Mediating role of learning capability in the relationship between authentic leadership and business performance

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ABSTRACT

The aim of the study is to analyze the Mediating Role of Learning Capability in the Relationship between Authentic Leadership and Business Performance. This study is important because; it will contribute to the explanation of the question, "What are the reasons inter-firm differences for superior performance?" and it will guide the firms on how they create sustainable competitive advantage and how they generate above-average profits. In this context, medium and large-sized enterprises involved the finance business and located the Marmara Region are included in the study. Data obtained from 252 employees in different grades have analyzed in order to test the hypotheses developed. As a result of the analysis, a significant and direct relationship was found between authentic leadership and business performance and also a significant and direct relationship was found between learning capability and firm performance. However; it was understood that learning capability has a mediating role in the relationship between authentic leadership and business performance

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Introduction

Change and speed come into prominence as two significant factors defining today's environmental conditions. They are the two critical elements, allowing firms to generate above-average profits and to continue to survive for the long term. Customers' requests and demands change with almost every passing day in an environmental media exhibiting such chaotic and dynamic characteristics. Firms are forced having to develop new strategies and compete with their competitors to meet these changing customer request and demands.

Resource-based theory suggests that competitive advantages obtained by the firms are based on their internal sources and capabilities (Wernerfelt, 1984; Barney, 1991; Amit and Shoemaker, 1993; Grant, 1991; Grant, 1996; Kor and Mahoney, 2004; Barney and Clark, 2007). In this respect learning capability developed based on firm's sources (Ulrich, Jick and Glinow, 1993; Dibella, Nevis, and Gould, 1996; Goh and Richards, 1997; Yeung et al., 1999; Goh, 2003; Chen, 2005) will make a considerable contribution to the generation of sustainable competitive advantage and above-average income in such fast-changing environment. But first and foremost; new leaders who may manage such sources and capabilities, allow for the development of new capabilities by coordinating them and set an organizational culture allowing for the germination of such strategically significant capabilities within the organization are need. In today's turbulence and chaotic environment, many negative developments uncover the demand for a new style of leadership under which organizations can reassure confidence and high moral understanding among their employees. In this sense, more interest than ever has been shown in the authentic leadership (Gardner et al., 2005; Walumbwa et al., 2008). The aim of this study is to put forth the mediating role of the learning capability in the effect of authentic leadership on business performance. Furthermore; this study is important in terms of it will answer the question "what are the reasons for the outstanding inter-firms performance differences?" which has been searched to answer in the strategic management literature for a long time; also, this study is important with regard to guide to firms on how they create sustainable competitive advantage and how to generate above-average profits.

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This study, ontologically, based on quantitative research orientation, has a positivist approach. In this context, medium and large-sized enterprises involved the finance businesses and located the Marmara Region are included in the study. The research sampling has determined by the simple sampling method and the data have collected by the survey method. Within the scope of the research, hypotheses related to authentic leadership, learning capability and firm performance variables have developed. Data obtained from 252 employees in different grades have analyzed in order to test the hypotheses developed. As a result of the analysis, a significant and direct relationship was found between authentic leadership and business performance and also a significant and direct relationship was found between learning capability and firm performance. Also; it was understood that learning capability has a mediating role in the relationship between authentic leadership and business performance.

Literature Review

Theoretical Framework

Firm's Resource-Based Theory (Wernerfelt,1984; Barney,1991; Amit and Shoemaker, 1993; Grant,1991; Grant,1996; Kor and Mahoney,2004; Barney and Clark,2007) suggests that determinant of the sustainable competitive advantage between the firms is based on firm's sources and capabilities developed accordingly. Considering the studies in recent years learning capability is defined as a transformational-based capability converting inputs to outputs advantageously (Lado and Wilson,1994).

