
Authentic Leadership and Employee Engagement in the Sri Lankan Apparel Industry: The Moderating Role of Power Distance and the Mediating Role of Leader-Member Exchange

S. Manjula ^{a,*}, L. Mayuran ^a, T. Thasika ^a

^a Department of Human Resource Management, University of Jaffna, Sri Lanka

A B S T R A C T

Employee work engagement is commonly known to play a significant role in the effectiveness and sustainability of the organisation, especially in labour-intensive industries like the Sri Lankan apparel industry. Based on the social exchange theory, this study examines the impact of authentic leadership on employee work engagement, the mediating role of leader-member exchange, and the moderating role of power distance orientation. A structured questionnaire was used to gather data from 209 employees in apparel manufacturing organisations in Sri Lanka using convenience sampling. The gathered data were analyzed using SPSS, which included reliability, correlation, and regression-based mediation and moderation tests. These findings suggest that authentic leadership is significantly and positively related to employee work engagement ($\beta = 0.41, p < 0.001$). As well, authentic leadership was found to be a significant predictor of leader-member exchange ($\beta = 0.52, p < 0.001$), and leader-member exchange demonstrated a positive and significant relationship to employee work engagement ($\beta = 0.36, p < 0.001$), which revealed the mediation associated with leader-member exchange between authentic leadership and work engagement. Moreover, the interaction effect between authentic leadership and power distance orientation was significant ($\beta = 0.18, p < 0.01$), indicating that power distance orientation strengthens the indirect association between authentic leadership and work engagement through leader-member exchange. These results indicate that employees of high-power distance orientation are more likely to react positively to authentic leadership practices in organisational contexts. This work adds to the literature on leadership and employee engagement by offering empirical data from the Sri Lankan apparel industry and underlining the role of leadership authenticity and the quality of the leader-subordinate relationships within the framework of improving employee work engagement. The results have also provided practical implications for managers working in labour-intensive companies to embrace genuine leadership practices and enhance the leader-employee relationships to enhance work engagement.

Keywords: Authentic leadership, employee work engagement, leader-member exchange, power distance orientation, Sri Lankan apparel industry

* Corresponding author: manjulasivarajah@gmail.com

1. Introduction

Previous leadership studies have focused considerably on the competencies, skills, and abilities of leaders as important factors influencing organisational success (Hossain et al., 2025; Rost, 1991). However, more recent leadership research has increasingly recognised the importance of ethical values, morality, and authenticity in the way leaders interact with employees (Dartey-Baah et al., 2025; Freeman et al., 2004; Lemoine et al., 2019; Padilla et al., 2007). This shift has increased academic attention towards authentic leadership, which emphasises self-awareness, self-regulation, and the alignment of leaders' personal values with their behaviours (Lemoine et al., 2019; Luthans & Avolio, 2003). Authentic leaders are generally characterised by honesty, transparency, strong moral values, and genuine relationships with their followers, which can create trust and encourage positive employee attitudes and behaviours (Dartey-Baah et al., 2025). These characteristics are particularly relevant when organisations seek to create a workforce that is psychologically connected to its work.

However, despite the growing attention given to leadership, employee engagement remains an important organisational problem, particularly in labour-intensive industries such as apparel manufacturing. Employee engagement refers to a positive work-related psychological state characterised by vigour, dedication, and absorption (Schaufeli et al., 2002). When employees are highly engaged, they are more likely to invest physical, cognitive, and emotional energy in their work, which can contribute to productivity, commitment, performance, and organisational sustainability (Leiter & Bakker, 2010; Richardsen et al., 2006; Yalabik et al., 2013). Conversely, lower levels of employee engagement can weaken employees' connection with their work and organisation and may create difficulties for organisations attempting to maintain productivity, employee commitment, and long-term competitiveness.

This problem is particularly relevant to the Sri Lankan apparel industry because the sector remains highly dependent on its workforce and frontline employees. Employees often work in demanding production environments where meeting quality standards, production targets, and delivery schedules requires sustained effort and commitment. Therefore, maintaining employee engagement is not simply an employee well-being issue; it is also important for organisational performance and competitiveness. Recent Sri Lankan evidence supports this concern. Maduwanthi and Perera (2024), for example, identified lower employee engagement among Generation Z employees as a significant problem in selected large apparel organisations in Sri Lanka. Their study of 364 Generation Z employees found that both individual and organisational antecedents significantly influenced employee engagement, demonstrating that engagement is shaped by factors within both employees and their organisational environment.

The continuing importance of employee engagement is also evident from more recent research. Yapa et al. (2025), through a systematic review of research relating to employee engagement in Sri Lankan apparel manufacturing, identified empirical, knowledge, methodological, and theoretical gaps in understanding employee engagement, particularly in the context of technological and Smart Factory transformation. The authors emphasised that workplace support, training, and human-centred organisational practices need greater attention because employees remain central to the successful transformation and competitiveness of the apparel sector. Similarly, recent evidence from the Sri Lankan apparel sector indicates that employee attitudes and workplace conditions remain important concerns. Research on job satisfaction in the sector found that supervisory support, quality of work-life, teamwork, and promotional opportunities were positively associated with job satisfaction (Dilrukshi et al., 2025). These findings suggest that the way employees experience their relationships with supervisors and the organisation can have important implications for their positive work-related attitudes.

Leadership is therefore an important area to consider when examining the problem of employee engagement. Existing Sri Lankan evidence provides some support for this relationship. Iddagoda et al. (2024), for example, found that authentic leadership significantly influenced job performance among Sri Lanka Air Force personnel, both directly and indirectly through employee engagement. Although this study was not conducted in the apparel industry, it provides recent Sri Lankan evidence that authentic leadership can contribute to employee engagement and associated employee outcomes. In the apparel context, Maduwanthi and Perera (2024) also demonstrated that organisational antecedents significantly influence employee engagement, further indicating that the organisational environment in which employees work is important for maintaining engagement.

