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Second Edition

Organizational Change, Leadership and Ethics

Edited by Rune Todnem By, Bernard Burnes,
and Mark Hughes



ORGANIZATIONAL CHANGE, LEADERSHIP AND ETHICS

Organizations and societies are facing extreme challenges that require action (IPCC, 2021). The UN's sustainability goals, demographic change, and the green shift are knocking on the door, while traditional education, and ways of leading and managing this development, often fail to keep up. *Organizational Change, Leadership and Ethics* challenges leadership orthodoxy, assumptions, and myths currently preventing the further development of theory and practice. It encourages intelligent disobedience in support of greater leadership capabilities and capacity in organizations and societies.

As such, the book is written for everyone who wants to be MAD – to Make A Difference – students, scholars, and practitioners alike.

Rune Todnem By is Professor of Leadership at the University of Stavanger, Norway; UNESCO Chair on Leadership, Innovation and Anticipation; and the Editor-in-Chief of *Journal of Change Management: Reframing Leadership and Organizational Practice: Reframing Leadership and Organizational Practice*.

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ORGANIZATIONAL CHANGE, LEADERSHIP AND ETHICS

Leading Organizations Towards
Sustainability

2nd Edition

*Edited by Rune Todnem By, Bernard Burnes,
and Mark Hughes*



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For being naïve. Believing in a better future and the best in humankind.

Rune Todnem By

*Why are we jailing people who peacefully oppose the climate emergency instead
of those who are causing it? Bernard Burnes*

In praise of quiet refusals and quiet revolutions. Mark Hughes



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INTRODUCTION: ETHICAL CHANGE LEADERSHIP 2.0

Mark Hughes, Rune Todnem By, and Bernard Burnes

Introducing this second edition of *Organizational Change, Leadership, and Ethics* presents an opportunity to reflect on the first edition, and to look forward and celebrate the contribution we believe this new edition makes. As we are keen to blur artificial boundaries between past, present, and future, this will not be a linear introduction because history has a role to play even in forward-looking leadership and organizational debates. We have organized our reflections around three interrelated themes. First, we believe that it is important to look back to how history can and should inform ethical change leadership (ECL). Second, it is essential to look forward to the possibilities inherent in ECL, exploring visions of what might be. Third, we reference all chapter contributions. Whilst we facilitated this new edition, the production itself was a collective and cooperative enterprise. This second edition would not have been possible without the hard work, dedication, and enthusiasm of all contributors. We share their desires to make a difference, both in terms of encouraging ECL theories and practices.

Leadership narratives transcend time, as well as organizational and societal fashions. Today, leadership still captures the imagination of individuals, organizations, and societies around the world. It is almost a decade since the first edition was published, but partially due to the pandemic that we have all had to endure, it does seem longer. In 2013, the issues raised were topical, if anything in 2022, they have become even more so. It is very difficult to quantify societal shifts, and organizational cultural shifts are dangerous to generalize. However, between 2013 and 2022, we have experienced a greater sense of clarity around boundaries in terms of what is and isn't acceptable in organizations, notable examples being inequalities around race and gender. Increasingly, we perceive people within and outside organizations asking 'awkward' questions about their

values, actions, environmental credentials, and governance. How much organizations listen is another matter. However, the perceived increasing capacity and desire to question in organizations and societies give us hope.

In 2018, we enjoyed reimagining organizational change leadership (Burnes et al., 2018). The paradox was that as organizational change scholars, we independently and collectively had a sense that history had a significant role to play in informing our reimagining processes. We highlighted the contributions Kurt Lewin and James M. Burns had made to their respective fields of organizational development and change and leadership studies. Both scholars encouraging ethically based approaches. In Chapter 14, *Bernard Burnes* makes the case for revisiting and reappraising the contribution of Kurt Lewin in moving forward. For example, Burns (1978, p. 4) asserted ‘moral leadership emerges from and always returns to the fundamental wants and needs, aspirations, and values of the followers’. In Chapter 3, *Brian Howieson* introduces mission leadership, developed from the military concept of ‘mission command’, with mission command having empowerment as a guiding principle.

In 2018, reimagining organizational change leadership, 40 years after Burns had provoked debate about the need for moral leadership, his assertion seemed more, not less radical. Invoking these scholars is not an exercise in nostalgia. Rather, as scholars, we should be listening to their ghostly warnings. We perceive leadership scholars in general and leading change scholars in particular as being selective in their use of history.

Transformational leadership is repeatedly referenced back to Burns (1978), but without any reference to moral leadership which he believed to be integral to leadership. Business school graduates today want to be leaders, rather than managers. Perhaps, it was David Bowie’s *Heroes* being played during their formative years or watching too many episodes of *The Apprentice* on television? The substantive point here is that there is a relationship between moral leadership and what is often referred to as followership, and this should be more prominent in ECL theories and practices. This relationship was acknowledged in introducing the first edition, it ripples through the chapters in this second edition, and we feel it requires greater prominence in ECL theory and practice. In Chapter 9, *Henrika Franck, Saku Mantere, and Henri Schildt* warn us that radical change in pursuit of utopian strategy can lead to the erosion of compassion, with detrimental implications for the top management team. In Chapter 10, *Malcolm Higgs* offers a counterpoint to heroic leadership through the concept of narcissism, explaining bad leadership, and unethical behavior.

In an early draft of Burnes et al. (2018), we included a third favorite scholar: J.C. Rost (1993)¹. Unfortunately, Rost was one too many scholars for the word count constraints of our article, and he never made the final published version. Whilst this was the right call at the time, it did mirror his

contribution being forgotten in scholarly debates, particularly in comparison with Lewin and Burns. Today, as we reflect on ECL, his spirit and passion for a new leadership paradigm for the 21st century informs our thinking. This is tempered with sharing his frustrations that leadership appears to be a never-ending mythological narrative in which very little substantively changes, despite lots of talk of change and transformation.

Rost (1993) as a student of Burns (1978) had read *Leadership* very differently from many other scholars. He understood the radical intent of the form of transforming leadership being proposed. This may be contrasted with Bass (1985) who gave considerable impetus to a particular conceptualization of transformational leadership. However, this conceptualization has been critically questioned. For example, Bass's (1990) *Leadership Quarterly* editorial entitled *Transformational leaders are not necessarily participative*, appeared completely at odds with Burns (1978) advocacy of democratic, participative leadership with an emphasis upon morality and followers. You might wonder why we have chosen to dwell on this crossroads in history?

Bass removes the variables of moral good and evil and simply viewed transformational leadership as producing change.

(Bass, 1990). (Carey, 1992, p. 220)

In advancing ECL, we believe that Carey's (1992) concern is still applicable to current conceptualizations of leading transformation and change. We fear that leadership is still viewed as 'producing change' and nothing else. The 'ethical' in ECL isn't optional, it is essential for us and others.

Revisiting our 'crossroads in history' reveals another road available at this time, a road less traveled. Rost (1993) articulated how leadership needed to change without losing the transforming capabilities of moral leadership. Rost's (1997, p. 11) definition of leadership signposts the main themes of this approach: 'leadership is an influence relationship among leaders and collaborators who intend real changes that reflect their mutual purposes'. In Chapter 6, *Rune Todnem By and Ben Kuipers* encourage reframing the concept of leadership through exploring the role of purpose? Then, in Chapter 7, *Steve Kempster and Brad Jackson* build their metaphorical 'purposeful business house' on foundations laid down in the previous chapter. Responsible leadership needs to be promoted to intervene and counter the powerful influence of strong socializing forces, and Rost's definition differs considerably from how leadership is defined and celebrated in leadership education, training and development today. In Chapter 2, *Rebecca Newton* shares her research insights into developing ECL.

Rost's vision of leadership in focussing upon moral good echoes his teacher (Burns, 1978).

What is needed is a reconstruction of our understanding as leaders and followers of the concept of civic virtue, the elemental notion that all of our goods as individuals and groups are bound up in the common good, or, to put it another way, that all of our self and group interests are bound up in the public interest.

(Rost, 1993, p. 176)

The concept of environmental, social, and governance (ESG) has recently gained prominence, and Rost could be regarded as an early pioneer of such thinking. In Chapter 1, *Moritz Patzer and Christian Voegtlin* sketch the challenges of leadership ethics in fostering an understanding of the characteristics of responsible global leadership. In Chapter 12, *Suzanne Benn, Melissa Edwards and Dexter Dunphy* explore the challenges that achieving corporate sustainability poses for the nature of organizational leadership.

Rost (1993) in reviewing the leadership literature had been troubled by the predominance of business management literature in conceptualizations of leadership. He (Rost, 1993, p. 133/134) was concerned with the leadership literature labeling leadership ‘... as those management processes which produce excellence in organizational outcomes, and which leave the meaning of management to include all the other management processes that produce less than excellent outcomes. Leadership is excellence management; management is doing anything less than excellence’. In this quotation, he is highlighting a problematic either leadership or management dualism. Fast forward and we witness Riggio (2011, p. 120), a respected leadership scholar writing about ‘when the field of management began to make the shift from viewing those in positions of power and control as mere “managers” to viewing them as taking on higher-level “leadership” activities ...’ In Chapter 13, *Aaron Smith, James Skinner and Daniel Read* take us beyond such dualisms, through adopting a dualities approach. Dualities approaches are closely allied with processual approaches, and in Chapter 5, *Christoffer Andersson, Lucia Crevani and Anette Hallin* delve into the leadership-as-process-literature making sense of ethics related to leadership as process and change.

Rost’s (1993) critical review of leadership literature led him to claim that a mythological leadership narrative was at work. We invoke Rost’s (1993) concept of an enduring mythological leadership narrative, despite it being largely ignored by the wider academic community. He believed that this mythological leadership narrative was self-perpetuating. It negated change/transformation in leadership studies through generating a mythological story of leadership that has been told repeatedly, and which almost everyone seems to believe, and thereby reinforce. The components of Rost’s (1993) mythological leadership studies narrative are summarized in Box 1.

BOX 1 THE MYTHOLOGICAL LEADERSHIP STUDIES NARRATIVE (ROST, 1993)

The system of research has been working.

Leadership scholars do what they are supposed to do – increase our understanding of leadership.

There has been progress toward that objective, scholars, and practitioners can rest assured that they have an increasingly sophisticated understanding of leadership.

This better understanding of leadership will help make organizations more productive and, in the end, the United States and the world a better place to work and live.

The implication embedded within this self-sustaining mythological leadership narrative is that academics are doing what they are supposed to do: making progress toward understanding leadership. Their work simultaneously fuels the quest for supposedly convergent leadership studies understanding and gives legitimacy to leadership practices. More subtly, the mythological leadership narrative discourages the dissenting and divergent voices showcased in *Organizational Change, Leadership and Ethics* chapters. Instead, a version of leadership theory and practice orthodoxy is maintained and given scientific legitimacy, because who could/would argue with leadership truths? Rost (1993, p. 187) for one, ending his polemical critique of leadership studies with a very hopeful foresight: ‘leadership studies, itself, will be transformed’.

Alvesson and Kärreman (2016) appear to echo Rost (1993) in their critique of transformational leadership, arguing that the major significance of leadership studies is not their scientific validity (truths), but their role in ideologically supporting an existing social order. In other words, scientific methodology reproduces and reinforces rather than challenges the current social order (Alvesson & Kärreman, 2016). The goal of convergent leadership studies based on consensus becomes a self-reinforcing argument, simultaneously limiting all forms of dissent and divergence whilst privileging the mythological leadership narrative and the ideological position it favors. The dilemma, as Gabriel (1991) warned, is that it has become easier to slay a dragon than to kill a myth.

Blom (2016) highlighted the enduring ideological element in leadership studies which explains why it is so difficult to slay the mythological narrative. He acknowledged the problem by citing Koivunen’s (2007) observation that studying leadership is like sculpting fog: sometimes the fog grows thinner, and we catch a glimpse of the big picture. This assists the mythological narrative to exist in the ambiguities and uncertainties of leadership studies. However, Blom (2016)

warned that we run a risk of continuing to measure irrelevant things in more and more rigorous ways. Hence, he encouraged less emphasis on gap-spotting and more emphasis on questioning the assumptions which underpin current leadership theory and practice.

Instead of leadership as usual orthodoxy, Rost (1993) encouraged the development of a new interdisciplinary school of leadership. This could act as a counterpoint to managerialism within the leadership literature and offer a fit for purpose leadership paradigm for the new millennium. He questioned the erroneous assumption that a continuation of the leadership of the 20th century will serve us throughout the 21st century. However, the old leadership paradigm, which so troubled both Burns (1978) and Rost (1993), has been surprisingly resistant to change. This is another reason why we have looked to scholars in the past as their concerns have implications for why and how we advance ECL. In Chapter 4, *Carl Rhodes* warns that justice is not a 'goal' achieved through particular leadership or change management practices but is an ongoing condition defining the ethical quality of leadership.

Calas and Smircich (1996) criticized organizational scholarship for being primarily literature written by men for men and about men. Despite progress, we concede that far more needs to be done. In their highly cited review of leadership studies, Calas and Smircich (1991, p. 568) highlighted '... the more things change, the more they remain the same'. Unfortunately, we share this frustration with specific reference to ECL, and we detect this frustration in many of the chapters.

Burns (1978) accused leadership studies of suffering from a crisis of intellectual mediocrity. Since then, the seduction has been to imagine leadership studies becoming more and more knowledgeable (less mediocre). However, the hypocrisy is that in the face of these advances, orthodoxy and consensus continue to remain so prevalent. In Chapter 8, *Ronald. L. Dufresne and Judith. A. Clair* explore relationships between integrity and hypocrisy, showing how integrity striving shows meaningful growth as ethical leaders.

We turn to Burns (1978, p. 453) one final time for inspiration: 'it would probably be better for most organizations, including corporations, unions, and university faculties, for dissensus to be built into their structures'. In Chapter 11, in the spirit of very real dissensus, *Joanne Murphy* shares with us her research into extreme contexts, what happens when ordinary organizational contexts become extraordinary. We could lament how far away we are today from the truly transformational leadership which Burns encouraged, but let's end on a more positive note.

One of us was fortunate enough to see Calas and Smircich speaking at the 2009 *Critical Management Studies* conference held at Warwick University, United Kingdom. They were in the conference program in the role you might traditionally envisage as keynote speakers. However, they completely subverted what was expected of keynote speakers. Instead of the powerful and at times patronizing oration of the knowledgeable person talking down to their audience, they did something very different. These women very simply entered a conversation

between themselves. A conversation that seemed to be informed by a deep friendship and mutual respect. Neither woman was superior nor inferior to the other. As the audience, we weren't being directly addressed. We could listen and learn from their conversation, but you were left with the impression that they were enjoying themselves regardless of the audience. This was no longer a transaction between audience and speaker, paid for through conference fees.

We cannot claim that any of the following chapters are anywhere near change leadership orthodoxy, and for that we are grateful. Rather, we suggest that each chapter in offering a vision of ECL subverting orthodoxy and encouraging change for those who choose to listen and learn. We hope that the concluding chapters of *Organizational Change, Leadership, and Ethics* are a beginning rather than an ending. In Chapter 15, *Mark Hughes* shares an approach toward taking a questioning ECL approach into the classroom. Finally, in Chapter 16, *Mark Hughes, Bernard Burnes and Rune Todnem By* call upon all academics not just to comment on ECL, but to 'rise up' through engaging in intelligent disobedience.

Thank you for reading, engaging, and developing.

Note

- 1 References are made to a 1993 paperback edition of Rost's classic, first published in 1991.

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PART I

Context and Theory



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1

LEADERSHIP ETHICS AND ORGANIZATIONAL CHANGE: SKETCHING THE FIELD'S CHALLENGES

Moritz Patzer and Christian Voegtlin

Introduction

Twenty years ago, UN Secretary-General Kofi Annan called upon global business leaders to join the fight against human rights violations, inhumane working conditions, the rising threat of pollution, and the spreading problem of corruption. He proposed the Global Compact Initiative to foster sustainable and socially responsible business practices. Since then, the world has witnessed scandals involving companies like Enron, WorldCom, Siemens, and, more recently, Cambridge Analytica and Facebook, VW or Wirecard, and many other high-profile cases of leadership failure and managerial misconduct. These developments have permeated public discourse and put regulators, as well as private actors, on the spot to find answers to the new challenges of global business.

Yet, as politicians and practitioners look toward theory for answers to the rising call for socially responsible leadership, hopes for quick fixes are being disappointed. Leadership ethics as the overarching label for questions on ethics, fairness, legitimacy, sustainability, etc. in the context of leadership remains a fragmented field (see e.g. Ciulla, 2005; Lemoine et al., 2019; Miska & Mendenhall, 2018; Rost, 1995). Within it, we find a variety of competing and partly contradictory efforts that focus on different research foci of leadership's new challenges, ranging from aspects of globalization (e.g. Bartlett & Ghoshal, 2003; Mendenhall et al., 2008), to moral responsibility (Brown & Trevino, 2006; Maak & Pless, 2006; Solinger et al., 2020), or to political theory (e.g. Cradden, 2005; Patzer, 2009).

While these hallmarks indicate a dramatic change in the perception of what 'good leadership' at the onset of the 21st century is, research is still struggling to address the multitude of new challenges of globally responsible leadership (see also, Clegg et al., 2021). It is the aim of this chapter to outline the latter.

We do this with regard to the underlying causes for and characteristics of the current leadership challenges, as well as the conceptual state of leadership ethics as a research field. First, we argue that the former must be analyzed in the context of globalization. Understood as the processes of socio-economic transformation (e.g. Beck, 2000), globalization has led to regulatory deficits on the level of the nation-state that redefine the societal role of private actors in a globalizing society (e.g. Matten & Crane, 2005; Scherer & Palazzo, 2011). Even though we witness tendencies of renewed state authority and nationalism, economic transactions remain globalized and some of the leadership challenges that come with doing business globally, like the loss of moral orientation, are even amplified by these developments (see e.g. Patzer et al., 2018; Scherer et al., 2016). This sets the stage for concepts of responsible global leadership that acknowledge the economic needs for effective leadership and the need to retain moral integrity in the light of ethical pluralism.

Second, globalization, new societal roles, and ethical pluralism pose substantial challenges for a new understanding of leadership, especially in change processes. Furthermore, researchers and practitioners are faced with a research field that is characterized by a pluralism of different labels, research foci, and research methodologies. The divide between positivist and post-positivist approaches inhibits efforts for a comprehensive perception of what good leadership means for present and future business.

By sketching these challenges of leadership ethics in the following sections, we hope to foster the understanding of the characteristics of responsible global leadership and to improve the dialog between existing research strands within this new field.

Global Challenges for Global Leaders

An ongoing globalization process puts organizations in the need for continuous change and the adaption to new challenges in unstable environments. As Graetz (2000, p. 550) acknowledges, ‘against a backdrop of increasing globalisation, deregulation, the rapid pace of technological innovation, a growing knowledge workforce, and shifting social and demographic trends, few would dispute that the primary task for management today is the leadership of organisational change’.

However, globalization not only increases the pressure for organizational change but also the ethical challenges leaders face. In the following sections, we will illustrate these challenges which are due to the globalization process and due to what Habermas (2001) calls an emerging ‘postnational constellation’, before we turn to the ethical challenges of change.

The Globalization Process

Globalization can be understood as the process of intensifying social and economic transactions (Scherer et al., 2009, p. 327). It is accompanied by a dissolving

relevance of territorially bound social, economic, and political activities and a stronger worldwide interconnection of important social actors (Beck, 2000).

It is an ongoing process that is triggered by several factors. First, technological developments in the field of communication, media, and logistics enable a worldwide interconnection and make global trade economically profitable. Second, political decisions and events, like the breakup of territorial power blocks (e.g. the Soviet Union), the reduction of trade and tariff barriers, or the establishment of free trade areas (e.g. the EU), accelerate the process. A third factor is socio-cultural processes that comprise e.g. an increasingly mobile workforce and the export of cultural goods. It also includes the emergence of pluralistic societies. These are a result of the dissolution of traditional social structures, such as the family or the local community and civic solidarity, as well as an ongoing individualization of personal lifestyles (Habermas, 1991; Scherer et al., 2009; as well as Sennet, 1998). Finally, the awareness of global risks e.g. environmental hazards, climate change, nuclear threats, or pandemics, but also economic risks like the Global Financial Crisis (GFC), fostered cross-border coordination of nation-state activities and the incorporation of nonstate actors like NGOs and multinational corporations into the decision-making processes.

These processes – which, due to their interdependent nature, cannot always be clearly separated – have direct effects on the regulatory power of the nation-state to control global business and, thus, have direct as well as indirect implications for the business firm. Habermas holds that these effects on the nation-state lead to the emergence of a postnational constellation (Habermas, 2001). Global problems, such as climate change, can no longer be solved within national boundaries. These problems have spillover effects across territorial demarcations. This leads to a discrepancy between those parties who cause an effect and those who are affected by the outcomes. The growing mobility of business firms allowing them to move to countries with cheap labor or favorable tax opportunities puts states in competition with regard to fiscal revenues and employment. This leads, in part, to a race to the bottom where states underbid each other with tax-saving opportunities to attract multinational corporations (Scherer & Smid, 2000).

Especially western societies are becoming pluralistic and multicultural societies consisting of individualists. This relates also to the workforce of organizations. It becomes more difficult for organizations to build and sustain a common culture and to bring together the very different beliefs and attitudes. Additionally, the room for nation-states to control the activities of multinational organizations across open (trade) borders through means of laws is becoming narrower (see Habermas, 2001).

Thus, taken together, in what Habermas circumscribes as a postnational constellation, the nation-state is losing its regulatory power over business firms (Beck, 2000; Habermas, 2001) while at the same time, governance gaps emerge on the global level. There is no equivalent to the nation-state as regulatory authority on the global level that could regulate markets to either prohibit externalities of

business conduct or to internalize unwanted outcomes. This, in turn, increases the responsibility of multinational firms to control their business conduct (Young, 2004) and increases the awareness on the part of external stakeholder groups who put pressure on the corporations to act socially responsible.

Implications for Organizations

These developments have implications for the business firm and, subsequently, for their main actors, the leaders. In the neo-classical theory of the firm, the state provides the regulatory framework, within which the sole responsibility of economic actors is to maximize profits (Friedman, 1970). All externalities should be controlled by legal rules and organizations are free to act as long as they comply with those rules.

If the nation-state can no longer guarantee those rules, the responsibility falls (partially) back to the organization (Matten & Crane, 2005; Scherer & Palazzo, 2007). This has implications for their operations. Firms conduct business within the emerging global governance gaps, where they either exploit the regulatory free space consequently to their own advantage, or where they act as quasi-political actors in providing standards and helping to close those gaps (Scherer et al., 2009). The political activity is reflected in the participation in global initiatives or self-regulating standards e.g. the UN Global Compact, the Global Reporting Initiative, the Forest Stewardship Council, or the Social Accounting 8000 standard.

Coinciding with the new responsibilities for organizations is the process of an increasingly interconnected global society that is becoming more sensitive to social and environmental violations as well as the growth of nongovernmental organizations that gather and reinforce particular interests (den Hond & de Bakker, 2007).

As a consequence, organizations are monitored more closely by a diverse group of stakeholders who increase the pressure to legitimize organizational conduct. Stakeholder management becomes a vital aspect of the strategic agenda (Freeman, 1984).

These developments challenge the business firm and its organizational change process in two ways. While organizations are faced, on the one hand, with an ongoing adaption process to the changing environment of global competition, they are, on the other hand, increasingly confronted by diverse stakeholder groups that demand an enhanced awareness for corporate social responsibility (CSR). If organizations disregard such stakeholder demands, it can have severe effects on their reputation and their license to operate.

Within this setting, research on CSR and stakeholder management has become prominent. In relation to the aforementioned problems, scholars call for a role of firms as corporate citizens or as political actors (Matten & Crane, 2005; Scherer & Palazzo, 2007) that engage in a proactive stakeholder management to secure their legitimacy and their license to operate in a global society.

Implications for Leadership

For leadership in business organizations, this means that it faces two important challenges it must cope with. First, there is the economic challenge of a worldwide interconnected business. Second, there are the ethical challenges in partially unregulated markets due to an emerging postnational constellation.

The economic imperatives demand of leaders to gain and sustain competitive advantage and to increase profits while facing global competition. They must constantly adapt to new business challenges and thus maintain a continuous change process (By, 2005).

The ethical challenges are caused by the extension of responsibility due to the globalization process. Leaders have to consider the possibly extensive social consequences of business conduct, such as environmental pollution, global warming, creating and securing employment, safety at work, or labor standards, in order to encounter the growing demands of external constituencies.

Additionally, leadership faces the diversity challenge of cultural heterogeneous contexts as leaders have to motivate and coordinate the activities of employees from diverse backgrounds.

At the same time, they are confronted with the absence of consistent regulatory rules or moral norms. In the course of global economic activities, they have to cope with an increase in ethical dilemmas that call for legitimate solutions, while they have no ethical orientation they can rely upon. This problem is enhanced by the increasing necessity to address the demands of internal and external stakeholder groups (Maak & Pless, 2006; Voegtlin et al., 2012).

The pressure exerted by the stakeholders requires leaders to extend the internal view of the traditional leader–follower interaction to incorporate stakeholders into the decision-making process. This transcends the traditional understanding of leadership as an influence process. Therein, the leader–follower relation usually is characterized by a hierarchical or positional power difference. In the extended view of the leader–follower interaction, the influence process increasingly takes the form of a balancing of different interests in dialog. The stakeholder dialog serves as a process to secure the legitimacy of business conduct and to build and retain the license to operate for firms (Voegtlin et al., 2012).

To guarantee the social acceptance of organizational conduct, leaders must make legitimate decisions that can be accepted by all affected. This makes it necessary to weigh and balance the different stakeholder interests and puts CSR on the strategic agenda. Leaders are increasingly confronted with the need to bring together social and economic imperatives without neglecting the interests of the organization.

The economic as well as the ethical challenges can no longer be addressed by organizational solutions alone. The constantly changing business environment cannot be countered solely by institutionalized procedures, as it requires the flexibility to address unforeseen events. Leaders are the focal persons in

organizations. They have the positional power and the discretion, first, to act timely to new situations; second, to engage in an active stakeholder dialog; third, to implement (legitimate) solutions within the organization and finally, to take responsibility and to justify their conduct in the case of all possible accusations (Patzner, 2009).

Leadership and Change

These developments affect the role of leaders in the organizational change process (Burnes et al., 2018). Change management has been defined as ‘the process of continually renewing an organization’s direction, structure, and capabilities to serve the ever-changing needs of external and internal customers’ (Moran & Brightman, 2001, p. 111). What the interconnected business world of a global society is now transcending is the sole focus on the customer as reflected in the definition. It broadens the focus toward recognizing the need of a broader stakeholder society. Leadership must estimate consequences for stakeholders that may be affected and to look for legitimate solutions in organizational restructuring. Further, the continuous restructuring and renewing of organizational directions enhances the constant need to motivate a heterogeneous workforce with many different interests and abilities. It is becoming more difficult to secure employee commitment to a common (ethical) culture of an organization and to the pursuit of shared organizational goals. Finally, change must be directed toward satisfying the need of many different constituencies and toward combining social and economic imperatives. By engaging in stakeholder dialogs, the different constituencies can contribute their knowledge and expertise to solve problems and foster social innovation that can also help firms to combine social and economic imperatives and can help them to realize mutually beneficial solutions.

An important part of the extensive work of Kurt Lewin, which comprised for instance research on leadership styles, group dynamics, the development of force field theory, and the action research approach, is dedicated to change management. Lewin (1951) divided change processes originally into three phases: unfreezing, changing, and refreezing. Unfreezing is the awareness that change is needed (e.g. triggered by a crisis or unforeseen events). The changing phase encompasses looking for new ways of doing things, or solutions to overcome a crisis. Refreezing refers to implementing and establishing the new solutions or approaches. If we relate the new demands of globalization to the role of leadership in organizational change processes, the ethical challenges of leading responsible change in an interconnected business world start with reflecting about the legitimacy of the change process and the consequences for possibly affected stakeholders (unfreezing phase; see also Burnes et al., 2018). They further include developing an appropriate vision that fosters economic profits and that is ethically sensitive, as well as capable of building relationships of trust with the affected parties. During the phase of change, leaders face the challenge of engaging in

dialog with the relevant stakeholders and coordinating the different interests while searching for consensual solutions. After the change period (refreezing), the new solutions have to be implemented. Leaders face the task of defending and explaining the accomplished change efforts against possible reproaches. Finally, there remains the task of continuous improvement and learning. This implies, for example, (ethically sensitive) cultural adaption and encouraging moral organizational learning (see e.g. Yukl, 2006).

Taken together, the new challenges of the globalization process imply a new conceptualization of leadership in organizations. If leaders are to be able to react adequately to the diverse demands of multiple stakeholder groups, the internal view of leadership as leader–follower interaction needs to be extended to an understanding of leadership as leader–stakeholder interaction (Maak & Pless, 2006). Further, leadership needs a theoretical foundation that could guide leaders and provide ethical orientation in dealing with heterogeneous cultural backgrounds or complex moral dilemmas. It should enable them to produce (moral or ethical) decisions, thereby bringing different interests to satisfying and, if possible, mutually beneficial solutions.

Leadership Ethics as a Research Field

So far, we have delineated the new challenges for leaders that arise from the processes of globalization in its broadest sense: the implications from heterogeneous legal frameworks, the decreasing regulative capabilities of the nation-state, the increasing importance of soft law, as well as societal and environmental issues that form the context wherein business takes place. While this contextual multitude has increasingly been addressed by researchers acknowledging the need for an enlarged understanding of the role of business in a globalizing society, the implications of globalization for the micro level of analysis i.e. for individual behavior attracted the attention of researchers comparatively late. It is here where we see the principal domain of leadership ethics as an evolving field that is dedicated to the analysis of the implications of global change processes for leadership and the impact of leaders on responsible organizational behavior, organizational legitimacy, and organizational change.

Leadership Ethics: Framing the Question for ‘Good Leadership’

Ciulla introduced the term ‘leadership ethics’ back in the mid-90s, following the call for a stronger integration of ethics and leadership (see Smith, 1995; as well as Rost, 1991, 1995). Mapping out the territory of leadership studies as the starting point to explore the relevance of ethics in leadership research, she stressed the importance of the question for ‘good leadership’ (see Ciulla, 1995). Since then, Ciulla has repeatedly emphasized the need to put ‘ethics at the heart of leadership’

(Ciulla, 2004); yet, ten years after the original publication, she admits that taking into account the small body of literature one might consider leadership ethics rather a topic than a field (Ciulla, 2005).

In contrast to earlier attempts, the discussion on what good leadership is has gathered significant momentum in recent years (e.g. Lemoine et al., 2019; Miska & Mendenhall, 2018). At the bottom of this renaissance lie the aforementioned fundamental change processes that have altered the reality of business as a whole as well as the increased public interest in conduct of their leaders. Yet, although ‘bad leadership’ appears to be easily identified and has become the interest of different studies (see Kellerman, 2004; Lipman-Blumen, 2005), the boundaries for defining ‘good leadership’ remain fuzzy at best. This state can be attributed to three fundamental characteristics of leadership ethics: first, the definitional endeavors related to the concept of leadership, second, the notion of ‘good’, and third, the paradigmatic divide between different concepts of good leadership. We will take a closer look at each of these.

Problems with the Concept of Leadership

The concept of leadership, if there is one such thing, lacks rigor. Regardless of decades of intensive research, leadership theory remains a highly fragmented field (Rost, 1991). Leadership is coevally ubiquitous and unknown. Its popularity as a cross-cultural social phenomenon in scientific as well as practice-oriented publications has led to an undifferentiated use of the terms ‘leadership’ and ‘leader’. They are often used in a sense rather resembling management and manager. Whereas the latter pair can be understood as an objectives-driven conduct, which makes use of bureaucratic and organizational means to fulfill contractual obligations, the former can be characterized as a purpose and change-driven conduct that is based on values and visions (Antonakis et al., 2004, p. 5; By, 2021).

Looking for an ontology of leadership, Bennis proposes that leadership should be seen as grounded in a relationship: ‘In its simplest form, it is a tripod – a leader or leaders, followers, and the common goal they want to achieve’ (Bennis, 2007, p. 3f; alternatively, see By, 2021; Drath et al., 2008). Within this relationship, intentional influence and guidance is provided by the leaders that together with their followers intend real changes reflecting their shared purposes. Yet, beyond such a broad sketch, research has traditionally centered around foci like ‘traits’, ‘styles’, ‘contingencies’, or ‘charisma’ with each theory highlighting different aspects of leadership without providing a comprehensive grasp of its nature. So, while standard overview texts choose to recapitulate the multitude of approaches (see e.g. Bass, 1990; Yukl, 2006), the search for leadership’s Rosetta stone which enables us to break the code still goes on (Ciulla, 2006). As this deficit of a shared understanding continues to burden the study of leadership, it also applies to the question for ‘good leadership’.

The Notion of 'Good'

To differentiate the good from the bad, the desirable from the unwanted, we need judgements on values. Hence, we must state our ethical orientations. Obviously, this is no easy task. Practical philosophers have weighted these orientations for centuries and we as business ethicists would do good to learn our lessons from their work. Yet in the light of a multitude of existing ethical theories, maneuvering in this terrain easily becomes a tedious task. In search for an overview, one commonly finds the differentiation between teleological and deontological concepts of ethics. Teleological concepts of ethics stress the importance of the ends of actions. Hence, the moral rightness of an action is determined by its outcomes and their contribution to a greater good. Most prominent among these theories are the Aristotelian virtue ethics or Utilitarianism in the tradition of Bentham and Mill. In contrast to this, deontological concept of ethics does not make consequences but intentions the primary criteria to evaluate the moral quality of actions. The intentions itself are derived from the perception of one's duty (~d \acute{e} on) that relates to an intrinsic understanding of good actions. Among these concepts, the work of Kant, Contractualism, and the writings of Rawls or discourse ethics as forwarded by Apel and Habermas are the most influential.

At this point, instead of just 'choosing' among these different notions of good, thereby inheriting the myriad of assumptions made in each concept, it can be helpful to focus on the three justification problems that are characteristic for business and leadership ethics: first, the philosophical; second, the economical; and lastly, the practical.

The problem of philosophical justification poses the question of the possibility to reasonably justify moral principles and to show whether some norms are more valid or universally applicable than others. The principal possibility as well as the different modes of such a justification are controversial. All efforts to justify actions and norms of moral principles are prone to the trilemma associated with the work of the German philosopher Hans Albert (1985) that sees justification as either circular, with arguments resting on prior arguments; regressive, with each argument needing another argument for justification; or axiomatic/dogmatic, proposing a 'firm' starting point for the argumentation. This justificational struggle and the resulting critique apply to religious as well as secular; to teleological as well as deontological approaches. The question resulting hereof is whether modern leaders refer to a reasonable (if not justifiable) moral premise that acknowledges the challenges explained in the section 'Global Challenges for Global Leaders' of this chapter. Different cultures, religious backgrounds, and notions of capitalism burden the search for good leadership.

The problem of economical justification refers to the relation of moral and economic rationalities. With regard to leadership this is often seen as the ethics/effectiveness continuum (see e.g. Ciulla, 2006), leadership effectiveness being the

‘extent to which the leader’s organizational unit performs its task successfully and attains its goals’ (Yukl, 2006). In this context, research has to address central issues of good leadership: Can effective leaders be ethical? Is ethics prior to effectiveness? Is effectiveness ethical?

We deem it important not to reduce this continuum to an antagonistic relation. Instead, we see ethical reflections as a requirement of effective leadership under the condition of globalization. Such an understanding distances itself from the traditional scholarly understanding of a value-free economic rationality (e.g. Friedman, 1970; Jensen, 2002). Economic choices and preferences are not (!) ethically neutral. As economic theory itself suggests an idea of ‘good’, leaders cannot blindly rely on e.g. profit-maximization calculations but have to situationally mediate between conflicting ethical interests.

This is closely linked to the third justificational problem, that of practical justification. It represents the challenges leaders face about the question of incorporating ethics in their own and others conduct. Abstract moral principles are limited in their direct use. It is rather necessary to develop an ethical vision supported through codes of conduct, educational programs, and examples of good leadership to foster personal and organizational change. How can we lead by example? What does good leadership ultimately mean during daily business?

These three justificational problems sketch the challenges for any comprehensive concept of good leadership and hence the extent of leadership ethics as a field. After the definitional confusion, they pose the second hurdle for researchers working on the concept of leadership ethics – caught in the middle: the paradigmatic divide in the field.

The third hurdle that inhibits progress in leadership ethics research is the latent struggle of different research paradigms that has accompanied business ethics since its beginnings.

A paradigm as the notion of alternative explanations of social science phenomena provides the answer to the two basic questions of research: What is the purpose of research? By what means and methods can this purpose be achieved? (see Burrell & Morgan, 1979 as well as Scherer & Patzer, 2008). Hence, a paradigm is characterized by its specific research interests and its employed methods as well as its underlying assumptions about the examined object (ontology). Elsewhere we have suggested to differentiate between positivist (1) and post-positivist (2) approaches to leadership ethics (see Patzer, 2009, as well as Patzer & Scherer, 2010):

1. A positivist research paradigm stands in the tradition of classical leadership theory with its strong quantitative bias (see Bryman, 1996, p. 280). It approaches social phenomena through the use of the empirical methods of a naturalistic model of explanation, thereby aiming ‘to explain observable phenomena through general or statistical laws and situational conditions’ (Scherer & Palazzo, 2007, p. 1098). As it pursues a technical research interest (see Habermas, 1986), it is focussed on the explanation of existing functional

mechanisms for stabilizing the status quo of a social system. Within leadership ethics, concepts like ‘transforming leadership’ (e.g. Burns, 1978 as well as Bass & Avolio, 1990), ‘ethical leadership’ (e.g. Brown & Trevino, 2006), or ‘authentic leadership’ (e.g. Avolio & Gardner, 2005) exhibit a positivist layout. We will explore some of these in the next section.

2. The methods of the post-positivist research paradigm resemble those of philosophy rather than those of social science. The evaluation of the behavior of social actors and entities in terms of right or wrong are of central importance (see Weaver & Trevino, 1994). Based on a pluralistic methodology that is united in its acknowledgment of the ‘good argument’ (Weaver & Trevino, 1998), it pursues an emancipatory research interest (see Habermas, 1986) that is concerned with the critical reflection of the social processes, structures, and power relationships. Within leadership, especially ethics ‘responsible leadership’ (Maak & Pless, 2006; Patzer, 2009; Patzer et al., 2018), but also ‘servant leadership’ (Greenleaf, 1977) have post-positivist characteristics.

At present, both paradigms are being developed separately from each other. This disconnectedness is unfortunate for two reasons: First, as both streams of literature provide important insights into the notion of good leadership, the lack of mutual acknowledgment obscures the potential of a comprehensive dialog on the future of leadership under the conditions of globalization. Second, it lures research ventures into statements that are beyond their methodological repertoire. Positivist research has a strong descriptive lens to uncover the key metrics of good leadership prevalent in present leadership practice. Yet, when it comes to the normative evaluation on leadership behavior and prescriptions for future leaders, post-positivist research is better suited to provide an understanding of the underlying value judgments that make leadership ‘good’.

Concepts of Good Leadership

Among the different approaches that we have mentioned, we will explain the following four in more detail: transforming and ethical leadership both stand for a positivist approach, while servant leadership and responsible leadership are exponents of a post-positivist perspective. Whereas transforming and servant leadership have some history in leadership studies, ethical and responsible leadership are fairly new concepts that have arisen out of the recent call for new leadership ethics.

Transforming Leadership

Transforming or transformational leadership is one of the earlier and more prominent leadership approaches with a strong emphasis on moral or good leadership. James MacGregor Burns (1978) introduced the term in his historical analysis of political leaders. Bass and Avolio (Avolio, 1999; Bass, 1985; Bass & Avolio, 1990)

built upon Burns' work and related transformational leadership to the business environment.

Transformational leadership is morally good leadership in the sense that such leadership is based on strong values and in that transformational leader tries to raise their followers to higher standards of morality and motivation (Burns, 1978). Burns contrasts transformational leadership with transactional leadership. While transformational leadership is based on end-values like justice and equality (Rokeach, 1973) that those leaders try to instill into their followers, transactional leadership is characterized by an exchange relationship and is based on moral values that are concerned with the means of the act (e.g. fairness) (Ciulla, 1995).

The transformational leadership approach is difficult to classify according to its ethical background. It is comparable to a virtue ethics approach. Yet, it is based predominantly on moral or ethical psychology research that explain the (moral) relationship between leader and follower (Ciulla, 1995, p. 15). The research on transformational leadership in business and management studies shifted the focus away from the normative component toward a more descriptive and prescriptive empirical approach with an emphasis on the charismatic aspect of transformational leadership (Ciulla, 1995). As a consequence of the critique of its amoral character (charismatic, transformational leaders can use their influence to do 'good' but can as easily use it to do 'bad' and to foster their personal goals), the discussion about the authentic transformational leader (Bass & Steidlmeier, 1999) has gained momentum (see also the extension to research on authentic leadership; Avolio & Gardner, 2005).

Ethical Leadership

Brown, Trevino, and colleagues propose a more recent leadership concept which they explicitly refer to as ethical leadership (Brown et al., 2005; Brown & Trevino, 2006). Trevino et al. (2003) followed a descriptive, inductive approach and developed their concept using qualitative research. They interviewed senior managers and ethics officers, asking them what ethical leadership is. The patterns that emerged throughout the interviews were used to bring forth an empirical scale.

What they discovered were two dimensions of ethical leadership (Trevino et al., 2000). The first dimension is the leader as a moral person who embraces positive characteristics and values, such as being honest and trustworthy, a fair decision-maker, and someone who cares about people. The second dimension of ethical leadership is characterized by the leader as a moral manager. This dimension emphasizes the role of an ethical leader as a positive role model who fosters ethical conduct among followers and disciplines them for unethical behavior (Brown & Trevino, 2006). Brown and colleagues thereby draw on Bandura's (1986) social learning theory for the theoretical underpinning. They define ethical leadership 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 et al., 2005, p. 120).

Ethical leadership is a descriptive and predictive approach that tries to explain and examine the influence process between leader and followers, with a special focus on ethical behavior e.g. through a positive effect of ethical leadership on follower ethical decision-making or pro-social behavior. The approach is thereby based on (implicit) underlying virtues like e.g. trustworthiness, honesty, or fairness.

Servant Leadership

Another concept that strongly carries the notion of good leadership is 'servant leadership'. The term was coined by Robert K Greenleaf who proposed the idea of a reversed relationship of leaders and their followers, with the former serving the latter (Greenleaf, 1977). It becomes the duty of leaders to assist their followers and to foster personal responsibility. Servant leadership is best illustrated by the fictional character of the servant Leo from Hermann Hesse's 'Journey to the East' (Hesse, 1957). The servant Leo is part of a spiritual journey of a small group of travelers. In the course of the story, Leo, who has been carrying the essential provisions and tools, suddenly disappears. Unrest and strife disturb the remaining travelers, leaving them to realize that it was their servant Leo who acted as the group's focal point, leading them by serving.

Servant leadership, hence, stresses the importance for leaders to care for their followers thereby cultivating trust, initiative, and moral responsibility. Servant leaders who make the need of others their highest priority become the epitome of good and just conduct (see e.g. Ciulla, 2006; Patzer, 2009).

More recently, the idea of servant leadership has become subject to a more positivist, empirical research agenda (Liden et al., 2008; van Dierendonck, 2011), thereby bridging the positivist post-positivist divide to a certain extent. However, as the empirical research agenda takes over, the normative reflexivity of both, its foundation as well as its implications, is sidelined.

Responsible Leadership

Lastly, the concept of 'responsible leadership' represents another promising strand in the field of leadership ethics. Conscious of the divide, it strives to remain reflexive about its post-positivist, normative roots while exploring the empirical reality of leading responsibly. Responsible leadership places itself at the interface of leadership studies, ethics, and business ethics. It has embraced the reflective paucity on the new challenges of present leaders and (their) corporations to act 'responsibly' in a globalized world under the threat of severe or even existential ramifications in the case of defective behavior (e.g. Maak, 2007; Maak & Pless, 2006; Voegtlin et al., 2012).

Among the different contributions, that of Maak and Pless are most notable, as their work are the most sensitive concerning the three illustrated problems of

justification. Their work embeds responsible leadership in the stakeholder literature. Hence, leadership has to acknowledge an increasing cultural and moral diversity as well as the new role of the corporation in society. Maak and Pless (2006, p. 99) define responsible leadership as ‘a social-relational and ethical phenomenon, which occurs in social processes of interaction. (...) [It] takes place in interaction with a multitude of followers as stakeholders inside and outside the corporations’. It becomes ‘a values-based and through ethical principles driven relationship management between leaders and stakeholders who are connected through a shared sense of meaning and purpose through which they raise another to higher levels of motivation and commitment for achieving sustainable values creation and social change’ (Pless, 2007, p. 438).

More recent is the politically extended concept of responsible leadership (see esp. Patzer, 2009, as well as Patzer & Scherer, 2010; Patzer et al., 2018; Voegtlin et al., 2012). Inspired by the discussions on political CSR (Scherer & Palazzo, 2007), it reflects upon the leader’s responsibility in the context of the theory of deliberative democracy and discourse ethics (especially Habermas, 1993, 1996). This context provides a societal as well as an individual ethics that does not rely on cultural presuppositions, like religion or virtues, but draws its justification from the actual practice of the actors involved. The idea of a consensual agreement becomes the guiding idea in the daily leadership practice. The implementation of organizational structures that facilitate consensual coordination becomes the nucleus of corporate change toward responsible conduct. The politically extended responsible leadership can be understood as the proactive engagement in the process of societal self-determination resting on a procedural ethics and communicative reason. Leaders as powerful actors must include affected actors, thereby facilitating the peaceful reconciliation of economic and social-political goals in a legitimate way.

Research on responsible leadership as such presents a unique opportunity, as empirical research that is conscious of the normative foundation can pave the way for both, informing normative ideas of responsible leadership by exploring the empirical limitations of leaders’ cognition, emotions, behavior, etc. with regard to leading responsibly, as well as testing assumptions about the legitimacy and the potential to ‘do good’ that responsible leadership can bring about (Voegtlin, 2011; Voegtlin et al., 2020).

Conclusion

The idea of good leadership is relevant in a multitude of academic and practical contexts from which it continuously receives important inputs and support. We propose to retain the notion of leadership ethics as an overarching label for these thoughts on good leadership in a globalizing society, thereby embedding aspects of morality, fairness, legitimacy, and sustainability firmly into leadership studies

(see also Ciulla, 2005; Patzer, 2009). Leadership ethics as a research field carries the promise of a continuous exchange of thoughts, emancipated from the discussions on business ethics or leadership studies, regardless of the definitional, justificational, and conceptual pluralism and challenges we sketched earlier. Still, its future is determined by its ability to address the challenges present leadership faces in daily business and the conceptual hurdles we as researchers are confronted with.

First, leadership takes place under the conditions of globalization. Hence, the postnational constellation with all its facets is becoming the prevalent context to reflect upon and to judge appropriate leadership conduct. This does not mean that leadership effectiveness has lost its relevance. Rather, it implies the need to reconceptualize the meaning of effectiveness in a stakeholder society. Hence, the successful mitigation of economical and societal pressures on leaders will determine the characteristics of good leadership in the 21st century. In a complex and dynamic global business world, adaption and change becomes vital for the survival of the organization. 'Leading change is one of the most important and difficult leadership responsibilities' (Yukl, 2006, p. 284). The globalization challenges have implications for leadership in change processes. Leaders as (social) change agents can help build a sustainable future.

Second, we believe that the success of this venture would be supported by a cooperative approach beyond paradigmatic boundaries. Beyond leadership challenged by globalization, ethics, working conditions, and pollution, there lies a multi-faceted research field. Organizational theory and business ethics have faced similar situations. In both fields, we find separate strands of publications and the recurring complaints on the lack of integration. As leadership ethics still is in the process of becoming a field, it is up to us to influence its founding conditions. Obviously, we do not argue in favor of one comprehensive approach, as such an endeavor would neglect the complexity of leadership ethics. Still, we maintain that a vital discourse on paradigmatic assumptions, terminology, methodology, and conceptual limits may prove fruitful in our mutual quest to understand the nature of good leadership.

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2

PERCEPTIONS AND DEVELOPMENT OF ETHICAL CHANGE LEADERSHIP

Rebecca Newton

Introduction

Over the last decade, interest and concern for ethical leadership has escalated. With rapid and continuous organizational change across most industries, questions around *how to lead change ethically* are of paramount importance. Across three sections, this chapter examines key questions regarding ethical change leadership ('ECL') in organizational life.

In Section *Perceptions of ECL*, we consider how ethical leadership is practically observed and therefore categorized as such, during organizational change. In Section *Development of ECL*, we discuss whether ECL can be developed, and if so, how. On this, we seek to translate hypotheses regarding ethical role modeling and the ethical context in the organization (Brown & Trevino, 2006) to organizational change: (i) being able to identify proximate, role models of ethical leadership during organizational change experienced in one's career is positively related to ECL; and (ii) an ethical context that supports ethical conduct will be positively related to ethical leadership of organizational change. In Section *Practical Implications*, we offer research-led suggestions for how leaders can promote ethical leadership within their changing organizations.

The findings presented in this chapter are based on qualitative research with experienced senior managers who have recently or are currently involved in leading change. We draw on Rost's (1993) framework of categorizing leadership theory, as peripheral (e.g. traits, personality, style of the leader), content (knowledge a leader needs to be influential), or the essential nature of leadership (what is leadership?). Rather than considering the participants as expert leaders to identify peripheral elements of ethical change leaders, or draw conclusions from their specific knowledge, this chapter seeks to address the essential nature of

leadership in the context of change. Findings will be of interest to both academics; and practitioners who seek to ensure organizational change is led in a way that is not only beneficial for the organization, stakeholders, and members, but that leadership of change is ethical.

Perceptions of ECL

It is in the context of change that one key component of leadership can be facing ethical dilemmas. During or following change, failings of leadership, in terms of not meeting ethical standards or expectations, often come to light. Before an organization can expect to increase and ensure ECL, there must be agreement around the term ‘ethical’ and shared understanding of what constitutes ‘ECL’ – hence, the need to examine perceptions. There is not one leader persona to aspire to (peripheral), nor a specific set of knowledge that must be attained (content), but rather a pursuit of clarity around what the essence of ethical leadership is in the context of change. While there has been growing empirical investigation over the last quarter of a century to support the interest in and need for a greater understanding of ethical leadership in organizations, there is much further research required into ethical leadership specifically in the context of organizational change.

In this section, we examine how ethical leadership is practically observed and therefore categorized as such, during organizational change. As noted by Brown (2007), few theorists and practitioners have focused on the *descriptive approach* – the perceptual aspects looking at how people actually perceive issues such as ethical leadership. We apply this descriptive approach to the context of organizational change.

Definitions of Ethical Leadership

Ethical leadership has been 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 et al., 2005, p. 120). Such a normative approach concerning business ethics is typically how ethical leadership is defined, i.e. how leaders ‘ought’ to behave in the workplace (Brown, 2007). The challenge with adopting such an approach in the context of organizational change is that, by its very nature, change implies behavioral and organizational *norms that will be disrupted and moved*. Lewin’s (1951) framework for unfreezing, moving, and refreezing implies such a shift is required for successful organizational change. To change an organization can mean changing the pattern of recurring behavior (Katz & Kahn, 1966). Furthermore, a move away from the organization’s ‘norms’ and what is considered ‘normatively appropriate’ behavior may be precisely what is necessary in order to move the practices and organization to a more ethical position.

A more appropriate approach therefore may be to consider how ethical leadership is observed in practice and classified as such by organizational members or stakeholders involved in the change. Some researchers do this through Rost's peripheral lens (1993). Trevino et al. (2000, 2003) found evidence that ethical leadership was related to a number of observable personal characteristics ('the moral person'), including being honest, trustworthy, fair, principled, caring about people, caring about the broader society, and to proactively influencing followers' ethical and unethical behavior ('the moral manager'). Moral managers make ethics salient by communicating clear standards regarding ethics, purposefully role model ethical behavior, and use rewards and discipline to hold people accountable for their ethical or unethical behavior. Looking through Rost's (1993) lens of the essence of leadership, others view ethical leadership as a process of influence through both personal actions and through interpersonal relationships (Brown et al., 2005). While we know ethical leadership involves influencing others, at the same time, it is generally regarded that ethical leadership involves not being too concerned with how one is perceived by others, thereby allowing oneself to do the right thing *even when it is unpopular* (Brown, 2007). Thus, we have ethical leadership observed in two ways: firstly, the personal or professional characteristics displayed by a leader and observed by followers (peripheral); secondly, the proactive behavior of a leader in influencing the actions of those around them and ensuring an ethical environment (essence of leadership). According to Wright and Goodstein (2007), an organizational climate is perceived to be ethical when it is characterized by virtue. Ethical leadership therefore would involve the encouragement and fostering of such an environment, with those involved in the process of leadership acting as a 'virtuous agent' in promoting an ethical climate (Fynn, 2008). ECL can be perceived as the demonstration of ethical decision-making processes and ethical implementation of organizational change. This aligns with Burns et al.'s (2018) view of organizational change leadership as an ethical process, arguing for the adoption of a utilitarian consequentialist approach. Here, leadership is viewed through the lens of the consequences for most stakeholders. As such, we focus on perceptions of leadership not intentions of individual leaders.

Leading Change

A major task for all organizations is effectively managing change (Carnall, 1990). While minimal empirical research has been conducted into ethical leadership in the context of change, there is a substantial amount of work into ethical decision-making in organizations. This has implications for change leadership as decision-making forms a necessary (though not sufficient) part of the change leadership role. As an example, Ottaway's (1983) taxonomy of change agents identifies three groups:

- Change Generators, who take decisions regarding what needs to change;
- Change Implementers, who are responsible for seeing the change come to pass; and
- Change Adopters, who take up the changes.

While a change agent may hold any or all these roles, the research into ethical decision-making can be applied to better understand the Change Generator dimension of ECL.

In a comprehensive review of the studies into ethical decision-making (1996–2003), O’Fallon and Butterfield (2005) outline several factors that have been reported as relating to ethical decision-making. Included in these were what can be referred to as ‘individual factors’ found to be related to greater levels of ethical decision-making, such as more education, employment and work experience, greater cognitive moral development, and ethical judgment. However, they also concluded that some ‘organizational factors’ relate to greater levels of ethical decision-making; these include having a code of ethics and having ethical climates and cultures within the organization. Many of these studies into decision-making in the field of descriptive ethics are built upon Rest’s (1986) framework, which outlines four basic components of moral decision-making: identifying the moral nature of an issue; making a moral judgment; establishing moral intent; and engaging in moral action. Such components may play a role in the decision-making component of understanding the essence of ECL. These components, together with O’Fallon and Butterfield’s (2005) factors linked to ethical leadership, were considered in the research conducted with experienced change leaders.

Senior Manager Perceptions and Development of ECL

Qualitative research was conducted with informants, all of whom are senior members of their organization and have experience of observing and leading organizational change. Interviews were used to ascertain the managers’ perceptions and development of ECL.¹ Interviewees had experience within a wide range of industries including financial services, fast-moving consumer goods, hospitality, insurance, legal, professional services, public health, retail, and transport. Rather than viewing participants as expert leaders and looking at their traits or style (peripheral) or seeking to identify their specific knowledge (content), their perceptions, and views regarding the development were of interest to identify the dynamics of ECL (essence). A useful ontology here is the PAC ontology – purpose, alignment, and commitment (By, 2021); as the participants described the essence of ECL in terms of these three categories.

Six case studies of how ECL is perceived are offered in the following section.

Case Study Examples of ECL

Interview with Chief Strategy Officer, Insurance Company

- ‘Much of it is dictated by where you set the guiding rules, the governance, the transparency of the entire change process. That will probably account for 75–80% of what anyone would describe as ethical or not – do you have the best interests of your clients, your colleagues, and your company at heart. Embedded in that or overarching that is, are you adhering to the legislation, government guidelines, and all the rules of the road’.
- ‘Change program can be an euphemism for cutting costs (e.g. post acquisition or economic downturn) – I’ve seen this done well and badly. Where it’s been done well, it’s been very transparent and the goals of what you’re trying to achieve are set. I’ve seen it phased well, where we have the opportunity to ensure people are retiring off well. Programs I’ve seen go well try and find flexibility to ensure people are taken care of first and foremost. Use as much data as possible. When you set the criteria, performance reviews, etc., try to make it fair according to performance, and try to find them alternative roles, and still have a responsibility to them afterwards which we outwork by six-months of career coaching, CV assistance, etc., not “once you’re off the payroll, you’re gone”. That’s where I’ve seen change management done well in terms of ethical leadership. Where I’ve seen it done badly is where you have no governance, no target, and where the leadership feel there’s too much cost (I use the word “feel” as opposed to “know” – there’s no science or rigor or forecasting behind it). They feel it’s time to do cost-cutting possibly to impact their bonus pool. Opportunity to make retirements are low, they go into the process knowing who they want to take out, and that’s usually based on “I don’t like them” or “they cost too much” – there’s no science or objectivity behind it. Usually it’s “I’m mates with him so he should stay. I don’t like her so she should go”. And I use those gender pronouns specifically. The whole process takes too long. In one company, effectively the whole company was under consultation for 18 months. That destroys morale and culture, it pushes good people out of the organization’.

Interview with Senior Director, Global Public Health Organization

- ‘When it comes to ethics, there are two ways of looking at it – either the end justifies the means, or that they’re equally important. The first sounds crude but manifests – for example, a high performer that gets things done in spite of accepted practices or culture is that tolerated because that person achieves

results. Or, is it important to have both? Or, even a focus on the means – the process, policies are in place and upheld as a priority over results. In a bureaucracy, you often see the latter – it’s very process focused. The best ethical leadership I’ve seen combine both. In organizational change, it’s being clear what the goals are, what you’re trying to deliver, but also in deciding those goals, consulting with people, e.g. “does this make sense for our mission, vision, what we’re trying to achieve?” Determine the levers of change you need in order to deliver (e.g. structural, cultural, operational) and be highly consultative. That builds confidence from staff and buy-in for the delivery of change even if people don’t believe in it’.

- ‘One significant change we had was relocating. The goal was significant cost savings. Great experts brought in for the analysis, people were transparent, it was debated, and then came the time to deliver on the change and 2–3 years later, it was never realized (the cost savings) and the staff knew it. That influenced later a lot about how the staff felt about the basis of decision – that you need a good sales pitch and if it bonded well for donors and the board, etc., then that’s all that matters. It worked well on the front end but not the back end. The stated reasons were clear – but the real reasons for change get exposed when the stated reason doesn’t get followed up on’.

Interview with Direct Report of the Management Team, on the General Manager, Global FMCG Company

- ‘15 years ago, our division was going through a bad time; numbers were poor. A new General Manager was appointed. I considered him an ethical leader who led us through a lot of change as he listened to what people felt and what they perceived was going wrong. He introduced new values, behaviors, and norms, which he expected people to aspire to, and he moved us into a new modern building that had a tangible impact on morale and mood. He introduced new culture, “ways of working” and cross-functional working. He had respect for others, a more understanding approach to other functions, was more collective, flexible, and positive, and opened up the business. This resulted in improved business results. He – and subsequently our team – became a beacon for the business. Other parts of the business would come to see what we were doing and learn from us. He was very honorable, decent, trustworthy, and inspired respect and followership’.
- ‘As an example of how he led change ethically, there was a famous meeting in company folklore, where he gathered everyone to the new site and said, “Business results are bad! We’re going to move them to a place where we’re proud”. He was overt, stark, and completely honest with us with what was quite a harsh reality, but at the same time inspired us to change and build a new reality’.

Interview with HR Director Commercial and Marketing, Global Retail Company

- ‘We embarked on a significant change to create the organization the new CEO wanted to lead. One of the key changes was around improving efficiencies and ethical leadership was key. The new Board listened to people, asked for feedback, ran focus groups to ascertain people’s ideas, and engaged the business in the process. One key was the introduction of our Purpose & Values. There was a manifestation of ethical leadership in this change program’.
- ‘The CEO wanted us to be ethical leaders. He had a vision of what he wanted us to be and ended up with some ground rules regarding what is and isn’t acceptable in our organization’.
- ‘Our values now are like a touch stone for the business – they provide us with a moral compass of what people should and shouldn’t do in different places around the world and in different organizational contexts’.

Interview with SVP Executive and Leadership Development, US Bank

- ‘ECL is of growing importance in the world today. Some key attributes of ethical change leaders are objectivity, transparency, trust, teamwork, inclusion, creating space for productive dialog, and doing the right thing’.
- “‘Doing the right thing” is one of our core values. This means “we have the responsibility to do the right thing on behalf of our clients, customers, and one another”. There is a lot of discretion allowed within this for leaders to create exceptions to the rule and take into consideration the needs of the individual. People bend over backwards in order to accommodate individual needs. Obviously, we are bound by government regulations and the law, then within these boundaries we as leaders have scope to make exceptions for the right reason to do the “right thing””.
- ‘Ethical leadership comes into place every time we make significant changes and particularly when we do large-scale downsizing. This means we need to look first at performance and really focus on achieving the objective, but we also need to make sure we’re working off the right data’.
- ‘ECL means that when people’s opinions are different, it’s important to ensure the right decision is made even if it means it’s unpopular. It’s dangerous when people feel they can’t speak up. The team are encouraged to debate and fight it out and at the end of the day the best decision is made, but integrity in the decision-making process is fundamental to initiating successful change’.
- ‘Ethical leadership in the context of change means taking an enterprise view of the issue. The right decision within your unit or business might be the

wrong decision for the company and can lead to unethical decisions when you maximize your own (team/unit) interests at the expense of the company’.

Interview with Former Director of Finance and Performance of UK Transport Organization, Information Management on the CIO, and Leadership Team

- ‘While in this role, I led 1300 staff with a £400m annual budget and was privileged to be number two to the CIO. We had a major change program to complete, bringing in outsourced work, and also moving temps and contractors to permanent staff, while rolling out a 10-year plan of complete infrastructure change for the whole organization’.
- ‘Challenged with some underperformance issues and a very tight timetable, we introduced “Advocacy”. The Advocacy Network was created by a form of network marketing with each cell having a leader and five members. Their tasks were varied but after a two intensive days training, they were sent out to be an ethical, fair, and positive force in the change program’.
- ‘They were very successful as they became the measure of right and wrong, of fairness and reasonableness, while expounding, honoring everyone, and respecting their viewpoints. We were trained in confrontation management, expected to train the teams and ensure that behaviors and values were a priority. This extended to the leadership team of which I was a member. We had a code of practice and behavior and were each required to give a leadership pledge to show our commitment. We developed a brand and identity to make people feel part of a large team going forward. The organizational change program went by almost without incident to the extent that the unions were fully supportive as well’.

Perceptions of ECL

Research findings suggest the following components impact perceptions of ECL:

- **Understanding of ethos:** Having a shared understanding of what is ethical.
 - *‘If ethical is about fraud and misrepresentation, that’s one form of ethical; if your ethos is inclusive of values as well, then the question is what’s your ethical framework. We were very strong on an ethical framework especially refrad and corruption. Then also values like transparency, fairness, good stewardship, integrity, accountability, etc. It’s important for orgs to have a clear ethical framework. Ethics is not binary’.* Senior director, Global Public Health Organization

- **Governance and legality:** Adhering to the guidelines, in terms of legislation, industry best practices, codes of conduct, and with clear and robust governance.
- **Honesty and transparency:** Being honest about the current reality, transparent regarding what needs to change, and open about the vision for the future unit/organizational state.
- **Feedback:** Proactively ascertaining others' ideas and feelings, listening to them, gathering accurate data from which to make decisions, involving people across the unit/organization, and, where appropriate, incorporating their perceptions of what needs to change.
- **Culture:** Change, which either incorporates the existing culture or, if necessary, reworks organizational culture – values, behaviors, norms, and ways of working indicating what is and is not acceptable within that context. It was recognized that it's important for companies to define their values, *'there's not one correct ethical system – there are pros and cons to difference; the important thing is that it's clear'*.
- **'Right' decisions:** The right decisions are taken, and corresponding change actions are made regardless of how popular or unpopular they may be. Right decisions are (1) data-driven and objective, (2) not discriminatory, and (3) respond to the needs of the individual person or individual situation, while always taking an enterprise view (regard for the bigger picture/ organizational objective).
 - *'To me ethical leadership during change is doing the right thing even in the eye of the storm. Staying the course even when everyone else is abandoning ship or doing the easy thing or taking the path of least resistance. Principled living is not necessarily the easy way to the working out of a situation'*. Founder and CEO, Financial Services Company.
- **Impact:** Ethical change leaders influenced people around them to engage in ethical behaviors. Their change interventions had a positive impact on the unit/organization and led to improved business results.

Overall, there was great consistency in the senior managers' perceptions of ECL, and a resounding belief that it is of utmost importance to ensure successful and positive organizational change. Many of the perceptions unearthed here correspond to previous findings related to what is perceived as an ethical leader. Research suggests that characteristics of ethical leadership (such as the 'moral person' and 'moral manager', Trevino et al., 2000, 2003) apply to the context of organizational change. There was a concern that while perceptions of ECL are easily aligned when there is a focus on legality, there is a potential lack of open discussion and alignment across stakeholder and organizational member views on what constitutes ethical behavior in change beyond the 'right and wrong' of meeting legal requirements. The research highlighted the need for discussions about 'ethical behavior' at the start of change processes to ensure shared

understanding of expectations and leader commitments. Of the three elements of the PAC ontology, alignment stood out as a key concern for participants. Unless perceptions of ECL are openly discussed, alignment is unlikely.

