

Pursuit of Whose
Happiness?
Executive Leaders'
Transformational
Behaviors and Personal
Values

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This paper theorizes and tests how chief executive officers' (CEOs') transformational leadership behaviors, which motivate followers to do more than expected and act for the good of the collective, influence followers' commitment. We theorize that CEOs' values may either enhance or attenuate the effect of transformational behaviors on followers, depending on followers' reactions to the congruence or incongruence between leaders' internal values and their outward transformational behaviors. Self-enhancement values—focusing on the leader's own happiness—would attenuate the effect, whereas self-transcendent values—focusing on others' happiness—would accentuate the effect of CEOs' transformational behaviors on followers' commitment. Using a sample of 45 managers in two companies in China, we validated a Q-sort method of measuring personal values. Results of a second study using cross-sectional and longitudinal surveys as well as interview data from a sample of Chinese CEOs, top managers, and middle managers supported both the attenuation and the accentuation effects and validated the idea that middle managers can detect their CEOs' values. ●

Transformational leadership has dominated the leadership literature (Judge and Piccolo, 2004; Bass and Riggio, 2006) since its introduction by Burns (1978). It has typically been defined as a set of behaviors that motivate followers to do more than they are originally expected to do and to subsume their self-interests for the good of the collective (Bass and Avolio, 1995). Implicit in this definition is that transformational leaders hold values that are oriented toward the common good. Operationally, transformational leadership has been consistently treated as a set of behaviors that would inspire followers to perform beyond ordinary limits to achieve the vision of the organization (Bass and Avolio, 1995). Numerous studies have examined the effects of transformational behaviors and have shown them to relate positively to outcomes at various levels (see Judge and Piccolo's 2004 meta analyses and Givens' 2008 review). Despite the abundance of studies, however, the construct of transformational leadership still lacks clarity and coherence, owing partly to debates and shifts in the points of views held by leading scholars. In fact, the term transformational is now so broadly defined by many writers that "it includes almost any type of effective leadership, regardless of the underlying influence process" (Yukl, 2006: 273). Likewise, it remains unknown whether transformational leaders always pursue other people's happiness or how followers would react if leaders focused on their own happiness while engaging in transformational behaviors.

Specifically, scholars have debated whether transformational leadership is inherently value-laden or value-free. This debate can be traced back to the induction of the theory. Burns' (1978: 142) original conception of transforming, or transformational, leadership "brings in the role of conscious purpose drawn from values." For him, only if the underlying values were morally uplifting could the leader be considered transforming. Bass (1985) disagreed. He argued that transformational

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leaders could wear the black hats of villains or the white hats of heroes depending on their values (Bass and Steidlmeier, 1999: 187). But he later admitted that separating values from transformational leadership was “mistaken” and agreed with Burns (1978) that transformational leadership includes a set of requisite behaviors and a set of requisite values (Bass and Steidlmeier, 1999: 188). To highlight the importance of the consistency between values and behaviors, Bass and Steidlmeier (1999) designated transformational leaders with moral values as authentic and those without moral values as inauthentic, explicitly pointing out that authentic transformational leadership must rest on “a moral foundation of legitimate values” (p. 184), and “only socialized [ethical] leaders concerned for the common good can be truly transformational” (p. 186).

Despite agreement between the two leading scholars on the importance of values, however, empirical studies of transformational leadership continue to treat it as a set of behaviors without incorporating values (Bass and Riggio, 2006). Only recently have researchers begun to consider the role of values in leadership, including transformational leadership. For example, in an experimental study with a student sample, Jung and Avolio (2000) found that transformational leadership had both direct effects on performance and indirect effects mediated through followers’ trust in the leader and value congruence. They defined transformational leaders as those who emphasize how desired outcomes advance the collective good, while communicating high expectations for followers, but their study does not answer the question of what happens when there is a discrepancy between the leader’s transformational behaviors and his or her personal values. Krishnan (2002) also found value congruence between lower-level leaders and their followers to be positively related to transformational leadership but did not show how leaders’ values may affect the relationship between transformational behavior and followers’ outcomes, either. Most recently, Sosik, Jung, and Dinger (2009) examined values in altruistic leadership—leadership driven by a sincere care and concern for followers—and found the relationship between leaders’ self-transcendent values and their altruistic behavior to be mediated by the leader’s collective self-concept. Altruistic behavior is different from transformational behavior, however, in that altruistic leaders may not articulate a vision or motivate followers to perform beyond expectations. So collectively, these studies have all demonstrated that leaders’ values matter for all sorts of outcomes, but none of them has shown how leaders’ values interact with transformational behaviors in affecting followers’ outcomes, such as commitment to the organization.

In addition, although widely used, measures of the behavioral components of transformational leadership also remain unclear. Empirical studies of the effects of transformational behaviors usually use the Multifactor Leadership Questionnaire (MLQ), involving four components (Bass, 1985; Bass and Avolio, 1995), namely, idealized influence (originally labeled charisma), individualized consideration, inspirational motivation, and intellectual stimulation. According to Yukl (2006), however, results for component behaviors have not been consistent from study to study. Even when factor

analyses support the distinctiveness of transformational behaviors, they are so highly intercorrelated that is not possible to clearly determine their separate effects. Consequently, many studies on the antecedents or consequences of transformational leadership have used only a composite score for it rather than the component behaviors (Yukl, 2006).

The current study conceptually and operationally clarifies the transformational leadership construct by using one single behavioral component to examine how leaders' behaviors and values independently and jointly affect followers' commitment. For the purpose of our study, we focused on the inspirational motivation component of transformational leadership, which is the degree to which the leader articulates a vision that is appealing and inspiring to followers (Goodwin, Wofford, and Whittington, 2001). To be transformational, a chief executive officer (CEO) needs to be clear about what the goal or desired end state is. Because of the importance of a vision for executives (Sosik, Avolio, and Jung, 2002; Sosik and Dinger, 2007), this component has also been used in previous studies on CEOs' transformational leadership (e.g., Waldman et al., 2001; Waldman, Siegel, and Javidan, 2006). At the same time, values are important because a leader who articulates a vision—which presumably involves the organization and could thus be construed as collectivistic—may need to hold values that are aligned with the vision he or she is communicating to effectively inspire followers to be committed to the vision. If the leader holds more individualistic values, followers may not fully buy into the vision and may even feel betrayed by their leader, thus lessening their commitment.

We conducted the study in China, where there is a strong societal expectation that leaders will have a collectivistic orientation and that those driven by self-interests will not be respected. In China, "Leadership patterns . . . are still influenced by Confucian precepts" (Bass, 1985: 154). Leaders are expected to set moral examples for their followers and to be more concerned with the collective good than their own (Fu and Tsui, 2003). Owing to such social influence and the Communist ideology, Chinese leaders in government and in business are expected to be "sage-like" (Cheung and Chan, 2008). Leadership research has also found moral character to be an indispensable component of effective leadership in China (Ling, Chen, and Wang, 1987; Farh and Cheng, 2000). Hence, China offers an ideal context in which to examine followers' reactions to the transformational behaviors of leaders who might deviate from social expectations compared with other contexts in which the expectations may vary institutionally, by sector, or even individually. Theorizing and examining the consequences of a discrepancy between leaders' behavior and leaders' values should refine transformational leadership theory in regard to the effects of this discrepancy on followers' commitment to the organization.

TRANSFORMATIONAL LEADERSHIP BEHAVIOR AND FOLLOWERS' COMMITMENT

As Rubin, Munz, and Boomer (2005: 845) stated, "Transformational leadership behavior represents the most active/effective

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form of leadership." Numerous empirical studies have also demonstrated the positive effects of transformational leadership at various levels (Boehnke et al., 2003; Judge and Piccolo, 2004), but there is still confusion about what constitutes transformational leadership behavior. Bass (1985: xv), for example, detailed the meaning of transformational leadership in terms of charisma, inspirational leadership, individualized consideration, and intellectual stimulation. He later changed charisma to idealized influence and relabeled inspirational leadership as inspirational motivation (Bass and Avolio, 1995). Two years later, Bass and Avolio (1997) made separate scales for idealized influence behavior and idealized influence attribution, although Yukl (2006: 265) questioned "why the latter was retained in a questionnaire designed to measure observable behavior." Perhaps because there were too many changes, and components originally identified did not always remain independent, many researchers would select items from the Multifactor Leadership Questionnaire and label them differently. For example, in their study of CEOs' transformational leadership, Waldman et al. (2001) used seven items from the MLQ and labeled them "charisma," but the four items that measured key behaviors, including articulating a vision and sense of mission, showing determination, and communicating high performance expectations, were designed to measure "inspirational motivation." The authors found CEOs' "charisma" to be positively related to firm performance under conditions of uncertainty. To avoid confusion, we only use the inspirational motivation component to indicate a CEO's transformational leadership.

Consistent with Waldman et al.'s (2001) findings, we expect that leaders' transformational behaviors, such as articulating an attractive vision for the organization and expressing high performance expectations for followers to contribute to the collective good, will elicit strong commitment from followers toward the organization in China. In Chinese firms, where executive leaders are often regarded as the head of a family, CEOs' behavior usually has a strong effect on followers, particularly on middle managers because of their "proximal position" to the chief executive (Mowday and Sutton, 1993: 224). Therefore Chinese executive leaders who clearly articulate a vision will inspire followers' commitment more than leaders who do not:

Hypothesis 1 (H1): CEOs' transformational behaviors will relate (a) positively to middle managers' affective commitment to the organization and (b) negatively to their intention to leave the organization.

CEOs' Personal Values and Transformational Behaviors

A value is "a conception, explicit or implicit, distinctive of an individual or characteristic of a group, of the *desirable*, which influences the selection from available modes, means, and ends of action" (Kluckhohn, 1951: 395; italics added). Values differ from attitudes because they focus on ideals, whereas attitudes apply to concrete social objects (Hitlin and Piliavin, 2004). Values also differ from needs or motivations, which do not involve value elements even though they may seem related. For example, Crocker's ego- versus eco-system motivation (Crocker, Garcia, and Nuer, 2008; Garcia and

Crocker, 2008) seems to relate directly to self-serving and other-serving values. The ego-system motivation is oriented toward satisfying the needs of self over the needs of others. The eco-system motivation propels the individual to give as much priority to others' needs as to one's own. The distinction between motivation and values is clear from this statement: "People with eco-system motivations prioritize the needs of others, not out of virtue or self-sacrifice, but rather to satisfy their own and others' fundamental needs" (Garcia and Crocker, 2008: 454). Values also differ from beliefs. "Belief refers primarily to the categories, 'true' and 'false,' 'correct' and 'incorrect.' Value refers primarily to 'good' and 'bad,' 'right' and 'wrong'" (Kluckhohn, 1951: 432). Thus values are desirable end states that influence choices or actions.

