A Thesis

Submitted to the Faculty

of

Xavier University

in Partial Fulfillment of the

Requirements for the Degree of

Master of Arts

by

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October 9th, 2012

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Acknowledgements

My thesis chair, Dr. Dalia Diab, deserves acknowledgement for all the support, help, attention, and advice given to me while completing this thesis and beyond. Additionally, I would like to thank my thesis committee, Drs. Morrie Mullins and Mark Nagy, for their time spent making suggestions and recommendations and to my parents for their love and support during my educational journey. I am thankful for all the opportunities given by the Xavier University family and the great memories that were shared the past two years. I am indebted to Mark and Margaret Maybury for giving me the chance to be a part of this Xavier family.
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Abstract

Several types of leadership have been identified in the leadership literature. Two types considered to be effective in organizations are transformational leadership and servant leadership. The main purpose of the current study was to examine the effect of type of leadership (transformational vs. servant) on perceptions of followers' decision making in moral and risky situations. Results showed that followers were perceived to make moral decisions, regardless of type of leader. Results also showed that, overall, type of leader affected perceptions of followers' risky decision making, such that followers of transformational leaders made more risky decisions than followers of servant leaders. This study expanded the leadership literature by focusing on contextual testing within leadership and showing that not all popular leadership types may be effective in all situations. Findings of this study also further clarified the similarities and differences between transformational and servant leadership. Overall, findings suggested that both types of leaders seem to be effective in moral situations, but that transformational leaders seem to be more effective in risky situations.
Chapter I

Review of the Literature

Several types of leadership have been identified in the leadership literature. Two types considered to be effective in organizations are transformational leadership (TFL) and servant leadership (SL; e.g., Ebener & O'Connell, 2010; Firestone, 2010; Hu & Liden, 2011; Jung, Yammarino, & Lee, 2009). Given that these two types of leadership have been related to such outcomes as organizational citizenship behaviors (OCBs; Pillai, Schriesheim, & Williams, 1999; Ehrhart, 2004), procedural justice (Pillai et al., 1999; Walumbwa, Hartnell, & Oke, 2010), and performance (Jaramillo, Grisaffe, Chonko, & Roberts, 2009; Wang & Howell, 2010), one can see the crucial implications of having transformational and servant leaders. Research on both of these leadership types have mostly been on improving the theories, dimensions, and outcomes. Although this type of research advances TFL and SL, an important question to ask is when are these types of leaderships most important? Humphreys (2005) urged for more contextual testing of leadership types to find out in what situations certain leaders would be more successful.

There are many contextual factors that can affect the type of leader that would be most successful in certain situations. Many theories identify the need for congruency between leadership behaviors and contextual variables (Fiedler, 1964, 1967; Fiedler & Garcia, 1987; Hersey & Blanchard, 1977; House, 1971; Khandwalla, 1977; Melcher & Melcher, 1980; Vroom & Yetton, 1973). Fielder’s contingency theory (1964,
1967; Fiedler & Garcia, 1987) posits that leadership effectiveness depends on the situation. Unlike trait theories of leadership (e.g., Lord, DeVader, & Alliger, 1986; Stogdill, 1974), not all leaders will be effective across situations because they encompass certain characteristics. Contingency theory has been given much attention over the years (e.g., Browning, 2007; Kriger & Seng, 2005; Lester, Ready, Hostager, & Bergmann, 2003); however, as one of the more controversial theories in leadership, research on contingency theory has declined in the past 20 years. Although the general logic has been well received, it is more of the measurement of leadership style that has caused controversy.

The refined and revised situational approach to leadership (Blanchard, Zigarmi, & Nelson, 1993; Blanchard, Zigarmi, & Zigarmi, 1985; Hersey & Blanchard 1998) emphasizes that situations and followers guide the leader’s behaviors. It says that to be effective, a leader must be able to adapt his or her style to the different types of situations (Northouse, 2010). Further, this theory states that leadership is based on how directive and supportive the leader needs to be with each follower. This approach lacks published findings of the evidence of its assumptions and propositions (Northouse, 2010).

These contingency and situational approaches are similar in that they emphasize the context. Fiedler’s theory states that there are eight different situations that are determined by leader-member relations, task structure, and leader position power; whereas the refined and revised situational approach states that there are four different scenarios that are determined by how supportive and directive the leader is. Despite these weaknesses of contingency theory and the situational approach, the bases for these theories can still be fruitful in guiding further leadership research.
Using the situational premise and to answer Humphreys' (2005) call for more contextual research, the purpose of the current study was to investigate if two current popular theories of leadership, namely TFL and SL, are more effective in moral and risky situations. In the following section, a thorough background on TFL and SL theory will be presented, along with important work-related outcomes that each is related to. Then, information about how these two types of leadership are similar, yet distinct, will be presented, along with a discussion about when each of type of leader is expected to be more effective when making moral and risky decisions.

Transformational Leadership Theory

Transformational leadership has been heavily researched since its inception in the 1970s. In fact, since 1990, transformational and charismatic leadership have been researched more than all other leadership theories combined (Judge & Piccolo, 2004). Named by Downton (1973), TFL was conceptualized by Burns (1978) and further popularized by Bass (1985). These contributions have helped make TFL one of the most effective types of leadership (Bass & Riggio, 2006).

Bass (1990) describes TFL as occurring “when leaders broaden and elevate the interests of their employees, when they generate awareness and acceptance of the purpose and mission of the group, and when they stir their employees to look beyond their own self-interest for the good of the group” (p. 21). Bass modeled this type of leadership as a continuum from TFL to transactional leadership to laissez-faire leadership. Extending on this model, Avolio (1999) proposed that this model consisted of seven factors. TFL, specifically, consists of idealized influence (acting as strong role models and being charismatic), inspirational motivation (setting high expectations of followers by sharing a
vision), intellectual stimulation (stimulating creativity and innovation within followers), and individualized consideration (supplying a supportive climate and listening to the needs of the followers). Contingent reward (exchanging follower effort for specified rewards), management-by-exception (using negative feedback and negative reinforcement), and laissez-faire (using a hands-off approach) are the remaining factors that make up the rest of the continuum for transactional and laissez-faire leadership. In comparison to transactional leadership, transformational leaders are thought to have better relationships with their own supervisors and contribute more to the organization (Bass, 1990). Some key behaviors of transformational leaders consist of expressing goals, developing an image, displaying confidence, and provoking motivation (Kuhnert & Lewis, 1987).

TFL has also been found to relate to many work-related outcomes (Judge & Piccolo, 2006). For example, OCBs have been shown to be influenced by TFL through perceptions of fairness and trust (Pillai et al., 1999). Perceptions of fairness can be fostered by the transformational leader by emphasizing group solidarity and the collective mission or vision. In the long run, this in turn may build trust in the leader. Trust is also earned by the procedural justice nature of the transformational leader. Having CEOs with a transformational leadership style has been found to be directly and positively related to organization innovation (Jung, Wu, & Chow, 2008). Two environmental attributes (uncertainty and competition) were found to moderate this relationship, along with four firm-level characteristics: climate support for innovation, formalization, centralization, and empowerment. This study provided evidence for the importance of fit between leadership behaviors and the context in which leaders work. By reviewing ratings from
60 leaders and 203 team members, Wang and Howell (2010) showed that TFL was related to different types of performance. At the individual level, TFL behaviors that focused on individuals were positively associated with task performance and personal initiative. At the group level, TFL behaviors that focused on the group were positively associated with team performance and helping behavior. These authors suggest that leaders should engage in such roles as setting challenging goals, being a coach or mentor, and recognizing achievements to achieve these individual performance results, and they should foster a group identity, share their vision to all group members, and emphasize cooperation to achieve these group performance results.

Tims, Bakker, and Xanthopoulou (2011) showed that TFL was positively related to employees' daily engagement. They surveyed 42 employees who worked as consultants at two different organizations in the Netherlands by giving them a general questionnaire and a daily survey for five consecutive days. Results showed that TFL was related to employees' daily engagement, and that this relation was mediated by optimism. Using part-time employed MBA students and their supervisors representing 55 organizations, Wang and Zhu (2011) investigated the relation between TFL and creativity. Results showed that individual-level TFL was related to individual creativity through individual creative identity, and group-level TFL was related to group creativity through group creative identity. Ultimately, this study showed that having transformational leaders was related to followers' creative self-concepts. Zhang and Peterson (2011) investigated the relations among TFL, advice exchange in teams, and core self-evaluation. These researchers suggest that transformational leaders are most effective in influencing advice exchange within teams when team mean core self-
evaluation is high and when team diversity in core self-evaluation is low. Based on their findings, the authors propose that when team mean core self-evaluation is low and/or diversity in core self-evaluation is high, transformational leaders may have a difficult time successfully influencing their followers to engage in advice exchange.

Hartog and Belschak (2012) showed that the influence of TFL on proactive behavior was contingent on the level of autonomy and role breadth self-efficacy. Role breadth self-efficacy can be described as a person’s perception of his or her ability to perform proactive behaviors (e.g., Parker, 1998, 2000). Specifically, having a transformational leader was more strongly related to employee proactive behavior when employees were in situations of high-autonomy and high role breadth self-efficacy than when employees were in situations of low-autonomy and low role breadth self-efficacy.

In a recent meta-analytic review of TFL, Wang, Oh, Courtright, and Colbert (2011) concluded that TFL was positively associated with performance. In their review of 117 independent samples from over 113 primary studies, they specifically found that in most settings, TFL was more strongly related to contextual performance than task performance, but TFL was positively linked to task and creative performance. This positive relationship held true across type of organization, level of the leader, and geographic location. This relationship was found at the individual, team, and organizational level. In addition to performance, TFL was also strongly related to employee attitudes and motivation. The authors caution that effective use of TFL may be contingent on the type of performance emphasized. More specifically, TFL may be less effective in situations in which task performance is the predominant outcome and interpersonal cohesion is less critical.
In summary, TFL has dominated the leadership research realm. Linked to such outcomes as OCBs and performance, one can see the importance of continuing to study this type of leadership. Another effective type of leadership that is also important to research and that is relevant to the current study is servant leadership, which will be discussed in the following section.

**Servant Leadership Theory**

One theory of leadership that has received much attention in the past 20 years is servant leadership (SL). Introduced in the 1970s by Robert Greenleaf, SL has not been a popular outlet for empirical research until most recently. Many researchers have devoted their projects to formulating the premise of this style (e.g., Barbuto & Wheeler, 2006; Dennis & Bocarnea, 2005; Dennis & Winston, 2003; Graham, 1991; Greenleaf, 1977; Irving & Longbotham, 2007; Liden, Wayne, Zhao, & Hendersen, 2008; Russell, 2000; Russell & Stone, 2002; Sendjaya & Pekerti, 2010; Sendjaya, Sarros, & Santora, 2008; van Dierendonck, 2011; van Dierendonck & Nuijten, 2011) because SL has lacked clear definition and dimensionality. Greenleaf (1977) believed the nation was in a “leadership crisis” and proposed that “the only viable institutions will be those that are predominantly servant-led” (p. 10). Though Greenleaf did not clearly define or operationalize SL in his book, using research by Barbuto and Wheeler (2006), Faling, Stone, and Winston (1999), and Laub (2004), Hale and Fields (2007), have defined it as “an understanding and practice of leadership that places the good of those led over the self-interest of the leader, emphasizing leader behaviors that focus on follower development, and de-emphasizing glorification of the leader” (p. 397).
Within the past 15 years, SL has become a well-researched construct with numerous researchers investigating its dimensionality and characteristics. (Barbuto & Wheeler, 2006; Dennis & Bocarnea, 2005; Dennis & Winston, 2003; Laub, 1999; Page & Wong, 2000; Russell & Stone, 2003; Spears, 1995; Wong & Davey, 2007). Liden et al. (2008) created a measure encompassing nine dimensions of SL. By building upon past research and through factor analyses from student and organizational samples, Liden et al. found that seven distinct dimensions described SL. These included empowering (encouraging followers to solve problems), helping subordinates grow and succeed (showing genuine concern for followers’ growth and development), putting subordinates first (satisfying subordinates’ work comes before own work), emotional healing (being sensitive to subordinates’ personal concerns), conceptual skills (having the knowledge to be able to effectively support followers), creating value for the community (desire to help the community), and behaving ethically (being open, honest, and fair).

