



# Global Ethos, Leadership Styles, and Values: a Conceptual Framework for Overcoming the Twofold Bias of Leadership Ethics

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## Abstract

The philosophical nature of ethical reasoning generates different definitions of moral subjectivity. Thus any talk of leadership ethics requires not only that we confront biases regarding human nature and the purpose of leadership and business conduct, but also differing ethical approaches which may be rooted in specific cultural and religious backgrounds. Building a conceptual framework for leadership ethics which overcomes these obstacles of bias and cultural embeddedness therefore requires another approach. It can be found in the concept of the Global Ethos values. Using Kohlberg's model of moral development, the Global Ethos values appear as a protoethical system of values with a level-six effect, a universally explicable deontological canon of ethical values below the sixth level, i.e. in the realm of hands-on management and leadership. As non-judgmental and regulative guiding principles, these values are the normative guidelines for selecting a situationally appropriate form of leadership style before and beyond any philosophical explication and rationale.

**Keywords** Ethics · Global ethos · Leadership · Leadership styles · Values

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## The Twofold Bias of Leadership Ethics

Looking into the vast literature on leadership (Yukl and Van Fleet 1992; Miner 2005) and leadership ethics (Ciulla 1995, 2011, 2013; Knights and O’Leary 2006) and analyzing the traits and approaches regarding the topic<sup>1</sup> we have to conclude that any talk about the adequacy of specific leadership styles suffers from a twofold bias regarding the subject. The *first bias* is contained in the very understanding of human nature which forms the basis of any leadership understanding. If we suppose with Hobbes - the author of the *homo homini lupus* narrative - that the nature of humankind is inherently evil and that our bio-psycho-social conditioning makes our actions selfish, uncivilized, and self-interested (Duerr 1988; Dawkins 2006), we will understand the task of leadership rather in mechanistic and *functional* terms, i.e. terms being guided by the homo oeconomicus concepts of rational choice and its counterpart, the principal agent problem (Jensen and Meckling 1976). According to this view, leadership has to establish stick-and-carrot systems to steer human action and motivation. If we understand the task of leadership in the light of the emancipated Enlightenment ideas of Rousseau and Kant, considering man to be empathetic and good by nature and thus to be programmed to act under normal conditions in civilized and cooperative ways (Elias 1976; Bauer 2006, 2008), leadership is instead understood in a holistic and *normative* way. According to this view, leadership has to establish mutual relations of trust, aim and purpose which reflect the human needs for meaning, achievement, and respect as analyzed by positive psychology (Frankl 1994, 2004, Maslow 1954, 2011; Seligman et al. 2005), the psychology of motivation (McClelland 1961, 1984; Heckhausen and Heckhausen 2006) and the adherents of humanistic management (Pirson and Lawrence 2010; Kimakowitz et al. 2010; Dierksmeier et al. 2011; Dierksmeier 2013, 2016; Pirson 2017).

However, more important than understanding the bias regarding our conceptions of human nature is to grasp a *second bias*. It consists in the epistemic fact that the model being chosen to describe something will also affect its subject. This fact comes from the epistemic insight that any mental model of a given phenomenon will not only influence the perception of it, but the object itself as well (Duheme 1978; Kuhn 1996). *The phenomenon of altering the object by the ways we perceive and look at it can be observed even in a business context*. Is business all about self-interest or mutual benefit? As Juan Elegido found in his study »Business education and erosion of character«, referencing Simon (1985), Jensen and Meckling (1994), and Tetlock (2000), our mental models and attributions of what human beings are and how they act have

