

Relationships among Transformational, Transactional, and Moral-Based Leadership: Results From Two Empirical Studies

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Abstract

The moral foundations of transformational leadership have been challenged in recent discussions. In addition, the relationship between transactional leadership and leaders' moral-based behavior has not yet been tested empirically. Thus, the question of whether transformational and transactional leadership are related to leaders' moral behaviors was explored in two independent research studies (total $N = 664$). Also, the hypothesis that moral-based leadership is related to performance was tested in the two studies. The results confirmed the hypothesis that both transformational and transactional leadership were closely related to moral-based leadership. In addition, moral-based leadership augmented the impact of transactional and transformational leadership on subjective performance, highlighting the utility of moral-based leadership. In sum, these results contribute to our understanding of the relationship between leadership, its moral foundation, and its performance.

Over the last two decades, both scientists and practitioners became increasingly interested in transformational leadership. Among other factors, the articulation and representation of a vision that is based on leaders' values and ethics is central for this approach to leadership. The transformational leader influences his/her followers by means of a variety of behaviors, so that followers' values and interests are transformed. Nevertheless, a critical discussion challenges the assumption that transformational leadership is always grounded in commonly shared values and ethics (Ciulla, 2005; Kahn, 1990). The proponents of transformational leadership theory argue that high standards of morality and ethics are a necessary precondition for transformational leadership (Bass, 1998; Bass & Steidlmeier, 1999). It has also been stated that transformational (or "transforming") leadership is indistinguishable from moral-based leadership in general (Burns, 2003).

In contrast, critics of transformational (and charismatic) leadership cite numerous cases where a CEO who had been rated or described as highly transformational deceived followers and pursued mainly egoistic goals (Stephens, D'Intino & Victor, 1995). Research on the "dark side of charisma" challenged the assumptions that transformational or charismatic leadership is equal to morally upright leadership. It has been argued that transformational leaders might behave immorally precisely because they articulate a vision that is based on their own values, and not on commonly shared values (Price, 2003). While certain values that are central for their own respective vision of a successful future are emphasized, leaders might judge other –

commonly shared – values such as fairness, justice, and so on, as less important. Consequently, leaders might behave immorally from an objective (i.e., outsiders’) perspective.

The present paper contributes to the discussion about moral foundations of transformational leadership. A new instrument for the assessment of moral-based leadership is developed and first results of its psychometric properties are reported. In two independent empirical studies, the relationship between transformational leadership and moral-based leadership is explored. Furthermore, the question whether non-transformational (i.e., transactional) leadership can be related to moral-based leadership is also answered. The two empirical studies furthermore pursue the goal of demonstrating relationships between moral-based leadership and subjective performance indicators, while controlling for transformational and transactional leadership and therefore also focus on the criterion-oriented validity of moral-based leadership. In combination, these analyses should allow for a more thorough understanding of the validity and utility of moral-based leadership.

Transformational Leadership and Moral-based Leadership

Bass (1985) proposed that several facets of transformational leadership are related to leaders’ positive ethical behavior (cf. Bass & Steidlmeier, 1999). First, transformational leaders formulate their visions on the basis of commonly shared values (Bass, 1985; 1998). These values typically correspond to higher levels of ethics (e.g., altruism). Consequently, followers are inspired by their respective leader’s idealized influence and are encouraged to look beyond their own self interests and contribute to the success of the group or organization. Second, transformational leaders motivate their followers to contribute to the respective moral-based vision. These visions appeal to higher values that are at the heart of every follower and by doing so, unleash high motivation that leads to performance beyond expectation. Third, transformational leaders stimulate their followers to view work-related processes, routines, and standards from different viewpoints. Only in a culture of openness and intellectual debate different viewpoints, competing values and interests can be heard. Finally, transformational leaders consider each follower individually. In modern-day organizations, team members are highly heterogeneous with regard to needs, values and belief systems. Only if the respective team leader is able to assess and encourage the varying needs and values, each follower’s unique potential both as a human being and as a worker will become apparent. Ultimately, by living their full potential, team members will be developed into leaders.

However, several points are noteworthy when examining the relationship between transformational leadership and morality and ethics. First, transformational leadership is assessed mainly by behavioral items (Bass & Avolio, 2000; Rowold & Heinitz, 2007). Leaders’ values *per se* are not assessed. Second, these assessment tools for transformational leadership do not include many of the items for the assessment of moral standards and ethics. For example, the Multifactor Leadership Questionnaire (MLQ-5X) includes only one item that explicitly focuses on morality and ethics (item #23; cf. Bass & Avolio, 2000). In sum, although proposed in the theory, the idea that transformational leadership is always based on morality has not been explicated in the assessment of transformational leadership.

