ETHICS, CHARACTER, AND AUTHENTIC TRANSFORMATIONAL LEADERSHIP BEHAVIOR

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The morality of transformational leadership has been sharply questioned, particularly by libertarians, "grass roots" theorists, and organizational development consultants. This paper argues that to be truly transformational, leadership must be grounded in moral foundations. The four components of authentic transformational leadership (idealized influence, inspirational motivation, intellectual stimulation, and individualized consideration) are contrasted with their counterfeits in dissembling *pseudo*-transformational leadership on the basis of (1) the moral character of the leaders and their concerns for self and others; (2) the ethical values embedded in the leaders' vision, articulation, and program, which followers can embrace or reject; and (3) the morality of the processes of social ethical choices and action in which the leaders and followers engage and collectively pursue.

The literature on transformational leadership is linked to the long-standing literature on virtue and moral character, as exemplified by Socratic and Confucian typologies. It is related as well to the major themes of the modern Western ethical agenda: liberty, utility, and distributive justice Deception, sophistry, and pretense are examined alongside issues of transcendence, agency, trust, striving for congruence in values, cooperative action, power, persuasion, and corporate governance to establish the strategic and moral foundations of authentic transformational leadership.

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Are Bill Gates and Lou Gerstner transformational leaders? What about "chainsaw" Al Dunlap? For many moral analysts, leadership is a many-headed hydra that alternately shows the faces of Saddam Hussein and Pol Pot as well as those of Nelson Mandela and Mother Theresa. The stories that recount the accomplishments

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of such leaders raise moral questions concerning both the character of the leaders as well as the legitimacy of their programs.

Following Rogers and Farson (1955), Conger and Kanungo (1988, ch. 11) worried that charismatic leadership (which they defined similarly to transformational leadership) of self-serving leaders could result in deception and exploitation of followers, but argued that most leaders pursued both personal and organizational interests. Subsequently, Conger and Kanungo (1998, ch. 7) reviewed the dark side of charismatic leaders: narcissicism, authoritarianism, Machiavellianism, flawed vision, a need for power coupled with lack of activity inhibition and promotion among followers of dependency, personal identification, and lack of internalization of values and beliefs. In this article, we attempt to differentiate such leaders from authentic charismatic and transformational leaders in terms of ethical discussions of character and authenticity as well as the major themes of the modern Western ethical agenda: liberty, utility, and (distributive) justice.

The ethics of leadership rests upon three pillars: (1) the moral character of the leader; (2) the ethical legitimacy of the values embedded in the leaders vision, articulation, and program which followers either embrace or reject; and (3) the morality of the processes of social ethical choice and action that leaders and followers engage in and collectively pursue. Such ethical characteristics of leadership have been widely acknowledged (Wren, 1998; Kouzes & Posner,1993; Greenleaf, 1977; Conger & Kanungo, 1998). Transformational leaders set examples to be emulated by their followers. And as suggested by Burns (1978) and demonstrated by Dukerich, Nichols, and associates (1990) when leaders are more morally mature, those they lead display higher moral reasoning. But not all leadership fits the same pattern and ethical analysis shifts with varying leadership modalities. Two forms of leadership behavior, transactional and transformational, and their components will be analyzed here in terms of moral issues.

COMPONENTS OF LEADERSHIP AND RELATED MORAL ISSUES

Moral discourse is normative; it is captured in our language of *right/wrong, good/ bad, should/ought, good/evil.* While meta-ethical discourse is concerned with a critical analysis of the foundations of moral judgments—the worldview and ontological rationale that confers legitimacy upon a set of normative criteria and values— practical ethical discourse is primarily focused upon two issues (Table 1): analysis of the moral agent and analysis of types of moral action.

A moral agent is evaluated as praiseworthy or blameworthy in light of three primary considerations: his or her (1) developmental level of conscience; (2) degree of effective freedom; and (3) probity of intention. A moral act is evaluated as a type of behavior no matter who the agent may be. Behavior such as taking property or breaking a promise is judged to be right or wrong in light three principal components: (1) the end sought; (2) the means employed; and (3) the consequences.

The pivotal issue in making moral judgments is the legitimacy of the grounding worldview and beliefs that grounds a set of moral values and criteria. Depending upon such worldview and beliefs, a religious leader may morally justify a holy war and a Marxist may justify class warfare and dictatorship of the proletariat. As a

Table 1.   Components of Moral Analysis

Moral Agent	
Conscience	Stage of values development, mediated by personal, familial, social, spiritual and cultural factors (Kohlberg, 1981); moral theories of conscientious objection
Degree of **Freedom**	Responsibility mitigated by factors such as compulsion or coercion; moral theories of existential freedom vs determinism
Intention	The agent's goal and anticipated outcomes; moral theories of maleficence and beneficence and egoism vs altruism
Moral Action	
Ends sought	Nobility of purpose of the action and whether it is aligned with core transcendental values, whether religious, philosophical, cultural
Means employed	Whether the end justifies the means
Consequences	Whether the benefits and burdens of an action are fairly distributed among those affected

result, moral analysis always exhibits a two-fold nature, which combines (1) the radical critique of underlying worldviews and grounds of moral legitimation and (2) practical judgments of praiseworthy or blameworthy agents and right and wrong behavior within a concrete socio-cultural and historical milieu, as well as within the limitations of socio-historical conscience and freedom. Ethical analysis is further complicated by the fact that it applies not only to *content* (taking another's property is wrong; telling the truth is good) but to *processes* (especially those that affect the freedom and conscience of participants)

Ethical content focuses upon values, which highlight the issue of standards and criteria of ethical behavior. While cultural relativities surely apply, foundational moral discourse rests upon polarities found in both *moral intention* (egoism versus altruism) and in *moral consequences* (benefits and costs for self and others). Kanungo and Mendonca (1996, ch. 3) argue persuasively for the centrality of altruism, where everyone has moral standing and the interests of "the other" matter. Indeed, something like the Western human rights tradition, which has grown out of the defense of the dignity of the individual, mandates a minimal degree of altruism by safeguarding inalienable human rights not just of self but of all others, even in the face of majority social choices.

The morality of processes reflect the legitimacy of both *influence processes* on the part of leaders and *empowerment processes* on the part of followers as they engage in dynamic self-transformation (Kanungo & Mendonca, 1996, ch. 4). Modern Western ethics has been preoccupied with moral processes, especially the relationship between the individual, collectivities, (including families, states, business enterprises, religions and other socio-cultural organizations) and society as a whole. Its major themes of liberty, utility and distributive justice attempt to specify what individuals owe each other, what individuals owe to the group and what groups owe to individuals.

The moral analysis of leadership contains all of these dynamics. It provides critique of both agents and actions. This makes it challenging to morally evaluate charismatic leaders such as the Ayotollah Khomeini or Mao Zedong in realms of religion and politics, and Andrew Carnegie or Steve Jobs in the marketplace. There are clearly many leadership issues and styles that relate to questions ranging from the legitimacy of their authority and informed consent by followers to conscience, freedom and intention, and to ends, means and consequences.

There are two distinct but interrelated ideal types of leadership: transactional and transformational. In what follows we first clarify these concepts and then discuss ethical problems related with each. We conclude with an examination of Bass's proposition (1998a), which is consistent with Burns (1978), that *authentic* transformational leadership must rest on a moral foundation of legitimate values. The opposite is *inauthentic* or *pseudo-transformational* leadership, that of leaders who consciously or unconsciously act in bad faith (Sartre, 1992).

Transformational and Transactional Leadership

Transactional leadership involves *contingent reinforcement*. Followers are motivated by the leaders' promises, praise, and rewards, or they are corrected by negative feedback, reproof, threats, or disciplinary actions. The leaders react to whether the followers carry out what the leaders and followers have "transacted" to do. In *contingent rewarding* behavior leaders either make assignments or they may consult with followers about what is to be done in exchange for implicit or explicit rewards and the desired allocation of resources. When leaders engage in *active management-by-exception*, they monitor follower performance and correct followers' mistakes. When leaders engage in *passive management-by-exception*, they wait passively for followers' mistakes to be called to their attention before taking corrective action with negative feedback or reprimands. *Laissez-faire* leaders avoid leading.

Transformational leadership contains four components: *charisma* or *idealized influence* (attributed or behavioral), *inspirational motivation, intellectual stimulation*, and *individualized consideration* (Bass, 1985, 1998; Bass & Avolio, 1993). Followers identify with the charismatic leaders' aspirations and want to emulate the leaders. Shamir, House, and Arthur (1993), Conger and Kanungo (l988, 1998), Kanungo and Mendonca (1996) conceive of the same components as all falling under the category of charismatic leadership.

For the purposes of discussion, we will speak of transformational and transactional leaders when, in fact, most leaders have a profile of the full range of leadership that includes both transformational and transactional factors. However, those whom we call transformational do much more of the transformational than the transactional. In their defining moments, they are transformational. Those whom we label as transactional leaders display much more transactional leadership behavior. They are more likely to have attitudes, beliefs, and values more consistent with transactional leadership, but they still may be likely to be transformational at times.

Each component of either transactional or transformational leadership has an ethical dimension. It is the behavior of leaders—including their moral character, values and programs—that is authentic or inauthentic. Most leaders are likely to

Table 2. Leading Moral Components of Transactional and Transformational Leadership

Leadership Dynamic	Transactional Leadership
	Ethical Concern
Task	Whether what is being done (the end) and the means employed to do it are morally legitimate
Reward system	Whether sanctions or incentives impair effective freedom and respect conscience
Intentions	Truth telling
Trust	Promise keeping
Consequences	Egoism vs altruism—whether the legitimate moral standing and interests of all those affected are respected
Due process	Impartial process of settling conflicts and claims
	Transformational Leadership
Idealized influence	Whether "puffery" and egoism on part of the leader predominate and whether s/he is manipulative or not
Inspirational motivation	Whether providing for true empowerment and self-actualization of followers or not
Intellectual stimulation	Whether the leader's program is open to dynamic transcendence and spirituality or is closed propaganda and a "line" to follow
Individualized consideration	Whether followers are treated as ends or means, whether their unique dignity and interests are respected or not.

display a mixed moral profile; so, when we speak of authentic transformational leaders or authentic transactional leaders, we are labeling leaders who generally are more authentic than inauthentic.