As SL theory development continues, empirical research has been given the much needed attention to link SL to several work-related outcomes. Ehrhart (2004) used employee and manager ratings from 249 grocery store departments to show the link between SL and unit-level OCB. In work units in which the leader displayed servant qualities, unit members were more likely to engage in OCB behaviors. Depending on the model presented by Ehrhart, procedural justice climate either fully or partially mediated this relationship. By studying types of behavior (in-role, deviant, helping, and creative), Neubert, Kacmar, Carlson, Chonko, and Roberts (2008) used 250 full-time employees to compare SL to initiating structure and found that by arousing a promotion focus, SL accounted for more variance in helping and creative behaviors than initiating structure.
Promotion focus behaviors include focusing on nurturing needs (Higgins, Roney, Crowe, & Hymes, 1994), hopes and aspirations (Higgins et al., 1994), and gains (Shah, Higgins, & Friedman, 1998), and results showed that servant leaders provoked an emphasis on nurturance, aspirations, and gains.

Jaramillo et al. (2009) surveyed 501 salespeople to look at the influences of SL perceptions on customer orientation, selling and extra-role behaviors, and sales performance; viewing managers as servant leaders influenced salespeople to exhibit higher levels of customer orientation. This in turn influenced salespeople to be more likely to participate in adaptive selling and customer-directed extra-role behaviors and positively affected outcome performance. Ebener and O’Connell (2010) studied successful Catholic parishes and discovered that servant leaders nurtured organizational citizenship through three direct and two indirect mechanisms. The direct mechanisms were invitation (encouraging participation and engagement), inspiration (modeling and internally motivating service), and affection (displaying concern and interest), whereas the indirect mechanisms were culture building (setting norms) and structural initiatives (establishing small networks and committees if parish is medium or large).

Another study linking SL to organizational citizenship found that the relationship was partially mediated by commitment to supervisor, self-efficacy, procedural justice climate, and service climate (Walumbwa et al., 2010). Using 815 full-time employees working within seven multinational companies in Kenya, the researchers showed that by instilling these two types of climates, coupled with commitment to supervisor, OCBs are likely to be enhanced. By surveying five banks in China consisting of 570 employees and 95 teams, Hu and Liden (2011) provided evidence for the importance of goal and process
clarity and SL within work teams. The authors showed that SL was significantly and positively related to team performance and team OCBs. They also found that SL moderated the relation between goal clarity and team potency, as well as process clarity and team potency, and team potency was related to team effectiveness. Further analyses showed that the less the leaders engaged in SL, the relation between goal and process clarity and team effectiveness was no longer positive.

Schaubroeck, Lam, and Peng (2011) also focused on the relevancy of teams and SL. They confirmed that SL positively affected team performance through affect-based trust and team psychological safety. Using transformational leadership (TFL) as a comparison, these researchers showed that SL accounted for an additional 10% of the variance in team performance above TFL, illustrating SL's distinctness. Collectively, these empirical studies show why SL is relevant and important to study.

In summary, SL has been given the attention it deserves from leadership researchers. Despite its empirical infancy, SL can already be thought as an effective type of leadership, given its links to such outcomes as procedural justice and performance. In the following section, the similarities and differences between TFL and SL will be discussed.

Similarities and Difference between TFL and SL

Although the detailed descriptions above show the premise of each type of leadership, there are similarities between them that are worth mentioning. Stone, Russell, and Patterson (2004) explained that both transformational and servant leaders encourage trust, act as role models, consider others, delegate, empower, teach, communicate, listen, influence, and lead/serve by vision. They are also similar in that they are both engrained
in the study of charismatic leadership (Graham, 1991; Smith, Montagno, & Kuzmenko, 2004). At first glance, these types of leadership seem very similar. However, there are ways in which they also differ from each other.

Barbuto and Wheeler (2008) compared servant leadership theory and transformational leadership theory, basing their comparison on nature of the theory, role of leader, role of follower, moral component, outcomes expected, individual level, interpersonal level, group level, organizational level, and societal level. Some of the key differences pertinent to this research are the moral component, the interpersonal level, and the organizational level. Barbuto and Wheeler stated that the moral component is explicit in the SL theory, but it is unspecified in the TFL theory. At the interpersonal level, the leader serves the follower in SL, but the leader inspires the follower in TFL. Finally, at the organizational level, the leader encourages the organization to serve the community for SL, whereas the leader encourages the followers to achieve organizational goals for TFL.

Stone et al. (2004) stated that one of the differences between these leaders is their focus. Organizational objectives are the focus for transformational leaders and the followers are the focus for servant leaders. Smith et al. (2004) agreed that servant leaders put the needs of the followers above the success of the organization. In an attempt to distinguish both types, Smith et al. created a comparative model that included the leader's motivation and desire to lead/serve, the leader's philosophy, the leader's initiatives, organization systems, and the resulting organizational culture created by the leader. The present study used this comparative model as a guide, but instead of using Laub's (1999) six components to describe SL, the present study used Liden et al.'s (2008) seven
dimensions, which were derived from more recent factor analyses using two samples. These dimensions include empowering, helping subordinates grow and succeed, putting subordinates first, emotional healing, conceptual skills, creating value for the community, and behaving ethically.

In another study, Parolini, Patterson, and Winston (2009) found that five items separated transformational and servant leaders. These differences include the leader’s moral, focus, motive and mission, development, and influence distinctions. Specifically, Parolini et al. noted that transformational leaders focused on organizational needs, were inclined to lead first, had allegiance toward the organization, and influenced their followers through charismatic approaches and a sense of control. On the other hand, servant leaders focused on individual needs, were inclined to serve first, had allegiance toward the individual, and influenced their followers through service and by offering freedom and autonomy.

To better understand the similarities and differences between the theories of TFL and SL, more research needs to be conducted on certain dimensions that may or may not be applicable to both. More specifically, morality and risk-taking are two dimensions that are important in today’s organizations. As a business ethicist, Gini (1997) stated that “without the active intervention of effective moral leadership, we are doomed to forever wage a rear-guard action” (p. 67). Given such events as Watergate and the Enron scandal, one can see the importance of leaders emphasizing moral and ethical standards. Gini also explained that society and business ethics demand that leaders should be held accountable to a high standard of behavior, more so than the standard we would set for ourselves. In addition, with the recent economic conditions, many organizations are moving towards
lean structures, rather than hierarchical. With downsizing and layoffs, retained employees might face extra responsibilities and even higher pressures. This type of context may require more risk-taking to overcompensate for the lost resources. Leaders could have major influences on their followers in these two contexts.

Leadership and Morality

One of the potential similarities (or differences) between transformational and servant leaders is the morality component. As previously mentioned, Barbuto and Wheeler’s (2008) comparison described the moral component for SL as explicit, but unspecified for TFL. In addition, one of Liden et al.’s (2008) seven dimensions is behaving ethically. In referring to Bass’ (1985) book, Walumbwa et al. (2010) described SL as consisting of a moral component that is lacking in such leadership styles as transformational. Past research has also shown that there has been limited evidence that leaders displaying higher moral reasoning abilities demonstrate more transformational behaviors than those with lower moral reasoning abilities (Turner, Barling, Epitropaki, Butcher, & Milner, 2002). Many authors have mentioned the moral distinction between these two types of leaders (Graham, 1991; Stephens, D’Intino, & Victor, 1995; Whetstone, 2002; Whittington, 2004). Graham (1991) agreed and recognized that the SL focus on service was a way to combat the moral limitations of TFL. Lastly, Whetstone (2002) explained that a leader’s focus on organizational objectives (i.e., TFL) could be a possible moral disadvantage, whereas a leader’s focus on serving others (i.e., SL) could be a possible moral advantage.

Despite these seemingly convincing arguments that TFL and SL may differ on a morality dimension, most current TFL research has emphasized the morality component
of transformational leaders (Groves & LaRocca, 2012; Zhu, Avolio, Riggio, & Sosik, 2011; Zhu, Riggio, Avolio, & Sosik, 2011). For example, Zhu, Riggio, et al. (2011) found that transformational leaders can prime followers to be moral agents through the demonstration of their own moral standards. Although Walumbwa et al. (2010) reference Bass’ (1985) book to comment on TFL, lacking the morality dimension, Groves and LaRocca (2012) reference this same book to explain the importance of moral and ethical consequences within TFL. Groves and LaRocca discuss how personal values are important to the TFL process. Regarding TFL’s four factors, these researchers claim that personal values notably relate to the inspirational motivation, intellectual stimulation, and idealized influence factors. Zhu, Avolio, et al. (2011) distinguished TFL into two subtypes, authentic and inauthentic, which is based on the morality component. This distinction has been previously discussed by Bass and Steidlmeier (1999), Burns (1978), and Sosik (2006). Zhu, Avolio, et al. proposed that authentic transformational leadership (Bass & Steidlmeier, 1999) will have a direct positive effect on the moral identity of followers. Specifically, these leaders will influence follower empathy and guilt, and group ethical climate.

It seems that the more recent and comprehensive definition of TFL assumes that transformational leaders are always moral. The discrepancy between current research claiming that TFL does not encompass a moral component and the research that says it does may stem from differences between earlier and more recent conceptualizations of TFL. Specifically, the morality component was not explicit in the beginning, but with the help from such researchers as Avolio (1999), the morality component started to get
incorporated in TFL and gained more support. Based on this more recent conceptualization of TFL, the current study incorporated morality in the TFL definition.

Leadership and Risk-Taking

Another important difference between a transformational and a servant leader that is relevant to the current study is the extent to which each type of leader encourages innovation and creativity. The Smith et al. (2004) model shows how transformational leaders are more successful in a dynamic environment, whereas servant leaders are less successful in this environment. These researchers describe transformational leaders as encouraging innovation and creativity and tolerating potential mistakes made by the followers in the pursuit of benefits from innovative endeavors. In addition, they state that risk-taking seems to be a factor of future success for transformational leaders. On the other hand, Smith et al. describe servant leaders as not encouraging innovation and creativity for the sake of the organization, but encouraging the development and personal growth of the followers. They also conclude that the servant leader model does not emphasize risk-taking as a factor of organizational success. Therefore, they propose that these two types of leadership do not seem to be related to the same outcomes, and different contexts would be appropriate for the success of the leaders.

