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Leadership and Change: The Case for Greater Ethical Clarity

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Abstract This article addresses the relationship between the ethics underpinning leadership and change. It examines the developments in leadership and change over the last three decades and their ethical implications. It adopts a consequentialist perspective on ethics and uses this to explore different approaches to leadership and change. In particular, the article focuses on individual (egoistic) consequentialism and utilitarian consequentialism. The article argues that all leadership styles and all approaches to change are rooted in a set of values, some of which are more likely to lead to ethical outcomes than others. It also argues that all stakeholders in an organisation have a role to play in ensuring ethical outcomes. It concludes that in order to achieve sustainable and beneficial change, those who promote and adopt particular approaches to leadership and change must provide greater ethical clarity about the approaches they are championing.

Keywords Ethical leadership · Ethical change · Utilitarianism · Consequentialism · Planned change · Emergent change

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Introduction

First, leadership is a process that is not specifically a function of the person in charge. Leadership is a function of individual wills and individual needs, and the result of the dynamics of collective will organized to meet those various needs. Second, leadership is a process of adaptation and of evolution; it is a process of dynamic exchange and the interchanges of value. Leadership is deviation from convention. Third, leadership is a process of energy, not structure. In this way, leadership is different from management— managers pursue stability, while leadership is all about change (Barker 2001, p. 491).

There are now increasing signs of disenchantment with the concept of the assertive, no-nonsense leader, whether of the charismatic or transformative variety. … The 'shadow side of charisma' has been noted by a number of writers … The dangers of narcissism and the associated misuse, and even abuse, of power were thus known about even at the height of the period when charismatic and transformational leadership were being celebrated (Storey 2004, pp. 31–32).

As the above quotes show, leadership and change go hand in hand. Indeed, the overwhelming body of opinion over the last 30 or so years is that the prime task of leaders is to bring about change in order to maintain and enhance organisational success (Bass 1995; Burns 1978; Hughes et al. 2009; Kotter 1990, Yukl 2010). Consequently, leadership and change are two of the most important issues facing organisations. However, they are also two of the most contentious and problematic elements of organisational life with much debate and controversy over what constitutes leadership and how beneficial change should be

achieved (Beer and Nohria 2000; Daft 2002; Cummings and Worley 2005; Rickards and Clark 2006; Yukl and Van Fleet 1992). As Burnes (2009a) points out, if leadership and change were easy, they would not attract so much attention or be seen as so important. Indeed, there is substantial evidence that only around 30% of all change initiatives are successful (Bessant and Haywood 1985; Crosby 1979; Hammer and Champy 1993; McKinsey & Company 2008; Senturia et al. 2008; Smith 2002, 2003). If the main task of leaders is to bring about change, then this implies that only a minority of leaders are successful in their job, which is what research has shown and the relatively high turnover in senior executives demonstrates (Hughes et al. 2009; Kakabadse and Korac-Kakabadse 1999). Therefore, in viewing leadership and change, we are looking at phenomena which are vital for organisational success, but difficult to undertake successfully.

The last three decades have seen the rise of new approaches to both leadership and change (Bass 1995; Burnes 2003; Yukl 2010). The former has been accompanied by an emphasis on ethical values and behaviour which, as the large number of financial scandals have shown, appear to be more honoured in the breach than in the observance, whilst the latter has seen a significant decline in support for ethical approaches to change (Burnes 2009a; Dunphy et al. 2007; Gopalakrishnan et al. 2008; Jones et al. 2000; Stiglitz 2010; Storey 2004). Despite this, there is strong evidence that effective organisations are ones where goals and values are congruent and shared by the leadership and staff of the organisation (Brown 1998; Denison and Spreitzer 1991; Detert et al. 2000; du Plessis 2008; Hofstede and Hofstede 2004; Ouchi 1981). For example, Sosik et al. (2009) assert that the importance of ethical values is that they influence behaviour, especially in terms of whether organisational goals are judged as right and appropriate, and the degree of effort to exert in pursuing the goals. Indeed, there has been a long history of writers drawing attention to the positive relationship between value alignment, leadership behaviour, employee commitment and goal achievement (Cohen and Keren 2008; Dubin et al. 1975; Elizur 1996; Graves 1966; Guy 1984; Herzberg et al. 1956; Rokeach 1973; Werkmeister 1967).

The Oxford Dictionary of English (2006, p. 595) defines ethics as 'moral principles that govern a person's behaviour or the conducting of an activity'. Thiroux and Krasemann (2007, p. 27) state that ethics relate to a specific area of study—morality—which:

> … deals basically with humans and how they relate to other beings, both human and nonhuman. It deals with how humans treat other beings so as to promote mutual welfare, growth, creativity, and meaning and

to strive for what is good over what is bad and what is right over what is wrong.

Therefore, as Tseng et al. (2010, p. 587) maintain, ethics is '…the study and philosophy of human conduct with an emphasis on the determination of right and wrong'.

Though there have been numerous studies of leadership and a similarly large number of studies of change, only a small proportion of these appear to focus on ethics (Burnes 2009c; Cummings and Worley 2005; Hughes et al. 2009; Kanungo and Mendonca 1996; Yukl 2010). Indeed, despite the posited importance of value alignment, it is very difficult to find studies which have examined the ethical values of leaders and compared these with the ethical values which underpin the approaches to change which they adopt (Burnes and Jackson 2011). This perhaps explains why, as this article will show, there is a damaging lack of clarity regarding the ethical values which underpin leadership and change. Therefore, in addressing this topic, this article is addressing an important but under-researched area.

