The Ethical Qualities of Transformational Leaders

Leadership in General

Everybody has their own theory about leadership and "what really counts". But separating "mere subjective opinion" from constructs which can be observed, measured and confirmed as significant in explaining human behaviour is an important goal of responsible research. Of even greater importance to business, government and community organisations in these times of economic and technological change is the determination of which leadership constructs actually do make a difference to valued outcomes like satisfaction, efficiency, effectiveness and productivity.

It is now well established that there is only a low correlation between any particular set of *individual personality traits* or characteristics and those who are normally classified as 'leaders'. Among these, Stogdill (1948) found intelligence, alertness to the needs of others, task awareness, initiative and persistence, and self-confidence. Subsequently, the capacity for self-monitoring has also been found to be important (Dobbins, Long, Dedrick and Clemons, 1990). So taking account of such individual characteristics is an important consideration, but given people's propensity to make strong evaluative judgements about personality attributes, we need to be careful not to place too much reliance on this in selection and promotion strategies and we need to be constantly vigilant about rater attribution errors.

An important question is 'what are the key behaviours which have been demonstrated to be important in the effective leadership of groups and organisations? Considerable earlier research on leadership behaviour resulted in two dimensions being identified, variously called *initiating structure* and *consideration* (Ohio State University studies), or *production-oriented* and *employee oriented* (Michigan University studies). Blake and Mouton (1964) proposed five management styles using low, medium and high leader behaviours on these two dimensions. But although the conceptual clarity of the model was appealing, extensive subsequent research demonstrated that the leadership style which was most effective

was not a high-high on each dimension. It all depended strongly on the situation and the challenge. To what extent then is leadership style fixed in individuals as they respond to varying situations and challenges?

Fiedler (1967) originally proposed that leadership style in a person is a constant characteristic of each person. The challenge was therefore understood to be matching the leader and the situation. But subsequent empirical research supports more flexible models of leadership style depending on the situation in order to optimise effective outcomes. For example, Vroom and Yetton's (1973) model assumed a flexible leadership style which changed with the type of problem addressed. Recent research has confirmed that there are indeed strong associations between a manager's *behaviour repertoire* and effectiveness - suggesting that a portfolio of behaviours is the most desirable and achievable (Hooijberg, 1996).

Another established contingency model of leadership from earlier research which matches the leader-style and situation is Hersey and Blanchard's (1969) *life cycle theory*. This model has four phases of group maturity for which different leader styles are required (delegating, participating, selling and telling). In similar vein, Schein (1992) has proposed an *organisation life cycle* theory (young, midlife, mature and declining phases in organisations) which require different responses from their leaders at each stage. The former challenges leaders to look past trendy quick fixes and simplistic formulas in order to understand the real complexities of managing people and organisations. The latter emphasises the necessity of leaders to develop the right vision for the situation.

Given that different situations require different leadership responses, what then can be sensibly said about the *effects* of differing leadership styles? The continuum between autocratic and democratic leader behaviours has been extensively examined and the conclusion seems to be that groups and organisations are

The ethical qualities of transformational leaders continued...

more *satisfied* with participative leader behaviours, but that this style does not generally translate into greater *productivity*. Several recent studies on empowerment confirmed this finding (Thorlakson and Murray, 1996; Sagie, 1996). Concerning the link between what leaders believe and their actual intentions in leadership behaviour, Gray and Mizener (1996) reported a positive association between *belief in equality* and *democratic leader intentions.* However, interestingly they also found that autocratic leader intentions were relatively independent of leader beliefs in equality.

The effects of dyadic leader-member exchanges on followers or group members has received considerable attention and this research interest is continuing. The leader-member exchange (LMX) in-group / out-group theory by Graen, Novak and Sommerkamp (1982) has found strong genera support. Recently, Thibodeaux and Lowe (1996) reported that in-group members and group leaders made greater use of *expert* and *referent power* than out-group members with group leaders; the outside group with the leader also reported greater use of *coercive power.* This finding may be of particular significance for the increasing use of contractors in situations where work is out-sourced.