Prior research has considered self-transcendent and self-enhancement values to represent an important higher-order grouping of an individual's values that influence the moral dimensions of leadership (e.g., Kanungo and Mendonca, 1996; Ros, Schwartz, and Surkiss, 1999). Self-enhancement values emphasize the pursuit of one's own success, happiness, and dominance over others and therefore would not be consistent with the collectivistic nature of the vision with which transformational leaders inspire followers. In contrast, self-transcendent values emphasize the enhancement of others' happiness, the transcendence of selfish interests, and the acceptance of others as equals and thus are consistent with transformational behaviors. Sosik, Jung, and Dinger (2009) also found these two values to relate directly to leaders' altruistic behavior.

Many researchers have discussed the connection between CEOs' values and various outcomes. Hambrick and Mason (1984), for example, explained how top managers' values, among other personal characteristics, could translate into actions that cause substantive changes in the organization. Schein (1992) identified the personal values of the founder or top executives as the most influential force affecting the formation of a company's value systems and its culture. O'Reilly and Pfeffer (2000) described how a company's values, which are often imprinted by the CEO or founder, influenced the way organizations conducted their businesses, treated their employees, or dealt with their customers and suppliers. Ling, Zhao, and Baron (2007) found founders' personal values (collectivistic and relating to novelty) to relate to the performance of entrepreneurial firms. A recent study by Chatterjee and Hambrick (2007: 351) reported that narcissistic CEOs, who hold an extremely positive self-view and "are preoccupied with having those self-views continuously reinforced," had a significant influence on their firms' strategic choices. The trait of narcissism reflects a value of self-aggrandizement more than an interest in advancing others' well-being. All these studies suggest that CEOs' personal values influence leadership goals, priorities, choices, and behaviors, but it is unclear how the CEOs' self-transcendent values or self-enhancement values matter to followers in transformational leadership.

Parsons (1937) and Parsons and Shils (1951) maintained that human actions cannot be understood scientifically without

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recourse to value analysis. When examining the role of values in transformational leadership according to action theory, we should examine not only the values internalized by the leader but also the values institutionalized in the society, which are reflected in society's expectations of the roles leaders play. According to Parsons and Shils (1951: 23), "Roles are institutionalized when they are fully congruous with the prevailing culture patterns and are organized around expectations of conformity with morally sanctioned patterns of value-orientation shared by the members of the collectivity in which the role functions." Role expectations are the nucleus of the reciprocal expectations that actors have for each other's actions and attitudes. Both the actor and those with whom he or she interacts have these expectations.

Chinese social norms are deeply rooted in traditional values usually attributed to Confucius and Lao-Tze, two great teacher-philosophers who lived over 2,500 years ago. Both saw moral character as the most important quality for leaders, making the leadership role a moral exemplifier. In his *Analects*, Confucius said, "Lead the people with governmental measures and regulate them with laws and punishment, and they will avoid wrongdoing but will have no sense of honor and shame. Lead them with virtue and regulate them by the rules of propriety, and they will have a sense of shame and, moreover, set themselves right" (Confucius, *Analects*: book 2, section 3). Similarly, in the *Tao Te Ching* (Book of *Tao*), Lao-Tze described the best leaders to be those who concentrate on the betterment of the collective whole instead of building the hierarchy supporting their positions and rewarding those who align with their own interests. He compared transcendental leaders to the sage: "The sage has no fixed mind; he is aware of the needs of others" (Lao-Tze, *Tao Te Ching*: chapter 49). In China, there seems to be "some general agreement that among other things, the moral life rests upon foundations of individual virtue and that the individually virtuous person transforms others as well as the social environment" (Bass and Steidlmeier, 1999: 194).

Unlike in the West, where the source of morality is religious beliefs, in China, morality resides in social norms and plays the role that religion does in the West (Tom, 1989). Ideologically, "Chinese ethics emphasizes personal virtue and specifies proper conduct in family, kinship, and friendship relations, as well as among social equals and between superiors and subordinates in socio-political organizations and institutions" (Bass and Steidlmeier, 1999: 194). Good leaders in China must have high moral values (Hui and Tan, 1999; Cooke, 2008). Although the market orientation has increased competition and pressure for performance, and the growth of private business enterprises also makes it possible for individuals to occupy CEO positions without the requisite Communist (self-transcendent) values, followers' expectation of the leaders' being virtuous and altruistic remains.

On the basis of action theory (Parsons, 1937; Parsons and Shils, 1951) and the Chinese cultural context, we propose that followers will be sensitive to the congruence between the values possessed by the leaders and their behaviors. Specifically, followers will respond positively to a leader's

emphasis on transformational behavior when the leader holds a high level of self-transcendent values, as they expect. Conversely, followers will respond negatively when the leader engages in transformational behavior but holds self-enhancement values, which are different from expected. Taking the Chinese cultural context and the logic of action theory together, we hypothesize the following:

Hypothesis 2 (H2): The relationship between CEOs' transformational behaviors and middle-managers' commitment and leave intention will be stronger when CEOs hold higher levels of self-transcendent values.

Hypothesis 3 (H3): The relationship between CEOs' transformational behaviors and middle-managers' commitment and leave intention will be weaker when CEOs hold higher levels of self-enhancement values.

Self-transcendent values and self-enhancement values are often treated as two independent dimensions in empirical studies (e.g., Sosik, 2005). This means that a leader who has a high level of self-transcendent values does not automatically have a low level of self-enhancement values, or vice versa. Because "all men everywhere possess the same values to different degrees" (Rokeach, 1973: 3), leaders could have both self-transcendent and self-enhancement values but differ in which value ranks higher in order. Treating these two values as independent makes it possible to examine followers' responses to different combinations of leaders' value orientations. Logically, we would expect followers to react most positively to leaders who exhibit transformational behaviors and hold a very high level of self-transcendent values but a low level of self-enhancement values and most negatively to leaders who engage in transformational behaviors but hold a low level of self-transcendent values and a high level of self-enhancement values. Followers' responses would be somewhere in between these two extremes when their behaviorally transformational leaders have a high level of both self-transcendent and self-enhancement values—in that the high level of self-enhancement values may neutralize the effect of the high level of self-transcendent values—or who have a low level of both self-transcendent and self-enhancement values. Therefore, we propose a three-way interaction to capture the joint effect of the two values and transformational behaviors:

Hypothesis 4 (H4): The positive relationship between CEOs' transformational behaviors and middle managers' commitment and the negative relationship between CEOs' transformational behaviors and leave intention will be the strongest when CEOs have a higher level of self-transcendent and a lower level of self-enhancement values. The relationship will be the weakest when CEOs have a lower level of self-transcendent and a higher level of self-enhancement values.

Clearly, most leaders do not wear their values on their sleeves; however, given time, followers are still able to discover the true values that leaders hold. As O'Reilly and Pfeffer (2000) pointed out, employees observe not only what is done but also the motivations and beliefs that underlie leaders' actions. They do so by observing the decisions leaders make and their other social cues, as well as by

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listening to their words. According to the same rationale, through leaders' rhetoric and descriptions of their experiences, priorities in life, career objectives, or leadership purposes, listeners can infer the internal values of the leader. We expect that CEOs who hold a high level of self-transcendent values will likely regard advancement of the well-being of others as their leadership purpose or life goal, whereas CEOs who hold a high level of self-enhancement values will likely use their leadership positions as a means to pursue their own personal happiness and success. This study will verify that expectation by examining the words of CEOs to acquire a contextualized understanding of the meaning of the two specific types of leaders' value orientations.

METHOD

We first developed and validated a Q-sort method of measuring values, which is less susceptible to social desirability bias than the traditional survey approach (O'Reilly, Chatman, and Caldwell, 1991). Then we tested the four hypotheses by using these measures of CEOs' self-identified values; CEOs' leadership behaviors, as described by top managers; and middle managers' self-reported organizational commitment, assessed both cross-sectionally and longitudinally, as the measure of followers' commitment. We conducted interviews with the CEOs and content analyzed their words to detect and understand their internal values. Finally, two years later, we interviewed by telephone a small sample of middle managers working for four of the CEOs—two who scored higher on self-transcendent than self-enhancement values and two who scored higher on self-enhancement than self-transcendent values—to verify if they could detect their CEOs' values. The research design to observe the reactions of the followers at two levels below the CEOs reduced the possibility of followers' guessing the hypotheses and provided a more conservative test.

Study 1: Measuring and Validating Personal Values

The sample for the measurement and validation effort consisted of 45 middle- or lower-level managers from two companies located in Beijing. Twenty-one of them worked in the corporate office of a manufacturing firm; the other 24 were from an information technology firm. On average, the participants were 36 years old (S.D. = 4.2), supervised 18.2 employees (S.D. = 8.7), and had an average company tenure of 6.6 years (S.D. = 2.6).

Ipsative measurement of values. Values may be measured using either a normative or an ipsative approach (Meglino and Ravlin, 1998; Krishnan, 2005). Because personal values are convictions held deeply inside, all existing studies have adopted the normative approach of using a self-report questionnaire to capture personal values (e.g., England, 1975; Meglino, Ravlin, and Adkins, 1989; Schwartz, 1992, 1994; Egri and Ralston, 2004; Sosik, 2005). Under this approach, respondents evaluate each value item independently—although Schwartz did instruct respondents to take the whole instrument into consideration when filling out the survey—whereas, in an ipsative approach, values are ranked hierarchically in a forced distribution. Only the ipsative

measurement can capture the unique value configuration of an individual, however, because values are considered to be hierarchical in structure, leading to the idea of a value system (Krishnan, 2005). Further, the ipsative scores are less prone to social desirability bias because values are assessed in comparison with each other. Such scores can better represent an individual's true value orientation rather than his or her socially desirable public statements (Meglino and Ravlin, 1998).

We developed an ipsative measurement approach and validated it using the traditional normative measurement in a Chinese version (Egri and Ralston, 2004) of the 46-item personal values survey (Schwartz and Sagiv, 1995). The 46 items measure all four grand dimensions, namely, self-enhancement, self-transcendence, openness to change, and conservation (Schwartz, 1994). Although our study used only the self-enhancement and self-transcendent values, we included all 46 items because of the forced distribution approach in the ipsative measurement. We typed each of the 46 values on a 2.5-by-4-inch card. Using the procedure of O'Reilly, Chatman, and Caldwell (1991), we asked respondents to sort the 46 cards into nine stacks with a prespecified number of cards allowed for each stack according to the importance of each value statement (item) to the respondent. Most of our participants reported enjoying the "card-playing" process.

Procedure. We collected the data in two steps. With the help of the company's human resources manager, we first administered the values questionnaire. The respondents independently rated the 46 value items on a 9-point Likert scale using Schwartz's anchors (-1 = opposed to the principles that guide the person; 0 = not at all important and not relevant as a guiding principle; and 7 = of supreme importance as a guiding principle in life). We provided return envelopes and instructed the respondents to mail the completed questionnaires back to the research team a week later. We obtained a 100 percent response rate.