In making the case for greater ethical clarity in relation to leadership and change, we adopt a consequentialist perspective on ethics. Consequentialism is a philosophy which holds that the value of an action derives from the value of its consequences (Blackburn 2008; Kaler 2000a; Pettit 2003). As this article will argue, this is an appropriate approach to ethics when considering organisations, given that the changes leaders initiate are judged by the consequences they produce rather than their intentions. In particular, we focus on individual (egoistic) consequentialism and utilitarian consequentialism. We argue that leaders cannot achieve sustainable and beneficial change for their organisations unless they act in an ethical fashion and adopt ethically compatible approaches to change that meet not only their own individual (egoistic) needs, but also produce utilitarian outcomes in terms of the greatest good for the greatest number of stakeholders. We argue that leaders must be clear regarding their own ethical beliefs and the ethical values of the approaches they adopt to change. It also follows that those who develop and promote particular approaches to leadership and change must be explicit about the ethical strengths and weaknesses of such approaches.

Therefore, the aims of this article are to show that

1. Leadership and change are inextricably linked and their effectiveness in achieving beneficial outcomes for stakeholders is linked to their underlying ethical values.
2. Some approaches to change are more likely to lead to ethical outcomes than others.
3. The need for greater ethical clarity when evaluating approaches to leadership and change.

The article begins by examining the developments in leadership over the last three decades and how these relate to change and ethics. It then goes on to review the two main approaches to organisational change—Planned and Emergent change—and the implications of these for ethical behaviour by leaders. We then explore the implications for leadership and change of the consequentialist perspective on ethics. This is followed by a discussion of implications for organisations of the ethics underpinning the different approaches to leadership and change. The article concludes that only with greater ethical clarity can organisations ensure that their leaders will undertake changes which serve the interests of all stakeholders and avoid the financial scandals and collapses of the past two decades.

Leadership and Ethics

The study and practice of leadership has undergone a sea change in the last 30 years. The two main developments are, first, that older theories of leadership, such as the trait model and the leader–follower model, have been overtaken by the contextual or situational model (Griffin 2002; Kotter 1990; Yukl 2010). This is an approach which stresses that leadership is primarily concerned with bringing about transformational change and that effective leaders are those who can adapt their leadership style to the context in which they are operating (Alimo-Metcalfe and Alban-Metcalfe 2000; Bass 1995; Burns 1978; Hitt et al. 2009; Yukl 2010). The second development is the rejection of the command-and-control view of leadership which focuses on top-down control based on the authority of position. Instead, leaders are now viewed as individuals who motivate their staff by establishing an emotional link with them through the power of their personality—their charisma—and not the power of their position in the organisation (Brown and Eisenhardt 1997; Conger and Kanungo 1998; Hughes et al. 2009; Maddock 1999; Nahavandi 2000; Peters 2006; Stacey 2007). There is now an almost cult-like belief in leaders as heroic, larger-than-life, charismatic figures who have enormous self-belief, and commensurate egos, and who will pursue their objectives come what may (Bass and Riggio 2006; Bones 2011; Grint 2005; Kakabadse et al. 2007; Mendl and Ehrlich 1987; Storey 2004).

Paralleling these developments in leadership has been the increasing complexity of organisational life and thus the leader's role. This is particularly the case with the emergence of stakeholder theory (Fisher and Lovell 2003).

The concept that organisations have stakeholders first began to gain adherents in the 1980s (Freeman 1984). The basic idea is that organisations are 'a constellation of co-operative and competitive interests possessing intrinsic value' (Donaldson and Preston 1995, p. 66). However, there is some dispute as to how wide to draw the circle of stakeholders and even how to define a stakeholder. The traditional, or classical-liberal, model of the firm portrays it as an input–output model having three groups who provide inputs for the organisation—investors, suppliers and employees, and one group who receive its outputs—customers (Freeman 1984). Under this model, the purpose of an organisation was to make a profit, and the four parties involved in this process had a contractual relationship, but were responsible for looking after their own interests (Fisher and Lovell 2003). However, the advent of stakeholder theory now requires organisations to take account of and serve not just the narrow interests of shareholders, but the wider interests of society. This embraces anyone and anything which might be affected by or have an interest in the firm's activities, including communities, governments and the natural world (Donaldson and Preston 1995; Dunphy et al. 2007; Jawahar and McLaughlin 2001; Jones and Wicks 1999).

Therefore, leadership has become a much more difficult and less clear concept than it once was. The quote from Barker (2001) which introduced this article captures the essence of this new approach to leadership. Barker distinguishes leadership from management. Leadership is essentially concerned with bringing about transformational change. Management is primarily concerned with achieving stability and predictability by ensuring that subordinates comply with the rules, regulations and working procedures laid down by the organisation. Compliance is achieved through a transactional exchange between the subordinates and the organisation which is policed by managers using the authority granted by their position in the organisation (Bass 1995; Hughes et al. 2009).

The charismatic-transformational view of leadership has garnered much support and admiration since it first emerged in the late 1970s (Burns 1978; Foster and Kaplan 2003; Harrison and Clough 2006; Kanter 1989; Maccoby 2000; Osborne and Gaebler 1992; Peters 2006). There is certainly evidence to suggest that charismatic-transformational leaders can bring enormous benefits to organisations by galvanising them to reinvent themselves, e.g. IBM, Procter & Gamble, Omron, CEMEX, Cisco and Banco Real (Kanter 2008). However, the same approach in the hands of unscrupulous leaders can result in cases of organisational destruction, such as Enron, Global Crossing, Arthur Andersen and Bernard M Madoff Investment Securities LLC and the indictment of senior executives from these and other companies (Gopalakrishnan et al. 2008; Porter 2008). The problem is that whilst the criteria for judging a manager's performance and honesty are relatively clear, the same cannot be said for leaders. The fact is that:

- Whilst managers can be sacked for breaking the rules, leaders can be sacked for not breaking the rules.

