

Does Transformational Leadership Promote Employee Perceptions of Ethical Leadership?: A Moderated Mediation Model of Procedural Justice and Power-Distance Orientation

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This study examines three primary research questions: (1) if transformational leadership predicts followers' subsequent perceptions of ethical leadership as time elapses; (2) which boundary conditions affect the relationship between justice perceptions, derived from the leader's transformational characteristics, and ethical leadership; and (3) what the relationships are between ethical leadership and follower outcomes (job satisfaction, affective commitment and objective performance appraisals). Using the data collected through a three-wave survey over a two-year period, we found that transformational leadership was positively related to ethical leadership via procedural justice and this mediated relationship was stronger for followers with lower power-distance orientation.

Keywords: transformational leadership, ethical leadership, procedural justice, power-distance orientation, objective performance ratings

INTRODUCTION

Various corporate scandals and ethical lapses in organizations across the globe over the last two decades (e.g., WorldCom, Enron, Tyco) have engendered growing interest in ethical leadership among both academics and practitioners alike. One core commonality of such scandals relates to unethical business practices and a corporate culture of pushing limits by management (Thomas, Schermerhorn, & Dienhart, 2004). As a reflection of lessons learned from the recent scandals, research on ethical leadership and its ramifications has become more critical than ever in the business community.

Research has shown that ethical leadership is associated with positive work outcomes of followers (e.g., in-role and extra-role behaviors, innovation, job satisfaction, Mayer, Aquino, Greenbaum, & Kuenzi, 2012; Ng & Feldman, 2015; Piccolo, Greenbaum, Den Hartog, & Folger 2010; Yidong & Xinxin, 2013). Meta-analytic evidence by Ng and Feldman (2015) has further revealed that ethical leadership has incremental predictive power for important follower outcomes that goes beyond transformational leadership. Such

findings are noticeable because transformational leadership is one of the most positively regarded leadership style and is often viewed as a closely related leadership to ethical leadership (Wang, Oh, Courtright, & Colbert 2011). Recognizing the needs for further clarification of these two leadership styles, scholars have called for research on identifying the causal relationships of ethical leadership with similar leadership constructs (e.g., Ng & Feldman, 2015; Toor & Ofori, 2009). The current study examines whether engaging in transformational leadership at time 1 might be related to followers' subsequent perceptions of ethical leadership at time 2 and if so, which mechanisms might mediate the relationship between the two leadership styles. This approach responds to Hoch and colleagues' (Hoch, Bommer, Dulebohn, & Wu, 2018) call for more research on various leadership styles through a longitudinal design and on antecedents of ethical leadership. We further examine followers' power-distance orientation as a boundary condition of the relationship between procedural justice and ethical leadership. Finally, we investigate how the posited moderated mediation effect holds on followers' job satisfaction and objective performance ratings.

THEORY AND HYPOTHESES

Transformational Leadership, Procedural Justice, and Ethical Leadership

Transformational leadership is characterized by efforts to transform and motivate employees by making them aware of the importance of task outcomes, encouraging them to transcend their own self-interest for the sake of the organization or team, and developing their fullest potential (Bass, 1985; Bass & Avolio, 1990). Transformational leaders set high standards of ethical and moral conduct to their followers to maintain a constructive and cooperative working relationship (Bass, 1985). Applying fair and consistent organizational procedures is especially important to establish a positive and harmonious workplace atmosphere—one in which the leader's values and inspirational influence permeate the environment and are embodied in the follower. As part of their effort to establish stimulating and inspirational practices, transformational leaders may provide more opportunities for followers to voice their concerns, make suggestions, and provide feedback during or after decision-making processes. These behavioral efforts are the main sources of an individual's perception of procedural justice in the work environment (Colquitt, Conlon, Wesson, Porter, & Ng, 2001). Furthermore, transformational leaders demonstrate supporting behaviors that are individually considerate of each follower and delivered in a friendly, close, and equal manner (Bass, 1985). Prior studies have found that these behavioral characteristics are positively related to followers' perceptions of justice (Cho & Dansereau, 2010; De Cremer & van Knippenberg, 2002; Kirkman, Chen, Farh, Chen, & Lowe, 2009). For example, Bacha and Walker (2013) reported a positive relationship between transformational leadership and procedural justice using a French sample. Based on this evidence, we propose the following hypothesis.