Two weeks after we received the survey data, we visited each of the 45 managers and instructed them to sort the 46 cards by placing 2, 3, 5, 8, 10, 8, 5, 3, or 2 cards on each of the nine stacks, respectively, according to their judgment of the importance of the designated value item on the card, from least to most important. That is, participants were instructed to place in stack 1 the two items that were least important to them; in stack 2, the three items that were next least important; and so on, through stack 9, in which they were to place the two items that were most important. The sorting process took 25 to 40 minutes. We assigned a score of 1 to 9 to each of the 46 items. For example, if a card was in stack 1, it was assigned a score of 1, and if a card was in stack 9, it was assigned a score of 9. The cards in the other seven stacks were assigned scores of 2, 3, 4, 5, 6, 7, or 8.

Results. Schwartz and Sagiv (1995) used 13, 10, 14, and 9 items to measure values of self-transcendence, self-enhancement, conservation, and openness to change, respectively. We retained 12, 9, 11, and 7 items to measure the four dimensions, respectively, to ensure acceptable scale reliabilities of

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Table 1

Correlations between Q-sort and Questionnaire Value Scores (Study 1)*										
Item	Mean	S.D.	1	2	3	4	5	6	7	8
1. Self-transcendence (questionnaire)	4.56	.90	(.88)							
2. Self-enhancement (questionnaire)	3.83	.70	-.60**	(.91)						
3. Openness to change (questionnaire)	3.87	.93	-.47**	.19	(.79)					
4. Conservation (questionnaire)	4.31	.91	.13	-.53**	-.67**	(.86)				
5. Self-transcendence (Q-sort)	5.43	.46	.57**	-.42**	-.51**	.37**	(.80)			
6. Self-enhancement (Q-sort)	4.66	.65	-.40**	.65**	.21	-.46**	-.47**	(.73)		
7. Openness to change (Q-sort)	4.69	.88	-.38**	.30*	.65**	-.52**	-.48**	.13	(.70)	
8. Conservation (Q-sort)	5.02	.56	.26*	-.57**	-.32*	.63**	.11	-.68**	-.53**	(.75)

* $p < .05$; ** $p < .01$.
 * Columns numbered 1–4 provide partial correlation coefficients by individual item mean, a method suggested by Schwartz (1994); columns numbered 5–8 provide Pearson correlation coefficients. Reliabilities are boldfaced and noted on the diagonals.

Cronbach's $\alpha \geq .70$ for both the traditional survey and Q-sort measures (Cronbach et al., 1972). Although smaller than the original, the number of items we used was larger than those used in other studies. Sosik (2005), for example, used fewer than 5 items for each dimension. Sosik, Jung, and Dinger (2009) used 6 items for the self-transcendent and 3 items for the self-enhancement values on a normative 7-point scale. In this sample, Cronbach's α for the four dimensions measured by the questionnaire ranged from .79 to .91 and by the Q-sort method ranged from .70 to .80. The correlation between the scores from the two methods was .57 ($p < .01$) for self-transcendent values and .65 ($p < .01$) for self-enhancement values. The correlation between self-transcendent and self-enhancement values was $-.60$ ($p < .01$) for data collected using questionnaires and $-.47$ ($p < .01$) for data collected using the Q-sort method. We obtained similar results for the openness-to-change and the conservation measures. The results provided supportive evidence for the validity of the value measures using the Q-sort method. The 12 items measuring self-transcendent values were broad-mindedness, equality, forgiving, helpful, honest, loyal, protecting the environment, responsible, self-disciplined, social justice, world peace, and unity with nature. The 9 items for self-enhancement values were ambition, authority, enjoying life, influence, seeking pleasure, preserving public image, power, success, and wealth. Table 1 summarizes the validation results.

Study 2: Hypothesis Testing Surveys and Interviews

To ensure variance, we first identified a set of firms in a variety of industries with at least 20 or more middle managers in the company. Industries included the manufacturing, high-tech, service, public utility, and construction industries. We secured support from 42 of the 49 firms (86 percent response rate) we contacted. The Chinese Entrepreneur Survey System (CESS), an organization under the Chinese State Council that conducts annual surveys with firms all over China, provided entry to 29 firms, and two professors at different universities with extensive networks through their

executive teaching engagements assisted in collecting data from 13 firms. The sample of 42 firms consisted of 605 middle managers, 177 top managers, and 42 CEOs. The middle managers reported directly to top managers, who in turn reported to the CEOs. This was to ensure that the middle managers, as followers, were in sufficient proximity to observe CEOs' behaviors and listen to their words. Each company had an average of 14 middle managers participating in the study. Age was measured in ranges of years (1 = under 26; 2 = 26–30; 3 = 31–35; 4 = 36–40; 5 = 41–45; 6 = 46–50; 7 = 51–55; 8 = 56–60; 9 = over 60). Taking the midpoints of ranges, we estimated that the average age was roughly about 40 for the middle managers, 43 for the top managers, and 50 for the CEOs. Most of the respondents were male (74 percent of the middle managers, 84 percent of the top managers, and 85 percent of the CEOs). The average company tenure of middle managers, top managers, and CEOs was 15.0 (S.D. = 9.8), 24.1 (S.D. = 6.2), and 24.8 (S.D. = 9.4) years, respectively. About 73 percent of the middle managers, 74 percent of the top managers, and 83 percent of the CEOs held a bachelor's or higher degree. The firms' ages ranged from 5 to 51 years with an average of 25.4 years (S.D. = 19.7), and firm size, measured using Log_{10} transformation of total number of employees, ranged from a few hundred to over 10,000 employees (mean = 1,178; S.D. = 1,561). Nineteen percent of the firms were privately owned, 33 percent were state owned, 22 percent were foreign-invested enterprises, and 26 percent were of unclear or mixed ownership.

For the Time 2 sample, we approached the 29 firms through CESS 18 months after the Time 1 survey and obtained cooperation from 27 of them.¹ We obtained completed Time 2 surveys from 321 middle managers, and 295 could be matched with their Time 1 responses. After deleting incomplete data and ensuring that each company had responses from at least five middle managers in the Time 2 dataset, we had a final sample that consisted of 27 CEOs, 116 top managers, and 288 middle managers for our longitudinal analyses. To check for response bias, we compared the demographics of the 288 respondents with those of the 317 respondents who participated only in the Time 1 survey. We did not find any significant differences between the two groups of middle managers on age ($t = 1.58$, n.s.), education ($t = .99$, n.s.), or company tenure ($t = 1.29$, n.s.). To ensure that the transformational behaviors and personal values of the CEOs in the 27 firms that participated in Time 2 did not differ from those of the CEOs of the 15 firms that did not participate in Time 2, we compared the scores on these measures between the two groups of CEOs. Results suggested no significant difference on any of these measures between these two groups ($t = -.22$, $.98$, and -1.14 , respectively, for transformational behaviors, and self-transcendent and self-enhancement values comparisons, n.s.).

Procedures. Study 2 data collection consisted of three parts. In part one, we collected data from CEOs in their offices. We asked them to “play cards” with the value statements by sorting the cards into different stacks similar to the procedure in Study 1. The sorting took 25 to 35 minutes. After that, we interviewed them. We asked them questions about their

¹ Due to the incomplete record kept by our contacts, who provided access to the other 13 firms, we were not able to use Time 2 data from those firms.

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firms, their own backgrounds, the way they reached their current positions, the purpose of their leadership, and the most important things to them in life. We encouraged them to tell us stories while reflecting on the questions. The interviews lasted 45 to 90 minutes and were tape-recorded, with the CEOs' consent. Because of their affiliations with CESS or the two professors, all the CEOs appeared comfortable and candid during the conversation.

In part two, we collected survey data from top and middle managers. With the help of the company's human resource (HR) manager, we obtained the organizational chart listing the top and middle-level managers. We gave each participant an identification code, which allowed us to match responses and also preserved the anonymity of the respondent. With each questionnaire, we provided a self-addressed, sealable envelope and a cover letter explaining the purpose of the study and assuring confidentiality. The HR managers collected the questionnaires and mailed them back to the researcher. They collected the Time 2 responses using a similar procedure. On average we obtained responses from 14 and 12 middle managers per CEO/firm at Time 1 and 2, respectively.

Part three was designed to verify our assumption that followers could detect CEOs' values two years after the Time 2 survey had been completed.² We selected two CEOs who scored higher on self-transcendent values than on self-enhancement values, and two CEOs who scored higher on self-enhancement values than self-transcendent values and asked the companies for permission to interview by telephone those middle managers who participated in the original survey. We faxed a sheet of paper with 16 items (words/phrases), eight measuring the self-transcendent and eight measuring the self-enhancement values, which were listed in random order. At the beginning of the telephone interview, we asked the middle manager to circle five items that were most descriptive of his or her CEO. Following that, the interviewer asked the manager to give two to three specific examples to support his or her choices. Both the interviewer and the middle managers were blind to the value orientation of the CEO. Independently, five managers described the two CEOs with relatively higher self-transcendent values (three from one company and two from the other), and four described the two CEOs with relatively higher self-enhancement values (two from each company), for a total of nine middle managers.

Measures. To measure CEOs' personal values, we adopted the Q-sort method developed in Study 1. All 46 items from Schwartz and Sagiv (1995) were included in the sorting process, with the self-transcendent and self-enhancement values assessed in the context of other values. Cronbach's α for the two measures were .71 and .68, respectively. Although not very high, they were within the acceptable range, considering the ipsative approach used.

Transformational behaviors. We measured the inspirational motivation component of CEOs' transformational behaviors using items adopted from Waldman et al. (2001). As mentioned earlier, Waldman et al.'s (2001) scale contains seven

²

The editor and one of the reviewers suggested the idea of collecting additional qualitative data from middle managers, and hence we collected the data much later.

items measuring two specific aspects. We used the four that measure the behavior but dropped the other three because they did not tap the central construct of interest. The four items read: (1) "The CEO shows determination when accomplishing goals," (2) "The CEO communicates high performance expectations," (3) "The CEO articulates a compelling vision of the future," and (4) "The CEO transmits a sense of mission." Top managers provided ratings of CEOs' behaviors. The response scale ranged from 1 = completely disagree to 6 = completely agree. Cronbach's α for the scale was .86. On average, four top managers (ranging from two to ten) from each company participated in the survey. We aggregated the scores on CEOs' leadership behavior rated by multiple top managers to the firm level. To test the suitability for aggregation, we calculated the interrater agreement (r_{wg}), intraclass correlation (ICC_1), and overall sample-mean reliability estimate (ICC_2). Results showed that 95 percent of the r_{wg} values were above .70 (median = .94, mean = .93, min. = .67). The average ICC_1 and ICC_2 values were .35 and .74. As almost all the r_{wg} scores were higher than .70 (James, Demaree, and Wolf, 1984) and the ICC_1 and ICC_2 scores higher than .05 and .50 (James, 1982), we concluded that aggregation of leadership behavior scores to the firm level was appropriate.