The purpose of this study was to investigate whether certain types of leaders would be more influential leaders than other types in certain situations. The current study focused on two established types of leaders: transformational leaders and servant leaders. These two types have been frequently compared to one another and studies have shown that although they may share similar characteristics, they are distinct constructs (e.g., Humphreys, 2005; Liden et al., 2008; Parolini et al., 2009; Stone et al., 2004). Both
servant and transformational leaders are effective, but they may not be effective in all situations. As previously mentioned, Humphreys (2005) explained that contextual testing of TFL and SL did not exist in the literature. He found, using Smith et al.'s (2004) leadership model, that TFL was likely to be more appropriate during times of organizational change than SL. He also called for more contextual testing to add to the leadership literature. The following section provides the rationale for why type of leader may influence a follower’s morality and risk-taking, and specific hypotheses of the current study are also provided.
Chapter II

Rationale and Hypotheses

Using the contingency theories of leadership, the current study assumes that not every type of leader will be effective in all situations. There might be leaders who are successful in most situations, but given a certain context, one type might be more effective or influential than another type of leader. This study compared TFL and SL in two different contexts. Although some researchers have proposed that morality is one distinction between transformational leaders and servant leaders (e.g., Graham, 1991; Walumbwa et al., 2010), recent literature has questioned this assumption (e.g., Grove & LaRocca, 2011; Zhu, Avolio, et al., 2011). Because of the recent popularity in showing the morality component of TFL, when it was once believed to be unspecified (Barbuto & Wheeler, 2008), morality may be one dimension in which TFL and SL do not differ. Therefore, the following hypothesis was developed:

Hypothesis 1: TFL and SL will have a similar effect on perceptions of follower decision making in moral situations, such that followers of both types of leaders will be perceived to choose more moral decisions.

However, there may be contexts in which transformational and servant leaders do differ. As one of the four factors of TFL, intellectual stimulation encourages a creative and innovative environment for followers (Avolio, 1999). Sometimes, to be innovative and creative, one must take risks. Smith et al. (2004) discussed that risk-taking was a
factor of future success for transformational leaders. Other research has supported the claim that servant leaders do not necessarily focus on creativity and innovation (therefore, not emphasizing risk-taking), but instead focus on follower growth and development (Smith et al., 2004). Therefore, it is hypothesized that when imagining a transformational or servant leader, there would be a significant difference in follower risky decision-making between TFI. and SL. Therefore, the following hypothesis was developed:

**Hypothesis 2:** Type of leadership will have an effect on perceptions of follower decision making in risky situations, such that followers of transformational leaders will be perceived to choose more risky decisions than followers of servant leaders.

In summary, this study investigated how transformational and servant leaders might be well-suited in different situations. Specifically, situations of morality and risk taking were investigated. It is hypothesized that these two types of leaders would not affect follower decision making in a moral context, but would affect follower decision making in a risk-taking context.
Chapter III

Method

Participants

An adult sample living in the United States was recruited through a posting on Amazon’s Mechanical Turk (MTurk; www.mturk.com). This is an online marketplace that connects workers (both male and female) willing to complete online tasks and those people requesting the tasks. To encourage participation, Barger, Behrend, Sharek, and Sinar (2011) suggest participants be paid $0.75 per half hour for involvement in a study. Given that this study was estimated to take approximately 15 minutes, each participant who submitted their information to MTurk and passed two quality checks was paid $0.50 for completing the survey. A power analysis performed using G*Power 3.1 (Faul, Erdfelder, Lang, & Buchner, 2007) revealed that to detect a medium effect size, with power set at .95 (to accommodate hypothesizing no difference between type of leader on perceptions of moral decision making), and using an alpha level of .05, a sample size of 176 participants was needed. A total of 300 participants participated in the survey; however, 271 provided usable data. To be included in the data analyses, participants had to pass the quality checks. A total of 276 participants passed these quality checks, but further analyses showed that five participants responded “unengaged” to an engagement question. These five were also discarded, resulting in a final sample size of 271 participants. The sample size ranged from 188 to 271 for the demographics reported here.
Fifty-five percent were female. The average age was 34.41 years ($SD = 12.80$ years). Ninety-one percent reported their nationality as American or U.S., and this percentage includes participants who reported two countries when replying (i.e., U.S. and another country). Ninety percent reported American as their sole nationality. The majority of participants were White or Caucasian (76%), and 10% of the participants were Asian. All other ethnicities (American Indian or Alaska Native, Black or African American, Hispanic or Latino, Native Hawaiian or Other Pacific Islander, and Other) were under 10% individually. The total minority representation, including Asian, was 24%. Eight percent of the participants had a high school diploma or equivalent, 33% had some college but no degree, 10% had an Associate’s degree, 34% had a bachelor’s degree, and 15% had a graduate degree. For participants who responded about employment, 95% had been previously employed, 68% were currently employed at the time of data collection, and 66% were employed full time. The average years of overall working experience was 14.02 years ($SD = 12.37$ years). Some of these percentages match well with Mason and Suri’s (2011) demographics for the MTurk community. Using 2,896 workers, Mason and Suri reported 55% of MTurk workers were female, and stated that the average age of workers was 32 years. Moreover, Ipeiriotis (2010) found that 30% of U.S. and Indian MTurk workers were currently unemployed or had a part-time job.

**Materials and Measures**

**Leader descriptions.** Each participant was given a description of a leader. Participants were randomly assigned to read either a description about a transformational leader or a description about a servant leader. These descriptions can be found in Appendix A.
Moral and risky decision-making items. Two types of items were developed to assess perceptions of follower decision making in moral and risky situations. For the first type, participants were asked to rate their agreement or disagreement with five statements regarding follower moral and risky decision making, using a 5-point Strongly Disagree to Strongly Agree. Specifically, participants were asked to respond to two items on morality, two items on risk-taking, and one item regarding the trade-off between morality and risk-taking. The two-item morality subscale showed high internal consistency, with $\alpha = .80$, and were thus retained as one measure. The risky-taking items did not show adequate internal consistency, with $\alpha = .58$, and were therefore used separately.

For the second type, participants were presented with five situational dilemma items on morality and risk-taking. Similar to the first type, participants were given two morality dilemmas, two risk-taking dilemmas, and one morality/risk-taking trade-off dilemma. None of the dilemma items were combined due to low internal consistencies (morality dilemmas, $\alpha = .27$; risk-taking dilemmas, $\alpha = .53$). However, given that Clause, Mullins, Noe, Pulakos, and Schmitt (1998) stated that calculating alphas was not appropriate for situational dilemmas, these low alphas are not surprising. Consistent with Diab, Gillespie, and Hightower’s (2008) situational dilemmas, all situational dilemmas included three answer choices, and participants were asked to state which behavior they thought the follower was least likely to do, and which behavior they thought the follower was most likely to do. Therefore, participants provided two responses for each situational dilemma. The choices for the morality and risky dilemmas ranged from most moral to least moral and from least risky to most risky.
To score these items, for the “most likely” question, the least moral (risky) option was given a score of −1, the moderate moral (risky) option was given a score of 0, and the most moral (risky) option was given a score of +1. On the other hand, for the “least likely” question, the least moral (risky) option was given a score of +1, the moderate moral (risky) option was given a score of 0, and the most moral (risky) option was given a score of −1. For example, if a participant choose the most moral option for the “most likely” question and the least moral option for the “least likely” option, then each counted as a +1 toward his or her score. The two responses were summed for each situational dilemma item, and therefore, the possible range of scores was −2 to +2 for each item, resulting in a 5-point scale. This scoring system is consistent with scoring methods used for other situational dilemma items (Diab et al., 2008) and other situational judgment tests (e.g., Oswald, Schmitt, Kim, Ramsay, & Gillespie, 2004). Therefore, higher scores meant the participants perceived the followers to make either more moral or more risky decisions. The trade-off dilemma item was scored similarly to the other situational dilemmas (with the options ranging from not risky with a small payoff but moral to very risky with a potential large pay-off but immoral). Higher scores for the trade-off dilemma signified more morality, less risk-taking. Both trade-off items were included to examine how participants might respond to trade-offs between morality and risk-taking that followers might make, and they were included for exploratory purposes. Please refer to Appendix B for all the items.

Table 1 shows the correlations among all the measures. Although the three morality items are significantly correlated with each other and should be measuring the same construct, the correlations among them are not very high. The correlation of .17
Table 1

Correlations among All Measures

<table>
<thead>
<tr>
<th>Variable</th>
<th>1</th>
<th>2</th>
<th>33</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
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<td>Moral Dilemma 1</td>
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<td>Moral Dilemma 2</td>
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<td>.17**</td>
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<td>.16**</td>
<td>.017</td>
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</tr>
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<td>-.15*</td>
<td>-.13*</td>
<td>-.13*</td>
<td>.41**</td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Risk Dilemma 1</td>
<td>-.15*</td>
<td>-.09</td>
<td>.015</td>
<td>.36**</td>
<td>.40**</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Risk Dilemma 2</td>
<td>.11</td>
<td>.06</td>
<td>.118**</td>
<td>.35**</td>
<td>.18**</td>
<td>.36**</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade-off Direct</td>
<td>-.34**</td>
<td>-.37**</td>
<td>-.21**</td>
<td>.05</td>
<td>.37**</td>
<td>.19**</td>
<td>.05</td>
<td></td>
</tr>
<tr>
<td>Trade-off Dilemma</td>
<td>.18**</td>
<td>.32**</td>
<td>.16**</td>
<td>-.03*</td>
<td>-.30**</td>
<td>-.25**</td>
<td>-.09*</td>
<td>-.40**</td>
</tr>
</tbody>
</table>

Note. N = 271.
* p < .05. ** p < .01.
between the moral situational dilemmas provides further evidence for not combining these into one measure. Similarly, the four risk-taking items were all significantly correlated with each other, but given that all of the correlations were below .41, coupled with the low internal consistencies between the two measures of each group, the risk-taking direct items and the risk-taking situational dilemmas were not combined.

**Manipulation check.** In order to confirm that the leader descriptions were developed the way they were intended, a manipulation check consisting of several items was included. These items were developed after reviewing the SL and TFL literatures. It was expected that there would be no significant differences between the two groups on the items *ethical* and *moral* because current TFL research has emphasized the morality component of transformational leaders (Groves & LaRocca, 2012; Zhu, Avolio, Riggio, & Sosik, 2011; Zhu, Riggio, Avolio, & Sosik, 2011) and the morality component has been specified in servant leadership (Barbuto & Wheeler, 2008). It was also expected that *nurturing* and *emphasizing betterment of society* would be significantly higher for servant leaders than transformational leaders. These expectations were based on three of Liden et al.'s (2008) servant leadership dimensions described as showing a genuine concern for followers and being sensitive to their personal concerns, while also having the desire to help the community. *Charismatic* and *risk-taker* were expected to be higher for transformational leaders than servant leaders because two of the TFL factors (idealized influence and intellectual stimulation; Avolio, 1999) describe these leaders as being charismatic and encouraging an innovative and creative environment. Lastly, *achieving organizational goals* was expected to be higher for transformational leaders than servant
leaders because it has been noted that transformational leaders focus on organizational needs (Parolini et al., 2009). Please see Appendix C for the manipulation check items.

**Quality check and engagement items.** In order to verify that participants took the time to read all presented materials and questions, two quality check items were given after the set of morality items and risk-taking items. As previously mentioned, participants were not paid if they failed these quality checks. At the end of the survey, an engagement item was presented, but this item did not affect whether participants were compensated. Please see Appendix D for both checks.