Ethical Issues in Transactional Leadership

Both styles of leadership, transformational and transactional, have strong philosophical underpinnings and ethical components (Table 2). In individualist philosophies, where leaders and followers each rationally pursue their own self-interests, it is generally thought that leaders should be transactional. A *free contract* is often assumed as a model of transacting between leaders and followers. A contract has to have moral legitimacy (Donaldson & Dunfee, 1994). The moral legitimacy of transactional leadership is demanding in many ways. It depends on granting the same liberty and opportunity to others that one claims for oneself, on telling the truth, keeping promises, distributing to each what is due, and employing valid incentives or sanctions. It recognizes pluralism of values and diversity of motivations (Rawls, 1971).

Ethical Issues in Transformational Leadership

Transactional leadership models are grounded in a worldview of self-interest. But the exclusive pursuit of self-interest is found wanting by most ethicists (Gini,

1995, 1996; Rosenthal & Buchholz, 1995). Authentic transformational leadership provides a more reasonable and realistic concept of self—a self that is connected to friends, family, and community whose welfare may be more important to oneself than one's own. One's moral obligations to them are grounded in a broader conception of individuals within community and related social norms and cultural beliefs. Although there is plenty of transactional leadership in punishments for transgressions, authentic transformational leadership is more consistent than transactional leadership with Judaic-Christian philosophical traditions and discourses on the leadership of the moral sage that presuppose a trusting community as the central life context. Nonetheless, it is a matter of modern Western moral concern that ideals not be imposed, that behavior not be coerced, and that the search for truth not be stifled. Ethical norms and behavioral ideals should not be imposed but freely embraced. Motivation should not be reduced to coercion but grow out of authentic inner commitment. Questioning and creativity should be encouraged. Followers should not be mere means to self-satisfying ends for the leader but should be treated as ends in themselves. We label as inauthentic or "pseudo" that kind of transformational leadership that tramples upon those concerns.

Burns (1978) discussed leadership as *transforming*, and, on occasion, as *transformational.* Both the leader and the led are transformed—sharply changed in performance and outlook. But transforming others is just one of the *effects* of the leadership. We also need to examine the *behaviors* of authentic transformational leadership and the *attributions* given to transformational leadership on a moral basis; that is, the processes of vision articulation and choice are matters of moral concern, not just the consequences. It is the presence or absence of such a moral foundation of the leader as a moral agent that grounds the distinction between *authentic* versus *pseudo*-transformational leadership.

Burns (1978), Bass (1985) and Howell and Avolio (1992), among others, have examined the morality of transformational leadership. For Burns, to be transformational, the leader had to be morally uplifting. For Bass, in his early work, transformational leaders could be virtuous or villainous depending on their values. Howell and Avolio felt that only socialized leaders concerned for the common good can be truly transformational leaders. Personalized leaders, primarily concerned with their own self-interests, could not be truly transformational leaders. Publicly, hoever, and at a distance, they could act as if they were truly transformational although privately they were more concerned about themselves. O'Connor, Mumford, and colleagues (1995) showed how such inauthenticity in transformational world class leaders could result in destructive outcomes.

Critics attribute manipulative, deceptive and other such devious behaviors to so-called transformational leaders. Martin and Sims (1956) and Bailey (1988) hold that to succeed, *all* leaders must be manipulative. But, in fact, it is *pseudo-transformational* leaders who are deceptive and manipulative. Authentic transformational leaders may have to be manipulative at times for what they judge to be the common good, but manipulation is a frequent practice of pseudo-transformational leaders and an infrequent practice of authentic transformational leaders. We contrast authentic and pseudo-transformational leadership in terms of the four components

of transformational leadership already mentioned: idealized influence (or charisma), inspirational motivation, intellectual stimulation and individualized consideration.

Idealized Influence

If the leadership is transformational, its charisma or *idealized influence* is envisioning, confident, and sets high standards for emulation. Recent literature underscores the spiritual dimensions of such influence (Fairholm, 1998, part V; Kanungo & Mendonca, 1996, pp. 87ff.) as well as the moral dimensions of the influence process itself (Kanungo & Mendonca, 1996, pp. 52–56).

A first difference between authentic transformational leadership and pseudo-transformational leadership lies in the values for which they are idealized. For instance, the authentic leader calls for universal brotherhood; the pseudo-transformational leader highlights fictitious "we-they" differences in values and argues that "we" have inherently good values and "they" do not. Bass (1985, pp. 182–5) summed up the importance of the values held by a transformational leader in determining his or her actions. The observed behavior might seem the same, but according to Burns (1978), only if the underlying values were morally uplifting, could the leader be considered transforming. Bass originally argued that transformational leaders could wear the black hats of villains or the white hats of heroes depending on their values. This is mistaken; only those who wear white hats are seen as truly transformational. Those in black hats are now seen as *pseudo-transformational.* That is, while they may be transformational, they are inauthentic as transformational leaders. They are the false messiahs and tyrants of history.

Pseudo-transformational idealized leaders seek power and position even at the expense of their followers' achievements. They indulge in fantasies of power and success. They may argue that they are doing so for the good of the organization. Like charismatics, in general, they feel that they honestly know the right answers to problems which need to be sold through effective impression management. Sometimes, they even deceive themselves about their competencies. They exhort their followers to "Trust me!"—but they cannot be trusted. They engage in more self-displays to get more attention from their followers Their visions are grandiose. They do not have the same sense of responsibility as do authentic charismatic-inspirational leaders.

Pseudo-transformational idealized leaders may see themselves as honest and straightforward and supportive of their organization's mission but their behavior is inconsistent and unreliable. They have an outer shell of authenticity but an inner self that is false to the organization's purposes. They profess strong attachment to their organization and its people but privately are ready to sacrifice them. Inauthentic CEOs downsize their organization, increase their own compensation, and weep crocodile tears for the employees who have lost their jobs.

In addition to what has already been said, Howell and Avolio (1992) point to the need of authentic transformational leaders to promote ethical policies, procedures and processes within their organizations. They need to be committed to a clearly stated, continually-enforced code of ethical conduct which helps establish acceptable standards. They need to foster an organizational culture with high ethical

standards by appropriate recruitment, training and rewards to eventuate in the internalization in all the organization's members of shared moral standards.

Inspirational Motivation

The *inspirational motivation* of transformational leadership provides followers with challenges and meaning for engaging in shared goals and undertakings. The inspirational appeals of the authentic transformational leader tend to focus on the best in people—on harmony, charity and good works; the inspirational appeals of the pseudo-transformational leader tend to focus on the worst in people—on demonic plots, conspiracies, unreal dangers, excuses, and insecurities. Kanungo and Mendonca (1996 pp. 61ff) have linked this to an *empowerment process.* For them, empowerment is more than broadening the scope of participation by followers. It is motivational and enabling, highlighting a new realization and transformation of the person.

Idealized, inspirational leaders, who are pseudo-transformational, may mislead, deceive and prevaricate. They can be subtle and speak with a forked tongue, for instance, offering followers empowerment, yet continuing to treat them as dependent children (Sankowsky, 1995). They talk about empowerment but actually continue to seek control (Conger & Kanungo, 1998). Previously, Bass (1985) mistakenly argued that, although the dynamics might be the same if the leaders had virtuous or evil ends, the moral differences were a matter of their aims and values, not the dynamics involved in their influence. But both the dynamics and means-to-ends as well as the ends are different for authentic and inauthentic transformational leaders. The authentic are inwardly and outwardly concerned about the good that can be achieved for the group, organization, or society for which they feel responsible. The inauthentic and pseudo-transformational may publicly give the same impression and be idealized by their followers for it, but privately be concerned about the good they can achieve for themselves. They are captains who sail under false colors. They are spiritual leaders who are false prophets.

Intellectual Stimulation

The intellectual stimulation of transformational leadership incorporates an open architecture dynamic into processes of situation evaluation, vision formulation and patterns of implementation. Such openness has a transcendent and spiritual dimension and helps followers to question assumptions and to generate more creative solutions to problems. It is especially suited to the normative side of ethics, where human probing of the ground of being is both fathomless and endless. To the point, this dynamic breaks the bonds of organizational and leadership cultures that ignore fundamental questions such as altruism (Kanungo and Mendonca, 1996, pp. 79ff).

The intellectual stimulation of pseudo-transformational leaders manifests a logic containing false assumptions to slay the dragons of uncertainty. Pseudo-transformational leaders overweight authority and underweight reason. They take credit for others' ideas but make them scapegoats for failure (Sankowsky, 1995). They substitute anecdotes for hard evidence. They feed on the ignorance of their followers so that their followers will accept more ambiguities and inconsistencies opening the opportunities for the self-enhancement of charlatans:

People like Rush Limbaugh and Louis Farrakhan live well off ignorance. . . . They are smart, ambitious men with great charisma, who look like giants to people of minor intellect. They are snake oil salesmen. They are confidence men who exploit . . . ignorant, scared, angry, frustrated people for personal gain in the name of doing good for the entire nation or race (Lockman, 1995, p. 9a).

