ○ flexible perspectives 4. Developing resiliency through <ul style="list-style-type: none"> ○ asset-focused strategies ○ risk-focused strategies ○ process-focused strategies

Source: F. Luthans and C. M. Youssef, *Human, social, and now PPC management: Investing in people for competitive advantage*, 2004, p. 147.

Building hope is best when managers show confidence in their employees, and it is encouraged by participative initiatives such as delegation and empowerment (Luthans & Youssef, 2004). Further practices contribute to increased hope:

- Defining organizational and personal goals. The goals must be clear, specific and challenging, but doable and not impossible, including set targets, percentages and dates.
- Breaking the goals down into sub-goals. This will create direct experience of small successes.
- Anticipate possible obstacles that may appear and developing alternative paths or contingency plans. Scenario planning would define exact situation and “What if” alternatives. Training and action plans can help build such skills.
- Creating enjoyment in the process of working
- Regular rehearsals and experiential training can help developing skills to recognize when set goals are not feasible anymore and it is necessary to re-goal.

Guidelines for developing optimism and resilience are not as extensive or proven. However, Luthans and Youssef (2004) recommended to forget and to forgive for the setbacks in the past, to enjoy the present and to view future and possible obstacles as an opportunity for growth and development. Further assets would be practicing self-evaluation of the accuracy of the beliefs; identifying self-defeating beliefs; and replacing dysfunctional with more constructive and accurate beliefs. This might be accompanied with stress management techniques and work-life balance.

Building resiliency is a process and it is developed throughout the life. Luthans and Youssef (2004) recommend specific resilience development programs such as problem solving skills, autonomy, and a sense of purpose are developed. Among the strategies that can contribute to increased resiliency are the following: avoiding negative thinking, finding solutions that work when overwhelmed by emotions or stress, remaining calm and focused when things go wrong. There are some activities that the company might consider with the aim of reducing stressors - increasing safety and decreasing risks by prescribed safety procedures, strategic planning and organizational learning, and increased PPC of the leaders and employees can contribute to facing adversities.

2.6 Recent researches on PPC

Recent researches on PPC focus on research and practical confirmation of theoretical concepts. Most recent studies confirm PPC as source of competitive advantage, also focusing on (1) measurement and quantification of the financial returns of any investment in PPC through creating value on the stock markets (Toor & Ofori, 2010; Edmans, 2011);

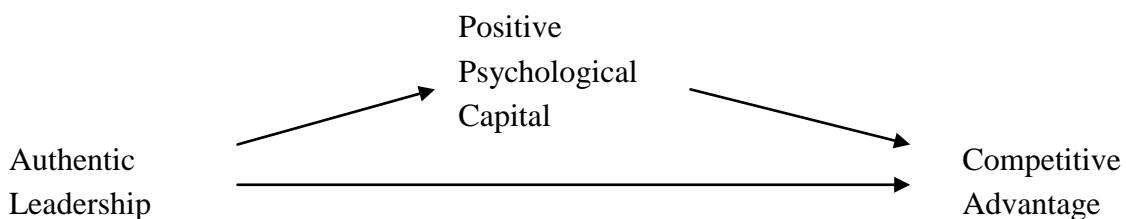
(2) interrelation of AL and PPC (Rego et al., 2012); (3) influence of authentic leaders to creating PPC on the followers (Wooley et al., 2011; Hassan & Ahmed, 2011) (4) impact on employee well-being (Avey et al., 2010; Norman et al., 2010). Toor and Offori (2010, p. 350) concluded that “Recent developments in the literature on organizations and their behavior and development support the concept of PPC”. Their study provides evidence for positive correlation of PPC with authenticity and leadership effectiveness.

In circumstances of increased uncertainty in markets, employers should invest in the PPC development of the leaders aimed at transferring down the impact through other employees. In the ongoing war for talents, the ones creating environment which encourages and enhances self-efficacy, hope, optimism, and resilience will become more attractive. Investing in, developing, managing, and leveraging on PPC will help firms to gain sustainable competitive advantage. Edmans (2011, p. 638) finds that “firms with high levels of employee satisfaction generate greater long-term returns”. However “the market fails to incorporate intangible assets fully into stock valuations - even if the existence of such assets is verified”. Therefor further research providing additional evidence is needed.

3 QUALITATIVE RESEARCH

The preceding chapters have summarized the various theoretical contributions explaining the constructs of authentic leadership (AL) and positive psychological capital (PPC) that are the subject of this thesis. This part of the thesis presents the findings from research carried out in the company Triglav Osiguruvanje. According to the theoretical findings, AL influences the existence of PPC and creates competitive advantage, while PPC influences the competitive advantage of a company (Figure 1).

Figure 1. Theoretical Model



The objectives of the research are twofold: (1) to measure the existing levels of AL and PPC in the company; and (2) to exam any existing interlinks between the two. The survey is designed in such a way as to answer the following three research questions:

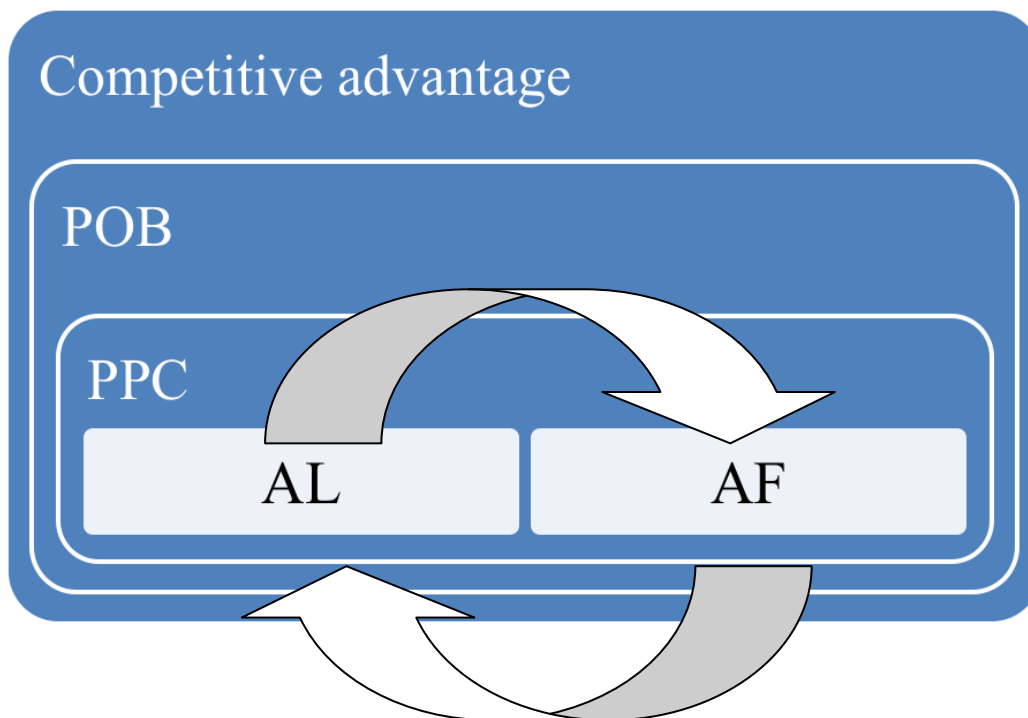
R 1: Does the authenticity of the leadership correspond to the level of PPC in the company?

R 2: Does the authenticity of the leadership influence the development of PPC in a company?

R 3: Are the instruments for measuring AL and PPC adaptive and applicable to the Macedonian context and, if so, to what extent?

This chapter presents a short background of the company Triglav Osiguruvanje, followed by a description of the methodology used and the design of the questionnaires. It then discusses the findings from the qualitative scientific research methodology employed, together with some conclusions and recommendations offered to the management of the company. Figure 2 depicts these interrelations presented in the thesis as follows: the authenticity of leaders influences authentic followers and vice-versa; together they create PPC, which influences POB. Altogether these create competitive advantage for the company. However, this case study does not explore the competitive advantages of the company, since this has been confirmed by other researchers (Luthans & Youssef, 2004; Avolio & Gardner, 2005; Luthans, Youssef & Avolio, 2007).

Figure 2. Relationships and the Influence of AL and AF to Competitive Advantage



This case study measures and explores the level of AL and its interrelations with PPC in Triglav Osiguruvanje.

3.1 Basic information about Triglav Osiguruvanje

Triglav Osiguruvanje is an insurance company with 223 employees. It has the largest market share in the country, with over 27% of all insurance companies in 2013. In 2007 the company joined the Triglav Group, which is comprised of 31 subsidiaries operating in Slovenia, Croatia, Bosnia and Herzegovina, Serbia, Montenegro, the Republic of Macedonia and the Czech Republic. The Triglav Group is the leading insurance-financial group in Slovenia and ranks among the leading insurance groups in South-East Europe. The companies of the Triglav Group are centered on three common values that underline (1) personal relations, (2) relations with the environment, and (3) the Group's daily operations.

In its strategy, the company has determined to ensure ethical and transparent business operations. To this end, Triglav Group has introduced programmes for the compliance of its operations and has introduced the Solvency II directive, which is the EU instrument that codifies and harmonizes EU insurance regulation. Triglav Group strives to strengthen its good reputation and raise the level of its corporate culture while protecting the interests of all stakeholders. The company acknowledges the importance of following a strategy to invest in improved corporate culture that can boost economic performance indicators and gain an advantage over competitors. The fundamental goals and values of the Triglav Group are as follows:

- To operate in a highly professional and responsible manner towards employees, partners, shareholders and the broader social and natural environment.
- To ensure transparent and safe operations.
- To seek comparative advantages in a lawful and ethical manner.

The company's alignment with ethical values and morality and its general interest in human capital and human resource development makes the insurance company Triglav Osiguruvanje in the Republic of Macedonia an excellent partner for research and exploration of AL and PPC.

3.2 Research purpose

The purpose of this master's thesis is to define and present the constructs of authentic leadership and positive psychological capital. It explores the different possible ways of developing authentic leaders and the influence of such leadership in building positive psychological capital. Further, it measures existing levels of AL and PPC in the company Triglav Osiguruvanje. In its conclusions, the thesis offers recommendations to assist the company in developing authentic managers and followers. This case study follows the

suggestion of Avolio, Walumbwa and Weber (2009) that there is a need for further study of leadership in cultures that are underrepresented in the literature. The empirical part of this paper consists of qualitative research in the case of Triglav Osiguruvanje. This identifies areas in need of improvement and possibilities for intervention to develop authentic leaders and PPC in the company as a precondition for developing specific competitive advantages.

3.3 Research methodology

The research for this master's thesis was performed using a qualitative scientific research method. This method is widely used and validated by social scientists in their attempts to understand human behaviour. This research provides descriptive, exploratory and explanatory analysis. It is designed following a case study approach utilizing a descriptive and exploratory approach together with qualitative observation. This part provides empirical inquiry that investigates both phenomena within their real-life context. Many research papers published in leading scientific journals, such as *Leadership Quarterly*, use a case study research approach to explore the topics of authenticity and psychological capital. This approach relies on multiple sources of evidence and builds on previously developed theoretical propositions. Validation of the research findings, increasing their reliability and objectivity, has been secured by triangulation of the collected data.