**Demographics.** Optional demographic items were also administered. Please refer to Appendix E for the demographic items.

**Procedure**

Xavier University’s Institutional Review Board gave approval to conduct this research (please see Appendix F). To recruit using MTurk, a link to the survey was posted on the MTurk website. Participants were registered with MTurk which consists of adults 18 years or older from over 120 countries. Two inclusion criteria were set for participants to be able to view this posting: residing in the U.S. and having a HIT approval rating of at least 95% – HITs are “Human Intelligence Tasks” that are simply what the participants do to receive payment. The survey was estimated to take approximately 15 minutes, with a maximum time limit of one hour.

Data were collected on-line, using SurveyGizmo.com. The survey link was provided on the MTurk website. Before participants clicked on the survey, they were presented with an informed consent form (please see Appendix G for the informed consent). After participants agreed to participate and clicked on the survey link, they
were randomly assigned to one of the two conditions (i.e., TFL or SL description). Then, they were asked to complete the moral and risky decision-making items, the moral and risky situational dilemmas, the manipulation check items, the demographic items, the quality check items, and an engagement item. The morality and risk-taking items were counterbalanced, such that some participants responded to the morality items first, and other participants responded to the risk-taking items first, but the two morality/risk-taking trade-off items were always given last. After submitting their responses, MTurk participants were directed to the debriefing form (please see Appendix H). Because the data were being collected on a different site than where participants were recruited, participants were asked to provide their MTurk unique worker ID on the original MTurk posting and again in the actual survey in order to ensure survey approval. Participants were compensated through Amazon, not through the researcher directly, if they submitted their worker ID number on the MTurk posting. Participants were informed if the researcher approved the survey within 5 days of survey completion. Once the surveys were approved, the Amazon payment process began.
Chapter IV

Results

Manipulation Check Items

Twelve manipulation check items were included to assess whether the manipulation had its intended effect (see Table 2). Given that 12 independent-samples $t$-tests were conducted, alpha was set at .01 instead of .05. It was expected that different items would be significantly different for transformational and servant leaders, whereas others would not significantly differ between the two types of leaders. Of particular interest were *ethical, moral, nurturing, emphasizing the betterment of society, charismatic, risk-taker, and achieving organizational goals.*

As previously mentioned, it was expected that different items would be significantly different for transformational and servant leaders, whereas others would not significantly differ between the two types of leaders. Specifically, it was expected that there would be no significant differences in *morality or ethical* between the two groups. Although no significant difference was found for *ethical*, there was a significant difference for *morality* between the two groups, such that servant leaders were perceived to have a stronger moral influence on subordinates than transformational leaders. However, both means were above the neutral threshold, suggesting that, overall, participants perceived that both types of leaders had a moral influence.
Table 2

*Effects of Type of Leader on Manipulation Check Items*

<table>
<thead>
<tr>
<th>Condition</th>
<th>Mean</th>
<th>SD</th>
<th>t</th>
<th>p</th>
</tr>
</thead>
<tbody>
<tr>
<td>Captivating</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transformational Leader</td>
<td>3.81</td>
<td>0.69</td>
<td>0.57</td>
<td>.571</td>
</tr>
<tr>
<td>Servant Leader</td>
<td>3.77</td>
<td>0.70</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Charismatic</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transformational Leader</td>
<td>4.35</td>
<td>0.74</td>
<td>3.83</td>
<td>.001</td>
</tr>
<tr>
<td>Servant Leader</td>
<td>4.00</td>
<td>0.76</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Risk-taker</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transformational Leader</td>
<td>3.48</td>
<td>0.90</td>
<td>3.92</td>
<td>.001</td>
</tr>
<tr>
<td>Servant Leader</td>
<td>3.08</td>
<td>0.81</td>
<td></td>
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</tr>
<tr>
<td>Empowering</td>
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<td></td>
</tr>
<tr>
<td>Transformational Leader</td>
<td>4.30</td>
<td>0.67</td>
<td>-0.30</td>
<td>.765</td>
</tr>
<tr>
<td>Servant Leader</td>
<td>4.33</td>
<td>0.81</td>
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<tr>
<td>Ethical</td>
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</tr>
<tr>
<td>Transformational Leader</td>
<td>4.15</td>
<td>0.77</td>
<td>-1.35</td>
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<tr>
<td>Servant Leader</td>
<td>4.28</td>
<td>0.82</td>
<td></td>
<td></td>
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<tr>
<td>Fostering</td>
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</tr>
<tr>
<td>Transformational Leader</td>
<td>3.84</td>
<td>0.77</td>
<td>-2.80</td>
<td>.006</td>
</tr>
<tr>
<td>Servant Leader</td>
<td>4.12</td>
<td>0.85</td>
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<tr>
<td>Moral</td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transformational Leader</td>
<td>4.14</td>
<td>0.78</td>
<td>-2.96</td>
<td>.003</td>
</tr>
<tr>
<td>Servant Leader</td>
<td>4.43</td>
<td>0.80</td>
<td></td>
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</tr>
<tr>
<td>Nurturing</td>
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</tr>
<tr>
<td>Transformational Leader</td>
<td>3.87</td>
<td>0.77</td>
<td>-4.32</td>
<td>.001</td>
</tr>
<tr>
<td>Servant Leader</td>
<td>4.28</td>
<td>0.74</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Achieving organizational goals</td>
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</tr>
<tr>
<td>Transformational Leader</td>
<td>4.46</td>
<td>0.59</td>
<td>1.85</td>
<td>.066</td>
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<tr>
<td>Servant Leader</td>
<td>4.33</td>
<td>0.58</td>
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<tr>
<td>Emphasizing the betterment of society</td>
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<td>Transformational Leader</td>
<td>3.75</td>
<td>0.85</td>
<td>-5.54</td>
<td>.001</td>
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<tr>
<td>Servant Leader</td>
<td>4.31</td>
<td>0.78</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Increasing profit</td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transformational Leader</td>
<td>4.19</td>
<td>0.62</td>
<td>3.00</td>
<td>.003</td>
</tr>
<tr>
<td>Servant Leader</td>
<td>3.95</td>
<td>0.67</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Meeting followers' needs</td>
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</tr>
<tr>
<td>Transformational Leader</td>
<td>4.11</td>
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<td>4.32</td>
<td>0.71</td>
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</table>

*Note*: Alpha was set at .01.
It was also expected that *nurturing* and *emphasizing betterment of society* would be significantly higher for servant leaders than transformational leaders, whereas *charismatic* and *risk-taker* were expected to be significantly higher for transformational leaders than servant leaders. Significant differences between the two types of leaders were found for these four items. Lastly, *achieving organizational goals* was expected to be higher for transformational leaders than servant leaders. This item, however, was not significantly higher for transformational leaders than servant leaders, but the means were in the expected direction.

**Hypothesis Testing**

Seven independent-samples *t*-tests were conducted to investigate the effects of type of leader on perceptions of subordinate decision-making in moral and risky situations (see Table 3). The seven *t*-tests involved included the main dependent variables: one direct moral subscale (the two-item direct morality subscale), two direct risky items, two moral dilemma tests, and two risky dilemma tests. Therefore, a Bonferroni adjustment was made to account for these seven comparisons, resulting in a new alpha level of .007.

*Hypothesis 1* predicted that type of leader would not have a significant effect on perceptions of subordinate decision making in moral situations, such that followers of both types of leaders would make moral decisions. As predicted, type of leader did not have an effect on perceptions of follower moral decision making for the moral direct subscale, with transformational leaders (*M = 4.10, SD = 0.60*) not significantly differing from servant leaders (*M = 4.16, SD = 0.66*). \(t(269) = -0.82, p = .413, d = 0.10, 95\% \text{ CI} [-0.21, 0.09]\). For the first moral situational dilemma (i.e., correctly filing a report), type of
Table 3

**Effects of Type of Leader on Moral and Risky Decision Making**

<table>
<thead>
<tr>
<th>Condition</th>
<th>Mean</th>
<th>SD</th>
<th>t</th>
<th>p</th>
<th>d</th>
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<td>0.60</td>
<td>-0.82</td>
<td>.413</td>
<td>0.10</td>
</tr>
<tr>
<td>Servant Leader</td>
<td>4.16</td>
<td>0.66</td>
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<td></td>
<td></td>
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<tr>
<td><strong>Moral Dilemma 1</strong></td>
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</tr>
<tr>
<td>Transformational Leader</td>
<td>1.21</td>
<td>1.07</td>
<td>-1.02</td>
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<tr>
<td>Servant Leader</td>
<td>1.33</td>
<td>0.96</td>
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</tr>
<tr>
<td><strong>Moral Dilemma 2</strong></td>
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<tr>
<td>Transformational Leader</td>
<td>0.54</td>
<td>1.53</td>
<td>-1.18</td>
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<td>Transformational Leader</td>
<td>3.64</td>
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<td>1.21</td>
<td>.229</td>
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<td>0.95</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Transformational Leader</td>
<td>3.00</td>
<td>0.92</td>
<td>3.51</td>
<td>.001</td>
<td>0.43</td>
</tr>
<tr>
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<td>0.85</td>
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<tr>
<td><strong>Risk Dilemma 1</strong></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Transformational Leader</td>
<td>-0.21</td>
<td>1.27</td>
<td>2.92</td>
<td>.004</td>
<td>0.35</td>
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<tr>
<td>Servant Leader</td>
<td>-0.63</td>
<td>1.10</td>
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<td><strong>Risk Dilemma 2</strong></td>
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<td></td>
</tr>
<tr>
<td>Transformational Leader</td>
<td>0.52</td>
<td>1.43</td>
<td>2.14</td>
<td>.033</td>
<td>0.27</td>
</tr>
<tr>
<td>Servant Leader</td>
<td>0.15</td>
<td>1.36</td>
<td></td>
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<td></td>
</tr>
</tbody>
</table>

*Note: Bold values signify that hypotheses were supported. After the Bonferroni adjustment, alpha was set at .007.*
leader did not have an effect on moral decision making, with transformational leaders ($M = 1.21, SD = 1.07$) not significantly differing from servant leaders ($M = 1.33, SD = 0.96$), $t(269) = -1.02, p = .307, d = 0.12, 95\%$ CI [-0.37, 0.12].

For the second moral situational dilemma (i.e., witnessing a co-worker stealing), type of leader also did not have an effect on moral decision making, with transformational leaders ($M = 0.54, SD = 1.53$) not significantly differing from servant leaders ($M = 0.74, SD = 1.34$), $t(267) = -1.18, p = .240, d = 0.14, 95\%$ CI [-0.55, 0.14]. Although a Bonferroni adjustment was made, the results for these three tests were still not significant, even without the adjustment. Based on these findings, Hypothesis 1 was supported.