Empirical research that explores the moral and ethical foundations of transformational leadership is rare. Gardner (2003) studied the effectiveness of leaders’ influencing techniques such as rhetoric. It was found that leaders high on rhetoric abilities and moral integrity were also the leaders with the highest effectiveness ratings. This study was limited due to the implementation of a relatively small student population. Moreover, the laboratory setting and

the artificial manipulation of leaders' characteristics (such as moral integrity) limited the external validity of the results.

In contrast to the Gardner (2003) study, the study conducted by Turner, Barling, Epitropaki, Butcher, & Milner (2002) was a field study based on two sources of data. First, managers rated their own moral reasoning (Defining Issues Test, cf. Rest, 1990). Second, transformational leadership was rated by the respective subordinates of these managers. Results revealed that managers high on moral reasoning were rated as highly transformational leaders. While this result hints at a possible relationship between transformational leadership and morality, the assessment strategy limits the results: The Defining Issue Test assessed moral reasoning in general, and was not specifically focused on organizational or on managerial contexts.

Recently, Brown, Trevino and Harrison (2005) developed an ethical leadership scale based on a social learning perspective. They reported positive associations between one facet of transformational leadership and their ethical leadership scale ($r = .71$ and $r = .20$; both $p < .01$). While these results seem interesting, the assessment of only one (of five) facets of transformational leadership limits the interpretability of the results and thus, calls for further research which utilizes a broader assessment of transformational leadership.

In sum, due to the limited research base it seems valuable to learn more about the relationship between transformational leadership and moral. Thus, the present paper focuses on the question whether transformational leadership is related to moral-based leadership. As a preliminary definition for this study, moral-based leadership implies at least two main components: a) leading followers for the benefit of all followers, and b) leadership that is based on commonly accepted values and ethics (Howell & Avolio, 1992; Yukl, 2002). This definition is in line with the basic propositions of transformational leadership theory. Also, it diverges from Brown et al.'s (2005) definition, which focuses on a social learning perspective (i.e., how leaders influence subordinates to adhere to higher ethical standards; cf. Brown & Trevino, 2006).

In sum, and from the above described empirical results and from the theory of transformational leadership, the following hypothesis was proposed:

Hypothesis 1: Transformational leadership is correlated to moral-based leadership.

Transactional Leadership and Moral-based Leadership

While theory describes the relationship between transformational and moral-based leadership, the moral foundations of transactional leadership are not explicated (Bass, 1985). For a first exploration of the potential relationships between transactional and moral-based leadership, the current paper focuses on contingent reward, one of the facets of transactional leadership (as assessed by the MLQ-5X). Contingent reward can be described as a well-defined exchange relationship where the leader rewards the followers if they perform well to prior defined standards. Interestingly, contingent reward showed a strong relationship to transformational leadership in the bulk of the empirical literature (Judge & Piccolo, 2004). It has been argued that transactional leadership styles such as contingent reward provide a necessary basis for day-to-day management. Only on the basis of such a "down-to-earth" approach to leadership can leadership styles that focus on higher order exchanges (i.e., work vs. value development) such as transformational leadership be fully successful (Bass, 1985). Moreover, the argument put forward is that transactional leadership can be described as a rational, "pragmatic" basis for the relationship between leader and those being led, complementing transformational leadership which appeals to emotions such as excitement and enthusiasm (Pescosolido, 2002).

With regard to morality and ethics, it might be argued that contingent reward in itself is a positive example for moral-based leadership (Kanungo, 2001). It was argued from theory that the pursuit of mutual self-interest over the long term provides a morally sound basis for the leader-led relationship (Ciulla, 2005; Shamir, 1995). Contingent reward implies that prior to work, clear goals are communicated and rewards are negotiated fairly. Although very much like a simple give-and-take relationship, contingent reward includes a fair basis and signals security to followers. Hence, transactional leadership should meet condition b) of our preliminary definition (cf. above). Thus, the following hypothesis was proposed:

Hypothesis 2: Transactional leadership is correlated to moral-based leadership

Criterion-Related Validity of Moral-based Leadership

Apart from the question of the interrelationship between moral-based and other leadership styles, for both researchers and practitioners it is interesting to know how moral-based leadership impacts performance. The basic assumption is that in the long run, employees are likely to perform well if they are treated fairly. Moreover, moral-based leadership emphasizes the importance of commonly shared values. Employees are intrinsically motivated to perform well if leaders focus on visions that are based on these values. This argumentation is consistent with the theory of transformational leadership (Bass, 1985; cf. Michie & Gooty, 2005).