- The performance measures for holding managers to account are relatively clear and short-term whilst the criteria for holding leaders to account are far more fuzzy and long-term.
- Stakeholders can judge the trustworthiness of managers by their adherence to specified and monitored objectives and rules, but the trustworthiness of leaders is often based on faith, sometimes blind faith, engendered by their magnetic personality. Unfortunately, a magnetic personality is common to both saints and conmen, hence Storey (2004) warning at the beginning of the article about the 'shadow side of charisma'.

Leadership and change go hand in hand; however, if stakeholders are not to be so dazzled by charismatic-transformational leaders that any change is seen as good change (see for example the case of Marconi in Burnes 2009a), they need to ensure that leadership and change are underpinned by a system of ethics. That is to say, leaders must possess a moral compass which ensures that they do not abuse the faith that is placed in them and the unique freedoms which they enjoy (Burnes 2009b, c). This is a point made forcibly by Barker (2001, p. 491) when he states that leadership is 'a process of transformative change where the ethics of individuals are integrated into the mores of a community as a means of evolutionary social development'. Hollander (1995, p. 55) also identifies the ethical dimension of change and leadership when he states that:

> This process [leadership] is essentially a shared experience, a voyage through time, with benefits to be gained and hazards to be surmounted by the parties involved. A leader is not a sole voyager, but a key figure whose actions or inactions can determine others' well-being and the broader good… The leadership process is therefore especially fraught with ethical challenges.

The argument that leadership and change need an ethical base is not new. Such arguments can be found in the work of Barnard (1938) on leadership in the 1930s and in the work of Kurt Lewin (Marrow 1969) on change in the 1940s. Indeed, as will be discussed below, Lewin's ethical view of change lies at the heart of the Organisation Development (OD) movement which dominated the field of change up to the early 1980s (Burnes 2004, 2009a). Alongside the rise of charismatic-transformational leadership has been the growing volume of calls for organisations to act in an ethical fashion (Dunphy et al. 2007; Jones et al. 2000; Hitt et al. 2009; Rhodes et al. 2010; Wines 2008). Prominent in this respect has been the promotion of corporate social responsibility (CSR) by national governments and international bodies, especially the United Nations

(Garriga and Melé 2004; Li and Zhang 2010; Matten and Moon 2004; Renouard 2011; United Nations 2010).

However, rather than leading to a diminution of unethical behaviour, the reverse seems to have been the case. Unethical and criminal behaviour appears to have mushroomed out of control in many organisations, as the 2008 'credit crunch' and other organisational and financial scandals of the last two decades have revealed (Clark 2008; Deresky 2000; Gopalakrishnan et al. 2008; Leigh and Evans 2007; Partnoy 2003; Porter 2008; Stiglitz 2010; Tran 2003).

This section has addressed the first aim of the article, to show that change and leadership are inextricably linked. It has also demonstrated that leadership and change need an ethical base. The next section will examine the main approaches to change and explore their ethical underpinnings.

Change and Ethics

Up to the 1980s, the field of change was dominated by the Lewin-inspired OD movement (Burnes 2004, 2009a). At its core lies a set of democratic-humanist values which guide both the process of change and the actions of those who lead change (Conner 1977; French and Bell 1999; Gellerman et al. 1990; Warwick and Thompson 1980). In essence, Lewin-inspired OD provides an ethical approach to change. However, with the rise of newer perspectives on change, especially the Emergent approach, the emphasis on ethics has diminished to the extent that some approaches even encourage the manipulation and coercion of those involved (Buchanan and Badham 1999; Burnes 2009c; Rhodes et al. 2010).

It was only in the 1940s through the work of Kurt Lewin that a fully fledged change theory emerged—the Planned approach to change (Burnes 2004). This approach comprises four elements: Field Theory, Group Dynamics, Action Research and the Three-Step model. For change to be successful, though, there has to be a 'felt-need' (Alavi and Henderson 1981). Felt-need is an individual's inner realisation that change is necessary. If felt-need is low, introducing change becomes problematic. Felt-need can only arise if individuals and groups are given the opportunity to reflect on and learn about their own situation, and change of their own volition (Burnes 2004; Lewin 1947). Lewin did not believe that people could be tricked or coerced into change. Instead, he advocated a participative, open and ethical change process. His approach was greatly influenced by the work of the Gestalt-Field theorists, who believe that successful change requires a process of learning (Lewin 1942; Rock and Palmer 1990). This 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). Therefore, for Lewin, the change process is fundamentally a learning process. It is an iterative, cyclical, process involving diagnosis, action and evaluation, and further action and evaluation. It recognises that once change has taken place, it must be self-sustaining (i.e. safe from regression).

Lewin's original purpose was to develop an approach to change capable of resolving social conflict in society. As Burnes (2007) relates, Lewin quickly saw the benefits it could bring to organisations. In organisational terms, the focus of the Planned approach is on improving the effectiveness of the human side of the organisation. Central to the approach is the emphasis placed on the collaborative nature of the change effort: the organisation, both managers and recipients of change, and the change agent jointly diagnose the organisation'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). Marching 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.

