Chapter 10
Between Trust and CSR: The Role of Leadership

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Abstract The aim of Corporate Social Responsibility (CSR) is to restore one of the most critical resources for businesses' sustainability: trust. However, the current practice of CSR begs the question whether CSR initiatives restore trust or simply relieve mistrust in the marketplace. Because people do not really understand what trust implies, they often use CSR activities as publicity stunts, trying to please the public. In particular, they perceive trust as a means of supporting organisational activities rather than a goal of its own. Following Rabbi Elchanan Wasserman, we trust those who fully commit to their goals and are ready to take responsibility for all consequences. Trust is a voluntary and altruistic act and independent of society. Trust, ethics and leadership are interlinked. Leadership requires choosing between two good options according to our Theta-Lambda worldview. Thetas are socially-motivated and seek affiliation and security whereas Lambdas are personally-motivated and seek challenge and achievement. Pursuing these worldviews helps us get closer to the ethical truth, and it is this self-investment in pursuing truth which builds trust. A review of various CSR theories shows that organizational CSR seeks a similar outcome, that is to demonstrate the responsibilities which the organisation is ready to assume.

10.1 Introduction

Scandals such as Enron and WorldCom on one side of the Ocean and Parmalat on its other side it destroyed wealth and made people redundant while leaving them without a pension protection and bailout was done with the help of tax-payers' money. The shock from these unethical failures led to advocating various Corporate Social Responsibility (CSR) activities and even the introduction of the debated legislation

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such as the Sarbanes-Oxley Act of 2002 as a way of building a more responsible society. All these activities were geared to restore a critical resource for business: trust.

The question we ask is not whether CSR initiatives, which try to restore trust or to relieve mistrust do their job since, in our opinion, these activities just fail to distinguish between activities for gaining popularity and those which gain trust. The main question under the assumption that organisations need to be trusted is what the nature of this trust is and how this trust can be built.

To illustrate the difference between popularity and trust we offer here an example. In early 2003, Israel was 6 weeks from being insolvent. At that time, current Prime Minister Benjamin Netanyahu was nominated finance minister, a position that was never making any of his predecessors popular even in better economic conditions. In addition, Netanyahu's political agenda was not popular among many Israelis who were brought up on socialistic values (Laurence, 1990). Netanyahu managed to restore Israel's financial strength at a social cost when many lost their work and more people went below the poverty line. Sacrificing social welfare for capitalism eventually sent Netanyahu to the political desert for some years. On the other hand, one popular commenter told one of the authors that: "I was never a fan of Netanyahu and I will never be. However, listening to him I was convinced that he is taking the right steps". This case might illustrate the difference between popularity and trust. Netanyahu's financial leadership was trusted but his popularity sank. Hence, to be trustworthy, one does not have to be liked but what takes to become trustworthy?

While trust captured the attention of scholars, the socio-economic literature sees trust as a social means only that helps greasing the socio-economic wheels (Spitzer, 2009). We will present our position, introducing the opinion of one of the greatest Jewish leaders before WWII, Rabbi Elchanan Wasserman, which sees trust as a value of its own. Claiming that CSR helps building trust, we will examine this statement through reviewing the literature into CSR to explain why CSR cannot be a trust-builder. We will then follow with examining what leadership implies to understand the link between leadership, ethics and trust as a personal activity. We distinguish between leadership, which is an unreachable ideal and the leader, which describe the human behaviour. Nevertheless, leadership and the leader have to be connected. We will offer a detailed explanation of the Theta and Lambda worldviews that people assume and illustrate the importance of these worldviews to the leader who wish to reach the leadership ideal. We will conclude with some general remarks that we find important to any manager to internalise.

10.2 Trust

In the socio-economic literature, trust is embedded in logic (Coleman, 1998; Deutch, 1962). It is considered to be a fundamental value in effective leadership and social necessity to overcome limitations of rationality. Trust in leader is protection from

anxieties of identity and existence (Dirks, 2000). Colman's (1998, p. 91) set of definitions, for example, is based on four principles: first, trust allows for actions that otherwise would not be possible. Second, if the trustee is trustworthy, the trustor will be better off (Exworthy and Robinson, 2001). Third, trust involves a voluntary transfer of assets without an explicit reciprocal commitment of the trustee and fourth, there is a time tag between entrusting and the result of that behaviour. Hence, for Coleman (1998), trust is a logical action that involves calculated risk. This approach to trust forms one of the axioms which relationship marketing is based on, saying that mutual understanding would lead to a higher value creation as part of a wider win-win system (Sheth and Parvatyiar, 1995). The latter axiom used the logic for an improved economic result. The economic aspect of trust is addressed also by Fukuyama (1996) who argues that nations compete better when they are socially united.