But, first and foremost; new leaders who may manage such sources and capabilities, allow for the development of new capabilities by coordinating them and set an organizational culture allowing for the germination of such strategically significant capabilities within the organization are needed. I.e. such fast change has changed the leadership type in the need and required new leadership models conforming to today's rapidly changing environmental media. In this respect, it has caused a larger interest in authenticity and authentic leadership as a new leadership model with the effect of a series of negative developments experienced recently (high-grade scandals in the public institutions, mismanagement and larger difficulties faced by public/private organizations) (Gardner et al.,2005; Walumbwa et al.,2008)

Authentic Leadership

The concept of authenticity stems from Greek philosophy (loyalty to himself). A number of researches on the history and origin of the concept of authenticity in the fields of philosophy and psychology have conducted by Erickson (1995). Avolio and Gardner (2005) suggested that leading is more difficult during tough times and that unique difficulties faced by the world-wide organizations provide a new focus on what constitutes authentic leadership. Public, private and even voluntary organizations come across challenges ranging from moral collapse to terrorism and SARS. Under these conditions, the elements that constitute regular operations show instant change with new trends, technological changes, market demands, and competition. Such difficulties have improved the demand for re-establishment of trust, hope, and optimism. (Avolio and Gardner,2005).

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

Learning Capability

The rapidly changing business environment of the 1990s caused managers and researchers alike to search for new ways to develop organizations capable of continuous adaptation and anticipating the need for change. Organizational learning, a concept which promoted continuous adaptation and improvement, has therefore captured the imagination of managers seeking to survive the current turbulent operating environment (Goh and Richards,1997). Accordingly, organizational learning capability has been considered one of the basic sources of the inter-firm sustainable competitive advantage and many studies have been conducted about it. Firms capable of learning have delivered an outstanding performance against their rivals and have obtained a source of sustainable competitive advantage. Thus; many definitions are made describing what learning capability is. Learning capability represents managers' capacity to produce and generalize the effective ideas in an organization. This definition has three main components. First, Managers are able to produce effective ideas. Second, managers are able to generalize them. Third, production and generalization of the ideas represent learning capability, when the ideas become effective (Ulrich, Jick and Glinow,1993).

According to Goh (2003), learning capability is the capability of an organization to implement the appropriate management practices, structures and procedures that facilitate and encourage learning (Goh,2003, p.217). Learning capability means the existence of the official and unofficial structures, allowing gaining and using information and skills in the organizations. Since there are numerous ways for organizations to learn and maximize it, there are stylistic differences between the firms' organizational learning capabilities (Dibella, Nevis, and Gould, 1996). From the point of view of the resource-based theory, learning capability is discussed herein as one of the basic determinants of the sustainable competitive advantage and a dynamic capability developed based on the firm's sources. In this context; learning capability means acquiring information by following instantaneously the environmental changes, spreading this information within the organization and forming the internal structures and processes allowing them to become eventually the organization's information.

Firm Performance

Organizational performance has been a significant component of the studies on the management policy. Researchers consider firm performance when they research organizational phenomena like structure, strategy, and planning (Dess and Robinson, 1984). Ventkatraman and Ramanujam (1986) defined performance as a qualitative and quantitative assessment of all planned efforts made in order to achieve the performance targets and results obtained and suggested a two-dimensional model in order to measure the firm performance. They classified measurement criteria in two parts, respectively financial (quantitative) and operational (qualitative) indicators and primary and secondary source scales by taking the source of information as a basis. Hart and Banbury (1994) defined organizational structure as a multi-stage structure, consisting of financial or operational or organizational performance elements.

Regardless of the structure chosen to conceptualize organizational performance, it is apparent that organizational performance is a complicated and multidimensional phenomenon. It is difficult to functionalize such complicated concepts by its nature. When focusing even on the economical dimension of the organizational performance, researchers have frequently faced with difficulties (Dess and Robinson, 1984). Several organizational performance measurement criteria have been defined by the researchers. These; Sales growth, market share, profitability, overall performance, stakeholder satisfaction (Lumpkin and Dess, 1996). Perceived organizational performance, perceived market performance (Delaney and Huselid, 1996). Change in relative market share, new product success, overall performance (Baker and Sinkula, 1999). Overall performance; return on assets (ROA), sales growth, foreign performance; foreign profitability, foreign growth (Zahra and Garvis, 2000). In general, leverage, liquidity, profitability, and sales growth rates are used to evaluate the financial performance of firms. (Hart and Banbury, 1994). Two popular measurements associated with the economic dimension of the organizational performance; return on assets and growth in sales may be shown as an example to such measurement problem (Dess and Robinson, 1984).