After Lewin's death in 1947, his work was further developed and provided the inspiration and core approaches for the OD movement, which began in the 1950s (Cummings and Worley 2005). Lewin's influence on OD can be seen not only from its adoption of Planned change, but also in terms of the humanistic values which underpin it (French and Bell 1995). These values have been articulated by many writers over the years (Conner 1977; French and Bell 1999; Gellerman et al. 1990; Warwick and Thompson 1980). 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 organisations within society.
- Change agents believe that organisational prioritisation is a legitimate part of organisational culture.
- Change agents are committed to increased organisational effectiveness.
- OD places a high value on the democratisation of organisations through power equalisation.

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.

In order to remain relevant to the needs of organisations, OD has broadened out its focus from group behaviour change to more organisation-wide transformational approaches (Cummings and Worley 1997; French and Bell 1995). However, these approaches tend to be less participative and more directive, which weakens the ethical basis of OD. Indeed, a number of leading writers on the subject have begun to argue that OD has lost its sense of direction and purpose to the extent that it is no longer clear what constitutes OD (Bradford and Burke 2004; Greiner and Cummings 2004; Worley and Feyerhern 2003). Yet, as Wooten and White (1999) argue, the core values of OD—equality, empowerment, consensus-building and horizontal relationships—are ones that are particularly relevant to the needs of contemporary organisations.

Planned change was not only the first fully developed theory of change, but it has also proved to be the most enduring (Burnes 2004, 2007; Boje et al. 2011). Nevertheless, since the early 1980s, its pre-eminence has been challenged by a range of other approaches to change, the most prominent being Emergent change (Burnes 2009a). The term Emergent approach was probably first coined by Wilson (1992). It is used to describe a collection of complementary approaches which take as their starting point the rejection of Planned change (By 2005). 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). Weick (2000, p. 225) comments as follows on studies of Emergent change:

> The recurring story is one of autonomous initiatives that bubble up internally; continuous emergent change; steady learning from both failure and success; strategy implementation that is replaced by strategy making; the appearance of innovations that are unplanned, unforeseen and unexpected; and small actions that have surprisingly large consequences.

Advocates of Emergent change argue that it is more suitable to the turbulent and continually changing environment in which organisations now operate. They reject what they see as the incremental approach of Planned change. Instead, they argue that organisations must continuously and synergistically adapt their internal practices and behaviour in real time to changing external conditions (Beer and Nohria 2000). Consequently, 'The art of leadership in the management field would seem to lie in the ability to shape the process [of change] in the long term rather than direct single episodes' (Pettigrew and Whipp 1991, p. 143). Furthermore, and just as importantly,

proponents of Emergent change view organisations as power systems and, consequently, they see change as a political process whereby different groups in an organisation struggle to protect or enhance their own interests (Orlikowski and Yates 2006; Wilson 1992).

This highlights one of the more notable shortcomings of the Emergent approach, which is that its proponents do not appear to recognise ethics as a topic worthy of consideration. Their view seems to be that it is an immutable fact of life that organisations are composed of warring factions and, therefore, for change to be successful, its proponents must utilise politics and power to achieve their ends (Buchanan and Boddy 1992; Caldwell 2006; Dawson 1994, 2003; Hardy 1996; Hatch 1997; Orlikowski and Yates 2006). This view is neatly summed up by Pfeffer (1992, pp. 337–338), who states that:

> Computers don't get built, cities don't get rebuilt, and diseases don't get fought unless advocates for change learn how to develop and use power effectively.

If one accepts that politics dominates organisational life and that change is a battle between those who have power and those who want it, it is only a small step to arguing that 'might is right': that those who have the power have the right to impose their change on the rest of the organisation, regardless of how those on the receiving end feel about it. Obviously, the proponents of Emergent change do not necessarily support such abuses of power. However, they do see power and politics as a fact of organisational life, which must be accepted and exploited if change is to be achieved (Pfeffer 1992). Indeed, as Buchanan and Badham (1999, p. 29) note, the advice seems to be that:

> If all else fails, use dirty tricks such as coercion, undermining the expertise of others, playing one group off against another, and get others to 'fire the bullet'.

What we can see, therefore, is that the ethical dimension of leadership and change does not get a mention, at least explicitly, in the Emergent approach to change. However, as Burnes and Jackson (2011) argue, this does not mean that the ethical dimension is absent, but that one has to infer it from the nature of the approach to change.

This section has addressed the second aim of the article, to show than some approaches to change are more likely to lead to ethical outcomes then others. It has also shown that not all approaches to change make clear their ethical basis. The next section will further examine the ethical underpinnings of leadership and change.

The Ethical Basis of Leadership and Change

In organisational terms, as in life in general, ethics are beliefs about what is right or wrong, they provide a basis for judging the appropriateness of behaviour and they guide people in their dealings with other individuals, groups and organisations (Tseng et al. 2010; Jones et al. 2000). As Wines (2008, p. 484) commented: 'At bedrock, those who profess ethics believe that human beings are autonomous moral actors capable of making meaningful choices'. 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 are actively promoted. For consequentialists, the focus is on outcomes rather than motives. This view is most closely associated with the 18th and 19th century philosophers Jeremy Bentham (Goldworth 1983), Mill (2002) and Sidgwick (1981). Non-consequentialists take a similar view of the importance of ethical values, but deny that the rightness or wrongness of behaviour is determined by the goodness or badness of its consequences. They maintain that it is the intention behind an action, or the rules to which the intention conforms, which define whether something is ethical, and not the outcome (Wood-Harper et al. 1996). This view is most closely associated with the 17th and 18th century philosophers Locke (1958) and Kant (1873).