Hypothesis 3: Moral-based leadership is correlated to subjective performance.

For a conservative test of this hypothesis, hierarchical regression analyses will be performed. We will test whether moral-based leadership explains incremental variance in subjective performance indicators, over and above the influence of transactional and transformational leadership. This procedure yields a rigorous test for the assumption that moral-based leadership contributes to performance, over and above established leadership styles.

Study Goals

The first goal of the present paper is to develop a new instrument for the assessment of moral-based leadership. This instrument should focus on the behavioral level and assess moral-based leadership from the followers' perspective, which is consistent with the current paradigms of leadership. The first study of the present paper summarized the construction and first validation of the instrument. In a second study the factorial validity and reliability of the instrument for the assessment of moral-based leadership should be reconfirmed in an independent sample. The hypotheses outlined above were tested empirically in both samples.

Method

Scale Construction

Prior to constructing a scale for the assessment of moral-based leadership, the relevant literature was critically reviewed. Several approaches to moral-based or ethical leadership made important theoretical contributions, but failed to explicate behavioral elements and items for the assessment of relevant behaviors (e.g., Greenleaf, 1977; Heifetz, 1994). In contrast, Yukl (2002) reviewed pros and cons of moral aspects and ethics of transformational leadership (e.g., Bass & Steidlmeier, 1999; Stephens et al., 1995). From this review, Yukl (2002)

generates and categorizes leaders' behaviors that are relevant to moral-based, transformational leadership.

- Use of leader power and influence to serve followers and the organization;
- Balancing and integrating the diverse interests of multiple stakeholders;
- Developing a vision for the organization that is based on follower input about their needs, values, and ideas;
- Integrity: Acting in a way that is consistent with espoused values and not for attaining personal objectives;
- Taking personal risks and actions to accomplish the vision;
- Complete and timely disclosure of relevant information about events, problems, etc.;
- Encouraging critical evaluation and dissent to find better solution to problems;
- Developing followers' full potentials by means of training, coaching, and mentoring;
- Respecting and integrating followers' ethical values.

Taking these categories as a basis, twenty-three positively or negatively formulated items were constructed. For this purpose, the first author met with two additional subject matter experts and two or three items were formulated for each of the nine categories, respectively. Consistent with follower-centered approaches to leadership such as transformational leadership, followers rated how often their respective leader showed a certain behavior that was described in the respective item. The scale ranged from 1 (*never*) to 5 (*always*). The abbreviated item content is displayed in Table 1. The full instrument is available on the web (cf. Note 1).

MLQ-5X

In addition to the newly designed instrument for the assessment of moral-based leadership, the German translation (Rowold, 2004; cf. Note 2) of the Multifactor Leadership Questionnaire (Form 5X; Bass & Avolio, 2000) was implemented in Study 1. Prior research demonstrated adequate psychometric properties of the German MLQ-5X (Rowold, 2005). For the assessment of transformational leadership, 20 items were implemented. For the assessment of transactional (i.e., contingent reward) leadership, four items were implemented. Also, the present studies included three subjective performance measures. Respondents were asked to rate their *Extra Effort*, the *Effectiveness* of leaders' behavior, and their *Satisfaction* with the respective leader. These scales are also part of the MLQ 5X. For each of the MLQ items, participants rated the frequency of leaders' behavior on a 5-point rating scale (1 = *not at all*, 5 = *frequently, if not always*).

Samples and Procedures

Study 1. Data for Study 1 were collected from a convenience sample. A research assistant distributed 30 packages of 10 surveys each to friends and relatives. In turn, these individuals distributed their survey to their respective friends and relatives who worked in a variety of jobs and industries. A total sample size of $N = 238$ (response rate 79.33%) resulted. Participants' mean age was 37.04 years ($SD = 11.64$); 43.3% were male, 56.7% were female. Altogether, 10.5% had a junior high school, 42.4% a secondary high school, and 38.7% a university diploma (8.4% did not indicate their level of education). Participants indicated that they worked either in government agencies (38%) or in private industries (42%; 20% did not indicate their type of organization).

