Innovation, Prospective & Ethics in business

Changing perceptions & Adopting new representations

ETHICAL IMAGINATION, CSR & LEADERSHIP

Laurent Ledoux
ledoux.laurent@gmail.com – 0478 62 14 20
Moral imagination is the condition for free deeds

Rudolf Steiner
| 1 | Ethical Imagination: when managers must choose between « right » & « right » |
| 2 | Regulatory Innovation: when a multitude of actors interact to enforce CSR |
| 3 | Adaptive leadership: when leadership is required to address conflicts in people’s values |
4 case studies to help us reflect on ethical dilemmas

**Edouard Sakiz**  
*To distribute the abortion pill?*

**How do you lead the launch of a product you know will be extremely controversial?**

**Peter Adario**  
*To dismiss Kathryn McNeil?*

**What should you do if a single parent on your staff is falling behind in his or her work?**

**Steve Lewis**  
*To attend St Louis meeting?*

**How should you respond if you are offered an opportunity at work solely because of your race or gender?**

**Carlos Pinto**  
*To retrieve & fix the cars?*

**What should you do if the expected cost of legal claims from a potentially lethal product is less than the cost of retrieving that product from the market and fix it?**

*Source: Badaracco (1997); adapted by Ledoux*
What would you do if you were Lee Pinto?
Questions to think «individual» dilemmas – Steve Lewis’ case

Source: Badaracco (1997); adapted by Ledoux

Laurent Ledoux 6

“Who am I?”

“How do my feelings and intuition define, for me, the ethical dilemma?”
(To respect oneself or to be loyal – loyal to whom?)

“Which of the values that are in conflict are most deeply rooted in my life and in my community?”
(To consider the dilemma as his parents’ son)

“Become who you are”
(Friedrich Nietzsche)

“What combination of expediency and shrewdness, coupled with imagination & boldness, will move me closer to my personal goals?”
(To go to St Louis but to participate to the presentation)

“Looking to the future, what is my way (not the way of others)?”
(To become partner in an investment bank)
Variations on the word « Ethics »

« Ethos » in Greek: custom, habit, way of behaving in an environment

The primary meaning of « Ethos » or « Ethics » has therefore to do with: making your way, positioning yourself in an environment

Ethics is a human activity. The purpose of ethics is not to make people ethical; it is to help people make better decisions (Marvin Brown, author & ethics consultant)

An ethos is the doctrine of a particular art of living the best possible life and the means to pursue this aim (i.e. to live happily or to search for truth) (Marcel Conche, philosopher)

A morality is a set of duties and imperatives (positive or negatives) that a society or a community gives to itself and which enjoins its members to conform their behaviour, « freely » & in an « unselfish » way, to certain values enabling to distinguish right & wrong.
Potential sources to support ethical decision-making

- Codes of conducts & Mission statements
- Legal duties
- Heuristics («sleep-test» rules)
- Moral or ethical principles
A framework for ethical theories

- **Individual processes**
  - Adaptability & responsiveness

- **Virtue**
  - Ethics
  - (Aristotle, Gilligan, …)

- **Development**
  - Ethics
  - (Etzioni, Covey, …)

- **Principles**
  - “Doing right”

- **Deontological**
  - Ethics
  - (Kant, Rawls, …)

- **Teleological**
  - Ethics
  - (Bentham, Mill, …)

- **Institutional structure**
  - Fixity & consistency

**Source:** Fisher & Lovell (2003); adapted by LL

Laurent Ledoux
- Is the action legal?
- Does it comply with TI values?
- If you do it, will you feel bad?
- How will it look in the newspaper?

