

**Charisma, is it virtuous or villainous? An exploratory study of
transformational leadership to examine the ethics gap.**

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A Signature Project Thesis Submitted to
the University of Prince Edward Island, Charlottetown, P.E.I.
in Partial Fulfillment of the Requirements for
the Master in Business Administration

April, 2013 Charlottetown, P.E.I.

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Abstract

Charisma, is it virtuous or villainous? An exploratory study of transformational leadership to examine the ethics gap.

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Transformational leadership has become the most empirically studied and applied leadership theory over the past 20 years. Scholars have been drawing attention to the fact that the factor of idealized influence or charisma in transformational leadership may have a positive or negative impact on the behavior and decisions of leaders. This issue has become known as the ethics gap. As a result, numerous theoretical frameworks have been adapted and developed to try and include ethics and morality. A preliminary study by Walumbwa, Avolio, Garnter, Wernsing, & Peterson (2008) examined authentic leadership, ethical leadership, and transformational leadership to see if there were associations among the measures in these theoretical frameworks. Some associations were identified. This study further expands this work by examining the same three theories as well as servant leadership. The results reveal that the idealized influence factor (or charisma) is associated with the ethics factors in three other leading leadership theories (ethical, servant and authentic leadership). Although the factor does have significant associations, a factor analysis of idealized influence revealed two subcomponents. The associations with these subcomponents varied in significance and one item relating to power had a negative loading to the ethics item. This paper discusses the findings and implications of the research for future research.

Acknowledgements

I would like to extend my appreciation to following people for their support, direction, and assistance through the MBA program. Thank you to all the faculty and staff at UPEI's MBA program; it has been a pleasure, and I have learned a great deal. I would like to extend a special 'thank you' to my advisor Wendy Carroll for her advice and encouragement throughout this project. I would also like to acknowledge Scott Wilson for all his assistance with my research. To my team (commitment), I was fortunate to have the opportunity to work with such a bright, committed and diverse group!

To my friends and family, thank you for your support and encouragement over the past few years. I owe the biggest thank you to my husband Dave and my children Jessica and Luka. I appreciate the love, encouragement and especially your understanding over the past few years.... I am very excited about what comes next!

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CHAPTER 1: INTRODUCTION

Transformational leadership (TL) has become the most prevalent leadership theory researched and translated into practice (Barling, Christie, & Hopton, 2010). Although Transformational leadership has addressed many gaps in past leadership models, there are still questions about specific factors, such as charisma. To that end, it has been argued that charisma does not account for attributes such as ethics (Bass & Steidlmeier, 1999). For example, Bass and Steidlmeier (1999) explain, the transformational leader can be “virtuous or villainous depending on their values” (p. 186). The prevalence of TL heightens our need to rigorously examine questions relating to ethics.

Business and organizational pressures, such as global markets and technological advancement, are creating an increasing number of moral challenges in everyday business to which leaders must respond. The recent number of corporate scandals brings to light the issue of ethics in business and calls into question the attributes needed to be a moral and ethical leader (Walumbwa, Avolio, Gardner, Werning, & Peterson, 2008). As Caldwell et al. (2012) state “yesterday’s leadership standards are simply inadequate for the demands of tomorrow’s organizational requirements” (p.183). Therefore, organizations need to consider whether current leadership models adequately address the ethical needs of our changing business environment. While there has been an extensive amount of research conducted on leadership models, organizational leaders still seem to be struggling to achieve the right ‘mix’ when it comes to effective leadership and ethical conduct.

When you consider that the most commonly utilized leadership model (transformational leadership) may not effectively account for or measure ethics, this causes concern for organizations using this model as a benchmark for hiring, promoting, and training leaders. Unfortunately, even for those organizations that recognize that ethical characteristics are important in a leader, there are very few tools available to effectively measure ethical behavior (Walumbwa, Avolio, Gardner, Wernsing, & Peterson, 2008). To address this deficiency, a number of leadership models (and measures) are emerging that have a strong ethical or authentic grounding: ethical, servant, and authentic leadership models. The purpose of this research is to examine the overlays and gaps that exist between the different leadership models (transformational, ethical, servant, and authentic leadership) in terms of ethics. This research aims to offer insights into how the transformational leadership measure could be enhanced to better reflect the ethical needs of our changing business environment.

The specific research question being examined is:

Does transformational leadership account for ethics?

This research shares similarities with a study conducted by Walumbwa, Avolio, Gardner, Wernsing, & Peterson (2008) entitled “Authentic Leadership: Development and Validation of a Theory Based Measure.” Walumbwa et al. (2008) developed a measure for authentic leadership and then used it to examine how closely aligned the authentic theory-based measure was with the ethical and transformational leadership models. The research found a positive relationship between the authentic leadership dimensions and both the ethical and transformational leadership measures. Walumbwa et al.’s (2008) research provides a good framework; its methodology involved the use of existing

leadership measures to examine the relationships and correlations between the different leadership model components. This current research uses a similar methodology, however, the scope and focus changes somewhat. In addition to TL, ethical, and authentic leadership theory frameworks, this study also includes servant leadership. The focus of this study will be concentrated on the ethical components of each model.

Transformational Leadership – the Ethics Gap

Transformational leadership consists of four components: idealized influence (also referred to as charisma), inspirational motivation, intellectual stimulation, and individualized consideration. The attribute of idealized influence causes the most debate in regards to ethics. The ‘idealized influenced’ leader has the ability to clearly articulate a vision to followers and then to motivate followers to share that vision (Barling, Christie, & Hoption, 2010). To that end, as Bass (1990) has argued, this does not mean the vision has to be ethical in nature or aligned with organizational values. According to Bass (as cited in Stone, Russell, & Patterson, 2004) all leaders garner power and therefore, all forms of leadership hold the potential for manipulation and corruption. Bass specifically identified charisma as a form of personal power that can be very influential on followers. So, if the transformational leader is not morally grounded, he or she can manipulate followers to do things that would not be in their best interests (or the best interests of the organization or community in general). As Bass & Steidlmeier (1999) explain, “transformational leadership has an ethical dimension. It is the behavior of leaders - including their moral character, values and programs - that is, authentic or inauthentic” (p.184).

