

ФИЛОСОФИЯ

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**THE VALUES CHALLENGE FOR DEVELOPING ETHICAL
LEADERSHIP: RESEARCH AND PRACTICE AGENDA FOR VALUES-
BASED LEADERSHIP. PART 2***

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The authors argue that to achieve the shared aim of shifting 'from value to values' a move towards «moral capitalism» would be less constructive than embracing values-based leadership for sustainability.

This paper draws on a review of the nature of development, leadership development practice, empirical work and the use of metaphor to illustrate how morality varies by personal value systems. The Objectivists' view of the development and character of a person stemming from an external source including the Ten Commandments is juxtaposed to the Integrationists' viewpoint of modern science adopted by this paper; that leadership development is best guided not by moral norms but values-based leadership where motivational sources of human behaviour influence the actions of individuals and groups.

This paper explores three propositions: (i) Moral capitalism is over-simplistic when using ecological science to explore the relationship of leadership development to business, (ii) Moral development is less helpful than values-based leadership development, and (iii) Morality varies by leader's personal values.

Building on previous work of motivational and values theorists with our own research and practice, we examine the moral dynamic of how definitions of morality and moral capitalism vary by leader's personal values. For researchers, a review and extension of values-based leadership is provided, relevant empirical data presented and areas for further research are indicated. For practitioners, an assessment framework to track the invisible forces influencing perspective and behavior is given with questions of how to be authentic whilst pursuing a sustainable agenda amongst stakeholders with different values.

Key words: Personal Values; Leadership Development; Capitalism; Mutuality; Sustainability.

The Current State of Values Research in Leadership Development

Schwartz's [12] definition and operationalisation of values theory has become the pre-eminent values construct in the values-leadership behaviours domain of research [1, 13]. In an exploratory study of 218 managers from high-technology firms in the US

Sosik [13] used Schwartz's (1992) 56 item list of values (LoV) to examine the relationship with charismatic leadership behaviours and their outcome on managerial performance including followers' extra effort and organisational citizenship behaviour (OCB) contrasting high performing managers (N = 122) vs low performing managers (N = 96). Three out of four of the higher order motivational domains that Schwartz proposes, *Conservation* values, *Self-Transcendent* values and *Self Enhancement* values explained 10% of the variance of charismatic leadership behaviour at the $p < .001$. The relationship between *Openness to Change* values and charismatic leadership were not statistically significant.

Schwartz's concept of values theory [12] is shown below in Figure 1 which depicts his ten value types: *Self direction*, *Stimulation*, *Hedonism*, *Achievement*,

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Power, Security, Conformity, Tradition, Benevolence and Universalism. They are conceptualised as bi-polar in that espousing one group of values is a rejection of the opposite values. The ten values are conceptually

associated in four higher order motivational domains that are expressed as two bi-polar dimensional opposites: «Self Transcendence vs. Self Enhancement» and «Openness to Change vs. Conservation».