In this article, we adopt the consequentialist stance on ethics, which holds that actions should be judged by their consequences and not according to their intrinsic nature or the motives or character of those performing them (Kagan 1992). This seems to be stance most closely aligned to leadership and change in organisations. Leaders, and the changes they bring about, are not judged by their intentions, but almost exclusively by the consequences of their actions. For example, in the case of the Deep Water Horizon disaster, it was for the outcome of his actions and not his intentions that Tony Hayward, BP's CEO, was condemned (Goldenberg 2010). Similarly, it was the consequences of Richard Fuld's actions as CEO of Lehman Brothers which sent the company into bankruptcy, not his intentions (Wearden et al. 2008). Stakeholders may praise leaders for their intentions, but what really count are results: Does the company pump oil or spill it? Does it stay solvent or go bankrupt?

From the consequentialist view, the right course of action in any circumstances is that which results in the maximisation of good outcomes and minimisation of bad ones (Baggini and Fosl 2007). However, this is not an 'ends justify the means' approach to ethics. From the consequentialist stance, an action would not be judged as ethical if the outcome benefited a small number of people at the expense of a larger number. According to Thiroux and Krasemann (2007), there are three main forms of ethical consequentialism:

- Altruistic consequentialism: This form of consequentialism is associated with the 19th century philosopher Auguste Comte, who defined altruism as the disinterested concern for the welfare of another as an end in itself (Blackburn 2008; Comte 1875). Altruistic consequentialism maintains that an action is ethically right if it maximises the beneficial consequences for everyone other than the instigator. Under altruistic consequentialism, the role of leaders would be to act in the best interests of everyone but themselves.

- Utilitarian consequentialism: This form of consequentialism maintains that an action is ethically right if it maximises the beneficial consequences for everyone, including the instigator. The main proponents of utilitarianism were Jeremy Bentham (Goldworth 1983; Mertens and Dhillon 1999), Mill (2002) and Sidgwick (1981). Though there is some dispute over how to define utilitarianism, Bentham's Principle of Utility is still the most widely accepted definition: '… of the various possibilities open to us in any given case, we ought to choose that which will produce the greatest happiness (i.e. pleasure) to the greatest number' (Jones 1980, p. 368). As Renouard (2011, p. 89) observes of utilitarianism: 'The idea is to orient the individual desire towards the care of others, so that the search for personal happiness and the quest for the other's good merge'. This of course has a very modern ring to it if one considers such developments as CSR and environmental sustainability. Under utilitarian consequentialism, the role of leaders would be to act in the best interests of everyone including themselves. This is a recognition that the consequences for all stakeholders, including the environment, need to be considered when evaluating the costs and benefits of proposed or possible courses of action.

- Individual (egoistic) consequentialism: This is a form of consequentialism which maintains that an action is ethically right if it maximises the beneficial consequences for the instigator. It is associated with the work of the 17th century philosopher Thomas Hobbes on the egoistic view of human nature and morality (Jones 1980). Under egoistic consequentialism, the role of leaders would be to act in the best interests of themselves alone.

For the purpose of this article, we intend to dispense with the first of these, altruistic consequentialism, because it is difficult to see how organisations could survive for very long if leaders acted purely in an altruistic fashion. As an example, in seeking to maximise the beneficial consequences for everyone else, an altruistic leader might choose to close down their own organisation in order to favour competitors. Our focus here, therefore, will be on the impact of utilitarian and individual (egoistic) consequentialism. It might, of course, be argued that we should also dispense with individual consequentialism, because if leaders pursued only their own self-interests, that must surely be to the detriment of their organisations. However, as Kaler (2000b) observes, there is no compelling reason to withhold the term 'ethical' from behaviour motivated by individual as opposed to utilitarian reasons. For consequentialists, it is the outcome which is important and not the motivation. Studies of successful organisations, institutions and nations show that egoistic leadership and success can go together (Mooney 2004). For example, how could leaders such as Henry Ford, Pierre du Pont, Alfred Sloan, Toyoda Kiichiro, Matsushita Konosuke, Rupert Murdoch, Bill Gates, Steve Jobs, Ratan Tata, Sir Richard Branson and many others, have built or rebuilt their organisations without an enormous degree of self-belief—i.e. egoism—that they were right and everyone who disagreed with them was wrong? Unfortunately, the same level of self-interest can also have disastrous consequences for individual companies, as was the case with Kenneth Lay and Bernard Madoff, and even for entire sectors, as in the case of the bankers, speculators and fund managers whose individual greed nearly destroyed the world's financial system in 2008 (Burnes 2009c; Gopalakrishnan et al. 2008; Porter 2008; Stiglitz 2010; Sunderland 2008, 2009).

Therefore, in theory, individual consequentialism can be viewed as no more prone to unethical or illegal behaviour than is utilitarian consequentialism. However, in practice, in situations where leaders are not major shareholders in the organisations they lead, what is good for the egoistic leader may clash with what is good for the other stakeholders and the result can be unethical behaviour. Nor is such unethical behaviour likely to be confined to leaders. As the Nobel Prize-winning economist, Stiglitz (2010), observed in his book on the 2008 global financial crisis, the performance incentives of mortgage salesmen, of the inventors and purveyors of complex and ill-understood financial instruments, and of the corporate leaders who were supposed to supervise them were not aligned with the long-run interests of the institutions for which they worked. To put it succinctly, the long-term interests of the many were sacrificed to the short-term greed and arrogance of the few.