Nevertheless, the existence of employee engagement problems does not mean that authentic leadership automatically produces engagement. Employees experience leadership through their day-to-day relationships with their supervisors. This makes leader-member exchange an important possible mechanism through which authentic leadership may influence employee engagement. Leader-member exchange refers to the quality of the relationship developed between leaders and their subordinates and is generally associated with trust, mutual respect, support, and communication (Dulebohn et al., 2012). When leaders demonstrate honesty, transparency, consistency, and ethical behaviour, employees may develop stronger and more positive relationships with them. These relationships can encourage employees to reciprocate through greater involvement and engagement in their work. Previous research has similarly suggested that high-quality leader-member relationships can connect leadership behaviours with positive employee outcomes, including work engagement and organisational citizenship behaviours (Burch & Guarana, 2014; Ma et al., 2020; Ma & Qu, 2011; Wang et al., 2005).

At the same time, employees may not respond to authentic leadership in the same way. Their perceptions of leadership can be influenced by cultural values and orientations, particularly power distance orientation. Power distance orientation refers to the extent to which individuals accept and expect unequal distributions of power within organisational relationships (Chen et al., 2014). Employees with a high-power distance orientation may be more accepting of hierarchy, authority, and differences in status between leaders and subordinates (Lin et al., 2013). Consequently, the same authentic leadership behaviour may be interpreted differently depending on employees' attitudes towards hierarchy and authority. Although previous studies have often associated high power distance with negative organisational consequences (Fock et al., 2013; Liu & Liao, 2013), other research suggests that employees with stronger power distance orientations may respond positively to supportive leadership because they are more comfortable with hierarchical authority and direction (Farh et al., 2007).

The central problem, therefore, is the continuing challenge of employee engagement in the Sri Lankan apparel industry and the limited understanding of how leadership relationships can be used to strengthen it. Recent Sri Lankan research has confirmed that employee engagement remains an important concern within the apparel sector, including among Generation Z employees and in the context of technological transformation (Maduwanthi & Perera, 2024; Yapa et al., 2025). However, existing studies have mainly examined employee engagement in relation to individual antecedents, organisational antecedents, organisational culture, technological change, and other workplace factors. For example, Maduwanthi and Perera (2024) examined individual and organisational antecedents of Generation Z employee engagement, while Yapa et al. (2025) highlighted broader research gaps surrounding employee engagement in Smart Factory environments.

Although there is growing research on authentic leadership, limited attention has been given to how authentic leadership may address the employee engagement problem through the quality of leader-member exchange and under what conditions this process is stronger or weaker. Du et al. (2022) found that leader-member exchange mediates the relationship between authentic leadership and employee work engagement and that power distance orientation moderates the indirect relationship through leader-member exchange. However, this relationship was examined in the Chinese hospitality context. Therefore, it remains unclear whether the same mechanism operates in the Sri Lankan apparel industry, where employees work within a different cultural and industrial environment.

This gap is important because recent Sri Lankan evidence shows that employee engagement remains an organisational concern, while leadership and supervisory relationships continue to influence employees' experiences at work. For example, recent research on resilient leadership in the Sri Lankan apparel sector found that emotional care, an inclusive workplace culture, career development, and moral and community-oriented leadership contributed to employee retention and workplace stability (Doora Darshani & Surangi, 2025). Although the study focused on employee retention rather than employee engagement, its findings reinforce the importance of trust-building, ethical consistency, and supportive leadership within the Sri Lankan apparel context.

Therefore, there is a clear need to investigate employee engagement as the central organisational problem and to examine whether authentic leadership can contribute to improving employee engagement through leader-member exchange. It is also important to determine whether employees' power distance orientation changes the strength of these relationships. Addressing this issue from the perspective of Social Exchange Theory can provide a meaningful explanation of how positive exchanges between authentic leaders and employees develop into high-quality leader-member exchange relationships and, in turn, encourage employees to invest more of themselves in their work.

Accordingly, the present study focuses on the relationship between authentic leadership and employee engagement in the Sri Lankan apparel industry, with leader-member exchange as a mediating variable and power distance orientation as a moderating variable. The study seeks to explain not only whether authentic leadership is associated with employee engagement, but also how and under what conditions authentic leadership contributes to employee engagement. Such an investigation can provide a more comprehensive understanding of the employee engagement problem in the Sri Lankan apparel industry and offer practical insights for managers seeking to strengthen authentic leadership practices, develop high-quality leader-member exchange relationships, and create a workforce that is more engaged with its work.

2. Literature Review and Hypotheses Development

2.1 Authentic Leadership and Employee Work Engagement

Work engagement among employees has turned out to be a critical consideration in enhancing organisational performance, especially in labour-intensive industries where organisational performance is directly affected by their dedication and motivation (Hatif et al., 2024). Leadership is an important aspect in these kinds of environments, as it will impact employees' attitudes towards work. Authentic leadership, described as being self-aware, transparent, ethical, and consistent in values and behaviours, is viewed as a valuable leadership strategy that can positively affect the psychological state of employees (Luthans and Avolio, 2003; Lemoine et al., 2019).

Authentic leaders are more likely to be open, honest, and highly moral in relating with employees. These traits form a work environment that fosters trust, fairness, and transparency, making employees feel like putting more energy and effort into their work positions (Kernis, 2003; Oh et al., 2018). By making employees feel valued and respected in the organisation, when they believe that their leaders are real and helpful, they become more likely to see themselves as being appreciated by their leaders. These positive behaviours can enhance the level of enthusiasm, commitment, and participation of the employees in their work.

In addition, in terms of the social exchange theory, employees are more likely to give back positive leadership-related behaviours with positive work attitudes and behaviour (Blau, 1964). If leaders are willing to be interested in the welfare and growth of employees, then employees tend to get more committed and engaged in their jobs (Ma and Qu, 2011; Torrente et al., 2012). It has also been highlighted in previous research that work engagement can be expected to increase when employees are psychologically safe in the workplace (Kahn, 1990). Through ethical leadership and making decisions based on balance, authentic leaders can help to establish such enabling environments (Liu et al., 2015). Consequently, the employees feel at ease in sharing themselves and in engaging their physical, emotional, and cognitive resources toward their work.

Based on these arguments, the following hypothesis is proposed:

H1: Authentic leadership is positively related to employee work engagement among apparel sector employees in Sri Lanka.