Hypothesis 1. *Transformational leadership will be positively related to follower perceptions of procedural justice.*

We further argue that follower perceptions of procedural justice are related to promoting one's subsequent perceptions of ethical leadership. Ethical leadership is defined as "the demonstration of normatively appropriate conduct through personal actions and interpersonal relationships, and the promotion of such conduct to followers through two-way communication, reinforcement and decision making" (Brown, Treviño, & Harrison, 2005, p.120). According to research on procedural justice (Tyler, 1989), people perceive procedural justice to be high when they have an unbiased decision maker (i.e., their leader) who is honest and free from bias as well as uses factual information for neutral decision making. Evidence has also shown that ethical leadership behaviors are linked to procedural justice (Luria & Yagil, 2008). Since a strong emphasis on enactment of normatively appropriate conduct including communications, reinforcement, and decision-making is embedded in the core behavioral characteristics of ethical leadership (Brown et al., 2005), given procedurally fair and consistent actions and implementations would be an important vehicle for the followers to perceive their leader as an ethical character (Pillai, Schriesheim, & Williams, 1999). Therefore, we predict that followers' procedural justice perception,

derived from fair and consistent implementation of organizational procedures by a transformational leader, would be associated with their subsequent perceptions of the leader being ethical.

Hypothesis 2. *Follower perceptions of procedural justice will be positively related to ethical leadership.*

While existing evidence has shown that transformational leadership and ethical leadership are conceptually and empirically distinct (e.g., Brown & Treviño, 2006; Ng & Feldman, 2015), several scholars (e.g., Ng & Feldman, 2015; Toor & Ofori, 2009) have called for research that further clarifies the relationship between ethical and transformational leadership constructs. For instance, Toor and Ofori (2009) emphasized the need to examine temporal relationships between the two leadership styles and the role of mediating factors and other outcome variables. Indeed, Sheraz, Zaheer, and Nadeem (2012) showed that ethical leadership plays a mediating role in the relationship between transformational leadership and followers' performance. With a goal of expanding our knowledge of the relationship between transformational leadership and ethical leadership, we argue that formation of followers' perceptions of justice in organizational procedures and decision-making process will be an important psychological mechanism that explains how transformational leadership influence followers' perceptions of ethical leadership, as this aspect of justice is "based on prevailing ethical standards" (Cropanzano & Ambrose, 2001, p.123).

More specifically, transformational leaders are likely to emphasize fairness in the organizational procedures to avoid the possibility of disrupting coherence and solidarity among followers (Cho & Dansereau, 2010) because they exhibit positive and inspirational behaviors that rely on strategic pro-social impressions (e.g., exemplification and ingratiation) to maintain their confident, fair, and considerate image (Sosik, Avolio, & Jung, 2002) and focus on developing and maintaining a positive team spirit (Bass, 1985). This, in turn, will positively affect followers' perceptions of procedural justice. When the followers perceive that procedural justice is high due to their leader's inspirational and individually considerate behaviors based on high standards of ethical and moral conduct (Bass, 1985), they are more likely to associate such perceptions with the core behavioral characteristics of ethical leadership (e.g., fairness and ethical guidance and procedures). Because a strong emphasis on enactment of normative appropriate conduct is embedded in the definitional characteristics of ethical leadership (Brown et al., 2005), procedurally fair and consistent actions and implementations would be an important vehicle through which followers might perceive their leader as having an ethical character (Pillai et al., 1999).

Hypothesis 3. *Follower perceptions of procedural justice will mediate the relationship between transformational leadership and ethical leadership.*

Power-Distance Orientation, Procedural Justice, and Ethical Leadership

Power-distance orientation refers to the differences between individuals in the extent to which they value status, authority, and power in organizations (Kirkman et al., 2009). Employees with different levels of power-distance orientation may have varying views on supervisors' leadership behaviors and, therefore, react to those behaviors differently. When a follower believes that his or her duty is simply to comply with the instructions of superiors, while supporting and accepting the decision of the authority, he or she is less likely to request information and procedural clarification from leaders (Sully de Luque & Sommer, 2000). As a consequence, the follower will have less communication with superiors engaging in only role-constrained interactions (Farh et al., 2007). Additionally, their tendency to avoid communication with superiors may reduce the attention that the followers pay to the fairness of procedures implemented by ethical leaders (Loi, Lam, Chan, & Chan, 2012). Therefore, these followers with a high power-distance orientation will likely view a wider array of leaders' behaviors as fair compared to followers with a low power-distance orientation. Consistent with this argument, Lee et al. (2000) found that followers with a high power-distance orientation tended to accept their leader's actions uncritically without regard to perceptions of procedural justice. This evidence suggests that procedural fairness may have less bearing on the evaluations of leaders as ethical when the follower has a high power-distance orientation.