The importance of the leader's 'moral character, values and programs' has led to the distinction between two types of transformational leaders: authentic and pseudo-transformational. According to Bass & Steidlmeier (1999), the two concepts differ in terms of ethical character and authenticity. The authentic transformational leader is ethically grounded, that is, the leader is altruistic and puts the good of the group ahead of self interest. Whereas the pseudo-transformational leadership does not have the same ethical grounding, he or she can be manipulative and has the potential to use power inappropriately. Bass & Steidlmeier (1999) would argue that a true transformational leader must have a "moral foundation of legitimate values", if the leader does not, then he/she is not an authentic transformational leader (p.184). The ethical and authenticity gaps that exist within TL are intrinsically linked; a transformational leader cannot be 'authentic' if they are not morally or ethically grounded. Of concern, however, is that transformational leadership does not necessarily guarantee that a leader is ethical. Although ethical behavior and authenticity are linked, in this paper I refer to the issue under examination as the "ethics gap", which encompasses the association between the two.

The transformational leadership ethical gap, as outlined above, has prompted a review of other leadership models that do possess a strong ethical or authentic component to determine what, if any, attributes are missing from the transformational leadership.

Research Overview

In order to examine the overlays and gaps that exist between transformational, ethical, servant and authentic leadership, Executive Master of Business Administration (EMBA) students were surveyed. Participants were asked to self-assess their leadership

style using four independent measures, one for each of the different leadership models.

The data collected was used to examine the relationships and correlations between the different leadership models in more detail.

Organization of this Thesis

The remainder of this thesis develops in chapters that provide the background and findings from this study. In Chapter 2, a review of the literature related to the different leadership models will be completed. The focus is on providing a review of the literature about the leadership theoretical frameworks and highlighting the hypothesis. Chapter 3 details the approach to the study, the data collection method, and data analysis procedures. A thorough description of the study parameters is covered in this chapter, including the survey design, survey distribution, data collection, and analysis. Chapter 4 outlines the findings of the study. The final chapter, Chapter 5, summarizes the study findings followed by a discussion about practical and academic contributions, limitations, and future research directions.

CHAPTER 2: LITERATURE REVIEW

While there has been a great deal of research conducted on transformational leadership, questions still remain regarding the model's ethical and authentic component(s). Given TL has been widely adopted in the business community today, closing the ethical gap is crucial if leaders are to meet the challenges of today's dynamic business environment while leading in moral and ethical ways. By looking to leadership models that have a strong ethical or authentic focus, insight can be gained on how to effectively measure ethics.

Examining the Ethics Gap using Leadership Frameworks

There are two approaches to addressing the ethics gap: 1] develop a new theoretical framework or 2] adapt a current theoretical framework to include ethics. Recent research has taken the former approach. For example, Caldwell et al. (2012) proposed a new conceptual leadership model called "transformative leadership". Transformative leadership is defined as "an ethically based leadership model that integrates a commitment to values and outcomes by optimizing the long-term interests of stakeholders and society and honoring the moral duties owed by organizations to their stakeholders" (p.176). The model integrates ethically-based elements from six established leadership models: transformational leadership, charismatic leadership, level 5 leadership, principle-centered leadership, servant leadership, and covenantal leadership. (Caldwell, Dixon, Floyd, Chaudoin, Post, & Cheokas, 2012). While this model is in conceptual phase, no empirical testing has been done to support it. The very development of the conceptualization of a new leadership model, such as the Transformative Leadership Model, highlights the gaps that continue to exist in current leadership models.

Although Caldwell et al. (2012) may be correct that a new leadership model is required, further research is necessary to examine the associations among the existing models in order to move forward in such a direction. In this study, an examination of leadership theories is undertaken in the hopes of enhancing the transformational leadership model. Ethical, servant, and authentic leadership are described in more detail below, the ethical attributes of each model highlighted and used to support each of the hypothesis proposed in this study.

Transformational Leadership

Building on Burns' earlier work, Bass first established the conceptual model for transformational leadership in 1985. Since that time, it has become the most researched and practiced leadership theory (Barling, Christie, & Hopton, 2010). It is generally accepted that transformational leadership is composed of four components: idealized influence (also referred to as charisma), inspirational motivation, intellectual stimulation, and individualized consideration. Each of the components of TL is described in Table 1.

The Multi Factor Leadership Questionnaire (MLQ) developed by Bass & Avolio in 1995 is the most widely used instrument for measuring transformational leadership (Barling, Christie, & Hopton, 2010). While the transformational model has been well vetted and academically accepted, its ethical gap still remains. The attribute of idealized influence (or Charisma) is the component of transformational leadership at the center of the theoretical debate. As defined in Table 1, the idealized influenced leader creates a vision and motivates followers to share that vision. As Bass (1990) has suggested, the vision created by the idealized influenced leader does not have to be altruistic, it can instead be self-serving or manipulative in nature (if the leader lacks ethical grounding).

Given the growing importance of ethics in leadership, the ability to accurately measure a leader's ethical attributes is becoming more essential. In order to better understand how ethical characteristics can be effectively measured, we look to leadership models that have strong ethical or authentic components.

Table 1: Transformational Leadership Factors

Component	Description
Idealized Influence (or Charisma)	Leaders who have the ability to clearly articulate a vision to followers and the ability to motivate followers to share that vision.
Inspirational Motivation	Leader who can inspire followers to act on the shared vision, provide followers with challenges and meaning for engaging in shared goals, encourage followers that obstacles can be overcome, use symbols and emotional appeal and model appropriate behaviors.
Intellectual Stimulation	Leader who encourage followers to question how things are done, to use innovative thinking to look for different approaches, and to challenge closely held assumptions, decisions and group processes. Appeals to follower needs for achievement and growth in ways that the follower finds attractive.
Individualized Consideration	Leader who takes on the role of mentor and supports the follower's personal need for achievement. By demonstrating compassion, empathy, and caring, the leader is able to develop a relationship with the follower and helps to develop the follower to his/her full potential.

Note. Adapted from the “APA Handbook of Industrial and Organizational Psychology” by Barling, Christie, & Hopton, 2010, p. 191.