One of the major reasons for such illegal and unethical behaviour is that we have been living in a time where individual consequentialism has been aligned with forms of leadership and change which allow leaders a large degree of unquestioned discretion, and even secrecy, regarding what they do and how they do it. This is not inevitable. The danger of such situations arising can be reduced where there is openness about and alignment of values and objectives, transparency in decision-making and truly
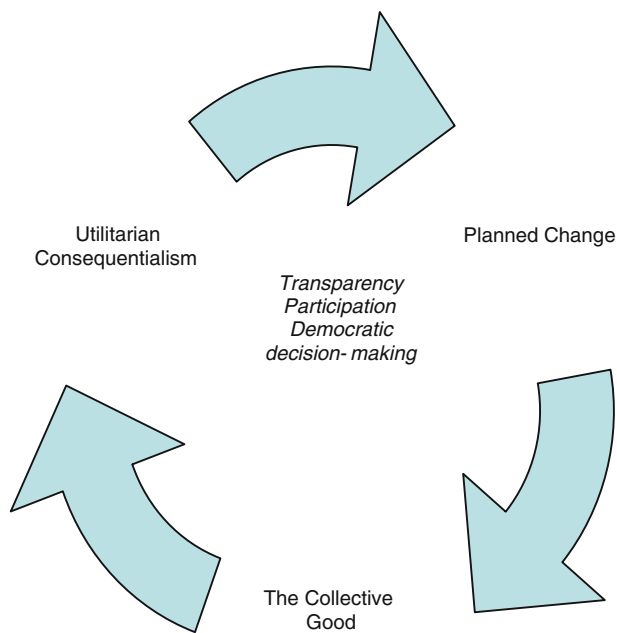
Fig. 1 The virtuous change circle

independent external scrutiny. As By and Macleod (2009) and Burnes and Jackson (2011) show, approaches to leadership and change are not value-free. Sometimes, as with Planned change, the values are explicitly stated; in other cases, such as Emergent change, they are more implicit. As we will show, individual consequentialist values align with the Emergent approach to change whilst the Planned approach is more aligned to utilitarian consequentialism.

Taking the Planned approach first: as noted above, this is strongly underpinned by an ethical base which promotes democratic-humanist values. It is a participative approach which seeks to involve all those concerned as equal partners, and to ensure that all the parties have access to and can openly share, analyse and debate the information and options available. This involvement and transparency helps to prevent one group or one individual seeking to promote their interests over those of the other parties. It also aims to satisfy the needs of all the parties involved by ensuring they all have an equal say in the analysis, planning and implementation of change. Therefore, the Planned approach adopts the utilitarian objective of seeking to achieve the greatest good for the greatest number. In effect, as Fig. 1 shows, it creates a virtuous circle whereby the values of utilitarian consequentialism underpin the Planned approach which, through openness and democratic decision-making, promotes the collective good.

Emergent change, on the other hand, makes no claims to possessing an ethical base, and instead acknowledges and often promotes change as a political process in which there is a need to use power and manipulation to achieve the leader's ends (Buchanan and Badham 1999; Wilson 1992). What is perhaps even more worrying is that, under the Emergent approach, change is seen as uncontrolled and uncontrollable (Weick 2000). All managers are expected to seize the opportunity to bring about change and to experiment with the 'everyday contingencies, breakdowns, exceptions and unintended consequences' of organisational life (Orlikowski 1996, p. 65). This creates the conditions for ambitious leaders to pursue their own self-interest under the guise of change. This of course fits in with the spirit of the age which was neatly summed up by Gordon Gekko, the central character in Oliver Stone's 1987 film Wall Street, who stated that 'greed, for want of a better word, is good'. Gekko may have left Wall Street over 20 years ago but his ideology has proved far more enduring, as recent events have demonstrated all too well (Burnes 2009c; Clark 2008; Gopalakrishnan et al. 2008; Porter 2008). Many leaders now see themselves as the new ruling class (Diefenbach 2009) and in some cases have even adopted the soubriquet 'masters of the universe' (Harris 2007). Yet, as Alvesson and Sveningsson (2003) observe, what makes their actions extraordinary, in their mind, is that they are done by them, which, of course, is a working definition of egoism. The result is a surprisingly high acceptance of mendacious leadership, systemic mismanagement and greed which only a few seem to be prepared to challenge (By 2010; Stiglitz 2010).

It is the unfettered pursuit of the leader's self-interest which the Emergent approach allows and even encourages which shows its strong alignment to individual consequentialism. For many of the leaders who utilise the Emergent approach, it is the degree to which it results in the promotion of their interests rather than the collective good which is important. If both can be achieved, fine, if not, the collective good will always be seen as subservient to the individual good—how could it be any other way for an egoist? Therefore, the combination of individual consequentialism and Emergent change can enable the pursuit of the leader's own interest to crowd out the pursuit of the collective good. However, it is not individual consequentialism which is dangerous per se, but the context in which it is deployed. When deployed in a context in which leaders are freed from the normal restraints of organisational life, in which political behaviour is legitimised, and in which underhand and even illegal behaviour can be hidden by 'the fog of war', egoistic leadership can be very damaging. As Fig. 2 shows, it creates a vicious circle whereby egoistic consequentialist values underpin Emergent change which, through obfuscation and political manipulation, subverts the collective good in favour of the leader's good.

