

ФИЛОСОФИЯ

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**THE VALUES CHALLENGE FOR DEVELOPING ETHICAL
LEADERSHIP: RESEARCH AND PRACTICE AGENDA FOR VALUES-
BASED LEADERSHIP. PART 1***

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Inspired by the spirit of the New Romantics of responsible leadership, this developmental paper argues 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.

Introduction

There is a burgeoning commentary on the differential benefits and costs of «capitalism», with accompanying re-definitions such as «responsible capitalism», or «moral capitalism», or «conscious capitalism», or «compassionate capitalism» in an attempt to change the predominant discourse and improve the way we work and live together in our natural context [18, 35].

However, much less attention has been paid to the purpose and role of leadership and the nature of leadership development in enacting these new paradigms, even though we attempt to mirror the languages, e.g. «ethical leadership» [7]. As a result, people's values based motivations are mainly ignored, with an assumption that the power of argument alone will both create and sustain change.

Our proposition is human intent and impact would be best considered through a «pragmatic» leadership lens [22], by exploring the content and influence of diverse personal values; so that considerations of different ways to conduct human enterprise remain open to learning, with reflective and informed behavior and action. Also, rather than constraining our ideas by continuing to mine the same

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body of human business knowledge, we look at illustrative examples from nature when considering morality, leadership purpose and leader's values; and, in particular, self-governing, mutually beneficial, relationship systems, thereby employing a relational view of leadership as a social influence process [24].

The response of the business education community to growing socio-economic-environmental «dis-ease» has been muted

Despite the fact more than 90 % of the world's economically active population work for types of enterprise with ownership-governance-businessmodels which differ from the major global public shareholding limited companies, there is an implicit assumption and an everyday business media projection that profit maximisation, and the concomitant accountability to an elite cabal of shareholders/owners, is the only game in town [26]. This narrative is increasingly devoid of concern for a well-functioning community within its natural eco-system; and academics are increasingly calling for a more sophisticated conceptualisation of capitalism, imbued with reciprocity and shared reward [27]. Regardless of these more critical stances and even mainstream studies which indicate a strong correlation between enterprises scoring highly on environmental and social governance activity and share-price/dividend performance (e.g. adding 0.3 % per month shareholder return over a five year period (Hermes Fund Managers analysis of 1600 companies in the MSCI World Index, 2014), the predominant discourse for practicing managers and those who educate them remains largely unchanged. It seems extremely difficult to get managers and their educators to understand a counter argument, when the respective salaries of both depend on the status quo. This behavior is in itself influenced by their respective personal values.

«Morality» insights from the natural world

It is unsurprising therefore that any reward systems predicated solely on transactional exchange such as short-term cash, leads to an «easy come, easy go» transactional employment relationship; and in its most virulent form, «zero hours» contracts. In ecology, «symbiosis» (from Ancient Greek σύν «together» and βίωσις «living») is a close and often long-term interaction between two or more different biological species. In 1877, Albert Bernhard Frank used the word symbiosis (which previously had been used to depict people living together in community) to describe the mutualistic relationship in lichens. In 1879, the Ger-

man mycologist Heinrich Anton de Bary defined it as «the living together of unlike organisms» (Wikipedia).

The definition of symbiosis is controversial among scientists. Some believe symbiosis should only refer to persistent mutualisms, while others believe it should apply to any types of persistent biological interactions (i.e. mutualistic, commensalistic, or parasitic). After many years of debate, current biology and ecology textbooks now use the latter «de Bary» definition or an even broader definition (i.e. symbiosis equates to all species interactions), with absence of the restrictive definition (i.e. symbiosis equals mutualism). Some symbiotic relationships are obligate, meaning that both symbionts entirely depend on each other for survival. For example, many lichens consist of fungal and photosynthetic symbionts that cannot live on their own. Others are facultative, meaning that they can, but do not have to live with the other organism (Wikipedia).

