

# Transformational Leadership: Do the Leader's Morals Matter and Do the Follower's Morals Change?

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## Abstract

In a study of 205 leader–follower pairs, we investigated the impact of the leader's values and empathy on followers' perception of transformational leadership and the effect of transformational leadership on followers' values and empathy. The moderating effect of leader–follower relationship duration on the effect of transformational leadership on followers' values and empathy was also investigated. We found that the leader's values were related to transformational leadership and transformational leadership was related to followers' values. Over time, the relationship between transformational leadership and followers' empathy and values became stronger.

## Keywords

Transformational leadership, values, empathy

## Introduction

Since the earliest times, individuals have been preoccupied with the finer aspects of a leader's habits and personality (Burns, 1978). At the heart of this inquiry is the question, 'What constitutes a good leader?' There have been a number of studies which have investigated various aspects of the leader's personality, yet there have been few studies (for example, Banerji & Krishnan, 2000; Krishnan, 2001; Popper, Maysless & Castelnovo, 2000; Sosik, 2005; Turner, Barling, Epitropaki, Butcher & Milner, 2002) which have looked at the role of the values, ethics or moral development of an individual on his or her leadership. The first question that this study seeks to answer is as follows: Do ethical individuals make good leaders?

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The two normative theories of leadership, which describe 'good leadership' in terms of ethical or moral leadership, are James MacGregor Burns' theory of transformational leadership and Robert K. Greenleaf's theory of servant leadership (Ciulla, 1995). In this study, we propose to investigate the moral aspects of Burns' theory of transformational leadership.

According to Burns, transformational leadership is superior to mere transactional leadership, which relies on a mutual exchange of valued outcomes like monetary incentives, promotions, etc., for hard work. Transformational leaders not only recognize and exploit existing needs of potential followers, they also look for potential motives and higher needs in followers. In this manner, they completely engage their followers and help them to achieve their fullest potential (Burns, 1978, p. 4). According to Burns, the crucial task of transformational leaders is to raise the awareness and consciousness of their followers to higher levels of conduct and morality (*ibid.*, p. 20). Hence, a critical outcome in transformational leadership is the moral development of followers.

In the last 30 years, a number of studies have shown significant relationships between transformational leadership and desirable organizational outcomes like subordinate satisfaction (Hater & Bass, 1988; Pillai, Scandura & Williams, 1999; Ross & Offermann, 1997); perceived justice (Pillai et al., 1999); self-efficacy (Kirkpatrick & Locke, 1996); group potency (Sosik, Avolio & Kahai, 1997); organizational citizenship behaviour (Podsakoff, MacKenzie, Moorman & Fetter, 1990; Wang, Law, Hackett, Wang & Chen, 2005); follower performance (Waldman, Bass & Einstein, 1987); collective performance (Hoffman & Jones, 2005); performance quality and performance quantity (Kirkpatrick & Locke, 1996); and work unit effectiveness (Lowe, Kroeck & Sivasubramaniam, 1996). However, there have been very few studies (for example, Bono & Judge, 2003; Dvir, Eden, Avolio & Shamir, 2002; Shamir, Zakay, Breinin & Popper, 1998) which have investigated the role of transformational leadership in the moral development of followers. The second question that this study seeks to answer is as follows: Does transformational leadership result in the moral development of the followers?

## **Transformational Leadership and Moral Development**

According to Burns (1978, 2003), moral development is related to transformational leadership in two ways. First, moral development is an essential characteristic of transformational leaders who embody the three standards, namely, virtue in their personal life, ethics in their transactional dealings and universal/transforming terminal values (Burns, 2003, p. 28). Second, moral development of followers is an outcome of the transforming relationship. A key criterion to this transformation being materialized in the follower is that the transformational leader must be at a slightly higher stage of moral development (Burns, 1978, p. 428).

