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Transformational Leadership and Follower's Unethical Behavior for the Benefit of the Company: A Two-Study Investigation

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Abstract Although the ethical dimension of transformational leadership has frequently been discussed over the last years, there is little empirical research on employees' *ethical* behavior as an outcome of transformational leadership. This two-study investigation examined the relationship between transformational leadership and unethical yet pro-organizational follower behavior (UPB). Moreover, mediating and moderating processes were addressed. Our research yielded a positive relationship between transformational leadership and employees' willingness to engage in UPB. Furthermore, both studies showed employees' organizational identification to function as a mediating mechanism and employees' personal disposition toward ethical/unethical behavior to moderate the relationship between organizational identification and willingness to engage in UPB. Altogether, results indicate transformational leadership to entail a certain risk of encouraging followers to contribute to their company's success in ways that are generally considered to be unethical. Implications regarding the ethical dimension of transformational leadership are discussed.

Keywords Behavioral ethics · Organizational identification · Unethical pro-organizational behavior · Transformational leadership

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Incidents of corruption and corporate fraud like the iconic 2001 Enron scandal have led scholars to increasingly focus on the ethical dimension of leadership. Besides ethical leadership being established as an independent construct (Brown et al. 2005; De Hoogh and Den Hartog 2008), the ethical foundation of prevalent leadership concepts has become a topic of scientific debate. Most notably, the question of whether *transformational leadership* is essentially ethical has fueled a controversial discussion (e.g., Bass and Steidlmeier 1999; Howell and Shamir 2005; Kanungo 2001; Peus et al. 2010; Yukl 2006). With this article, we aim to further this discussion by focusing on subordinates' ethical behavior as an outcome of transformational leadership. In doing so, we adopt a consequentialist point of view. According to consequentialism, the morality of behavior shall be judged on the basis of its consequences (Pettit 1993).

Transformational leadership has widely been considered to foster employee behavior that transcends immediate self-interest (Carlson and Perrewe 1995; Den Hartog et al. 1997) and aims at serving “the greater good” (Bass 1998, p. 41). It remains unclear, however, whether—and if so, to what extent—the “greater good” involves the well-being of external stakeholders and broader society *beyond* company interests. The good of one's company and of external stakeholders (or larger community) can obviously differ and, in fact, even contradict each other. False accounting, bribery, or the concealment of product defects and environmental pollution might help to increase company profits and be, therefore, considered pro-organizational—yet, the unethical nature of these activities is undeniable.

Therefore, we believe that a conceptual distinction would be helpful to better meet the complexities of the issue. More precisely, we argue that a distinction needs to be made between *pro-organizational* and *ethical* follower

behavior as a consequence and, thus, criterion for transformational leadership's ethicality. Unfortunately, these two aspects are intertwined when referring to well-established constructs of employee behavior such as organizational citizenship behavior or workplace deviance. For instance, various aspects of citizenship behavior (like helping others) may be considered ethical, but are—by definition—pro-organizational as well; workplace deviance, on the other hand, can be considered unethical, but is also at odds with company interests. So, an outcome criterion has so far been missing that would allow for separating ethical from pro-organizational aspects of follower behavior and, thus, would enable a more thorough and comprehensive assessment of transformational leadership's ethicality.

In our view, a suitable concept—*unethical pro-organizational behavior*—has recently been introduced to research in organizational behavior by Umphress et al. (2010).¹ According to these authors, UPB involves actions that are carried out by employees to benefit their company while, at the same time, violating ethical norms and potentially harming the interests of external stakeholders and broader society. Consequently, when taken as an outcome variable, the concept of UPB might help to disentangle the pro-organizational and ethical outcomes of transformational leadership with respect to followers' behavior. Furthermore, demonstrating a positive relationship between transformational leadership and subordinates' (willingness to engage in) UPB would—at least from a consequentialist point of view—question the notion of transformational leadership as being essentially ethical. Therefore, the current two-study investigation takes a closer look at this relationship.

Umphress et al. (2010) argued that employees who strongly identify with their organization would be more inclined to engage in UPB as compared to employees low in organizational identification. At the same time, transformational leadership has been considered to enhance motivation and performance through connecting followers' sense of identity and self-esteem to the collective identity of their organization (Bass 1998), thereby enhancing employees' organizational identification (e.g., Kark et al. 2003) and—closely related—their affective organizational commitment (see Meyer et al. 2002, for meta-analytic evidence). We, therefore, conclude that transformational leaders may run the risk of encouraging pro-organizational yet unethical behavior by enhancing their employees' identification with the company. Note that we do not assume transformational leaders to *intentionally* foster

UPB. However, since inhibiting or constraining unethical behavior is not implied in the concept of transformational leadership either, we argue that the (unintended) occurrence of UPB may become more likely to the extent that supervisors engage in transformational leadership and, as a result, create elevated levels of organizational identification on the part of their employees.

Furthermore, following research that focused on personal characteristics to explain ethical intent and behavior (e.g., Kish-Gephart et al. 2010), we expect the relationship between organizational identification and UPB to be moderated by employees' personal disposition toward ethical or unethical behavior, respectively. More precisely, we expect employees who are highly identified with their company and at the same time genuinely prone to engage in unethical behavior to be most inclined to act in company-serving yet unethical ways. In contrast, employees highly committed to ethical standards shall be less likely to engage in UPB, even though they are identified with their organization (and even more so to the extent that their organizational identification is low). In our two-study investigation, we referred to the concepts of Machiavellianism (Dahling et al. 2008; Study 1) and Honesty-Humility (Ashton and Lee 2009; Study 2) to represent employees' general disposition toward unethical and ethical conduct, respectively.