To measure affective commitment, we used the Chinese version (Chen and Francesco, 2003) of Meyer and Allen's (1997) 8-item scale. Middle managers reported their affective commitment to the organization on the response scale ranging from 1 = completely disagree to 6 = completely agree. Cronbach's α for the scale was .90 for Time 1 and .88 for Time 2.

To measure leave intention, we used the four items by Bluedorn (1982), later modified by Cheng and Jiang (2000) to suit the Chinese context. The middle managers responded to each item on a 6-point agree-disagree response scale. Cronbach's α of this scale was .92 for Time 1 and .90 for Time 2.

Control variables. At the individual level, we controlled for the middle managers' demographic variables, including age measured in nine intervals, gender (1 = male; 2 = female), company tenure in years, and their job satisfaction (Time 1 score). The Chinese version of the job satisfaction measure (Song, Tsui, and Law, 2009), consisting of satisfaction with the job, income, supervisors, co-workers, career progress, and advancement possibilities, was originally from Tsui, Egan, and O'Reilly (1992). Cronbach's α for the scale was .88. At the firm level, we controlled for the CEOs' ages, also measured in nine intervals, gender (1 = male; 2 = female), and position tenure (in years). We also controlled for the CEO's transactional behaviors, which focus on clarifying performance expectations and reward contingencies (Burns, 1978). We used the Chinese version (Song, Tsui and Law, 2009) of the six items adapted from the MLQ (Bass and Avolio, 1990). Top managers completed this measure. The r_{wg} and the ICC_1 and ICC_2 values showed satisfactory statistics for aggregation. We further controlled for firm age (in years), firm size (\log_{10} transformation of the number of employees), ownership type (state owned, private, or foreign invested), and firm

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performance. As prior research has indicated that senior managers' subjective evaluation of their firms' performance is highly correlated with objective measures (e.g., Wall et al., 2004), we asked CEOs to provide a subjective evaluation of their firm's performance in each of the previous three years using nine items.³ They measured the firm's relative position in its industry on criteria such as profitability, asset increase, return on assets (ROA), return on common stockholders' equity (ROE). We averaged the three years' performance scores, with a reliability of .85. In total, we included 15 control variables in the hypothesis testing to maximize internal validity and rule out alternative explanations.

Analyses. We performed confirmatory factor analyses (CFA) on the items for transformational and transactional behaviors from the 177 top managers and then on the items for the three outcomes—commitment, satisfaction, and leave intention—from the 605 and 288 middle managers collected from Time 1 and Time 2 surveys, respectively. The proposed two-factor leadership model provided fit indices of $\chi^2_{(34)} = 72.78$ ($p < .05$), CFI = .93, IFI = .95, and RMSEA = .056, indicating a good fit. Moreover, compared with the alternative one-factor model, with all leadership items loading on one factor ($\chi^2_{(35)} = 126.33$, $p < .05$, CFI = .73, IFI = .80, and RMSEA = .157), the two-factor model had a better fit. Similarly, we performed CFA analyses on commitment, satisfaction, and leave intention for both Time 1 and Time 2 data.⁴ The Time 1 model's fit indices were $\chi^2_{(132)} = 346.25$, CFI = .93, IFI = .94, and RMSEA = .058. The Time 2 model's fit indices were $\chi^2_{(53)} = 99.23$, CFI = .95, IFI = .97, and RMSEA = .050. These demonstrated acceptable discriminant and convergent validity of the variables.

We used hierarchical linear modeling (HLM) to test the hypotheses because the variables were measured at two levels. The predictive variables—CEO values and CEO transformational behaviors—are at the firm level, whereas the outcome variables— affective commitment and leave intention—are at the individual level. HLM enabled us to take into account the individual-level error in estimating firm-level coefficients; that is, it allowed us to examine how the firm-level variables accounted for variance in individual outcomes after controlling for the influence of individual-level and firm-level variables (Bryk and Raudenbush, 1992). To strengthen causal inference, we controlled for the scores on affective commitment and leave intention at Time 1 when predicting affective commitment and leave intention at Time 2.

Content analysis of the interview data. We performed content analysis of the transcripts of the recorded interviews of the 27 CEOs, the results of which were used in both Time 1 and Time 2 analyses. The average length of a transcript was four single-spaced pages and an average of 1,800 Chinese words (S.D. = 800 words). We used a counting and coding strategy for content analysis (Krippendorff, 2004) and recruited two graduate students majoring in management for the task. We gave the coders a definition of the two types of values and specific items that measured each value dimension. One of the authors discussed the definitions with the two coders. In addition, we performed practice coding on two

3 We also had measures of objective performance in our questionnaire, but because of incomplete data, we had to abandon these objective measures.

4 The Time 1 model included three factors: commitment, satisfaction, and leave intention; the Time 2 model included only two factors: commitment and leave intention.

sample transcripts by counting the frequency of words in the transcript that were similar or related to each of the value items, then discussed differences to reach an agreement on the coding criteria. In addition to the value items, we also added to the list some pronouns such as "I," "me," "my (mine)," "myself," "we," "us," and "our (ours)" and words such as "career," "family," "employee(s)," "company," "customer(s)," and "society" because these words were used to infer individual as well as group value orientations in the study by Fu et al. (2008). Each coder independently coded the 27 transcripts. After completing the coding, the coders provided an overall assessment of the CEO's value orientation, using a code of either more self-enhancing or more self-transcendent.

Interrater agreement by the two coders was assessed using the Kappa index (Cohen, 1960). If the Kappa value for a certain item was lower than .90 (the lowest scores were above .80), we discussed coding criteria for the item again, and the coders then independently recoded all 27 sets of transcripts until the Kappa value exceeded .90. No item needed more than one round of recoding to reach a satisfactory Kappa value. We averaged the two coders' scores on an item and then divided that score by the total number of words in the transcript. The final score was the frequency of the word mentioned by the CEO per thousand Chinese words. We compared this score with the scores from the Q-sort. For part 3, we analyzed the transcripts of the telephone interviews with the middle managers by counting the number of times they chose the value words (items) to describe each CEO and by reviewing the examples the middle managers gave to support their choices.

RESULTS

Hypothesis Testing

Table 2 shows the means, standard deviations, and correlations among all the variables at both the individual and firm levels. It shows that the two personal values of the CEO are negatively correlated ($r = -.53, p < .01$) but that neither is correlated with the leaders' transformational behaviors. Self-transcendent values are positively correlated with affective commitment ($r = .18, p < .01$) and negatively with leave intention scores ($r = -.13, p < .05$) at Time 1, but the significant relationships disappeared at Time 2. There is no relationship between CEOs' self-enhancement values and outcome variables at either Time 1 or Time 2. The CEOs' transformational behaviors relate positively to affective commitment ($r_{T1} = .27, p < .01$; $r_{T2} = .23, p < .01$) and negatively to leave intention ($r_{T1} = -.25, p < .01$; $r_{T2} = -.15, p < .05$) at both Time 1 and Time 2. Time 1 commitment is positively related to Time 2 commitment ($r = .45, p < .01$). Time 1 leave intention is also positively related to Time 2 leave intention ($r = .30, p < .01$).

Table 3 summarizes the results of HLM analyses for the four hypotheses using the cross-sectional data. Results of model 1 and model 5 show that CEOs' transformational behaviors relate positively to affective commitment and negatively to leave intention, providing support for H1.

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Table 2

Correlations, Means, Standard Deviations, and Correlations of All Variables (Study 2)*

Variable	Mean	S.D.	1	2	3	4	5	6	7	8	9
1. Middle manager (MM) age	4.52	1.45									
2. Middle manager (MM) gender (1 = male)	1.26	0.44	-.08								
3. Middle manager (MM) org. tenure	14.00	9.75	.50**	-.19**							
4. CEO age	6.50	1.54	.03	.04	.02						
5. CEO gender (1 = male)	1.15	0.36	.00	.11*	-.13*	-.26					
6. CEO position tenure (year)	7.05	4.98	-.15**	.22**	-.31**	.14	.30				
7. Firm age	25.41	19.70	.10*	-.19**	.44**	.16	-.14	-.25			
8. Firm size	2.79	0.60	.18**	-.14*	.42**	-.10	.24	-.15	.44*		
9. Ownership: state owned	0.33	0.48	.23**	-.22**	.37**	.12	-.26	-.30	.58**	.45*	
10. Ownership: foreign invested	0.22	0.42	-.08	.08	.03	.06	.05	.09	-.24	-.06	-.37*
11. Ownership: private	0.19	0.40	-.10	.16**	-.22**	.05	.29	.35*	-.35*	-.22	-.33*
12. Firm performance	4.45	0.87	-.09	.11*	-.21**	-.08	-.16	.47*	-.30	-.20	-.18
13. CEO self-transcendent values	5.65	0.75	.14*	.05	-.02	.17	.19	.08	.06	.07	.00
14. CEO self-enhancement values	5.00	0.93	-.01	-.02	.00	-.35*	-.21	-.06	-.17	.03	-.05
15. CEO transactional behaviors	4.82	0.46	-.08	-.03	.11*	-.13	-.04	-.13	.22	.25	.02
16. CEO transformational behaviors	5.14	0.44	-.16*	.05	-.03	.06	.34	.19	-.03	.31	-.26
17. Time 1 MM job satisfaction	4.69	0.75	.01	-.01	-.02	.01	.08	.15**	-.13*	.04	-.22**
18. Time 1 MM affective commitment	5.11	0.78	.06	.03	.06	-.05	.05	.18**	-.11*	.13*	-.16**
19. Time 2 MM affective commitment	5.21	0.67	.12*	-.08	.09	.04	.01	.10	-.07	.11*	-.04
20. Time 1 MM leave intention	1.93	1.08	.01	.03	.03	-.04	-.04	-.12*	.06	.04	.19**
21. Time 2 MM leave intention	1.65	0.89	.05	.16**	-.07	-.06	.06	.01	.05	-.02	.05
Variable	10	11	12	13	14	15	16	17	18	19	20
11. Ownership: private	-.22										
12. Firm performance	-.21	.09									
13. CEO self-transcendent values	.18	.18	-.06								
14. CEO self-enhancement values	.06	-.10	-.01	-.53**							
15. CEO transactional behaviors	-.06	.04	-.06	-.22	.10						
16. CEO transformational behaviors	.15	.10	-.16	-.06	.10	.40*					
17. Time 1 MM job satisfaction	.16**	.08	.12*	.24**	-.05	.15**	.22**				
18. Time 1 MM affective commitment	.15**	.04	.15**	.18**	-.01	.18**	.27**	.65**			
19. Time 2 MM affective commitment	.11*	-.08	.11*	.04	.03	.03	.23**	.36**	.45**		
20. Time 1 MM leave intention	-.09	-.05	-.04	-.13*	.03	-.13*	-.25**	-.45**	-.42**	-.34**	
21. Time 2 MM leave intention	-.12*	.16**	.00	-.01	-.05	-.05	-.15*	-.27**	-.25**	-.52**	.30**

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

* The correlation coefficients in bold (variables 4 to 16) indicate correlations at the firm/CEO level (N = 42); the rest are at the middle manager level (Time 1 N = 605, Time 2 N = 288). All data were from Time 1 survey, except data on affective commitment and leave intention variables, which were collected again 18 months later.

