

Pursuit of Whose Happiness? Executive Leaders' Transformational Behaviors and Personal Values

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This paper theorizes and tests how CEOs' transformational leadership behaviors, which motivate followers to do more than expected and act for the good of the collective, influence followers' commitment. We find that CEOs' values may either increase or depress the effect of transformational behaviors on followers, depending on followers' reactions to the congruence or incongruence between leaders' internal values and their outward transformational behaviors.



Transformational leadership is a set of behaviors that motivate followers to do more than they are originally expected to do and to subsume their self-interests for the good of the collective. Implicit in this definition is that transformational leaders hold values that are oriented toward the common good. But what happens when there is a discrepancy between the leader's transformational behaviors and his or her personal values? Values are important because a leader who articulates a vision--which presumably involves the organization, and could thus be construed as collectivistic--may need to hold values that are aligned with the vision he or she is communicating to effectively inspire followers to be committed to the vision. If the leader holds more individualistic values, followers may not fully buy into the vision and may even feel betrayed by their leader, thus lessening their commitment.

Our study addresses the effect of discrepancy between the leader's behaviors and values by focusing on the inspirational motivation component of transformational leadership, which is the degree to which the leader articulates a vision that is appealing and inspiring to followers. We conducted the study in China, where there is a strong societal expectation that leaders will have a collectivistic orientation and that those driven by self-interests will not be respected. Influenced by both Confucian precepts and the Communist ideology, leaders are expected to set moral examples for their followers and to be more concerned with the collective good rather than their own.

Unlike in the West, where the source of morality is religious beliefs, in China, morality resides in social norms and plays the role that religion does in the West. Ideologically, Chinese ethics emphasizes personal virtue and specifies proper conduct in family, kinship, and friendship relations, as well as among social equals and between superiors and subordinates in socio-political organizations and institutions. Good leaders in China must have high moral values. Although the market orientation has increased competition and pressure for performance, and the growth of private business enterprises also makes it possible for individuals to occupy CEO positions without the requisite Communist

(self-transcendent) values, followers' expectation of the leaders' being virtuous and altruistic remains.

Our Research

We conducted a study of CEOs' self-identified values; CEOs' leadership behaviors, as described by top managers; and middle managers' self-reported organizational commitment, assessed both cross-sectionally and longitudinally, as the measure of followers' commitment. We conducted interviews with the CEOs and content analyzed their words to detect and understand their internal values. We collected survey data from top and middle managers about their perceptions of the CEOs' behavior and their own commitment to the organization and also their intention to leave the organization. Finally, two years later, we interviewed by telephone a small sample of middle managers working for four of the CEOs--two who scored higher on self-transcendent than self-enhancement values and two who scored higher on self-enhancement than self-transcendent values--to verify if they could detect their CEOs' values.

The research participants worked in firms in a variety of industries with at least 20 or more middle managers in the company. Industries included the manufacturing, high tech, service, public utility, and construction industries. We secured support from 42 of the 49 firms we contacted. The sample of 42 firms consisted of 605 middle managers, 177 top managers, and 42 CEOs. The middle managers reported directly to top managers, who in turn reported to the CEOs. Nineteen percent of the firms were privately owned, 33 percent were state owned, 22 percent were foreign-invested enterprises, and 26 percent were of unclear or mixed ownership.

We analyzed the data we collected with techniques such as confirmatory factor analyses, hierarchical linear modeling, and content analysis.

We found that the two personal values, self-enhancement and self-transcendent, of the CEO are negatively correlated, but neither value is correlated with the leaders' transformational behaviors. The latter was rated by top managers using four items: (1) "The CEO shows determination when accomplishing goals," (2) "The CEO communicates high performance expectations," (3) "The CEO articulates a compelling vision of the future," and (4) "The CEO transmits a sense of mission."

We found that CEOs' transformational behaviors relate positively to their managers' commitment and negatively to their managers' leave intention. As we predicted, the positive relationship between CEOs' transformational behaviors and middle managers' commitment is increased when the CEO holds a high level self-transcendence values but reduced when the CEO holds a higher level of self-enhancement values. The relationship between CEOs' transformational behaviors and followers' organizational commitment is strongest when the CEO holds a high level of self-transcendent and a low level of self-enhancement values, whereas the relationship is weakest when the CEO holds a low level of self-transcendent but a high level of self-enhancement values.

Findings from Personal Interviews with the CEOs

The content analysis of the interview transcripts identified seven CEOs with relatively higher self-enhancement values and twenty CEOs as holding relatively higher self-transcendent values.

The CEOs with higher self-enhancement values showed a strong motivation to pursue personal career success. Their stories revealed these values. For example, one CEO said the purpose of being a

leader was to “chase my dreams, create a world of my own ... so I won’t be sorry for myself; I won’t regret since I have tried.” Another CEO mentioned that his guiding principles in life were to “enjoy life, be happy, and have good friends” and to “honor and glorify the ancestors.” A third CEO said, “Strive hard, be self-fulfilling and perfect.” These statements suggest that their focus was to pursue their own happiness (ancestors are part of the self, or the in-group, in Chinese culture). They worked hard to build a successful business, which is the route to this personal achievement.

The expressions of the leaders with high self-transcendent values are markedly different from those of the leaders with high self-enhancement values. Their minds were focused on their contribution to others and service to people and society. One viewed the leadership role as “to serve the country, company, and people.” Similarly, a second said that a leader was to “be responsible to society, company, and employees.” The most important thing in life for him was to “take care of people and give back to society.” They expressed the importance of integrity and concern for others. The story of a general manager of a government-owned hotel, illustrates the importance of having strong values, particularly in tough times. In her words, “Having strong personal values and sticking to them amid all temptations are the key reasons that have enabled me to be where I am at today.”

Conclusions

It is interesting that the accentuation effect of self-transcendent values dissipated over the eighteen-month period of our study, while the accentuation effect of self-enhancement values persisted. Perhaps followers take for granted authentic transformational leadership because it is how leaders should be, whereas the effect of inauthentic transformational leadership persisted. With continuing disappointment, followers’ discontent magnified over time, resulting in a more intense desire to leave the organization. Few fair-minded people would deny that the 2008 financial meltdown in the United States or even worldwide might have been caused in part by the relentless pursuit of personal ambitions—a key characteristic of individuals with self-enhancement values—by the executive leaders of some of the key financial firms. We hope this study will stimulate further attention to this important question: Whose happiness should CEOs, if not all leaders, be expected to pursue in their strategic decisions and daily actions?

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