

# Impact of Leader Values and Transformational Leadership on Followers

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## Abstract

The relationships between spirituality, values, and transformational leadership of managers and performance and organisational identification of subordinates were studied using a sample of 101 manager-subordinate dyads from a multinational bank in India. Managers answered questions on their own spirituality and values, and on their subordinates' task and contextual performance, subordinates answered questions on their manager's transformational leadership and on their own organisational identification, and performance ratings of subordinates were obtained from the organisation's official records. Results of regression analyses show that transformational leadership is positively related to self-transcendence values and spiritual beliefs of managers and this relationship is enhanced by self-enhancement values. The results demonstrate that both self-oriented as well as other-oriented drives interact synergistically. Transformational leadership is also positively related to subordinates' contextual, task and actual ratings of performance, and organisational identification. The implications of the findings for understanding the importance of and for developing transformational leadership are discussed.

**Keyword:** Identity, Performance, Spirituality, Transformational Leadership, Values.

1978). They empower followers and influence their commitment towards the shared objectives of the group (Bass, 1985). Bass (p. 31) suggested that employees could rise above their own self-interests and put in extra effort to achieve the organisation's mission and that the transformational leaders could elicit this extraordinary performance. House, Spangler, & Woycke (1991) found that US presidents who were high on need for power and inhibition were rated as more charismatic. Fu, Tsui, Liu, & Li (2010) found that CEOs' values enhanced or attenuated the effect of transformational leadership on followers, depending on followers' reactions to the congruence or incongruence between leaders' internal values and their outward transformational behaviours. Leader beliefs (expressed as values and spirituality) form a crucial aspect of transformational leadership as they form the very core of personality and provide the most enduring picture of an individual (Posner, 2010). Phipps (2011) described how the personal spiritual beliefs of a leader operate in decision making like a schema to filter and frame information. Therefore, in order to improve the understanding of transformational leadership, we need to study leaders' belief systems. However, empirical investigations on the relationship between them are few (Bass & Steidlmeier, 1999). We report here a study of the relationship between manager values, spirituality, and leadership (Walter, & Bruch, 2009) and their impact on followers' organisational identification and performance.

## Values

Beliefs could be of three types; (a) descriptive or existential beliefs-those capable of being true or false, (b) prescriptive or proscriptive belief-wherein some means or

## Introduction

Transformational leaders are those who appeal to the higher-level needs and moral values of followers (Burns,

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end of action is judged to be desirable or undesirable, and (c) evaluative beliefs-wherein the object of belief is judged to be good or bad (Rokeach, 1973). While, spirituality comes under the first type (descriptive or existential), values come under the second type (prescriptive or proscriptive).

Rokeach (1979: 49) defined value as ‘an enduring belief that a specific mode of conduct or end-state of existence is personally or socially preferable to an opposite or converse mode of conduct or end-state of existence’. Using the model of human values that Rokeach had developed, Schwartz (1992) developed a more comprehensive theory about the content and structure of value domains. He also found that some value types were complimentary to each other, while others were in conflict.

### Transformational Leadership and Values

In Schwartz’s (1992) model, the opposing and compatible value types yield an integrated structure consisting of two bipolar value dimensions. These higher order dimensions are ‘openness to change’ vs. ‘conservatism’ and ‘self-transcendence’ vs. ‘self-enhancement.’ The defining goal of openness to change is need for variety that allows for independent thought and action. Transformational leaders advocate change and question the status quo; but they also help in creation of boundaries and sense-making. Both are essential aspects of transformational leadership. Therefore, the higher order dimensions of openness to change and conservatism may not have any significant relationship with transformational leadership.

The third higher order dimension called self-transcendence combines universalism and benevolence value types. They are motivated by the need to be of service to others. Such individuals are helpful, loyal, honest, understanding, appreciative, and are high on tolerance. Roccas (2003) found that individuals high on self-transcendence tend to identify strongly with all groups, irrespective of the group’s social status. It represents a preference for social justice and tolerance. Krishnan (2001b) showed that transformational leaders gave higher priority to collectivistic values such as ‘world at peace’ as compared to values that bring personal benefits. The CEO study by Hood (2003) also showed that transformational leaders were high on social values such as ‘broad-mindedness’. Sosik (2005) also found a positive relationship between self-transcendence and transformational leadership.