Similarly, Sako (2008) examines trust from economic perspective. Sako (2008) puts at the two extremes of the multi-dimensional spectrum the Arm's Length Contractual Relation (ACR) and the Obligation Contractual Relation (OCR) (Marchington and Vincent, 2004). ACR is characterized by a specific, discreet economic transaction, where duties of both parties are laid out in an explicit way and define the rules for any foreseeable scenario. In case of an unexpected event, parties would use the legal system for ruling. Therefore, all dealing is done at arm's length as to avoid familiarity or dependency of one party on the other. On the other hand, while OCR is also about an economic contract, is embedded in a social reality when the two parties enjoy a level of mutual trust (Marchington and Vincent, 2004). In such cases, it is possible that explicit contracts are not drawn and even when a contract exists, it is expected that both parties would do beyond their duties as spelled out in the contract. The two dimensions along which ACR and OCR are measured are the interdependence of the parties, which is pronounced in OCR but nonexistent in ACR and the time span of the relationship which is short for ACR and long for OCR (Markovits, 2008; Sako, 2008; Shiffrin, 2008).

However, CSR policies that are based on this type of trust call us to examine whether the role of those activities is building trust or mere popularity. When the aim of these activities is to achieve goals that are unachievable otherwise, when the activities are used as a means only to achieve better financial results and are using logic to calculate the risk involved, doesn't it man that the organisation would abandon those policies once it estimate that these financially logic goals are too risky or unachievable? Is the aim of those CSR activities to *be* nice or only to *show* a nice face? Even a value such as "responsibility" is a dependable variable since it implies an obligation to someone or something. Moreover, does the "responsibility" suggestion in CSR reflect truly the needs of the organisation's stakeholder or is it an academic invention that managed, at most, to brainwash the public which is not difference in that it looks for gaining popularity?

A different approach to trust provides Rabbi Elchanan Wasserman (Wasserman, 2006, p. 36) in commenting on the 1929 economic crisis. Wasserman (2006) argues that it would be illogic to claim that the reason for the economic crisis is the poverty that affected all of the sudden the entire world. He says, "It is possible that a person

loses his assets for various reasons, it might happen to a city and even to an entire state in case that the money moves to other places undertake for numerous reasons. But, it is impossible that the entire world becomes poor since the money did not move to another planet and was not destroyed, either. Where, therefore, is the money?" The answer, according to Wasserman (2006), is that although the money exists in the hand of individuals or in the vaults of countries, it does not move. The power of money and the basis of economy is the economic movement; money has to exchange hands. However, when people freeze their money and are afraid to transfer it to other hands, when people fear to provide credit, the money lies useless both to the world and to his owners.

But, why do people lose trust? We trust those who are committed and who undertake full responsibility for their actions (Bucholz, 1987; Gray et al., 1996). Wasserman (2006) illustrates it with the following example. Man's nature is to attribute all successful events, such as wealth and fame to his skills and ability while attributing failure to external reasons. On the other hand, when the Tribes faced the risk of criminal allegations by the unknown to them ruler, Joseph, they took the entire blame on them, claiming "we are verily guilty" (Genesis, 42, 21). Trust, therefore, is the ability to face failure and to put the blame squarely on one's shoulders. Only when assuming full responsibility for the failure, recognising his part in it one can commit to solving that failure. Hence, for Wasserman (2006) trust is not extrinsic, logic and social but an intrinsic, emotional and individual state of mind that has its own merit and not as a means to enrich a socio-economic interaction. The risk is not of the trustor who seeks to benefit from this risk undertaking but of the trustee who is fully responsible for his eventual failure. Trust for Wasserman (2006) is totally altruistic and voluntary; it is a one-sided act of the trustee who is not looking for any reciprocity. Trust results from the trustee's choice. If trust is a voluntary act that is independent of society, the question is double-sided: on the one hand, since CSR is perceived as a trust-building activity in a socio-economic sense, the question is whether this goal can be achieved. On the other hand, if trust implies commitment and undertaking self-responsibility, what steps should one assume to achieve this level and how can this activity help the organisation? To answer these questions, we will first examine the CSR literature to see whether socio-economic activities can build trust.

10.3 The CSR Literature

It is difficult to find other reasons for the increased recent interest in CSR apart from the realisation that past practice has led to unethical behaviour, corporate meltdowns, frauds and corruption (Jensen, 2002; Monks and Minow, 2004), and lost of trust in organizational leadership (Currall and Epstein, 2003), It also demonstrates how the "economic man" model (Smith, 1991) has thus far not fulfilled its promise of benefiting the common good. This realisation has led to two veins of research. The first addresses misbehaviour that can be measured financially such as fraud,

Fig. 10.1 The different
views of CSR (Source:
Mostovicz et al., 2009b)
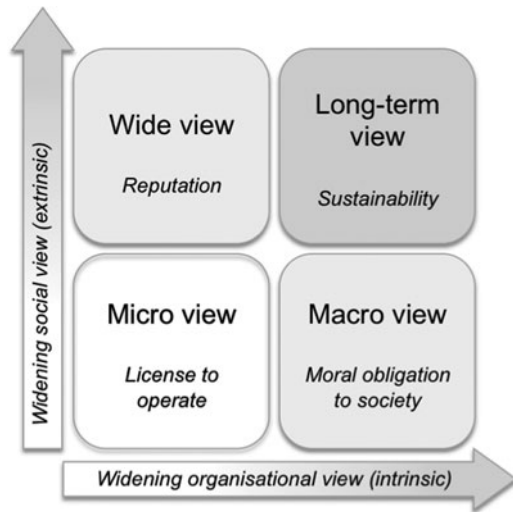
bribery, graft and cheating (Anand et al., 2005; Ashforth and Anand, 2003; Ashforth et al., 2008) while the second addresses wider CSR issues such as the environment, the workplace, the marketplace and the community (Moir, 2001).