Different measurement methods are used depending on the purpose of the study conducted. firm's financial performance will be discussed in this study.

Empirical Studies and Hypothesis Development

Authentic Leadership and Firm Performance

Studies on how leadership affects firm performance are available in the literature (Howell and Avolio, 1993). But the relationship between transformational leadership and firm performance is discussed in these studies. Barney and Clark (2007) state that there is little doubt about that general managers may have significant impacts on firm performance, and that there is a tradition of leadership research that examines leaders' talents and capabilities and attempts to document their impact on firm performance. Organizational culture was seen to mediate the relationship between the leadership style and organizational performance in the study conducted by Ogbonna and Harris (2000). I.e. relationship between leadership style and organizational performance was found to exist in line with the mediation of organizational culture rather than a direct relationship. Organizational leaders according to Ryan and Deci (2001); they stated that when they realized their true values, beliefs, and strengths and acted accordingly, a higher level of employee happiness would emerge because they naturally helped others to do the same things, and consequently the performance of the follower would be positively affected. This situation is seen to be likely to affect positively the financial performance of the firm.

There are a limited number of studies on the relationship between authentic leadership and organizational performance in the literature. A great majority of the studies about discuss the relationship between authentic leadership and employee performance. But in this study, it is asserted that authentic leadership affects positively the financial performance of the firm. In this context following hypotheses have developed.

H₁: There is a significant relationship between authentic leadership and firm Performance

Authentic Leadership and Learning Capability

Up to now, many studies have been conducted on the relationship of leadership with many concepts (motivation, organizational leadership, organizational commitment, performance, etc.) and its contribution to organizational success in terms of effectiveness and productivity. Researchers have started to analyze the role of leadership in producing organizational learning outputs (Mazutis and Slawinski, 2007). In a highly competitive environment, employees are encouraged to take calculated risks, to deal with uncertainty, and to innovate. Such an environment requires a shared leadership style in a nonhierarchical organization. Managers are seen as coaches, not controllers; level or rank is not as important as the capability of the individual to contribute to the organization's performance. Leaders need the skills to facilitate change. Leaders should also be able to provide useful feedback to employees and teams to help them identify problems and opportunities. Leadership in a learning organization means involving employees in decision-making. Leaders should also be willing to accept criticism without being overly defensive and to learn from it. (Goh, 1998:18). According to Mazutis and Slawinski (2007), organizational learning is conceptualized as a multi-level dynamic process through which the thoughts and actions of individuals and groups change and become embedded in the organization over time. Dialogue lies at the core of organizational learning. Without dialogue, individuals and groups cannot effectively exchange ideas or develop shared understanding. Thus; as a relatively new research area authentic leadership may affect the dialogue and its quality between the members of an organization.

As can be seen, leaders should assume significant roles in order to create an organization capable of learning. Primarily, the creation of an appropriate organizational climate in which employees can develop self-awareness, reveal their personal potential and engage in dialogue by following an open and transparent communication process is crucial for creating a learning organization and this can only be achieved through authentic leadership style. From this aspect, an authentic leadership style is thought to contribute to the creation of an organization capable of learning and thus, the learning capability of the firms. In this context following hypotheses were developed.

H₂: There is a significant relationship between authentic leadership and learning capability.

Learning Capability and Firm Performance

In a study conducted by Yang, Watkins, and Marsick (2004) it was found that there is a positive relationship between learning capability and firm performance. Learning capability was found to contribute to the financial performance of the firm. In a study conducted by Calantone, Cavusgil, and Zhao (2002) it was found that there is a positive relationship between learning orientation and firm performance. In a study conducted by Jyotsna Bhatnagar (2006) with 612 managers in India learning capability was found to affect positively the firm's performance. Another study in this field was conducted by Zhao et al. (2011) and organizational learning was found to affect firm performance positively.