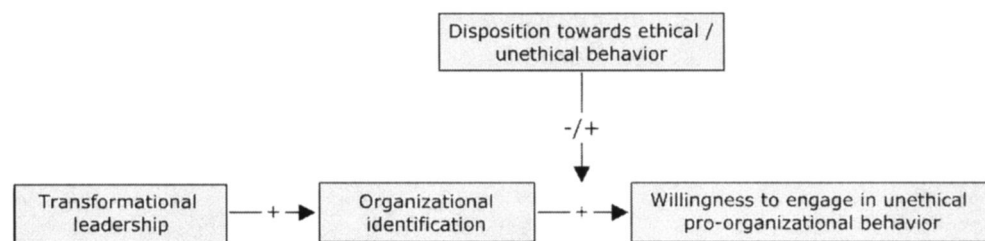
Altogether, we carried out two separate field studies with three measurement points each, capturing perceived transformational leadership at time 1, participants' organizational identification as well as their disposition toward ethical/unethical behavior at time 2, and finally participants' willingness to engage in UPB at time 3. We expected (a) transformational leadership to be positively related to participants' willingness to engage in UPB, (b) employees' organizational identification to mediate this relationship, and (c) their personal disposition toward ethical/unethical behavior to moderate the link between identification and willingness to engage in UPB. Figure 1 presents the moderated mediation model underlying our research.

The (Missing) Ethical Dimension of Transformational Leadership and Respective Measurement Instruments

Several scholars claimed that transformational leaders do possess “high standards of ethical and moral conduct” (Avolio 1999, p. 43; see also Avolio et al. 2009; Kanungo and Mendonca 1996) and that particularly their idealized influence and charisma would have “explicit ethical content” (Peus et al. 2010, p. 199). In support of this assumption, subordinate-perceived transformational leadership has been found to be associated with leaders' level

¹ Note, however, that unethical yet pro-organizational behavior has been discussed by scholars in business ethics for a much longer time (see for instance Michalos 1979).

Fig. 1 Framework model guiding the two-study investigation



of moral reasoning (Turner et al. 2002), leaders' ethic of care (Simola et al. 2010), and leaders' integrity as perceived by peers and superiors (Parry and Proctor-Thomson 2002).

In contrast to this view, other scholars emphasized the *dark side* of transformational and charismatic leadership (Conger 1990; Deluga 2001; Howell and Shamir 2005; Yukl 2006). Howell and Avolio (1992) for instance argued that the concept of *charisma* is rather neutral in terms of ethicality and that charismatic leadership could involve ethical as well as unethical behavior. Following this approach, O'Connor et al. (1995) showed charismatic but personalized (i.e., exploitative, non-egalitarian, and self-aggrandizing) leadership to predict various destructive outcomes. In view of these conceptual and empirical arguments, Bass and Steidlmeier (1999) introduced the distinction between *authentic* transformational leaders and *pseudo* transformational leaders, claiming that the former would be committed to high ethical standards while the latter would be selfish and manipulative. Regardless of this distinction, however, instruments commonly used to measure transformational leadership—like the Multifactor Leadership Questionnaire (MLQ; Bass and Avolio 1995) and the Transformational Leadership Inventory (TLI; Podsakoff et al. 1990)—reflect a focal leader's behavior without capturing his or her ethical orientation or moral intent. The ethical mission of authentic transformational leaders to "forge a path of congruence of values and interests among stakeholders" (Bass and Steidlmeier 1999, p. 201), for instance, has so far not been operationalized and put into a measure of transformational leadership. Accordingly, Banerji and Krishnan (2000) did not find a substantial relation between subordinate-reported transformational leadership as measured with the MLQ and leader's self-reported tendency to engage in unethical behavior (like bribery, lying, or favoritism), whereas Groves and LaRocca (2011) found transformational leaders to be less inclined to pay bribes and to exploit their former employer but to also be indifferent toward corporate activities harming the environment.

Summarizing the foregoing, transformational leadership's ethicality has primarily been discussed and evaluated from a personality-oriented perspective, considering the ethicality of leadership to be a matter of personal characteristics, attitudes, or virtues. This approach—albeit

important—does not take into consideration employees' ethical behavior as an outcome of transformational leadership and, thus, as a criterion for its ethicality. In contrast to this, Brown et al. (2005) explicitly defined *ethical* leadership as "the promotion of such [i.e., ethical] conduct to followers" (p. 120). However, Bass's initial conceptualization of transformational leadership (Bass 1985) did not include the objective or mission to foster ethical and restrain unethical behavior and to increase the level of moral attentiveness within the company. Instead, his approach featured psychological (e.g., boosting employees' self-esteem) and organizational benefits (e.g., boosting employees' performance). Accordingly, transformational leadership has hardly been investigated with regard to—that is, as an antecedent of—employees' ethical intent and behavior. To be sure, Zhu et al. (2011) recently found transformational leadership to positively predict employees' commitment to their own moral principles, and Groves and LaRocca (2011) showed transformational leadership to be positively related with employees' attitude toward corporate social responsibility. In our view, however, a more focused empirical research is needed in order to clarify transformational leadership relations with followers' moral intent and behavior and, with it, to study its ethicality from a consequentialist point of view.