Development of ECL

Given the importance of ECL, the ensuing question is how to increase its presence in today's organization. This section presents the question, 'can ECL be developed, and if so, how?' In particular, we translate hypotheses regarding ethical role modeling and the ethical context in the organization (Brown & Trevino, 2006) to organizational change, hypothesizing that:

- i. being able to identify proximate role models of ethical leadership during organizational change experienced in one's career is positively related to ECL; and,
- ii. an ethical context that supports ethical conduct will be positively related to ethical leadership of organizational change.

Can ECL Be Developed?

I definitely believe ethical change leadership can be developed.

HR Director Commercial and Marketing, Global Retail Company

Research results reveal a widespread belief among senior managers that ethical leadership of change can be developed, albeit with some constraints. Largely, managers considered that the development of ethical leadership itself was possible, and when people committed to ethical leadership were faced with the responsibility of leading change, they would subsequently do so ethically. Not only was the development of ECL considered possible, but it was also largely considered a responsibility of senior leadership to foster throughout their organizations. There was some concern, however, that while the behaviors of ECL could be encouraged, including by the development of an ethical framework within the organization, it may not be possible to 'make someone ethical'.

I believe you can teach people to think about problems in a way where ethics is at the centre. You can educate people and make them aware of their assumptions and box the boundaries of ethics. You can have mentors and coaches to make people conscious about their actions, and that understanding comes from experience also. But I don't know if I believe that you can make someone ethical. Ethical or non-ethical seems binary rather than a scale you can move people along.

SVP Executive and Leadership Development, US Bank

It is important to note, therefore, that although the following factors are key to developing an ethical approach to how change is led, they do not necessarily imply the development of an ethical person. These factors are as follows:

- Having a shared sense of purpose to direct and promote a code of conduct for the change, outlining what is and what is not acceptable in that organizational context.
- Seeking to gain others' input into, and commitment to, changes.
- Understanding the consequences of decisions taken and the impact of one's actions on others involved in the change as leadership is shared not an act in isolation.
- Having alignment around the moral and 'right' change decisions within the context of that organization, and within the boundaries of government regulations and the law.
- Facilitating others to engage in the aforementioned points during organizational change to drive commitment.

We sought to translate hypotheses regarding ethical role modeling and the ethical context in the organization (Brown & Trevino, 2006) to organizational change: (i) being able to identify proximate role models of ethical leadership during organizational change experienced in one's career is positively related to ECL; and (ii) an ethical context that supports ethical conduct will be positively related to ethical leadership of organizational change.

i. **A Proximate, Ethical Role Model**

There is considerable research evidence to suggest that role modeling of ethical leadership impacts the development of one's own ability to lead ethically (Brown & Trevino, 2006; Mayer et al., 2009). Having role models of ethical leadership during organizational change throughout one's career was found to be positively related to senior managers' own ability to lead change ethically.

How does a leader become ethical or unethical? I believe they have been influenced by their mentors and people they look up to. I believe the only way to develop ethical change leadership is to practice it and this will in turn influence others to do the same. My own personal experience of mentors has influenced me to be ethical.

Founder and CEO, Financial Services Company

Research indicated that of particular importance was having role models of ethical leadership who were *proximate* and *accessible* during change. That is, the senior manager participants had been able to tangibly observe the essence of

ethical leadership during change. There is debate that top management influence is strongest on employee behavior (Weaver et al., 2005), and that they are responsible for establishing the organization's ethical values (Grojean et al., 2004). Others, however, hold that supervisors are more likely to serve as ethical role models, given their proximity and intimacy of communication (Davis & Rothstein, 2006; Posner & Schmidt, 1984). Findings here supported the latter argument, and the 'proximate' claim of Brown and Trevino's (2006) hypothesis. Regardless of their hierarchical status within the organization, what influenced the interviewees' development of ECL was their proximity to ethical change leader role models. We would argue that beyond observing personal characteristics or knowledge of a specific leader, what drives the development of ELC is the opportunity to observe the way leadership is enacted, shared, and shifted throughout the change. As noted previously, change may lead to a shift in the very essence of what ethical leadership is in a particular context. Where leaders describe their own ability to lead change ethically, they note the influence of, at some point over their career, being able to closely observe the dynamics of ECL, including the way change was approached, how stakeholders were involved, how difficult (and often unpopular) decisions were made, and how the change process was implemented. Of particular influence was when they had been personally engaged – leaders had sought their opinion, personally involved them in the change, encouraged debate, and challenged their perspectives of the change process. Thus, it is not just observation that develops ethical leadership, but being part of the leadership dynamic itself. These findings echo Weaver et al.'s (2005) claim that ethical role modeling is a 'side-by-side phenomenon' (p. 12). A number of managers claimed that even if the experience had been early on in their career, role models of ECL had '*left a lasting impression on how I manage change today*'. It is important to note the finding that where managers had experienced a leader who from their perspective was unethical in the way they led change, they too left an impression and had an impact on the way that manager approached change leadership.

These findings provided support for the hypothesis: (i) being able to identify proximate role models of ethical leadership during organizational change experienced in one's career is positively related to ECL.

ii. **An Ethical Context that Supports Ethical Conduct**

- **Ethical Climate**

Empirical evidence suggests organizational climate influences ethical leadership: an organization's ethical climate *signals and reinforces* to members what is appropriate or acceptable behavior in that context (O'Fallon & Butterfield, 2005; Trevino et al., 1998). Having an ethical organizational climate was considered by research participants to be an essential foundation for developing people who would lead change

ethically. Research findings also suggest that some climates may pose greater challenges than others when developing people who will lead change ethically (the example given was often the financial sector). While development of ECL was considered possible, and having an ethical climate of utmost importance, there was recognition of the climatic differences and substantial sectoral challenges leaders may face when developing other ethical change leaders. This reflects Trevino and Brown's argument: '... the environment has become quite complex and is rapidly changing, providing all sorts of ethical challenges and opportunities to express greed' (2004, p. 77), and By's argument that both context and leadership culture are important considerations of how purpose, alignment, and commitment lead to longer term outcomes (2021).

In order to address such challenges, the extent to which change leaders understand the ethical boundaries within which they are called to operate was considered of particular importance. That is, ethical change leaders were developed within their particular organizational context and with a sound understanding of not only the laws and regulations governing their industry and changes, but also the organizational values and expectations of how change is carried out. This was often supported and reinforced by having a clear code of ethics.

- **Code of Ethics**

Most studies support the concept that a code of ethics is positively related to ethical decision-making (O'Fallon & Butterfield, 2005). Given the role of decision-making in change leadership, a code of ethics to guide leaders may foster ECL. This was supported in the research findings. In the transport organization case study example mentioned earlier, a code of practice and behavior stood as a code of ethics for how leaders pledged to roll out the change program.² The Director interviewed attributed the change program's success largely to the existence and adherence to this code. Such a code of conduct is a means of supporting ethical conduct.

The findings provided support for the hypothesis: (ii) an ethical context that supports ethical conduct will be positively related to ethical leadership of organizational change.

Further Keys to Developing ECL

We have applied Brown and Trevino's (2006) hypotheses regarding role models and context and saw them supported in the case of ECL. Additional means of developing ECL were also identified in the research.

- **Coaching and Mentoring**

Coaching and mentoring were identified as a means of helping others involved in change leadership to behave ethically. This consisted of supporting them as they navigate difficult and complex decisions, which may be unpopular, providing change leaders with space and guidance to determine when and how to speak up.

A large part of developing people is around their character and putting them into situations that will test them. You need to coach them because it's not easy to stand up to your peers. It can be developed – it has to be embedded in what you do.

Chief Strategy Officer, insurance company

- **Case Studies**

Case studies were suggested by managers as a means of helping others develop their ability to lead change ethically. Discussions should be facilitated, and different views expanded using internal organizational and external case studies. Case studies are useful as they provide the opportunity to look at a range of leadership dynamics in context and what ethical leadership mean in the context of change, rather than focusing on individual leader examples. This was regarded a safe and important means of encouraging leaders to develop their ECL as they:

- Explore different approaches and consequences to leading change
- Recognize different stakeholders involved in change
- Become mindful of the conflicting positions from which others might view the world so to adopt a worldview rather than one's own single view
- Are encouraged to 'open their minds' through debate and discussion rather than being told simply what to do and how to lead change ethically.

- **Professional Bodies**

Membership of, and association with, professional bodies which encourage and support ethical trade was regarded as a means of fostering ECL. Particularly important was ensuring those involved in leadership had access to discuss options and decisions for change with such bodies and experts and enabling leaders to gain inspiration from others.

- **Shared Change Leadership**

Key to organizational change is the concept of the 'change agent' – 'people, either inside or outside the organization, who are providing technical, specialist, or consulting assistance in the management of a change effort' (Beckhard, 1969, p. 10). Change agents are responsible for assessing reality against organizational vision, identifying the need for change, taking

decisions regarding what needs to change, and leading the implementation of those changes. Decisions regarding who are the people engaged in the change leadership process will ultimately influence the change success. Research participants took the view that it is those who are ethical in their leadership who will lead change ethically. That is, rather than suggesting someone is or is not an ethical *change* leader, the key criteria is the extent to which someone is committed to ethical leadership. Those who engage in leadership behaviors ethically will likely be ethical when faced with change responsibilities. This has implications for the selection of the change agents – those who share responsibility for leadership of change. In order to develop ECL in an organization, those chosen to be responsible for decision-making and implementation of changes should be those who consistently demonstrate ethical behavior. Developing ECL across an organization is therefore somewhat dependent upon selecting shared change agents who are ethical. This reinforces the importance of the ‘virtuous agent’ or ‘catalyst’ in organizational change (Fynn, 2008).

The change team the CIO selected had certain qualities in common. He required honour, honesty and respect above all from this team and he ensured that their behaviours were honed and well established. All petty issues were ironed out rapidly and a successful change team was formed.

Former Director of Finance and Performance, UK transport organization

- **Leadership Development Programs**

Participants felt that leadership development programs were an important component in developing ECL. While no reports were made of teaching ‘ethics’ as a subject within such programs, it was regarded as a common thread that underpinned the development programs offered within interviewee organizations. Leadership development programs should have two elements to accomplish this: (i) be built upon the organization’s core values, and (ii) comprise modules on organizational change. Experiential and role play-scenarios were suggested as means of allowing people to experiment with different change leadership scenarios they may face, and as a window to open dialog and debate regarding what decisions and actions would and would not be ethical within their particular context.

- **Partnerships and Organizational Relationships**

Research results suggest that it is possible to develop ECL not only within one’s own organizations, but through partnerships and relationships with leaders in other organizations to have a wider impact. This captured a sense of purpose – the pursuit of a worth idea and activity the outcome of which goes beyond the individual and the individual organization (By, 2021, p. 34). The case study retail company is continuously presented with such an opportunity through international outsourcing – based in Hong Kong with

hubs across Turkey, Cambodia, Pakistan, Sri Lanka, Bangladesh, and China. When looking to improve sourcing, key partnership considerations for the organization include the quality of products and legal and technical due diligence to ensure the ethical factors meet required standards. Furthermore, organizations also can drive change that will foster ethical leadership. This represents a different form of ECL, where the change itself is the shift toward ethical leadership by other organizations.

When sourcing goods from developing countries, it is important to make decisions based on lots of local implications rather than just focusing on price and quality. The impact of sourcing on the local community and economy is critical, and therefore demonstrating and fostering ethical leadership plays an important part in this.

HR Director Commercial and Marketing, global retail company

- **Rewards and Sanctions**

It was expected that rewards and sanctions may play a role in the development of ECL, given the evidence of their role in ethical behavior (O'Fallon & Butterfield, 2005). Some senior managers in the research did highlight this as being a consideration for developing ethical change leaders.

I think you can talk people through ethics in your context – they observe spoken word in organisations but also what is tolerated and what is rewarded behaviour. An ethical code can become formal but then sits on the shelf, but performance appraisal systems are applied. They're a good sign of what gets highest marks and what gets remunerated.

Senior Director, Global Public Health Organization

Practical Implications

Practitioners can be incentivized to select for and develop ethical leadership within their organizations (Brown & Trevino, 2006). Supporting this claim, senior managers involved in the research felt a responsibility to develop ECL within their organizations. The methods outlined for developing ECL in Section 'Development of ECL' provide several practical ways in which ECL can be enhanced:

- Providing proximate, accessible role models of ECL
- Ensuring an ethical climate supported by a clear code of ethics for the change
- Providing change leaders with coaching and mentoring
- Using case studies to increase awareness and encourage debate

- Providing access to professional bodies concerned with the development of ethical behavior in organizational life
- Selecting ethical leaders for the change agent teams
- Engaging leaders in leadership development programs underpinned by organizational values and consisting of modules on change management
- Forming partnerships and organizational relationships that encourage ECL beyond the immediate walls of their particular organization.

In the following paragraphs, further research-led suggestions and considerations are offered to assist leaders in promoting ethical leadership within their changing organizations.

Increasing Time and Resources ... or Exposure and Competence

Research findings suggest that ECL equates to not taking a short-term, easy option. When planning organizational change, increased resources and more time may be necessary in order to ensure change is led ethically. The reality, however, is that timeframes are often tight, and resources are limited during organizational change. To compensate for this need, practitioners may expose leaders to change case studies and leadership development programs to increase their experience and understanding of potentially ethically challenging scenarios, thereby speeding up their response and increasing their competence when faced with leading the actual change.

Impact on Followers, Norms, and the 'Ethical Climate'

It is important for practitioners to note that during organizational change, the decisions and actions of change leaders are being closely observed. Uncertainty often surrounds organizational change, including organizational members' potentially threatened self-interest and fear of poor outcomes (Kotter & Schlesinger, 1979). This results in an increase in the degree to which leaders' decisions and actions are watched and assessed. As such, change leaders should be made aware that their actions may influence the establishment of new norms and acceptable conduct more than when the organization is in more stable phases.

Communication

Open, honest, and transparent communication was one of the key ways in which ECL was perceived, according to research participants. Practitioners must encourage leaders to be mindful of common organizational change pitfalls that can prevent the development of ECL. Such pitfalls include secrecy around the change (the necessity of this at times needing to be delicately balanced with the transparency required for ECL), and subsequent lack of trust and sense of collaboration; and

a *change* in the degree to which organizational members and stakeholders are informed and involved. Any decrease in information and involvement surrounding the change may be perceived by others as unethical behavior, as it breaks from their expectation of organizational/team/unit norms and what is considered 'acceptable' based on past experience.

Ethical Leadership and Resistance to Change

An area for consideration by practitioners, and future research by academics, is the impact of ECL on employee resistance. Employees in contemporary organizations are aware that in order to be successful, change in any form is necessary (Rousseau, 1998). Change, therefore, does not necessarily generate resistance. Equally important to what changes are carried out is the way in which these changes are led, as resistance is often to the management or leadership of change rather than the change content itself (Van Dijk & van Dick, 2009). '... what some may perceive as disrespectful or unfounded opposition (to change) might also be motivated by individuals' ethical principles or by their desire to protect the organization's best interests' (Piderit, 2000, p. 785). Therefore, what may be observed as unethical change decision-making or implementation may increase employee resistance; ECL, in contrast, may serve to reduce resistance during organizational change.

Conclusion

ECL is perceived as the demonstration of ethical decision-making processes and ethical implementation of organizational change. While one may not be able to 'make a person ethical', it is possible to foster and develop ECL capabilities within an organization. Many factors influence the extent to which an organization constructs leadership as ethically focused purpose, alignment, and commitment (PAC) when faced with the many challenges and uncertainties of change, a number of which have been presented here.

A large amount of research remains to be done to further our understanding and promoting ECL, including taking a more global view in terms of understanding ethics and conceptualizations of ethical leadership (Eisenbeiss, 2012; Resick et al., 2006). Results from this research indicate, however, that the recent work on ethical leadership is largely applicable to the context of organizational change and can help to inform academics and practitioners in this field. While there were substantial differences in the industries and change experiences of leaders enlisted in this research, it is encouraging to note three similarities. First, the senior managers believe ECL does exist and have numerous examples of where they have experienced it (although not always to the degree they would like or perceive as necessary). Second, they believe ECL can be developed and that this development is a responsibility of senior

management within organizations. Finally, the senior managers who shared their experiences hold the common belief that ECL is an important topic for study and a vital component of any organization's success in today's increasingly complex environment.

Acknowledgments

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Notes

- 1 Key interview questions can be found in Appendix 2.1.
- 2 The Code of Ethics for the TfL 'Your IM' change leadership team can be found in Appendix 2.2.

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Appendix 2.1

Key Questions for Senior Manager Interviews

Topic 1: Ethical Leadership during Organizational Change

- a. Please describe some examples of when you have practically observed ‘ethical leadership’ in the context of organizational change.
- b. What in particular made you perceive this person/people or their actions to be examples of ‘ethical leadership’ during change?

Topic 2: Development of Ethical Change Leadership

- a. Do you believe it is possible to develop ‘ethical *change* leadership’? If so, how? (Please be specific with regard to ethical change leadership rather than just leadership development in general.)
- b. In the examples provided in Question 1, what factors do you believe contributed to the development of ethical change leadership?

Appendix 2.2

TABLE 2.1 Change Project Leadership Team Code of Ethics*

Code of Ethics

Leadership Pledge

As leaders in this organization, we pledge to:

- Provide a clear vision for the project and a viable strategy to make it reality
 - Challenge the status quo and develop solutions for the project that move our organization forward
 - Foster collaboration within our organization and with our customers so that we operate as one team
 - Encourage open and honest communication across the project, seeking your input, and responding constructively to your feedback
 - Work with you to create a consumer centric culture than ensures this organization is a great place to work
 - Provide you with the opportunities, empowerment, and support to fulfill your potential within the organization
 - Recognize your contribution and build confidence across the organization to always strive for more
 - Set the standard and act as role models in the project
 - Be a positive force for change within our organization
 - Be good stewards and take care of the project
-

Notes

* Minor amendments made to preserve the anonymity of the organization

3

MISSION LEADERSHIP: A KEY ENABLER FOR AN EMERGING LEADERSHIP MODEL, PLANNED, AND EMERGENT CHANGE AND ETHICAL CLARITY

Brian Howieson

Introduction

In this chapter, I will introduce and explain the leadership philosophy of Mission Leadership. Mission Leadership, itself, is developed from the military concept of Mission Command, which is a leadership philosophy used by many (Western) military organizations (Granåsen et al., 2018). Mission Command has empowerment as a guiding principle.

Locating Mission Leadership in Rost's (1993) framework as both 'a peripheral element' and 'an essential nature of leadership', it is instructive to offer that Mission Leadership – and in reference to By (2021) – can be used as an enabler for the leadership PAC ontology and an emerging leadership model. Moreover, and in reference to this book's title, *Organizational change, leadership, and ethics*, I will argue that Mission Leadership is ideally suited to planned and emergent change and the case for ethical clarity.

In addressing these points, this chapter will proceed as follows: First, I will explain briefly the genesis of Mission Command noting that its derivative, Mission Leadership, is a distributed leadership philosophy. In this respect, distributed leadership – in the context of organizational improvement and change – becomes a collective rather than an individual responsibility. This requires a philosophy of leadership that promotes decentralized command and control, freedom, and speed of action and initiative. I will offer that core to Mission Command are the principles of developing trust, empowering subordinates to achieve the commander's intent, and encouraging disciplined initiative. Of note, Mission Command recognizes the importance of individual judgments and tactical effort when dealing with uncertain and complex incidents. In terms of 'leading', this, however, requires a change from the traditional transactional employee–employer relationship to a community of

practitioners motivated with clear direction and focus. This paradigm shift (from the leader (individual/role) to leadership (process)), I consider, to be extremely important. Second, and as a key enabler for the leadership PAC ontology and an emerging leadership model (By, 2021), it is important to recognize that another aspect of achieving the commander's intent in the military is a focus on the unifying purpose. Indeed, the 'just do it' mentality has long passed – any commander sending troops into harm's way will focus heavily on the 'why' behind every operation (Mangan, 2019). Understanding the 'why' is empowering. Indeed, in the post-industrial, knowledge-based workforce – where business for purpose has come into sharper focus in the last decade – the 'why' is becoming as important as the 'what' we do for a living. Organizations that can clearly articulate their purpose can use it as a competitive advantage. As such, there has been a long history of writers drawing attention to the positive relationship between value alignment, leadership behavior, employee commitment, and goal achievement (Burnes & By, 2012). Third, and in academic (military) literature, there are certain themes of Mission Command that appear that are worthy of comment in relation to leadership and change. For example, complex problem-solving in environments with ever-changing requirements (Harvie & Agah, 2016); in the need to empower subordinate commanders to meet the dynamic challenges of combat, frontline commanders must have the flexibility to outmaneuver and defeat the enemy (Therault, 2015); and devolving command decisions in complex operations (Dodd & Smith, 2013). Moreover, acknowledging the unpredictability, non-linearity, and circularity of cause-and-effect relationships within these systems is a notable departure from the simpler linear models that underpin traditional mechanistic management thinking; Bray (2019) argues that leaders should encourage everyone throughout the organization to be a positive change agent. Finally, I will conclude by suggesting that the significant, and enduring, problem with Mission Command and Mission Leadership is the strong military connotations, which can make some people most uncomfortable when embracing and using this philosophy, especially in a civilian setting.

Mission Leadership

Scouller (2011) suggests that leadership philosophies contain values-based ideas of how a leader should be and act and the sources of a leader's power. Distributed leadership is one such leadership philosophy. Gronn (2000, p. 317) defines distributed leadership as: 'An emergent property of a group or a network of interacting individuals' and as 'concrete action', which he describes as producing an outcome that is greater than the sum of its parts. Distributed leadership occurs where leadership is provided by more than one individual, regardless of their position or the degree, frequency, or duration of their leadership (Gronn, 2002). The leadership actions of any individual leader are less important than the collective leadership provided by members of the organization.

Distributed leadership has been studied extensively by scholars and explored by practitioners.¹ It is also of increasing interest to the wider business world, perhaps borne out of what Gronn (2002) refers to as a growing disenchantment with solely individualistic notions of leadership, heroic or otherwise. Many writers (e.g. Bennett et al., 2003; Harris, 2003; Schedlitzki & Edwards, 2018) have also suggested that distributed leadership is related to such constructs as participation, empowerment, delegation, and engagement. This view is supported by Pedler et al. (2003, p. 126) who say that: ‘Today’s leadership needs to be decentralized and distributed to every part of the organisation so those on the periphery who are first to spot challenges can act on them instantly’.

Perhaps the best form of distributed leadership used, in practice, is by western military organizations and is called ‘Mission Command’ (Bungay, 2005; Grint, 2011; Ministry of Defence, 2015; Yardley & Kakabadse, 2007). Mission Command is not command and control – it is about leadership. The underlying requirement of Mission Command is the fundamental responsibility of the subordinate to act (or in certain circumstances to decide not to act) within the framework of his commander’s intentions.² This leadership echoes the views of By (2021, p. 34): ‘Leadership is something we can all contribute to, and everyone doing so are leading, and everyone leading are leaders’.

Mission Command itself is derived from Prussian-pioneered mission-type tactics doctrine (Storr, 2003). Simply, and quoting Bowen (2017): ‘a favourable situation will never be exploited if commanders wait for orders. The highest commander and the youngest soldier must be conscious of the fact that omission and inactivity are worse than resorting to the wrong expedient’. From a historical perspective, the origins of Mission Command can be traced to the Battle of Jena in 1806, where the Prussian army was beaten soundly by the French under Napoleon (Vego, 2018). At this time, it was recognized that the ability of a single commander to control the battlefield was being eroded because of the scale of the battlefield due to increased industrialization. In the aftermath of this battle, the Prussians re-assessed fundamentally how they executed their military strategies. The Prussians (and later Germans) continued to hone this military philosophy (which became known as *Auftragstaktik*) through their officer training. The benefits of this command philosophy became very apparent to Allied forces by the end of the Second World War and it became the standard methodology for training officers in many NATO and western armies (Bungay, 2005).

In practical terms, in *The principles of way of war* (Ministry of Defence, 2015, pp. 28–29), Mission Command has five essential elements:

- A commander ensures that his subordinates understand his intent, their own contribution, and the context within which they are to act.
- Subordinates are told what effect they are to achieve and why.
- Subordinates are allocated sufficient resources to carry out their missions.

- A commander exercises a minimum of control over his subordinates, consistent with their experience and ability while retaining responsibility for their actions.
- Subordinates decide for themselves how best to achieve their superior's intent and objectives.

Commanders formulate and communicate their intent to describe the boundaries within which subordinate commanders may exercise their initiative while maintaining unity of effort (Watters, 2015). To avoid limiting the said subordinates' freedom of action, commanders place only minimum constraints for coordination on them. Successful Mission Command results from subordinate commanders and leaders, at all levels, exercising disciplined initiative within the spirit of the commander's intent to accomplish their mission.

Mission Command is closely related to the civilian management concept of workplace empowerment and its use in business has been explored by several writers (Bungay, 2010; Hill, 2015; Mangan, 2019; Tozer, 2012; Yardley & Kakabadse, 2007). Furthermore, Mission Command enables an organization to achieve unity of effort, focus, and momentum while empowering individuals to use their own discretion and initiative within the implementation process. In addition, a clear understanding of the characteristics of the environment that the organization operates in is also very important (Bungay & McKinney, 2005; Nish, 2019). Such environmental characteristics have been described by the Prussian General Carl von Clausewitz in his book *On war*. The concept he used to summarize these characteristics is 'friction' – both internal and external. While Clausewitz's subject was war, his observations can apply to any organization operating in a complex, unpredictable, and ambiguous environment.

Bungay and McKinney (2005), thus, developed Mission Command in terms of a civilian language that dispensed with the term 'command'. They call it Mission Leadership. They (Bungay & McKinney, 2005) argue that, in war, Generals face two gaps: the gap between plans and actions caused by internal friction; and the gap between desired and actual outcomes caused by external friction – the chaotic, nonlinear nature of the environment. Developing this argument, they offer that Mission Leadership has two sides, namely behaviors and alignment process:

- The behaviors involve senior people being disciplined enough to simplify the complexities of their strategy so that they become very clear about their intentions and objectives. Those lower in the organization, then, have to be ready to accept responsibility, use the freedom they are granted, and not to delegate it back upward. The behaviors allow for risk. Risks successfully run gradually inculcate trust. As trust increases, so does performance.³
- For alignment, 'Mission Analysis' is a way of structuring people's thinking, which enables them to ensure clarity over the 'what' and the 'why' of the

mission, work through the ‘how’ it implies, and make explicit the boundaries within which they will work. Mission analysis, therefore, poses the challenge of defining a single mission that expresses what the organization is trying to achieve. It is the overriding message that the organization has to hear in all the noise surrounding it.

This analysis, then, enables the organization to gain some momentum in moving through what Clausewitz calls a ‘resistant medium’ – the treacle of reality. Bungay and McKinney (2005) argue further that it alone will not address external friction. Only the leader behaviors enabled by the processes of mission leadership will do that. In this respect, a nonlinear environment demands stepped responses, frequent small adjustments rather than periodic massive changes, which I suggest is suited to both planned and emergent change (Burnes & By, 2012). In a world where ‘no plan survives first contact with the enemy’, all personnel in the organization must be ready to take the initiative and adjust as they go. To be able to do so, they must understand the intentions behind the plan. To be willing to do so, they need to understand the constraints under which they are operating, how much freedom of action they have, and be assured that the organization wants them to use it. Overcoming friction means working hard at alignment and also practising adaptive decision-making.

The most basic tenet behind Mission Leadership is that once a mission is laid out to an individual or team with absolute clarity, they should be allowed to run with it. As McKinney states (and quoted in Wilson, 2012): ‘An individual needs to know the what and the why – the mission, the boundaries within which they operate, and then frankly, you never tell somebody how to do their job. You should just let them go’.

In terms of academic research, there is a paucity of dedicated ‘Mission Command’ literature to be found in the various academic databases. Where it (academic literature) does exist, most of it has, unsurprisingly, a military flavor to it. That being said, it is interesting – I suggest – that in the Nexis® database with a keyword search of ‘Mission Command’, there are in excess of 10,000+ hits across newswires and press releases, industry trade press, newspapers, web-based publications, and magazines and journals. Perhaps out of an interest in the ‘military approach’ to corporate leadership, there are notable articles in the financial press. For example: *Business lessons from the front line* (Hill, 2012); *Company leaders need battlefield values* (McKinneyRogers.com, 2013); *How to set staff free without plunging them into chaos* (Hill, 2015); and *The benefits of teaching leadership skills from the bottom up* (Hill, 2017). Of note, and according to Mangan (2019), what is sometimes overlooked is that Mission Leadership is profoundly emancipating. When employees have the security of knowing how they can contribute, they have a sense of purpose, drive, and unity. This, I consider, provides further ethical clarity (Burnes & By, 2012). This confidence encourages them to be more innovative and imaginative when fulfilling their role, which helps to produce a high-performing team.

It would seem, then, that from the available literature, a key construct of Mission Leadership is empowerment. Manifestations of this construct include: more control and responsibility; freedom; speed of action and initiative; increased control over work with responsibility; individual judgment; trust; community building; flexibility; and confidence. Over time, then, people and teams will be empowered to be responsible for decisions within their authority and will act rather than automatically escalate everything to their senior leadership. This form of ‘empowered decision-making’ is also echoed by Mr. Eddie Jones, an Australian rugby union coach and former player, who has been the Head Coach of the England national team since 2015. In an interview, he says,⁴

The reality is we like to kid ourselves that we are important during the game. We are not. The players are important ones. We can send out one or two messages that sometimes help sometimes it doesn’t help but again you want to get to the situation when you send the message, and the players says that’s not right we are going to do this and that’s where we want to get to. The great thing about Rugby is that it is a game made by players making decisions on the field.

In terms of adaptability and speed of decision-making, Gillespie (2019) discusses the distinction between roles-based and principles-based organizations. In detail, many organizations recognized early in their development that training people to follow prescribed sets of rules can reduce the speed, dexterity, and adaptability of the organization over time. People in such rules-based organizations – when faced with unexpected situations – wait for the chain of command to produce an answer. Those in principles-based companies solve problems themselves. Indeed, when corporate leaders invest the time to articulate the ‘why’ and ‘what’ of target outcomes and convey a big-picture strategy; in simple language, people become empowered to take the initiative to innovate.⁵ Moreover, and in terms of improved agility, he (Gillespie, 2019) argues for the importance of empowerment. Examples of successful principles-based ‘empowering’ leadership are to be found in highly agile organizations such as Amazon and Netflix, which are guided by Amazon’s Leadership Principles and Netflix’s Principles of Chaos Engineering, respectively. These organizations work with a speed and an experimental agility that traditional command and control organizations can only dream of (Gillespie, 2019).

Rost’s Leadership Framework, The Leadership PAC Ontology, and Emerging Leadership Model

Although it may be convenient, at first, to locate Mission Leadership as a peripheral element in Rost’s (1993) framework of categorizing leadership theory, when one considers By’s (2021, p. 32) argument that: ‘But leadership is about so much more than designated leaders and their followers’ and with

Burns (1978, p. 3) stating that ‘... leadership is nothing if not linked to collective purpose ...’, it can be argued that Mission Leadership can be located within the essential nature of leadership, i.e. ‘What is leadership?’. In addition – when one considers that ‘purpose’ is central to Mission Leadership – we may extend By’s (2021, p. 32) military metaphor further: ‘... by enshrining the pivotal role of *purpose* at the core of leadership theory and practice ... – a quest requiring all hands on deck’. And, at this stage, I offer that By’s definition of purpose (2021, p. 34) – ‘the pursuit of a worthy idea and activity, the outcome of which goes beyond the individual and the individual organisation’ – is wholly consistent with the Mission Leadership philosophy. Moreover, I am engaged with By’s (2021) use of the Telos Leadership Lens (TLL), which, to him, has: the potential to enrich both the theoretical understanding and practice; the further development of leadership ontology from tripod through DAC to PAC; and an emerging leadership model for future exploration and application. In this regard, I suggest that Mission Leadership – and what has been introduced thus far in this chapter – is a key enabler for TLL. Let me explain. TLL is conceptualized with the intention of being an inclusive theoretical framework guiding scholars and practitioners alike (inclusive, I offer, being the key word). It consists of three principles. First, the lens suggests that leadership is a responsibility of the many, not a privilege of the few (Raelin, 2011; Raelin, 2016). When applied, ‘TLL contributes to moving the focus away from designated leaders and rather enhances leadership as a collective responsibility which is no ones’ prerogative and which no one should abdicate from’ (By, 2021, p. 34). Mission Leadership serves, I consider, TLL well. Second, leadership is the collective pursuit of delivering on purpose. Moving the focus from leaders (i.e. the individual/role) to leadership (i.e. process), Raelin (2016, p. 3) – and cited in By (2021) – offers that: ‘... it [leadership] depicts immanent collective action emerging from mutual, discursive, sometimes recurring and sometimes evolving patterns in the moment and over time among those engaged in the practice’. In other words, leadership is essentially collective by nature (Raelin, 2011) and includes activities of initiating, developing, deciding, supporting, challenging, and executing as simultaneous and interdependent elements. Again, this is Mission Leadership in practice. Third, leadership purpose is to be guided by internal goods. By (2021) offers that internal goods are common goods, i.e. what is good for a majority in the community, society, nation, and globe. At a personal level, I have argued for a considerable period of time that the purpose of leadership is to make community. Therefore, ‘leadership distribution’ and constructs such as Mission Command and Mission Leadership are central to internal goods.

Advocating a move away from the current leader-centric leadership convention, TLL acknowledges initiating, exploring, developing, supporting, challenging, and executing initiatives as interdependent and equal activities undertaken simultaneously by individuals involved in the process of leadership

(By, 2021). Again, this is the philosophy and practice of Mission Leadership. These individuals, and groups of individuals, will naturally perform a variety of such activities to different degrees at different times and depending on context, there will be different leadership activity configurations. I suggest strongly that this is how Mission Command is enacted by many western militaries.

Furthermore, By (2021) has developed a leadership PAC ontology from the work of Drath et al. (2008). It is not the purpose of this chapter to develop further this ontology; however, with regards to the original DAC ontology as put forward by Drath et al. (2008), I suggest that Mission Leadership serves and complements:

- Direction (D): Widespread agreement in a collective on overall goals, aims, and mission.
- Alignment (A): The organization and coordination of knowledge and work in a collective.
- Commitment (C): The willingness of members of a collective to commit to the collective (or greater) good.
- Leadership beliefs (individual and collective): Transcend leader and follower characteristics because leadership beliefs can be about any aspect of how to produce DAC.
- Leadership practices: Transcend leader and follower behaviors to involve the total pattern of interactions and systems that produce DAC.
- Context: Plays a constitutive role in leadership; context and leadership perceived as mutually interacting interdependent elements.
- Leadership culture: A more or less stable pattern in a collective's approach to the production of DAC Basic research question: What beliefs and practices enable people in collectives with shared work to produce DAC?

And, in reference to the PAC ontology (By, 2021), Mission Leadership serves Purpose, which replaces Direction that was set out in the DAC ontology. This, to me, is a key point. Finally, Mission Leadership can also contribute to By's (2021) emerging leadership model: TLL, Leadership culture, and PAC ontology (Leadership outcomes). In this respect, it can, and could be, they key enabling leadership philosophy.

Organizational Change, Leadership, and Ethics

It is outside the scope of this chapter to major on change, leadership, and ethics. That being said, even from a cursory look at the relevant literature, I suggest that Mission Leadership can, again, be a key enabler for planned, emergent change, and ethical clarity. For example, Mission Leadership is a values-based philosophy that promotes empowerment, trust, individual judgment, and inclusion.

Ford et al. (2021) explore further the leadership in the implementation of change. To these scholars, leadership is not necessarily limited to any one individual or position but is a product of interactions in which participants influence – and are influenced by – each other to varying degrees at different times and in different situations. Drawing on the distributed leadership literature, their interest is not with specific individuals or groups designated as ‘leaders’, but with leadership, i.e. the enactment of leadership functions through specific leadership behaviors by one or more leadership sources regardless of their positions. They cite Gibb (1968) who proposed two forms of leadership sources: focused and distributed. For Ford et al. (2021), focused leadership is the predominant form of leadership studied in both the traditional and change leadership literatures in which individual, group, and change outcomes are attributed to the traits and behaviors of a single individual who is typically in a formal or designated position of authority, i.e. ‘the leader’. Focused leadership represents the most concentrated form of leadership in which the unit of analysis is a sole individual (Gronn, 2002). The leadership functions enacted are a product of the specific leadership behaviors engaged in by this single individual. Moreover, Oreg et al. (2011) – and located in Burnes et al. (2018) – found that employee participation was related to perceived procedural justice and trust in those leading change. Moreover, they (Burnes et al., 2018, p. 144) state: ‘Taken together, their findings can be seen to link successful change to the participative–democratic–ethical approach to change developed by Lewin and promoted by Organisation Development (OD) practitioners (Burnes & Cooke, 2012)’.

More generally, and in reading Burnes and By (2012), I am struck by several comments:

Starting with planned change, up to the 1980s, the field of change was dominated by the Lewin-inspired OD movement (Burnes, 2004, 2009). Lewin advocated a participative, open and ethical change process (p. 242).

Central to the approach is the emphasis placed on the collaborative nature of the change effort (p. 243).

Underpinning Planned change is a strong humanist and democratic orientation based on Lewin’s own personal beliefs and his work on participative management (Lewin et al., 1939, p. 243).

One of the earliest attempts — for promoting group participation and change — was by French and Bell (1973), who identified four core values of OD. In a survey of OD practitioners, Hurley et al. (1992) found these values were clearly reflected in the five main approaches they used in their work:

- *Empowering employees to act.*
- *Creating openness in communications.*
- *Facilitating ownership of the change process and its outcomes.*

- *The promotion of a culture of collaboration.*
- *The promotion of continuous learning* (p. 243).

Although I do not consider it possible to link Mission Leadership to the ‘promotion of continuous learning’, as Hurley et al. (1992) argue, the core values of OD – equality, empowerment, consensus building, and horizontal relationships – are ones that are particularly relevant to the needs of contemporary organizations (Burnes & By, 2012). Such values are central to the philosophy of Mission Leadership. Burnes et al. (2018, p. 153) also offer that ‘organisational change leadership reimagined’ emphasizes ‘the collective and collaborative agency of leaders working with followers and collaborators, rather than the agency of “strong” and individualistic leaders. Distributed leadership agency offers greater ethical safeguards than the current platitudes and rhetorical mission and value statements organisations so proudly promote’. Mission leadership has ‘distribution’ at its core. In this respect, and citing Ford et al. (2021, p. 103): ‘rather than looking at leadership from the standpoint of something provided by a particular individual, e.g. “a leader”, we look from the standpoint of the change itself by considering leadership as a set of functions to be behaviourally enacted for successful change regardless of which leadership source(s) fulfils them’.

The importance of leadership distribution – enabled by – Mission Leadership – is notable in the writing of several practitioners. For example, in the MIT Sloan Management Review theme, *Staying Agile*, the agile software development process being used as a management strategy is discussed at length. For example, Kane (2019) argues that the true challenge facing organizations with respect to digital disruption is people – specifically, the different rates at which people, organizations, and policies respond to technological advances. Birkinshaw (2019) – in his study of the operation of the ING bank in the Netherlands – offers that agile (emerging in the 1990s as a software development methodology) is now gathering momentum as a more responsive and collaborative approach to development than the traditional ‘waterfall’ methodology. In recent years, agile has moved into mainstream thinking as a management practice. Detailing the lessons that emerged from interviews with 15 executives of the internet banking company ING, Birkinshaw (2019) states that for agile to work, executives need to figure out how much power they were willing to give up (i.e. when and who to empower). Moreover, they must also give employees the right balance of oversight and autonomy. This is fundamental to Mission Leadership.

Elsewhere, Ross (2019) argues that well-designed systems can help make a company more agile. But even great processes are responsive to change only if the people who use them recognize what needs to be done and how to do it. As such, managers will be able to operate as true digital leaders only when they shake their reliance on structure as the primary tool of organizational design. They, instead, need to assign accountabilities in ways that instigate focused responses to opportunities (this, again, is Mission Leadership). For instance, the Swedish

streaming entertainment company Spotify supports its customer offerings through the efforts of small autonomous teams. Called ‘squads’, these teams define their own missions and develop their own goals, testing, and adjusting as they go along. This has clear parallels to the Mission Leadership philosophy. Great strategy, according to Ross (2019), is valuable only if a company can execute that strategy, and whether a company can execute its strategy depends on whether it is designed to do so. To keep pace with customer demand and competitor activity, companies must be able to quickly experiment with a potential offering and, depending on customer response, enrich, and scale that offering, or discard it and move on to the next experiment. To that end, growing numbers of companies are creating small, cross-functional, agile teams. The concept of ‘continuous release’ is essential to the effectiveness of these empowered teams.

Continuing with this theme, Gillespie (2019) offers that organizations across the world are facing a crisis of agility. Confronted with a volatile and highly unpredictable external environment, they are being forced to adapt at a speed for which they simply are not built. The larger and more established the company, the more it seems to struggle to escape organizational gravity.⁶ In respect of decision-making and organizational agility, he (Gillespie, 2019) suggests that – as a general rule – organizations should reduce decisions by committee and increase decisions by the individuals and teams who are closest to a particular issue. Theunissen in the *McKinsey Quarterly* (2019) echoes this view. He cites, again, the British military in that in the late 1980s, the British Army radically redesigned the way decisions were made and how officers were empowered. A new system was introduced: Mission Command – which would now be called agile – was all about giving people the tools to make rapid decisions in order to disrupt the enemy.

In this digital economy, therefore, business architecture must focus on agility. In detail, organizational agility will not happen by accident. I suggest that innovating at speed, means utilizing empowered teams. In this respect, Mission Leadership has close parallels with an adaptive leadership philosophy. For example, adaptive leadership is the practice of mobilizing people to tackle tough challenges and thrive (Heifetz et al., 2009). Like Mission Leadership, adaptive leadership is a follower-centered philosophy that focuses primarily on how leaders help others do the work that they need to do, in order to adapt to the challenges that they face. Developing this theme further, in his book, *Leadership without easy answers*, Heifetz (1994) presents a new theory of leadership in tackling complex and contemporary problems. Central to his theory is the distinction between routine technical problems – which can be solved through expertise – and adaptive (and wicked) problems – such as crime, poverty, and educational reform, which require innovative approaches including consideration of values. Two of the five strategic principles of adaptive leadership include: to give the work back to people – but at a rate that they can stand; and to protect voices of leadership without authority. Most people often equate leadership with authority. As Heifetz (1994, p. 49) comments: ‘We routinely call leaders those who achieve high positions of authority even

though, on reflection, we readily acknowledge the frequent lack of leadership they provide'. We are not, however, used to distinguishing or understanding the difference between leadership and authority, the idea of leadership without authority is new, perplexing, and actually very difficult for many people. In this regard, and since we are not accustomed to distinguishing between leadership and authority, this category has received very little scholarly attention and is often perplexing to people (Howieson & Kahn, 2002; Grint, 2005). Of note, while we usually focus attention at the 'head of the table', leadership may more often emerge from the 'foot of the table'. Therefore, Mission Command is important – it deliberately empowers those at the 'foot of the table'.

Burnes and By (2012) state that since the early 1980s, Planned change has been challenged by a range of other approaches to change, the most prominent being Emergent change (Burnes, 2009). In this regard, 'they share the notion that change is not a linear process or a one-off isolated event, but a continuous, open-ended, cumulative, and unpredictable process of aligning and re-aligning an organisation to its changing environment' (Falconer, 2002; Burnes & By, 2012, p. 243). Advocates of Emergent change argue that it is more suitable to the turbulent and continually changing environment in which organizations now operate. They (advocates) argue that organizations must 'continuously and synergistically adapt their internal practices and behavior in real time to changing external conditions' (Beer & Nohria, 2000; Burnes & By, 2012, p. 243).

In the wider (nonmilitary) academic literature, several themes are also clear. For example, the importance of adaptability, agility, and the speed of decision-making that are enabled by an empowered leadership philosophy. For example, the *MIT Sloan Management Review* – under the theme of *Adapt and thrive* – examines how to harness the vast wave of technological and cultural shifts that leaders must navigate. For instance, in an era of digitally enabled terrorism – and once bastions of command-and-control management style – modern military institutions such as the U.S. Marine Corps are at the forefront of thinking about organizational agility. Indeed, military leaders focus only on the decisions that they can make, letting teams closest to the problems make decisions and act decisively and independently.

Returning to the military environment, Watters (2015, p. 7) argues:

Mission Command cerebrally and courageously applied, can develop leaders and the style of leadership capable of confronting complexity and evolving ambiguity by creating multiple leaders with distinct and interrelated responsibilities.

Conclusion

In this chapter, I have introduced the leadership philosophy of Mission Leadership. Mission Leadership is developed from the military concept of Mission

Command, which is a leadership philosophy used by many (Western) military organizations. It has empowerment as a guiding principle.

The philosophy of Mission Command is a counterpoint to those who believe that applying military lessons to civilian organizations means adopting a command-and-control approach. Indeed, I suggest that the lessons from the military seem to be that delegation/democratic leadership works.

Locating Mission Leadership in Rost's (1993) framework as both 'a peripheral element' and 'an essential nature of leadership'; it is instructive to offer that Mission Leadership – and in reference to By (2021) – can be used as an enabler for the leadership PAC ontology and an emerging leadership model. Moreover, and in reference to this book's title, *Organizational change, leadership, and ethics*, Mission Leadership is ideally suited to planned and emergent change and the case for ethical clarity.

The significant, and enduring, problem with Mission Command and Mission Leadership is, however, the strong military language and connotations, which can make some people most uncomfortable when enabling and using it in a civilian setting. Clearly, further research is required in its application in such settings.

Notes

- 1 See, for example, Chapter 9 to Schedlitzli and Edwards (2018).
- 2 From herein, 'his' includes his/her.
- 3 Nish (2019, pp. 27–29) states: 'Staying competitive and relevant, and delivering over the long term, requires an ability to dispassionately challenge the context of the organization. Arrogance and complacency tend to be signals of impending failure. A thorough understanding of context enables a more rigorous discussion about the long-term sustainability of an organization and clearer insight into its purpose; fundamental requirements in setting a long-term vision and strategy. Questioning how the organization relates and contributes to the societies and communities it impacts are a key part of this. It also helps greatly with how the organization communicates and inspires – especially its people – and thinks of its brand. The most effective leaders can articulate clearly their alignment with an organizations purpose and values. Organizations execute more strongly when all those associated with it understand its purpose and strategy with clarity and can see that there is alignment from the board through the executive to all the individual teams that make the business work'.
- 4 See: <https://www.youtube.com/watch?v=kb4qAnw7D8E>.
- 5 See again Nish (2019, pp. 27–29).
- 6 Lessons can again be learned from the military – I suggest from the Battle of Jena in 1806. Military leaders now focus only on decisions they can make, letting teams closest to the problems, make decisions, and act decisively and independently.

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4

EMMANUEL LEVINAS AND THE ETHICAL QUALITY OF LEADERSHIP

Carl Rhodes

Introduction

The relationship between leadership and justice is an established field in the study of management. This relationship has been expressed especially in terms of how the fairness with which leaders treat their followers is a core dimension of ethical leadership (Den Hartog & De Hoogh, 2009). Leadership behavior has been said to have a direct bearing on how employees perceive the justness of their organizations (Karam et al., 2019) as well as exerting an influence on the success and acceptance of organizational change (Daly & Geyer, 1994; van Dijke & de Cremer, 2008). It is in conditions of organizational change that issues of ethics can become especially highlighted – the disruption of established ways of doing things resulting as it does in heightened sensitivities and the need to rethink the meaning of old norms and practices. In such conditions ‘leaders are important sources of fairness and unfairness in organizations’ (van Knippenberg et al., 2007, p. 131) to the extent that the metering out of justice is a central part of what leaders should be doing. Moreover, it has been argued that justice can improve the quality of leadership as well as promote the acceptance of organizational change (Colquitt et al., 2005; see also Oreg & Berson, 2019).

While justice might just now be being considered as a leadership virtue that can oil the wheels of change, the virtuousness of justice has a long and ancient tradition in Western thought. As far back as 350 BC Aristotle (2000) lauded justice as a ‘complete virtue’ that rose above all the others. Justice is thus privileged because it is a virtue that attends not only to the self, but to the self’s relation to others. Justice is always about justice for others in the community. Central to Aristotle’s conception of justice was fairness as it relates to the distribution of those resources, for example, goods and money that are to be shared among a

community. Clearly, Aristotle's definition of justice immediately resonates with what we understand today as leadership. A leader's fairness has been identified as a core 'heuristic' with which followers make judgments about whether they can 'rely on a given leader to lead them to ends that are good for the collective, rather than just good for the leader' (Janson et al., 2008; see also Gruda et al., 2018). A just leader is positioned as one who manages fairly and in the interests of others, while an unjust leader would be s/he who uses others for his or her own selfish ends. This chapter provides a critical interrogation and re-evaluation of this relationship between leadership and justice, especially in terms of the leadership of organizational change.

The chapter begins with a review and critique of existing approaches to how this relationship is theorized. Two main points of contention are raised. First, that research into justice and leadership tends to assume that justice involves leaders treating others fairly, but that those others are solely motivated by self-interest. Second, that while just leaders are proposed as being focussed on the interests of others (i.e. employees), those interests are ultimately assumed to align with corporate or organizational interests. These two issues, it is argued, reflect an unquestioned managerialism that while speaking the language of ethics and justice, considers justice largely from an instrumental perspective. Justice, by this account, is good, because it is good for business and as a result remains self- rather than other-centered. The second part of the chapter responds to these critiques by outlining the possibilities of an other-centered justice for leadership, taking inspiration from the ethical philosophy of Emmanuel Levinas (1969, 1985, 1998, 2006). It is argued that the multiple ethical demands faced by organizations put leaders in a position where ethical attention to those they lead is always divided, and hence compromised. Justice is here not so much a matter of 'effectiveness' but instead a persistent demand that is endemic to the very nature of leadership. As a result, the challenge for leadership is not to assert the value of its own justice, but to grapple with the aporia between the ethical necessity for justice and its own inevitable participation in injustice to others. Justice is not here regarded as a 'goal' that can be achieved through particular leadership or change management practices, but is an ongoing condition, the response to which defines the ethical quality of leadership.

Organizational Justice and its Leadership

Research into justice and fairness perceptions in organizations gathered steam from the 1960s and 1970s up to a point now where it is now an established mainstay of management theory. As we shall see, however, in the hands of management scholars the meaning of justice takes on quite a different hue compared to the way that it has been considered elsewhere. For leadership, in particular, the focus is less on the virtuousness of leaders, and more on their effectiveness in their professional roles. The imperative given to leaders is to

ensure that the people they lead do not feel that they are being treated unfairly so that the leader can better achieve his or her organizational objectives.

The most common way that organizational justice is understood is in terms of its separation into three distinct ‘dimensions’. Firstly, distributive justice as related to the ways in which resources are or are not perceived to be distributed fairly in organizations. Secondly, procedural justice in terms of the extent to which employees feel that the processes used for the distribution of resources are administered fairly. Thirdly, interactional justice, meaning how fairly people feel they are treated in interpersonal interactions in organizations. For each of these three dimensions, justice has been researched in terms of the extent to which people perceive that they are treated fairly in and by their organizations. In these terms, justice is less a matter of social equity or personal virtue, and more a matter of whether people believe they are treated in a way that makes them worse off than others. By implication, organizational justice regards employees as self-serving and self-interested subjects whose motives are to ward off the possibility that other people are securing a greater advantage than they are.

In terms of organizational change, justice relates to whether people perceive that the process, outcome, and interactions related to change are fair for them. As Moliner et al. (2017, p.1) explain, organizational justice refers to ‘the extent to which any aspect of the organizational environment is perceived as fair, according to a certain rule or standard’. This fairness can relate to almost any aspect of organizational life; however, particular attention has been paid to matters related to remuneration and benefits, recruitment, promotion, the management of workloads, as well as change management. Irrespective of the specific issue, however, it is always the individual’s perception of whether they are treated justly that is privileged – justice is here much less about the possibility of virtuous behavior or just institutions and more about whether other people (especially leaders) are perceived to be just or not. This approach harbors the assumption that employees are less interested in the ethics and fairness of their own behavior and how they treat other people, and more interested in how others treat them. This relegation of justice as a matter of employee self-interest is deeply ironic. On the one hand, it heralds the virtue of justice for employees, while on the other hand assumes that these recipients of justice are only in it for themselves.

In terms of followers, this dominant perspective on organizational justice is less about ethical social arrangements about how people relate to each other in a community, and, as suggested in Table 4.1, more about personal perceptions over whether I am happy about what other people are doing to me. Moreover, the organization and its leaders, those assumed to be responsible for justice, are further sanctified in their power because it is only them who are given credit for being able to behave based on an ethically informed justice. As far as employees are concerned their only interest in justice is assumed to be for themselves – the theoretical underpinning of organizational justice falsely rendering them solipsistic and

TABLE 4.1 Dimensions of Organizational Justice

<i>Dimension</i>	<i>Explicit Leader's Role</i>	<i>Implied Follower's Roles</i>
Distributive justice	Fair distribution of resources such as pay and benefits – especially based on merit	Ensure others do not receive a more advantageous share of resources than self
Procedural justice	Equal and fair application of rules and procedures to all employees	Ensure that others do not receive favoritism in application of rules and procedures
Interactional justice	Consistent communication and information sharing and treating all employees with respect	Ensure that self is not disrespected and that others do not receive more or privileged information

disinterested in any social or political dimensions of their organizations other than those that lead to their own personal feelings of fairness and satisfaction.

The relationship between leadership and justice is cast in the following terms:

The main question in leadership research has always been what makes leaders influential and effective [...] Inspired by research in organizational justice [...] in recent years leadership research has increasingly engaged with the notion that to answer this question we need to understand the role of leader fairness.

(van Knippenberg & De Cremer, 2008, p. 173)

This indicates a further irony in terms of how management thinkers have conceived of the relationship between leadership and justice (see Rhodes & Badham, 2018). On the one hand, just leadership is stated as being about a concern for the collective good rather than for the leaders own ends, on the other hand, what is claimed to be the value of studying leadership justice is that it has a “substantial impact on the evaluation and effectiveness of leaders” (Janson et al., 2008, p. 252) and their ability to stimulate self-esteem (de Cremer et al., 2005) and citizenship behaviors (Cho & Dansereau, 2010) among followers. But, in the performative nature of contemporary organizations what might be closer to the heart of a leaders’ own interests than his or her personal/organizational effectiveness?

As a general conclusion, decades of research in organizational and leadership justice is positively related to both employee satisfaction and performance, while injustice results in negative behaviors by employees (Pawar, 2019). More particularly, researcher have claimed that perceptions of leadership and justice among employees provides for enhanced cooperation among teams (de Cremer & van Knippenberg, 2003) greater trust in management (Colquitt et al., 2012) as well as improved sense of social self-esteem among followers (de Cremer, 2003).

Leadership justice has also been shown to increase followers' levels of commitment which in turn means that they 'perform better, are less likely to leave the company, and engage more easily in organizational citizenship behavior' (de Cremer et al., 2006, p. 555; see also Cheng, 2014). Moreover, this is thought to be desirable because 'in groups and organizations it is often crucial that members devote extra time, energy, and effort to interdependent tasks and actions that benefit the group or organization' (de Cremer & van Knippenberg, 2003, p. 858). The formula is laid bare: justice is of value because it makes people work harder in pursuing nonjustice related organizational imperatives. And, as a corollary, leaders should pursue justice not as a goal in its own right but as a means through which to achieve 'effectiveness' (van Knippenberg & De Cremer, 2008; Karam et al., 2019). In other words, justice is subordinated to managerial power and organizational success.

There is a sleight of hand here that surfaces the subconscious (or at least non-explicit) managerialism of much leadership theory. The trick is to first claim that leaders should be other-centered or even self-sacrificial (de Cremer et al., 2004), and next to uncritically assume that the interests of the others, collectively understood, align unproblematically with the corporate interests that the leader is supposed to represent anyway. If a leader is fair, we are told, s/he might be better accepted by the followers (Janson et al., 2008), generate more affective commitment (Hassan et al., 2013) as well as being able to make them cooperate more effectively (de Cremer & van Knippenberg, 2003) – all of this ultimately serves the achievement of the (nonjustice related) goals that the leader is employed to achieve. In sum the position is that '[l]eader fairness can be reliably linked to behavioural outcomes' such as performance and commitment (van Knippenberg et al., 2007, p. 129). It has further been suggested that the perception of whether a leader is interpersonally just is directly related to whether that leader is seen as transformational, which in turn positively influences 'employees' organizational citizenship behavior, performance, and organizational commitment' (de Cremer et al., 2007, p. 1798). Conversely, when the outcomes an employee receives from the organization are perceived to be unjust, leaders who 'display behaviors that are perceived as valuable and useful towards the interest of the organization and its employees' (De Cremer et al., 2004, p. 473) can mitigate the negative effects of that injustice.

Given that the overwhelmingly dominant focus of organizational justice research is on 'perceived' fairness, there is always that risk that justice can be used as a device of manipulating followers into consent in the name of the collective good (see Rhodes, 2012). The advice given by leadership researchers does indeed smack heavily of manipulation rather than of a view that justice is virtuous on its own. For example, according to Janson et al. (2008, p. 267) 'new leaders may find it very useful to engage their followers early on by enacting some noticeable act of fairness'. The imperative declared is that leaders should engage in dramatic acts to demonstrate justice, not that they should be just on the basis of any moral or ethical imperative. The same rings true at an organizational level, as represented

in the view that ‘ethical leadership in organizations is increasingly portrayed as crucial for sustained success in today’s business world and recent scandals demonstrate that a lapse in ethics at the top can be costly for organizations’ (Den Hartog & De Hoogh, 2009, p. 200) – ethics is here valued instrumentally because it leads to business success and cost savings. Organizational justice is not a justice that is privileged in the name of ethics, the name of community, or the name of the good of others – instead justice is valued because, *inter alia*, it discourages disruptive behavior, promotes the acceptance of organizational change, reinforces the sense of trustworthiness in people in positions of authority, reduces people’s fear of being exploited, provides an incentive for worker cooperation, as well as satisfying individual needs for control, esteem, and belonging (Colquitt et al., 2005, pp. 5–6). The result is the leadership justice leads to both ‘firm-level organizational citizenship behavior and firm financial performance’ (Shin et al., 2015, p. 43).

Fortin (2008, p. 93) gets to the heart of this set of intentions bluntly:

Organization justice is concerned with people’s fairness perceptions in their employment relationships [...] Justice perceptions have been shown to have effects on people’s motivation, wellbeing, performance, attitudes, behaviours and other outcomes relevant for organizations and organizational members

Research into leadership and justice purports that the positive relationship between justice and effectiveness as a pleasant coincidence – one might wonder what would have happened if a concern for justice reduced effectiveness? Would this be a reason to abandon it? The logic of the leadership literature on the matter, by and large, suggests ‘yes’. Justice, by this account, is only good if it’s good for business. Again, despite the complexity of methods and analysis brought to bear on the positivistic pursuit of the study of justice and leadership, its political adherence to a pro-business and pro-capitalist state of affairs goes entirely unquestioned. As the ancient legal maxim suggests: *manifesta probatione non indigent* – in English, manifest things require no proof. And, as far as leadership is concerned it seems that desirability and possibility of the alignment of interests between workers (aka followers) and organizations (as represented by leaders) is just manifest. Moreover, the assumption of this consensual state of affairs belies the managerialist subconscious mentioned earlier – the idea that corporations can enforce their will on others for their own good and that ‘justice’ is just another weapon in the arsenal used in the policing of that enforcement.

When it comes to considerations of justice in relation to organization change the same tendencies are present – albeit in an exaggerated form. In this context, justice is also not regarded as something to be pursued for its own good, but is, instead, part of the managerial weaponry used to reduce employee resistance to change. Employees are more likely to accept organizational change if they perceive the process by which that change is implemented is fair (Daly & Geyer, 1994; Koivisto

et al., 2013). The point is that the perception of justice and fairness among employees is something that can be manipulated by leaders in order to implement large-scale change. As Tyler and de Cremer (2005, p. 529) explain ‘leaders motivate their followers to accept change by exercising their authority via fair procedures’. Justice then is a way by which leaders can ensure support for their decisions and voluntary compliance with change initiatives (van Dijke & de Cremer, 2008). When the goal of justice is to reduce resistance, justice is reduced to being a means to that end rather than an end in itself.

An Ethical Basis of Just Leadership

In the previous section, it was argued that contemporary thinking in terms of the relationship between justice and leadership is imbued with some serious contradictions. While justice is presented in relation to treating people fairly and equally ahead of seeking unfair advantage for oneself, it simultaneously assumes that employees in organizations pursue justice out of self-interest, and that leaders in organizations pursue justice in the instrumental interests of the organization. In this way, while justice is premised on being other centered, the dominant conception of organizational justice inadvertently rests on the primacy of self-interest. Employees are assumed to be interested in justice so as to ensure that they are not disenfranchised or taken advantage of. Leaders are interested in justice so as to ensure their own effectiveness. At the risk of being glib, we might say that ‘organizational justice’ does not do justice to the idea of justice!

The shortcomings of managerialist approaches to justice are, however, not a reason to give up on justice as it relates to leadership and change management. What these shortcomings call for is a way of thinking about organizational justice from a more genuinely other-centered approach – one that does not rest on the implicit assumption of the primacy of self-interest. To consider how this might be done, we now turn to the ethical philosophy of Emmanuel Levinas as a guide to how leadership might overcome its self-preoccupation (cf. Knights & O’Leary, 2006; Rhodes, 2012; Rhodes & Badham, 2018). For Levinas, any idea of justice must always be premised on ethics, such that to strive to do justice is inspired by an ethical concern for other people. As such, we must first consider Levinas’ ethics before approaching how he understands justice. Levinas does not use the term ethics to refer to some system of procedures, practices, or dispositions that can ensure a sense of ‘goodness’ or righteousness on the part of one who adheres to them. Neither does he develop a set of prescriptions intended to guide or inform how people might live or respond to situations in which they find themselves. Instead, Levinas’ project is to delve into the very meaning of ethics – his is a ‘proto-ethics’ (Llewelyn, 1995, p. 4) that attempts an ‘ethics of ethics’ (Derrida, 1978, p. 138). By his own account, Levinas’ work ‘does not consist in constructing ethics’ as much as trying ‘to find its meaning’ (Levinas, 1985, p. 90). Crucially, this meaning, for Levinas, begins with ‘the other’ – the actual other

person who is thought of not as another of me but as radically different, particular, and unknowable.

Levinas' ethics is conceived in the face-to-face relation between people. In this relation, the other person, as a 'face', is always regarded as radically different to the self. Levinas holds extreme respect for the sanctity of the other person, a sanctity so revered that it never assumes that the other person can ever really be known. In this way, to lay claim to truly knowing another person would mean the ability to locate and categorize them within a system of knowledge – in so doing, the other person is immediately rendered non-unique because s/he can be compartmentalized into categories and compared with other others. Levinas preserves the idea that the other person is so radically different that such knowledge is never fully possible, and, moreover, to pretend that it is means affronting the ethical uniqueness of that other person. So, while I may be face-to-face with the other, at the same time, that other is infinitely different and certainly not capturable in any categories that I might choose to apply it him or her. For Levinas, it is the awe inspired by this infinity that gives rise to ethics – the absolute respect for the other person in face-to-face proximity.

The ethical relation that Levinas elaborates is quite different to how we might see 'normal' relations between people. Ethics is certainly not about exploiting others or about using them for our own advantage. It is not even about reciprocity and fair exchange – making sure that each person puts in and gets repaid the same amount from relationships. Ethics instead is an out-of-balance relationship – one that puts the other person first in the name of generosity, respect, and humility. Ethics is a kind of giving without taking or expecting anything in return. This ethics, the meaning of ethics, is like a love that gives freely without thought of the pursuit of self-advantage or repayment. The ethical self is never self-sufficient and is always secondary to the other. With Levinas' ethics, it is never 'me first'; Levinas describes the self as being hostage to the other. With ethics, the self is not secure in its righteousness but is called into question 'by the presence of the Other' (Levinas, 1969, p. 43). From this questioning, the other person is not a reflection of one's self or a resource to be used for one's advantage, but calls into question the very idea that one might live one's life just for the purpose of satisfying selfish needs and desires. The ethical self is a vulnerable self – a self vulnerable to other people. With this '[G]oodness consists in taking up a position in being such that the other counts more than myself' (Levinas, 1969, p. 47).

Levinas' ethics is a very tall order – an ethics that seems almost impossible in the vastness of its demand for self-lessness. And, practically it would seem that Levinas' ethics is hard to find in work settings, especially those where '[a]t worst employees are viewed as numbers and not as people, let alone "faces" in the Levinasian sense' (ten Bos & Willmott, 2001, p. 781). Leadership is also ethically questionable in that it so often focuses on the judging and monitoring of employees – for example, through practices of performance management and employee development. Indeed, while the ostensible focus may be on the growth

and development of the person, this done through a process, which ‘starts with a category and ends with a judgment relative to that category [... and ...] through this move the “Otherness” of the Other, the exceptional, is neatly bracketed and “covered over”’ (Introna, 2003, p. 212). In management and leadership, it is the comparison between people, rather than each’s specificity, that is paramount. We can take, for example, diversity management which, while seeking to promote the value of difference, has also been said to be ‘an attempt to capture the elementary experience of self and other in the sphere of managerial control’ – this control being exercised by compartmentalizing people into pre-defined categories of difference (e.g. on the basis of sex or race) and in so doing diminishing that difference into a form of sameness (Costea & Introna, 2008, p. 187).