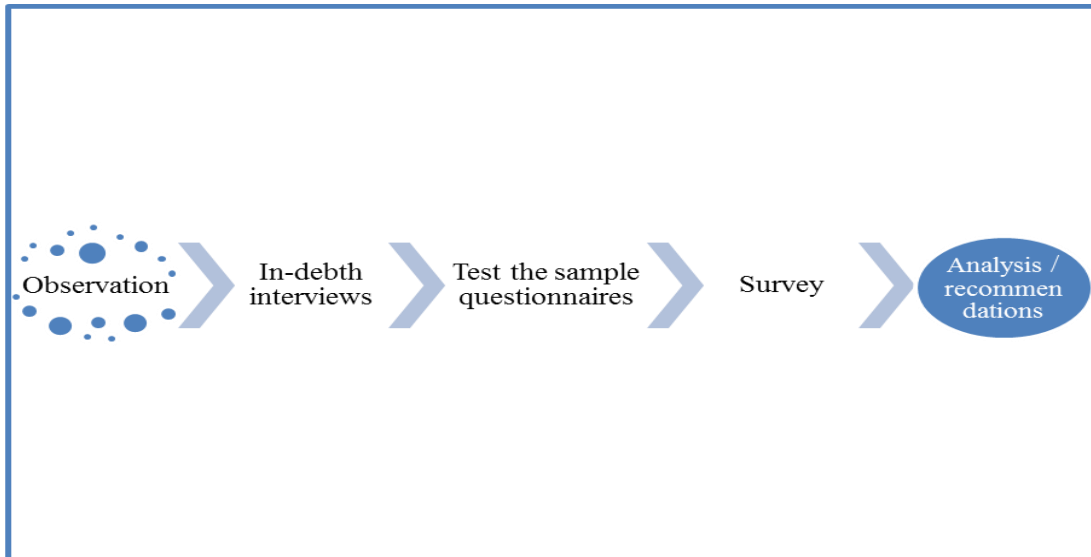
3.3.1 Research design

The research methodology, collecting data from primary and secondary sources, followed four steps:

- **Observing the work of the company** and mystery-shopping. This consisted of several visits to different sectors of the company in order to observe their work, observing interactions between the employees as well as interactions with customers while using the services of Triglav Osiguruvanje like an ordinary customer.
- **In-depth interviews** with selected representatives of the top and middle management and some of the employees. The interviews included discussion about the scope of work and most frequent activities in each of the sectors, in order to become familiar with their work and challenges.
- **Design and test the draft questionnaires.** The first draft questionnaires were tested on a sample of three employees to see if the questions and instructions were sufficiently clear, resulting in minor adjustments of the terminology used in the Macedonian version of the questionnaires.
- **The survey.** Employees were instructed to place the questionnaires in a sealed envelope and to place them in boxes provided, thereby securing secrecy and honest

feedback. Responses were provided by 77 (out of 128) employees from each sector in the headquarters of the company. Figure 3 below depicts the research protocol.

Figure 3. Research Protocol in the Case Study of Triglav Osiguruvanje



For the purpose of the survey, we adapted three instruments, i.e. survey questionnaires. The authentic leadership questionnaire (hereinafter: ALQ) was adapted from the existing and recognized questionnaires presented by Walumbwa et al. (2008), Luthans et al. (2007), the ALI questionnaires presented by Neider and Schriesheim (2011), and the Supervisor AL measure presented by Marič, Dimovski et al. (2013). Further, the questionnaires were adjusted in light of issues and questions identified during interviews held with the managers of the company.

Each of the employees was asked to fill in three questionnaires: (1) to assess the level of PPC (Appendix C); (2) to assess the level of authenticity of employees using self-assessment according to authentic leadership measure (Appendix E); and (3) to assess the authenticity of the leaders using the supervisor’s authentic leadership measure (Appendix D). Table 6 depicts the scope of the questionnaires and their topics.

Table 6. Survey Questionnaires Used in the Case Study Research

	Self-assessment	Assessment of others
Psychological capital	1) Q1. PPC self-assessment of employees and leaders	n/a
Authentic leadership	2) Q3. Followers’ authentic leadership measure	3) Q2. Supervisor’s AL Measure

The survey measures the level of self-perceived authenticity in the company, compared with the level of AL perceived by others. In addition, it presents the AL and PPC in different sectors compared to the average in the company. Further, it explores the level of correlation between the three. The survey does not indicate each individual leader, but only the leadership of the specific sector. However, the results provide enough indicators to understand and to secure a clear picture of the situation in the company.

3.3.2 Data collection

The survey was performed by distributing questionnaires to all employees, together with a brief explanation of the purpose. Questionnaires were prepared in Macedonian and English. During translation, several adjustments were made to better fit the needs of participants and to ensure the questionnaires were easy to understand. The questionnaires consist of closed questions, using a five-point Likert scale (Likert, 1932) as follows: (1) = Strongly Disagree, (2) = Disagree, (3) = Neither Agree nor Disagree, (4) = Agree, and (5) = Strongly Agree. Although the most commonly used PPC questionnaires use a six-point Likert scale, in this research I chose to use a five-point one. The reasons for this are as follows: to make the results comparable, two surveys on AL and PPC were simultaneously performed; and to avoid confusion, since citizens in Macedonia are more familiar with scales with grades from 1–5. The Human Resources department distributed and collected the questionnaires from the employees. The structure of the respondents is presented in Table 7.

Table 7. Structure of the Respondents in the Survey in Triglav Osiguruvanje

Gender	No.	Department	No.	Age group	No.
Male	31	Sales	19	Up to 29	5
Female	38	Damages	14	30–39	25
No answer	8	Other	33	40–49	17
		Management	5	50+	14
		No answer	6	No answer	16
Total	77		77		77

The respondents to the survey were divided according to three categories: (1) gender, male, female and no answer; (2) department in the company (Sales; Damages; Other, including administrative sectors such as finances, control and human resources; Managers and no answer (the ones who did not declare)); (3) age group, divided in four categories, up to 29, 30–39, 40–49, and over 50 years of age—as well as another group for the ones with no indication of age. This grouping enabled triangulation and cross-checking of data across sectors, age groups and gender.

3.4 Analysis of data

Analysis of the results from the survey was conducted using Microsoft Excel and the SPSS statistical programme. Analysis was conducted by calculating the mean values of the PPC and AL, standard deviations, and then the correlations between the results received in the three surveyed departments. In addition, the means of their component parts (first order constructs) was calculated in order to evaluate the strongest components and identify any areas where further improvement is needed. During the analysis, the questionnaires received from the management (five) and the ones where the name of the department was not indicated (six) were included in the stratum to calculate the overall value of PPC and AL. However, these values are presented in the tables as indicative values.

3.4.1 Reliability or internal consistency of the survey data (Cronbach's alpha)

In response to the need for measuring the reliability of psychology tests, Lee J. Cronbach (1951) developed a methodology later named Cronbach's alpha (α). This measures the reliability or internal consistency of survey data. Gliem and Gliem (2003) have concluded that: "When using Likert-type scales it is imperative to calculate and report Cronbach's alpha coefficient for internal consistency reliability for any scales or subscales one may be using."

Alpha is calculated to examine whether questionnaires or tests generate trustworthy results. Values of the alpha might vary between 0 and 1, reasoning that if they are closer to one then the reliability is greater. Following the rules of thumb provided by George and Mallery (2003), in most social science research a coefficient of α over 0.70 is considered acceptable (Gliem & Gliem, 2003, p. 87). The Values for Cronbach's alpha presented in Table 8 were computed for the composite scales used in all three questionnaires.

Table 8. Cronbach's Alpha Computed for the Questionnaires Used in the Research

Q1: Psychological capital (self-assessment)		Q2: Supervisors authentic leadership measure		Q3: Followers authentic leadership measure	
Reliability statistics		Reliability statistics		Reliability statistics	
Cronbach's Alpha	No. of items	Cronbach's Alpha	No. of items	Cronbach's Alpha	No. of items
0.72	16	0.94	16	0.82	16

As presented in the table, Cronbach's alpha is higher than 0.70 in all three cases, from which we can conclude that the survey data can be considered reliable. If the values of the alpha were lower, additional adjustment of the questionnaires would have been needed.

3.4.2 Results from the research

The survey present three types of results: one being the level of PPC in general and per each sector, the second presenting the level of authenticity based on the self-perception of each of the employees, and the third showing the perceived authenticity of the leaders in each of the four observed segments of the company. In the discussion we will not consider results from the management sector because of the small number of respondents and those who did not indicate their department due to the versatility of their roles. These figures are presented as indicative values only. Detailed results are presented further on in the paper.

3.4.3 PPC measured in Triglav Osiguruvanje

The results of the research show an average PPC level of 3.57, measured on the scale from 1 to 5. Figure 4 and Table 9 show the values of the PPC measured and presented per each of the three departments of the company. In addition, the table shows the average value of each of the four PPC components, i.e., confidence, hope, optimism and resilience. Individual values of each of the components show the strongest and weakest aspects in each of the different departments. This indicates the kind of interventions needed to improve. Some of the questions in the PPC questionnaire were used in inverse form and therefore the values presented in the table are also presented as inverse, i.e. we changed the value of 1 with 5, of 2 with 4 and vice versa, while the value of 3 remains the same. Those are the questions with ordinal numbers 4,7, 8,10,12, and16 (Appendix C).