As discussed above, when referring to employees' citizenship behavior (Podsakoff et al. 2000) or workplace deviance (Brown and Treviño 2006) in order to assess the moral impact and, thus, ethicality of transformational leadership, two aspects remain intertwined—transformational leadership's pro-organizational outcomes and its potential ethical outcomes. Disentangling these aspects would help to more critically and validly evaluate the ethical nature of transformational leadership. To this end, the current two-study investigation deals with followers' willingness to engage in unethical but pro-organizational behavior as a potential outcome of transformational leadership.

Transformational Leadership, Organizational Identification, and UPB

According to Bass (1998), transformational leadership is well-suited "to fulfill the frustrated need for identity" (p.

41). Besides boosting followers' identification with him- or herself (Hobman et al. 2011), transformational leadership has been conceptualized to enhance followers' identification with the company as a whole for instance by developing and communicating an attractive vision (De Cremer and Van Knippenberg 2002). In line with this conception, research demonstrated higher levels of transformational leadership to be associated with higher levels of subordinates' identification with the organization (Epitropaki and Martin 2005; Kark et al. 2003) and—closely related—subordinates' affective commitment (Barroso Castro et al. 2008; Korek et al. 2010; Meyer et al. 2002). According to Mael and Ashforth (1992), actors high in organizational identification have a strong feeling of belongingness—they feel psychologically intertwined with their organization, that is, as sharing a common fate and experiencing their organization's successes and failures as their own.

Furthermore, there is evidence that the employee-related beneficial effects of transformational (and charismatic) leadership—like, for example, increased self-efficacy and organization-based self-esteem—are mediated by organizational (and work group) identification (Cicero and Pierro 2007; Kark et al. 2003). These findings are in line with the general idea that leadership effectiveness is based on influencing followers' self-construal processes including collective self-construal and social identity in terms of belonging to their work group and company (Lord and Brown 2004; Van Knippenberg et al. 2004). In other words, transformational leadership's ability to enhance motivation, morale, and performance is at least partly based on shifting followers' perspective from an individual "I" to a collective "We" (Bass 1998). It is, therefore, not surprising that both transformational leadership and organizational identification are associated with the same outcome variables such as enhanced job satisfaction and citizenship behavior or reduced turn-over intentions (Boroş et al. 2011; Riketta 2005; Riketta and Van Dick 2005).

However, research has also indicated that high levels of organizational identification may have detrimental effects. These include blind obedience and group think, among other things (Ashforth and Anand 2003; Dukerich et al. 1998; Felfe 2008). Not least, Umphress et al. (2010) brought up the idea of unethical but pro-organizational behavior as being an adverse outcome of organizational identification. According to these authors, the concept of UPB involves actions that are morally questionable but carried out with the purpose to increase organizational success. This implies bribing officials to get ahead of competitors, concealing product flaws when talking to customers, falsifying financial figures to boost stock value, and so on. Besides potentially harming the legitimate interests and well-being of customers, other external stakeholders, and broader society, UPB entails high risks

for the organization itself as it may damage its reputation and customer trust (Umphress et al. 2010). Despite these potential drawbacks, however, employees who engage in UPB carry out their unethical practices in order to benefit their organization. Furthermore, such behavior might be justified as displaying loyalty or even altruism toward one's principal (so-called "loyal agent's argument")—a reasoning thoroughly analyzed and refuted from an ethical point of view by Michalos (1979).

Taking into account the aforementioned arguments and respective findings, we posit that besides enhancing employees' pro-organizational attitudes and citizenship behavior, transformational leadership—by reinforcing employees' identification with the company—may also increase their willingness to engage in pro-organizational but unethical behavior. Once again, we do not assume transformational leaders to *intentionally* foster UPB; however, elevated levels of organizational identification may per se come along with an increased willingness to benefit the organization and to even deviate from ethical standards for that purpose.

Hypothesis 1 Transformational leadership will be positively related to employees' willingness to engage in UPB.

Hypothesis 2 This relationship will be mediated by employees' organizational identification. In the process, transformational leadership will be positively associated with organizational identification and organizational identification will be positively associated with willingness to engage in UPB.

The Moderating Effects of Employees' Personal Disposition Toward Ethical and Unethical Behavior

As we have argued so far, personal goals may coincide with company goals under certain conditions and will be most congruent or even identical for employees who strongly identify with their organization. In other words, organizational identification amplifies the personal significance and value that people attach to organizational success. However, one can safely assume that employees with the same level of organizational identification will still differ in their willingness to engage in UPB—depending on their personal disposition toward ethical and unethical behavior. More precisely, employees willing to engage in unethical behavior for personal benefits—in terms of a personal disposition—and at the same time highly identified with their company (i.e., experiencing company's interests as their own) shall be most strongly inclined to engage in UPB. Looked at the other way round, if either organizational gain is without personal significance (due to a low identification with the company) or an actor is

genuinely committed toward ethical standards (personal disposition), his or her UPB shall be relatively low.

Hypothesis 3 Employees' personal disposition toward ethical/unethical behavior will moderate the link between organizational identification and unethical but pro-organizational behavior; that is to say, the positive association between organizational identification and willingness to engage in UPB will be stronger (weaker) for employees high in their personal disposition toward unethical (ethical) behavior and weaker (stronger) for employees low in their personal disposition toward unethical (ethical) behavior.