Scholars have investigated this relationship between transformational leadership and moral development separately for the leader and the follower. Some studies have looked at enhanced moral development as a characteristic of the leader and have found some support for Burns's hypothesis (Popper et al., 2000; Sivanathan & Fekken, 2002; Turner et al., 2002). There are other studies which have investigated the impact of transformational leadership on the follower's willingness to sacrifice for the work unit (Shamir et al., 1998); self-concordance (Bono & Judge, 2003); internalization of the organization's moral

values; and collectivistic orientation (Dvir et al., 2002). A significant limitation of the current literature on leadership and moral development is that there has been no study to date which has looked at both the leader's and the follower's moral development simultaneously.

## Components of Moral Development

Moral development concerns the growth in the ability of an individual 'to understand the difference between right and wrong, to care about the difference between them, and to act on the basis of this understanding' (Parker, 1998, p. 267). Thus, the development in moral judgement is a necessary yet insufficient factor in producing moral action (Thoma, Rest & Davison, 1991). According to James R. Rest's four-component model of human behaviour, moral behaviour is the result of at least four component processes: (a) moral sensitivity (interpreting the situation and identifying a moral problem); (b) moral judgement (figuring out what one ought to do and formulating a plan of action that applies the relevant moral standard or ideal); (c) moral motivation (evaluating how the various courses of action serve moral or non-moral values and deciding which action a person actually will attempt to pursue); and (d) moral character/implementation (executing and implementing the moral course of action). The development of moral judgement, which is often confused with moral development, is thus just one of the determinants of moral behaviour (Narvaez & Rest, 1995; Rest, Thoma & Edwards, 1997; Thoma et al., 1991) and hence is only weakly related to moral behaviour outcomes.

In the context of the leader-follower relationship, all the four dimensions of moral development are relevant. However, the most crucial elements of moral development are those that relate to the intentions and motives of the leader (Singh & Krishnan, 2005). Hence, in this study, we investigate two of the components of moral development, namely, moral sensitivity and moral motivation and their relationship with transformational leadership.

## Transformational Leadership and Moral Sensitivity

Moral sensitivity is the ability to interpret a situation and identify a moral problem. It involves the skills of empathy and role-taking with respect to individuals affected by one's actions (Narvaez & Rest, 1995). The emergence of empathy is an essential feature in the early socialization of transformational leaders (Burns, 1978, p. 95). Later on, the quality of empathy is critical to leaders in understanding the needs of followers (*ibid.*, pp. 78, 407) and is 'the beginning of moral leadership' (*ibid.*, p. 100). The attribute of empathy is manifested externally in the form of emotional intelligence, which includes the processes of appraising emotions in the self and others, regulating emotion in the self and others, and using emotions in adaptive ways (Salovey & Mayer, 1990). Numerous empirical studies have shown a strong relationship between emotional intelligence and transformational leadership (Barling, Slater & Kelloway, 2000; Gardner & Stough, 2002; Leban & Zulauf, 2004; Rubin, Munz & Bommer, 2005; Sivanathan & Fekken, 2002; Wong & Law, 2002).

### *Hypothesis 1*

The leader's moral sensitivity will be positively related to transformational leadership.

Transformational leaders themselves, driven by a sense of moral sensitivity, create followers who strive to go beyond their self-interests for the good of their group (Bass, 1998). Actions that are not motivated by one's self-interests are said to be altruistic and the source of altruism is empathy (Batson, Duncan, Ackerman, Buckley & Birch, 1981; Batson et al., 1988; Batson et al., 1989; Batson et al., 1991; Fultz, Batson, Fortenbach, McCarthy & Varney, 1986). Leaders change the salience hierarchy of values and identities within the follower's self-concept such that followers shift from individual concerns to collective contributions (Shamir, House & Arthur, 1993). This shift happens in part through the development of moral sensitivity, that is, a deeper awareness and understanding of other people's needs.

### *Hypothesis 2*

Transformational leadership will be positively related to moral sensitivity of the follower.