Figure 4. PPC and its Components per Each Department

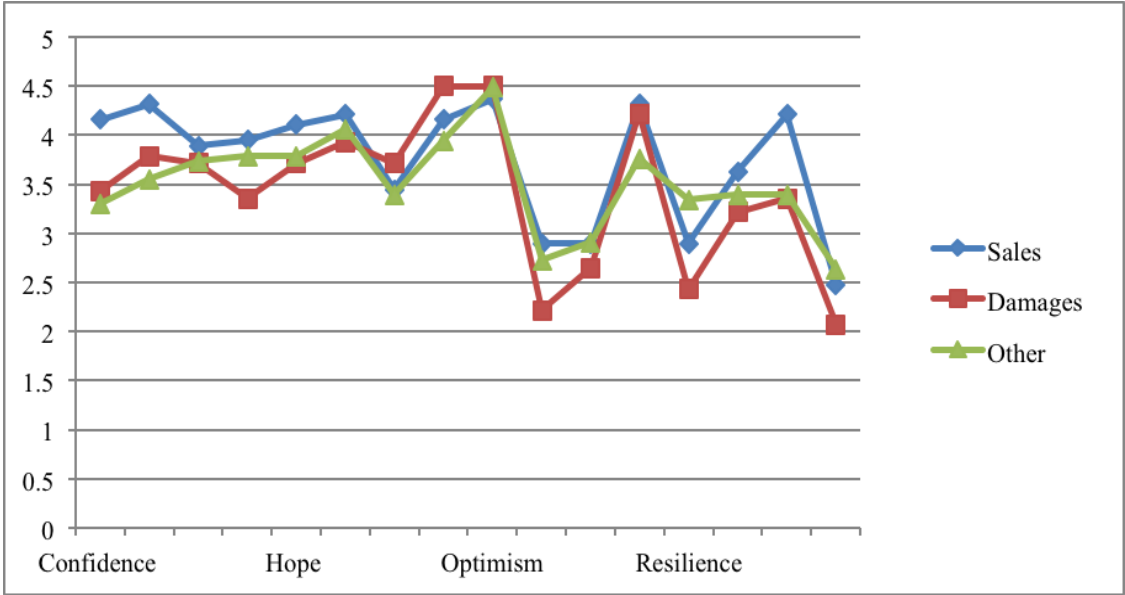


Table 9. PPC and its Components per Each Department

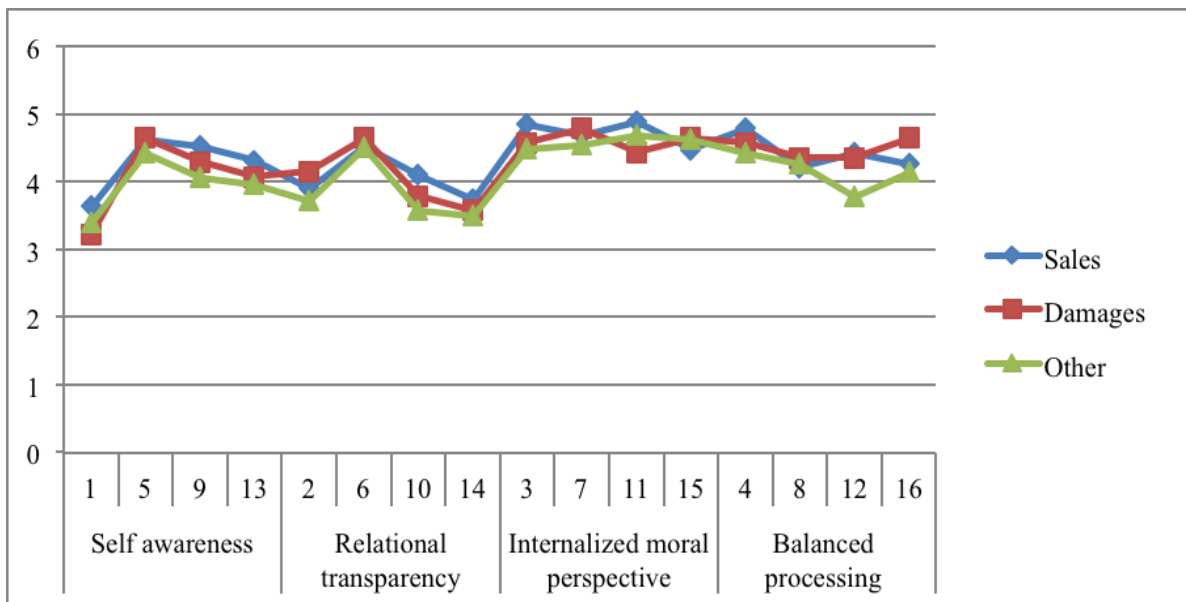
	Confidence	Hope	Optimism	Resilience	Total
Sales	4.08	3.98	3.62	3.30	3.74
Damages	3.57	3.96	3.39	2.77	3.42
Other	3.59	3.79	3.47	3.19	3.51
Management	4.35	4.55	3.75	3.85	4.13
Total	3.73	3.95	3.46	3.31	3.57

Observing the constitutional elements (the first level constructs) of the PPCs, the lowest average level is observed for Resilience (3.31), and this is especially low in the case of the Damages sector (2.77). Hope, by contrast, measures the highest levels at 3.95. The highest levels of hope are evident for the Management department (4.55), followed by Sales (3.98). It is interesting to note that the level of Hope in the Damages department, compared to the low values of the other components, is significantly high at 3.96.

3.4.4 Authenticity of the employees - self-assessment

The self-assessment survey presents a high level of authenticity of the employees. The average value calculated with the followers' authentic leadership measure (appendix E), as presented in Figure 5 and Table 10, is 4.22.

Figure 5. The AL Measure and its Components – Followers' Self-Perception



The survey shows there are no big differences between sectors. Also, the employees demonstrate a high level of authenticity within each of the AL components, i.e. self-awareness, relational transparency, internal moral perspective and balanced processing.

Table 10. AL Measure and its Components – Followers’ Self-Perception

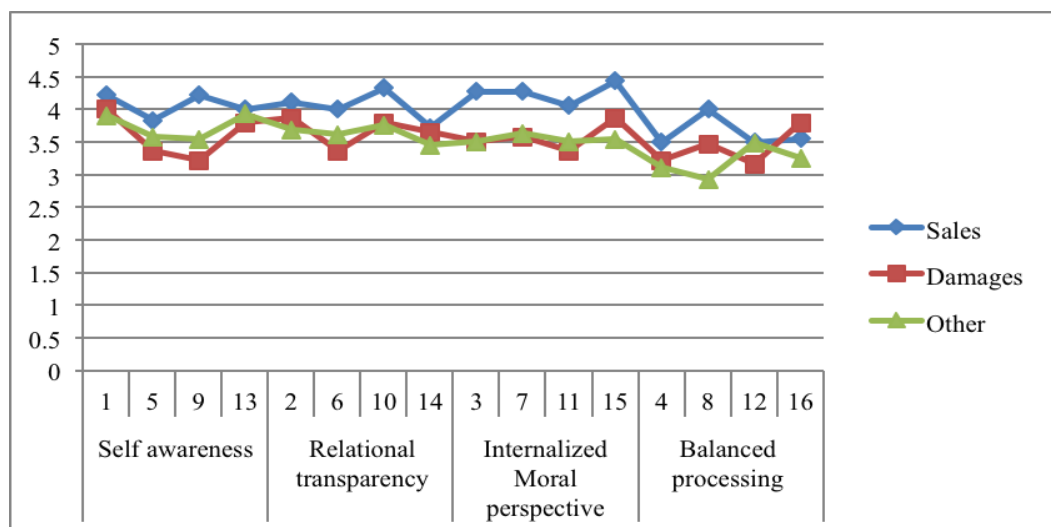
	Self-awareness	Relational transparency	Internalized moral perspective	Balanced processing	Total
Sales	4.28	4.07	4.72	4.42	4.37
Damages	4.05	4.04	4.61	4.48	4.29
Other	3.96	3.83	4.59	4.16	4.14
Management	4.45	3.85	4.30	4.00	4.15
Total	4.08	3.95	4.58	4.26	4.22

Observing the individual components of AL, the highest results are noticed within the component of internal moral perspective (4.58), and again the highest level is observed in the Sales department (4.72). The lowest level is demonstrated in the component of Relational transparency (3.95), especially in the Other departments (3.83).

3.4.5 Authenticity of the leaders – followers’ perception

The second questionnaire measures the authenticity of leaders as perceived by the employees, using the Supervisors’ authentic leadership measure (Marič, Dimovski et al., 2013).

Figure 6. Supervisors’ AL Measure and its Components per Each Department



The authenticity of the leaders measured by the perception of the employees is calculated at an average of 3.67. The highest level of Authenticity is perceived of the leader of the Sales department (4.0). Significantly lower results are demonstrated in the other two departments, i.e., Damages (3.56) and Other departments (3.52).

Table 11. Supervisors' AL Measure and its Components per Each Department

	Self-awareness	Relational transparency	Internalized moral perspective	Balanced processing	Total
Sales	4.07	4.04	4.26	3.64	4.00
Damages	3.59	3.66	3.57	3.40	3.56
Other	3.73	3.62	3.54	3.19	3.52
Management	3.95	4.05	3.60	3.35	3.74
Total	3.81	3.77	3.75	3.37	3.67

Individual components demonstrate similar levels, except for the slightly lower level of Balanced processing (3.37), and this is lowest in the Other departments (3.19).

3.4.6 Gender perspectives of PPC

Thirty-one male and 38 female respondents participated in the survey, while an additional 8 did not declare their gender. Therefore the level of PPC was subsequently reviewed in accordance with the genders represented in the company. The results are presented in tables 12 and 13.

Table 12. Average PPC of the Male Employees

	Confidence	Hope	Optimism	Resilience	PPC
Sales	3.5	3.79	3.68	3.39	
Damages	3.28	3.81	3.38	3.03	
Other	3.63	3.88	3.52	3.09	
N/A	3.08	3.46	3.08	3.42	
Management	4.63	4.75	4.13	4	
Total	3.62	3.94	3.56	3.39	3.63

The calculations show that the average PPC of the male stratum is 3.63, and of the female stratum 3.61, which shows that there is no difference according to gender. However, the individual values of the PPC components show that the female respondents have a higher level of confidence and a lower level of optimism compared to the male respondents.

Table 13. Average PPC of the Female Employees

	Confidence	Hope	Optimism	Resilience	PPC
Sales	4.08	3.98	3.3	3.62	
Damages	3.57	3.96	2.77	3.39	
Other	3.59	3.79	3.19	3.47	
N/A	3.08	3.46	3.42	3.08	
Management	4.35	4.55	3.85	3.75	
Total	3.73	3.95	3.31	3.46	3.61

3.4.7 Gender perspectives of AL

In addition, an attempt was made to analyse how the respondents, divided per gender, perceive the authenticity of the leaders. The results are presented in tables 14 and 15. These results show there is no difference in the perception of the AL components and the levels of AL of the leaders.

Table 14. AL as Perceived by the Male Respondents

	Self - awareness	Relational transparency	Internalized moral perspective	Balanced processing	AL
Sales	4.07	4.04	4.26	3.64	
Damages	3.59	3.66	3.57	3.4	
Other	3.73	3.62	3.54	3.19	
N/A	3.78	3.6	3.7	3.25	
Management	3.95	4.05	3.6	3.35	
Total	3.82	3.79	3.74	3.37	3.68

Table 15. AL as perceived by the female respondents

	Self - awareness	Relational transparency	Internalized moral perspective	Balanced processing	AL
Sales	4.3	4.2	4.35	3.65	
Damages	3.88	3.71	3.67	3.43	
Other	3.91	3.68	3.68	3.33	
N/A	4.17	3.75	4	3.38	
Management	4.25	3.63	3	3	
Total	4.1	3.79	3.74	3.36	3.75

The only difference in the perceptions is noted within different perceptions of the self-awareness of the leaders. The female respondents perceived slightly higher levels of self-awareness of the leaders than the male respondents.

3.4.8 Age perspectives of PPC

Respondents in the survey were divided into four age groups, as follows: up to 29 (5 respondents); 30–39 (25); 40–49 (17); 50 and over (14), while 16 respondents did not declare their age. Values calculated for the PPC and its components are presented in the following tables 16, 17, 18 and 19. Consequently, AL was not calculated per age because of a lack of valid and statistically verified results.

Table 16. PPC of Respondents from the Age Group up to 29

	Confidence	Hope	Optimism	Resilience	PPC
Sales	3.92	3.58	3.58	4.00	
Damages	/	/	/	/	
Other	3.75	3.75	3.5	3.25	
Management	3.50	4.00	3.50	2.75	
Total	3.72	3.78	3.53	3.33	3.59

Table 17. PPC of Respondents from the Age Group 30–39

	Confidence	Hope	Optimism	Resilience	PPC
Sales	4.31	3.88	3.5	4	
Damages	3.5	4.05	3.55	2.85	
Other	3.48	3.81	3.37	3.25	
Management	4.5	4.63	3.5	4.25	
Total	4.01	4.07	3.43	3.62	3.78

Table 18. PPC of Respondents from the Age Group 40–49

	Confidence	Hope	Optimism	Resilience	PPC
Sales	4.35	3.95	3.5	2.6	
Damages	3.33	4.25	3.42	2.25	
Other	3.75	3.56	3.5	2.66	
Management	/	/	/	/	
Total	3.67	3.75	3.23	2.69	3.34

Table 19. PPC of Respondents from the Age Group 50 and over

	Confidence	Hope	Optimism	Resilience	PPC
Sales	3.17	3.79	3.58	2.67	
Damages	3.5	3.88	3.56	3.31	
Other	4.17	3.75	3.75	3.42	
N/A	3.38	3.75	3.13	3.63	
Management	4.63	4.75	4.13	4.00	
Total	3.77	3.98	3.63	3.4	3.7

While the number of respondents per each age group is different, we cannot take these results as relevant but will leave them only as a reference for further more detailed examinations.