One might ask whether it might at all be possible to suggest that leaders should approach their work in a manner that is entirely attendant to the needs of other people. Perhaps the closest resonance to such concerns is Greenleaf’s (1977) idea of ‘servant leadership’ based as it is on the proposition that:

a leader’s propensity for compassionate love will encourage a virtuous attitude in terms of humility, gratitude, forgiveness and altruism. This virtuous attitude will give rise to servant leadership behavior in terms of empowerment, authenticity, stewardship and providing direction.

(Van Dierendonck & Patterson, 2015, p. 119)

Indeed, servant-leadership has been identified as an approach that brings with it a moral dimension absent in charismatic and transformation models – with leaders ranging from Jesus Christ and Martin Luther King Jnr. to Adolf Hitler and Joseph Stalin, all matching the general criteria established to identify charismatic leadership (Graham, 1991). The moral dimension that is located in servant leadership is said to be operationalized when leaders become other focussed and compassionate. The servant leader listens to people and empathizes with them, is devoted to serving the needs of others, is committed to people’s personal growth, and serves to build communities at work (Spears, 1998).

Servant-leadership appears very idealistic in that it assumes that leaders not only will, but can, lead in a way that displays caring for each and every other person, and can do so without at all conflicting with the organizational imperatives with which the leader is charged. In a sense, servant-leadership takes an interpersonal approach to leader–follower relations that does not adequately account for the complex and politically charged relationship that leaders are embroiled in practice. Indeed, for either Levinasian ethics or servant-leadership to account for such realities in their ethical standpoint, these realities must be considered. Levinas himself, however, does not stop at the ethical position of being ‘for-the-other’, instead his work attend directly to the complexities of what might actually be involved when such an ethics is brought to bear on the social and political realities of the world – in our case, the world of organizations. As we

explore in the next section, these are the realities that mark the scene of organizational justice.

Impossible Justice

As outlined earlier, for Levinas, the meaning of ethics originates in the awe inspired face-to-face relation between two people where the other who one faces is infinitely different to oneself. Practically speaking, however, the social world we live in is not characterized by such dyadic relationships. While this dyadism might work in understanding where ethics originates, it is hardly 'practical' in the sense of relating directly to the complexity of relations to other people that we might encounter in social settings such as organizations. Levinas is very much aware of this, and it is this awareness that prompts his discussion of justice.

To begin with, organizations contain many people – they are not just about dyadic relationships. Leaders in particular encounter and are responsible for a variety of people and different interests such that even if a leader were to abide by an ethics concerned with care for the other, such an ethics of generosity to any other person would always conflict with the potential to be generous to all of the other others. Cast in terms of servant leadership one would question whether a servant can indeed have many masters. If the servant is s/he who is devoted selflessly to the master, forsaking all others, then the servant leader is in trouble because such complete devotion must always be divided among many – devotion to the one other can only be full if one forsakes everyone else. One cannot offer the full potential of one's generosity to all, and in a social, community, or organizational setting generosity is always divided.

Levinas explains the meaning of sociality for ethics in relation to what he refers to as the 'third party'. With this term, he is interested in what happens to the ethics of the face-to-face when there are more than two people involved. It is at this point that Levinas moves from a philosophical exploration of the meaning of ethics to a position that is much more relevant to understanding ethics in relation to leadership and organizations. For Levinas, as soon as a third person joins the scene of the relation of the face-to-face things get much more complicated – and this complication is where justice becomes relevant. As Levinas puts it:

It is the third party that interrupts the face to face of a welcome of the other man, interrupts the proximity or approach of the neighbour, it is the third man with which justice begins. (Levinas, 1998, p. 150)

The reason that this is the beginning of justice is because the presence of a third party diverts attention from the face-to-face relation with the one other, to the face of an 'other other' as well as bringing into question the relationship between those two others. One's attention and resources must now be divided and therefore full devotion and responsibility to the face of the one other is no longer

possible – ethics, while still being meaningful and possibly remaining as a motivating force is now subject to inevitable compromise. When one is responsible for more than one other person, as leaders are, there is some need to share and to divide – one’s generosity must be directed at many people at the same time. Moreover, it is this requirement for sharing and division where justice is called for; justice as in the justification for how things get divided and whether that division is fair. One might still be motivated by ethics, but that ethics can now only be enacted imperfectly through justice. This is not an easy position to be in as far as Levinas’ ethics is concerned because division requires comparison between people – the very comparison that defies what Levinas means by ethics. Put starkly the implication is that ‘ethical leadership is unattainable’ (Knights & O’Leary, 2006, p. 126). Moreover, as explored later, this tension between ethics and justice characterizes just leadership. In this sense, just leadership is no longer about trying to ensure followers perceive one’s actions as just in order to improve one’s own effectiveness – instead it is about navigating the ethical quandaries and dilemmas that leading other people, and being responsible for them, inevitably raise.

The dilemma of justice is about how to make decisions when faced with multiple and conflicting demands from other people. For leaders, this might mean, for example, conflicting demands from different followers, or conflicting demands between what is good for employees and what is good for the corporation (the latter being a political and practical reality that is radically absent in discussions of organizational justice, given its ever-present yet silent pro-capitalist bias). Dealing with such conflicts means, for leaders, the requirement to compare all of the demands, and decide which ones to try to serve, which to neglect, or how to compromise between them. Of course, such decisions might be made pragmatically or instrumentally in relation to what is best for the leader him or herself; but, if justice is to be considered then the decision must be based on some notion of what is the fairest decision even though that decision will not satisfy everyone. This is the challenge of just leadership.

As we saw earlier, current research into organizational justice tends to assume that justice for employees can be attained without any necessary conflict with organizational goals. While such a convenient perspective might make for an easy justice, it fails to account for the entire history of organizational and industrial conflict. For example, if, in a change management context, a leader must retrench employees in the name of improving efficiency, there will be a conflict between the demands of different interests. It is the potential dilemma that such a conflict presents that is the site where justice is demanded. Moreover, while it may be within the interests of the employees to maintain employment, and within the interests of capital to maximize returns, these two sets of interests are not necessarily commensurable. Justice can demand a judgment that entails someone’s interests going unmet.

Justice, for Levinas, entails ‘a comparison of what is in principle incomparable’ (Levinas, 2006) – a comparison between at least two others who are radically

different and essentially incomparable. Because of this, organizational justice is always already in an ethical conundrum – ethics demands justice to be applied in organizations, but justice, because it requires compromise between people, can never live up to the absoluteness of the ethical demands that invoked it. This is, following Levinas, the vexing condition that characterizes just leadership. The question for leadership then is how might these impossible dilemmas be resolved or responded to? Of course, one way to address this is through the institution laws, norms, or policies designed to guide judgment and decision-making. Consistency of policy is one way that leaders can try to ensure justice – at least distributive and procedural justice. In a change management situation, for example, this might ensure a transparent mechanism for selecting who gets re-trenched in a downsizing process. The inevitable yet impossible condition that Levinas's ethics invokes, however, is that by offering equal treatment for all, the absolutely singular ethical relationship of the face-to-face is irrevocably yet unavoidably broken.

What does this mean then for leadership and justice? To begin with, we can say that a concern for justice highlights the unavoidable politics that the leadership function is always located in. Justice is concerned with how this politics is managed. As we discussed earlier, the disruption caused by the third party means that one must now respond to more than one other – to make choice between them and to decide which one to put first. This portends an ongoing oscillation between ethics and politics (Simmons, 1999; Rhodes, 2019) where leaders are caught up in contexts where they might try at once to be responsible to one other (say an employee) only to find that they face demands from other others (say another employee, a boss, or a customer) and that these demands are not commensurable. Dealing with these competing and incommensurable calls for responsibility is the location where justice impinges on leadership. Moreover, in this 'dealing', there is no guarantee that everyone will perceive what matters are fair.

It is not so much that leaders can declare themselves as being just based on some or other criteria, nor even on whether followers 'perceive' that they have been treated justly. Rather, justice is something that places demands on leadership – demands to take responsibility and to decide. Justice demands that leaders negotiate the inevitable but necessary tensions between ethics and justice as well as to recognize that it is the presence of those tensions that are the sign of ethical self-questioning in organizations and of just leadership (Byers & Rhodes, 2007). This is not a justice that seeks to manage other people's perceptions of whether they believe they are treated fairly – to do so would mean that justice is achieved when people merely stop complaining about being treated unfairly. Instead, just leadership is an ongoing engagement with the anxieties, dilemmas, contradictions, and double-binds that occur in the conflict between the ethical demands of all of the others. This justice must be done in the name of an ethical caring for and generosity toward every single unique other person, while at the same time requiring compromise between them.

The challenge for the just leader is not only to treat everybody equally and without favoritism, but to do so in the name of caring for those people while knowing that they cannot all be cared for fully.

The quality of just leadership does not just lie primarily in the extent to which individuals perceive that they personally are treated justly, but more in the nature and use of how leaders, individually and collectively, exercise their power. Any leadership practice that has a material effect on other people is open to deliberation in terms of ethics and justice. Following Levinas, with these deliberations leaders must concern themselves with all the others their actions affect, while at the same time being prepared to answer to each other person. This is what Introna (2007) calls ‘singular justice’ in that it must be delivered face-to-face – any principles, laws, or generalizations about justice are thus applied not to everyone, but individually to each person, at least in the sense that each person receives them separately.

As we have been discussing, following Levinas, true justice must be grounded in ethics – in the face-to-face relation with the other person to whom we are responsible, who is radically different from us, and whose very presence demands generosity, hospitality, and charity. But, while ethics is the only possible justification for justice, it is too the case that justice always violates ethics because it involves a comparison of the ethically incomparable. The implication for leadership is that justice is not about ensuring that people report they are treated fairly, but rather by engaging in, and taking responsibility for, the ethical dilemmas that trying to be just entails. This justice is not a state of being that can be reached, measured, and self-righteously proclaimed, but rather it is a motivating force that would call into question and trouble the practice of leadership in all of its dimensions.

Conclusion

Organizational change is a process that is characterized by multiple and complex ethical challenges for organizations and their leaders. In such contexts, this chapter has argued that dominant approaches to organizational justice that focus on how leaders can influence the perceptions of justice among their followers are both naïve and self-serving. Naïve in that they do not account for the complex ethical dilemmas faced by leaders in times of change. Self-serving in that they assume that the purpose of just leadership is to promote leadership and organizational effectiveness – justice is just a means to a corporately sanctioned end. Despite this, justice remains a pressing issue for those organizations who wish to manage and lead change ethically.

In seeking to develop an alternative way of conceiving of organizational justice, the chapter has drawn on the ethical philosophy of Emmanuel Levinas. In so doing, the concern has turned away from the embedded assumptions that leaders seek justice for their own effectiveness and followers seek justice for themselves – indeed, these are assumptions that render justice as merely another

form of self-interest. What the concern has turned toward is the opening up of a space for a more affirmative and other-focused notion of organizational justice – one based on generosity and hospitality while at the same time being mired in the political realities of organizational life. This just leader is less interested in his or her own instrumental effectiveness, instead grappling with his or her conflicting responsibilities. This ‘grappling’ is central to the quality of the ethical leadership of change such that the meaning of what it might mean to be effective is put into question by the demand to do justice to all other people to which one owes responsibility. There is no end to the quest for justice – indeed, it is this quest, which is a condition of the leadership of change, as well as one of its most indefatigable challenges.

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5

LEADERSHIP AS CARE-FUL CO-DIRECTING CHANGE: A PROCESSUAL APPROACH TO ETHICAL LEADERSHIP FOR ORGANIZATIONAL CHANGE

Christoffer Andersson, Lucia Crevani, and Anette Hallin

A municipal organization implemented a new digital technology. The technology, an advanced automation tool, performed some of the tasks previously performed by a group of public servants administering and granting services to older people. After a while, it was noticed that the replacement of human labor by the new technology not only changed the daily work and role of the employees, but that the whole service routine changed. Earlier, work was performed by professionals who valued personalized care and attention to individuals' needs. The new technology was incapable of engaging in such practices. This was no surprise to anyone involved in the project. But what was overlooked were the relationships between the work performed by the employees in what seemed to be a simple and discrete process, and other, more complex processes, processes necessary for the older people to obtain the help they needed. The task now performed by the technology used to be the first point of contact between public servants and citizens, a contact through which relationships and trust were built. During this first interaction, additional needs of citizens were identified, but with the introduction of the new technology, this was no longer possible. With the new technology, the seemingly noncomplex service now performed by technology became isolated from the rest of the work in the organization since the service delivery was now a matter of citizens first providing data in an on-line digital form, then an algorithm evaluating this data, and – by matching this information to preprogrammed conditions – the technology also making decisions on whether services were to be provided; and finally notifying clients and providers. Despite having involved the employees in the design process through workshops, task-mapping exercises, and various feedback loops, and despite having communicated the rationale behind the implementation, it seemed as if the technology had imposed its own logic. In the end, the service had become more efficiently administered in the eyes of municipal managers since less time and resources were now spent on each case.

However, the municipal organization was now blind to any additional needs of its citizens. What on paper and from a managerial perspective looked like an isolated work task, primed with potential to become more efficient with the help of automation technology, was in fact an important branch in a tree of relationships consisting of practices that made up the services provided to citizens.

Introduction

In organizations, there is often an expectation that certain individuals are responsible for leading change and that change can, and should, be achieved through particular initiatives. This view is also often expressed in leadership literature. Formal leaders such as CEOs and other managers are thought to be key players in these processes, and to assist them are specialists, for example, change management professionals or project managers, tasked with the mission of leading change initiatives and helping to overcome what is usually described as the potential resistance of organizational members.

A fundamental assumption underlying such an understanding of leadership for change is that change comes about through the intentions of leaders, thanks to the characteristics of leaders and followers, and because of what is expressed in plans outlining visions, strategies, and actions to be taken. Consequently, research also often focuses on these individual entities (leaders, followers, and plans) when producing knowledge about leadership for change. Although such a focus has shed light on several interesting issues pertaining to the management of change, it is less likely to capture how change is actually accomplished in the everyday life of organizations through the performing of actions and recurring practices. This is better captured by adopting a processual approach.

A processual approach aims at unpacking the fine-grained “how” of leading in order for change to take place. It does so by building on the idea that relations and becoming should be prioritized over entities and stable states when it comes to explaining how leadership is performed and with what effects. This means that it brings to the fore the actions, interactions, and relations that *produce* leadership for change. In other words, adopting a processual approach involves the understanding that leadership for change is an accomplishment achieved in interaction among actors and thus that leadership is a *distributed practice of co-directing*. These actors, it may be argued, can also be nonhumans (Crevani et al., 2021; Sergi et al., 2021).

During the past few years, influential scholars have mobilized the processual approach to foreground a more democratic and inclusive way of organizing. When doing so, they have equated “good leadership” with distributed forms of leadership (cf. Raelin, 2011). This, however, has attracted criticism from scholars interested in scrutinizing oppression and power relations in organizations. They point out that mobilizing the processual approach to better understand how ethical leadership may look involves the risk of losing its ability to have a real and

fundamental impact on explaining and changing unjust asymmetrical power structures (cf. Collinson, 2018). Similarly, processual approaches more generally have been criticized based on the argument that it is impossible to understand the workings of power if we no longer acknowledge the role played by structures. The question is legitimate. If we shift from a perspective where we conceptualize the formal leaders as the ones who are in charge, and who should exercise ethical behavior, to a perspective where the doing of leadership is distributed, then who is to be held accountable for the outcome and effects? If nonhumans are also part of doing leadership, how is it even possible to talk about “leadership” and “ethics”?

The purpose of this chapter is to discuss these questions. Our argument is that a processual approach to understanding ethical leadership for change is necessary if we want to develop a more fine-grained understanding of how leadership matters.

The chapter began with a vignette taken from our current empirical studies on digitalization, leadership, and organizing. In the following, we will use this vignette as an illustration of the theoretical argument we make. The argument will be presented in three steps. First, we will reread the vignette and pose some critical questions. Second, we will delve deeper into the perspective that leadership may be understood as a process, and what this means for understanding leadership for change. Third, we will present a processual conceptualization of ethics that is not centered on individuals, but focused on what is produced, re-produced, and not-produced in the doing of leadership for organizational change. This leads us to introduce the concept of care and propose the idea of *care-ful co-directing change*. We conclude by summarizing our argument and discussing what it means for further theoretical development, and what ethical leadership for organizational change may entail.

Re-reading the Vignette: What Happened in the Change Initiative – Was the Leadership Performed Unethical?

The vignette with which the chapter starts tells the story of a change initiative that involved the design and implementation of a digital technology: a new IT application. Such change initiatives are commonplace in organizations today as white-collar work becomes more and more subject to automation. The change initiative was organized and managed as a project and followed a traditional project management plan, but also added components from the practice of managing planned change, for example, by involving the organizational members that were to be affected by the digital technology developed. A first set of workshops was organized where exercises were performed with a facilitator moderating a discussion in which the employees mapped the tasks they performed in relation to a specific part of their work. Later, further workshops were organized where the employees were asked to give feedback on the outcome of previous meetings.

Involving the employees was deemed important since the digital technology that was to be developed through the project was intended to take over parts of the work carried out by some of them, meaning that their work would undergo a change as the digital tool was implemented. From the perspective of planned change, the involvement of stakeholders in a change process is key and increases the likelihood of a successful change (Burnes, 2007). By involving stakeholders in the change process from an early stage, especially those that are most affected, they are expected to become more prone not only, in traditional terms, to accepting the change, but also to advocating, and possibly even driving it.

As the vignette also illustrates, however, the project had unforeseen consequences. Although a success in the sense that the technology developed and implemented led to more efficiency with regard to the particular tasks that it was designed to do, it also changed the way in which public servants came into contact with the needs of citizens and formed relationships with them. This means that even though the person in charge was (and still is) a skilled and experienced project manager, acting in line with the best practices of change management, the project still led to the reconstruction of an important point of contact between citizens in need and the municipal authority tasked with providing care in a way that led to poorer quality from the perspective of the care receiver. This raises several questions, such as: Was the initiative a success or not? Was it ethical? How did the unforeseen effects emerge?

Leadership for Organizational Change as Process

In order to explore these questions, we will delve into the leadership-as-process literature, first by introducing the idea of leadership as process and then by discussing it in relation to change (see, for instance, Alvehus, 2021; By, 2021; Crevani et al., 2021; Uhl-Bien, 2021). After that, we will turn to ethics and offer a way of making sense of ethics in relation to leadership as process and change (for other approaches, see also, By, 2021; Burnes & By, 2012).

Leadership is commonly understood as *a process of influence moving a group toward a certain goal* (see, for instance, Northouse, 2018). The leadership expressed in the vignette entailed the achievement of employees' participation in realizing the new technology through phases of design and implementation. According to much of the literature, the 'leadership' expressed in the vignette would be the result of the activities performed by the project manager and of his personal characteristics and intentions. This, however, not only provides a limited understanding of what happened in the story, but also does not do justice to the definition of leadership provided earlier, which describes it as 'process'. Therefore, we turn to a processual approach.

In the academic study of leadership and organizations, *process philosophy*, *process ontology*, or *process studies* imply moving away from considering *entities* as what is foregrounded as the site for explaining phenomena. Instead, *process*, i.e. the ongoing *becoming* of what comes to constitute reality is brought to the fore (eg. Chia, 1995;

Helin et al., 2014; Langley et al., 2013). Priority is given to relations and how relations constantly make and remake the world. This means that people, plans, objects, organizations, etc., are constantly made and re-made in unfolding processes of relating and interacting (cf. Dachler & Hosking, 1995).

The inspiration for these ideas comes from philosophy and social sciences. Often, Heraclitus' saying *panta rhei* – everything flows – is referred to, as possibly the first time this perspective was articulated in ancient Greece. Illustrating this idea with the vignette mentioned earlier, it could be argued that the technology was in constant change. With every interaction, it was re-constructed. The rationale for why the tool was to be implemented, why it was good and what it could be used for, what has been done so far, and what needs to be done next, are elements that were articulated, negotiated, and reformulated as the implementation progressed. This affected what the automation tool became and how the implementation developed. In fact, from a processual point of view, the technology is still in the process of becoming today – although that story is not covered in the vignette presented here.

Understanding leadership from a processual view thus means understanding how moving is accomplished and we thus propose to build on the literature that defines leadership as the process of accomplishing direction in organizing (Crevani, 2018; Drath et al., 2008; Simpson et al., 2018). Of specific interest here is the accomplishment of direction for organizational change – in order to foreground the distributed nature of this phenomenon, we will talk of *co-directing organizational change*. If everything flows, the 'object of organizational change' itself is constantly moving and being re-shaped, and it is in the movement and the re-shaping that direction is produced, sustained, and re-produced. Plans may be a resource for such constant re-shaping of direction and formal leaders may be involved as actors, but it is in action and interaction that the 'new' takes shape.

This way of understanding leadership is quite different from the way leadership is understood in the planned-change approaches. Rather than focusing on individuals with plans aimed at changing formal structures and formalized processes, we shift our attention to actions and interactions gradually producing a different configuration of work practices. The actions and interactions described in our vignette resulted in a specific way of providing a service, different from what was previously done, made possible by a number of work practices performed by certain humans and nonhumans in specific relations. By work practice we mean, simply put, proper ways of doing things together. Work practices are, in other words, to be understood as the texture of organizing – they sustain organizing in specific ways given how they are performed in relation to one another (Gherardi, 2019). *Leading organizational change is about co-directing the gradual production of a re-configuration of work practices.*

Change is thus the result of actions situated in material as well as social circumstances. In the case accounted for in the vignette, the project manager planned for user-involvement workshops, based on change management practices deemed to lead to better results. The workshop leader organized and moderated

the workshops in the same way as she had previously performed similar workshops: focusing on the detailing of tasks in a particular part of the work process aided by the use of specific objects such as post-it notes and a specific organization of space in a conference room. The employees involved collaborated by sharing reflections and providing details about their work, leading first to a visual representation produced in the workshop with, for example, post-it notes, pens, and a whiteboard, and later to the programming of an algorithm.

Through these series of activities, the service was described and understood in a new way compared to earlier. Previously, it was thought of as part of a complex web of activities constituting the work practices of the employees. Now, it was reduced to a linear and detailed series of tasks that matched the functioning of the algorithm of the technology. Following this, the work practices through which the service was delivered changed as the technology was implemented – one could say that the work practices were re-configured.

The re-configuration meant that the new technology to some extent enabled *other* practices compared to before the technology was implemented. Some practices disappeared – for example, talking to the citizens on the phone as a first point-of-contact – while other practices emerged, for example, receiving requests for benefits via the web application. Furthermore, the relations between humans and various technologies were organized differently, as well as the relation between different work practices – for example, making decisions on social care benefits and providing the citizen with information on social services of relevance were previously closely related and later became separated.

Understanding change as emergent and situated thus means acknowledging that change occurs as a result of the interaction and relations among all the actors involved in the change process, and these actors need not only be humans (e.g. the project manager, the workshop leader, and the employees), but could also be technologies (e.g. pens, post-its, whiteboard, and computer), as well as environments (e.g. the workshop). Plans and formal leaders may also be seen as actors involved in the process, often endowed with authority that makes their contribution important, but a simple focus on them will not explain how change actually emerges.

In conclusion, *leadership for organizational change may be understood as co-directing the re-configuration of work practices, resulting in a certain configuration becoming enacted, rather than other possible ones.* Such an accomplishment takes shape in relations and interactions, which means that it is a distributed effort also including objects, technologies, and places, all taking part in the production of a new configuration of practices.

Leadership for Organizational Change in the Interplay of Purposive and Purposeful Re-arrangement of Plans and Work Practices

So far, we have established that *organizational change is the result of a shared and distributed effort – not the result of actions guided by a leader and undertaken according*

to plans, and that leadership is not found in entities such as individuals, but in actions and interactions.

We now need to expand the question of how to relate the processual nature of reality that we build on to the idea of intentionally changing certain work practices. The processual understanding of leadership we propose builds on the idea that change is at the core of reality and of organizing. In that sense, change is always going on. As Tsoukas and Chia (2002) proposed, change may be understood as “the normal condition of organisational life” (p. 567). Deliberative interventions to achieve change, what we call *organizational change*, may thus be understood as *negotiations and enactments of new configurations of practice and relations in which several actors participate* (both humans and nonhumans). Such interventions may provide the occasion for amplifying what is already being constructed, but they may also take radically different directions. In any case, they are never only in the hands of the formal leader. The formal leader has a privileged position for framing and giving sense to the initiative, but she is only one of the many actors involved. Hence, rather than seeing the leader as in charge of the organizational change initiatives, and co-workers as either embracing or resisting them, we propose to see *organizational change as happening in a continuum between purposeful and purposive change*. Leadership for organizational change, more specifically, operates at the *interface between ‘purposeful’ and ‘purposive’*.

The concepts of purposive and purposeful were proposed by Chia and MacKay (2007) as a way of understanding how strategy takes place from a processual perspective. In their words, ‘to act purposively is to mindlessly cope and resolve an immediate demand at hand. To act with a purpose in mind, on the other hand, is to act according to a pre-defined desired outcome’ (p. 235). To act purposively is, in other words, to act from *within* a work practice; reproducing its collectively knowledgeable ways of doing (Gherardi, 2019). This is not necessarily something people are aware of, nor is it something purely cognitive. Rather, it is something that people have learnt to do; it is what feels right, and appropriate. Hence, *ubiquitous ongoing organizational change, the ongoing organizing that takes place every day, may be understood as purposive change*. Purposive organizational change is about the continuous adjustments in the configuration of work practices that occur as organizational members engage in everyday activities.

Purposeful change, on the other hand, refers to organizational change that has been produced as necessary to pursue in a deliberate way, and for which plans are made stating one or several purposes (whether clear or not). Often, it is the management of the organization that produces such purposes and that plans how the change initiative should be undertaken. Participatory approaches may be used to involve several stakeholders in defining the need, the purpose as well as the plan.

It should be noted that ‘purpose’ is a concept that, as Kempster et al. (2011) argue, is often taken for granted in leadership theory and practice, but not really critically analyzed. This is particularly important when discussing leadership and ethics, in order not to reduce leadership to a technicality, and to instead

foreground its worthiness (By, 2021; Kempster & Jackson, 2021). While we share Kempster et al.'s (2011) and By's (2021) concern with the relation between leadership and societal purpose, particularly in times of crisis, we refrain from discussing here leadership as purpose, since we want to introduce the complementary notion of *care-fulness* later in the chapter. We thus mobilize the concept of 'purposeful change' in order to refer to change initiatives that are perceived as having a purpose.

From a processual point of view, we may understand leadership in relation to organizational change as being about *sustaining direction and movement in purposeful change to gradually become purposive change in relation to a specific issue*. Referring to our vignette, the purposeful change was the initiative to introduce the new technology, and leadership was found in the actions and interactions that made this technology part of the organizational practices to the point that it became part of the purposive change going on in everyday practices as further adjusting, repairing, and becoming of the tool took place.

In contrast, *purposive change can also gradually become purposeful change*, for example, as ongoing adjustments in work practices are foregrounded in discussions, and subsequently become part of the adjusted plans and routines. This also shapes the direction that the re-configurations of practices are taking. Hence, *leadership for organizational change can be understood to happen when a deliberate change initiative is articulated, adjusted, and moved forward through the everyday-way-of-working while both plans and work practices are re-configured*.

In order to better grasp the implication of understanding leadership for organizational change in this way, we also propose to think of 'process' not only as a noun, but also as a verb. As a noun, we have already specified that process is not to be understood as a series of actions or steps (cf. the traditional way of understanding planning), but of ongoing becoming. If we look at process as verb, we add a dimension of leadership as not only working with representations of reality, but also with the material dimension of reality. To process means to both work at making sense of something, but also to materially change what is being made sense of: what is being processed. We would argue that in the moment-by-moment doing of leadership, work practices are not only being discursively re-configured, but also materially re-produced. Leadership is thus about directing world-making actions.

This leads us to the ethical dimension of leadership for organizational change and, in the next section, we elaborate on what happens to responsibility when leadership is understood as process rather than as the result of individuals' characteristics and behaviors.

Entangling Ethics: Leadership for Organizational Change as *Care-ful* Re-arrangement of Plans and Work Practices

Having presented a processual and relational view on change and leadership, we now delve into the ethical dimension of leadership for organizational change.

Chapters in this book explore ethical leadership as doing good; the chapter by Patzer and Voegtlin, for example, presents leadership ethics as the ongoing discussion on good leadership. Leaning on a processual approach, we propose a slightly different argument. We see leadership constitutively entangled with ethics. There is, in other words, no leadership that is *not* about ethics, since leadership is about making the world, as anticipated in the section ‘Leadership for Organizational Change in the Interplay of Purposive and Purposeful Re-arrangement of Plans and Work Practices’. Ethics may be considered to be about what kind of difference is being made in the world and in taking responsibility for it (Barad, 2007; Hollin et al., 2017). We therefore argue for the foregrounding of the process in which purposeful change becomes purposive, and conversely, in order to understand ethics. We develop this argument mentioned later, anchoring our reasoning again in the initial vignette.

In the vignette, the new technology entailed a purposeful re-configuration of work practices. The stated purpose was to increase efficiency in order to make the best use of taxpayers’ money in an area, social services, that suffers from lack of resources for several reasons. The aim was therefore to reduce the time that employees spend doing what seemed to be a menial task in a simple process. Instead, their time, it was argued, should be used for what was referred to as ‘more value-adding activities’. Once the organizational change process commenced, a number of work practices were re-configured, introducing new elements and re-organizing the relation between the humans and nonhumans involved: technologies, citizens, employees, place, and the organization. These re-configurations exceeded those that were originally intended and planned, since change always creates ripple effects and causes emergent re-configurations.

The change initiative resulted in a process where decision-making took place at a higher pace and a lower cost. But, with the implementation of technology, an important point-of-contact with the citizens was also lost, meaning that the service fundamentally changed in quality and content. Establishing trust, making a holistic assessment of the individual’s needs that could lead to other, related, services, is no longer part of the work done. The project was successful in several ways – but was this change in quality a sign that it was unsuccessful? Was it even unethical? And, if so, who bears responsibility?

Building on the approach, we present in this chapter, we propose that, when discussing leadership, change, and ethics, it is important to:

- Consider the distributed nature of leadership: There are other actors and practices that also contribute to producing direction than those who initiate the purposeful change. These actors also play a role as purposeful change gradually becomes purposive change;
- Treat ethics as performative rather than ostensive: Nothing that can be defined in principle but rather something that is produced in action. We need

to look at the fine-grained doings throughout the change initiative and not only at the intentions, plans, and formal decisions;

- Critically analyze leadership accomplishments and what kind of obligation different actors have to them by not only looking at what the change initiative has produced, but also at what has been excluded and which alternative worlds have not been produced.

In the following, we explain these three points in turn.

Starting with the first point about the distributed nature of leadership, the plan articulating the purposeful change envisioned at the beginning of the project can be understood as materializing several ongoing work practices and the normative values they sustain: the constant search for efficiency, providing citizens with care, following the principles of new public management, and digitalization as an imperative. A discussion of leadership and ethics needs to take such practices and values into consideration. Digital technology and its algorithmic way of ordering work is also part of producing direction in the change initiative. We could even argue that it is the algorithmic ordering that produces the largest effect, as work itself is re-constructed as described earlier. In a discussion about ethics, we cannot ignore such a nonhuman actor. With the processual approach that we are proposing, therefore, the re-configuration of work practices is the result of not only the actions taken by the manager, but of situated actions and interactions involving both humans and nonhumans.

In our view, ethics is therefore not a quality of humans. Our processual approach, inspired by a post-humanist tradition, does not conceive of humans as acting on nonhumans (in our case, the project manager making sure a new technology is implemented). Rather, we conceive of humans and nonhumans as both the results of ongoing relational practices in which social and material dimensions are entangled (Gherardi & Laash, 2021).

This leads to the second point, ethics as performative rather than ostensive. We propose that rather than ethics being a framework in which leadership is practised, ethics and leadership are entangled. Ethics is not, in other words, a way of judging whether the practised leadership is good or not, but rather a way of understanding how leadership matters and what obligations come with it. Organizational members need to scrutinize the distributed and situated actions and interactions leading the change initiative in certain directions in order to engage with ethics. They need to see what kind of emergence they are contributing to and to engage with such an emergence. In our vignette, what emerges is not just a more efficient way of processing claims and providing a service, but a foregrounding of efficiency that comes at the expense of social workers' holistic knowledge about the citizens they are tasked to take care of.

Our third point is related to the critical analysis of what leadership accomplishes. Building on the understanding of leadership as directing world-making actions, we may conceive of leadership as not only about *how* to get from A to B,

but also about *getting* from A to B, rather than to C, D, or F. That is, once we are part of constructing a certain reality, such as a specific algorithm, we are also participating in not making *other* specific realities.

The responsibility we share with humans and nonhumans in the process is not only for what we have accomplished, but also for what such an accomplishment excludes, negates, and make impossible (Barad, 2007; Hollin et al., 2017) – what kind of emergent ongoing purposive change will not be possible. Leadership is, in other words, a type of enactment of the world that purposefully re-arranges ‘it’. It does not merely lead to a new state, but at least temporarily closes off other potential states. We thus have an obligation not only to the world we are contributing to making, but also to the worlds we are contributing to *not* making.

In our vignette, the introduction of an IT application for automating the contact with citizens meant producing a social care service deprived of personal contact and thus un-making the possibility to construct trust and produce a more holistic assessment of kind of support and care the client needed. The result was affirming algorithmic logics *instead of* practices of care and co-being. We are not arguing that efficiency is unethical per se, but that ethics of leadership for organizational change is about seeing what exclusions are produced in the pursuit of the purposeful change that managers are part of, and in taking responsibility for such choices.

We suggest that ethical leadership for change is about the *care-ful re-configuration of practice*. ‘Care-ful’ should be understood here as ‘well-prepared’ and ‘detailed’, and thereby as conveying the idea of purposeful change, but also as ‘paying attention’ and ‘being prudent’, conveying the idea of taking care of and being obliged to what is being produced. By spelling the concept ‘care-ful’ (with a hyphen), we want to further emphasize the latter meaning, adding more focus on commitment and obligation.

Following the argument of de la Bellacasa (2011), who builds on a feminist tradition in science and technology studies and related disciplines to expand the understanding of ‘concern’ and ‘care’, we argue that ‘purposeful’ expresses a sense of thoughtfulness that pertains to the individual, as does careful, also adding a sense of worry. But, when foregrounding the ‘care’ in ‘careful’, the distributed sense of attachment, embeddedness, and commitment is underlined: not only to the ‘large’ questions often found in change plans, but also to the ‘small’ things, the ones we may not pay so much attention to or take for granted (de La Bellacasa, 2011).

Tronto (1998, p. 103 as quoted in de la Bellacasa, 2011) define care as “everything that we do to maintain, continue and repair ‘our world’ so that we can live in it as well as possible”, a world that is understood as a complex ‘life-sustaining web’. As de la Bellacasa points out, one important aspect of care is that, at least in the Western world, some people are paid to carry out care so that others can forget about it (2011). Bringing *care* to the forefront is thus about contributing to *generating* care and affirming the need for *all* actors involved in a change initiative to pay attention to, and have an obligation to, how work practices are re-arranged

and with what consequences. What we propose is not an idealized version of care as moral disposition, but a committed way of participating in organizational life – something we just should not take a break from. Care-ful thus also helps us in making the argument that we cannot only focus on what is being produced, what kind of change is being realized, but also on what is excluded from existence and what kind of work practices are no longer possible, and with what effects.

Hence, taking a processual approach and moving our focus from leaders to leadership as a process does not result in diluting the ethical aspect of leadership and change, nor in a naïve understanding of power and power relations as unproblematic. Instead, it leads to the notion of acting care-fully throughout the organization, recognizing the distributed nature of leadership, the emergent nature of change, and the world-making character of actions and interactions in which change develops. It also points to the need for a commitment to caring for what is being produced while it is produced, including considering the consequences of the alternatives not engaged in.

We therefore propose that ethical leadership for organizational change is to actively engage in the becoming of organizational life and to create occasions and means for analyzing the direction produced through the change initiatives. This is about how this emerges (taking into consideration both humans and nonhumans), with what consequences, and what can be done about it. Care-fully co-directing change is doing so with attentiveness toward needs; a proclivity for providing care, not only for humans but also for nonhumans; and a sensibility for how exclusions made in the pursuit of change affect the potential to care.

Conclusion

Naturally, formal leaders are positioned in a way that renders them a privileged space for action. But we argue that leadership for organizational change is distributed, and that change is emergent and situated. Leadership and change are ongoing; they exist as they are done – as does ethics. With the approach outlined in this chapter, we do not have the option of not being involved in ethics, since our actions are shaping the world in a certain way, producing some trajectories, excluding others.

The question is whether we are prepared to care and to engage with what we are contributing to giving shape to, and hence, if we can answer to the obligations that our world-making leads to. Understanding ethical leadership for organizational change as distributed thus means recognizing the accomplishments that move organizing forward, critically scrutinizing what such accomplishments create and what they exclude and raising the question of how to act in a care-ful manner in this process.

The vignette we have presented is a specific case, in which social care services for citizens are in focus, providing a particularly suited context for putting

forward our argument. Hopefully this sparks the reader's interest in opening the door to a discussion on what this means in other contexts. With this chapter, we hope to start a theoretical conversation on ethical leadership as care-ful co-directing of change, and to invite practitioners to develop ways to continuously care for what their doings do, without delegating such obligations to their formal leader and/or to a plan, but rather seeing them as two important actors. We also want to invite them not to limit such an obligation to a specific point in time (the start or/and the end of the change initiative), but rather consider it as an ongoing matter of care.

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6

LEADERSHIP: THE COLLECTIVE PURSUIT OF DELIVERING ON PURPOSE

Rune Todnem By and Ben S. Kuipers

Introduction

The year is 2022. We can just about see the end of COVID-19, a pandemic having restricted the way we live our lives and conduct our business for years, brutally exposing global interdependency and inequalities. The recent 2021 United Nations climate change conference, better known as COP26 (Conference of the Parties) only served to confirm a global inability and unwillingness to collectively acknowledge and act sufficiently on the reality that is the climate crisis. A reality representing the biggest threat not only to future wealth creation, health, and prospects, but to the existence of humankind as we know it (The Intergovernmental Panel on Climate Change, 2021).

Amid these exhausting challenges – to some a perfect storm – a renewed call for leadership to deliver for stakeholders *and* shareholders, society *and* markets is emerging (Clegg et al., 2021; Freeman et al., 2020; Chambers et al., 2010; Ghoshal, 2005; Wilson & McCalman, 2017; Maak et al., 2021). To do so in any meaningful way requires convincing alternatives to what is both a limited and limiting leadership orthodoxy, and a moral compass that goes beyond the individual (Burnes & By, 2012). As Rost (1995, p. 19) puts it, ‘The potential value of the leadership concept can be realized only by taking it seriously’, and must involve intended and real change reflecting mutual purposes (Rost, 1995), hence linking it to questions of ethics and sustainability.

Against this rather bleak backdrop, the need ‘to enshrine the pivotal role of *purpose*’ in leadership (By, 2021, p. 30) becomes ever more pertinent. Because, simply put, nothing is worth doing if we don’t know why. However, ‘Historically few leadership scholars have focused on purpose as the primary differentiator of leadership ...’ (Grint et al., 2017, p. 9), and truly embedding

purpose in leadership orthodoxy requires nothing less than a shift in the prevalent leader-centric leadership paradigm so persistently focusing on the relationship between leader(s) and followers. The further development of leadership understanding, capacity, and capabilities is arguably depending on our ability and willingness to let go of the ever-popular, simplistic notion, and matter-of-fact assumption that the activity and process of leadership is centered around a limited number of individual leaders (Raelin, 2016; Crevani & Endrissat, 2016).

To better understand, theorize, and practice leadership, it is important to move beyond the focus on individual leaders and their relationship with others, and direct further attention toward the efforts and responsibilities of leadership as a collective process aiming at delivering on purpose. From the public administration debate, the notion of enhancing public leadership as ‘leadership for the common good, for the purpose of creating public value ... serving the public interest’ (Getha-Taylor in Crosby & Bryson, 2018, p. 1268) informs important questions:

1. How can the concept of leadership be reframed, separating it from the dominant focus on leaders?
2. What is the role of purpose in leadership?

Taking inspiration from this debate, we aim to contribute to an understanding of *leadership as the collective pursuit of delivering on purpose* (By, 2021, p. 30) rather than as *a relationship where leaders are influencing people to follow a course of action set by them*. Departing from leadership orthodoxy, we draw on a newly established leadership lens based on the notion of Telos, the old Greek word for end goal – or purpose – also used by Aristotle to represent the inherent purpose of a thing or person. We explore the use and meaning of purpose for individuals and organizations, and connect these to the principles of Telos in an attempt to help reframe leadership theory and practice.

How Can the Concept of Leadership Be Reframed, Separating It from the Dominant Focus on Leaders?

When problematizing the field of leadership, one major restraint stands out, and that is one of definition: what exactly constitutes leadership (Burns, 1978; Rost, 1993, 1995; Barker, 1997, 2001)? Rost (1995) suggests there are almost as many definitions as there are leadership scholars and practitioners, arguing that most of what has been written about leadership is addressing it as nothing more than good management. Although supporting the requirement for both if society and organizations are to prosper, he is unambiguously clear about leadership and management being two vastly different concepts (see Table 6.1) (Rost, 1995).

Furthermore, Burns (1978) and Rost (1993, 1995) highlight the lack of a clear school of leadership – theoretical or practical – arguing that without such a school of thought we do not know what we are studying nor how to practice it. With

TABLE 6.1 Leadership vs Management (Adapted from Rost, 1995)

<i>Leadership</i>	<i>Management</i>
An influence relationship. Done by leaders and collaborators (previously referred to as followers). Involves leaders and collaborators intending real changes in an organization. Requires that the intended changes reflect the mutual purposes of the leaders and collaborators.	An authority relationship. Done by managers and subordinates. Involves coordinating people and resources to produce and sell goods and/or services in an organization. Requires coordinated activities to produce and sell the goods and/or services that reflect the organization's purpose.

Burns (1978, p. 1) suggesting that 'If we know all too much about our leaders, we know far too little about *leadership*', Barker (1997) argues that we have learned very little since Burns. He goes as far as arguing that 'the study of leadership is in shambles', hijacked by an obsession with leaders and their traits, characteristics, styles, and abilities, as well as with power, manipulation, and economic success (Barker, 1997, p. 346).

One of the challenges, then, restraining the further development of leadership theory and practice is the relentless leader-centric focus on the relationship between leaders and followers (or similarly, stakeholders and collaborators), neglecting the collectivity of both leadership and purpose (Kempster & Jackson, 2021). This focus is to be found not only in leadership orthodoxy, but also in many alternative theories and interpretations. For instance, despite Rost's later suggestion to replace 'followers' with 'collaborators' (1995), he defined leadership as 'an influence relationship among leaders and followers who intend real changes that reflect their mutual purposes' (1993, p. 102). Burns (1978, p. 19) used similar phrasing when defining leadership as '... leaders inducing followers to act for certain goals that represent the values and the motivations – the wants and the needs, the aspirations and expectations – of both leaders and followers'. In other words, notwithstanding their focus on purpose, Burns (1978) and Rost (1993, 1995) actively contributed to the sustained focus on leaders through their own definitions.

However, applying different words to the roles of leaders and followers in this well-established, arguably unequal, dysfunctional us-and-them relationship does nothing to help augment the collective act as well as the collective responsibility of leadership. Hence, Kempster and Jackson (2021, p. 4) suggest replacing 'leaders and followers' with 'people' to avoid the hierarchical perspective and 'to embrace collective, distributed, shared, and community leadership relationships'. Using the word 'leader', in their view, is still useful to refer to the formal role in organizations (Kempster & Jackson, 2021).

Scholars and practitioners are making headway toward addressing the fundamental question of what is leadership. For example, Fairhurst and Uhl-Bien

(2012) and Clarke (2013) have explored leadership as a relational process engaging with exchange mechanisms. These developments of shared and distributed leadership represent a clear move toward focusing on what is leadership (Avolio et al., 2009; Sweeney et al., 2018). Carson et al. (2007) emphasize several dimensions of the internal (team) environment fostering shared leadership by team members in which a shared purpose (to ‘have similar understanding of their team’s primary objectives’) is considered essential.

Another developing concept is that of responsible leadership where views of stakeholder engagement are expanded upon to include societal considerations (Maak & Pless, 2006). Moving the focus from a relationship between leaders and followers to one between leaders and stakeholders – acknowledging the purpose of leadership in terms of serving a ‘common good’ (Maak & Pless, 2006) and good dividends (Kempster et al., 2011) – is an important step away from an exclusive focus on short-term profit maximization (Scherer & Palazzo, 2008).

Elements of these developments are captured by the leadership-as-practice (L-A-P) movement (Raelin, 2016, p. 3) that sets out to

... upend our traditional views of leadership because it does not rely on the attributes of individuals, nor does it focus on the dyadic relationship between leaders and followers, which historically has been the starting point for any discussion of leadership. Rather, it depicts immanent collective action emerging from mutual, discursive, sometimes recurring and sometimes evolving patterns in the moment and over time among those engaged in the practice.

Challenging status quo, Raelin (2016) describes the current focus on the initiator – usually referred to as the leader – as a fallacy where we assume one actor in the leader-follower relationship to be active and the other to be passive: ‘... people tend to already be in motion and are not necessarily static until activated by others’ (Raelin, 2016, p. 5).

Although these developments, amongst others, represent a real opportunity to reframe leadership discourse in support of addressing challenges faced in the 21st century, the individual initiatives – many of which remain stubbornly and persistently leader-centric – may be perceived as competing and peripheral alternatives only appealing to smaller congregations. For example, L-A-P with all its good intentions is arguably currently positioning itself as an alternative movement competing for attention at the fringe of the leadership theory and practice debate. Consequently, mainstream leadership theory and practice remain dominated by a focus on leaders (individual) rather than leadership (process), thus leaving considerable scope for further development (cf. Barker, 1997, 2001; Kempster et al., 2011; Yukl, 2012).

Much has arguably happened in the field of leadership since Burns (1978), Rost (1993, 1995) and Barker (1997). However, utilizing Rost’s (1993, p. 3) framework

of categorizing leadership theory as either peripheral elements ('traits, personality characteristics, "born or made" issues, greatness, group facilitation, goal attainment, effectiveness, contingencies, situations, goodness, style, and, above all, the management of organizations – public and private'), content ('what leaders need to know about a particular profession, organization, or society in order to be influential in it'), or the essential nature of leadership (what is leadership?), it is clear that the vast majority of leadership theory and practice still fall within the two first categories (cf. Kempster et al., 2011; Yukl, 2012). Simply put, we are still leader-centric in our focus and approach, obsessed with skills, traits, characteristics, and styles. Even Rost's (1995) contribution concerning leadership as distinct to management focuses on the relationship between leaders and followers/collaborators.

The overall and pressing leadership challenge – as we see it – is that *definitions of current and future problems and solutions are resulting from a leadership orthodoxy based on assumptions and fallacies*. Hence, we suggest that a combined effort should be redirected from a position of tinkering at the peripheral edges of orthodoxy to altering the very core of this orthodoxy. Attending to what we may call different entities, or how we may describe the relationship between these, only reinforces the very orthodoxy that many of us seem to agree needs reframing.

The Role of Purpose in Leadership

From the work on leadership as a utilitarian consequentialist process emerges an overarching emphasis on purpose (Burnes et al., 2018; Burnes & By, 2012). McKnight and Kashdan (2009, pp. 242–243) define such purpose as

... a central, self-organizing life aim that organizes and stimulates goals, manages behaviours, and provides a sense of meaning. Purpose directs life goals and daily decisions by guiding the use of finite personal resources. Instead of governing behaviour, purpose offers direction just as a compass offers direction to a navigator; following the compass (i.e. purpose) is optional. Living in accord with one's purpose, however, offers that person a self-sustaining source of meaning through goal pursuit and goal attainment ... Purpose is at the highest level of analysis and provides some degree of centrality in a person's identity ...

Damon, Menon, and Bronk (2003, p. 121) provide a somewhat shorter definition suggesting that purpose is '*... a stable and generalized intention to accomplish something that is at once meaningful to the self and of consequence to the world beyond the self*'. Purpose is concerned with the search for meaning and a desire to be MAD (By, 2020) – to Make A Difference to matters beyond that of the individual (Damon et al., 2003) and the individual organization (By, 2021).

According to McKnight and Kashdan (2009), the concept of purpose exists as either religiosity, spirituality or meaning. Differentiating purpose from meaning, they suggest that the former does not necessarily drive the latter

(McKnight & Kashdan, 2009). Rather, meaning contributes to the development of purpose, and once developed, a sense of purpose drives meaning. In their own words: ‘purpose and meaning have a temporal, bidirectional relationship’ (McKnight & Kashdan, 2009, p. 243). Reker et al. (1987, p. 44) further explore purpose in relation to meaning, and state that ‘Meaninglessness has been recognized as a modern day malaise that, if left unresolved, can lead to symptoms of anxiety, depression, hopelessness, or physical decline’.

Whilst Frankl (2004) proposes that purpose is at the very core of what makes a good life providing meaning, fulfillment, and sense, Savolaine and Granello (2002) suggest that if an individual’s sense of meaning is intact it is less likely that uncertainty will arise or indeed persist. They argue that meaning can counterbalance discouragement and support existing positive behavior and the initiation of new ones. They propose that ‘It often takes an additional element of motivation to begin a new activity, and a sense of purpose or meaning could be a deciding factor. This could happen by mentally associating the target behavior to an element of higher purpose’ (Savolaine & Granello, 2002, p. 181). An example of such higher purpose is illustrated by Dale (1991, in Neck & Milliman, 1994, p. 9) in the story about a reporter visiting a construction site:

The reporter asked three brick masons what they were doing. The first answered gruffly, ‘I’m laying bricks’. The second replied, ‘I’m earning a week’s pay’. But the third mason said enthusiastically and with obvious pride, ‘I’m building a cathedral’.

The Role of Purpose in Organizations

Within the context of organizations, and particularly in one of organizational change, Karp and Helgø (2008) explain the importance for individuals to be part of the common meaning making. When people believe in the fundamental purpose of why the organization exists and can relate the contribution of their own tasks to it, they are much more motivated to adjust their behavior accordingly (Karp & Helgø, 2008).

McKnight and Kashdan’s (2009, p. 249) work on purposeful living provides several hypotheses of interest to leadership and organization studies: people pursuing a purpose ought to be less susceptible to avoidance behaviors such as procrastination compared to those merely goal-directed; purpose motivates people to persist rather than quit in face of difficult situations; purpose enhances rebound capacity through more efficient resource allocation; the refractory period following any stressful event will be shorter for those with purpose; people who live with a purpose will be less prone to illness and report fewer symptoms even when ill; stress and satisfaction will be dictated by the level of congruence between purpose and the opportunity to fulfill that purpose; and purposeful living produces longer-term, durable benefits as compared with nonpurposeful living.

These hypotheses support the importance of purpose and the belief that having a clear and aligned purpose between organizations and organizational members (including those we traditionally refer to as leaders) can support sustainable success. Kempster et al. (2011) believe purpose to be intrinsic in all human beings, a notion McKnight and Kashdan (2009, p. 243) disagree with suggesting that just as much as ‘A person who is unable to grasp abstract concepts might find it difficult to generate a purpose since purpose requires insight, introspection, and planning’ (McKnight & Kashdan, 2009, p. 243). As such, it can be argued that organizations can be as unable to generate and sustain a purpose.

Anchored to the work of Burns (1978), Rost (1993, 1995), Damon et al. (2003), MacIntyre (1984, 2004), and Kempster et al. (2011), By (2021, p. 34) defines purpose as “the pursuit of a worthy idea and activity, the outcome of which goes beyond the individual and the individual organization”. This definition suggests that corporate and societal purposes are not necessarily mutually exclusive but inclusive, and that what is good for society at large is what is good for organizations and individuals within them in the long-term.

The Purpose of Organizations

Kempster and Jackson (2021, p. 7) propose that ‘the purpose of organizational leadership is to enhance the world’, and Collins and Porras (2005) first offered *purpose beyond profit* as the single common denominator explaining the sustained success experienced by what they identified as enduring great companies back in 1994. Emerging from their longitudinal study of 18 private sector organizations was a philosophy of purpose *and* profit, the ‘magical’ word being *and* rather than the dictatorial *or*. With few exceptions, their recommendation to focus on organizational purpose beyond profit is yet to be adopted, developed, explored, or even acknowledged in mainstream leadership studies, study programs, or practices. One can only wonder why that is.

Drawing on their study, Collins and Porras (2005) proposed that what great companies have in common is an ideology based on purpose and core values. Defining purpose as ‘The organization’s fundamental reason for existence beyond just making money – a perpetual guiding star on the horizon; not to be confused with specific goals or business strategies’ they also outlined core values as ‘The organization’s essential and enduring tenets – a small set of general guiding principles; not to be confused with specific cultural or operating practices; not to be compromised for financial gain or short-term expediency’ (Collins & Porras, 2005, p. 73).

The same year as Collins and Porras’ 10th-anniversary edition was published, Chouinard, founder and owner of the outdoor apparel company Patagonia, provided an example of core values and enduring purpose in his book ‘Let my people go surfing’ (2005, in Chouinard, 2016): Patagonia exists to do no harm to the environment. Indeed, the company’s purpose was later refined to state that it is to

do good and contribute toward decreasing the environmental crisis. Introducing his own 10th-anniversary edition, Chouinard (2016, p. 1) stated that ‘Patagonia exists to challenge conventional wisdom and present a new style of responsible business’. Although being a private sector organization, seeking to generate profit, growth and expansion are not core values to the business (Chouinard, 2016).

Internal and External Goods

However, Patagonia and organizations like it are still the exception to the rule, as Kempster et al. (2011) argue that organizational vision, mission, objectives, and targets are typically concerned with corporate purposes with the aim to deliver external rather than internal goods. Differentiating the two, MacIntyre (2004) defines internal goods as common good – what is good for the whole community, society, nation, and globe – and focuses on areas of for example education, health, equality, peace, saving lives, sustainable development, etc. External goods, on the other hand, are concerned with seeking to increase power, influence, money, and status as ends in themselves.

In their work, Kempster et al. (2011, p. 322) argue that

Purposes that are pronounced in dominant leadership discourses reflect objectives, mission and vision. Aligned to the delivery of these forms of purposes are discourses oriented towards performance management in the form of key performance indicators, action plans and a balanced score card. The outcome is the production of external goods and practices oriented to the production of these external goods.

Further developing this line of thought, they observe that leadership practices in all sectors have ‘... succumbed to the corrupting influence of money, status and power’ (Kempster et al., 2011, p. 323).

As suggested by Frankl (2004), MacIntyre (2004), Collins and Porras (2005), and Kempster et al. (2011), a worthy purpose based on internal goods aiming at contributing to the good of humankind can lead to happier individuals with a clearer sense of meaning and fulfillment and sustained corporate success. Purpose can be about what best serves the interests of the human condition, and it can be beautiful (Ladkin, 2008). Based on this understanding of purpose there is a strong business case to be made for establishing stronger links between leadership and contributing toward a common good purpose, such as sustainable development.

Exploring the Telos Leadership Lens (TLL)

Based on the seminal work of Burns (1978) and Rost (1993), and more recent contributions of Kempster et al. (2011) on leadership as purpose, Burnes et al. (2018) and Burnes and By’s (2012) on organizational change and leadership as a utilitarian consequentialist process, and Raelin’s (2016, p. 4) statement that ‘The

effort [of leadership] is intrinsically collective’, By (2021, p. 30) introduced a new theoretical lens consisting of three elements in support of the further development of leadership theory and practice:

1. Leadership is a responsibility of the many, not a privilege of the few.
2. Leadership is the collective pursuit of delivering on purpose.
3. Leadership purpose is to be guided by internal goods (exemplified by the UN’s Sustainable Development Goals).

Named the Telos Leadership Lens (TLL) after MacIntyre’s (2004) Aristotelian definition of Telos as an overarching and ultimate goal of contributing to the good of humankind, its aim is to add value to existing leadership theories and practices. Through its application, it provides an opportunity for leadership theory and practice to be reframed and further developed with a focus on *collective doing* (utilitarian consequentialism) rather than *individual being* (virtue ethics). TLL has the potential to help establish leadership as *the collective pursuit of delivering on purpose* rather than re-enforcing leadership as an influencing relationship between leaders and followers and/or stakeholders.

Adopting the notion of Telos – a word traditionally linked to virtue ethics and traditional leadership traits (Rost, 1995) – as an overarching and ultimate goal of contributing to the good of humankind, the TLL stipulates that the importance of individual leaders in the traditional sense is secondary to that of the process of leadership, and that such leadership provides purpose, a certainty in an otherwise uncertain world.

Although scholars and practitioners seem to agree on the importance of clear organizational direction, the current position of purpose in leadership studies is one of all-too-often-being-taken-for-granted (Kempster et al., 2011). Burns’ (1978, p. 3) notion that ‘... leadership is nothing if not linked to collective purpose ...’, and Rost’s (1993) definition of leadership clearly linking it to purpose, have gone rather unnoticed in leadership theory and practice.

Rost (1995, p. 140) argues that ‘The major transformation needed is to replace the individual frame embedded in virtue ethics with a communal frame’. Hence, although adopting its name from Aristoteles and MacIntyre’s (2004) work, the TLL clearly differentiates itself from virtue ethics and the focus on *being* (Knights & O’Leary, 2006) and on a person’s (or agent’s) virtues of mind and character (Knights & O’Leary, 2006). According to Knights and O’Leary (2006, p. 130) ‘... virtue-based ethical systems centre on the agent, the character and dispositions of persons ...’ Hence, virtue ethics supports the current leader-centric leadership orthodoxy with its focus on individuals’ skills, traits, and characteristics. Rost (1995, p. 140) argues that such ‘virtue ethics is not sufficient for the postindustrial world. A holistic, large group, organizational, community, global approach is needed’.

Instead, drawing on utilitarian consequentialism, the TLL focuses on the effort of *doing*, emphasizing the consequences of any action and inaction, and on

achieving the best possible outcome for the largest number of people (Burnes et al., 2018; Burnes & By, 2012) – or maximizing goodness in society (Knights & O’Leary, 2006). As such, the TLL acknowledges the act of leadership as a collective responsibility not to be abdicated from. As opposed to the dominant leader-centric orthodoxy, TLL is a leadership-centric lens, and its core principles are further outlined in Table 6.2. These principles address the L–A–P movement’s focus on leadership as an effort of collective action, and Kempster et al.’s (2011, p. 318) concern that the omission of discussing purpose in the context of leadership studies has ‘profound implication for practicing leaders’. Furthermore, the principles outlined identify leadership as a utilitarian consequentialist process, addressing

TABLE 6.2 The Telos Leadership Lens (By, 2021; Informed by Burns, 1978; Rost, 1993, 1995; Barker, 1997, 2001; MacIntyre, 2004; Collins & Porras, 2005; Crevani et al., 2010; Kempster et al., 2011; Yukl, 2012; Raelin, 2016)

Principle 1	<p><i>Leadership is a responsibility of the many, not a privilege of the few.</i></p> <p>Leadership is about doing, process, and collective action rather than being, relationship, role, and function. It is a verb rather than a noun, and a collective responsibility who is no ones’ prerogative, and which no one should abdicate from.</p> <p>Leadership activities are simultaneous, interdependent, and equal which can be performed simultaneously.</p>
Principle 2	<p><i>Leadership is the collective pursuit of delivering on purpose.</i></p> <p>Purpose is defined as the pursuit of a worthy idea and activity, the outcome of which goes beyond the individual and the individual organization.</p> <p>Purpose and core values should not be compromised for financial gain or short-term convenience. It is what should not change in a changing world, but rather provide meaning, consistency, certainty, and sense in an otherwise volatile, uncertain, complex, and ambiguous world. It should be the engine of proactive, innovative, and risk-embracing change. Organizational mission, vision, targets, and behavior should align to organizational purpose and core values.</p> <p>Whilst purpose is not to be confused with specific business strategies, goals, or targets, core values are not to be confused with cultural or operating practices.</p>
Principle 3	<p><i>Purpose driven by internal goods.</i></p> <p>Internal goods being what is good for the whole community, society, nation, and globe, focuses on areas of for example sustainable development, education, health, equality, preventing war, saving lives, etc. This in contrast to external goods exemplified with seeking to increase power, influence, money, and status as ends in themselves.</p> <p>As a result, purpose must go beyond short-term profit.</p> <p>The focus is on utilitarian consequentialism, emphasizing the consequences of any action and inaction, and on achieving the best possible outcome for the largest number of stakeholders.</p>

Yukl's (2012) concern that the current orthodoxy fails to engage in any wider societal accounts of leadership.

Although drawing on the purpose-focused leadership tradition attempted by Burns (1978) and Rost (1993, 1995), the TLL diverges from their focus on the roles of leaders and followers, and the relationship between the two.

Suggesting a move away from a leader-centric, relationship-obsessed understanding of leadership, the TLL acknowledges leadership as interdependent and equal activities undertaken simultaneously by individuals involved in the leadership process. Some will perform different activities or roles at different times in the process – and there will be a leadership activity continuum – but all individuals have a potential active role to play in the overall collective process toward delivering on a common purpose. Depending on context there will be different leadership configurations, but leadership remains everyone's societal and organizational responsibility.

Applying the Telos Leadership Lens

By conceptualizing the TLL, By's (2021) intention is to contribute to the process of further developing the leadership concept by suggesting a new direction of travel. Elements of what is proposed already form part of existing theories. For example, ethical leadership puts an emphasis on the ethics of *what*, *how*, and *why* leaders do what they do (Kempster & Jackson, 2021). However, this existing theory is very much leader-centric focusing on the leader–follower relationship. Through applying the TLL, leadership orthodoxy can emphasize its development with a focus on collective *doing* (utilitarian consequentialism) rather than *being* (virtue ethics) and transform its emphasis toward becoming *the collective pursuit of delivering on purpose* rather than stubbornly holding on to the limited and limiting focus on the *relationship between leaders and followers*. The intention is not for the TLL to be categorized as a contribution to the development of any one singular theory, practice, or movement – that being ethical leadership, critical leadership studies, shared or collective leadership, or L-A-P.

Table 6.3 outlines how the application of the TLL may help reframe future leadership development. Offering scholars and practitioners guiding principles, the lens has the potential to point leadership development efforts in an alternative direction, helping the field becoming unstuck and fit for purpose.

Leadership as a Collective Pursuit

The existing leadership related terminology is a barrier to the further development of theory and practice. Whilst the word 'leadership' with its leader-centric connotations keeps reinforcing the current orthodoxy, the word 'followership' can be perceived as weak or even submissive. Although Rost (1995) suggests replacing the word 'followers' with 'collaborators' there is still a leader-centric

TABLE 6.3 Applying the Telos Leadership Lens (Informed by Burns, 1978; Rost, 1993, 1995; Barker, 1997, 2001; Yukl, 2012; Burnes et al., 2018; Burnes & By, 2012; Raelin, 2016; By, 2021)

	<i>Current Leadership Orthodoxy</i>	<i>Applying the Telos Leadership Lens</i>
Leadership definition	<p>According to Rost (1995), one of the problems in leadership theory and practice is the great number of different definitions.</p> <p>Leadership is typically defined as a noun: the hierarchical role or position of being a leader; leading and influencing followers.</p>	<p>The collective pursuit of delivering on purpose.</p>
Relationship vs Action	<p>Focus on being (leader-centric); The relationship between leaders and followers (or stakeholders; collaborators etc).</p> <p>Leadership as the prerogative of formal/ordained leaders.</p> <p>Leaders are important/special/in limited numbers.</p> <p>Leaders differentiated from and privileged over followers.</p>	<p>Focus on collective doing (leadership-centric); Leaders emerging from the action of leadership.</p> <p>Leadership as a collective activity and responsibility not to be abdicated from.</p> <p>The importance of leaders is secondary to that of leadership. Leaders are not important – Leadership is.</p> <p>Leadership and followership as simultaneous, interdependent, and equal activities.</p>
Role of Purpose	<p>Rarely defined. Mission statements often linked to the pursuit of external goods such as increasing power, influence, money, and status as ends in themselves.</p>	<p>Purpose becomes the focal point of leadership. Defined as the pursuit of a worthy idea and activity, the outcome of which goes beyond the individual and the individual organization.</p> <p>Focus on internal goods such as sustainable development, education, health, equality, preventing war, saving lives, and world peace.</p>

<p>Ethics</p>	<p>Often emphasizing virtue ethics with a focus of defining the individual's virtue of mind and character as a positive trait that makes someone a good human being (or not).</p>	<p>Utilitarian consequentialism emphasizing the importance of consequences of any action or inaction, and on achieving the best possible outcome for the greatest number of people/stakeholders.</p>
<p>Role of education</p>	<p>Focus on leader-centric training (skills) and development (traits and characteristics). Ordaining the chosen few. Elite activity. Moulding 'leaders' based on Great Man Theory and more recent incarnations of this theory. Focus on short-term profit maximization and efficiencies.</p>	<p>Focus on leadership-centric education acknowledging leadership as a collective responsibility not to be abdicated from. Not an elite activity. Focus on common/greater/internal good – on achieving what is good for society (the greatest number of people), planet, and sustainable (long-term) profitability.</p>

focus on the relationship between what is suggested to be two distinctively different roles. Furthermore, synonyms suggested for the word ‘collaborators’ include ‘traitors’, ‘turncoats’, ‘spies’, ‘agents’, and ‘grasses’ – words hardly more positive than ‘followers’ nor conducive of anyone wanting to undertake the activity.

Consequently, we propose that leadership is reframed as a process in which all actors play a leadership role and perform leadership activities and agency in some way. Hence, further focus on words, language, and terminology facilitating the application of the TLL could prove essential. Having said that, an increased focus on *collective doing* and *purpose* rather than *individual being* and *influence relationships* may quickly replace the current relational focus, and new words referring to such a relationship may therefore prove irrelevant in the future.