#### *Transformational Leadership and Moral Motivation*

Even after an individual identifies the most moral action in a situation, there may be other values like pleasure, career advancement, personal relationships, etc., that may prevent one from taking action in line with one's moral judgement. In such situations, moral motivation, that is, the motivation to select a moral value over other values is the determining factor for moral action (Narvaez & Rest, 1995).

Leaders strongly espouse traditional, collectivistic work, self-transcendent and self-enhancement values (Sosik, 2005) and they give higher preference to other-focused social values as compared to self-focused personal values (Krishnan, 2001). Singh and Krishnan (2005) showed genuine altruistic motives which took into consideration the concerns of followers and were better predictors of transformational leadership than self-sacrifice which merely focused on symbolism.

### *Hypothesis 3*

The leader's moral motivation will be positively related to transformational leadership.

Transformational leaders emphasize the group's collective identity (Shamir et al., 1998) and stimulate followers to go beyond their self-interests for the good of their group (Bass, 1985, 1998; Bass & Steidlmeier, 1999). Leaders increase the intrinsic value of efforts and goals by linking them to valued aspects of the followers' self-concept. In this manner, they make use of the motivational forces of self-expression, self-consistency, self-esteem and self-worth (Shamir et al., 1993) leading to outcomes like followers' willingness to sacrifice for the work unit (Shamir et al., 1998). Thus, transformational leadership enhances followers' willingness to select a moral value over other values.

### *Hypothesis 4*

Transformational leadership will be positively related to follower's moral motivation.

### *Duration of Relationship*

Moral development of followers is a process that takes time (Dvir et al., 2002) and occurs as and when leaders actively engage with followers to challenge old assumptions and resolve conflicts within followers' value structures (Burns, 1978, p. 42). Krishnan (2005) found that the relationship between transformational leadership and cognitive outcomes (that is, value system changes) was moderated by the duration of the leader–follower relationship.

### *Hypothesis 5*

The duration of the leader–follower relationship will moderate the relationship between transformational leadership and the two dimensions of the follower's moral development (that is, moral sensitivity and moral motivation) such that increased duration will strengthen the relationship.

## **Method**

### *Participants*

Data were collected from 459 respondents from two organizations. Both the organizations were in the manufacturing industry related to the automotive sector and forming part of large diversified business houses and having annual turnovers of ₹8.3 billion and ₹115 billion, respectively. The respondents were employed in factories and offices located in industrial towns in western and eastern India such as Mumbai, Nashik, Vadodara, Cochin, Kolkata and Durgapur.

The respondents consisted of 230 managers and 229 subordinates, yielding 205 unique leader–follower pairs. In the two target organizations, all managers in the junior and middle management cadre were selected. From amongst all the individuals reporting to the selected managers, the subordinate who had worked with the manager for the longest duration was selected to make up the leader–follower pair.

The sample consisted of 420 men and 33 women (6 undisclosed) of ages from 22 years to 61 years (median = 39 years) and having work experience ranging from 8 months to 45 years (median = 16 years). The work experience of the respondents with their current organization ranged from 2 months to 40 years (median = 12 years).

### *Procedure*

Prior to the data collection, unique manager–subordinate pairs were identified and a serial number was given to each respondent. During the data collection process, respondents were given a set of matched forms with serial numbers printed. The serial numbers helped to identify the pairs for matching during the data analysis.

Questionnaires for managers and subordinates were handed out by the first author. In addition to the questionnaire, the envelopes contained the following: a covering letter from the CEO explaining the

rationale for the study and requesting their cooperation, an undertaking from the research team to keep the individual responses confidential, a self-addressed envelope for the response sheets and a pen as a gift.

Respondents took about 40 minutes to an hour to fill up the questionnaire and return it in a sealed envelope. Except for about 50 responses that were collected by post, all other responses were collected in person. Responses from managers and subordinates were matched. Subordinates were asked about the duration of their relationship with their manager and the frequency of their meeting the manager.

## Measures

### *Transformational Leadership*

We used the Multifactor Leadership Questionnaire (MLQ) of Bass and Avolio (1995) to measure transformational leadership. The MLQ describing the transformational leadership behaviours of the leader was filled up by the subordinate in the manager–subordinate pair.