In contrast, a follower with a low power-distance orientation may be egalitarian and perceive managers as socially close to him/her. Such a follower expects frequent and open communication with managers (Kirkman et al., 2009), which often facilitates the social learning process in the presence of ethical leadership (Brown et al., 2005). Procedural justice is an expected norm for people with a low power-distance orientation, unlike people with a high power-distance orientation. Individuals who have a low power-distance orientation believe that they should have voice in a decision-making process (Brockner et al., 2001), which is an important component of procedural justice perceptions. This suggests followers with a lower power-distance orientation would react more positively to procedural justice by forming perceptions of his or her leader as demonstrating ethical leadership. Taken together, we propose Hypothesis 4 regarding the moderating effect of power-distance orientation and Hypothesis 5 regarding the overall moderated mediation effect.

Hypothesis 4. *The positive relationship between procedural justice and ethical leadership will be moderated by power-distance orientation, such that this relationship will be stronger when followers' power-distance orientation is low.*

Hypothesis 5. *Followers' power-distance orientation will moderate the positive and indirect effect of transformational leadership on ethical leadership, such that the mediated relationship between transformational and ethical leadership via procedural justice will be stronger when follower power-distance orientation is low rather than when it is high.*

Ethical Leadership and Follower Outcomes

Although much research has shown positive effects of ethical leadership on followers' various outcomes (Brown et al., 2005; Piccolo et al., 2010; Yidong & Xinxin, 2013), most of the studies have mainly been conducted in North America. Thus, it is important to test the generalizability of these findings in a non-Western context. South Korea provides an appropriate context for exploring the role of power-distance orientation associated with ethical leadership because Korean culture has high power-distance characterized by obedience to superiors and compliance of subordinates with their superiors' order (Hofstede, 2001). We expect that high levels of variance on power-distance orientation will enhance the chances of detecting the impact of power-distance orientation on followers' perceptions of leadership. Furthermore, we use company-provided performance appraisal data to address methodological limitations of previous studies that have often relied on subjective performance criteria including self-, supervisor- and coworker-reports (e.g., Liu, Loi, & Lam, 2013; Park, Kim, Song, 2015; Piccolo et al., 2010).

According to social exchange theory (Blau, 1964), followers who form positive perceptions of how they are treated by ethical leaders who exhibit honesty, trustworthiness, concern for employees, and fair decision-making processes may feel a sense of obligation to return the treatment in kind. Moreover, followers of ethical leaders are more likely to experience greater job satisfaction because they can trust their leaders and work in a safe environment. In a non-Western setting, a study of construction industry employees in Singapore (Toor & Ofori, 2009) showed that ethical leadership was related to followers' satisfaction and their willingness to put extra effort in the workplace. Evidence also suggests that followers of ethical leaders identify with these leaders and emulate their behavior because ethical leaders are attractive and legitimate role models who focus followers' attention on their ethical standards and normatively appropriate behavior (Walumbwa, Mayer, Wang, Wang, Workman, & Christensen, 2011). As a result, these followers are more likely to be committed to their organizations and to put extra effort into their work, thereby enhancing their task performance (Brown et al., 2005; Van-Scotter & Motowidlo, 1996).

Hypothesis 6. *Ethical leadership will be positively related to follower (a) job satisfaction and (b) objective performance ratings.*

METHODS

Participants and Procedures

Online surveys were administered to 258 employees in the headquarters of a manufacturing company located in South Korea. Data were collected in three waves over a two-year period to alleviate the possibility of reverse causality and the potential for consistency bias (Podsakoff, MacKenzie, Lee, & Podsakoff, 2003) and to be consistent with a temporal order specified in our theoretical arguments regarding the relationship between transformational leadership and follower subsequent perceptions of ethical leadership.

