

An Empirical Study of Leader Ethical Values, Transformational and Transactional Leadership, and Follower Attitudes Toward Corporate Social Responsibility

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ABSTRACT. Several leadership and ethics scholars suggest that the transformational leadership process is predicated on a divergent set of ethical values compared to transactional leadership. Theoretical accounts declare that deontological ethics should be associated with transformational leadership while transactional leadership is likely related to teleological ethics. However, very little empirical research supports these claims. Furthermore, despite calls for increasing attention as to how leaders influence their followers' perceptions of the importance of ethics and corporate social responsibility (CSR) for organizational effectiveness, no empirical study to date has assessed the comparative impact of transformational and transactional leadership styles on follower CSR attitudes. Data from 122 organizational leaders and 458 of their followers indicated that leader deontological ethical values (altruism, universal rights, Kantian principles, etc.) were strongly associated with follower ratings of transformational leadership, while leader teleological ethical values (utilitarianism) were related to follower ratings of transactional leadership. As predicted, only transformational leadership was associated with follower beliefs in the stakeholder view of CSR. Implications for the study and practice of ethical leadership, future research directions, and management education are discussed.

KEY WORDS: corporate social responsibility, ethical values, ontological ethics, teleological ethics, transformational leadership

Introduction

Change-oriented leadership models and practices, including transformational leadership (Avolio and Bass, 1991; Bass, 1985), charismatic leadership

(Conger, 1999), and visionary leadership (Nanus, 1992), have dominated the study of organizational leadership for nearly 30 years. Numerous qualitative and meta-analytic reviews (Conger, 1999; Judge and Piccolo, 2004; Lowe et al., 1996) have demonstrated the powerful effects of change-oriented leadership at the individual-, group-, and organization-levels of analysis. While the numerous positive outcomes of transformational leadership are indeed impressive, including positive effects on follower effort, performance, job satisfaction, and organizational commitment (Lowe et al., 1996), organizational citizenship behaviors (Podsakoff et al., 1993), net profit margin (Waldman et al., 2001), and leadership effectiveness during periods of organizational change (Groves, 2005), the literature remains surprisingly deficient in studies that examine the ethical values and moral underpinnings of transformational leadership. Leadership research is also largely lacking in empirical studies that link specific leadership styles to follower attitudes toward corporate social responsibility (CSR), an increasingly critical outcome associated with exemplary leadership in today's organizations. This dearth of scholar and practitioner attention is particularly disconcerting given the rash of business scandals stemming from "celebrity CEOs" (Morris et al., 2005) and the demise of many iconic U.S. businesses such as Enron, WorldCom, Tyco, and, more recently, AIG, Lehman Brothers, and Bear Stearns.

Given this increasingly important gap in the empirical research literature, the challenge for leadership scholars is to better understand how leader ethical values are linked to specific behavioral styles that engender ethical, socially responsible follower

attitudes and behavior in organizations. Empirical research is needed to delineate the ethical values that distinguish socially oriented transformational leaders who facilitate socially responsible changes and follower behaviors in their organizations and communities, such as the late Anita Roddick of *The Body Shop* and Jim Goodnight of *SAS Institute*, from those pseudo-transformational leaders of the aforementioned U.S. businesses whose singular focus on shareholder return, financial performance, and personal wealth produced corrupt follower behavior and morally reprehensible changes in their organizations. Empirical research that helps uncover these important differences is clearly important for the transformational leadership literature and, perhaps more importantly, business schools, institutions of higher education, and other management education organizations charged with developing values-centered leaders and advancing responsive business practices.

The purpose of the present study is to examine specific ethical values as important antecedents to leadership style, which in turn impacts follower beliefs in the importance and value of CSR. The primary research goal is to establish support for the hypothesized relationships between deontological ethical values and transformational leadership, and teleological ethical values and transactional leadership, respectively. The secondary aim of the research is to offer empirical support for the relationship between transformational leadership and follower beliefs in the stakeholder view of CSR. A review of the relevant theoretical and empirical research will establish the case for how transformational leadership's influence process should be predicated on the leader's deontological or Kantian rights-based values. By comparison, research suggests that the transactional leadership process is based upon utilitarian values and reciprocity norms, which are unlikely to generate strong beliefs in stakeholder perspective on CSR. Surprisingly, very few empirical studies have examined how specific ethical values are associated with transformational and transactional leadership styles (e.g., Turner et al., 2002), while none have empirically assessed the comparative impact of transformational and transactional leadership styles on followers' attitudes toward CSR. To address these important research gaps, the present study will test the proposed relationships with a diverse sample

of 122 organizational leaders and 458 of their direct followers and work unit members. After describing the study's methodology, data analysis strategy, and hypothesis testing results, we discuss the key findings and both the theoretical and practical contributions of this study to the leadership and ethics fields.

Transformational and transactional leadership

The change-oriented leadership literature is centered on the seminal study of Burns (1978), and Bass (1985) and colleagues (Avolio and Bass, 1991; Bass and Avolio, 2000), in distinguishing transformational and transactional leadership styles. They contend that transactional leaders influence followers by controlling their behaviors, rewarding agreed-upon behaviors, and eliminating performance problems by using corrective transactions between leader and followers. Transformational leaders influence their followers by developing and communicating a collective vision and inspiring them to look beyond self-interests for the good of the team and organization. The most recent model of transformational leadership, based on continuing empirical development by Bass, Avolio, and other scholars (Avolio, 1999; Bass, 1998), includes five leadership dimensions: idealized attributes, idealized behaviors, inspirational motivation, intellectual stimulation, and individualized consideration (Bass and Avolio, 2000). Leaders who demonstrate idealized attributes and idealized behaviors (formerly the "charisma" dimension) earn credit and respect from their followers by carefully considering their followers' needs above their own needs, talking about their most important values and beliefs, and emphasizing the importance of the moral and ethical consequences of key decisions (Avolio, 1999; Bass, 1985). Inspirational motivation is characterized by leaders who provide meaning and challenge to their followers' work, and encourage followers to envision attractive future states for their work units and the organization. Intellectual stimulation is defined as behaviors that encourage followers to be innovative and creative by questioning assumptions, reframing problems, and approaching old problems in new ways. Finally, individualized consideration involves behaviors that emphasize paying close

attention to followers' individual needs for achievement and growth, including teaching, coaching, and creating new learning opportunities.