To clarify, the TLL does not suggest a move toward anarchy or non-hierarchical structures as there will still be a requirement for formal responsibilities and leaders whose task is to support and facilitate the process of leadership. However, it is suggested that leadership is not the prerogative of a small number of ordained individuals. On the contrary, the TLL proposes that we have a much larger pool of people who can contribute to leadership than what the current orthodoxy assumes.

To further emphasize the main implications of applying the TLL to existing theory and practice, Table 6.4 provides a comparison of the application of the lens with Rost’s (1995) leadership elements.

TABLE 6.4 Rost’s Leadership vs Leadership Applying the Telos Leadership Lens (Adapted from Rost, 1995; By, 2021)

<i>Rost’s Essential Leadership Elements</i>	<i>Leadership When Applying the Telos Leadership Lens</i>
An influence relationship (individual being). Done by leaders and collaborators.	The collective pursuit of delivering on purpose (collective doing). Done by everyone. Leadership is a responsibility of the many, not a privilege of the few. Leadership is a collective activity and responsibility not to be abdicated from.
Involves leaders and collaborators intending real changes in an organization. Requires that the intended changes reflect the mutual purposes of the leaders and collaborators.	Involves leadership as simultaneous, interdependent, and equal activities by all involved in the process. Requires a purpose, defined as the pursuit of a worthy idea and activity, the outcome of which goes beyond the individual and the individual organization.

Conclusion

This chapter has explored how the concept of leadership can be reframed, separating it from the dominant focus on leaders. Emerging from the developments of leadership as purpose, a utilitarian consequentialist process, and an effort that is intrinsically collective, the TLL has been introduced to assist the reframing. Through the application of the three core principles (1) Leadership is a responsibility of the many, not a privilege of the few; (2) Leadership is the collective pursuit of delivering on purpose, with purpose defined as the pursuit of a worthy idea and activity, the outcome of which goes beyond any individual and individual organization; and (3) Purpose to be driven by internal goods such as sustainable development, the TLL can contribute to the further advancing of existing theory and practice with a focus on collective doing (utilitarian consequentialism) rather than individual being (virtue ethics).

Moving the leadership focus beyond *individual being* to *collective doing* and linking this *doing* to a clear notion of *purpose*, the TLL provides existing and new leadership theory and practice with an opportunity to further develop in a meaningful way. As a theoretical lens it goes beyond the challenge of leadership. It implies further interdisciplinary work is required to explore and re-establish how we socialize our children and grandchildren in support of them defining current and future environmental, societal, cultural, and economic challenges and solutions. Some fields that spring to mind in addition to leadership and ethics are sustainable development, education, language, psychology, equality and diversity, innovation and entrepreneurship, politics, finance, economics, and accounting to mention a few.

We may already represent a lost generation – lost to the current fallacy of leadership indoctrination stipulating leadership as something centered around individual and often ordained leaders with a focus on the relationship between them and their followers. In support of future generations' health, wealth, and prospects, TLL principles can be included as an integral part in education at all levels and subject areas. The overarching focus in future research should be on *purpose – why* do organizations including businesses exist (to maximize short- or long-term profit for owners and/or stakeholders? To contribute to the development and survival of planet and humankind? To support equality cradle to grave?)? Only when we have further explored *why* can we move on to *how – how* do we collectively deliver on these existential foundations? Although we are currently observing a growing environmentalist movement (for example Greta Thunberg and Extinction Rebellion at time of writing) and political rhetoric has changed, it can be argued that action has not. As Greta Thunberg argues, we will only solve a crisis when we treat it like one.

Leadership should no longer be studied and practiced in isolation. If we agree that leadership is about *collective doing* rather than *individual being*, then (1) we should all be made aware of this responsibility from the earliest possible age;

and (2) we need to develop an ability to define and act on challenges and solutions together, across disciplines and practices.

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7

MAKING PURPOSE THE CORE WORK OF BUSINESS LEADERSHIP: A GUIDING FRAMEWORK

Steve Kempster and Brad Jackson

Challenging ‘The Great Trade-off Illusion’

The intention of this chapter is to lay out an argument and provide practical guidance for making positive social impact core to business leadership. The writing is unapologetically normative and it is deliberately unshackled from neutral scholarly commentary. We do this because the needs of humanity are too great. We face a complex systemic entanglement of grand challenges. At the time of this writing, we are in the middle of the COVID-19 pandemic; but COVID-19 is but one of many interconnected grand challenges that threaten communities, societies, and indeed humanity (Ord, 2020; Tourish, 2020).

Hart (2010) was wise and prescient to not only highlight the challenges that are gathering around us like the perfect storm, but to argue that the solution is not through governments; rather the solution lay with business. He pulled no punches in highlighting the ‘great trade-off illusion’; the trade-off being the neo-liberal assumption that is at the core of a dominant framing of business managers’ assumptions shaping corporate strategy and business models. This framing is captured thus: ‘societal concerns could only be drags on their business ... they would do only the minimum to avoid legal sanction’ (2010, p. 23). Friedman’s assertion (made against the use of business resources intended to generate positive social impact), that the company’s profit is not for managers to give away (Friedman, 1971), has arguably left a legacy that has cast a long shadow over assumptions shaping governance and fiduciary duty (Cikaliuk et al., 2020). The table is thus laid for the neo-liberal trade-off: businesses that engage in creating positive social impact inevitably reduce the capital of the business.

This chapter lays a very different table – we argue that the capitals of the business can be greatly enhanced through positive social impact. This is by no

mean a new claim. There is considerable evidence that points in this direction (see, for example, the arguments that are outlined in Dexter Dunphy, Michael Edwards, and Suzanne Benn in this volume). The illusion of the trade-off is significant, not just to business profits but to the development of meaningful work, to the enhancement of communities, the environment, and humanity. Donaldson and Walsh (2015) have similarly described this trade-off in their 'separation thesis', which maintains that there is a conceptual separation between law and morality, that is what the law is and what the law ought to be. The trade-off illusion or separation thesis has been led by a neo-liberal discourse; and such a discourse has had a profound consequence in terms of extracting virtue practices, internal goods, and any sense of telos from everyday business.

The preceding chapter by By and Kuipers (2022) and By (2021) have helpfully outlined a thesis for the resurgence of virtue practices and internal goods aligned to the pursuit of purpose through the Telos Leadership Lens (TLL). We shall, therefore, not cover that ground again. Rather we shall build upon these foundations to create a metaphorical 'purposeful business house', which we believe can marginalize the trade-off illusion and the separation thesis, and place positive social impact as the predominant central concern for business. We shall extend the metaphor to argue that the house can become a dwelling through a deep integration of purpose, vision and values with strategic objectives and measures. For some neo-liberal readers this will seem like a 'romantic' quest (Kempster & Carroll, 2016). And that would be correct. We draw on the work of Wordsworth, one of the 18th-century Romantic poets, to create an understanding of dwelling as being situated in place and community; a place where people invest in themselves to advance a vocational commitment to achieve a worthy purpose that matters to themselves and to the place in which they dwell (Kempster & Bainbridge, 2017, p. 242).

And what of leadership? Without leadership, the House cannot be built to last (adapted from Collins & Porras, 1994); recognizing that without purpose a house is no more than a building. Leadership shapes sense-making (Smircich & Morgan, 1982), it frames the narrative of what is to be achieved and most importantly why (Parry & Hansen, 2007). Without the 'telos' leadership that Rune describes, the evidence is overwhelming that the house will fall into disrepair (By, 2021). For example, Buchholtz and Carroll (2012) argue that without structural and cultural mechanisms to intercede, amoral management becomes predominant in organizations. Furthermore, Anand et al. (2004) revealed in their research on corruption that, through the processes of socialization, reinforced through the rationalization of everyday decisions, managers become morally disengaged and lower their sense of moral awareness.

The central argument of this chapter is that responsible leadership needs to be promoted to intervene and counter the powerful influence of these strong socializing forces. We have argued elsewhere (Kempster & Jackson, 2021; Kempster et al., 2019; Kempster & Carroll, 2016) the case for a shift in attention

within leadership studies away from a preoccupation with leader-centric research (Jackson & Parry, 2018) that has a deep belief in the efficacy of a 'scientific' understanding (Spoelstra et al., 2021) of the traits, the style, the authentic, and transformational nature of the individual leader, to a primary focus on addressing the pivotal question 'leadership for what?' (Guthey et al., 2018; Jackson et al., 2019). Responsible leadership focuses on what is to be achieved, why and for whom, and how and where to achieve this (Kempster & Jackson, 2021). It moves away from a preoccupation with the leader–follower relationship toward leader–stakeholder relationships and the processes by which value is produced for and with these stakeholders (Maak & Thomas, 2006). Instead of the neo-liberal infused stakeholder management approach to mitigate the impact of stakeholders on the business, responsible leadership views stakeholders as genuine partners in value realization not just as potentially constraining or disruptive actors. Indeed, they are integral to the generation of value – a source of information, feedback, support and advocacy, and ideas and innovations (Gambardella et al., 2016; Kempster & Halme, 2019).

Responsible leadership is a systemic, integrative, and collaborative process of value generation through the responsible use of resources. In Steve's work with Thomas and Ken (Kempster et al., 2019), these resources are conceived of as forms of capital with the deliberate intent to situate the notion of responsible leadership explicitly within the business lexicon. They offer the notion of 'Good Dividends' in order to offer an alternative way of understanding leadership, business value, and fiduciary duty to realize good dividends from all of the capitals that the business has accumulated. Positive social impact becomes the heart of the business model. The remainder of the chapter seeks to show how this can occur through building the purpose-driven organizational house.

The rest of the chapter is structured as follows. First, we briefly unpack what we describe as cornerstones (i.e. underlying assumptions) for the House that must be established in order to realize purpose-led good dividends. The four cornerstones are: (#1) Appreciating the grand challenges that face humanity to stimulate moral outrage for leadership purpose; (#2) A (re)framing of capitalism to fully serve the fiduciary duty of business leaders to shareowners; (#3) Pursuing responsible leadership to realize the fiduciary duty; and (#4) Cultivating a desire for virtue practices that are aligned with meaningful work.

With the cornerstone assumptions in place, the next section explores the 'blessings' as well as the 'central curse' of seeking to realize a purpose-led business. The blessings are shown through research that identifies the value that can be derived by aligning business strategy with a distinctive and worthy purpose. We also need to recognize that the curse associated with pursuing the purpose-driven business is that this promise can remain frustratingly elusive; it is easily expressed by enthusiastic commentators (like us) but much more difficult to make manifest, let alone sustain. With this curse in mind, in the third section of the chapter, we elaborate a systematic approach that a group of us have been developing to not

only recognize the challenges associated with making this transition but to practically work through them. The approach is captured metaphorically as building a house – termed the ‘House model’ – that seeks to align purpose, vision, stories, and values (let’s call these ‘the blue steps’), with strategy, action, and measurement (‘the red steps’). By aligning the blue with the red steps, the House becomes the much cherished dwelling or home. In the fourth section of the chapter, we provide an illustrative example of an SME owner manager’s development of his own business as a House. We conclude the chapter with a call for collaborative action – as a form of collaboratory – through which researchers and organizational leaders can work together to develop four key outputs: first, a strong evidence base; second, the development of illuminating and instructive case studies; third, provide collective support to finally leave behind yesterday’s assumptions of the great neo-liberal trade-off; and fourth, make positive social impact a cornerstone of every business model.

Cornerstone #1: The Clock Is Ticking ... But Where Is the Moral Outrage to Take Action?

The doomsday clock is a concept created in 1945 as a symbolic metaphor to represent the probability of humanity wiping out humanity. On 23 January 2020, the Bulletin of Atomic Scientists moved the clock closer to 100 seconds to midnight. The clock was re-set to reflect human-caused threats such as nuclear weapons and accelerated global warming. Rachel Bronson, the Bulletin’s president and CEO noted that ‘We now face a true emergency – an absolutely unacceptable state of world affairs that has eliminated any margin for error or further delay’ (NBC News, 2020). The planetary boundary conditions for supporting life have been breached a while back (Steffen et al., 2015) and the clock is well and truly ticking. We are not on life support yet but on that trajectory. We are heading to a world that will metaphorically ‘need some extraordinary ventilators to keep our grandchildren alive’ (Kempster & Jackson, 2021). Climate change will be extraordinarily difficult to adapt to; however, this is but one of a set of systemic challenges which we refer to as the ‘grand challenges’. These are captured in Figure 7.1 (Kempster et al., 2019, p. 26).

Space within this chapter does not allow us to unpack the interconnectedness of these grand challenges. We trust that Figure 7.1 provides a strikingly rich picture of the complex and wicked problems humanity faces and a glimpse of the causes that are driving the doomsday clock closer to midnight. It remains a haunting curiosity of ours that there is not more widespread appreciation of the desperate situation humanity faces. Why are the grand challenges not a major feature of the dominant everyday discourse? Why do we not speak of these aspects in the pubs, the cafes, the bus queues, and the train journeys? Why are business schools so relatively quiet on this? Why do our top journals ignore the ‘major problems facing humanity’? (Harley & Fleming, 2021). Why are these

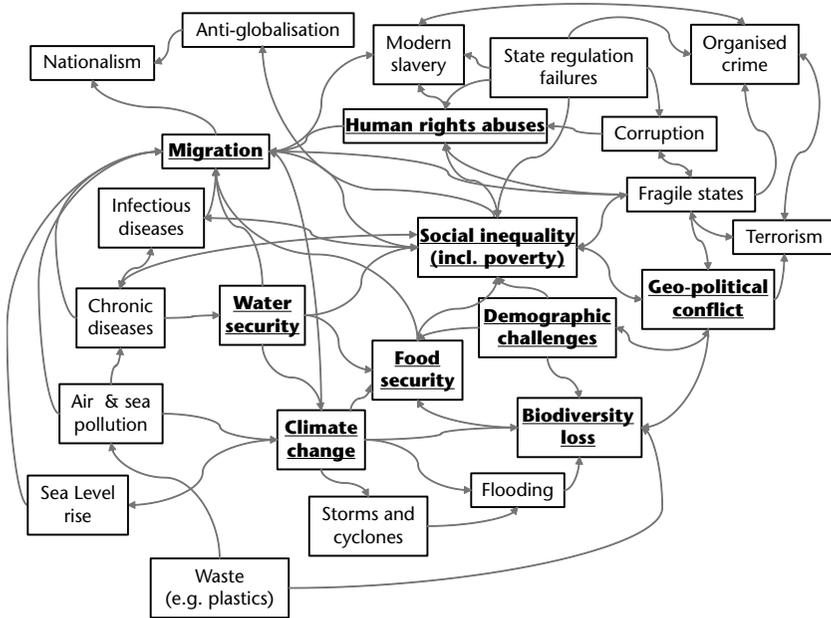


FIGURE 7.1 A systemic view of the grand challenges

grand challenges and the means to tackle these not a central part of the core curriculum? Why are we, academics, not pursuing the responsibility to shape discourse on the grand challenges? In essence, we are lacking a grand discourse to catalyze a collective sense of moral outrage to alleviate the harm to humanity. Moral outrage is the first of the cornerstones.

To tackle the grand challenges, it is of course the responsibility of the governments ... right? Possibly. Governments have the potential to do this, but probably lack the capacity, resources, influence, leadership, and long-term focus. Practically governments can be more reliably relied upon to set up the enabling structures to rescue humanity. We and others have argued that the solution lies with business and through capitalism (Hart, 2010; Kempster et al., 2019). If you understand countries as entities – of which 195 in total are recognized by the UN in the world – we can also consider corporations as entities. In 2018, of the top 200 economic entities in the world, 157 were companies (Global Justice, 2018). We have argued elsewhere that, ‘if we were then to consider the next 200,000 entities only 195 would be countries. We could continue this form of entity pyramid into the many millions. In essence the wealth, power, resources and influence in a very real everyday manner sits with corporations’ (Kempster and Jackson, 2021, p. 50).

What is so special and exciting (in terms of potential impact) about reframing the problem this way is that companies are controlled through business leadership, and such leadership has relatively more freedom than governments to pursue

such activities ... as long as they serve the fiduciary duty to maximize the capital under their control (more on that shortly). Our first outrageous assertion, then, is to suggest that no solution to addressing the grand challenges could occur if it is not interconnected with capitalism. There is no shortage of short-term and longer-term evidence for boards of directors and senior management teams to build a compelling case for organizational and societal change. Rather than working against moral outrage, business leaders can seize upon it as a powerful positive driver for forging a sustained business purpose. A judo metaphor might capture this point to parsimonious yet gripping effect: use the strength of your opponent against herself ... find a way for capitalism to serve humanity.

Cornerstone #2: Reframing Capitalism to Better Serve Shareowners and Humanity

We have referred to neo-liberal capitalism several times already in this chapter. We, therefore, recognize that and there is need for clarity to define what we mean by this. The need to explain how all-consuming neo-liberal thinking has become in affecting every almost aspect of our lives. We need to assess the consequences of the strong influence it exerts upon corporate governance and executive leadership, most especially with respect to how boards carry out their fiduciary duty to their shareholders (Cikaliuk et al., 2020).

Stenberg has observed that, ‘Capital is a condition and a routine consequence of capitalism’ (2015, p. 385). Capital is thus the core concept, and the processes, assumptions, and structures of increasing such capital underpin an economic model and a fundamental belief system of wealth generation. Adam Smith’s work in *The Wealth of Nations* (Smith, 1776) is perhaps the most prominent formative thesis to explain this system. He argued that wealth distribution flows out from the maximization of an individual’s capital. Such ideas have formed the idea of brutal or neo-liberal capitalism – which we suggest is the dominant way capitalism is understood. In response to the perceived failings of the Keynesian economic model of the 1950s, 1960s, and 1970s during which governments sought to intervene to shape and control economies to address social needs, the era of Thatcher and Reagan projected a policy of deregulating markets to create greater freedom for the movement of capital and labor. The emphasis that is placed on self-interest and unfettered control has a central motif of a global cultural system of capitalism (Harari, 2018). For example, the solution that was developed to respond the 2007 global financial crisis, itself the culmination of neo-liberal deregulation (Engelen et al., 2011) was paradoxically neo-liberally informed austerity (du Gay & Morgan, 2013).

So pervasive are the neo-liberal assumptions that generations of students, faculty, entrepreneurs, and arguably citizens around the world are imbued with the singularity of business purpose to maximize financial capital which takes us back to our opening remarks regarding the great ‘trade-off’ as the predominant

business narrative. Every undergraduate or MBA class, and every Exec Ed session we have both taught on this subject looks at us as if we are seeking to offer the notion that water is not wet when we suggest profit is a means to achieving a pro-social purpose. So fixated are we with financial capital that we typically can only see capitalism as being inextricably tied up with financial capital. However, if we embrace capitalism as a system of multiple capitals we are empowered to head in a very different direction; a direction that can address the great trade-off illusion and embrace pro-social purpose at the heart of the business model through enlightened self-interest as well as collective well-being.

The role of society, and of individuals engaging in enlightened self-interest was at the heart of Smith's conception of capitalism if the *Wealth of Nations* is read in tandem with the *Theory of Moral Sentiments* (1759, revised as a second edition after the *Wealth of Nations* in 1761) – a text that articulates the role of individuals in society as being rooted in virtuous relationships with others. Viewing capitalism as being underpinned by a plural set of capitals shaped by a societal 'invisible guiding hand' (Smith, 1776) to realize enlightened self-interest takes us to a very different interpretation and manifestation of capitalism. Young (2003) describes such capitalism as 'moral capitalism'. This form of capitalism is based on the seven general principles for business that have been developed by the Caux Round Table in their belief that capitalism is really the only system with the potential to address the needs and aspirations of individuals, societies, and nations (Young, 2007). Other versions of capitalism that closely align with this definition include 'conscious capitalism' based on the successful business model of Whole Foods (Mackey & Sisodia, 2014); and 'stakeholder capitalism' in which the capitals are related to the interests and value of stakeholders (Freeman et al., 2007). In our recent work we have suggested that this form of capitalism might be usefully termed as 'regenerative capitalism', which recognizes a systemic relationship of capitals that combine to create a regenerative effect. Growth, as seen through regenerative lens, enhances society and the environment (Kempster & Jackson, 2021).

What is common between all four of these versions of capitalism is the plurality of capitals and the inter-relational nature of the capitals, and the direct connection that they have with society. Young usefully captures this connection as follows: 'To sustain our profits over time, we need to replenish the capital we invest in the business. That capital comes in different forms: social capital, reputational capital or "goodwill," finance capital, natural capital, and human capital' (2007, p. 2). The various versions of capitalism reflect these five capitals with the addition of a sixth associated with the capability of an organizational entity. This form of capital has been variously referred to as institutional capital (Leitch et al., 2013); or manufacturing capital (Dumay et al., 2016); or operational capital (Kempster et al., 2019).

Embracing these capitals into a combined systemic relationship anchored to a broader societal purpose provokes a very different perspective on value. It requires quite a change in mindset (Clegg et al., 2021). Neo-liberal capitalism is

anchored to tangible assets – what can be counted counts; hence, the predominance of finance and economic assets. But, as Einstein is purported to have said, ‘not everything that counts can be counted’. The intangible nature of the assets that account for the remainder of the six capitals are generally much harder to measure. ‘Yet estimates have been made that across 15 of the world’s stock markets (using a sample of 1073 businesses), 35% of the market capitalization is drawn from reputational value. Moreover, 21% of companies have reputations so poor as to be actively destroying market capitalization’ (Amo, 2019, p. 5). Tracking the S&P index, Hesketh has shown that corporates who seek to measure HR capital generally outperform the market (Hesketh, 2019). The accounting profession itself has challenged traditional financial business reporting model, arguing that it does not adequately satisfy the information needs of stakeholders of assessing a company’s past and future performance. Meanwhile, society is increasingly questioning the basic reason for an organization’s existence – to create wealth – because this narrow focus excludes creating value or justice for people, society, and the environment (Gray, 2006). In its place, professional accounting bodies such as the International Integrated Reporting Council have advocated integrated reporting that endeavors to measure and monitor an organization’s social, environmental, and economic impacts in a transparent and accountable manner (Dumay et al., 2016). There is thus increasing attention to advance the idea that value comes from many sources of capital, including most importantly natural capital. For the remainder of this chapter, we will refer to this as planet–community capital (Kempster et al., 2019).

The second cornerstone of capitalism, therefore, seeks to (re)orientate business leadership toward a new appreciation of value that can fully and responsibly deliver on the fiduciary duty of enhancing the shareholders’ interests (Eccles, 2017; DeMott, 1988). We have asserted along with others that a neo-liberal approach to fiduciary duty has under-served shareholders by channeling them to focus exclusively on financial capital. It has also constrained executive management teams in such a way that they have lacked confidence, capability, and the desire to understand and deliver value integrated with the other capitals. Continuing with Hesketh’s (2019) argument that investment in, the measurement of and reporting of human capital needs to be related to enhanced financial performance: Why is it not common place for managers to be assessed as part of their KPIs on the enhancement of human capital that has been realized under their supervision? Indeed, why are managers not being measured against the development of all six capitals? Do we value merely what we can measure, or can we embrace measuring what we genuinely value? Drawing on the old adage what gets measured gets done, imagine if planet–community capital was part of the KPIs for which the annual bonus of executives and their teams was based? We shall return to this vital point when we start to build the House framework; but first we must turn our attention to responsible leadership.

Cornerstone #3: Pursuing Responsible Leadership

We have already introduced what responsible leadership is and why it is so important if a purpose-led business is to be realized. Consequently, we can be brief in this section. The critical point to make is the link between the focus of responsible leadership on realizing stakeholder value and the accumulation and combination of the six capitals as we discussed in Cornerstone #2. The specific linkages between the types of capital and the most relevant stakeholders are outlined in Table 7.1.

The shift in the conceptualization of the leadership relationship that takes place when we embrace responsible leadership expands substantially from the traditional preoccupation with leader-followers (i.e. managers and their employees) to a much wider and more complex relationship between leaders and all organizational stakeholders which includes employees as well as shareowners, customers, suppliers, communities, and humanity (Kempster & Jackson, 2021). This is succinctly highlighted by Yang when he cites Confucius: ‘Now the [responsible leader] of perfect virtue, wishing to be established himself, seeks also to establish others; wishing to be enlarged himself, he seeks also to enlarge others’. The reciprocal relationship between a corporation and the stakeholders is the basis for moral capitalism’ (2010, p. 81). We take this one step further and say that responsible business leadership requires the explicit intent that all capitals are enhanced to pursue the organization’s fiduciary duty by aligning the organization’s stakeholders’ interests with its shareholders interests.

If this argument for responsible leadership is taken on board, then an intent to enhance planet-community capital in order to enhance the other capitals thus becomes central to business activity. Positive social impact is no longer a peripheral concern, and it is certainly not just a trade-off, or a reduction of shareholder funds. Examples as to how to make this happen are still relatively rare. Unilever is perhaps the most widely celebrated corporation to endeavor to do just this in its quest to become the world’s most sustainable business through its Unilever Sustainable Living Plan (Kempster et al., 2019).

With the other three cornerstones in place a fourth, relating to virtue practices, can enrich everyday organizational conduct. This final cornerstone connects strongly with the preceding chapter, a rekindling of virtue practices (By & Kuipers, 2021).

TABLE 7.1 Types of Capital and Related Key Stakeholders

<i>Capitals</i>	<i>Stakeholders</i>
Financial	Shareowners
Human	Employees
Social	Employees, customers, suppliers, communities
Operational	Employees, suppliers, customers, communities
Reputational	Customers, shareowners, employees
Planet-community	Communities, humanity

Cornerstone #4: Rediscovering Virtue and Meaning in Everyday Business Activity

Virtue ethics is oriented toward the moral conduct of people in terms of how they live their lives; it is about intentions and actions. An Aristotelian frame of excellence, as a virtue, becomes a habit. A virtuous disposition becomes the interconnection of a person with others in a particular place. For example, the development of excellence, or care, or patience, or courage, can become a cultural manifestation. A virtuous disposition becomes manifest as a persistent behavior that ‘may reflect the consequence of a journey of education with others, the place they work, the people they work with, the work they collectively do together, the interests, the orientations and attitudes that are shared amongst colleagues’ (Kempster et al., 2019, p. 15). An alternative and non-virtuous disposition might be the pursuit of profit at the exclusion of considerations of value enhancement for others – employees, communities, and the planet are used exclusively as a means to profit. Drawing on MacIntyre’s thesis of management, such a means–end dynamic would eradicate virtue practices because they are associated with the production of, what MacIntyre describes as, internal goods – outcomes that enrich society. For example, the internal goods of a cabinet-maker might be the beauty of the dovetail joints, or the selection of wood and how the grain appears on the cabinet, or the quality of polishing; to achieve all these goods requires the virtues of craftsmanship. The functionality of the cabinet (what it does) is an external good; likewise, the payment for the cabinet and profit derived from such an exchange of ‘goods’ is also an external good. The balance of internal and external goods is key and cannot be achieved without leadership protecting and promoting virtuous practices. Excellence, quality, care, well-being, persistence, and resilience are all virtues much sought after in organizations. Yet the pressures for efficiency driven on by a neo-liberal management ethos reflects organizational practices that:

Are involved in acquiring money and other material goods; they are structured in terms of power and status, and they distribute money, power, and status as rewards. Nor could they do otherwise if they are to sustain not only themselves, but also the practices of which they are the bearers. For no [virtue] practices can survive for any length of time un-sustained by [leadership].

(MacIntyre, 1985, p. 194)

The reason we have inserted leadership (it was institutions in the original text) is that MacIntyre has a very low opinion of management seeing it as the corrupting force that eradicates internal goods. Yet without a powerful influential agency of leadership, who in the institution takes on the ‘essential’ role of protecting the practice virtues from such inevitable corruption (Burnes & By, 2012; Burnes

et al., 2018)? It is undoubtedly the senior managers' role, and the paradoxical need for courage and character from such managers to sustain or rekindle a virtuous business organization (Moore & Beadle, 2006, p. 323). Incidentally MacIntyre's thesis has been shown to be sadly prophetic. Much research around ethical leadership has shown the dominance of amoral behavior (Buchholtz & Carroll, 2012), high levels of moral disengagement (Detert et al., 2008), and the lowering of managerial moral identity (Shao et al., 2008). Few ethical leadership role models have been shown to be present at increasing levels of management (Brown & Trevino, 2014). It appears that processes of socialization through role modeling drawn from countless decision moments that rationalize amoral practices reinforce conduct that becomes normal and to be expected (Anand et al., 2004; Kempster & Gregory, 2017).

In summary, and to make salient the argument for laying down the four cornerstones that underpin the purpose-driven organizational house that we have elaborated in this section of the chapter, we offer two counter-veiling meta-narratives that we argue provide distinctive framing assumptions for business leadership:

Framing #1 – The organizational reality of neo-liberal capitalism and its attendant dominance of amoral leadership inadvertently pursues the eradication of virtue practices and assumes that pro-social purpose inevitably results in the reduction of shareholder wealth (i.e. the trade-off scenario). Such framing views engagement in positive social impact as an additional set of activities that add to the cost of the business.

Framing #2 – Moral capitalism seeks to accumulate and deploy all six forms of capital; the outcome of which is a set of good dividends that enrich stakeholders, including communities, the planet, and shareholders. Virtue practices and the associated internal goods they generate enrich people, communities, and society. These internal goods are protected and enhanced through the stewardship of responsible leadership which, in a complementary manner, pursues value generation for all stakeholders (i.e. employees, suppliers, customers, communities, shareholders). The necessity to do all of this is a consequence of the moral outrage and urgency to use business as a mechanism to address the world's grand challenges and, in the process, enhance business value.

The Blessings and Curse of Creating Purpose-driven Organizations

Throughout the chapter we have made much of the blessings that purpose-focused responsible leadership can bring to businesses. But we have underplayed the curse that inevitably accompanies responsible leadership which, in a nutshell,

is that it is so difficult to realize. The leadership of purpose is a complex phenomenon to enact in everyday leadership practice (Kempster et al., 2011). A dominant neo-liberal mantra, the prevalence of amoral management, low levels of moral engagement, the scarcity of well-known ethical role models and the concomitant eradication of virtue practices and internal goods does not provide the most fertile context for organizational leadership that pursues a pro-social purpose. The empirical research that was formative to our 2011 paper (Kempster et al., 2011) pointed to the great difficulty managers had: in understanding what a purpose might be beyond profit and satisfying customers; significant discomfort in seeking to communicate such a purpose; and difficulty in understanding how purpose is central to the business model and can be aligned with strategy and measurement. Purpose-driven leadership was not only a challenge for leaders: employees do not expect purpose to be part of everyday work. With no follower expectancy or demand for purpose, managers who often were uncomfortable with communicating an elusive social purpose, were able to avoid this most tricky space. So, in practice, engaging organizational leadership with notions of societal purpose is difficult to maintain and ingrain on a daily basis.

The difficulties in engaging in purposeful leadership notwithstanding, there is growing evidence that the long-term gains may well out-weigh the pain. Among the business best-seller books, Collins and Porras' pioneering *Built to Last* (1994), Stengel's influential *Grow* (2011), and Robinson-Hickman and Sorenson's (2014) scholarly *Invisible Leadership* have put forward compelling research showing the positive relationship between organizational purpose and organizational performance. Gallup's annual employability survey shows a similarly strong relationship between the attractiveness and conviction of employees to a business purpose and the strength of employee engagement. Gallup lists a series of positive dividends flowing from this relationship: profitability up 22%, customer satisfaction up by 10%, productivity up 21%, quality defects down 41%, and with regard to employee absenteeism down 37% and attrition levels down 45%. Drawing on Ben and Jerry's as a business exemplar their internal data suggests to them that consumer loyalty increases by 2.5-fold when customers understand the purpose behind the company (Montgomery, 2019). Other indicators of the relationship of purpose with business value (under CSR-related research) reflect, for example, improved financial performance (Margolis & Walsh, 2003; Orlitzky et al., 2003); greater innovation and the development of markets (Halme et al., 2012); strengthened customer relationship and increased advocacy (Taghian et al., 2015); and enhanced operational improvements (Yin & Schmeidler, 2009). Against the COVID backdrop, McKinsey warn that because, 'employees expect their jobs to bring a significant sense of purpose to their lives. Employers need to help meet this need or be prepared to lose talent to companies that will' (Dhingra et al., 2021, p. 1). The phrase, 'The Great Resignation', which was originally coined by Texas A&M's Anthony Klotz, gained almost immediate global currency in graphically encapsulating the growing disenchantment with the employment contract in the post-COVID world (Roberson, 2021).

The notion of the blessing and the curse of purpose-driven leadership was identified (without using this phrase) in research undertaken by EY (2015) outlined in the *Harvard Business Review* entitled ‘The business case for purpose’. Drawing on a sample of 474 businesses (the respondents were executives) the study identified that, ‘although there is near-unanimity in the business community about the value of purpose in driving performance, less than half of the executives surveyed said their company had actually articulated a strong sense of purpose and used it as a way to make decisions and strengthen motivation. Only a few companies appeared to have embedded their purpose to a point where they have reaped its full potential’. Of key significance to the arguments of this chapter are the barriers that were discovered with respect to identifying, communicating, and translating a worthy purpose to stakeholders, to the business model, to the business strategy and to everyday key performance indicators that can show how value is being created. In the following section of this chapter, we present a systematic approach that a group of us have been developing to not only recognize the challenges and barriers associated with making this transition to a purpose-driven to business but to practically work through them. The approach is captured metaphorically as building a house – termed the ‘House model’ – that seeks to align purpose, vision, stories and values with strategy, action, and measurement.

Realizing Purpose and Business Value: The Good Dividends House

If business leaders can fully embrace the four cornerstones outlined earlier, they can apply a different perspective to capitalism, to value, to business, and to the role of business leadership seeking to align organizational value with pro-social purpose. The thesis of the good dividends (Kempster et al., 2019) has been developed with the intent to provide a guiding, simple, and common-sense theory of business (Donaldson & Walsh, 2015) for business leaders to engage with. We have elsewhere noted that:

The function of capitalism is to increase capital. Through the enhancement of all capitals, including planetary capital, there becomes the manifestation of good dividends: good in the sense of larger, good that it is designed to be regeneratively based (through the central role of social innovation); and good in the sense of being ethically rooted.

(Kempster & Jackson, 2021, p. 56)

The Good Dividends theory is based on systems thinking, particularly soft systems (Checkland & Scholes, 1999). It is centered on enhancing business value contemporaneously with realizing positive social impact (increasing planetary-community capital). The system is depicted in Figure 7.2.

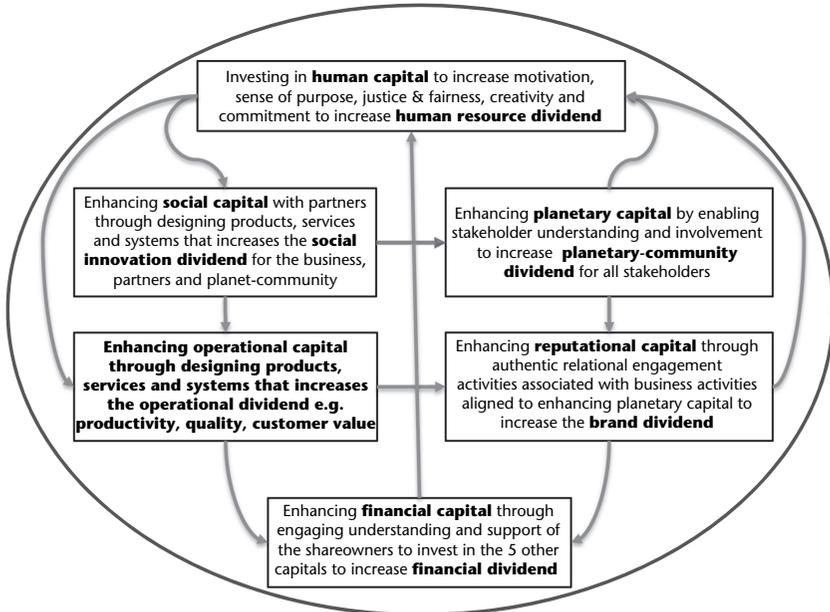


FIGURE 7.2 A regenerative system of good dividends (adapted from Kempster et al., 2019, p. 44)

The system shown in Figure 7.2 illustrates an interdependent set of relationships between the six capitals that reciprocally generate dividends that can enhance connected capitals. The system thus weaves together all capitals as a cohesive whole; the more efficient, effective, and ethical are the elements, and importantly the interconnectedness of the system, the greater the emergent property of the system (Checkland & Scholes, 1999); that is, realizing the purpose of the business – the superordinate reason why the business exists. A corollary to this emergent property of the Good Dividends system is the potential regenerative interconnectedness of one organization with many other organizations: businesses, charities, social enterprises, customers, suppliers, communities, NGOs, local, and national governments. Steve has worked with many businesses in helping business leadership explore the development of a purpose-led approach to business with the creation and testing of a family of connected tools. In conjunction with a number of his colleagues, Steve has developed a model, using the metaphor of a house to guide managers through this transition. At the time of writing, Steve and his colleagues have used with model with over 50 owner-managers.

Building the Good Dividend House

The House model seeks to make explicit the link between understanding the purpose of the business with strategic thinking, and to link these two aspects to

the core arguments of the Good Dividends theory of capitalism to reframe value realization and the business model. Why the ‘House’? For once, a simple answer, the model looks like a three-storey house! More than that this, it seeks to be a metaphor: building on solid foundations – the cornerstones values of the business; the frame of the building as the cultural glue; and reaching high in the form of purpose and vision – the roof. The second floor is the strategic objectives (connected to the purpose – the roof); the first floor are actions that flow from the strategic objectives; and the ground floor are measures of the actions to realize the objectives. Figure 7.3 illustrates the House.

Below is an extract from the house model guidance that Steve has used with managers:

‘As you can see the House has many windows! The reason is the overt connection we seek to make to the multiple sources of business value represented by the 6 good dividends.

The House is seeking to construct an integrated framework for a business to extract multiple sources of value connected to the purpose of the business. The House should not be seen as a set of columns (or functional silos – such as operations, marketing, HR, finance and CSR). Rather, all aspects of value generation are interconnected. For example, generating

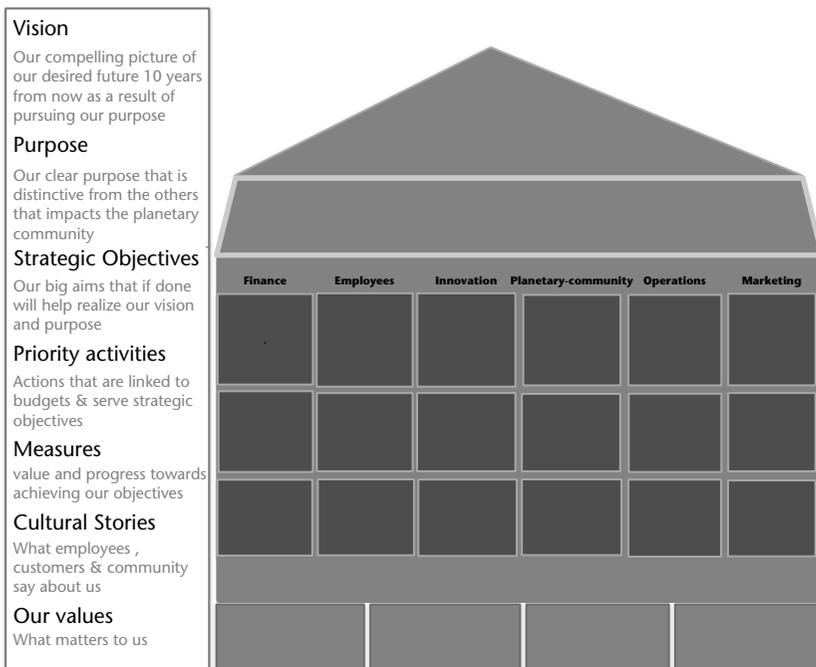


FIGURE 7.3 The house

value from employees forms a dividend of commitment, energy, intellectual curiosity, care, diligence, etc (and would also include fewer sick days, lower employee attrition, less need to train new employees, etc). The value of this dividend generates operational value (productivity, quality, customer service, etc), and from the operational dividend is enhanced customer value, as well as enhanced financial value. The value of engagement in planet–community is a form of dividend to the business in terms of enriching employee sense of purpose to everyday work, as well as the dividend to enhance the brand–reputational value of the business’s (and associated products and services). By realizing the planet community value, the purpose of the business can be realized; by placing the planetary–community value in the centre of the House the purpose is central to all business objectives, actions and measures’.

To help engagement and progression with the developing a business House, we offer a series of 7 steps that are shown in Figure 7.4.

Detail is provided for each step, but space does not permit to amplify here. Emphasis is given to the fact that progression through the 7 steps is likely to be more iterative than successive (i.e. it involves going back and forth as you learn more about each part). For example, objectives may become refined or developed, or perhaps replaced as an action is explored or measures are identified. Similarly, developing stories may refine or enhance a sense of what really is the purpose of the business; they can put extra flesh on the bones of the vision. Note that the House and the steps have two colors: the windows in the House which reflect steps 5, 6, and 7 are in red (i.e. strategy, action, and measurement); while the remainder of the house (i.e. values, stories, purpose, and vision) are in blue.



FIGURE 7.4 7 steps to build the house

The two colors reflect the prominent theory of transactional and transformational leadership where both transactions and transformations are necessary but alone are not sufficient to create effective leadership (Bass & Avolio, 1990). The red and blue are offered as a memorable short-hand to the managers to reflect on their everyday orientations to transactional and transformational leadership (and idea developed by Ken Parry which has been most effective).

By way of example of how the House model is applied in practice, we provide an example of an owner-manager's House that is shown in Figure 7.5 (note it has been edited for confidentiality reasons).

The example here was created just before the senior management team opened up conversations with the rest of the organization. It was the leadership team's intention that they provided the strategic focus of the business; however, it was left to the employees to develop the actions that were required in order to deliver on the objectives. The measures were to be developed jointly between the various teams and leadership. Similarly, Jamie's leadership team wished to establish the values and the stories collectively through comprehensive involvement, a strong priority being placed upon employee engagement and ownership. In this way, Jamie reflects an aphorism of leadership which is to provide strategic direction, but not prescribe details for action. Collectively agreeing measures between the teams and the senior management group provided an opportunity for the distributed ownership of measures so that the teams owned the actions and the senior management team owned the strategic objectives. In commenting on what has transpired since his organization's exposure to the House framework, Jamie makes the following observations:

'Innovations linked with fine finishing of 3D printed parts [are] causing good business growth. [Regarding planet-community] we have already moved away from vinyl tape and have influenced [name of company withheld], who manufacture our machines, to move over to using solar panels. [In partnership with another company] we are taking steps to tackle single-use plastic. As well as this we have started a recycling program and are using a concentrated version of the compound we use in our machine, [and] this reduces the amount of plastic bottles we use. We are communicating this to our customers. Not selling but just having conversations and making sure they are keeping well and to see how they are; because of COVID, sales are down but we have not lost any customers. And I'm really pleased with the employee conversations. We now have set up new employee engagement programs. We are talking to the staff about how they would like to improve and grow within the company. We have been honest with them and explained that because we are a small company, development might take time. But we feel as long as we give them small tasks and continue to engage they will see their growth path along with the growth of the company'.

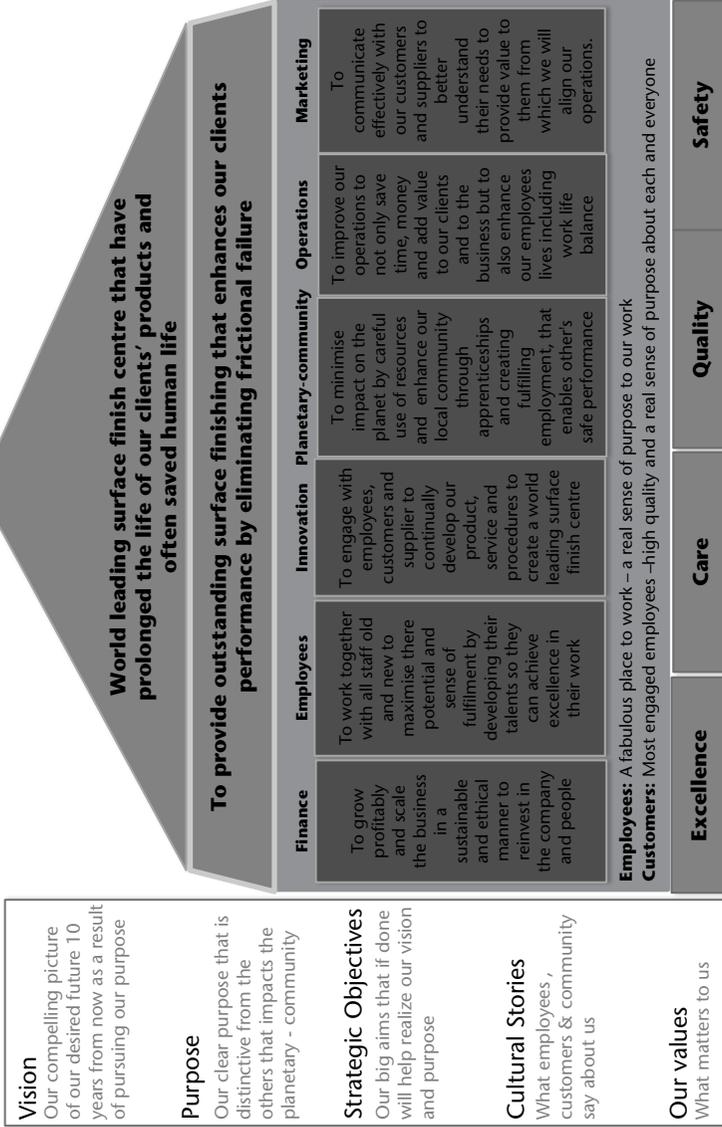


FIGURE 7.5 Jamie's house

Making Purpose the Superordinate Agenda for Leadership

Leadership studies has mostly overlooked the significance of purpose (Kempster et al., 2011), leaving the discussion primarily to popular texts (such as Collins & Porras, 1994, or Stengel, 2011). In this chapter, we have sought to show the value of purpose most specifically in business leadership and have made the point that the value of purpose cannot be realized without addressing some fundamental socio-economic dynamics. We have provided a framework for doing this by using the metaphor of a house that is built on four ‘cornerstones’. We suggest that the cornerstones are critical underlying assumptions that must first be externalized and then internalized in order to begin making the transition to a purpose-drive business organization. Having put these conceptual cornerstones in place the business is then ready to work through seven progressive steps that can be followed in a manner that enable the purpose-led business to flourish.

We want to close this chapter by proposing that leadership scholars and practitioners not only recognize the importance of purpose in leadership but, considering the scale, the complexity, and urgency of the grand challenges that we are facing, that we make purpose the ‘superordinate agenda’ for both leadership practice and research. This makes purpose superior to other current concerns and preoccupations, a move we recognize will not be universally popular, but we also recognize that these current concerns and pre-occupations are not unimportant and by no means trivial. However, they would create a stronger potential impact if they are situated and connected to a primary consideration of leadership purpose. Placing leadership purpose as the superordinate agenda provokes and guides the attention of practitioners and researchers alike to perhaps the consistently most important leadership question of all: leadership for what? The grand challenges that threaten humanity must become the primary agenda of leadership in all sectors: political, public, charitable, and business leadership. It is particularly crucial for business leadership to get behind this effort. As we noted earlier, business leaders have the requisite resources, capability, technology, and, most importantly, the leadership agency that needs to be brought to bear on the world’s grand challenges.

The argument made by the Good Dividends theory that is woven into the House model seeks to offer a way forward for business leaders. And it is but one way. The key for us and we hope with many others in the fields of organizational change and leadership is that we can help to stimulate business leadership to think beyond the trade-off myth, and perhaps escape from the clutches of neo-liberal capitalistic assumptions (Alvehus, 2021). COVID-19 has provided a unique window opportunity to advance the cause of purpose-driven business (Maak et al., 2021). Citing Charles Dickens, we have argued that it has been the worst of times, but also the best of times (Kempster & Jackson, 2021). The best of times in terms of people rekindling a sense of community, undertaking virtue practices

such as collecting prescriptions or undertaking shopping for people who were sheltering in their homes from the pandemic. Many businesses have responded in a similar manner to engage strongly with supporting communities and the health sector. There has been evidence in conventional and social media of the growth of ‘a kinder, gentler and more inclusive’ approach to business that suggest that purpose may have already been informally placed on a superordinate agenda in a number of board rooms, open plan offices, manufacturing plants, shop floors, cafes, and washrooms around the world.

However, let us not go naively and lightly into this agenda; realizing purpose in the business context is a complex phenomenon and we all (both academics and practitioners alike) need to be more considerate in how this can be undertaken at scale and on a system-wide basis. We, therefore, conclude the chapter with a call for collaborative action in which researchers and organizational leaders can work together to develop four key outputs: first, a strong evidence base to show how to create new as well as transition to long-term regenerative for-purpose businesses; second, the development of illuminating and instructive case studies that can guide teaching and inform practice; third, provide collective support for business leaders to finally leave behind yesterday’s assumptions of the great neo-liberal trade-off; and fourth, to make positive social impact a cornerstone of every business model.

To do this work, we suggest the need to create a grand coalition of academics, consultants and policy-makers but mostly of businesses leaders to become central players in a global research impact project. Elsewhere we have described the collaborative approach, a learning community using a combination of mass collaboration and mass experimentation as having much scope for the development of practice-based evidence of how to realize purpose-led businesses (Kempster et al., 2017; Guthey et al., 2019). We have started to construct a vehicle to build the community that can support the transition process for purpose-driven businesses (web-site: www.gooddividends.com) and we invite all to join us on this essential journey.

We also suggest that a place-based approach to building purpose-driven organizations might be especially appropriate given the systems methodology that forged the Good Dividends approach. Place continues to fundamentally matter to people, either as citizens, consumers, or community members (Cresswell, 2004; De Blij, 2004). It can act as an important strategic resource for leadership in building collective identity, purpose, and strategy (Jackson, 2019). Places also provide important bases for political, economic, social, and organizational action at a wide variety of scales from the individual organization such as a business or a school to a neighborhood, a suburb, a city, a region, a nation, and a distinctive part of the world. Places can transcend personality- or positionally driven leadership to focus on longer-term and more enduring purposes that are multi-generational. A place leadership perspective can shed more light on both the practices of collective leadership and the arenas/spheres of collaborative

governance that can enact public and private value co-creation (Collinge et al., 2010). Place emphasizes how better integrated public and political leadership can engage members of society in interactive policy and public management processes that can result in the co-creation of public value through new arenas such as living labs, collaborative platforms, and participatory processes both online and in real places gather actors and/or citizens into public value co-creation (Crosby & Bryson, 2005).

With the unprecedented turnaround in the development, testing, production, and distribution of not just one but multiple COVID-19 vaccines, one cannot fail to be impressed by the outstanding efforts of both academic science and big pharmaceutical companies and government regulators. Imagine if leadership scholars and practitioners had a similarly clear and compelling vision and could practice that degree of collective leadership. Perhaps a vision for saving humanity by addressing our equivalent ‘gravity’ or ‘vaccine’ question: how to link business value with positive social impact in an integrated and regenerative manner, and then to scale this up for it to become the normal mainstream way in which business leadership is practiced.

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PART II

Issues and Challenges



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8

COURAGE TO STRIVE: HYPOCRISY MONITORING, INTEGRITY STRIVING, AND ETHICAL LEADERSHIP

Ronald L. Dufresne and Judith A. Clair

Introduction

In the first edition of this book, Dufresne and Clair (2013) explored the complex relationships among integrity, hypocrisy, and ethical leadership. The essential claim in the original chapter was leaders who monitor their hypocrisy and strive for greater integrity are more likely to grow as ethical leaders. Research in recent years has advanced in these areas, contributing to both greater complexity and clearer understandings about these relationships. In this chapter, we revisit the core arguments made by Dufresne and Clair (2013), integrating advances in the related domains of integrity and hypocrisy. Furthermore, we turn to novel insights on workplace courage to illustrate the challenges and benefits of leaders recognizing their hypocrisy and striving for greater integrity.

Palanski and Yammarino (2007, 2009) have persuasively argued that integrity is at the heart of effective leadership. They have written (2007, p. 171): ‘Integrity is a ubiquitous ideal in leadership: citizens clamor for it from politicians, employees desire it from managers, religious faithful expect it from clergy, and stockholders demand it from corporations. Everyone seems to want integrity in their leaders’. Later, they noted that integrity’s importance in leadership is, at this point, so taken-for-granted that it ought to be seen as ‘an axiom in leadership studies’ (p. 405). Leader integrity results in many positive workplace outcomes, including trust (Moorman et al., 2013), reduced turnover intentions (Greenbaum et al., 2015), performance (Gentry et al., 2013), and followers’ engagement (Vogelgesang et al., 2013).

Very much in line with the arguments presented by Dufresne and Clair (2013), greater empirical clarity has emerged regarding what constitutes integrity and how it is measured. There is a growing consensus that leader integrity consists

of two related dimensions: word-deed alignment and morals-deed alignment (Bauman, 2013; Martin et al., 2013; Moorman et al., 2013). That is, leaders are seen to have integrity if their walk matches their talk and if their behavior aligns with generally accepted moral norms.

At the same time, research has proceeded on hypocrisy in the workplace, producing insights that help clarify how hypocrisy appears and its effects. Similar to the converging consensus on the dimensionality of leader integrity, hypocrisy research has also highlighted how hypocrisy might be rooted in word-deed *misalignment* and in the view that a leader might be claiming unearned moral credit (Effron et al., 2018; Hale & Pillow, 2015; Wagner et al., 2020). Furthermore, authors have advanced Brunsson's (1989) argument that hypocrisy is a normal state in contemporary organizational life, owing to complexity and multiple stakeholders (Effron et al., 2018; Graham et al., 2015; Quinn, 2004; Tillyris, 2016).

As Dufresne and Clair (2013) discussed, this situation – in which integrity is essential yet hypocrisy is unavoidable – opens the door for leadership practices that will help oneself grow as an ethical leader. The specific practices of hypocrisy monitoring and integrity striving serve this purpose. Recognizing how each of us manifests hypocrisy of one form or another, whether it is seen as not walking our talk or not embodying ethically normative behavior at all times, we argue that true test of an ethical leader is to confront these mismatches and work to close those gaps. Being aware of the intrapersonal and social risks that come from admitting hypocrisy, we see workplace courage (Detert & Bruno, 2017; Howard et al., 2017) as a critical aspect of the use of these practices.

This chapter proceeds as follows: first, we revisit the central arguments made by Dufresne and Clair (2013), augmenting those arguments with recent scholarship on integrity and hypocrisy. In these sections, we explore the relationships between integrity and hypocrisy and show how integrity striving shows meaningful growth as ethical leaders. Next, we explore the identity challenges and the role of courage in leaders' grappling with their integrity and hypocrisy. Finally, we conclude with encouragement for more research to understand these vital issues.

Understanding Integrity and Hypocrisy

In their influential review of the literature on leadership integrity, Palanski and Yammarino (2007) identified five different meanings of integrity in the scholarly literature. These meanings include integrity as: wholeness, authenticity, word-deed consistency, consistency in adversity, and ethicality (Palanski & Yammarino, 2007). Integrity as wholeness builds from the etymology of the word, from the same Latin root shared by *integer*, to highlight the completeness and consistency of all aspects of one's person. Integrity as wholeness shows 'an overall consistency of behavior, thoughts, and emotions across time and situations' (Palanski & Yammarino, 2007, p. 174). Integrity as authenticity relates to the Shakespearean concept of 'to thine own self be true'. In this sense, integrity means being aware of one's private values

and motives and behaving accordingly. Integrity as word-deed alignment, however, hinges on making one's values and motives public and then behaving accordingly. Simons' (2002) conceptualization of behavioral integrity— 'the perceived pattern of alignment between a leader's words and deeds' (Simons, 2002, p. 19) – fits with this version of integrity. Integrity as consistency in adversity is a conceptualization that highlights the importance for someone with integrity to be able to resist temptation and remain true to one's principles even when faced with adversity. Lastly, integrity as ethicality has been used as somewhat of a catch-all conceptualization, including meanings such as morality, honesty, and trustworthiness.

Certainly, many of these conceptualizations are highly related and perhaps overlapping. Throughout all these meanings runs a theme of consistency, among such components as explicit values, tacit values, societal values (e.g. honesty is good), and actions. The differences emerge as a function of which components are salient to the conceptualization, and various authors have explored different approaches to clarifying the construct.

For example, both Becker (1998) and Gosling and Huang (2009) argue for embedding the values or principles with which behavior should be consistent in some broader social perspective. Relying on a Randian Objectivist perspective, Becker (1998) argues that, to have integrity, one's individual values need to be 'morally justifiable' (p. 157) as rationally pursuing 'long-term survival' (p. 157), and then one must act in accordance with those individual values. Relying on an integrative social contracts theory perspective, Gosling and Huang (2009) address the multiple levels of principles and norms that underlie action with integrity. For these authors, one's espoused words in the various meanings of integrity translate into making and fulfilling nano-level social contracts. These nano-level social contracts consist of interpersonal commitments, such as when a manager makes a statement of principle or value. Underlying the interpersonal nano-level social contracts are hypernorms and macro- and micro-social contracts. These three components reflect the acceptability of the principle or value to humanity or to one's communities; principles need to be defensible to be valid (Gosling & Huang, 2009).

A 2013 special issue of *The Leadership Quarterly* (Simons et al., 2013) advanced the conceptualization of integrity by narrowing the focus to two related aspects: word-deed alignment and moral behavior. Moorman et al. (2013) theorized and empirically tested a model in which integrity is seen both in consistency between espoused values and actions and in behavior that abides by a pluralistic view of morality (Burton et al., 2006). Notably, and unsurprisingly, they found a very strong correlation between these two dimensions. In a cross-cultural study, Martin et al. (2013) reported convergence in managerial perspectives on integrity, again finding the dimensions of morality and word-deed alignment. Furthermore, Bauman's (2013) theoretical piece argued, similar to Dufresne and Clair (2013), that integrity implicates 'identity-conferring commitments' (p. 419) and can take the

form of substantive integrity (i.e. abiding by moral norms) and personal integrity (i.e. abiding by personal values).

Taken together, this converging view of integrity highlights consistency among one's actions, one's stated values, and defensible social values (i.e. moral norms). This view accounts for the five perspectives outlined by Palanski and Yammarino (2007). As seen in the high correlation between word-deed alignment and moral behavior in the Moorman et al. (2013) study, leaders are likely to espouse values that are in line with broader societal norms. Abiding by repeated calls (Becker, 1998; Gosling & Huang, 2009; Palanski & Yammarino, 2007) to define what we mean by integrity, we therefore define the concept to mean an alignment among one's actions, words, and socially defensible principles.

Cha and Edmondson (2006, p. 59), reflecting on the paucity of scholarly work on hypocrisy at the time, cited the Oxford English Dictionary (1989) definition of a hypocrite as one 'who pretends to have feelings or beliefs of a higher order than his real ones'. This implies hypocrisy to be the espousal of values, beliefs, or principles that may be socially acceptable, yet are not genuine. Other authors more simply define hypocrisy to be an incongruity between one's espoused beliefs and one's behavior (Furia, 2009; Stone et al., 1997), or more colloquially, not practicing what one preaches. Within both definitions is the sense that the espoused beliefs represent socially desirable principles, reflected in the common reference to the La Rochefoucauld quote, 'Hypocrisy is the homage vice pays to virtue' (Furia, 2009; Runciman, 2008). The espoused beliefs, then, are likely to be virtuous or moral espousals.

Kris (2005) and Greenbaum et al. (2015) argue hypocrisy is the opposite of integrity, based on a definition of integrity that hinges on word-deed alignment. More recently, Effron et al. (2018) advanced a theory of hypocrisy that argues word-deed misalignment is a necessary but insufficient condition of a hypocrisy attribution; also required is the belief that this misalignment was in order to claim an 'unearned moral benefit'. This definition is in line with Dufresne and Clair's (2013) definition of hypocrisy as the mismatch between actions and words, where those words are socially desirable. Note that integrity and hypocrisy are not perfect conceptual opposites. In our view, it is possible to be seen as lacking integrity if one's behavior fails to embody socially desirable and defensible moral principles, even if one does not publicly espouse those principles. This hinges on the aspect of integrity that focuses on the display of moral behavior (i.e. substantive leadership integrity, according to Bauman, 2013).

For example, if one lies solely for personal gain, thus violating a social norm of truth-telling, he would be viewed as lacking integrity – even if he never publicly claimed to value truth-telling or to be a truth-teller. However, in this case, he would not necessarily be viewed as a hypocrite. A liar? Yes, but not a hypocrite. To be a hypocrite, he would have to espouse the value of truth-telling and violate that espousal. Hypocrisy entails, at least in part, a false claim to virtue.

It is also important to distinguish between *actual* hypocrisy and *attributed* hypocrisy (Wagner et al., 2020). Actual hypocrisy implies some objectively ‘real’ mismatch between espoused values and behavior. If the espousal was performed in public and the behavior performed in private, it is possible that only the leader would or could be aware of the actual hypocrisy. This is a version of what Graham et al. (2015) refer to as *intrapersonal* hypocrisy. In contrast, attributed hypocrisy would be a perception of hypocrisy in the mind of an observer, even if the incongruence didn’t ‘really’ exist. In this respect, attributed hypocrisy would be the inverse of Simon’s (2002) behavioral integrity, which he defines as ‘the perceived pattern of alignment between a leader’s words and deed’ (p. 19).

Given these definitions and descriptions of leader integrity and hypocrisy, what difference do they actually make? As we noted earlier, it is ‘an axiom in leadership studies’ (Palanski & Yammarino, 2009, p. 405) to presume integrity’s centrality to leadership effectiveness. This is certainly the case in the authentic ethical leadership literatures. Gardner et al. (2005) define authentic leadership as consisting of leaders who are authentically self-aware, self-accepting, and whose behavior remains true to their thoughts and beliefs. In Gardner et al.’s (2005) view, authentic relationships with followers are marked by transparency, trust, guidance toward higher aims, and care for followers’ development. Shamir and Eilam (2005) take a narrower view, framing authentic leadership as concerning leaders who are true to themselves, and whose leadership is rooted in personal values and convictions. Throughout these conceptualizations, authentic leadership hinges on a leader’s awareness of his or her own values and how well his or her behaviors embody those values. It stands to reason, then, that this increased self-awareness would lead to greater integrity in the sense we mean it in this chapter. Avolio and Gardner (2005, p. 330) state: ‘Accompanying the basic meaning of authentic leadership ... is the notion that the leaders’ espoused values/beliefs and their actions become aligned over time and across varying situational challenges’. Integrity, it would seem, plays a vital role in authentic leadership, where the greater the integrity, the more authentic the leader is. It stands to reason that the inverse would be true of leaders with higher degrees of hypocrisy.

An additional perspective on integrity and leadership is offered by Trevino et al. (2000) on ethical leadership. To these authors, ethical leadership hinges on a leader being both a moral person and a moral manager. A moral person is one who is honest, fair, and trustworthy, whereas a moral manager uses his or her position to pursue that which is ethical. Clearly, the form of integrity Trevino et al. (2000) use here is integrity as ethicality (*cf.*, Moorman et al., 2013; Palanski & Yammarino, 2007). Interestingly, Trevino et al. (2000) also explore a perspective on hypocritical leadership, which is what, in their view, occurs when a morally weak person tries to behave like a morally strong manager. In this case, ‘employees become cynical and distrust everything the leader says’ (Trevino et al., 2000, p. 138). Personal integrity, then, is required for a leader to be viewed as an ethical leader and hypocrisy is likely to lead to cynicism and distrust.

Put together, the extant literature on the connection between integrity and leadership paints a picture whereby leaders with – and are perceived to have – greater integrity is associated with increased trustworthiness, more authenticity, and more ethicality. While hypocrisy and leadership has received scant attention relative to the attention paid integrity and leadership, the implied view offered by the authentic leadership literature, and the explicit view offered by Trevino et al. (2000), indicates that not walking the talk would be detrimental to leadership effectiveness. In the next section we develop a perspective that problematizes this view and explores how hypocrisy could serve a vital role in ethical leadership.

How do leaders – especially well-meaning leaders who are good and ethical persons – come to experience themselves and to be viewed by others as hypocritical? Before exploring the various paths to hypocrisy, it is important to recognize how overwhelmingly common hypocrisy is; it may very well be unavoidable in contemporary organizational life. Where there is uncertainty, complexity, and multiple stakeholders there is bound to be a mismatch between moral espousals and actual behavior (Brunsson, 1989; Effron et al., 2018; Graham et al., 2015; Quinn, 2004; Tillyris, 2016). Below, we detail paths by which there can be a mismatch between espoused principles, beliefs, and values and behaviors.

First, it is possible for the espoused words to be knowingly untruthful, where the leader has no intention of walking the talk. Imagine a manager who knows a downsizing is looming, yet he tells his employees he would never lay any of them off. Espousing this principle can avoid short-term pain, yet it also sets the stage for hypocrisy when the planned downsizing occurs. Second, a leader may espouse beliefs or principles that are aspirational in nature, principles the leader wishes to be able to embody through his or her deeds. Whereas the motivation behind the first reason was to deceive, for this second reason the motivation is to inspire either themselves or others (Runciman, 2008; Simons, 2002). Brunsson (1989, pp. 233–234) goes as far as writing: ‘hypocrisy [is] necessary to the creation and preservation of high morals’. Furia (2009) refers to this as ‘strategic hypocrisy’ since the objective is to suffer hypocrisy in the short-term to strive for longer-term integrity. Third, a leader may have espoused values in one point in time, only to have her value set shift over time. Later, when she embodies a different (unspoken) value with her behaviors, there would be incongruence with the previously espoused values. Similarly, Brunsson (1989) and Furia (2009) argue how the decoupling of words and deeds over time can lead to the charge of hypocrisy, and Barden et al. (2005) explore the effects of shifting values over time. These first three reasons can lead to both actual and attributed hypocrisy since these forms of hypocrisy would be visible to both observers as well as a leader who chooses to observe his or her own congruence.