An important model for the motivation of individuals in work groups well-supported by research is the *path goal theory of motivation* (House, 1971). In this model, the leader's job is to assist followers in attaining their goals and providing necessary direction and support to help align those goals with those of the organisation. Path-goal leaders can have four styles: directive, supportive, participative or achievement-oriented depending on the needs of the followers.

Transformational Leadership

Since the 1980's, another order of magnitude has been defined and measured with regard to the effects of leader behaviours on followers. Viewed from this perspective, situational and contingency leadership theories of the kind we have been considering have been labelled as *transactional* approaches to leadership (Burns, 1978; Bass, 1985). These approaches assume exchanges of reinforcements by the leader that are contingent on followers' performance. By contrast, *transformational leadership styles* result in considerably enhanced effects on followers. At an earlier stage transformational behaviours were assumed only for the elite. But research in the 1990's has found that these behaviours are much more pervasive throughout organisations and groups than was previously thought. Transformational leadership awareness and skills training therefore potentially raises leadership behaviour influence to new levels of importance.

Transformational leadership behaviour models build on the research of a number of people and groups (House, 1977, 1995; Conger and Kanungo, 1987; Kouzes and Posner, 1987; Bass, 1990; Bass and Avolio, 1993a; Bass and Avolio, 1993b; Avolio,

1996). Bass (1997) argues that transactional - transformational leadership represents a leadership paradigm which is now supported by evidence gathered from all continents. This paradigm 'views leadership as either a matter of contingent reinforcement of followers by a transactional leader or the moving of followers beyond their self-interest for the good of the group, organisation, of society by a transformational leader' (Bass, 1997, p.130). Such behaviours therefore have strong ethical implications. It is important to note, however, that transformational leader styles do not replace transactional behaviours and associated motivational assumptions but significantly augment them to produce satisfaction, efficiency and extra-effort outcomes "beyond expectations".

There is now a substantial body of research which supports this extension of leadership theory and practice, and its effects. Recent studies have confirmed the efficacy of transformational leader styles in bringing about superior outcomes using independent indicators (Kirkpatrick and Locke, 1996; Podsakoff, Philip, MacKenzie and Bommer, 1996). Carless, Mann and Wearing (1996) also foundthat managers who were better managers differed significantly from weaker managers in their use of transformational leader styles. These styles are associated with large changes in organisations and groups. Crises foster the emergence of charismatic leaders who are then rated as more effective than group leaders who emerge in noncrisis situations (Pillai, 1996).

The Multifactor Leadership Questionnaire (MLQ: Bass and Avolio, 1995), is a measurement instrument for what Bass and Avolio have termed The Full Range of Leadership. The MLQ has gone through a long history of research development (Avolio, 1996; Bass, 1997; Avolio, Bass and Jung, 1999) and it is now claimed to be a universal model which can be validly and reliably measured across cultures and at differing organisational levels (not just the elite). The *full range model* as measured by the MLQ taps five higher level leader constructs: *transformational, transactional, management-by-exception: active, management-by-exception: passive,* and *laissez-faire* (Bass, 1997; Avolio, 1996). Optimal balances need to be achieved between these differing leader styles over time in order to maximise desired outcomes. Transformational behaviours build on transactional styles. Some utilisation of management-by-exception and laissez-faire styles are necessary to achieve the most effective outcomes. Concerning gender effects, it has been found that males are more likely to provide negative management-by-exception feedback than females (Brewer, Socha and Potter, 1996) but that both genders appear to equally utilise transformational behaviours.

Four highly correlated but valid and reliable factors are associated with transformational styles: *idealised influence* (charisma), *inspirational motivation, intellectual stimulation* and *individualised consideration* (Bass, 1997). Parry and Sarros (1996) found that

The ethical qualities of transformational leaders   continued...

the earlier six factors of transformational leadership proposed by Bass (1985) were valid in Australia, although Australians emphasised different aspects of transformational styles compared with respondents from the USA: for example, charisma included individual consideration and had greater impact on Australians. Ashkanasy and Weierter (1996) proposed a developed LMX theory related to individual leader charisma in groups in Australia.

There is a clear relationship between transformational leadership styles and team development although most research has focused on dyadic leader-member exchanges. Elliott (1997) found that six of the eleven team skills reliably measured by the Linking Skills Index (LSI: Margerison and McCann, 1992) were strongly associated with transformational leadership behaviours.