Study 2. The participants of Study 2 were employees in an energy supply company in Germany. From a total of $N = 651$ employees, 426 responded (response rate = 65.4%). These employees assessed the leadership style of their respective direct leader (i.e. supervisor) during work time and voluntarily. From these, 11.6% reported to top management, 33.3% to middle

management, and 55.1% to lower management (i.e., first-level supervisors). The mean age of the participants was 41.7 years ($SD = 9.1$); 80.4% were male, 19.6% were female employees.

Results

Factor Analysis for Moral-based Leadership

A priori, a minimum factor weight of .60 was determined as a selection criterion for the inclusion of an item into a factor (Fabrigar, Wegener, MacCallum, & Strahan 1999). A principal component analysis (PCA, with Varimax) that was performed on the data from Study 1 resulted in three interpretable factors (i.e., with more than 2 items), which accounted for 56.78% of total variance. Table 1 summarizes the item matrix. The three factors can be characterized as follows. First, within egocentric leadership, the leader mainly pursues self-centered goals and ignores or disregards the needs, values, and interests of followers. Furthermore, this leadership style can be characterized as being immoral as it is not based on commonly accepted values and utilizes unethical behaviors such as influencing others by means of deception. In contrast, the second factor can be described as being a moral-based leadership. This leadership style emphasizes moral congruency (i.e., leader and led act upon the same moral values). It is moral because leaders communicate (i.e., disclose) all relevant information to their followers. Leaders that display moral-based leadership behaviors take into consideration values and interests of their respective followers. Finally, the third factor can be best described as personal risk. It describes one of Yukl's (2002) categories of moral-based transformational leadership.

The intercorrelations of these three factors in Study 1 were utilized to explore divergent validity of the moral-based leadership scales. First, egocentric leadership was strongly negatively related to moral-based leadership ($r = -.71$; $p < .01$), indicating that these two types of leadership behavior are clearly distinct. Second, personal risk was weakly related to moral-based leadership ($r = .39$; $p < .01$). This implies that moral-based leadership does not always imply taking personal risk and that these two concepts are slightly divergent.

Table 1

Results of Exploratory Factor Analysis

Item	Egocentric leadership	Moral-based leadership	Personal risk	
3) ... ignores the interests of others in order to accomplish personal goals	.79			
7) ... tries to influence others by means of deception	.77			
12) ... utilizes his/her influence and power for egoistic purposes	.76			
16) ... considers his/her own welfare in the first place	.75			
23) ... does not support followers' training and development	.70			
1) ... disregards commonly accepted values in order to achieve personal goals	.69			
19) ... acts upon values and beliefs that are different from mine	.69			
22) ... suppresses critique or deviation opinions	.60			
2) ... uses his/her power and influence to serve followers		.72		
13) ... his/her actions are based on commonly shared accepted values		.68		
21) ... if possible and reasonable, tries to take into consideration the interests of every person concerned		.66		
4) ... acts upon the same moral and ethical principles that I act or would act upon		.66		
20) ... communicates information about processes, results, problems, and actions to followers in a timely and complete fashion		.63		
14) ... consistently acts upon ethical and moral principles that I can agree to		.61		
17) ... encourages critique to find better solutions for problems		.59		
5) ... develops a vision of the future that is based on followers' needs, values and ideas		.58		
18) ... is morally upright		.58		
15) ... represents values that are similar to mine		.56		
11) ... acts morally		.55		
8) ... utilizes his/her power and influence for the benefit of the organization		.52		
10) ... takes a high personal risk for the benefit of the organization			.87	
6) ... works with high personal risk for the organization			.87	
9) ... pays a high price for working in the organization			.80	
	<i>Variance explained</i>	23.17%	22.26%	11.40%

Note. Only coefficients greater than .50 are presented. The six items that were included into the scale for the assessment of moral-based leadership are in bold face.

In sum, the results of the factor analysis were clearly interpretable and yielded one factor well suited for the purposes of the present studies. In order to test the factorial validity of the scale for moral-based leadership, a confirmatory factor analysis (LISREL) was performed in Study 2. All six items were assigned to one single factor (i.e., moral-based leadership). The covariance matrix was analyzed with the method of unweighted least squares (Kline, 1998). Results indicate a good fit between data and the one-factor model of moral-based leadership: $Chi^2 = 3.130$ ($p = .961$), GFI = .995, AGFI = .995; CFI = .999, RMSEA = .001 (cf. Hu & Bentler, 1999). Thus, for testing the hypotheses, only the scale for moral-based leadership (6 Items, Cronbach's Alpha = .89) was implemented in further analyses.