2.2 Leader-Member Exchange and Its Mediating Role

Previous studies have proposed that there are several ways in which leadership styles affect employee attitudes and behaviours based on different psychological and relationship processes. Indicatively, Ling et al. (2017) discovered in hospitality environments that the indirect effects of authentic leadership on the commitment, engagement, and performance of employees occur, and therefore called for the need to analyze the intervening mechanisms that describe the links between authentic leadership and employee outcomes.

Leader-member exchange is one of the key relational mechanisms associated with explaining how well or poorly the leaders relate with their followers. Research has revealed that leadership behaviours and employee performance may be mediated by leader-member exchange (Walumbwa et al., 2011). Despite the similarity between ethical leadership and authentic leadership in that they both place importance on moral values, they also differ. Ethical leadership mainly focuses on the consideration of external ethical principles, and authentic leadership focuses on self-regulation, internal moral principles, and candour of the leader's actions (Lemoine et al., 2019).

Openness, integrity, and the balanced manner in which leaders process information give them a better chance of gaining the trust and mutual respect of their subjects (Avolio et al., 2009). These traits help in the creation of high-quality leader-member exchange relationships. The leader-member exchange relationship may be at a low level that comprises a transactional relationship or at a high level that comprises a trust relationship, mutual respect relationship, and a strong interpersonal relationship (Bernerth et al., 2007). Leaders tend to give employees precious resources like information, support, mentorship, and more independence in their work processes in a high-quality leader-member exchange relationship (Cropanzano et al., 2017).

Such supportive actions on the part of their leaders would make the employees feel empowered and inspired to play a more active role in their work obligations (Carter & Baghurst, 2014).

Authoritative leadership actions also instil a sense of appreciation in the employees, which in turn motivates them to reciprocate by feeling thankful and acting appropriately at the workplace (Avolio and Gardner, 2005; Wang et al., 2014). The social exchange theory shows that employees who feel positively reciprocated in their relationship with their leaders will tend to pay it back by becoming more committed and more engaged in their work roles, according to the principle of reciprocity (Blau, 1964; Hofmann et al., 2003). Consequently, assume that leader-member exchange is a tool by which authentic leadership promotes employee engagement. The hypothesis presented below will thus be the following one:

H2: Leader-member exchange mediates the relationship between authentic leadership and employee work engagement among apparel sector employees in Sri Lanka.

2.3 Power Distance Orientation as a Moderator

Power distance is the extent to which people tolerate the unequal allocations of power in the societal and organisational hierarchies (Hofstede, 1980). High power distance societies or cultures are those in which people tend to accommodate authority and subordination between the leaders and their subordinates more easily. Conversely, cultures that have lower power distance would be more focused on equality and an active relationship between workers and managers (Sweetman, 2012).

Though power distance has been originally defined through the lens of society, scholars have started observing power distance orientation at the individual level, thus acknowledging that members of the same society might vary in their perception and acceptance of power inequalities (Farh et al., 2007; Kirkman et al., 2009; Zhang, 2007). On the personal level, power distance orientation indicates how the workers embrace the idea of hierarchical power and unequal allocations of power in the organisations (Chen et al., 2014).

Previous research indicates that the orientation of power distance could impact how workplace subordinates interpret leadership behaviours and the effect that leadership behaviours have on the workplace subordinates (Liu and Liao, 2013). As an example, higher degrees of power distance orientation reduced the perceptions of organisational support in workers by Farh et al. (2007) and lowered their readiness to voice opinions in the workplace (Botero and Dyne, 2009). Also, Kirkman et al. (2009) found that the strength of the relationship between transformational leadership and the organisational citizenship behaviours of employees may depend on power distance orientation.

Regarding authentic leadership, workers with high power distance orientation tend to conform to hierarchical relations and regard leaders as the representatives of authority (Farh et al., 2007). These employees might have less expectation of their leaders, and express more obedience and respect to authority. In the same way, when leaders exhibit earconic actions including transparency, fairness, and honesty, employees with greater power distance orientation might react better, resulting in better leader-member exchange relations. In other cultural settings, leaders can also be of great importance to employees with respect to access to resources and opportunities (Wang et al., 2012).

The expectancy- disconfirmation model can lead to another explanation whereby people get more satisfaction when the outcomes are more than what they expected (Oliver, 1997). High power distance orientation employees usually desire little openness or transparency among leaders. As such, when leaders exhibit authentic behaviours that exceed these expectations, employees will have a better view of the leader and stronger relationships with him or her. The employees can return these favourable interactions in accordance with the principles of social

exchange by increasing the level of relationship with the leader and involvement in work (Blau, 1964).

Conversely, low power distance orientation employees are more likely to view themselves as either equals to leaders or are already likely to demand fairness, transparency, and fair decision-making among leaders (Lin et al., 2018). This means that the difference between the real behaviours of leaders and their expectations is not likely to be very high; the effectiveness of the association between authentic leadership and the leader-member exchange might be weak.

Therefore, the following hypothesis is proposed:

H3: Power distance orientation moderates the relationship between authentic leadership and leader-member exchange, such that the relationship is stronger when power distance orientation is high among apparel sector employees in Sri Lanka.

2.4 Moderated Mediation Effect of Power Distance Orientation

According to the discussion above, the power distance orientation of employees is also likely to mediate the indirect impact of authentic leadership on work engagement via leader-member exchange. The higher the level of employees' power distance orientation, the more authentic leadership behaviours should be able to strengthen the leader-member relationship. These excellent leader-member exchange relations, in turn, can lead employees to reciprocate by giving rise to increased work engagement (Blau, 1964; Ma and Qu, 2011).

On the other hand, authentic leadership behaviours might not contribute significantly to the quality of leader-member exchange relationships when employees have a lower power distance orientation, since such behaviours are already appropriate in egalitarian leader-employee relationships (Erkutlu & Chafra, 2013). It is, therefore, possible that the moderating role of real leadership on work engagement mediated by leader-member exchange is less strong among employees who have low power distance orientation.

Accordingly, the following hypothesis is proposed:

H4: Power distance orientation moderates the indirect relationship between authentic leadership and employee work engagement through leader-member exchange, such that the indirect relationship is stronger when power distance orientation is high among apparel sector employees in Sri Lanka.