In light of all these data, it is argued that there is a positive relationship between learning capability and firm performance and that the learning capability of the firm affects positively firm performance. Thus, the following hypothesis was developed.

H₃: There is a significant relationship between Learning Capability and Firm Performance.

Mediating Role of Learning Capability in the Relationship Between Authentic Leadership and Firm Performance

Interventional variables that affect the relationship between the dependent variable and the independent variable and used to describe such relationships are called mediating variables (Hayes, 2009). The current mediation literature discusses two different types of mediation, full and partial mediation (Baron and Kenny, 1986). In a study conducted by Ogbonna and Harris (2000), it was suggested there is not any direct relationship between leadership style and firm performance and that organizational culture mediated in this relationship. I.e. it was stated that there is an indirect relationship between leadership style and firm performance rather than a direct relationship.

In this study, it was assumed that learning capability has a mediating role in the relationship between authentic leadership and firm performance and following hypotheses were developed.

H₄: Learning Capability has a mediating effect on the relationship between Authentic Leadership and Firm Performance.

According to the hypotheses developed, the research model is presented in Figure 1.

Fig. 1: Research Model

The above-mentioned model was developed within the scope of the study. It is argued that there is a direct and significant relationship between authentic leadership and its sub-dimensions and learning capability and firm performance. Furthermore; learning capability is considered to have a mediating role in the relationship between authentic relationship and firm performance.

Research and Methodology

Method of Research and Data Collection

This study uses a methodology that takes a quantitative research trend as a basis and ontologically objectivity and epistemologically positivist approach. Considering the variables of authentic leadership, learning, and firm performance, field research was conducted with the medium and large-sized enterprises involved in finance business and data were collected using a questionnaire survey. Scales used in this study were preferred due to their high authenticity and reliability. Thus; following scales were used. Authentic Leadership Scale (Walumbwa et al., 2008); Learning Capability Scale (Chen, 2005); Firm Performance Scale; (Baker and Sinkula, 1999; Lynch, Keller and Ozment, 2000; Antoncic and Hisrich, 2001; Zahra, Neuabaum and El- Hagrasey, 2002)

Universe and Sample of the Study

This study covers the medium and large-sized enterprises involved in the finance business in Turkey. But since considering time resource constraints it is not possible to reach all medium and large-sized enterprises across Turkey, only medium and large-sized enterprises located in the Marmara Region were discussed. In this context, the sample was determined by convenience sampling method.

Data Analysis and Results

Individuals employed by the finance firms were analyzed with 252 usable questionnaires. Individuals, responding to the questionnaires used in the analysis and relevant descriptive statistics were specified in Table 1.

Table 1: Descriptive Statistics

Frequency			Valid Percent	Cumulative Percent
Sex	Female	128	50.8	50.8
	Male	124	49.2	100.0
	Production	29	11.5	11.5
	Accounting	16	6.3	17.9
Department	Personnel	34	13.5	31.3
	Sales/Marketing	84	33.3	64.7
	Purchase	82	32.5	97.2
	Other	7	2.8	100.0
	Senior executive	10	4.0	4.0
	Mid-level executive	53	21.0	24.6
Status	Low-level executive	59	23.4	48.0
	White-collar Employee	130	51.6	99.6
	High School	15	6.0	6.0
	College	28	11.1	17.1
Education	University	158	62.7	79.8
	Postgraduate	51	20.2	100.0
Total		252	100.0	---

Source: Authors

When the table is analyzed, individuals are seen to consist of white collars and trained persons. Gender distribution is observed. Gender distribution is observed to be close between the individuals. As a data reduction method used to represent a large number of variables with fewer numbers of variables, factor analysis was applied to the data collected by means of a five-point Likert scale questionnaire (Pallant, 2013).

Kaiser-Meyer-Olkin (KMO) test for sampling adequacy and Barlett Globality test were used in order to test the fitness of data set to factor analysis. KMO value (0.922) and Barlett Globality test show that data are fit to factor analysis (Hair et al., 2014).

