The present study focussed on the effect of authentic leadership (AL), organizational trust (OT) and psychological empowerment (PE) on employee work ethics (EWE) and spirituality. It further explored whether psychological empowerment would mediate the relationship between the predictors (authentic leadership and organizational trust) and the criterion variables (employee work ethics and spirituality). The purpose of doing this was to better understand the conditions under which authentic leadership and trust in organization would best contribute to and relate to the work ethics and the spirituality index of followers.

The primary objective was to increase the researcher’s understanding of employee work ethics and spirituality in the Indian work context by testing the relationship among the aforementioned variables. Although ethics or Karma Yoga and oneness with all beings or spirituality are central to the Indian culture, there is a need to make the values relevant at the workplace.

A causal research design was developed and various statistical analyses were undertaken to test the formulated hypotheses which were all accepted.

**Authentic Leadership and Psychological Empowerment**

Hypothesis 1(a) explored the relationship between authentic leadership and psychological empowerment. The results revealed a significant and positive relationship between the variables ($r = 0.243$, $p<0.01$). This highlights the importance of authentic leadership in the development and enhancement of psychological empowerment of
followers. The conformation of this relationship is not surprising as it is supported by empirical evidence (Kirkman & Rosen, 1999; Kraimer et al., 1999; Ilies et al., 2005; and Walumbwa et al., 2010). Wang et al. (2015) have theorized that leadership, especially when driven by authenticity, can actively enhance the psychological empowerment of employees, driving them to take on extra-role behaviours and achieve greater success at the workplace.

The results of the study show that authentic leadership is also significantly correlated with all the four dimensions of psychological empowerment, but the highest correlation was found between authentic leadership and meaning ($r = 0.206$, $p<0.01$). This means higher the authentic leadership greater is the followers’ sense of finding meaning in everything he does at the workplace. This is consistent with the research done by May et al. (2004); George (2003). They stated that followers of authentic leaders experience strong feelings of meaning at work and suggested that leaders high on authenticity are likely to treat their followers with respect rather than just considering them as means to ends, providing them with a meaningful vision at work in the process.

What is also interesting is that authentic leadership correlated significantly with impact ($r = 0.173$, $p<0.01$) and self-determination ($r = 0.161$, $p<0.01$), indicating that higher the authentic leadership greater is the followers feeling of autonomy and independence at work. This is also in line with previous studies in this area. Wong and Cummings (2009) suggested that authentic leaders believe in being genuine, are open in their dealings and build trust-based relationships with followers. Psychological empowerment is a direct outcome of this perceived trust as
it motivates employees to speak for themselves. This autonomy and trust reflects feelings of being psychologically empowered. Moreover, when leaders utilize followers’ opinions in making decisions, followers are expected to find self-determination and impact at work (Conger & Kanungo, 1988; Thomas & Velthouse, 1990; Pearce et al., 2003).

Authentic leadership also correlates significantly with competence (r = 0.178, p<0.01) i.e. leaders’ authenticity also nurtures feelings of competence or self-efficacy optimism, hope and other positive capacities and competencies in followers. This is in line with previous research by Chang et al. (2013) who were also of the opinion that authenticity in leaders drive and employees’ sense of competence or self-efficacy. Authentic leaders help followers discover for themselves their innate talents and to facilitate the use of those real talents (Gardner et al., 2005). They drive followers towards a better person-job fit. Zhu, May and Avolio (2004) also suggested that when team members feel valued and important through opportunities for growth, they in turn evolve in their own competencies and confidence.

Furthermore, relational transparency, a characteristic trait of authentic leaders that encompasses behaviours of openness and trust in close relationships, drives followers’ empowerment because, when a leader is transparent, he will facilitate the followers in developing ethical behaviours and understanding task directions, thereby empowering them. Spreitzer (1995) found a strong link between behaviour of an authentic leader like openness and readiness to share information
and the degree of psychological empowerment experienced by followers of such leaders.