3.4.9 Correlations

Table 20 presents the average values and standard deviations of the results received from the topics researched in the three questionnaires.

Table 20. Average Values of the Survey Results per Each Department

	PPC	Standard deviation	AL of the leader	Standard deviation	AL self-evaluation	Standard deviation
Sales	3.74	0.63	4.00	0.30	4.37	0.38
Damages	3.42	0.75	3.56	0.27	4.29	0.44
Other	3.51	0.49	3.52	0.26	4.14	0.43
Total	3.57	0.55	3.67	0.23	4.22	0.37

Correlation coefficients (R) were calculated between the average results of the three questionnaires to determine which one should be taken into consideration. If the absolute value of “R” is closer to one, then the biggest direct correlation exists. Table 21 shows the value of “R” from the three questionnaires.

Table 21. Correlation Coefficient (R) of the Results of the Three Survey Questionnaires

1. PPC / AL of the Leader	2. PPC / AL self-evaluation	3. AL Self-evaluation / AL of the Leader
0.94	0.55	0.79

The correlations between the results of the surveys are presented as follows: (1) Positive Psychological Capital and the perceived authentic leadership of the department leaders ($R = 0.94$); (2) The correlation of PPC to AL in the self-evaluation questionnaire (0.55); and (3) self-evaluated AL and perceived AL by the employees (0.79). It is obvious that the correlation is biggest in the first equation, showing a strong correlation between PPC and authenticity of the leader. Further, a low correlation between PPC and self-evaluated AL reduces the relevance of the self-evaluation and raises questions about the capability of employees to provide an objective response. A high correlation between the answers of the AL questionnaire might be interpreted to indicate that the questionnaire was sufficiently clear to the respondents.

3.5 Discussion of the results

The results of the survey support the research questions in that the average level of authenticity of the leaders corresponds to the existing average level of PPC in the company. Also, the results observed individually in each of the three departments show that the level of AL corresponds to the level of PPC. This indicates that the AL of the leader correlates to the existing level of PPC in the case of Triglav Osiguruvanje. Table 20 shows the overall values of the PPC at 3.57 and the average perceived authenticity of leaders at 3.67. These two values also show a high level of correlation ($r = 0,94$) and therefore we might conclude that the existing PPC in the company is influenced by the level of authenticity measured by the perception of the followers. Several researches, such as Rego et al. (2012), Wooley et al. (2010), Jensen and Luthans (2006), and Walumbwa et al. (2011), have confirmed the influence of AL over PPC in different cases.

The average level of self-assessment of authenticity (4.22) of employees compared to the average level of authenticity perceived by others (3.67) shows significant differences. This phenomenon could be explained by the findings and suggestions of Tate (2008, p. 25), who found that: "Those higher in authentic leadership were less likely to overestimate their ratings of themselves as leaders". Also, in this research Table 20 shows that the discrepancy between self-assessed and perceived AL is smaller in the (Sales) department, where the AL of the leader is higher compared to the average in the company and in the two other departments. Therefore, the measure of perceived AL demonstrates higher accuracy than the self-assessment method. In this study (Table 21), the perceived AL by followers shows a greater correlation to PPC ($r = 0,94$) than the AL measured by self-perception ($r = 0.55$). This converges with the findings of Marič, Dimovski et al. (2013), who developed and proposed a "Supervisor authentic leadership measure" as being more precise than the previous ALQ.

A contribution made by this study is in the empirical measuring of AL and PPC and their interrelation. This study contributes to studying AL and PPC in a country and culture very different than those where most of the other studies in the literature have been performed, i.e. mainly in the USA and Canada (Gardner et al., 2011). Furthermore, it confirms that the AL measurement methodology and questionnaires present valid data when adapted and used in Macedonia.

Further studies could research the level of AL and PPC before and after training interventions; and they could also measure the profitability and productivity of a company before and after the training intervention in order to validate a company's competitiveness, i.e. to quantify the increase in competitiveness as a result of increased PPC and AL, also quantifying the ROI in PPC development

The results observed per department indicate that PPC and AL are highest in the Sales department and lowest in the Damages department. Reviewed from a gender perspective, the results of the survey did not show any significant difference. This indicates that there is no significant difference of PPC between genders. Also, the comparison of how both genders perceive the authenticity of leaders shows equal values, indicating that males and females have an equal perception of authenticity. This indicates that gender does not influence the level of PPC and AL in Triglav Osiguruvanje. This is in contrast with the findings of Wooley et al. (2011), whose survey conducted in the USA found differences in the effects of AL on the PPC of women and men.

Linking the results of the two theoretical concepts together with the quantitative research, some basic case-study-related conclusions emerged. The research results obtained from the Triglav Osiguruvanje case study clearly confirm the main research thesis of this paper as to the interrelation between the level of AL and PPC, reaffirming the theoretical standings stating that the authenticity of leaders influences the level of PPC in a company. The answer to the first research question (R1), as to whether the authenticity of the leader corresponds to the existing level of PPC in the company, is positive. This arises from the research results obtained which suggests that there is a significant interrelation between the level of AL and PPC in Triglav Osiguruvanje:

- The average values of PPC and perceived AL measured per department and for the entire company demonstrate similar levels (Table 20);
- The correlation coefficient of the average level results for PPC and perceived AL of the department leaders rates at 0.94, clearly implying that there is a strong relationship between PPC and Authenticity of the leader (Table 21);
- The correlation coefficient of the PPC and AL resulting from the self-evaluation rates at 0.55, indicating a lower correlation between PPC and self-evaluated AL, thereby

raising concern as to the capacity of the employees to provide objective responses and indicating the need for taking measures to develop aspects of self-awareness (Table 21).

The conclusion in regard to the second research question (R2), as to whether the authenticity of the leaders influences the development of PPC in the company, is positive. This question is answered by analysing the correlation coefficients calculated and presented in Table 21. These values lead to the conclusion that the existing level of PPC in the company is influenced by the level of authenticity of the leaders, as measured by the perception of the followers.

The conclusion in regard to the third research question (R3), as to whether the instruments for measuring AL and PPC are adaptive and applicable in the context of the Republic of Macedonia, is positive. Questionnaires adapted and translated into Macedonian provided sufficient reliability of the results. The Cronbach's alpha of the questionnaires measures high values (Table 8), which shows that they present reliable results. In addition, the respondents did not present any issue or problem during the survey.

3.6 Limitations of the research and further implications

Drafting this case study and performing the survey faced several limitations. The most significant limitation is that the survey is based on self-reported data and is thus limited to the subjective perceptions and opinions of the respondents. The commitment and honesty of staff in answering such questions is always a challenge. Triangulation of data is performed to abolish these effects. Certain biases in responses are noticed when self-evaluation questionnaires show significantly higher average values compared to the evaluation of the authenticity of leaders. Despite attempting to achieve full objectivity, some aspects of the study are probably influenced by the researcher's personal biases and idiosyncrasies. Another limitation arises from the author's being a non-native speaker of English, which may reduce the extent to which certain ideas are articulated in this study in terms of the most appropriate words and sentence construction.

Anonymity and confidentiality were guaranteed to participants in the study. However, several respondents returned blank questionnaires, while others did not declare their age, gender or department. Because of these attitudes, an additional non-respondents group was introduced. Later it was found that this group had no significant statistical relevance and it was excluded from further comparison. From the available data it is impossible to identify the reason behind this non-declaration, whether it was a matter of simple negligence or that those individuals were concerned about their anonymity. Such problems would cease to exist if the level of AL and PPC in the company were increased.

Company employees have some experience of participating in outsourced surveys, especially in surveys measuring corporate culture. This might induce 'survey fatigue' and create a negative attitude towards further surveys. However, the results still outline the general trends and needs for further development of the staff and leadership in the company.

3.7 Implications for the leadership of the company

Recommendations for the leadership of Triglav Osiguruvanje are grounded in the studied literature and the available theoretical and practical research studies published in leading journals, as well the results received from the case study performed. The average levels of AL and PPC measured in this study demonstrate values that require further improvement. In particular, scientists have demonstrated strong links between the level of PPC and the level of company competitiveness, meaning that it is to be expected that if Triglav Osiguruvanje manages to build increased PPC then this will build additional competitive advantages.

Interventions should focus on building the authenticity of the leaders, which in turn will eventually transmit to the followers. All components of AL require improvement. Balanced processing is significantly lower than other components, which shows that the employees are not significantly involved in decision-making within the company. This further indicates that the management tend to make decisions without sufficient consultation with employees. In today's economy, described as a reverse pyramid wherein the front line sales staff has the information and feedback from the market, employees have much more to share and say to the management. Regular meetings would be a simple response to this shortcoming. Devising and installing mechanisms to facilitate and stimulate greater collection and circulation of information within the company should also be considered.

In general, the management of Triglav Osiguruvanje should be following methods and techniques for AL development described in chapter 1.5. As a simplified summary of the research, this refers to the following actions: first, recruiting individuals with capacities to develop AL; providing training, coaching and mentoring by senior colleagues; initial interventions by outsourced specialized training institutions. Moreover, the company should provide resources for AL development and introduce mechanisms to measure and value AL through the provision of incentives.

With regard to the results of the level of PPC and its components, significantly low levels were obtained in the areas of Resilience (3.31) and Optimism (3.46). With regard to the

results obtained per department, the lowest values were observed in the Damages department. Those are the aspects that need particular attention, while not neglecting others. In particular, the Damages department should be transformed into a generator of new customers in the future. Also, during the mystery-shopping and observation of the work of different departments, the observations and experiences with the Damages department were not positive. The leadership of the company should explore opportunities to increase AL as a vehicle for further PPC development. The utilization of the features presented here can contribute towards bringing new aspects of competitive advantage in the market. This is particularly important given the potential effects achieved in a short time at a relatively low cost compared to other interventions.

The leadership of the company should consider organizing training interventions for the senior management to develop their authenticity. Regular measurement and monitoring of the development of all aspects of AL and PPC, together with securing the full commitment and sincere participation of all personnel in the surveys, could provide clear and very focused indications for further specific interventions. Following the confirmed studies from other countries and research studies, this will bring many benefits for the company.

CONCLUSIONS

This thesis defines and presents the scientific and practitioners' standpoints as to the definition and key constructs of the concepts of AL and PPC, sometimes defined as management practices, sometimes defined as patterns of a leadership behaviour.

Firstly, the researchers in the field agree that AL is a continuous functional process which primarily influences the creation and maintenance of PPC as well as building a system of values and integrity, providing trust, hope, optimism, flexibility, sincerity, and honesty of managers as leaders. This is achieved by demonstrating self-awareness and internalized moral perspective, balanced processing of information and relational transparency.

Secondly, such performance on the part of leaders influences the relationships, attitudes and behaviours of employees. They develop ethical responsibility and self-regulation, while also developing their followers as authentic leaders, fostering positive self-development by identifying people's talents and helping them build these talents into strengths.