It is possible to sort out the literature of CSR based on two dimensions – the organisational and the social ones (Fig. 10.1). While the organisational dimension refers to the way the organisation sees itself intrinsically, the extrinsic social dimension views the organisation as part of the social canvass. However, the resulting four views are not mutually exclusive and are sometimes blended by authors in their analysis of CSR.

10.3.1 The Micro View

The scope of the micro view is limited to the shortened timeframe of the economic stakeholders. It is based substantially on the theory that managers and employees cannot be trusted and need to be monitored and controlled strictly (Manz et al., 2008). In particular, leaders are not viewed as necessarily ethical (Kouzes and Posner, 2003) but rather as driven by the traditional economic view of organisational profit maximisation (Friedman, 2002; Jensen, 2002). Agency theory, for instance, assumes that executive leaders are the agents of the principals (e.g., shareholders), who need to control these leaders to cater to their best interests (Manz et al., 2008). This relationship can lead to a conflict of interest as agents might be forced to act unethically in order to support the principals' interests (Jensen and Meckling, 1976).

However, many businesses are also loathed moving away from the economic model, believing that this model suits their business perspectives. Thus, they adopt the micro view in order to protect their "licence to operate" (Moir, 2001; Porter and

Kramer, 2006) by offering an improved version of their existing economic model or an additional social benefit to support it. Examples are the CSR views as defined by the World Business Council of Sustainable Development (WBCSD) which sees CSR as the business contribution toward sustainable economic development, or by Amnesty International Business Group (UK), which calls for companies to recognise that their license to operate and ability to create financial wealth depends on their acceptability in the eyes of society (Kakabadse et al., 2005).

Nevertheless, this view is to be found among scholars as well. Suchman (1995), for example, argues that legitimacy is a key issue for business, and he identifies three primary forms for how this develops in practice: pragmatic, based on audience self-interest; moral, based on normative approval; and cognitive, based on comprehensibility and taken-for-grantedness. Lindblom (quoted in Moir, 2001) proposes four strategies for organisations to overcome "legitimation threats". The "Iron Law of Responsibility" (Kakabadse et al., 2005) is a social contract whereby society grants legitimacy and power to businesses but also removes this charter – at least, in the long run – from those who abuse it (Davis, 1973; Wood, 1991). Some (Davis, 1975; Takala, 1999) personify the virtual organisation and view it as any citizen of a society with public obligations. This micro view is to be found in Carroll (1979, 1991) who sees the corporation's responsibilities – economic, legal, ethical and philanthropic – as mutually exclusive of each other (Kakabadse et al., 2005). To some (Carroll, 1999; Davis, 1973), CSR moves beyond immediate gains and minimal respect of the law and organisations should express a voluntary effort to comply with ethical standards. Nevertheless, the same authors argue that these efforts are rewarding financially in the long term.

10.3.2 The Macro View

The second view, called the macro view, argues that CSR is interwoven into the organisation's fabric and cannot be addressed separately from the organisation's other goals. In other words, this view claims that organisations have a moral obligation toward society (Porter and Kramer, 2006) and its goals range from economic to social and environmental ones. This "implicit" version of CSR is predominantly European.

It consists of values, norms, and rules that require corporations to address stakeholder issues and define proper obligations of corporate actors on collective rather than individual terms (Matten and Moon, 2008). Thus, "implicit" CSR is conceived of as a reaction to, or reflection of, a corporation's institutional environment. This view is concerned with the wider social role of the organisation and is motivated by societal consensus of the norms, roles and contributions that major social players, including organisations, have in society (Matten and Moon, 2008). The questing of corporate responsibly is aligned with leadership responsibly and leadership style and competencies (van Tulder and van der Zwart, 2006).

This source of social responsibility is based on the power and influence that organisations exert in shaping the morality of a society (L'Etang, 1995).