<sup>1</sup> A socio-political point of view of legitimacy mirrored by a psychological view of the relation between leaders and subordinates led Max Weber and Kurt Lewin to distinguish between three basic leadership styles, i.e. charismatic, bureaucratic, and traditional (patriarchal) forms of command (Weber 1921) or authoritarian, democratic, and laissez-faires styles of leadership (Lewin et al. 1939). Most literature after Weber and Levin has analyzed the complex phenomenon of leadership with a specific focus, drawing different psychological, normative, and functional aspects together. Stogdill (1974) captures the phenomenon by identify different traits and skills which mark good leadership. Laying the groundwork for the needs-oriented concepts of transactional and transformational leadership styles (Burns 1978; Bass 1985, 1997), Douglas McGregor’s (2006) behavioristic view distinguishes between two types of managerial conducts in leadership, with both stipulated by opposing understandings of human nature (Theory X and Theory Y). Highlighting the relational and situational aspects of leading and following, Paul Hersey and Ken Blanchard distinguish between leadership styles according to the different tasks which are aligned in leading, namely, in general, directing and commanding, supporting, delegating and coaching (Hersey and Blanchard 1969, 1977; Hersey 1985). Taking emotional intelligence into account (Goleman 2000, 80), i.e. the ability to align one’s leadership style with the thinking and feeling of the persons to be led, Daniel Goleman sees six leadership styles, i.e. the coercive, authoritative, affiliative, democratic, pacesetter, and coaching forms of command and guidance.

major consequences. If people understand themselves as rational maximizers of self-interested benefits, they will change their behavior to match the expectations triggered by our economic concepts of scarcity and competition: Whenever a win-win outcome is impossible, the mission is to maximize your gains at the expense of the others involved. Since we cannot ever be absolutely certain that the other side will be cooperative, every economic relationship suffers from an inherent lack of trust. This is made worse by the *mental models of economics*, such as the principal-agent problem in contractual relations put forward by Jensen and Meckling (1976). Almost all facets of competitive thinking are governed by the idea that human beings will follow their own good first. Selfishness abounds. In the case of the economics undergraduate: “Students will come to expect that other people will act that way [i.e. selfishly]. This has clear practical consequences because it is well established in prisoner dilemma experiments that most subjects will defect if they are told that their partners are going to defect (Dawes 1980). In other words, the mere fact that people expect that others will behave selfishly will tend to make them behave selfishly (Miller 1999)” (Elegido 2009, 18).

This erosion of ethical values in economics students is mirrored in the everyday experience of many companies. Paul Babiak and Hare (2006) revealed in a study published in 2006 that three to 4 % of all higher executives can be labeled sociopaths. They define them as people who feel no commitment to social relations when pursuing their own interests and who would force through their goals at other people’s expense or at any cost. As sociopaths normally account for only about 1 % of the general population, the study shows that our current economic system and the companies operating in it tend to put people into power who would act as expected according to the prisoner’s dilemma. They seek to maximize their gains at the expense of everybody else. As already seen with regard to selfish behavior, the understanding of and expectations about people’s aims when acting will influence and alter the very system and reality in which people act and react.<sup>2</sup>

This bias not only affects our approaches towards understanding leadership, i.e. the corporate task of organizing human transactions according to specific business purposes, but also our understanding of the aims and purposes of running a business. As Joanne Ciulla puts it: “the word leader carries emotional and normative baggage” (Ciulla 2005, 325). This normative baggage has two facets. The first consists in the historically and socially constructed meaning of what it is to be a leader, the second in our basic understanding of which purposes a leader should follow and fulfill. Here, the *second bias* regarding adequate and ethical sound leadership comes into view. It consists in the definition of what aims and goals should be fulfilled on the command of good leadership. As James MacGregor Burns defines his ‘transformational’ view of political leadership, “transforming leaders define public values that embrace the supreme and enduring principles of a people” (Burns 2003, 29). Following this line, sound ethical leadership aims for the common good. But what is the common good when it comes to the economy, business, or leadership? If we follow such diverse economists as

<sup>2</sup> This becomes apparent when we focus on the social-psychological dimension of group behavior. There exists a strong consensus among biologists, psychologists, sociologists, historians, and philosophers that human beings are wired to ignore personal convictions in order to comply with the habits and opinions of the groups in which they find themselves (Arendt 1986, 2011, Asch 1955, 1956, Bauer 2006, 2008, Neitzel and Welzer 2011, Watzlawick 1993). This form of compliance is rooted in a much deeper psychological need than the mere striving to be obedient (Milgram 1974). Indeed, we are in an important sense ‘programmed’ to show at least a degree of allegiance to our counterparts and to the social systems within which we act. This triggers a dialectical development in which compliant behavior – behavior organized according to alleged expectations of what the system and its individuals actually expect from us – leads to conformity within the system. If a certain value bias is prevalent in an organization, it will therefore reliably affect how members act.