Fourth, hypocrisy can arise when a leader simultaneously espoused what could be competing values, where the behavior might only be able to match one of those values (Furia, 2009). For example, a manager might espouse the values or principles of both caring for their employees’ development as well as focusing on

the profitability of her department. While she might genuinely feel committed to both values, if she decides against funding an employee's training because it would negatively impact her bottom line, she opens the door to hypocrisy. This problem is further compounded due to the multiple stakeholders to whom a leader must respond (Brunsson, 1989; Efron et al., 2018; Furia, 2009; Simons, 2002; Tillyris, 2016), since satisfying one stakeholder's interests may lead to sacrificing another's and generating hypocrisy. A challenge to satisfying stakeholders' interests is that hypocrisy can also arise because different stakeholders can interpret values or principles differently. Cha and Edmondson (2006) discuss the phenomenon of value expansion, whereby a leader's espoused values might be reinterpreted in light of some larger societal values to mean something different than perhaps what the speaker initially intended. Thus, even if the leader mindfully embodies the espoused principle or value he or she intended with his or her behavior, observers may still perceive incongruence with the value as they understand it and attribute hypocrisy.

Beyond the reasons for hypocrisy that are seated in the values or principles part of the equation, there is an additional reason stemming from the behavioral component. Related to the aspirational hypocrisy and competing stakeholder reasons provided above, it is also evident that hypocrisy can arise because a leader's ability to take action may be constrained in some systemic way (Tillyris, 2016). A leader may espouse a value she has every intention of upholding with her behavior, only to learn there are compelling systemic reasons why that behavior isn't possible. Imagine a leader who had committed to the principle of not laying off any employees during the early days of the COVID-19 pandemic, only to realize, as the pandemic stretched on, the principle was impossible to uphold. What sounded good in theory actually wasn't tenable in practice.

Lastly, and probably most endemically, there is an underlying reason for hypocrisy that concerns the overall espoused values-behavior relationship. This wellspring of hypocrisy is what Argyris calls Model I theories-in-use (Argyris, 1976; Argyris & Schön, 1974). Model I includes governing variables such as defining situations unilaterally, seeking to win and not lose, and stressing the 'rational', or non-emotional aspects of life. These governing variables in turn lead to behavioral strategies aimed at maintaining unilateral control over self and others. Together, these components conspire to stifle learning and lead to self-sealing and un-self-critical thinking. People operating with Model I theories-in-use avoid testing their beliefs because they are unaware of the possibility of their beliefs being incorrect. They also tend to externalize negative feedback, since taking it personally would come too close to 'losing'. The net effect is a systemic mismatch between espoused theories – articulations about how the world should work – and theories-in-use, which are what actually drives behavior, and concomitant lack of awareness of this mismatch (Argyris, 1976; Argyris & Schön, 1974).

Integrity Striving

The prevailing view outlined in the previous section is that having integrity, not hypocrisy, is a requirement for effective, trusting leadership. Specifically, having integrity is necessary for the ethical leadership that results from authentic and ethical leadership. Leaders with integrity foster trust with their followers and inspire others around them to behave ethically in service of higher ideals. Hypocrisy, one might reason, could have the inverse effect. However, as we just explored, given the many paths to hypocrisy, it is no surprise that it is an inevitable aspect of life as a leader (Brunsson, 1989; Effron et al., 2018; Tillyris, 2016). According to Quinn (2000, p. 75), ‘As painful as it might be for us to accept, the truth is that we are all hypocrites’. Put together, how, then, is ethical leadership possible?

Quinn (2000, 2004) provides a blueprint for formulating an answer to this question. His advanced change theory argues that deep transformation emerges when, among other things, change agents are internally directed by constantly checking for fit between values and behavior and other-focused by putting common interest above self-interest (Quinn, 2000). Leaders who wish to promote positive change, then, need to monitor their hypocrisy constantly and work to remedy their hypocrisy gaps. This is an important, albeit subtle, shift from the prevailing view on integrity and leadership. Whereas the dominant view is that *having* integrity is critical for leadership effectiveness and ethical leadership, Quinn’s (2000) view, and the one we will further explore, is that embracing hypocrisy and *moving in the direction of* integrity is indeed more important for leadership effectiveness and ethical leadership.

The first step in this process is to recognize that integrity and its shadow, hypocrisy, are continuous – rather than dichotomous – variables. Leaders have varying degrees of the quality with which they walk their talk and varying degrees of importance of the values underlying their espousals (Furia, 2009; Schwartz, 1994). Viewing hypocrisy as a continuous variable minimizes an either-or proposition that can be crippling, whereby one instance of hypocrisy brands one as a hypocrite for life. For example, a leader may espouse different types of values, including self-enhancing values such as the pursuit of personal success, or self-transcendent values such as concern for social justice (Schwartz, 1994). These values may be of differential centrality to the leader (Furia, 2009), and the leader may embody these values with their behavior with varying degrees of fidelity. The complexity of the leader’s degree and type of hypocrisy thus defies a simple label of hypocrite or non-hypocrite.

If the goal of eliminating hypocrisy is an unrealistic one for leaders to undertake (Effron et al., 2018; Quinn, 2000), leaders can instead focus on reducing their hypocrisy, through a process we call *integrity striving*. Reflecting back to our definition of integrity as an alignment among one’s actions, words, and socially defensible principles, integrity striving first entails a mindful accounting of the

degree of alignment among the three components, then undertaking change efforts to close the hypocrisy gaps.

Since our definition of integrity is rooted in part in a contractualist theory of ethics (Donaldson & Dunfee, 1994; Scanlon, 1998), our concept of integrity striving is necessarily a process of ethical leadership. Leaders would need to assess and close the gap between their personal values, beliefs, principles, and priorities and those that would be defensible to the community (i.e. the implicit social contract, Donaldson & Dunfee, 1994; Scanlon, 1998). Leaders would also need to close the hypocrisy gap between their stated values and principles and those that are embodied by their behavior, and in so doing also narrow the gap between their behaviors and socially defensible principles. The process of integrity striving would result in leadership with less hypocrisy and more congruence with principles that abide by moral norms such as honesty or loyalty and universal values such as equality or social justice (Schwartz, 1994).

The processes of integrity striving and closing hypocrisy gaps can be both intrapersonal (Graham et al., 2015) and interpersonal in nature. As Quinn (2000) notes, a leader's first focus should be internally directed, aimed at reducing actual hypocrisy; only then can the leader move to focus on closing attributed hypocrisy gaps. While hypocrisy gaps can be closed, at least theoretically, by either changing one's espoused values to match one's behavior or by changing one's behavior to match one's espoused values, Kreps et al. (2017) show the challenge of the former. Changing one's espoused moral values may generate even heightened attributions of hypocrisy. Therefore, it is likely preferable for leaders to change their behaviors to match more closely their central espoused values. A recent meta-analysis found support for the idea that awareness of one's hypocrisy does indeed tend to lead to behavioral change (Priolo et al., 2019).

Interpersonally, our concept of integrity striving by closing hypocrisy gaps builds on Argyris and Schön's (1988) formulation of reciprocal integrity, which is itself embedded in a Model II theory-in-use. In contrast with the Model I theory-in-use, as described above, Model II is governed by the pursuit of valid information, even and especially when it disconfirms previous assumptions, and the free and informed choice of all parties in a relationship. Leaders employing this theory-in-use seek mutuality with those around them, minimizing defensiveness.

Reciprocal integrity is a process wherein a leader can articulate and advocate principles and values, as well as how they might best be embodied, and then engage in the process of building mutual understanding of those principles and values. At one of our universities, for example, the university president explained how important the value of *community* was to him and engaged in a mutual discernment of what that value might mean in practice. Through this conversation, the president clarified that he preferred not to envision the university community as a *family*, since families oftentimes struggle to have honest and forthright communication. This enactment of reciprocal integrity-seeking helped him better understand what the value of community meant, which would help

him strive to align his behaviors with that understanding. It also helped the organization learn what the standard ought to be against which we would assess his behavior. Reciprocal integrity manifests leadership that is more democratic, inclusive, and welcoming of dissent (Burnes et al., 2018; By, 2021).

The interpersonal work of closing of hypocrisy gaps is therefore a reciprocal endeavor. Quinn (2000) describes his advanced change theory as engaged in the emergent reality, which entails seeking valid feedback, testing his or her inferences about what values mean and whether or not he or she is embodying those values. Reciprocal integrity is also similar to Kernis' (2003) description of authenticity, which entails being self-aware, engaging in unbiased processing of evaluative information, behaving in a manner true to oneself, and having open and truthful relationships. Together, these components mirror Model II theory-in-use since they entail willingness to advocate through words and behavior a set of values and beliefs and to inquire of others the degree to which one is embodying these values and beliefs.

While engaging in intra- and interpersonal integrity striving, which both reduces hypocrisy and enhances leaders' ethicality, leaders should be mindful of how they will be seen by their constituents. By framing themselves as integrity *strivers* – rather than 'holier than thou' possessors of pure integrity – leaders are more likely to be given the benefit of the doubt in the inevitable case of hypocrisy. Wagner et al. (2020) note how acting in good faith to abide by moral norms will reduce hypocrisy attributions should those attempts fall short. Effron et al. (2018) suggest a form of realistic hedging around moral espousals as a way of minimizing hypocrisy attributions. Saying, for example, 'I will endeavor to seek your input whenever it's possible', communicates the value of listening to others' voice while also making it clear there may be situations where it won't be feasible. Finally, Kreps et al. (2017) suggest citing a transformative experience as a reason to change one's espoused values, since that will reduce the likelihood of being seen as a flip-flopper.

Identity and Courage

While the strategies described at the end of the previous section may minimize the negative impacts of confronting one's hypocrisies, the reality is that confronting one's hypocrisy, as Quinn (2000, 2004) writes, is a painful endeavor. Realizing one's behavior does not conform to one's espoused values might trigger feelings of failure, which again can feel like 'losing' (Argyris, 1976; Argyris & Schön, 1974). It is no surprise, then, that many leaders commonly avoid recognizing their hypocrisy. Most people tend to naturally view themselves in kinder light, minimizing what they would characterize as negative self-perceptions (Fiske & Taylor, 1991; Swann & Read, 1981) and minimizing cognitive dissonance (Festinger, 1957; Stone & Fernandez, 2008). As such, there are clear identity issues that pertain to the practices of hypocrisy monitoring and integrity striving.

Parker Palmer (1998, p. 13) in his classic book *The Courage to Teach* writes:

But, by identity and integrity I do not mean only our noble features, or the good deeds we do, or the brave faces we wear to conceal our confusions and complexities. Identity and integrity have as much to do with our shadows and limits, our wounds and fears, as with our strengths and potentials ...

Identity and integrity are not the granite from which fictional heroes are hewn. They are subtle dimensions of the complex, demanding, and lifelong process of self-discovery. *Identity* lies in the intersection of the diverse forces that make up my life, and *integrity* lies in relating to those forces in ways that bring me wholeness and life rather than fragmentation and death.

Palmer's focus is on the art and practice of teaching, not leadership in organizations *per se*. However, his thoughts are relevant to both settings. According to Palmer, at the center of links between identity and integrity is a practice of seeking the undivided self – honouring, creating, detecting, and repairing linkages between worthy values, beliefs, and behaviors.

Palmer's reflections suggest that seeing one's hypocrisy and taking steps to repair it may be at the center of daily identity management practices; in other words, the steps the leader takes in daily interactions with others to build private and public self-insight about hypocrisies that will inevitably occur and/or that will be perceived by others. To be able to do so, a person must first be capable of seeing and experiencing the wholeness of the self – in all of its paradoxes, conflicting values and behaviors, and failures and successes at living up to one's ideals and to others needs.

As Hale and Pillow (2015) report, people tend to be more critical of others' hypocrisy than their own, so it is a challenge for leaders to open themselves up to others to develop an accurate degree of self-awareness, to see their hypocrisy as others see it. This can be difficult for several reasons. First, it requires leaders to demonstrate openness to receiving feedback from others about the nature of their integrity and others' experiences of their hypocrisy when it occurs. Second, it requires others to have the courage to provide insight and feedback to leaders about their strengths and faults. While leaders and their constituents both may espouse openness to others' input and to providing input, in practice a plethora of research demonstrates individuals' aversion to feedback seeking and feedback giving (Jackman & Strober, 2003). Therefore, both of these behaviors take a great deal of courage and may rarely occur in organizations.

This is especially likely to be the case in organizations characterized by a lack of identity safety (Davies et al., 2005). Scholars have used the term 'identity safety' to characterize an organizational environment in which a person feels vulnerable to being stereotyped and devalued based on one or more social identities. We extend

the use of this term to describe organizational environments, situational contexts, or interactive moments in which a person feels that his or her core self is threatened by the possibility of being prejudged and evaluated negatively and/or unfairly. Based on this broad definition, many of our organizational environments certainly fall into the category of identity unsafe. This is the case because judgment – of one's performance, behaviors, commitment, engagement, and so on – is at the very heart of life in organizations. Such threats are likely to further be fueled in many modern organizations characterized by threats of downsizing, shrinking resources, and lost opportunities. In such environments, it is no surprise that individuals find that they defend rather than remain open and responsive to providing and receiving feedback from others about the state of their integrity and acts of hypocrisy.

It is risky, then, for leaders to engage in integrity striving. Recognizing the ways in which their behaviors fail to adhere to their espoused values and moral norms may cause them to risk losing positive self-perception. Seeking reciprocal integrity with and feedback from constituents may introduce risk of losing trust and legitimacy. Thankfully, there is a new perspective on an old virtue that can help leaders navigate these risks: courage. Detert and Bruno (2017) define workplace courage as 'a work domain-relevant act done for a worthy cause despite significant risk perceivable in the moment to the actor' (p. 594). Engaging in integrity striving, which serves the worthy cause of growing oneself as a more ethical leader – despite the personal and social risks – indeed requires courage.

Study of courage dates back to Plato, Aristotle, and Aquinas, with its roots being in the physical courage required to take risks in battle (Paniccia et al., 2020; Peterson & Seligman, 2004). More recently, courage has been explored as a workplace virtue; rather than solely being seen as enabling the taking of physical risks, courage also enables leaders to take intrapersonal and social risks in pursuing worthy causes (Detert & Bruno, 2017; Howard et al., 2017). Courage to engage in integrity striving is likely to be seen in leaders with individual attributes such as high self-efficacy, high resiliency, or when core values are threatened (Detert & Bruno, 2017). Priolo et al.'s (2019) meta-analysis on closing hypocrisy gaps suggests that mindfulness contributes to leaders being willing to engage in integrity striving. Beyond personal attributes, situational factors may also encourage courageous integrity striving, including social norms supporting personal growth and role models displaying integrity striving (Detert & Bruno, 2017). This suggests the reverberating positive effects on ethical leadership development; when leaders engage in integrity striving, it encourages others around them also to engage in this courageous worthy cause.

Conclusion

Given the realities of organizational life, how can leaders move toward a state of hypocrisy repair through integrity striving? Where can they find the courage to do so? We leave the reader with the sage advice offered by Livsey and Palmer

(1999, p. 16): ‘If we want to grow ... we must learn to talk to each other about our inner lives, our own identity and integrity’. By this, they mean that we must learn to share our strengths and weaknesses, our hopes, and our despair with others, and to confront them on our own and with others. In doing so, Livsey and Palmer (1999) further assert, we must address our expectations about this process (e.g. how will we do it?), our fears about it, and how our institutions encourage us or discourage us from behaving in this way.

In sum, integrity and hypocrisy are closely related – like figure and shadow. Identity is a close relative of the pair. The feeling that we are identity-vulnerable and the experience of being fearful represent two crucial parts of leaders’ experiences in organizations. These feelings of vulnerability and risk can hold leaders back from seeing their hypocrisy and engaging in integrity striving. However, if we reframe hypocrisy from a weakness and a fault of failed leaders to a reality of everyday human behavior (be it actual or attributed), then integrity striving also becomes normalized as just part of one’s daily practice of seeking to be more ethical, more effective, and more whole. Suspending judgment about hypocrisy allows leaders to appreciate the paradoxes inherent in being human – that to be human is to be hypocritical, and to engage in integrity striving is just a part of becoming a more effective and whole person.

Since Dufresne and Clair (2013) first explored these concepts, research in the areas of integrity, hypocrisy, and courage has provided new insights regarding the complexities and regularities within and between them. These new insights help point the way for paths forward, both for growth of ethical leaders and for scholars interested in these areas. We would benefit greatly from even more understanding, particularly regarding the roots of integrity striving courage and the identity impacts of being – and being seen as – an integrity striver. Although painful and risky, the work of monitoring hypocrisy and seeking to close one’s gaps will elevate leaders’ behaviors to the levels of ethicality commonly heard in their espousals.

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9

'HOW DO WE MAKE SURE THEY DON'T GET FAT AND LAZY?' UTOPIAN CHANGE AND THE EROSION OF COMPASSION

Henrika Franck, Saku Mantere, and Henri Schildt

Introduction

The notion that organizational change hurts, and is supposed to, is deeply ingrained in management literature from both academics and practitioners. Classical views of organizational change are based on the assumption that people naturally seek stability in their organizations (Schein, 1985). In effect, the role of change agents is to begin their task by 'unfreezing the organization' and undermining the sense of predictability and control experienced by organizational members. This is expected to be uncomfortable to organizational members, as the process of unfreezing causes distress and anxiety (see Mantere et al., 2007). Schein's classic work on change is founded on his studies of 'brainwashing', i.e. coercive persuasion experienced by war defectors.

This conception of painful change can stand in contrast with the ideals of care and compassion. A compassionate organization has been linked to positive organizational outcomes such as the better quality of interactions and inclusion (Rynes et al., 2012.; Lilius et al., 2011; Solomon, 1998). Management literature has recognized a tension between caring for the organization's performance in a competitive environment (Atkins & Parker, 2012; Hoffman, 2010; Rajagopalan & Spreitzer, 1997) and caring for other people as ends in themselves (Rynes et al., 2012; Walsh et al., 2003). In this chapter, we explore and elaborate how radical change in the pursuit of utopian strategy can lead to the erosion of compassion, with detrimental implications for the top management team's ability to influence and involve the middle management.

Strategic Change and Compassion

Strategy is often defined as a rational technique enabling an organization to succeed in a dynamic business environment (Andrews, 1971; Ansoff, 1965;

Hamel & Prahalad, 1994; Porter, 1980). The literature tends to start from the assumption that the highest echelon in the organization determines strategic objectives that should then be accepted and enacted by the others. Strategic change occurs via organizational members whose actions conform to leaders' views to achieve a future strategic intent (Hamel & Prahalad, 1994; Gioia & Chittipeddi, 1991). Unity and cohesion are key antecedents of successful change, underscoring the importance of lower echelons' compliance with the set organizational goals and change objectives. Consequently, the literature implicitly portrays individuals in the organization as malleable human resources, rather than subjects with ethical rights to be considered (see, e.g. Mintzberg, 2009 and Burnes & By, 2012 for critique). Even if the pursuit of strategic change causes distress and pain for the members of the organization (Jin, 2014), these outcomes are easily regarded as legitimate costs incurred for the good of the company.

In short, the literature on strategic change has largely ignored the value or desirability of leaders' compassion toward their subordinates. Compassion is commonly characterized as the capacity to notice, feel, and respond to another person's suffering (Dutton et al., 2006, p. 60). Madden et al. (2012) define compassion as 'an empathetic action undertaken to alleviate another's pain' (2012, p. 689). Miller et al. (2012) approach compassion as a motivator that drives and supports efforts to relieve others' suffering. We conceive compassion broadly as the interconnectivity of both attitudes and resulting practices. Acts of compassion can have a significant positive impact on organizations (Lilius et al., 2011; Rynes et al., 2012; Solomon, 1998, p. 199), as they enhance enduring relationships at work (Lawrence & Maitlis, 2012) by strengthening the collective and shaping the employees' workplace commitment.

As successful strategic change rests on engaged and intelligent execution (Barry & Elmes, 1997; Ford et al., 2008; Bartunek et al., 2011), compassion ought to have many desirable outcomes that facilitate strategic change. Research has shown that relational engagement premised on inclusion and dialog enables generative learning across hierarchical levels and produces more innovative outcomes (Thomas et al., 2011). Increased compassion can not only help actors identify and alleviate negative feelings during a change process (Huy, 2002), but also produce more acceptable change narratives that foster re-identification with the organization (Ashforth et al., 2011; Fiol, 2002; Sonenshein, 2010).

Compassion is especially important for organizations hoping to facilitate change processes, and yet result-driven organizations appear to have difficulties fostering it (Rynes et al., 2012). While a focus on efficiency and performance is not intrinsically antithetical to caring for members of the organization, these objectives can be in conflict at times. Moreover, despite an awareness of the benefits of compassion in general, there has been limited attention devoted to the study of the fallout from an absence of practiced compassion in strategic change processes. This leads us to our research question: How and why do strategic change processes erode compassion in an organization, and with what consequences?

To address the question, we conducted a longitudinal ethnographic study at NordInc, a multinational utilities company in Northern Europe. The top managers of NordInc were hired to usher in a radical change in the organization. We shall demonstrate how the top management's compassion toward the organization's members eroded over time in conjunction with implementation of their utopian change strategy, and how the two factors led to an increasingly passive organizations and a decreasing ability for the top managers to influence operations.

Research Context

To gain an understanding of the dynamics of eroding compassion in the context of radical change, we explored the interactions of top managers and middle managers at a Northern European multinational corporation we refer to here as NordInc. NordInc is a listed utilities company with close to 9,000 employees and operations in 10 countries. The result of a merger of two state-owned companies, it first came into being in 2000 (all dates have been changed to maintain anonymity). One year after the merger, in 2001, the company went public and was listed on the stock exchange, where the going share prices exposed its perceived market competitiveness. After the Initial Public Offering (IPO), the new company's share price fell rapidly, and the media soon described the organization as being in a state of crisis. Significant deregulation of the utilities market had occurred, and the company had not been able to articulate a vision that would steer it toward increased competitiveness.

In 2003, the board appointed a new CEO, who was tasked with implementing radical changes. He had a reputation as a charismatic man capable of achieving results, with an impressive track record as CEO elsewhere. The owners and the media both predicted that he would succeed in reviving the company. A new management team set out to turn NordInc into the leading company in the industry and proceeded to set ambitious performance targets for each of its operational units. The CEO initiated efforts to change the old culture, which was widely characterized both internally and in the eye of the public as that of a bureaucratic state-owned institution, governed by a civil servant mentality. Creativity and innovation were established as new focal points, and many resources were invested to try and get people to 'think out of the box' and 'run the extra mile for the company'. Managers at all levels enrolled in in-house courses designed to teach them to 'move outside their comfort zone'.

NordInc was successful in pursuing most of their goals. It was able to build more market share, reduce costs, and reorganize many of its businesses. Yet, the CEO resigned from his post one year after our study, after losing the trust of the company board. While the top management team had accomplished the strategic goals of growth, the change process had made many middle managers become passive and disconnected, and the top management team had lost some of its influence.

Data Collection

The first author followed the organization during one year, a period during which the change efforts were well under way. We used three main strategies to produce the data: non-participant observations, semi-structured interviews, and archival data. Using multiple techniques allowed us to triangulate findings from different sources to build stronger affirmations about meanings and interpretations.

Data Analysis

We began our study with an inductive research logic (Phillips & Hardy, 2002) and an exploratory approach toward our data. Accordingly, we continuously structured the data to form a ‘grounded’ understanding of what was going on. As this kind of analysis also involves regular input from theory, our analysis became more ‘abductive’, with constant movement between theory and data (Mantere & Ketokivi, 2013).

We initially set out to study how dynamics and interactions in strategic change can help explain organizational identity change. However, during the data collection and initial analysis, we began to appreciate how the executives’ intended developmental approach and organizational involvement stood in stark contrast to a distinct lack of empathy and growing staff apathy, both of which began to stand out as key phenomenon of interest for explaining the dynamics of change at the organization.

The analysis proceeded in three partially overlapping stages. First, we engaged in a descriptive account of the data, to capture issues and themes as they unfolded. With the original intent to contribute to theories on strategic change and organizational identity, we mapped out the key events and characteristics of the strategy process. An example of this involved the validation of company representative interpretations in workshops we arranged to present our initial findings.

In the second stage, we started to examine the conversations in more detail. This closer examination revealed a tension that we had not noticed earlier – there was a discrepancy between what the managers said they did and how they had acted. We highlighted phrases and sentences where this tension was visible, focusing on metaphors, identity construction (e.g. us versus them), and the expressions chosen for the strategy work and its effects. We quickly noticed, for instance, that top managers portrayed the latest company strategy as a fight or struggle, while middle managers saw the plan as a necessary evil.

One of the main goals in the company was to change the perceived ‘engineer’ or ‘civil servant’ mentality into an entrepreneurial and innovative one. Individual initiative was a key issue and the top managers stated they were trying to get people to ‘think out of the box’. By combing through different sources of data, for instance, power point presentations and transcripts of what was actually said in

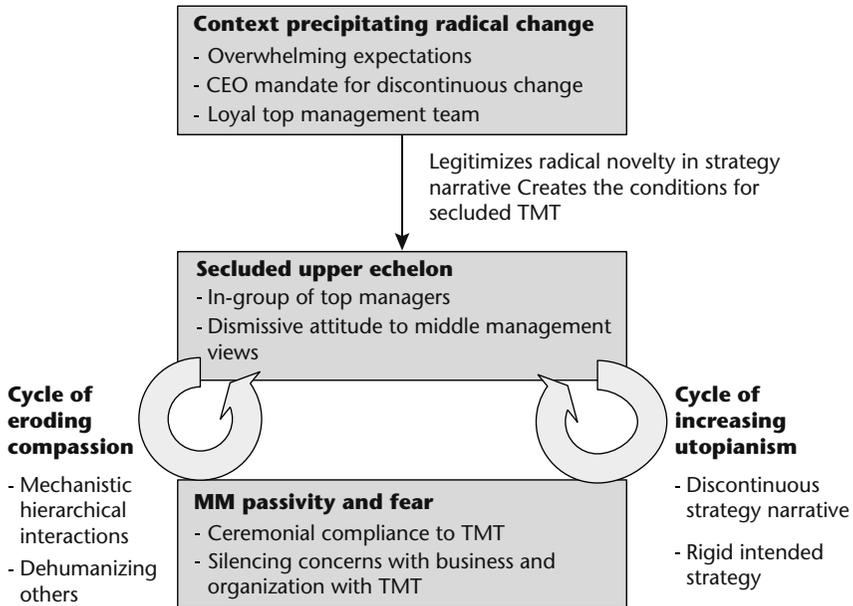


FIGURE 9.1 Cycles of eroding compassion and increasing utopianism

meetings, we were able to discern more clearly the core of the discrepancy: a lack of compassion seemed to be a recurring source of discontent.

In the third stage, we concentrated on discourses and events that seemed to be systematically associated with either compassion or the lack of it. This phase involved going back to theories that touched on compassion, and more specifically, pinpointing acts of compassion or a loss of compassion. In the analysis, we focused on connecting key events to acts of compassion or the lack of it. Iterating between theory and data, we were able to find themes that represented cycles of eroding compassion. At this point, the utopianism of the change efforts caught our attention, and we observed a cycle of increasing utopianism at the heart of the change process.

The final model, illustrated in Figure 9.1, depicts how eroding compassion and increasing utopianism ultimately led to middle management passivity and fear that decreased the quality of interactions between the top management and middle management. The findings are written in an ethnographic manner, unraveling new layers of understanding, rather than describing the events chronologically.

Findings

When we embarked on this study, NordInc had already seen the implementation of several change initiatives, including various training programs, a radical restructuring of the organization, the introduction of new performance monitoring

practices, sanctions for sub-par performance, and a re-allocation of key people across management teams. The first month of field study was easy and pleasant; the first author was warmly welcomed, and she found herself admiring the CEO and the energetic work efforts she observed. As time passed, however, she began witnessing work practices and discussions that were increasingly disturbing, to the point that she found herself embarrassed to be in the room when they took place.

Through our analysis, we begun to suspect that that the first author's growing discomfort could be attributable to the various roles she had found herself in: she had become a marginal member of the elite 'inner ring' (Zimbardo, 2007) the top management had constructed, but at the same time she had gained membership in various other groups in the organization that were excluded from this inner sanctum.

As the top management team grew increasingly distant from the rest of the organization, and desensitized to their needs, the first author experienced a form of ambivalent identification, for she could see that the ambition of the top management team and the distress of the middle managers created an emotional tension. Using this tension as a basis of reflexivity, we were able to posit one possible solution to the 'mystery' (Alvesson & Kärreman, 2007) of why the charismatic CEO and his top management team failed to develop a compassionate organization and instead lost influence among his team of increasingly passive middle managers.

The rest of this chapter explains how we as a group of researchers gradually came to understand the intended strategic change as a utopian effort and how this utopianist ideal and the erosion of compassion that resulted led to increasingly dysfunctional interactions between the different management levels of the company (Thomas et al., 2011). Our findings are synthesized in Figure 9.1.

Context Precipitating Radical Change

The main task for the CEO was to turn the company around and he had made great strides in this direction by the time our study began. The context was characterized by overwhelming expectations, which were strongly personified in the CEO, who was depicted as the company's savior. To encourage conformity with the new requirements, he demonstrated a new style of leadership that promoted a higher degree of transparency and ambitious performance demands. The organization was confronting what is known as 'organizational sense-breaking', in that leadership was tasked with dismantling a strategy that was regarded to be obsolete and replacing it with something new. The 'old' culture, characterized by the hierarchy and mindset of a state-owned company, was expected to change quickly.

To live up to the demands of radical change, the CEO transformed the organization's structure and a mandate for discontinuous change. He had hand-picked the top management team and the extended management, which included

the heads of the business units. The demands from the CEO toward top managers was that they were to communicate clearly, openly, and honestly. No vague talk was accepted, and the CEO was very good at spotting any attempts to be opaque or avoid subjects. The top management was very loyal to the CEO. One of the long-term ideas was to make the organization hierarchy flatter and less formal. The CEO made it clear that he hoped everyone would confront him in a frank, bold, and honest way. He himself reflected those attributes, combined with a charisma that many admired. One of them gave the following description:

He has an extraordinary memory, and his mathematical intelligence is extremely high. For instance, when I have done Power Points, he reads them for two minutes, 30 slides, and immediately spots the weak parts, all those parts that I knew I did not do properly, that I thought about when I went to sleep the previous night. He is so brilliant and intelligent. He also has a glamour around him that nobody else has.

It seemed as if, for many, the CEO personified the changes; he represented the demands, the change, the new initiatives, and the aim for excellent performance. This reinforced not only loyalty, but also the isolation of the top management team.

All this together contributed to a culture whereby the top management team did not question their legitimacy and right to force through the changes. The strategic change effort seemed to work seamlessly. The well-harnessed HR processes, the charismatic leadership, and the training efforts seemed to work as intended – a textbook example of a well-designed strategic change. Top management's admiration of the CEO was akin to employees 'meeting god'. They described him in almost religious terms, idealizing him and seeing him as a role model.

Secluded Upper Echelon

The context that precipitated the radical change legitimized radical novelty in the strategy and created the conditions for an isolated management team. The well-structured components of the transformation appeared to be both effective and efficient at first. But, after some time, the first author started to see worrying nuances in the top management team's dynamic, as the strength of their in-group orientation was growing more pronounced. As the changes progressed, the team fostered an increasingly dismissive attitude toward the middle manager viewpoints, renewing instead its strong commitment to the intended strategy over the concerned others voiced about the implementation's challenges.

NordInc's top management team meetings were characterized by tough rhetoric and ambitious demands, which were seemingly rational and aimed at improving efficiency. Yet, the top management team also exhibited strong group-level identity and coherence, which was reflected in the role the top management team collectively attributed to itself when discussing strategy and its implementation. The top management team formed a strong in-group, defined

largely in relation to the out-group, or the rest of the organization. This is a conversation at a top management meeting:

TM2: If we want to make a difference in our leadership style, now is the time!

TM3: Do we need more control? How do we make sure they don't get fat and lazy?

This in-group/out-group division became clear in meetings of the extended top management team, which also included the heads of the seven business units. The extended top management team meetings underscored the closeness of the top management team's in-group, the CEO wanted to push the leaders of business units to try harder and be 'tougher'. Compared to the relaxed and witty discussions at the meetings with only the core top management team, the tough one-sided rhetoric at the extended management team meetings clearly revealed the differences between the in-group and the others.

The extended management team meetings were dedicated to listening to the performance of the business units, followed by what at times seemed like a cross-examination by the CEO and his top management team. The setting made the CEO seem more like the rigid school principal than a challenging sounding board. The stakes were high, and the business unit heads were in charge of implementing and spreading out the new demands into other parts of the organization.

The top management team often talked in a dismissive manner about the existing organization. The key message in NordInc's mission and vision statement was: 'At NordInc, new challenges are met with excitement'. It was clear that people in the organization who didn't meet new challenges with excitement were not wanted, or as one of the top management team members put it:

If I could, I would replace at least 50% of the personnel, but I can't, so I just have to stick to those that are here.

While some in the organization were deemed fit and put on leadership programs and in 'talent pools', many others were expected to change radically in order to stay in the organization.

Middle Management Passivity and Fear

The increased isolation of the top management team was connected to the degradation of influence between the top management team and the middle managers reporting to them. This degradation worked both ways: while the middle managers had a harder time communicating ideas upwards to a team that was dismissive of them, the top management team had a decreasing impact on the middle managers' practice. Paradoxically, the middle managers were stuck between fear and admiration for the CEO. Limited interaction with the top management team resulted in the middle managers lacking the requisite confidence to handle their respective businesses. Calls for more individual initiative and ambition that were central to the top management team's message were

therefore confounded by this resulting middle manager insecurity. Many middle managers admired the CEO and wanted to make their best effort to get his approval. This is a part of a discussion after a performance review:

That went well; did you hear what [the CEO] said? He really had some good words for you, you should be proud!

The very strong push for compliance via the performance reviews could have become self-destructive in its toughness, but the middle managers used humor to cope with the pressure. This is a discussion between two middle managers before a performance review:

MM1: I've put on my best shoes and combed my hair so the headmaster won't disapprove. Are you ok?

MM2: Yes, I think so; I have a new tie and I've done my homework.

They conceded that the performance reviews were part of the ritual, but they saw them as ceremonial rather than acts to attain peak performance and transition to a new more competitive business atmosphere. They acknowledged the conflict in how they were being treated as persons – they felt that their sense of self was lowered to that of a schoolchild's, and they coped with the situation using irony. Many of the middle managers conceded to the subjugated role that was given to them, to obey orders and to get occasional rewards through acknowledgment.

The unreasonable demands on middle managers, combined with a lack of dialog between the top and middle levels of the company led to the opposite of what the top management had envisioned. Instead of an innovative and entrepreneurial mindset, subordinates became passive recipients who provided limited input into the organizational change process. The top management team failed to induce the proactive and innovative culture they desired. A fear of failing prevented the organization from doing new things or doing things in a new manner. In analyzing the reasons why top management was unable to induce greater involvement and, indeed, faced a more frightened and a more passive organization, we identified two parallel processes – a cycle of eroding compassion and a cycle of increasing utopianism.

Cycle of Eroding Compassion

In our analysis of why the top management was unable to empower the company's middle managers to take more initiative, we soon found our focus turning to the dynamics of eroding compassion in the organization. This was apparent in the inability of the top managers to extend empathy and compassion for their subordinates. We traced the loss of compassion in part to the mechanistic design of the interactions in the firm, whereby top management suppressed emotions and personal attention and systematically discussed middle management in

de-humanizing and de-individualizing language (Ashforth & Humphrey, 1997). In other words, the top management in-group treated the others as a collective mass to be managed, rather than as specific individuals worthy of consideration.

As the change process evolved, we witnessed that the interactions between the top management and middle managers grew increasingly distant and mechanistic. The in-group of top managers wanted the rest of the organization to change in the same way they themselves had changed. However, there was a discrepancy between what the top management level said and wanted and what they in fact signaled to the organization and how the work was organized. They wrote and talked about 'enabling', 'dialog', and 'individual initiative', but their means of trying to change people ended up being very disciplinistic, requiring unquestioning obedience. We theorize that this was caused by the top management team's isolated status and their dismissive attitude toward middle manager views.

The change was mobilized through changes in hierarchy, leadership programs, talent competitions, and tough demands and measures – each of which emphasized the power distance between the organizational levels. Performance reviews became forums for public discipline; any emotional responses were disregarded. Despite the aim to enhance entrepreneurial thinking, employees were drained of their initiative to enact changes, as the mechanistic interaction in the firm prevented genuine dialog.

Performance reviews were one of the central contexts of mechanistic interactions. These highly ritualistic meetings were carefully choreographed. The business unit management teams met with the top management team and gave an oral report on their performance, providing the top management team with an opportunity to meet the whole unit's management team and discuss recurrent business. The performance reviews were arranged semi-monthly for each of the seven business units and provided an effective way for the top management team to keep track of the business units' results and goals.

Before the meetings, the business unit heads prepared the members for possible questions. The business unit members reported that they were 'drilled' rigorously in anticipation of harsh and difficult enquiries and dressed in their best black suits for the occasion. The review itself was held in a large meeting room where the top management team sat in a row on one side of the room behind a table, and the business unit management team members sat, without a table, in a row on the other side. The head of the business unit management team stood in the middle of the room. The meeting started with the unit head detailing the latest news and figures from the business unit, and after that there was time for questions. The top managers could direct the questions to the head of the business unit or to any other member of the business unit management team. The tension in the room was tangible, and if the questions were not answered promptly and correctly, the CEO or someone else from the top management team would start cross-examining harder. This attitude was also revealed by one top management team member:

TM2: People are tense. They are afraid of punishment. This is a new era; we need to encourage people to put themselves on the line.

People in the organization talked about a ‘culture of fear’, with performance reviews mentioned most prominently in this context. While in a more compassionate organization, such interactions might have focused on mentoring and supporting managerial learning, at NordInc, the employees feared and even presumed that top managers were likely to identify and punish subordinates who were judged ‘guilty’ of poor work. Many of the middle managers characterized the performance reviews as ‘cross-examinations’, illustrating that they expected little or no empathy or consideration from the top management during the institutionalized ritual. The negative effects of fear were in part mitigated by the admiration the middle managers nevertheless had toward the CEO. The CEO in turn, understood the dynamic:

I know that people are nervous before coming to the meetings, I know they watch every expression on my face to get signals. But if they have done their homework, they have nothing to fear.

CEO in Interview

The top management’s eroding compassion was also evident in the ‘dehumanization’ of company interactions (Butler, 2004; Zimbardo, 2007). The top managers treated middle managers as generic ‘others’ (Butler, 2004; Durand & Calori, 2006), and not as individuals. This form of interaction and its underlying assumptions are illustrated by the CEO’s encouragement for top managers to stay tough, even if it would be hurtful:

CEO: If you want a change in behavior you have to be tougher than this! If it doesn’t hurt, it is not good enough. If you are not bold enough, nothing changes.

He wanted them to harden themselves and not care too much, because that would only make them look weak. The lack of compassion shown by the top managers did seem to create admiration and perceived authority among the rest of the employees, but it also created distance between the rest of the people in the organization and the top management.

The isolation of the company’s upper echelon in the inner ring was a key enabler for the dehumanization that drove the loss of compassion. C. S. Lewis (1944) proposed that a force pushing people to do ‘bad’ things that they normally would not do to other people comes from a basic desire to be ‘in’, a member of an exclusive group (see also Zimbardo, 2007). In NordInc, the top management team formed an inner ring that grew increasingly tight over time. The charisma of the CEO and the desire to be part of his in-group, or be complimented by him, was a major motivator for those not in the group to put up with things they normally would not have accepted.

The lack of compassion and dehumanization were also fueled by the top management's dismissive attitude toward the middle managers. This was reflected in the way in which the top management discussed the middle managers. Zimbardo (2007) makes clear that dehumanization is an effective means for making people do things to others that one normally wouldn't do. Dehumanization is a process that facilitates the loss of the sense of compassion and can be realized through becoming a part of a group where your personal responsibility is anonymized or diffused (Zimbardo, 2007; Diener et al., 1976; Festinger, 1952). Dehumanization is also related to de-individuation (Ashforth & Humphreys, 1997), where individuals are systematically labeled as belonging to a certain category. Consequently, the individuals are seen as such, but are assumed to have the general characteristics associated with the label that was assigned to them. At NordInc, dehumanization of the employees charged with implementing the changes happened by making them anonymous; for instance, by talking about people in the organization as under-performers, and representing them as numbers on an Excel spreadsheet.

Cycle of Increasing Utopianism

Over time, the influence of NordInc's top managers decreased and the passivity of middle managers increased. Both trends were reinforced by a widening chasm between the top management's strategic expectations and the operational reality. The top management progressively maintained a 'helicopter view' that became disconnected from the understandings and experiences of the middle managers (Mintzberg, 1991). The intended change articulated by the top management represented a radical departure from the present, exhibiting limited 'stability narratives' that would have constituted continuity (Sonenshein, 2010). Instead, the top management painted the future with a big brush, stating that the core purpose for the company was to 'improve life for present and future generations'. We call this disconnected strategic intention 'utopian change'.

Utopianism was evident in discontinuous strategy narrative that lacked continuity with the present (Sonenshein, 2010), as well as the reluctance of the top managers to compromise and adapt their intended strategy in the face of feedback. These characteristics were initially induced by the dismissive attitudes of the isolated top management team to the established organization and its present strategy. The frightened and passive middle management provided no coordinated resistance or input to the intended strategy, which helped maintain and even reinforce the utopianism. Moreover, the internally cohesive top management team tended to suspend criticism and rationalize setbacks by attributing the problems to the current 'unfit' organization and its legacy as a state-owned enterprise.

The discontinuous nature of the expected change – to break away from the company's bureaucratic past and make way for an innovative future – was incorporated into expectations for the management teams. This resulted in strategy narratives that were separated from operational realities. Such separation was

visible both in the homophonic (single-voice, unified; see Barry & Elmes, 1997) nature of the strategy narratives, as well as their abstract and visionary nature. The new future would save not only the people in the organization, but also more importantly, the world in some ways, with its environmentally sustainable solutions. Once the changes were implemented, the company's leaders maintained, there would be no more underperformance, lack of motivation, or environmental pollution. The narrative devalued the past and present organization, and the vision was utopian in its disconnect from the present.

The top management was aware of the discontinuous strategic narrative and the disconnect between its plans for the future and the current reality. To accomplish such a cultural change, top managers instituted new controls and demands for cultural compliance. Ironically, the new control mechanisms instituted ceremonial conformity to the new demands. The strategic vision drew a picture of a beautiful future where both the company's employees and nature bloomed and where the customers would get the best service. The top management team often discussed what the future would look like once the changes were implemented: employees would take initiative and be entrepreneurial, the company would have a larger market share, and the products would be environmentally friendly and clean.

The utopianism of the strategy derived in part from a lack of middle management input. Mid-level expertise related to past and present business operations was devalued and largely ignored. The discontinuous strategic narrative discredited the present in favor of a utopian future, while the top management team's rigid commitment to the strategy meant that they excluded the voices of the middle managers from the narrative, cutting their influence and making them less motivated and more passive.

Discussion and Conclusions

This chapter examines how strategic change can lead to the erosion of compassion in business environments and lists some consequences of this phenomenon. Our central contribution is our finding that such erosion can be traced back to the company's change processes, which we characterize as utopian by nature. While research has long recognized the benefits of continuity in strategic change (Sonenshein, 2010), processes of utopian change have been largely ignored. As a rare example, Cunha et al. (2011) present the genocidal work of Pol Pot and the Khmer Rouge in Cambodia as an example of strategic vision in their critical textbook on strategic management. Khmer Rouge intended to 'plunge the country into an inferno of revolutionary change, where certainly old ideas and those who refused to abandon them would perish in the flames, but from which Cambodia itself would emerge, strengthened and purified as a paragon of communist virtue' (Clegg et al., 2011). Presenting such visionary leadership as an example of the practice of

strategic management, Clegg et al. invite students (*ibid*, p. 44) to reflect on what lessons the case can teach to ‘strategists who favor revolutionary change’.

The utopian change process was interlinked with a process of eroding compassion, which ultimately ostracized the top executives from the rest of the organization they intended to change. We have provided several examples of how utopian strategy can become counterproductive for enacting change. Among other things, the erosion of compassion can lead top managers to not only lose their influence on middle managers, but also cause middle managers to forsake trying to influence their superiors.

While practicing compassion in organizations has been shown to have a positive effect on well-being (Batson et al., 1995; Rynes et al., 2012) and social support (Kanov et al., 2004), the present research illuminates the tension between the collective organizational and strategic demands of the company and efforts to consider the firm’s employees as individuals. Atkins and Parker (2012) note that recognizing the suffering of others could awake compassion in some people, but in others it might also awake ‘anger, distress, sadness, coldness or other emotions that do not lead to compassion’ (2012, p. 526). Frost (1999) has noted that some professions, like medical doctors, are trained to learn not to care too much, in order to be able to do their job. In the company examined here, the top management saw the suffering in others, yet collectively chose to remain cold toward it. Some members of the team even bragged about how well they can steel themselves against showing compassion for the other people in the company.

Creating an isolated upper echelon or ‘inner ring’ of top management can lead to a growing emotional distance from the rest of the organization. In contrast to compassion organizing (Dutton et al., 2006), where individual compassion is coordinated and mobilized into organizational responses, the isolated top management team exhibited ‘organized coldness’ toward the middle managers. Highly institutionalized interaction rituals (Collins, 2004), such as the performance review, helped control emotion and induce uncompassionate interactions.

The lack of high-quality communications among hierarchical levels can lead to strategy becoming an obscure and mystified discourse largely confined to the privileged actors (Fairclough, 2003; Mantere & Vaara, 2008). At NordInc, the change became distant, dystopian even, for everyone other than the inner ring. The inner ring shared a vision, but through a process of eroding compassion and the creation of an in-group, the practices became exclusive. The organization was kept at a distance through practices and communication that always made the organization ‘the other’ in contrast to its managers (Durand & Calori, 2006). Research on top managers and middle managers (Rouleau, 2005; Gioia & Chittipeddi, 1991) has shown that the input of middle managers is important in interpreting and selling strategic change (Gioia & Chittipeddi, 1991; Burgelman & Grove, 1996; Raes et al., 2011; Vuori & Huy, 2016).

Our depiction of the pitfalls of a utopian strategy departs from the sentiment of many recent change management studies, as they tend to emphasize the need for

balancing between stability in some issues and change in others, in order to gain momentum (Chreim, 2005; Durand & Calori, 2006; Sonenshein, 2010). Our research demonstrates that attempts to break away from the past to achieve utopian ideals led to an erosion of compassion, a growing distance between the top and middle management levels, and ultimately, a loss of top manager influence on their subordinates. The top management team at NordInc held itself to different standards, which was reflected in their dependencies and their behavior. Whereas research in strategic change has understood the importance of including everyone in the organization in a change process, our case documents a practice closer to a totalitarian regime – using employees as a means to reach a pie-in-the-sky utopia, rather than as resources to bring forward a mutually beneficial and balanced change.

In sum, our study provides a warning about the fertile ground that strategic change contexts represent for utopian ideas, and the ways in which radical change mandates can lead to the self-imposed isolation of the top management team, as well as the adoption of unattainable goals, and the erosion of top-down compassion. Our focus on a single case allowed us to focus in depth on the dynamics of the strategic change process within the context of a large company. Yet, the reliance on a single case also raises issues concerning the generalizability of our findings. The single case has enabled us to build a new theory regarding a poorly understood phenomenon of utopian change (Lee et al., 1999), but the dynamics require further examination in other organizations and industry contexts in future research.

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10

LEADERSHIP NARCISSISM, ETHICS, AND STRATEGIC CHANGE: IS IT TIME TO REVISIT OUR THINKING ABOUT THE NATURE OF EFFECTIVE LEADERSHIP?

Malcolm Higgs

Introduction

In the introduction to this chapter in the 1st edition of this book (Higgs, 2013) the context of the global financial crisis of 2008 and related corporate scandals was positioned as the setting for considering ethics and the role of leadership. Since then, we have seen continuing examples of ‘wrongdoing’, both in the financial sector (e.g. Barclays and libel LIBOR fixing, Standard Chartered and money laundering, mis-selling of PPI, and mis-selling of complex rate swapping products to small businesses), and other sectors (e.g. Toshiba and exaggeration of profits, Volkswagen emissions scandal, Uber and use of illegal technology, and FIFA and corruption). In many of these cases, the responsibility has been seen to rest with the CEO and top leadership, leading to resignations (e.g. CEOs of Barclays, Toshiba, and Uber). These corporate scandals and failures have often been triggered by, or associated with, significant strategic change, such as major acquisitions (Solas, 2016; Higgs, 2009; Furnham, 2010). Furthermore, they have led to a growing interest in the role and impact of ‘bad’ leadership in organizations, and associated questions relating to both organizational and personal ethics (Solas, 2016; Blair et al., 2017; Schyns & Schilling, 2013).

Against the aforementioned background, we’ve also seen a growing interest in the rewards of CEOs and senior executives. The highly significant pay levels of this group in comparison to other employees have raised serious questions relating to their justification (CIPD, 2019; McCarthy, 2019; Higgs & Rejchrt, 2014). In the USA, in 2018, levels of CEO compensation were 271 times as large as the average reward of an USA employee (Statista, 2018). In the United Kingdom, while the ratio is lower, it remains very high. In 2019 too, CIPD reported that the average CEO reward was 117 times that of the average employee

(CIPD, 2019). In this study, the authors found that such discrepancies in reward was seen by 50% of respondents as being bad for society and over 60% identifying a need to address the issue. All too often the CEOs associated with the corporate scandals and failures do not suffer any loss of earnings, with many who are forced to resign receiving significant ‘pay offs’ (Statista, 2018; Higgs & Rejchrt, 2014).

There is a lack of evidence that CEO reward is in anyway related to the performance of the organization; indeed, there has been evidence of a negative relationship (CIPD, 2019; Higgs & Rejchrt, 2014). The argument for high levels of reward has moved from performance to one of market competition. However, in a study of UK Footsie 350 companies over a five-year period, Higgs and Rejchrt (2014) demonstrated that over 60% CEO appointments were internal candidates. Furthermore, they found that the compensation packages awarded to these candidates was significantly higher than those awarded to external candidates. Thus, the competition argument appears somewhat thin and that extremely high levels of executive compensation are more to do with a sense of entitlement rather than a reward for performance. This is somewhat reminiscent of the quote from Kenneth Galbraith who said that:

the salary of the chief executive of the large Corporation is not a market award for achievement. It is frequently in the nature of a warm personal gesture by the individual to himself.

(Galbraith, 1998, p. 45)

Although this was back in 1980, little seems to have changed.

Taken together, the combination of corporate scandals and excessive levels of executive compensation lead to a loss of trust in senior executives (Simonet et al., 2018; Pless et al., 2012), questions around personal and organizational ethics (Solas, 2016; Higgs, 2013), and debate around lack of accountability (Frangieh & Yaacoub, 2017).

The aforementioned developments have led to a growing interest in understanding the causes of failure of CEOs and senior leaders, and the exploration of why apparently well-qualified individuals effectively ‘derail’ (Naseer et al., 2016; Furnham, 2010) and often engage in unethical behaviors. This question is not only being raised in the academic world, but also in the business world. Higgs (2009) points out that business analysts tend to supplement financial and economic performance data with evaluations of leadership style and governance processes in assessing corporate organizations. While some early work explored the concept of leadership derailment (McCall & Lombardo, 1983), relatively little subsequent work has explored further, or built on their research. As Furnham (2010a, p. 62) comments, ‘Little has been written on the taboo subject of the charming, talented, high flying CEOs who should have done brilliantly but instead fail or go off the tracks’.

Furnham goes on to suggest that leadership derailment is not rare; he estimates that the level of this is as high as 50%, taken across a wide range of organizations. Within the debate, the relationship between narcissistic leadership and ethical behavior comes into particular focus within the context of the level and frequency of strategic change. Although this area remains largely unexplored empirically, the work of Chatterjee and Hambrick (2007) demonstrated that organizations led by narcissistic CEOs tended to engage in more high-profile actions (e.g. mergers and acquisitions) and more frequent strategic change than those led by non-narcissistic CEOs. Furthermore, the organizations led by narcissistic CEOs experienced greater volatility in return on assets and shareholder return than those led by the non-narcissistic CEOs.

Against this background, two questions arise:

1. What are the courses of damaging and/or unethical leader behaviors?
2. How can the consequences of such ‘bad’ leadership be avoided or mitigated?

This chapter sets out to offer some answers to these two questions and to propose areas for future research designed to explore them in more detail. In order to do this, the first section explores the nature and causes of ‘bad’ leadership and the emergence of a literature that may be broadly labeled as ‘dark leadership’. In doing this, the next two sections explore the extent to which bad leadership has been researched and the consequences of its emergence in an organization. This is followed by a section that explores the extent to which the concept of narcissism, which has become an increasing focus of ‘dark leadership’ research, may offer a possible explanation of the emergence of bad leadership and result in, among other things, unethical behavior. Having discussed the issues that underpin bad leadership, the chapter closes with thoughts on how the impact of this phenomenon may be mitigated and how to avoid its emergence in an organization.

‘Bad’ Leadership

To date, the main focus of leadership studies and research has been on ‘good’ or effective leadership (Simonet et al., 2018; Naseer et al., 2016; Solas, 2016). However, prompted by increasing evidence of corruption, and corporate failure, together with a growing body of research that highlights a wide range of negative organizational and individual outcomes, there has been a growing interest in the darker side of leadership (Simonet et al., 2018; Solas, 2016; Naseer et al., 2016). Although not widely discussed until recently, the existence of ‘bad’ leadership has been around since the early 1980s (Fatfouta, 2019). It could be argued that the possibility of ‘bad’ leadership can be seen to have emerged in the early 1980s from the work of the Center for Creative Leadership in relation to the issue of ‘leader derailment/failure’ (McCall & Lombardo, 1983). McCall and Lombardo identified that the causes of leadership failure and derailment were the result of a

combination of personal flaws and performance shortfalls. In exploring this concept, they identified a range of causal factors which included: skill deficiencies; burn out; being insensitive to others; being cold and aloof; arrogance; betraying trust; and being overly ambitious. They argued that the personal flaws (dysfunctional tendencies) were more important than skill deficiencies as drivers of derailment (McCall & Lombardo, 1983). This view is echoed in the emergence of more recent writing on this topic (Solas, 2016; Naseer et al., 2016; Schyns & Schilling, 2013; Furnham, 2010).

Within this literature, there are a range of descriptions of ‘bad’ leadership behaviors, and there do appear to be a number of central (albeit overlapping) themes. These are mentioned in the following text.

Abuse of Power

This encompasses the abuse of power to serve personal goals or achieve personal gain; the use of power to reinforce self-image and enhance perceptions of personal performance; and the abuse of power to conceal personal inadequacies (Fatfouta, 2019; Naseer et al., 2016; Schyns & Schilling, 2013; Benson & Hogan, 2008).

Inflicting Damage on Others

This focuses on the negative impact on subordinates and includes bullying; coercion; negative impact on perceptions of subordinate self-efficacy; damage to the psychological well-being of subordinates; and inconsistent or arbitrary treatment of subordinates, as well as a range of other unethical behaviors (Itzkovich et al., 2020; Fatfouta, 2019; Einarsen et al., 2007).

Over-exercise of Control to Satisfy Personal Needs

For example: obsession with detail; perfectionism; and limiting subordinate initiative (Itzkovich et al., 2020; Fatfouta, 2019; Einassen et al., 2018; Benson & Hogan, 2008).

Rule Breaking to Serve Own Purposes

This is the area of behavior in which leaders engage in corrupt, unethical, and, indeed, illegal behaviors (Bulkan & Higgs, 2019; Fatfouta, 2019; Solas, 2016).

The ability of leaders to engage in ‘bad’ behavior is seen to arise from their positional power. This is well argued by Kets de Vries (1997) who comments that ‘Leadership is the exercise of power, and the quality of leadership – good, ineffective or destructive – depends on an individual’s ability to exercise power’ (p. 22).

In exploring this, Kets de Vries (1993) suggests that leaders need a sense of individual potency in order to be able to exercise power. Aspects of such a

sense of potency include ambition, a need to make a mark, a longing to be conspicuous, and an urge to take initiative and control. All of these he sees as legitimate needs. However, he points out that the slide to excess in pursuing these needs represents the roots of 'bad' leadership and related unethical behaviors.

While there is a growing range of research that demonstrates the nature and consequences of 'bad' leadership, until relatively recently, there has been little work that attempts to understand the antecedents of such behavior (e.g. Bulkan & Higgs, 2019; Schyns & Schilling, 2013). The work of Kets de Vries (1993) was one early example. Adopting a psychoanalytic approach, he proposed that 'bad' leadership resulted from the leader having an 'unresolved sense of self' combined with 'an unrealistic idea of their potency'. Hogan et al. (1994) adopted a somewhat different view based on personality theory. From their research, they proposed that personality traits that are present at extreme levels can lead to negative behaviors or personal shortcomings. For example, ambition can have positive attributes, such as taking initiative, whereas at extremes, it can lead to individuals constantly competing with each other. Similarly, agreeableness can have benefits in terms of individuals being likeable, but at extremes, it can result in inappropriate conflict-avoiding behavior. Building from a distinction between the 'bright side' and 'dark side' of personality (Hogan et al., 1994; Benson & Hogan, 2008), Benson and Campbell (2007) and Benson (2006) demonstrated that 'dark-side' personality dimensions predicted dysfunctional performance of leaders with consequent adverse impact on followers and the organization.

Building on this earlier work, there has been a growth in research that explores personality dimensions associated with 'bad' or 'toxic' leadership. This stream of work identifies three distinct (but overlapping) dimensions: narcissism, psychopathy, and Machiavelianism (Bulkan & Higgs, 2019; Ouimet, 2018; Solas, 2016). These dimensions taken together are referred to as the 'dark triad' (Ouimet, 2018; Solas, 2016). There has been a steady stream of research into the nature and effects of the 'dark triad', although this has tended to be focused on specific dimensions (Naseer et al., 2016; Solas, 2016). While recently there has been an emergence of work exploring leadership psychopathy (Bulkan & Higgs, 2019), there is a larger body of work in the leadership literature that focuses on narcissism (Solas, 2016).

Intriguingly, research has indicated that leaders with notable levels of 'dark triad' components tend to be promoted either on the basis of, or in spite of, their bad behaviors (Solas, 2016). The reasoning for such an apparent absurdity is that these traits are mistakenly seen by boards as characteristics of exceptional leadership (Fatfouta, 2019; Ouimet, 2018; Solas, 2016). This perception appears particularly notable with individuals displaying high levels of narcissism (Solas, 2016) and perhaps accounts for the dominance of studies of narcissism in the leadership literature.

The Consequences of 'Bad' Leadership

While some authors suggest that bad leadership behaviors are relatively uncommon (e.g. Argee et al., 2018), others suggest that it is far more common than previously believed. For example, Schyns and Schilling (2013) note that research in European studies have found prevalence rates of 11% and higher, while in US studies, rates of around 14% are encountered. Other studies have shown even higher levels of the prevalence of abuse. For example, Naseer et al. (2016) report studies that indicated levels as high as 75%; while in an English survey, it was reported that 40% of participants had experienced bullying at work. In terms of exploring consequences of bad leadership, research has tended to be dominated by a focus on the impact on individuals (Itzkovich et al., 2020; Naseer et al., 2016). Findings from this stream of research tend to confirm and develop the work within the field of abusive supervision (Schyns & Schilling, 2013). At the level of individual consequences, the impact of destructive leadership covers job dissatisfaction; psychological stress; decreased organizational citizenship behavior; reduced task performance; and deviant behavior (Itzkovich et al., 2020; Bulkan & Higgs, 2019; Simonet et al., 2018, Schyns & Schilling, 2013).

Research that evidences organization-level consequences of bad leadership tends to remain relatively scarce. The impact of bad leadership at this level tends to be asserted based on the cumulative consequences of individual-level impact (Fatfouta, 2019; Solas, 2016). In the broader organizational behavior literature, it is argued that the impact of 'bad' leadership tends to be felt in the longer term through the debilitating impact on morale and motivation of subordinates. This point is well captured by Benson and Hogan (2008) who state that, 'It is (toxic) behavior that, over the long-term, destroys the ability of people to work together productively in an organization' (p. 12). To an extent, this further endorses the view that leaders' impact on the performance of individuals, groups, and the organization through the work climate that they create. However, such assertions are supported by an emerging number of studies that explore the relationships between leader narcissism and organizational outcomes. Fatfouta (2019) reported studies demonstrating a relationship between leaders' narcissism and organizational risk taking, corporate tax sheltering, financial misreporting, over investment, and merger and acquisition expenditure. This emerging research tends to provide support to arguments drawn from exploration of the cases of corporate scandals and failures (Higgs, 2013).

In broad terms, the organizational consequences of 'bad' leadership may be seen as:

- dramatic organizational failings or crises resulting from illegal or corrupt behavior (Fatfouta, 2019; Furnham, 2010; Higgs, 2009; Boddy, 2006);
- damage to the overall corporate culture leading to longer-term performance problems (Bulkan & Higgs, 2019; Naseer et al., 2016; Solas, 2016; Furnham, 2010; Higgs, 2009; Boddy, 2006; Maccoby, 2003);

- damage to internal relationships (Naseer et al., 2016; Schyns & Schilling, 2013; Furnham, 2010; Higgs, 2009; Boddy, 2006);
- Reduction in ethical standards (Blair et al., 2015; Doh & Quigley, 2014; Chatterjee & Hambrick, 2007);
- staff attrition and the associated loss of intellectual and social capital (Bulkan & Higgs, 2019; Simonet et al., 2018; Solas, 2016; Schyns & Schilling, 2013); and
- loss of corporate reputations (Blair et al., 2015; Higgs, 2009).

Although much of the research into the impact of bad leadership has highlighted the negative individual and organizational consequences, some have argued that there can be benefits to an organization – particularly in terms of narcissistic leadership (Itzkovich et al., 2020; Maccoby, 2003). However, there is emerging evidence that the effects of bad leadership have a temporal dimension (Bulkan & Higgs, 2019; Ong et al., 2016; Higgs, 2009). In studies of narcissistic leaders, it has been found that while in the short term they may be seen as having a positive impact, in the longer term, the negative impact of their behavior has a damaging effect on both individuals and organizations (Ong et al., 2016). Bulkan and Higgs (2019) found a similar pattern among followers of psychopathic leaders who, after a period of time, responded to negative behaviors through acts of organizationally directed deviance.

From the foregoing, it would appear that any apparent advantage of the proposed ‘productive/bright side’ narcissistic leadership is, at best short term, but inevitably leads to longer-term corporate damage with increasing risks of unethical behavior (Maccoby, 2003; Higgs, 2009; Furnham, 2010a). In addition, the research of Chatterjee and Hambrick (2007) does indicate potential performance risks for organizations in terms of the volatility of financial outcomes and the exposure associated with regular strategic change and high-profile acquisitions. The latter can be particularly problematic when faced with significant macro-economic changes. For example, the high-profile acquisition of ABN/AMRO by the Royal Bank of Scotland was a major factor in the collapse of RBS in the context of a major downturn in the world’s financial markets.

Narcissism and Leadership

In the discourse around ‘bad’ leadership, in spite of strong evidence of its negative impact, the possibility that certain forms of this type of leadership may have positive benefits is widely discussed (Fatfouta, 2019; Rosenthal & Pittinsky, 2006). The positive and negative debate has tended to focus most notably on narcissistic leadership (Fatfouta, 2019; Higgs, 2009; Rosenthal & Pittinsky, 2006). Indeed, it has been argued that narcissistic leadership has been the most widely explored element of the ‘dark triad’ within the leadership literature (Fatfouta, 2019; Ong et al., 2016; Higgs, 2009). Perhaps, one reason for this is that the

relative dominance of the ‘heroic’ theories of leadership has led to a focus on the characteristics of the seniormost leaders in an organization (notably the CEOs). Indeed, researchers in the field of strategic management have asserted that top executives tend to invest a great deal of themselves in their business decisions and organizations (Chatterjee & Hambrick, 2007; Finkelstein & Hambrick, 1996). This stream of research has been generally referred to as ‘Upper Echelon Theory’ and has tended to focus on the CEOs of organizations or top management teams.

Within the ‘heroic’ school of leadership many of the assertions have been made on the basis of case study and anecdotal data drawn from either biographies of CEOs or reviews of publicly available data. Within this vein, the need to understand the causes of failure of CEOs to deliver sustainable performance or even corporate failure and unethical corporate behavior has led to the interest in the concept of narcissistic leadership (Benson & Hogan, 2008; Maccoby, 2003). In this debate, there are assertions that senior/top-level narcissistic leadership has an adverse impact on the internal climate of an organization as well as performance outcomes in the longer term (Fatfouta, 2019; Nevicka et al., 2011; Higgs, 2009).

While narcissism is a term widely and pejoratively employed in general usage, its relationship to leadership has only been explored in the last two decades (Fatfouta, 2019; Chatterjee & Hambrick, 2007; Rosenthal & Pittinsky, 2006). However, its roots within psychology go back to the late 1800s (Ellis, 1898) and indeed had a major impact on Freud’s later thinking (Freud, 1957) in which he described the manifestations of narcissism as being:

- self-admiration;
- self-aggrandizement; and
- a tendency to see others as an extension of the self.