Figure 1 presents the conceptual framework developed for this study. The framework shows the direct relationship between authentic leadership and employee work engagement, together with the mediating role of leader-member exchange and the moderating role of power distance orientation. The direct relationship between authentic leadership and employee work engagement is included to examine whether authentic leadership directly influences the work engagement of employees. The leader-member exchange has been considered a mediating variable in this model, as it helps explain the relationship between authentic leadership and the work engagement of employees. In other words, the model considers whether authentic leadership can influence employee work engagement through the quality of leader-member exchange. Also, the power distance orientation is used as the moderating variable to examine whether it strengthens or weakens the relationship between authentic leadership and leader-member exchange. Overall, the framework brings together the direct effect of authentic leadership on employee work engagement, the mediating role of leader-member exchange, and the moderating role of power distance orientation within the same model.

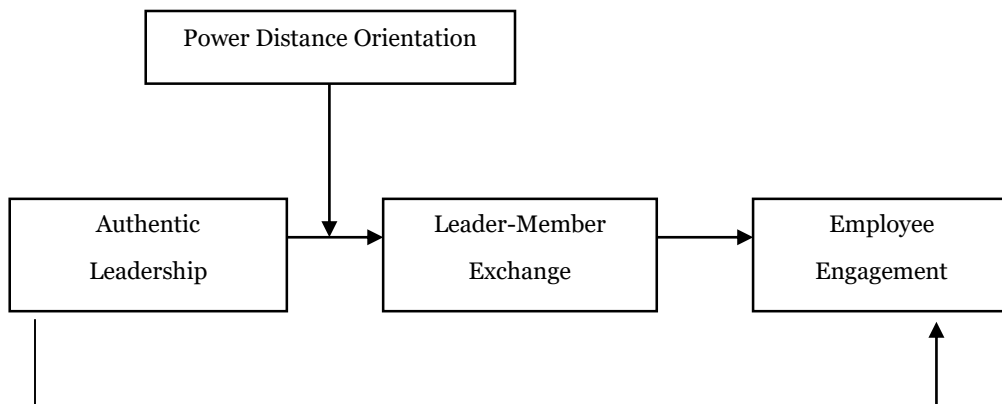


Figure 1: Hypothesized Research Model

3. Methodology

3.1 Data Collection Procedure and Sample

The apparel industry in Sri Lanka has continued to be one of the main economic drivers in this country. The industry employs about 350,000 people directly and an estimated 600,000-700,000 more indirectly via its supply chains and other related services (Sri Lanka Business Portal, 2024). Additionally, the industry occupies almost a third of manufacturing jobs and over 40 percent of the export revenue of the country (Asia Garment Hub, 2024; Trade.gov, 2024).

In the current research undertaken in the Sri Lankan apparel industry, a method located in the form of a survey was applied in data collection. Employees of the apparel manufacturing organisations were provided with the questionnaire to test authentic leadership, leader-member exchange, power distance orientation, and employee engagement of the employees in the workplace. Convenience sampling was used to approach the respondents who were in the industry and those with experience in the industry to assess leadership practices in their respective organisations.

The use of convenience sampling was considered appropriate for this study because accessing employees across different apparel manufacturing organisations can be difficult due to organisational restrictions, employee availability, confidentiality concerns, and the practical difficulties involved in obtaining a complete sampling frame. In particular, employees may work across different organisations, departments, shifts, and job levels, making it difficult for the researcher to obtain a comprehensive list of all employees who could potentially participate in the study. Therefore, approaching employees who were readily accessible and willing to participate provided a practical way of obtaining the required responses within the available time and resources.

The sampling method was also suitable because the study required respondents who had direct experience of workplace leadership and relationships with their leaders. Employees who were available and willing to participate could provide relevant information about their perceptions of authentic leadership, the quality of leader-member exchange, their power distance orientation, and their level of employee work engagement. Thus, convenience sampling allowed the researcher to reach participants who were relevant to the research objectives rather

than attempting to access employees for whom participation may not have been practically possible.

Another reason for using convenience sampling was the nature of the research design. The main purpose of this study was to examine the relationships among authentic leadership, leader-member exchange, power distance orientation, and employee work engagement rather than to produce a statistically representative estimate for every employee in the Sri Lankan apparel industry. The method therefore provided an efficient way of collecting primary data from employees with relevant workplace experience. However, because convenience sampling is a non-probability sampling method, the findings should be interpreted with some caution, particularly when considering their generalizability to the wider population of apparel employees in Sri Lanka.

This study employed convenience sampling due to its ability to enable researchers to gather information on respondents who are readily available to them and those who are willing to participate. In organisational research, particularly in research of employees in various firms, it is not possible to get a complete sampling frame and all the employees because there may be organisational restrictions and limited time. For the present study, these practical considerations made convenience sampling a reasonable and manageable approach for reaching employees from apparel manufacturing organisations. Thus, convenience sampling is an effective and efficient way to find the relevant data of people with experience and knowledge of leadership practices in their organisations. Although the approach limits the extent to which the findings can be generalized to the entire Sri Lankan apparel industry, it was considered suitable for achieving the objectives of the current study within the practical conditions of data collection. The technique is popular with management and social science research, where the aim is to study the relationships between variables but not necessarily extrapolate the results to the whole population (Brodady et al., 2014).

In the Sri Lankan apparel industry, 209 usable responses were collected among employees. The demographic characteristics of the respondents reflected that 56 percent were male, 75 percent were married, and 49 percent of the respondents were aged 30-39 years. Regarding educational background, 35% were postgraduates and 31% were professionally qualified. Moreover, 61 percent had work experience of over six years, and most were working in executive (56 percent) or managerial (32 percent) jobs. These attributes imply that the respondents possessed sufficient work experience to give meaningful responses that can be applied to the study variables. The collected data were analysed using Statistical Package for the Social Sciences (SPSS). Descriptive statistics were first used to summarise the demographic characteristics of the respondents, while reliability analysis was conducted to assess the internal consistency of the study constructs. Pearson correlation analysis was then conducted to examine the direction and strength of the associations among authentic leadership, employee work engagement, leader-member exchange, and power distance orientation.