A self-based model of authentic leadership and follower development advanced by Gardner et al. (2005) highlighted that authentic leaders foster the growth of followers (Avolio & Gardner, 2005) through increased self-awareness, positive modelling and self-regulation (Sparrowe, 2005). Other theoretical formulations of authentic leadership argue that authentic leaders do not use the traditional carrot-and-stick approach to regulate the behaviour of or motivate employees. They lead by examples through their genuine nature, credibility, trustworthiness and commitment to organizational goals. Such leaders focus on empowering their followers by encouraging them and enhancing their ability to lead. They tend to focus on amplifying the strengths of their followers and not highlighting their shortcomings. It is through this practise that employees consider their leaders as someone who understands their intrinsic desire for growth and lends an ear to their opinions and suggestions, increasing the chances of experiencing empowerment at work. Thus authentic leaders can empower followers by articulating attainable future goals, generating enthusiasm for worthy causes, and expressing a strong desire for high performance from employees.

**Authentic leadership and employee work ethics**

Hypothesis 1(b) examined the relationship between authentic leadership and employee work ethics. As evident from Table 4.2, a positive significant relationship was found between authentic leadership and employee work ethics ($r = 0.127$, $p < 0.05$). This means that the higher the authentic leadership, greater is the
employees’ display of work ethics and commitment towards duty. Authentic leaders like Abraham Lincoln, Mohandas Karamchand Gandhi and contemporary leaders like Azim Premji, Ratan Tata to name a few have treated work as worship and emerged as role models for followers, instilling feelings of selfless duty and an unselfish dedication towards work.

**Authentic leadership and spirituality**

Authentic leadership also positively correlates with the element of spirituality or oneness with all beings (r = 0.157, p<0.01) which means followers of authentic leaders have a sense of spirituality. This relationship holds true because nurturing and valuing the human spirit is an integral part of leadership. Such leaders base their decisions on strongly held values and morals, thereby motivating followers to transcend over the material world and feel connected to others and the universe as a whole.

**Organizational Trust and Psychological Empowerment**

When one talks of organizational performance or effectiveness, trust always tends to play a crucial role. Amongst the types of trust, organizational trust is that factor which helps companies face completion and pressure situations. The second predictor variable (organizational trust) also had a statistically significant relationship with psychological empowerment (r = 0.438, p<0.01). Results indicated that employees who have faith in their workplace tend to report higher levels of empowerment and feel more needed and involved. Several studies have advocated the importance of organizational trust in enhancing employee empowerment (Casier et al., 2000; Hamed, 2010; Judeh, 2012; Rothstein et al., 1995; Ugwu et al., 2014;
Vineburgh, 2010). They have also argued that trust is the cornerstone of empowerment and without it no empowerment scheme can be successful. Others stated that organizational trust is an important antecedent factor as it impacts the success of any organizations’ effort to empower its workforce (Parker & Price, 1994; Chiang & Jang, 2008).

The results of the study also showed that organizational trust significantly correlated with all the dimensions of PE. The highest correlation was seen between organizational trust and self-determination ($r = 0.415, p<0.01$) indicating employees’ trust in an organization is a crucial factor for individuals’ feeling of independence at work. Hart et al. (1986) stated that autonomy is another factor that emerges out of trust. Greasley et al. (2005) also suggested that trust in organization leads to feelings of autonomy and self-determination thereby enhancing perceptions of empowerment among employees.

Likewise a significant relationship was found between organizational trust and impact ($r = 0.303, p<0.01$). This suggests that when employees have higher perceptions of trust, they have a strong belief that their actions will influence organizational outcomes. This result is consistent with previous research by Culbert and McDonough (1986) who maintained that feelings of empowerment make followers feel more responsible and connected to the organization.

Furthermore, organizational trust was also seen to significantly correlate with competence ($r = 0.309, p<0.01$) and meaning ($r = 0.271, p<0.01$). This indicates that employees who trust their supervisors and their organization are more likely to
derive meaning and happiness from their work, feeling responsible and competent for the work they do and decisions they make.