Nevertheless, the view is an organisational and not a social one. Such an organisation considers itself "a living company" whose purpose is to fulfil its potential and perpetuate itself as part of an evolving community, contrary to the "economic company," whose concern is solely to produce wealth for a small group of individuals (De geus and Senge, 1997). Consequently, such a view implies that an organisation might sometimes sacrifice sound business objectives in order to achieve morally and socially accepted goals (Vinten, 2000). For example, Davis and Bloomstrom (1966) argue for the need to consider the effects of the decisions taken on the whole social system. In the same vein, Sethi (1975) posits that CSR implies a level of organisational behaviour which is congruent with the social norms, values and expectations of performance. Jones (1980) draws attention to the fact that CSR suggests a corporate obligation to groups in society other than shareholders and beyond legal concerns or union contract negotiations. Taking an historical perspective, Lantos (2001) suggests that the social contract evolved from the micro view of aiming to maximise profits within the legal boundaries and into the macro view of seeing social and economic progress as interwoven. Finally, Wilson (2000) argues that an organisation has a moral responsibility to help solve social problems, expanding the micro view's "licence to operate" to include social legitimacy as well as the mere maximisation of profit.

10.3.3 The Wide View

Contrary to the macro view, the wide view holds that the organisational goal is essentially economic. However, the role of CSR is not merely to afford a binding legal framework that prevents the organisation from acting asocially but to help the organisation outlining its economic goal. The wide view sees the organisation from its position within the society, claiming that CSR is about how companies manage their business to produce an overall impact on society (Haberberg and Rieple, 2001). The organisation is in a constant dialogue with the society in which it acts; it affects them and is affected by them (Haberberg and Rieple, 2001; Simmons, 2004). Hence, instead of trying to address the dilemma of whether CSR is good or bad for business, the question one should ask is under which conditions a firm's social activities could benefit society (Margolis and Walsh, 2003). While Haberberg and Rieple (2001) claim that no research was found to address this question, it is possible to observe this wide view when examining the three drivers behind the Social Corporate Initiatives (SCI) programmes (Kakabadse et al., 2005). The first driver is to enhance the organisation's reputation (Porter and Kramer, 2006) and to develop international expansion. The second refers to the moral pressure that organisations feel through social reporting or peer pressure, which drives them to improve their ethical behaviour. The third is the competitive advantage that private firms hold over government in implementing social and environmental norms and programmes. While the main driver behind the wide view is similar to the micro one in seeking legitimacy, the wide view claims that rules and regulations are not enough

and organisations need to act morally and ethically in the eyes of society while legal frameworks follow up by formalising these requirements through regulation.

The wide view is tightly linked to stakeholder theory (Haberberg and Rieple, 2001), which defines the specific groups and people to be considered in an organisation's CSR orientation (Carroll, 1991). This "explicit" version of CSR prevails in the US and comprises corporate policies that assume and articulate responsibility for some societal interests that are not necessarily linked to the core activities of the organisation. These normally consist of voluntary programmes and corporate strategies which are based on the organisation's perceptions of its greater social responsibility. This view of CSR is influenced by stakeholder pressure or implemented through partnerships with governmental and non-governmental organisations. Nevertheless, the practice of CSR rests at the discretion of the organisation (Matten and Moon, 2008).

However, although CSR outlines which responsibilities a business ought to fulfil, the stakeholders' concept defines those to whom the business should be accountable (Kakabadse et al., 2005). Contrary to the micro view which answers primarily to the financial requirements of the shareholders (Friedman, 2002), stakeholder theory requires the organisation to concentrate on a wide array of stakeholders which extend beyond shareholders (Haberberg and Rieple, 2001). However, the wide view still focuses on the wealth-creating capacity of the organisation which allows managers to manipulate stakeholders to reach the most favourable trade-offs (Post et al., 2002). Being extrinsically motivated, the organisation would not be really motivated to act morally (Deci and Ryan, 2000; Moller et al., 2006) and would lack the commitment to "good citizenship" (Goodpaster, 1991; Hummels, 1998; L'Etang, 1995). As a result, an organisation might see its social responsibility reputation as a public-relation front only while the ultimate aim still remains to pursue economic objectives (L'Etang, 1995).

10.3.4 The Long-Term View

Finally, the long-term view not only considers the organisation as an entity whose purpose is far beyond the narrow for-profit perspective but argues that the organisation's responsibility should be past, present and future oriented (Weiss, 2005). Taking this long-term perspective, the ultimate goal of an organisation is sustainability (Porter and Kramer, 2006; Schaefer, 2004). Such a long-term approach implies the creation of a "convergent" stakeholder theory which is both morally and socially sound as well as economically viable (Jones and Wicks, 1999; Jones et al., 2002). It would also require the impossible task of fully defining an organisation's list of stakeholders (L'Etang, 1995). Such a task challenges the value of stakeholder theory (Kakabadse et al., 2005) and its claim of being "inherently managerial" (Freeman, 1984) since accountability is rendered useless when the boundaries of the organisation are defined too broadly (Hummels, 1998; Vinten, 2000).

10.4 The Gap in the Literature

Arguably, no CSR theory can ensure trust building. A theory is a model that explains the social or individual phenomena of interest (Dubin, 1978; Whetten, 1989, 2002). As such, a theory is an academically rigorous interpretation (Dubin, 1978) where two contrasting criteria should be considered – comprehensiveness (the inclusion of relevant factors) and parsimony (factors considered of little additional value to understanding).