In contrast to transformational leadership, transactional leadership is defined as leadership that supports the status quo through mutual leader and follower self-interests across three dimensions: contingent reward, active management-by-exception, and passive management-by-exception (Bass and Avolio, 2000). Transactional leaders demonstrate contingent reward by clarifying follower expectations and offering recognition and rewards when goals are achieved. With active management-by-exception, transactional leaders specify the standards for compliance and punishment for non-compliance, as well as what constitutes ineffective performance. This leadership dimension emphasizes close monitoring of followers for any deviances, mistakes and errors so that corrective action can be taken as soon as possible. While there is substantial empirical support for the aforementioned dimensions of transformational and transactional leadership (e.g., Avolio, 1999; Bass, 1998; Bass and Avolio, 2000), some research has revealed a number of different factor structures for the leadership model (e.g., Carless, 1998; Turner et al., 2002). As such, the present study will empirically test the factor structure of the transformational/transactional leadership model before proceeding with hypothesis testing.

Leadership style and ethical values

Several important contributions to the leadership literature on leader values and transformational/transactional leadership suggest that a divergent set of ethical values serve as key underpinnings of these respective leadership influence processes. Kanungo (2001), Mendonca (2001), and Bass and Steidlmeier (1999) present a compelling and comprehensive argument that teleological (utilitarianism) ethics are associated with transactional leadership while deontological (moral altruism or Kantian rights) ethics are linked to transformational leadership. Kanungo and others (e.g., Keeley, 1995) argue that "a transactional leader behaves in a moral way (i.e., seeking consent to means to achieve individual ends rather than seeking consensus on a single collective purpose) when he/she brings greatest satisfaction to the

greatest number of people" (Kanungo, 2001, p. 260). Teleological ethics' emphasis on ends and outcomes is consistent with the influence process of transactional leadership, specifically the norm of reciprocity and the mutual altruistic motive. Utilitarian values can take the form of either act- or rule-based utilitarianism. According to act utilitarianism, an individual bases decisions solely on their outcomes by selecting the act that provides the greatest social good. Rule utilitarianism proposes that individuals' actions are judged ethical depending on whether they follow certain rules under which the action falls.¹ Empirical research demonstrates that managers predominantly base their responses to ethical dilemmas on utilitarian theories (Fritzsche et al., 1995; Premeaux, 2004; Premeaux and Mondy, 1993; Whitcomb et al., 1998), and that act utilitarianism generally leads to the least ethical intent across business ethics vignettes.

Using the norm of reciprocity and mutual altruism as modes of influence, transactional leaders rely on the power, rewards, and sanctions of their official position to influence followers to demonstrate the requisite performance. Such leaders serve their own personal interests (material benefits, power, status, etc.) by getting their followers to exhibit compliance behaviors. Bass and Steidlmeier (1999) similarly argue that transactional leadership is centered on an individualist philosophy in which leaders and followers rationally pursue their own self-interests. The leadership dynamic between leaders and followers is considered ethical depending upon "whether what is being done (the end) and the means employed to do it are morally legitimate" (p. 185) and "whether the legitimate moral standing of the interests of all those affected is respected" (p. 185). As such, transactional leaders are primarily concerned with managing outcomes and seeking behavioral compliance with practices that will maximize the mutual interests of both parties.

In contrast to the teleological focus of transactional leaders, transformational leadership is predicated on deontological ethics and a focus on the morality of the means rather than the ends. Kanungo (2001) argues that transformational leaders center their influence process on changing followers' core attitudes and values so that they are consistent with the vision for the organization. The transformational influence process is predicated on the norm of social responsibility, which is "an internalized belief of a

moral obligation to help others without any consideration of an expected personal benefit” (Kunungo, 2001, p. 262). Transformational leaders believe in the deontological value that stipulates a leader’s actions have intrinsic moral status and that an act is considered ethical when it is performed with a sense of duty and obligation toward others (Kant, 1994). In essence, transformational leaders follow an ethic of duty by executing critical leadership responsibilities regardless of the consequences of those duties, and by always treating followers as ends and never as merely means to an end. Indeed, the need for greater emphasis on the treatment of followers throughout the leadership process, the ethical implications thereof, and far less attention to the leader’s self-enhancement needs and shareholder expectations, is reflected in current study on ethical leadership (Knights and O’Leary, 2006) and responsible leadership (Waldman and Galvin, 2008).

Bass and Steidlmeier (1999) assert that transformational leaders denounce the exclusive pursuit of self-interest and adopt a concept of self that is strongly connected to friends, family, colleagues, and the community, all of whose interests are critically important to the leadership process. The transformational leader’s moral obligations to these stakeholders are “grounded in a broader conception of individuals within community” (p. 186) and centered on the principle that “followers should not be mere means to self-satisfying ends for the leader but should be treated as ends in themselves” (p. 186). More recently, Denhardt and Campbell (2006) forcefully argue that the morality of the ends and values that are sought during the change process is a central tenet of transformational leadership. In short, transformational leadership is unavoidably ethical and value based, as originally articulated by Burns (1978). Transformational leaders influence followers and drive organizational changes by promoting process values such as honesty, loyalty, and fairness, while emphasizing the end values of justice, equality, and human rights. Within the transformational influence process, leaders utilize authentic empowerment strategies coupled with expert and referent power to elicit key changes in followers’ core values and beliefs toward the organization and its goals (Mendonca, 2001). As part of the transformational empowerment process,

leaders enable “...followers to function as autonomous persons and reflects the leader’s altruistic value and orientation...and is more likely to be ethical, more effective, and more enduring” (p. 268).

While these theoretical arguments collectively present a compelling case for the relationships between ethical values and transformational/transactional leadership, there are very few empirical studies that specifically examine these relationships. Turner et al. (2002) found that a large group of managers who scored in the highest moral reasoning level (post-conventional) on the Rest (1990) moral reasoning measure exhibited greater transformational leadership than managers scoring in the lowest moral reasoning level (pre-conventional). Transformational leaders were more likely to use universal principles of reasoning in making key decisions (post-conventional), rather than emphasize obedience, escape from punishment, and self-interest (pre-conventional) or laws and rules as a way of governing their behavior and interaction with others (conventional). Similarly, Engelbrecht et al. (2004) found that leader altruism was strongly associated with transformational leadership, which demonstrated a positive effect on an ethical organizational climate. Hood (2003) found that transformational leaders espoused morality-based values (forgiveness, politeness, helpfulness, affection, and responsibility), personal values (honesty, self-respect, courage, and broadmindedness), and social values (freedom, equality, and world at peace) significantly more than transactional leaders. More recently, Sosik’s (2005) study of 218 managers concluded that specific leader values, including traditional, collectivistic, self-transcendent, and self-enhancement values, were strongly associated with an aggregate measure of three transformational leadership components (inspirational motivation, idealized influence, and idealized behavior). Based on the theoretical and empirical research on leader ethical values and leadership behavior, we present the following hypotheses:

Hypothesis 1: Leaders with deontological ethical values will be rated by followers as demonstrating transformational leadership.