Adam Smith, John Maynard Keynes, and Friedrich August von Hayek, the common good consists in raising the wealth of nations through the empowerment of individuals pursuing their individual good. When it comes to running a company, this understanding is mirrored by Rappaport's call for raising shareholder value (Rappaport 1986). However if we define the common good of business as the empowerment of individuals pursuing their individual good, we find ourselves back where we started with Babiak & Hare, Elegido, Dawes, and Miller.

The rest of this paper deals on a conceptual level with the question of how to establish an understanding of adequate and ethical sound leadership, which not only accepts that any definition of leadership and business purpose is culturally embedded and thus relative to divergent cultural values (Trompenaars 1993), but also shows how this cultural divergence can be bridged in day-to-day business practice in a way that opens all types of leadership styles to becoming situationally appropriate and ethically sound.

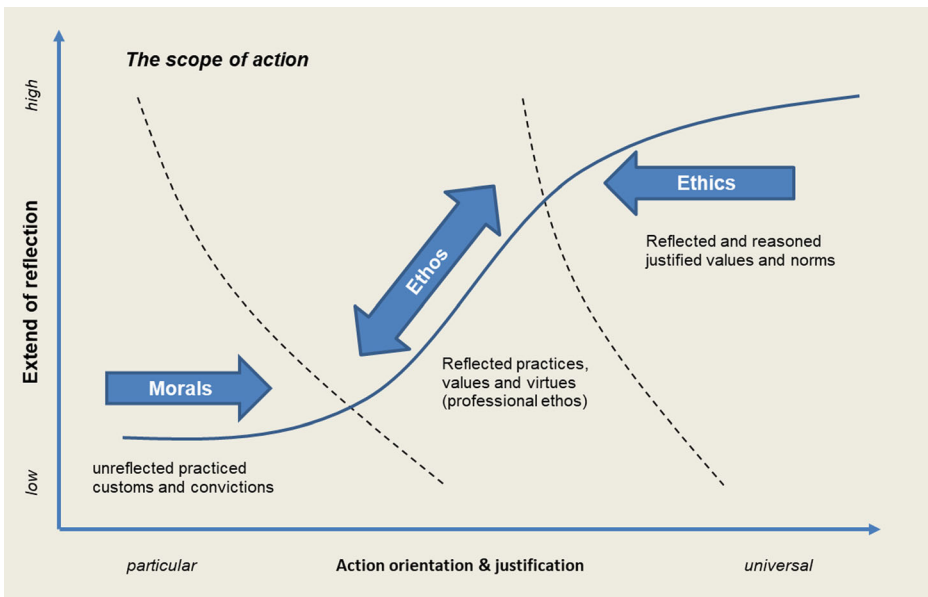
## The Conceptual Framework of the Global Ethos

One approach to the challenge of overcoming the problems of bias and cultural embeddedness associated with ethical discourse is the concept of the Global Ethos as analyzed and defined by Hans Küng (1998, 2012). As Küng has outlined in his vast research project on the six 'world religions', there is an abstract set of values which can meaningfully be said to be shared by all. This abstract canon includes two principles and four basic dimensions of human action. The *principle of humanity* means that every human being has inalienable and inviolable dignity and deserves to be treated humanely. The second principle is the *Golden Rule*, i.e. the *principle of reciprocity*, in common parlance phrased as "Do unto others as you would have do to you". Immanuel Kant draws upon this principle when defining it as the categorical imperative, according to which "I ought never to act except in such a way that I could also will that my maxim should become a universal law" (Kant 1785, 51). These two basic principles are expressed in the four basic Global Ethos 'dimensions': (1) peace and respect for life; (2) justice and solidarity; (3) truthfulness and tolerance; and (4) mutual respect and partnership.