Therefore, we hypothesized:

*Hypothesis 1:* Transformational leadership is positively related to self-transcendence values.

The fourth higher order dimension called self-enhancement combines power, achievement and hedonism values. Individuals who give high importance to self-enhancement will be more motivated to attain higher social status, and have control over people and resources (Schwartz & Sagiv, 1995). Such individuals would want to excel in comparison to others. They are likely to hold positions of authority and control others so as to lead them towards some collective goal (McClelland, 1985).

Krishnan (2001b) found that transformational leaders generally do not give importance to values that give merely personal mileage. According to House *et al.* (1991), transformational leaders have high inhibition (self-control) as well as high need for power. According to McClelland’s (1985) model of human interactions, managers’ value systems are inherently conflict-ridden. Both inhibition and power-seeking values reflect the essence of leadership (House *et al.*, 1991). They would be considered socialised transformational leaders as long as they pursued the collectivistic goals (Howell & Shamir, 2005). Therefore, we hypothesized:

*Hypothesis 2:* Self-enhancement values will moderate the relationship between transformational leadership and self-transcendence values, such that the relationship between transformational leadership and self-transcendence values would be stronger for managers who give higher ratings to self-enhancement values, than for those who give lower ratings to self-enhancement values.

### Spirituality

A factor that affects the thought process of individuals is how they view themselves vis-à-vis other human beings. Spirituality is the belief in one’s own spiritual nature (Krishnan, 2001a). Rokeach (1968: 5) described existential beliefs as those that directly concern one’s own existence and identity. Spirituality belongs to this category.

An interesting aspect of Schwartz’s (1992) value theory is that he had initially started the study of values with 11 value domains out of which only 10 remained in the final model. Spirituality was the eleventh factor that was

eventually dropped. Schwartz found that in 17 (out of 40) countries, spirituality emerged as a significant value domain. However, Schwartz did not add spirituality in his final list, since his study did not reveal spirituality as a universal value type, because; (a) its operationalisation is very culture dependent; or (b) it might be a more basic motivator than the other ten value types; or (c) because spirituality gets expressed through other types of values. Thus, in this study, we included spirituality, in order to capture the complete model of beliefs.

### Transformational Leadership and Spirituality

McKee, Driscoll, Kelloway, & Kelley (2011) found that the effects of transformational leadership on measures of employees' mental and spiritual well-being were fully mediated by workplace spirituality. Transformational leaders become social architects as they go about shaping the values, norms and shared meaning of the organisation, because of which, the members of the organisation develop a sense of community and spirit of co-operation (Shamir *et al.*, 1993; Conger *et al.*, 2000). The transformational behaviours could develop because of spirituality. Thus, we hypothesized:

*Hypothesis 3:* Spirituality is positively related to transformational leadership.

### Spirituality and Values

Schwartz (1992) found a positive relationship between spirituality and the higher order dimension of conservatism, since these value types promote subordination of self in favour of socially-imposed expectations. The relationship between values falling under self-transcendence and spirituality will be positive, since all of them are concerned with higher moral values, oneness and connectedness amongst all beings. Thus, we hypothesized:

*Hypothesis 4:* Spirituality is positively related to conservatism and self-transcendence values.

*Hypothesis 5:* Self-enhancement values moderate the relationship between spirituality and transformational leadership, such that the relationship between transformational leadership and spirituality is stronger for managers who give higher ratings to self-enhancement values, than for those who give lower ratings to self-enhancement values.

### Organisational Identification

Shamir *et al.* (1993) identified follower's self-concept as an important variable that gets engaged through transformational leadership. Individuals have a collective awareness of themselves as belonging to various groups, and sharing a common identity (Ashforth & Mael, 1989). They derive their self-identity from the organisations they belong to (Mael & Ashforth, 1995). This perceptual state has been referred to as organisational identification.