Ethics and Transformational Leadership

There has been a growing discussion about the ethics of transformational leaders. Such leaders have been criticised for not promoting the welfare of their followers or indeed of their organisations. Clear examples exist of transformational leaders in history who have in fact had quite a destructive impact – not only on their followers but on society generally (O'Connor, Mumford, Clifton and Gessner, 1995). This kind of analysis has led researchers to examine the values and ethical basis involved in such leadership styles (Bass and Steidlmeier, 1999).

Carey (1992) has examined the capacity of transformational leaders to promote self-transcendence. But for what overall purpose? Carlson and Perrewe (1995) have explored the institutionalisation of organisational ethics through transformational leadership. Eisenbach, Watson and Pillai (1999) have argued that there is need for a convergence between the transformational leadership literature and the literature about organisational change. Any organisational change always entails the question – for what outcome?

Graham (1991) powerfully argues for a servanthood values basis for transformational leaders if they are to be both inspirational and moral. Kreiger and Hanson (1999) proposed a universal set of

values, drawn from the world's major religions, which are the basis for any healthy organisation. Mitchell (1993) usefully explores the relationship between leadership values and accountability. Scully, Sims, Olian, Schnell and Smith (1994) have examined the suggestion that environmental factors directly impact on leadership behaviours in organisations often resulting in unfortunate effects for followers and associates. Stephens and Cobb (1999) have drawn attention to the important role of perceptions of fairness in successfully managing change.

In the field of applied ethics, three major approaches may be discerned (Elliott and Engebretson, 2001): the approach which is concerned to weigh up the consequences of actions (consequentialism); the approach which is concerned to claim the "rightness or wrongness" of any action (deontology); and the approach which is concerned with the development of character and virtue as a means of ensuring ethical conduct (virtue ethics). Examples of these approaches may be found in any organisation. It is an aim of this research project to explore the particular manifestations of these approaches in applied ethics - particularly in relation to the behaviour of transformational leaders.

Professor Bass (co-author of the MLQ), in an address to BERU earlier this year, proposed a series of two polar opposite domains for leader behaviour which may effectively distinguish between ethical and non-ethical leaders. These he called "authentic transformational" and "pseudo-transformational" leadership styles. These suggestions extend on behaviours currently measured by the MLQ. This present research by Elliott, Armstrong and Alder (Victoria University) builds on and reshapes this suggestion.

Ray Elliott MAPS, FAHRI
Director, OEC : Organisational Enhancement Consultancy (www.oecy.com.au). He is a Visiting Research Fellow, Victoria University and an Organisational Psychologist.

A SELECT BIBLIOGRAPHY: TRANSFORMATIONAL LEADERSHIP AND ETHICS

Avolio, B.J. (1996). What's all the karping about down under? Transforming Australia's leadership systems for the twenty-first century. In Parry, K.(1996) (Ed.) *Leadership Research and Practice: Emerging themes and new challenges.* South Melbourne, Victoria: Pitman Publishing.

Avolio, B.J. (1999). *Full Leadership Development: Building the Vital Forces in Organisations.* Thousand Oaks,USA: Sage Publications.

Avolio, B.J., Bass, B.M. & Jung, D.I. (1999). Re-examining the components of transformational and transactional leadership using the Multifactor Leadership Questionnaire. *Journal of Occupational and Organisational Psychology.* 72. 441-462.

Avolio, B.J., Bass, B.M., & Jung, D.I. (1996). Construct Validation of the Multifactor Leadership Questionnaire MLQ-Form 5x. Binghamton, USA: Centre for Leadership Studies, State University of New York.

Bass, B.M. (1985). *Leadership and performance beyond expectations.* New York, N.Y.: Free Press.

Bass, B.M. (1990). *Bass and Stogdill's Handbook of Leadership: Theory, research and management applications* (3rd edn.). New York, N.Y.: Free Press.

Bass, B. M. (1993). A seminal shift: The impact of James Burns' leadership. *Leadership Quarterly,* 4(3), 375-377.