This section has addressed the third aim of aim of the article, to show the need for greater ethical clarity when evaluating and implementing approaches to leadership and
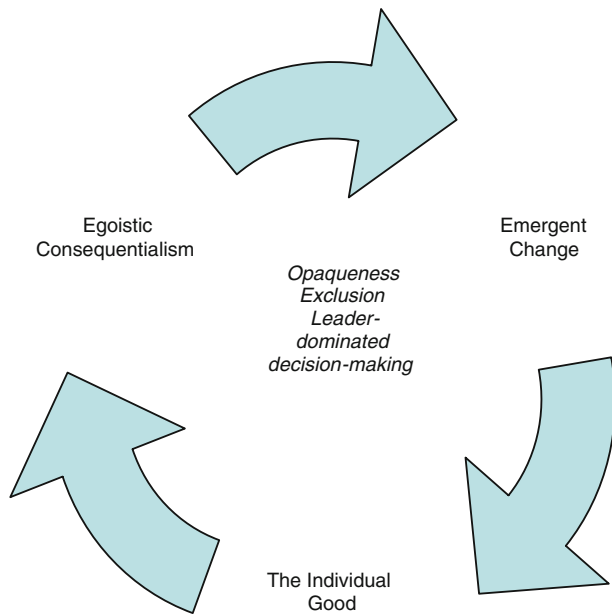
Fig. 2 The vicious change circle

change. It has shown that all approaches to leadership and change have ethical implications, but that not all of them are explicit about what these are, especially those which might lead to unethical outcomes. The next section discusses the implications of our review of the ethical basis of leadership and change.

Discussion: The Case for Clarity

Our argument in this article is that all leadership styles and all approaches to change are rooted in a set of values, and that these influence the actions of leaders and the outcomes of change initiatives for good or ill. Support for this argument can be seen in the Introduction and the review of the leadership literature. These showed that the overwhelming view to emerge over the last three decades is that the main role of leaders is to bring about change in, and indeed to transform, their organisations (Burns 1978; Bass 1995; Hughes et al. 2009; Yukl 2010). In addition, the review of the change and ethics literatures showed that the behaviour of leaders, and others in organisations, is strongly influenced by their ethical values (Burnes and Jackson 2011; Cohen and Keren 2008; Fisher and Lovell 2003). We have also shown that in undertaking their role, leaders are given a great deal of freedom in what they do and how they do it. This is partly due to the aura of omniscience which has grown up around the role of the leader, and partly due to the difficulty of monitoring and evaluating the process of transformational change (Burnes 2009c; Grint 2005; Storey 2004).

As a consequence, many leaders have been unchallenged in putting their own egos and interests ahead of the interests of the other stakeholders in their organisation, in some cases with disastrous results (Bones 2011; Gopalakrishnan et al. 2008; Kakabadse et al. 2007; Porter 2008; Stiglitz 2010). For many, this has highlighted the importance of promoting the ethical dimension of leadership as a means of ensuring that leaders act in the interests of all their stakeholders and not just their own interests (Barker 2001; Covey 1991; Hollander 1995; Kanungo and Mendonca 1996; Storey 2004). However, as the review of consequentialist ethics demonstrated, not all approaches to ethics necessarily have beneficial results. Whilst leaders who adopt utilitarian ethics are likely to pursue the interests of all their stakeholders, leaders who adopt more individual-egotistic ethics are more likely to put their own interests before that of other stakeholders (Clark 2008; du Plessis 2008; Kanungo and Mendonca 1996; Partnoy 2003; Porter 2008; Rhodes et al. 2010; Sunderland 2008, 2009).

After examining the ethical underpinnings of leadership, we examined the ethical underpinnings of approaches to change. In reviewing the two dominant approaches to change, we argued that the Planned approach is more likely to lead to ethical outcomes than the Emergent approach. This is because Planned change was explicitly developed by Lewin to achieve collective good rather than to promote sectional or individual interests (Burnes 2004; Lewin et al. 1939; Marrow 1969). It is an approach which stresses democratic leadership, participative change, transparency and ethical values, which we have identified as utilitarian consequentialism. Emergent change, on the other hand, makes no claims to possessing an ethical base. It portrays organisations as political systems, and change as a political process which requires leaders to use power, manipulation and obfuscation to achieve their ends (Buchanan and Badham 1999; Wilson 1992).

Consequently, Emergent change is underpinned by values which are likely to lead to unethical outcomes, though this will not always be the case. As Pfeffer (1992) noted, power and politics can be used to achieve ethical outcomes. Similarly, charismatic leadership and individual consequentialism, in the appropriate circumstances, can be a force for good. However, when charismatic leaders pursue their own agendas using manipulative and coercive approaches to change, they do pose a danger—the danger that they will pursue, and even be encouraged to pursue, their own interests regardless of the wider interests of other stakeholders or even the survival of the organisation. This is especially the case given that the last three decades have also been ones which have been presided over by a Gordon Gekko-like 'greed is good' mentality.

The axis on which acceptable and unacceptable outcomes revolve is the ethical values which underpin and link

together particular combinations of leadership and change. We believe that the fundamental flaw in some approaches to change is that not only are they not explicit about values, but also they give the impression that it is somehow unworldly or naïve even to mention ethical considerations (Buchanan and Badham 1999). From this perspective, ethical change is not an issue, because those who promote such a view believe that the presence in organisations of power and politics preclude such considerations: instead change must be brought about by a combination of power and manipulation (Pfeffer 1992). However, it seems contradictory that proponents of Emergent change maintain that most aspects of organisational behaviour can be changed except those connected with power and politics (Burnes 2009c). Crucially, it also ignores the issue of choice. As Hatch (1997, pp. 367–368) observes:

> 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.

However, how are such choices to be made? In answering this question, we return to the title of this article: 'Leadership and Change: The Case for Greater Ethical Clarity'. Organisations have to move beyond general statements of ethics, such as those found in Corporate Social Responsibility policies (United Nations 2010), and actually evaluate the ethical values of leaders and their actions and determine whether they are compatible with the wider interests of the organisation and its stakeholders. This requires them to understand ethics both in policy and practical terms, and to be clear about the ethical basis of different approaches to leadership and change. They have to create the sort of virtuous circle of leadership and change shown in Fig. 1. Nevertheless, if this is to be successful, it requires stakeholders to play an active rather than passive role. As Egels-Zanden and Sandberg (2010, p. 35) comment:

> In recent years, stakeholder theory has become one of the most common frameworks used in the academic community for conceptualizing and understanding issues concerning corporate ethical responsibilities.