However, choosing these criteria is subjective. In the context of CSR, the theoriser must decide whether to relate to an organisation purely as an economic entity or as a more complex activity including psychological and social meaning as well. In this sense, all CSR theories are first a set of mechanisms that address two of the elements of theory – the What and the How – which describe the structure of the model (Whetten, 1989). However, while a theory should answer also to the Why question and explain the selection of those underlying factors that, glued together enable us to reach our purpose, CSR theories do not offer a sufficient answer to this Why question.

Saying it bluntly, trust is not the true purpose of CSR activities. At most, the activities chosen by the organisation are selected to demonstrate the responsibilities that the organisation is ready to assume. However, there is no guarantee that the organisation's stakeholder would accept the organisation's claim. In other words, CSR enables the truster to create an extrinsic, logic and socially for-benefit trust without any guarantee that the trustee would accept such an activity. Moreover, the chances are that being a means to a goal only, CSR activities would be regarded as a fig-leaf to cover the organisation's nakedness only.

The primary question, therefore, is not to understand how CSR works in practice but to understand the flaws in current economic models which require CSR in the first place. The micro, economic view says bluntly that an organisation does not need CSR to achieve its goals; instead, it views CSR as a tax or a liability it has to pay if it wishes to operate. The other views that adopt a Hobbessian (Hobbes, 1951) approach are not different either. Consequently, those organisations do not view CSR activities as a solution but as a remedy, healing the symptoms without solving the problem. In a different rhetoric, those organisations do not have the courage and the sincerity to resume responsibility for the indifference, irresponsibly or unethical behaviour of the organisation.

Seeking to address the problem of unethical action is not exclusively a goal of CSR. As we will show, this is a problem which leadership theory aims to explore as well. It is important to stress that leadership is not a hierarchical position. After all, "leadership is not merely a top-down process. Because leadership is defined as an influencing process it can also be exercised sideways, diagonally, and down-up throughout an organizational hierarchy" (Hunt, 2004, quoted in Antonakis, 2006, p. 6). Leadership is a set of personal qualities (Goleman, 1998) that needs to be explored and developed.

10.5 Leadership Imperative

Leadership is not about distinguishing between good and bad but about making choices (Kouzes and Posner, 2003), a binary action that divides good options into two sets, the desired and the undesired ones, according to a higher principle or value (Rawls, 1999). Thus, a choice implies that someone has weighed two equally valid options based on a higher principle. Mostovicz (2008) posits that people make these choices depending on their worldview, which is a manifestation of how they pursue their "ideal self" (Hinkle, 1965). This discovery is approached via one of two pathways: the so-called Lambda worldview which is driven by the need for achievement or the Theta worldview which is driven by the need for affiliation (Mostovicz, 2008). The worldview which a person embodies, in turn, affects his style as a leader.

Each worldview has its unique characteristics. While the Thetas' motivation is socially oriented and they look to affiliate with their society of choice (Pyszczynski et al., 1997, 2004), the Lambdas are individually motivated (Deci and Ryan, 2000). Consequently, their respective behaviour follows the fundamental modalities of human existence (Bakan, 1966); namely, Thetas' behaviour seeks communion and is focused on other people and relationships while Lambda's behaviour is based on agency and focuses on the self and autonomy. The different approaches seek different benefits. Thetas try to build respect within their society of choice while Lambdas look for personal freedom (Mostovicz, 2008). While it is argued that leaders should exhibit the personal quality of authenticity (e.g., Goleman, 1998; Kotter, 1990; Zaleznik, 1977), Thetas and Lambdas differ in the way they relate to authenticity. While Thetas are concerned with truthfulness and denounce fakes, Lambdas perceive authenticity as uniqueness and view negatively a "me too" practice.

Finally, the different worldviews have different ideas about what a true goal is. According to Kaplan (Kaplan, 1990), one relates to truth either as an objective or as a principle. If one relates to truth as an objective, the goal is to unite with it, as the Thetas perceive. If, on the other hand, one relates to truth as a principle, as a Lambda, truth then creates a set of challenges or guidelines to live up to. This difference in perception of truth also explains why different opinions exist about how leaders are transformed (Kakabadse and Kakabadse, 1999). To a Theta, a true leader is one who attains his objective or one who is able to act subconsciously (Lowen, 1975) and naturally – a born leader (Grint, 2000; Nietzsche, 1969) – while for a Lambda, a genuine leader is one who follows meticulously a proper set of guidelines (Henrikson, 2006) – leadership development (Kakabadse and Myers, 1996; Kakabadse and Kakabadse, 1999). Table 10.1 below outlines several of the characteristics which define these two worldviews and how they approach their practice of being a leader.