Ethical Leadership

While the concept of ethics is not new, ethics as a dimension of leadership has been examined primarily as part of the transformational leadership model (Brown, Treviño, & Harrison, 2005). However, in 2005, Brown et al. conceptualized ethical leadership as a separate construct and developed a new measure called the Ethical Leadership Scale (ELS). As part of their research, Brown et al. (2005) defined ethical leadership as “the demonstration of normatively appropriate conduct through personal actions and interpersonal relationships, and the promotion of such conduct to followers through two-way communication, reinforcement, and decision-making” (p. 120). The authors continue on to explain that in order for the leader to be credible to the follower, the leader must act in ways that the follower deems appropriate (such as being honest, fair, and caring). However, what is appropriate to the follower can vary in different contexts and cultures. Ethical conduct is not only communicated through action but also discussed, encouraged, and reinforced through discipline, if necessary. As well, during the decision making process, the ethical leader considers the consequences of their decisions and acts accordingly.

According to Brown & Trevino (2006), ethical leadership is composed of two aspects: the moral person and the moral manager. The moral person reflects the “personal characteristics such as honesty, trustworthiness, they are also seen as fair and principled decision-makers who care about people and the broader society, and who behave ethically in their personal and professional lives”. The moral manager represents the “leader's proactive efforts to influence followers ethical and unethical behavior.” (p.122). While Brown et al (2005) describe ethical leaders as consisting of two aspects

(moral manager and moral person), the scale developed to measure ethical leadership is one-dimensional. Based on the fact that the ethical leadership model is one-dimensional, we are hypothesizing that:

Hypothesis 1 - Transformational leadership's idealized influence component has a positive relationship with the ethical leadership scale.

Brown et al. (2006) found that ethical leadership “emerges out of a combination of characteristics and behaviors that include demonstrating integrity and high ethical standards, considerate and fair treatment of employees, and holding employees accountable for ethical conduct” (p.130). Therefore, a positive relationship between the factors in the ethical leadership model is essential to validating that TL’s factor of ideal influence contains such measures.

Servant Leadership

According to Greenleaf, (as cited by Reed, Vidaver-Cohen, & Colwell, 2011, p. 416) “servant leaders are those who manage organizational challenges by subordinating personal interests to those of organizational stakeholders and who see leadership as an opportunity for service to individuals, organization, and community rather than as a vehicle to attain personal power and prestige”. While the concept of servant leadership was introduced by Greenleaf more than forty years ago, it has only been empirically studied for a little over ten years and significant questions still remain regarding its definition and theoretical framework (van Dierendonck, 2011). According to van Dierendonck’s (2011) review of the literature, there are at least seven multi-dimensional measures and two one-dimensional measures of servant leadership in existence today. For the purposes of this study, one of the more recently established measures (and

heavily cited articles in Business Source Premier) was selected for review. Linden, Wayne, Zhao, and Henderson (2008) developed a multidimensional measure for servant leadership; their work identified seven distinct dimensions of servant leadership as defined in Table 2

Table 2: Servant Leadership Factors

Component	Description
Emotional Healing	The act of showing sensitivity to others' personal concerns.
Creating Value for the Community	A conscious and genuine concern for helping the community.
Conceptual Skills	Possessing the knowledge of the organization and tasks at hand so as to be in a position to effectively support and assist others, especially immediate followers.
Empowering	Encouraging and facilitating others, especially immediate followers, in identifying and solving problems, as well as determining when and how to complete work tasks.
Helping Subordinates Grow and Succeed	Demonstrating genuine concern for others' career growth and development by providing support and mentoring.
Putting Subordinates First	Using actions and words to make it clear to others that satisfying their work needs is a priority.
Behaving Ethically	Interacting openly, fairly, and honestly with others.

Note. Adapted from “Servant leadership: Development of a multidimensional measure and multi-level assessment” by Linden, Wayne, Zhao, & Henderson, 2008, *The Leadership Quarterly*, 19, p. 162.

The last attribute ‘behaving ethically’ reflects the ethical component of the model. Based on this, we are hypothesizing that:

Hypothesis 2: Transformational leadership's idealized influence component has a positive relationship with servant leadership.

The association between TL's idealized influence and servant leadership is important because servant leadership emphasizes the "moral, emotional, and relational dimensions of ethical leadership behaviors" instead of focusing on the performance outputs traditionally used to measure leader effectiveness (Reed, Vidaver-Cohen, & Colwell, 2011).

Authentic Leadership

Authentic leadership is the most recent of the four leadership theories to emerge, with the conceptual model being developed within the last ten years. While authentic leadership has not been as empirically tested as the other three models, its concept materialized from a concern about the ethical conduct of today's leaders. Avolio, one of the co-authors of MLQ, also contributed to the establishment of this value based leadership model (Gardner, Cogliser, Davis, & Dickens, 2011). According to Walumbwa et al. (2008), authentic leadership is "a pattern of leader behavior that draws upon and promotes both positive psychological capacities and a positive ethical climate, to foster greater self-awareness, an internalized moral perspective, balanced processing of information, and relational transparency on the part of leaders working with followers, fostering positive self-development" (p. 94). Using this definition as their guide, Walumbwa et al. (2008) developed the Authentic Leadership Questionnaire (ALQ) to measure the four distinct dimensions of authentic leadership as outlined in Table 3.

Table 3: Authentic Leadership Factors

Component	Description
Self-Awareness	Demonstrating an understanding of how one makes meaning of the world and how that process impacts the way one views himself or herself over time.
Relational Transparency	Presenting one's authentic self to others.
Balanced Processing	Leaders who show that they objectively analyze all relevant data before coming to a decision.
Internalized Moral Perspective	Internalized and integrated form of self-regulation

Note. Adapted from “Authentic Leadership: Development and Validation of a Theory-Based Measure?” by Walumbwa, F. O., Avolio, B. J., Gardner, W. L., Wernsing, T. S., & Peterson, S. J. (2008), *Journal of Management*, 34, 89, p.95.

The last component of internalized moral perspective reflects the ethical component of authentic leadership. Walumbwa et al. (2008) explain that internalized moral perspective refers to when leaders use their internal moral values to guide their decision making versus other pressures (for example, group or organization) and as a result their behavior is consistent with their values. Based on this, the following hypothesis was formed:

Hypothesis 3 – Transformational leadership idealized influenced component is positively related to the component of internalized moral perspective of authentic leadership

One of the key distinctions between authentic leadership and other leadership models is the leaders ‘sense of self’. Spitzmuller & Ilies (2010) suggest that authentic leaders are less likely to partake in unethical behavior because being true to one’s own values and beliefs is of the utmost importance.