  > If you know it’s wrong, don’t do it!
  > If you’re not sure, ask.
  > Keep asking until you get an answer.
Questions to ask yourself in front of an ethical dilemma

• Is it conform to the law ?
• Is it conform to the ethical code and values of my company ?
• Am I conscious that my decision can engage other people in the company ?
• Do I feel alright with my decision ?
• What would the colleagues think about my decision ?
• What if it would be published in a newspaper ?
• What would my family think about it ?
• What if everybody would do the same ?
• Should I question the person in charge of deontology ?
12 tests filter to validate or reject a decision

<table>
<thead>
<tr>
<th>Ask yourself these questions concerning the decision you wish to take</th>
<th>+/-</th>
<th>Veto</th>
<th>Trigger</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Legal duties</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Legalist test. Is my decision in accordance with the law?</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Corporate credos &amp; mission statements</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Organisational test. Is my decision in accordance with my organisation’s rules of conduct or ethics</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Heuristics</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. Hedonistic or intuitive test. Does my decision correspond with my gut feeling and my values? Does it make me feel good?</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Respect of ethical principles</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Virtue ethics</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. Light-of-day test. Would I feel good or bad if others (friends, family, colleagues) were to know of my decision and action?</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5. Virtuous mean test. Does my decision add to, or detract from, the creation of a good life by finding a balance between justice, care and other virtues?</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Deontological ethics</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6. Veil of ignorance/Golden Rule. If I were to take the place of one of those affected by my decision and plan would I regard the act positively or negatively?</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7. Universality test. Would it be a good thing or a bad thing if my decision and plan were to become a universal principle applicable to all in similar situations, even to myself?</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Development ethics</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8. The communitarian test. Would my action and plan help or hinder individuals and communities to develop ethically?</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>9. Self-interest test. Do the decision and plan meet or defeat my own best interests and values?</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Teleological ethics</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>10. Consequential test. Are the anticipated consequences of my decision and plan positive or negative?</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>11. Utilitarian test. Are the anticipated consequences of my decision and plan positive or negative for the greatest number?</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>12. The discourse test. Have the debates about my decision and plan been well or badly conducted? Have the appropriate people been involved?</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
“What are the other strong, persuasive, competing interpretations of the situation or problem that I hope to use as a defining moment for my org.?"

(To understand that, for Walters, the basic ethical issue was irresponsibility: McNeil’s for not pulling her weight & his for not taking action)

“What is the cash value of this situation and of my ideas for the people whose support I need?”

(Refine his message and shape it to the psychological & political context in which he was working, in terms of raising productivity or improving recruiting)

Who are we?

“Truth happens to an idea. Its verity is in fact an event, an idea”

(William James)

“Am I playing to win?”

(To take swift actions to counter Walters: While Adario was out of the office, she worked with one of the bosses to swiftly resolve McNeil’s issue)

“Have I orchestrated a process that can make the values I care about become the truth of my organization?”

(After hiring McNeil, to start quickly to let her & her work known to his bosses & to campaign for a more family-friendly workplace)

Questions to think «internal» dilemmas – Peter Adario’s case

Source: Badaracco (1997); adapted by Ledoux
Questions to think «societal» ethical dilemmas – Edouard Sakiz’ case

“Have I done all I can to secure my position and the strength & stability of my organization?”
(To refrain to take decisions that could expose directly The organization or to confront the BoA’s president)

“Have I thought creatively & imaginatively about my organization’s role in society & its relationship to its stakeholders?”
(To orchestrate a public debate among the different stakeholders)

Who is the organisation?

“Ethics result from the inescapable tension between Virtue & Virtu”
(Aristote & Machiavel)

“Have you done all you can to strike a balance, both morally & practically?”
(To market the new drug without endangering the organization)

“Should I play the lion or the fox?”
(To organize and support a vote that will trigger a massive counter-reaction from other actors)

Source: Badaracco (1997); adapted by Ledoux
Commonalities & divergences between the 4 case studies

Cas pratiques

Edouard Sakiz
To distribute the abortion pill?

Peter Adario
To dismiss Kathryn McNeil?

Steve Lewis
To attend St Louis meeting?

Carlos Pinto
To retrieve & fix the cars?

Decision’s impact

Who is the organisation?

Who are we?

Who am I?