Accordingly, factor analysis results for authentic leadership are presented in Table 2. According to the results given factor values given are higher than 0.50 set as limit value (Hair et al., 2014). A principal components analysis with varimax rotation was used for factor analysis. From the results, 71.147% of the Authentic Leadership is represented by a four-factor structure.

Table 2: Factor Analysis Results for Authentic Leadership

	Balanced Assessment of Information	Relational Transparency	Self- Awareness	Internalized Moral Perspective
Balanced Assessment of Information-4	0.805			
Balanced Assessment of Information-2	0.794			
Balanced Assessment of Information-1	0.761			
Balanced Assessment of Information-3	0.736			
Relational Transparency-2		0.781		
Relational Transparency-3		0.765		
Relational Transparency-1		0.737		
Relational Transparency-4		0.676		
Self-Awareness			0.765	
Self-Awareness			0.732	
Self-Awareness			0.698	
Self-Awareness			0.685	
Internalized Moral Perspective				0.764
Internalized Moral Perspective				0.753
Internalized Moral Perspective				0.644
Internalized Moral Perspective				0.633
%Variance	19.646	18.627	16.772	16.102
<i>Notes: (i) Principal Components Analysis With Varimax Rotation</i>				
<i>(ii) Total Explained Variance: 71.147%</i>				

Results of the factor analysis performed for Firm Performance and Learning Capability are presented in Table 3. From the results, it was found that sampling is quite adequate for factor analysis and that the Barlett Globality test is significant. As a result of the analysis performed it is understood that principal components analysis with Varimax rotation is appropriate and that explained variance is 65.856%.

Table 3: Results of the Factor Analysis for Firm Performance and Learning Capability

	Firm Performance	Learning
Firm Growth Perf3	0.838	
Firm Growth Perf11	0.838	
Firm Growth Perf2	0.837	
Firm Growth Perf12	0.835	
Firm Growth Perf4	0.833	
Firm Growth Perf8	0.815	
Firm Growth Perf5	0.809	
Firm Growth Perf10	0.806	
Firm Growth Perf6	0.794	
Firm Growth Perf1	0.791	
Firm Growth Perf9	0.790	
Firm Growth Perf7	0.781	
Learn Capability8		0.810
Learn Capability3		0.806
Learn Capability2		0.803
Learn Capability1		0.797
Learn Capability7		0.772
Learn Capability9		0.771
Learn Capability6		0.753
Learn Capability4		0.746
Learn Capability5		0.729
Learn Capability10		0.724
% Variance	37.238	28.619
<i>Notes</i>		
<i>(i) Principal Components Analysis With Varimax Rotation</i>		
<i>(ii) Total Explained Variance: %65.856</i>		

Source: Authors

Table 4: Reliability Statistics

	CR	CA	AVE
Self- Awareness	0.846	0.725	0.677
Balanced Assessment of Information	0.914	0.869	0.736
Internalized Moral Perspective	0.968	0.956	0.650
Relational Transparency	0.965	0.952	0.746
Learn	0.982	0.979	0.618
Firm Performance	0.993	0.992	0.689
*CA: Cronbach's Alpha; CR: Composite Reliability; AVE: Average Variances Extracted			

Source: Authors

The mean and standard deviation values of the variables specified in the table are examined. Cronbach's alpha (CA) was used to calculate the internal consistency of the factors. Cronbach's Alpha shows the total reliability values of the questions in the factors. All those values are seen to be higher than 0.70 and reliable (Hair et al., 2014). Accordingly, internal consistencies were found to be high.

Average Variance Extracted is an indicator of extracted validity and represents the average explained variance of the items in any factor structure. Referring to table 4, the square root of AVE values is shown on the diagonal. These values should be greater than the lower values and standardized values should be at least 0.70 (Fornell and Larcker, 1981). This condition is seen to be satisfied. From the analysis results, all validity and reliability conditions of the structures are seen to be fulfilled.