Hypothesis 3 ties in with research that has focused on individual characteristics and, most notably, on Machiavellianism to predict unethical behavior at work (for meta-analytic evidence see Kish-Gephart et al. 2010, and O'Boyle et al. 2011). Alongside Narcissism and Psychopathy conceived as part of the so-called dark triad of personality (O'Boyle et al. 2011; Paulhus and Williams 2002), Machiavellianism involves an actor's willingness to manipulate others and to engage in unethical behavior for personal gain (Jonason and Webster 2010; Zettler and Solga 2013). A contrastive concept to Machiavellianism is Honesty-Humility, introduced by Lee and Ashton (2004) as one of six major dimensions of personality (HEXACO model; see also Ashton and Lee 2007). Honesty-Humility involves an individual's sincerity, fairness, greed avoidance, and modesty. Especially the sub-dimension of fairness—people high in fairness are little tempted to break rules for personal benefits—can be seen as the psychological opposite of Machiavellianism as defined above. In Study 1, we used the amorality subscale of Darling and colleagues' (2008) Machiavellian Personality Scale to capture employees' personal disposition toward unethical behavior; in Study 2, we used the opposing fairness subscale of Ashton and Lee's Honesty-Humility Scale.

The Present Studies

Method

Participants and Procedure

We carried out two separate survey studies with three measurement points each and, in both studies, ~ 4 weeks between surveys (time 1: transformational leadership; time 2: organizational identification and participants' disposition toward ethical/unethical behavior; time 3: willingness to engage in UPB). Both studies were conducted in Germany.

In Study 1, thesis-writing students recruited employees from different organizations and with different professional

backgrounds. Four hundred and eighty four employees initially participated; of these, 60 % fully completed all questionnaires which led to a final sample of 290 participants. 53.5 % were female. Participants' mean age was 34 years ($SD = 9.3$). Their mean job tenure was 6 years ($SD = 8.52$). We provided paper-pencil survey packages at each measurement point by post. Each survey package included a self-addressed, post-paid envelope to send back the respective questionnaires free of charge. Focal participants were asked to place a self-generated code on each envelope. This procedure allowed for matching the questionnaires without violating participants' anonymity. Participants did not receive any compensation for completing the questionnaires.

In Study 2, our sample consisted of employees who along their regular job had been enrolled in applied psychology studies at a large distance teaching university in Western Germany to become human resource management and marketing experts, respectively. Initially, 420 individuals participated. Of these, 76 % completed all questionnaires; the final sample thus comprised 319 participants. 56.7 % were female. Participants mean age was 35 years ($SD = 9.3$). Their mean job tenure was 6 years ($SD = 6.3$). Questionnaires were provided online with 4 weeks between surveys. Participants received class credit for completing the questionnaires.

Measures

We measured *transformational leadership* using the German version of Bass and Avolio's (1995) MLQ 5 × Short (Felfe 2006). To describe their direct supervisor's leadership behavior, participants responded to 20 items, making use of 5-point rating scales with 1 = *never* and 5 = *almost always*. Due to high scale intercorrelations among the transformational subdimensions and similar to other authors (e.g., Judge and Piccolo 2004), we combined the dimensions to a higher order factor of transformational leadership. Internal consistency (Cronbach's alpha) was very high in both studies (Study 1: $\alpha = 0.95$; Study 2: $\alpha = 0.94$). Example items are "My supervisor seeks differing perspectives when solving problems" or "...treats me as an individual rather than just a member of a group."

To assess *organizational identification*, participants completed the 6-item scale of Mael and Ashforth (1992) which includes statements such as "This company's successes are my successes" or "When someone criticizes my company, it feels like a personal insult." Participants used 5-point Likert scales with 1 = *strongly agree* and 5 = *strongly disagree*. For this measure, Cronbach's alpha was 0.86 in Study 1 and 0.84 in Study 2.

To measure *employees' willingness to engage in UPB*, we established a German version of the scale recently

introduced by Umphress et al. (2010). This scale contains six items such as “If my organization needed me to, I would withhold issuing a refund to a customer or client accidentally overcharged” or “If it would help my organization, I would misrepresent the truth to make my organization look good.” (7-point Likert scales with 1 = *strongly disagree* and 7 = *strongly agree*). In the translation process, we made use of the translation–retranslation technique (e.g., Hambleton and Patsula 1998). Factor analysis as well as internal consistency scores suggested dropping one of the 6 original items (“If my organization needed me to, I would give a good recommendation on the behalf of an incompetent employee in the hope that the person will become another organization’s problem instead of my own.”) For the remaining 5-item scale, internal consistencies were good (Study 1: $\alpha = 0.81$; Study 2: $\alpha = 0.77$).

As already mentioned, employees’ *personal disposition toward ethical/unethical behavior* was measured using two different scales. In Study 1, we applied the 5-item amorality subscale of Dahling and colleagues’ (2008) Machiavellian Personality Scale (example item: “I am willing to be unethical if I believe it will help me succeed”; 5-point Likert scales with 1 = *strongly disagree* and 5 = *strongly agree*; see Zettler and Solga 2013 for this scale’s German version). Cronbach’s alpha was 0.74 for this measure. In Study 2, we applied the 3-item fairness subscale of Ashton and Lee’s (2009) HEXACO-60 Honesty-Humility Scale (example item: “I would never accept a bribe, even if it were very large”; 5-point Likert scales with 1 = *strongly disagree* and 5 = *strongly agree*). Cronbach’s alpha was 0.74 for this measure, too.

Furthermore, we measured *age*, *gender*, and *job tenure* to control for their potentially spurious effects as the meta-analytic findings of Kish-Gephart et al. (2010) revealed a weak correlation between gender and age and unethical choices.