These two approaches clash fundamentally because the drive for achievement ends in separating oneself from others (or making oneself unique), while its counterpart seeks to affiliate itself with others and work in unison. As a consequence, this tension can lead to personal bias or a distortion of the paradox within leadership

Table 10.1   Characteristics of theta (Θ) and lambda (Λ) worldviews

	Theta – (Θ)	Lambda – (Λ)
Motivation	Socially oriented	Personally oriented
Behaviour	Communion	Agency
Goal	Seeking unity and certainty	Seeking challenge and creation
Benefit	Building respect	Looking for personal freedom
Leadership principle	Authenticity = truthfulness	Authenticity = genuineness
Inclination	Toward choice	Toward contrast
Perception of truth	As an objective	As a set of rules
Type of responsibility	security	Freedom

Source: Mostovicz et al. (2009b)

(Mostovicz et al., 2008). A Theta worldview tends to choose the alternative course of action whereby he dilutes the stakes by substituting a relative truthfulness for the ultimate truth or creates a lack of contrast by removing a strongly desired choice. On the other hand, in the Lambda worldview, the learning paradox can cause one to lose her own personality and to seek collectivism or even fanaticism in extreme cases whereby one disrespects others' interpretations of truth or argues that they are invalid (McGregor et al., 1998; see Frankl, 1986:xxvi for a similar idea).

Attempting to incorporate both approaches is paradoxical because this requires one to relate to the other despite being motivated in a different way (Mostovicz et al., 2008). This paradox implies that the leader is supposed to view a clashing code of conduct as both proper and good.

Humans need a purpose. As each person has his own individual personality, he therefore searches for a unique purpose (Frankl, 1963). This assertion, so basic to Judaism, claims that "the foundation of Judaism and the basis of all true religions is the realization that existence is purposeful, and that man has a purpose in life" (Kaplan, 1979, p. 1), and it is recognized nowadays by cognitive psychologists as well (Deci and Ryan, 2000; Pinker, 2003). While true purpose cannot be attained, man is aware that he has a purpose and should search for it (Frankl, 1963). For this reason, the Eastern approach concentrates on the way to attain truth since truth is unattainable (Nonaka and Takeuchi, 1995). Nevertheless, such an approach is risky since it presents a way to proceed, but not a destination. Therefore, while ideal leadership is not to be found in man, it presents an ideal for anchoring leadership theory. For Weber (1947) and Hekman (1983) "ideal" is used only as an aid to assist in explaining patterns of social interaction, institutional design and how we govern ourselves (Cutting and Kouzmin, 2000). Hence, "ideal" does not describe a particular behaviour as much as capture a benchmark for the logic of reality. We expand beyond this normative approach to view the ideal worldview or the leader as a particular entity and argue that this ideal is not a passive benchmark for measuring our success but an active part of the theory. Through the certainty of failure in reaching the ideal, we assure the dynamically successful development of the leader.

10.5.1 The Dynamic Theory of Leadership Development

As said above, getting to leadership is a process (Hunt, 2004, quoted in Antonakis, 2006, p. 6) or a set of qualities that need to be developed (Goleman, 1998). Recently, theories in social science have been criticised for being static (Ashforth et al., 2008) or for not taking into account the element of time. Theories that were considered correct in the past have become invalid over time (Pascale, 1990; Kalogeras, 2005).

Consequently, social science, in general, and the process of leadership (Baker, 2007), in particular, are looking for dynamic theories.

Leadership is not a philosophy but rather the expression of a set of activities. Hence, leadership consists of three levels (Table 10.2). The lowest level consists of a variety of tactics or actions (Amir and Ariely, 2007) based on principles such as logic, rationality, consciousness, measurability and replicability, and economics. The next level consists of strategic decisions and is a matter of interpretation and often involves the making of choices (Porter, 1996), which are themselves paradoxical (Mostovicz et al., 2008). This is the level of practical leadership (Kouzes and Posner, 2003) that is characterised by being emotional, unconscious, irrational and immeasurable and whose guiding discipline is psychology. However, this level is properly performed only when it is embedded within the highest level of true purpose and its leading discipline of metaphysics. While man cannot perceive truth, he is able to progress toward it. Nevertheless, he has to progress naturally and faithfully according to his Theta or Lambda worldview.

While the metaphysical ideal is used as an anchor for guaranteeing a leader's dynamic development, a leader gets closer to that ideal either by following the Theta or the Lambda pattern according to his worldview. Nevertheless, this worldview has to be expressed in tactical actions that fit (Porter, 1996) the particular worldview (Fig. 10.2). However, as we will explain, tactics have a dual role. Not only is it used as a means of expression of the leader's strategy, but it is used as a mirror that reflects the bitter truth to the leader, telling him what he is not doing properly.

We tend to believe that the selection of our tactical goals is based on logic. Nevertheless, Porter (1996) reminds us that not all actions should be accounted for since these actions should fit our strategic view. According to this approach, the tactical goals are the independent variables that dictate to us what to do while the strategic view helps us to select those goals more suitable to our capabilities.