Unfortunately, as the 2008 credit crunch demonstrated, key stakeholders, such as investors, regulators and governments, turned a blind eye to the unethical practices of many financial institutions (Burnes 2009a; Gopalakrishnan et al. 2008; Porter 2008; Stiglitz 2010; Sunderland 2008, 2009). Fortunately, there are also many cases where stakeholders have played a positive role in challenging and correcting unethical practices. Pressure groups such as Greenpeace, Friends of the Earth and Amnesty International have been effective in holding businesses to account for their activities (Dunphy et al. 2007). Western companies purchasing from developing nations have proved themselves able and willing to stamp out exploitative practices such as child labour (Easton 2003; Jones et al. 2007; Körner 2005). With the advent of initiatives such as the Fairtrade logo, even individual consumers find themselves in a position to influence the ethical practices of the organisations they purchase from (Rawles 2010). Similarly, many pressure groups and non-governmental organisations now monitor and expose exploitative and environmentally damaging practices (Weaver 2007). All this has been aided by the advent of the Internet and social networking, which has made it much easier to identify and publicise unethical behaviour, and mobilise individuals and groups against it (Inman 2011).

Therefore, stakeholders have a positive and active role to play in identifying and ending unethical practices. However, this is only possible if they can recognise what is ethical and unethical. Most stakeholders would agree that child labour is clearly unethical, but would they recognise which leadership and change practices are unethical? If stakeholders are to be able to monitor leaders' behaviour, they must have a yardstick for judging whether it is potentially unethical or not. In order to do this, those who develop, promote and adopt particular approaches to leadership and change have to be clear about the ethical implications of these.

Conclusions

As stated in the Introduction, we believe that there is a damaging lack of clarity regarding the ethical values which underpin leadership and change, and that this is an important but under-researched area. Consequently, the aims of this article are threefold: first, to show that leadership and change are inextricably linked and that their effectiveness in achieving beneficial outcomes for stakeholders is linked to their underlying ethical values. Our review of the leadership and change literature has demonstrated the symbiotic relationship between these. In addition, by relating the literature on ethics to leadership and change, we have shown that these are underpinned by ethical values which influence the outcomes of these two processes.

Our second aim was to show that some approaches to change are more likely to lead to ethical outcomes than

others. In reviewing the two dominant approaches to change, we showed that whilst Planned change was explicitly based on set of ethical principles and practices which was compatible with ethical outcomes, Emergent change was not. Though not explicitly stated, the practice of Emergent change, based as it is on the use of power and manipulation, revealed that its underlying values undermined rather than supported ethical outcomes.

The final aim of the article was to show that there is a need for greater ethical clarity when evaluating approaches to leadership and change. As argued in the Discussion, though some unethical practices are clear and widely condemned, e.g. child labour, the ethical dimension of leadership and change is much more difficult to divine. Yet, if leaders are to act ethically and if organisational change is to lead to ethical outcomes, there must be greater clarity over their ethical underpinnings and consequences, otherwise misconceptions arise which can lead to the promotion of selfish and narrow actions over the greater good.

A prime example of such a misunderstanding is the famous quotation attributed to Charlie Wilson, who was President of General Motors in the early 1950s: 'What's good for General Motors is good for the country'. Many leaders appear to interpret this to mean: 'What's good for me is good for the organisation', which is of course an individual consequentialist standpoint. But what Wilson actually said was 'For years I thought that what was good for our country was good for General Motors, and vice versa' (Time Magazine 1961). Therefore, a more accurate interpretation of Wilson's words would be 'What's good for the organisation is good for me', which is very much a utilitarian consequentialist stance.

It follows that self-interest and the interests of other stakeholders are not necessarily incompatible. If one goes back to the work of Thomas Hobbes, the original proponent of the individual view of human nature, his view of leadership is closely allied to Wilson's view of General Motors. Hobbes believed that the quid pro quo for allowing leaders authority, for individuals surrendering some of their liberties to them, is that the leader acts for the common good (Jones 1980). Applying this to organisations, which are social groupings established, in the most part, to meet the ends of their stakeholders, then if a leader ceases to act for the common good, they lose their legitimacy. Consequently, for leaders to have legitimacy, they must act in the interests of the common good even if their own personal philosophy is one of individual consequentialism. Therefore, drawing on both Charlie Wilson and Thomas Hobbes, one can argue that leaders with individual consequentialist ethics can best serve their own interests by serving the collective interests of the rest of the stakeholders in the organisation.

This, of course, can only be achieved if leaders act in an ethical manner. In order to serve the interests of all stakeholders, leaders need to be explicit about what is acceptable and not acceptable, there need to be transparency and involvement in decision-making and leaders need to be subject to appropriate levels of accountability. Importantly, those who study and offer advice on change must be explicit about the ethical basis of their work and the dangers as well as the benefits of their approach to change. As Roosevelt (1937) commented on the causes of the Great Depression of the 1930s:

> We have always known that heedless self-interest was bad morals; we know now that it is bad economics. Out of the collapse of a prosperity whose builders boasted their practicality has come the conviction that in the long run economic morality pays.

However, this 'economic morality' will only prevail if all the stakeholders in an organisation are able and prepared to ensure that ethical rather than selfish behaviour is pursued by leaders when undertaking change.

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