Mutualism is any relationship between individuals of different species where both individuals benefit. For us, this is the embodiment of «morality» within the workplace, and between the enterprise and its connections to the wider social and environmental eco-system. *Commensalism* describes a relationship between two living organisms where one benefits and the other is not significantly harmed or helped. It is derived from the English word commensal used of human social interaction. The word derives from Latin, formed from com- and mensa, meaning «sharing a table». We argue, that most enterprise is predicated on this «amoral» notion. By contrast, «Parasitism» based relationships are ones in which one member of the association benefits while the other is harmed; and by extension this represents an «immoral» code of enterprise conduct, which has been coined «brute» capitalism (Young, 2003). A proposed link between symbiotic tendencies and morality is given in Table below.

Proposed Links to Symbiosis/Morality Tendency

Symbiotic Tendency	Morality Tendency
Mutualism	Moral
Commensalism	Amoral
Parasitism	Immoral

Interestingly, the business news media and business school case studies tend to over-report the commensalism stories, except where human life and/or natural life form is threatened or lost as a result of parasitism, e.g. Bangladeshi cheap clothing

production factory collapses and the BP oil platform disintegration in the Gulf of Mexico; whilst mutualism is under-reported, even though mutual type enterprises tend to outperform their counterparts, especially in austere times, e.g. Barcelona Football Club, Huawei, and Nationwide Building Society.

Using the «mutualistic-commensalistic-parasitic» typology as an analogy for considering the morality of internal and external enterprise relationships, we in the leadership development community would gravitate towards re-framing our focus to encourage managers, through leadership development processes, to consider forging longer-term sustainable transformative «belonging» based on transformative values, rather than low-trust short-term transactional relationships based on self-serving values. However, we must acknowledge that there is a «moral dynamic» in which those who we are trying to influence are already influenced by notions of a commensalistic or parasitic relationship between their organisation and its environment leadership and business and therefore have immoral or amoral perspectives on the nature of moral capitalism. We believe being aware of this dynamic amongst those we are developing is a necessary first step to designing processes towards reframing to a longer term, more sustainable, mutual transformative future.

The application of ecological science indicates «moral capitalism» is over simplistic. It is argued that the relationship between leadership development to business parallels ecological relationships in the natural world: *Mutualistic*, *commensalistic* and *parasitic*. Moreover, these types of ecological and leadership-business relationship map onto different types of morality: *Moral*, *amoral* and *immoral*. To overcome the over-simplicity of leadership-business relationship to «moral capitalism», the following proposition is put forward: **Proposition 1: There is a link between symbiotic relations in the natural world and moral tendencies in business.**

The next section reviews perspectives concerning what underpins leadership development in a moral capitalism context.

The power of personal values exploration in leadership development

Understanding what underpins the symbiotic morality dynamic is best explained by a values-based perspective. Frondizi [10] argues that morality like virtue stems from an *Objectivist* view of the development and character of a leader from an external source including the Ten Commandments. From this ontological perspective moral development is pro-

scribed by God or Aristotle's and Socrates' inquiry into virtue based on immortal forms of human excellence [10, 11]. The counterpoise of the Objectivist's stance is the *Subjectivist* view which stems from the Existentialist Movement at the end of the 19th century that understands human development and values as solely internal to the individual, as the consequence of one's own priorities and choices [10, 11]. Expressed in the works of Nietzsche [23], and Sartre [31], development and personal values are precisely the choosing of significant priorities of our lives. The *Integrationist* viewpoint is that of modern social science and the perspective of this paper which argues that it is more useful than the Objectivist or Subjectivist view of moral development.

The Integrationist perspective is that leadership development and values are not simply and narrowly moral norms or wholly subscribed by the individual, but motivational sources of human behaviour that underpin the actions of individuals and groups [2, 19, 25, 28, 29, 32]. As Burns (2003) put it, Leaders embrace values; values grip leaders", and "values play a central role in binding would be leaders and followers, broadening moral frames of reference, and serving variously as a needed unifying and dividing force. Addressing fundamental questions of human nature, values help to clarify the relations between individualism and collectivism, self-interest and altruism, liberty and equality — issues at the heart of political conflict — and in the process establish a leadership agenda for action [6]. The extant literature [30] indicates the critical importance of the leadership agility practice «Personal Values Sensitivity», defined as tune into all the interests, beliefs and motivational drivers present in important communication and interaction, starting with your own [21].