Authentic transformational leaders persuade others on the merits of the issues. Pseudo-transformational leaders set and control agenda to manipulate the values of importance to followers often at the expense of others or even harm to them. Authentic transformational leaders openly bring about changes in followers' values by the merit and relevancy of the leader's ideas and mission to their followers' ultimate benefit and satisfaction (Howell, 1988). Pseudo-transformational leaders may create the impression that they are doing the right things, but will secretly fail to do so when doing the right things conflict with their own narcissistic interests. They are less likely to listen to conflicting views and more likely to be intolerant of the differences of opinion between their followers and themselves (Howell & Avolio, 1992). They substitute emotional argumentation for rational discourse.

Individualized Consideration

The individualized consideration component of transformational leadership underscores the necessity of altruism if leadership is to be anything more than authoritarian control (Kanungo & Mendonca, 1996, pp. 85ff). The transformational leader treats each follower as an individual and provides coaching, mentoring and growth opportunities (Bass, 1985). While true transformational leaders are concerned about developing their followers into leaders, pseudo-transformational leaders are more concerned about maintaining the dependence of their followers. They exploit the feelings of their followers to maintain deference from them (Sankowsky, 1995). Pseudo-transformational leaders will welcome and expect blind obedience. They will attempt to enhance their personal status by maintaining the personal distance between themselves and their followers. They encourage fantasy and magic in their vision of the attractive future while true transformational leaders promote attainable shared goals. Narcissistic pseudo-transformational leaders manipulate arguments about political choices with a "twist that achieves the desired responses" (Bass, l989, p.45). Their style of individualized consideration foments favoritism and competition among followers in the guise of being helpful. While the authentic individually considerate leader is concerned about helping followers to become more competent to provide for a more successful succession, the inauthentic counterpart seeks to maintain a parent-child relationship.

The difference between authentic and pseudo-transformational leadership is also seen in that authentic transformational leaders, who may have just as much need for power as pseudo-transformational leaders, channel the need in socially constructive ways into the service of others. Pseudo-transformational leaders use power primarily for self-aggrandizement and are actually contemptuous privately of those they are supposed to be serving as leaders (Howell and Avolio, 1992). Although this may not be expressed publicly, privately pseudo-transformational leaders are concerned

about their power and gaining more of it. Insiders who work closely with them know them to be deceptive, domineering, egotistical demagogues while their public image may be that of saviors. Pseudo-transformational leaders are predisposed toward self-serving biases. They claim they are right and good; others are wrong and bad. They are the reason things go well; other persons are the reason for things going badly. They wear different masks for different occasions, believe themselves to be high in self-monitoring but are betrayed by their non-verbal contradictory behavior.

The Moral Spectrum of Transformational Leadership

Transformational leadership traces out a complicated moral spectrum, in which most leaders combine authentic as well as inauthentic behavior. For example, many leaders, particularly political leaders who cannot move too far in front of their followers, walk a fine line of moral probity. In their efforts to accent the positive, to make inspiring appeals, to maintain the enthusiasm and morale of followers, they are inauthentic in transformational leadership. They withhold the release of information. Or they time its release for when it will do the most good. They give the appearance of confidence even when they are unsure about what they are doing and what they are telling followers to do. They initiate projects which they personally oppose and delay implementing them so that the projects never are completed. They publicly support but privately oppose proposals. They openly compromise but privately divert the implementation of the compromise (Martin & Sims, 1956; Bass, 1968). They may have the public image of a saint but privately are deceptive devils. They may appear to their followers to behave as a transformational leader but the appearance is deceptive for inwardly they remain more interested in themselves than their followers. They knowingly focus their followers on fantasies instead of attainable visions. They engage in shams and pretense. They don't practice what they preach. And these masquerades are at the expense of their followers. They are *pseudo-transformational.* They are Freud's (1913) totemic leaders who satisfy the fantasies of their followers although they appear to direct their followers towards transcendental purposes, but in fact tend to cater to the self-delusionary interests of their followers.

In short, while authentic and inauthentic transformational leaders may fail to exhibit any one of the four components—idealized influence, inspirational motivation, intellectual stimulation or individualized consideration—the component that ordinarily is missing in the personalized leadership of the pseudo-transformational leader is individualized consideration. Thus, many intellectually stimulating, inspirational leaders such as Hyman Rickover, who transformed the U.S. Navy into the nuclear age, were known for their self-aggrandizing, inconsiderate, abusive and abrasive behavior (Polmar & Allen, 1982). Furthermore, instead of earning idealized influence from their followers, the pseudo-transformational leaders seek to become the idols (rather than the ideals) of their followers (Howell & Avolio, 1992). The ethics of transformational leadership are subverted by the pseudo-transformational leader's contempt for self and others, by learning to rationalize and justify their deceptions, and by their feelings of superiority. They see themselves as having

an unconventional but higher morality (Goldberg, 1995). Nevertheless, they are mistaken. O'Connor, Mumford, and associates. (1995) contrasted the biographies of 82 world class personalized and socialized charismatic leaders. The socialized charismatics were rated more highly in their morality than were the personalized, especially as they behaved during their rise to power.

> Leaders are authentically transformational when they increase awareness of what is right, good, important, and beautiful, when they help to elevate followers' needs for achievement and self-actualization, when they foster in followers higher moral maturity, and when they move followers to go beyond their self-interests for the good of their group, organization, or society. Pseudo-transformational leaders may also motivate and transform their followers, but, in doing so, they arouse support for special interests at the expense of others rather than what's good for the collectivity. They will foster psychodynamic identification, projection, fantasy, and rationalization as substitutes for achievement and actualization. They will encourage 'we-they' competitiveness and the pursuit of the leaders' own self-interests instead of the common good. They are more likely to foment envy, greed, hate, and conflict rather than altruism, harmony, and cooperation. In making this distinction between the authentic transformational and pseudo-transformational leader, it should be clear that we are describing two ideal types. Most leaders are neither completely saints nor completely sinners. They are neither completely selfless nor completely selfish (Bass, 1998a, p. 171).

For example, in an election campaign, the authentic transformational leader points the public to the societal problems he truly believes need solving. The inauthentic transformational leader points to the same issues but is personally uninterested in doing something about them. In an election campaign, the authentic transactional leader makes promises he thinks he can keep, if elected. But he or she may be overly optimistic and be unable to keep the promises. An inauthentic transactional leader knows he is making promises he cannot keep, if elected.

If transformational leadership is *authentic* and true to self and others, it is characterized by high moral and ethical standards in each of the dimensions discussed above. At the same time it aims to develop the leader as a moral person and creates a moral environment for the organization. In Fairholm's terms (1998) it is at once a type of leadership grounded in values, based in trust and rooted in spirituality. As an *ideal moral type*, authentic transformational leadership contrasts sharply with what we term its pseudo or unethical manifestations as well as with conventional transactional leadership.

The best of leadership is both transformational and transactional. Transformational leadership augments the effectiveness of transactional leadership; it does not replace transactional leadership. (Waldman, Bass, & Yammarino, 1990; Kanungo & Mendonca, 1996, pp. 53ff.). Take the example of Abraham Lincoln. He made many transactional executive decisions based on his own sense of timing and political expediency such as delaying the Emancipation Proclamation until after the first Union victory at Antietem in 1862. Even then, to hold the slave states of Delaware,

Maryland, Kentucky and Missouri in the Union, the Proclamation only prohibited slavery in those 11 states that had seceded. As an authentic transformational leader, his sense of duty and what he personally thought was right, good and proper, propelled him into executive decisions unapproved by Congress and unsupported by public opinion. He suspended Habeas Corpus in 1862 when Washington, D.C. was almost surrounded by rebel troops. Nevertheless, by his second inauguration in 1864, he was espousing a generous, forgiving peace settlement "with malice towards none."

While transactional leadership manages outcomes and aims for behavioral compliance independent of the ideals a follower may happen to have, transformational leadership is predicated upon the inner dynamics of a freely embraced change of heart in the realm of core values and motivation, upon open-ended intellectual stimulation and a commitment to treating people as ends not mere means. To bring about change, authentic transformational leadership fosters the modal values of honesty, loyalty, and fairness, as well as the end values of justice, equality, and human rights. But pseudo-transformational leadership endorses perverse modal values such as favoritism, victimization, and special interests and end values such as racial superiority, submission, and Social Darwinism (Carey, 1992; Solomon, 1996). It can invent fictitious obstacles, imaginary enemies, and visions that are chimeras.

Transactional leadership is moral when the truth is told, promises are kept, negotiations are fair and choices are free (Hollander, 1995). It is immoral when information harmful to followers is deliberately concealed from them, when bribes are proffered, when nepotism is practiced, and when authority is abused.

Ethical Criticisms of Transformational Leadership

The concepts of leadership we endorse represent ideal types where transactional leadership rests upon transformational foundations and transformational leadership is enlivened and guided by an inner ethical core. Nonetheless, its ethics have been questioned despite the fact that transformational leadership was conceived as leadership which involved moral maturity (Kuhnert & Lewis, 1987) and the moral uplifting of followers (Burns, 1978).

Meta-analytical evidence supports the generalizeable findings that transformational leadership is more effective, productive, innovative, and satisfying to followers than is transactional leadership (Lowe, Kroeck & Sivasubrahmaniam, 1996). People's implicit theories of leadership are likely to be more transformational than transactional (Avolio & Bass, 1991) However, its ethics have been questioned. It has been suggested that transformational leadership: (1) lends itself to amoral puffery since it makes use of impression management (e.g., Snyder, 1987); (2) manipulates followers along a primrose path on which they lose more than they gain (e.g., White & Wooten, 1986); (3) encourages followers to go beyond their own self-interests for the good of the organization and even emotionally engages followers irrationally in pursuits of evil ends contrary to the followers' best interests (e.g., Stevens, D'Intino, & Victor, 1995); (4) is antithetical to organizational learning and development involving shared leadership, equality, consensus and participative

decision-making (e.g., McKendall, 1993); (5) lacks the checks and balances of countervailing interests, influences and power to avoid dictatorship and oppression of a minority by a majority (e.g., Keeley, 1995); and (6) the distinction between authentic and pseudo transformational leadership is not applicable across cultures.