Table 5: Descriptive Statistics

	Mean	Std.Dey	1	2	3	4	5	6
Self-Awareness	3,623	0,867	0.823					
Balanced Assessment of Information	3,835	0,816	0.625***	0.858				
Internalized Moral Perspective	3,815	0,729	0.621***	0.539***	0.806			
Relational Transparency	3,862	0,822	0.629***	0.644***	0.684***	0.864		
Learn Capability	3,844	0,669	0.439***	0.463***	0.532***	0.514***	0.786	
Firm Performance	3,809	0,748	0.341***	0.238***	0.407***	0.354***	0.376***	0.830

*Square roots of average variances extracted (AVEs) shown on diagonal.

Source: Authors

Regression analysis is a method to explain and model the relationship between dependent variables and independent variables (Hair et al., 2014). Intervening variables that affect the relationship between the dependent variable and independent variable and used in explaining this relationship are called as mediating variables (Hayes, 2009). A four-stage method developed by Baron and Kenny (1986) was used in order to show the mediating effect in the research hypotheses. The current mediation literature discusses two different types of mediation, full and partial mediation (Baron and Kenny, 1986).

The Bootstrap method may be used to test the mediation relationship. Preacher and Hayes (2008) argues that mediating effects may be found to exist when the independent variable has an indirect effect on the dependent variable upon the inclusion of the mediating variable in the model. It was also found that examined VIF values are lower than 10 and that no multicollinearity problem occurs between the variables (Tabachnick and Fidell, 2001).

In the light of these explanations, there is a one-to-one relationship between all parameters. Relationships are shown in table 6.

Table 6: Hypothesis Test Results

Model	Dependent Variable	Independent Variable(s)	Standard β	t-test	Adjusted R ²	F-Test
Model 1	Firm Perf	Balanced Info	0.075	1.310(0.190)	0.182	13.713***
		Transparency	0.235	4.120***		
		Self-Awareness	0.209	3.665***		
Model 2	Learn Capability	Internalized Moral Perspective	0.277	4.860***	0.339	31.662***
		Balanced Info	0.295	5.751***		
		Transparency	0.336	6.540***		
Model 3	Firm Perf	Self-Awareness	0.199	3.876***	0.139	40.467***
		Internalized Moral Perspective	0.316	6.150***		
		Learn	0.373	6.374***		
Model 4	Firm Perf	Learn	0.221	3.408***	0.213	13.288***
		Transparency	0.161	2.683**		
		Self-Awareness	0.165	2.877**		
		Internalized Moral Perspective	0.208	3.486***		

*p<0.05, **p<0.01, ***p<0.001

Source: Authors

Analyses for the hypothesis tests are presented in Table 5. The effects of the variables of authentic leadership on performance were analyzed for Model 1 given in the table. The BDD coefficient is not significant. Since it has no direct effect on performance, its mediating effect won't be analyzed. Coefficients of other variables were found to be significant. It was explained that these coefficients have a positive significant effect on firm performance. The explanatoriness coefficient of the model was found to be 18,2%. The effect of independent variables on the mediating variable was examined in the second model. The explanatoriness coefficient of the mediating variable with independent variables was found to be 33,9%. All of the independent variables affect positively and significantly learning capability. The effect of the mediating variable on the dependent variable was examined in another model. The said effect was found to be significant also in that model. The mediating effect was examined in Model 4. According to the independent variable coefficients decreased but coefficients are significant. The significance of the indirect effects of the variable was examined in Table 7.

Table 7: Mediating Effect Results

Dependent Variable	Independent Variable(s)	Indirect Effect	Lower Bond	Upper Bond
MFGrPerf	Relational Transp	0,055**	0,018	0,108
	Self-Awareness	0,033**	0,010	0,068
	Internalized Moral Per.	0,052**	0,016	0,113

*p<0.05, **p<0.01, ***p<0.001

Source: Authors

From the results given in Table 6 learning capabilities have a mediating role in the relationship between authentic leadership and firm performance. The Bootstrap method was used for testing the effect with a sample size of 2000 at a confidence level of 95%. This effect is a little but significant effect. According to the analysis results, the research model is presented in Figure 2.