Unfortunately, our general experience of business schools leadership curricula across the world finds development of knowledge based cognition as the main priority, rather than deep reflection on personal values and their often unconscious impact [1]. Devoid of such guided personal insight, the espoused language of leadership and business may change, without actually changing any intentions, decisions, or actions. Also, not all those who find themselves in positions where leadership is a social influence process [24] will be able to become more moral even with a change in discourse or facilitated leadership learning, as studies from coaching psychology indicate potential personality-values based limits of leadership behavior patterns, including «remarkable», «perilous» and «toxic» patterns [34]. Population studies of ethi-

cal decision making [16] also reveal the use of three main moral consciences utilised as we morally mature; «rule conscience» (do as you are told), «social conscience» (do what's best for others) and «principled» conscience (doing what's fair with courage and self-discipline).

Within these constraints, our role as leadership developers is to bring to the surface the content, motivational force and impact of personal values. Set within an educational model which the physicist Murray Gell-Mann described as «Odyssean», such learning would synthesise the natural sciences, the social sciences, the humanities and the arts into a trans-disciplinary, integrative study of humans' most existential problems, the connections between them, and the actions most likely to solve or mitigate them. Such learning would become a personal values guide to discovering and enacting our moral compass within our contemporary context, rather than subjugating us to the hegemony of economic man in economics based business administration. Case studies would represent the varietal forms of human enterprise and their purposes, together with alternative leadership role models [4]. Based on the argument that Leaders' values are at the heart of leadership's concern with behaviour that is best understood from an Integrationists' view, the following proposition is developed: **Proposition 2: Values-based leadership development based on an Integrationist viewpoint of values as motivational sources of human behaviour that underpins leaders' social influence is a more useful developmental perspective than the Objectivist view of moral development proscribed by an external force.**

The next section seeks to establish a foundation for leadership development, which focuses on value systems and what underpins them.

From Values to Value Systems

The potential impact of values as a component of leadership cognition and the social influence process [6] together with insights from values theorists [32] leads to the consideration by Rokeach [29] of the relationship between individual values and motivation that values are cognitive representations of internal needs. Moreover, he proposes that values express basic human needs and thus motivate social behaviour needs [28]. Indeed it has been suggested that values can be considered to be deep-seated beliefs and directed towards individuals' needs and motivations [2, 3, 19]. Although needs theorists such as Heider [14] and McClelland [21] recognize that needs are accompanied by feelings and emotions, values theorists

have hitherto overlooked that values, for example, *Freedom* and *Security*, are essentially emotional states that individuals either want to experience or avoid.

Lee and England [8] identified seven ways in which values affect leaders: (i) Values effect leaders' perceptions of situations, (ii) leaders' values affect the solutions they generate regarding problems, (iii) values play a in interpersonal relationships, (iv) Values influence perceptions of individual and organizational successes, (v) values provide a basis for differentiating between ethical and unethical behaviour, (vi) values affect the extent to which leaders accept or reject organizational pressures and goals, (vii) personal values may also affect managerial performance.

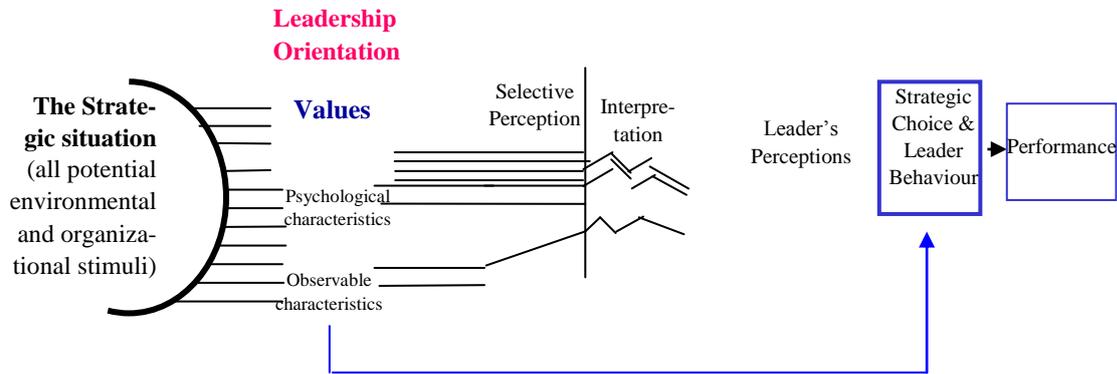
Hambrick & Mason's [13] upper echelon theory and Finkelstein & Hambrick's (9, p. 54) extension to it as seen in Figure provide a theoretical model that illustrates that leaders' personal values act as a perceptual filter for how leaders perceive the external environment and shapes strategic choice, behaviour and ultimately organisational performance.