Testing of Hypotheses

Table 2 contains descriptive statistics, internal consistency estimates (Cronbach's Alpha), and intercorrelations. The internal consistency estimates for all scales could be judged as satisfactory. The high intercorrelations between transactional and transformational leadership have been noted in the empirical literature time and again (e.g., Antonakis, Avolio & Sivasubramaniam, 2003; Avolio, Bass & Jung, 1999).

Correlational analyses lent support to Hypothesis 1: moral-based leadership was positively related to transformational leadership (Study 1: $r = .80$; $p < .01$; Study 2: $r = .75$; $p < .01$). In addition, Hypothesis 2 was supported because transactional leadership was also positively related (Study 1: $r = .66$; $p < .01$; Study 2: $r = .71$; $p < .01$) to moral-based leadership.

Table 2

Descriptive Statistics, Internal Consistency Estimates (Cronbach's Alphas), and Intercorrelations of Variables (Study 1 & 2)

Variable	Study 1 (N= 238)			Study 2 (N= 426)			1)	2)	3)	4)	5)	6)
	M	SD	α	M	SD	α						
1) TA	3.59	0.86	.71	3.15	0.74	.71	-	.80**	.71**	.72**	.77**	.73**
2) TF	3.32	1.79	.93	3.06	0.66	.94	.82**	-	.75**	.83**	.86**	.81**
3) Moral	3.26	1.96	.89	3.13	0.74	.87	.66**	.80**	-	.69**	.72**	.77**
4) EEF	3.21	1.00	.79	2.78	0.86	.83	.71**	.81**	.73**	-	.85**	.79**
5) EFF	3.43	1.94	.80	3.05	0.84	.80	.72**	.82**	.81**	.77**	-	.86**
6) SAT	3.23	1.18	.82	3.13	0.83	.71	.66**	.77**	.83**	.70**	.80**	-

Note. TA = transactional leadership; TF = transformational leadership; Moral = moral-based leadership;

EEF = extra effort, EFF = effectiveness; SAT = satisfaction. Intercorrelations below the diagonal

represent values for Study 1; those above represent values for Study 2.

** $p < .01$.

For testing the third hypothesis, regression analysis was implemented. Table 3 summarizes the results of stepwise regression analyses that were conducted to test the relationship between leadership styles and each of the three subjective performance indicators. For each of these performance indicators, a stepwise regression analysis was performed where transactional leadership was entered first into the regression, followed by transformational leadership at the second step, and, finally, by moral-based leadership at the third step. No signs of multicollinearity were detected (i.e., the VIF was below 4 in all analyses; cf. Cohen, Cohen, West & Aiken, 2002).

In support of Hypothesis 3, moral-based leadership was positively associated with each of the three subjective performance indicators in both studies. In addition, moral-based leadership explained additional amounts of variance in each of the three performance indicators, over and above transactional and transformational leadership. In sum, the implemented statistical analyses represented a conservative test of the hypotheses. Despite these conservative testing procedures, moral-based leadership demonstrated a unique effect on subjective performance indicators.

Table 3
Results of Stepwise Regression Analyses (Study 1 & 2)

	Extra Effort				Effectiveness				Satisfaction			
	β Step 1	β Step 2	β Step 3	$R^2/\Delta R^2$	β Step 1	β Step 2	β Step 3	$R^2/\Delta R^2$	β Step 1	β Step 2	β Step 3	$R^2/\Delta R^2$
Study 1												
Transactional leadership	.71**	.14*	.15*	.51/.51**	.72**	.13*	.14*	.52/.52**	.66**	.06	.08	.43/.43**
Transformational leadership		.70**	.50**	.67/.16**		.72**	.40**	.68/.17**		.73**	.26**	.60/.17**
Moral-based leadership			.23**	.68/.02**			.37**	.72/.04**			.55**	.70/.10**
Study 2												
Transactional leadership	.72**	.15**	.11*	.52/.52**	.77**	.23**	.19**	.59/.59**	.73**	.23**	.13**	.53/.53**
Transformational leadership		.71**	.65**	.70/.18**		.67**	.61**	.76/.16**		.62**	.45**	.67/.14**
Moral-based leadership			.13**	.71/.01**			.13**	.76/.01**			.35**	.72/.05**

Note. * $p < .05$; ** $p < .01$.