This psychoanalytic view of narcissism tended to be notable in the early theorizing and discussions of narcissism and leadership (Kets De Vries, 1993). In much of the psychological literature, narcissism had tended to be seen as being akin to a clinical psychological disorder (Raskin & Terry, 1988; Emmons, 1987). However, the work of Raskin and Hall (1979) and Raskin and Terry (1988) provided support for the view that narcissism was indeed a personality construct rather than a clinical disorder. Working from this perspective, Emmons (1987) identified a number of distinct elements of the narcissistic trait that are all important to our understanding of the concept. These are:

- exploitativeness/entitlement, which they described as being ‘I demand the respect due to me’;
- leadership/authority; ‘I like to be the center of attention’;
- superiority/arrogance; ‘I am better than others’; and
- self-absorption/self-admiration; ‘I am preoccupied with how extraordinary I am’.

A series of studies, building on the concept of narcissism as a trait, provided evidence to indicate that narcissism is positively related to self-esteem; biased self-enhancement; mood swings (particularly following criticism); high levels of anger and aggression in response to negative feedback; perception of little room for self-improvement; high levels of over-confidence in own abilities; and tendencies to high levels of self-assessment (Fatfouta, 2019; Ouimet, 2010). While these studies tended to reinforce the lay negative view of narcissism as a trait, other work indicated that it was the excesses of the trait that led to potentially negative consequences (Bulkan & Higgs, 2019; Benson & Hogan, 2008).

More recent explorations of narcissism have indicated a broader and somewhat paradoxical collection of traits (Fatfouta, 2019; Ong et al., 2016). These include hostility, amorality, hypersensitivity, irrationality, deceitfulness, aggression, and paranoia (Fatfouta, 2019; Ouimet, 2010; Rosenthal & Pittinsky, 2006). The paradox identified is that many of these traits exist along with a sense of inferiority, self-doubt, and a fragile self-esteem (Bulkan & Higgs, 2019; Fatfouta, 2019).

Within this debate, there is an overlap between the concept of narcissistic leadership and corporate psychopathology (Bulkan & Higgs, 2019; Ouimet, 2010; Boddy, 2006). Indeed, some of the components tend to overlap clearly (lack of empathy, manipulative behavior, arrogance, egocentricity, self-enhancement, and need for recognition). However, as Furnham (2010) points out, there is a difference in that narcissistic leaders can produce some short-term organizational benefits whereas corporate psychopaths rarely do.

In reflecting on this distinction, the question arises as to how such individuals rise to significant leadership positions within an organization. When attempting to answer this question, it is evident that both narcissists and corporate psychopaths share a number of characteristics that are superficially attractive within organizations that view leadership within an 'heroic' perspective. These include:

- charm (Ong et al., 2016; Ouimet, 2010; Furnham, 2010; Boddy, 2006);
- extroversion (Fatfouta, 2019; Ong et al., 2016; Ouimet, 2010; Furnham, 2010); and
- self-confidence (Fatfouta, 2019; Ong et al., 2016).

It is also suggested that these apparently desirable attributes assume particular significance in times of major organizational turbulence and change (Naseer et al., 2016; Solas, 2016; Furnham, 2010). Furthermore, it is suggested that these externally (apparently) attractive traits are frequently seen by followers as defining leadership (Campbell et al., 2011). Indeed, in describing the narcissistic personality, Freud (1957, p. 218) highlights just this point, commenting that 'People of this type impress others as being "personalities"; it is on them that their fellow men are especially likely to learn; they readily assume the role of leader'.

While some focus on the 'dark side' resulting from the negative impacts of over-dominance of the narcissistic trait (Fatfouta, 2019; Bulkan & Higgs, 2019;

Benson & Hogan, 2008), others assert that this work tends to ignore the positive benefits to organizations of narcissism in senior leaders (Ong et al., 2016; Maccoby, 2003). In exploring these potential benefits, a number of authors have developed the concept of ‘productive’ and ‘destructive’ narcissism (Fatfouta, 2019; Maccoby, 2003). This framing leads to a view that ‘productive’ narcissism is both necessary and beneficial to an organization. In particular, Maccoby (2003) asserts that organizations have a need for narcissistic leaders as they provide a strong sense of vision and have the courage to lead organizations in new directions. In a similar vein, Ong et al. (2016) assert that vision is an integral aspect of who such leaders are. In this way, Maccoby asserts a strong link between narcissistic and charismatic leadership. In extolling the value of productive narcissists, Maccoby (2003) proposes that their lead is accepted because the potential benefits to the organization are enormous. In pursuing this view of ‘productive’ narcissism, there is a core assumption that leaders tend to be aware of their own behavioral tendencies and consciously work to control them (Maccoby, 2003). Some argue that these leaders tend to be creative and, through this self-awareness, can often laugh at their own tendencies (Maccoby, 2003; Kets de Vries & Miller, 1997). Others also support this ‘bright-side’ and ‘dark-side’ view (Itzkovic et al., 2020; Furnham, 2010).

However, the visionary significance of (productive) narcissistic behaviors is challenged by some as representing a limited and incomplete view of the visionary role of leaders (Fatfouta, 2019; Chatterjee & Hambrick, 2007). These same authors point to the fact that realization of vision requires persistence and unwavering pursuit of goals over time – characteristics that tend to be missing from narcissistic leaders. In a similar vein, Kets de Vries (1993) points out that while, particularly in a crisis, a degree of narcissism in a leader can be necessary for success and the creation of cohesion in a faltering organization, the impact on, and related energy in, the organization is only temporary.

The ‘bright-side’ view of narcissism is increasingly seen as being subject to temporal considerations (Itzkovic et al., 2020; Ong et al., 2016). In the early stages of leadership, narcissists tend to be seen as having clear and exciting visions for the organization. However, over time followers find that these dissipate in reality, and the negative impact of the narcissistic traits assume a higher salience (Itzkovic et al., 2020; Ong et al., 2016).

While the benefits of productive narcissism are argued for by some, even the strongest advocate of such a view (Maccoby, 2003) accept that their arguments relate purely to mid-term, rather than sustainable, organizational outcomes. Indeed, they acknowledge that the internal impact of such leadership is most likely to be negative. As Maccoby comments, ‘Even at their best, narcissistic leaders are bound to leave damaged systems and relationships in their wake’ (2003, p. 12) because they damage the organizational climate. Thus, it could be seen that, in the medium to long term, narcissistic leaders fail to create the climate necessary for achieving sustainable performance. All too often, the reverse is true (Naseer et al., 2016; Solas, 2016).

Research into 'Bad' Leadership

In much of the debate around narcissistic leadership, there is a considerable volume of assertion argument and discussion of specific cases, but empirical research in an organizational context has tended to be more limited (Fatfouta, 2019). Given that much of the writing on narcissistic leadership focuses on the very top leaders, there does appear to be a paucity of empirical studies that explore the phenomenon within the CEO population (Chatterjee & Hambrick, 2007). The few that do exist tend to be more case-based or use demographic variables as indicators of personality traits.

In research that explores senior-level narcissistic leadership in an organizational context, the 'upper echelon' literature (Finkelstein & Hambrick, 1996) provides some indication of the potential ways in which narcissism may be translated into strategic actions. In particular, it is argued that narcissistic CEOs will (1) tend to engage in strategic dynamism, that is to say they will initiate more changes more rapidly than their non-strategic counterparts; (2) engage in acts of grandiosity; and (3) undertake bold actions that will attract attention (e.g. engage in significant and frequent merger and acquisition activity). If the 'productive' narcissistic school is to be believed (Maccoby, 2003), such behaviors would be more likely to lead to positive organizational outcomes than encountered in those led by 'non-narcissistic' CEOs. One of the very few empirical research works designed to explore these issues at CEO level was that conducted by Chatterjee and Hambrick (2007) in their study of CEOs in 111 companies in the US computer hardware and software sector. They used unobtrusive measures of CEO narcissism (e.g. prominence of photographs in annual reports, prominence of mentions of CEO in press releases, use by CEO of personal pronouns in interviews, and relationship between CEO cash and non-cash compensation in comparison to that of the second-highest-paid executive) gathered from documents covering a 12-year period.

In addition, they gathered organizational performance data for these organizations for the same period. The CEO data was used to compute a 'Narcissism Index'. In analyzing the data, they found that:

- there was a positive relationship between CEO narcissism and strategic dynamism, grandiosity, and the number and size of acquisitions;
- narcissistic CEOs tended to undertake bold moves that attracted attention and resulted in both big wins and big losses;
- there was a positive relationship between CEO narcissism and both extreme and fluctuation organizational performance; and
- the overall performance of the firms led by narcissistic CEOs was neither better nor worse than that of those led by 'non-narcissistic' CEOs.

This study provided little support for the view of Maccoby (2003) that productive narcissistic leadership is of value to organizations. It did, however, provide a

degree of support for several aspects of narcissism discussed earlier but did not tend to provide much in the way of evidence to support the ‘dark-side’ debate. However, their measures were indirect and non-psychometric, which limits the strength of the findings. Furthermore, as with much of the debate around narcissism, the leader impact was only assessed in terms of organizational outcomes. The internal impact on climate, individuals, commitment of others, attrition, future capability, etc. was not considered directly. Yet these aspects of an organization are critical to sustained and long-term performance (Higgs & Dulewicz, 2016; Ong et al., 2016) and indeed are likely to be impacted negatively by both productive and destructive narcissistic leadership. In fact, within an organization the negative impacts of social interaction (e.g. ‘bad’ leadership) have a much more significant impact than positive organizational outcomes (Naseer et al., 2016; Ong et al., 2016; Solas, 2016; Einarsen et al., 2007).

Subsequent research among senior leaders has demonstrated a range of adverse effects of narcissism on organizational health and performance. These include organizational risk taking, corporate tax sheltering, financial misreporting, weaker financial performance, and objective observation of unethical behaviors (Fatfouta, 2019; Simonet et al., 2018; Blair et al., 2015).

In exploring the impact of narcissistic leadership more broadly, empirical studies examined the effects of narcissistic leadership at lower levels within organizations and found a range of negative impacts on individuals. These include: psychological distress, job dissatisfaction, and work family conflict (Fatfouta, 2019; Bulkan & Higgs, 2019; Schyns & Schilling, 2013). In addition to, and indeed related to, these negative impacts on individuals, studies have indicated range of negative effects on organizations, including increased employee turnover, loss of organizational citizenship behavior, reduced commitment, and increased deviant behaviors (Fatfouta, 2019; Bulkan & Higgs, 2019; Ong et al., 2016; Einarsen et al., 2007).

Actions to Avoid the Impact and Emergence of ‘Bad’ Leadership

In the literature relating to ‘bad’ leadership and destructive narcissistic leadership, there has been a greater focus on exploring its nature than on discussing the issues relating to identifying factors that indicate that leaders may be likely to move to the ‘dark side’; and suggesting interventions which may prevent such ‘derailment’ (Itzkovich et al., 2020; Ouimet, 2010; Furnham, 2010). In avoiding such ‘derailment’ and the negative impacts of destructive leadership, suggestions either appear to be unrealistic (given the nature of narcissism) or could indeed entail encouraging or manipulating followers to reinforce or collude with the narcissist’s self-obsession. For example, Maccoby (2003) proposed that the problems of the destructive elements of narcissistic leadership may be avoided or minimized by: (1) finding a ‘trusted’ colleague to keep them anchored to reality. Kets de Vries

(1993) uses the medieval role of the court jester as an analogy to illustrate this point; (2) persuading the leader to undertake therapy; and (3) working in a way that results in people in the organization aligning themselves with the leader's goals and beginning to think in the way that he/she does.

The first two of these suggestions may be relevant to the 'productive' narcissist who has a degree of self-awareness (Fatfouta, 2019; Kets de Vries & Miller, 1997). However, the efficacy of such an approach with an existing senior leader who is already in the 'destructive' mode is highly questionable. The third suggestion proposes a degree of collusion, which would be likely to reinforce the narcissistic disorder (American Psychiatric Association APA, 2013) and may indeed increase the likelihood of organizational damage and potentially unethical behavior (Itzkovich et al., 2020; Ouimet, 2010; Kets de Vries, 1993). The high-profile implosions of some organizations (e.g. Lehman Brothers, etc.) provide extreme examples of this.

Perhaps one way of thinking about addressing the issues associated with 'bad' leadership is to consider approaching them on both a short-term and longer-term basis.

Short-term Actions

The challenge of dealing with CEOs and senior directors currently in-post who may be in danger of derailing, or guarding against the possible emergence of this, requires action at the corporate governance level. The board of the organization (and in particular the non-executive directors) need to implement actions to address these risks in order to fulfill their duty to protect the interests of stakeholders. Some of the actions they can take include:

1. ensuring the appointment of an evidentially stable and non-narcissistic 'number two' to limit the possible damage that a narcissistic CEO can inflict on the organizational culture or climate (Furnham, 2010). In doing this, they need to ensure that the person appointed to such a position has the ear and support of the board;
2. ensuring that the board hold the chief executive accountable for all of his/her decisions and actions (Ouimet, 2010; Boddy, 2006);
3. ensuring that the compensation of the CEO is strictly contingent on performance in the medium to long term (Higgs & Rejchrt, 2014; Nevika et al., 2011; Furnham, 2010);
4. designing the role of the CEO in such a way that the extent of personal discretion is reasonably constrained (Ouimet, 2010). However, this does present the board with the challenge of achieving a balance between over-regulation and unfettered freedom that will serve the needs of the business (Furnham, 2010a);
5. ensuring that a robust, but fair, internal 'whistle-blowing' policy is both in place and audited regularly to establish that it is being implemented

appropriately. In this way, the narcissist's ability to stifle any negative feedback may be limited (Fatfouta, 2019; Furnham 2010);

6. establishing an annual appraisal process (using a 360-degree framework) for the review of all executive members of the board (including the CEO). This process should be managed by the chair of the board and operated on a 'zero tolerance' basis (i.e. noexcuses will be accepted for any member of the executive in terms of not participating in such a review). In this way, the board (and in particular the non-executive directors) will be in a position to identify potential problems in its senior leadership team (Higgs & Rejchrt, 2014; Taylor et al., 2008). Indeed a number of boards within large (often global) organizations in the United Kingdom have already implemented such a process and the non-executives feel that they have a far better understanding of the nature and quality of the organization's senior leadership team;
7. ensuring that the board are fulfilling their governance duties by conducting an annual review of the overall performance of the board (Higgs & Rejchrt, 2014; Taylor et al., 2008); and
8. ensuring that the organization has an explicit code of ethics and that its implementation is monitored regularly (Blair et al., 2015).

Longer-term Action

In considering a longer-term approach to the management of the risks of the emergence of narcissistic (or even psychopathic) leaders, a more systemic approach to reducing the emergence (and to an extent, relative prevalence) of 'destructive' narcissistic senior-level leadership is required. This entails reviewing the nature, processes, and criteria employed in the selection of leaders and, indeed, potential leaders (Fatfouta, 2019; Benson & Hogan, 2008). Fatfouta (2019), Furnham (2010), and Higgs (2009) suggest that a range of policies and practices relating to the identification, selection, and development of leaders and potential future leaders should be developed and managed to avoid the 'derailing' dangers. Some of these actions include:

1. recruitment and selection criteria and processes. Furnham (2010) in particular suggests more rigorous scrutiny of candidates' 'biographies' to look for signs of potential derailment and a more forensic approach to pursuing references;
2. careful 'on-boarding' of new hires who are likely to enter the talent pool;
3. structured career planning and development;
4. regular (and mandatory) use of 360-degree feedback processes for all who are considered to be in the leadership talent pool;
5. ensuring that anyone in the leadership talent pool stays in roles they are assigned to until they have provided evidence of their ability to complete the assignment and deliver results; and

6. the provision of coaching to those at higher levels in the talent pool with no 'opt-out' alternative.

While the aforementioned actions may be of value in minimizing the risks of the emergence of future 'bad' leaders, Higgs (2009) emphasizes the need for these to be based on a significant movement away from the dominant 'heroic' model of leadership still influencing practice in many organizations. The underlying model should move to a more 'relational' model (Sweeney et al., 2019; Higgs & Dulewicz, 2016; Blakeley & Higgs, 2014) with a greater focus on developing a strong sense of self-awareness (Higgs & Dulewicz, 2016).

Indeed, it is not only the dangers of the emergence of 'bad' leaders that requires such a shift. The changing business environment, with an increasing focus on growth, volatility, and complexity, is seen by many as also requiring a significant change in thinking about leadership (Itzkovic et al., 2020; Sweeney et al., 2019; Higgs & Dulewicz, 2016; Pearce, 2004). Even within the solo-focused 'heroic' literature, there have been three emerging trends that begin to recognize the complexity of the leadership phenomenon. The first of these has been the move from a predominantly rational trait model to a more emotionally based transformational one (Itzkovich et al., 2020; Higgs & Dulewicz, 2016; Hiller et al., 2006). The transformational model, which emphasizes emotional exchange, has indeed become the dominant model in the field (Itzkovich et al., 2020; Higgs & Dulewicz, 2016; Naseer et al., 2016). The second trend has been a shift in focus from the top leaders in organizations ('far' leaders) to the more immediate leadership relationships ('near' leaders) experienced by individuals within any organization (e.g. Sweeney et al., 2019; Shamir, 1999; Alimo-Metcalfe, 1995). The final trend has been to move away from studying purely the role of behavior of leaders to considering the behavior of followers and the study of 'followership' (Gronn, 2002; Yukl, 1999).

The increasing complexity of the work environment means that individual leaders are unable to possess all of the necessary expertise to perform all of the required leadership functions effectively (Yukl, 1999; Gronn, 2002; Pearce, 2004). Furthermore, the continued emergence of corporate scandals has eroded trust in organizations and increased demand for more ethical behavior (Frangieh & Yaacoub, 2017). To an extent, there is evidence that narcissism in leaders is one of the causes of unethical behaviors (Blair et al., 2015). It has been argued that the exclusive focus on the creation of shareholder value has led to a climate in which narcissism can flourish, and which ignores the impact of both leaders and organizations on a broader stakeholder group (e.g. Pless et al., 2012). Building on this argument, the concept of responsible leadership, which brings together the interests of a broader grouping of stakeholders, has emerged (Frangieh & Yaacoub, 2017; Doh & Quigley, 2014; Pless et al., 2012). Responsible leadership has been defined as:

A values based and principles driven relationship between leaders and stakeholders who are connected through a shared sense of meaning and purpose through which they raised the higher levels of motivation and commitment for achieving sustainable value creation and responsible change.

(Pless & Maak, 2005, p. 539)

Models of responsible leadership tend to combine elements of empowering leadership with ethics, corporate sustainability, and corporate social responsibility (Doh & Quigley, 2014). While responsible leadership provides an attractive alternative to the more leader centric and shareholder focused theories, there is limited empirical evidence that demonstrates its impact (Frangieh & Yaacoub, 2017; Doh & Quigley, 2014; Pless et al., 2012). Furthermore, it has been found to be a difficult concept to develop and embed in an organization without a significant cultural shift occurring (Blakey & Higgs, 2014). However, Doh and Quigley (2014) note that in terms of internal stakeholders there is a significant body of evidence demonstrating the value of empowering leadership in enhancing the motivation, commitment, creativity, and performance of employees.

Against this background there is seen to be a need to move away from the dominance of viewing leadership roles and individual leadership as synonymous constructs (By et al., 2018; Avolio et al., 2009) to considering leadership as a more fluid construct (Hiller et al., 2006). This thinking has led to the emergence of a model that is more appropriate to an increasingly complex environment that explores the concept of collective or shared leadership (Sweeney, 2019; Hiller et al., 2006).

The recognition of the value and relevance of such models and their integration into an organization's leadership selection and development frameworks would mitigate against the emergence of potential leaders with the strong narcissistic tendencies that can result in damaging and unethical behavior. This is not to suggest that the use of one single, dominant model of leadership should be replaced by an alternative.

Rather we should think in terms of replacing simplistic models with frameworks for thinking about leadership. In exploring this idea, Avolio et al. (2009) suggest that leadership is a complex phenomenon that has to include considerations of contextual issues and challenges. However, it is important to consider whether or not situational models may need to include some core shared components (Higgs & Dulewicz, 2016). Avolio et al. (2009) and Walumbwa et al. (2007) suggest that there is a need to ensure that leadership is executed in an authentic manner within any framework. Indeed, the concept of authenticity and authentic leadership has been argued to be essential to success in many situations, but importantly and notably in the context of change implementation (Rowland & Higgs, 2008). There appears to be an emerging view that the components of authentic leadership include self-awareness; self-regulation; relational transparency; and a clear moral compass (Avolio et al., 2009; Walumbwa et al., 2007). Certainly, the components of this framework relate clearly to earlier research that

points to the importance of self-awareness as a core component of effective leadership (Fletcher, 1997; Gill, 2001) and the linkages between emotional intelligence and leadership (Goleman, 1996; Higgs & Dulewicz, 2016).

In more recent studies, Rowland and Higgs (2008) have demonstrated the critical nature of authenticity (and in particular self-awareness) as an element necessary for the effective leadership of change. Furthermore, this frame places an ethical component at the heart of leadership.

The adoption of leadership frameworks, such as those outlined earlier, as the basis for leadership selection and development would result in avoiding the creation of a fertile ground for the emergence of narcissistic or 'bad' leaders.

Conclusion

The continuation of major corporate collapses and failure has focused attention on the impact of the behaviors of CEOs and other senior leaders on their organizations and raised questions about the nature and causes of such 'bad' and often unethical leadership.

Against this background, while within the leadership literature, the predominant paradigm has focused on 'good' leadership, there has been an emerging area of discussion of 'bad' or 'dark side' leadership. The discussion around the issue of 'bad' leadership has tended (more recently) to focus on the concept of narcissism, which has been clearly recognized as (and been shown to be) an individual trait (Fatfouta, 2019; Simonet et al., 2018; Blair et al., 2015). While there are assertions that there are both productive and destructive forms of narcissism (Fatfouta, 2019; Furnham, 2010; Maccoby, 2003), there is some disagreement about this (Fatfouta, 2019; Solas, 2016; Ouimet, 2010). There is a clear view that, in the longer term, narcissistic leadership is damaging to an organization internally (in terms of culture, morale, ethical behavior, relationships, etc.) which ultimately leads to longer-term deterioration in organizational performance (Ong et al., 2016; Rosenthal & Pittinsky, 2006; Kets de Vries, 1993), corporate failure (Fatfouta, 2019; Furnham, 2010;), and unethical behavior (Blair et al., 2015; Furnham, 2010; Higgs, 2009). The question relating to the extent to which narcissism may be a dominant cause of 'bad' leadership is not clearly answered by the current literature. Certainly, in terms of short-term organizational outcomes, there is little evidence of a negative performance effect resulting from productive narcissism. However, there is some evidence of a negative impact on the internal climate and thus could well have an adverse impact on longer-term performance outcomes (Fatfouta, 2019; Ouimet, 2010). This does not suggest that narcissism is the sole cause of 'bad' leadership, and there is evidently a range of other antecedents that need to be considered. For example, organizational culture has been found to have a significant impact on outcomes (Solas, 2016; Nevicka et al., 2011), as has the inadequacy of leadership skills (Higgs & Dulewicz, 2016). However, when 'bad'

leadership emerges within an organization, it can lead to unethical behavior that damages both organizations and individuals within these organizations.

While there has been a growth in discussion of the ‘darker’ aspects of leadership and the concept of narcissism, there is a limited, but growing, volume of empirical research (Naseer et al., 2016; Schyns & Schilling, 2013; Chatterjee & Hambrick, 2007). One study which explores narcissistic CEOs found that, while they engaged in more grandiose and dramatic actions (e.g. acquisitions and strategic dynamism) and their organizations experienced dramatic performance fluctuations, in the longer term, their organizations performed neither better nor worse than comparator organizations led by non-narcissistic CEOs in the longer term (Chatterjee & Hambrick, 2007). This tends to further refute the argument that narcissistic leadership at senior level is a necessity for success or that it is fundamentally damaging to short- to medium-term performance. However, it is very clear that the debate around the topic of ‘dark side’ and narcissistic leadership needs to be underpinned by more empirical research. In order to deepen our understanding of the nature and impact of narcissistic leadership, it is important that such research explores the internal impact of such leadership as well as organizational outcomes. In addition, it might also explore leadership beyond the very top of the organization to understand the way in which the narcissistic tendencies develop and emerge throughout a leadership career. This will help to develop effective assessment processes designed to spot narcissistic tendencies early and ameliorate their impact through development interventions.

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11

ORGANIZATIONAL LEADERSHIP AND CHANGE IN THE CONTEXT OF CONFLICT

Joanne Murphy

Introduction

Within the study of leadership and change, the default position of scholars is often that the challenges faced by organizations will be within the realm of the conventional. Discontinuous change (Nadler, 1995; Engeström et al., 2007; Duncan et al., 2001) is of interest to researchers because it is relatively rare. However, even those who profess an interest in radical change often seek it in circumstances to which they can readily understand – such as a rapidly evolving new market or significant technological innovation that disrupts or destabilizes established businesses or sectors (Zietsma et al., 2016; Powell & Dimaggio, 1991). But what if the challenge of change is outside the normal and the organizational response required relates to a society where norms, infrastructure, and certainties are torn apart? How do leaders act within the environmental and ethical ambiguity of environments they no longer recognize?

For many organizations, normal practice occurs against the backdrop of the violence and volatility of ethno-political conflict. This chapter seeks to explore the reality of leadership and change in these environments, when ordinary organizational contexts become extraordinary, basic rules have shifted in dangerous ways, and ethical dilemmas are an everyday occurrence. In doing so, it focuses on organizations embedded in societies where ethno-political violence, or its legacy, is an entrenched reality of life. Such organizational experiences often fall under the heading of ‘extreme contexts’ but they differ and defy categorization within much of the extreme context literature. What makes them unusual is the ‘everydayness’ of their reality and the depth to which division impacts their activities. They are not necessarily or even usually, military or security orientated – such as blue light services or disaster-response bodies. Neither are they operating within defined

temporal episodes. Rather, danger and discord are omnipresent and unpredictable within routine service delivery or normal business operations. Their study has previously been a relatively niche endeavor. However, recent events, such as the refugee crisis, climate change, extreme weather incidents, the COVID-19 pandemic, and increasingly political polarization have ensured that the response of organizational actors to intensely problematic contexts is becoming recognized as more relevant than ever before (Ferraro et al., 2015; Grodal & O'mahony, 2017). The challenges they bring are not short-term problems but long-term predicaments (Reychler & Paffenholz, 2001), such as the dangerous mundanity of providing services and doing business within divided and contested societies (O'Connor, 2014; McDowell et al., 2017; Murphy et al., 2018) and the management of normal organizational practices in abnormal environments (Giangreco et al., 2012; Mangwi Ayiasi et al., 2019; Ramon et al., 2006). For many, violence orchestrated by radical groups and interacting in a deadly dance with agencies of the state are a daily occurrence.

For such organizations, the acute nature of operating in a setting of 'continuous discontinuous change' is also normalized into organizational life. It forms part of all decisions made and represents a significant leadership challenge, forcing us to question the reality of ethical leadership and how change can be a societal as well as an organizational imperative (Burnes & By, 2012; Rost, 1995). While levels of violence vary widely through cases, it is evident that even in the most trying circumstances, organizational activity continues. See, for example, the University of Sarajevo, which carried on teaching through the siege of the city despite daily bombardment, mortar assault, and sniper fire (Murphy, 2020) or the modern-day reality of life in Palestinian hospitals providing services under attack (Giangreco et al., 2012). While both high- and low-intensity conflict can make organizational survival extremely difficult, we have seen that businesses, public services, and community activities often carry on in adapted forms. This chapter focuses on what we can learn from ordinary organizations operating in extraordinary environments of extreme volatility and threat, where questions of leadership, ethical decision-making, and change are brought sharply into focus. It will explore this area of work by first looking at the persistence of violent conflict as a setting of organizational life and then by reviewing our developing understanding of the intersections between organizational change, ethics, and leadership as they relate to contexts of violence and volatility. In doing so, it will reflect upon the ethical challenges of leadership in the 'gray zone' (Levi, 1986), the impact of complex and deadly political divides on organizational life, and the role of leaders and managers as they navigate violence and its aftermath. It will conclude with some reflections on the practices and approaches that facilitate leadership and change in these circumstances and the importance of these practices to the successful achievement of conflict transformation.

Conflict as an Organizational Reality

For organizations in contested environments, leading in the midst of conflict becomes a daily, long-term occurrence. Invidious decision-making is ubiquitous (Bass & Steidlmeier, 1999; Katsos & Alkafaji, 2019) and change is often tightly coupled to processes of contestation as organizations seek to align or swerve the consequences of division (Hargie et al., 2003). We have many examples of organizational life in such environs. The 30-year low-intensity ‘troubles’ in Northern Ireland left over 3000 people dead and countless more injured and maimed. During the conflict, leaders within business and civil society sought to focus attention on organizational life, and the role of civil society as a mediating mechanism (Puljek-Shank & Verkoren, 2016). The region remains a divided society with ongoing, low-level paramilitary activity, struggling with the legacy of the past and at risk of further destabilization post Brexit. A similar long-term conflict in the Basque region saw businesses and public organizations besieged with violence from both ETA and the Spanish state (Abadie & Gardeazabal, 2003). Attempts at reframing the physical and cultural environment in the cities of Bilboa and San Sebastian saw the engagement of public, private, and third-sectors organizations in economic and civic renewal. These are among the most studied and successful examples of collective leadership for change (Konstantynova, 2017). In Bosnia, the brutality of the Balkan wars has given way to an unsettled peace with a legacy of 100,000 dead and the specter of genocide again in Europe. The region continues to struggle with extremism and irredentist activity (Pugh, 2002; Belloni, 2001), but amidst the ruins of lives and property, businesses seek to rebuild and restore livelihoods. The phenomenon of ‘translocal’ entrepreneurs – individuals who fled as refugee’s but now return as investors, has been repeatedly observed (Halilovich & Efendić, 2019). Elsewhere in high-intensity conflict environments, organizational activity goes on in transmuted forms. Even in desperate situations, we can observe the ethical dilemmas of leadership and change (Chaux et al., 2018). Conflict impacts not just on an individual or a group’s right of life and social stability, but also in relation to the economic prosperity of a region. It has been estimated that the economic impact of violence on the global economy in 2019 was \$14.5 trillion in purchasing power parity (PPP) terms, equivalent to 10.6% of the world’s economic activity (gross world product) or \$1,909 per person. In the ten countries most affected by violent activity, the average economic impact of violence was equivalent to 41% of GDP, compared to under 4% in the countries least affected (Estes, 2014). Three main areas of scholarship allow us some insight into managing in these environments. They are studies of extreme contexts, research around conflict and peacebuilding, and what has become known as the ‘business for peace’ agenda.

Leadership and Change in Conflict and Division

When it comes to exploring leadership and change in environments of conflict, there is still little dedicated work on the activities of organizational actors and

behaviors and practices impacted by the contested contexts (Haufler, 2015; Murphy, 2020). The exception to this is research that takes army leadership or active military engagement as its focus. This is not surprising, as these activities are the most visible during active conflict flares or as conflict environments seek to move beyond violence (De Waard, 1999; Ellison & Pino, 2012; Juncos, 2018; Marks & Sklansky, 2014; De Rond & Hedges, 2017). There are obvious reasons for a dearth of scholarship on more prosaic realities – not least the difficulties and dangers of collecting data during conflict flares and the disruption to organizational routines that sit alongside political volatility and insurgency (Oberschall, 2007; Oetzel et al., 2009; Maglajlic & Stubbs, 2017; Browne, 2020). There are also inevitably, the problem of disciplinary silos that relegate complex organizational experiences into a narrow conflict studies agenda. While direct work is scarce, there is a significant amount of existing scholarship that intersects with a discussion on leadership and change in extreme and violent contexts. However, organizational life, while often obscured, is still present in dangerous and difficult spaces and there is plenty of evidence to suggest that in environments of contestation managing and leading through everyday discord becomes normalized into organizational routines, leadership practices, and daily decision-making (Murphy, 2020; Giangreco et al., 2012; Joseph et al., 2019).

While we have a great deal of research on the mechanisms that see wider change occur and the role of institutional fields and the process by which field boundary's shift and flex (Evans & Kay, 2008; Mora, 2014), we are only beginning to understand how these systemwide-change processes impact and collide in disputed situations and how leadership and individual and collective agency manifest (Dimaggio, 1988). Our increasing insight into the theory and practice of change leadership at an organizational level and the often-contradictory reality of well-known change maxims should provide a firm foundation with which to observe phenomena in more risky settings and the ethical challenges of doing so (Hughes, 2011; Buchanan & Badham, 1999; Charles & Dawson, 2011; Burnes & By, 2012). Scholarship on wicked problems provides a useful foil for some of the general assumptions made about conflict and conflict transformation – including the role of leaders, leadership, and inherently ambiguous decision-making where all choices come at a cost. The work of Grint (2005) and Watters (2019) dimensionalize the challenges that high-risk environments can present for those tasked with leading through intractable and seemingly insolvable dilemmas. As Hannah et al. note, it is ironic that while so many leadership narratives focus on 'overcoming adversity' and 'succeeding against the odds' (Hannah et al., 2009), very little relevant and sufficiently differentiated work exists on how leadership behaviors and practices operate within environments of volatility, risk, and danger.

The lack of an understanding of contextual variations in extremes contexts reinforces the problem (Bass, 2008; Hällgren et al., 2017). Dimensions such as temporal ordering, preparation, contextual transitions during and post event, consequences, physical and psychological proximity, and form of threat all impact

actor behaviors and have been identified as attenuating or intensifying factors for organizations facing intense challenges (Hannah et al., 2009). Adaptive capabilities are also significant in the creation of better or more palatable outcomes (Geier, 2016; Heifetz et al., 2009). Attempts to understand and address the 'systemwide' nature of many societal issues is a useful source of potential relevance (Rittel & Webber, 1973) and work on 'Wicked', 'Tame', and 'Critical' problems (Grint, 2010) allows us to better understand the leadership dilemmas thrown up by volatile and highly complex environments (Grint, 2007). This is a reminder of the insight of Heifetz (Heifetz et al., 2009) that leadership is 'adaptive' work, requiring an ability to address conflicts in values, ambitions, and realities.

The inherent moral ambiguity within leadership and decision-making in environments of violence is also addressed by those looking at the theoretical, philosophical, and the 'in-the-field' realities of such situations (Burnes & By, 2012). Watters (2019) emphasizes these difficulties in his interesting and thoughtful account of wicked problems within the extraordinarily hostile context of the Bosnian war. In his discussion of the ethics of war, which can also be applied to organizations situated in 'warzones', he succinctly concludes 'as ethical theory provides no absolute answers; thus, morality is not fixed, the study of ethics equips the leader with the frameworks for argument and the potential to justify decisions and dirty hands' (Watters, 2019, p. 19). Other work, such as that by Megheirkouni (2018) look at the scope and reality of leadership development during and after conflict with all of the attendant issues of trust, ego, financial challenges, and continuing instability.

Extreme Contexts

Emergent scholarship on 'extreme contexts' (Hällgren et al., 2017; Geier, 2016; Buchanan, 2011; Hannah et al., 2009) relies heavily on core organizational concepts such as sensemaking, social constructions of meaning, and the power of framing and reframing alternative approaches. This is useful and reflects environments where short-term crisis and longer-term exposure to stress and violence both exist, allowing insight into how we might categorize those contexts and what characteristics they share (Hällgren et al., 2017). These situations provide us with an opportunity to illuminate ordinary behaviors and practices where experiences are heightened and responses exaggerated (Denyer & Pilbeam, 2014; Hällgren et al., 2018). While not directly focused on violence, this literature starts with the premise that some of the most significant scholarly contributions to management and organization studies (MOS) were originally derived from unsettled backdrops. Hällgren et al. (2017) delineate existing scholarship into risky, emergency, and disrupted (RED) surroundings. This work relies heavily on previous scholarship on resilience and high reliability organizations (HRO) and builds on that to explore behavior within more challenging environments. Even within this comprehensive analysis of the field, they acknowledge that only two of the papers included

examine the active role played by managers in emergency situations and none of the examples they use look at the impact of long-term intense volatility on ‘normal’ organizational forms. However, as much as this categorization imposes some much-needed order onto an array of dispersed literature, it also sits uncomfortably with work specifically looking at management in environments of intractable and persistent violence. ‘Extraordinary’ organizational pain is quite different to environments where anxiety, fear, and violence exist in the background and sometimes the foreground of normal everyday activity. Often the experience of organizational actors, the challenges of leadership, and the immediacy of risk associated with change in such contexts refuses to fit neatly into categorizations of extremity.

Business for Peace

Also noteworthy is the emerging body of scholarship generally referred to as the Business for Peace literature (Ford, 2015). The aim of this work has been to better understand the role played by international business organizations who engage with conflict-affected locations. Oetzel et al.’s comprehensive review acts as a starting point and identifies ways in which business can positively affect peace and contribute to peacebuilding processes (Oetzel et al., 2009). This draws together similar insights from economic development scholarship, the generation of economic benefit for conflict-affected societies, employment of local workers (Fort & Schipani, 2007), transfers of technology (Spencer, 2008), and the facilitation of foreign direct investment (Oetzel et al., 2009; Buckley & Ghauri, 2004; Kolk & Lenfant, 2015a). There is particular interest in what the private sector can achieve noting that ‘any serious notion of “inclusivity” in peacebuilding ... cannot omit the private sector’ (Ford, 2015, p. 140). However, an awareness that business actors can have a positive (and active) role as peacebuilders is relatively novel (Katsos & Alkafaji, 2019). The exercise of ‘corporate diplomacy’ and political skill within this context has become recognized as a significant peacebuilding mechanism in its own right (Kolk & Lenfant, 2015b). Ford differentiates between business conduct aimed at mitigating the risks of triggering or exacerbating conflict ‘do no harm’ and conduct aimed at contributing to short- or long-term conflict prevention where enterprise can ‘do some good’ – a significant leadership challenge (Fort & Schipani, 2007). Oetzel and Miklian (2017) take this further and contend that multinational enterprises (MNE’s) who seek to incorporate peacebuilding frameworks into their evaluations of complex environments have a better understanding of how contested contexts affect firm operations and profitability and give them an advantage over MNE’s that don’t engage.

Recent work has also looked at the development of entrepreneurship initiatives as a conflict reduction mechanism (Joseph et al., 2019). This is aside from wider ethical imperatives to contribute to conflict mitigation (Idemudia, 2018) and the significance of the private sector as an actor in the area of preventative diplomacy (Melin & Koch, 2010). All of these have important implications for

leadership and the ethical exercise of decision-making processes within national and multinational organizations.

Public Administration as a Lever

In parallel, is the equally interesting work on the role of public administration within conflict-affected states and particularly the centrality of change processes. These are often integral to managing the fallout of ethno-political conflict at a societal level and extremely important for institutions seeking to stabilize operations and activities and engage in peace related institutional reframing (Katsos & Alkafaji, 2019; Melin, 2016; Kerim, 2017). Within the private and third sector, processes of peacebuilding contain significant challenges as well as the opportunity to push through radical change and align to new social and environmental regulations (Murtagh, 1999; Nolan, 2014; Portland, 2007). Research on how public sector organizations and non-profits reduce conflict demonstrates how heightened political awareness and activity facilitates conflict reduction through the exercise of individual and collective agency in decision-making (Collier et al., 2008; O'Connor, 2014). This work generally falls within two perspectives. The first is that which straddles the space between academically informed research which is practitioner orientated – including reports from international bodies such as the UN, EU, and international charities (IEP, 2018). The second is academic research, which is focused on public management and administration, which by its nature, encounters, and details the challenges of managing within conflict (O'Connor, 2014).

The UN's 'Reconstructing Public Administration after Conflict' (United Nations, 2010) and in particular, Sustainable Development Goal's 16 and 17 sit within this first category and recognize the challenges of leadership, change, and anti-corruption that transition processes present. Ethical approaches to leadership processes and outcomes and the requirement to build leadership capacity at multiple levels looms large within this work. This literature identifies public administrations and the organizational actors within them as central to any possible processes of economic and social recovery. In this context, public sector leaders often perform the complex role of interpreting policy and implementing it within a contested political space and place, while working through conflict and peacebuilding attempts often at great professional and personal risk (Bissessar, 2009). The unique dynamics of divided cities are often central to this scholarship. As Bollen's (2011, p. 13) reflects, such contexts can produce a 'different normal, where urban separations overlap cultural fault lines and were long memories fit into tight spaces'. Such environments provide rich case studies for leadership and change.

Discrete work on public administration in conflict and transition has tended to focus on the role of the bureaucrat in sustaining conflict-managing mechanisms and exploring how elite-level administrators influence and skew policies and decision-making processes (O'Connor, 2014). While rarely talked about explicitly, this work

is littered with ethical choices such as the decisions of public managers who utilize decision-making discretion in the allocation of resources for conflict resolution-orientated policy implementation. Public sector leaders are 'actively engaged in the stabilization and normalization process' (O'Connor, 2014, p. 82) and are forced to connect and sometimes vocalize value bases to forge a way forward (Burnes & By, 2012). Again, little is understood about how these conflict management mechanisms are deployed at an organizational level (Bollens, 2012; O'Connor, 2014), and there exists a frustration with the under-studied nature of bureaucracy and public management in the administration of contested spaces. Accordingly, a research gap exists around both the implementation process and the mechanisms present during institutional change, despite the centrality of such change to attempts at public reconciliation and governmental stabilization. Peacebuilding itself is often interpreted through a series of change processes at an administrative level and while contested societies differ from each other in many respects, there is a concern that we need to better understand how change mechanisms are actually deployed within environments of ongoing, persistent political instability (O'Connor, 2014). A very interesting perspective on this is presented by Giangreco et al. (2010) in their examination of the use of performance appraisal systems in a Palestinian hospital during the second Intifada, extending the existing theoretical framework for human resource engagement to incorporate the realities of a hospital functioning in the midst of conflict. The leadership challenges of such environments are stark. Megheirkouni (2018), too, explores the revised reality of management and leadership within the Syrian public sector post the civil war. The next section will draw together some of these areas to better identify and understand the issues and challenges that facilitate or hinder ethical change leadership.

Ethical Leadership, Change, and Purpose

What do environments characterized by invasive conflict tell us about the ethical dimensions of leadership and change? How can organizations utilize ethical leadership approaches to better align to wider ambitions of peacebuilding and conflict reduction? We have seen earlier considerable scholarship that directly or indirectly answers some of these questions. At a theoretical level, we see the wicked problem of leadership in environments of conflict reflected within concerns for grand challenges and the systemwide change (Murphy et al., 2020; Ferraro et al., 2015). We are aware that within these environments, everyday practices are interwoven with the legacy of division (Dickson & Hargie, 2006) and ethical approaches constitute one response to the mitigation of persistent division and the reduction of future conflict flares. It should be remembered that during acute instability and threat, taking a 'propeace' rather than neutral stance in relation to conflict undercurrents can introduce challenging ethical choices around decision-making, personal safety, and professional survival. See, for example, the consequences for public managers in Belfast seeking to develop a

consensus position on the flying of the Union flag from Belfast city council buildings (Goldie & Murphy, 2015) or the threat to Basque business owners at the height of the ETA campaign for independence (Murua, 2017). Primo Levi famously reflected that in certain environments, decision-making is so compromised that truly good choices become impossible and instead those present must choose between one bad position and another (Levi, 1986). This also raises questions about the ability and capacity of organizations to act as agents of conflict transformation, when such activities sit outside, rather than within, core functions of public service delivery or business operations and indeed are often not spoken about or taboo. As the Irish Poet Seamus Heaney wryly reflected about the unspeakableness of conflict ‘whatever you say, say nothing’. However, for many organizations and those within them, a reframing of core objectives can often include an implicit or explicit commitment to ‘making a difference’ and both an organizational level and for individuals tasked with leading (Whitfield, 2015; Halilovich & Efendić, 2019; By, 2021). This presents an ongoing challenge for leaders who must understand the consequences of both action and inaction, especially when decisions to mitigate conflict can be personally hazardous (Burnes & By, 2012). For this reason alone, the centrality of ‘purpose’ is nowhere more evident than in organizational leadership during conflict (By, 2021).

This is critical because processes of institutional and organizational change are often central to moving beyond entrenched violence. While these changes can appear political in focus, the reality of peacebuilding sees a cascade of organizational responses to conflict reduction processes. Each of these responses contribute to the mosaic of activity necessary to engage and sustain accord – a process of ‘direction, alignment and commitment’ (Drath et al., 2008), underscored with ‘purpose’ (By, 2021). The recent upturn of scholarly activity in the areas of grand challenges, wicked problems, and systemwide change reflects a concern for endemic problems that share the common characteristics of global impact and intractability. Added to this is the sisyphian task of delivering collective action through a narrow pathway that is neither agreed nor obvious. Conflict processes sit firmly in this body of work (George et al., 2016). Within these accounts, individual and collective agency is often regarded as emerging from conflicted or dialectically opposed perspectives, resulting in the eventual convergence of views after the process completes (Hargrave & Van De Ven, 2006; Van Belle, 1996). Leadership, as a factor within this dynamic, is rarely seen as a focus although some recent work has pinpointed the significance of individual and collective agency in reframing and unlocking seemingly intractable disputes (Murphy et al., 2020). The inherent complexity of the leadership challenge within such settings is significant and the conceptualization of leadership as intrinsic to the improvement of entrenched problems also highlights the limitations of traditional leadership models and the paradoxical need to engage competing demands simultaneously (Schad & Smith, 2019). In contrast, constructions of how ‘wicked’ problems can be overcome place leadership at the center as an essential way to stimulate shared

engagement. As Grint (2010) reflects, leadership becomes an opportunity to ‘ask the right questions rather than provide the right answers because the answers may not be self-evident and will require a collaborative process to make any kind of progress’ (Grint, 2010).

The role and impact of leadership behaviors and practices has been a neglected component of the ‘business for peace’ agenda. Recently, however, it has emerged as a potential mechanism to move the default position of multinational enterprises investing in fragile and conflict-affected states from ‘do no harm’ to ‘do some good’ (Miklian & Schouten, 2019). The wider Business for Peace endeavor has tended to focus on the agency, power and influence of MNE’s to act as catalyses for collaborative action advancing violence reduction and reconciliation. Within most iterations of business for peace, leadership has been seen through the prism of engagement, the active demonstration of best international practice and focused local energy to advance individual projects (Miklian & Medina Bickel, 2020). Recently, a renewed awareness of the ethical dimensions of leadership and its connections to unstable environments has been highlighted as a scholarly priority. As Katsos and Fort (2016) reflect, the existing ethical leadership literature largely assumes a stable external context. In contrast, ‘business for peace’ research adopts instability as a default but has largely ignored the potential of leadership in its many forms, as a possible driver of peacebuilding action. It is important to emphasize (as the authors do) that the practitioner community has long since recognized the key role played by leaders and leadership on the ground in contested contexts (McCallister, 2004; Kerim, 2017). They go one to note ‘Our findings suggest that ethical leadership may be an important missing link within the Business for Peace literature as an avenue for peace promotion, and that the leadership literature may be ignoring an important positive impact of ethical leadership’ (Katsos & Fort, 2016).

While scholarship on grand challenges, systemwide change and business for peace draw on considerable amounts of empirical research, the experience of organizations in contexts of violence gives us the richest insight into the challenges of leading change. As we have seen earlier, we need to seek this material through an interdisciplinary lens. It should be remembered that most organizations operating and engaged in environments of conflict are not multinationals with an eye to investment decisions and the risks of instability. Rather, they are indigenous entrepreneurial and non-profit organizations and institutions whose role is to engage in private and public sector activity and to deliver where possible on basic organizational objectives, in challenging circumstances.

Ethical Leadership in Conflict Environments

Recent research has allowed us to understand better the behaviors that enable organizational actors to navigate treacherous landscapes and to identify leadership practices which engage ethically in the experience of division. Murphy (2020)

recognizes four distinct leadership and engagement strategies used to create positive change in conflicted spaces. While they overlap and connect, all are important in understanding the complex undertakings and interactions within social, political, and organizational processes. The first of these takes a consequential approach to ethical leadership that seeks to prioritize a social commitment to conflict transformation and the achieve of stability as a direct professional and organizational objective (Burnes & By, 2012). This includes a willingness to engage on issues that may be sensitive and controversial and an understanding of peacebuilding as an endeavor that forms an integral part of their professional responsibility. The second recognizes the importance of political skill within managing change and identifies a conscious use of situational knowledge to navigate complex problems, and seek alternative perspectives (Buchanan & Badham, 1999; Grint, 2010). This adaptive method imagines conflict environments as collections of ‘wicked’ problems, requiring the same carefully nuanced and inquisitive responses (Head & Alford, 2013) and requiring leadership in these environments as an exploratory process, without a natural endpoint and no clear answers. The third centers around the exercise of professional, expert, or positional capital in support of peacebuilding activities – a crucial lever in processes of dialectical change (Stouten et al., 2018; Buchanan & Badham, 2008). The fourth and last speaks to our understanding of the need for collective action to address intractable difficulties. It recognizes the cultivation of intra- and interorganizational and societal networks to build collective support and animate wider peacebuilding efforts (Olsen, 2017). These four strategies form a typology of individual and collective leadership that goes some way to outlining the ethical challenge of leading beyond violence and conflict (Murphy, 2020). Of course, such strategies are embedded within wider organizational objectives and require those exhibiting ethical, conflict reduction practices to also recognize the professional, organizational, and personal dangers of that position. These risks are most acute during active conflict when threat is all around (Gratz, 2011), but they also persist in less-contested, but still uncertain, settings (Watson, 2007). It is striking that in many empirical accounts of organizational actors engaging in conflict reduction activities, personal and collective bravery is a common denominator (Quinn & Worline, 2008; Forrer & Katsos, 2015; Cohen-Chen et al., 2014; Murphy et al., 2018).

Conclusion

This chapter has sought to outline the context, theory, and successful promotion of ethical behavior in organizations situated in environments of societal division and conflict. It has contextualized the challenge of ethical leadership within these environments and identified organizational and institutional change as a key factor in successful conflict transformation. Furthermore, it has posed questions about the meaning and reality of ethical leadership and the intrinsic importance of

successfully managing change and concludes that in situations where rights are compromised – including the right to life – leadership can only be truly ethical if it casts off a cloak of neutrality and seeks to build peace within its situated context. In doing so, it recognizes the unique risks of leadership for change in such environments and underlines the importance of continued scholarship in this area.

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12

LEADERSHIP FOR SUSTAINABLE FUTURES

Melissa Edwards, Suzanne Benn, and Dexter Dunphy

The Growing Pressure for Change

Global climate change will not only impact future generations, but it also has catastrophic effects on current generations as Arctic ice and permafrost melt, seas become more acidic, desertification intensifies, and extreme weather conditions, such as the recent wildfires and widespread flooding, increase in number and intensity. The rising global population will further exacerbate these problems. The global pandemic currently having a disastrous effect on human health and economies is just one aspect of an ecological crisis. It is clear now that unfettered globalism and exploitation of nature are root causes of the spread of the COVID-19 virus, proving so devastating to human health and the economy in 2020 and providing evidence for the already growing recognition that the deteriorating stability of ecosystems is associated with a potential for massive humanitarian crises (Bebbington & Unerman, 2018).

Scientists argue that global sustainability must be approached from the perspective of nine planetary boundaries that must not be breached if we are to continue to have the planet as a safe operating space for humanity (Rockström et al., 2009): climate change, ocean acidification; stratospheric ozone; biogeochemical nitrogen (N) cycle and phosphorus (P) cycle; global freshwater use; land system change; the rate at which biological diversity is lost; chemical pollution; and atmospheric aerosol loading. The critical issue is that three of these boundaries have already been overstepped: climate change, biodiversity loss; and interference with the nitrogen and phosphorus cycles. In 2015, researchers updated control variables for the boundaries, identifying the two core boundaries of climate change and biosphere integrity. Transgression of either of these boundaries has the potential to

destabilize the Earth's system as a whole, pushing us into unknown territory in terms of the biophysical characteristics of our world (Steffen et al., 2015).

Therefore, the developed economies need to move from their high dependence on fossil fuels – the carbon economy – and substitute energy produced from alternative energy sources – the carbon-neutral economy. Our economies must also move to new approaches for re-inventing whole production and consumption systems and sustainable supply chains. The Circular Economy, for example, is currently promoted by the EU as a means of addressing these challenges through a focus on restoration and regeneration (Korhonen et al., 2018). Change of this scale and magnitude relies upon ongoing change processes extending beyond the role of any individual or organization.

The 17 Sustainable Development Goals (SDGs) developed by the United Nations (UN) set the broad scope needed for sustainable development. The SDGs outline targets and appropriate actions meant to ensure a global, balanced approach to addressing such social, environmental, and economic concerns (United Nations, 2015). How are we doing on achieving these goals? Take but one, SDG Goal 13 Climate Action. At the 2015 Paris Agreement, and again at the 2019 UN Climate Summit, many political leaders agreed to collectively cut carbon emissions and hold the world's warming to 'well below 2 degrees C (3.6 degrees F). Several leading business organizations have stated their intent to reach net-zero carbon emissions by 2050. The problem is that such long-term horizons translate as mere rhetoric as countries fail to ratify or find loopholes to meet targets without reducing overall emissions. Given that international policy agreements of this kind fail to achieve effective international collaboration on actions to halt and reverse climate change, emissions in all nations are increasing, and we face a growing world food shortage and mass species extinction crises.

How are commercial leaders faring by comparison? We see an increasingly divided commercial world. The leaders of some organizations are rapidly pursuing SDGs and capitalizing on the opportunities of the emerging alternative economy. Some organizations now argue they participate in the economy as carbon negative, meaning that their operations go beyond achieving net zero carbon emissions to create an environmental benefit by removing additional carbon dioxide from the atmosphere. The leaders of other organizations, particularly many leaders of the 'old world economy' such as coal, oil, and mining companies, are resisting and subverting political processes designed to encourage the shift to sustainability. These leaders claim legitimation in terms of the values of the old-world economy – particularly preserving economic progress and maximizing shareholder wealth or applying new economy terms to old unsustainable practices ('greenwash').

On the other hand, we have leaders, particularly organizations in those industries with a stake in the future alternative energy and service-centered economy, attempting to move their organizations on the path to a different future. The latter often act on a new ethical imperative based on respect for preserving the global ecology and supporting social justice.

Nevertheless, there seems to have been a widespread, recent shift by many of the world's corporate leaders to accept the legitimacy of the demands represented by the movement to create a commitment to more sustainable enterprise practices. A 2009 survey of 1500 global executives and managers conducted by the MIT Sloan Review and the Boston Consulting Group found that most corporate leaders and managers thought that sustainability would impact their business. However, the majority also reported that their companies were not acting decisively enough on the issue (Berns et al., 2009). The 8th and final annual survey conducted by this group of researchers in 2017 found that corporate sustainability had reached a crossroads; while many leaders remain unengaged with the strategic importance of sustainability, a few standout companies have leaders who are demonstrating that sustainability can be a driver of innovation, efficiency, and lasting business value (Kiron et al., 2017).

Surveys repeatedly indicate that we may have reached a high level of awareness among executives of the need to move toward corporate sustainability but that, for most, this awareness is not translating into widespread and effective action. Given the urgency and scale of the ecological and social crises, there is a need for more widespread corporate transformation than has yet occurred.

In response, organizations such as Future-Fit Business have developed tools to assist leaders in moving their business in a direction that can address these crises. Leaders from companies such as Novo Nordisk, Fuji Xerox, and the Body Shop are thereby making the SDGs relevant to their business. Others such as Danone and Unilever are developing or acquiring subsidiaries that are B Corp certified with the aim of moving their entire operations toward certification. Certified B Corporations are businesses that are verified as meeting the highest standards of verified social and environmental performance, public transparency, and legal accountability to balance profit and purpose (see <https://bcorporation.net/about-b-corps>). The transformation of organizations required to make the transition to a post-carbon and sustainable society involves engaging everyone in moving their organizations toward sustainability.

This chapter explores the challenges that achieving corporate sustainability poses for the nature of organizational leadership and the selection and development of present and future leaders. We identify the following key challenges in moving to a sustainable society:

- The urgency and scale of the environmental crisis demands enacting leadership processes that serve widespread transformational change. As Kiron et al.'s (2017) research indicated, influential transformational leaders are in short supply. So, we argue we must look beyond the role of individual leaders to the changed nature of leadership itself, that is, developing purpose, alignment, and commitment (By, 2021). Organizational change for sustainability is a discontinuous, non-linear process, the nature of which aligns people's combined efforts toward the achievement of the SDGs.

- The exponential growth in complexity of organizational purpose sets the ‘new wave’ leadership challenge to achieve the sometimes conflicting SDGs. These are not simply abstract concepts, but political processes represented by vocal and influential external stakeholders increasingly seen as having legitimate rights to influence organizational processes and outcomes. Managing triple bottom line performance involves managing inwards and managing outwards, responding to, and influencing the diverse demands of many stakeholder groups. Business models that rely on collaboration and creating value for a broader range of stakeholders have recently emerged. One such model is that of shared value, defined as a strategic business approach aiming to create social and economic value (Porter & Kramer, 2011).
- Governmental requirements for sustainability and climate disclosure and other sustainability risks (laws, regulations, incentives, and penalties) vary widely across political units (nations, states, and municipalities). This is a problem for all but the most localized enterprises, particularly for multinational enterprises, and dramatically increases the complexity of leadership context. Just achieving compliance to the varying requirements of these multiple constituencies is a challenge in itself.
- Some organizations may have reached different stages along the path to corporate sustainability in different divisions, departments, and units. The leadership task is complicated because each major phase of sustainability involves different objectives, the introduction of other operational practices, access to different knowledge bases and technical skills, and a distinctive discourse.
- Within one enterprise, employee awareness and knowledge of sustainability issues vary widely. A particular dilemma for sustainability leadership is that rapid transformational change to create sustainable organizations requires high employee engagement and commitment. This intensifies the need for transformational change leadership processes that engage employee involvement and participation rather than top-down command and control processes.

We are facing the need for a shift in the global economy, at least equivalent to the historical transition from an agrarian economy to an industrial economy. We must now move from a carbon-based and linear economy based on the assumption of unlimited resources and materials to a circular economy based on alternative, renewable energy sources and the assumption of regenerating resource stocks and reducing materials inputs. We must now move from a globalizing world to a glocalizing world, that is a world operating with a new combination of both centralization and decentralization of human activities sensitive to local ecologies. Organizations, mainly commercial organizations, are the core of the economy and therefore this shift requires creating a series of major transformations at the enterprise level. Most people who contribute to such

leadership will be guided by a purpose to achieve sustainable development and be committed to developing a leadership culture that navigates complexity to aligns people's efforts toward sustainable outcomes. This chapter addresses the nature of this 'new wave' leadership and how the new leadership cadre can be developed.

Navigating the New Complexity

Achieving enterprise sustainability requires organizations to address multiple and diverse demands such as redressing climate change, developing policies, and practices that preserve human rights and provide safe and fair working conditions, and maintaining or enhancing financial outcomes such as return on investment for shareholders. Many of such demands are 'grand challenges' or 'wicked problems' that share the following dimensions:

First, they are complex, involving a large array of systems, institutions, and networks, and are thus given to multiple possible apprehensions by different actors. Second, they are fundamentally uncertain; their consequences cannot be broken down into a simple model of possible future states of the world with corresponding probabilities since it is impossible to imagine all possible states, let alone assess their probabilities. And third, they are evaluative, in that they cut across conventional epistemic, professional, and ideological boundaries. Because of this, it is not easy to label them as solely social, economic, or environmental issues, and different constituents may disagree about what the core problem actually is.

(Etzion et al., 2017, p. 169)

Sustainability presents a challenge as addressing social and environmental issues brings layers of complexity with significant implications for the nature of leadership. The first of these new levels of complexity relates to adopting a stakeholder capitalism approach by satisfying the needs of creating value for the broader range of external elements – particularly the three 'triple bottom line' (TBL) elements of economic, social, and environmental value creation. Proponents of the TBL (Elkington, 2018) have recently critiqued how leaders have responded to managing the TBL, claiming the myopic focus on organizational reporting and lack of radical intent has limited the promise of corporations driving profound change. Corporations are now being called to account for responding to the demands of stakeholders and acting as agents of transformational change and the transition of whole industries and supply chains.

Leadership is defined by navigating the internal complexity of enabling transformational change within an organizational system set in cultural norms, practices, and standards by which performance and exploitation of current market opportunities are usually evaluated. Driving a change agenda to focus on enhancing the 'intangibles' associated with sustainable value creation requires unique capabilities

because of the ambiguity surrounding the valuation of such intangibles and because for so long, performance has been tied to a limited set of performance metrics. Refocussing the attention and motivation of people to a more humanistic and ecologically oriented performativity dramatically changes the organizational culture. As societal and ecological needs shift, a dynamic and adaptive approach is required to sense and anticipate emerging risks in the landscape while still delivering value. This requires certain ambidexterity to focus on exploitation to maintain short-term viability and exploration to set the agenda for future-fit transformation.

These elements combined highlight the inherently political and ethical dimension of change processes. Firstly, the pluralistic needs of stakeholders can surface tensions as to which needs are prioritized in defining the organizational purpose. Secondly, how performance is valued will direct the flow of resources and information within the organization. There are likely to be differing perspectives regarding what areas, departments, programs, etc., generate most value and competing interests and motivations in determining through which value they should be judged.

Integrating the Key Elements of Corporate Sustainability

Integrating the three key elements of corporate sustainability involves expanding and redefining the traditional notion of the commercial enterprise. It involves maintaining the requirement that the organization be financially viable and, if a public company, that it makes adequate returns to investors. Moving to sustainability involves incorporating social sustainability goals that include the corporation creating an internal developmental environment for people and externally meeting the legitimate expectations of key stakeholder groups so that the company can positively impact the lives of the communities it affects. The ecological imperative means ensuring that the corporation meets the expectations of governments and communities by, minimally, eliminating negative impacts on the natural environment and, more positively, contributing to the health of the ecology and society with which it interacts. A broader perspective of this kind reinforces a stakeholder view of the firm whereby it is acknowledged that financial viability is intrinsically reliant upon social and ecological viability.

Theorists have previously argued that the business case for corporate sustainability is relatively straightforward (Salzmann et al., 2005) and that ‘sustainability is simply good business’. The assumption is that there are automatic synergies between the three elements of sustainability and that any actions taken to pursue sustainable objectives will positively impact the ‘bottom line’. We do not doubt that there are often synergies between the three elements; for example, reducing water used in minerals processing can yield substantial savings – so there is a win-win for the environment and the company finances. Similarly, pursuing a strong set of corporate social responsibility policies can add to the company’s reputation and attract new investors and talented professional recruits.

Recently, Schaltegger and Burritt (2018, p. 251) have illustrated a more fine-grained picture of the relations between the three elements of sustainability, arguing for at least four different business cases: reactionary and reputational business cases of sustainability, and responsible and collaborative business cases for sustainability, as follows:

- Reactionary business cases of sustainability depend on philanthropic and end-of-pipe measures.
- Reputational business cases of sustainability depend on narcissistic management of sustainability and media sensibility (communication and reputation measures).
- Responsible business cases for sustainability rely on sustainability management and performance sensibility (efficiency increasing and incremental improvements).
- Collaborative business cases for sustainability rely on dialog, empathy-based management, and interaction with vulnerable stakeholders.

The issue underpinning each of these business cases is to what extent can sustainability be applied as an integrated concept in organizations, given the potential for tension between the three elements. Paradox studies examine such tensions. Paradoxes have been understood as contradictory demands that persistently coexist as competing priorities confront decision-makers while seeking to attain organizational goals (Smith, 2014; Lewis, 2000). One approach contextualizes paradox in the specific context of corporate sustainability where decision-makers are confronted by competing demands in attaining social, environmental, and economic objectives (Hahn et al., 2014a). Hahn et al. (2014a) conceptualized two cognitive frameworks that distinguish between an instrumental ‘business case frame’, where the economic objective is prioritized, and a ‘paradoxical frame’, where paradoxes at the nexus of social, environmental, and economic objective attainment are exposed and integrated. The integrative model discerns unique paradoxes encountered across multiple levels, regarding different change approaches and between different contexts and temporalities (Hahn et al., 2014b). Perceiving such a multi-level model draws attention to the tensions arising at various levels: the individual, organizational- and systems-levels, and spatial tensions between these levels.

The issue for leadership arising from these tensions is the necessity of engaging with complexity and ethical dilemmas that are emergent and still highly ambiguous. Absolute standards do not exist, and there are significant sectoral and national differences in their interpretation. As discussed earlier, conditions of uncertainty are compounded by the complexity of the inter-relationships between the economic, social, and environmental dimensions of sustainability. When confronting such sustainability issues, leaders and managers must keep seemingly competing priorities simultaneously at the forefront and seek solutions that benefit the many and future

generations, rather than seeking easy compromises with trade-offs that further destroy a safe operating environment for humanity.