According to the organizational trust theory, trust is a social phenomenon that gives employees the courage to participate in various work-related behaviours. Developing trust is like a give-and-take relationship that enhances empowerment of followers. This empowerment should be within the DNA of every workplace, as it unleashes creativity and innovation, accelerating the growth of any organization.

**Organizational trust and employee work ethics**

Trust is any organization forms the backbone for relationships to develop. The relationship between organizational trust and employee work ethic has been found to be positive and significant ($r = 0.230$, $p<0.01$) indicating higher the organizational trust, stronger are the employee work ethics. Organizational trust is the employees’ belief that the organization cares for them and performs action that is for their benefit. Studies have shown that organizations that are successful in developing trust-based relationships increase the employees’ orientation and commitment towards work (Gambetta, 1988; Laschinger et al. 2011).

**Organizational trust and spirituality**

Hypothesis 2(c) studied the relationship between organizational trust and spirituality and results revealed that the two variables were significantly correlated ($r = 0.216$, $p<0.01$). This means as trust towards organization increases, employees’ feelings of connectedness also get stronger. Trustworthy environments at organization inspire followers to perform better, and such employees never take advantage of
another fellow colleague because harming others is considered as harming one’s own self (Das & Teng, 1998).

**Relationship between PE, EWE and Spirituality**

The third hypothesis of the study examined the relationship between psychological empowerment and the criterion/outcome variables (Employee Work Ethics and Spirituality).

**(A) Relationship between Psychological Empowerment and EWE**

Data analysis revealed a statistically significant correlation between psychological empowerment and employee work ethics (r = 0.295, p<0.01). This means that when employees feel empowered and responsible, they show devotion towards work and do not bother about the returns. Performing up to the expectations of others is in itself considered a reward over monetary or other tangible benefits. To understand the impact empowerment has on work ethics or duty orientation of employees, it is important to focus on the idea that when employees are confident of receiving fair and equal treatment, they target quality and teamwork (heart of employee work ethics). Higher levels of empowerment lead to an increase in efforts and energy invested by an employee in performing any task.

The results also showed that the dimensions of psychological empowerment significantly correlated with this criterion variable. *Impact* and work ethics had the highest correlation coefficient (r = 0.283, p<0.01) signifying that employees who sense that their actions and behaviours significantly influence their department or organization at large, display positive work ethics and focus on teamwork, quality, integrity etc. Past research in line with this study has suggested that empowered
followers are more committed to the organization and display healthy work practices (Kraimer, Seibert & Leiden, 1999; Sims & Kroeck, 1994). Such employees are able to shift their motivations and give priority to organization goals over one’s own interests.

*Meaning* also correlated significantly with EWE \( r = 0.219, p<0.01 \) indicating that higher the perceptions of meaningfulness at work, greater is the employees’ inclination/disposition towards aligning his behaviours and values at work and more is his indulgence in ethical decision-making. This clarity in role and responsibility and weighing given task in terms of one’s ideals and standards, affect employees’ duty orientation. Spreitzer’s opinion on psychological empowerment relates closely to the results obtained. He suggested that empowered employees engage in healthy practises, take in extra work-roles, not worrying about the rewards thereof, and act independently as they find meaning in what they do. As a result of this, they take on responsibilities and feel morally obligated to engage in ethical behaviours.

The other two dimensions of psychological empowerment also showed positive and statistically significant relationships with EWE: *self-determination* and EWE \( r = 0.197, p<0.01 \) and *competence* and EWE \( r = 0.168, p<0.01 \). This means employees who envisage themselves as competent and experience autonomy at work seldom engage in unethical behaviours. Ugwu et al. (2014) found that high levels of psychological empowerment were negatively associated with unethical behaviour and practices in organizations. Conger & Kanungo (1988) had earlier suggested on similar lines that psychological empowerment enhances self worth of employees and
serves as a vehicle for motivating and driving them towards conducive and beneficial practices at the workplace.