### *Moral Sensitivity*

Moral sensitivity concerns the receptivity to social situations and being able to interpret the situation in terms of what actions are possible, the impact of those actions on others and the reactions of others to one's actions. The most critical characteristic for this dimension of moral development is empathy (Narvaez & Rest, 1995). Empathy has been described as the 'disposition to adopt a broad moral perspective, to take the "moral point of view"' (Hogan, 1969, p. 307). One of the most popular measures of empathy with demonstrated reliability and validity is Davis' (1980, 1983) Interpersonal Reactivity Index (IRI) consisting of four seven-item subscales. All four scales have been found to have satisfactory internal and test–retest reliabilities (internal reliabilities range from 0.71 to 0.77; test–retest reliabilities range from 0.62 to 0.71; Davis, 1980). For measuring moral sensitivity, the two subscales of perspective taking (tendency to adopt the perspectives of other people and seeing things from their point of view) and empathic concern (feelings of warmth, compassion and concern for others) were used. Both the dimensions of perspective taking and empathic concern have been found to have strong positive relationships with measures of sensitivity to the feelings and experiences of others (Davis, 1983). Together these subscales account for both affective and cognitive aspects of empathy, which characterize the dimension of moral sensitivity. The other two dimensions of empathy, namely, fantasy and personal distress are unrelated to moral sensitivity and hence they were not used in this study. A study using the IRI in the Indian context (Mulla & Krishnan, 2008) has shown that the entire scale as well as the two dimensions of empathic concern and perspective taking taken together are reliable (Cronbach alphas = 0.75 and 0.69, respectively). This scale was self-reporting and was administered to both managers and subordinates.

### *Moral Motivation*

Moral motivation is the motivation to select a moral value over other values (Narvaez & Rest, 1995). Rokeach (1973) considered terminal values to be of two kinds—those that are self-focused called personal values, and those that are other-focused called social values. Krishnan (2001) showed that transformational leaders gave higher importance to other-focused social values like 'a world at peace', 'a world of beauty', 'equality', 'national security' and 'social recognition'. Similar to the terminal values,

instrumental values are also of two kinds—those which when violated arouse pangs of conscience or feelings of guilt for wrongdoing called moral values, and those which when violated lead to feelings of shame about personal inadequacy called competence or self-actualization values (Rokeach, 1973).

For the purpose of measuring moral motivation in this study, we used the Rokeach Value Survey (ibid.). This scale is self-reporting and was administered to both managers and subordinates.

#### *Duration of Relationship and Frequency of Interaction*

The duration of the leader–follower relationship was measured in months and the frequency of interaction was measured in terms of 12 categories, that is, more than once every day, once a day, four times a week, thrice a week, twice a week, once a week, once a fortnight, twice a month, once a month, once a quarter, once in six months and once a year.

## Results

### *Reliabilities of Scales*

The means, standard deviations and the inter-correlations amongst transformational leadership, empathic concern and perspective taking for leaders and followers is shown in Table 1. The relationship between leader's moral sensitivity and transformational leadership was tested using regression analysis; however, none of the relationships was significant. Similarly, regression analysis was done to test the effect of the transformational leadership on follower's moral sensitivity. However, none of the relationships was significant.

**Table 1.** Means, Standard Deviations, and Inter-correlations among Dimensions of Transformational Leadership and Leader's and Follower's Moral Sensitivity

	M	SD	1	2	3	4
1. Transformational leadership	2.69	0.71	(0.94)			
2. Empathic concern (leader)	2.58	0.51	0.09	(0.48)		
3. Perspective taking (leader)	2.69	0.52	0.09	0.20**	(0.51)	
4. Empathic concern (follower)	2.44	0.50	0.12	0.13	0.11	–
5. Perspective taking (follower)	2.55	0.45	0.04	0.08	0.11	0.22**

**Source:** Developed by the authors.

**Notes:**  $N = 202$ . \* $p < 0.05$ , \*\* $p < 0.01$ .

Figures in parentheses along the diagonal are Cronbach alphas.