Although the criticisms overlap, we analyze them in terms of four broad frameworks: a) traditional ethics of moral character and virtue as found in Socratic and Confucian traditions (criticism 1 above); b) the modern Western ethical agenda of individual liberty, utilitarian social choice, and distributive justice (criticisms 2, 3 and 4 above); c) providing for a balance of power and "due process" in anticipation of the breakdown in practice of ideal types of leadership and ethics (criticism 5 above); and d) authentic transformational leadership and cultural factors (criticism 6 above).

MORAL CHARACTER, VIRTUE, AND TRANSFORMATIONAL LEADERSHIP

In leadership, character matters. This is not to deny that evil people can bring about good things or that good people can lead the way to moral ruin. Rather, leadership provides a moral compass and, over the long term, both personal development and the common good are best served by a moral compass that reads true. In this section we draw some lessons from the traditions of the *moral sage* and *social prophet* which have enjoyed prominence in a wide variety of cultures. Whether visionary or ascetic, the sage and prophet have also widely been perceived as agents of change, as well as people to be emulated and as leaders of others, not followers. To be sure, moral leadership is not to be confused with occupying official positions of authority. In fact, the sage and prophet often held no official office and inveighed against the moral corruption of the "principalities and powers."

An approach to ethics based upon moral character and virtue enjoys an extraordinarily broad cross-cultural base in terms of the "framing narratives" that guide ethical discourse in cultural settings as diverse as Western and Confucian traditions. From Plato's "philosopher king" to the virtuous Confucian minister of the State, the "moral sage" and the "superior person" are portrayed as both a font of wisdom and the embodiment of virtue, whose very presence and being brings about personal and social transformations.

The moral development of the leader embraces individual, familial and spiritual dynamics of personality (Kanungo & Mendonca, 1996, pp. 59, 87ff., 98ff.; Fairholm, 1997, part V). The spiritual dimension underscores not only virtuous behavior but an attitude of openness to the transcendent meaning of human existence. Moral beliefs concerning a leader's character are reliably associated with conventional morality as assessed by Bass (1956) include: being humble, being virtuous, obeying the dictates of one's conscience, maintaining old friendships and forming new ones, being loyal, generous and forgiving, helping others, conforming to custom, and maintaining good faith.

In what follows we recall the traditions of the ethics of virtue that undergird both Western and Confucian traditions. We confine ourselves to Plato's *Apology* (Tredennick, 1969*)* and the Confucian *Analects* (Xin, 1994). In doing so, we are

well aware of the limitations of both Socratic and Confucian thought for the contemporary world in terms of worldview, social hierarchy and immobility, views of the human person, ideals of truth and so forth (Whitehead, 1933; deBary, 1991b). Yet, borrowing from Whitehead that all Western philosophy is but a footnote to Plato, both Socrates and Confucius imparted *root metaphors* and *framing narratives* of the moral person as a transforming person that have guided philosophical discourse ever since, both in the West and in the East.

The Virtuous Person as Transformational

Although there are many diverse elements of Chinese moral tradition that are frequently at odds with each other, there does seem to be some general agreement that among other things, the moral life rests upon foundations of individual virtue and that the individually virtuous person transforms others as well as the social environment (Schwartz, 1985; Lin, Rosemont, & Ames, 1995).

Both Socrates and Confucius have come to epitomize leaders with authentic *idealized influence.* There is no doubt that over the centuries they have taken on heroic dimensions. Their framing narratives underscore a fundamental dynamic of leadership. Each proposed to his followers the highest ethical standards which they themselves implemented in their own lives. More important, in terms of authenticity, each was recognized as a sage and leader by others, not by self-proclamation.

Historically, the central focus of ethical concern in Chinese traditions manifests a right ordering of personal relationships. Epitomized in Confucius' "five relations," (Taylor & Arbuckle, 1995; Tu, 1985, ch. 3). Chinese ethics emphasizes personal virtue and specify proper conduct in family, kinship, and friendship relations, as well as among social equals and between superiors and subordinates in sociopolitical organizations and institutions. The social and political order has always been seen as a moral issue and it plays a critical role in realizing humanity's ethical destiny (Schwarz, 1985, p. 52; deBary, 1991a). The virtue of *ren* (human-heartedness, benevolence, love) and the virtue of *yi* (righteousness) are the grounding virtues of the moral life. They express the way (*dao*) that one existentially embraces. *Ren* is the lodestar that permeates every action of the superior person.

The moral person in each tradition would sacrifice anything for the sake of virtue. For example, the Confucian moral tradition is strikingly clear about the relation of profits to moral virtue. From the *Analects* one reads:

> Confucius said, "Wealth and honor are what every person desires. But if they have been obtained in violation of moral principles, they must not be kept. Poverty and humble station are what every person dislikes. But if they can be avoided only in violation of moral principles, they must not be avoided. If a superior person departs from humanity (*ren*), how can s/he fulfill that name? A superior person never abandons *ren*, even for the lapse of a single meal. In moments of haste, one acts according to it. In times of difficulty or confusion, one acts according to it" (*Analects*, 4.5).

In Socratic terms, one finds a striking similarity: the moral person does not "put money or anything else before virtue" (*Apology*, 42A).

Both Socrates and Confucius base their approach upon authentic *inspirational motivation.* Each proposes a transcendent vision of fulfillment, justice, and peace based upon the right ordering of relationships. Each is transcendent and grasps the "beyond in our midst," a better future. Each transforms by invitation, not by coercion. Each manifests consistency between word and deed.

The inspiration is simple: virtue is its own reward. The basic scenario of the moral sage in each tradition emphasizes virtue and moral character. In the days leading up to his condemnation to death, Socrates was taken up with a single question: *how to be excellent at being human?* He sharply criticized the pseudo-transformational sophists—the purveyors of false wisdom—because they did not know themselves; even worse, they abandoned fidelity to the way of truth. While pretending to be wise, they were foolish. The Socratic enterprise is grounded in a relentless pursuit of the truth, in the development of wisdom and the cultivation of virtue. Indeed, Socrates himself transformed others precisely because of his fearless commitment to virtue.

For Confucius, the moral sage (*shengren*) is the key person in bringing about personal righteousness and social justice. A superior person (*jyundz*) is a moral person, who walks the moral way and attempts to practice virtue through self-cultivation. Both the sage and the superior person live under the restraint of virtue and aim to transform society accordingly. A superior person is perforce a moral leader (*Analects*, 17:3). The common, inferior or small person (*xiaoren*) either does not know or does not follow the way and is not a positive moral force.

Even though written texts idealize them, the commitment to authentic *intellectual stimulation* of their disciples is notable in each. Both Confucius and Socrates are memorable for their "ways of proceeding" (methodologies) that were based upon relentless questioning. For each moral wisdom was the highest prize. It was for his spirit of inquiry and transformative vision that Socrates was put to death for according to his words in Plato's *Apology*:

> . . . it is the greatest good for a man every day to discuss virtue and the other things about which you hear me talking and examining myself and everybody else . . . *the unexamined life is not worth living for a man* (Treddenick, 1969, 36c; emphasis added).

We do not find in either thinker a treatise on commerce and markets. In fact, they seem to take for granted the institutions of their day together with embedded social hierarchies. Yet for them, every individual had dignity and moral standing and this formed the basis for authentic *individualized consideration*. Each takes the interests of others seriously and is forgetful of self alone. Each facilitates a common good for all and a future for individuals that is worth sacrificing for. In both Socrates and Confucius we discover an almost tutorial or mentoring method that had as its focus "personal cultivation" as a "superior person" (Confucius) or a true "lover of wisdom" (Socrates). If individual interests are to be sacrificed, it is only to be done for the sake of attaining virtue and justice, not for wealth or for possessions or to serve the leader's interests.

In today's world, Socrates and Confucius seem almost hopelessly naive, offering

a vision based on the premise that through personal cultivation guided by moral leaders people will develop strong moral character and embrace virtue above all other things and, in so doing, will transform themselves and society. Personal virtue and moral wisdom of the leader provide the checks and balances upon power and self-aggrandizement! From this simple framework of *truth-wisdom-virtue* a vision of the transforming power of the moral sage has flowed down through the ages. The heart of the moral enterprise is the development of good character, which is defined by commitment to virtue in all circumstances. This framework was integrated into Judaic-Christian traditions through personages such as Augustine, Aquinas, and Maimonides. In Judaic-Christian traditions, the *moral sage* (saint, holy person) exercises a transforming influence upon those all those whom s/he contacts. The moral sage is a leader.

These traditions of the moral sage serve as a root metaphor and framing narrative of each respective culture's value systems. In terms of cultural practices, however, the dynamics vary considerably . In China, for example, the morality of factionalism and personal networks (*guanxi*) are highly discussed (Pye, 1995), especially in light of recent economic reforms (Shanghai Investigative Group, 1995; Zhu & Ye, 1995). In all of this, based on Chinese sources themselves, it is the moral quality of leadership that is foremost in people's minds.

While the tradition of virtue ethics has been less prominent in philosophical traditions of modern Western rationalism, it remained very much alive in religious circles (MacIntire, 1981) and recently has found increasing applications to business ethics (Koehn, 1995; Maitland, 1997). With the renewed emphasis upon leadership in both strategic management and business ethics, the virtues and moral character of leaders have taken center stage.