According to Ashforth & Mael (1989), organisational identification is a critical construct that affects both the satisfaction of the individual and the effectiveness of the organisation. Feather & Rauter (2004) found that when employees were high on organisational identification, they displayed more organisational citizenship behaviours. Organisational identification has been linked to greater employee compliance, lower attrition, and an increase in behaviours congruent with the organisation's values (Pratt, 1998). Leaders who can raise followers' identification with the organisation are likely to increase followers' commitment and willingness to contribute to organisational objectives (Shamir, Zakay, Breinen & Popper, 1998).

### Organisational Identification and Transformational Leadership

Haslam & Platow (2001) found that sensitivity towards values and interests of the group was the primary motivator for members and, that they were all driven more by the collective gain of the group, than by personal gain. Followers of transformational leaders work towards advancing the overall mission of the group rather than their own personal interests (Conger *et al.*, 2000). High group efficacy and cohesion is also a well-documented outcome of transformational leadership (Dvir *et al.*, 2002). Therefore, transformational leadership would have an impact on the followers' self-concept, such that they will tend to define themselves more in terms of their group membership, as compared to their personal attributes. Thus, it was hypothesized:

*Hypothesis 6:* Transformational leadership is positively related to followers' organisational identity.

## Performance

There is a growing appreciation of the multi-dimensionality of individual contributions to organisations, and the model of task and contextual performance was proposed, in order to improve upon the low validity coefficients of existing measures of performance. According to Borman & Motowidlo (1993), task performance refers to patterns of behaviours that are directly involved in producing goods or services that provide support to organisation's core technical processes. In contrast, contextual performance involves behavioural patterns that support the psychological and social contexts of these tasks, and are important for organisational effectiveness. Conway (1996) used multitrait-multirater database and confirmatory factor analysis to support the validity of task and contextual performance as separate domains.

Several studies suggest that there are differences in the variables that predict task vs. contextual performance (Borman, Hanson & Hedge, 1997). Overall, cognitive abilities might be more relevant for predicting task performance, whereas personality variables such as emotionality might be more critical for predicting contextual performance. Many a times, contextual performance has been considered as a synonym for organisational citizenship behaviours and prosocial behaviours (Borman & Motowidlo, 1997; Conway, 1996). Organisations clearly require both task and contextual performance (Kiker & Motowidlo 1999).

## Performance and Transformational Leadership

Studies have established that transformational leadership is related to enhanced followers' performance (Braun, Peus, Weisweiler, & Frey, 2013; Conger *et al.*, 2000). It has been seen that effects of transformational leadership on followers' attitudes and emotional reaction is much stronger than effects on their objective performance (Fuller, Patterson, Hester & Stringer, 1996; Lowe *et al.*, 1996).

Howell & Frost (1989) showed that transformational leaders produced high-quality performance among followers. Transformational leaders have higher-performing followers (Lowe *et al.*, 1996). Howell & Avolio (1993) showed that business unit performance in a financial organisation went up under transformational leaders. Arthur & Hardy (2014) demonstrated through

a field-based quasi-experimental study the effect of a transformational leadership intervention in remediating poor performance. Overall, we can conclude that transformational leaders can improve follower's as well as group's performance. Thus, we hypothesized:

*Hypothesis 7:* Transformational leadership is positively related to follower performance.

## Method

### Sample Characteristics

Data were collected from manager-subordinate dyads of one of the most profitable multinational banks in India. About 95% of the managerial employees from one regional office participated in the study. Only those managers, who had a work experience of at least one year, were included in the study. In addition, only those subordinates, who had spent at least 6 months with the manager and were working directly under the manager, were selected for the survey. If more than one subordinate fulfilled this criterion, then those having longest duration of working with the leader were involved in the study. Management buy-in was ensured before the start of this survey, and the Human Resource Manager of the regional office sent a personal directive to the employees seeking their cooperation for the study. Participation was voluntary, and respondents were assured of complete confidentiality. The questionnaires were collected back by the first author personally.

The usable sample size, after removing those where only the leader or follower had responded, was 202 (101 dyads). The mean age of managers and subordinates was 27.48 and 31.09 years respectively. The mean work experience of managers and subordinates was 5.45 and 8.26 years respectively. Average time spent with the manager was 1.38 years. The percentage of males among the managers and subordinates was 53.5 and 64 respectively. All the instruments were in English and the respondents were at least graduates.