During the first wave of data collection (time 1), a human resources (HR) manager of the company sent a recruitment email to all employees, introducing the purpose of the study and the schedule of the upcoming online surveys. Participant confidentiality was assured, with the email emphasizing that the study was being conducted by a third party for academic research purposes and that the company would not have access to individual data. In the first survey (time 1), subordinates rated their supervisor's transformational leadership. One year later, the same procedures used at time 1 were employed to administer the second survey at time 2 and subordinates rated ethical leadership of their supervisor as well as their own perception of procedural justice, power-distance orientation, and job satisfaction. Given that leader behaviors take time to unfold (Shamir, 2011), a one-year time lag provides sufficient time for subordinates to interact with their supervisor, to observe his or her leadership behaviors, and to form perceptions of the supervisor's leadership style. Three months after the second survey (time 3), we obtained employee performance data from the HR department of the company.

Among the 258 employees who were initially invited to participate in the study, 181 employees responded at time 1 (70% response rate); of those, 124 employees responded at time 2 (69% response rate), representing a response rate of 42% over two years. After deleting responses with missing data or those that indicated the respondent's supervisor had changed between time 1 and time 2, the final sample of 104 was used for analysis. The average age of study participants was 35 years ($SD = 6.1$) and 75% of the participants were male. On average, supervisory tenure was 3 years ($SD = 3.4$) and organizational tenure was 6.9 years ($SD = 4.5$) at time 2. Approximately 87% of participants had a college degree. There were no significant differences in demographics between participants and nonparticipants at time 1 and 2.

Because all participants were Korean, all of the survey questionnaires were provided in Korean. The questionnaire items were translated into Korean by one of the researchers, who is fluent in both Korean and English. These items were then reviewed by another academic bilingual and three native Korean employees in the HR department. Finally, the entire Korean-language surveys were back-translated by another bilingual researcher to ensure conceptual equivalence and comparability with the original items (Brislin, 1980).

Measures

Unless otherwise indicated, all measures used a response scale in which 1 was "strongly disagree" and 5 was "strongly agree."

Transformational Leadership

At time 1, Subordinates rated their immediate supervisor's transformational leadership using 20 items from the Multifactor Leadership Questionnaire (MLQ-5X; Bass & Avolio, 1997). Transformational leadership was assessed at the individual level because the theory derived using the dependent variables was at the individual level (Rousseau, 1985).

Procedural Justice

Procedural justice was measured utilizing Moorman (1991)'s 7 items. A sample item included "Provide opportunities to appeal or challenge the decisions."

Ethical Leadership

At time 2, subordinates rated ethical leadership of their supervisor using the 10 items from the Ethical Leadership Scale (ELS) developed by Brown et al. (2005). This scale has also been shown to have wide cross-cultural applicability in both Eastern and Western societies (Resick et al., 2011). A sample item included “Discusses business ethics or values with employees.”

Power-Distance Orientation

Subordinates rated their power-distance orientation with 8 items developed by Earley and Erez (1997). A sample item included “In most situations, managers should make decisions without consulting their subordinates.”

Follower Outcomes

Subordinates reported their job satisfaction using 3 items from the Michigan Organizational Assessment Questionnaire (Cammann, Fichman, Jenkins, & Klesh, 1979). A sample item included “All in all, I am satisfied with my job.” Follower objective task performance ratings were obtained from the company’s HR department three months after the second survey was administered. The performance appraisal process in the company was as follows: Initial evaluations of a follower’s performance were first made by his or her immediate supervisor (team leader) and then confirmed (or occasionally altered through discussions) by a second-level manager (unit manager). The appraisal data were originally recorded with a letter grade, on a continuum from “Does not meet expectation” to “Outstanding” (i.e., O: Outstanding; E: Exceeds expectation; M: Meets expectation; P: Partially meets expectation; N: Does not meet expectation). These data were converted by the researchers into a 5-point rating scale ranging from 1 (Does not meet expectation) to 5 (Outstanding) for further analysis.

Control Variables

We first explored zero-order correlations between demographic variables of employees with study variables. Following Carlson and Wu (2012), because none of the aforementioned variables showed statistically significant associations with a study variable, control variables were not included in the subsequent analyses.