Hypothesis 2 predicted that type of leader would significantly affect perceptions of subordinate decision making in risky situations, such that with transformational leader followers would choose more risky decisions than servant leader followers. Type of leader did not have a significant effect on perceptions of follower decision making for the first risky direct item (i.e., feeling comfortable taking a risk), with transformational leaders ($M = 3.64, SD = 0.87$) not significantly differing from servant leaders ($M = 3.51, SD = 0.95$), $t(269) = 1.21, p = .229, d = 0.14, 95\%$ CI [-0.09, 0.35]. However, as expected, type of leader did have a significant effect on perceptions for the second risky direct item (i.e., deciding to take a risk), such that subordinates of transformational leaders were perceived as more likely to make a risky decision ($M = 3.00, SD = 0.92$) than subordinates of servant leaders ($M = 2.62, SD = 0.85$), $t(269) = 3.51, p = .001, d = 0.43, 95\%$ CI [0.17, 0.60]. Similarly, for the first risky situational dilemma (i.e., taking a risk with pay-off), type of leader significantly affected risky decision making, such that subordinates of transformational leaders were perceived as more likely to make a risky
decision with a pay-off ($M = -0.21, SD = 1.27$) than subordinates of servant leaders ($M = -0.63, SD = 1.10$), $t(267) = 2.92, p = .004, d = 0.35, 95\% CI [0.14, 0.71]$. For the second risky situational dilemma (i.e., acquiring a company for new profit), type of leader did not significantly affect risky decision making, such that perceptions of subordinate decision making did not significantly differ between transformational leaders ($M = 0.52, SD = 1.43$) and servant leaders ($M = 0.15, SD = 1.36$), $t(269) = 2.14, p = .033, d = 0.27, 95\% CI [0.03, 0.70]$. Based on these four analyses, Hypothesis 2 was partially supported.

**Exploratory Analyses**

Exploratory analyses were conducted to examine potential differences between the conditions in the two moral/risky trade-off items, which were given to examine if followers would be perceived to sacrifice morality to take risks with high pay-offs or profit. Two independent-samples $t$-tests were conducted (one for the direct trade-off item and one for the situational dilemma trade-off item), and therefore, a Bonferroni adjustment was made, resulting in a new alpha level of .025. Type of leader did not have a significant effect on perceptions of follower decision making for the direct item, such that perceptions of subordinate decision making did not significantly differ between transformational leaders ($M = 2.37, SD = 0.94$) and servant leaders ($M = 2.15, SD = 0.95$), $t(269) = 1.92, p = .056, d = 0.23, 95\% CI [-0.01, 0.45]$. Similarly, for the situational dilemma, type of leader did not significantly affect decision making, such that perceptions of subordinate decision making did not significantly differ between transformational leaders ($M = 1.29, SD = 1.13$) and servant leaders ($M = 1.55, SD = 0.94$), $t(268) = -2.06, p = .041, d = 0.25, 95\% CI [-0.51, -0.01]$. Because both means were
positive and greater than 1.00, participants in both leadership groups chose more moral and less risky options.
Chapter V

Discussion

The primary goal of this study was to investigate whether certain types of leaders are more influential in certain situations. Transformational and servant leaders are both considered effective types of leadership (e.g., Hu & Liden, 2011; Jung et. al, 2009). They may both be effective in moral contexts (e.g., Liden et al., 2008; Zhu, Avolio, et al., 2011), but transformational leaders may be more effective in risk-taking contexts (e.g., Smith et al., 2004). Therefore, the current study examined the effect of leadership type on perceptions of follower decision making in moral and risky situations.

Morality is an important component to leadership, such that leaders should be held accountable to a high standard of behavior (Gini, 1997). This study investigated the effect of type of leader on perceptions of subordinate decision making in moral situations. Specifically, it was expected that subordinates of both types of leaders would be perceived to make moral decisions. SL theory has a long history of including morality in its description (e.g., Barbuto & Wheeler, 2008; Liden et al., 2008; Walumbwa et al., 2010). The morality component of TFL theory, however, has not been as apparent. Because the current literature includes morality in the description of transformational leaders (e.g., Avolio, 1999; Zhu, Riggio, et al., 2011), the current study undertook this description. As expected, results showed that perceptions of both transformational and servant leaders have an influence on their subordinates in regards to moral decision
making. It should be noted that there appeared to be a lack of variability in the moral
direct subscale (mean difference and standard deviation difference of .06 between the two
leadership groups). However, despite the lack of variability, the results seem to be
meaningful because they were neither statistically nor practically significant. In other
words, perhaps people might perceive morality as a component of leadership, and this
could be the reason why variability was low.

This study also examined the perceptions of leaders' influence in risk-taking
situations. With organizations downsizing and changing to lean structures, taking risks
could be an important factor for retained employees when faced with extra
responsibilities and higher pressures. The current study investigated the effect of type of
leader on perceptions of subordinate decision making in risk-taking situations. It was
expected that type of leader would significantly affect perceptions of subordinate
decision making in risky situations, such that subordinates of transformational leaders
would choose more risky decisions than subordinates of servant leaders. Researchers
have proposed that transformational leaders are successful in dynamic environments
(Smith et al., 2004) and encourage innovation and creativity (e.g., Avolio, 1999; Smith et
al., 2004). Additionally, Smith et al. (2004) emphasized that servant leaders do not focus
on this, but rather focus on the development and growth of followers.

Results partially supported the prediction that subordinates of transformational
leaders would be perceived to make more risky decisions than subordinates of servant
leaders. Specifically, although participants perceived that subordinates of
transformational leaders would be more likely to make risky decisions than followers of
servant leaders, no difference was found in how comfortable they would be when making
those decisions. There is a subtle difference in these direct items because even though followers could be expected to make risky decisions, it does not necessarily mean that they would be comfortable making those decisions. Participants also perceived that subordinates of transformational leaders would make riskier decisions if pay-offs were high, more than followers of servant leaders, but no difference was found if that decision involved potential difficult transitions with new profit. These different results could be explained by participants not perceiving the acquisition of a new company with difficult transitions and high profit as risky. Although results partially supported this hypothesis, it seems that, overall, participants perceived that subordinates of transformational leaders were more likely to make risky decisions than subordinates of servant leaders.

In addition to the main hypotheses, exploratory analyses were conducted on items regarding the perceptions of both morality and risk-taking influences of a leader's subordinate. These trade-off items questioned whether subordinates would take risks, forgoing morality concerns, for potential profit and high pay-offs. Because some researchers claim that the morality component of leadership is not necessarily explicit in TFL (Barbuto & Wheeler, 2008), it could have been possible for transformational leaders to lose their morality influence once high-profiting risks were an option for subordinates. Although differences in the perceptions of subordinate decision making on the trade-off items could have further clarified the distinction between TFL and SL, there were no significant differences between the two conditions. Moreover, the group means for the direct item were closer to disagreement of sacrificing morality for taking a risk with a great pay-off and the group means for the dilemma item were positive and above 1, suggesting that the participants of both groups perceived subordinates to not be willing to
sacrifice morality for high profit. Therefore, the findings of the current study did not show that when in a risk-taking situation, subordinates of transformational leaders would sacrifice morality for greater pay-off or profit, more so than servant leaders, which further supports the morality component in TFL. However, it should also be mentioned that because the descriptions used in the current study mentioned the morality component for both types of leaders, this may have affected these results. In other words, if the TFL description did not mention morality, then there might have been significant differences between the two types of leaders. Overall, the main and exploratory analyses do not clearly suggest that SL is distinct from TFL. The current study showed that the morality component in TFL is strong, especially given that no significant differences in the trade-off items were found. In addition, the risk-taking results were only partially supported.

Theoretical and Practical Implications

Theoretical implications. Theoretically, the results of this study highlight the importance of contextual testing of leadership, aligned with Zaccaro and Klimoski’s (2001) claim that leadership models cannot be effective without the inclusion of contingencies. The results added to the literature on servant leadership, further clarifying this construct and how it may differ from transformational leadership. Moreover, this study also improved TFL theory in that it provided a context in which transformational leaders may be especially effective. Given that these two types of leadership are often compared (e.g., Smith et al., 2004; Stone et al., 2004), a thoughtful question to ask is to what extent these theories overlap.

There is much evidence supporting the similarities between TFL and SL, whether it is how the leaders behave (i.e., act as role models, consider others, teach, listen; Stone
ets, 2004) or how they are both engrained in the study of charismatic leadership (Graham, 1991; Smith et al., 2004). These types of leaders may even have enough in common, that SL may not be a distinct construct, but actually part of TFL theory. It is plausible that these theories are closer than originally thought and maybe there are just a few dimensions (such as follower risk-taking) that separate servant leaders from transformational leaders.

One important distinction, however, is the focus of each type of leader. For TFL, it seems that organizational objectives are important. In contrast, for SL, it seems that bettering society is important. If servant leaders do not make organizational goals the priority, then it may be possible that servant leaders may hinder organizational success.

Current research has been examining other under-researched and emerging contexts, such as non-profit organizations, and self-managed and virtual teams. If TFL and SL have more in common than originally thought, then servant leaders may be “transformational leaders with a non-profit outlook.” Because servant leaders have a concern for society betterment, perhaps they would be well-suited for non-profit organizations, whereas transformational leaders could be better-suited for for-profit organizations. One study showed that in a voluntary context, SL was a better predictor for commitment, satisfaction, and intentions to stay for voluntary club members than was TFL. (Schneider & George, 2010). Pinnington (2011) found that “confident leadership,” consisting of charismatic and transformational behavior items, was favored by private sectors more than public and not-for-profit sectors. In addition, the public and not-for-profit sectors favored “holistic and ethical leadership,” consisting of transformational, servant, and spiritual leadership behavior items, more than private sectors. Carte,
Chidambaram, and Becker (2006) examined emergent leadership in virtual, self-managed teams and found that directive leader behaviors distinguished high- and low-performing teams. Transformational and participative leader behaviors, however, did not impact the difference between high- and low-performing teams. This shows that transformational leaders may not be very effective in virtual, self-managed teams in regards to performance. The findings from these studies emphasize context and show that transformational and servant leaders may not always be the most effective leaders, adding to transformational and servant leadership theories.

Practical implications. In addition, this study also provided practical implications for leadership selection and development. The findings of this study shed light on the idea that context is important for a leader’s influence. Although both servant and transformational leaders are effective (e.g., Ebener & O’Connell, 2010; Firestone, 2010), they may not be effective in all situations. Therefore, certain types of leaders could be selected for certain types of contexts.

Hiring professionals should be aware of the contextual factors affecting the leader’s influence and effectiveness. They should consider selecting transformational leaders for contexts in which employees need to take risks to stay competitive, such as advertising and product development. Moreover, hiring professionals may not need to take into account preference between transformational or servant leaders if the organizational environment warrants moral influences over followers, as both types seem to have a positive impact on follower moral decision making. In addition, because leaders can be developed into transformational leaders (Brown & May, 2010; Fitzgerald & Schutte, 2009), managers and human resources personnel should be aware of what
situations warrant transformational leaders. For example, leadership development specialists can train leaders to adapt to more transformational behaviors if risk-taking is a contextual factor.

**Limitations and Future Research Directions**

As with most psychological research, the current study has a few limitations that should be discussed. One major concern is the hypothetical nature of the research. Participants were asked to read a description of a leader and try to imagine how that leader may influence subordinate decision making. Although having an organizational sample with “real” leaders and followers may enhance the generalizability of the results, by using an experimental approach, the internal validity of the results was enhanced. Specifically, in an organizational setting, it would be almost impossible to control for several confounding variables that could exist, but that is possible to achieve using an experimental design and hypothetical descriptions. Future research should attempt to extend the findings of the current study by examining this relationship between real leaders and followers.