## Measures

### Transformational Leadership

The transformational leadership questionnaire of Singh & Krishnan (2007) was used for this study. Subordinates were asked to rate the frequency with which the manager

displayed the behaviours listed. The scale ranged from 1 (not at all) to 5 (frequently, if not always). A sample item from the scale is “encourages me to solve problems independently.” This scale was preferred because it was considered more suited for the culture in which data were collected.

## Values

The instrument developed by Schwartz (1992) was used for this study. The scale contains 57 items, which describe 10 types of motivational domains. Respondents were asked to rate each value “As a guiding principle in my life,” using the following nine-point scale: of supreme importance (7), very important (6), (unlabeled; 5, 4), important (3), (unlabeled; 2, 1), not important (0), and opposed to my values (-1). Sample items are (a) “Equality (equal opportunity for all)”, (b) “Inner Harmony (at peace with myself).” Each respondent’s total score on all the 57 value items was divided by the total number of items (57). This number was used for centering each of the items for an individual. These centered new scores were used for all analysis. This step is taken to avoid possible error and is based on the assumption that individuals and cultural groups differ in their use of the response scale (Lee & Soutar, 2010). The standard index for computing the 10 value types was based on the recommendations by Schwartz (2004).

## Spirituality

The Cognitive-Behavioral Spirituality Scale (CBSS) of Niederman (1999) was used for measuring spirituality. The CBSS measures the intensity of beliefs along the following three dimensions: (a) belief in an Ultimate Reality (a ‘spirit that exists everywhere’), (b) belief in a spiritual self (that part of one’s self that is non-material (spirit) and eternal), and (c) connective relationship (a belief in a connective relationship between the self and the Ultimate Reality). This measure had the following advantage over other scales. It had been developed after a qualitative study that incorporated the eastern (especially Indian) aspects of spirituality. This scale uses a 5-point Likert-type scale ranging from strongly disagree (1) to strongly agree (5). A sample item from the scale is, “I believe in a spirit that exists everywhere.”

## Organisational Identification

We used a visual report in the form of a Venn diagram to measure organisational identification (Kark *et al.*, 2003). The graphic item assesses the degree of cognitive overlap in attributes that an individual uses to define his or her self and the organisation. According to Kark *et al.* (2003), an individual’s response to these cognitively-oriented items provides a more reliable, valid, and conservative measure of organisational identification than indexes that rely only on affective assessments.

## Performance

Performance was measured along two dimensions—task and contextual performance. Task performance was measured using the 3-item scale developed by Motowidlo & van Scotter (1994) for assessing overall performance. The HR head of the regional office was shown the items before administering the questionnaire. A 7-point Likert scale ranging from 1 to 7 was used. A sample item from the questionnaire is, “Performs at a low level compared with others of the same rank.” Contextual performance was measured using the 16-item scale developed by Motowidlo & van Scotter (1994). Managers were asked to rate the pre-identified subordinate on a 5-point Likert scale ranging from “not at all likely” (1) to “extremely likely” (5). The third measure was the actual rating of performance given to the subordinates (SR) by the company. The performance appraisal for the subordinates had been completed just before we collected data. The HR department directly shared the performance ratings with us.

## Results

The correlations between all the variables, their mean, standard deviation, and reliability scores have been given in Table 1. Self-transcendence was significantly positively related to transformational leadership, supporting Hypothesis 1.