Research Contribution

Each of the leadership models discussed provides a unique perspective on how to define and measure authenticity and/or ethics. The commonality between each of the models rests on ethical behavior. Each model stresses the importance of integrity and role modeling to followers.

This study aims to contribute to the growing body of research focused on transformational leadership's gap as it relates to ethics. The knowledge learned from this study will aid in the development of a more comprehensive transformational leadership model in future. While much research has been completed on transformational leadership, comparably little has been done on ethical, servant and authentic leadership. Therefore, this study also provides additional insight into the relationships and correlations between each of the different models.

From a practitioner's perspective, this research provides insight on how to effectively measure ethics in leadership. In order for an organization to attain the desired attributes in a leader, the appropriate tools or instruments must be used. Therefore, the importance of aligning organizational / stakeholder values with the appropriate leadership measures is highlighted. In addition, this study will also provide insight on training dimensions that help to make leadership preparation and education more complete.

CHAPTER 3: METHODOLOGY

This chapter provides an overview of the research approach, the data collection method, and data analysis procedures. A thorough description of the study parameters are covered such as survey design, survey distribution, data collection, and analysis.

Research Approach and Design

This study used a quantitative approach to examine the research question. To gather the data, an electronic survey was designed following survey design methods (Dillman, 2000). The survey was administered to current students and graduates from an Executive Masters of Business Administration (EMBA) program. An EMBA program is an appropriate sample for this research as it provides a good representation of leaders.

Survey Design

The survey was designed to measure individual perceptions of leadership style. Within the survey, participants were asked to complete a measure (set of questions) for each of the different models: transformation leadership, ethical leadership, servant leadership, and authentic leadership. In addition, participants were asked to provide demographic information (sex, age, and highest level of education), information regarding work experience (number of years working, current role, profession, and supervision), and organizational information (industry, size of business unit, organizational age, unionized environment, and country of ownership).

An empirically tested measure was selected for each of the different leadership models. To measure Transformational Leadership, the Multifactor Leadership Questionnaire (MLQ) Leader Form (5x-Short) developed by Bass & Avolio (1995) was used. The MLQ measures the four components of transformational leadership: idealized

influence, inspirational motivation, intellectual stimulation, and individualized consideration as well as transactional leadership. Respondents were asked to judge how frequently a list of 45 statements fits their leadership style using a 5-point scale (1 = not at all; 5 = frequently, if not always).

The Authentic Leadership Questionnaire (ALQ) was used to measure authentic leadership. The ALQ was developed by Avolio, Gardner, Walumbwa (2007) and measures the four components conceptualized as comprising authentic leadership: self awareness, transparency, ethical/moral, and balanced processing. Again, respondents were asked to rate how frequently sixteen statement fits their leadership style using a 5 point scale (1= Not at all; 5 = frequently, if not always).

The scale developed by Linden, Wayne, Zhao, & Henderson (2008) was used to measure servant leadership. The servant leadership scale measures the seven components that Linden et al. (2008) associate with servant leadership: emotional healing, creating values for the community, conceptual skills, empowering, helping subordinates grow and succeed, putting subordinates first and behaving ethically. Respondents were asked to indicate agreement or disagreement with a list of 28 statements using a 7-point scale (1 = strongly disagree; 7 = strongly agree).

The ethical leadership scale developed by Brown, Treviño, & Harrison (2005) was used to measure ethical leadership (ELS). Respondents were asked to judge how likely ten statements fit their leadership style using a 7-point scale (1 = highly unlikely; 7 = highly likely).

Data Collection

Given the study involves human participants, an application was made to the University of Prince Edward Island's Research Ethics Board for permission to proceed with the survey. Refer to Appendix B for the research approval. The survey was administered electronically via an on-line survey tool called 'Qualtrics' to members in the sample group by email addresses. Survey participation was on a voluntary basis and respondents were asked to review a letter of consent before agreeing to participate in the study. The letter of consent provided participants with information regarding the purpose of the study, time requirement to complete the survey, reinforced the voluntary nature of the survey, outlined any risk to the participant, and confirmed that any information collected will remain confidential and anonymous. Refer to Appendix B for a copy of the letter of consent and survey. The survey was left open for one month and reminder emails were distributed at two different times

Data Analysis

The data analysis conducted for this study included descriptive statistics and simple correlations.

CHAPTER 4: FINDINGS

This chapter reviews the research findings as they pertain to the overlays and gaps that exist between the different leadership models (transformational, ethical, servant, and authentic leadership) in terms of ethics. The descriptive statistics and findings are provided in the following sections.

Descriptive Statistics

By using the EMBA program as the sample, 141 participants were invited to participate in the study. The survey was sent initially with an explanatory email and two subsequent reminder emails were distributed to participants via email. Participants had one month to complete the survey and it took an average of 20 minutes to complete. The survey collected quantitative data using four leadership frameworks, one for each of the different models: transformation leadership, ethical leadership, servant leadership, and authentic leadership. As well, participants were asked to provide demographic data, information regarding work experience, and organizational information. The data was analyzed with descriptive statistics and correlation analysis.

Of the 141 participants invited to take part in the survey, 88 responded to the survey providing a response rate of 62%. In the sample, 56% were female and 44% male. The average age of the participants was 42 (SD = 7.74). Of the respondents, 54% graduated from post graduate university, 31% had some post graduate university and 13% had graduated from university. Approximately 30% work in public administration, 14% in educational services, and 13% in professional scientific areas. Of the participants, 39% currently hold a role in middle level management (General Manager, Director, etc.) and 31% have a lower level management position (Supervisory and Front-Line

Managers. In regards to supervision, 68% currently supervise staff. The average length of time (in years) that the participants worked in their current position was 6.36 (SD =5.78), the mean years for the total number of work years was 20.15 (SD = 7.84) and 49% work in a unionized environment.

In terms of organizational information, the business size was also looked at. According to Statistics Canada's definition of business size¹, 78% of participants worked in small business units, 16% in medium businesses and 6% in large business (Statistics Canada, 2005). The average age of the organization (in years) was 43.1 (SD=41.3). Country of ownership was primarily Canadian at 88%, approximately 5% US based and 8% of the ownership was in other countries such as Europe and Asia.