Data Analysis

Hypotheses 1 through 3 (H1–H3) were tested using the mediation analysis procedure suggested by MacKinnon, Lockwood, & Williams (2004). The moderated mediation model (H5) was tested using Model 14 in SPSS PROCESS (Hayes, 2013). Specifically, we estimated the conditional indirect effects of transformational leadership on ethical leadership through procedural justice at a range of values of power-distance orientation using bootstrapping with 5,000 resamples (Cheung & Lau, 2008) to place 95% confidence intervals (CI) around estimates of the indirect effects.

RESULTS

Table 1 provides means, standard deviations, Cronbach’s alpha coefficients of the study variables, and intercorrelations among the variables.

To test the distinctiveness of the study variables, a series of confirmative factor analyses (CFA) were conducted utilizing LISREL 8.54 (Jöreskog, Sörbom, duToit, & duToit, 2001). We tested our proposed six-factor model against four alternative models. The six-factor model better fit the data ($\chi^2 = 85.73$, $df = 62$, $NFI = .95$, $CFI = .99$, $RMSEA = .06$) than the one-factor model where all items were loaded onto a single factor ($\Delta\chi^2 = 564.43$, $\Delta df = 15$, $p < .001$). Further, the six-factor model better fit the data than the model in which transformational leadership was combined with ethical leadership ($\Delta\chi^2 = 441.53$, $\Delta df = 5$, $p < .001$) and transformational leadership or ethical leadership was merged with procedural justice, respectively ($\Delta\chi^2 = 190.01$, $\Delta df = 5$, $p < .001$; $\Delta\chi^2 = 81.54$, $\Delta df = 5$, $p < .001$).

TABLE 1
DESCRIPTIVE STATISTICS AND INTERCORRELATIONS

		M	SD	1	2	3	4	5	6
1	TFL	3.71	.51	(.94)					
2	PJ	2.92	.89	.21*	(.97)				
3	EL	3.48	1.02	.31*	.75**	(.97)			
4	PDO	2.40	.79	.17	.53**	.55**	(.91)		
5	JS	4.41	.52	.43**	.10	.30**	.13	(.67)	
6	PR	3.10	.62	.10	.07	.03	-.15	.06	.17

Note: * $p \leq .05$; ** $p \leq .001$. $N = 104$. TFL = Transformational leadership; PJ = Procedural justice; EL = Ethical leadership; PDO = Power-distance orientation; JS = Job satisfaction; PR = Performance Ratings.

Our results showed that transformational leadership was positively related to procedural justice perceptions ($b = .36, p < .05$), and procedural justice perceptions were positively related to ethical leadership ($b = .83, p < .001$). Thus, Hypotheses 1 and 2 were supported. The bootstrap analyses revealed that the indirect effects were significant ($b = .30, p < .05, 95\% \text{ CI} = .06, .70$). Thus, Hypothesis 3 was supported. These results are displayed in Table 2.

TABLE 2
ANALYSIS OF THE MEDIATION MODEL

	<i>b</i>	<i>s.e.</i>	<i>t</i>	<i>p</i>
P_{MX}	.36	.17	2.16	.03
P_{YM}	.83	.07	11.10	.00
Direct effects (P_{YX})	.32	.13	2.50	.00
Indirect effects ($P_{YM}P_{MX}$)				
Sobel test results	.30	.14	$z = 2.13$.03
Bootstrap results	.30	.15	95% CI = .06 – .70	
Total effects ($P_{YX} + P_{YM}P_{MX}$)	.63	.19	.33	.00

Note: 95% Confidence interval was based on bias-corrected confidence intervals derived from 5,000 bootstrapped samples.