Along similar lines, perceptions of subordinate decision making were measured instead of directly asking the participants about how they would behave if they had such a leader. Consistent with Fisher (1993), this was done to reduce socially desirable responses. This is especially relevant for the morality items, where answering in a socially desirable way might have been salient.

Another generalizability concern relates to the employment rate of this sample, compared to the overall employment rate in the United States. Of the participants who reported employment status, 32% responded they were unemployed. Although this is
similar to past MTurk unemployment rates, (e.g., Ipeirotis, 2010), this is not consistent with the national unemployment rate reported for the same month of data collection of 8.2% (U.S. Department of Labor, 2012).

A third limitation was not controlling for individual differences in attitudes toward moral and risky behaviors. For example, integrity, general social desirability, and risk aversion could have been measured and controlled for. Future research should consider including these types of individual differences when investigating perceptions of moral and risky decision making.

A fourth limitation of the current study was the use of newly-developed items to measure the dependent variables in the study. In addition, the leader descriptions were also developed for this study. However, several recent transformational and servant leadership articles were closely reviewed to generate appropriate descriptions and moral and risk-taking influence questions. Moreover, the manipulation check results showed that most descriptors that were expected to be different between the two types of leaders were indeed significantly different (e.g., nurturing, charismatic, emphasizing betterment of society, and risk-taker).

The current leadership literature has a focus on leader typologies, but not a focus on the overarching theories that can be applied to leadership. Northouse (2010) has explained that many theories of leadership have lost support due to lack of evidence (e.g., trait theory), lack of empirical testing (e.g., situational approach), and measurement problems (e.g., Fiedler’s contingency theory). Instead of narrowly focusing on the different styles and types that all leaders may not fall under, future research should focus on all aspects and factors that are important for distinguishing effective leaders. More
integrative approaches to leadership (e.g., Avolio, 2007; Chemers, 1997; Hunt & Dodge, 2000) should be researched, which could borrow from multiple leadership theories and take into account the organization’s climate and culture, the leader’s position, qualities, and behaviors, along with the characteristics and needs of the followers. For example, Chemer’s (1997) integrative model of leadership embodies the idea of fit or match among the leader and numerous other factors. He describes his model as a process with individual, dyadic, group, and organizational interactions and “the outcomes of leader and follower behavior are determined by the degree of fit between the behavior and the demands of the surrounding environment” (p. 163). This fit is emphasizing the context, and therefore, leadership researchers should continue examining situational factors that affect leader effectiveness. As previously mentioned, some research has investigated some emerging contexts, such as non-profit organizations (e.g., Pinnington, 2011; Schneider & George, 2010) and self-managed or virtual teams (Carte et al., 2006), and future research should continue to examine different types of contexts.

Conclusions

In conclusion, it seems that context matters for leadership effectiveness, and although both transformational and servant leaders could be effective, they may not be effective in all situations. Findings from this study provide partial support that transformational leaders may be better suited in risk-taking contexts than servant leaders. Also, these types of leaders do not appear to differ in morality contexts. To further clarify the theories of leadership, more contextual testing of TFL and SL should be conducted, especially because these two leadership types are closely related. The contexts of
morality and risk-taking should also be further studied, as these are contexts applicable in today’s organizations.
Chapter VI

Summary

Two types of leadership considered to be effective in organizations are transformational leadership (TFL) and servant leadership (SL; e.g., Ebener & O’Connell, 2010; Firestone, 2010). Given that these two types of leadership have been related to such outcomes as organizational citizenship behaviors (OCBs; Pillai, Schriesheim, & Williams, 1999; Ehrhart, 2004), procedural justice (Pillai et al., 1999; Walumbwa, Hartnell, & Oke, 2010), and performance (Jaramillo, Grisaffe, Chonko, & Roberts, 2009; Wang & Howell, 2010), one can see the crucial implications of having transformational and servant leaders.

Many theories identify the need for congruency between leadership behaviors and contextual variables (e.g., Fiedler, 1964; Hersey & Blanchard, 1977). Fiedler's contingency theory (1964, 1967; Fiedler & Garcia, 1987) posits that leadership effectiveness depends on the situation. The refined and revised situational approach to leadership (e.g., Blanchard, Zigarmi, & Zigarmi, 1985; Hersey & Blanchard, 1998) emphasizes that situations and followers guide the leader’s behaviors. To be effective, leaders must be able to adapt their style to different types of situations (Northouse, 2010). Using the situational premise and to answer Humphreys’ (2005) call for more contextual research, the purpose of the current study was to investigate the potential similarities and differences between TFL and SL, within moral and risky contexts.
Transformational Leadership Theory

Transformational leadership has been heavily researched since it was conceptualized by Burns (1978) and further popularized by Bass (1985). These contributions have helped make TFL one of the most effective types of leadership (Bass & Riggio, 2006). Bass (1990) describes TFL as occurring "when leaders broaden and elevate the interests of their employees, when they generate awareness and acceptance of the purpose and mission of the group, and when they stir their employees to look beyond their own self-interest for the good of the group" (p. 21). Avolio (1999) proposed that TFL consists of idealized influence (being strong role models and charismatic), inspirational motivation (setting high expectations by sharing a vision), intellectual stimulation (stimulating creativity and innovation), and individualized consideration (supplying a supportive climate and listening to followers' needs). Some key behaviors of transformational leaders consist of expressing goals, developing an image, displaying confidence, and provoking motivation (Kuhnert & Lewis, 1987).

Servant Leadership Theory

One theory of leadership that has received much attention in the past 20 years is servant leadership (SL). Because SL has lacked clear definition and dimensionality, many researchers have tried to clarify this construct (e.g., Barbuto & Wheeler, 2006; Dennis & Bocarnea, 2005). Greenleaf (1977) believed the nation was in a "leadership crisis" and proposed that "the only viable institutions will be those that are predominantly servant-led" (p. 10). Although Greenleaf did not clearly define or operationalize SL in his book, using research by Barbuto and Wheeler (2006), Faling, Stone, and Winston (1999), and Laub (2004), Hale and Fields (2007) defined it as "an understanding and practice of
leadership that places the good of those led over the self-interest of the leader, emphasizing leader behaviors that focus on follower development, and de-emphasizing glorification of the leader” (p. 397). Liden, Wayne, Zhao, and Henderson (2008) created a measure encompassing seven dimensions. These included empowering (encouraging problem-solving), helping subordinates grow and succeed (showing concern for growth and development), putting subordinates first (subordinates’ work comes before own), emotional healing (being sensitive to personal concerns), conceptual skills (having the knowledge to effectively support followers), creating value for the community (helping the community), and behaving ethically (being open, honest, and fair).

**Similarities and Differences between TFL and SL.**

Stone, Russell, and Patterson (2004) stated that both transformational and servant leaders encourage trust, act as role models, consider others, delegate, empower, teach, communicate, listen, influence, and lead/serve by vision. They are also similar in that they are both engrained in the study of charismatic leadership (Graham, 1991; Smith, Montagno, & Kuzmenko, 2004).

Despite these similarities, they also differ. For example, Stone et al. (2004) stated that one of the differences between these leaders is their focus: transformational leaders focus on organizational objectives, whereas servant leaders focus on followers. Smith et al. (2004) created a comparative model that included the leader’s motivation and desire to lead/serve, the leader’s philosophy, the leader’s initiatives, organization systems, and the resulting organizational culture created by the leader. To better understand the similarities and differences between these theories, moral and risky contexts (two contexts important in today’s organizations) were examined.
Leadership and Morality

One of the potential similarities between transformational and servant leaders is the morality component. Most current TFL research has emphasized the morality component of transformational leaders (e.g., Zhu, Avolio, Riggio, & Sosik, 2011; Zhu, Riggio, Avolio, & Sosik, 2011). For example, Zhu, Riggio, et al. (2011) found that transformational leaders can prime followers to be moral agents through the demonstration of their own moral standards. It seems that the more recent and comprehensive definition of TFL assumes that transformational leaders are always moral. Therefore, it is hypothesized that there will be no difference in perceptions of follower moral decision making between TFL and SL.

Leadership and Risk-Taking

An important difference between a transformational and servant leader is the extent to which each type of leader encourages innovation and creativity. Smith et al. (2004) suggested that transformational leaders encourage innovation and creativity and tolerate potential mistakes made by the followers in the pursuit of benefits from innovative endeavors. In addition, they state that risk-taking seems to be a factor of future success for transformational leaders. One of the four factors of TFL, intellectual stimulation, encourages a creative and innovative environment (Avolio, 1999). Sometimes, to be innovative and creative, one must take risks. Therefore, it is hypothesized that there will be a significant difference in perceptions of follower risky decision making between TFL and SL, such that followers of transformational leaders will be perceived to choose more risky decisions than followers of servant leaders.
Method

Participants

People living in the United States were recruited through a posting on Amazon’s Mechanical Turk (MTurk; www.mturk.com). Inclusion criteria included having a HIT approval rating of at least 95%. Participants were offered $0.50 for participating, if they passed two quality checks. To be included in the analyses, participants had to pass these checks and respond with a 3 or higher on an engagement item. Although 300 people participated in the survey, 271 provided usable data. The sample size ranged from 188 to 271 for the demographics reported here. Fifty-five percent were females. The average age was 34.41 years ($SD = 12.80$ years). The majority of participants were White or Caucasian (76%), and 10% of the participants were Asian. All other ethnicities were under 10% individually. Eight percent of the participants had a high school diploma or equivalent, 33% had some college but no degree, 10% had an Associate’s degree, 34% had a bachelor’s degree, and 15% had a graduate degree. For participants who responded about employment, 95% had been previously employed and 68% were currently employed. The average years of overall working experience was 14.02 years ($SD = 12.37$ years).

Materials and Measures

Leader descriptions. Descriptions of the TFL and SL leaders were developed after an extensive review of the literature. Participants were randomly assigned to either a transformational or a servant leader description (see Appendix A).

Moral and risky decision-making items. Two types of items were developed to assess perceptions of subordinate decision making in moral and risky situations. For the
first type, referred to as *direct* moral or risky items, participants were asked to rate their agreement or disagreement with two statements regarding subordinate moral or risky decision making, using a 5-point *Strongly Disagree* to *Strongly Agree* response format. The two-item morality subscale showed high internal consistency, with $\alpha = .80$, and were thus retained as one measure. The risky-taking items did not show adequate internal consistency, with $\alpha = .58$, and were therefore used separately.

For the second type, participants were presented with two situational dilemma items on morality and two dilemma items on risk taking. Similar to Diab, Gillespie, and Highhouse’s (2008) situational dilemmas, all situational dilemmas included three answer choices, and participants were asked to state which behavior they think the subordinate was most likely to do and least likely to do. For the “most likely” question, the most risky option was given a score of +1, the moderate risky option was given a score of 0, and the least risky option was given a score of −1. For the “least likely” question, the least risky option was given a score of +1, the moderate risky option was given a score of 0, and the most risky option was given a score of −1. The two responses were summed for each item, and therefore, the possible range of scores was −2 to +2 for each item, resulting in a 5-point scale. This scoring system is consistent with scoring methods used for other situational dilemma items (e.g., Diab et al., 2008) and other situational judgment tests (e.g., Oswald, Schmitt, Kim, Ramsay, & Gillespie, 2004). The choices for the morality and risky dilemmas ranged from most moral to least moral and from least risky to most risky.