Empowered employees are thus crucial for building an enduring, competent and efficacious organization in today’s work scenario. A major reason behind this can be attributed to the responsibility undertaken by highly empowered employees who are happier and more productive as compared to their counterparts. Managers would therefore want to empower their employees as it will lead to increased ethical decision-making, benefitting not only the employee, but the whole organization.

(B) **Relationship between Psychological Empowerment and Spirituality**

Most individuals spend half their waking lives at work. These people organize their lives around the job, and their sense of defining themselves and their life is greatly shaped in terms of the work they do. Thus they have a great desire for the work to be meaningful.

To understand this relationship, it was hypothesized that empowerment would positively relate to spirituality. Analysis of results showed that there existed a correlation of 0.266, significant at the 0.01 levels. Results indicate that employees, who feel highly empowered especially at the psychological level, tend to be more spiritual or feel one with others. They display a certain sense of connectedness with their work that gives them a feeling of security and satisfaction making them more spiritually inclined.

A major reason behind this is that people have an innate tendency to feel responsible at work and transcend over the material needs and world. Feelings of
Empowerment provide this sense of meaning at work. Employees who report being highly empowered experience a change in their thoughts and behaviours becoming more value-oriented and value-driven. They are conscious of self, patriotic in their actions and possess the ability to delay gratification. Organizations that promote empowerment and environments of oneness understand that employees have a mind and soul and that is why they search for meaning and purpose in whatever they do. The desire to remain connected and feel one with all beings is the ultimate goal for such employees. Such workplaces also instil a sense of purpose, and a sense of connection that enhances employee’s relations with co-workers providing them the opportunity to integrate their lives and feel one with self, others and the universe. Thus an atmosphere of empowerment at the workplace helps unlock human capital-skill, knowledge and motivation. Empowered employees are energetically attached and connected to their work. Organizations can therefore potentially benefit from developing spirituality in the workplace across the hierarchy.

As a result of empowerment, employees are (i) less fearful of their workplace; (ii) perceive their work place as being a profit-organization; (iii) less prone to compromising on their deeply held values and beliefs in the organization; and (iv) report that the come to their work being themselves. Studies have indicated that organizations that focus on individual development and empowerment treat employees as valuable resources and help them grow despite their shortcomings.

Ashmos and Duchon (2000) also view spirituality as being made up of 3 components: inner life, meaningful work and a sense of connection. Feelings of empowerment are therefore positively related to spirituality in employees.
All the four cognitions involved in psychological empowerment have a significant correlation with spirituality or the feelings of ones with all beings. The correlation coefficients are as follows:

(i) Competence and spirituality: \( r = 0.260, \ p < 0.01 \)

(ii) Self-determination and spirituality: \( r = 0.187, \ p < 0.01 \)

(iii) Impact and spirituality: \( r = 0.199, \ p < 0.01 \)

(iv) Meaning and spirituality: \( r = 0.146, \ p < 0.05 \)

**Relationship between AL, PE, EWE and Spirituality**

The fourth hypothesis explored the relationship between AL, PE, EWE and Spirituality; and if psychological empowerment mediated the effect of (i) authentic leadership on employee work ethics and (ii) authentic leadership on spirituality. Authentic leaders possess certain characteristics that make them serve as role models for their followers. They are open in their dealings, honest, trustworthy and have a desire to drive their followers towards similar practices with the help of empowerment.

To test this, path-coefficient estimates and variances were calculated with the help of SPSS. The coefficients derived were then tested for statistical significance using Sobel test.

On performing mediation analysis, it was observed that the path coefficient from authentic leadership to employee work ethics (c = 0.164) dropped to 0.076 (c’) and insignificance (p = 0.306) when controlling for psychological empowerment. In the case of EWE, the mediation effect of PE was full. The indirect effect (z = 3.2073) was high and significant (p<0.01), indicating that the reduction in effect
of AL on EWE completely shifted to PE, confirming the presence of a mediating pathway.