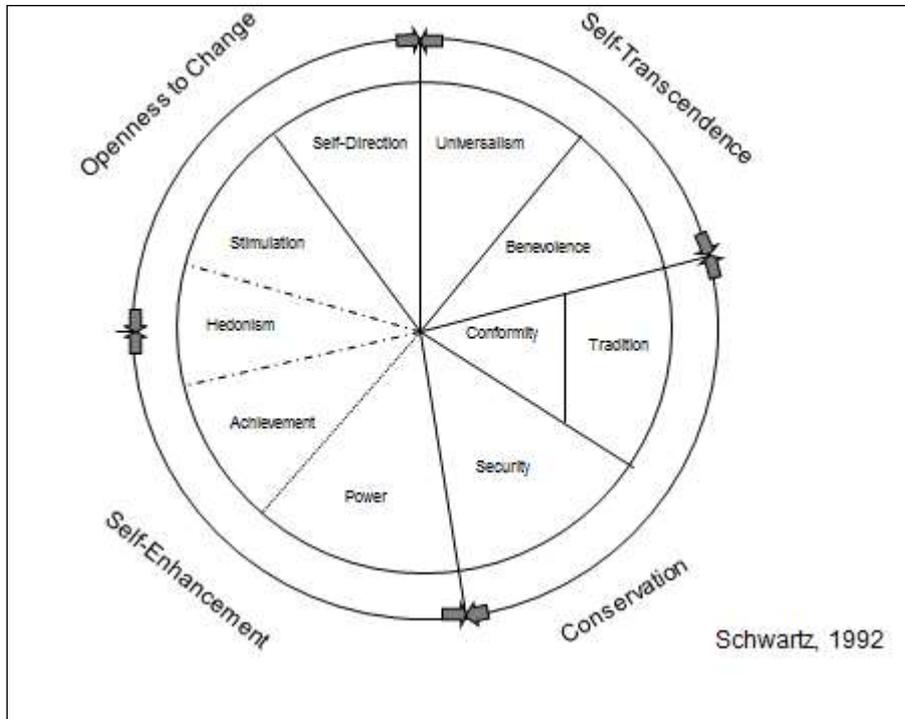


Figure 1. Schwartz's values and their four higher order motivational domains

Not all researchers have found Schwartz's higher order motivational domains to be apparent [1]. One criticism which could be levelled against Schwartz's model is that there is no developmental dynamic in the sense that his motivational domains are like points on a clock: your values are your values with no developmental stages. To overcome this, some researchers [7, 9] have attempted a 3 factor solution capturing a Maslovian dynamic to Schwartz's work, which is represented in Figure 2.

In a recent study, Higgs and Lichtenstein [7] analysed a sample of 3,012 UK workers' personal values using Schwartz Portrait Values Questionnaire (PVQ) that has been tested for reliability and validity, [15] an Exploratory Factor Analysis was carried out on Schwartz's ten values.

Using Varimax and Hair recommendation of a factor loading cut off of .45 the rotated solution (Table 1) resulted in a three factors that explained a total of 64.8 % of the variance. The rotated solution revealed all three factors having strong loadings of .6 and above.

Although exploratory at this stage, it does indicate that UK employees' and by extension leaders'

values are better explained by a three factor solution as predicted by Maslow's Sustenance Driven, Outer Directed and Inner Directed theory, rather than Schwartz's four high order motivational domains:

- i. The core Sustenance Driven values of Conformity, Security and Tradition,
- ii. The core of the Outer Directed esteem seeking values of Power, Achievement, Hedonism and Stimulation, and
- iii. The Inner Directed values of Universalism, Benevolence and Self Direction.

With these values, we could hypothesize leaders with these needs and values would have different interpretations of «moral capitalism». For those espousing the Sustenance Driven value system, who espouse Religion as part of the Tradition value conforms to an Objectivists' view of morality as coming from the Ten Commandments. Moreover, as part of espousing Tradition and Security they espouse following the rules and being satisfied with what life has given you, indicating that following the rules and behaving core to this belief system.