For testing the proposed mediation and moderation relationships, Hayes' PROCESS Macro for SPSS was used. The mediation analysis was conducted to examine whether leader-member exchange explains the relationship between authentic leadership and employee work engagement. The analysis examined the effect of authentic leadership on leader-member exchange, the effect of leader-member exchange on employee work engagement, and the direct and indirect effects of authentic leadership on employee work engagement. The indirect effect was assessed using bootstrapping, where the confidence interval was examined to determine whether the indirect effect was statistically significant.

The moderation analysis was conducted using Hayes' PROCESS Macro to determine whether power distance orientation changes the strength of the relationship between authentic leadership and leader-member exchange. The interaction between authentic leadership and power distance orientation was examined to determine whether the relationship becomes stronger or weaker at different levels of power distance orientation.

In addition, a moderated mediation analysis was conducted to examine whether power distance orientation changes the strength of the indirect relationship between authentic leadership and employee work engagement through leader-member exchange. The conditional indirect effects and the index of moderated mediation were examined using bootstrapping. This approach allowed the study to determine whether the indirect effect of authentic leadership on employee work engagement through leader-member exchange differs according to employees' level of power distance orientation.

These data analysis techniques provided a systematic basis for assessing the hypothesized relationships and testing the proposed research model. Overall, the use of SPSS together with Hayes' PROCESS Macro enabled the study to examine not only the direct relationship between authentic leadership and employee work engagement, but also the mediating role of leader-member exchange, the moderating role of power distance orientation, and the proposed moderated mediation relationship.

3.2 Measures

The questionnaire has been created based on the already validated measurement scales. Every item was measured using a Likert scale of five points (strongly disagree 1, strongly agree 5).

3.2.1 Authentic leadership

The authentic leadership scale was assessed based on a 16-item scale modified from an earlier scale created by Walumbwa et al. (2008). The scale measures four major dimensions, which include self-awareness, internalized moral perspective, relational transparency, and balanced processing. Four items were used to measure each dimension. Examples are self-awareness (Our team leader knows when he/she is supposed to re-evaluate his/her positions on some critical issues), internalized moral perspective (Our team leader makes difficult decisions which are based on high standards of ethical behaviour), relational transparency (Our team leader says whatever he/she means), and balanced processing (Our team leader listens carefully to the view of various side before coming up with a decision). Every item was rated on a five-point Likert-type scale with 1 strongly disagree, 5 strongly agree. The overall scale showed satisfactory reliability with the value of Cronbach's alpha of 0.83 (Walumbwa et al., 2008).

3.2.2 Work engagement

The scale to measure employee work engagement was the nine-item scale by Schaufeli et al. (2006). This scale has three dimensions of engagement that include vigour, dedication, and absorption, and three items, respectively, are used to measure them. One of them is a sample item: I am enthusiastic about my job. The responses were measured as the five point Likert like scale between 1 (strongly disagree) and 5 (strongly agree). It was found to have a high reliability by the scale with a Cronbach's alpha coefficient of 0.91 (Schaufeli et al., 2006).

3.2.3 Power distance orientation

The six-item scale of the researchers, which was constructed by Dorfman and Howell (1988), was applied to the measurement of power distance orientation. An example item on the scale is, "I believe that the leaders should make most of the decisions without involving the subordinates." Respondents were asked to respond to each item on a five-point Likert-type

scale (strongly disagree 1 to strongly agree 5). The scale had high reliability, with a Cronbach's alpha of 0.93 (Dorfman and Howell, 1988).

3.2.4 Leader-member exchange

The scale to measure Leader-Member Exchange was that of seven items designed by Graen and Uhl-Bien (1995). One of the scale items is, "My leader is aware of my working challenges and requirements." All the questions were evaluated using a five-point Likert-type scale with the variation between 1 (strongly disagree) and 5 (strongly agree). The scale has a high degree of reliability with a Cronbach alpha of 0.91 (Graen and Uhl-Bien, 1995).

3.2.5 Control variables

In order to achieve consistency in this study with previous authentic Leadership studies, there were some demographic variables that were categorized as control variables. Particularly, age, gender, management years in the organisation, and education levels were also adjusted based on prior research (Walumbwa et al., 2008). These were coded as dummy variables in order to be analysed statistically.

4. Findings and Discussion

Table 1: Reliability Analysis

Variable	Number of items	Cronbach's Alpha
Authentic Leadership	16	0.83
Leader-Member Exchange	7	0.91
Work Engagement	9	0.91
Power Distance Orientation	6	0.93

The Cronbach's Alpha values for all variables exceed the acceptable threshold of 0.70, indicating strong internal consistency among the measurement items. Therefore, the constructs used in this study are considered reliable for further statistical analysis.

Table 2: Correlation Analysis

Variables	Authentic Leadership	Leader-Member Exchange	Work Engagement	Power Distance Orientation
Authentic Leadership	1			
Leader-Member Exchange	0.52**	1		
Work Engagement	0.41**	0.36**	1	
Power Distance Orientation	0.22*	0.25*	0.19*	1

* $p < 0.05$

** $p < 0.01$

The results of the correlation demonstrate that authentic leadership has a significant correlation with the leader-member exchange ($r = 0.52$, $p < 0.01$) and work engagement ($r = 0.41$, $p < 0.01$). Additionally, leader-member exchange also has a significant positive relationship with work engagement ($r = 0.36$, $p < 0.01$). These results can be interpreted as having stronger leader-employee relationships and more employee engagement linked to increased levels of authentic leadership.

The regression results indicate that authentic leadership has a significant positive impact on employee work engagement ($\beta = 0.41$, $p < 0.001$). This suggests that employees who perceive their leaders as authentic are more likely to demonstrate higher levels of engagement in their

work. The beta coefficient reported in Table 3 should be clearly identified as the standardised beta coefficient obtained from the SPSS regression output. In addition to the coefficient-level results, the Model Summary and ANOVA results should also be reported to show the overall explanatory power and statistical significance of the regression model. The Model Summary should report R, R^2 , adjusted R^2 , and the standard error of the estimate, while the ANOVA table should report the F-value and its significance level.

Table 3: Regression Analysis: Direct Effect

Independent Variable	Dependent Variable	Standardized Beta (β)	T-value	Sig. (p-value)
Authentic Leadership	Work Engagement	0.41	6.84	0.000

These results provide a more complete assessment of the direct relationship between authentic leadership and work engagement. The exact R^2 , adjusted R^2 , F-value, and significance values should be taken directly from the SPSS output rather than estimated from the available beta and t-values.