The Cronbach's coefficient alpha, mean and standard deviation were calculated for each for the scales, as well as each component within the scale. As outlined in Table 4, the Cronbach's coefficient alpha was acceptable for transformational leadership at 0.89. The component of idealized consideration was low as a single component but the remaining three elements were well within the acceptable range. The mean score for the transformational leadership measures was high at 4.08 (out of a maximum value of 5). The mean score for each of the individual components of transformational leadership was also well above average and the standard deviation for transformational leadership was low at 0.45. Transactional leadership had a Cronbach's coefficient alpha of .78, although each of the individual components had a low alpha. The mean score for the transactional leadership measure was 2.15 (out of a maximum value of 5) and the standard deviation was also low at 0.54.

¹ Note: Statistics Canada business definition – 0 to 99 small business, 100 to 499 medium business, and 500 plus large.

Table 4: Transformational Leadership (MLQ) Descriptive Statistics

Components	Cron Alpha	Cron Alpha - Combined	Mean	Standard Deviation	Mean - Scale	Standard Deviation - Scale
Idealized Influence	0.80	0.84	3.92	0.53	4.08	0.45
Individualized Consideration	0.65		4.21	0.51		
Inspirational Motivation	0.71		4.24	0.56		
Intellectual Stimulation	0.71		4.18	0.51		
Transactional		0.78			2.15	0.54
Laissez-Faire	0.42		1.78	0.59		
Management by Exception - Active	0.76		2.64	0.80		
Management by Exception - Passive	0.69		2.03	0.70		

For the servant leadership scale, the Cronbach's coefficient alpha was high at 0.92. Each of the individual components was also high, ranging from 0.75 to 0.87. The mean score was 5.72 (out of maximum value of 7) and the standard deviation was low at 0.59. Table 5 outlines additional information on the Cronbach's coefficient alpha, mean and standard deviation for the servant leadership model.

Table 5: Servant Leadership Descriptive Statistics

Components	Cron Alpha	Cron Alpha - Combined	Mean	Standard Deviation	Mean - Scale	Standard Deviation - Scale
Emotional Healing	0.83	0.92	6.02	0.74	5.72	0.59
Creating value for the community	0.87		5.67	1.05		
Conceptual Skills	0.78		6.02	0.69		
Empowering	0.75		5.41	0.84		
Helping Subordinates grow and succeed	0.87		5.94	0.79		
Putting subordinates first	0.85		4.90	1.13		
Behaving ethically	0.81		6.10	0.75		

For authentic leadership, the overall scale had a high Cronbach's coefficient alpha of 0.84. However, the individual factors did not meet the level of confidence. The

mean score for the ALQ was high at 4.20 (out of a maximum value of 5). The standard deviation was low at 0.54. The results for each of the separate components are outlined in Table 6.

Table 6: Authentic Leadership (ALQ) Descriptive Statistics

Components	Cron Alpha	Cron Alpha - Combined	Mean	Standard Deviation	Mean - Scale	Standard Deviation - Scale
Transparency	0.59	0.84	4.12	0.43	4.20	0.54
Moral/Ethic	0.76		4.21	0.61		
Bal Processing	0.56		4.20	0.54		
Self Aware	0.72		3.94	0.51		

For the ethical leadership scale, the Cronbach's coefficient alpha was high at 0.89, the mean for the scale was 6.30 (out of a maximum value of 7) and the standard deviation was .60. The complete results are outlined in Table 7.

Table 7: Ethical Leadership Descriptive Statistics

Components	Cron Alpha	Cron Alpha - Combined	Mean	Standard Deviation	Mean - Scale	Standard Deviation - Scale
Ethical Leadership	0.89	N/A	N/A	6.30	0.60	

Overall, the Cronbach's coefficient alpha was acceptable for all scales with the exception of the authentic leadership. Two of the individual components of authentic leadership were within the acceptable range. The two highest mean scores were on the authentic and servant leadership scales and the transformational leadership scale had the lowest standard deviation.

Findings

Simple correlations were run to examine the associations among factors of the three theoretical frameworks with transformational leadership's idealized influence factor. Table 8 provides the items in each of the leadership models relating to ethical and moral behavior for the purpose of this analysis.

Table 8: Leadership Model – Ethical Factor Items

Transformational Leadership	Servant Leadership	Authentic Leadership	Ethical Leadership
I talk about my most important values and beliefs.	My manager holds high ethical standards.	Demonstrate beliefs that are consistent with actions.	Listens to what employees have to say.
I instill pride in others for being associated with me.	My manager is always honest.	Make decisions based on my core values.	Disciplines employees who violate ethical standards.
I specify the importance of having a strong sense of purpose.	My manager would not compromise ethical principles in order to achieve success.	Ask you to take positions that support your core values.	Conducts his/her personal life in an ethical manner.
I go beyond self-interest for the good of the group.	My manager values honesty more than profits.	Make difficult decisions based on high standards of ethical conduct.	Has the best interests of employees in mind.
I act in ways that build others' respect for me.			Makes fair and balanced decisions.
I consider the moral and ethical consequences of decisions.			Can be trusted.
I display a sense of power and confidence.			Discusses business ethics or values with employees.
I emphasize the importance of having a collective sense of mission.			Sets an example of how to do things the right way in terms of ethics.
			Defines success not just by results but also the way that they are obtained.
			When making decisions, asks "what is the right thing to do?"

Initial analysis was conducted to examine associations between ‘idealized influence’ and each of the three factors, authentic Leadership’s ‘internalized moral perspective’, ethical leadership, and servant leadership’s ‘behaving ethically’. The full idealized influence factor was significant ($p < .01$) with authentic leadership’s ‘moral and ethical behavior’ and ethical leadership, and a significance at $p < .05$ for servant leadership’s ‘behaving ethically’ (see Table 9).