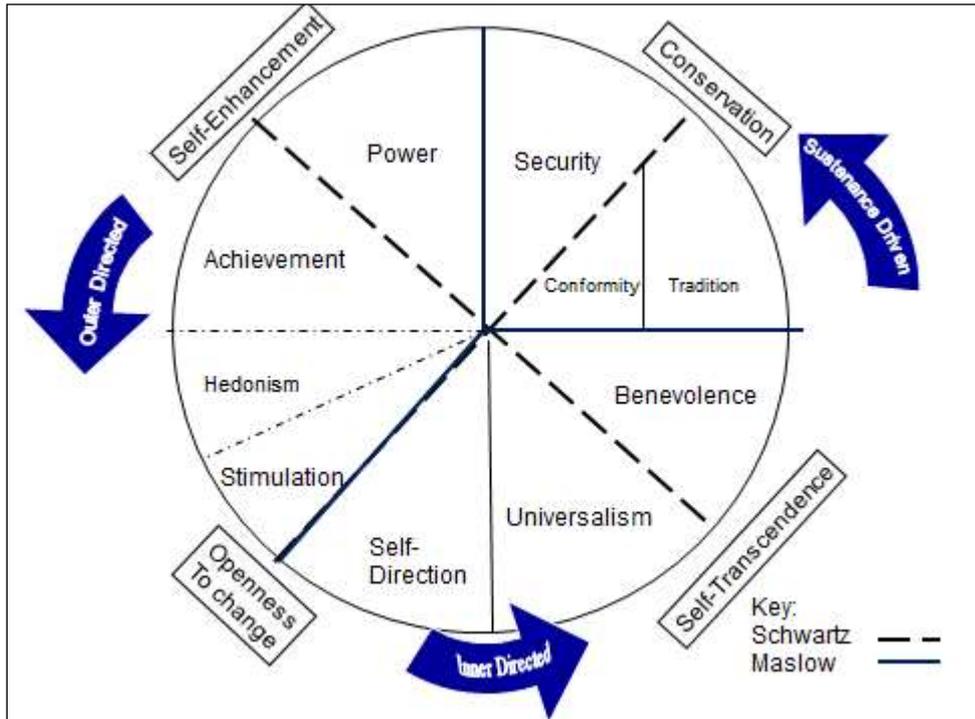


Figure 2. Schwartz values in a Maslovian Dynamic

Table 1. Exploratory Factor Analysis of UK Employees Values.

Factors Фактор	1 = Outer Directed	2 = Inner Directed	3 = Sustenance Driven
Power	.819	–	–
Achievement	.811	–	–
Hedonism	.698	–	–
Stimulation	.643	.525	–
Universalism	–	.814	–
Benevolence	–	.735	–
Self Direction	–	.676	–
Conformity	–	–	.839
Security	–	–	.684
Tradition	–	–	.616

(N = 3,012)

The Outer Directed value system is preoccupied by material wealth and visible success in all its guises including financial. This value system would be analogous to an immoral standpoint, whereby the only morality is «winning». Finally, those espousing values in the Inner Directed segment including self-choice, equality, fairness and caring for others is proposed as most closely associated with ethical values, where the ethics is being true to oneself. Leaders in this value set don't need to be told what is «right» and «wrong» and will be most disposed to a long term mutualistic, sustainable, long term perspective. However, their relative silence and inaction during the current corporate governance crisis since the financial fraud of August 2007 is perplexing and could be argued amounts to ethical cowardice. Have

leaders with the Outer Directed value system driving a parasitic immoral capitalism outflanked those leaders with ethical and traditional values and hijacked the Board room agenda? Whilst many in the leadership development community espouse the ethical value system we need to be aware of the values dynamic within leadership development, that those who we are developing may well not share our values and perspective.

Based on leadership research [1] a recent typology for values-based leadership development is proposed based on the three motivational domains of *Self*, *Business* and *Society* with the six value clusters and motivational domains which define drivers for leadership as seen in Table 2.

Table 2. Six Leadership Values Clusters.

Personal VALUES	Values Schwartz (List of 56 Values)	Motivational Direction & Engagement Focus
Needs of the Self		
Self-Approval	WEALTH (material possessions, money); SOCIAL POWER (control over others, dominance); PRESERVING MY PUBLIC IMAGE (preserving my «face» and status); RUTHLESS (drive to achieve personal ends); PERSONAL POWER (the right to exercise personal beliefs); SELF CENTRED (putting myself first); EGO DRIVEN (seeking self-esteem)	Motivated by external and self-centred measures of success Engaged by appealing to self-interest
Fulfilment	MEANING IN LIFE (a purpose for living); HUMBLE (modest, self-effacing); CHOOSING OWN PURPOSE (selecting how to live life); A SPIRITUAL LIFE (emphasis on spiritual, not material matters); INNER HARMONY (at peace with myself); SELF-DISCIPLINE (self-restraint, resistance to temptation); SELFLESS (putting others needs before your own, compassionate)	Motivated by internal and pro-social measures of success Engaged by appealing to personal and others' growth
Needs for Business		
Stay Steady	SENSE OF BELONGING (feeling colleagues are closely connected to me); LOYAL (faithful to my colleagues, group at work); RESPECT FOR TRADITION (preservation of customs, honouring those who have come before me); HELPFUL (working for the well-being of others at work); COLLEGIALITY (accommodating others ideas and feelings); LEGACY (building a lasting memorial)	Prefers a stable environment with reciprocal respect Engaged by appealing to sense of belonging