Results of model 2 and model 6 show that the interaction between self-transcendent values and transformational behaviors relates positively to affective commitment and negatively to leave intention, thus supporting H2. Model 3 and model 7 tested the interaction of self-enhancement values and transformational behaviors. Results support part of H3—the positive relationship between CEOs’ transformational behaviors and middle managers’ commitment is reduced

Table 3

CEOs' Personal Values, Transformational Behaviors, and Followers' Commitment (Time 1)*

Variable	Affective Commitment				Leave Intention			
	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6	Model 7	Model 8
Age	.02 (.02)	.02 (.02)	.02 (.02)	.02 (.02)	-.07* (.03)	-.07* (.03)	-.08* (.03)	-.08* (.03)
Gender	.11 (.09)	.11 (.09)	.11 (.08)	.11 (.08)	.07 (.13)	.07 (.13)	.07 (.12)	.07 (.12)
Company tenure	.00 (.01)	.00 (.01)	.01 (.01)	.01 (.01)	.00 (.01)	-.01 (.01)	.02 (.02)	.02 (.02)
T1 job satisfaction	.62** (.06)	.60** (.06)	.59** (.06)	.59** (.07)	-.65** (.16)	-.64** (.16)	-.62** (.16)	-.62** (.16)
CEO age	.08* (.04)	.08* (.04)	.08* (.04)	.09* (.04)	-.08 (.07)	-.07 (.06)	-.06 (.04)	-.05 (.04)
CEO gender	.07 (.15)	.08 (.15)	.09 (.15)	.09 (.16)	-.05 (.18)	-.04 (.16)	-.04 (.17)	-.04 (.17)
CEO position tenure	.02 (.01)	.02 (.01)	.02 (.02)	.02 (.02)	-.03 (.03)	-.02 (.03)	-.02 (.03)	-.02 (.03)
Transactional behaviors	.18 (.13)	.18 (.12)	.17 (.15)	.16 (.16)	-.11 (.12)	-.07 (.10)	-.08 (.11)	-.07 (.11)
Firm age	.07 (.04)	.08 (.05)	.07 (.04)	.07 (.04)	-.03 (.04)	-.02 (.04)	-.02 (.04)	-.02 (.04)
Firm size	.03* (.01)	.03* (.01)	.03* (.01)	.02* (.01)	-.01 (.02)	.00 (.02)	-.01 (.02)	-.01 (.02)
Ownership: state-owned	.05 (.06)	.06 (.07)	.08 (.06)	.08 (.06)	.07 (.04)	.07 (.05)	.07 (.05)	.07 (.05)
Ownership: foreign-invested	.03 (.04)	.03 (.05)	.03 (.04)	.04 (.04)	-.09* (.03)	-.09** (.03)	-.09* (.03)	-.09* (.03)
Ownership: private	.00 (.05)	.02 (.05)	.03 (.05)	.02 (.05)	.10** (.04)	.10** (.04)	.09* (.04)	.09* (.04)
Firm performance	.06* (.03)	.06* (.03)	.07* (.03)	.07* (.03)	-.07* (.04)	-.07** (.04)	-.07* (.04)	-.07* (.04)
Transformational behaviors	.48** (.16)	.46** (.15)	.46** (.15)	.44** (.15)	-.46** (.13)	-.44** (.12)	-.45** (.13)	-.45** (.13)
CEO self-transcendent values	.30* (.13)	.26* (.13)	.30* (.13)	.28* (.13)	-.24 (.13)	-.22 (.12)	-.25 (.13)	-.25 (.13)
CEO self-enhancement values	.09 (.09)	.09 (.08)	.12 (.07)	.11 (.07)	-.09 (.09)	-.08 (.10)	-.07 (.08)	-.04 (.07)
Self-transcendence × transformational behaviors	-	.15** (.05)	-	.12* (.06)	-	-.15* (.07)	-	-.10 (.07)
Self-enhancement × transformational behaviors	-	-	-.10* (.04)	-.09* (.04)	-	-	.09 (.08)	.06 (.06)
Self-transcendence × self-enhancement × transformational behaviors	-	-	-	.05* (.02)	-	-	-	-.05 (.03)
Explained level 1 variance	31%	31%	31%	31%	21%	21%	21%	21%
Explained level 2 variance	22%	27%	26%	31%	16%	24%	18%	20%
Explained total variance	28%	30%	30%	31%	19%	22%	19%	21%
Increase in explained level 2 variance	-	5%**	4%*	9%*	-	8%*	2%	5%
Increase in explained total variance	-	2%**	2%*	3%*	-	3%*	0%	2%

* $p < .05$; ** $p < .01$.* The values in parentheses are standard errors for corresponding estimates. Level 1 $N = 605$; Level 2 $N = 42$.

when the CEO holds a higher level of self-enhancement values. The relationship between transformational behaviors and middle-managers' leave intention is not affected by CEOs' self-enhancement values. In addition, model 4 and model 8 tested the self-transcendent x self-enhancement x

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transformational behaviors three-way interaction on the two dependent variables. Again, the results partially support H4—the relationship between CEOs' transformational behaviors and middle managers' commitment is influenced by the self-transcendent \times self-enhancement joint effect. The effect on leave intention is not significant.

Table 4 presents HLM results using data on the two dependent variables collected 18 months later, controlling for the scores on the two dependent variables collected at Time 1. Model 9 and model 13 tested H1, and results show that the positive relationship between CEOs' transformational behaviors and followers' affective commitment is statistically significant, and so is the negative relationship between transformational behaviors and leave intention. These results support H1. The interaction terms between self-transcendent values and transformational behaviors on the two dependent variables (model 10 and model 14) are not significant this time, thus H2 is not supported by the time-lagged data. In contrast, the interaction between self-enhancement values and transformational behaviors (model 11 and model 15) is significant on both time-lagged dependent variables, supporting H3. As evidenced by the increase in the explained variance, the interaction of self-enhancement values and transformational behaviors accounts for 6 percent of the between-firm variance of Time 2 affective commitment; it accounts for 7 percent of the between-firm variance of Time 2 leave intention. Finally, the self-transcendent \times self-enhancement \times transformational behaviors three-way interaction has a significant effect on affective commitment but not on leave intention, which suggests that H4 is also partially supported by the time-lagged data.

Following the procedure of Cohen et al. (2003), we used the conventional Mean \pm 1 S.D. method on the values scores and plotted figures 1–7 to visually illustrate the moderating effects of high and low levels of self-transcendent or self-enhancement personal values on the transformational behaviors and commitment relationship. We plotted the full range of the transformational behaviors scale by calculating the score on the dependent variable at the maximum and the minimum transformational behaviors score in this sample (4.3 and 5.8, respectively), for the condition of 1 S.D. above or below the mean on the self-transcendent or self-enhancement value scores. Figure 1 shows that the relationship between transformational behaviors and commitment (Time 1) is stronger (and positive), while figure 3 shows that the relationship of transformational behaviors to leave intention (Time 1) is stronger (but negative) when the CEO holds a higher level of self-transcendent values, supporting H2. Figure 2 (Time 1) and figure 4 (Time 2) show that the relationship is weaker when the CEO holds a higher level of self-enhancement values. Figure 5 shows that at Time 2, middle managers' leave intention is lower when CEOs have a lower level of self-enhancement values, supporting H3. In summary, H2 on the accentuation effect of self-transcendent values is supported with cross-sectional data, while H3 on the attenuation effect of self-enhancement values is supported with both cross-sectional and longitudinal data.

Table 4

CEOs' Personal Values, Transformational Behaviors, and Followers' Commitment (Time 2)*

Variable	Affective Commitment				Leave Intention			
	Model 9	Model 10	Model 11	Model 12	Model 13	Model 14	Model 15	Model 16
Age	.04* (.02)	.04* (.02)	.04* (.02)	.04* (.02)	-.02 (.03)	-.02 (.03)	-.02 (.02)	-.02 (.02)
Gender	-.13 (.10)	-.12 (.10)	-.12 (.10)	-.11 (.10)	.25* (.13)	.25* (.12)	.25* (.12)	.23* (.11)
Company tenure	.01 (.01)	.01 (.01)	.01 (.01)	.01 (.01)	-.02 (.02)	-.02 (.02)	-.02 (.02)	-.02 (.02)
T1 job satisfaction	.18** (.06)	.18** (.06)	.18** (.06)	.18** (.06)	-.08 (.13)	-.08 (.13)	-.08 (.13)	-.07 (.13)
T1 affective commitment	.35** (.07)	.34** (.07)	.34** (.07)	.34** (.06)	-	-	-	-
T1 leave intention	-	-	-	-	.14 (.08)	.14 (.09)	.14 (.09)	.14 (.09)
CEO age	.01 (.03)	-.03 (.03)	-.02 (.03)	-.05 (.03)	.01 (.06)	.03 (.05)	.04 (.05)	.04 (.05)
CEO gender	-.26* (.13)	-.30* (.14)	-.32* (.15)	-.31* (.15)	.24 (.28)	.21 (.26)	.22 (.25)	.20 (.24)
CEO position tenure	.02* (.01)	.02* (.01)	.02* (.01)	.02* (.01)	-.02 (.03)	-.02 (.02)	-.02 (.02)	-.02 (.02)
Transactional behaviors	-.11 (.12)	-.10 (.12)	-.10 (.12)	-.08 (.10)	.19 (.14)	.13 (.14)	.10 (.14)	.10 (.15)
Firm age	-.05 (.04)	-.04 (.04)	-.05 (.04)	-.03 (.04)	.03 (.05)	.04 (.05)	.05 (.05)	.04 (.05)
Firm size	.03* (.01)	.02 (.01)	.01 (.01)	.01 (.01)	-.02 (.02)	-.02 (.02)	-.02 (.02)	-.02 (.02)
Ownership: state-owned	.02 (.05)	.03 (.05)	.03 (.05)	.05 (.04)	.04 (.04)	.04 (.04)	.05 (.05)	.05 (.04)
Ownership: foreign-invested	.06 (.04)	.08* (.04)	.08* (.04)	.08* (.04)	-.06* (.03)	-.07* (.03)	-.06* (.03)	-.07* (.03)
Ownership: private	-.06 (.05)	-.06 (.05)	-.06 (.05)	-.06 (.06)	.06* (.03)	.06 (.04)	.05 (.05)	.04 (.04)
Firm performance	.08* (.03)	.07* (.03)	.07* (.03)	.07* (.03)	-.05 (.04)	-.06 (.03)	-.05 (.03)	-.05 (.03)
Transformational behaviors	.45** (.14)	.45** (.14)	.44** (.14)	.43** (.14)	-.38* (.18)	-.39* (.18)	-.32* (.17)	-.31* (.14)
CEO self-transcendent values	.06 (.10)	.08 (.10)	.06 (.11)	.06 (.11)	-.15 (.13)	-.17 (.11)	-.14 (.17)	-.12 (.13)
CEO self-enhancement values	-.05 (.08)	-.01 (.07)	-.06 (.06)	-.07 (.07)	.01 (.11)	.00 (.09)	-.02 (.12)	.01 (.10)
Self-transcendence × transformational behaviors	-	.02 (.06)	-	.04 (.06)	-	.06 (.09)	-	.00 (.08)
Self-enhancement × transformational behaviors	-	-	-.15* (.06)	-.12* (.05)	-	-	.22* (.09)	.21* (.08)
Self-transcendence × self-enhancement × transformational behaviors	-	-	-	.06* (.03)	-	-	-	-.05 (.04)
Explained level 1 variance	24%	23%	23%	23%	7%	7%	7%	7%
Explained level 2 variance	10%	11%	16%	20%	12%	12%	19%	19%
Explained total variance	19%	19%	21%	22%	8%	8%	10%	10%
Increase in explained level 2 variance	-	1%	6%*	10%**	-	0%	7%*	7%*
Increase in explained total variance	-	0%	2%*	3%*	-	0%	2%*	2%*