From the literature on transformational leadership, it is clear that there are many points of congruence between the "authentic moral sage" and the "authentic transformational leader." Being a moral leader is more a creative art than science. Its hallmark is existential practice, where one engenders virtue in self, others and society though example and virtuous conduct. The "superior person" transforms relations between people in society to reflect the "way" of the "mandate of heaven." What emerges from the above is that a moral person is a superior person precisely by his or her embrace of the way of virtue. The process of growth in virtue is one of creative transformation of self (Tu, 1985; deBary, 1991a; 1991b). But this is no individualist project—it occurs both within and for a fiduciary community. A person becomes virtuous within a community. A person becomes virtuous for the community—to "give all people security and peace." (Xin, 1994, *Analects*, 14, 42) The true transformational leader is to be, in Confucian terms, a "superior person." We examine this further in light of how a leader deals with impression management.

Sophistry, Pretense, and Impression Management

Impression management is the regulation of information about a vision, the organization, and the Self. The authentic transformational leader may remain ethical in using impression management to provide followers with "identity images" of trustworthiness, credibility, moral worth, innovativeness, esteem, and power (Gard-

ner & Avolio, 1998, p.40). Conversely, impression management may be the sophistry and pretense of the pseudo-transformational leader providing self glorification, "spin" on events, excuses, and the big lie. The criticism of its immorality reads as if it were directly taken from the *Analects* and from the *Apology*!

To foster their influence and esteem among their followers, "transformational" persons, particularly those leaders who want to bolster their charismatic and inspirational image, engage in impression management. (Gronn, 1994). Gardner and Avolio (1998) note that many charismatic leaders orchestrate their presentations to frame, script and stage their performance. The presentations can be moral, amoral or immoral. For example, to maintain morale in the face of uncertainties, without sacrificing their virtuousness, competent leaders may send out messages to rally support. Evidence may be provided projecting an image of strength and decisiveness. On the other hand, morality will be tested when incompetent leaders focus all the attention on their strengths rather than their weaknesses, appeal to the fantasies of their followers, adopt the values they feel fit the implicit theories that followers have about ideal leadership, paint a vision of the future that is more fantasy than reality, and exaggerate the meaningfulness of the followers' efforts. They are, in short, the "sophists" and "small persons" whom Socrates and Confucius condemned. The most telling difference between them and true moral leaders is that their puffery and self-aggrandizement emanates from them and their handlers, rather than from acclamation by the people who might choose to emulate them.

There are differences between absolute truth-telling, the shading of facts, and the big lies; between emotional and intellectual appeals; and between objectivity and advocacy. The basic moral issues are captured in the virtues of authenticity, integrity, truthfulness, and credibility. Moral character and virtue are only adequately expressed in actions and behavior, not mere words. Moral philosophy in every culture and age has been riddled with falsity and pretense—"false prophets," "angels of darkness" who clothe themselves in light, or "sophists"—in short, pseudo-transformational leaders whose specialty is rationalization of what they do. Nonetheless:

> the credibility of the leaders suffers when the truth is stretched. Trust in the leaders is risked and . . . trust is the single most important variable moderating the effects of transformational leadership on the performance, attitudes, and satisfaction of the followers (according to a large-scale survey by Podsakoff, Niehoff, Moorman, & Fetter (1993). Although distant leaders may be able to play with the truth longer than can close, immediate leaders . . . the trust so necessary for authentic transformational leadership is lost when leaders are caught in lies, when the fantasies fail to materialize, or when hypocrisies and inconsistencies are exposed (Bass, 1998a, p.173).

When self-promotion and hype are excessive, they can create the impression of being manipulative, untrustworthy, overzealous and conceited (Gardner & Avolio, 1998). The relentless moral inquiry advocated by both Socrates and Confucius, as well as much religious tradition easily puncture such balloons.

Impression management is the norm for advertising, publicity agents, and spin doctors seeking visibility and celebrity status for their clients. Morality may be a

matter of what is customary. Hype may be acceptable and controllable by the availability of full information and the concern for maintaining credibility and trust. Rhetorical skills which enhance appeals work best for leaders who are at a distance from their followers rather than close to their followers (Shamir, 1995). Leaders close to their followers lose trust readily with loss of reputation for not telling the truth.

> Truly transformational leaders, who are seeking the greatest good for the greatest number without violating individual rights, and are concerned about doing what is right and honest are likely to avoid stretching the truth or going beyond the evidence for they want to set an example to followers about the value of valid and accurate communication in maintaining the mutual trust of the leaders and their followers (Bass, 1998a, p. 174).

Nonetheless, in a "lesser of two evils" type of argument, when no likely outcome in a particular situation is morally ideal, and the "second best" seems better than nothing, there may be instances when a moral leader may find it necessary to moderate the hard facts of a circumstance. The transformational leader can be hopeful and optimistic without being deceitful and perfidious. Heifetz (1994) suggests that it is ethically acceptable to delay telling patients they have a terminal illness until the physician feels the patients are ready to hear the prognosis.

In trying to cope with the strong isolationist sentiments in 1940 in the United States and the emergency needs of Britain to keep open the North Atlantic supply routes being threatened by German successful submarine warfare, President Roosevelt initiated the "lending" of 50 U.S. Navy destroyers to the British rather than asking an isolationist Congress to give them the destroyers.

Impression management can also be used defensively to protect the leader's and the organization's image and vision. Ronald Reagan was labeled the "Teflon President" because of his skill in deflecting criticism (Gardner & Avolio, 1998).

THE MODERN ETHICAL AGENDA OF INDIVIDUAL LIBERTY, UTILITY AND JUSTICE

To guide moral actions, modern Western ethics marks a change in Western tradition in its articulation of ethical criteria. While recognizing the moral heritage based upon faith, modern Western ethics was inspired to large degree by reason and by science. It has placed emphasis upon rules or principles to be followed in concrete situations; as a social ethic it has emphasized procedural justice. At one extreme, this new ethical agenda has assigned the highest value to individual liberty and the right of the individual both to determine his or her interests and to pursue them. When a leader appears to arbitrarily or surreptitiously influence the values of followers or to interfere with individual determination and pursuit of interests, it is judged morally objectionable. This issue goes to the heart of the dimensions that we ascribe to an authentic transformational leader. It questions whether it is possible to have "idealized influence" and "inspirational motivation" without controlling, dominating and otherwise diminishing the liberty of conscience, free choice and

self-determination of followers. It questions whether leadership that asks for the dedicated commitment of followers can, in the same breath, truly provide for individualized consideration of a follower's interests.

What Constitutes Ethical Leadership for Libertarians

Libertarians such as Robert Nozick (1974) and Ayn Rand (1964) view any form of leadership that dominates followers as antithetical to core values. They see the exercise of liberty and free choice by the individual as the heart of the moral enterprise and the thwarting of such liberty by others as the major moral evil. For Nozick and Rand, life is inherently social, in the sense that one pursues happiness while rubbing up against others doing the same. However, their view of society is atomistic: society is an aggregate of self-contracting individuals who go about life both determining what is their happiness as well as how to pursue it. Based upon such a dynamic of liberty, social moral obligations derive only from free valid contracts and the truthfulness and promises they entail. Transactional leadership is valid to the extent that is consistent with a morally legitimate contract between affected individuals. In this view, transformational leadership can only be viewed with suspicion as a covert exercise at control and domination. Everyone should be his or her own transforming leader.

Similar themes are sounded in areas of modern existentialist philosophy exemplified by Camus, Sarte and Marcel (e.g., Sartre, 1992). The heart of the moral project is to "choose oneself" and claim responsibility for the "self" that one is and for the relationships one has. To blindly follow others, to embrace their life projects rather than one's own, to fail to exercise such freedom is a moral evil. Any form of leadership that entails abandoning the existential responsibility for one's self is a plague.

There is little moral role for leaders in such a context, except to enhance individual liberty, rights, and self-determination. Unfortunately, a good deal of the leadership literature is predicated upon the "leader-single follower" model and neglects the dynamics of "leader-diverse stakeholders." There are certainly grounds for such a focus: A leader may be a catalytic agent of a follower's personal development. The leader may be inspirational, may set an example to emulate, enhance liberty and choice, and facilitate the pursuits of one's interests. However, the moral analysis of leadership is severely deficient if it is limited to such considerations. The leader is more than an "enhancer" of individual self-determination and is also more than the most effective calculator of the "greatest happiness of the greatest number."

What Constitutes Ethical Leadership in the Human Relations Movement

The Human Relations Movement is at the other extreme of the libertarian ethical position. It espouses shared values, equality, power sharing, consensus, and participative decision-making. It sometimes equates individual leadership with dominant behavior, the power of authority, the giving of directions, the arbitrary making of decisions, and neglect of followers' interests (Rost, 1991). We argue that such a notion of leadership is truncated and neglects the inspirational side of leadership and the legitimate needs for the power of position, authoritative initia-

tives, and leader and follower responsibilities. In community affairs, the Human Relations Movement takes the form of "grass roots" democracy. In organizations, it is seen in much of the theory and practices of Organizational Development (OD). It is also seen in sensitivity training that features the spontaneous emergence of the different roles of leadership in initially ambiguous situations. Learning how to give and receive feedback provides the means for the group to progress. For organizations to improve themselves, the seeds of reform reside in the values, interests and capabilities of their members. Organizations could improve if the members were empowered to try out their ideas and learn from feedback (Bass, 1968). The follower-leader distinction should wither away (Burns, 1998; Rost, 1991).

Meeting the Moral Requirements of Libertarians and Human Relationists

Both libertarian and human relations theories are predicated upon the moral dignity of each person—"everyone counts for one." The core values of modern Western philosophy affirm individual liberty, inviolability of conscience, self-determination, and choice. Rawls (1971), echoing the tradition of Locke (1960), suggests that the liberty of individuals be maximized subject only to the condition that there be similar liberty for all others. Yet there is a notion of the common good that transcends a mere aggregate of individual goods. And, as all authority derives from the consent of the governed, the key problem is one of social choice, where the common good is provided for without infringing upon inalienable individual human rights. Individual and community exist in a delicate tension (Bellah et al., 1985). Ethically, this provides the grounds for discussions of civic virtue. We suggest that it also provides the grounds for the necessity of authentic transformational leadership. In what follows we discuss these issues on the basis of stakeholder theory, value congruence, agency and cooperative action.