The second outcome variable was spirituality and it was found that the relationship between AL and spirituality was fully mediated by psychological empowerment. The path coefficient from authentic leadership to spirituality (c = 0.182) dropped to 0.114 (c’) and insignificance (p = 0.088) when controlling for psychological empowerment. In the case of spirituality, the mediation effect of PE was full. The indirect effect (z = 2.9797) was significant (p<0.01), indicating that the reduction in effect of AL on spirituality completely shifted to PE, confirming the presence of a mediating pathway.

This reveals that psychological empowerment fully mediated the effect of authentic leadership on the criterion or dependent variables. Theoretically speaking, to handle the demands of the 21st century, organizations need to provide a great sense of meaning and purpose at work. In the times of changing environments and highly challenging work schedules, the best talent looks for organizations that reflect their core values and provide opportunities for personal development and community service, and not just bigger and better salaries. Unlike the market conditions of 15-20 years ago, today’s technology and service-oriented economy requires great presence of mind for instantaneous decision making and for building healthier and profitable relationships with clients, customers and other employees. This means that a certain level of authentic leadership and display of authentic behaviours is important for subordinate to feel empowered psychologically and display ethics that are beneficial at work (Wong and Cummings, 2009). The results of this study were
also supported by that of Zhu who found that PE and its dimensions mediated the relationship between ethical leadership and followers’ moral identity. This means that when a leader himself is driven by morals, ethics and values, then their followers who otherwise feel empowered also reflect healthy work values and ethics. Givens (2011) was also of the opinion that PE and value congruence played a partially mediating role in the effect of leadership behaviours on follower’s level of commitment to the job and workplace. Thus followers of authentic leaders tend to be high on the domain of duty-orientation. Previous research by V. R. Krishnan on transformational leadership, duty orientation and psychological empowerment also revealed that PE mediated the relationship between TL and followers’ duty orientation.

According to various other studies on leadership, the most prominent consequence of AL is followers’ belief in values. Authentic leaders play a strong role in influencing employees and when these behaviours are induced in an atmosphere of empowerment, unethical and unwanted practices are surely to reduce/curtail. This is another reason that authentic leadership when mediated by follower’s perception of psychological empowerment can positively and significantly affect employee work ethics and belief in spirituality. Two of the four factors from Ilies et al.’s model on authentic leadership namely internalized moral perspective and self awareness reflect how leaders act in accordance to their real self and refrain from acting falsely in order to attain rewards. They are aware of their values, motives, cognitions etc and work in accordance to them. Hence when employees idolize or look up to such leader, the vibes of positivity, trust and ethics are shared by both, making followers feel more responsible and connected to what they do. As
a result employees enjoy their work rather than just considering it as just a way of earning a living.

**Relationship between OT, PE, EWE and Spirituality**

If we think for a minute on what is the need for empowering employees, we realize that empowering people in or out of work clearly reflects the amount of trust we bestow on them. An individual’s self-confidence touches unimagined heights when someone entrusts a job on him/her, with an unsaid underlying message, “I believe in you”.

The fifth hypothesis thus aimed to analyze if psychological empowerment mediated the relationship between organizational trust and the criterion variables of the study. To test the hypothesis, similar steps were utilized as in 5.4. On analyses it was found that the relation between organizational trust and employee work ethics was partially mediated by psychological empowerment.

Interpretation of the result reveals that the path between organizational trust and employee work ethics dropped significantly (c = 0.129 to c’ = 0.070) on introducing psychological empowerment (mediating variable) however, since the reduced value is still significant and differs from zero, PE is said to play a partially mediating role. The indirect effect (z = 3.5319) was significant (p<0.01), indicating that the reduction in effect of OT on EWE partially shifted to PE, confirming the presence of a mediating pathway.