Leading and Influencing Diverse Stakeholder Constituencies

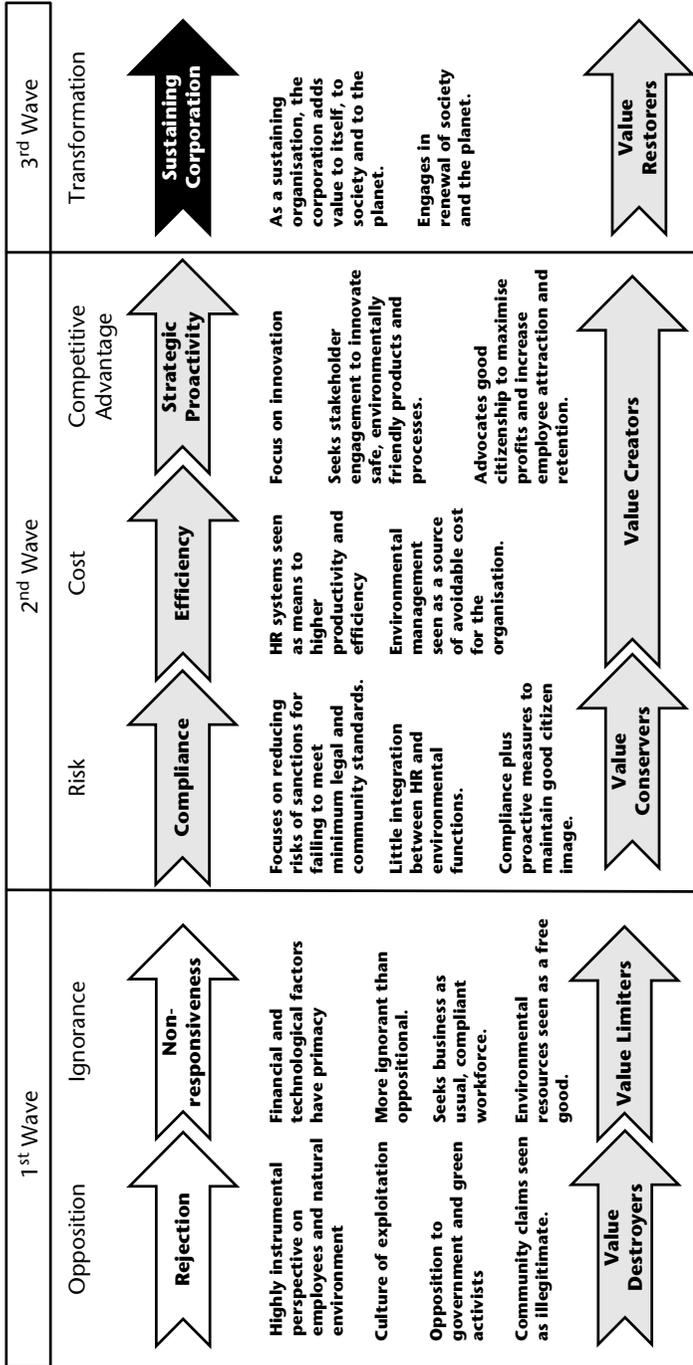
Effective sustainability champions must find ways of identifying and maximizing synergies and resolving the tensions between conflicting demands. Authentic leadership, for example, has been linked to both transformational leadership and ethical leadership and sustainability and CSR (Hoch et al., 2018). Angus-Leppan et al. (2010a, 2010b) argue that authentic leadership enables sustainability outcomes beyond mere compliance because it is linked to a positive approach to engaging with multiple stakeholders.

We have described significant elements that contribute to the increasing complexity confronting the enterprise change champion. While this difficulty has some elements unique to sustainability, the rising intricacy of organizational environments is a challenge for all enterprise leaders. The move to corporate sustainability necessarily involves navigating complexity. Cherishing nostalgia for a simpler organizational past will not allow new wave leadership to emerge. Thriving in a highly dynamic and complex world requires senior executive positions to set the organizational gaze outward relating to the changing expectations of powerful stakeholder groups, identifying synergies between the demands of these groups where they exist, and negotiating optimal trade-offs that do not contribute breaches of the Earth's system where demands conflict. For sustainability champions, this needs to be done with integrity, respecting stakeholder groups' rights and personal and ethical organizational standards.

Changing Leadership Requirements on the Sustainability Journey

Sustainability leadership is not one configuration but rather a context-dependent, dynamic process frequently referred to metaphorically as a journey leading to an array of leadership configurations. Elsewhere we have outlined what we see as the major phases that mark key stages on the journey (Dunphy et al., 2007; Benn et al., 2018). These phases describe the conditions and the context within which leadership for sustainability is operationalized. Figure 12.1 reproduces the broad outline of the six phases of sustainability categorized according to three waves.

The complete model, as shown, moves from a context of opposition to commitment. The intentional movement toward achieving sustainability starts with Phase 3 Compliance and moves through Phases 4 and 5 to Phase 6 The Sustaining Corporation. What we have found in our research is that the sustainability goals, organizational actions, and interventions and the nature of effective leadership vary from phase to phase. The purpose and intended SDG outcomes at Phase 3



Modified from: Benn, Edwards and Williams (2018) *Organisational Change for Corporate Sustainability 4th edn*, p.21

FIGURE 12.1 Waves of sustainability

Compliance are dramatically different from those that are effective at Stage 5 Strategic Sustainability. The leadership requirements vary, but the prevailing discourse around the change process also changes from phase to phase; each phase has its language, particularly around the dialog of change toward sustainability, which is shaped by and shapes the core issues emerging in that phase.

So, what are the differences in the leadership configurations that emerge in the evolution of the sustainable corporation? While there may be no simple answer to this question and the phases themselves may not be so easily compartmentalized, we visit each one, in turn, to draw out the distinct aspects of the context as they define the sustainability outcomes toward which an organization is oriented in each of the phases. In doing so, we highlight how classic and contemporary theoretical orientations to leadership in the social science literature describe essential and distinctive features of leadership at each phase.

Leadership Configurations in Different Phase Contexts

Leadership in the Compliance Phase

In the Compliance phase, sustainability outcomes are generally defined as top-down motivated by a need to align with meeting governmental legislative and statutory requirements and the legitimate demands of stakeholders representing communities and the ecology. The capabilities for achieving the SDGs are relatively underdeveloped or not well operationalized at this stage, and so the organizational culture is somewhat reactive in responding to regulatory or stakeholder demands. Once these demands are taken seriously by senior executives, transactional leadership comes into effect because it rewards organizational members for ‘keeping to the rules’ and acting according to the norms rather than finding ways around them. Compliance leadership is largely about putting in place new rules around ethical behavior in areas such as occupational health and safety, emissions monitoring, and community relations. Transactional leadership can be effective as it seeks alignment through an exchange relationship that appeals to the self-interests of others in the relationship (Bass & Steidlmeier, 1999). Transactional leadership motivates behaviors by setting up reward systems. If well designed, these reward systems help create a consistent and reliable set of rewards linked to the organization’s goals. The transactional interpersonal behavior then establishes basic trust in the organization and its leaders as employees feel that they are ‘getting a fair go’, being appropriately rewarded for observing ethical norms, and consistency between the organization’s values and what it rewards. According to Schaltegger and Burritt’s (2018) classification discussed earlier, the ethics of leadership around sustainability is self-serving, this is a utilitarian approach based solely on preserving the traditional business case.

However, to effectively achieve the institution of both explicit rules and accepted norms, i.e. to create a culture of compliance, the Compliance Phase also

must begin building in leadership capability at all levels of the organization. People at all levels must start to take initiatives in ensuring that the organization is compliant. Compliance is not just about ensuring that the rules are kept, it is also about interpreting how the rules can be applied in specific, sometimes novel situations to ensure that the purposes for which the rules were instituted are achieved.

Leadership in the Efficiency Phase

In the Efficiency phase, sustainability outcomes are interpreted as minimizing waste and maximizing the use of productive resources without necessarily re-defining the organization's strategic direction. Leaders must be planners, fostering the efficient deployment of finance and other resources internally, analyzing the efficiency of day-to-day operations and identifying and minimizing waste of plant, equipment, materials, and human resources. Externally, emphasis is placed on negotiating changes with those in the supply chain and delivery systems, reducing or eliminating waste and pollution, and increasing efficiency.

At the Efficiency phase, leadership tends to be distributed, as increasing efficiency in the use of resources requires action at all levels of the organization. Distributed approaches debunk the 'great person' or heroic leadership theories, arguing that leadership as the capacity to influence others extends well beyond an individual's character and authority. Distributed leadership occurs within group situations and involves more than one leader. The basic idea is that different individuals can exercise leadership functions within a group or organization at other times; no one individual dominates (Pearce & Conger, 2003).

No one leader can oversee the multitude of changes that need to be introduced. Still, reward systems that rely on transactional leadership can continue to reinforce new norms and behaviors, as long as they are modified to align with the new, more efficient operational approaches. Although Schaltegger and Burritt's (2018) model for leadership ethics tends to overlap between the compliance and efficiency approaches as both show self-serving behavior, consequential utilitarianism also comes into play here as leaders see reputation building around sustainability as key to a business case.

But, in addition, enabling leadership becomes increasingly important. At the Compliance phase, a traditional command and control authority-based leadership approach can be relatively effective, but as organizations move beyond compliance, internal commitment becomes increasingly important and novel solutions that depart from the status quo are needed. Enabling leadership encourages this culture (Plowman et al., 2007) where senior managers actively create networks across boundaries for information sharing and the emergence of new ideas (Ibarra & Hunter, 2007; Taylor, 2010) and manage the conflicts that arise around the dialog about adopting new approaches to old ways of operating. People move resources to the point in the organization where they are needed to make change

happen. Through their authority, networked connections, and access to organizational resources, enabling leadership can raise the power of collaborative achievements.

Taylor, for instance, notes that: ‘proponents of this theory have suggested that enabling leadership suits senior leaders who are patient, comfortable with uncertainty, open to new ideas, proficient in systems thinking and have a propensity to control change’ (Taylor, 2010, p. 25). The combination of senior enabling leaders who back up the actions of other distributed leaders at various levels throughout the organization brings the Efficiency Phase to a successful conclusion.

Leadership in the Strategic Sustainability Phase

At the Efficiency Phase, the emphasis was on finding new and improved ways of doing what the organization already does. In contrast, the Strategic Sustainability Phase requires a significant shift in mindset, requiring the radical rethinking of the organization’s strategies to achieve SDGs as the core purpose. There is an emphasis on consistently pursuing the opportunities presented by emerging new industries such as alternative energy production or new products such as biodegradable plastics. This kind of radical thinking is needed throughout the organization. In the Strategic Sustainability phase, enabling leadership continues to be important. Enabling leaders create the structures, rules, interactions, and cultural characteristics that support the leadership actions of others who use these to further their change objectives. They make ‘adaptive spaces’ by brokering networks, linking up and opening information flows, energizing people, and provoking tension to enable creative ideas to flourish. Senior executives, in particular work, to maintain and expand the culture of voluntarism built at the previous phase.

Kiron et al.’s (2017) research led to recommendations that the following actions are necessary if leadership is to be effective, and these are typical actions of the strategic phase:

- The setting of a sustainability vision and ambition.
- Focus on material issues.
- Building sustainability into business units.
- Exploring business model innovation opportunities.
- Developing a clear business case for sustainability.
- Getting the board of directors on board.
- Creating a compelling sustainability value-creation lesson for investors.

But it is also at the strategic phase that transformational leadership comes into its own. This is leadership that encourages people to act beyond their interests for the sake of the organization as a whole. Transformational leadership has been strongly identified with change agents who are responsible for organizational

innovation, including sustainability innovations. Making sustainability central to the corporation's business strategies usually requires a major strategic reorientation, including a radical rethinking of its purpose and product and service mix.

Moving further along the transition to sustainability transformation at the systems level will be required, both at the whole system level and the individual business level (Waddock, 2020). The natural and social environments are complex open systems of which we are part. Therefore, if organizations are to be genuinely sustainable, corporate leaders must learn to operate within that complexity and with respect for it (Montuori & Purser, 1996). Modern organizations are themselves complex adaptive systems; the move to sustainability increases their level of complexity and also complexifies the leadership task.

Leadership in the Sustaining Corporation Phase

In the Sustaining Corporation Phase, the organization is not content to pursue SDGs only for its business advantages but adopts an ethical viewpoint that holistic pursuit of the SDGs is worthwhile in its own right. This goes beyond traditional views of the corporation purpose being primarily to make returns for shareholders to a systems-based view that sees the corporation as an integral cell in the ecology, society, and the economy. It regards the function of the 'cell' to contribute to the planet's health and society on which its health depends. It therefore actively supports a broader range of activities and engages with a wider range of stakeholders.

The leadership culture is characterized by stewardship, where people connect with a moral obligation to restore and regenerate the natural environments they draw on and to enable a thriving workplace culture where people are valued as assets and where their activities and interactions nourish the communities in which they operate. Stewardship overlaps with ethical leadership when the nature of leadership is characterized by a commitment to long-term value creation for all stakeholders and to create and enable respect and trust between stakeholders. All explicit and implicit contracts are agreed based upon virtues such as fairness and justice. Leadership within an ethical culture acknowledges the interdependency of social and ecological outcomes, so collaboration with stakeholders is essential (Schaltegger & Burritt, 2018). Managers actively develop and maintain an interactive exchange with all those who have a stake in the organization: investors, employees, suppliers, customers, the community, and representatives of the environment and future generations.

Using a detailed case study of Green Mountain Power, a Vermont electric utility, Throop and Mayberry (2017) argue that five clusters of virtues are necessary to enable the profound cultural change required to meet these challenges – adaptive, collaborative, frugality, humility, and systems virtues. By virtues, they mean 'cognitive/behavioral skills rooted in a deep understanding of a practice' (p. 222). In truly sustainable leadership, collaborative virtues become more critical

than competitive virtues. Leaders will have to deploy these skills to engage with stakeholders to shift society-wide mindsets to an integrated social, environmental, and economic value perspective. As Dyllick & Muff (2016, p. 167) describe it:

Engagement for changing the collective rules of the game may take many forms and range from changing accounting rules and standards for disclosing and internalizing sustainability risks and impacts, informing and educating customers about unsustainable choices and practices, to lobbying for taxes on resource consumption, emissions or for stricter standards for public health.

In the Sustaining Corporation, the development of a shared vision is still vital, and the activities of the organization are in the process of continuous transformation so that the corporation can remain on the leading edge of change toward a sustainable world. Therefore, there is still a strong need for transformational leadership. However, the organization itself and the external relationships and networks that it contributes to and relies on are increasingly complex. This requires a new kind of leadership to come to the fore – complexity leadership. Leadership in complex systems is enabled through many interactions between people and emerges as people enact adaptive responses to their richly interconnected environments to progress in a dynamic context.

Complexity theory challenges linear, mechanistic views of organizational behavior and traditional top-down models where leaders direct the behavior of those below them in the hierarchy. They emphasize heterarchy rather than hierarchy, and heterogeneity rather than homogeneity. They ensure that knowledge is distributed across the organization rather than focussed in expert and specialized areas and recognize the need for dynamism and creativity rather than stability and predictability (Montuori & Purser, 1996). Such thinking reflects the growing influence of chaos and complexity theory on organization studies and leadership theory, which respond to the changing world characterized by these qualities.

Key Skills for Sustainability Leaders

Benn et al. (2018) have argued that apart from the distinctive nature of leadership outlined in each phase mentioned earlier, sustainability leaders require generic organizational change agent skills and capabilities. These skills are in four major areas: (1) skills associated with managing one's change, i.e. self-management skills, (2) skills associated with leading change in interpersonal relationships, (3) skills of change project leadership, and (4) skills for leading organizational change interventions. Alongside these generic skills are capabilities such as systems thinking, sensemaking, engaging in dialog, visioning, and continuous learning to be literate in advances in scientific fields that shape the sustainability agenda. Creating and

enabling a continuous learning culture within organizations is a key feature of a sustainability mindset that combines values (being), knowledge (thinking), and competencies (doing) (Rimanoczy & Laszlo, 2013). Sustainability work is dispersed across and within organizational functions and is enacted through bundles of goal-directed and strategic oriented activities layered over the sensemaking required in shaping the socio-symbolic context of those activities (Williams et al., 2021)

Of course, no single change agent can possess the full complement of skills and competencies we have outlined here, and this is particularly true of the macro skills. What is vital for people within sustainability leadership cultures is deliberate and progressive development of skills through experience, training, and being mentored and to understand the skills needed to operate effectively in the context where they choose to make a difference. No single leader can assemble this formidable array of skills. The array of skills needed reinforces the need for a team of distributed leaders to manage the transition from one to another phase of sustainability. But in managing the transition from the Compliance Phase to the Efficiency Phase, for example, it will be necessary for some change agents to have the skills associated with work redesign.

‘New wave’ leadership will take us into the post-carbon world where transformational change will be the norm, not the exception. New wave leadership involves drawing on all facets of leadership identified by the various leadership theories we have summarized. We have argued the need for significant shifts in the dominant leadership style as an organization progresses through the phases of sustainability we have outlined. We are not arguing that the types of leadership typically used at less-advanced stages of sustainability are abandoned as the organization progresses. Instead, some leadership styles are more salient at each stage because they enable the sustainability goals and outcomes to be enacted. Transactional leadership, for example, will be part of any well-managed organization, even at the Sustaining Corporation Phase.

So, we argue that, as we move into the post-carbon world where rapid transformational change at the systemic level is the norm, New wave leadership draws on the distinctive contributions of leadership theory as a whole rather than on one particular school within it.

In this vein, recent scholarly work on transformative change for sustainability emphasizes the need for leadership to recreate the vitality of socio-ecological systems (Waddock & Kuenkel, 2020). This ability depends upon leaders and change agents considering:

- Purpose – the need to identify and communicate a sense of shared purpose.
- Boundedness – identify where boundaries exist and work collaboratively across them.
- Novelty – identify areas of necessary innovation to ensure ongoing emergence.
- Connectedness and diversity – ensure networking for productive exchange.

- Wholeness – ensuring actions such as regulations are implemented at the level of the whole system.
- Consciousness – applying human capacity for reflection on the health of the overall system.

Essentially leaders need to consider these six areas for action holistically if system transformation is to occur.

Conclusion

We have outlined the increasing complexity of the nature of leadership as the enterprise purpose moves from definitively concentrating on shareholder wealth creation to creating value for a broad range of internal and external stakeholders. Leadership here involves developing a conscious consensus between the organization and its stakeholders that will provide an impetus to support the organization's evolving sustainability purpose.

The complexity of this new wave leadership is amplified by the intensification of human-induced climate change, breaching of the planetary thresholds, and persistent societal inequalities. The challenge of discontinuous change is magnified by the move to a post-carbon economy, which creates an increased need for global coordination of some activities and the radical localization of others. Consequently, all organizations must be ready for strategic reorientation and have an inbuilt capacity for transformational change. Nevertheless, the ultimate leadership purpose is clear: to transform all our organizations so that they minimally eliminate their negative impact on the ecology of nature and society and, better still, contribute to the health and vitality of both.

Therefore, we have argued for new wave leadership, which is widely distributed and manifests across different situational aspects of all the leadership theories. At its highest level, new wave leadership exemplifies an ability to lead innovative sustainability initiatives within the complexity of sometimes chaotic, rapidly changing environments moving into an unknown and uncertain future. Controlling such shifts is an impossible ideal but inspiring, enlisting, and empowering multiple players to pursue the sustainability ideal is possible. It is already happening although not yet taking place on the needed scale. The present and immediate future challenge is to build a cadre of corporate change agenda with the skills and capabilities to collectively accomplish what we need for all species, including our own, to survive and thrive on this planet.

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13

A DUALITIES APPROACH TO SUSTAINABLE ORGANIZATIONAL CHANGE LEADERSHIP

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Introduction

Conventional approaches to managing and introducing organizational change adopt a linear, rational model, prioritizing control under the stewardship of a strong leader or ‘guiding coalition’. Underlying this top-down, leader-centric approach remains the enduring assumption that organizational change follows an inexorable and universal pattern. Change operates as a finite, once-off phenomenon invoking a series of predictable, reducible steps enabling senior managers to mandate new work routines. However, in the face of unprecedented environmental turbulence and uncertainty, there is no longer space for standard leadership approaches, conceiving change as an inconvenient distraction to be brought under control as expeditiously as possible. For example, Stoltzfus et al. (2011) noted that in order to make organizational change work, ‘it is necessary to include stakeholders who intend to and will subvert the process’ (p. 362). We would go even further, like Alvehus (2021), to claim that leadership is not only non-linear, but also messy, ambiguous, often ‘dirty’, and far from immaculate.

Top-down leadership control in the age of sustainability is unworkable because it fails to appreciate that change occurs naturally and is intimately entwined with continuity. In a time when organizations must be capable of adapting to immense competition while maintaining new levels of environmental and ethical performance, change leadership must assume a new form. Indeed, as Burnes et al. (2018) observed, three decades of transformation and organizational change leadership discourse has not prevented a theoretical crisis for the domain. We argue in this chapter that the change–continuity continuum defines organizations. The ability to exploit and explore simultaneously comes at the price of new leadership dynamics. Sustainable leadership means accepting that organizational

change has shifted in its focus and deployment. Successful change no longer equates with fast change. We propose that sustainable leadership for change demands accepting a worldview where either/or choices such as flexibility or control are misleading. We argue that change and continuity do not exist as opposite sides of the leadership see-saw; but co-exist as dualities that can sit side-by-side without compromising one another.

Accordingly, our contribution may be broadly placed within Rost's (1993) 'content' category of leadership studies, which includes what leaders need to know, rather than one of the other two: 'peripheral elements' incorporating surrounding aspects of leadership like traits or situational responses, and the 'essential nature of leadership' concerned with what it constitutes. However, the very nature of dualities thinking demands a more nuanced and dynamic categorization. Following By's (2021) advice, we locate leadership dualities within a less formulaic conceptualization. Specifically, By (2021) built upon Drath et al.'s (2008) ontology, which represents leadership in terms of the relationship between three leadership outcomes: direction, alignment, and commitment. By (2021) takes the further step of emphasizing purpose as a critical refinement in conceiving leadership direction, in so doing positioning purpose at the pivot-point of leadership theory and practice. This advancement is decisive for our treatment of leadership under a dualities lens for three reasons. First, our dualities approach assumes that leadership can no longer be viewed as simply the relation between leaders and followers, but rather is a co-produced activity guided by a shared purpose that encompasses leaders, followers, and stakeholder (Kempster & Jackson, 2021). Second, the dualities approach fits favorably with By's (2021) recognition that leadership is a purpose-driven process that also invokes the need for alignment and commitment, given that the ambidextrous thinking underpinning our theory requires these two requisites. Third and finally, as By (2021) noted, the study of leadership and leaders need greater differentiation, and our dualities approach presupposes that the actions of the former trump the intrinsic personality traits of the latter. The study of leadership is not adequately exhausted through the study of leaders (Clegg et al., 2021).

From the classic, rational perspective, change management decision-making comes down to an either-or choice between change and continuity, such as innovation and efficiency; collaboration and competition; freedom and accountability; or new and old. However, according to the dualities perspective, organizational change leadership cannot always be a matter of reducing one kind of activity to offset another kind. For example, often organizations need more of both top-down leadership and bottom-up empowerment, a dual ambition. A duality is not a dilemma, which can be assessed against positive and negatives, but is better understood as two opposing poles that can vary between conflicted and complementary as context changes (Stoltzfus et al., 2011). Understandably, some leaders would reject one approach for the other because they seem to represent diametrically opposite views. But, the dualities way of thinking asks us to consider the advantages of a leadership approach that might be described as both loose and tight.

Ironically, change leadership cannot be only about change. One interpretation suggests that the underlying duality leader's face is balancing continuity and change without trade-off or compromise (Nasim & Sushil, 2011). The need for both continuity and change means becoming comfortable with the ever-present dilemma of tension between the two. It also means managing the dynamics of human interaction and responses to external perturbations alongside institutionalized structures, systems, and routines, and harnessing this dynamic to challenge existing practices where they are no longer appropriate (Smith et al., 2017).

The dualities mindset we advocate in this chapter maintains that leading change demands balancing and conciliating what often appear as conflicting dilemmas. That is, merging: (1) rational strategic planning with adaptive strategic thinking. Rational strategic planning sets the direction, considers resources and budgeting, and provides a clearly defined focus and vision of future possibilities. Adaptive strategic thinking treats strategy as a trial-and-error learning process, including the ability to change and adapt in an unknown and turbulent environment; (2) cultural renewal in the form of surfacing and challenging the core values, beliefs, and assumptions, or 'the way we do things around here', with structural change in the form of improving operational efficiencies through tangible changes to existing work processes, systems, and reporting structures. An innovative, creative culture depends on equally dynamic, adaptive, and thoughtfully designed systems and structures to sustain and support it; (3) empowerment with strong leadership. The need for strong leadership that provides a clear overarching vision and focus seems particularly critical in the boundary-less organization, which needs autonomy and interdependence. The focus of the leaders' role must also be balanced between power and control, and using new skills as teachers, counselors, and negotiators. Leaders need to integrate the hard rational, analytical, planning, organizing, and controlling skills with the soft human relations skills; (4) continual, incremental adaptation with radical transformation, when sudden, unexpected environmental shifts occur that require decisive, unilateral action; and (5) social goals associated with corporate social responsibility with economic goals focussed on maximizing profit. Perhaps the most critical contemporary example revolves around the balance between environmental governance and economic growth.

The continuity-change dilemma represents a central organizational conundrum that has perplexed and consumed management scholars and practitioners for decades (Hedberg et al., 1976; Cameron & Quinn, 1988; Farjoun, 2010). Change and continuity represent competing but complementary narratives, introducing both ambiguity and novelty to destabilize as well as validate existing organizational routines. In practice, change intimately entwines with continuity, allowing the simultaneous exploitation of strengths and the exploration of new opportunities. The challenge for leadership sustainability lies with determining how to simultaneously maximize performance efficiencies while enhancing flexibility. Managing the continuity-change duality guards against complacency and inertia and underpins an organization's capacity both to exploit and explore for

sustainable competitive success. We argue that a dualities approach to leadership provides an advantageous conceptual framework for exploring and exploiting the tensions that arise from what appear to be competing directives.

Since ethical dilemmas emerge from tensions, we suggest that leadership decision-making can benefit from a dualities conception of change. Ethical dilemmas can encompass leadership issues such as balancing surveillance with trust, managerial decisions like choosing sustainable supplies at a greater cost, and ethical policy positions concerning outsourcing to developing nations and trade partnerships with countries whose authorities have questionable human rights records. Duality theory offers unique insight into the complexities, ambiguities, and nuances of the change management process. That is, the pursuit of long-term sustainability does not constrain the introduction of radical change; short-term profitability does not come at the expense of continuity. For the ethical leader, this means that the structures and practices supporting organizational change can offer both freedom and control.

In the first section of this chapter, we consider the continuity–change challenge confronting organization leaders in their pursuit of performance efficiency and long-term economic sustainability. We consider the importance of adopting a dualities-aware perspective to exploit and explore what we claim are in fact fundamental interdependencies between ostensibly competing leadership directives. The second section of this chapter elaborates upon duality theory. We propose that sustainable economic growth depends on the way leaders manage the twin imperatives of continuity and change. Building on this premise, the third section introduces dualities-aware leadership, and the dualities, characteristics change leaders should manipulate. A framework for sustainable change leadership is presented in the penultimate section of the chapter, providing a model showing how to manage dual approaches such as control and collaboration, accountability and flexibility, and hierarchy and networks. In the final section, we suggest that sustainable change demands an acceptance of tension around ethical decision-making.

Sustainable Leadership for Change

Research evidence from numerous organizational change cases (Leana & Barry, 2000; Luscher & Lewis, 2008; Davis et al., 2009) demonstrates that healthy organizations rely on an interactive mix of continuity and change. To cope with these concomitant imperatives, leaders must ensure that organizations remain sites of enduring change and continuity, combining flexible, innovative responses with reliable, and consistent performance (Farjoun, 2010). A new leadership lens is therefore required; one that recognizes and accepts the pluralistic extremes that exist in organizations, such as: the need for strong leadership which supports empowerment; efficiency and creativity; long-term vision and short-term performance management; and cost control and quality (Cameron & Quinn, 1988; Evans, 1999; Lewis, 2000). Indeed, evidence suggests that where duality thinking

exists, so does efficiency and effectiveness; however, the direction of this relationship remains unclear (Biloslavo et al., 2013).

The rational, top-down approach to change leadership presupposes the centrality of discipline, order, and control. Change is viewed as an exception, a passing irritation to be dealt with as quickly as possible in order to return once more to a stable, steady state operating under predictable conditions. Katz and Kahn (1966, p. 449), for example, argued that organizations seek to maintain stability through 'authority structures, reward mechanisms, and value systems'. These become embedded in an organization's psyche, and represent the sub-conscious taken-for-granted 'way we do things around here' that notoriously elude challenge. The possibility of leading change by simultaneously maintaining divergent dual states does not enter the frame. Leadership decision-making has therefore emphasized 'either-or' choices, or some sort of uneasy compromise between assumed opposites that define change and continuity, such as innovation and efficiency, collaboration and competition, freedom and accountability, empowerment and leadership, or economic and ethical goals.

Conventional leadership methods sidestep ethical judgements by assuming they will lead to unfavorable economic outcomes. But economic and ethical objectives are not mutually exclusive. In fact, duality theory insists that such forces are complementary rather than contradictory. And, ironically, the intersection of stability and change (what complexity theory advocates refer to as the 'edge of chaos') delivers unique opportunities for organizational renewal. As Tsoukas and Chia (2002, p. 568) observed, 'If change is viewed as the exception, the occasional episode in organizational life, we underestimate how pervasive change already is'. For example, Ashforth and Reingen's (2014) study of an organization structured as a co-operative, demonstrated how decisions 'oscillated' between the duality of commercialism and idealism as circumstances changed, rather than reflecting a compromise between them. Equally, a more efficient long-term response to dualities would involve adopting fluid organizational forms that support both poles concurrently by providing conditions for workers to comfortably co-exist with ambiguity (Smith et al., 2017).

A better approach recognizes and accepts that change and continuity rely on each other in order to function effectively. Farjoun (2010, p. 203), for example, argued that stability comprises both static and dynamic attributes; the former implies efficiency through stasis and rigidity while the latter implies building robust, long-term dynamic efficiencies that buttress against environmental downturns. A solid foundation of organizational stability therefore serves as 'both an outcome and medium of change' (Farjoun, 2010, p. 203). It provides the solid base from which explorative, innovative ventures, critical for organizational renewal and longevity can proceed. But, of course, in order for leadership to be sustainable, it must operate from both the top down as well as emergently. When organized correctly, 'golden dualities' can emerge that gain the best of seemingly opposite poles, such as enabling creative freedom within mainstream management principles (Sugarman, 2014).

Leading in Tension

Duality theory proposes that the tension or 'dynamic synthesis' between contradictory forces within organizations provides a catalyst for self-renewal (i.e. the need for organizations to continually reflect and if necessary reconstruct their competitive advantage; Pascale, 1990). To be effective as a leader requires appreciating the pluralistic extremes that exist in organizations, such as the need for strong leadership that supports empowerment, efficiency and creativity, long-term vision and short-term performance management, and cost control and quality (Cameron & Quinn, 1988; Evans, 1999; Lewis, 2000). Rational, 'either-or' thinking would try and resolve the paradoxical tension between these 'conflicting truths' by favoring one extreme (Lewis, 2000, p. 761). However, by prioritizing the stable dimensions (e.g. control and accountability) over the less certain dimensions (e.g. flexibility and change), organizational leaders dilute the 'enlightening' potential of paradox (Lewis, 2000, p. 763). In contrast, exploring the links between opposing dimensions and exploiting the opportunities that arise from tension provides organizational leaders with sustainable options.

We claim that when leaders recognize organizations as dynamic rather than static entities, they begin to see contradictions as advantageous side-effects of complex structures. Rather than trying to resolve opposing forces, leaders should accept the tension between order and disorder (Pettigrew & Fenton, 2000) and mine the creative potential of the torsion inherent in change (Evans, 1999). The resulting shift in focus from organizational similarity to plurality infers a more nuanced, holistic way of thinking. However, by recognizing complementarity within contradiction, 'opposites cease to be opposites' (Schumacher, 1977, p. 126). Change leaders therefore benefit when change represents an exercise in 'paradox management' through the opportunity to explore rather than suppress the dual tensions and ambiguities that abound in organizations (Lewis, 2000, p. 764). We believe a 'dualities-aware' perspective provides such an opportunity.

Conventionally, organizational change theories treat dual organizational attributes such as stability and change, control and flexibility, and efficiency and creativity as independent, unrelated variables. Most theoretical perspectives privilege one pole at the expense of the other (Van de Ven & Poole, 1988). The problem remains that a unidirectional mode of thinking collapses irrevocably in the face of dynamic organizational environments characterized by paradox and contradiction (Cameron & Quinn, 1988; Clegg et al., 2002). While prescriptive logic of the kind common in change theories seeks to resolve the contradiction by selecting one extreme over another, duality thinking encompasses the notion of 'both-and' rather than 'either-or', which 'entails building constructs that accommodate contradictions' (Lewis, 2000, p. 773). A dualities perspective encourages organizational leaders to explore continuity-change tensions instead of equilibrating opposing forces (Lewis, 2000) or prioritizing one pole over the other.

Duality theory – originally a by-product of Giddens’ (1984) structuration theory – suggests that dualism elements may be independent and conceptually distinct, rather than opposed. Thus, change theorists who employ duality theory ‘maintain conceptual distinctions without being committed to a rigid antagonism or separation of the two elements being distinguished’ (Jackson, 1999, p. 549). In a change leadership context within an organization, this kind of thinking implies that pairs like stability and change, order and disorder, and predictability and unpredictability operate by ‘mutual specification’ rather than mutual exclusivity (Ford & Backoff, 1988, p. 100). But, how do organizational leaders accommodate the dualistic tensions that accompany a commitment to either continuity (‘tight’ structures, control, stability, and exploitative) or change (‘loose’ structures, flexible, responsive, and explorative)? We propose that a dualities-aware perspective offers organizational leaders conceptual guidance in identifying the tensions of change and their power to challenge existing ways of thinking (Graetz & Smith, 2008). A dualities-aware approach depends upon understanding how dualities work.

Duality Theory for Conceptualizing Leadership

A dualities lens provides a vehicle for exploring the kind of leadership where complexity and contradiction can operate in organizations, rather than be removed, micro-managed, ignored, or denied (Lewis, 2000). Dualities thinking compels sensitivity and receptiveness to the complexities, ambiguities, and contradictions intertwined in day-to-day routines. In fact, some change leaders would likely find that a dualities approach embracing pluralism can be liberating (Johnston & Selsky, 2006). The real leadership challenge that accompanies accepting ambiguity as a ‘valued asset’ remains that organizations ‘are not generally equipped to cope with fragmentation and high ambiguity’ (Seo et al., 2004, p. 162). One research example highlighted the ability to capture the growth value of both global integration and local responsiveness by having two headquarters in different locations that were laterally related (Birkinshaw et al., 2016).

Our resolution comes in the form of a ‘dualities-aware perspective’. Organizational change leaders need to equip their change agents with the capacity, not to mention the authority and confidence, to work with both poles simultaneously (Graetz & Smith, 2008). Consequently, rather than seeking resolution toward one position, a dualities-aware approach encourages a constructive tension (Evans, 1999; Evans et al., 2002) between extremes of adaptive and manipulative acts (Hedberg et al., 1976). With this paradigmatic shift comes the need for a different kind of leadership that approaches change as a sustainable activity, and one that should be undertaken bespoke to each organizational boundary or unit (Beer, 2021). As ‘constructed’ entities, dualities explain the efforts made by change managers to simplify and make sense of the complexities and uncertainties in the work environment, because it is natural to want to resolve rather than embrace contradictory elements (Lado et al., 1997, p. 112). By adopting a dualities-aware

perspective, however, organization leaders may come to appreciate dualities, such as stability and change, as fundamentally interdependent and ‘mutually enabling constituent’ parts (Farjoun, 2010, p. 205).

Dualities Leadership Characteristics

We propose five central characteristics of duality leadership to help articulate a sustainable and ethical position for leaders faced with the need for constant change in organizations, where change is perceived as inexorably risky. Tackling the leadership duality for organizational change includes dealing with the simultaneous presence of competing and ostensibly contradictory change interventions. However, these competing interventions are actually relational, in that they are symbiotic, requiring a minimal threshold level of each in order to function optimally. As a consequence, the leadership duality is characterized by dynamism, ensuring a creative tension between continuity and change, critical to self-renewal and learning. As Maak et al. (2021) observed with regard to the COVID-19 pandemic, responsible leadership during a crisis demands a sustained commitment to learning and subsequent adaptation. These four characteristics illustrate that dualities evolve, interact, and are shaped through the improvisation of a leader. We use the term ‘characteristic’ to describe a prominent aspect or a definable, differentiating, and universal feature, trait, or property (Graetz & Smith, 2008).

Simultaneity

Simultaneity provides the foundation duality characteristic. Dualities represent the simultaneous presence of what conventionally have been considered contradictory if not mutually exclusive elements (Cameron & Quinn, 1988; Van de Ven & Poole, 1988). Nearly 40 years ago, Lawrence and Lorsch (1967) argued that organizational sustainability would depend increasingly on leaders’ abilities to manage heterogeneous environments in which dynamic parts of organizations operate simultaneously alongside stable parts. Similarly, Abernathy (1978) observed that an organization’s long-term survival depends not only on its ability to increase efficiency, but also on its ability to be efficient and innovative simultaneously. The importance of dualistic simultaneity to organization leaders is further underlined by Pascale’s (1990) claim that the tension or ‘dynamic synthesis’ between contradictory opposites provides the catalyst for long-term organizational effectiveness and self-renewal.

Increasing environmental turbulence has fueled the need to manage existing revenue streams while trialing new initiatives (March, 1991; Smith & Tushman, 2005). Awareness of simultaneity encourages leaders to establish ‘loose’, organic operations encouraging grassroots, creative thinking and innovation to emerge, while working within a clear performance management framework that ensures quality, accountability, and consistency. Limerick and Cunnington (1993), for

example, present new forms of organizing as ‘loosely coupled’ systems characterized by autonomy and interdependence. Simultaneity sharpens the focus on change leadership as a strategic force where differentiation and integration sit side-by-side. The potential for complementary ‘pathways’ helps leaders to question the conventional tendency to favor one over the other (Raisch et al., 2009, p. 685).

Some compelling case evidence indicates that sustainability depends on managing the tension between exploration and exploitation (March, 1991; Sundaramurthy & Lewis, 2003; O’Reilly & Tushman, 2004; Smith & Tushman, 2005). Exploration means change in the form of innovation and the flexibility that underpins its pursuit. Exploitation means continuity by capitalizing upon success through the efficiencies that drive profit economies. If we accept the claim for tension, the role that leaders play in securing a balance between differentiation and integration becomes critical. Furthermore, simultaneity highlights that the ‘relative balance’ between differentiation and integration depends on the nature of the task or initiative under consideration, which is likely to alternate between explorative (long-term innovation) and exploitative (short-term efficiencies) (Smith & Tushman, 2005; Raisch et al., 2009, p. 687). As O’Reilly and Tushman (2004) argued, traditional performance structures and processes set the parameters and provide a stable base from which experimentation and exploration for new growth opportunities can occur. This suggests that the focus for organization leaders should not be on managing stability or change, but on managing both simultaneously, developing ‘understandings and practices’ (Sundaramurthy & Lewis, 2003, p. 397) that encourage a creative tension to exist between the two. For example, leaders must simultaneously manage control (decisive direction and leadership) and collaboration (empowerment and support), particularly in uncertain environments. Control provides performance rigor while collaboration amplifies creative potential (Sundaramurthy & Lewis, 2003). Leaders need to drive tension to ensure enduring change and uninterrupted continuity, combining flexible, innovative responses with reliable and consistent performance (Farjoun, 2010).

Simultaneity and contradiction reveal the push–pull tension of organizational dualities, such as accountability and freedom, individuality and teamwork, action and reflection, and competition and cooperation (Evans, 1992; Evans et al., 2002; Pettigrew et al., 2003). While ‘apparent’ opposites, they operate through ‘mutual specification’ as complementary and interdependent activities (Ford & Backoff, 1988, p. 102). Leaders who consider issues of strategizing and organizing from a dualities-sensitive perspective do not attempt to resolve or eliminate these inherent contradictions, but instead encourage a complementary interplay between simultaneously operating forces. In this sense, poles in a duality are not contradictory or antagonistic because they can be reconciled as mutually beneficial, which distinguishes dualities from other types of tension such as trade-offs and dialectics (Gaim et al., 2018). The interactive, ‘operational’ characteristics of ‘simultaneity’ also highlight the relational nature of duality characteristics.

Relational

The bi-modal nature of duality-aware leadership, integral to simultaneity, also manifests in its relational, interdependent nature. The relational characteristic emphasizes mutuality. The relational characteristic highlights the competing, yet complementary forces leaders need to manage. The most common of these include increasing efficiency as well as creativity; building individualistic teams; providing strong leadership while supporting empowerment; maintaining hierarchies while creating networks; controlling costs while enhancing quality; and thinking globally while acting locally (Evans, 1999; Lewis, 2000). Bi-directional relationships therefore involve not only simultaneous, but also mutual feedback: ‘... when these relationships are symmetrical, we are in the presence of a synthesis – a synthesis that emerges in the relationship between the two opposite poles rather than their merger into a schizophrenic entity’ (Clegg et al., 2002, p. 494). This reciprocal relationship becomes paramount when leading through the respective logics of exploration and exploitation; where new possibilities collide with old certainties (He & Wong, 2004).

The relational characteristic’s emphasis on mutual reinforcement shows that organizations cannot be compartmentalized. No practices exist independent of others (Graetz & Smith, 2008). Dualities may also relate to other dualities, leading to bipolar systems (Pettigrew et al., 2003) or sets of dualities. Certain dualities match because they represent similar tensions leading to the formation of meta-dualities. For example, routine–novelty, redundancy–efficiency, and narrowness–openness can collectively intensify the level of tension. As we argue next, the more tension the better. As a result, a dualities perspective can make ‘strange notions’ understandable, such as the way failure can act as a catalyst for renewal (Farjoun, 2010, p. 216). As relational interdependence suggests, a change to one can affect all of the others as well (Graetz & Smith, 2008).

Minimal Thresholds

Dualities need a minimal threshold. Clegg et al. (2002) argued that the poles must be maintained at a minimum level to ensure that a centrifugal (enabling) rather than centripetal (constraining) force emerges. In other words, as Hedberg et al. (1976) advocated, organizations should maintain a minimal threshold of desirable attributes. For example, a minimal threshold level of exploration and exploitation are essential in order to create the kind of tensions leaders can employ to empower new opportunities while reaping the benefits of old opportunities (Graetz & Smith, 2008). In one case example, Davis et al. (2009, p. 438) found that ‘simple rules’ and ‘semi-structures’ were advantageous across different environments, and most vital in unpredictable ones. Duality thinking excels under such conditions. Leaders need the confidence of formal structures with control during environmental uncertainty, but also need the responsiveness to seek solutions to new problems that future market winners will solve.

The challenge for leaders lies in determining the desirable minimal threshold between two extremes on the organizing continuum. For example, sustainability depends on the explorative and exploitative initiatives executed by leaders (Smith & Tushman, 2005). According to Smith and Tushman (2005, p. 533), leading change management means embedding strategic contradiction in ‘senior team cognitions’, cognitive frames in which paradox is part of the senior team psyche. Within a paradox framework, contradiction is not suspicious but rather is integral to operating a viable, dynamic organization. Paradoxical cognition enables exploitative and explorative initiatives, as well as integrating between these strategies and structures (Smith & Tushman, 2005). The purposeful, active connection between characteristics leads us to consider the role of the characteristic ‘dynamism’.

Dynamism

The duality characteristic of dynamism underlines the bi-modal, interactive nature of dualities relationships by emphasizing the importance of energy and feedback (Cameron & Quinn, 1988). In essence, organizations never reach a state of balanced equilibrium (Evans & Doz, 1992), but do risk a disequilibrium where one pole dominates, or worse, where both poles operate at low levels. The ability to change the level of tension dynamically may well be central to creativity and performance (Galunic & Eisenhardt, 2001). The simultaneous presence of competing tensions invokes the motor of adaptation, which plays a role in stimulating a dynamism between continuity and change, and order and disorder (Galunic & Eisenhardt, 2001). The characteristic dynamism keeps the minimum thresholds in tune to ensure the organization stays poised on the competitive cusp (Deephouse, 1999) between order and disorder, and that an enabling tension is maintained between exploration and exploitation.

Working to unleash dynamism, leaders need to harness the resources that accompany stability. The key lies with building an acceptance and ease with uncertainty. Dynamism, in conjunction with the simultaneity and relational characteristics, fuels exploitation and exploration, thereby guarding against inertia and complacency, the show-stopping accoutrements of success. Senior leaders should instigate practices that enable lower-level management to appreciate tensions as salient to organizational behavior at all levels (Knight & Paroutis, 2017). Connectivity between the dynamic characteristic of dualities and their relational properties also acknowledges the significance of minimal thresholds in mitigating against the danger of going to an extreme. The ‘dynamism’ characteristic thus works with its counterparts, simultaneity, and relational and minimal thresholds, to maintain a ‘constructive’ tension, ‘a state where there is sufficient tension to mobilize change and action, but not so much as to engender politicization or perverse, unintended consequences’ (Evans, 1999, p. 330). Of course, the first four properties demand the active engagement of leaders through improvisation.

Improvisation

The dynamic and symbiotic properties that go along with leading change with a dualities mindset introduce the importance of improvisation (Graetz & Smith, 2008). Improvisation might be seen as the fusion of intended and emergent action which manifests as a mix of control with innovation, exploitation with exploration, and routine with non-routine (Weick, 1998). In this sense, improvisation represents a dynamic and central component of dualities, intrinsically embedded as a consequence of its emergent potential (Tsoukas & Chia, 2002). Improvisation illustrates the value of a bi-directional relationship between two opposing poles. Leaders respond in practice by employing activities that alter, revise, create, and discover rather than simply shift, switch, or add (Weick, 1998). In addition, leadership for change and everyday leadership cannot be mutually exclusive, or even alternating; they must occur concurrently (Ford et al., 2021).

The goal is a dynamic interplay between duality poles. For example, plans and action (representing continuity and change) are not separate. Rather, plans become amended through improvisation as the result of changing circumstances, both before and during their enactment (Clegg et al., 2002). In organizations that differentiated exploration and exploitation poles but did not integrate poles (and the reverse), tensions led to further conflict (Smith, 2014). It was only by utilizing both differentiation and integration of poles that organizations sufficiently shifted attention to maintain an adaptive decision-making approach over time that supported strategic paradoxes (Smith, 2014). For example, Macintosh and Maclean (2001) have shown how pockets of innovation can be cultivated without compromising the stability that comes through performance management.

Research in group dynamics has revealed that formal structures set around work teams prior to their formation can be particularly helpful in ensuring high levels of both creativity and focus (Okhuysen & Eisenhardt, 2002). Improvising leaders therefore must operate a little like Grint's (1998) notion of 'strange attractors' which act to pull a system back toward dynamic equilibrium (Stacey, 1996). Change leaders must possess an awareness of the tensions created by themselves or by stakeholders advocating for opposing poles, as well as inter-related tensions created between dualities such as scope of change (small-large) and implementation style (incremental-big bang) (Boonstra et al., 2017).

Sustainable Change and Ethics: A New Kind of Tension

We have argued that a dualities approach requires an unusual level of comfort with tension and ambiguity. In fact, the acceptance of dualities implies that making decisions that decrease or resolve tension could undermine innovative, non-additive behavior emerging from interactive networks. Controlling all the inputs does not necessarily lead to the best outputs. However, uncertainty introduces complications for managing change ethically, where conventional black

and white positions about behavior fit uncomfortably with notions of tension and ambiguity. While some behaviors will always remain unethical and unacceptable, such as deception or financial impropriety, we suggest that sustainable change also benefits from some tension around ethical decision-making. Decision-making can follow a paradoxical process approach incorporating the poles of rationality and intuition to enable the decisions considering financial and non-financial factors that are often required in innovation (Calabretta et al., 2017).

We take the view that opportunities for organizational learning can be stimulated by the ethical tensions that envelop pivotal change decisions. For example, conventional change leads to difficult choices where jobs may be lost, or employees are subjected to traumatic events. In contrast, leading change through dualities management takes a more sustainable approach because change emerges naturally from the tension, rather than being imposed from the top down. The assumption that strict governance policies lead to high levels of organizational ethics does not hold. For example, excessive rules to guide ethical problem-solving communicates that employees are considered incapable of being ethical. More rules can lead to a workforce averse to thinking independently and incapable of initiating innovative solutions. The tensions that accompany dualities encourage employees to find new ways of navigating problems that if unsolved will eventually force change leaders to make black or white decisions. While top-down ethical clarity remains essential (Burnes & By, 2012), a dualities mindset also allocates ethical decision-making across and up and down an organizational hierarchy, which in turn can assist in keeping everyone transparent.

In some organizations, tacit ethical frameworks can evolve emergently through cultural forces and lead to further unconventional networks encouraging innovation. Duality thinking helps to sidestep causal thinking about ethical judgements during organizational change. We think that a dualities change leadership approach allows some room for experimentation and the potential emergence of genuine innovation that could not have been forced or prescribed through didactic, top-down ethical rules.

Conclusion

The utility of dualities-based heuristics is evident in some of the most pressing contemporary challenges organizations face, such as integrating seemingly incompatible economic, environmental, and social tensions in sustainable development (Hahn et al., 2015). It is clear that traditional, positivist approaches that view organizational change as a passing irritation which can be resolved by charismatic leadership have no conception of the 'unfolding, emergent qualities' of change (Tsoukas & Chia, 2002, p. 568). Case analyses reveal that successful organizational change generally defies attempts at a linear, prescriptive logic. It is never simple and straightforward, but rather a messy, sometimes emergent, and typically uncertain ongoing process occurring within a complex and contradictory 'living' social

system. Recognizing the dualistic forces that naturally exist in organizations represents the leadership imperative in the age of sustainability. Ironically, long-term economic sustainability starts with short-term dynamism, which demands a kind of managerial cognitive framing wherein paradox is normal (Karhu & Ritala, 2020).

Twenty-first century leaders must confront a complex, turbulent, and global environment characterized by flux but demanding constancy. The traditional, rational decision-making approach to change leadership that insists on an ‘either-or’ resolution, fails in the dynamic melting pot of competing demands. Organizations face contradictory directives where long-term survival relies on embracing and exploiting tension. A dualities-aware perspective helps change leaders to understand the fundamental interdependence and mutually enabling qualities of dualities. Change and continuity, innovation and efficiency, collaboration and competition, freedom and accountability, and new and old all represent dynamic tensions. We believe the five duality characteristics offer change leaders a rich and powerful medium for managing organizational dualities as ‘complementary contradictions’ that provide the stimulus for organizational renewal in the age of sustainability.

Note

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PART III

Conclusions



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14

LEADERSHIP, SUSTAINABILITY, AND ETHICS: LOOKING BACK TO MOVE FORWARD

Bernard Burnes

Introduction

There is no agreed definition of what we mean by leadership or how leaders should behave. Instead, the literature offers a wide variety of examples to choose from (Goleman, 2000; Grint et al., 2017). It is commonly believed that the key role of leaders is to bring about change (Bass & Riggio, 2006; Storey et al., 2017; Yukl & Gardner, 2019). This has given credence to the transformational-charismatic approach to leadership, which appears to give leaders an almost free hand to change their organizations as they see fit, which can raise significant ethical concerns, as the cases of Enron and Bernard Madoff amply show (Barker, 2001; Bones, 2011; Burke, 2017; Storey, 2004). Indeed, it has allowed many leaders to put their own interests above those of other stakeholders, sometimes to disastrous effect (Barling et al., 2008; Bass & Steidlmeier, 1999; Sinclair, 2007; Yasir & Mohamad, 2016). Taking a broader perspective, even when leaders seem to pursue the best interests of their organization, this can have adverse effects on local communities and the wider planet (Benn et al., 2018). Thus, though leaders face significant ethical challenges in terms of balancing their own interests against those of other stakeholders, they also face ethical dilemmas in terms of balancing their organization's interests against the need for societal and planetary sustainability (Burnes, 2017a; Hart & Zingales, 2017; Hasina, 2016). Consequently, as many argue, a leader's ability to achieve beneficial outcomes for all stakeholders is inextricably linked to their own ethical values (Burnes, 2017b; Crossweller & Tschakert, 2020; Roe, 2017; VanderPal & Ko, 2014).

Burnes and By (2012) also argue that some approaches to change are more likely to lead to ethical outcomes than others. Since the 1980s, there has been a great deal of attention paid to the use of power, politics, and manipulation to gain

compliance when attempting to bring about change, usually to the detriment of those directly affected (Buchanan & Huczynski, 2019; Burnes, 2009; Dawson, 2011). This raises the question of whether it is ever possible for leaders to bring about changes that benefit all stakeholders by unethical means. As we will argue later, given the range of challenges organizations face, it is becoming increasingly difficult to see how ethical ends can be achieved by unethical means, which is to say, by unethical approaches to change.

Hence, what is called for is not just an ethical approach to leadership, but also an ethical approach to change. This might appear to make the task of developing an ethical approach to leadership even more difficult. Yet, as we argue, rather than being more difficult, it becomes easier because an ethical approach to change and leadership already exists and has been around for over 70 years, i.e. Kurt Lewin's Planned, participative, approach to change. The remainder of this chapter will review the ethical basis of Lewin's approach and argue that in order to move forward, the debate on ethical leadership needs to look backwards. The chapter begins by briefly reviewing the ethical challenge faced by organizations. It then examines the work of Lewin and shows how this relates to both ethical change and ethical leadership. Following on from this, we show that Lewin's work formed the basis of organization development (OD). The chapter concludes by arguing that Lewin's work provides the basis for tackling the ethical challenges that organizations and their leaders face, especially in terms of sustainability.

The Ethical Challenge

Since the early 1980s, and especially after the 2008 credit crunch, there has been a growing movement to put ethics at the centre of organizational life (Burnes, 2017b; Crossweller & Tschakert, 2020; Gopalakrishnan et al., 2008; Stiglitz, 2010). However, the promotion of ethics is not just about financial propriety. As Benn et al. (2018) argue, environmental sustainability requires organizations to adopt a more ethical approach to managing their business. They argue that instead of focusing solely on profit, organizations need to do the right thing in terms of the environment; address public concerns and work with environmental pressure groups.

This indicates some of the behaviors required of ethical leaders, but it does not really define what is meant by ethics and ethical behavior. The Oxford Dictionary of English (2006: 595) defines ethics as 'moral principles that govern a person's behavior or the conducting of an activity'. In organizational terms, ethics are beliefs about what is right or wrong, they provide a basis for judging the appropriateness or not of behavior and they guide people in their dealings with other individuals, groups, and organizations (Jones et al., 2000). Approaches to ethics tend to fall into one of two philosophical camps: the consequentialist (teleological) and the non-consequentialist (deontological; Pettit, 2003; Wood-Harper et al., 1996).

Consequentialists argue that ethical values are meaningless unless they achieve ethical results. Therefore, for consequentialists, the focus is on outcomes rather than motives and behaviors. This view is most closely associated with the 18th- and 19th-century philosophers Jeremy Bentham (Goldworth, 1983), John Stuart Mill (2002), and Henry Sidgwick (1981). Non-consequentialists take a similar view of the importance of ethical values but deny that the rightness or wrongness of behavior is determined by its consequences. They maintain that it is the intention behind outcomes and the process by which they are achieved that define whether something is ethical, and not the outcome itself (Wood-Harper et al., 1996). This view is most closely associated with the 17th- and 18th-century philosophers John Locke (1958) and Immanuel Kant (Kant & Abbott, 2009).

In organizational terms, there is a tendency to focus more on consequentialist ethics, which is to say outcomes such as profits, market share, etc. Less attention is paid to the processes or behaviors by which these outcomes are achieved (i.e. non-consequentialist ethics). Certainly, this seems to have been the case under neoliberalism, where profits have taken centre stage (Burnes, 2017a and b; Chomsky, 1999; Harvey, 2005; Stiglitz, 2016). Indeed, the notion that the single-minded pursuit of profit is itself the main ethical responsibility of business was formulated by one of the architects of neoliberalism, Milton Friedman (1970), who titled one of his most well-known articles: ‘The social responsibility of business is to increase its profits’.

However, in the leadership literature, the process of leadership – the behavior of leaders and followers – seems to be given at least equal prominence with results, if not more so (Grint et al., 2017; Hughes et al., 2009). If we look at examples of unethical outcomes, especially the 2008 financial crisis, we find that these are usually brought about by policies and processes that encourage unethical behaviors, that then lead to unethical outcomes (Jin et al., 2013; Lewis et al., 2010; Stiglitz, 2010). In essence, for organizations, it is difficult to separate process from outcomes, which is to say that unethical processes usually lead to unethical outcomes and vice versa (Hillier et al., 2011; Liden et al., 2014; Storey et al., 2017).

Accordingly, in seeking an ethical approach to leadership and change, we need to draw on both consequentialist and non-consequentialist perspectives. This can be seen even more clearly when we discuss the need for organizations to promote sustainability. There are many definitions of sustainability. For example, Marshall and Brown (2003: 122) state that a sustainable organization is one that does ‘... not use natural resources faster than the rates of renewal, recycling, or regeneration of those resources’. However, most proponents of sustainability would see this as quite a limited definition (United Nations, 2015b). Perhaps the most widely accepted definition of sustainability comes from *The Report of the World Commission on Environment and Development* (Brundtland Report, 1987: 41), which states that sustainability is:

... development that meets the needs of the present without compromising the ability of future generations to meet their own needs. It contains within it ... the concept of 'needs', in particular the essential needs of the world's poor, to which overriding priority should be given.

The reference to the world's poor becomes clearer if one considers the UN's 17 sustainable development goals, which were agreed at the UN's 2015 Paris Conference on Climate Change (United Nations, 2015a and b). These include not only protecting the environment, but also eradicating poverty and hunger, achieving gender equality, and providing quality education for all. Thus, as Valente (2012: 585) points out, sustainability involves the integration of a '... highly interconnected set of seemingly incompatible social, ecological, and economic systems', where, as Hall and Vredenburg (2003: 61) observe, many of the stakeholders involved have 'complex', 'ambiguous', and 'contradictory demands'.

Traditionally, the boundary of an organization was considered to be clear, rigid, and defined by legal ownership, with leaders' external relationships and dependencies tending to be financially orientated, dealing mainly with shareholders, customers, and suppliers (Demsetz, 1983). Now, as the UN's 2015 Paris Agreement has signaled, there is pressure from governments, campaigning groups, and public opinion for organizations to expand their boundaries to interact with and take seriously the needs of the communities they affect, and their impact on the natural environment (Benn et al., 2018; Burnes, 2017a; United Nations, 2015a; Yukul & Gardner, 2019).

Consequently, leaders are having to work with and gain the approval of communities and environmental organizations. This is increasingly referred to as a 'social license to operate' (SLO). An SLO is a community's/stakeholder network's agreement that a company and its local operations meet required sustainability standards (Demuijnck & Festerling, 2016; Thomson & Boutilier, 2011). These standards tend to be referred to by the UN and others as the three Ps – People, Planet, and Profit (Burnes, 2017a; Burritt, 2012; Cowley et al., 2017; Pichler, 2013). The most-detailed explanation of the three Ps can be found in the UN's 17 Sustainable Development Goals (United Nations, 2015b). The three Ps are a recognition that whilst organizations have needs (Profit), their needs cannot endanger future generations by destroying the Planet and they also should take account of People, especially 'the essential needs of the world's poor, to which overriding priority should be given' (Brundtland Report, 1987, p. 41).

Therefore, the task facing organizations and their leaders in pursuing sustainability is not only to change their behavior, but also to change their business model from one that puts profit above all else to one that seeks to balance People, Planet, and Profit. They will have to do this by working with a range of community and environmental groups, and other stakeholders who may well be the final arbiters of whether organizations are given their social license to operate (Demuijnck & Festerling, 2016; Thomson & Boutilier, 2011). These external

stakeholders will expect the organization to pursue ethical outcomes by participatory means, which for many organizations will be challenging and unfamiliar (Berny, 2018; Doherty & Doyle, 2018; Weber et al., 2018).

This puts the onus on managers to change their behavior and adopt a more participatory style of leadership (Carollo & Guerci, 2018; Peale & Blanchard, 2000). As Lewin (1943a & b) showed, the behavior of individuals in organizations tends to be determined by the values of the primary group of which they are a member. Therefore, if one seeks to promote ethical behavior, it is group and organizational values and practices that need to change rather than individual values per se. In taking a more system-wide approach, increasingly businesses are adopting the 'triple bottom line', which is an accountancy-based method of measuring and balancing the financial, social, and environmental consequences of their operations (Elkington, 2020; Savitz & Weber, 2006). Whilst tools such as the triple bottom line are essential elements of the change toward sustainability, they do not by themselves change leadership behavior, but often require such changes as a precursor to their effective use (Lopez-Cabrales & Valle-Cabrena, 2020).

Regardless of an individual or group's inclination to change, it has to be recognized that behavior is heavily influenced by the norms and values of the organization, which may push them in a different direction to their own desires (Buchanan & Huczynski, 2019; Burnes & Jackson, 2011; Burnes & James, 1995; Kotter & Heskett, 1992). These values form an important part of an organization's culture (Cummings & Worley, 2015; Schein, 1985; Schein & Schein, 2019). Consequently, an organization's ethics are embedded in its culture and its culture is reflected in its ethics. So, expecting to change the behavior of an organization solely by adopting new policies or practices seems somewhat over-optimistic (Amis et al., 2002; Fox-Wolfgramm et al., 1998; Kabanoff et al., 1995; Scott, 2002).

Lewin and many others have shown that for behavior change to be successful, those concerned must be able to adopt the changes of their own volition (Bruch & Ghoshal, 2004; Burnes, 2017b; Kegan & Lahey, 2001; Lewin, 1947a; Schein, 1996; Sniehotta et al., 2005). Nonetheless, since the early 1980s, governments and international bodies have attempted to force organizations to behave more ethically by means of increased regulations which by themselves, as successive financial scandals have shown, do not seem to have been particularly successful (Stiglitz, 2016; Toms, 2019). In the same period, many writers on the management of change have become focussed on approaches that emphasize the deployment of power and politics to gain compliance (Burnes, 2011; Collins, 1998; Hendry, 1996). As a result, it is perhaps not surprising that attempts to promote ethical behavior in organizations seem to have failed in many cases (Stiglitz, 2016). Instead, what is required is an approach to change that promotes ethical behavior and allows those concerned to change of their own free will. This is what Kurt Lewin's Planned approach to change was designed to do. By Planned change, Lewin meant change that was embarked upon consciously and deliberately rather than change that might come about accidentally, by whim or be

imposed by an outside agency (Burnes, 2017b). Indeed, ironically, Lewin's approach is one that is characterized by its 'unplanned', iterative, and experimental nature (Burnes, 2020).

Kurt Lewin: Ethics, Leadership, and Change

Lewin's seminal work on leadership and Planned change took place in the 1930s and 1940s and has been a dominant force in the study and practice of organizational change ever since (Boje et al., 2011; Burnes & Cooke, 2012; Lewin et al., 1939; Lewin, 1947a and b). Lewin's primary interest was not in organizational change *per se*, but in resolving social conflict and promoting ethical leadership through behavioral change, whether this be within organizations or in the wider society (Marrow, 1969). Underpinning Lewin's work was a strong ethical belief in the importance of democratic institutions and democratic participation and values in society. Lewin was a Jew who left Germany in 1933 to escape the rise of Hitler. Tragically, many of his family, including his mother, were not so lucky and died in the Holocaust (Burnes, 2004b; Marrow, 1969). Lewin believed that only by strengthening democratic participation in all aspects of life and being able to resolve social conflicts could the scourge of despotism, authoritarianism, and racism be effectively countered.

Two events in 1939 laid the basis of Lewin's Planned approach to change: the publication of Lewin's work on the impact of different leadership styles on children's behavior, which was one of the first studies to examine how different leadership styles affect followers' effectiveness; and the beginning of his involvement with the Harwood Manufacturing Corporation (Burnes, 2017b).

The first of these was based on classic laboratory experiments. Groups of children were exposed to three different styles of leadership: autocratic, *laissez faire*, and democratic. The results showed that the two groups that operated under autocratic and *laissez-faire* leadership behaved in a dysfunctional manner. However, the group that operated under democratic leadership behaved in a co-operative and effective manner (Lewin et al., 1939). This confirmed Lewin's belief that, in most cases, democratic leadership – participative management – was the most effective way of managing groups and changing group behavior (Lewin, 1943a & b). It also showed that before leaders attempted to change other people's behavior, they needed to consider the appropriateness of their own behavior. Modern concepts of participative management stem from Lewin's work (Gandofi & Stone, 2018; Saskin, 1984; Zimmerman, 1978).

The second event, the beginning of Lewin's work with Harwood, allowed Lewin to move from the laboratory to the workplace and to show that participative leadership could be successfully applied in the real world (Burnes, 2007, 2019).

Burnes's (2007, 2019) reviews of Lewin's work at Harwood support the view that it constitutes a milestone in the practice of organizational change. Harwood became the arena where Lewin developed, tested, and proved

Planned change, and as such laid the foundations of OD. Though the origins of modern industrial–organizational society can be traced to the British Industrial Revolution of the late-18th century, it was only in the 1940s through the work of Kurt Lewin and his Planned approach that a full-fledged change theory emerged (Burnes, 2004b, 2019).