Continuing of Table 2

Personal VALUES	Values Schwartz (List of 56 Values)	Motivational Direction & Engagement Focus
Needs for Business		
Move Forward	INDEPENDENT (self-reliant, self-sufficient); SUCCESSFUL (achieving, stretching); CURIOUS (interested in everything, exploring); INNOVATION (engaging with novel and creative ideas); OPTIMISTIC (looking at life and work as an opportunity); RESOURCEFUL (finding ways to make things happen)	Prefers a fast moving environment with opportunity for personal impact Engaged by appealing to entrepreneurial spirit
Needs for Society		
World Citizen	A WORLD AT PEACE (free of war and conflict); UNITY WITH NATURE (fitting yourself into nature); DIVERSITY (tolerant of different cultures); RESPECT FOR LIFE (sanctity of human existence); ONE WORLDLINESS (sensitive to interconnectivity of people); ONE PLANET (sensitive to human impact on the Earth)	Connects with the world at large Engaged by appealing to worldly responsibility
Communal Concern	SOCIAL JUSTICE (correcting injustice, care for the weak); SOCIAL ORDER (stability of society); CIVILITY (courtesy, good manners, polite); CLEAN SURROUNDINGS (taking responsibility for ensuring quality environs); CIVIC PRIDE (taking responsibility for maintaining local reputation); NEIGHBOURLY (looking out for those living by)	Connects with the local community Engaged by appealing to community spirit

These values systems can be linked to linked Symbiosis and morality tendencies as proposed in Table 3 below.

Таблица 3. Шесть кластеров лидерских ценностей и возможные связи с симбиозом/тенденциями морали

Personal VALUES	Symbiotic Tendency	Morality Tendency
Self-Approval	Commensalism – Parasitism	Amoral – Immoral
Fulfilment	Mutualism – Commensalism	Moral – Amoral
Stay Steady	Mutualism	Moral
Move Forward	Mutualism – Commensalism – Parasitism	Moral – Amoral – Immoral
World Citizen	Mutualism	Moral
Communal Concern	Mutualism	Moral

The table reveals why any discourse and the actions emanating from it may prove difficult to change as they are anchored in value systems.

From the following theoretical and empirical work we believe that there is a moral dynamic which is underpinned by a leader's personal value system. Whether the values-based motivational domains are the six value clusters, Schwartz's or Maslow's, those with different values will have different moral tendencies. From the following discussion of the values-moral tendency link, the following proposition was proposed: **Proposition 3: Moral tendencies vary by leaders' values.**

The next section considers the forces confronting a values-based leadership approach.

Forces confronting a values-based leadership development

In 2013 we listened to the gushing media coverage surrounding the birth of a 21 century British monarch. As the commentary said, who knows what his world will be like? We can rely on the mere hope

that people, as part of our natural system, will continue to enjoy the benefits of their respective contributions, without irreversibly damaging any party in the process.

Alternatively, by embarking on community re-investment, re-establishment and re-invention, we can develop «mutualpreneurship» (similar to, although subtly different from, «philanthropreneurship» [5]), which gives service to receive benefit; producing work and life conditions where everyone has a genuine longer-term «affective» or emotional, rather than «normative» or «continuous» commitment to [11] and stake in the rewards of producing a world better for all, including new additions to royalty and the environmental charities he will inevitably go on to support as a desperate last measure. Meanwhile, the world and especially nature cannot wait for his or anyone else's philanthropy.