Complexity

“Right”
vs.
“Right”
(ethical dilemma)

“Right”
vs.
“Wrong”
(moral choice)

Lessons

Ethical decisions form, reveal & test the self (John Dewey)

Do you think you can govern innocently, without dirtying your hands? (Jean-Paul Sartre)

Source: Badaracco (1997); adapted by Ledoux
The 4 orders & the tensions between the individual and the group

* Synthesis based on the texts from André Comte-Sponville, Marcel Conche & François Jourde

- **Economic, technical & scientific order**
  - Possible vs. Impossible
  - (Natural and rational Law)

- **Juridical & political order**
  - Legal vs. Illegal
  - Limits

- **Moral order**
  - Right vs. Wrong
  - (Universal or universalisable duties)
  - Completes

- **Ethical order**
  - Good vs. Bad
  - (Self, subjective or relative Will)
  - Limits
  - Possibly induces

- **Wisdoms**

- **Spiritualities**
  - Metaphysics (secular or religious)

- **Ascending hierarchy for individuals**

- **Descending hierarchy for groups**

- **Economic, technical & scientific order**
  - Possible vs. Impossible
  - (Natural and rational Law)

- **Juridical & political order**
  - Legal vs. Illegal
  - Limits

- **Moral order**
  - Right vs. Wrong
  - (Universal or universalisable duties)
  - Completes

- **Ethical order**
  - Good vs. Bad
  - (Self, subjective or relative Will)
  - Limits
  - Possibly induces

- **Wisdoms**

- **Spiritualities**
  - Metaphysics (secular or religious)
A sequence of questions for guiding ethical judgement

**Critical self-evaluation**
- Proposed decision pass 12 filter tests?
- Confidence of decision’s LT strength & validity?
- Acceptable exceptions/modification to my/our decision?
- Risks & consequences of misunderstandings reg. the decision?

**Intention**
- Loyalty to whom first?
- Prioritary objective/intention?
- In line with probable results?

**Process**
- Process to let my/our value emerge?
- Strategy to let my/our vision of reality prevail?
- Creative vision of my/our role? Lion or fox?

**Dialogue**
- Stakeholders’ views & prioritary needs?
- Issues between stakeh. to be solved?
- My/our position’s stability & strength?

**Imagination**
- How did I/we get there (history)?
  - Other ways to look at it?
  - Which ways are (not) ethically helpful?

**Casuistry**
- Dist. facts from value judg. & beliefs?
  - Case’s particularities?
  - Diff. betw. particular & general case?
## Contents

<table>
<thead>
<tr>
<th></th>
<th>Title</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Ethical Imagination: when managers must choose between « right » &amp; « right »</td>
</tr>
<tr>
<td>2</td>
<td>Regulatory Innovation: when a multitude of actors interact to enforce CSR</td>
</tr>
<tr>
<td>3</td>
<td>Adaptive leadership: when leadership is required to address conflicts in people’s values</td>
</tr>
</tbody>
</table>
Economic ethics
“Part of ethics which deals with behaviours and institutions of this sphere, i.e., of the entirety of exchange activities of goods and services and of production related to this exchange.”
(French Penal Code – 1994)

Business ethics

Corporate ethics
“Presents itself as responsibility ethics (not only of conviction), organised as a doctrine which guides activities and behaviour at work”
(Fabienne Cardot)

3 levels of commitment
1. Governance ethics
2. Deontological ethics
3. Values ethics

Strategic manifestation: CSR

Pragmatic & little theorised
Responsive & fragmented
Dialog & questioning
Contextual & in action

CSR – Static definitions
Corporate Social Responsibility
The entirety of obligations legally required or voluntarily assumed by an enterprise to pass as an imitable model of good citizenship within a given field (Jean Pasquero)

The three dimensions of CSR
- Social
- Economic
- Environmental

Fair
Sustainable
Viable
Livable
Key questions about CSR

**Motivation**
In whose interest & why?
- For Share- or Stakeholders?
- Marketing opportunism or moral duty?

**Power locus**
Who drives CSR?
- Internally: managers or «corporates»?
- Externally: Govs, NGOs or corporates?

**Dynamic**
How did/does CSR evolve?
- Concept’s evolution so far?
- Today’s logic in a globalized economy?

You can’t properly think about «Motivation» & «Power locus» without understanding the CSR «Dynamic»
Dynamic – How has the CSR concept evolved so far?

Evolution so far?