### *Moral Motivation and Transformational Leadership*

In order to study the differences between the value systems of high transformational and low transformational leaders, two sub-samples were extracted from the main sample based on the scores on transformational leadership. The first group of 50 leaders (referred to as 'top scorers' on transformational leadership) taken were those whose scores on transformational leadership were greater than the first

quartile and the second group of 50 leaders (referred to as 'bottom scorers' on transformational leadership) taken were those whose scores on transformational leadership were less than the third quartile. The values of the top scorers and bottom scores on transformational leadership were compared in two ways. First, the difference in value rankings given by high transformational and low transformational leaders for each of the 18 terminal and 18 instrumental values was analyzed using the nonparametric Wilcoxon rank sum test (with normal approximation and continuity correction). Second, two aggregate value systems (one terminal and one instrumental) were created for both groups and these were compared. The aggregate value system was arrived at by calculating the median rank assigned to each value and then arranging the values in ascending order of median ranks. Where two values had the same median rank, the mean was used to break the tie.

#### *Terminal Values and Instrumental Values of Leaders*

The results of the Wilcoxon rank sum test on the two samples, that is, the top scorers and bottom scorers on transformational leadership showed a significant difference in the case of one terminal value—'family security' ( $Z = 1.70, p = 0.08$ ) and five instrumental values—'broadminded' ( $Z = -2.17, p = 0.02$ ); 'clean' ( $Z = -1.71, p = 0.08$ ); 'honest' ( $Z = 1.84, p = 0.06$ ); 'responsible' ( $Z = -1.59, p = 0.06$ ); and 'loving' ( $Z = -1.59, p = 0.10$ ). Top scorers on transformational leadership gave a higher priority to the terminal value of 'family security' and the instrumental values of being 'honest', being 'responsible' and being 'loving' as compared to leaders who were 'bottom scorers' on transformational leadership. Top scorers on transformational leadership gave a lower priority to the instrumental values of being 'broadminded' and being 'clean' as compared to bottom scorers on transformational leadership. The aggregate terminal and instrumental value systems of the groups of leaders—namely, the top and bottom scorers on transformational leadership are shown in Tables 2 and 3, respectively.

#### *Terminal Values and Instrumental Values of Followers*

The results of the Wilcoxon rank sum test on the two samples, that is, the followers of top scorers and followers of bottom scorers on transformational leadership showed a significant difference in the case of two terminal values—'pleasure' ( $Z = -1.86, p = 0.06$ ) and 'self-respect' ( $Z = 2.39, p = 0.01$ ) and one instrumental value—'honest' ( $Z = -1.64, p = 0.10$ ). Followers of the top scorers on transformational leadership gave a higher priority to 'self-respect' and being 'honest' as compared to followers of the bottom scorers on transformational leadership. Followers of the top scorers on transformational leadership gave a lower priority to 'pleasure' as compared to the followers of the bottom scorers on transformational leadership. The aggregate terminal and instrumental value systems of the groups of followers—namely, the followers of the top and bottom scorers on transformational leadership are shown in Tables 4 and 5, respectively.

### *The Moderating Role of Relationship Duration*

Regression analysis was done with followers' empathic concern as the dependent variable and transformational leadership, relationship duration and the interaction term as independent variables. As seen in the results of the regression analysis in Table 6, the interaction term is significant. In order to understand the nature of the interaction, the entire sample of 204 leader-follower pairs was split into two halves based on the values of the duration of relationship reported by the followers. The first half consisted of