Hypothesis 2: Leader teleological ethical values will be will be rated by followers as demonstrating transactional leadership.

Leadership style and follower CSR attitudes

While the research reviewed above suggests that leaders who espouse deontological and teleological values are more likely to demonstrate transformational leadership and transactional leadership, respectively, the empirical research literature is devoid of studies that directly assess the impact of these leadership styles on followers' attitudes toward CSR. While numerous meta-analyses document the powerful direct effects of transformational leadership on a range of important follower attitudinal outcomes, including job satisfaction, organizational commitment, trust, and turnover intent (Judge and Piccolo, 2004; Lowe et al., 1996; Weber et al., 2009), it remains unclear whether transformational leadership engenders follower attitudes toward CSR. A fundamental precursor to followers engaging in socially responsible behavior is the degree to which they believe that such actions are critical to organizational effectiveness. Singhapakdi et al. (1996) state that the perceived association between social responsibility and organizational effectiveness "...is likely to be a key determinant of whether or not an ethical problem is even perceived in a given situation, as well as a determinant of variables such as deontological norms and importance of stakeholders..." (p. 1132). In essence, followers must first recognize ethics and social responsibility to be fundamental drivers of organizational effectiveness before engaging in behaviors and making critical business decisions that reflect greater social responsibility. To measure such attitudes toward social responsibility, Singhapakdi et al. (1996) developed the Perceived Role of Ethics and Social Responsibility (PRESOR) scale, a self-report instrument that assesses the shareholder and stakeholder views of social responsibility. The shareholder view reflects the narrower belief that an organization's obligations are principally to maximize profitability and returns to shareholders, essentially reflecting Friedman's (1962) argument that a business's sole responsibility is to generate a profit. In contrast, the stakeholder view emphasizes the centrality of ethics and social responsibility to organizational effectiveness through engagement of multiple stakeholder groups and the obligations of businesses beyond profitability and shareholder returns. To date, it remains unclear whether specific leadership styles or behaviors are

associated with followers' propensity to adopt either stakeholder or shareholder perspectives on the relationship between social responsibility and organizational effectiveness.

There are two theoretical explanations for the predicted relationship between transformational leadership and the degree to which followers value CSR. Social learning theory (Bandura, 1977) suggests that transformational leaders role-model the stakeholder view of CSR by talking about their core values and beliefs, emphasizing the ethical consequences of decisions that pit various stakeholder interests, and underscoring the long-term risks associated with satisfying shareholder expectations at the expense of employees' interests and that of the local community, environment, and other stakeholders. Through vicarious learning and role-modeling mechanisms, transformational leaders influence their followers to appreciate the value of driving socially responsible changes in their work units, organizations, and communities. The vicarious learning process is facilitated by critical incidents in which transformational leaders opt to forego short-term financial gains to create value for multiple stakeholder groups, such as the infamous yet illustrative case of *Johnson & Johnson* CEO Robert Burke's handling of the *Tylenol* crisis (Ettore, 1996; Stateman, 2008). By deemphasizing shareholders' short-term financial interests and focusing on enduring solutions for tamper-proof packaging of pharmaceutical products that eventually produced incredible value for multiple stakeholder groups, Burke facilitated employees' understanding of the link between their collective engagement in socially responsible behaviors and organizational effectiveness.

A second key theoretical explanation for the predicted relationship between transformational leadership and followers' valuing CSR is the role of follower self-concepts. Research on self-concept and leadership theory (Lord and Brown, 2001; Lord et al., 1999; Shamir et al., 1993) postulates that follower self-concepts are comprised of self-views, current goals, and possible selves that interact across individual, interpersonal, and group levels of self-identity. Defined as who followers could be, the possible selves component of self-concept includes group-level identities that suggest future collective selves (Lord et al., 1999; Markus and Nurius, 1986;

Mitchell and Beach, 1990). Lord et al. (1999) assert that group-level identities are powerful mechanisms for influencing followers because "...the development of an organization or a society thus becomes a rationale for current activities that ultimately transcends one's individual mortality. By articulating such future collective states, leaders can both inspire hope and justify continued striving even though current situations may be unacceptable to followers" (pp. 179–180). The core influence processes of transformational leadership activate the possible selves component of followers' self-concepts at the group level of self-identity. Transformational leaders' visionary messages include explicit references to values, moral justifications, and a sense of collective purpose, which have motivational effects as follower self-concept becomes linked to values and the collective mission (Lord and Brown, 2001). By influencing followers through the development of a collective vision that inspires them to look beyond self-interests for the good of their organization and community, transformational leaders articulate the salience of multiple stakeholders in determining vision attainment. As Shamir et al. (1993) argue in their theory of charismatic leadership based on followers' self-concepts, leaders powerfully influence followers through the presentation of a vision that clearly links the intrinsic valence of effort and the follower's self-concept. Waldman et al. (2006a) extend this argument by proposing that the visionary behavior of transformational leaders "...will indeed enhance the social responsibility values of followers, especially pertaining to shareholders and other stakeholders. Such leaders may excite followers by engaging their self-concepts based on a vision stressing responsibility both to shareholders or owners, and to other relevant and identifiable stakeholder groups" (p. 828).

A review of the empirical research literature on transformational leadership and follower attitudes toward social responsibility yields only a single study by Waldman et al. (2006a). Through an analysis of 561 firms in 15 countries as part of the GLOBE multi-year study, Waldman et al. found that CEO visionary leadership was associated with top management team members' reported stakeholder and shareholder CSR values. The study's hypothesized model of cultural and leadership variables demonstrated the strongest predictive power for follower

stakeholder values rather than shareholder values, as the main effects in the regression analyses explained 38% of the variance in stakeholder values compared with only 17% of the variance in shareholder values. Concluding that visionary leadership may be an essential driver of how followers view the importance of CSR in decision-making, particularly as it concerns the prediction of follower stakeholder values, the authors declared that "our model appears to work best for stakeholder CSR values" (p. 834). Overall, the theoretical and very limited empirical evidence presented here suggests that transformational leaders may engender follower adoption of the stakeholder view of social responsibility. Thus, the following hypothesis is presented:

Hypothesis 3: Transformational leadership will be positively associated with follower valuing of corporate social responsibility.