8 components of CSR nowadays
- Citizen participation: Proactive «engagement»
- Performance reporting: Triple balance sheet
- Ethical rectitude: Codes of conduct
- Social responsiveness: «Societal management» system
- Environmental nuisance limit: Priority given to the environment
- Sollicitude: Employees’ needs
- Philanthropy: Grants & corporate patronage
- Efficient management: (Technical skills)

Time


Source: Jean Pasquero (2005), adapted by Ledoux
Dynamic – How CSR is evolving in today’s globalized economy?

“Coherency” of the coregulation system

Highly stylised process*: in reality these trends overlap each other

Evolution today?

Transfers of States’ duties to corporates

Effectively

Empowerment of 3rd parties by States & Judges

Growth of surveillance & social controls’ web

Proliferation through reputation & transparency

Voluntary adoption of codes of conducts

Corporates’ emancipation from states

Politization of consumption

Regulatory innovation process

[2001] Global Compact
Corporates become world citizens

[2003] Nike vs. Kasky
Consumers’ CSR concerns legally recognized

2001

2003

* Source: “Responsabilité sociale des entreprises et co-régulation”, by Berns & al, 2007
Reputation – Law: differences in action mode & “regulatory” effects?

**Law**

1. Immediate & discontinued
2. Externally defined
3. Black or white
4. Concern for single, egal, actors

**Reputation**

1. Slow & constant (omnipresent)
2. Interiorized & reflexive
3. Grey (richer modulation)
4. Concern for global tendencies

Current normativity results of a hybrid of law & reputation, of regulation & auto-regulation, in constant evolution

New is that this hybrid is considered to be able to develop itself as autonomous & self-sufficient
Dynamic – Main facets of the coregulation system

“Intellectual bricolage”
From voluntary social responsibility to legally binding responsibility?

Started outside the laws, caught back by “soft” laws now;
To understand it, one needs to get rid of old concepts of state sovereignty, legal order and norms pyramid;
Porosity of Politics & economy based on a self-limitation of governments

Open, normative power game
All shots allowed?

Hard & soft laws become instruments towards the realization of the objectives of a multitude of players but need inevitably to agree on certain rules and to allow a third party to «institutionalize» the game (hence the quasi-legal appeal of Global Compact)

Coregulation System
Evolving hybrid of regulation & autoregulation, of Law & reputation

Less ambitious but more tangible?
Do not replace int’l conventions or formal concertation but ensure effective application on the field;
Pragmatic actors more used to action than diplomacy
Hypocrisy or alternative to bottlenecks of int’l society?

Not ethically, nor democratically elaborated
Legitimate?
CSR growth does not require corp. to have a soul or moral intentions; Habermas: sous-institutionalization of global laws;
Decoupling between law and political institutions

Source: “Responsabilité sociale des entreprises et co-régulation”, by Berns & al, 2007
**Motivation** – In whose interest do managers go CSR?

*To whom are executive managers accountable?*

- **«Contractual» vision**
  - «Economic» responsibility
  - Shareholders

- **«Symbolic» vision**
  - «Social» responsibility
  - Stakeholders
  - «Societal» responsibility (Towards institutionalisation)
  - Society

*Is this the right distinction?*
*Is the distinction between private & public interests so clear?*
Motivation – In whose interest do managers go CSR? Friedman’s model

Are Sternberg’s friedmanian «Just Business»’ principles just?

Manager’s sole objective

“To maximize long term owner value*”

Ordinary decency

Distributive justice

Minimal necessary values to ensure the organization’s LT survival:
- Honesty
- Fairness
- No coercion or phys. violence
- Respect of laws

Rewards should be accorded in proportion to the value of agents’ contribution to furthering the organization’s objectives

* Sum of discounted cash-flows
Motivation – Turning Friedman upon his head?

Maximize (without limits)
Shareholder’s value
Under the constraint of the respect of the law

E. Faber, CEO of Danone

Maximize the value for the whole society under the constraint of an « adequate return » for shareholders
Motivation – Marketing opportunism or moral obligation?

Does Ethics pay?

ROCE by year for 42 major UK quoted companies

Is ROCE a pertinent KPI? In the new system of coregulation, risk mitigation is the biggest driver.