Table 9: Idealized Influence Correlations

		Correlations			
		MLQII8	ALQME4	EL10	SLBE4
MLQII8	Pearson Correlation	1	.305**	.448**	.250*
	Sig. (2-tailed)		.004	.000	.023
ALQME4	N	85	85	84	83
	Pearson Correlation	.305**	1	.515**	.387**
EL10	Sig. (2-tailed)	.004		.000	.000
	N	85	88	87	86
SLBE4	Pearson Correlation	.448**	.515**	1	.702**
	Sig. (2-tailed)	.000	.000		.000
	N	84	87	87	85
	Pearson Correlation	.250*	.387**	.702**	1
	Sig. (2-tailed)	.023	.000	.000	
	N	83	86	85	86

**. Correlation is significant at the 0.01 level (2-tailed).

*. Correlation is significant at the 0.05 level (2-tailed).

To more fully examine the dimensions of TL’s ‘idealized influence’, a factor analysis was conducted (see Table 10). The extraction revealed two subcomponents. An eigenvalue cut off factor of .5 was used to determine inclusion in the factor components.

Table 10: Idealized Influence Factor Analysis

	Rotated Component Matrix ^a		
	Component	1	2
I talk about my most important values and beliefs		.746	.164
I instill pride in others for being associated with me		.443	.554
I specify the importance of having a strong sense of purpose		.620	.297
I go beyond self-interest for the good of the group		.606	.311
I act in ways that build others' respect for me		.099	.875
I consider the moral and ethical consequences of decisions		.182	.845
I display a sense of power and confidence		.692	-.034
I emphasize the importance of having a collective sense of mission		.686	.243

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization.

a. Rotation converged in 3 iterations.

Correlation analysis was conducted with each of the two factors. Factor 1 revealed that significance went from $p < .01$ for the association with ethical leadership to $p < .05$ and ALQ's 'moral and ethical behavior' stayed at significance at $p < .01$. However, SL's 'behaving ethically' was not significant with this subcomponent (Table 10).

Table 11: Idealized Influence Sub Component (FACTOR 1)

		Correlations			
		CharF1	ALQME4	EL10	SLBE4
CharF1	Pearson Correlation	1	.220*	.356**	.201
	Sig. (2-tailed)		.042	.001	.067
ALQME4	N	86	86	85	84
	Pearson Correlation	.220*	1	.515**	.387**
EL10	Sig. (2-tailed)	.042		.000	.000
	N	86	88	87	86
SLBE4	Pearson Correlation	.356**	.515**	1	.702**
	Sig. (2-tailed)	.001	.000		.000
	N	85	87	87	85
	Pearson Correlation	.201	.387**	.702**	1
	N	84	86	85	86

*. Correlation is significant at the 0.05 level (2-tailed).

**. Correlation is significant at the 0.01 level (2-tailed).

Correlation analysis was also conducted with TL's 'idealized influence' subcomponent Factor 2 (Table 11). This analysis revealed significance with all three theories ethical factors, ALQ 'moral and ethical behavior' and ethical leadership at $p < .01$ and SL's 'behaving ethically' at $p < .05$.

A note of interest about the TL's 'idealized influence' subcomponent is the loading of the item "I display a sense of power and confidence" was negatively loaded to the second subcomponent factor. This item may indicate one area of issue as it relates to charisma and, specifically, charisma as either virtuous or villainous.

Table 12: Idealized Influence Sub Component (FACTOR 2)

		Correlations			
		CharF2	ALQME4	EL10	SLBE4
CharF2	Pearson Correlation	1	.338 ^{**}	.429 ^{**}	.237 [*]
	Sig. (2-tailed)		.001	.000	.029
ALQME4	N	87	87	86	85
	Pearson Correlation	.338 ^{**}	1	.515 ^{**}	.387 ^{**}
EL10	Sig. (2-tailed)	.001		.000	.000
	N	87	88	87	86
SLBE4	Pearson Correlation	.429 ^{**}	.515 ^{**}	1	.702 ^{**}
	Sig. (2-tailed)	.000	.000		.000
	N	86	87	87	85
	Pearson Correlation	.237 [*]	.387 ^{**}	.702 ^{**}	1
	Sig. (2-tailed)	.029	.000	.000	
	N	85	86	85	86

**. Correlation is significant at the 0.01 level (2-tailed).

*. Correlation is significant at the 0.05 level (2-tailed).

CHAPTER 5: DISCUSSION AND CONCLUSION

The purpose of this study was to examine the associations between the transformational leadership factor of ‘idealized influence’ or ‘charisma’ with seminal leadership theoretical frameworks that have factors measuring ethical behavior (ethical, servant, and authentic leadership). In this chapter, a summary and discussion about the study findings and implications is provided along with an overview of the study limitations and considerations for future research.

Summary of Study Findings

The overall findings from this study suggest that transformational leadership does have an ethical component. The analysis was twofold, the first part examined the internal consistency or reliability of each of the leadership scales. Correlation analysis was then used to examine associations between the TL’s ‘idealized influence’ and the ethical components of each of the different leadership models (ethical, servant and authentic). In terms of reliability, the results indicated that both the ethical and servant leadership scales have strong internal consistency. However, the authentic leadership model did not meet the acceptable level of internal consistency. The failure of the authentic leadership scale could be due to a number of factors, for example, a relatively small sample size was used in this study and the scale itself is a relatively new instrument that requires more empirical testing. Additional research could look at replicating this study and confirming the findings.

Even though the authentic scale did not demonstrate internal consistency, when you look at the four dimensions being measured within the scale, there are a few notes of

interest. Two components, ‘internalized moral perspective’ and ‘self-awareness’, were within the acceptable range for internal consistency while ‘relational transparency’ and ‘balanced processing’ were not. Given that the ‘internalized moral perspective’ and ‘self awareness’ attributes are accounted for in other leadership models/scales, the only thing new or different that is being presented within the authentic leadership model is the components of ‘balanced processing’ and the ‘self awareness’ which did not work. This calls into question the added value this model brings to the leadership realm.

The second part of the analysis included examining the associations among the ‘ethical’ components of the various leadership models with transformational leadership’s factor of ‘idealized influence’ (or charisma). It was hypothesized that transformational leadership’s idealized influence component would have a positive relationship with the ethical leadership scale, the servant leadership scale, and authentic leadership component of internalized moral perspective. The analysis showed a positive relationship existed for all three instances (therefore, showing support for all three of the hypothesis). These finding suggest that transformational leadership does account for ethics.