Dussel [3] outlines three ethical principles which might underpin leadership development and therefore provide values guided informed choices. These are: «the material» — the production, reproduction and development of the life of each and every human in its biological, social and spiritual dimensions; «the communicative or intersubjective» — focused on ways of reaching agreement (equivalent to the school

of discourse ethics); and «the practical» — considerations of what is actually possible to achieve (equivalent to the pragmatic school of ethics).

Unfortunately, within our management practice and education system, there are powerful forces restricting our enlightenment as humanist-naturalist leadership change agents. To re-construct the moral ontology of leadership of Maak and Pless [10] will first require the de-construction of profound ideology-action(practices)-structure complexes [2], whilst also directly confronting the stigmatisation of any virtue as it hits the reality of organisational life [2] — see Table 4 and Table 5 below [2, 6].

From the all the coverage above, it is not surprising that the 2014 Edelman Trust Barometer [4] shows the largest ever gap between trust in business and government since the study began in 2001. This can be attributed to a continued destruction of trust in government that began in 2011, and a steady rise in belief in business since its nadir in 2008. In nearly half of the 27 nations surveyed, there is a gap of more than 20 points. In a few nations, the divide is as much as 40 points. This is a profound evolution in the landscape of trust from 2009 where business had to partner with government to regain trust, to today, where business must lead the debate for change.

Table 4. The Cultural-Ideological Forces Restricting Leadership Re-Framing. Source: Based on Burton (2013)

The rational administration of complexity	The impulse to order and simplify rather than describing the dimensions and layers of complexity, thereby discouraging systems thinking
Taming Natures	The wild and the natural is to be controlled, mastered, channeled, enclosed and suppressed; nature is seen as separate from humanity and humanity as separate from it
Linear Progress	Progress implies a linear path from the primitive to the modern with no detours and no end; thus all other frames of reference are out of scope because after all «you can't stand in the way of progress»!
The dominance of exchange and possession	As Marx & Engels observed «all that is solid turns to air...»...(or rather money); what was once free is subject to exchange relations and that which was once common is now owned — all that is made tangible is made concrete, possessed, processed and sold
The primacy of exploitation	The system survives on exploitation, with the high levels of consumption of the few (globally) dependent on varying degrees of workforce exploitation, often combined with denouement of the planet's living and mineral resources
Mono-culturality and the suppression of other cultural systems	Particular cultural forms and norms dominate and «alien» cultures are variously suppressed, trivialised or co-opted, just as identity politics is celebrated
Superiority	That the «western neo-liberal» civilisation is the pinnacle of human achievement and other cultures and by extension peoples are inferior; such operating principles are deeply engrained in our educational, institutional and political arrangements

Table 5. The Expression/Suppression of Virtues and the Organisational Threats They Purport to Pose.
Adapted from Giacalone & Promislo, 2013

<i>Human Virtues</i>	<i>Threat Posed</i>
ALTRUISM	Other's interests put before the organisations
BENEVOLENCE	Seen as incapable of making the «hard» decisions that could negatively impact shareholders
COMPASSION	Reluctant to enforce «tough» policies and practices
COURAGE	Could object to certain actions and activities
MORAL	Unwilling to do the «dirty» work resulting in growing profitability
FORGIVING	Incapable of addressing «poor» performers
GENEROUS	Could undermine the financial situation with «bad» choices
GRATITUDE	May not want to get over people to get ahead
HONESTY	Could leak too much information thereby damaging the organisation's «best» interests
HOPEFUL	Idealistic at the expense of dealing with reality
HUMBLE	Unwilling to «sell» the strengths of the business
PATIENT	May lack the desire to hustle people along
SOCIALLY RESPONSIBLE	Likely to lose focus on the financial health of the enterprise
SPIRITUAL	Distracted by «ethereal» concerns

The final section will conclude the paper.