**Motivation** – 4 axes of a sustainable business strategy?

### Building tomorrow’s opportunities

#### Nurturing Internal capabilities
- **Drivers**
  - Clean Tech.
  - Footprint
  - «Disruption»
- **Strategy**: Clean technology
  Develop sustainable competencies for the future
- **Business benefits**: Innovation & Repositioning

#### Engaging external constituencies
- **Drivers**
  - Population
  - Poverty
  - Inequalities
- **Strategy**: Base of the Pyramid
  Dev. a strategy to meet the base’s needs
- **Business benefits**: Growth & Trajectory

#### Managing today’s business
- **Drivers**
  - Pollution
  - Consumption
  - Waste
- **Strategy**: Risk prevention for populat.
  Minimize waste & toxic emissions from bus. proc.
- **Business benefits**: Cost & Risk reduction

- **Drivers**
  - Civil society
  - Transparency
  - Connectivity
- **Strategy**: “Guidance Produit” (Product Stewardship)
  Integrate stakeholders’ views in bus. processes
- **Business benefits**: Reputation & Legitimacy

---

**Motivation** – Marketing opportunism or moral obligation? Ethique ou «Etiquettes»?

**What is the trigger/driver?**

1. **Eco., technical & scientific order**
   - Possible vs. Impossible
   - (Natural and rational Laws)
   - Through marketing opportunism?

2. **Political & juridical order**
   - Legal vs. Illegal
   - Through legal obligation?
   - limits

3. **Moral order**
   - Right vs. Wrong
   - Through moral obligation?
   - limits

4. **Ethical order**
   - Good vs. Bad
   - Through own Will?
   - limits
   - completes

**Or rather**

Through the new system of «coregulation»?
A growing «soft law» enforced in a «control» society by a multitude of actors in a continuous, innovative power struggle...

«One can rarely be moral alone»
The coregulation system redefines, volens nolens, the definition of what companies are, through the rights & responsibilities that are gradually attributed to them & without necessarily recognizing that they have a soul or moral intentions.
Power locus – Externally, where should the common interest be defined?

Privatisation of common interest?

Companies

Globalisation & deregulation

Lower risk acceptance & corporate legitimacy

Governments & Civil Society

Political & juridical order

Legal vs. Illegal

Economic, technical and scientific order

Possible vs. Impossible
(Natural and rational Laws)

This dichotomy doesn’t help to realize the growing porosity between politics & economy (see Berns)
Final thoughts – Where do we go?

Are ethics or corporates instrumentalized?

According to Benjamin Barber in «Consumed: How Markets Corrupt Children, Infantilize Adults, and Swallow Citizens Whole», 2007; See also Anne Salmon’s analysis in «Ethique et ordre économique : une entreprise de séduction», 2002
Contents

1 Ethical Imagination: when managers must choose between « right » & « right »

2 Regulatory Innovation: when a multitude of actors interact to enforce CSR

3 Adaptive leadership: when leadership is required to address conflicts in people's values
Leadership – What are we talking about?

**Transactional Vs. Transformational Leadership**
(McGregor Burns)

**Machiavellian Leadership**

**Servant Leadership**
(Greenleaf)

**Situational Leadership**
(Blanchard)

**Hard / Soft / Smart Leaders**
(Nye)

**Conscious Leadership**
(Kotman)

**Charismatic Leadership**
(Weber)

**Integral Leadership**
(Wilber)

**Fifth disciplines**
(Senge)

**Force Field Analysis**

**EPIC Advisers**

**Personal power model**
(Hagberg)

**Expectancy theory**

**Emotional intelligence**
(Goleman)

For more see http://www.12manage.com
Today’s focus – Adaptive leadership: leadership without easy answers?

Cases by R. Heifetz will guide us today to reflect upon leadership & change

If we have time, we will also review the leaders’ skills following J. Nye’s latest book
Leadership & wisdom – a growing field of investigation?

If we have time we will also investigate the links between leadership and wisdom, together with Mark Strom & Peter Koestenbaum

Mark Strom

- Australian living in Auckland, New Zealand
- Doctor in Theology & philosopher
- CEO of a consulting practice
- Mark’s life and work bridges academia, business, & civic leadership.
- Author of several books & articles including the Arts of the Wise Leader

Peter Koestenbaum

- American (born in Germany)
- Philosopher
- CEO of a consulting practice
- Peter has written many books about including: Leadership, the inner side of greatness
Change Management – 8 steps to lead change: is this all?