Since its conceptualization, the debate as to whether transformational leadership adequately accounts for ethics has existed. Bass, one of the main contributors to the TL theory, has indicated for many years that the component of idealized influence does not necessarily mean that the leader is ethical – and even went a step further to differentiate between the pseudo-transformational and authentic transformational leader (Bass & Steidlmeier, 1999). The idea that a major consideration is missing (such as ethics) from a mainstream leadership theory is not an impossible notion; a very real gap existed back in

the 1960s when leadership models were devoid of gender considerations. However, the results of this research suggest that this is not the case for TL.

While an ethical dimension does seem to exist within TL, the question still remains around how to ensure, as Bass suggests, ‘that the leader is ethical’. More research is needed around the effectiveness of the ‘ethical’ component within TL and how best to measure a leader’s ethical grounding in general. In relation to this, a couple of interesting items were identified in the findings. First, the fact that two factors were identified within ‘idealized influence’ may suggest that this component could be further refined and potentially split. This could potentially mean the creation of a fifth component of transformational leadership (for example, ‘Integrity and Ethics’). More research is required to confirm this potential division/addition. Secondly, the fact that within the ‘idealized influence’ one of the questions posed in the MLQ “I display a sense of power and confidence” negatively loaded with the second factor identified. This could suggest that there is an issue with how this question fits with the other attributes being measured in this component. Getting back to Bass’s point around ‘personal power’ and the negative impacts this can have if a leader is not ethically grounded. Perhaps the ‘charismatic’ piece and the ‘ethical’ piece of ‘idealized influence’ need to be considered separately. The results of this study warrant further examination of the second factor identified within ‘idealized influence’ to confirm if the transformational leadership model can be further enhanced to meet the ethical needs of today.

Again, the findings of this study support an ethical dimension within the transformational leadership model; however, the findings do not provide any insight into how effectively ethics is being measure. The findings also prompt a question regarding

the value that the ‘charisma’ piece of the ‘idealized influence’ component lends to the transformational leadership framework. This highlights a much larger question regarding the value placed on charisma and the misconception that in order to effectively lead, you need to be ‘charismatic’. As seen in some of the other models reviewed, charisma is not the only attribute necessary to inspire followers to emulate leaders’ actions (Avolio, & Gardner, 2005). Future research should examine the ‘idealized influence’ and the need for ‘charisma’ in TL. Perhaps the goal should be to make a more holistic model by enhancing the ethical component.

Research Implications

This study adds to the growing body of research focused on transformational gaps, as it relates to ethics. The knowledge gained from this study will assist in the development of a more comprehensive transformational leadership model in future. This study will also provide additional insight into the relationships and correlations between transformational, ethical, servant and authentic leadership models.

From a practitioner's perspective, this research provides a number of valuable insights. Given the increasing number of ethical concerns in leadership (Brown, Treviño, & Harrison, 2005), it is critical for organizations to understand how to effectively measure ethics. Through this research, we were able to provide support that transformational leadership contains an ethical dimension; however the effectiveness still needs to be considered. Organizations using this model need to understand the strengths and potential weakness associated with the TL model so they can make informed decisions regarding its application and use. All of this information provides insight on

training dimensions that will help to make leadership preparation, education, and recruitment of effective, ethical leaders more complete.

Limitations and Future Research

There are a number of strengths and limitations associated with this research that must be taken into consideration when interpreting the results of the studies. First and foremost, this was a case study and is therefore not generalizable. The sample used for this study presented another limitation as respondents were all recruited from a single University (and a single program – EMBA) thereby again raising the issue of generalizability. While the sample did represent a group with leadership roles, future research should look at expanding the scope to larger groups, different geographical areas, cultures, and industries. In addition, participants in the study self-rated their own leadership behavior and style. Although this approach provides data to evaluate correlations, self-reported leadership measures may not be as accurate as follower's perceptions of the leaders. Research could also expand the scope of this work to look at what (if any) contextual influences may impact the ethical grounding of the leader.

Even though the results may not be generalizable, the research does provide insights that should encourage future research in this area. Additional case studies examining the ethical gap in transformational leadership (and what existing leadership models can offer in terms of ethics) would help to create the empirical support needed to continue to enhance the TL model. Given the data was collected using single-source self-reported questionnaires (which may create common method bias), future research could include controlled tests to confirm the results found in this study. In addition, future research could also look at the results of altering the MLQ, that is, replacing the question

within ‘idealized influence’ that pertain to power with a more ethically focused question, and validating the effectiveness of this change. While measuring ethics effectively is one thing, getting to the root of the ethical issues is another. This research examined the associations between the various models in terms of ethics; it does not address the cause of the ethical issues. Future research needs to also turn its attention to examining the root cause of the increase in unethical conduct being displayed in our business community today.

Conclusions

In conclusion, this study provides support that an ethical dimension does exist within the transformational leadership model. However, the results also generate some questions regarding the effectiveness of the measure and whether another component may be required within TL. Future research needs to consider how effectively ‘ethics’ is being measured within TL and if there are ways to enhance it. The very concept of ‘charisma’ within ‘idealized influence’ needs to be examined to determine what value it adds to the model. Given TL’s prevalence in the business community today, and the increasing number of ethics issues surfacing, more research is needed to ensure the TL model adequately meets the ethical challenges of today’s business environment.

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Appendix A: Letter of Consent and Survey

Dear Participant,

I am a graduate student in the Executive Master of Business Administration program at the University of Prince Edward Island. As part of my Executive MBA, I am conducting research under the supervision of Dr. Wendy Carroll from the UPEI School of Business. We are inviting UPEI EMBA to participate in our study. The purpose of this research is to examine the overlays and gaps that exist between a number of these different theories - transformational, authentic, servant and ethical leadership models.

Your participation in this study would be appreciated. We anticipate that the survey should take approximately 15 -20 minutes to complete. Your participation is completely voluntary and you may choose not to answer one or all of the survey questions. By completing this survey, there are no risks to you the respondent.

All information obtained in this study will be kept strictly confidential and anonymous. The data collected from this study will be maintained on a secure server that only I and my academic advisor, Dr. Wendy Carroll, will have access to via password protection.

If you have any questions, please contact Kim Knox-Kerwin at (902) 368-3004 or email kjknox@gov.pe.ca. Dr. Wendy Carroll can be contacted at (902) 620-5215 or email wcarroll@upei.ca.