Data analysis

We used bootstrap analyses in order to test our moderated mediation model (Hayes 2009). Adopting a two-step procedure, we first examined simple mediation to test for Hypotheses 1 and 2, using the SPSS application provided by Preacher and Hayes (2008). We then integrated participants’ amorality score (Study 1) and fairness score (Study 2), respectively, to test for moderation and thus moderated mediation (Hypothesis 3), utilizing the SPSS application provided by Preacher et al. (2007). Prior to moderated mediation analyses, predictor and moderator variables were standardized (Aiken and West 1991). Furthermore, we initially conducted confirmatory factor analyses (CFAs) to

test for construct distinctiveness and to address the issue of common method bias.

Results

Confirmatory Factor Analysis

We conducted CFAs for transformational leadership, organizational identification, employees’ personal disposition toward ethical/unethical behavior (amorality in Study 1, fairness in Study 2), and willingness to engage in UPB. To preserve adequate statistical power we used the four transformational leadership dimensions (instead of the 20 single items) for modeling transformational leadership. Results indicated that the hypothesized four-factor model fit the data well (Study 1: $\chi^2 = 240.30$ [df = 146], $p < 0.001$; CFI = 0.96, TLI = 0.96; RMSEA = 0.05; Study 2: $\chi^2 = 212.18$ [df = 129], $p < 0.001$; CFI = 0.96, TLI = 0.95; RMSEA = 0.05), with all factor loadings greater than 0.78 (Study 1) and 0.73 (Study 2), respectively. Contrasting the four-factor model with three alternative models further confirmed discriminant validity of our study variables. As shown in Table 1, the baseline model displayed a significantly better fit to the data than the other models, revealed by the significant χ^2 difference test as well as model fit indices.

Descriptive Statistics

Table 2 provides means, standard deviations, and zero order correlations of measured variables.

In both studies, transformational leadership was positively related to participants’ willingness to engage in UPB (Study 1: $r = 0.12$, $p < 0.05$; Study 2: $r = 0.12$, $p < 0.05$) as well as to organizational identification (Study 1: $r = 0.35$, $p < 0.01$; Study 2: $r = 0.29$, $p < 0.01$). Furthermore, both studies revealed a positive relationship between organizational identification and UPB (Study 1: $r = 0.20$, $p < 0.01$; Study 2: $r = 0.14$, $p < 0.05$). Whereas employees’ personal disposition toward unethical behavior (amorality) was positively associated with UPB in Study 1 ($r = 0.25$, $p < 0.01$), we found a negative correlation for employees’ personal disposition toward ethical behavior (fairness) in Study 2 ($r = -0.16$, $p < 0.05$). Neither amorality nor fairness were related to either transformational leadership (Study 1: $r = -0.06$, n.s.; Study 2: $r = -0.05$, n.s.) or organizational identification (Study 1: $r = -0.04$, n.s.; Study 2: $r = 0.03$, n.s.).

Since gender and job tenure did not correlate with participants’ willingness to engage in UPB, we dropped these variables from further analyses. We kept age as a control variable, since age was found to be associated with

Table 1 Comparison of measurement models for variables in the study

Model	Factor	Study 1						Study 2					
		χ^2	df	$\Delta\chi^2$	CFI	TLI	RMSEA	χ^2	df	$\Delta\chi^2$	CFI	TLI	RMSEA
Baseline model	Four factors	240.3	146		0.96	0.96	0.05	212.18	129		0.96	0.95	0.05
Model 1	Three factors: disposition toward unethical ^a /ethical ^b behavior and UPB were combined into one factor	375.37	149	135.07**	0.91	0.90	0.07	410.33	132	198.15**	0.87	0.85	0.08
Model 2	Three factors: transformational leadership and OI were combined into one factor	865.77	149	625.47**	0.72	0.70	0.13	924.16	132	711.98**	0.62	0.56	0.14
Model 3	Two factors: disposition toward unethical ^a /ethical ^b behavior, UPB and OI were combined into one factor	886.58	151	646.28**	0.71	0.68	0.13	818.96	134	606.78**	0.67	0.63	0.13
Model 4	One factor: all items combined into one factor	1447.46	152	1207.16**	0.46	0.39	0.18	1524.9	135	1312.72**	0.34	0.25	0.18

OI organizational identification, UPB unethical pro-organizational behavior

^a Measured in study 1 with the amorality scale

^b Measured in study 2 with the fairness scale

** $p \leq 0.01$

Table 2 Means, standard deviations, correlations, and internal consistency scores

		Study 1		Study 2		Correlations						
		M	SD	M	SD	1	2	3	4	5	6	7
1.	Gender	–	–	–	–	(–/–)	0.04	–0.00	–0.02	0.06	–0.05	0.03
2.	Age	34.39	10.72	35.42	9.32	0.12*	(–/–)	0.52**	–0.10	–0.05	0.12*	–0.14*
3.	Job tenure	6.63	13.18	6.17	6.34	0.34**	0.66**	(–/–)	–0.20**	–0.06	0.11	–0.10
4.	Transformational leadership	3.28	0.82	3.21	0.79	–0.02	–0.06	–0.05	(0.95/0.94)	0.29**	–0.05	0.12*
5.	Organizational identification	3.35	0.92	3.00	0.90	0.06	–0.06	–0.02	0.35**	(0.86/0.84)	0.03	0.14*
6.	Disposition for unethical ^a /ethical ^b behavior	1.54	0.56	3.99	1.04	0.04	–0.15*	–0.08	–0.06	–0.04	(0.74/0.74)	–0.16*
7.	UPB	3.58	1.34	3.39	1.10	0.03	–0.14*	–0.06	0.12*	0.20**	0.25**	(0.81/0.77)