Conclusion

This paper has explored three propositions: (i) Moral capitalism is over-simplistic when using ecological science to explore the relationship of leadership development to business, (ii) Moral development is less helpful than values-based leadership development, and (iii) Moral tendencies vary by leaders' values. Moreover, a values system framework has been offered as a tool for leadership development for practioners and researchers to reflect on the invisible forces driving visible behaviours.

Our role as leadership educators and developers is to respond to this increased breakdown in the promise of civil society by facilitating a deeper reflective dialogue, where our personal values and accompanying beliefs (as depicted in the Tables above) are exposed to public scrutiny within a broader curriculum not restricted to the study of business; and centered on the philosophy and history of social thought. Only then will we be able to embark on slaying «sacred cows» when they are no longer fit for our own and our children's future purpose on planet earth. We need to facilitate the development of wisdom beyond intellect [14], if we are not to repeat to reap what we sow.

Our proposed community based leadership development programme produces the ingredients for encouraging sustainability by learning from our past and present experience; and offers guidance on how these understandings might be mixed to create enterprises which work well for every living creature,

without over-exploiting the world's finite valuable resources, including humans. Whilst the «lean» movement has been helpful for reducing wastefulness and «circular» economics is a significant step change in the right direction for doing business, the deeper mutually reinforcing connections between increased brand equity, unwavering employee motivation, and customer loyalty within local communities, are yet to be fully realised. By creating a new learning programme based on the ideas in this paper, people will be positioned for emerging careers beyond current expectations. In fact, using newly acquired personal values insights, we may innovate mutually prosperous ways of working, alongside re-discovering our humanity. In developing these programmes we must acknowledge the moral and values dynamic. If we want to change behaviour towards a more sustainable future, we must understand the drives that underpin them. For example, leaders with needs for Control and Self enhancement will have very different meanings of «moral capitalism» and «mutualism»; much less have a motive for action to pursue them unless their needs and values can be fulfilled in the process.

What must leaders do? Leaders need to understand how their needs and values shape their moral and ethical stance. They also need to accommodate their leadership style to lead the business culture with directors, executives and managers with needs and values other than their own. New methods of contributing more to their team, division, business unit, organisation, community or society are unlikely to reach their full potential if leaders are creating dis-

ease with other stakeholders with values other their own. The values of the top team can and do create «dis-ease» with employees with different values at an unconscious level, which gives rise to beliefs such as «too much too soon» or «they (leaders) have lost the plot» that can lead to active resistance to policies and in the extreme case sabotage.

Leaders need to ask themselves a range of questions based on the insights provided by this paper if they are to attain the promise of a mutually interdependent and therefore more sustainable conducting of human enterprise, which the leadership development community can facilitate: (i) How do I determine the values, beliefs and motivations of my and my colleague's leadership? (ii) How can I improve my effectiveness by making sure I am appealing to those values at the basic level (i.e. gaining acceptance for policies and practices at the level that feels «right» to me)? (iii) How can I determine the values, beliefs and motivations of my main stakeholder groups (e.g. staff, suppliers, communities where we are located, customers, market analysts)? (iv) How can I alter or accommodate my approach to decision making and resource allocation, whilst also keeping my treasured policies/practices, to ensure that I meet a variety of needs and wants? (v) How can I learn to confront and navigate with others the moral dilemmas caused by personal values diversity; given I also have to make choices about the overriding purpose of my organisation and leadership, i.e. whose benefit does it ultimately serve?

As a developmental paper, this paper has inevitable shortcomings that could have been improved by more discussion of the relationship between Kohlberg's notions [8] of moral development and values, a more exhausted review of leadership-values research and potentially a clearer research agenda. We do hope the leadership development community will embrace values-based leadership, practioners will reflect on the invisible forces (needs and values) that have a visible impact on daily actions and behaviour and researchers endeavor to extend and research the propositions put forth in this paper. Of importance is the need to update our description and operationalisation of values for the 21st Century. Bearing in mind the socio-economic changes in society and the business environment, current notions of value systems developed in the 20th century are in need of updating to deal with contemporary leadership development challenges.

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