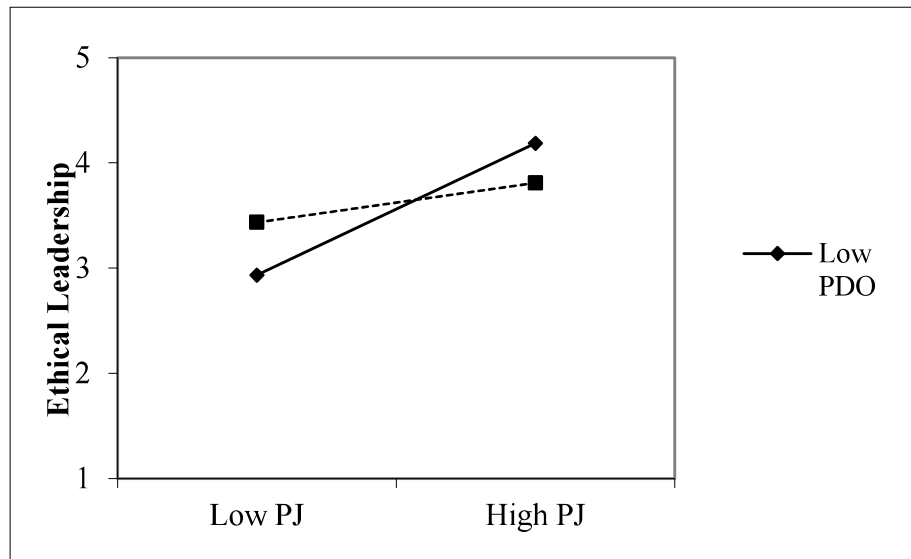
Hypothesis 4 predicted the moderating effect of power-distance orientation on the relationship between procedural justice and ethical leadership. As shown in Table 3, this hypothesis was supported ($b = -.33, p < .001$). The interaction plots in Figure 1 show that the positive relationship between procedural justice and ethical leadership was stronger for individuals with a low power-distance orientation than for those with a high power-distance orientation (simple slope = .46, $t = 5.77, p < .001$).

TABLE 3
MODEL COEFFICIENTS FOR THE CONDITIONAL PROCESS MODEL

Predictor	Outcome					
	Procedural justice			Ethical leadership		
	<i>b</i>	<i>s.e.</i>	<i>p</i>	<i>b</i>	<i>s.e.</i>	<i>p</i>
Constant	-.01	.09	.94	3.60	.06	.00
TFL	.36	.17	.03	.36	.11	.00
PJ				.41	.09	.00
PDO				.01	.09	.92
PJ x PDO				-.33	.06	.00
			$R^2 = .04$			
			$F(1, 102) = 4.65, p < .05$	$R^2 = .72$		
				$F(4, 99) = 62.97, p < .01$		

Note: TFL = Transformational leadership; PJ = Procedural justice; PDO = Power-distance orientation.

FIGURE 1
INTERACTION EFFECTS OF PROCEDURAL JUSTICE AND POWER-DISTANCE ORIENTATION ON ETHICAL LEADERSHIP



Note: PJ = Procedural justice; PDO = Power-distance orientation.

Next, to test hypothesis 5 with regard to the moderated mediation model, we examined the conditional indirect effects of transformational leadership on ethical leadership through justice perceptions at three values of power-distance orientation (one SD below the mean, the mean, and one SD above the mean). As shown in Table 4, the indirect effect of transformational leadership on ethical leadership through justice perception was significant only at the level of one SD below the mean of power-distance orientation (coefficient = .24, $p < .05$) and confidence interval values did not include zero (95% CI = .03, .50). These results provide evidence that significant conditional indirect effects exist for followers with a low power-distance orientation. Thus, hypothesis 5 was supported. Finally, results showed that ethical leadership was

positively associated with job satisfaction ($b = .15, p < .001$) but not with followers' performance ratings ($b = .02, ns$). Therefore, hypothesis 6 was partially supported.

TABLE 4
BOOTSTRAPPING RESULTS FOR TEST OF CONDITIONAL INDIRECT EFFECTS

Value of PDO	Conditional Indirect Effect	<i>s.e.</i>	95% CI	
			Lower	Upper
1 SD below the mean (1.61)	.24*	.12	.03	.50
Mean (2.40)	.15†	.08	.03	.37
1 SD above the mean (3.19)	.05	.05	-.03	.25

Note: † $p < .10$; * $p < .05$. Significance tests for the indirect effects were based on bias-corrected confidence intervals derived from 5,000 bootstrapped samples. PDO = Power-distance orientation; CI = confidence interval.

DISCUSSION

The purpose of the study was to explain *why*, *how*, and *under which circumstances* a leader's transformational influence is related to followers' subsequent perceptions of ethical leadership from that leader. This study provides initial evidence for a directional relationship between transformational leadership and ethical leadership. "Because the effect of leadership occurs over time, the best way to assess the impact of various leadership styles is through longitudinal research" (Hoch et al., 2018). We examined transformational leadership as an antecedent of ethical leadership. The study also contributes to uncovering the process through which transformational leadership affects followers' perceptions of ethical leadership. We found that when a leader's transformational behaviors are involved in enacting procedures in a fair and consistent manner, these actions will be positively related to a follower's evaluations of the leader as ethical. These theoretical interconnections enrich our understanding of the holistic approach to effective leadership processes and influences. Furthermore, the study advances our understanding of the role of followers' power-distance orientation, which affects their perceptions of and reactions to leadership.