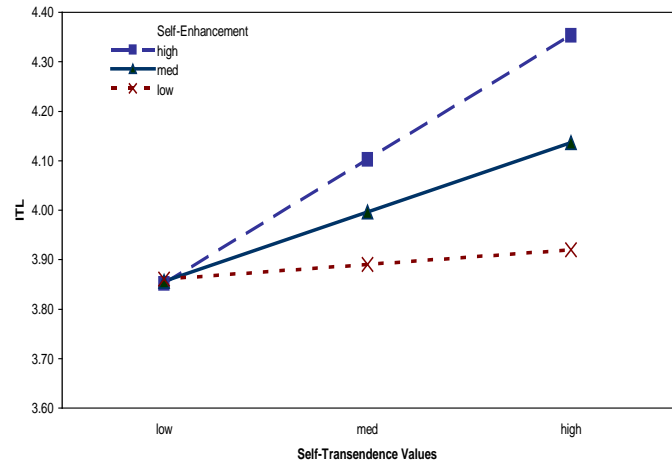
To test the moderation hypotheses, the suggestions given by Cohen *et al.* (2003) were followed (Hypothesis 2). The product term was mean-centered before it was entered in the model. Since individual scale-responding bias had already been accounted for while computing the mean scores for values, centering was not done for creating the

product term for values. Results showed that when the product term was entered, it attained significance, though the main effect of self-transcendence values also remained moderately significant. A simple slope analysis revealed that this relationship was significant at high (1 SD above mean) [ $\beta = .56, p < .01$ ] and medium (at mean) [ $\beta = .33, p < .07$ ] levels, but not at low levels (1 SD below mean) [ $\beta = .45, p < .69$ ] of self-enhancement values. This has been graphically depicted in Fig. 1 and the regression results have been shown in Table 2.

As can be seen from Table 1, Hypotheses 3 and 4 were supported. Spirituality was significantly related to transformational leadership, self-transcendence and conservatism. Spirituality was mean centered (i.e., by subtracting the mean from each score) before testing for Hypothesis 5 and the results showed moderate support at .1 level. The results have been presented in Table 2. Results from the simple slope analysis showed that when self-enhancement values were high, (1 SD above mean) [ $\beta = .45, p = .001$ ] leader spirituality had a positive relationship with transformational leadership (Fig. 2). On the other hand, when self-enhancement was medium (at mean), [ $\beta = .13, p = n. s.$ ] and low (1 SD below the mean) [ $\beta = -.18, p = n. s.$ ], the relationship between leader spirituality and transformational leadership was not significant.

High level of Self-Enhancement  $\beta = .56, p < .01$ ; Medium level of Self-Enhancement  $\beta = .33, p < .07$ ; Low level of Self-Enhancement  $\beta = .45, p < .69$ ; TL = Transformational Leadership.

**Fig. 1: Moderating Effect of Self-Enhancement between Self-Transcendence and TL**



† =  $p < .10$ . \* =  $p < 0.05$ . \*\* =  $p < 0.01$ . \*\*\* =  $p < 0.001$ . Alphas are in parentheses along the diagonal.

SS = Spirituality; TL = Transformational Leadership; CP = Contextual Performance; TP = Task Performance; OID = Organisational Identification; SR = Subordinate’s Rating; SEHA = Self-Enhancement; STRA = Self-Transcendence; OCHA = Openness to Change; CONS = Conservatism.

† =  $p < .10$ . \* =  $p < 0.05$ . \*\* =  $p < 0.01$ . \*\*\* =  $p < 0.001$ .

High level of Self-Enhancement  $\beta = .43, p < .001$ ; Medium level of Self-Enhancement  $\beta = .13, p = n.s.$ ; Low level of Self-Enhancement  $\beta = -.18, p = n.s.$ ; TL = Transformational Leadership.

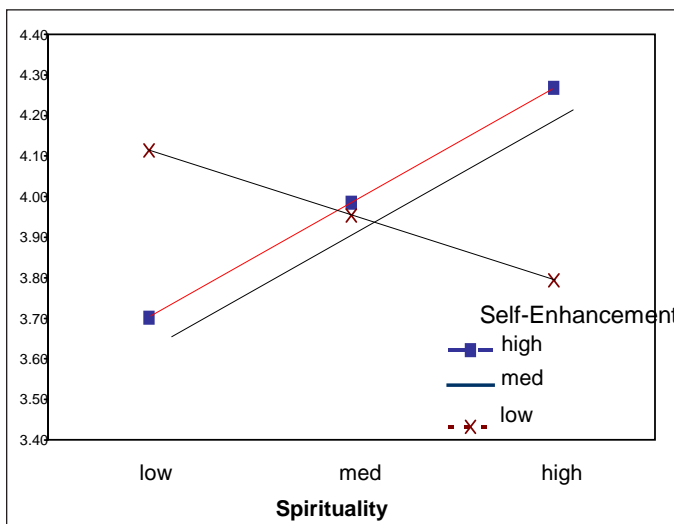
**Table 1: Means, Standard Deviations, and Correlations between Variables**