For exploratory purposes, trade-off items were created similar to the main dependent variables. Two trade-off items (one direct and one situational dilemma) were
created to examine the potential sacrifice of morality for risk-taking and high pay-off. These were presented with the same scale as mentioned above and were scored similarly. Please refer to Appendix B for all the items. Table 1 shows the correlations among all the measures.

**Manipulation check.** In order to confirm that the leader descriptions were developed the way they were intended, a manipulation check consisting of several items was included (see Appendix C).

**Procedure**

To recruit using MTurk, a SurveyGizmo link was posted on the MTurk website. Before participants clicked on the SurveyGizmo link, they were presented with an informed consent form (see Appendix G). After participants agreed to participate by clicking on the survey link, they were randomly assigned to one of the two conditions. Next, they responded to the morality, risky, and trade-off items. The participants also responded to the manipulation check items, quality check items, engagement item, and demographic items.

**Results**

**Manipulation Check Items**

Manipulation check items were included to assess whether the manipulation had its intended effect (see Table 2). Given that 12 independent-samples \( t \)-tests were conducted, alpha was set at .01 instead of .05. Of particular interest were *nurturing, charismatic, moral, ethical, risk-taker, emphasizing the betterment of society*, and *achieving organizational goals*. As expected, there was no difference between the groups on *ethical*; however, there was a significant difference in *moral*, such that
transformational leaders appeared to be more moral than servant leaders. *Nurturing* and *emphasizing betterment of society* were expected to describe servant leaders more than transformational and results supported this claim. These expectations were based on three of Liden et al.’s (2008) servant leadership dimensions. Additionally, *charismatic* and *risk-taker* were expected to be higher for transformational leaders than servant leaders because two of the TFI factors (Avolio, 1999) describe these leaders as being charismatic and encouraging an innovative and creative environment. Significant differences were also found for these two items.

Lastly, *achieving organizational goals* was expected to be higher for transformational leaders than servant leaders because it has been noted that transformational leaders focus on organizational needs (Parolini et al., 2009). However, this item was not significantly higher for transformational leaders than servant leaders, but the means were in the expected direction.

**Hypotheses Testing**

Seven independent-samples *t*-tests were conducted to investigate the effects of type of leader on perceptions of subordinate decision making in moral and risky decision-making situations (see Table 3). The seven *t*-tests included the main dependent variables: one direct moral subscale (the two-item subscale), two direct risky items, two moral dilemma tests, and two risky dilemma tests. Using a Bonferroni adjustment, the new α was set at .007.

As predicted by Hypothesis 1, type of leader did not have an effect on perceptions of follower moral decision making for the moral direct subscale, with transformational leaders (\(M = 4.10, SD = 0.60\)) not significantly differing from servant leaders (\(M = 4.16,\)
TYPE OF LEADER

$SD = 0.66$, $t(269) = -0.820$, $p = .413$, $d = 0.10$. For the first moral situational dilemma, type of leader did not have an effect on moral decision making, with transformational leaders ($M = 1.21$, $SD = 1.07$) not significantly differing from servant leaders ($M = 1.33$, $SD = 0.90$), $t(269) = -1.02$, $p = .307$, $d = 0.12$. For the second moral situational dilemma, type of leader also did not have an effect on moral decision making, with transformational leaders ($M = .54$, $SD = 1.53$) not significantly differing from servant leaders ($M = 0.74$, $SD = 1.34$), $t(267) = -1.18$, $p = .240$, $d = 0.14$. Based on these findings, Hypothesis 1 was supported.

As predicted by Hypothesis 2, type of leader did not have an effect on perceptions of subordinate decision making for the first risky direct item, with transformational leaders ($M = 3.64$, $SD = 0.87$) not significantly differing from servant leaders ($M = 3.51$, $SD = 0.95$), $t(269) = 1.21$, $p = .229$, $d = 0.14$. However, type of leader did have an effect on perceptions for the second risky direct item, with transformational leaders ($M = 3.00$, $SD = 0.92$) significantly differing from servant leaders ($M = 2.62$, $SD = 0.85$), $t(269) = 3.51$, $p = .001$, $d = 0.43$. For the first risky situational dilemma, type of leader also had an effect on risky decision making, with transformational leaders ($M = -0.21$, $SD = 1.27$) significantly differing from servant leader ($M = -0.63$, $SD = 1.10$), $t(267) = 2.92$, $p = .004$, $d = 0.35$. For the second situational dilemma, type of leader did not have an effect on risky decision making, with transformational leaders ($M = 0.52$, $SD = 1.43$) not significantly differing from servant leaders ($M = 0.15$, $SD = 1.36$), $t(269) = 2.14$, $p = .033$, $d = 0.27$. Based on these results, this hypothesis was partially supported.

Additional exploratory independent-samples $t$-tests were conducted to examine potential differences between the conditions in the two moral/risky trade-off items.
Because two $t$-tests were conducted, a Bonferroni adjustment was made, with the new $\alpha$ set at .025. Type of leader did not have an effect on perceptions of follower decision making for the trade-off direct question, with transformational leaders ($M = 2.37$, $SD = 0.94$) not significantly differing from servant leaders ($M = 2.15$, $SD = .95$), $t(269) = 1.92$, $p = .056$, $d = 0.23$. Additionally, for the trade-off situational dilemma question, type of leader did not have an effect on decision making, with transformational leaders ($M = 1.29$, $SD = 1.13$) not significantly differing from servant leader ($M = 1.55$, $SD = 0.94$), $t(268) = -2.06$, $p = .041$, $d = 0.25$. Because both means were positive and greater than 1.00, it seems that, overall, participants in both leadership groups chose more moral and less risky options.

Discussion

The goal of the current study was to investigate differences in the perceptions of followers' decisions under transformational servant leaders in moral and risky contexts. It was expected that perceptions of follower moral decision making would not differ between transformational and servant leaders. Results fully supported this hypothesis. Although the descriptions of the leaders were created after an extensive review of the current TFL and SL literature, the descriptions themselves actually stated that the leader "acts as a moral role model." If the transformational leader description was created using historical articles of TFL, the description probably would have not included this statement. Additionally, there appeared to be a lack of variability in the moral direct subscale (mean difference and standard deviation difference of .06 between the two leadership groups). However, despite the lack of variability, the results seem to be meaningful because they were neither statistically nor practically significant. In other
words, perhaps people might perceive morality as a component of leadership, and this could be the reason why variability was low.

It was also expected that perceptions of follower risky decision making would differ between transformational and servant leaders. Results partially supported this hypothesis. For example, although participants perceived that followers of transformational leaders would be more likely to make risky decisions than followers of servant leaders, no difference was found in how comfortable they would be when making those decisions. There is a subtle difference in these direct items because even though followers could be expected to make risky decisions, it does not automatically imply that they would be comfortable making those decisions. Participants also perceived that followers of transformational leaders would make riskier decisions if pay-offs were high, more than followers of servant leaders, but no difference was found if that decision involved potential difficult transitions with new profit. These different results could be explained by participants not perceiving the acquisition of a new company with difficult transitions and high profit as risky. Although results partially supported this hypothesis, it seems that, overall, participants perceived that subordinates of transformational leaders were more likely to make risky decisions than subordinates of servant leaders.

In addition to the main hypotheses, exploratory analyses were conducted on the trade-off items regarding the perception of morality and risk-taking decisions of a leader's subordinate. Differences in the perceptions of subordinate decision making on the trade-off items would have further clarified the distinction between TFL and SL. This study, however, could not show support that perceptions of subordinates of
transformational leaders would sacrifice morality for greater pay-off or profit. The current study showed that the morality component in TFL, similar to SL, is strong.

**Theoretical and Practical Implications**

Understanding the importance of contextual factors in leadership has both theoretical and practical implications. Theoretically, the results of this study highlight the importance of contextual testing of leadership add to the literature on leadership, aligned with Zaccaro and Klimoski’s (2001) claim that leadership models cannot be effective without the inclusion of contingencies. The results added to the literature on servant leadership, possibly clarifying this construct and how it may differ from transformational leadership. Moreover, this study improved TFL theory in that it provided a context in which transformational leaders may be especially effective. On the other hand, these types of leaders may even have enough in common that SL may not be a distinct construct, but actually part of TFL theory. It is plausible that these theories are closer than originally thought and maybe there are just a few dimensions (such as follower risk-taking) that separate servant leaders from transformational leaders. Practically, if a particular setting, situation, or context emphasizes risk-taking (such as advertising or product development), then using tools to select and develop transformational leaders (instead of servant leaders) may be warranted. In addition, hiring personnel should not take into account preference between transformational or servant leaders if the environment warrants moral influences over followers.

**Limitations and Future Research Directions**

The current study has a few limitations. One major concern is the hypothetical nature that had participants reading a description of a leader. Although having an
organizational sample with "real" leaders and followers may enhance the generalizability of the results, by using an experimental approach, the internal validity of the results is enhanced. Future research should attempt to examine this potential relation between real leaders and followers. Another limitation includes using newly-developed leader descriptions and measures. However, to try to reduce this concern, recent transformational and servant leadership articles were closely reviewed to generate appropriate descriptions and moral and risk-taking items. Along similar lines, perceptions of subordinate decision making were measured instead of directly asking the participants about how they would behave if they had such a leader. Consistent with Fisher (1993), this was done to reduce socially desirable responses. Another limitation was not controlling for individual differences in attitudes toward moral and risky behaviors. For example, integrity, general social desirability, and risk aversion could have been measured and controlled for; future research should consider including these types of individual differences.

Although context was found to be of importance in the current study, future research should focus on other aspects and factors that are important for distinguishing effective leaders. More integrative approaches to leadership (e.g., Avolio, 2007; Chemers, 1997; Hunt & Dodge, 2000) should be researched, which could borrow from multiple leadership theories and take into account the organization's climate and culture, the leader's position, qualities, and behaviors, along with the characteristics and needs of the followers.
Conclusions

In conclusion, it seems that context may matter for leadership effectiveness, and although both transformational and servant leaders could be effective, they may not be effective in all situations. Findings from this study provide partial support that transformational leaders may be better suited in risk-taking contexts than servant leaders. Also, these types of leaders do not appear to differ in morality contexts. To further clarify the theories of leadership, more contextual testing of TFL and SL should be conducted. The contexts of morality and risk-taking should also be further studied, as these are contexts applicable in today’s organizations.
References


Appendix A

Leader Descriptions

Transformational Leader Description
A sales team is under the direction of Mr. Price, the sales department director. Mr. Price
is known throughout the organization as very empowering. He motivates his employees
by communicating a strong vision and setting challenging goals for his team. He
appreciates it when his team challenges the status quo for new sales opportunities. He
acts as a moral role model by instilling organizational norms and is very supportive as
he always puts his team’s needs before his own. He is known around the organization as
being very charismatic. In addition, Mr. Price puts a lot of emphasis on bettering the
organization, and he makes organizational values a top priority.