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

* The values in parentheses are standard errors for corresponding estimates. Level 1 N = 288; Level 2 N = 27.

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Figure 1. Interaction between transformational behaviors and self-transcendent values on middle managers' commitment at Time 1.

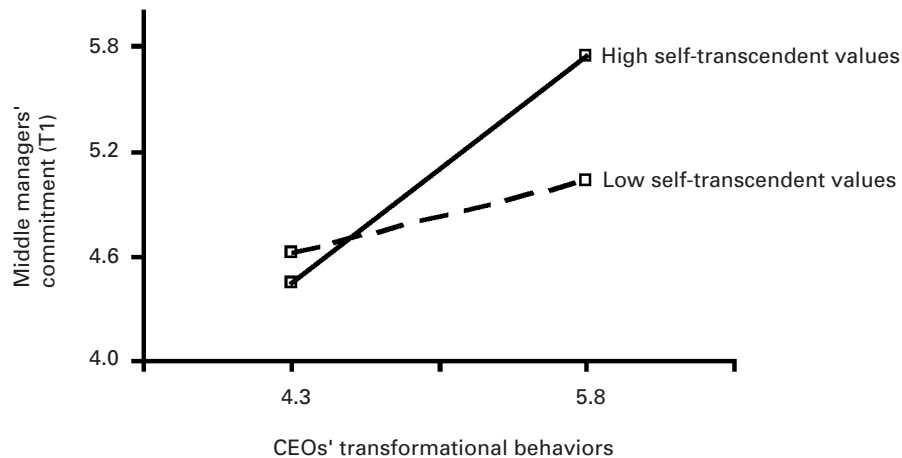


Figure 2. Interaction between transformational behaviors and self-enhancement values on middle managers' commitment at Time 1.



Figures 6 and 7 reveal that the relationship between CEOs' transformational behaviors and followers' organizational commitment is strongest when the CEO holds a higher level of self-transcendent and a lower level of self-enhancement values, whereas the relationship is weakest when the CEO holds a lower level of self-transcendent but a higher level of self-enhancement values, lending support to H4. Taken together, the results on the two-way and three-way interaction effects confirmed the accentuation effect of the self-transcendent values and the attenuation effect of the self-enhancement values, the attenuation effect being sustained over time.

Findings from Personal Interviews with the CEOs

The content analysis of the interview transcripts identified seven CEOs with relatively higher self-enhancement values

Figure 3. Interaction between transformational behaviors and self-transcendent values on middle managers' leave intention at Time 1.

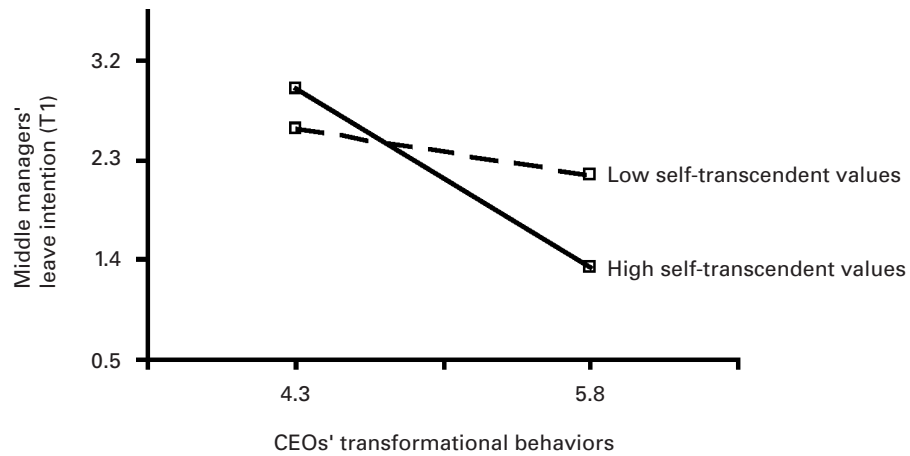


Figure 4. Interaction between transformational behaviors and self-enhancement values on middle managers' commitment at Time 2.



and twenty CEOs as holding relatively higher self-transcendent values. The coding results were consistent with the Q-sort results, which also showed the same seven leaders as scoring higher on self-enhancement values and the other 20 higher on self-transcendent values. Table 5 provides some quotes by the seven CEOs with higher self-enhancement scores. For comparison, we also present some quotes from the seven CEOs with the highest self-transcendent scores from the Q-sort to illustrate the differences between these two groups of leaders in terms of their stated purposes of leadership and the most important things in life. Table 5 also contains brief information on the companies that those CEOs led, how they reached their current positions, and their demographic profiles (age, gender, and education).

The CEOs with higher self-enhancement values showed a strong motivation to pursue personal career success. Their stories revealed these values. For example, one CEO (ID#2 in

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Figure 5. Interaction between transformational behaviors and self-enhancement values on middle managers' leave intention at Time 2.

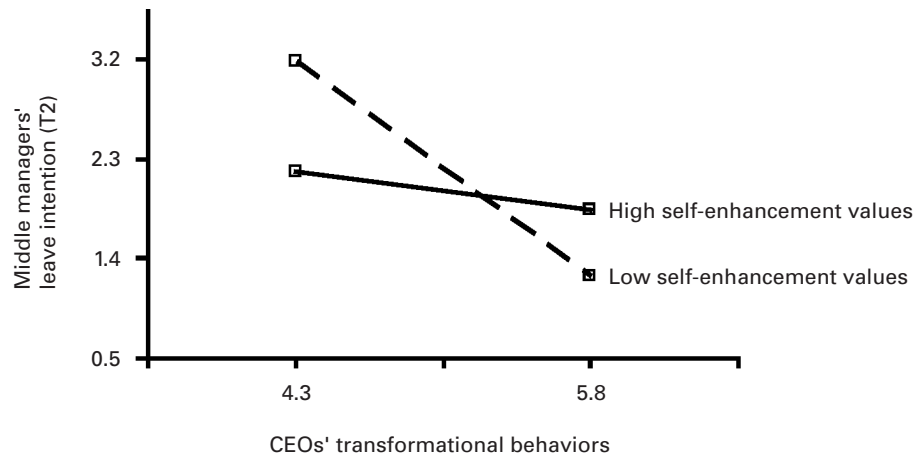


Figure 6. Three-way interaction among transformational behaviors, self-transcendent values, and self-enhancement values on middle managers' commitment at Time 1.

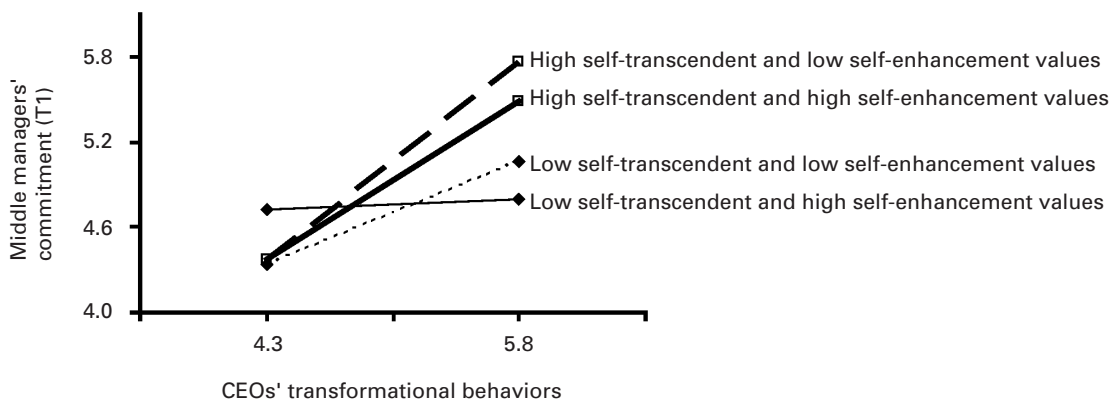
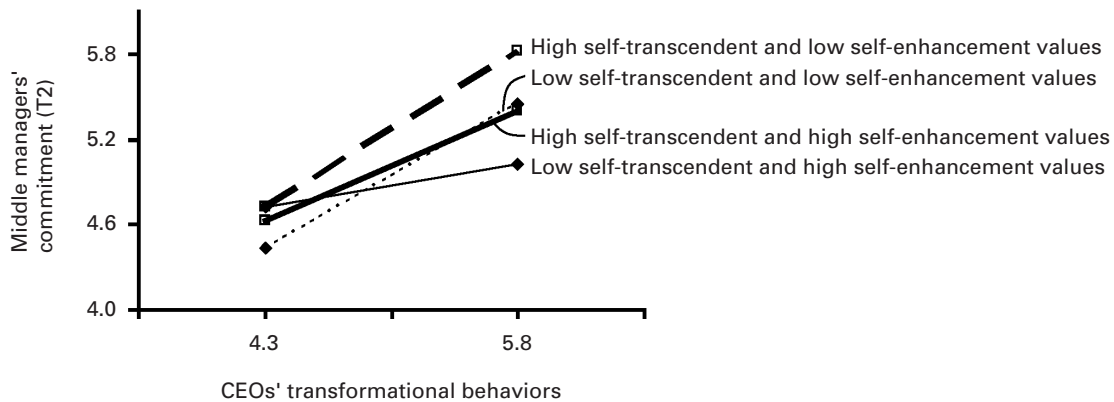


table 5) said the purpose of being a leader was to “chase my dreams, create a world of my own . . . so I won’t be sorry for myself; I won’t regret since I have tried.” Another CEO (ID#6 in table 5) mentioned that his guiding principles in life were to “enjoy life, be happy, and have good friends” and to “honor and glorify the ancestors.” A third CEO (ID#7) said, “Strive hard, be self-fulfilling and perfect.” These statements suggest that their focus was to pursue their own happiness (ancestors are part of the self, or the in-group, in Chinese culture). They worked hard to build a successful business, which is the route to this personal achievement. The story of Mr. Tong (ID#6) in the Appendix is a good case in point.