To lead change, is it enough to follow these steps?

1. Increase urgency
2. Build guiding teams
3. Get the vision right
4. Communicate for buy-in
5. Enable action
6. Create short-term wins
7. Don’t let up
8. Make it stick

Source: “Leading change” by John P. Kotter, adapted by Ledoux
What did Parsons do or didn’t do?

What did she achieve?

Is this a leadership case?

Why or why not?
## Adaptive Leadership – Distinguishing Technical Problems and Adaptive Challenges (Parson’s Case)

<table>
<thead>
<tr>
<th>Challenge</th>
<th>Problem Definition</th>
<th>Solution and Implementation</th>
<th>Primary Locus of Resp. for the Work</th>
<th>Kind of Work</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Type I</strong></td>
<td>Clear</td>
<td>Clear</td>
<td>Physician</td>
<td>Technical</td>
</tr>
<tr>
<td><strong>Type II</strong></td>
<td>Clear</td>
<td>Requires Learning</td>
<td>Physician and patient</td>
<td>Technical and Adaptive</td>
</tr>
<tr>
<td><strong>Type III</strong></td>
<td>Requires Learning</td>
<td>Requires Learning</td>
<td>Patient &gt; physician</td>
<td>Adaptive</td>
</tr>
</tbody>
</table>

Source: “Leadership without easy answers”, by Ronald Heifetz
Adaptive leadership – Modulating the stress

Source: “Leadership on the line”, by Ronald Heifetz & Marty Linsky
What did Ruckhelshaus do or didn’t do?

What did he achieve?

Is this a leadership case?

Why or why not?
What did or did not do Lyndon Johnson in the Black Civil Rights case and in the Vietnam War case respectively?

Did he act as a leader?

Why or why not?

Are there other leaders in these cases?

How do they differ?
Adaptive leadership – 5 strategic principles of leadership

1. Identify the adaptive challenge (Unbundle the issues)
2. Protect leadership voices w/out authority (Cover who raises questions authorities can’t raise)
3. Keep the distress level tolerable (Control the pressure cooker)
4. Give the work back to people (Put pressure on people with the problem)
5. Focus on ripening issues (Counteract work avoidance mechanisms)

Source: “Leadership without easy answers”, by Ronald Heifetz, adapted by Ledoux
## Adaptive leadership – The leader’s social functions

<table>
<thead>
<tr>
<th>Social function</th>
<th>Challenge Technical</th>
<th>Challenge Adaptive</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Direction</strong></td>
<td>Authority provides problem definition and solution</td>
<td>Authority defines adaptive challenge, provides diagnosis &amp; questions about problem definitions &amp; solutions</td>
</tr>
<tr>
<td><strong>Protection</strong></td>
<td>Authority protects from external threat</td>
<td>Authority discloses external threat</td>
</tr>
<tr>
<td><strong>Role Orientation</strong></td>
<td>Authority orients</td>
<td>Authority disorients current roles, and resists pressure to orient people in new roles too quickly</td>
</tr>
<tr>
<td><strong>Controlling conflict</strong></td>
<td>Authority restores order</td>
<td>Authority exposes conflict, or lets it emerge</td>
</tr>
<tr>
<td><strong>Norm maintenance</strong></td>
<td>Authority maintains norms</td>
<td>Authority challenges norms, or allows them to be challenged</td>
</tr>
</tbody>
</table>

Source: “The practice of adaptive leadership”, by Alexander Grashow, Ronald Heifetz & Marty Linsky
Adaptive leadership – The politics of change & Going beyond your scope of authority
Adaptive leadership – 4 critical distinctions provided by Heifetz’s challenging view of leadership

Source: “Leadership without easy answers”, by Ronald Heifetz, adapted by Ledoux
Adaptive leadership - 4 related groups of activities

I. Diagnose the system

- Be ready to observe & interpret before intervening
- Diagnose the system itself
- Diagnose the adaptive challenge
- Diagnose the political landscape
- Understand the qualities that makes an organization adaptive