The second outcome variable was spirituality and it was found that the relationship between AL and spirituality was partially mediated by psychological
empowerment. The path from authentic leadership to spirituality ($c = 0.108$) dropped significantly to 0.061 ($c'$), but was still significant ($p = 0.049$) when controlling for psychological empowerment. The indirect effect ($z = 3.1649$) was significant ($p<0.01$), indicating that the reduction in effect of organizational trust on spirituality partially shifted to PE, confirming the presence of a mediating pathway.

Trust is thus one of those rare intangible gifts or resources that each person takes seriously. It helps in building a person’s self-esteem in the process raising the ethical expectations one has from his/her own self. Followers of leaders, who do not give them the authority to take decisions or experience empowerment in any way, often feel disgruntled and do not feel responsible or obligated in maintaining any sensitive or secret company information. This lack of empowerment gives them a feeling that the company or management has not done anything for them and so they do not owe them anything in return. Therefore only trust in organizations is not enough for enhancing or promoting employee work ethics and spirituality, and needs to be substantiated with feelings of empowerment. Moreover as empowerment symbolizes trust, employees who are endowed with more authority are likely to make ethical choices and decisions at least in the long run.

Employee empowerment gives individuals more freedom and independence in forming working interpersonal relationships at work, thereby strengthening the ties between employees, and between followers and leaders. As a result of this, each individual perceives the other as benefitting and learning something from this relationship, fostering feelings of oneness with others and enhancing duty orientation. Such small steps increase self-governance in any organization and lessen the
dependency that followers have on their leaders. They feel more responsible and accountable for their deeds, increasing team cohesiveness in the workplace.

The study undertaken supports previous work carried out globally. It gives an insight into the current scenario of the Indian work culture in which, not only financial and economical progress is on a rise but so is the desire to find meaning and purpose at work. An atmosphere of emptiness has engulfed employees who are constantly on the run to overcome feelings of emptiness and derive maximum in terms of feeling connected and needed by the organization and its people. This becomes even more important because employees spend more than half their waking day at the workplace, and with increased work pressure, around-the-clock schedules, and mid-life soul searching, the need for finding meaning at work becomes crucial. Through this work the researcher has attempted to highlight and bring to focus few positive organizational correlates of employee work ethics and spirituality in the form of authentic leadership, organizational trust and psychological empowerment, which if worked upon and given importance to in organizations can help a great deal in making employees feel more connected and responsible towards their job. Inculcating healthier practises at work will not only improve their overall performance but also motivate them to look beyond the task at hand and imbibe in them a holistic approach towards the work and feel one with others and the superior power. An organization made up of happy and enthusiastic workforce can always strive through turbulent times and emerge as a successful one.
IMPLICATIONS

1. The findings of the study can help to bring into focus:
   - The advantages of developing authentic leadership by Indian organizations and companies in order to meet the challenges of the contemporary business world.
   - Importance of developing and organising authentic leadership training for managers. These training interventions can focus on the key characteristics or components of authentic leadership namely internalized moral perspective, balanced processing, self awareness and relational transparency. For e.g. training programmes can coach leaders to encourage and motivate their followers to develop the right competencies required in today’s work scenario and also develop more meaningful perceptions of their work. Such programmes may also aid the open sharing of information, to allow followers to feel more empowered (both structurally and psychologically) and emerge as authentic leaders themselves in the years to come.
   - The contribution of positive variables like psychological empowerment in enhancing the impact of authentic leadership and organizational trust towards promoting a higher degree of connectedness and ethical behaviour among employees. This may have far reaching consequences for continued sustainable growth and performance.

2. With more empirical evidence through further research studies a new theoretical model can be developed for understanding the relationship
amongst authentic leadership, organizational trust, psychological empowerment, employee work ethics and spirituality.

3. This study also has implication for training programmes aimed at motivating employees to give higher quality of services to customers.

4. This will also have implications for employee satisfaction and helping them to achieve a better work-life balance.

5. In the view of the fact that different corporate houses are struggling with the problem of attrition, turnover intention etc., this study can help them create an organizational environment which will facilitate higher engagement among employees’ consequently lowering retention issues.