Thirdly, the values that are created will influence the design of the proper identity of the organization, as well as the utilization of the human capacities and strengths known as positive organizational behaviour.

Fourthly, all of the abovementioned functional elements will motivate employees to perform beyond expectations. They will deliver improved results, providing unique customized services and products and creating value by doing things differently from the company's rivals.

Finally, all these psychological states, correlated with authentic leadership, contribute to achieving above-average performance over a longer period of time. Such veritable sustained performance creates competitive advantage that cannot be duplicated by others and results in creating longstanding values for shareholders.

A common factor in the overall process is the authenticity of a company's leadership; but equally important is the perception of others of the leadership as being such. The question as to how to develop AL in a company relates to providing organizational behaviour that supports the fundamental assets of the AL and their development. In order to introduce AL in a company, the most important inevitable containing parts that should be regularly measured, developed, and effectively managed are as follows: positive psychological capital, composed of confidence, optimism, hope and resiliency; self-awareness on the part of the leader; capacities for the development of moral virtues, ethics and capacities for self-regulation of followers. Finally, there are number of mechanisms of influence, methods and techniques defined for the development of each of the basic AL elements. Which method or technique will apply in a particular case depends on the assessment as to which constructing elements of AL need to be introduced or strengthened and to what extent.

Avolio and Gardner (2005) suggest veritable and sustained performance as another component of authentic leadership. Luthans, Youseff and Avolio (2007) and Luthans et al. (2004) have proved that an existing high level of PPC is a competitive advantage for a company. Therefore, the study indirectly suggests that any investment in developing AL and PPC in Triglav Osiguruvanje will inevitably increase the competitive advantage of the company. The existing levels measured with this research suggest that there is significant room for improvement. Regular measuring of existing AL and PPC would provide insight into the impact arising from any change in management or introduction of new practices. Further improvement and adjustment of the measuring instruments is also possible.

The good results that the new management demonstrated in 2013 provide ground for hope that by implementing some of these recommendations and increasing AL and PPC the company can improve their market share and increase profitability. A general recommendation to the management would be to engage in AL development and to take measures for increasing the PPC of the employees. A number of methods and techniques for doing so are described in the text. Out of four AL components, the lowest value noted relates to balanced processing. Following the presented suggestions, this might be easiest

to improve by simply introducing and adhering to certain principles, such as improving the flow of information of practices to collect more information and opinion from all interested stakeholders before making final decisions. Other suggestions are presented in the text, including suggestions for improvement through short training interventions with the management.

Along with building AL, the company should not neglect direct interventions to increase PPC. We will mention only some well-known interventions that are easy to implement and require less financial investments. The company can invest in the development of PPC by the following actions: providing positive feedback (enhances confidence); fostering participatory planning and establishing manageable sub-goals and targets; empowering and delegating; undertaking regular reviews and constantly exploring alternative courses of action (enhancing hope); celebrating positive achievements, even including small successes and accomplishments (builds optimism); while enhancing resilience probably requires slightly more complex interventions to enhance organizational learning.

In his famous book *The Art of War*, written 2,400 years ago, Sun Tzu introduced elements of authentic leadership by saying: “And therefore the general who in advancing does not seek personal fame, and in withdrawing is not concerned with avoiding punishment, but whose only purpose is to protect the people and promote the best interests of his sovereign, is the precious jewel of the state ... few such are to be had.” (X.I9) (Mc. Neilly, Mark, 1996, p. 117). After so many centuries, the world has not changed: it is still the people that make the difference in the battlefield of the modern global economy.

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APPENDICES

LIST OF APENDICES

Appendix A: List of Frequently Used Abbreviations.....	1
Appendix B: Interview Guide with the Leaders of Triglav Macedonia	2
Appendix C: Questionnaire for Assessment of PPC	3
Appendix D: Supervisors AL Measure	5
Appendix E: Followers AL Measure.....	7
Appendix G: Symbols Used in the Tables With Results from the Surveys	9
Appendix F: Responses to Questionnaire for Assessment of PPC.....	10
Appendix H: Mean Values Calculated from the Responses to Questionnaire for Assessment of PPC.....	12
Appendix I: Responses to Supervisors Authentic Leadership Measure.....	13
Appendix J: Mean Values from Supervisors AL Measure.....	15
Appendix K: Responses from the Followers AL Measure.....	16
Appendix L: Mean Values Calculated from the Followers AL Measure.....	18
Appendix M: PPC Responses Calculated per Gender.....	19

Appendix A: List of Frequently Used Abbreviations

AF – Authentic followers

AL – Authentic leadership

ALQ – Authentic leadership questionnaire

ALI – Authentic leadership inventory

POB – Positive organizational behavior

PPC – Positive psychological capital

PsyCap – Psychological capital

PCQ – Psychological capital questionnaire

ROI – Return of investment

Appendix B: Interview Guide with the Leaders of Triglav Osiguruvanje

Objectives:

- 1) to learn some of the needed background information needed to structure a questionnaire and to conduct a survey of the existing AL and PPC in the company;
- 2) to introduce the details on the survey and the benefits for the company;

Technical details about the company

Enquiry and defining the following:

- Structure of the organization set up sectors, units, branch offices, number of employees fulltime / part time
- Names of heads of sectors/units that will be interviewed

Questions

- 1) Triglav Osiguruvanje is leader in the insurance market with biggest market share; please describe current status of the competition on the insurance market in Macedonia.
- 2) What are the competitive advantages of your company? What are your future plans?
- 3) Can you describe the current corporate culture in your company?
- 4) Are you satisfied with the current inter-personal relations in the company? Do you have certain concerns and do you see some need for improvement?
- 5) Could you name the values your company follows in decision making? Can you name the values your leaders follow in the decision making?
- 6) Are the employees aware of the moral standards and values you practice?
- 7) Are the decisions you make in line with some kind of value system you follow?
- 8) Please describe how do you secure oversight and control of the performance/work of the staff?
- 9) When your employees face situation they are not capable/knowledgeable in the task they have to perform, whom do they ask for clarification and/or support?
- 10) Please describe the process how decisions are made in the company? Setting the prices; introducing new products?
- 11) Do you consider suggestions from the staff when designing a new product or price of the product? How do you collect opinion of the staff incorporated in the set company strategies?
- 12) Please describe the process of setting the company strategies?
- 13) Do you collect information or feedback from the staff in the field? How do you do that?
- 14) How do you communicate new decisions, strategies to the employees? How do you update the staff on the current situation in the company and/or Insurance market?

Appendix C: Questionnaire for Assessment of PPC

Dear Sir or Madam,

Below are statements about you with which you may agree or disagree. Using the following scales, indicate your level of agreement or disagreement. It will take approximately 5 minutes to answer all questions. Lets add that there is no right or wrong answers, but answers only reflect your opinions or positions in different work situations. The questionnaire is anonymous!

Gender
M <input type="checkbox"/> <input type="checkbox"/>

Filling in the data about your age **is not obligatory**:

Age:
<input type="checkbox"/> Up to 29 <input type="checkbox"/> 30 - 39 <input type="checkbox"/> 40 - 49 <input type="checkbox"/> 50 +

Q0 Self-evaluation questionnaire

Sector
<input type="checkbox"/> Sales <input type="checkbox"/> Damages <input type="checkbox"/> Others

While answering the questions please imaging some situation from your every day work
In replying please please use the following graduation: 1 – “strongly disagree”; 2 – “disagree”; 3 – “nor agree, nor disagree”; 4 – “agree”; 5 – “strongly agree”).

Q0 – Self evaluation of the employees					
1. In meetings with my coworkers and the managers I feel free to present my personal opinion.	1	2	3	4	5
2. When I face problem in my work I am able to find several different solutions to overcome them.	1	2	3	4	5
3. I am finishing with success all the tasks I am given	1	2	3	4	5
4. I get disappointed if my proposal is not accepted by the coworkers (management).	1	2	3	4	5
5. I can contribute with concrete idea to improve the company strategy.	1	2	3	4	5
6. I can think of many ways how to reach my goals /objectives	1	2	3	4	5
7. I face many problems in my work	1	2	3	4	5
8. I always get stressed when I have to work on a new project (task)	1	2	3	4	5
9. I feel confident providing my opinion when the company (or my department) is setting its targets and goals.	1	2	3	4	5
10. I face desperate situation in my work.	1	2	3	4	5
11. In my opinion the people have good intentions.	1	2	3	4	5
12. I feel uncomfortable when I face new situation (new surrounding).	1	2	3	4	5
13. I feel confident discussing and proposing solutions to the problems of the company.	1	2	3	4	5
14. I always finish what I had plan and set as my goal.	1	2	3	4	5
15. The objectives that are expected from me are realistically set and achievable.	1	2	3	4	5
16. I feel unpleasant when the work conditions (environment) are changing.	1	2	3	4	5

Previous questionnaire was made in accordance considering and consulting existing literature and questionnaires from various authors as follows: Luthans, F., Avolio, B., J., Avey, J., B. & Norman, S., M. (2007). Psychological capital: Measurement and relationship with performance and satisfaction. *Personnel Psychology*, 60, 541-572.

Susan B. Wilkes, Terry L. Hight, John D. DelCarmen, and Melissa I. Figueiredo (2003). Team Hope Survey: Enhancing Performance in Teams. *The Pfeiffer Library Volume 12, 3rd Edition*. John Wiley & Sons, Inc.

Mowbray, D. (March 2010). The eight steps to resilience at work www.orghealth.co.uk
derek.mowbray@orghealth.co.uk

Appendix D: Supervisors AL Measure

Dear Sir or Madam,

With this questionnaire we are asking you about your superiors level of authenticity. We ask of you to please solve the following questionnaire in which **you will be assessing your manager**. It will take approximately 5 minutes to answer all questions. Lets add that there is no right or wrong answers, but answers only reflect your opinions or positions.

The questionnaire is anonymous!

Gender
M <input type="checkbox"/> <input type="checkbox"/>

Filling in the data about your age **is not obligatory**:

Age:
<input type="checkbox"/> Up to 29 <input type="checkbox"/> 30 - 39 <input type="checkbox"/> 40 - 49 <input type="checkbox"/> 50 +

Q0 Self-evaluation questionnaire

Sector
<input type="checkbox"/> Sales <input type="checkbox"/> Damages <input type="checkbox"/> Others

While answering the questions please imaging some situation from your every day work
In replying please please use the following graduation: 1 – “strongly disagree”; 2 – “disagree”; 3 – “nor agree, nor disagree”; 4 – “agree”; 5 – “strongly agree”).