Fig. 2: Research Model

Discussion

The aim of the study is to analyze the mediating role of learning capability in the relationship between authentic leadership and business performance. In this context, According, to the results of regression analysis to test the effect of authentic leadership on the firm performance that there is no significant relationship between firm performance and the variable of a balanced assessment of information which is one of the independent variables of authentic leadership. But transparency, self-awareness, and internalized moral perspective were found to affect directly and positively firm performance. Given that there is not a lot of empirical studies in the literature between authentic leadership and firm performance, this result is important and has contributed to the literature. From the result of the regression analysis intended to test the effect of the independent variables of the authentic leadership on learning capability as a mediating variable, there is a positive and direct relationship between balanced assessment of the information, transparency, self-awareness and internalized moral perspective and learning capability. Studies in strategic management literature; suggest that authentic leadership has an impact on organizational learning and learning ability (McGill and Slocum (1993); Goh and Richards, 1997; Mazutis and Slawinski). In this respect, this result can be said to be consistent with previous studies in the literature. Also; as a result of the analysis intended to test the relationship between mediating variable; learning capability and dependent variable; firm performance it was found that there is a significant and direct relationship between learning capability and firm performance. From this perspective, this result; supports studies previously conducted by Yang, Watkins, and Marsick (2004); Calantone, Cavusgil, and Zhao (2002); Bhatnagar (2006). Furthermore; as a result of the analysis learning capability was found to have a partial mediating role.

Conclusion

In the light of these data, firms were found to need a number of sources and capabilities in order to have a sustainable competitive advantage against the rivals and to survive for the long haul by responding to the rapid changes in customer demands and requests in the today's environmental media, exhibiting dynamic and chaotic characteristics. In this aspect, it wouldn't be wrong to say that the firms capable of learning obtain a competitive advantage against their rivals by enhancing their performance. Acceptance of the H3 hypothesis put forward within the scope of the study supports it.

But, having a number of dynamic abilities such as learning capability; in terms of managing such critical skills, ensuring coordination among them and providing sprouting of new talents within the organization brings leadership to the forefront. Direction and motivation of the employees in line with organizational targets in today's highly competitive environment are of vital importance in terms of gaining a competitive advantage by enhancing the organizational performance and first and foremost, it is based on leadership. In this context authentic leadership style allows restoring the trust at all leadership levels and employees to reveal themselves, to take a risk and to engage freely in dialogue by constructing a transparent communication network.

By this means it is possible for the firms to have resource-based organizational capabilities to allow them to follow the environmental changes like learning capability and to have a sustainable competitive advantage against their rivals. It will contribute to an increase in the performance thanks to the above-average profit by offering above-average profit and the development of resource-based organizational capabilities like learning capability by means of authentic leadership. Acceptance of the hypotheses **H₁** and **H₂** developed within the scope of the study supports it.

Furthermore, this study was understood to contribute to both strategic management literature and the firms in the sector with respect to how the outstanding inter-firm performance differences arise out and how sustainable competitive advantage will be gained and maintained for the long term. Thus; a larger number of studies should be conducted on authentic leadership and organizational capabilities like learning capability. However; the fact that such a study is conducted in other sectors as in the finance sector will allow comparing the sectors by this means and contribute to the enhancement of the scope and validity of the study in question.

Based on the results obtained from this research, the following issues are recommended for businesses and managers in the sector. For this they;

- *Should analyze their resources very well, uncover existing resource inventories, determine that are critical resources for strategic objectives, and determine the valuable, rare, irreplaceable and non-replicable resources.*
- *Should develop a number of dynamic operating capabilities, such as the ability to learn by providing the necessary interaction and coordination through repeated routines between these valuable, rare, non-substitutional and non-replicable resources.*
- *Should develop an open and transparent communication network within the organization and train individuals who can learn and take risks as a result of the formation of an organizational culture in which employees can express themselves in a comfortable way.*
- *Should adopt an authentic leadership style that allows employees to demonstrate their own selves with a high moral understanding, to evaluate themselves and the current situation as it is, and to have transparent and open communication.*

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