Method

Participants, sample organizations, and procedures

Participants

A total of 580 respondents, including both team leaders ("leaders" hereafter) ($n = 122$) and their direct reports and work unit colleagues ("followers" hereafter) ($n = 458$) from 97 organizations participated in this study. Table I provides descriptive statistics of the leaders and their followers, including gender, age, ethnicity, nationality, and tenure at current position. The most common industries from which the leaders were drawn included aerospace ($n = 18$), government services ($n = 18$), professional services/consulting ($n = 14$), and education services ($n = 13$). Seventy-two (59%) of the sample organizations were for-profit, while their private/public status was as follows: publicly traded ($n = 27$; 22.1%), private ($n = 71$; 58.2%), and government ($n = 24$; 19.7%). The leaders reported their position title as department supervisors or frontline managers ($n = 21$, 17.2%), project team leaders ($n = 44$, 36.1%), regional, district, or middle managers ($n = 24$, 19.7%), and executive-level managers ($n = 43$, 35.2%). The leaders had a mean of 3.75 teammates ($SD = 1.18$), and a range of two to six followers. Overall, the followers had worked with their respective team leaders for a mean of 4.37 years ($SD = 4.23$).

TABLE I
Descriptive statistics for demographic variables across leader and teammate samples

Variable	Levels/descriptives	Leaders	Teammates
<i>N</i>		122	458
Gender	Male (<i>n</i>)	55 (45%)	199 (43.4%)
	Female (<i>n</i>)	67 (55%)	241 (52.6%)
	No response (<i>n</i>)	0	18 (3.9%)
Age	Mean years	41.6	44.0
	SD	8.16	11.29
Ethnicity	Caucasian (<i>n</i>)	79 (64.8%)	305 (66.6%)
	Hispanic/Latin-American (<i>n</i>)	15 (12.3%)	47 (10.3%)
	Asian-American (<i>n</i>)	13 (10.7%)	33 (7.2%)
	African-American (<i>n</i>)	11 (9.0%)	30 (6.6%)
	American-Indian/Alaskan	0	3 (0.7%)
	Hawaiian/Pacific Islander	0	1 (0.2%)
	Other (<i>n</i>)	4 (3.3%)	39 (8.5%)
Education	Undergraduate degree (<i>n</i>)	36 (29.5%)	144 (30.3%)
	Graduate degree: Masters level (<i>n</i>)	35 (28.7%)	135 (30.3%)
	Graduate level coursework (<i>n</i>)	24 (19.7%)	44 (9.7%)
	Graduate degree: doctoral level (<i>n</i>)	17 (13.9%)	46 (10.7%)
	Some undergraduate coursework (<i>n</i>)	7 (5.7%)	24 (4.8%)
	Community college degree (<i>n</i>)	1 (0.82%)	17 (3.6%)
	High school diploma (<i>n</i>)	1 (0.82%)	17 (3.1%)
Industry	Other (<i>n</i>)	1 (0.82%)	31 (7.7%)
	Aerospace (<i>n</i>)	18 (14.7%)	—
	Government services (<i>n</i>)	18 (14.7%)	
	Professional services/consulting (<i>n</i>)	14 (11.5%)	
	Education services (<i>n</i>)	13 (10.6%)	
	Legal services (<i>n</i>)	8 (6.5%)	
	Media/advertising (<i>n</i>)	8 (6.5%)	
	Utilities/energy (<i>n</i>)	8 (6.5%)	
	Banking/financial services (<i>n</i>)	8 (6.5%)	
	Real estate (<i>n</i>)	7 (5.7%)	
	Healthcare (<i>n</i>)	7 (5.7%)	
	Social services/NGO (<i>n</i>)	7 (5.7%)	
	Automotive (<i>n</i>)	3 (2.4%)	
	Hospitality (<i>n</i>)	3 (2.4%)	
Tenure at current position	Mean years	5.42	—
	SD	2.83	
Tenure at employer	Mean years	7.10	—
	SD	3.87	

Sample organizations

The leaders' and their respective followers' participation in the study was completely voluntary. The leader participants were drawn from five community-based leadership programs that each represented a large city in Southern California. Each program was comprised of a cohort of leaders who represent a

range of organizations in their local community, including for-profit businesses, governmental agencies, and non-profit organizations. Each program consists of a cohort of leaders who participate in monthly sessions that take place over the course of 1 year. The purpose of each community-based leadership program was to provide the leader cohort

with targeted educational sessions on the community's critical institutions, including arts and culture, education and workforce development, health care, law and government, ports and airports, media, and entertainment. In addition to listening to speakers who represented each of these community institutions, the cohort was exposed to the critical challenges facing each institution and how the leader participants can become engaged in helping to address such challenges. The programs did not provide any training or seminars in transformational leadership, transactional leadership, ethical decision-making, CSR, or any of the other leader skills or behaviors in this study. A typical cohort for such community leadership programs would include 30 leaders who represent a cross section of organizations throughout the community, including city government agencies, higher education institutions, healthcare organizations, large for-profit businesses, non-profit and community-based organizations, and small businesses. The five leadership programs included 36 (29.5%), 14 (11.5%), 16 (13.1%), 38 (31.1%), and 18 (14.8%) leaders, respectively.

Procedures

For each of the community leadership programs, the leaders were sent an email with instructions for participation, an informed consent form, and a link to the leader questionnaire. Each leader was asked to submit via email the names and email addresses of their direct reports to the author. The leaders' direct reports were each sent a separate, confidential email with instructions for their participation, an informed consent form, and a link to coworker questionnaire. Of the 151 leaders across the five programs who were asked to participate, 122 agreed to participate for an 80.8% response rate. The overall response rate for the followers nominated by their leaders to participate across all sample organizations was 68%.

Measures

Managerial ethical decision-making

Managerial ethical intent was measured by a shortened version of Fritzsche and Becker (1984) vignettes that represent the following ethical dilemmas: (1) coercion and control, (2) conflict of interest, and (3) physical environment. The paternalism and personal

integrity vignettes of the original measure were excluded from the present study to reduce the leader survey length, increase response rate, and reduce participant fatigue. For each of the three vignettes, respondents were asked to assume the role of the decision-maker and provide two responses: (1) how they would resolve the ethical dilemma by indicating on a scale of 0–10 (0 = “definitely would not,” 10 = “definitely would”) the likelihood of responding to the dilemma with a behavior of questionable morality; and (2) the rationale for their decision to resolve the ethical dilemma across standard responses that represent different ethical theories or perspectives. For example, the question following the coercion and control vignette (Vignette 1) was “Would you pay the price of \$500,000?”, which represented a bribe to allow expansion into a foreign market. After marking their degree of willingness to accept the bribe, respondents stated the rationale for their decision across the following categories: (a) against company policy, (b) illegal, (c) bribe, unethical, (d) no one is hurt, (e) is an acceptable practice in other countries, (f) is not unethical, (g) just the price paid to do business, and (h) other (qualitative response). For this vignette, responses a, b, c, and d represent rule utilitarianism, and responses e, f, and g represent act utilitarianism. The Fritzsche and Becker (1984) ethical decision-making measure has been utilized extensively in empirical research on business ethics (e.g., Fritzsche et al., 1995; Premeaux, 2004; Premeaux and Mondy, 1993; Whitcomb et al., 1998).