The expressions of the leaders with high self-transcendent values are markedly different from those of the leaders with high self-enhancement values. The data in table 5 show that their minds were focused on their contribution to others and service to people and society. Mr. Yang (ID#8) viewed the leadership role as “to serve the country, company, and people.” Similarly, Mr. Zhao (ID#10) said that a leader was to “be responsible to society, company, and employees.”

Figure 7. Three-way interaction among transformational behaviors, self-transcendent values, and self-enhancement values on middle managers' commitment at Time 2.



The most important thing in life for him was to “take care of people and give back to society.” They expressed the importance of integrity and concern for others (e.g., ID#14). The story of Ms. Li (ID#9), a general manager of a government-owned hotel, illustrates the importance of having strong values, particularly in tough times. In her words, “Having strong personal values and sticking to them amid all temptations are the key reasons that have enabled me to be where I am at today” (see details of Ms. Li’s story in the Appendix).

Table 6 summarizes the frequency of the value-related words in the transcripts of these 14 CEOs. The CEOs with higher self-transcendent values used more words consistent with Schwartz’s self-transcendent values—broad-minded, equality, forgiving, helpful, honest, loyal, protecting the environment, responsible, self-disciplined, social justice, world peace, unity with nature—and more words that relate to we, us, ours, employees, company, customers, and society than did the CEOs with higher self-enhancement values. The CEOs with higher self-enhancement values used more words consistent with Schwartz’s self-enhancement values—ambitious, authority, enjoying life, influential, pleasure, preserving public image, power, success, wealth—and words that relate to I, me, my, myself, career, and family than did the CEOs with higher self-transcendent values. We did not count pronouns “I” or “we” if they appeared as the leading word in a sentence to answer questions regarding personal issues. Although each CEO possesses both values, the results revealed a clear difference in their pursuit of happiness for self or for others consistent with their dominant values.

Findings from Telephone Interviews with the Middle Managers

The nine middle managers we interviewed chose a total of 56 items (words/phrases) to describe the values of four CEOs. Of the 30 values picked by five middle managers describing the two leaders who scored higher on self-transcendent values, 22 (73 percent) reflected self-transcendent values. Of the 26 words chosen by four middle managers to describe the two who scored higher on self-enhancement values,

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Table 5

CEOs' Personal Values, Leadership Purposes, and Life Priorities as Coded from Interviews*

ID	Company description	CEO path to position	CEO age, gender, education	Q-sort score on SE/ST	Illustrative statements from answers to question: "purpose of being a leader?"	Illustrative statements from answers to question: "most important thing in life?"
CEOs whose coded transcripts demonstrated more self-enhancement values						
#1	HK-China cable TV company	Joined the company in 1969; worked up to head of the city TV station; became CEO of the joint cable company in 1992.	56–60 Male Bachelor's	6.7/5.3	"Seize the opportunity to do significant thing that would fulfill my values."	"Create happiness in life and make harmonious friends."
#2	Retail garment store	Founded the company in 1996 with his two brothers.	31–35 Male H. school	5.1/4.6	"To chase my dreams, create a world of my own so as to fulfill my own values."	"Willing to try; not afraid of failures."
#3	Service company under the provincial nuclear corporation	Joined the company in 1975; worked up to the top; named chief executive officer in 2004.	51–55 Male M. school	6.0/5.2	"Lead the organization as best as I can."	"The most important thing is my career. I must succeed. Success and happiness."
#4	Animal pharmaceutical factory	Joined the firm in 2003 as the assistant to general manager (GM); appointed to the GM position by the board of directors in Sept. 2003.	31–35 Male M.A.	6.6/5.0	"To provide a service and to improve my management skills."	"Be my own boss! Work happily and live happily."
#5	Telecom firm specializing in mobile phones	Joined the company at its start in 1996; became the assistant to the former GM in 2002 and then GM when the former GM was transferred to the headquarters in 2003.	36–40 Male Bachelor's	6.0/4.8	"To provide the best services and best products."	"Take care of my job and my family."
#6	Privately owned tie company	Graduated in 1981 in electrical engineering; worked up to a county head; left in 1989 to work for a joint venture; started his own business in 1994.	46–50 Male Bachelor's	4.7/3.5	"To become the leading tie maker in the world."	"Enjoy life, be happy, and have good friends; honor ancestors."
#7	Power plant	Joined the company in 1975; starting as an apprentice, gradually worked up to the top; became CEO in 1998.	46–50 Male Associate Bachelor's	5.7/5.3	"To develop the best talents."	"Strive hard, be self-fulfilling and perfect."
CEOs whose coded transcripts demonstrated more self-transcendent values						
#8	Township-owned chemical company; later a joint venture	Retired navy officer; joined the company in 1970; assigned to the current company in 1988; gradually worked up to the top and became GM in 1998.	Over 60 Male Associate Bachelor's	4.5/6.7	"Serve the country, company, and people."	"Follow social norms and basic moral standards."

(continued)

Table 5 (continued)

CEOs' Personal Values, Leadership Purposes, and Life Priorities as Coded from Interviews*

ID	Company description	CEO path to position	CEO age, gender, education	Q-sort score on SE/ST	Illustrative statements from answers to question: "purpose of being a leader?"	Illustrative statements from answers to question: "most important thing in life?"
#9	Hotel invested by a local district government	An officer in Beijing Tourism Bureau first; assigned to be the GM of one of the largest and oldest hotels in Beijing in 1987; was removed from the position in 1996; founded a management company to run the current hotel since 1998. [†]	51–55 Female Bachelor's	3.9/6.5	"Take care of the management team and all employees working here."	"High level of integrity, social justice, and true love."
#10	State-owned mechanical, industrial, construction corporation	Started career in 1971; became the CEO of one of subsidiaries in 1998; assigned to be the CEO of the mother company in 2000.	51–55 Male Associate Bachelor's	4.0/6.5	"Be responsible to society, company, and employees."	"Take care of people and give back to society."
#11	Family-owned real estate company	Founded a retail company, transferred to the real estate industry in 2000.	36–40 Female H. school	5.7/6.5	"Live up to people's expectations."	"Be good to society and be good to myself."
#12	State-owned mechanical engineering company	Used to be in real estate industry; later went into electrical equipment; was named the head of the company in 1999.	56–60 Male H. school	4.0/6.5	"Do something beneficial for people."	"Make people around me happy."
#13	Packing company under an aviation corporation	Started career in 1969 after finishing aviation school; worked up to the top and became the CEO of a state-owned company in 1989; moved to the current firm, being the CEO from 1998.	56–60 Male Associate Bachelor's	3.9/6.3	"Live up to people's expectations and trust in me."	"To have a career and contribute to the country's economic development."
#14	Chemical engineering company	Started career in 1970; worked up to the top in another state-owned company; was assigned to establish the current company in 1996.	51–55 Male H. school	3.9/6.1	"Be a coach and balance employee success with company success."	"Be honest and have integrity; take responsibility for creating opportunities for employees."

* The CEO's age was identified in a 5-year range; ST = self-transcendent values; SE = self-enhancement values; Q-sort scores range from 1 (least important to me) to 9 (most important to me); H. school = high school; M. school = middle school.

[†] See Appendix for details.

15 items (58 percent) reflected self-enhancement values. Table 7 shows that the average number of self-transcendent value items chosen by each manager for a CEO was greater than the average number of self-enhancement value items for a CEO with higher self-transcendent values. Conversely, the average number of self-enhancement value items chosen was greater than the average number of self-transcendent value items chosen for the CEOs with higher self-enhancement values. All the middle managers described their CEOs as

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Table 6

Comparison of Frequencies of Value-related Words from Interviews Conducted at the Beginning of the Data Collection at Time 1

Frequency (per 1,000 words)	Average for the 7 leaders with higher self-enhancement values	Average for the 7 leaders with higher self-transcendent values
Words consistent with Schwartz self-transcendent values	11.86	14.92
Words not included in Schwartz survey but coded as self-transcendent values*	16.76	22.29
Words consistent with Schwartz self-enhancement values	10.20	8.94
Words not included in Schwartz survey but coded as self-enhancement values†	35.71	25.21

* Items included we, us, our(s), employee(s), company, customer(s), society.
† Items included I, me, my (mine), myself, career, family.

ambitious, and all five managers described the two CEOs with higher self-transcendent values as being broad-minded. Only one of the four managers described the CEOs with higher self-enhancement values as broad-minded. Four managers described CEOs with higher self-transcendent values as valuing social justice, whereas only one manager chose social justice to describe the CEO with higher self-enhancement values. The middle managers provided many examples to support their choices of those particular words to describe their CEOs. The following two examples show that followers can detect their leaders' values by both the leader's actions (first example) and words (second example).

A human resource manager described an incident to illustrate the CEO's being broad-minded, which is one of the indicators of self-transcendent values in Schwartz and Sagiv's (1995) instrument:

Shortly after he [a manager] joined the company, the person had another offer and left for what appeared to be a better job. Soon after, finding the job less than expected, he wanted to come back. Contrary to a private company's normal response, *Zhang zong* [CEO Zhang] welcomed him back because he believed him to be very capable. Later, the person left again, and again he wanted to come back not long after he left. We thought we could no longer accept him, but *Zhang zong* demonstrated his broad-mindedness by not only allowing him to come back, but also by promoting him. The man is now one of our vice presidents.

The manager thought so highly of his CEO because in China, private firms are a product of the reform. Young and small, most of those firms do not have standardized personnel procedures and taking back one person who had voluntarily quit is not a usual practice. In deciding to take this individual back even after he had left twice, the CEO was obviously more interested in the potential of the individual than in whether others would criticize him for taking this unusual personnel action.

Another middle manager, the director of party affairs of a machinery company, related how his CEO described his

Table 7

Results of Telephone Interviews with Middle Managers

	Two CEOs with higher self-sorted ST values described by five managers	Two CEOs with higher self-sorted SE values described by four managers
Average number of ST value items chosen by a middle manager to describe a CEO	4.4*	2.75 [†]
Average number of SE value items chosen by a middle manager to describe a CEO	1.6 [‡]	3.75 [§]

* Specific items (frequency): broad-minded (5); responsible (4); social justice (4); loyal (3); honest (3); forgiving (2); equality (1).

[†] Specific items (frequency): honest (3); responsible (3); broad-minded (1); social justice (1); loyal (1); helpful (1); equality (1).