Table 4: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.429	0.184	0.180	0.78

Predictor: Authentic Leadership

Dependent Variable: Employee Work Engagement

Source: SPSS Analysis Output

Table 5: ANOVA

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	28.48	1	28.48	46.79	0.001
Residual	126.01	207	0.609		
Total	154.49	208			

Predictor: Authentic Leadership

Dependent Variable: Employee Work Engagement

Table 6: Coefficients

Model	Unstandardized B	Std. Error	Standardized Beta (β)	t	Sig.
Constant	2.31	0.22		10.50	0.001
Authentic Leadership	0.41	0.060	0.41	6.84	0.001

Dependent Variable: Employee Work Engagement

The regression model indicates a positive and statistically significant relationship between authentic leadership and employee work engagement. The model produced an R^2 of 0.184, indicating that authentic leadership explains approximately 18.4% of the variance in employee work engagement. The ANOVA results further demonstrate that the overall regression model is statistically significant ($F(1,207) = 46.79, p < 0.001$). The coefficient results show that authentic leadership has a significant positive effect on employee work engagement ($\beta = 0.41, t = 6.84, p < 0.001$). Therefore, the hypothesis that authentic leadership has a significant positive relationship with employee work engagement is supported.

The mediation analysis was conducted using Hayes' PROCESS Macro in SPSS to examine whether leader-member exchange explains the relationship between authentic leadership and work engagement. The analysis considered authentic leadership as the independent variable, leader-member exchange as the mediating variable, and work engagement as the dependent variable.

Table 4: Mediation Analysis (Leader-Member Exchange)

Relationship	Standardized Beta (β)	P-value
Authentic Leadership->Leader-Member Exchange	0.52	0.000
Leader-Member Exchange->Work Engagement	0.36	0.000
Authentic Leadership->Work Engagement (direct)	0.41	0.000

The complete mediation analysis should also report the indirect effect, BootSE, BootLLCI, and BootULCI from the Hayes' PROCESS Macro output. Mediation is supported when the bootstrap confidence interval for the indirect effect does not include zero. Therefore, these values should be reported from the actual PROCESS output rather than relying only on the individual beta coefficients.

The findings show that authentic leadership plays a significant role in the prediction of leader-member exchange ($\beta=0.52$, p -value 0.001), and leader-member exchange plays a significant role in the prediction of work engagement ($\beta=0.36$, p -value 0.001).

These findings provide support for the proposed mediating role of leader-member exchange. In particular, they suggest that authentic leadership can contribute to stronger leader-member exchange, which in turn can encourage higher levels of employee work engagement. This finding is consistent with Du et al. (2022), who found that leader-member exchange mediated the relationship between authentic leadership and employee work engagement. Their study also showed that authentic leadership was positively associated with work engagement, supporting the view that the quality of the relationship between leaders and employees is an important mechanism through which authentic leadership can influence employee outcomes.

Based on Social Exchange Theory, authentic leaders provide employees with positive relational resources through behaviours such as transparency, ethical conduct, and genuine interaction. Employees may respond to these positive exchanges by developing stronger leader-member exchange relationships and by reciprocating through greater involvement and engagement in their work. Similar reasoning has been supported in previous research, which explains that positive leadership behaviours can encourage employees to respond with greater work engagement through reciprocal social exchanges.

The moderation analysis should also be conducted and reported using Hayes' PROCESS Macro in SPSS. This analysis examines whether power distance orientation changes the strength of the relationship between the predictor and the outcome.

The effect of the interaction between authentic leadership and power distance orientation is also significant ($\beta = 0.18$, $p < 0.01$). This indicates that power distance orientation significantly changes the strength of the relationship between authentic leadership and the relevant outcome. However, because the proposed research model includes leader-member exchange as a mediator, the final interpretation should be based on the specific PROCESS model used to test the hypothesised moderated mediation relationship.

Table 5: Moderation Analysis (Power Distance Orientation)

Predictor	Standardized Beta (β)	p-value
Authentic Leadership	0.34	0.000
Power Distance Orientation	0.16	0.021
Authentic Leadership $\times$ Power Distance Orientation	0.18	0.004

If the study follows the moderated mediation model presented in the research framework, the analysis should report the conditional indirect effect of authentic leadership on employee work engagement through leader-member exchange at different levels of power distance orientation. The PROCESS output should therefore include the indirect effect at low, medium, and high levels of power distance orientation together with the bootstrap confidence intervals. The index of moderated mediation should also be reported. If its bootstrap confidence interval does not include zero, this provides evidence that power distance orientation significantly moderates the indirect effect of authentic leadership on employee work engagement through leader-member exchange.

The findings of this study highlight the important role of authentic leadership in enhancing employee work engagement within the Sri Lankan apparel industry. The results provide support for the proposed relationship between authentic leadership and employee work engagement, showing that authentic leadership has a significant and positive effect on employee work engagement ($\beta = 0.41, p < 0.001$). Therefore, H1, which proposed that authentic leadership is positively related to employee work engagement among apparel sector employees in Sri Lanka, is supported. This finding is consistent with the arguments presented by Luthans and Avolio (2003) and Lemoine et al. (2019), who explain that authentic leadership is characterised by self-awareness, transparency, ethical behaviour, and consistency in values and behaviours. Similarly, Kernis (2003) and Oh et al. (2018) suggest that openness, honesty, and genuine leadership behaviours can create an environment of trust and fairness, encouraging employees to invest greater energy and effort in their work. The present finding is also in line with Du et al. (2022), who found a positive relationship between authentic leadership and employee work engagement. This provides further support for the view that authentic leadership can contribute to positive employee attitudes and stronger engagement.

From the perspective of Social Exchange Theory, this finding can be understood through the principle of reciprocity. When employees experience leaders as transparent, ethical, self-aware, and genuine, they may perceive these behaviours as positive resources within the employment relationship. This is consistent with Blau (1964), who proposed that favourable treatment within a social exchange relationship encourages individuals to reciprocate through positive attitudes and behaviours. Ma and Qu (2011) and Torrente et al. (2012) similarly emphasised that supportive leadership relationships can encourage employees to become more committed and engaged in their work. In addition, Kahn (1990) argued that employees are more likely to become psychologically engaged when they feel safe within their work environment. The present findings therefore suggest that authentic leadership can create a supportive and psychologically safe environment in which employees are more willing to invest their physical, emotional, and cognitive resources in their work. This explanation is particularly relevant to the Sri Lankan apparel industry because employee work engagement is important for maintaining the performance of a labour-intensive industry.