Bass, B. M. (1997). Does the transactional/transformational leadership paradigm transcend organisational and national boundaries? *American Psychologist.* 52. 130-139.

Bass, B. M. (1998). *Transformational Leadership: Industry, Military, and Educational Impact.* Mahwah, New Jersey: Lawrence Erlbaum Associates.

Bass, B.M. & Avolio, B.J. (1993a). Transformational leadership and organisational structure. *International Journal of Public Administration Quarterly.* 17.

Bass, B. M., & Avolio, B. J. (1993). Transformational leadership: A response to critiques. In Chemers, M. M., & Ayman, R. (Eds.). *Leadership Theory and Practice: Perspectives and Directions.* (pp. 49 – 80). San Diego, USA: Academic Press, Inc.

The ethical qualities of transformational leaders *continued...*

Bass, B.M., & Avolio, B.J. (1997). *Full Range leadership development: Manual for the Multifactor Leadership Questionnaire.* Palo Alto, USA: Mind Garden Inc.

Bass, B. M., & Steidlmeier, P. (1999). Ethics, character, and authentic transformational leadership behaviour. Unpublished manuscript.

Behr, E. T. (1998, March). Acting from the centre: Your response to today's leadership challenges must be grounded in personal values. *Management Review.* 31-55.

Burns, J.M. (1978). *Leadership.* New York, N.Y.: Harper and Rowe.

Butz. C. E., & Lewis, P. V. (1996). Correlation of gender-related values of independence and relationship and leadership orientation. *Journal of Business Ethics.* 15. 1141-1149.

Carey, M. R. (1992). Transformational leadership and the fundamental option for self-transcendence. *Leadership Quarterly.* 3(3). 217-236.

Carlson, D. S., & Perrewe, P. L. (1995). Institutionalization of organisational ethics through transformational leadership. *Journal of Business Ethics.* 14. 829-838.

Conger, J.A. & Kanungo, R.N. (1987). Toward a behavioural theory of charismatic leadership in organisational settings. *Academy of Management Review.* 12.

Dobbins, G.H. Long, W.S. Dedrick, E.J. & Clemons, T.C. (1990). The role of self-monitoring and gender on leader emergence: A laboratory and field study. *Journal of Management.* September, 1990.

Ehrlich, S. B., Meindl, J. R., & Viellieu, B. (1990). The charismatic appeal of a transformational leader: An empirical case study of a small, high-technology contractor. *Leadership Quarterly.* 1(4). 229-248.

Elliott, R. H. (1997, March). Applying behavioural research to your organisation. *The Management Magazine.* Sydney, NSW: Australian Institute of Management Inc. (NSW).

Elliott, R.H. & Engebretson, K. (2001). *Chaos or Clarity: Encountering Ethics.* Wentworth Falls, NSW: Social Science Press.

Elliott, R.H. (2002, August). Ethical leadership: Culturally circumscribed? *Raffles Review,* Vol. VII (2).

Eisenbach, R., Watson, K., & Pillai, R. (1999). Transformational leadership in the context of organisational change. *Journal of Organisational Change Management,* 12(2). 80-88.

Fiedler, F.E. (1967). *A Theory of Leadership Effectiveness.* New York: McGraw-Hill.

Giampetro-Meyer, A., Brown, T., Browne, M. N., & Kubasek, N. (1998). Do we really want more leaders in business? *Journal of Business Ethics.* 17. 1727-1736.

Graen. G. Novak, M.A. & Sommerkamp, P. (1982) The effects of leader-member exchange and job design on productivity and satisfaction: Testing a dual attachment model. *Organisational Behaviour and Human Performance.* August.

Graham, J. W. (1991). Servant-leadership in organisations: inspirational and moral. *Leadership Quarterly.* 2(2). 105-119.

Hollander, E. P., & Offermann, L. R. (1990, February). Power and leadership in organisations. *America Psychologist.* 45(2). 179-189.

Hollander, E.P. (1993). Legitimacy, power, and influence: A perspective on relational features of leadership. In Chemers, M.M. & Ayman, R. (Eds .). *Leadership Theory and Practice: Perspectives and Directions.* (pp. 29 - 48). San Diego, USA: Academic Press, Inc.