II. Mobilize the system

- Make interpretations
- Design effective interventions
- Act politically
- Orchestrate the conflict
- Build an adaptive culture

III. See yourself as a system

- Identify who you are
- Know your tuning
- “Broaden your bandwidth”
- Understand your roles
- Articulate your purposes

IV. Deploy yourself

- Stay connected to your purposes
- “Engage courageously”
- Inspire people
- Run experiments
- “Thrive”
Adaptive leadership - Heifetz & Nye

Leadership

Powers

Authority

Nye’s focus

Heifetz’s focus

“Manager” (with formal Authority)

“Expert” (without formal Authority)

Leader With formal authority

Leader Without formal authority
Adaptive leadership – Nye: effective leadership styles - Soft, Hard & Smart Power skills

Smart Power (Combined Resources)

1. Contextual IQ (broad political skills)
   - Understand evolving environment
   - Capitalize on trends (« create luck »)
   - Adjust style to context & followers’ needs

Soft Power (Inspirational)

1. Emotional IQ
   - Ability to manage relationships & charisma
   - Emotional self-awareness and control

2. Communications
   - Persuasive words, symbols, example
   - Persuasive to near & distant followers

3. Vision
   - Attractive to followers
   - Effective (balance ideals & capabilities)

Hard Power (Transactionnal)

1. Organizational capacity
   - Manage reward & information systems
   - Manage inner & outer circles

2. Machiavellian skills
   - Ability to bully, buy and bargain
   - Ability to build & maintain winning coalitions

Source: “The powers to lead” by Joseph Nye, adapted by Ledoux
Adaptive leadership – Nye: Leaders’ objectives & styles

<table>
<thead>
<tr>
<th>Transformational objectives</th>
<th>Transactional style</th>
<th>Inspirational style</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lyndon Johnson</td>
<td>Franklin Roosevelt</td>
<td></td>
</tr>
<tr>
<td>Dwight Eisenhower</td>
<td>Bill Clinton</td>
<td></td>
</tr>
</tbody>
</table>

Source: “The powers to lead” by Joseph Nye, adapted by Ledoux
### Adaptive leadership – Nye: two meanings of « good » leadership

<table>
<thead>
<tr>
<th></th>
<th>Effective</th>
<th>Ethical</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Goals</strong></td>
<td>Balance of realism and risk in vision</td>
<td>Values of intentions, goals</td>
</tr>
<tr>
<td><strong>Means</strong></td>
<td>Efficiency of means to ends</td>
<td>Quality of means used</td>
</tr>
<tr>
<td><strong>Consequences</strong></td>
<td>Success in achieving group’s goals</td>
<td>Good results for in-group and for outsiders</td>
</tr>
</tbody>
</table>
A leader is best when people barely know he exists, not so good when people obey and acclaim him; worst when they despise him

Lao Tzu, 630 B.C.

One ought to be both feared and loved, but as it is difficult for the two to go together, it is much safer to be feared than loved… Still a prince should make himself feared in such a way that if he does not gain love, he at any rate avoids hatred

Machiavelli, 1513
1. To lead wisely is to pay attention to, & to become skilled in, the ways people *create new understanding* in the subtle to-and-fro of *conversation*.

2. Wisdom: *reading the patterns of life well & applying* these with: *insight, discernment, integrity & care*

Other patterns besides Conversation:
- *Naming*
- *Influence*
- *Speaking into darkness*
- *Leadership*
Leadership & wisdom – Strom: Wisdom & the capacity to read the 5 key clusters of life patterns

**Naming**

to lead wisely is to pay attention to, & to become skilled in, the ways **language shapes meaning** and life

**Influence**

to lead wisely is to pay attention to, & to become skilled in, the dynamics of **holding commitment** to both people and to goals, particularly when meaning & even relationships begin to **break down**

**Leadership**

to lead wisely is to pay attention to, the very ordinary, yet difficult, human phenomenon of how a person **comes to the fore** in one context and gets **behind** someone else in another

**Speaking into darkness**

to lead wisely is to pay attention to, & to face with integrity, the **uncertainty & fear** that inevitably accompany **responsibility & choice**

**Conversation**

To lead wisely is to pay attention to, & become skilled in, the ways people create **new understanding** in the subtle to & fro of conversation
- Often **informal** conversations have **more impact** than formal conversations.