**Table 2.** Aggregate Terminal Value Systems of Bottom Scoring and Top Scoring Transformational Leaders

Rank	Bottom Scoring Transformational Leaders (N = 50) Value (Median)	Top Scoring Transformational Leaders (N = 50) Value (Median)
1	Self-respect (4)	Self-respect (3.5)
2	A sense of accomplishment (4)	An exciting life (4)
3	An exciting life (4)	Family security (4.5)
4	Family security (6)	A sense of accomplishment (5)
5	Wisdom (6)	Social recognition (7)
6	Social recognition (7)	Wisdom (8)
7	Happiness (8)	Happiness (8)
8	Freedom (8)	True friendship (8)
9	Inner harmony (9)	Freedom (9)
10	A comfortable life (9)	A comfortable life (10)
11	True friendship (9)	Inner harmony (11)
12	Equality (10)	A world at peace (12)
13	A world at peace (11.5)	Mature love (12)
14	Mature love (12.5)	Equality (13)
15	National security (13.5)	National security (13)
16	A world of beauty (13.5)	Pleasure (13)
17	Pleasure (14)	A world of beauty (14)
18	Salvation (16)	Salvation (15)

**Source:** Developed by the authors.

**Note:** The median rank assigned to each value by leaders in the group is included in parentheses next to the value.

**Table 3.** Aggregate Instrumental Value Systems of Bottom Scoring and Top Scoring Transformational Leaders

Rank	Bottom Scoring Transformational Leaders Value (Median)	Top Scoring Transformational Leaders Value (Median)
1	Ambitious (5)	Ambitious (4)
2	Capable (5.5)	Honest (4)
3	Responsible (6)	Capable (6)
4	Honest (6.5)	Responsible (6)
5	Logical (6.5)	Intellectual (7.5)
6	Broad-minded (7)	Self-controlled (8.5)
7	Self-controlled (8.5)	Broad-minded (9)
8	Intellectual (9)	Logical (9)
9	Imaginative (9)	Courageous (9)
10	Courageous (10)	Imaginative (10)
11	Independent (10)	Forgiving (10.5)
12	Helpful (11)	Helpful (11)
13	Cheerful (12)	Independent (11)
14	Obedient (12)	Loving (12)
15	Forgiving (12.5)	Cheerful (13)
16	Polite (13)	Polite (13)
17	Clean (13)	Obedient (14)
18	Loving (14)	Clean (15)

**Source:** Developed by the authors.

**Note:** The median rank assigned to each value by leaders in the group is included in parentheses next to the value.

**Table 4.** Aggregate Terminal Value Systems of the Followers of Bottom Scoring Transformational Leaders and the Followers of Top Scoring Transformational Leaders

Rank	Followers of Bottom Scoring Transformational Leaders Value (Median)	Followers of Top Scoring Transformational Leaders Value (Median)
1	Self-respect (4)	Self-respect (3)
2	Family security (4.5)	An exciting life (4)
3	An exciting life (6.5)	Family security (5)
4	Happiness (7)	Happiness (8)
5	Wisdom (7)	A sense of accomplishment (8)
6	Freedom (8)	Social recognition (8)
7	A comfortable life (8)	True friendship (8)
8	True friendship (9)	Freedom (8)
9	Social recognition (9.5)	Wisdom (8.5)
10	A sense of accomplishment (9.5)	A comfortable life (10)
11	National security (9.5)	National security (10.5)
12	Inner harmony (11)	A world at peace (11)
13	A world at peace (11)	Equality (11.5)
14	Pleasure (11)	Inner harmony (12)
15	Equality (12)	Mature love (12)
16	Mature love (12)	Pleasure (12.5)
17	A world of beauty (14)	A world of beauty (14)
18	Salvation (15)	Salvation (15)

**Source:** Developed by the authors.

**Note:** The median rank assigned to each value by leaders in the group is included in parentheses next to the value.

**Table 5.** Aggregate Instrumental Value Systems of the Followers of Bottom Scoring Transformational Leaders and the Followers of Top Scoring Transformational Leaders