Table 10.2 The three components of leadership theory

Theory question	How?	What?	Why?
Organisational component	Tactics	Strategy	Leadership
Leading discipline	Economics	Psychology	Metaphysics
Type of action	Logic, measurable and replicable. Conscious	Emotional, a matter of choice. Subconscious	Meta-action

Source: Mostovicz et al. (2009b)
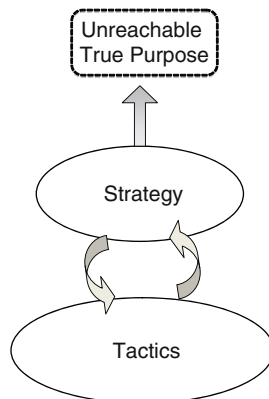
Inherently, this approach suffers from what might be called "objectivity fallacy" or the belief that we are able to collect data or define tactical goals objectively. However, we select subjectively only the data that fits our worldview (Mostovicz, 2008; Mostovicz et al., 2008). Thus, the tactical activities are dependent variables only. Hence, leadership development starts with clarifying the emotional, strategic worldview first before defining those tactical methods that can enhance the strategy.

Hence, what characterises a leader is his ability to invest himself emotionally in his activities. On the other hand, being led or following a dictum, people risk acting mechanically without investing any emotion in their practice. This lack of emotional self-awareness can lead to a wide range of psychological distortions ranging from moral deterioration, emotional paralysis and disengagement (Diamond and Allcorn, 1984) to other psychopathological phenomena such as neuroses, depression and schizophrenia (Frankl, 1986).

10.5.2 The Leadership Challenge

Why are there so few leaders? In Kakabadse and Kakabadse's (2007) study, only a handful of people in leadership positions actually led while the vast majority acted reactively, either seeing their role as pleasing the shareholders or being concerned with their reputation. Not only were there not enough leaders to fill existing leadership slots in management, but the gaps are even greater as some leaders decline to practice their leadership in the field of business management (Goffee and Jones, 2000). The result is that filling these leadership roles is a huge challenge.

Leadership calls for total commitment to the perpetual process of purpose seeking. While leaders are usually concerned with their legacies, their commitment to purpose has to go far deeper. It is not simply how a leader has lived his life but how he has defined a purpose for which he would have been ready to die if it could not have been pursued (Lévinas, 1994). This total commitment implies that, in reality,

leaders seek "either my way or nothing." However, this commitment is intrinsic; it calls for the leader to mobilise himself body and soul but in no way does it imply extrinsically that what is not "my way" is wrong.

This total commitment is not easy. The only tool left at the leader's disposal is motivation, which implies flux. A leader should be constantly on the move, trying to achieve the unachievable and relating to what looks like a means as a life goal. However, as this motivation is always extrinsically triggered (Gagné and Deci, 2005), it does not happen regularly, and a good leader should seek that extrinsic motivation constantly and even provoke it (Nonaka and Takeuchi, 1995).

A leader faces a challenge at the strategic level as well. It is not enough to pursue a goal and a leader has to follow it strictly according to his worldview while respecting the Other's worldview. Trying to hold the stick at both ends tends to lead to paradoxical distortion (Mostovicz et al., 2008) that the leader needs to fight constantly.

Finally, the tactical level has its challenges as well. While an organisation has one leader only to dictate its future direction, many fall into the trap of transactional leadership where they base their leadership on formal authority (Kakabadse and Kakabadse, 1999). Such behaviour is based on the logic of self-regulation while leadership should be based on a voluntary emotional concession of any competing goals by others in the organisation (Murnighan and Conlon, 1991). Thus, instead of mistakenly marginalising individual experience in the search for overall homogeneity, a leader should learn to "play through" (Murnighan and Conlon, 1991) any differences that individuals may have so that he does not deny "the right of individual people to have and interpret their own experience" (Cheng, 1995, p. 5).

This respect of the other is empathy or what Lorenz (1974) calls a bond and is associated with being both non-hierarchical and non-distancing. When leaders bond socially, they need to send a message that humans all share a common existence and a lack of self-awareness of the ethics required to search for a true purpose. While establishing empathy is a momentary act that is based on a complex unconscious process (Wilson, 2002), leaders are aware of this but try to unmask it or try to be more aware of themselves.

Empathy requires three qualities: avoidance of distancing, respect for the integrity of the other and harmonious aggression (Ohshima, 1998). Harmony may only be achieved by setting boundaries around the aggressive act while signalling respect for the adversary's integrity (Funakoshi, 1973). This ability to manage a spectrum of aggression may not be unique to humans. As Lorenz (1974) has pointed out, members of a given animal species also find it important to keep their aggression intact and to learn to avoid potentially dangerous repercussions by means of diverting mechanisms. Hence, proper empathy is being responsible for the Other or being ethical.

Organisational life presents a challenge. Not only do executives not necessarily lead emotionally but those being led can become mechanical objects. It is therefore not a surprise that organisations act unethically in spite of efforts to create new theories. Actually, this is exactly what ethics implies. Lévinas (2003, 2004) explains that ethics entails having responsibility for the Other. It is the personal care for the other

despite being different and having different goals, life purposes and worldviews. This ethical behaviour is based on the ability to defend our opinion wholeheartedly while recognising that another, equally valid opinion exists and only our choice that made our opinion ours. Our ability to choose can be manifested only when we are able to be equally responsible for both opinions.