For gender 1 female, 2 male

^a Measured in study 1 with the amorality scale

^b Measured in study 2 with the fairness scale;

Below the diagonal = Study 1 ($N = 290$), above the diagonal = Study 2 ($N = 319$); values in parentheses represent internal consistency scores (α ; Study 1/Study 2)

* $p \leq 0.05$, ** $p \leq 0.01$

employees' UPB in both studies (Study 1: $r = -0.14$, $p < 0.05$; Study 2: $r = -0.14$, $p < 0.05$). Including potential control variables only in case of a significant

correlation with the outcome criterion in focus has been recommended to avoid spurious suppression through control variables (Becker 2005).

Table 3 Total and indirect statistical effects

	Mediator org. identification				Criterion UPB			
	<i>B</i>	SE	<i>t</i>	<i>p</i>	<i>B</i>	SE	<i>t</i>	<i>p</i>
<i>Results study 1</i>								
Total effect					0.19	0.10	1.95	0.05
Direct effects								
Age					−0.02	0.01	−2.16	0.03
Transformational leadership	0.44	0.07	6.95	0.00	0.07	0.10	0.69	0.49
Org. identification					0.26	0.09	3.01	0.00
					<i>M</i>	SE	95 % CI	
Indirect effect (bootstrapping)					0.12	0.05	0.03, 0.23	
<i>Results study 2</i>								
Total effect					0.16	0.08	1.95	0.05
Direct effects								
Age					−0.01	0.01	−2.19	0.03
Transformational leadership	0.27	0.06	4.28	0.00	0.12	0.08	1.44	0.15
Org. identification					0.14	0.07	1.97	0.05
					<i>M</i>	SE	95 % CI	
Indirect effect (bootstrapping)					0.04	0.02	0.00, 0.09	

M average bootstrap estimate; bootstrap sample size = 5,000, 95 % *CI* confidence interval, bias corrected and accelerated, first (second) value representing lower (upper) limit; for Study 1 *N* = 290, for Study 2 *N* = 319

Tests of simple mediation

Table 3 provides the results of testing simple mediation with willingness to engage in UPB as our outcome variable.

In both studies, we found a total statistical effect of transformational leadership on UPB (Study 1: $b = 0.19$, $p < 0.05$; Study 2: $b = 0.16$, $p < 0.05$). This finding supported Hypothesis 1. Furthermore, we found a direct effect of transformational leadership on organizational identification (Study 1: $b = 0.44$, $p < 0.01$; Study 2: $b = 0.27$, $p < 0.01$) as well as a direct effect of organizational identification on UPB (Study 1: $b = 0.26$, $p < 0.01$; Study 2: $b = 0.14$, $p < 0.05$; controlling for age and transformational leadership). In Study 1, bootstrapping the indirect effect of transformational leadership on UPB through organizational identification supported mediation as the estimated 95 % confidence interval [0.03, 0.23] did not contain zero (*average bootstrap estimate* = 0.12). In Study 2, bootstrapping yielded similar, albeit weaker results (estimated 95 % CI [0.001, 0.09], *average bootstrap estimate* = 0.04). Altogether, our results fully supported Hypothesis 2.

Furthermore, since the direct effects of transformational leadership on willingness to engage in UPB turned out to be zero (controlling for employees' identification and age), our result indicated full mediation in both studies.

Tests of Moderated Mediation

Table 4 presents the results of testing moderated mediation.

In support of Hypothesis 3, the unstandardized regression coefficient for the cross-product term turned out to be significant in both studies (Study 1: $b = 0.29$, $p < 0.01$, $\Delta R^2 = 0.05$; Study 2: $b = -0.12$, $p < .05$, $\Delta R^2 = 0.01$). To fully support our moderation hypothesis, the form of this interaction should correspond to the hypothesized pattern (i.e., enhancing interaction in study 1, buffering interaction in Study 2). Therefore, we plotted the simple slopes at one standard deviation below and above the mean value of employees' personal disposition toward ethical/unethical behavior as a moderator (see Fig. 2) and furthermore tested the statistical significance of these slopes (Aiken and West 1991).

In Study 1, consistent with our expectations, the simple slope of the relationship between organizational identification and UPB was strong for employees high in their disposition toward unethical behavior (*simple slope* = 0.58, $t = 5.81$, $p < 0.01$) but virtually non-existent for employees low in their disposition toward unethical behavior (*simple slope* = −0.01, $t = 0.01$, n.s.). Correspondingly, in Study 2 the simple slope was weak and not significant for participants high in their disposition toward ethical behavior (*simple slope* = 0.04, $t = 0.43$, n.s.) but