- Real conversations lead to **new shared meaning**.

- **Communication**: sharing of created meaning; **Conversation**: creation of shared meaning.

- To lead wisely is to maintain **commitment** in the face of **breakdown**.

- To lead wisely is to name and revive key **missing** conversations.
Leadership & wisdom – Strom: 4 arts of the wise leader, 4 ways of bringing wisdom into leadership

<table>
<thead>
<tr>
<th>The arts of</th>
<th>To build &amp; nurture</th>
<th>With a mind &amp; heart fixed on</th>
</tr>
</thead>
<tbody>
<tr>
<td>Story</td>
<td>Clarity</td>
<td>Truth</td>
</tr>
<tr>
<td>Brilliance</td>
<td>Elegance</td>
<td>Beauty</td>
</tr>
<tr>
<td>Promise</td>
<td>Strength of Character</td>
<td>Goodness</td>
</tr>
<tr>
<td>Grace</td>
<td>Heart</td>
<td>Unity-in-Diversity</td>
</tr>
</tbody>
</table>
As a wise leader you seek to build the polis as ‘a partnership in living well’

You work with the ‘bricks’, the building blocks of people, strategy and operations

It takes mortar to turn bricks into walls

Leadership and wisdom are like mortar
To go further…

**Annex 1**: Preparatory questions

**Annex 2**: Students questions

**Annex 3**: Leadership cases - full

**Annex 4**: Leadership cases – (without comments)

**Annex 5**: Personal notes on Heifetz & Nye

**Annex 6**: Synthesis on « adaptive leadership » (Heifetz, Grashow & Linsky)

**Annex 7**: Article in FT on Nye & Obama

**Annex 8**: Obama, Machiavelli and wise leadership (L. Ledoux)

**Annex 9**: Personal investigation questionnaire based on « Arts of the wise leader » (Strom)

**Annex 10**: Conference paper on « Leading with wisdom » (Ledoux & Strom) for the SPES Conference in Groenendal on Apr. 23 & 24. More info on www.europes.be

**Annex 11**: Frydman & co on Coregulation

**Annex 12**: From CSR to CSO (L. Ledoux)

**Annex 13**: Notes on Ethics cases (in French)

**Annex 14**: Synthesis of cycle by Philosophie & Management

Source: “The powers to lead” by Joseph Nye, adapted by Ledoux

- **Leadership without easy answers**, Ronald Heifetz, HBR ed., 1994

- **Leadership on the line**, Ronald Heifetz & Marty Linsky, HBR ed., 2002

- **Leadership can be taught**, Sharon Daloz Parks, HBR ed., 2005


- **Leading quietly**, Joseph Badaracco, HBR ed., 2002


- **The powers to lead**, Joseph Nye, HBR ed., 2008

- **Leading with wisdom: spiritual-based leadership in business**, Peter Pruzan & Kirsten Pruzan Mikkelsen, Response ed., 2009

- **Rational, Ethical & Spiritual Perspectives on Leadership**, Peter Pruzan, Peter Lang ed., 2009

- **Leadership, Spirituality and the Common Good**, Henri-Claude de Bettignies & Mike J. Thompson, Garant ed., 2010
Bibliography

- La responsabilité sociale de l’entreprise comme objet des sciences de gestion, Jean Pasquero dans Responsabilité sociale et environnementale de l’entreprise, sous la dir. de Marie-France B.-Turcotte et Anne Salmon, Presses de l’Université du Québec, 2005
- La société malade la gestion, Vincent de Gauléjac, Seuil, 2005
- Le capitalisme est-il moral, André Comte-Sponville, Albin Michel, 2004
- Ethique et ordre économique: une entreprise de séduction, CNRS Editions, 2002
- Le fondement de la morale, Marcel Conche, PUF, 1993
- Responsabilité sociale de l’entreprise : Faut-il enchaîner Prométhée ?, Philippe de Woot, Economica, 2005
- Capitalism at crossroads, S. Hart, 2005