The revolutionary potential of the Global Ethos for leadership ethics becomes apparent if we distinguish between 'mere' morals and forms of more sustained ethical reflection (Fig. 1):

*Morals* are the totality of the relevant values and norms with which a community judges the individual behavior of its members and which the members of the community accept as binding for themselves. In practical terms, morals underlie the formation of social systems. They are the regulatory force and yardstick by which our actions are measured. Under these terms, moral behavior can be defined as largely subconscious. As such, moral values are particular to a certain time and place and passive in their practical orientation. Moral values – e.g. in our attitudes about sexuality, diet, property – are grounded in the practical existence of a culture, and they are subject to constant evolution.

An *ethos* consists of consciously reflected values and norms accepted as binding by a specific community. This definition of ethos draws our eye to the following qualities: An ethos refers to a set of consciously applied values and virtues. Frequently adopted by professional groups such as medical doctors, judges, police personnel, or the military, an ethos has particular normative force and is action-oriented. Considering the opposing value dynamics in social systems, every ethos defined by its specific historical time and geographic place is subject to permanent change.



**Fig. 1** Morals – Ethos – Ethics

*Ethics* finally is the science of the values and norms of moral action. As a philosophical discipline, ethics concerns the conditions, scope, and rationale of the rules on which our moral actions are based. Ethics deal with the exploration of the fundamentals of human existence and seeks to understand and resolve the conflicts of our existence. This definition again reveals the key qualities of ethics: Ethics means the exploration of the appropriate (universal) explicability and validity of the values guiding our actions. Ethics reflects on our applied values and virtues, in particular in difficult cases, and addresses broader questions of the meaning of the good life. As the science of values, ethics is reflectively action-oriented, and ethical values claim universal normative force.

Our definitions of morals, ethos, and ethics show that we can distinguish between these normative expressions of the nature of human action in terms of how reflective they are, how action-oriented, and how explicable and reasonable. Morals and ethos act as the regulatory forces constraining individual action, while ethics is the exploration of the conditions, scope, and nature of moral rules, and represents a critically reflected regulatory counterweight to such internal moral systems.

In this broad ‘phenomenology of the good’, the Global Ethos assumes a special role: in opposition to specific ‘local’ forms of morals and (professional) ethos we encounter in the case of the Global Ethos a canon of values with universal validity, i.e. the acknowledgement of these values even within substantially divergent religious, political, and ethical stances, as for example the Buddhist, Daoist, and Confucian approach towards the concept of oneness (Ivanhoe 2017), the anarchistic concept of social ecology (Bookchin 1982, 1995), or the humanistic concepts of Albert Camus, Hannah Arendt, or Emmanuel Lévinas (Schönherr-Mann 2010). On the other hand, we also encounter a canon with pre-cognitive impact on practice, one which has grown from a mass of specific historical incidents and individual life experiences down through the generations. Using Kohlberg’s model of moral development, the Global Ethos values appear as a system with a *level-six* effect, a universally explicable

deontological canon of ethical values (Kohlberg 1995, 351ff). This is relevant when we consider two facts: first, this sixth and highest level of moral development is achieved by only 4% of all adults according to Kohlberg (l.c. 59, cf. 302ff); and second, the great philosophical debates in ethics, be they deontological, discourse-ethical, justice-ethical, utilitarian, or even pragmatic in their arguments, all happen on this sixth level. This explains why such philosophical concepts too often hold no currency in what Nietzsche calls the all-too-human. They do not fit in the mental sphere and experience of most human beings, whose emotional and cognitive capacities remain stuck in the lower levels of Kohlberg's model. With all caution, we must underline that Kohlberg's findings should not be taken as a judgment of superiority or inferiority regarding a person's ethical abilities. Even a person who attains the highest level of moral judgment can be harshly brute or evil in his deeds and intentions and, vice versa, intellectually rather poorly equipped persons are quite often inherently benevolent, caring, and empathetic towards others. This is where the Global Ethos can come in as a relevant canon of *protoethical values below the sixth level*, i.e. *in the realm of hands-on management and leadership*. It arises from the manifold everyday habits and experiences of human interaction, which gives it force and relevance even before entering the philosophical heights of sixth-level reasoning. At the same time, the Global Ethos canon also covers those concepts of values and justice that form the core of the philosophical discourse on the sixth level of moral development (l.c. 351ff).