	M	SD	1	2	3	4	5	6	7	8	9	10
1. SS	3.54	.72	(.86)									
2. TL	3.92	.65	0.16†	(.95)								
3. CP	4.02	.61	.21**	0.45***	(.91)							
4. TP	5.38	1.00	0.10	0.38***	0.65***	(.82)						
5. OID	5.82	1.30	0.19*	0.47***	.17†	0.18†	NA					
6. SR	3.63	.73	0.02	0.18*	0.10	0.19†	.01	NA				
7. SEHA	4.88	.91	-.21*	-0.05	.026**	-0.09	-0.13	-0.01	(.70)			
8. STRA	.511	1.01	0.08	0.18*	0.35**	0.09	0.07†	-0.01	-.68***	(.88)		
9. OCHA	4.95	.97	-0.11	-0.03	-0.21*	0.03	-0.04	0.19*	.23**	-.30***	(.81)	
10. CONS	4.78	1.06	0.21*	0.02	0.22*	0.00	-0.02	0.06	-.45***	0.17†	-.67***	(.85)

**Table 2: Regression Analyses of Transformational Leadership as Dependent Variable**

		$\beta$	<i>t</i>	Step 1		$\beta$	<i>t</i>	Step 2	
				Model $R^2$	Model <i>F</i>			Model $R^2$	Model <i>F</i>
1	Self-Transcendence	.37	1.99*	.20	2.09	.18	1.78†	.27	2.40†
	Self-Enhancement	.11	1.01			.09	.90		
	Self-Transcendence x Self-Enhancement					.30	1.71†		
2	Spirituality	.14	1.55	.16	1.31	.13	1.47	.37	5.01**
	Self-Enhancement	-.01	-.13			.02	.23		
	Spirituality x Self-Enhancement					.39	3.48***		

**Fig. 2: Moderating Effect of Self-Enhancement on Spirituality and TL**



As it can be seen from Table 1, Hypotheses 6 (identity) and 7 (performance) were supported. Hypothesis 7, which states that transformational leadership would be positively related to performance, was supported with all the three measures of performance. As can be seen from Table 1, a significant positive relationship between contextual performance and spirituality and self-transcendence emerged.

Structural equation modeling (SEM) using AMOS 4 was conducted to confirm the findings reported above. As can be seen from the questionnaire design, the number of items used for measuring the variables was large and so the required sample size would have had to be unrealistically high, if one were to use only SEM for hypotheses testing. Thus, SEM was used for confirming the model that had emerged from the regression equations. This approach provides for an examination of the fit of a model on the

sample with consideration of error during the analysis. Because of the relatively large number of parameters being estimated (as compared to the sample size), instead of the raw scores, the means of the variables were taken. Scale values were computed as the mean of the items within each scale. The scale averages served as single indicators for the latent variables being tested. To account and adjust for measurement error in the individual scales, each path from the latent variable to its corresponding indicator variable was set equal to the square root of reliability; the error variance was set equal to the variance of the scale multiplied by one minus the reliability (Jöreskog & Sörbom, 1989). The procedure for testing moderation in SEM and the corresponding path from the two moderating variables to its indicator variable was set according to the formula suggested by Cortina, Chen & Dunlap (2001). The final output has been shown in Fig. 3.

The whole model as well as all the relationships between the variables in the model was significant (except for the direct relationships between self-transcendence and transformational leadership, between self-enhancement and transformational leadership and between spirituality and transformational leadership). The goodness-of-fit indexes reflect a good fit for the hypothesized model ( $\chi^2/df = 1.17$ ; RMR = .04; GFI = .93; AGFI = .88; RMSEA < .04).