Table 4 Regression results for moderation and moderated mediation model

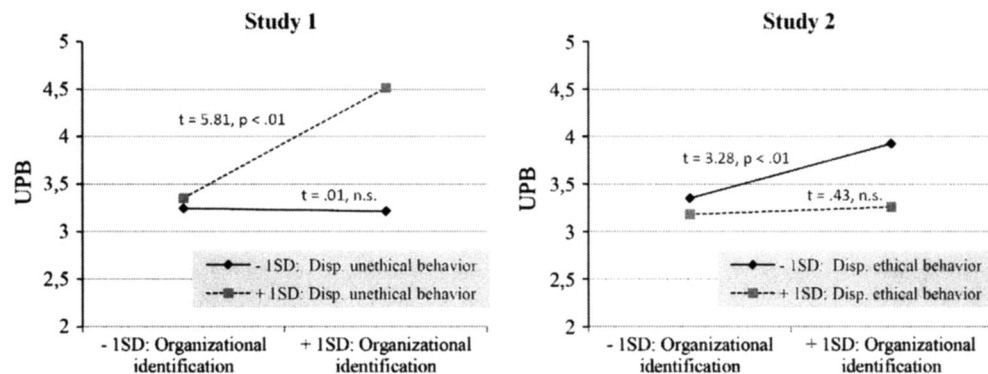
	Willingness to engage in UPB							
	Study 1				Study 2			
	<i>B</i>	SE	<i>t</i>	<i>p</i>	<i>B</i>	SE	<i>t</i>	<i>p</i>
Direct statistical effects								
Age	−0.01	0.01	−1.88	0.06	−0.01	0.01	−1.81	0.07
Transformational leadership	0.08	0.10	0.83	0.41	0.11	0.08	1.33	0.18
Org. identification (OI)	0.26	0.08	3.34	0.00	0.14	0.07	2.01	0.05
Disposition toward unethical ^a /ethical ^b behavior (DUB)	0.35	0.08	4.34	0.00	−0.19	0.06	−3.05	0.00
OI × DUB	0.29	0.07	4.04	0.00	−0.12	0.06	−2.00	0.05
R ² (ΔR ² after cross-product term added)	0.18 (0.05)				0.08 (0.01)			
Conditional indirect stat. effects, bootstrap results	<i>M</i>	SE	95 % CI		<i>M</i>	SE	95 % CI	
DUB <i>M</i> −1 <i>SD</i>	−0.02	0.05	−0.14, 0.10		0.07	0.03	0.02, 0.16	
DUB <i>M</i>	0.12	0.04	0.04, 0.23		0.04	0.02	0.00, 0.09	
DUB <i>M</i> +1 <i>SD</i>	0.26	0.06	0.12, 0.42		0.00	0.03	−0.05, 0.06	

M average bootstrap estimate; bootstrap sample size = 5,000, 95 % CI confidence interval, bias corrected and accelerated, first (second) value representing lower (upper) limit

^a Measured in study 1 with the amorality scale (*N* = 290)

^b Measured in study 2 with the fairness scale (*N* = 319)

Fig. 2 Interactive effects of organizational identification and employees' disposition toward unethical/ethical behavior on willingness to engage in UPB



relatively strong and significant for participants low in their disposition toward ethical behavior (*simple slope* = 0.29, $t = 3.28$, $p < 0.01$).

We finally generated bootstrap-based confidence intervals for the conditional indirect effects at three different values of the moderators. As can be seen from Table 4, with increase of amorality as a moderator in Study 1, the indirect effect through organizational identification grew larger, with two of the conditional indirect effects—the ones based on moderator values of *M* (*average bootstrap estimate* = 0.12, 95 % CI [0.04, 0.23]) and *M* + 1 *SD* (*average bootstrap estimate* = 0.26, 95 % CI [0.12, 0.42])—being different from zero. Again, Study 2 yielded similar (but reversed) results: The conditional indirect effect became stronger to the extent that fairness as moderator decreased.

Discussion

In this two-study investigation, we explored the relation between transformational leadership and employees' willingness to engage in pro-organizational but unethical behavior (UPB). We furthermore focused on two potential underlying mechanisms, predicting (a) employees' organizational identification to mediate this relation and (b) employees' personal disposition toward ethical or unethical behavior, respectively, to moderate the link between organizational identification and willingness to engage in UPB. With this, our aim was to further the debate on transformational leadership's ethicality by introducing a consequentialist perspective (ethical intent and behavior of followers as an outcome of transformational leadership and, thus, a criterion for the latter's ethicality).

Fully supporting Hypothesis 1, we found transformational leadership to be positively related to followers' willingness to engage in unethical behavior for the benefit of the company in both studies. These results challenge the idea of transformational leadership as being essentially ethical. A leadership style that is supposed to involve an ethical dimension should prevent employees from taking unethical choices when trying to foster organizational success. One would expect such a style to be *negatively* associated with subordinates' (willingness to engage in) UPB. However, according to our results, this is not the case for transformational leadership.

Fully supporting Hypothesis 2, both studies showed organizational identification to be a mediating mechanism in the process. So, by facilitating and enhancing employees' identification with company interests, transformational leaders seem to increase the probability of unethical yet pro-organizational behavior. This downside of changing employees' self-perception from an individual "I" to a collective "We"—to be sure, a process desirable in terms of facilitating positive intra-group dynamics (Janssen and Huang 2007)—leads us to conclude that transformational leadership should be complemented by an explicit ethical mission. This should be taken into account by human resource development professionals when setting up training initiatives that focus on transformational leadership behavior.

Furthermore, with regard to Hypothesis 3, both studies supported moderation and, thus, moderated mediation. So, employees' general disposition toward unethical or ethical conduct, respectively—herein operationalized by means of Dahling and colleagues' (2008) amorality subscale (Study 1) and Ashton and Lee (2009) fairness subscale (Study 2)—seems to play an important role in predicting employees' UPB. More precisely, people high in organizational identification and at the same time high in amorality (low in fairness) are particularly prone to engage in unethical behavior if this appears promising with regard to boosting company success. In conclusion, UPB can be reduced by taking such tendencies into account when selecting and hiring employees. Furthermore, supervisors shall be aware that inducing organizational identification comes with the risk of promoting unethical but pro-organizational behaviors, and that this risk is particularly high for employees genuinely prone to engage in unethical behavior.