House, R.J. (1977). Theory of charismatic leadership. In Hunt, J.G. and Larson, L.L. (Eds.). *Leadership: The cutting edge.* Carbondale, IL: Southern Illinois University Press.

House, R. J., & Howell, J. M. (1992). Personality and charismatic leadership. *Leadership Quarterly.* 3(2). 81-108.

Kriger, M.P. & Hanson, B.J. (1999). A value-based paradigm for creating truly healthy organisations. *Journal of Organisational Change Management,* 12(4). 302-317.

Keller, L. M., Bouchard, T. J., Arvey, R. D., Segal, N. L., & Dawis, R. V. (1992). Work values: genetic and environmental influences. *Journal of Applied Psychology.* 77(1). 79 - 88.

Kouzes, J.M. & Posner, B.Z. (1987). *The leadership challenge: How to get extraordinary things done in organisations.* San Francisco: Jossey-Bass Publishers.

Lowe, K., Kroeck, K. G., & Sivasubramanian, N. (1996). Effectiveness correlates of transformational and transactional leadership: A meta-analytic review. *Leadership Quarterly.* 7. 385-425.

Mitchell, T. R., (1993). Leadership, values and accountability. In Chemers, M. M., & Ayman, R. (Eds.). *Leadership Theory and Practice: Perspectives and Directions.* (pp. 109 – 138). San Diego, USA: Academic Press, Inc.

O'Connor, J., Mumford, M. D., Clifton, T. C., & Gessner, T. L. (1995). Charismatic Leaders and Destructiveness: An historiometric study. *Leadership Quarterly,* 6(4), 529-555.

Offermann, L. R., Kennedy, J. K., & Wirtz, P. W. (1994). Implicit leadership theories: content, structure, and generalizability. *Leadership Quarterly,* 5(1), 43-58.

Parry, K. (1996). *Transformational Leadership.* South Melbourne, Victoria: Pitmans Publishing.

Parry, K., & Sarros, J. (1996). An Australian Perspective on transformational leadership. In Parry, K. W. (Ed.). *Leadership Research and Practice: Emerging Themes and New Challenges.* (pp. 105- 112). South Melbourne, Victoria: Pitman Publishing.

Parry, K., & Procter-Thomson, S. (2001). Perceived integrity of transformational leaders in organisational settings. *Journal of Business Ethics.*

Podsakoff, P.M., MacKenzie, S.B., Moorman, R. H., & Fetter, R. (1990). Transformational leader behaviours and their effects on followers' trust in leader, satisfaction, and organisational citizenship behaviours. *Leadership Quarterly.* 1(2). 107-142.

Scully, J.A Sims, H.P. Olian, J.D. Schnell, E.R., & Smith, K. (1994). Tough times make tough bosses: a meso analysis of CEO behaviour. *Leadership Quarterly,* 6(2), 219-247.

Shrivastava, P. (1994). Ecocentric leadership in the 21st century. *Leadership Quarterly.* 5(3/4). 223-226.

Simons, T.L. (1999). Behavioural integrity as a critical ingredient for transformational leadership. *Journal of Organisational Change Management,* 12(2). 89-104.

Stephens, C.U. & Cobb, A.T. (1999). A Habermasian approach to justice in organisational change. *Journal of Organisational Change Management,* 12(1). 21-34.

Stogdill, R.M. (1948). Personal factors associated with leadership: A survey of the literature. *Journal of Psychology.* 25.

Thibodeaux, H.F. & Lowe, R.H. (1996). Convergence of leader-member exchange and mentoring: An investigation of social influence patterns. *Journal of Social Behaviour and Personality.* 11(1).

Thorlakson, A.J.H. & Murray, R.P. (1996). An empirical study of empowerment in the workplace. *Group and Organisation Management.* 21(1).

Turner, N., Barling, J., Epitropaki, O., Butcher, V., & Milner, C. (2002). Transformational Leadership and Moral Reasoning. *Journal of Applied Psychology,* 87(2), 304-311.

Yammarino, F. J., Spangler, W. D., & Bass, B. M. (1993). Transformational leadership and performance: A longitudinal investigation. *The Leadership Quarterly.* 4(1). 81-102.