This research has been approved under the authority of the University of Prince Edward Island's Research Ethics Board. You understand that you can contact the UPEI Research Ethics Board at (902) 566-0637, or by emailing Lynn MacDonald at LynMacDonald@upei.ca. if you have any concerns about the ethical conduct of this study. I am not receiving any direct or indirect benefits from this research.

By clicking on "Next" below, you are indicating that you fully understand the above information and agree to participate in this study. If you wish to retain a copy of this consent form, please print off a copy prior to hitting the "Next" button.

SECTION 1: Introduction

We would like to learn more about your leadership style, in the following four sections you will be asked to provide information regarding your leadership style using four different leadership instruments. By completing these different measures, you will provide insight in commonalities and differences between the various leadership models. It is not required that you directly lead people in order to complete this survey – as leadership happens both directly and indirectly every day. This initial section will look at your leadership style as it relates to authenticity.

The following survey items refer to your leadership style, as you perceive it. Please judge how frequently each statement fits your leadership style using the following 5 point scale:

List of Questions could not be included. The Authentic Leadership Questionnaire was purchased through MindGarden. Copyright © 2007 Authentic Leadership Questionnaire (ALQ) by Bruce J. Avolio, William L. Gardner, & Fred O. Walumbwa. All rights reserved in all medium. Distributed by Mind Garden, Inc. www.mindgarden.com.

SECTION 2: Ethical Leadership

In this second section, please tell us about your leadership style as it pertains to ethical leadership.

The following survey items refer to your leadership style, as you perceive it. Please judge how likely each statement is to fit your leadership style using the following 7 point scale:

Highly Unlikely	Somewh at Unlikely	Unlikely	Not Sure	Likely	Somewhat likely	Highly Likely
1	2	3	4	5	6	7

As a leader I...

1. listen to what employees have to say
2. discipline employees who violate ethical standards
3. conduct my personal life in an ethical manner
4. have the best interests of employees in mind
5. make fair and balanced decisions
6. can be trusted
7. discuss business ethics or values with employees
8. set an example of how to do things the right way in terms of ethics
9. defines success not just by results but also the way that they are obtained
10. When making decisions, ask “what is the right thing to do?”

SECTION 3: Servant Leadership

In this section, please tell us about your leadership style as it relates to servant leadership characteristics. Using the following 7-point scale, please choose the value that represents your level of agreement or disagreement with the following statement:

Strongly Disagree	Disagree	Disagree Somewhat	Undecided	Agree Somewhat	Agree	Strongly Agree
1	2	3	4	5	6	7

1. My staff would seek help from me if they had a personal problem.
2. I care about my staff's personal well-being.
3. I take time to talk to my staff on a personal level.
4. I can recognize when members of my staff are down without asking them.
5. I emphasize the importance of giving back to the community.
6. I am always interested in helping people in our community.
7. I am involved in community activities.
8. I encourage staff to volunteer in the community.
9. I can tell if something is going wrong.
10. I am able to effectively think through complex problems.
11. I have a thorough understanding of our organization and its goals.
12. I can solve work problems with new or creative ideas.
13. I give staff the responsibility to make important decisions about their jobs.
14. I encourage staff to handle important work decisions on their own.
15. I give staff the freedom to handle difficult situations in the way that they feel is best.
16. When staff have to make an important decisions at work, they do not have to consult me first.
17. I make the career development of my staff a priority.
18. I am interested in making sure that staff achieve their career goals.
19. I provide staff with work experiences that enable them to develop new skills.
20. I want to know about my staff's career goals.
21. I care more about my staff's success than my own.
22. I put my staff's best interests ahead of my own.
23. I sacrifice my own interests to meet the needs of my staff.
24. I do what I can to make my staff's job easier.
25. I hold high ethical standards.
26. I am always honest.
27. I would not compromise ethical principles in order to achieve success.
28. I value honesty more than profits.

SECTION 4: Transformational Leadership

In this section please tell us about your leadership style as it pertains to transformational leadership.

There are forty-five descriptive statements listed below, please judge how frequently each statement fits you using the following 5-point scale.

The word “others” may mean your peers, clients, direct reports, supervisors, and/or all of these individuals.

List of Questions could not be included. The Multi Factor Leadership Questionnaire (MLQ) was purchased through MindGarden. © 1995 Bruce Avolio and Bernard Bass. All Rights Reserved. Published by Mind Garden, Inc., www.mindgarden.com

SECTION 5: Demographic Characteristics

This last set of questions is important to give us a sense of who is completing the survey. No attempt will be made to identify individual responses:

1. What is your Sex?

- Male
- Female

2. What is your Age? (In years, whole numbers only please)

Free Text

3. What is your highest level of education received?

- Some Grade School
- Graduated Grade School
- Some High School
- High School Equivalency
- Graduated High School
- Some Community College / Technical College / CEGEP
- Graduated Community College / Technical College / CEGEP
- Some University
- Graduated University
- Some Post Graduate University
- Graduated Post Graduate University
- Other / Not Sure
- Don't Know
- Refused

4. What is your total number of years working? (In years, whole numbers only please)

Free text

5. What is your current role within the organization?

- Top Level Management (VP, CEO, CFO, etc.)
- Middle Level Management (General Manager, Director, etc.)
- Low Level Management (Supervisory, Front-Line Managers, etc.)
- Other (please specify)

6. How long have you worked in your current position? (In years, whole numbers only please)

Free text

7. Do you currently supervise people?

- Yes
- No

Please provide the following information regarding the organization in which you work:

8. What Industry are you in?
(Types of industries/organizations)

9. What is the size of your business unit or department?
Free Text

10. What is the age of your organization?
Free Text

11. Is your organization unionized?
 Yes
 No

12. What is the organization's country of ownership?
 Canada
 USA
 Other (please specify)

Appendix B: REB Certificate

June 22nd, 2012

To: Kimberly Knox cc. Wendy Carroll, Don Wagner

Kim,

The application has been reviewed and approved under the authority of the University of Prince Edward Island's Research Ethics Board.

Please let us know if the study changes significantly.

Thank you,

Reuben

Reuben Domike, Ph.D. Chair, School of Business, Departmental Research Ethics Committee