On a more general level, our research aimed at contributing to a more sophisticated evaluation of transformational leadership's ethicality. Adopting a consequentialist point of view, we focused on followers' ethical conduct as an essential outcome of leadership. This approach—i.e., evaluating transformational leadership's ethicality on the basis of followers' ethical intent and

behavior—has received limited attention, yet. Reviewing the literature, we found transformational leadership's ethicality to be mainly discussed in terms of leaders' virtues or personal characteristics (see for instance Bass and Steidlmeier's distinction between authentic and pseudo transformational leaders, 1999; see also Turner et al. 2002, who found transformational leadership to be related to leader's level of moral reasoning).² This perspective—albeit important—does not take into account the consequences of leadership styles for external stakeholders or larger society. However, the ethical dimension of leadership has not least become a topic of debate, publically and scientifically, because of corporate activities that yielded detrimental effects for external stakeholders and larger society (Brown et al. 2005). Thus, in accordance with Bass and Steidlmeier (1999) demand "to place leadership in the context of contemporary stakeholder theory" (p. 200), we consider followers' UPB to be of particular importance in this context. As false accounting and bribery exemplarily show, certain behaviors are truly unethical—giving rise to ethical scandals and even societal crises (see, for instance, Charles Ferguson's Oscar-winning 2010 documentary film *Inside Job* on the late-2000 world financial crisis)—and are yet intended to foster organizational success (and oftentimes *do* benefit the organization). Thus, focusing on employees' UPB helps to advance the evaluation of transformational leadership's ethicality, further reflecting the concept of and debate about corporate social responsibility (Dahlsrud 2008) and responsible leadership (Maak and Pless 2006).

At first sight, our findings seem to contradict previous studies, revealing for instance a positive relationship between transformational leadership and followers' moral identity, that is, their commitment to own principles (Zhu et al. 2011). However, serving one's company and, if necessary, even to the detriment of others *can be* such a personal principle. In fact, the core idea of UPB involves being more strongly committed to organizational success than to broader ethical standards. Therefore, it is important to clearly stress out that transformational leadership does not boost unethical follower behavior *per se*; rather, it can lead employees to shift from universal ethical values to company-serving principles.

² Nevertheless, we deem further research necessary to examine whether leaders' moral values are in fact associated with transformational leadership since Turner et al. (2002) stated that their findings concerning moral reasoning "only relate the complexity of cognitive developmental skills to leadership behaviors and do not make value judgments about people's integrity" (p. 309) and Banerji and Krishnan (2000) did not find a relation between transformational leadership and leaders' preferences for unethical behaviors such as bribery or lying.

Future Research

To summarize, our results highlighted transformational leadership's capacity to enhance pro-organizational—but not necessarily ethical—follower behavior. Our research aimed at disentangling these aspects more thoroughly, and our findings led us to conclude that transformational leadership needs to be complemented or accompanied by an explicit ethical mission. Starting from there, investigating the interplay of transformational and ethical leadership (or leaders' ethical values, respectively) with respect to followers' UPB as an outcome seems to be an interesting avenue for future research.

Strength and Limitations

There are certain strengths and limitations to this research that shall be discussed. Raising the issue of common method bias (Conway and Lance 2010; Podsakoff et al. 2003), this research relied on single source self-report measures. However, in both studies we measured predictor (T1), mediator and moderator (T2), and, finally, criterion variables (T3) at different points in time (with 4 weeks inbetween) in order to reduce common method variance effects. Furthermore, the CFAs we conducted prior to testing the moderated mediation models demonstrated construct distinctiveness.

With regard to UPB, social desirability may be an issue. However, the items used to measure participants' willingness to engage in UPB do not offer an obvious *correct answer* since placing participants in a moral dilemma situation (sketching out behaviors that are *beneficial* for one's organization but *unethical* with regard to external stakeholders). Furthermore, we surveyed participant's willingness to engage in UPB, not their actual UPB. Although unethical intentions have widely been used as substitutes for actual behavior in the field of behavioral ethics (Kish-Gephart et al. 2010; O'Fallon and Butterfield 2005), measuring actual behavior would allow for more valid conclusions—especially when captured from multiple perspectives. This represents an important avenue for future research.

Finally, to mention one important strength of this research, we carried out a two-study investigation and both studies yielded similar results regarding our hypotheses, thus providing strong evidence for the generalizability of our findings.

Conclusion

The ethicality of transformational leadership has been a topic of debate for several years now. Adopting a

consequentialist approach, we aimed to further this debate by drawing attention to followers' unethical but pro-organizational behavior (UPB) as an outcome of transformational leadership. We do not mean to imply that followers' (willingness to engage in) UPB is *intentionally* fostered by transformational leaders. Nevertheless, according to our findings, transformational leadership does entail a certain risk of increasing the probability of UPB by facilitating and advancing employees' identification with the company. Furthermore, actors who tend to engage in unethical behavior easily (personal disposition) and who are at the same highly identified with their organization are particularly prone to engage in UPB. In light of these findings, we conclude that transformational leadership needs to be complemented by an *explicit* ethical mission (i.e., explicitly promoting ethical or inhibiting unethical behavior).

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