Leadership style

The Multifactor Leadership Questionnaire (MLQ) (Bass and Avolio, 2000) was utilized to measure transformational and transactional leadership style. Each leader's followers were asked to report how frequently a list of 32 behaviors characterized their leader's behavior (0 = not at all, 4 = frequently, if not always). The MLQ includes four-item scales for five transformational and three transactional dimensions. The transformational dimensions and respective items from each include idealized influence (“I go beyond self-interest for the good of the group”), idealized behavior (“I consider the moral and ethical consequences of decisions”), inspirational motivation (“I articulate a compelling vision of the

future”), intellectual stimulation (“I seek differing perspectives when solving problems”), and individualized consideration (“I spend time teaching and coaching”). The transactional dimensions and respective items from each include contingent reward (“I provide others with assistance in exchange for their efforts”), management-by-exception active (“I keep track of all mistakes”), and management-by-exception passive (“I wait for things to go wrong before taking action”). As detailed below, confirmatory factor analyses produced a transformational leadership factor (idealized attributes, idealized behaviors, inspirational motivation, individualized consideration, and intellectual stimulation; Cronbach alpha = 0.94), active transactional leadership (contingent reward and active management-by-exception; Cronbach alpha = 0.82), and passive transactional leadership (passive management by exception; Cronbach alpha = 0.85).

Follower CSR beliefs

Followers’ beliefs concerning the importance of ethics and CSR was measured with Singhapakdi et al.’s (1996) PRESOR scale. This 13-item scale includes five reverse-scored items that represent a shareholder view of CSR, including the following sample items: “the most important concern for a firm is making a profit, even if it means bending or breaking the rules,” and “efficiency is much more important to a firm than whether or not the firm is seen as ethical or socially responsible.” The remaining eight items represent a broader stakeholder view of CSR, including the following sample items: “business has a social responsibility beyond making a profit,” and “social responsibility and profitability can be compatible.” The Cronbach alpha reliability estimate for the PRESOR scale was 0.78.

Demographic control variables

Empirical research on managerial ethical decision-making and adult moral development indicates that one’s age, education, and gender may be associated with ethical decision-making and ethical rationales for explaining ethical decisions (Pennino, 2002; Premeaux, 2004; Rest, 1990; Trevino, 1986). Other empirical research (Bass et al., 1996; Carless, 1998; Hackman et al., 1992) has found that gender may also be associated with transformational leadership.

Thus, leaders’ age, gender (1 = male, 2 = female), and level of highest attained education (1 = less than high school diploma, 2 = high school diploma... 9 = doctoral-level graduate degree) were examined as control variables in hypothesis testing. Given the range of organizations and industries represented by the leaders’ respective organizations, Tukey’s honestly significant difference (HSD) test was calculated to determine any significant differences in the study’s variables across the industries. Independent HSD tests across industry and public/private status (publicly traded, private, and government) identified no significant differences across the study’s variables. Simple *t*-tests comparing differences in the study’s variables for non-profit and for-profit organizations also failed to identify any significant differences. Therefore, none of the industry related variables were included as controls for hypothesis testing.

Preliminary analyses

Owing to conflicting results from previous empirical studies concerning the optimal factor structure of the MLQ, it was necessary to first conduct confirmatory factor analyses on the full teammate sample ($n = 458$) using Amos (Arbuckle and Wothke, 1999) to establish the most appropriate leadership model. On the basis of comparing a series of models that have received empirical support, including Bass and Avolio’s original model (2000), the model that best fit the data according to generally accepted fit indices ($\chi^2 = 624$ [df = 533, $p < 0.01$], GFI = 0.95, AGFI = 0.90, IFI = 0.96, CFI = 0.95, RMSEA = 0.06) included a transformational factor (idealized attributes, idealized behavior, inspirational motivation, intellectual stimulation, and individualized consideration), an active transactional leadership factor (contingent reward, management-by-exception active), and a passive transactional factor (management-by-exception passive). Thus, this three-factor model of transformational and transactional leadership was retained for hypothesis testing. The Cronbach alpha reliabilities for the transformational leadership, transactional leadership – active, and transactional leadership – passive were 0.94, 0.82, and 0.85, respectively.

The leader was chosen as the unit of analysis for the present study such that items measuring team-

mate ratings of transformational leadership, active transactional leadership, and passive transactional leadership were averaged and aggregated to produce a single score for each leader across the leadership variables. To justify the aggregation of teammate ratings to create group-level measures, within group reliability estimates (r_{wg} ; James et al., 1984), ICC₁, and ICC₂ statistics were calculated. The r_{wg} coefficients for transformational leadership, active transactional leadership, and passive transactional leadership were 0.88, 0.82, and 0.75, respectively. The ICC₂ coefficients for these variables were 0.84, 0.79, and 0.73, respectively. The ICC₁ for transformational leadership, active transactional leadership, and passive transactional leadership were 0.18 ($F = 1.85, p < 0.001$), 0.11 ($F = 1.30, p < 0.05$), and 0.14 ($F = 1.54, p < 0.01$), respectively. Because the F tests for ICC₁ were significant and both the r_{wg} and ICC₂ results were above the 0.7 threshold (Klein and Kozlowski, 2000), we proceeded to aggregate the teammate ratings to create group measures of the three leadership factors.

Finally, the 122 leaders were classified into three ethical value groups for each of the three vignettes according to their responses to the second question that asks for an ethical rationale for their decision. Three groups (act utilitarianism, rule utilitarianism,

and universal rights/Kantian) were created for each vignette according to the leader's responses. For example, the leader responses to Vignette 1 indicated that 40 leaders supported their ethical intent rating with an act utilitarianism rationale, 48 leaders supported their decision with a rule utilitarianism value, and the remaining 34 leaders supported their ethical intent decision with a rights or Kantian value. The data for those leaders who did not select one of the ethical value choices provided on the Fritzche and Becker (1984) measure, but rather provided their own qualitative response, were re-coded into the appropriate ethical category.