[‡] Specific items (frequency): ambition (5); success (2); capable (1).

[§] Specific items (frequency): ambition (4); pleasure (3); preserving public image (2); capable (2); success (1); wealth (1); enjoy life (1); power (1)

interest in success, preserving public image, and enjoying life, all of which are indicators of self-enhancement values from the instrument:

Pan zong [CEO Pan] told us that from a very young age he had the ambition to become the state premier. But of course, that was too ambitious, and he had to adjust that. He is very keen on succeeding. He is very particular about what he wears and also pays attention to the way he talks and acts.

DISCUSSION AND CONCLUSIONS

By focusing on one behavioral component to examine the direct and interactive relationship between a CEO's personal values and his or her transformational behaviors on followers' commitment, this study conceptually and operationally clears the opacity surrounding the construct of transformational leadership despite its having been tested by numerous empirical studies. It also adds knowledge to the transformational leadership theory by revealing the different effects of transformational behavior on followers when a transformational leader's value orientation is inconsistent with societal (the follower's) expectations. Finally, with the interview data on both types of CEOs from middle managers further confirming that it is possible to identify leaders' internal values through their words and actions, our study fills the gap in the value literature about the direct effects of leaders' values on followers' outcomes.

It is interesting that the accentuation effect of self-transcendent values dissipated over the eighteen-month period between Time 1 and Time 2, while the accentuation effect of self-enhancement values persisted. Perhaps followers take for granted authentic transformational leadership because it is how leaders should be, whereas the effect of inauthentic transformational leadership persisted. With continuing disappointment, followers' discontent magnified over time, resulting in a more intense desire to leave the organization. Future studies should consider in a more systematic way the possible influence of time when examining the effect of

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leaders' personal values on the effect of their transformational behaviors.

Our findings are consistent with Parsons' action theory in that leaders should hold values and play leadership roles that are consistent with prevalent social expectations if they are to leverage the positive effect of their transformational behaviors. The effect will be compromised when followers notice that leaders' behaviors are inconsistent with the values they expect leaders to hold, and they respond negatively with lower commitment and higher intention to leave. This response is also consistent with role theory (Katz and Kahn, 1978). When leaders fail to meet role expectations, followers will demonstrate dissatisfaction and detachment (Yukl, 2006). In particular, our study shows that the effect of Bass and Steidlmeier's (1999) authentic transformational leadership—transformational behaviors accompanied by high self-transcendent values—dissipates over time, whereas the effect of inauthentic transformational leadership—transformational behaviors without the foundation of self-transcendent values—continues as reflected in the increased intention to leave eighteen months later. These results confirm that leadership effects are not a simple matter of the leaders' external behaviors but are also a product of their internal values. Most importantly, followers have keen observation skills, are able to identify leaders' deep-seated values, and are affected by what they sense as much as by what they see and hear.

Our study nevertheless has some possible limitations. Using Chinese CEOs might limit the generalizability of our findings because Chinese society has norms that are deeply rooted in traditional values. Also, followers' reactions may be context-specific. Although the dominance of self-transcendent values relative to a small number of self-enhancing leaders (20 of 27 CEOs, or 74 percent) in this Chinese sample poses an interesting contrast to Chatterjee and Hambrick's (2007) study of CEO narcissism, without comparable data from other countries or samples, it is hard to ascertain whether this base rate is high or low. The high occurrence could be due to the Chinese context, in which leaders who meet social expectations are promoted to high-level positions, but it could also be due to sampling bias, given that self-transcendent leaders are usually more willing to offer help, whereas those with self-enhancement values may be less inclined to do so, which we normally encounter in conducting research in China. Further studies are needed to determine whether in societal contexts in which leaders' self-enhancement values are tolerated, followers may respond in a less negative way to inauthentic transformational leadership than the followers in the Chinese context.

Although we conducted the study in a Chinese context, our findings should be relevant to leaders in other places. In fact, what we found should be applicable to any societies in which followers hold such value expectations of their leaders. Lord and Hall's (2005) leadership development stage model suggests that, regardless of the context, effective (or expert) leadership tends to have collectivistic values and that followers are responsive to such a values orientation in their leaders. Not all novice leaders' values are self-enhancing,

however, and not all expert leaders are self-transcendent, even with “deliberate practice and extensive experience” (Lord and Hall, 2005: 610). Thus, while the absolute importance of leaders’ values may be acontextual, the strength of the effect may vary across contexts with different social or normative expectations. Followers in some contexts may be more tolerant or may react less negatively to transformational leaders with self-enhancement values than we have hypothesized for Chinese followers. We defer the question of contextuality, or potential cross-cultural differences, to future research.

As Hofstede (1980) pointed out, in an individualistic culture, self-enhancement, self-interest, and self-achievement are socially legitimate values, and any inconsistency in an individual’s values and behavior may not be tied to moral standards. Chatterjee and Hambrick’s (2007) study provided indirect evidence for this possibility. The prevalence of narcissistic leaders in American corporations may be a direct product of the society’s prevalent individualistic culture, where pursuit of individual happiness is not only tolerated but encouraged. Future theory development and empirical analysis should attend to the role of societal culture in the relative importance of leaders’ values, beliefs, and actions, on the one hand, and followers’ perceptions and responses, on the other. Scholars have urged more cross-contextual studies (Whetten, 2009) to examine the assumption that Western theories such as transformational leadership or the leadership development model are universal and have emphasized the need to develop integrative universal management theories (Leung, 2009). Future research should also take into consideration the contextual effect on the leadership development process and effectiveness and make it clear how or whether that contextualized effect could be universally applicable.

Methodologically, our study offered a new approach to measuring values that is less susceptible to social desirability bias. We encourage future studies to explore other measurement approaches when studying the values of high-level executives, who might appreciate a more engaging exercise than the mundane paper-and-pencil method. We also encourage cross-cultural scholars to consider possible variation in the existential meaning of values in different cultural contexts. On the basis of the work of Schwartz (1994, 2000) and our findings, however, we believe it is possible that the deeper meaning of the two types of values we studied may be similar across cultures even though their behavioral manifestations may differ.

Of course, skeptics may still consider values to be retroactive justifications for actions and believe that many people do little or nothing about causes for which they express great concern (Deutscher, 1973). Such a discrepancy between words and actions would imply a hypocrite, however, and should be easy to detect. In general, followers are able to discover the true values of the leaders, although some inauthentic transformational leaders might be wise (or savvy) enough to ensure consistency between words and deeds for a certain period of time or under normal situations. Over time, however, observers can detect and discover true values, as this study has shown.

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Concern for a moral underpinning to executive leadership is evident in sociological analyses of organizations. As Perrow (1986: 65) emphasized, "The common purpose of an organization must always be a moral purpose, and to inculcate this moral purpose into the very fiber of the organization and its members is the only meaningful task of the executive." Although Perrow did not explicitly discuss the relationship between morals and values, he did make it clear that the executive is the one "who bears the moral freight of organizations in society" (p. 73), and, therefore, it is unlikely that executives without a moral stance could legitimately or convincingly instill a moral purpose in their organizations. Moral leadership, or concern for the common good, is clearly an important topic for future research.

Many organizational scholars have recognized the importance of executive leaders' values, but progress has been slow in empirically confirming their purported importance. The introduction of the transformational leadership theory and its embedded value orientation has brought much vitality to a relatively stagnant field. Unfortunately, transformational leadership research has also remained at a rather superficial level and has not incorporated a deep analysis of the transformational leader's internal values. Our study fills this void through a systematic examination of CEOs' personal values and the influence of these relatively unobservable, yet detectable values on the efficacy of transformational behaviors. Few fair-minded people would deny that the 2008 financial meltdown in the United States or even worldwide might have been caused in part by the relentless pursuit of personal ambitions—a key characteristic of individuals with self-enhancement values—by the executive leaders of some of the key financial firms. We hope this study will stimulate further attention to this important question: Whose happiness should CEOs, if not all leaders, be expected to pursue in their strategic decisions and daily actions? To answer this question, many more scholarly studies are needed.

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APPENDIX: Two Illustrative Stories of CEOs with High Self-enhancement and High Self-transcendent Values

Mr. Tong (ID#6, table 5, high self-enhancement values) graduated with a B.A. in mechanical engineering in 1981, worked up through the ranks, and became the head of a county in Southeast China. In 1989 he quit his job to study for graduate admission exams and was accepted by a university in Japan but could not leave the country because of the Tiananmen incident, which stopped all visa processing to any country. Smart and hardworking, he was offered a deputy director position at a textile company. Within six months he recognized the importance of branding and offered to go out and explore the market on his own. His boss agreed, and off he went with 10,000RMB (US\$1,250) and a pack of sample products. He went to Beijing and established a branch office there. Based on the 3/7 profit-splitting system (70 percent to the company; 30 percent to him), he was able to make over US\$40,000 the first year. He said the most difficult part for him then was to change "roles"—from having his own chauffeur and secretary to selling products using a bicycle. But he persisted, wore out three bicycles, and familiarized himself with all the big and small streets in Beijing. At the end of the three years, he had accumulated over US\$250,000 and established over 100 retail stores. In 1993, his boss invited Tong to emigrate to the United States with him, but Dong decided to stay and bought the business from his boss. In 1994, he started his own tie company with US\$62,500. Today, the company has over 300 stores across the country, and its sales have reached US\$44 million. When asked about his values, he said he wanted to be "increasingly recognized by society." He recalled that when he was a high school student, "Many of the people left my hometown and made money doing business overseas. I wanted to be like them. At that time, nobody had cars. One businessperson came back with a car from Hong Kong and gave money and candies to the neighbors; I wanted to exceed him. . . ." His current goal is to become the "leading tie maker in the world."

Ms. Li (ID#9, table 5, high self-transcendent values) worked as an office manager in the Beijing Tourism Bureau first and was assigned to be the general manager of one of the largest and oldest hotels in Beijing in 1987, when the hotel was on the verge of bankruptcy. She made drastic changes and turned the hotel into the first 4-star hotel in Beijing in 1990 and was recognized as an outstanding female entrepreneur in the nation. For political reasons, however, she was forced to step down and was dismissed from her job in the spring of 1996. Two years later, when she decided to set up a hotel management company and took over a very poorly managed district government hotel, over twenty management staff from the 4-star hotel where she used to work joined her. Today, the hotel is regarded as the model of hotel management in Beijing. The majority of the managers on her team have been with her for over 20 years (10 years in the previous one and 10 years in the current one). Looking back, Ms. Li said, "Having strong personal values and sticking to them amid all temptations are the key reasons that have enabled me to be where I am at today." The senior managers in the hotel said, "It's like a family here"; "I am very happy here"; "It's like a child you raised; you will not want to give it up." High integrity, passion for perfection, and genuine love for her people are among the guiding principles that enabled her to overcome challenges over the years and make people happy, which, in turn, produced organizational success.