( $\chi^2/df = 1.17$ ; RMR = .04; GFI = .93; AGFI = .88; RMSEA < .04)

ST=Self-Transcendence; SE=Self-Enhancement; ST\*SE = Self-Transcendence X Self-Enhancement; SS\*SE = Spirituality X Self-Enhancement. SS = Spirituality; ITL = Transformational Leadership; TP = Task Performance; CP = Contextual Performance; OID = Organisational Identification; SR = Subordinate’s Ratings.



the study is its methodological soundness such as multiple source data.

The present body of knowledge has perhaps become too lopsided in its promotion of altruistic and other-oriented motives of transformational leadership. Sosik (2005) showed that transformational leadership was positively related to self-enhancement values. The differential finding in this study about the moderating role of self-enhancement values implies that both types of drives (self-oriented as well as other-oriented) interact synergistically to give rise to transformational leadership.

The findings with respect to the impact of transformational leadership on both in-role as well as extra-role performance dimensions of subordinates, confirm that leadership appears to have a differential impact on the two. Transformational leadership impacts contextual performance more than task performance. The positive relationship between actual performance ratings and transformational leadership adds more authenticity to relevance of transformational leadership. Though prior studies have investigated the relationship between transformational leadership and performance, the actual performance ratings had not been investigated in most studies before. Moreover, since actual performance ratings are a relative and politicised measure, this relationship assumes more significance. That is to say, even though other factors have a major impact (such as other employees' performance, consideration of financial rewards, guidelines given by the HR department, political implications, etc.) on performance ratings, the emergence of significant relationship could be seen as an indication of the overbearing importance of transformational leadership. Lowe *et al.* (1996) had indicated that most of the studies that investigated the relationship with performance had collected data at the same point in time and were typically from the same source. This study took care of these limitations, and showed that although correlation was significant in both the cases, it was considerably lower when ratings of leadership and performance were collected from different sources as well as when they were collected at different times.

### **Managerial Implications**

Awareness about values and their impact on organisations can be enhanced by conducting regular workshops on value

systems with sessions that emphasize self-transcendence values through exercises that enhance cooperation and group-based activities among team-members. Value-confrontation methodology (Rokeach, 1979) for changing the value-system is an important strategy for successfully aligning the values and behaviours of employees in the organisation. As human beings are essentially social beings, they are affected by the actions of significant others. When the behaviours of important others are repeated often enough and is known to be peer-group positive, others in the group start emulating these actions. When the actions of such significant others are in turn reinforced by employees around them, they become acquired characteristics. Thus, if the top level managers (significant others) start displaying transformational leadership that are drawn from self-transcendence values tempered with self-enhancement values, the others in organisation would also start emulating such behavioural patterns.

The annual performance appraisal system can be made to include value-ratings given to all employees on dimensions related to self-transcendence values. The ratings could be used for developmental purposes or could be used for reward and compensation systems too. Since this study shows a direct relationship between subordinate performance and intensity of managers' self-transcendence values, the inclusion of value-ratings in the annual performance appraisal can be easily justified. Though performance ratings could have a motivated display of 'required' behaviours, self-transcendence values through performance appraisal forms could have positive psychological implications for the managers.

Technology and the devices it provides could be easily used to drive the importance of values being promoted in the organisation. Computer screensavers, desktop wallpapers, intranet write-ups, company website, pop-ups, mailers, etc. could be effective means of priming the appropriate values throughout the organisation. Calendars, desktop items, diaries, pens, coasters, paper holders, office as well as canteen walls, gift items, quote of the day, etc. could also be used for similar purposes. Other social events such as slogan writing, meetings, product launching events, and other such gatherings could also be utilised for recapitulating the desired values of the organisation.

Another form of encouraging the desired values in the organisations is through selection and recruitment. Biodata analysis as well as the paper and pencil tests (after controlling for socially desirable responding) could be used to see how much emphasis the individual gives to self-transcendence values. Values could also be tested by observing displayed behaviours during assessment center exercises such as in-basket exercises, games, etc.

Since spirituality has been defined as a unifying construct that does not deal directly with religion, sessions on meditation and community meetings at the start of the day could make the employees feel comfortable in expressing their spiritual beliefs. The benefits of encouraging spirituality at the workplace have been well documented. Managers also need to be more cognizant of their spiritual beliefs as this study shows that it has a direct bearing on their ability to become transformational leaders. From the organisational point of view, this has important implication as it is related to subordinates' contextual performance.