Stakeholder Theory

It is helpful to place leadership in the context of contemporary stakeholder theory (Freeman, 1984), where a business firm or social organization is seen as composed of various constituencies (workers, customers, suppliers, managers, shareholders, local communities and so forth) all of whom have a legitimate strategic and moral stake in the organization. Yet they all may have different values and interests, different resources, and different sets of other stakeholder relationships deriving from other organizations. The core problem is to achieve the common good of the organization, while at the same time meeting the needs and safeguarding the rights of the various stakeholders. To achieve such an outcome, people must to some extent come together and cooperate on the basis of values, interests, and social choice. In such a view, the common good is not a mere aggregate of individual interests or a "greatest happiness" of a majority (Steidlmeier, 1992; pp. 66–71, 97–99, 260–263). It is a truly common good, that is only possible through *civic virtue*, cooperative action by all participants. Examples are found in the common goods of language and culture, of social peace and order and economic welfare. These are all social as well as individual goods and only attainable through cooperative action and the exercise of civic virtue.

It is in such an arena that one finds the greatest need for authentic transformational leadership, for only such leadership can help people develop the common interests of a community beyond the aggregate interests of its individuals. Authentic transformational leadership goes beyond the individual leader or follower, the aggregate of individual interests, or a calculus of greatest utility. Fundamentally, the authentic transformational leader must forge a path of congruence of values and interests among stakeholders, while avoiding the pseudo-transformational land mines of deceit, manipulation, self-aggrandizement, and power abuse. It is clear that leadership can become exploitative and abusive. In this regard, criticisms of transformational leadership stem from the human relations and organizational development literature in management and the individual/community dialectic in ethics (Bellah et al., 1985).

Achieving Value Congruence
Many find moral fault with transformational leadership when it motivates followers to go beyond their self-interests for the good of the group or organization. For Stevens, D'Intino and Victor (1995), transformational leaders influence the values of the members of an organization so they will adopt the leaders' values as their own. This "fundamentally violates the democratic and humanistic values" of Organizational Development (p. 125). Under such influence, members are induced by the leadership to eschew their own best interests for the sake of the organization. For White and Wooten (1986), the democratic and humanistic values of OD conflict with the organizational values of productivity and efficiency. In dealing with such value conflicts, the transformational leader redirects the members into pursuing organizational efficiency instead of the members' personal needs for income, security, affiliation, and career development (McKendall, 1993). Transformational leadership is seen as immoral in the manner that it moves members to sacrifice their own life plans for the sake the organization's needs. There is no moral justification for the vision of the CEO becoming the future to be sought by the employees. Furthermore, democracy and humanism espoused by OD require that all such developments result from consensual participative leadership and the "fair settlement of values conflicts" (Stephens, D'Intino, & Victor, l995, p.135).

For Rost (1991), the achievement of value congruence between the leader and the led demands consensual decisions, individual rights, and freedom of choice. Yet free choice narrowly conceived can result in the tragedy of the commons. In the ethics of Nozick and Rand, the solution is found by negotiating interests in terms of a contract and then fulfilling that contract. And indeed, "win-win" mathematically optimal solutions can be calculated (Brams & Taylor, 1996). Nonetheless, free choice can produce the Abilene Paradox in which each member of a family group does not want to go to Abilene. With free choice and each member believing he or she is going along with the wishes of the others, without the leadership to test for consensus, every member of the family goes to Abilene although no one wanted to go (Harvey, 1996). Contracts can be skewed in favor of those with more resources, contacts, and "bargaining power." People often appreciate leadership that points the way out of dilemmas whether it comes from others within their own collective or from external authority. Leaders as divergent in their politics as Mao Zedong

and Shimon Peres agreed that the task of leadership is to sense the problems of their followers and to articulate solutions that satisfied their interests.

Rost (1991), reminiscent of libertarians Nozick and Rand, asks for leader-follower distinctions be erased to reach true participative democracy. Burns (1998) partially agrees and would substitute for leaders and followers, initiators, supporters and opponents. But the counter-arguments are that if everyone in a group is responsible for its leadership, no one is responsible. Furthermore, if a group is initially leaderless, the members compete with each other for leadership. One or more leaders emerge who initiate and propose more than the other members. Followers emerge who are responsive to the leaders, and non-responsive isolated persons remain who are passive (Bass, 1954).

If trying to align the values of members of an organization with the good of all stakeholders is unethical , then it is unethical to contingently reward prison inmates with time off for good behavior or for transformational teachers to move pupils to internalize the values of good citizenship for the benefit of society. "Libertarians would agree that one's life plans are paramount but they are close to espousing anarchy as are the OD extremists who charge immorality if the transformational leader intervenes in the individual follower's life plans" (Bass, 1998a, p. 179). With this line of thinking that it is immoral to align the values and behavior of organizational leaders and followers, it then is unethical to send a soldier into harm's way or to require an employee to avoid disclosing trade secrets of the former employer when the employee transfers to a competing firm. Authentic transformational leaders achieve value-congruence with followers by sharing with them what both will regard as right and good. Pseudo-transformational leaders achieve value-congruence by sharing unrealistic, unattainable, and exploitative expectations.

Thus, we argue that there is much moral justification for authentic transformational leaders trying to achieve value-congruence between themselves and those they lead. When such congruence is achieved, both the leaders and the led are more satisfied emotionally (Meglino, Ravlin, & Adkins, 1989). The leaders are aided by acculturation processes, for as followers are socialized into an organization, the congruence increases between their values and the values of the organization (O'Reilly et al., l991). And the congruence results in leaders being seen by followers as more considerate, competent, and successful (Weiss, 1978). Additionally, followers are more satisfied with their assignments (Engelbrecht & Murray, 1993).

Transformational leadership is value-centered. Leader and followers share visions and values, mutual trust and respect, and unity in diversity (Fairholm, 1991); however, the moral question remains. Are the followers coerced or unknowingly seduced into adopting the values of the leadership, or is the emerging congruence in the values of the leader and the led the result of their mutual influences? For human relationists, the coming together of the values of the leader and followers is morally acceptable only if it comes about from participative decision-making pursuing consensus between leaders and followers. Whether a leader is participative or directive, however, is not a matter of morality. It is a matter of the naiveté or experience of the followers and many other contextual considerations (Hersey & Blanchard, 1969). In many cases, directive leadership is more appropriate and

acceptable to all concerned (Bass, 1990). Ethically, values may be imparted directively to followers by authorities whom they respect and trust, and from whom they want guidance: priests, physicians, parents, and teachers. If the values espoused are immoral, then the authorities are pseudo-transformational.

Social Utility and the Achievement of the Congruence of Interests: Transcendence, Agency and Trust

In Western philosophy the notion of utility is often put forward as the proper ethical goal of social choice, provided that it does not transgress inalienable individual rights. For all that, it is not easy to specify what the term "utility" means. John Stuart Mill (1967, p. 900) identified it as the "greatest happiness principle" e.g. ". . . actions are right in proportion as they tend to promote happiness, wrong as they tend to produce the reverse of happiness. By happiness is intended pleasure, and the absence of pain. By unhappiness, pain, and the privation of pleasure." Modern parlance is less precise and variously interprets utility to mean achieving the greatest good, the greatest satisfactions or just majority rule, either for a given act (to properly separate one's household trash) or for a given rule (such as affirmative action) over a short or long term. In simplest terms the rule of utility, as popularly understood, argues that the consequences of rules or actions are morally good is they benefit the majority without transgressing inalienable individual rights. This applies to both individual and social choices. Ideally, social utility is arrived at through the exercise of liberty: elections in politics, consumer sovereignty in the marketplace, participation in the workplace.

Problems remain when information is insufficient and outcomes are uncertain. What one thinks about the adequacy of utility as a moral measure gets back to what one thinks about human communities—life in groups, organizations, and societies. In the libertarian view and in much of the literature of business ethics (Gini, 1996; 1995) and leadership (Rosenthal & Buchholz, 1995), an atomistic view of collective life prevails. The collective life is constituted by freely contracting atomistic individuals, who, in order to survive, must pursue their self-interest rationally. Self-determination is the ideal; each is his or her own leader and, in the interest of autonomy, as self-sufficient as possible. The common good is seen as the aggregate of individual goods that yields the greatest utility.

If, however, one views life in community as affording a common good and level of personal development that is beyond what atomistic individuals can achieve on their own, then the terminal goals sought are beyond a calculus of utility and better expressed in terms of enlivening relationships based upon justice and peace and grounded in trust.

In either case, however, leadership is necessary to forge a common ground. While an atomistic view would favor transactional leadership, a communitarian view calls for transformational leadership. How is a common ground to be brought about? Influential interactions range from "making sense" out of the situation people face collectively to making cooperative decisions. In such processes, an authentic transformational leader is one who can facilitate the process and move it along by articulating ideals and vision, providing inspirational motivation, stimulating

intellectual creativity, and ensuring individual consideration within cooperative actions by the group. Ethics very much concerns interpersonal interactions and evolves in a complex set of processes mediated through background institutions of families, schools, media, jurisprudence, religion, and the arts.

Is Aligning Values Unethical?