Rank	Followers of Bottom Scoring Transformational Leaders Value (Median)	Followers of Top Scoring Transformational Leaders Value (Median)
1	Ambitious (3)	Ambitious (2)
2	Honest (5)	Honest (3.5)
3	Responsible (5.5)	Responsible (5)
4	Capable (7)	Capable (6)
5	Broad-minded (7)	Helpful (8)
6	Courageous (7.5)	Logical (9)
7	Self-controlled (8)	Courageous (9)
8	Intellectual (8.5)	Self-controlled (9.5)
9	Imaginative (9)	Intellectual (9.5)
10	Logical (9.5)	Polite (10)
11	Helpful (10)	Loving (10)
12	Independent (10.5)	Obedient (10.5)
13	Cheerful (11)	Broad-minded (11)
14	Polite (11)	Independent (11)
15	Loving (12)	Cheerful (11.5)
16	Obedient (13)	Imaginative (13)
17	Forgiving (14)	Forgiving (13)
18	Clean (14.5)	Clean (14)

**Source:** Developed by the authors.

**Note:** The median rank assigned to each value by leaders in the group is included in parentheses next to the value.

**Table 6.** Summary of Regression Analysis to Test the Moderating Effect of Relationship Duration on the Impact of Transformational Leadership on Follower's Moral Sensitivity

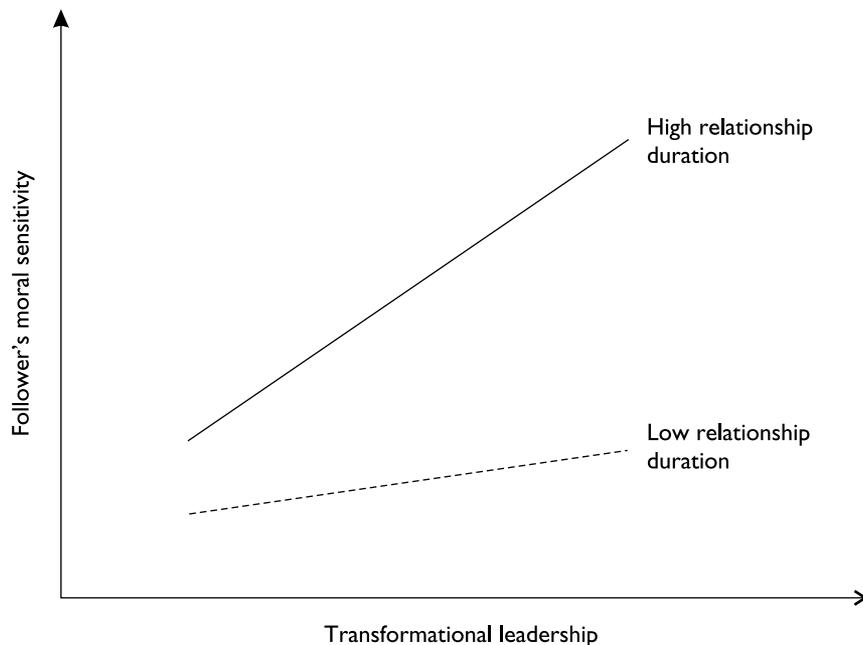
Independent Variable	B	SE B	$\beta$
Transformational leadership	0.08	0.05	0.11*
Relationship duration	0.00	0.00	0.06
Transformational leadership $\times$ Relationship duration	0.00	0.00	0.14*

**Source:** Developed by the authors.

**Note:** Adjusted  $R^2 = 0.01$ .  $F = 2.19^*$ .

\* $p < 0.10$ .

95 pairs whose duration of relationship was less than the median (that is, 24 months) and the second half consisted of 105 pairs whose duration of relationship was greater than or equal to the median (for four pairs the followers had not mentioned the duration of the relationship). For each of the two halves, four regression analyses were done to test the relationship between transformational leadership and follower's empathic concern. For low relationship duration pairs, the relationship between transformational leadership and follower's empathic concern was not significant ( $\beta = -0.03$ , n.s.), while for high relationship duration pairs, the relationship between transformational leadership and follower's empathic concern was significant ( $\beta = 0.29$ ,  $p < 0.01$ ). The moderating effect of relationship duration on the relationship between transformational leadership and follower's moral sensitivity is represented in Figure 1.