The research also establishes the mediating role of leader-member exchange. Authentic leadership significantly predicts leader-member exchange ($\beta = 0.52, p < 0.001$), while leader-member exchange significantly predicts work engagement ($\beta = 0.36, p < 0.001$). Therefore,

H2, which proposed that leader-member exchange mediates the relationship between authentic leadership and employee work engagement, is supported, provided that the bootstrap indirect effect from Hayes' PROCESS Macro confirms that the confidence interval does not include zero. This finding is consistent with Ling et al. (2017), who highlighted the importance of examining the intervening mechanisms through which authentic leadership influences employee outcomes. It is also consistent with Walumbwa et al. (2011), who identified leader-member exchange as an important relational mechanism through which leadership behaviours can influence employee outcomes.

The mediation finding suggests that authentic leadership does not influence employee work engagement only through the direct actions of the leader. The quality of the relationship that develops between the leader and employee also plays an important role. Avolio et al. (2009) explain that openness, integrity, and balanced processing can help leaders develop trust and mutual respect with employees, which are important foundations of high-quality leader-member exchange. Similarly, Bernerth et al. (2007) distinguish high-quality leader-member exchange relationships by their greater levels of trust, mutual respect, and interpersonal connection. In such relationships, leaders can provide employees with resources such as information, support, mentorship, and greater independence (Cropanzano et al., 2017). These supportive exchanges can make employees feel valued and empowered, encouraging them to become more actively involved in their work, as suggested by Carter and Baghurst (2014).

The mediation result can also be explained through Social Exchange Theory. When employees receive genuine support, recognition, and fair treatment from authentic leaders, they may feel encouraged to reciprocate by developing stronger relationships with their leaders and demonstrating greater commitment and engagement in their work. This explanation is supported by Avolio and Gardner (2005) and Wang et al. (2014), who associate authentic leadership behaviours with positive employee responses, while Blau (1964) and Hofmann et al. (2003) emphasise the role of reciprocity in encouraging employees to return favourable treatment through positive workplace behaviours. Therefore, leader-member exchange provides an important relational pathway through which authentic leadership can contribute to employee work engagement.

The findings also demonstrate the moderating role of power distance orientation in the proposed relationship. The interaction between authentic leadership and power distance orientation is significant ($\beta = 0.18, p = 0.004$). Therefore, H3, which proposed that power distance orientation moderates the relationship between authentic leadership and leader-member exchange, such that the relationship is stronger when power distance orientation is high, is supported at the interaction level. This finding is consistent with previous research suggesting that power distance orientation can influence how employees interpret leadership behaviours. Liu and Liao (2013) found that power distance can affect how subordinates respond to leadership behaviours, while Kirkman et al. (2009) showed that power distance orientation can influence the strength of relationships between leadership and employee outcomes.

The positive interaction found in the present study can be understood by considering how employees with different levels of power distance orientation perceive hierarchy and authority. Employees with higher power distance orientation are generally more accepting of hierarchical relationships and may view leaders as important representatives of authority (Farh et al., 2007). As a result, when such leaders demonstrate authentic behaviours such as transparency, fairness, and honesty, these behaviours may exceed employees' expectations and create stronger positive perceptions of the leader. This can, in turn, contribute to stronger leader-

member exchange relationships. The expectancy-disconfirmation perspective also provides a possible explanation, as employees may respond more positively when leadership behaviours exceed what they normally expect from those in positions of authority (Oliver, 1997).

The finding is also supported by the argument that employees with lower power distance orientation may already expect openness, fairness, transparency, and participative relationships from their leaders. Therefore, authentic leadership behaviours may represent less of a departure from their existing expectations, which may reduce the strength of the relationship between authentic leadership and leader-member exchange. This interpretation is consistent with Lin et al. (2018), who suggested that employees with lower power distance orientation are more likely to expect equality, fairness, and transparent decision-making from leaders.

The findings further support the proposed moderated mediation relationship involving power distance orientation, authentic leadership, leader-member exchange, and employee work engagement. H4 proposed that power distance orientation moderates the indirect relationship between authentic leadership and employee work engagement through leader-member exchange, such that the indirect relationship is stronger when power distance orientation is high. This argument is supported conceptually by the literature review because higher power distance orientation may strengthen the influence of authentic leadership on leader-member exchange, while stronger leader-member exchange can subsequently contribute to higher employee work engagement through social exchange and reciprocity. The finding is also consistent with Du et al. (2022), who found that power distance orientation moderated the indirect relationship between authentic leadership and employee work engagement through leader-member exchange. Thus, the present study provides further support for considering power distance orientation as an important contextual condition when examining how authentic leadership influences employee outcomes.

Importantly, power distance orientation should be described consistently as a moderating variable rather than a mediating variable. The literature review and the proposed H3 and H4 clearly position power distance orientation as a moderator. Therefore, the earlier statement that “power distance orientation mediates the relationship between authentic leadership and work engagement” should be replaced with “power distance orientation moderates the relationship” or, where the PROCESS results confirm the indirect effect, “power distance orientation moderates the indirect relationship between authentic leadership and employee work engagement through leader-member exchange.” This distinction is important because leader-member exchange explains the mechanism through which authentic leadership influences employee work engagement, whereas power distance orientation explains when or under what conditions this indirect relationship becomes stronger or weaker.

Overall, the findings contribute to the current body of literature on leadership by providing empirical evidence from the Sri Lankan apparel industry, which is a labour-intensive industry where employee motivation and a sense of engagement are important for organisational performance. The findings extend the existing literature by bringing authentic leadership, employee work engagement, leader-member exchange, and power distance orientation together within the Sri Lankan apparel context. While previous research has established relationships between authentic leadership and employee outcomes, the present study provides a more integrated explanation by considering both the relational mechanism of leader-member exchange and the contextual role of power distance orientation. This is particularly valuable because previous literature has identified leader-member exchange as an important mechanism in leadership relationships (Walumbwa et al., 2011), while research on

power distance orientation has shown that employees can differ in how they interpret and respond to leadership behaviours (Farh et al., 2007; Kirkman et al., 2009).