If the managers' goals and values are in alignment with the organisation's goals and values, transformational leadership becomes the vital link between organisation's goals and values, and employees' commitment to the same. However, as House *et al.* (1991) suggested, leaders themselves may not subscribe to the goals of the organisation and they may be equally likely to induce negative attitudes towards the organisation. Managers should be aware that their personal beliefs could lead to important repercussions for the organisations they work in. Thus, transformational leadership is a strong force that can be harnessed by the organisations for their benefit, and failure to do so could lead to dysfunctional consequences.

Pratt (2003) suggested that 'socialisation' techniques are important means of disseminating identity-related information. Thus, talks, discussions, story telling, cultural artifacts and other such identity media (especially during induction training) could be used effectively for enhancing organisational identification. The identity-based theories propose that the leader enhances organisational identification because they serve as a link between the organisation and the subordinate. Thus, managers should engage in culture building activities (story telling, norm development, etc.) in order to enhance the organisational identification of subordinates.

## Limitations and Directions for Future Research

Even though this study has made some important contributions and has some positive methodological strengths (e.g., multiple data sources) it also has some limitations that could be addressed in future research. First, all participants represented a single organisation; so organisational culture could have influenced the ratings given to values as well as performance dimensions. In addition, managers' ratings of values may have been affected by the values encouraged by the organisations. Thus, future research should test the generalisability of these findings in other organisations. Second, measurement of values is a debatable issue as many authors argue that values could be measured only through ranking methodology (Rokeach, 1968). This study has used the rating method (Lee & Soutar, 2010), and thus it is proposed that future studies should validate the findings of this study through other methods also. Third, the moderating role of self-enhancement values warrants a closer look at the relationship and we need to examine the extent to which self-interest focus of the manager would lead to his or her being perceived as transformational. Fourth, the performance ratings of the subordinates were collected from the managers. Although managers are the most common source of performance ratings, the use of other raters also may be a good idea. Another possible limitation is that conceptual arguments have been used in this paper for establishing causality. It is recommended that future researchers should design a longitudinal research plan for verifying the findings. Finally, future research should be directed at examining how characteristics of the subordinate may influence the transformational leadership relationship. Team-based ratings of the managers might also reveal more findings that are meaningful from the multi-level leadership approach.

## Conclusions

The findings of this paper provide empirical evidence and validate the claim that managers' belief systems impact transformational leadership, which in turn is positively related to subordinates' organisational identification and performance. Studies have shown that other-oriented values are similar to ethical orientations, and that authentic transformational leaders are those who are high on other-

orientedness. On the other hand, leaders who are high on self-interest are categorised as pseudo-transformational (Bass & Steidlmeier, 1999; Howell & Avolio, 1993). The findings of this study show that such categorical differentiation is perhaps too simplistic to say the least; just as transformational leadership is based on a threshold of transactional leadership, self-transcendence values and spirituality are related to transformational leadership only when the leader is also high on self-enhancement values. The findings give credibility to the opening statement in the book by O'Toole (1999) that leadership is meant for the 'appropriately ambitious' people.

The same logic holds for the construct of spirituality. If the person is high on spirituality, but does not pursue success and positions of power as defined by the societal norms, the probability of his or her emerging as a transformational leader is not high. The results indicate that organisational hermits of any types [(a) high on self-transcendence and spirituality or (b) merely interested in self-enhancement)] are not effective leaders, and thus they are not able to impact the performance of their subordinates.

Organisational systems and processes that encourage managers to establish their credentials based on individual performance result in promoting their self-enhancement values. However, many organisations have not yet institutionalised encouragement of spirituality and self-transcendence values. Based on the findings of this study, we suggest that these systems and processes should be rebuilt to encourage self-transcendence values and spirituality, which in turn would lead to a more conducive environment for demonstration of transformational leadership in the organisation. In conclusion, we would like to state that human behaviours and cognitions in organisations are difficult to pigeonhole into simplistic categories and they warrant a closer analysis.

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