Shamir, House, and Arthur (1993) explore and explain the role of the leader in the matching process between individual interests and social choice. They see nothing immoral in it. But as already noted, Stevens, D'Intino, and Victor (1995) among others see transformational leaders as subversive, because transformational leaders encourage members of an organization to go beyond their own self-interests for the good of the organization. As a consequence, the members lose more than they gain. Conflicts between leaders and followers are settled to the benefit of the leader and the detriment of the followers. Followers sacrifice their own interests in order to conform to the leaders' vision of what will be best for the organization. Although Shamir, House, and Arthur (1993) argue that the essence of charismatic leadership is the matching of the hierarchy of values that are salient within the follower's self-concept to those of the leader, such is regarded as immoral by critics. Indeed, much of pseudo-transformational leadership talk of empowerment can be bogus (Ciulla, 1996; 1995)

Jackall (1988) conceives of the corporation to be like a medieval fiefdom. The CEO is a feudal lord who offers his vassal managers and enserfed employees transactional material benefits and advancement in exchange for their service. In seeking loyalty and trust from their managers and employees, the CEOs may also practice pseudo-transformational rather than authentic transformational leadership. After being asked to forgo personal, family and community interests, the managers and employees may find themselves out of a job due to the downsizing of the organization. The CEO may feel morally justified by underscoring that the downsizing was necessary for the organization's survival and for the benefit of the remaining employees and other stakeholders. But the supportive evidence is often missing. Although, immediate cost reduction is obtained by downsizing, often the expected long-term benefits to the organization are a chimera (McKinley, Sanchez, & Schick, 1995). Additionally, the costs to employees, their families, and their communities outweigh the expected gains to the organization. The ethical test comes when calculating the benefits to senior management and shareholders compared to the costs to the employees of downsizing as well as the long-term effects on the health of the organization.

The Significance of Agency

When the process of convergence of values and interests is such a potential minefield of immorality, how can it be made to work? First, it is important to realize that modern organizations are characterized by agency (Eisenhardt, 1989) and that such agency only functions benevolently if there is a solid foundation of moral trust (Hosmer, 1995). In modern organizations, the ideal of an individual actively managing all of his or her affairs is archaic. In both political, market, and cultural institutions, the individual—whom we call the principal—engages another, whether

a congress person, manager, lawyer or confidante—whom we call the agent—to act to secure his or her interests. The economics and business literature, especially that of finance, is full of the "agency problem," how to ensure that the agent does in fact keep the bargain (Jensen & Meckling, 1976). We argue, by way of extension, that a leader very often functions as an agent of followers' interests. This argument is "by extension," because the "principal/agent relationship" in this case is often tacit and informal rather than specified in a written contract. In either case, however, the principal/agent relationship cannot possibly succeed without trust (Solomon, 1996). As we present the issue here, transformational leaders act as an agent for various followers in a wide number of capacities. The leaders do this as long as followers continue to treat them as leaders. If transformational leadership is to be authentic, it must possess the virtue of trustworthiness. Nowhere is this issue more to the fore than with the component of individualized consideration.

Distributive Justice

Distributive justice is arguably the most contentious issue in modern ethics. Skewed opportunity sets and skewed distributions of benefits and costs are at the heart of conflicts about employee compensation, stockholder returns and executive compensation, and options and bonuses reaped, whether a company prospers or not. Even when an outcome is ostensibly "win/win" the proportionate shares often favor the powerful in a manner not justifiable on the basis of either work or merit or need. There is probably no greater or more pointed test of authentic transformational leaders than the shares they take for themselves. There is no doubt that there are many and grievous distributive injustices and that they are caused by those in authority who claim to exercise benevolent leadership. The organizational justice literature has focused more upon wrongdoings and perceived injustices done to individuals by the organization than on positive steps and facilitating mechanisms to ensure an ethical environment (Greenberg, 1987, 1990; Sheppard, Lewicki,& Minton, 1992). But it does underscore the "fairness issue" in terms of the distribution of benefits and costs, whether they be access and opportunities for career advancement or concrete goods, services and compensation.

Even though it often appears that individual employee's interests are sacrificed in the transforming process for the good of the organization, they do not have to be. Nor will those interests have to depend on the democratic participation of followers in each and every detail, as described in the section on agency above. The truly transformational leader concerned with an ethical philosophy in managing an organization conceives of the organization's ultimate criterion of worth as the extent to which it satisfies all of its stakeholders. In the case of business firms, this means aligning and balancing the interests of the various stakeholders—owners and shareholders, managers and employees, suppliers and customers, community and society. In the case of not-for-profit institutions and social movements, this means aligning and balancing the interests of the officers and directors, the rank-and file, and the public (Bass, 1952). Additionally, the leadership may need to take into account constituents' families, government regulations, technological advances and future needs.

Also ignored by the overemphasis on grassroots participation is what happens

when individual interests outweigh the common good and transformational leadership is absent. Whenever the same limited resource is freely available to all individuals apart from the costs and efforts to obtain the resource, what results is the "tragedy of the commons" (Siebold, 1993). Thus, if the resource—the common—is public grazing land, each nearby farmer can try to maximize its use in his self-interest. Soon the land becomes overgrazed and is able to feed fewer and fewer animals. Such is what happened to 17th Century Boston farmers. In the 1980s New England fishing boat owners invested heavily in new, high technology vessels and proceeded collectively to over-fish the Grand Banks and nearby fishing grounds. Marine biologists had predicted ten years earlier what would happen. The reproductive capabilities of the fisheries were seriously depleted. Owners were bankrupted; the fishing had to come to a near-halt. Missing was transformational leadership from government executive or legislature, directing the regulation of a more rational policy. Missing likewise was transformational leadership from within the fishing industry to voluntarily promote cooperative guidelines for conservation. Authentic transformational leadership could have stimulated agreements about priorities, shared values, perceived common goals, and meaningful purposes. The individual boat owners involved would have been moved to go beyond their self-interests for the good of the collective.

The fishing tragedy of the commons could have been prevented by leadership that recognized the problem, envisioned a fair win-win solution to it, then, communicated and persuaded others about the problem and possible solutions. Also needed was leadership to develop the required cultural and organizational infrastructure. Unfortunately, the fishing commons is now all the oceans of the world. Voluntary conservation at the local level is no longer enough because of the international poaching by the large factory ships with a global reach. Statesman-like transformational leadership is needed at a world-wide level to save the declining stocks of fish in all the oceans for agreements among local traditional fisher-folk, international factory vessels, conservationists, scientists and governments (Parfit, 1995).

Governance, Directive Leadership and Cooperative Action

As noted earlier, authentic transformational leaders may be directive rather than participative as they attempt to align individual and organizational interests. if they grasp the sense of what is needed and can articulate what will align the interests of their followers and the organization.

There is no one best way to lead in all situations. Few leaders of organizations and movements give orders and direct without reasons. Many more give orders with reasons that are often persuasive reasons. Most often, leaders consult with followers before they, the leaders, decide. Less frequently, they empower followers through delegation of responsibilities or participate with followers in shared decisions. Ordinarily followers are more satisfied with consultative or participative decision-making but the effectiveness of the decisions will depend on how knowledge, wisdom and expertise are distributed between the leaders and followers (Bass, Valenzi, et al., 1975).

Hierarchical organization and assembly lines are being modified and replaced by more fluid teams of members to deal with the changing requirements of new

technologies, markets and work forces. More participation is needed for agreements about objectives, methods, and values. Neverless, direction from higher authority is also needed and it does not have to be arbitrary and without reason and explanation. But members of teams must go beyond their own their self-interests to seek the objectives of their fluid organizations. Along with its checks and balances, democratic governance likewise requires that its leaders also go beyond their own self-interests. Polities are to be guided into control of irrationality and promotion of the values of logic and rationality Although humans are naturally self-interested, they are capable of virtue (Locke, 1960). Self-interest instead of interest in the common good can be countered by transactional controls or by the appeals of transformational leadership. Either would be morally justified unless it was coerced, without the consent of the governed or due to blind trust (Adkinson, 1987).

It is clear from the organizational psychology literature that organizational features (Badaracco & Webb, 1995; Darley, 1994), group processes (Gersick and Hackman, 1990), and individual cognitive functioning within the context of a job (Messick and Bazerman, 1996) can all impede business ethics and even morally disengage the individual (Bandura et al., 1996). The authentic transformational leader strives to ameliorate such structural impediments with sound ethical practices. It is not a command function, but, rather, a creative and mediating function that aims to achieve a true consensus in aligning individual and organizational interests in addition to other legitimate stakeholder interests. However, the meaning of true consensus may be misunderstood. In true consensus, the interests of all are fully considered, but the final decision reached may fail to please everyone completely. The decision is accepted as the best under the circumstances even if it means some individual members' interests may have to be sacrificed. In moving members beyond their self-interests, rather than being in conflict with the purposes and philosophy of ethical human relations and organizational development (OD) we believe, to the contrary, that for the most part, the theory and practices of transformational leadership are compatible with them.

Organizational Development and Transformational Leadership: More Alike than Different

Transformational leaders can play important roles in organizational development. They can make use of process observation and many of the techniques of OD and improved understanding of group dynamics. But this opens possibilities of pseudo-transformational behavior. White and Wooten (1986) pointed out that sometimes data may be misused and misrepresentations occur in the OD process. Inspirational leaders may oversimplify their messages or use exaggerated emotional appeals. In both instances, individual interests may be sacrificed for organizational enhancement.

In assessing the "ethics of authority" we need to recognize the reality of agency in democratic participative processes and to distinguish between the *authoritarian personality* and the *directive leader*. When it comes to the common good of an organization, the leader in many ways may be directive as a well-intentioned agent of the principals.

The authoritarian personality is anti-democratic, inflexible, submissive to higher authority, conventional in thinking, and prefers low risk and highly structured situations. Directive leaders tell what needs to be done, usually with explanation, give orders, and make decisions for self and others, but ordinarily give reasons for the orders and decisions.