Contrary to our prediction, we found a non-significant relationship between ethical leadership and follower performance ratings. In fact, past research has reported mixed results: while some research has shown the positive relationship of ethical leadership with task performance (e.g., Ng & Feldman, 2015), Piccolo et al. (2010) found ethical leadership was marginally correlated with coworker ratings of task performance in U.S. organizations ($r = .12, p < .10$). Several studies conducted in Asia have reported a non-significant relationship between ethical leadership and followers' task performance (e.g., Liu et al., 2013; Park et al., 2015; Schun, Zhang, & Tian, 2013). One possible explanation could be found in national culture. Korean culture is high in power distance that emphasizes deference to superiors and compliance with the superiors' order (Hofstede, 2001). Because high power-distance followers tend to exhibit respect to authority figures due to the status and power inherent in the leaders' higher-status positions (Bochner & Hesketh, 1994) rather than the leaders' actual behaviors, ethical leadership behavior might have a less powerful impact on these followers' task performance. Another explanation is the type of criteria for performance ratings used in prior research. According to Avolio and Bass (1988), because many performance appraisal systems focus more on quantitative and qualitative measures than on attitudinal and behavioral aspects of performance, the relationships between follower performance evaluation and leadership style may be attenuated. We used more objective performance appraisals provided by the company and our research showed similar findings to past studies that have reported weak or no

relationships between ethical leadership and objective performance criteria (e.g., Liu et al., 2013; Piccolo et al., 2010).

Practical Implications

Our findings suggest that organizations may harness the best aspects of ethical leadership by supporting their transformational leaders in providing procedurally fair treatment to followers. For instance, this can be done through training sessions. For example, a transformational leadership training program focusing on the creation and implementation of fair procedures and processes will be effective in promoting followers' perceptions of ethical leadership. This type of training will not only help leaders develop transformational leadership skills that result in followers' fair and consistent procedures, but also help them influence the ethical domain of their leadership processes with the followers. Furthermore, leaders should pay special attention to their followers' receptivity to status and power so that they can best exploit the positive influence of their behaviors associated with procedural justice and ethical leadership. When a leader interacts with a follower who has a low power-distance orientation, the leader may need to more actively engage in two-way communication, encourage the follower to voice his/her concerns and suggestions, and emphasize the application of consistent processes and procedures with high standards of ethics. In contrast, when working with a follower who has a high power-distance orientation, it would be essential for a transformational leader to initiate conversations to articulate his/her focus on fair procedures and moral standards that would be transmitted to a follower's positive perceptions of ethical leadership.

Limitations and Suggestions for Future Research

First, this study used employee self-reports on study variables (except performance ratings), so common source bias might have caused inflated correlations among variables. To mitigate potential common method bias, we collected data in three waves over a two-year period and followers' task performance data provided by the company. Although we followed the convention that the data by followers for the leadership variables and follower attitudinal variables were deemed the best estimates (Brown & Treviño, 2006), it would be helpful for future research to include diverse raters to evaluate the studied variables. Second, although ethical leadership was assessed approximately one year after transformational leadership was measured, with the goal of creating a significant time gap to ensure the longitudinal aspect of perceptual development, other variables were measured at the same time as ethical leadership (time 2). Consequently, causal inferences about the relationships among procedural justice, ethical leadership, and follower outcomes should be made with caution. Moreover, although our causal direction of transformational leadership as a precursor of ethical leadership was based on theory, it may not have been sufficient to rule out the potential reverse causality between the two leadership constructs. To address such concerns, future research might benefit from using a cross-lagged analysis by measuring both leadership styles at two points in time and then conduct a comparative analysis, which allows for identifying model fits from alternative models. Third, while we focused on power-distance orientation, future researchers should extend the posited relationships by examining other individual difference variables including personality and values. Such studies will help expand our knowledge about how leadership interacts with followers' self-construal, belongingness needs, and preferences for different leadership styles (Barling, 2014), thereby adding more nuanced knowledge to the extant literature in leadership.

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