Q2 – Evaluation of the immediate supervisor					
1. My supervisor is aware of the influence he/she have on the employees.	1	2	3	4	5
2. In discussions the others are clear with the position (opinion) of my supervisor.	1	2	3	4	5
3. My supervisor make decisions based on facts and not only because of his/her personal wish (opinion).	1	2	3	4	5
4. My supervisor addmits if his/her decision was wrong / mistaken.	1	2	3	4	5
5. My supervisor is aware which are his/her strongests capacities.	1	2	3	4	5
6. My supervisor makes decisions following certain priciples (values).	1	2	3	4	5
7. Prior making decision my supervisor seeks and reviews several alternative different possibilities.	1	2	3	4	5
8. My supervisor shares the information with the employees.	1	2	3	4	5
9. My supervisor seeks ways how to improve his/her work.	1	2	3	4	5
10. Interlocutors can clearly see on the face of my supervisor what his/her opinion on the issue is.	1	2	3	4	5
11. My supervisor makes additional questions to clarify if he/she had understand right the proposed idea.	1	2	3	4	5
12. My supervisor makes decisions (judgments) individually, withough others influence or pressure.	1	2	3	4	5
13. My supervisor pursue his/her personally set goals.	1	2	3	4	5
14. Interlocutors can predict the opinion (position) of my supervisor following previous experiences.	1	2	3	4	5
15. My supervisor reviews all positive and negative aspects before making final decision.	1	2	3	4	5
16. My supervisor does not adjust (change) his/her opinion (position) in accordance to the intrelocutor.	1	2	3	4	5

Supervisors AL measure were adapted from the existing and recognized questionnaires as follows: (1) ALQ by Bruce J. Avolio, William L. Gardner, and Fred O. Walumbwa (2007); (2) ALI by Linda L. Neider and Chester A. Schriesheim, (2011) and (3) Supervisors AL measure by Maric, Dimovski, Djurica, Cerne and Djurica, (2013).

Appendix E: Followers AL Measure

Dear Sir or Madam,

With this questionnaire we are asking you about your superiors level of authenticity. We ask of you to please solve the following questionnaire in which **you will be assessing your manager**. It will take approximately 5 minutes to answer all questions. Lets add that there is no right or wrong answers, but answers only reflect your opinions or positions.

Gender
M <input type="checkbox"/> F <input type="checkbox"/>

Filling in the data about your age **is not obligatory**:

Age:
<input type="checkbox"/> Up to 29 <input type="checkbox"/> 30 - 39 <input type="checkbox"/> 40 - 49 <input type="checkbox"/> 50 +

Q1 Self-evaluation questionnaire

Sector
<input type="checkbox"/> Sales <input type="checkbox"/> Damages <input type="checkbox"/> Others

While answering the questions please imaging some situation from your every day work
In replying please please use the following graduation: 1 – “strongly disagree”; 2 – “disagree”; 3 – “nor agree, nor disagree”; 4 – “agree”; 5 – “strongly agreee”).

Q1 – Self evaluation of the employees					
1. My behaviour influences my colleagues and coworkers	1	2	3	4	5
2. In discussions the others are clear with my position (opinion).	1	2	3	4	5
3. I always make decisions based on facts and not only because of my personal wish (opinion).	1	2	3	4	5
4. I admit if my decision was wrong / mistaken	1	2	3	4	5
5. I am aware which are my strongest capacities	1	2	3	4	5
6. I make decisions following certain principles (values).	1	2	3	4	5
7. Prior making decision I seek and review several alternative different possibilities.	1	2	3	4	5
8. I share the information I have with my colleagues and supervisors.	1	2	3	4	5
9. I seek ways how to improve my work.	1	2	3	4	5
10. My interlocutors can see on my face what my opinion on the issue is.	1	2	3	4	5
11. I make additional questions to clarify if I have understood right the interlocutor.	1	2	3	4	5
12. I make decisions (judgments) individually, without others influence or pressure.	1	2	3	4	5
13. I pursue my personally set goals.	1	2	3	4	5
14. My counterparts can predict my opinion (position) following previous experiences.	1	2	3	4	5
15. I review all positive and negative aspects before making final decision.	1	2	3	4	5
16. I do not adjust (change) my opinion (position) in accordance to the interlocutor.	1	2	3	4	5

Followers AL measure were adapted from the existing and recognized questionnaires as follows: (1) AL questionnaire by Bruce J. Avolio, William L. Gardner, and Fred O. Walumbwa (2007); (2) ALI by Linda L. Neider and Chester A. Schriesheim, (2011) and (3) Supervisors AL measure by Maric, Dimovski, Djurica, Cerne and Djurica, (2013).

Appendix F: Symbols Used in the Tables with Results from the Surveys

A1 – Ordinal number of the questionnaires. Each questionnaires is given a code number, codes from 100 – 105 are given to the responses from management positions.

A2 – Positions of the respondents (1) employees and (2) leaders

Q1 – Gender of respondents (1) male and (2) female

Q2 – Age group of respondents (1) up to 29; (2) 30 – 39; (3) 40 – 49; (4) 50 +

Q3 – Department (1) Sales; (2) Damages; (3) Others.

V1 – V16 - Variables, questions as given in the questionnaire

Appendix G: Responses to Questionnaire for Assessment of PPC

A1	A2	Q1	Q2	Q3	V1	V2	V3	V4	V5	V6	V7	V8	V9	V10	V11	V12	V13	V14	V15	V16
1	1	1	1	1	4	3	4	5	5	5	5	3	4	3	2	5	5	4	4	1
2	1	1	2	1	4	3	4	2	5	4	2	4	3	2	5	5	4	4	4	4
3	1			1	2	3	4	1	5	5	1	4	5	2	3	5	5	5	5	1
4	1	1	3	1	4	4	4	3	4	3	2	3	4	3	5	2	4	4	4	4
5	1	2	3	1	3	4	5	3	5	5	2	3	4	3	3	3	4	5	3	2
6	1	2	2	1	5	4	5	4	5	4	3	5	3	5	5	5	3	5	5	3
7	1	1		1	5	5	5	2	5	5	5	5	5	5	3	5	5	5	5	2
8	1	1		1	4	5	5	4	4	4	3	5	4	5	2	5	4	5	4	4
9	1	1	3	1	5	5	4	1	5	5	1	2	4	1	3	3	4	4	5	1
10	1	1	3	1	4	4	4	3	4	5	4	4	5	4	4	5	5	4	4	4
11	1	1		1	5	5	5	1	4	5	4	5	4	5	4	5	3	4	5	1
12	1	1	4	1	5	5	5	2	5	4	1	2	5		1	5	3	5	5	1
13	1	2	4	1	4	5	4	5	3	4	5	4	2	5	4	4	3	4	5	2
14	1	2	1	1	4	4	4	4	4	2	4	4	3	5	2	4	3	2	5	4
15	1	2	4	1	2	2	5	1	2	2	2	2	2	2	2	2	2	4	4	2
16	1	1	2	1	5	5	3	5	5	5	1	5	3	1	2	5	5	3	3	5
17	1	1	2	1	4	4	5	3	5	5	4	2	5	4	1	5	5	4	4	2
18	1	2	1	1	5	4	4	5	3	3	3	5	4	4	2	5	3	4	4	3
58	1	1	3	1	5	4	4	1	4	5	3	2	5	3	2	2	5	4	4	1
19	1	1	4	2	5	5	5	1	5	5	1	5	5	5	1	5	5	5	4	1
20	1	1	2	2	3	5	5	2	4	4	2	4	3	3	3	3	1	5	4	3
21	1	1	3	2	2	4	4	1	3	4	2	2	4	2	4	2	4	4	4	2
22	1	2		2	3	4	4	2	5	4	1	3	4	1	1	4	4	4	4	2
23	1	1	2	2	3	5	5	2	4	5	3	4	5	5	5	2	4	5	4	2
24	1	2	2	2	2	5	4	4	4	5	1	2	4	1	2	4	4	5	5	2
25	1	2	3	2	2	4	5	1	5	5	2	2	4	4	2	1	2	4	4	2
26	1	2	4	2	3	2	5	4	2	4	4	5	2	5	3	2	3	4	5	1
27	1		4	2	4	2	3	4	4	2	2	5	3	5	4	5	3	5	5	3
28	1	1	2	2	4	4	5	2	4	4	3	2	5	2	4	4	4	4	3	2
29	1	2	3	2	4	5	5	3	4	5	1	3	3	5	3	5	3	5	5	3
30	1		2	2	4	3	4	4	4	2	4	2	2	5	1	4	2	4	4	3
31	1	2	4	2	4	3	4	3	2	2	4	3	3	4	3	4	3	4	4	2
61	1	1		2	5	1	5	1	3	4	1	3	5	5	1	2	5	5	4	1
32	1	2	3	3	4	4	4	2	3	4	2	2	4	3	4	2	4	4	4	2
33	1	2	2	3	2	5	5	4	4	5	3	4	5	4	3	4	4	4	4	3
34	1	2	2	3	1	3	5	3	3	3	4	5	3	3	3	4	2	4	4	1
35	1	2		3	4	4	5	3	3	4	4	2	3	4	2	3	3	4	4	3
36	1	2	4	3	5	2	4	5	4	3	2	4	4	2	3	4	4	4	4	4
37	1	1	3	3	3	3	3	3	3	3	1	3	3	1	3	3	3	3	3	3

A1	A2	Q1	Q2	Q3	V1	V2	V3	V4	V5	V6	V7	V8	V9	V10	V11	V12	V13	V14	V15	V16
38	1	2		3	4	4	5	2	4	4	2	2	4	2	4	2	5	4	4	2
39	1	2		3	4	4	5	3	3	4	3	5	4	5	4	4	2	4	4	3
40	1	2	2	3	4	4	4	4	4	4	3	4	4	3	3	3	3	4	4	3
41	1	1	2	3	5	4	4	5	3	4	2	5	4	3	3	3	4	4	4	3
42	1	2	3	3	3	4	4	3	3	4	2	2	3	2	3	4	4	4	4	1
43	1	2	2	3	4	2	4	3	3	4	1	1	3	1	1	1	3	4	2	1
44	1	1	2	3	1	3	4	5	1	4	1	2	3	3	1	4	3	3	3	1
45	1	2	3	3	4	3	4	3	4	4	4	3	4	3	3	3	4	3	4	2
46	1	2	2	3	4	5	5	2	3	5	2	5	4	5	3	4	5	3	5	4
47	1	1	2	3	3	1	5	5	3	5	1	5	4	1	5	5	5	5	1	3
48	1	1	2	3	4	4	4	3	4	4	3	4	3	4	2	3	3	4	5	3
49	1			3	2	3	4	3	4	4	2	4	4	4	3	5	4		4	4
50	1	2	3	3	4	4	5	2	3	3	3	1	4	2	5	1	4	3	3	2
51	1	2	2	3	2	3	4		4	2	4	4	2	2	2	4	3	3	3	2
52	1	1	3	3	5	5	3	2	3	4	3	5	4	5	4	5	4	4	3	2
53	1	1		3	2	2	5	5	4	4	5	2	4	4	2	2	4	3	4	4
54	1	2	4	3	4	4	5	2	5	5	2	2	4	4	2	4	4	4	4	2
55	1	2	3	3	5	5	5	4	4	4	4	2	5	4	4	4	5	4	4	2
56	1			3	1	4	4	3	5	5	3	5	3	4	1	5	4	4	1	5
57	1	1	3	3	3	2	4	3	3	4	2	3	4	5	4	3	4	4	4	3
59	1	2	2	3	2	5	5	4	4	5	2	5	5	4	3	2	5	5	5	3
60	1			3	1	5	5	5	3	5	2	5	5	5	1	5	4	4	4	3
62	1			3	3	5	5	3	4	4	4	4	2	4	3	4	2	5	4	4
63	1	1	1	3	5	5	5	3	4	4	3	3	3	3	2	5	3	3	4	2
70	1	2	2	3	1	5	5	3	5	5	4	1	5	4	3	1	5	5	4	1
71	1	2	2	3	5	5	5	4	3	5	2	3	4	4	3	3	5	5	5	3
72	1	1	4	3	5	4	5	3	4	3	5	5	3	5	4	3	4	5	5	3
100	2	1	1	3	4	3	4	3	4	4	5	2	3	5	1	4	3	4	4	2
101	2	1	2	3	2	5	4	5	5	5	1	2	5	3	3	4	4	4	4	4
102	2	1	2	3	5	5	5	4	5	5	5	5	5	5	1	5	5	5	5	5
103	2	2	4	3	4	4	5	1	4	5	3	4	5	4	4	5	4	5	4	3
104	2	2	4		5	5	5	4	5	5	3	5	5	5	4	5	5	5	5	5
64	1	2			3	1	4	4	1	3	4	1	1	4	1	1	1	2	4	1
65	1	2	3		3	4	4	3	3	4	2	5	3	3	1	4	4	2	3	1
66	1	2	4		4	4	5	3	4	4	1	5	4	3	5	5	5	3	3	5
67	1				1	2	5	5	1	5	2	5	5	2	3	5	4	5	3	3
68	1	2	4		2	4	4	2	2	4	2	3	4	4	1	4	2	4	4	2
69	1	2	2		5	4	4	3	4	4	2	5	4	4	2	5	4	4	5	2