Conflicts in values are a continuing occurrence in utilitarian organizations. Which is more important? Productivity? Safety? Cost Reduction? Efficiency? Employee and manager well-being? Profitability? Survival? Growth? Some say stockholder interests are paramount. Others argue that morality requires maximizing the well-being of the employees. Transformational leaders find ways to align those seemingly conflicting interests. For Graham (1995), transactional leadership is at Kohlberg's (1981) "pre-conventional" level of moral development as it emphasizes job requirements and contracts. Transformational leadership is at Kohlberg's "post-conventional" level of moral development as it emphasizes universal principles of justice and the interests of all stakeholders in the organization (Turner & Barling, 1998).

POWER, PERSUASION, CHECKS AND BALANCES, AND THE MODERN ETHICAL AGENDA

We have presented authentic transformational leadership as an ideal type. Transformational leadership, particularly pseudo-transformational leadership may lend itself to the unchecked abuses of power. It is power abuses that concern us here (Tsou, 1995). Keely (1995) faults transformational leadership for lacking the checks and balances of transactional leadership. Much of checks and balances argument refers to macro-social legislative, administrative and judicial checks and balances upon political power, rather than checks and balances upon power within organizations. The latter does exist, in theory at least, in terms of (ideally) independent Boards of Directors, stakeholder proxies, labor unions, the free choice of suppliers, and consumer sovereignty. Indeed, competitive market theory presupposes that power is held in check and that oligopolistic or monopolistic forms of power should be regulated if not eliminated. Furthermore, in complex markets and enterprises where the managers lead the firm as agents of the principals' interests, checks and balances are a problem precisely when markets are dominated by power groups and agents feel they can ignore the principals' interests. They may be aided and abetted by the lack of appropriate auditing and disclosures of revenues and expenses. Exploitative and abusive bosses remain with us. How can they be controlled or dislodged particularly if they are also pseudo-transformational? Boards of Directors, government regulators, and union officials provide possible checks. Boards may force resignations; regulators may fine; unions may strike. All may sue.

The bigger question is about what protects minority opposition in organizations and communities when the majority succumbs to the appeals of the transformational leader. Keeley (l995) looked to James Madison's contention in the Federalists Papers that a constitutional government required contending interests to be heard so that after rational debate, among the contending factions, optimal decisions could be made. Otherwise, the many factions of society could be controlled by those in power and would abandon their own best interests if they were coerced

into sharing the same interests. According to Keeley (1995) interpreting Madison, an unhealthy concentration of power, and dictatorship by the majority at the expense of the minority, results from transformational leadership which succeeds in convincing people with truly diverse interests that they share common goals even if they truly don't. For Keeley the rules of governance must require the separation of powers of the executive, the assembly, and the judiciary. Outcomes must depend on negotiation and the give-and-take of transactional leadership. If only the interests of the strongest faction dominate, more factional conflict will emerge with less tolerance for minority views. Rival and opposing interests are best controlled if purpose and power are separated and transactional negotiations, trade-offs, and exchanges produce compromises acceptable to all concerned. This is in contrast to the emphasis of transformational leadership on the sharing in a common vision and a common purpose.

The all-or-none argument of Keeley misses the point. Madison himself embraced the overriding importance of the common good and espoused the need to sacrifice private opinion and private interests to the public good (Wren, 1998). In the politics of checks and balances, particularly when it comes to marginal moral standards, transactional negotiations are likely to see much bluffing, withholding information, manipulating facts, making political alliances and trade-offs, settling past obligations, delaying implementations, openly compromising but covertly diverting plans, and timing the release of news. Power is used to weaken opposition and strengthen support. When authentic transformational leaders see themselves in a win-lose negotiation, they try to convert it into a win-win joint problem-solving situation or, if this fails, they become effective transactional negotiators trying wherever possible to use persuasion rather than power.

For Thomas Jefferson, checks and balances would not be needed if the country shared common interests. His transformational vision was that of nation of small, independent farmers and mechanics with common interests who could reach the right decisions after rational debate. Public education to create an informed citizenry was required for this to happen. In this vein, J.S. Mill argued strongly for encouraging free speech to provide the marketplace for ideas in which the best arguments buttressed by the most compelling evidence and reasoning would prevail (Higgenbottom, 1996).

AUTHENTIC MORAL LEADERSHIP AND CULTURAL RELATIVISM

Evidence is accumulating that some of the variance in leadership theory and behavior is universal and some is contingent on culture of country and organization (Bass, 1995, 1997; House et al, 1998) The assertion that authentic transformational leadership has a moral core raises the dilemma of "what core values" guide both the leaders and followers: Are some universal? Are others relative to the culture or expressed differently in different cultures? It can be argued that whether or not transformational leadership is authentic depends on the culture of the followers and whether it is judged true or false depends on who does the judging (Schwartz & Sagiv, 1995).

In terms of ethics, one examines culture in terms of its impact upon the moral

agent and perceptions of moral actions. At issue are the moral agent's development of conscience, intentions and degrees of effective freedom as well as the ends, means and consequences of moral actions. With respect to the broad spectrum of moral values there is more congruence than is commonly assumed. Broadly defined, "benevolence" is in many ways a universal value as reflected in discussions of altruism (Kanungo & Mendonca, 1996, ch. 6), as well as in the root metaphors emanating from Confucian and Socratic traditions. Yet, for example, while friendship and reciprocity may be universally valued in terms of moral excellence, they may well play out differently across cultures.

Hofstede (1980,1997) presents a simple framework for analyzing culture in terms of possibly universal values and practices (which he defines widely as including rituals, heroes, and symbols). For instance, friendship, love, ownership, work, fairness in exchange are universal values found in diverse cultures throughout the world. At the same time the social customs and practices through which they are realized vary considerably (Clegg & Redding, 1990; Steidlmeier, 1995).

It was this combination of anthropological and socio-cultural diversity together with the notion of evolution that struck at the heart of natural law ethics and the notion that universal and eternal moral values undergird all cultures. In today's world it is really only religious ethical traditions that assert the validity of universal moral values as well as practices based on the divine will; even within the great religious traditions, however, there is hardly full agreement and each is splintered into schools of thought.

The point is this: for transformational leadership to be "authentic," it must incorporate a central core of moral values. Yet the "practices" (in Hofstede's terms) of such values are highly culturally relative. Further, even when a set of core values, such as friendship or honesty, may be found in all cultures their ordering and relative importance may also vary by culture.

To take an example, what we call "Western culture" is not even philosophically of one piece. Consider two leaders. The first holds as a core value Mill's (1967) principle of utilitarianism—*to act in such a way (or to advocate social rules that) make for the greatest happiness of the greatest number.* The second adheres to Kant's second formulation of his categorical imperative—*never to deal with another person simply as a means to an end but only as an end in his or her self.* (Paton, 1969, pp. 70, 105). On the basis of core values, within western culture itself we end up with two very different types of transformational and transactional leaders, who would influence and motivate and deal with followers in radically different ways.

Add in global cultures and the possible numbers of *authentic* moral configurations are kaleidoscopic, even when one only deals with broad brush strokes contrasting "Western" with "Eastern" moral philosophies, or Islam with Buddhism or Christianity. Nonetheless, it is striking that out of global diversity, Christian Martin Luther King found inspiration in Hindu Mahatma Gandhi's philosophy of non-violence, or that human rights could become the subject of a universal United Nations declaration.

Rather than simply leading to the affirmation of ethical relativism, such global diversity of values underscores the need of transformational leaders at all levels of human society. At the core of all leadership—whether Hillary Clinton's or Benazir

Bhutto's—one finds a value core. Second, not all values are congruent with one another. We see this in modern Western philosophy itself in weighing human rights against social utility and equity versus efficiency. The conclusion is that by its very nature, ethics has been and always will be a "dangling conversation" and "unfinished symphony" as far as its specific content, norms, and practices are concerned. Perhaps the greatest challenge of leadership is precisely to bridge ethical relativism by forging a platform of common values and stimulating alignment and congruence of interests. What is required of the authentic transformational leader is not a blueprint for all to follow but a sort of Socratic commitment to the process of searching out moral excellence.

SUMMARY AND CONCLUSIONS

Critics argue that transformational leadership is unethical. They contend that its rhetoric may appeal to emotions rather than to reason. They contend that it lacks the checks and balances of democratic discourse and power distribution. They contend that it violates the principles of the Organization Development (OD) Movement and that it manipulates followers into ignoring the followers' own best interests.

The critics fail to consider the positive aspects of inspirational leadership. They ignore the shortcomings of democratic processes and OD. They fail to distinguish between transformational and pseudo-transformational leadership. We agree with Gill Hickman (l996) that rather than being unethical, true transformational leaders identify the core values and unifying purposes of the organization and its members, liberate their human potential, and foster pluralistic leadership and effective, satisfied followers.

Rather than being immoral, transformational leadership has become a necessity in the post-industrial world of work. As Cascio (1995) has pointed out, the traditional manufacturing or service job, a fixed bundle of tasks performed by an individual worker, has been replaced by a manufacturing or service process, completed by a flexible team with diverse skills, interests and attitudes. As a consequence

> . . . today's networked, interdependent, culturally diverse organizations require transformational leadership to bring out . . . in followers . . . their creativity, imagination, and best efforts (Cascio, 1995, p. 930).

Self-aggrandizing, fantasizing, pseudo-transformational leaders can be branded as immoral. But authentic transformational leaders, as moral agents, expand the domain of effective freedom, the horizon of conscience and the scope for altruistic intention. Their actions aim toward noble ends, legitimate means, and fair consequences. Engaged as they are in the moral uplifting of their followers, in the sharing of mutually rewarding visions of success, and in enabling and empowering them to convert the visions into realities, they should be applauded, not chastised.

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