Discussion

Overview and Implications for Theory

The present studies provided an insight into the role of moral-based leadership within transformational and transactional leadership and the effect of moral-based leadership on outcome criteria. Strong and positive relationships between moral-based leadership and transformational leadership were observed in two independent studies. Thus, the present studies contribute to the recent discussion about moral foundations of transformational leadership. In accordance with theory of transformational leadership (Bass, 1985; Bass & Steidlmeier, 1999), this leadership style was strongly related to moral-based leadership in two independent studies. These results are in line with – and extend – the results from Brown et al. (2005) empirical studies.

In addition, transactional leadership was related to moral-based leadership. It might be argued that contingent reward is perceived as a fair – and thus, moral – procedure in the leader-led relationship. If the transactions between leader and led are well-defined, they provide a secure foundation for trust and fairness. In addition, fair transactions are necessary preconditions for higher-order transactions such as transformational leadership, where the leader changes followers' values. In sum, theoretical arguments that proposed that transactional leadership is based on moral are well supported by the results of the present studies.

Interestingly, although moral-based leadership is positively associated with both transformational and transactional leadership, it demonstrates its usefulness by explaining the additional variance in outcome criteria. Regression analyses revealed that moral-based leadership explains 1-10% of additional variance in outcome criteria, over and above the effect of transactional and transformational leadership.

In order to further investigate how moral-based leadership affects outcome criteria, additional analyses were performed. As it might be argued from theory that only leaders who demonstrate both transformational and moral-based leadership are successful (cf. Bass & Steidlmeier, 1999), additional regression analyses were performed which tested whether transformational interacts with moral-based leadership in its effect on the three subjective performance indicators. However, these additional analyses failed to provide support for potential interaction effects for transformational leadership and moral-based leadership. Also, no interaction effect for transactional and moral-based leadership could be detected. In light of these results it seems likely that moral-based leadership has its own unique and direct impact on subjective outcome criteria. Also, in combination with the results summarized in Table 3 it occurs that moral-based leadership shows an independent effect on the outcome variables under focus. While prior research provided a solid ground for the strong and positive relationship between transformational leadership and outcome criteria, the present studies are the first to demonstrate a positive relationship between moral-based leadership and subjective performance. Thus, moral-based leadership seems to be a valuable addition to leadership styles that were in the focus of prior leadership research.

Implications for Practice

Outstanding examples of successful and moral leadership such as that of former U.S. president Theodore Roosevelt have been described as exhibiting both transactional and transformational leadership (cf. Burns, 2003). The present studies demonstrate that in addition to these famous world-class leaders, the relationship between transactional, transformational and moral-based leadership is also positive for the more typical leaders active in the private organizations of today.

While training programs that focus on transformational leadership exist, the present studies suggest that it would be valuable to develop training programs that enhance leader's levels of moral-based leadership. The results of the present studies suggest that these training courses result in enhanced levels of followers' performance.

In combination with the well-established MLQ-5X, the instrument for the assessment of moral-based leadership developed and implemented in the present studies might be valuable for managers' performance assessment and promotion decisions. Finally, with regard to the discussion about authentic (i.e., moral) and inauthentic (i.e., immoral) transformational leaders, the new instrument for the assessment of moral-based leadership could be valuable for the distinction between these two types of leaders and thus, could be implemented in organizational assessment and decision procedures.

Limitations and Perspectives for Future Research

A number of limitations should be kept in mind when interpreting the results. Although two independent studies were conducted, the result can not be generalized before additional studies have been conducted. As the present studies were conducted in Germany, further research should replicate the results in other countries. This idea echoes recent calls for cross-cultural research in the field of business ethics. Next, the cross-sectional approach of the present studies prevents a causal interpretation of the results. However, because prior research that was based on longitudinal designs provided support for the causal relationship between transformational leadership and outcome criteria (e.g., Dvir, Eden, Avolio & Shamir, 2002), a rationale for a more causal interpretation of the results of the present studies exists. Nevertheless, future research should replicate the results of the present studies within a longitudinal research design.

Another limitation of the present studies was that they relied on single sources of data: all constructs were assessed by followers. However, prior research demonstrated that the relationships between leadership styles and outcome criteria still hold when controlling for common method variance, although these relationships are somewhat smaller in research designs where the effect of single source is not controlled for (Avolio, Yammarino & Bass, 1991). Thus, future research should control for common method variance.

Finally, future research should further contribute to the criterion-oriented validity of moral-based leadership. Which measures of individual, branch-level, and organizational performance are related to moral-based leadership? Clarifying these issues would further underline the importance of moral-based behavior in organizations.

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Notes

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