Results

Table II displays the descriptive statistics and zero-order correlations of the study's variables. Gender was negatively associated with Vignettes 1 and 2, indicating that male leaders were more likely to demonstrate unethical intent on the coercion/control ($r = -0.29, p < 0.01$) and conflict of interest ($r = -0.25, p < 0.01$) scenarios than their female counterparts. Transformational leadership was also strongly associated with Vignettes 1 ($r = -0.29, p < 0.01$) and 2 ($r = -0.18, p < 0.05$), suggesting

TABLE II
Means, standard deviations, and correlation coefficients of study variables

	Mean (SD)	1	2	3	4	5	6	7	8	9	10
1. Gender ^a	41.55 (10.82)	–									
2. Age ^a	1.55 (0.50)	0.02	–								
3. Education ^a	7.08 (1.31)	-0.05	0.11	–							
4. Vignette 1 ^a	3.05 (2.01)	-0.29**	-0.02	0.05	–						
5. Vignette 2 ^a	2.58 (1.91)	-0.25**	0.18	0.05	0.44**	–					
6. Vignette 3 ^a	0.97 (0.40)	0.06	-0.07	-0.10	0.34**	0.26**	–				
7. Transformational leadership ^b	4.12 (0.39)	-0.02	0.05	-0.04	-0.29**	-0.18*	-0.06	(0.94)			
8. Active transactional leadership ^b	3.32 (0.44)	0.15	-0.07	-0.12	-0.08	-0.03	0.01	0.38**	(0.82)		
9. Passive transactional leadership ^b	1.79 (0.45)	-0.20*	0.16	-0.01	0.05	0.12	0.02	-0.27**	-0.01	(0.85)	
10. Follower CSR beliefs ^b	3.72 (0.26)	0.14	0.01	0.18	-0.12	0.08	-0.01	0.27*	0.08	0.01	(0.78)

* $p < 0.05$, ** $p < 0.01$.

^aDenotes leader survey ($n = 122$).

^bDenotes follower survey ($n = 458$).

that transformational leaders were significantly less likely to endorse unethical intent for these scenarios. Finally, transformational leadership demonstrated a moderately strong relationship with transactional leadership – active ($r = 0.38, p < 0.01$), a negative relationship with transactional leadership – passive ($r = -0.27, p < 0.01$), and a strong relationship with follower CSR beliefs ($r = 0.27, p < 0.01$).

Hypothesis testing

Hypothesis 1 predicted that leaders with deontological (rights or Kantian) ethical values would be rated by their followers as transformational leaders. Tables III, IV, and V illustrate the results of MANCOVA analyses in which ethical value group differences across transformational, active transactional, and passive transactional leadership styles are assessed using leader gender, age, and education as control variables. For Vignette 1 (coercion and control), Table III illustrates a significant main effect for ethical value or rationale on follower ratings of transformational leadership ($F [2, 114] = 3.98, p < 0.05$). *Post hoc* Bonferonni group contrasts demonstrated a significant difference on transformational leadership between the rights/Kantian group and the act utilitarianism group (*mean difference* = 0.23, $p < 0.01$). This general pattern of

results was also demonstrated for Vignettes 2 and 3. Table IV illustrates that for Vignette 2 (conflict of interest), there was a highly significant main effect for ethical rationale on transformational leadership ($F [2, 114] = 40.90, p < 0.001$). *Post hoc* Bonferonni analyses demonstrated a significant difference on transformational leadership between the rights/Kantian group and the act utilitarianism group (*mean difference* = 0.69, $p < 0.001$), and between the rights/Kantian group and the rule utilitarianism group (*mean difference* = 0.27, $p < 0.01$). Finally, Table V indicates that for Vignette 3 (physical environment), there was a highly significant main effect for ethical rationale on transformational leadership ($F [2, 114] = 30.58, p < 0.001$). *Post hoc* Bonferonni analyses demonstrated a significant difference on transformational leadership between the rights/Kantian group and the act utilitarianism group (*mean difference* = 0.61, $p < 0.001$), and between the rights/Kantian group and the rule utilitarianism group (*mean difference* = 0.37, $p < 0.001$). Given these results, Hypothesis 1 was strongly supported.

Hypothesis 2 predicted that leaders with teleological (utilitarian) ethical values would be rated by their followers as transactional leaders. For Vignette 1 (coercion and control), Table III illustrates a significant main effect for ethical value or rationale groups on follower ratings of active transactional leadership ($F [2, 114] = 7.23, p < 0.01$). *Post hoc* Bonferonni

TABLE III
MANCOVA analyses of leader ethical rationales for vignette 1: coercion and control

Dependent variable	Ethical rationale			F (2, 114)	Significant group differences ^a
	Act utilitarianism (n = 40) Mean (SD)	Rule utilitarianism (n = 48) Mean (SD)	Rights/Kantian (n = 34) Mean (SD)		
Transformational leadership	4.00 (0.33)	4.09 (0.34)	4.23 (0.41)	3.98*	Rights/Kantian > act utilitarianism ($p < 0.01$)
Transactional leadership – active	3.13 (0.45)	3.46 (0.43)	3.31 (0.35)	7.23**	Rule utilitarianism > act utilitarianism ($p < 0.001$)
Transactional leadership – passive	1.94 (0.48)	1.83 (0.35)	1.73 (0.50)	1.83	

Leader gender, age, and education are included as control variables.

^a*Post hoc* Bonferonni comparison analyses were conducted to determine the significant group differences.

TABLE IV
MANCOVA analyses of leader ethical rationales for vignette 2: conflict of interest

Dependent variable	Ethical rationale			<i>F</i> (2, 114)	Significant group differences ^a
	Act utilitarianism (<i>n</i> = 37) Mean (SD)	Rule utilitarianism (<i>n</i> = 56) Mean (SD)	Rights/Kantian (<i>n</i> = 29) Mean (SD)		
Transformational leadership	3.78 (0.31)	4.20 (0.24)	4.47 (0.37)	40.90**	Rights/Kantian > act utilitarianism (<i>p</i> < 0.001) Rights/Kantian > rule utilitarianism (<i>p</i> < 0.01)
Transactional leadership – active	3.05 (0.37)	3.46 (0.39)	3.41 (0.48)	10.24**	Rule utilitarianism > act utilitarianism (<i>p</i> < 0.01) Rights/Kantian > act utilitarianism (<i>p</i> < 0.01)
Transactional leadership – passive	1.90 (0.31)	1.73 (0.41)	1.82 (0.67)	1.49	

Leader gender, age, and education are included as control variables.