Servant Leadership Description
A sales team is under the direction of Mr. Price, the sales department director. Mr. Price
is known throughout the organization as very empowering. He motivates his employees
by encouraging a sense of community and emphasizing teamwork. He appreciates it
when his team considers all constituents before making new sales opportunities. He acts
as a moral role model by providing service within and outside the organization and is
very supportive as he always puts his team’s needs before his own. He is known around
the organization as being very nurturing. In addition, Mr. Price puts a lot of emphasis on
bettering the community and the society at large, and he makes the interest of
subordinates a top priority.
Appendix B

Moral and Risky Decision-Making Items

Moral Items

Based on the leader description you just read, please rate the extent to which you agree or disagree with each of the following items, using the following 5-point scale:

<table>
<thead>
<tr>
<th>Strongly Disagree</th>
<th>Disagree</th>
<th>Neither Disagree nor Agree</th>
<th>Agree</th>
<th>Strongly Agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
</tbody>
</table>

1. Mr. Price’s subordinates would try to be as moral as possible.

2. Mr. Price’s subordinates would make moral decisions.

Based on the leader description, please choose the behavior that the subordinate would most likely and least likely do.

3. Imagine that one of Mr. Price’s subordinates is having an extremely busy week at work. In addition to the day-to-day activities the follower has, this person also needs to conduct performance reviews for the lower-level employees and create the new budget for the upcoming quarter. Mr. Price requests that the follower files an extensive, confidential report, that when done properly, takes approximately 10 hours to complete, which the subordinate does not seem to have time to do.

   a) The subordinate decides to stay at work longer this week to file the report properly. *(Most moral).*

   b) The subordinate decides to find short cuts to complete the report, which means it will not be filed properly.

   c) The subordinate decides to delegate this report to another co-worker so the subordinate can focus on their other responsibilities, although the other co-worker should not be viewing the information on the report. *(Least moral).*

Which behavior is the subordinate MOST LIKELY to do?

Which behavior is the subordinate LEAST LIKELY to do?

4. Imagine that one of Mr. Price’s subordinates witnesses a co-worker stealing office supplies from the organization. The co-worker explains that being so over-worked entitles employees to free things. The co-worker says that the supplies are not that
valuable, and if the subordinate tells Mr. Price, the co-worker may get fired, which would most likely result in the subordinate having more work to do.

a) The subordinate tells Mr. Price immediately, even though there is a zero-tolerance policy on company theft, and the subordinate would most likely need to pick up the slack from the co-worker’s removal. (Most moral).

b) The subordinate leaves an anonymous note in Mr. Price’s mailbox to start checking the inventory of the office supplies.

c) The subordinate ignores the behavior of the co-worker. (Least moral).

Which behavior is the subordinate MOST LIKELY to do?

Which behavior is the subordinate LEAST LIKELY to do?

Risk-Taking Items

Based on the leader description you just read, please rate the extent to which you agree or disagree with each of the following items, using the following 5-point scale:

<table>
<thead>
<tr>
<th>Strongly Disagree</th>
<th>Disagree</th>
<th>Neither Disagree nor Agree</th>
<th>Agree</th>
<th>Strongly Agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
</tbody>
</table>

1. Mr. Price’s subordinates would be comfortable taking a risk.

2. Mr. Price’s subordinates would make risky decisions.

Based on the leader description, please choose the behavior that the subordinate would most likely and least likely do.

3. Imagine that one of Mr. Price’s subordinates is being asked to come up with ways to help the organization prosper. After brainstorming for a couple of days, the subordinate comes up with three different possibilities, each having its own potential pay-off and loss.

a) The subordinate takes no risk, guaranteeing a minimal pay-off. (Least risk-taking).

b) The subordinate takes a medium risk that has a good pay-off, but also the potential to cause some loss to the company.

c) The subordinate takes a high risk that has a great pay-off, but also the potential to cause the most loss to the company. (Most risk-taking).
Which behavior is the subordinate MOST LIKELY to do?

Which behavior is the subordinate LEAST LIKELY to do?

4. In an effort for his retail organization to gain more profit, Mr. Price decided to acquire another retail company that is not faring well in the economy. He asks his subordinate to decide which of the three potential companies to buy-out.

a) The subordinate decides to acquire a company that is within the same retail industry that produces the same type of products, and although the transition will be very smooth, the potential for new profit is small. *(Least risk-taking).*

b) The subordinate decides to acquire a company that is within the same retail industry that produces different types of products, and although the transition will be tough, the potential for new profit is good.

c) The subordinate decides to acquire a company that is within a different retail industry that complements the follower’s organization, and although the transition will be very difficult, the potential for new profit is very high. *(Most risk-taking).*

Which behavior is the subordinate MOST LIKELY to do?

Which behavior is the subordinate LEAST LIKELY to do?

**Morality/Risk-Taking Trade-Off Items**

Based on the leader description you just read, please rate the extent to which you agree or disagree with each of the following items, using the following 5-point scale:

<table>
<thead>
<tr>
<th>Strongly Disagree</th>
<th>Disagree</th>
<th>Neither Disagree nor Agree</th>
<th>Agree</th>
<th>Strongly Agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
</tbody>
</table>

1. Mr. Price’s subordinates would sacrifice their morality to take a large risk with a potential great pay-off.

Based on the leader description, please choose the behavior that the subordinate would most likely and least likely do.

2. Imagine that Mr. Price’s organization is suffering from the economic downturn. Mr. Price asks one of his subordinates to find innovative ways to generate profit and stimulate growth. His subordinate brainstorms three ways to achieve this goal.

a) Make a non-risky decision that is guaranteed to increase profit by 10% in a way that does not go against the follower’s values and would be considered moral. *(Most moral, least risk-taking).*
b) Make a risky decision that could potentially increase profit by 50%, but the method for doing so goes against some of the follower’s values and would be considered somewhat immoral.

c) Make a risky decision that could potentially increase profit by 90%, but the method for doing so goes against the follower’s values and would be considered immoral. (Least moral, most risk-taking).

**Which behavior is the subordinate MOST LIKELY to do?**

**Which behavior is the subordinate LEAST LIKELY to do?**
Appendix C

Manipulation Check

Based on the description you read, state the extent to which you agree or disagree with whether each of the following describes the leader, using the following 5-point scale:

<table>
<thead>
<tr>
<th>Strongly Disagree</th>
<th>Disagree</th>
<th>Neither Disagree nor Agree</th>
<th>Agree</th>
<th>Strongly Agree</th>
</tr>
</thead>
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</tbody>
</table>

- Nurturing
- Charismatic
- Captivating
- Fostering
- Empowering
- Moral
- Ethical
- Risk-taker

Based on the description you read, rate how important each of the following is to the leader, using the following 5-point scale:

<table>
<thead>
<tr>
<th>Very Unimportant</th>
<th>Unimportant</th>
<th>Neither Unimportant nor Important</th>
<th>Important</th>
<th>Very Important</th>
</tr>
</thead>
<tbody>
<tr>
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<td>5</td>
</tr>
</tbody>
</table>

- Meeting followers’ needs
- Emphasizing the betterment of society
- Increasing profit
- Achieving organizational goals
Appendix D

Quality Check and Engagement Items

Quality Check Items

For this item, please select “Agree.”

For this item, please select “Disagree.”

Engagement Item

How engaged were you when completing this survey, using a 5-point response scale, with 1 = Unengaged and 5 = Engaged? This is NOT a quality check and your response will not influence your compensation.
Appendix E

Demographic Items

Age _____

Gender
  • Male
  • Female

Nationality ________________

What country do you live in? ________________

Race/Ethnicity
  • White or Caucasian
  • Black or African American
  • American Indian or Alaska Native
  • Asian
  • Native Hawaiian or Other Pacific Islander
  • Hispanic or Latino
  • Other ________________

Level of Education
  • Below High School
  • High School Diploma or equivalent
  • Some college, no degree
  • Associate’s Degree
  • Bachelor’s Degree (e.g., BA)
  • Graduate Degree (e.g., MBA)
  • Doctoral Degree (e.g., PhD)

Have you ever been previously employed?
  • Yes
  • No

Are you currently employed?
  • Yes
  • No

If currently employed, do you work part-time or full-time?
  • Part-time
  • Full-time
Years of overall work experience (if in months, please write the word months after the number): _____

Please type your unique worker ID to receive payment: _______________
Appendix F

IRB Approval Letter

June 5, 2012

Leann Caudill
19 Sharon Place
Fort Thomas, KY 41075

Re: Protocol #1174, Does Type of Leader Matter in Moral and Risky Decision Making? An Investigation of Transformational and Servant Leadership

Dear Ms. Caudill:

The IRB has reviewed the revised materials regarding your study, referenced above, and has determined that it meets the criteria for the Exempt from Review category under Federal Regulation 45CFR46. Your protocol is approved as exempt research, and therefore requires no further oversight by the IRB. We appreciate your thorough treatment of the issues raised and your timely response.

If you wish to modify your study, including the addition of data collection sites, it will be necessary to obtain IRB approval prior to implementing the modification. If any adverse events occur, please notify the IRB immediately.

Please contact our office if you have any questions. We wish you success with your project!

Sincerely,

Morell E. Mullins, Jr., Ph.D.
Chair, Institutional Review Board
Xavier University

MEM/sb

C: Dalia Diab, Advisor
Appendix G

Informed Consent Form

You are being given the opportunity to participate in a master’s thesis project conducted by Leann Caudill at Xavier University, Cincinnati, Ohio. The purpose of this study is to investigate perceptions of leader-follower relationships. In this study, you will read a short description of a leader and answer questions based on that description. You will also be asked to respond to a few demographic and quality check items.

There are no known risks associated with this study. Participation in this study is entirely voluntary. You are free to withdraw from the study at any time without penalty. Refusal to participate in this study will have no effect on any future services you may be entitled to from Xavier University. You will be paid $0.50 for participating in this study, which should take about 15 minutes to complete. However, please note that if you do not complete all required items, you may not be eligible for compensation. Moreover, if you do not pass the quality checks, you will not get paid. Please be advised that you will only have 60 minutes to complete the survey. You must be at least 18 years old to participate in this study. You will be required to enter your MTurk unique worker ID at the end of the survey to receive compensation if eligible. The researchers will not be able to access any identifying information you provided to Amazon or MTurk. Moreover, the researchers will not release any of your survey responses to Amazon or MTurk, and only the researchers conducting this study will have access to your responses. Therefore, your responses will remain anonymous. Finally, no analyses of any kind will be conducted prior to the removal of all MTurk ID numbers from the data set.

If you have any questions at any time during the study, you may contact the principal investigator, Leann Caudill at caudill@xavier.edu, or the faculty advisor, Dr. Dalia Diab, at diabdl@xavier.edu. Questions about your rights as a research subject should be directed to Xavier University’s Institutional Review Board at 513-745-2870.

By clicking on the survey link below, you agree to the following statement: I have been given information about this research study and its risks and benefits and have had the opportunity to ask questions and to have my questions answered to my satisfaction. I freely give my consent to participate in this research project.
Appendix H

Debriefing Form

Thank you for participating in this research project. The purpose of this study is to investigate the effect of leadership type on follower morality and risk-taking. Specifically, the effects of two types of leadership (transformational and servant) on followers' morality and risk-taking will be examined. You were randomly assigned to one of two leader descriptions, representing the two conditions in this study. The leader mentioned in this study is fictitious.

Please do not discuss the specifics of our study with anyone or distribute this form to any potential participants, as data collection is ongoing. If you completed all required items and passed the two quality checks, you will receive survey approval within the next 5 days and eventual payment for this survey in the amount of $.50. If you have any questions or concerns, or if you would like to inquire about the results of this study, please contact the principal investigator, Leann Caudill at caudilll@xavier.edu, or the faculty advisor, Dr. Dalia Diab, at diabd@xavier.edu.