**Figure 1.** Chart Showing the Moderating Effect of Relationship Duration on the Relationship between Transformational Leadership and Follower's Moral Sensitivity

**Source:** Developed by the authors.

### *Transformational Leadership and Followers' Moral Motivation*

To analyze the moderating role of relationship duration on the relationship between transformational leadership and follower's moral motivation, each of the two samples (that is, low relationship duration and high relationship duration) was split into two halves based on the scores of relationship duration. The nonparametric Wilcoxon rank sum test was done to identify significant differences in the instrumental and terminal values of followers of leaders rated high on transformational leadership and followers of leaders rated low on transformational leadership for both the high relationship duration and the low relationship duration groups. The results of the nonparametric Wilcoxon rank sum test are reported in Table 7. As seen in the table, followers of transformational leaders who had worked with their leaders for longer duration rated the value of 'self-respect' more important; similarly, the value of being 'responsible' was rated as less important by followers of transformational leaders having shorter relationship duration as compared to followers of transformational leaders having longer relationship duration.

**Table 7.** Summary of Nonparametric Wilcoxon Test to Test the Moderating Effect of Relationship Duration on the Impact of Transformational Leadership on Follower's Moral Motivation

	Low Relationship Duration (Duration < 24 months, N = 95)	High Relationship Duration (Duration ≥ 24 months, N = 105)
Terminal values rated <i>more important</i> by followers of leaders who scored high on transformational leadership	None	Self-respect (Z = 1.90*)
Instrumental values rated <i>more important</i> by followers of leaders who scored high on transformational leadership	Ambitious (Z = 1.70 <sup>†</sup> ) Capable (Z = 1.99*) Independent (Z = 1.75 <sup>†</sup> )	Ambitious (Z = 1.89*) Forgiving (Z = 2.02*)
Terminal values rated <i>less important</i> by followers of leaders who scored high on transformational leadership	None	None
Instrumental values rated <i>less important</i> by followers of leaders who scored high on transformational leadership	Responsible (Z = -0.165 <sup>†</sup> )	

**Source:** Developed by the authors.

**Notes:** <sup>†</sup>p < 0.10, \*p < 0.05, \*\*p < 0.01.

## Discussion

The first question which we sought to answer in this study was the following: 'Do ethical individuals make good leaders?' We found that individuals rated high on transformational leadership give a higher priority to the values of being 'honest', 'responsible' and 'loving' as compared to leaders who were rated low on transformational leadership. The results are similar to Krishnan's (2001) findings that the transformational leader gave a higher priority to values such as 'world at peace' and being 'responsible' and Singh and Krishnan's (2005) finding which showed the importance of leader's altruistic motives rather than self-sacrificing actions in predicting transformational leadership.

The second question we sought to answer was the following: ‘Does transformational leadership result in the moral development of the followers?’ Analysis of the 205 leader–follower pairs showed limited support for the hypothesis that transformational leadership enhances follower’s moral development. The results were more encouraging when the moderating impact of relationship duration was considered. The impact of transformational leadership on a follower’s moral sensitivity and moral motivation was higher for high duration pairs as compared to the impact of transformational leadership on a follower’s moral sensitivity and moral motivation for low duration pairs. Our findings are partly consistent with suggestions by other scholars that moral development of followers is a process that occurs over a period (Dvir et al., 2002; Krishnan, 2005; Pastor, Meindl & Mayo, 2002). In other words, only when followers interact with leaders over a long period of time the positive effects of transformational leadership (in terms of moral development) are able to manifest. In this study, the average duration of the leader–follower relationship was about three years, which is quite representative of the general condition of the industry. In organizations with high employee turnover such as software, telecom and other service industries, the duration of the relationship may be even less. This severely limits the potential of transformational leaders in the organization to positively affect their followers. In order to ensure longer leader–follower relationship durations, organizations must strive for longer stints (especially when a follower’s satisfaction with the leader–follower relationship is high) or must ensure that individuals move in pairs across assignments.

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