^a*Post hoc* Bonferroni comparison analyses were conducted to determine the significant group differences.

group contrasts demonstrated a significant difference on active transactional leadership between the rule utilitarianism group and the act utilitarianism group (*mean difference* = 0.33, *p* < 0.001). This general pattern of results was also supported for Vignettes 2 and 3. Table IV illustrates that for Vignette 2 (conflict of interest), there was a highly significant main effect for ethical rationale on active transactional leadership (*F* [2, 114] = 10.24, *p* < 0.001). *Post hoc* Bonferroni analyses demonstrated a significant difference on active transactional leadership between the rule utilitarianism and act utilitarianism groups (*mean difference* = 0.41, *p* < 0.01) and between the rights/Kantian and act utilitarianism groups (*mean difference* = 0.36, *p* < 0.01). Finally, Table V indicates that for Vignette 3 (physical environment), there was a highly significant main effect for ethical rationale on active transactional leadership (*F* [2, 114] = 7.28, *p* < 0.01). *Post hoc* Bonferroni analyses demonstrated a significant difference on active transactional leadership between the rule utilitarianism and act utilitarianism groups (*mean difference* = 0.39, *p* < 0.001). Overall, these results provided support for Hypothesis 2.

Hypothesis 3 predicted that transformational leadership would be associated with follower beliefs in CSR. Table VI presents results of a hierarchical

regression model in which the transformational and transactional leadership scales were regressed onto follower CSR beliefs. After entering leader gender and employer for-/non-profit status as control variables in Step 1, the transactional and transformational leadership scales were entered in Steps 2 and 3, respectively. Consistent with Hypothesis 3, transformational leadership explained unique variance in follower CSR beliefs beyond the previous steps ($\Delta R^2 = 0.04$, *p* < 0.05) and was the only significant predictor ($\beta = 0.24$, *p* < 0.05) in the final regression model. Thus, Hypothesis 3 was supported.

Discussion

The results of this study indicate that the influences processes employed by transformational and transactional leaders may be driven by divergent ethical values, which also appear to indirectly impact follower attitudes toward CSR. Transformational leadership was strongly associated with leader deontological values, suggesting that such leaders' strong beliefs in altruism, universal rights, and principles lay the groundwork for enacting the key motivational and inspirational behaviors that drive impressive leadership outcomes in organizations

TABLE V
MANCOVA analyses of leader ethical rationales for vignette 3: physical environment

Dependent variable	Ethical rationale			<i>F</i> (2, 114)	Significant group differences ^a
	Act utilitarianism (<i>n</i> = 40) Mean (SD)	Rule utilitarianism (<i>n</i> = 48) Mean (SD)	Rights/Kantian (<i>n</i> = 34) Mean (SD)		
Transformational leadership	3.87 (0.36)	4.11 (0.28)	4.48 (0.30)	30.58**	Rights/Kantian > act utilitarianism (<i>p</i> < 0.001) Rights/Kantian > rule utilitarianism (<i>p</i> < 0.001)
Transactional leadership – active	3.11 (0.47)	3.50 (0.40)	3.38 (0.38)	7.28**	Rule utilitarianism > act utilitarianism (<i>p</i> < 0.001)
Transactional leadership – passive	1.85 (0.40)	1.80 (0.44)	1.74 (0.55)	0.62	

Leader gender, age, and education are included as control variables.

^aPost hoc Bonferroni comparison analyses were conducted to determine the significant group differences.

TABLE VI
Results of hierarchical regression analyses predicting follower CSR beliefs^a

Variables	Step 1	Step 2	Step 3
Leader gender	0.01	-.01	0.03
Employer for-/non-profit status	0.16	0.19	0.19
Leader tenure	0.03	0.03	0.01
Transactional leadership – active		0.08	0.04
Transactional leadership – passive		0.06	-0.02
Transformational leadership			0.24*
ΔR^2	0.03	0.01	0.04
Total <i>R</i> ²	0.03	0.04	0.08
ΔF	1.55	0.66	4.36*

p* < 0.05, *p* < 0.01.

^aStandardized regression coefficients are shown.

(Judge and Piccolo, 2004; Lowe et al., 1996; Yukl, 2006). Transformational leaders’ ability to demonstrate idealized attributes and behaviors, inspirational motivation, intellectual stimulation, and individualized consideration behaviors may well rest on a strong deontological ethical foundation. The results suggest that a leader’s beliefs in selflessness, treating

followers, and teammates as ends rather than means, and viewing leadership practices as having ethical significance regardless of their consequences, facilitates an authentic demonstration of transformational behaviors that engender a belief in the stakeholder view of CSR. In contrast, leader teleological ethics was found to predict active transactional leadership

behavior, indicating that a leader's belief in reciprocity norms, the maximization of mutual interests, and judging the ethical content of leadership acts according to their consequences are key to facilitating contingent reward and active performance monitoring behaviors.

These findings provide needed empirical support to the numerous theoretical arguments concerning the ethical values associated with the popular transformational leadership model. While empirical research suggests that rule utilitarianism is consistently cited by organizational leaders as their predominant ethical value (Groves et al., 2008; Pennino, 2002; Premeaux, 2004; Premeaux and Mondy, 1993), the present study is the first to empirically link deontological and teleological ethical values with the transformational and transactional leadership model. In concert with the findings of Turner et al. (2002), who demonstrated a strong link between transformational leadership and leader moral reasoning characterized by universal principles rather than self-interest or adherence to rules and laws, our results suggest the need for continued examination of ethical values as critical antecedents to effective leadership behavior in organizations. Specifically, these results reinforce the ongoing efforts of several leadership scholars (e.g., Denhardt and Campbell, 2006; Maak and Pless, 2006) in placing greater emphasis on delineating the moral and value-laden dimensions of transformational leadership, specifically key antecedents, mediating variables, and CSR-oriented outcomes. Indeed, sharper distinctions in transformational leadership theory-building and empirical research are needed to better understand the ethical dimensions of both the change process and change outcomes that characterize leaders who facilitate socially responsible changes and follower behaviors in their organizations.

The results of this study also offer much-needed empirical support for the impact of leadership style on follower attitudes toward CSR. Transformational leadership demonstrated a strong relationship with follower beliefs in the stakeholder view of CSR, suggesting that followers of such leaders are more likely to believe that socially responsible actions and the engagement of multiple stakeholder groups are critical to organizational effectiveness. These results suggest that transformational leaders influence followers through the development of a collective

vision that clearly delineates the salience of multiple stakeholders while inspiring all parties to look beyond self-interests for the betterment of the organization and community. The finding that transformational leadership may be strongly associated with the stakeholder view of CSR is an important addition to the impressive range of follower attitudinal correlates that are documented by recent meta-analytic reviews (Judge and Piccolo, 2004; Lowe et al., 1996; Weber et al. 2009). In concert with Waldman et al.'s (2006a, b) finding that CEO visionary leadership is associated with top management team CSR values, our results offer initial yet encouraging evidence of transformational leadership's explanatory power as a driver of follower CSR attitudes and consequent behaviors.