Appendix H: Mean Values Calculated from the Responses to Questionnaire for Assessment of PPC

	V1	V2	V3	V4	V5	V6	V7	V8	V9	V10	V11	V12	V13	V14	V15	V16	PPC	SD
Sales	4.16	4.11	4.37	2.89	4.32	4.21	2.89	3.63	3.89	3.44	2.89	4.21	3.95	4.16	4.32	2.47	3.74	0.63
Damages	3.43	3.71	4.50	2.43	3.79	3.93	2.21	3.21	3.71	3.71	2.64	3.36	3.36	4.50	4.21	2.07	3.42	0.75
Other	3.30	3.79	4.48	3.34	3.55	4.06	2.73	3.39	3.73	3.39	2.91	3.39	3.79	3.94	3.76	2.64	3.51	0.49
N/A	3.00	3.17	4.33	3.33	2.50	4.00	2.17	4.00	3.50	3.33	2.17	4.00	3.33	3.33	3.67	2.33	3.26	
Management	4.00	4.40	4.60	3.40	4.60	4.80	3.40	3.60	4.60	4.40	2.60	4.60	4.20	4.60	4.40	3.80	4.13	
Total	3.56	3.84	4.45	3.07	3.77	4.12	2.68	3.48	3.81	3.53	2.78	3.71	3.74	4.09	4.01	2.55	3.57	

Appendix I: Responses to Supervisors Authentic Leadership Measure

A1	A2	Q1	Q2	Q3	V1	V2	V3	V4	V5	V6	V7	V8	V9	V10	V11	V12	V13	V14	V15	V16
1	1	1	1	1	4	1	4	4	2	4	3	3	3	4	3	5	3	5	3	1
2	1	1	2	1	4	5	4	4	4	4	4	5	5	4	3	4	5	4	4	4
3	1			1	2	4	2	3	4	2	2	2	2	4	4	1	4	3	2	2
4	1	1	3	1	5	5	5	4	4	4	5	5	5	5	4	3	4	4	5	4
5	1	2	3	1	4	4	3	3	4	3	4	3	4	4	5	3	5	3	5	4
6	1	2	2	1	5	5	5	4	5	5	5	5	5	5	4	5	5	5	5	5
7	1	1		1	4	5	5	5	5	5	5	5	5	5	4	4	5	5	5	5
8	1	1		1	5	5	5	3	3	4	4	3	5	4	4	3	3	1	5	1
9	1	1	3	1	5	4	5	5	5	5	5	5	5	5	5	4	5	4	5	5
10	1	1	3	1	4	4	5	4	4	5	5	4	5	5	5	4	5	4	5	4
11	1	1		1	4	4	5	3	4	5	5	5	5	5	5	5	5	5	5	1
12	1	1	4	1	5	3	3	1	1	1	3	2	1	1	1	3	5	3	4	5
13	1	2	4	1	4	4	5	3	3	5	5	4	4	4	4	2	3	4	5	4
14	1	2	1	1																
15	1	2	4	1	4	4	4	3	4	4	4	3	4	4	4	3	4	4	4	3
16	1	1	2	1	5	5	5	5	5	5	5	5	5	5	5	5	3	3	5	5
17	1	1	2	1	3	3	3	1	3	3	4	4	3	4	4	1	2	3	4	2
18	1	2	1	1	4	4	4	4	5	4	4	4	5	5	4	4	5	4	4	4
58	1	1	3	1	5	5	5	4	4	4	5	5	5	5	5	4	1	3	5	5
19	1	1	4	2	5	4	1	1	1	1	1	1	1	1	1	1	2	1	1	1
20	1	1	2	2	4	5	4	4	4	4	5	4	4	5	4	3	5	5	5	4
21	1	1	3	2	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4
22	1	2		2	5	3	2	2	1	1	2	2	3	3	3	4	5	3	3	3
23	1	1	2	2	4	4	4	4	4	4	3	3	3	4	4	3	3	4	3	4
24	1	2	2	2	5	3	4	5	5	5	5	4	4	5	3	2	4	4	5	5
25	1	2	3	2	5	5	5	4	4	4	4	2	4	4	4	4	5	5	5	5
26	1	2	4	2	4	5	5	5	5	4	5		4	4	4		4	5	4	5
27	1		4	2	5	4	4	3	2	4	4	5	3	4	4	3	4	4	5	5
28	1	1	2	2	3	4	3	1	2	2	3	4	2	4	2	4	3	3	4	3
29	1	2	3	2	3	4	3	3	4	3	3	4	3	4	3	3	4	3	4	3
30	1		2	2	4	4	3	4	4	4	4	4	4	4	4	4	4	4	4	4
31	1	2	4	2	3	3	3	2	3	3	3	3	3	3	3	3	3	3	3	3
61	1	1		2	2	2	4	3	4	4	4	5	3	4	4	3	3	3	4	4
32	1	2	3	3																
33	1	2	2	3	4	2	3	3	2	3	4	1	3	4	3	2	4	4	4	2
34	1	2	2	3	5	5	3	3	3	3	4	4	4	3	5	4	5	3	4	3
35	1	2		3	5	4	4	4	5	5	5	3	4	5	4	4	5	3	5	4

A1	A2	Q1	Q2	Q3	V1	V2	V3	V4	V5	V6	V7	V8	V9	V10	V11	V12	V13	V14	V15	V16
36	1	2	4	3																
37	1	1	3	3																
38	1	2		3																
39	1	2		3	4	4	4	4	4	4	4	4	4	4	3	3	3	1	4	4
40	1	2	2	3	4	4	3	3	4	4	4	4	4	4	4	4	4	4	4	3
41	1	1	2	3	5	5	5	5	5	5	5	4	5	5	4	4	3	3	5	3
42	1	2	3	3	4	4	4	2	2	2	3	4	4	4	5	4	5	4	3	3
43	1	2	2	3	3	1	1	1	3	3	3		3	3	1	1	2		1	1
44	1	1	2	3	2	2	2	2	2	2	2	1	1	2	3	3	4	1	1	2
45	1	2	3	3	5	4	4	4	4	3	3	4	4	3	4	4	3	4	3	1
46	1	2	2	3	5	5	5	4	5	5	5	3	5	5	2	3	5	3	5	5
47	1	1	2	3	1	1	1	1	1	1	1	2	1	2	2	1	3	3	1	1
48	1	1	2	3	5	4	4	2	4	4	4	2	3	4	2	3	2	2	4	2
49	1			3	4	4	5	4	4	5	4	4	4	2	3	4	4	3	5	4
50	1	2	3	3	4	4	3	3	2	2		3	4	5	5	4	3	3	2	5
51	1	2	2	3	4	3	3	3	4	4	3	2	3	3	3		3	3	4	3
52	1	1	3	3	3	4	3	4	4	4	4	3	3	4	3	3	4	4	4	3
53	1	1		3	3	3	3	3	3	3	3	3	3	4	4	3	5	5	3	3
54	1	2	4	3	3	3	3	4	4	3	4	2	4	3	4	3	4	4	4	3
55	1	2	3	3	5	4	4	4	5	5	4	4	5	5	4	4	4	5	4	4
56	1			3	5	3	5	1	5	5	5	1	5	3	1	2	5	3	4	5
57	1	1	3	3	4	5	4	4	4	5	5	4	5	4	4	4	4	5	5	5
59	1	2	2	3	2	3	4	3	3	3	3	3	3	3	3	4	3	3	3	3
60	1			3	1	4	1	1	2	1	1	2	1	3	3	3	3	2	1	3
62	1			3	5	5	3	3	2	4	3	2	3	4	5	5	5	5	4	4
63	1	1	1	3	4	4	5	5	5	5	4	3	4	5	5	5	5	4	3	4
70	1	2	2	3	5	4	4	3	5	5	5	3	4	5	5	5	5	5	5	5
71	1	2	2	3	5	5	5	4	4	3	3	4	3	4	4	5	5	4	4	3
72	1	1	4	3																
100	2	1	1	3	1	5	4	3	1	4	3	3	3	4	3	4	4	5	3	5
101	2	1	2	3	4	5	4	4	4	4	5	4	4	5	4	3	5	4	5	3
102	2	1	2	3	5	5	5	2	5	4	5	5	4	5	2	3	5	2	5	4
103	2	2	4	3	5	5	5	4	5	5	5	5	5	5	4	5	5	4	5	4
104	2	2	4		4	2	1	2	3	3	1	2	2	2	2	1	5	3	1	1
64	1	2			2	5	5	3	5	5	4	5	5	4	5	5	5	3	5	5
65	1	2	3		4	3	2	1	3	2	2	2	2	3	4	2		3	3	2
66	1	2	4		5	5	5	5	5	5	5	5	5	5	5	4	5	5	5	5
67	1				1	2	3	2	3	3	3	2	1	3	2	4	4	4	2	3
68	1	2	4		4	2	4	2	4	4	4	4	4	4	2	2	4	2	4	2

Appendix J: Mean Values from Supervisors AL Measure

	V1	V2	V3	V4	V5	V6	V7	V8	V9	V10	V11	V12	V13	V14	V15	V16	AL	SD
Sales	4.22	4.11	4.28	3.50	3.83	4.00	4.28	4.00	4.22	4.33	4.06	3.50	4.00	3.72	4.44	3.56	4.00	0.30
Damages	4.00	3.86	3.50	3.21	3.36	3.36	3.57	3.46	3.21	3.79	3.36	3.15	3.79	3.64	3.86	3.79	3.56	0.27
Other	3.89	3.68	3.50	3.11	3.57	3.61	3.63	2.93	3.54	3.75	3.50	3.48	3.93	3.44	3.54	3.25	3.52	0.26
N/A	3.20	3.40	3.80	2.60	4.00	3.80	3.60	3.60	3.40	3.80	3.60	3.40	4.50	3.40	3.80	3.40	3.58	
Management	3.80	4.40	3.80	3.00	3.60	4.00	3.80	3.80	3.60	4.20	3.00	3.20	4.80	3.60	3.80	3.40	3.74	
Total	3.94	3.86	3.74	3.19	3.63	3.70	3.80	3.43	3.64	3.94	3.59	3.40	4.01	3.57	3.87	3.46	3.67	