Planned change comprises four elements:

- **Field Theory:** Lewin maintained that for group behavior to change, it was necessary to ‘unfreeze’ the forces restraining change, such as group norms (Weick & Quinn, 1999). Field Theory is an approach to understanding group behavior by involving those concerned in identifying and mapping the totality and complexity of the field in which their behavior takes place (Back, 1992; Burnes & Cooke, 2013).
- **Group Dynamics:** Lewin was the first psychologist to write about group dynamics and the importance of the group in shaping the behavior of its members (Allport, 1948; Bargal et al., 1992). Group Dynamics stresses that group behavior, rather than that of individuals, should be the main focus of change (Bernstein, 1968; Dent & Goldberg, 1999). Lewin (1947b) maintained that it is fruitless to concentrate on changing the behavior of individuals because the individual in isolation is constrained by group pressures to conform. Consequently, the focus of change must be at the group level and should be a participative process that concentrates on factors such as group norms, roles, interactions, and socialization processes to create ‘disequilibrium’ and change (Schein, 1988).
- **Action Research:** Lewin conceived of Action Research as a two-pronged process that, firstly, emphasizes that change requires action, and is directed at achieving this; and secondly, recognizes that successful action is based on participative management that involves everyone affected in analyzing the situation correctly, identifying alternative solutions, and choosing the one most appropriate to the situation at hand (Bennett, 1983).
- **Three-Step Model:** This is often cited as Lewin’s key contribution to organizational change. The three steps in the model are:
 - *Unfreezing* – as stated earlier, Lewin believed that the stability of human behavior was based on a quasi-stationary equilibrium of driving and restraining forces, which need to be destabilized (unfrozen) before old behavior can be discarded (unlearned) and new behavior successfully adopted.
 - *Moving* – As Schein (1996, p. 32) notes, unfreezing is not an end in itself; it ‘... creates motivation to learn but does not necessarily control or predict the direction of learning’. This echoes Lewin’s view that any attempt to predict or identify a specific outcome from Planned change is very difficult because of the complexity of the forces concerned. Instead,

one should seek to take into account all the forces at work and identify and evaluate, on a trial-and-error basis, the available options (Lewin, 1947a). This is, of course, the learning approach promoted by Action Research.

- *Freezing/Refreezing*¹ – This is the final step in the three-step model. Freezing seeks to stabilize the forces that shape group behavior at a new quasi-stationary equilibrium in order to ensure that the new behaviors are relatively safe from regression.

As can be seen, when he developed the three-step model, Lewin did not intend it to be used separately from the other three elements that comprise Planned change. Rather, Lewin saw the four concepts as forming an integrated approach to analyzing, understanding, and bringing about change, whether it be in organizations or in society at large (Burnes & Cooke, 2013). This can be seen in Figure 14.1, which shows that Unfreezing is based on field theory, Moving is based on Action Research and Freezing is once again based on field theory. All three stages incorporate group dynamics, democratic participation, and the need for those involved to be able to make choices of their own free will.

Lewin argued that for change to be successful, there has to be ‘felt-need’, which is an individual’s inner realization that change is necessary (Alavi & Henderson, 1981). If felt-need is low, introducing change becomes problematic. Felt-need arises when individuals and groups are given the opportunity to reflect on and learn about their own situation, and change of their own volition (Burnes, 2004b; Lewin, 1947a). Lewin did not believe that change could be successful if people were tricked or coerced into it. This is why he advocated a participative, open, and ethical approach to change process, which allows those involved to gain or change insights, outlooks, expectations, and thought patterns. This approach seeks to provide change adopters with an opportunity to ‘reason out’ their situation and develop their own solutions (Bigge, 1982; Martin, 2003). Therefore, for Lewin, the change process is fundamentally a learning process. It is an iterative, cyclical, process

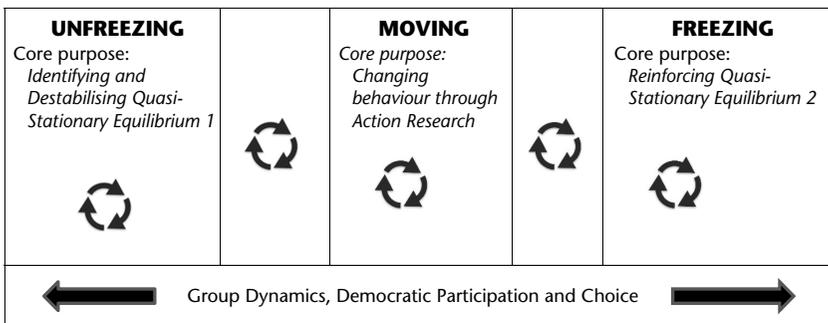


FIGURE 14.1 A field theory-based view of Lewin’s three-step model

involving diagnosis, action and evaluation, and further action and evaluation. It recognizes that once change has taken place, the forces that shape behavior must be frozen (refrozen) in order for the change to be self-sustaining (i.e. safe from regression; Burnes, 2020).

Though Lewin's original purpose was to develop an approach to change capable of resolving conflicts in society, he also demonstrated at Harwood the benefits it could bring to organizations (Burnes, 2007, 2019). Central to the approach is the emphasis placed on the collaborative nature of the change effort: the organization, both leaders and recipients of change, and the change agent jointly diagnose the organization's problems, and jointly plan and design the specific changes required. Underpinning Planned change is a strong humanist and democratic orientation based on Lewin's own personal beliefs and his work on participative management (Lewin et al., 1939; Marrow, 1969). Going hand in hand with this humanist and democratic orientation was the development of a host of tried and tested tools and techniques for promoting group participation and change (Burnes & Cooke, 2012).

From Planned Change to Organization Development

After Lewin's death in 1947, his work was further developed, and provided the inspiration and core approaches for the OD movement, which emerged in the 1950s (Burnes & Cooke, 2012; Cummings & Worley, 2015; French, 1982). Lewin's influence on OD went beyond providing its core practices; he also provided the 'utopian aspirations' (Mirvis, 2006, p. 77) and radical humanistic values which underpin it (Burnes, 2004b, 2007; French & Bell, 1995; Milbrandt et al., 2014). These values have been articulated by many writers over the years (Conner, 1977; French & Bell, 1999; Gellerman et al., 1990; Warwick & Thompson, 1980; Yaeger, 2013). One of the earliest attempts was by French and Bell (1973), who identified four core values of OD:

- The belief that the needs and aspirations of human beings provide the prime reasons for the existence of organizations within society.
- Change agents believe that organizational prioritization is a legitimate part of organizational culture.
- Change agents are committed to increased organizational effectiveness.
- OD places a high value on the democratization of organizations through power equalization.

In a later survey of OD practitioners, Hurley et al. (1992) found these values were clearly reflected in the five main approaches they used in their work:

- Empowering employees to act.
- Creating openness in communications.

- Facilitating ownership of the change process and its outcomes.
- The promotion of a culture of collaboration.
- The promotion of continuous learning.

Although the appropriateness of OD's core values has been challenged over the years (Conner, 1977; Greiner & Cummings, 2004; Korten et al., 2010), increasingly, the same values are seen as central to the development of ethical behavior and the pursuit of sustainability within and by organizations and other bodies (Benn et al., 2018; Howieson et al., 2019; Wirtenberg et al., 2007; Wooten & White, 1999; Yaeger, 2013).

Conclusion

From the 1980s onwards, successive American administrations have attempted to clean up Wall Street and have palpably failed to deter fraud on a truly gigantic scale (Partnoy, 2003; Porter, 2008; Stiglitz, 2016; Tett, 2010). Similarly, governments and bodies such as the UN have increasingly called on business to pursue sustainability both by exhortation and regulation, but this has often met with 'greenwashing' rather than real change (Delmas & Burbano, 2011; Pimonenko et al., 2020). This confirms something which we have known for many years: threats and deterrents are by themselves inadequate methods for changing behavior. To use Lewin's phrase, there has to be 'felt-need': organizations have to want to do it (Alavi & Henderson, 1981).

Lewin's approach to behavioral change is based on co-operation not coercion, and on democratic and open leadership rather imposition or manipulation. He demonstrated that successful behavioral change could be achieved through a participative learning process where people changed of their own volition (Burnes, 2007; Lewin, 1947a; Wheeler, 2008). As others have shown subsequently, free will is enormously important in achieving change and this is unlikely to be present if those concerned feel that they have been tricked or forced to change (Bennett, 1983; Elrod & Tippett, 2002; Festinger, 1957; Makin & Cox, 2004; Schein, 1996). Central to Lewin's approach is its ability to explore and reveal the agendas, objectives, and ethics of those involved. This open scrutiny ensures that individuals and groups cannot seek to pursue their own interests to the detriments of other stakeholders, i.e. profit cannot be allowed supremacy over people and planet. Lewin's approach was designed to allow all stakeholders to meet as equals and bring such behaviors out into the open, in order to challenge and change them. He believed that changing human behavior, especially in its more unacceptable forms such as racism, could be achieved. Consequently, Lewin offers us an optimistic view of human nature and the ability of human beings to create better organizations and build a better world. Furthermore, there is much evidence of the success of Lewin's approach in achieving sustained behavioral change (Burnes, 2007, 2019; Gallos,

2006; Macy & Izumi, 1993; Marrow, 1969; Robertson et al., 1993; Woodman et al., 2008).

Indeed, some of the newer and more radical perspectives on organizations and change appear to offer support for Lewin's view of participative leadership and organizational change (Burnes & Cooke, 2012). For example, there are those in the postmodern-social constructionist camp who argue that a more open and democratic approach to change is both preferable and achievable. As Hatch (1997, pp. 367–368) observed:

In a socially constructed world, responsibility for environmental conditions lies with those who do the constructing ... This suggests at least two competing scenarios for organizational change. First, organization change can be a vehicle of domination for those who conspire to enact the world for others ... An alternative use of social constructionism is to create a democracy of enactment in which the process is made open and available to all ... such that we create opportunities for freedom and innovation rather than simply for further domination.

Similarly, Wooten and White (1999) argue that the core values of OD – equality, empowerment, consensus building, and horizontal relationships – are ones that are particularly relevant to the postmodern organization. From the complexity perspective, there is an even more emphatic call for greater democracy and power equalization in all aspects of organizational life (Bechtold, 1997; Burnes, 2004a, 2005; Jenner, 1998; Kiel, 1994).

The world needs to change, which means that organizations must also change if they are to have a sustainable future. However, in seeking to replace unsustainable behavior with sustainable behavior, governments, pressure groups, and organizations may be condemning themselves to failure unless they also seek to promote an ethical approach to change. As argued in this chapter, Lewin developed such an approach – Planned change – and it has a successful track record stretching back to the 1940s. Therefore, in order to move forward, organizations should look to the past and embrace the democratic-participatory leadership and change methods promoted by Lewin.

Note

- 1 Though Lewin referred to the third stage of his change model as 'freezing', it is now usually referred to as 'refreezing'.

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15

TEACHING ORGANIZATIONAL CHANGE LEADERSHIP AND ETHICS

Mark Hughes

Introduction

I do not like people telling me what to do and I suspect I might not be alone.

Telling readers, possibly more knowledgeable and experienced than me, how to teach organizational change leadership and ethics would be setting myself up for a fall. It also would not do justice to the encouragement of earlier chapters in which ethical organizational change leadership moves away from leader-centric prescriptions about what others should do.

In this spirit, Grey and Sinclair's (2006) account of writing differently is all the encouragement I need to write this practically orientated chapter in the more reflexive first person. In writing this chapter, I imagined that I was tasked with teaching a one-day postgraduate *Organizational Change Leadership and Ethics (OCLE)* workshop. In this way, the chapter does not claim to offer you best practice. Instead, in a collegiate spirit, I want to share my own practice, informed by my past research, teaching, and scholarship. I hope that this more participative sharing of practice may selectively inform your practice. You may like or dislike elements, my practice may even act as a counterpoint, assisting you in deciding how you are not going to teach OCLE.

In terms of personal context, my teaching has increasingly been off campus, facilitating leadership of organizational change workshops for external clients. Typically, workshop participants would have postgraduate qualifications or be studying for postgraduate qualifications. There always was a functionalist need for theory to inform practice. In these workshops, I shared the latest research. However, increasingly I found myself highlighting the limited empirical evidence informing interest in organizational change leadership (please see Hughes, 2016a). I became more interested in scholarship (the critical interpretation of existing

knowledge) than research (gathering new knowledge). My interests inevitably have informed my teaching OCLE in terms of content and style of delivery.

I believe theories and practices only change and advance through questioning. A good workshop involves generating more questions than answers. This process may be facilitated through small group and paired discussion, which subsequently informs larger whole group plenaries. In the chapter, I offer potential discussion activities for illustrative purposes.

In writing the chapter, I imagined a one-day workshop, but the ideas shared here could be condensed into a lecture or expanded into a series of sessions. I hope that they act as a starting point for imagining your own OCLE teaching. As well as postgraduates and external clients, I believe that these ideas are relevant to undergraduates and professional course students as long as they are willing to engage in questioning existing knowledge and practices. And, in many ways, it is undergraduates as potential future leaders who most need to engage with OCLE debates before they engage in leading.

The Organizational Change Leadership and Ethics (OCLE) Workshop

This all-day workshop is organized around six overlapping elements. These elements are succinctly introduced here, with the body of the chapter expanding upon each element.

Morning

Provocation: Eight Unethical Leading Change Steps

Professor John Kotter's (1996/2012) eight steps for leading change and his related magazine article (Kotter, 1995) remain some of the most-cited references in the field of organizational change. My critique (Hughes, 2016b) of Kotter (1996/2012) was an encouragement to question what is being prescribed in universities and organizations in the name of leading change. This element of the workshop provokes debate, encourages appreciation that this is not merely a theoretical/conceptual topic, and hopefully informs and energizes the whole day.

Definitions, Boundaries, and Relationships

It is necessary to define what is meant by 'organizational change', 'leadership', and 'ethics', although with the caveat that each of these definitions is conceptually slippery. Beyond definitions, how conceptual boundaries and relationships influence approaches to OCLE theory and practices requires acknowledgment. An academic may explore change leadership from an exclusively organizational change perspective, a leadership perspective, or from an ethical

perspective. OCLE studies are territorial with territorial choices influencing theoretical and practical approaches.

Transformational Leadership Misunderstood and Misrepresented

There has been considerable interest in theories and practices of transformational leadership for decades. However, when Burns (1978) gave impetus to transformational leadership, he was primarily interested in the transformation of subordinates, rather than with organizational change and transformation. The very clear moral vision for transformational leadership, which Burns (1978) originally articulated, appeared to be lost when transformational leadership was subsequently invoked and popularized.

Afternoon

The Dark Side of Transformational Leadership

Management and organization studies scholars have been increasingly interested in the dark side of organizational life in recent decades. In this element of the workshop, transformational leadership is used for illustrative purposes, although this perspective is equally applicable to other forms of change leadership.

Leadership: Discourse, Metaphors, and Framing

We need to shift the focus away from leader communication concerns with functional effectiveness. Instead, it can be revealing to study how leadership discourses, metaphors, and frames seek to shape our thinking. Any consideration of OCLE has to make tangible the often-intangible aspects of leadership, how through language leaders seek to inform, and how beneath persuasive leadership language, power, and politics are at work.

Followers: Leadership Problem or Leadership Solution

In considering OCLE, there is a real danger that we focus exclusively on the actions and behaviors of leaders. However, in most organizational settings, leaders are the minority group, with the so-called ‘followers’ being in the majority. In this final element of the day, we look forward positively to how this grouping in an organizational change process rather than being problematic might inform a more ethical approach toward organizational change leadership.

Provocation: Eight Unethical Leading Change Steps

[Activity] In the pairs workshop, the participants recall Kotter's (1996/2012) eight leading change steps and share their experiences. Please note, that in terms of face-saving ensure that you pre-warn the group that this approach to leading change is going to be critically questioned.

As these steps have become part of the organizational lexicon, the group is likely to know some of them, but, for clarity and completeness, highlight the eight steps for the whole group.

1. Establishing a sense of urgency;
2. Forming a powerful guiding coalition;
3. Creating a vision;
4. Communicating the vision;
5. Empowering others to act on the vision;
6. Planning for and creating short-term wins;
7. Consolidating improvements and producing still more change; and
8. Institutionalizing new approaches.

[Activity] Whole group plenary around why these very popular leading change steps may encourage leaders to act unethically.

In order to encourage this debate, I use my critique (Hughes, 2016b) as a resource. In summary, I raised seven critical challenges.

1. Employees depicted as change resisters;
2. Ethics, power, and politics underplayed;
3. Overemphasis upon a sequence of linear steps;
4. Disparaging history limits learning and an appreciation of incremental change;
5. Leader and leader communications overemphasized;
6. Under emphasis of unique cultural contexts; and
7. Rhetorical treatment of organizational success/failure.

In previous workshops, I have found the following two troubling verbatim quotations very useful in sparking critical debate about what has been prescribed in *Leading Change* (Kotter, 1996/2012).

Visible crises can be enormously helpful in catching people's attention and pushing up urgency levels. Conducting business, as usual, is very difficult if the building seems to be on fire. But in an increasingly fast-moving world, waiting for a fire to break out is a dubious strategy. And in addition to catching people's attention, a sudden fire can cause a lot of damage.

(Kotter, 1996, p. 45)

To some degree, all management is manipulation – and that includes the production of short-term performance improvements.

(Kotter, 1996, p. 128)

Your group's debate will hopefully focus on the deceit and manipulation, which explicitly is being encouraged by Kotter. As a note of caution, many academics still favorably cite Kotter (1996/2012) and practitioners after being immersed in such approaches can be defensive of the eight steps.

Definitions, Boundaries, and Relationships

The first element of the workshop aimed to provoke discussion around OCLE. This discussion may already have prompted important questions about – what do we mean by terms such as change and transformation, leadership, and ethics? It is important at this stage to discuss and to clarify what is meant by these terms, although with the caveat that these terms conceptually are very slippery. It is worth emphasizing that there are no universally accepted definitions of these concepts. Researchers and authors often make explicit their favored definition and you may want to offer your favored definition at this point in your workshop. I will share my favored definitions, although in an extensively reviewing relevant literature (Hughes, 2016a), I was surprised by the diversity of definitions being used.

If we use Kotter (1996/2012) again for illustrative purposes, studying his use of change/transformation language offers a semantic clue. Despite titles such as *Leading change: Why transformation efforts fail* (Kotter, 1995) and *Leading change* (1996), in these publications, he largely uses the language of 'transformation'. This interchangeable use of language raises the question that was he interested in leading changes or leading transformations. Problematically, he does not clarify any differences he perceives between 'change' and 'transformation'. It is only in the preface of the 2002 book, that he offered the following definition:

By transform I mean the adoption of new technologies, major strategic shifts, process reengineering, mergers and acquisitions, restructuring into different sorts of business units, attempts to significantly improve innovation, and cultural change.

(Kotter & Cohen, 2002, p. ix)

This imprecision is very pertinent in a workshop setting. Normally, critical academic scrutiny is informed by a clarity of focus. However, the imprecision of the Kotter's rhetoric fuels debate, whilst simultaneously limiting scrutiny. Also, I fear it is part of the explanation of why the organizational transformation that interested Kotter and transformational leadership (Burns, 1978) have been regarded as synonymous. However, try to pause this debate, as it is the focus of the next element in the workshop.

In writing *Managing change: A critical perspective* (Hughes, 2010, p. 4) after surveying definitions and acknowledging the complexities of what was meant by 'organizational change', I offered readers a definition of managing organizational

change as ‘attending to organizational change transition processes at the organizational, group and individual levels’. This was a pragmatic choice. You could spend the whole of the workshop debating the meaning of organizational change (see Hughes, 2010, 2016a, 2019 for further references and discussion), without ever reaching a consensus.

Unfortunately, semantic and conceptual challenges of defining organizational change are mirrored in considering the meaning of leadership. Spicker (2012) described ‘leadership’ as a perniciously vague concept and his review of leadership definitions would be a very useful workshop resource. My literature reviewing echoes the concerns of Spicker (2012), but if you asked for my favorite definition of leadership, it would be as follows.

Leadership is an influence relationship among leaders and collaborators who intend real changes that reflect their mutual purposes.

(Rost, 1997, p. 11)

This definition of leadership is not well known and does not reflect the orthodoxy of leadership studies or leadership practice. However, in doing extensive scholarship in these fields (Hughes, 2016a), I welcomed and warmed to this innovative definition. It brings leadership and organizational change together, but also through an emphasis on ‘mutual purpose’, speaks to many of the themes of this edited reader.

[Activity] Pairs discussion around what you like and what you dislike about J. C. Rost’s definition of leadership.

[Activity] Whole group plenary around evaluating the implications of this definition of leadership. The emphasis of Rost (1997) on mutual purpose hopefully may encourage the group toward seeking a definition of ethics.

In Chapter 14, ethics was defined as ‘moral principles that govern a person’s behavior or the conducting of an activity’ (*The Oxford Dictionary of English*, 2006, p. 595). J. C. Rost’s (1997) definition of leadership informed by ‘mutual purpose’ offers one way of responding to this challenge that is developed further in the fifth element of the workshop.

Initiating a workshop discussion of definitions of key terminology is pertinent to teaching OCLE. However, seeking to define key terms also raises concerns about what to include and exclude (boundaries and relationships) when considering OCLE. In reviewing many accounts of leading organizational change (Hughes, 2016a), I began to appreciate that different fields of study inform theories and practices. A leadership scholar or an organizational change scholar could offer OCLE explanations from their different spheres of expertise. If you revisit earlier chapters in this edited reader, the reference lists highlight the favored field of the author/s. I fear that appreciation that change leadership is a sub-field informed by two more-established fields of organizational change studies and leadership studies is often overlooked (Hughes, 2018). The implication is that

your own favored field of expertise will influence the approach to teaching OCLE which you favor.

Whilst drafting this chapter, I encountered Barthold's (2013) review of the first edition of this edited book. He tempered his positive comments with concerns about a lack of substantial engagement with the history of philosophy, in particular phenomenology and post-structuralism. Our teaching, research and scholarship are always informed by choices around what to include and exclude, although these choices are often implicit rather than explicit. For anyone, interested in exploring further the contested nature of organization studies, please see Hughes (2013). In the context, of your OCLE workshop, you must choose what to include and what to exclude. It would be worth sharing your boundaries/relationship choices with workshop participants at this stage in the workshop as they may have their own OCLE expectations/assumptions which will inform their perceptions of the workshop.

There is no universal approach to teaching OCLE and how we teach OCLE is contingent on the choices we make. For example, Barthold (2013) would probably major on 'the history of philosophy', whereas I would follow a different path. Teaching, research, and scholarship are often celebrated as being objective and scientific, but the choices we make are never neutral. In my scholarship, I found Van de Ven's (1989) observation that a way of seeing is a way of not seeing very helpful. Barthold's (2013) interest in a post-structuralist perspective on ethical organizational change leadership is as legitimate as my interest in a social constructionist perspective. Each is a way of seeing, but equally we need to remember that it is a way of not seeing (Van de Ven, 1989). These choices are magnified in teaching ethical organizational change leadership. Each component – ethics, organizational change, and leadership – are contested and contentious in their own right.

I am mindful that this workshop could have majored on the contribution of Greek philosophers and their highly influential ethical frameworks as a way of seeing. However, I fear that this may be a way of not seeing transformational leadership, particularly when this afternoon, we address the dark side of transformational leadership (Tourish, 2013).

Transformational Leadership Misunderstood and Misrepresented

In the introduction to *Leadership ethics: Mapping the territory*, Ciulla (1995) critically questioned why were leaders so morally disappointing? What is troubling is that she raised these questions before the current fetish to lead organizational change and transformation in organizations and societies. Organizational change debates often speak enthusiastically to unknown futures. However, tracing the historical evolution of these debates and how history was written informs current organizational change leadership understanding. In *The leadership of organizational*

change (Hughes, 2016a), I deliberately took a 35-year overview of publication milestones. The disadvantage of this was that it was impossible to document and quantify everything ever written. The advantage was that publication milestones could be considered in their political, cultural, and economic context. I wanted to understand what had informed current interest in leading organizational change and transformation and if this interest had been empirically informed or culturally informed.

Leadership (Burns, 1978), for myself is one of the most-important publication milestones informing leadership theories and practices. It was the starting point I chose to review the literature (Hughes, 2016a). Whilst not the first instance, Burns (1978) gave impetus to a differentiation between transformational leadership and transactional leadership. What is pertinent, yet often overlooked, is that he was a political scientist, rather than a management and organization studies academic. It was Bass (1985) who subsequently encouraged the application of transformational leadership to organizations and organizational performance. An overview of the development of transformational leadership was offered by Bass and Riggio (2006; see Box 15.1).

This is another of those workshop moments, in that you could spend the whole day on transformational leadership; consequently, coverage must be focussed. There has been considerable interest in transformational leadership (Diaz-Saenz, 2011), but by way of introducing transformational leadership, I would major on three publication milestones (see Box 15.1). These publication milestones help to explain how transformational leadership as originally envisaged placed an emphasis on moral leadership, but that this emphasis appeared to be lost in translation in the development of transformational leadership over time.

Burns (1978, p. 4) had a vision of transforming leadership as moral leadership emerging from and always returning to ‘... the fundamental wants and needs, aspirations, and values of the followers’. This vision was very different from Bass’s (1985) later conceptualization of transformational leadership (see Carey, 1992 and Simola et al., 2010 and Khanin, 2007 for further discussion). Burns (1978) encouraged greater engagement with followers (collaborators) and acknowledged

BOX 15.1 TRANSFORMATIONAL LEADERSHIP PUBLICATION MILESTONES

Year	Author	Title
1978	Burns	<i>Leadership</i>
1985	Bass	<i>Leadership and performance beyond expectations</i>
2006	Bass and Riggio	<i>Transformational leadership</i>

leadership as dissensual and the idea that leaders potentially invent/create (socially construct) institutions, ideas, and memories. Leadership theories and practices could have taken a very different route if Burns (1978) vision of leadership had been fully and properly comprehended and acted upon. Yukl (1999) famously subsequently criticized transformational leadership as suffering from vague underlying influence processes, not recognizing/identifying situations in which transformational leadership had a detrimental outcome and working with an implicit assumption of a heroic leader. Unfortunately, the term ‘transformational’ came to be interpreted literally as organizational transformation, this common misunderstanding of transformational leadership left a very negative legacy of transformational leadership (Haslam et al., 2020).

[*Activity*] In small groups, consider why do you think that the moral emphasis of transformational leadership as envisaged by Burns (1978) came to be associated with organizational transformation?

[*Activity*] The whole group plenary could explore different answers. Depending on group responses, you could explore the calculated nature of the ‘common misunderstanding’ as highlighted by Haslam et al. (2020).

The Dark Side of Transformational Leadership

In earlier writing and more practically orientated teaching, I struggled to promote ‘a history of philosophy’ ethics approach, as a way of seeing (Van de Ven, 1989). In later years, I found acknowledging a dark side of organizational life (please see Hughes, 2019 for an overview of this literature) more meaningful for myself and I believe for workshop participants. My motivation in encouraging looking at the dark side was my unease with the exhortations (at times aggressive) of change leaders. The ‘what we need is strong leadership’ discourse appeared to be socially accepted and more troublingly often unchallenged by academics.

Instead, I favored more critical accounts. In this sense, I welcomed Duarte’s (2010) encouragement for future managers to appreciate using power ethically and to acknowledge civil societies demands for ethical standards in management. For McMillan (2016), organizational change thinking should embrace moral, political, and ethical aspects, rather than regarding organizational change as apolitical, measurable, and predictable. I concede that this is not the orthodoxy in organizational change teaching, but when these ethical requirements are made explicit, they do not seem so radical.

The dark side may be understood as a container concept, in which unacceptable activities in organizations are questioned more or less critically. Linstead et al. (2014, p. 165) offered a warning in their informative critical overview of the dark side of organizations literature.

... the tendencies of mainstream work to overlook, ignore or suppress difficult ethical, political and ideological issues, which may well mean life or death to some people, has in recent years led to a research that self-identifies its concerns as being with the dark side.

Whilst Linstead et al. (2014) are particularly interested in the organizational and structural aspects of the dark side, a good introduction in a teaching situation might be considering the dark side when applied to a senior individual leader. Boddy (2011) in *Corporate psychopaths: Organizational destroyers* highlights how large corporations can be destroyed by senior directors. His concern is that senior directors frequently fail to take responsibility instead placing the blame on others. He goes as far as to suggest that some of these directors display characteristics of psychopaths, and labels them 'corporate psychopaths'.

A recurrent academic dilemma can be in terms of gaining research access to these senior and invariably powerful 'corporate psychopaths'. Boddy (2017), in his paper published in the *Journal of Business Ethics*, presented a real-life anonymized case study of a Chief Executive who he perceived as displaying the characteristics of a corporate psychopath. This case study makes for a disturbing and deeply troubling read, but if you have online access to this journal, it potentially provides a valuable workshop resource.

[Activity] Ask pairs to read the corporate psychopath case study (Boddy, 2017) and then discuss what they would realistically and pragmatically do, if they found themselves working for such a leader. After pairs discussion, widen to a whole group discussion around how do you respond to corporate psychopaths working at very senior levels inside organizations.

My route into the dark side literature was through *The dark side of transformational leadership: A critical perspective* (Tourish, 2013). The main body of the book includes a series of very readable transformational leadership case studies, including Enron, Jonestown, and Militant Tendency. For Tourish (2013), leadership was part of the problem we face, rather than being the solution.

Enron's intention was to become the world's leading company, in 2001, its bankruptcy was the largest in US corporate history. Prior to this, *Harvard Business School* produced 11 case studies into Enron, celebrating its 'successes' and commending its business model to others; subsequently these case studies were discreetly withdrawn (Tourish, 2013).

Enron favored a 'rank and yank' appraisal system similar to the appraisal system of Jack Welch at General Electric (please see Amernic et al., 2007). Employees were rated and divided into three groups twice a year. The 'A's were challenged as well as being given large rewards. The 'B's were encouraged and they were affirmed. The 'C's were told that unless their work improved considerably, they would have to leave. It was almost impossible to improve enough to move from 'C' to 'B', consequently these staff invariably promptly left. This appraisal system encouraged employees to compete against each other. It was in the interest of

every individual that somebody else received a poorer rating than their own (Tourish, 2013).

[Activity] In small groups, consider the real-life case studies (in Tourish, 2013) from the perspective of the dark side of transformational leadership. The plenary should focus on the implications of acknowledging the dark side for leaders, leadership, and broader organizational life.

Leadership: Discourse, Metaphors, and Framing

Large bodies of literature inform each of the themes (discourse, metaphors, and frames) of this element of the workshop. Once again, there is a need to be selective in focussing on issues relevant to OCLE. This quotation appeared in an internal banking magazine in the early 1990s, the target audience was the employees of the bank, rather than their customers.

I'm not an axeman, he says. But it is certainly true that I was responsible for taking the decision to close areas of our operations that were not contributing properly, areas which were weak and whose weakness would have infected the rest of the organization. It was very hard to do. No-one likes to tell someone that their job no longer exists – no one, that is, who isn't cruel or vicious.

The quotation was attributed to the incoming Chief Executive of the bank. In his previous organization, he had led a change program resulting in many redundancies. In workshops, I like to use this poignant quotation with groups to encourage discussion about how leadership language shapes thinking (discourse), how leadership language is reliant on metaphors, and what is particularly interesting is what is included/excluded (framing) in such leader communications.

[Activity] Provide small groups with some of the aforementioned contexts before asking them if they were employed in this bank how would they read the quotation. Alternatively, choose a more recent quotation in a sector relevant to your group. Small group discussion could be followed by a whole group plenary beginning engagement with leadership discourse, metaphors, and frames.

A discursive approach to organizational phenomena is more than a focus on language and its usage in organizations. It highlights the ways in which language constructs organizational reality, rather than simply reflecting it.

(Hardy et al., 2005, p. 59)

Discourse-centered understanding of organizational change has the potential to inform both scholars and practitioners. Grant and Marshak (2011) encouraged focusing on discourse, text, context, and conversation, with three potential benefits of such an approach.

1. Encourages a focus on communicative and discursive practices such as conversations.
2. Highlights processual and temporal aspects of organizational change.
3. Potential to develop further theory and research.

[*Activity*] In small groups, use the Internet to search for examples of organizational leadership language. Analyze how this language either ethically or unethically constructs organizational reality. In the whole group plenary, encourage sharing examples of leadership discourses that have been identified.

As human thought processes are largely metaphorical (Lakoff & Johnson, 1980), metaphors offer another means of engaging with OCLE. Amernic et al. (2007) analyzed the transformational leader Jack Welch's CEO letters using the root metaphors of a transformational leader as – pedagogue, physician, architect, commander, and saint. And Alvesson and Spicer (2011) in a highly readable book highlighted six metaphors for the leader as – gardener, buddy, saint, cyborg, commander, and bully.

[*Activity*] In pairs, identify a leader known to you or a leader in the public domain. Apply the leadership metaphor frameworks of either Amernic et al. (2007) or Alvesson and Spicer (2011) in considering the ethical aspects of the actions of these leaders.

Consideration of leadership discourses, metaphors, and frames inevitably overlap. There has been growing interest in leadership and framing, although Cornelissen et al. (2011) in their review of framing and legitimization of strategic change traced the idea back to Bateson (1955/1972). Fairhurst (2005) offered an informative scholarly overview of leadership and framing, but in the context of a teaching workshop, her practically orientated books (Fairhurst & Sarr, 1996; Fairhurst, 2011) on framing leadership may be particularly useful. The analogy of a photographer framing their subject so that a person viewing the photograph knew what the photographer intended is useful in considering how a leader might frame a situation in a specific way. What they choose to include/exclude becomes relevant, rather than thinking merely in terms of an information exchange. In offering guidance on the leadership context of framing, Fairhurst (2011, p. 184) suggests 'first, you must focus on the "who, what, when, where, why" details of the situation at hand to discern framing at work. Second, you must figure out the design problem of the leader or leaders involved'.

[*Activity*] In small groups, use one of the earlier leadership instances or a new instance and discuss how the problem was framed and then consider how this framing encouraged (or did not encourage) an ethical approach.

This workshop element majored on discourse, metaphors, and framing in seeking to shift the emphasis away from leaders toward the recipients of leader communications. The final element of the workshop majors on the so-called 'followers' of leaders.

Followers: Leadership Problem or Leadership Solution

In Grint's (2010) account of leadership, he ironically asked – what about the followers? In critically questioning the underrepresentation of followers. Grint (2010) was not alone (see for example Baker, 2007; Kellerman, 2013). There has been an increasing acknowledgment that leadership cannot be understood without understanding followers and their relations with leaders. However, a huge imbalance remains in the volume of leadership literature and research in comparison with literature and research focusing on followers. In Box 15.2, the first quotation (Bennis, 1982) is taken from his appreciative review of *Leadership* (Burns, 1978). Two decades later, the second quotation (Grint, 2005) again makes the case for greater engagement with leader–follower relations.

[Activity] Small group discussion around the implications of these two quotations for OCLE. Share these discussions in the whole group plenary.

This whole group discussion should present an opportunity to discuss why theories and practices have increasingly focussed upon leaders, rather than followers. There are many cultural, contextual, political, and economic explanations that could be offered for this perceived imbalance. My concern is that the emphasis of Kotter (1995/1996/2012) and *Harvard Business School* on leading change rather than managing change gave impetus to leading and leadership raising expectations of what could be achieved.

In terms of the follower theme of this element of the workshop, Kotter's (1996/2012) *Leading change* may be used again to illustrate how followers were explicitly disparaged. The illustrative quotations in Box 15.3 are taken verbatim.

These quotations do not just disparage the resistance of followers. They also celebrate the agency and necessity of leaders in challenging resistant followers. This is the leader–follower asymmetry that concerned Grint (2005).

BOX 15.2 LEADERSHIP AND FOLLOWER RELATIONS QUOTATIONS

Leadership is collective; there is a symbiotic relationship between leaders and followers, and what makes it collective is the subtle interplay between followers' needs and wants and the leaders' capacities to understand, one way or another, these collective aspirations. Leadership is dissensual: that is, without conflict (peacefully managed); we would all be trapped in a false utopian dream. (Bennis, 1982, p. 204)

... where the relationship between leaders and followers is asymmetrical in either direction: weak/irresponsible leaders or weak/irresponsible followers, then success for the organization is likely to be short-lived because feedback and learning is minimized. (Grint, 2005, p. 105)

BOX 15.3 RESISTERS, BLOCKERS, AND FOOT DRAGGERS AS DEPICTED BY KOTTER (1996)

... quick performance improvements undermine the efforts of cynics and major league resisters. (p. 123),

these blockers stop needed action. (p. 114),

Colin was typical of the foot draggers. (p. 104),

the key lies in understanding why organizations resist needed change ... (p. 16).

[Activity] In pairs, discuss by implication what role is being constructed for leaders by the depictions of employees in Box 15.3. As a whole group, explore how metaphors are being invoked, how the organizational change problem is being framed, and what discourse of leading change is beginning to evolve.

This framing has sadly gathered traction and momentum over the decades. I fear that today if somebody was asked to lead/manage change their first thought, might be, how do I overcome resistance to change. The current depiction of change leaders overcoming resistance to change is integral to how organizational change, leadership, and ethics have been framed in many organizations and unfortunately universities.

Marshall (2016) in her handbook for higher education leaders described Kotter's (1996/2012) *Leading change* as a classic. The change leader is presented as the organizational solution to the problematic employees – the former the hero, the latter the villains. An ethical focus is placed on problematic employees, removing the ethical focus from the actions and behaviors of heroic leaders. It is not so much a case of a dark side of the activities of these leaders as being in the dark about the activities of these leaders.

Rost (1991) used the term follower in his critical review of leadership studies. However, in a later paper (Rost, 1997), he abandoned the term in favor of the term collaborator. This is far more than a semantic shift when considering organizational change, collaborator speaks to issues of participation and engagement. Collaborator shifts the responsibility for successful organizational change away solely from a heroic individual leader or small leadership group, with responsibility becoming far more shared and collaborative.

Dualisms of heroic leaders leading change and subordinates resisting change need to be retired. Ethical organizational change leadership is more likely when responsibilities are shared and collaborative. Haslam et al. (2020: 1) argued ‘... for a new psychology that sees leadership as the product of an individual’s

“we-ness”, rather than his or her “I-ness”. The rarely cited leadership writings of Rost (1991) have had a big influence on my own thinking and writing. He concludes his book with an acknowledgment that all kinds of potential future are possible with transforming leadership regarded as one such possibility or impossibility. I do believe that ethical organizational change leadership is not just an obligation in the 21 century; it could be beneficial for organizations and their beneficiaries.

Concluding comments

In successful workshops; participants may have been quite candid in sharing their own beliefs and values around OCLE. In my own workshops, I like to conclude with a round of learning points. These are different from evaluations around what a participant liked or disliked about the day. Instead, they offer an opportunity for every participant to share with the whole group one thing they learnt about OCLE during the day. It doesn't have to be about a tutor input, it could be something a participant learnt about OCLE during a lunch-time discussion. The round of learning points brings some closure to debates during the day and importantly gives a voice to those participants who made the workshop possible, an appropriate point at which to conclude.

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16

TOWARD INTELLIGENT DISOBEDIENCE: ACADEMICS LEADING BY EXAMPLE

Mark Hughes, Bernard Burnes, and Rune Todnem By

Introduction

With his emphasis on science in combination with democracy, Lippitt et al. (1958, p. vii) referred to Lewin in the preface of one of the earliest books written about organizational change: 'It was his idea that science and democracy should merge in a widespread sharing of the rational processes of making decisions, taking action, and testing consequences. This means assuming and exploring a wide area of change potential in the individual, the group and the community'.

Acknowledging Kurt Lewin's contribution, Lippitt et al. (1958) were enthusiastic about how organizational change theory and practice was going to advance. They were interested in advances not just in organizations, but in wider communities. It is therefore difficult to imagine what they would have made of academics being dictated by excellence frameworks (such as the Research Excellence Framework in the United Kingdom), and increasingly seeking to publish their work in the highest-ranked journals, rather than in the most appropriate journals.

Sixty-plus years later, Lippitt et al. (1958) would probably be pleased with the subsequent volume of writing and science/research informing organizational change practices. However, they probably would be disappointed with progress in terms of writing quality, mainly what has consequently been prescribed for practice. Is the change leadership evident in organizations today underpinned by a belief in democracy and broader community interests? It is relatively easy to take an inventory of the ethical failings of organizational change leadership. However, in this concluding chapter, we wish to rekindle the 'what might be' spirit of the opening quotation.

We want to raise awkward questions for ourselves and hopefully for readers about an uncomfortable orthodoxy that has developed around organizational

change theories and practices. Earlier chapters encouraged more ethical approaches toward organizational change leadership. We share these ambitions, but we wish to conclude with a broader critical questioning. We question academic obedience to an orthodoxy that potentially impedes academic accounts of organizational change leadership that again inform practice. Hence, this chapter is organized around four closely related questioning themes – orthodoxy, organizational change, change leadership, and universities/business schools. By way of introduction, the rationale for these four themes is summarized.

First, despite the rhetoric and appearance of change in organizations and societies, many fundamental aspects of organizations and societies do not change. Is the role of academics to maintain such orthodoxy or to challenge it? How might we shift from conformist obedience to intelligent disobedience? Second, potentially all organizations could change in participative, collaborative, and democratic ways, the hope Lippitt et al. (1958) nurtured at the beginning of this journey. A failure of organizational change practices to become more participative and collaborative raises an awkward question: why haven't such organizational change practices been more prevalent? Third, we acknowledge change leadership becoming the discourse of the past two decades and how it is increasingly perceived as a solution to a problem. However, in the light of organizational and societal interest in change leadership, why is much of the research and theory informing practice so pathetic? The fourth and final theme in drawing together the three earlier themes is the most awkward and most challenging: do universities and business schools employ, embrace, and prescribe the best organizational change leadership ethical (OCLE) practices? Or, do such institutions employ and prescribe the most lucrative organizational change leadership practices? Each of these four themes answers a focussing question:

- Questioning orthodoxy: What is the role of intelligent disobedience?
- Questioning organizational change: What is the role of participation and collaboration?
- Questioning change leadership: Where are the meaningful theories and research?
- Questioning universities and business schools: Agents of change or legitimators of favored beliefs and practices?

Questioning Orthodoxy: What Is the Role of Intelligent Disobedience?

Burn's (1978) in his landmark account of moral, transforming (not 'transformational' and popularly interpreted in order to support a focus on the leader role), and transformational leadership critiqued leadership studies as suffering from intellectual mediocrity. His role in encouraging transformational leadership was frequently acknowledged, less-often acknowledged was his desire for institutions

and societies as well as leadership studies to be transformed. Something was lost in the translation from his vision of leadership to the questionable form of transformational leadership now employed in organizations (Yukl, 1999; Storey, 2010).

Calas and Smircich (1991, p. 568) in their review of leadership studies over 25 years ago observed ‘... the more things change, the more they remain the same’. Ambitious, forward-looking academics might question our dated references, but we would argue that we are still on the same obedient trajectory that troubled these influential scholars. We do not read their strong criticisms of leadership studies as a critique for critique’s sake. They disobeyed the intelligent academic orthodoxy of leadership theories and practices they encountered. They hoped that leadership as we understand it might be transformed.

You might want to reassure yourself that there has been an enormous growth in organizational change and leadership studies since the 70s and 90s. However, the quality of this large volume of literature has been critically questioned (see Thomas & Hardy, 2011; Anderson & Sun, 2017; By, 2020; By, 2021). If we look at publications which combine leadership and organizational change, the most frequently cited book is Kotter’s (1996) *Leading change*. This practitioner-oriented book devoid of references prescribes steps that are not grounded in original research or tested by Kotter through research (see Hughes, 2016, for further critique). There is a literature out there that reflects academics’ capabilities far better, so why is *Leading change* still so prominent on so many university library book shelves?

Tellingly, Kotter (2012, p. vii) chose not to revise the main body of this book when an edition with a new preface was published in 2012 claiming ‘the material in this book is not only still relevant now, sixteen years after it was published, but I believe it is more relevant, and for one reason the speed of change continues to increase’. The ethics of the change leadership approach Kotter (1996/2012) was encouraging was highlighted in the previous chapter. The concern in this chapter is that despite the global financial recession and many other significant developments in organizations and societies between 1996 and 2012, the author believed that changes to leading change were not required. There is considerable irony in prescribing leading change whilst simultaneously resisting change and maintaining an arguably outdated, yet highly significant change leadership orthodoxy. In the Lippitt et al. (1958) spirit, we feel an obligation to question this orthodoxy.

Organizations and communities, particularly in the west, are still suffering the austerity consequences of the 2008 global financial crash. Economists were unable to predict the scale and nature of the crash. However, when we look for causes of the global financial crash, academics have explained how organizational change leadership may have played a role. This role becomes particularly apparent if we look to the leadership of change and transformation in the banking/finance sector (see Knights & McCabe, 2015; Tourish & Hargie, 2012; Tourish, 2013).

As academics researching, teaching, and prescribing change leadership practices, we have had to take our inventories. Did theories, models, and concepts of organizational change leadership taught in universities encourage ethical approaches? This edited collection of readings provokes debate in promoting more ethical approaches toward leading change. More broadly, academics in universities and business schools do have a responsibility to ensure that their research, teaching, scholarship, and consultancy discourages the unethical approaches which Knights and McCabe (2015), Tourish and Hargie (2012), and Tourish (2013) highlighted. A recurrent theme of this chapter is that observing, researching, and writing about OCLE isn't enough. Nothing changes until observations, research, and writing inform and encourage theory development in support of ethical actions and practices.

Intelligent disobedience as a concept offers a way forward to challenge the current academic organizational change leadership orthodoxy. Chaleff (2015), a former technology activist and chief executive of the *Creative commons*, gave impetus to this concept with clear implications for leaders, leadership, and those studying leadership. Instead of 'purposeless obedience', which might be the easiest path through the complexities of modern life, intelligent disobedience encourages moral courage. The art of such moral courage appears to be knowing when and how to disobey: 'Intelligent disobedience requires refusing to follow orders that are either unlawful or will produce harm' (Thomas & Chaleff, 2017, p. 59/60).

Taking it a step further, it can be argued that organizational members at all levels, ranging from trainees to CEOs and board members, have a duty of loyalty to their organization and its wider purpose. Hence, they don't have a duty of loyalty to the leadership if the leadership itself is disloyal to the organization and its purpose. In other words, employees at all levels, including leaders, have a duty of loyalty to the organization and wider society, not to the leaders per se.

Consideration of intelligent disobedience in two very different settings further elaborates this concept and its implications for OCLE. *The Center for Army Leadership* based at Sandhurst published a paper with the provocative title *The Intelligently disobedient soldier*. In the paper, Clark (2017) drew upon Chaleff's (2015) writings as well as military history to provoke debate within the *British Army* with regards to encouraging critical thinking and potentially improving leadership and decision-making through the application of intelligent disobedience. The paper also posed the awkward question: was the *British Army* fertile ground for intelligent disobedience to take root and flourish?

This question could be applied to universities and business schools that often celebrate historical ways of working despite espousing change and transformation. On one level, the critical thinking of scholarship and the evidence testing of research is integral to what we do. The emphasis on history (think graduation ceremonies/rituals) and the emphasis on performance (think research excellence frameworks/teaching excellence frameworks in the United Kingdom) may impede intelligent disobedience from taking root and flourishing. Questioning the

role of universities and business schools is considered further in the final section. In the interim, another vision, this time of what might be possible in higher education is informative.

McMurtrie (2017) reported on the Media Lab at the *Massachusetts Institute of Technology* (MIT) offering \$250,000 to the winner of its inaugural Disobedience Award. The award was created to promote work pushing against structures stifling creativity, innovation, and change, celebrating the kind of disobedience which can benefit society. There is an interesting call back here to Lippitt et al.'s (1958) organizational change ambitions. This may be contrasted with U.K. universities, for example, which emphasize and encourage individuals, with performance awards and rewards for staff encouraging competition amongst academics. Promotions sometimes appear to be rewarded for obedience toward institutional leaders' strategies and visions, rather than recognizing that even the best leader sometimes needs to be challenged and held accountable by those they lead.

The *British Army* and *Massachusetts Institute of Technology* illustrations highlight the potential of cultivating intelligent disobedience in organizations. It is worth acknowledging that Chaleff (2015) differentiates intelligent disobedience from civil disobedience, which is more applicable at the societal level. It is also essential to recognize that neither obedience nor disobedience is universally appropriate.

Obedience and disobedience are terms and concepts, which are neither inherently good nor bad. However, put in a context, they can gain either positive or negative connotations.

(Thomas & Chaleff, 2017, p. 62)

They highlight how, in the U.S. military, there is an obligation to disobey an order if it is illegal, but equally many orders in the U.S. military are obeyed. If we think about organizations more generally, intelligent disobedience potentially speaks to so-called 'followers' who traditionally have been underrepresented within leadership literature and research (Baker, 2007; Kellerman, 2013). In U.K. public services, the Performance Improvement Unit (2001) highlighted responsible followers preventing irresponsible leaders, warning that where followers were unable or unwilling to constrain their leaders, the organization itself may well suffer.

The exercise of moral courage is not an easy path to follow; in most situations, it is easier to attribute blame and responsibility to a single leader or a small team of leaders. Colloquially speaking 'we take the monkey off our back and place the monkey on somebody else's back', it may seem easier that way. This acquiescence can take the form of silent followership of leaders. Rather than challenging managerial authority, silence is perceived to be self-beneficial, but may not be beneficial for the organization (Grint, 2010).

Intelligent disobedience in the context of organizational change implies far greater active engagement in change processes, being active participants rather

than passive observers. It involves taking on board some responsibility for organizational change successes and failures, and importantly, the ethical way such outcomes are achieved. It is the antithesis of the Kotter (1996/2012)-type leading change models (see the previous chapter) in which powerful guiding coalitions focus their energies on overcoming employee resistance. Instead, leaders could actively encourage employees' challenges where appropriate, rather than encouraging employee acquiescence to their power. We regard this concept as potentially fruitful with regards to organizational change practices. However, in the following sections, we want to focus more on how academics might employ intelligent disobedience in encouraging more ethical approaches toward organizational change leadership.

Questioning Organizational Change: What Is the Role of Participation and Collaboration?

In his account of the dark side of transformational leadership, Tourish (2013) warned that leadership models appears to preclude corrective feedback to followers' leaders. He beautifully parodies some leaders as tone-deaf, although still convinced that they are the bearers of songs that must be sung. We have heard these songs and, here, make the case for greater emphasis on participation and organizational change collaboration. Alvehus (2021), in a thought-provoking essay, highlighted docility as an ontological foundation enabling the phenomenon of leadership. Are we challenging this foundation, or are we reinforcing it? Most troublingly, are we made docile by this ontological foundation?

Organizational change, by definition, can be excessively forward-looking. In the context of leadership, Grint (2008, p. 116) encouraged going back to the future '... to see how those futures are constructed by the very same decision-makers and consider the persuasive mechanisms that decision-makers use to make situations more tractable to their preferred form of authority'. Current OCLE orthodoxy informs certain decision-makers' authority, but does it serve wider interests of organizations and societies. Going back to the future is informative in questioning OCLE orthodoxy. One of the earliest organizational change papers published in *Human Relations* benefitted from a succinct though misleading title '*Overcoming resistance to change*' (Coch & French, 1948).

The authors undertook pioneering research at the Harwood Manufacturing Corporation in the U.S.A. In response to increased post-World War II demand for consumer goods, new production methods were being introduced. The mainly female plant employees resisted the latest production methods. Management wanted to know why their employees were resisting change and how they could overcome this resistance. This managerial ambition may have been reflected in the paper title, but it did not reflect the researchers' findings (see Burnes, 2015 warning that the paper is frequently cited without being read).

It is possible for management to modify greatly or to remove completely group resistance to changes in methods of work and the ensuing piece rates. This change can be accomplished by the use of group meetings in which management effectively communicates the need for change and stimulates group participation in planning the changes.

(Coch & French, 1948, p. 531)

This pioneering research supported adopting a participative approach to the implementation of organizational change. The erroneous legacy has been a belief that for organizations to change, overcoming resistance is required (see Hughes, 2019 for an overview of such literature's evolution). The historiography of organizational change has developed in which employees' resistance is depicted as the problem, and by association, the agency of leaders/managers becomes the solution. But, what if leaders are part of the problem, rather than the solution (Tourish, 2013)?

Cooke (1999), in his historiography of the management of change, focused on three scholars' contributions: Kurt Lewin, John Collier, and Edgar Schein. He regards each of these scholars as demonstrating a belief in egalitarianism, the working class, opposition to hierarchy, democracy, a desire for social justice, and progress through reform or revolution. He persuasively argues that these scholars' contributions are selectively presented in managerialist terms with their left-wing beliefs and values invariably omitted. Organizational change leadership would benefit from a more profound and more knowing acknowledgment of these scholars' contributions.

Historiographies informing favored orthodoxies have implications for debates provoked in this edited reader. If employees are the problem in organizational change, they should be the focus of critical ethical scrutiny. However, if employees are not the organizational change problem or only part of the problem, then critical ethical scrutiny should be focussed more broadly.

Individual and heroic leadership models have increasingly been critically questioned by academics (Collinson et al., 2018). However, such critiques raise questions about alternative forms of agency. Academics asking critical questions of leader agency are far outnumbered by those celebrating leader agency. Raelin (2016) offers an example of intelligent disobedience in the face of leadership orthodoxy, making a convincing case for reframing leadership as collaborative agency. Although his focus is leadership in general, rather than organizational change leadership, his concerns chime with themes in this chapter and the previous chapter.

The concept and practice of leadership have been overused and oversold to such an extent that the meaning of leadership is no longer conceptually intact, while its practice has become minimally suspect. There is no consensus, for example, that leadership be singular or plural, that it be a trait or a set of behaviors, or that it be best viewed as a subject or as an object.

(Raelin, 2016, p. 131)

The conceptual slipperiness which Raelin (2016) is spelling out in this quotation has implications for academic questioning, but also for reframing leadership as collaborative agency.

What is the role of participation and collaboration? Academic intelligent disobedience could begin with questioning histories of management currently taught in business schools and universities. Cummings et al. (2017) offer a vision of what might be in their *A new history of management*. More specifically, do we encourage participation and collaboration enough in how we teach organizational change leadership?

Questioning Change Leadership: Where Are the Meaningful Theories and Research?

Tourish (2013) questions the traditional conception of leaders as the solution to deal with problematic organizational employees. This questioning encourages rethinking leadership theories and practices. Leadership as seduction is often critically acknowledged, but it is less common to read acknowledgment of the seductive effects of organizational writing. Organizational writing was the critical target of Calas and Smircich (1991) when they gave impetus to notions of leadership as seduction. If you are open to such subversive intent, Spector's (2016) critical appraisal of leadership discourses becomes far more plausible. He warned that leadership was an ideal type, which was often presumed to be an empirical reality.

Initially, this warning does not resonate with the volume of leadership (Anderson & Sun, 2017) and organizational change (Thomas & Hardy, 2011) literature and the wealth of references cited in earlier chapters. However, embracing leadership as an ideal type, rather than an empirical reality, loosens the straitjacket of obedient orthodoxy. It is illustrative to look at the ideal type of leadership explicitly being assumed to be an empirical reality with specific reference to organizational change leadership.

It seems reasonable to assume that, because there is mounting evidence that leaders affect organization performance in general, surely they have an impact on organizational change in particular. We will proceed ... with the assumption that leaders have a significant influence on organizational change.

(Burke, 2008, pp. 227–228)

This quotation appeared in the second edition of Burke's textbook and, in mitigation, he revisited this passage in later editions of his text. For our purposes, it illustrates academic assumptions at work that are generally not this explicit, illustrating an ideal type '... leaders have a significant influence on organizational change', being assumed to be an empirical reality. Academic orthodoxy encourages belief in knowledge advancing through gap spotting/filling approaches.

However, as Alvesson and Sandberg (2011) have warned, the danger with such orthodoxy is that management and organization studies (M.O.S.) assumptions are not challenged. In Calas and Smircich's (1991) terms, everything changes, and nothing changes.

Questioning the assumption that leaders have a significant influence on organizational change. Burke (2008) can be liberating in critically reviewing the literature. It is unlikely that you would question underlying change leadership assumptions in a gap-filling change leadership research design. After all, you are looking to add to a body of knowledge, not challenge this body of knowledge. When Ford and Ford (2012) reviewed empirical evidence regarding leadership and organizational change, they highlighted the lack of empirical evidence that would confirm that leadership does have an impact upon organizational change, or even how leadership would impact organizational change.

International leadership experts have questioned belief in leadership as instigating change (Storey et al., 2017). Potentially, there may be real merit in change leadership, for example, in delivering health and education services changes. Storey et al.'s (2017) concerns relate to a lack of empirical understanding of how leadership influences successful/unsuccessful organizational change outcomes. They are not critical of organizational change leadership, but rather critical of notions that organizational change leadership is currently an empirically informed practice.

It is essential to acknowledge that attempts to undertake meaningful research into the impact of leadership on organizational change would be methodologically challenging to address ambiguity, contexts, dynamism, and evaluation challenges (see Hughes, 2016 for further elaboration). These challenges explain the lack of convincing research evidence; however, in the face of the increasing prevalence of change leadership discourses, dissenting academic voices are in the minority.

We have previously expressed concerns about the state of leadership studies regarding organizational change (By et al., 2016; Burnes et al., 2018). The dilemma is that such critical reflexivity may be perceived as undermining organizational change as a field of study. However, answering the focusing question of this section may be far broader than a single field of study, it may be applicable across M.O.S. Tourish's (2020) *The triumph of nonsense in management studies*, does not reflect the dominant position of M.O.S. scholars and researchers, but it is illustrative of growing unease amongst influential academics about the state of M.O.S. He highlights the performative instrumentality of individual academics in seeking publication in the highest-ranked journals. His concern is that such instrumentality results in pretentious and inaccessible writing of exceptionally limited practical consequence.

Where are the meaningful theories and research? Intelligent disobedience amongst academics begins with asking such awkward questions. In the context of OCLE, particularly concerning change leadership, the suspicion is that an ideal type of

leading change has been perceived as an empirical reality. This perception does not negate the value of leadership or organizational change, but it does raise questions about the epistemic authority we appear to have invested in change leaders. More honest and transparent discussion of such limitations may not be beneficial for university and business school income streams but may benefit the wider society. This is the focus of the next section.

Questioning Universities and Business Schools: Agents of Change or Legitimizers of Favored Beliefs and Practices?

Is there an ethical obligation for universities and business schools to communicate the deficit of meaningful organizational change leadership theories and research to students, organizations, and societies? This would be a great question to pose to a university vice-chancellor (VC), but we suspect we are all too obedient. More generally, this type of awkward question isn't being raised enough, particularly in institutions generating income from organizational change leadership courses and organizational offerings. Intelligent disobedience encourages raising such problems, and early themes of this chapter around orthodoxy preferences, lack of faith in collaboration and participation, and a lack of meaningful theories partially explain why universities and business schools aren't raising such questions. More troublingly, universities should be exemplars for other organizations in their practices of ethical change leadership, but have they failed in this responsibility?

The opening quotation from Lippitt et al. (1958) may be juxtaposed almost 60 years later with this quotation taken from Docherty's (2015, p. 149) *Universities at war*.

We live, we are always told, in times of rapid change; change, we are told, is endemic. We might, therefore, ask why nothing ever changes, and why it always remains the same. Why it is that progress towards democratic participation in societies that seek to enhance freedom and to extend justice is seemingly stalled?

In his preface, Docherty (2015), a Professor of English and Comparative Literature, acknowledged that he researched and wrote the book under awkward circumstances being suspended from his position at the *University of Warwick* for most of 2014. In many ways, he exemplifies the intelligent disobedience theme of this chapter.

We need to understand the U.K. higher education sectoral context, and Docherty (2015) highlights in 2014 academic pay rises being limited to 1% whilst there were pay rises of 22% and, in one extreme case, 39% for VCs. Docherty (2015) notes how VCs claimed that institutions could not afford to pay academics any larger percentage raise, with cases of PhD holding newly emerging academics being employed on zero-hours contracts and support staff outsourced to private

companies with the choice of lower pay or losing their jobs. Docherty (2015) might be dismissed as an atypical, disaffected university academic. However, Conservative government ministers have been particularly vocal in criticizing university leaders (see Havergal & Bothwell, 2017; WONKHE, 2017 for an overview of this debate).

Docherty (2015) argued that many VCs embraced the role of a super manager. He argued that their position was more authoritarian than authoritative. He believed that academics now were required to have a duty to their VCs rather than their students, 'in the cult of managerialism, one is only ever as good as one's last class, one's last article and one's last hour's work ...' (Docherty, 2015, p. 61). He argued that universities' leadership involved constant performance monitoring and audit systems with wrongdoing such as debate, argument, and criticism classed as dissent. If Docherty (2015) is correct, we have come a long way since Burn's (1978) encouraged transforming leadership predicated on universities' dissensus. Leading change and transformation in universities now often appears to be characterized by coercive consent.

Docherty (2015, p. 92) warned that the university sector was hampered by a '... self-serving oligarchical and authoritarian elite who seek private gain and validate personal economic greed as the key driver of economic and social success'. He warned in parallel to the rise of these leaders was consultancy-style organizations themselves entirely parasitic upon the funds of the university sector and the financial sacrifices of students and their parents. He was concerned by similarities between the greed of university leaders (see WONKHE, 2017) and the greed of the bankers which resulted in the global financial recession and the consequent austerity programmes impacting universities and wider societies.

The *Times Higher Education* followed the troubling suspension of Docherty (2014, p. 43) closely, and he articulated his frustrations in a *Times Higher Education* article.

The possibilities for participation in democratic change are denied, because everything, including dissent, is managed and circumscribed to keep existing authority in power. Institutionally, it's called "change-management". We are perilously close to a position where the unquestioned power of management is declaring war on the academic community, the university itself: civil war in academia.

Differentiating 'change management' from 'change leadership' would have little consequence for Docherty (2015). He believed that managerial jargon, linguistic vacuities, and obfuscating subterfuge scar the language in which and by which academics are controlled. More substantively what interested Docherty (2015, p. 16) was a tension inherent in universities, 'the institution of the university is caught in a fundamental conflict between the fixity of myth and an agency of change. This dilemma describes the war around secularity that confronts the modern university'.

If we paraphrase his predicament facing universities, universities and their leaders are caught between preserving scientific truths and the forward-looking goals of facilitating financially lucrative new and future possibilities for humans and their societies. Unknowingly, Docherty (2015) calls back to Lippitt et al.'s (1958) earlier aspirations for science and democracy-informed change. Docherty (2015) wanted students and academics to reclaim their agency to challenge the fixity of myth, reclaim, and celebrate dissent and the unorthodox. Docherty's (2014a,b) challenges to academic orthodoxy are very radical and certainly not embraced by most academics. However, they do have implications for the themes discussed in this chapter. Docherty's specialisms of English and Comparative Literature are far removed from themes of this chapter.

If we focus more specifically on leadership studies in business schools, Butler et al. (2015) creatively researched business school academics' experiences undertaking leadership studies. Their research revealed respondents confronted with situations in external organizations that put their scholarly values to the test; in some cases, academics they researched had to compromise academic research norms. They cited Lisbeth pressurized to adopt specific sub-standard approaches and silenced her scientific opinion in the name of being relevant, and Robert felt like a merchant.

We share Ladkin et al.'s (2010, p. 127) concern that '... leaders "make change happen" is a belief core to many assumptions about how organizational change works'. If we use, Lippitt et al.'s (1958) idea that science and democracy should merge through sharing rational processes of decision-making, taking action, and testing, as a litmus test, our 'concern' feels insufficient. Societies and organizations are likely to assume that leaders make change happen is empirically informed until academics openly and honestly say otherwise. Doesn't this create an obligation for academics to communicate the lack of empirical evidence that leading change results in successful change outcomes (Parry, 2011; Ford & Ford, 2012; Hughes, 2016; Storey et al., 2017). Is it ethical to allow individuals and institutions purchasing courses and services to assume that leaders have a significant influence on organizational change?

Conclusion

In the following quotation, Raelin (2016, p. 132) raises the type of questions we have been asking to encourage intelligent disobedience:

If we determine that leadership is in our hands and minds to change, what shall we do with it? Are we happy with it as it currently stands? Is it serving to advance our civilization in a way that is sustainable to ourselves and to our offspring?

The challenge for intelligently disobedient academics is do institutions want such questions to be openly and publicly raised. There seems to be a growing tension between Lippitt et al. (1958) 's vision for organizational change and the emphasis on income generation of business schools today. This crossroads offers an opportunity for intelligently disobedient business school academics to assert the following. The most frequently prescribed approach (Kotter, 1996/2012) is fundamentally flawed and through encouraging manipulation is ethically problematic (Hughes, 2016). Such intelligent disobedience is problematic for institutions, but if academics do not raise these red flags who will? Change leadership may be highly beneficial to societies and organizations; however, this is more of a cultural belief than an empirical fact. As Tourish (2013) suggested, business school curriculums should explore the harmful effects of leadership, leader errors and leader misbehavior in general. These seem obvious inclusions, yet how many business school academics have read these titles in institutional module descriptors or lecture schedules?

Ghoshal's (2005) account of how bad management theories destroy good management practices was published posthumously and still sadly seems very relevant today.

Business schools do not need to do a great deal more to help prevent future Enrons; they need only to stop doing a lot they currently do. They do not need to create new courses; they need to simply stop teaching some old ones.

(Ghoshal, 2005, p. 75)

The contributions to this edited reader have shared a critical intent in focussing on the ethics of organizational change leadership. However, they could not be described as indicative of the orthodoxy in these fields. We suspect they do not reflect the orthodoxy of what is taught in business schools. This chapter has argued for a reappraisal of participation and collaboration as a potential counterbalance to heroic and individualistic leader ethical failings. We have also suggested that critically questioning organizational change leadership may offer a more honest and transparent account of what we don't know, as much as what we know. In the final section, we shifted our critical focus to universities and business schools and the state of M.O.S. However, changing this landscape will be far more challenging, as Ghoshal (2005, p. 79) warned:

In other words, a pre-condition for making business studies a science as well as a consequence of the resulting belief in determinism has been the explicit denial of any role of moral or ethical considerations in the practice of management.

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