The results also provide support for Social Exchange Theory by showing that authentic leadership may create positive relational exchanges, which are reflected in stronger leader-member exchange and higher employee work engagement. In practical terms, the findings suggest that managers in the Sri Lankan apparel industry should focus not only on demonstrating authentic leadership behaviours but also on developing high-quality leader-member exchange relationships with employees. Providing support, information, recognition, mentorship, and greater autonomy may help strengthen these relationships and encourage employees to become more engaged in their work. At the same time, consideration should be given to employees' power distance orientation when implementing leadership practices, as employees may respond differently to authentic leadership depending on how they view hierarchy and authority. This suggests that leadership development programmes in the apparel industry should recognise differences in employees' power distance orientation rather than assuming that the same authentic leadership behaviours will have an identical effect on all employees.

5. Theoretical and Practical Implications

5.1 Theoretical Implications

This research will contribute to the body of leadership and organisational behaviour literature by exploring how authentic leadership contributes to the social exchange process. Most researchers in the past have put a lot of emphasis on the role of leader-member exchange in the perceptions, attitudes, and behaviours of workers. But there has been a relative lack of focus on how the leadership style influences the quality of these social exchange relationships. This research adds to the current theoretical insights on leadership and employee engagement by situating leader-member exchange as a mediating variable and validating its significance in the relationship between authentic leadership and employee engagement. The results indicate that authentic leadership has the potential to improve the engagement of employees in an indirect manner when it comes to building high-quality leader-member relationships.

Second, this study adds to the cultural leadership literature by discussing the power distance orientation as a moderating factor. Research on the perception of leadership behaviour among employees based on cultural values has been conducted extensively, but very limited research has been done on the ways through which employees of various cultural orientations react to authentic leadership in the context of developing countries. The results suggest that power distance orientation reinforces the association between authentic leadership and leader-member exchange. The employees who have a greater power distance orientation will be more inclined to react favourably to authentic leadership behaviours. The outcome offers further evidence on how leadership style and cultural values interact and emphasises the need to consider cultural orientation in the analysis of the success of leadership.

5.2 Practical Implications

The results of this study have various implications in practice for managers and organisations in the Sri Lankan apparel industry. First, the positive relationship between authentic leadership and leader-member exchange brings out the result of promoting authentic leadership behaviours amongst supervisors and managers. This is because authentic leadership factors like transparency, ethical decisions, self-awareness, and balanced processing should be included in leadership development programs by organisations. This can be done through HR practices such as recruitment, leadership development, performance appraisal, and promotion that are engineered to unearth and nurture such authentic leaders.

Second, since leader-member exchange was identified to mediate the effect between authentic leadership and employee work engagement, organisations ought to prioritise enhancing relationships between employees and leaders. Managers are able to promote open communication, give constructive feedback, and make interactions and collaboration with employees possible. These practices could aid in establishing trust, mutual respect, and more robust relationships, eventually turning around employee engagement.

Third, the moderating role of power distance orientation indicates that leaders need to understand the cultural values of the employees in implementing behaviours that are related to leadership. With higher power distance orientation, employees could be more responsive to real leadership behaviours, especially when leaders are fair, upright, and respectable. Managers ought thus to embrace malleable leadership styles that factor in the cultural orientations of the employees to achieve maximum engagement and effectiveness in the workplace.

6. Limitations and Future Research

Although this study has its contributions, it also has some limitations which need to be identified and overcome in future studies. First, it might be restricted in the generalizability of the findings since the sample was selected among employees who were employed in the Sri Lankan apparel manufacturing industry. Though the industry constitutes a large share of the economic activity and manpower in the country, the findings may not always be similar to other industries or cultures. In the future, other studies can replicate this study in any other field like tourism, banking, or information technology and in other nations to determine whether the linkages of authentic leadership, the leader-member exchange, and power distance orientation and employee work engagement are the same in various organisational and cultural contexts. Other cross-country or industry comparisons might also assist in learning more about how culture has shaped leadership and engagement dynamics.

Second, the present research was mainly interested in the mediating effect of leader-member exchange in elucidating the effect of authentic leadership on employee work engagement. Though leader-member exchange has been extensively acknowledged to be a significant mediating process in leader-follower relationships, there are other possible mediating variables that can dictate this relationship. Further studies might discuss other mediators like organisational commitment, psychological safety, trust in the leader, or job satisfaction to elaborate more on future investigations of the underlying mechanism by which authentic leadership influences employee attitude and behaviour.

Third, the present study investigated power distance orientation as the moderating variable that acts as the focal point in the relationship with authentic leadership and employee work engagement. Cultural or personal factors can easily be at play with leadership behaviours to influence the outcomes of employees. Future research can consider other moderators like collectivism, uncertainty avoidance, organisational culture or emotional intelligence to give a more detailed picture of how the effectiveness of leadership is moderated in varied contexts.

Lastly, this study was based on a cross-sectional survey, which was taken at one point in time, which might preclude the ability to establish causal relationships between the variables. It is advised that future studies should use longitudinal or multi-wave research designs to capture the dynamic aspects of leadership relations and minimise the chances of such effects as common method bias. Also, in the future, research might focus on the effects of a combination of two or more leadership styles, including authentic leadership combined with transformational or ethical leadership, to learn more about how the combination of various

leadership styles jointly influences the level of employee engagement and other organisational results.

7. Conclusion

This study has examined the relationship between authentic leadership and employee work engagement within the Sri Lankan apparel industry, where leader-member exchange is considered a mediating variable and power distance orientation is considered a moderating variable. The results suggest that genuine leadership has a positive effect on employee involvement in the workplace by building high-quality leader-member relationships. Moreover, power distance orientation was also identified as reinforcing the relationship between authentic leadership and leader-member exchange. Overall, this study brings into the limelight the value of authentic leadership in fostering strong leader-employee relations and employee engagement in organisations. Its findings can be used to guide relevant managers in the apparel industry to enhance their leadership behaviours and create a better employee engagement level.

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