Appendix K: Responses from the Followers AL Measure

A1	A2	Q1	Q2	Q3	V1	V2	V3	V4	V5	V6	V7	V8	V9	V10	V11	V12	V13	V14	V15	V16
1	1	1	1	1	4	4	5	5	5	4	5	4	3	3	4	5	4	1	3	5
2	1	1	2	1	4	4	5	5	4	4	4	3	4	4	5	5	5	4	4	5
3	1			1	5	2	5	5	5	5	5	5	5	5	5	4	5	5	5	5
4	1	1	3	1	4	4	4	4	4	4	4	5	5	4	5	4	4	4	4	3
5	1	2	3	1	3	5	5	5	5	5	5	5	5	5	5	5	5	4	5	3
6	1	2	2	1	3	4	5	5	4	5	5	5	4	5	5	4	5	5	5	5
7	1	1		1	5	5	5	5	5	5	5	5	5	3	5	5	5	5	3	5
8	1	1		1	5	5	5	5	4	3	4	4	4	3	5	3	2	1	5	3
9	1	1	3	1	3	3	5	5	5	5	5	5	5	5	5	4	5	4	5	5
10	1	1	3	1	5	4	5	5	5	5	5	4	5	5	5	5	5	5	5	5
11	1	1		1	2	5	4	5	4	5	5	5	5	3	5	4	5	3	5	4
12	1	1	4	1	3	3	5	5	5	5	5	3	3	3	5	5	5	4	5	3
13	1	2	4	1	3	4	5	4	4	4	5	4	4	4	5	5	4	4	4	2
14	1	2	1	1	5	2	5	5	5	5	5	2	5	2	5	2	5	2	5	5
15	1	2	4	1	4	2	4	4	4	4	4	4	4	4	4	4	3	4	4	4
16	1	1	2	1	1	5	5	5	5	3	5	5	5	5	5	5	1	5	5	5
17	1	1	2	1	4	4	5	5	5	5	4	2	5	5	5	5	4	1	4	5
18	1	2	1	1	3	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5
58	1	1	3	1	3	4	5	4	5	5	4	5	5	5	5	5	5	5	4	4
19	1	1	4	2	4	4	5	5	5	5	5	4	4	5	4	5	5	5	5	5
20	1	1	2	2	4	4	5	5	5	4	4	5	3	4	5	4	5	3	5	4
21	1	1	3	2	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4
22	1	2		2	4	5	5	4	5	5	5	4	4	4	4	4	4	4	4	4
23	1	1	2	2	4	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5
24	1	2	2	2	2	3	5	5	4	5	5	2	5	2	5	5	5	1	5	4
25	1	2	3	2	5	5	5	5	5	5	5	5	5	5	4	5	5	5	5	5
26	1	2	4	2	1	4	3	5	5	5	5	3	2	2	5	4	1	3	5	5
27	1		4	2	1	3	4	4	3	4	5	5	4	1	3	3	1	1	4	5
28	1	1	2	2	5	4	5	5	5	4	5	5	5	4	5	4	4	3	5	5
29	1	2	3	2	4	5	5	4	5	5	5	5	5	4	5	5	5	4	5	4
30	1		2	2	3	4	4	4	4	5	4	4	4	4	4	4	4	3	4	5
31	1	2	4	2	1	4	4	4	5	4	5	5	5	4	4	4	4	4	4	5
61	1	1		2	3	4	5	5	5	5	5	5	5	5	5	5	5	5	5	5
32	1	2	3	3	4	4	5	5	4	5	5	5	5	5	5	5	5	5	5	5
33	1	2	2	3	4	5	5	4	5	5	5	5	5	3	5	4	5	5	5	5
34	1	2	2	3	1	3	5	5	4	4	4	4	3	3	4	4	4	3	4	4
35	1	2		3	3	3	4	5	5	4	4	4	5	3	4	3	4	3	5	4
36	1	2	4	3	5	2	4	4	4	4	4	4	4	4	4	4	5	4	5	5
37	1	1	3	3	5	3	4	4	4	5	4	3	4	3	4	3	3	3	3	4
38	1	2		3	4	4	4	5	5	4	4	4	5	5	5	5	5	5	5	5

A1	A2	Q1	Q2	Q3	V1	V2	V3	V4	V5	V6	V7	V8	V9	V10	V11	V12	V13	V14	V15	V16
39	1	2		3	3	3	4	4	4	4	4	4	4	3	4	3	3	1	4	4
40	1	2	2	3	4	4	4	5	5	5	5	5	4	4	5	4	3	4	5	4
41	1	1	2	3	4	4	5	5	4	5	5	5	5	3	5	4	4		5	1
42	1	2	3	3	2	3	5	4	4	5	4	4	4	2	5	4	2	4	4	4
43	1	2	2	3	5	4	4	4	4	4	5	3	4	1	5	3	1	1	5	4
44	1	1	2	3	1	1	5	5	5	5	5	5	3	5	5	1	1	1	5	5
45	1	2	3	3	4	4	2	2	4	4	4	3	1	1	5	4	3	3	3	3
46	1	2	2	3	4	4	5	5	5	5	4	5	5	5	5	5	4	5	5	5
47	1	1	2	3	3	1	5	5	5	5	5	5	5	1	5	5	5	1	5	5
48	1	1	2	3	3	4	5	5	4	4	4	3	4	2	4	4	2	2	5	4
49	1			3	3	4	4	5	5	4	5	4	3	3	4	3	5	3	5	4
50	1	2	3	3	4	3	3	4	4	4	4	4	4	4	5	4	5	4	4	4
51	1	2	2	3	3	3	4	2	3	3	4	4	4	4	4	3	3	3	4	3
52	1	1	3	3	5	5	5	4	4	5	5	5	5	4	5	5	4	5	5	5
53	1	1		3	1	5	5	5	5	5	5	5	4	5	5	4	5	5	4	1
54	1	2	4	3	5	4	5	5	5	5	4	5	5	5	4	5	4	4	4	5
55	1	2	3	3	4	4	4	5	5	5	5	5	5	4	5	4	4	4	5	4
56	1			3	1	3	5	4	4	4	5	4	1	3	4	1	4	3	5	5
57	1	1	3	3	4	4	4	5	4	5	5	4	4	4	5	4	5	4	5	5
59	1	2	2	3	4	5	5	5	5	5	5	5	5	3	5	4	5	3	5	5
60	1			3	1	5	5	4	5	4	5	1	1	5	5	5	5	4	5	5
62	1			3	3	4	5	4	4	4	4	5	5	4	5	3	4	4	5	3
63	1	1	1	3	1	4	4	3	3	4	4	4	4	4	5	5	5	4	4	4
70	1	2	2	3	4	5	5	5	5	5	5	5	5	5	5	3	4	4	5	4
71	1	2	2	3	5	5	5	5	5	5	5	5	4	4	5	4	5	4	5	4
72	1	1	4	3	5	4	5	5	5	5	5	5	5	4	5	3	5	4	5	5
100	2	1	1	3	5	4	5	5	5	4	3	3	4	3	3	4	5	5	5	5
101	2	1	2	3	4	3	1	2	2	3	3	3	3	2	4	2	4	2	3	4
102	2	1	2	3	5	4	5	5	5	5	4	5	4	2	5	5	5	3	5	1
103	2	2	4	3	4	4	5	4	5	5	5	5	5	4	5	5	4	4	5	2
104	2	2	4		5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5
64	1	2			1	5	5	5	5	5	4	4	4	4	2	5		4	5	5
65	1	2	3		4	4	4	3	4	4	4	4	4	5	4	3	3	4	4	4
66	1	2	4		4	4	4	5	5	5	5	5	5	5	5	3	4	5	5	3
67	1				2	2	5	4	5	5	5	3	5	2	5	5	4	1	5	5
68	1	2	4		4	4	4	2	3	4	4	4	4	4	4	4	2	3	4	4
69	1	2	2		4	5	5	4	4	5	4	3	4	5	3	5	4	4	3	5

Appendix L: Mean Values Calculated from the Followers AL Measure

	V1	V2	V3	V4	V5	V6	V7	V8	V9	V10	V11	V12	V13	V14	V15	V16	AL	SD
Sales	3.63	3.89	4.84	4.79	4.63	4.53	4.68	4.21	4.53	4.11	4.89	4.42	4.32	3.74	4.47	4.26	4.37	0.38
Damages	3.21	4.14	4.57	4.57	4.64	4.64	4.79	4.36	4.29	3.79	4.43	4.36	4.07	3.57	4.64	4.64	4.29	0.44
Other	3.39	3.73	4.48	4.42	4.42	4.52	4.55	4.27	4.06	3.58	4.70	3.79	3.97	3.50	4.64	4.15	4.14	0.43
N/A	3.17	4.00	4.50	3.83	4.33	4.67	4.33	3.83	4.33	4.17	3.83	4.17	3.40	3.50	4.33	4.33	4.05	
Management	4.60	4.00	4.20	4.20	4.40	4.40	4.00	4.20	4.20	3.20	4.40	4.20	4.60	3.80	4.60	3.40	4.15	
Total	3.48	3.88	4.57	4.48	4.51	4.55	4.57	4.23	4.25	3.77	4.61	4.10	4.08	3.59	4.57	4.23	4.22	

Appendix M: PPC Responses Calculated per Gender

PPC of the Male Respondents

	V1	V2	V3	V4	V5	V6	V7	V8	V9	V10	V11	V12	V13	V14	V15	V16	PPC
Sales	3,57	3,71	4,43	3,29	3,86	3,57	2,86	3,86	3,29	3,71	3,00	4,00	3,29	4,14	4,43	2,43	3,59
Damages	3,25	3,50	4,25	3,13	3,75	3,63	2,38	3,13	3,13	3,75	2,38	3,63	3,00	4,38	4,50	2,25	3,38
Other	3,17	4,00	4,61	3,18	3,70	4,13	2,78	3,26	3,83	3,39	2,87	3,30	3,83	4,00	3,83	2,61	3,53
N/A	3,00	3,17	4,33	3,33	2,50	4,00	2,17	4,00	3,50	3,33	2,17	4,00	3,33	3,33	3,67	2,33	3,26
Management	4,50	4,50	5,00	2,50	4,50	5,00	3,00	4,50	5,00	4,50	4,00	5,00	4,50	5,00	4,50	4,00	4,38

PPC of the Female Respondents

	V1	V2	V3	V4	V5	V6	V7	V8	V9	V10	V11	V12	V13	V14	V15	V16	PPC
Sales	4,16	4,11	4,37	2,89	4,32	4,21	2,89	3,63	3,89	3,44	2,89	4,21	3,95	4,16	4,32	2,47	3,74
Damages	3,43	3,71	4,50	2,43	3,79	3,93	2,21	3,21	3,71	3,71	2,64	3,36	3,36	4,50	4,21	2,07	3,42
Other	3,30	3,79	4,48	3,34	3,55	4,06	2,73	3,39	3,73	3,39	2,91	3,39	3,79	3,94	3,76	2,64	3,51
N/A	3,00	3,17	4,33	3,33	2,50	4,00	2,17	4,00	3,50	3,33	2,17	4,00	3,33	3,33	3,67	2,33	3,26
Management	4,00	4,40	4,60	3,40	4,60	4,80	3,40	3,60	4,60	4,40	2,60	4,60	4,20	4,60	4,40	3,80	4,13