The study results summarized above should be viewed in the broader context of leadership theory with explicit discussion of the boundary conditions of our findings. Asserting the need for leadership scholars to place greater emphasis on studies that examine dynamic leader-follower relationships while accounting for contextual influences, Avolio (2007) advocates leadership research that assesses the multiple contextual influences (e.g., follower characteristics such as experience level, personality, gender, and cultural orientation; external contingencies, such as environmental stability, social context, and industry type; internal contingencies, such as task characteristics, nature of goals and performance criteria, cultural context, organizational structure, and social/physical distance) on the leadership process. Supporting this perspective, Lord et al. (2001) argues that "...leadership perceptions are grounded within a larger social, cultural, task, and interpersonal environment" (p. 332). Although our preliminary analyses addressing control variables ruled out the effects of industry, public/private (publicly traded, private, and government organizations), and non-profit/for-profit organizational status on the study's results, other potential contextual influences and boundary conditions of our findings may exist. For instance, leader-follower social and physical proximity may facilitate followers' perceptions of leadership behavior and specifically the authenticity of transformational leadership behaviors that involve the collective visioning process and inspiring followers to look beyond self-interests for the long-term benefit of their organization and

community (Waldman and Yammarino, 1999). Furthermore, the ethical values, personality dimensions, and cultural orientation of followers may impact both their perceptions of leadership behaviors and the extent to which they value CSR (House and Mitchell, 1974). Finally, the extent to which CSR is both an espoused and enacted value of the organization, such as explicit reference in the mission statement and inclusion as a key strategic planning initiative, may impact the outcomes of leadership studies examining leadership behavior and follower CSR values. Future transformational leadership research should adopt an integrated theory-building strategy that postulates the leader, follower, and contextual influences on the relationships among leader ethical values, leadership behavior, and follower CSR values.

Implications for organizations

The study's findings indicate several implications for organizations and management education programs. First, organizations would do well to encourage more formal assessment of the ethical values of their leaders and develop a safe feedback mechanism to enhance manager self-awareness of key antecedents to effective leadership. As more organizations continue to formalize ongoing assessment and leadership style feedback through multi-source/360-degree tools (e.g., Latham et al., 2005), human resource practitioners should incorporate greater emphasis on values, ethical philosophy, and moral reasoning as key components of leadership assessment and development. Part of the developmental challenge for many emerging leaders is a lack of awareness concerning the key operating assumptions and norms that drive effective leadership practices, one of several reasons that multi-source feedback systems remain very popular. Offering emerging leaders the opportunity to surface key ethical values and moral reasoning may lead to greater awareness of ethical dilemmas and the activation of ethical decision-making and cognition, which tends to facilitate greater ethical outcomes (Jones, 1991; Rest, 1986). Finally, organizations attempting to enhance employee engagement in CSR initiatives may consider revising leader selection and promotion criteria to reflect candidates' ability to articulate the com-

plexities of CSR and develop strategies that balance the needs of multiple stakeholder groups. Indeed, corporate boards of directors, executive search committees, human resource professionals, and other hiring authorities may develop assessment tools and measures (e.g., multi-stage interview processes, assessment center exercises, job samples, simulations, etc.) that measure a prospective leader's ability to both conceptualize CSR issues and persuasively engage multiple stakeholders in its implementation.

Limitations and directions for future research

The findings presented here must be viewed in the context of several limitations. The Fritzsche and Becker (1984) ethical vignettes only represent the actions that the leaders stated they would take, which may differ from actual behavior that would occur with each ethical dilemma. However, research has demonstrated that intentions are accurate predictors of behavior in high involvement contexts such as ethical dilemmas (Ajzen and Fishbein, 1977). Future research on managerial ethics and thinking style would do well to include measures of social desirability (e.g., Crowne and Marlowe, 1960) to rule out such a threat to internal validity. However, none of the standard responses to the Fritzsche and Becker (1984) vignettes could be reasonably considered "ethically safe" or "socially acceptable," which suggests that the threat of socially desirable responses was likely minimal. Furthermore, research suggests that compared to other methods of measuring leader values, business ethics vignettes demonstrate strong validity and psychometric properties (Fritzsche et al., 1995; Premeaux, 2004; Turner et al., 2002). Also, the leader participants were drawn from several community leadership development programs for which their participation was voluntary. As such, the study's leader sample may not generalize to all populations of organizational leaders; therefore, the practical implications should be interpreted with caution. Finally, common source and common method bias may have influenced the observed relationship between follower ratings of leadership behavior and follower valuing of CSR. Future empirical studies should employ research designs that involve data collection from different

subsets of followers who complete both survey and qualitative data collection tools at multiple points in time to mitigate the threats of common source and common method biases.

Given the cross-sectional nature of the research design, the data and findings presented here cannot support causal conclusions regarding leader values, leadership behavior, and follower attitudes. Future research would greatly benefit from longitudinal research designs that allow causal conclusions concerning the key ethical antecedents, mediating variables, and CSR outcomes of transformational leadership. Another potential limitation is follower response bias due to leaders being allowed to identify the direct reports who participated in the study. Leader participants may have selected only those direct reports most likely to offer positive ratings of leadership behavior. Future research would benefit from research procedures that ensure all direct reports and other appropriate work colleagues have the opportunity to participate in leadership assessments. Finally, future research is needed to further clarify the specific moral and ethical qualities of transformational leaders, such as integrity, self-transcendent values, and compassion, which may offer stronger explanatory power of leadership style, follower CSR attitudes, and consequent behavior. Overall, the future study of transformational leadership stands much to gain from continuing empirical efforts to better understand how ethical values are linked to specific behavioral styles that engender ethical, socially responsible attitudes and behavior in work units, organizations, and local communities.

Note

¹ Both act and rule utilitarian theories propose that individuals evaluate behavior in terms of its social consequences. According to act utilitarianism, an individual bases decisions and actions solely on their outcomes by selecting the act that provides the greatest social good, irrespective of rules, laws, regulations, and/or other norms that apply to the act. Rule utilitarianism proposes that an individual's actions are judged ethical depending upon whether they adhere to the rules, laws, regulations, and/or other norms under which the action falls. According to rule utilitarianism, following a given rule or norm may not facilitate the greatest social good in the short term, but adhering to the rule in the long

term will result in decisions that generate the most societal benefit. For additional description of act and rule utilitarianism, see Barry (1979), Mill (1968), and Cavanagh et al. (1981).

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