The understanding of and previous research into values has suffered from a focus on individual values that (i) results in low reliability [32, 33], (ii) ignores equally or more meaningful values [32, 33], and (iii) ignores the premise that individuals make trade-offs among competing values according to their values priorities [2, 12, 19, 29, 32]. Individuals' values priorities underscore a critical characteristic of values: they are organised in a hierarchical system ordered by relative importance to one another [19, 29, 32, 33]. Although there are universally held values, an individual, and in the aggregate, groups, will espouse a dominant set of values, "*At the top of each person's system are a small handful of dominant values of paramount importance*" [12, p. 6]. Therefore, a dominant value system exists for each person that is more important to understand than single values [12, 29, 32].

Operationalisation of the concept of values systems is notably informed by Maslow's [19] hierarchy of needs theory and its subsequent relationship to values systems. Indeed, Baker [5] observes that the dominant values instruments are based on Maslow's hierarchy of needs (for example Rokeach's Value Survey, Kahle's List of Values and proprietary instruments of Stanford Research International's Values and Lifestyles (VALS)). Maslow's original work which proposed the Hierarchy of Needs presents a model of human psychological development that facilitates understanding of the basis of human values and the way they can change over time from birth to death. Maslow's observations and

qualitative research led him to the insight that as human beings we are all born with a set of needs that drive our perception of reality and behaviours. These needs are complex and form our “value system”. He proposed that it is these value sets which form the basis of differing individual needs. Maslow [19] proposed three core motivational domains. These

were: (i) *Sustenance Driven* needs: physiological survival, security, and a sense of belonging; (ii) *Outer-Directed* needs: recognition; significance and self-esteem; and (iii) *Inner-Directed* needs: self-actualization; personal growth, contribution to others and transcendence of all needs.



Adapted from Hambrick & Mason (1984); Finkelstein and Hambrick,

Executive values' impact on performance

In a relatively recent empirical study of executives, Lichtenstein [17] tested Maslow's [19] assertion that executives' personal value systems are related to Maslovian Sustenance Driven, Outer- and Inner Directed needs in the first operationalisation of this in a management context. In a study of 163 Owner-, Senior- and Middle managers, Kotey and Meredith's [15] List of Values (LoV) 28 item personal values scale (Cronbach $\alpha = 0.87$) was used to measure executives' personal values that were categorised by subjecting it to principal components analysis. Drawing on Maslow's (1970) theory of Inner Directed, Outer Directed and Sustenance Driven value groups, an a priori theory-driven approach was used to derive a three factor extraction. The rotated solution revealed all three factors showing strong loadings with theoretically predicted results: (i) The Sustenance Driven value system espoused the traditional values of *Loyalty, Trust, Compassion* and *Affection* (Cronbach $\alpha = 0.79$), (ii) the Outer Directed value system espoused the core esteem-seeking values of *Power, Prestige, Ambition* and *Aggression* (Cronbach $\alpha = 0.64$), and (iii) the Inner Directed value system espoused the entrepreneurial values of *Innovation, Risk* and *Creativity* (Cronbach $\alpha = 0.72$). The results found strong support for the underlying theoretically proposed values system which com-

prised each motivational domain thus supporting Maslow's [19] assertion that value systems correspond to and are driven by underlying needs.

(To be continued)

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