Organisation members have to identify the executive's worldview, respect it and be responsible for it even when they hold different values. On the other hand, the executive has to be responsible to the worldview of the rest of the organisation as well. This responsibility is manifested within the organisation by dividing the strategic role of the leader from the tactical role of his subordinates. This division forces the leader to rely on his subordinates, allowing them a bigger say on what should be done and providing them with a better understanding of the bigger picture so they can see how their activities enhance the strategic view. Operating in such a manner contributes to people's intrinsic motivation (Deci, 1975) and thus enhances their self-esteem (Deci, 1975; Deci and Ryan, 2000).

Our data (Mostovicz et al., 2009a) shows that this responsibility is expressed differently according to the executive's worldview. A Theta cares for the security of the organisation's members and consequently takes the entire responsibility on his shoulders. On the other hand, a Lambda provides for the autonomy and freedom of each member allowing them to be responsible for their own actions.

Trust, leadership and ethics are three facets of the same entity. They all are based on intrinsic motivation to undertake full responsibility to own acts, to commitment to pursuing own worldview and to continuous awareness that one has always a choice. Following one's worldview is a choice only and one should respect that the other has his own choice which is equally valid.

10.6 The Role of CSR

Declaring "we are verily guilty" is not sufficient to create a leader since this declaration should be supported with tangible and logic evidence. On the other hand, pursuing logical, tangible and measurable economic goals might deprive the leader of emotional investment. CSR activities help bridging between the logical and the emotional dimensions. CSR invites anyone who can relate to the organisation to act as voluntary mirrors which reflect how the organisation's tactical activities could have an emotional meaning which would allow the organisation to act in a self-deceptive and unethical way. It is no surprise, therefore, that some authors view competitors (Post et al., 2002) and even terrorists (Scholl, 2001) as part of an organisation's group of stakeholders, since the organisation's reaction to such groups is emotional. Nevertheless, the organisation is not involved in a logical Socratic discussion with its stakeholders as some authors suggest (Liedtka, 2008). Such a discussion would lead to a heuristic (from Greek "to find") form of development, based on intuition, experience or simple common sense whereas the dynamic development of the organisation should be an algorithmic one, following a well-defined programme.

While researchers are aware of the lack of trust in organisations, they have not explained why this behaviour exists in the first place. Consequently, CSR practices seem not to help in achieving their goal (Kakabadse and Kakabadse, 2007). However, the question is not why trust is inexistent in organisation but what have we done to instil it in the first place. Do we point to organisational failures or are we brave and honest enough to point the condemning finger toward us? Are we ready to take the full blame knowing that this is the only way to empower us to commit to change?

Since leadership is a psychological state of mind or a personal quality and not a hierarchical position, we argue that trust is a leadership issue. People can choose between being their own masters and enslaving themselves. When people are enslaved, they tend to act automatically and do not invest emotionally. As a result, they are indifferent to the results of their actions and are bound to act unethically and indifferently while harming themselves psychologically (Diamond and Allcorn, 1984) and damaging the long-term organisation's financial performance (Collins, 2001; Collins and Porras, 2005).

Hence, a leader should act emotionally following either a Theta or Lambda worldview based on the drive for affiliation or achievement respectively. The leader's worldview dictates the various tactics or activities that the organisation eventually undertakes as they have to fit with the leader's strategic view.

Since leadership is not socially but personally and psychologically defined, everyone can strive to be a leader through constantly increasing one's self-awareness. Although the organisation's direction is decided by executives, all the members of the organisation should be responsible for allowing the executive reaching his emotional or strategic goal as dictated by the latter's worldview. This behaviour is ethical since it is based on the responsibility for the Other (Lévinas, 2003, 2004). Even when one holds a different worldview, he should be responsible that the other would be able to express authentically the latter's worldview.

However, Ideal leaders do not exist in practice. Thus, we can relate to leadership as a progressive development only. Alternatively, one has to engage in trust-building activities as a way to become an ethical leader. Since humans cannot be fully conscious of our emotions, *a posteriori* we cannot fully mobilise them in order to understand and attain our life goals and purpose. Because our purpose remains opaque at best, it follows that leaders will act unethically even when they do so unwillingly or unconsciously. The only way for leaders to improve their ethical position is to interact with others in society to help them reveal their hidden agenda over time. These agendas, in turn, are shaped by the particular worldview – either Theta or Lambda – that a person embodies in his search for greater self-awareness and contextualisation with his external environment.

CSR activities help the leader and his organisation to progress in building trust based on total commitment and responsibility. CSR neither pits the organisation against society nor does it become a liability or a constraint instead of a benefit as it is not integrated into or competes with the organisation's business strategy (Porter and Kramer, 2006; Porter and Reinhardt, 2007). Rather, society is used as a mirror to help the organisation recognise and achieve its goals.

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