*The importance of the Global Ethos values therefore comes from the fact that – by contrast to the many ethical controversies – they have practical relevance without any concern for final reasons. They affect real life before and beyond any philosophical explication and rationale.* This is possible because the Global Ethos values, speaking semantically, have no intension or extension. By contrast to the historically or geographically particular values of a culture-specific ethos, they have no single and conceptually final message. They are the abstract denominator of all of the many religious and social rules for human interactions. This gives them a regulating force that can be applied to wildly different ways of living (or doing business) without preferring or discriminating against any one expression of them. In terms of Kant's distinction between normative and reflective values, the Global Ethos values are reflective values; they do not impose an unbending rule of what constitutes fairness or equity in any given social or commercial situation, and they do not tell us how a concrete situation has to be resolved. Instead, they help us reflect on whether a concrete rule or sequence of actions is fair and equitable from the point of view of the actors involved – and that means all (!) actors involved.

As universal principles for human interaction, the Global Ethos values therefore stand in between the historically or geographically formed morality on the one side and the abstract reflective search for universally reasoned ethics on the other. As said before, we must not try to force a normative material interpretation on them. They should be understood as regulatory vessels that can contain different meanings without being limited to any single concrete content. Read in this line of understanding, we can interpret the Global Ethos Values according to Immanuel Kant's distinction between determining judgments (*bestimmende bzw. Subsumierende Urteilskraft*) and reflective judgments (*reflektierende Urteilskraft*) (Kant 1799, XXVf). Understood as functions for reflective judgments, the power of the Global Ethos values stems from their functioning as regulative ideas, i.e. as concepts which determine the process of reflective judgments. They should be understood as regulative ideas which can contain different meanings without being limited to any single concrete content. Following Kant's distinction between an imagined "noumenal world" and the many ways to describe it,



the Global Ethos values are abstract “dispositions” of our reflective faculties. As such, they are not immediate representations of the historically and geographically formed life practices they cover. We need this distinction between abstract disposition and concrete practices in actual time and space to be able to keep both the ideal of a canon of values with universal validity for all cultures and the ideal of respect for the diversity of concrete cultures (which the Global Ethos canon accommodates explicitly). Going beyond Kantian theoretical reason, the Global Ethos values are *protoethical earthy concepts with potential practical effect in the living world*.

In this function, the Global Ethos values have to be interpreted not so much through the categories of good and evil (i.e. their normative function), but primarily in their systemic function of triggering and organizing human action. To this end, we need to distinguish the *normative* and *systemic* functions of values. In normative terms, values stand for something good, something worth striving for. Understood as virtues, values such as justice, truthfulness, charity, compassion, wit, courage, or wisdom guide our actions towards higher, better goals. Vices like greed, avarice, vanity, envy, or resentment are not values, because they do not improve the human condition.

In systemic terms, extending to an existential and even cybernetic view of how we act in the world (Heidegger 1984; Maslow 1954; Maturana 1970, 1976), we need to distinguish between an ethical and, by implication, judgmental definition and an unbiased, non-judgmental understanding of values. In the latter case, values are the functional and systemic driving forces behind people’s actions. They express themselves as values, needs, interests, motives, and expectations. They arise from existential worldviews and higher-level systems of meaning, and they affect all levels of human existence. Read in this non-normative sense, we can interpret the systemic function of the Global Ethic values as follows: they are the universal core guiding principles of sound human action.

## Humans to Humans – Excelling in Leadership Practice

Before venturing to offer a ‘Global Ethos evaluation’ of different leadership styles, we must first analyze the impact of Global Ethos values on the core elements of leadership practice, namely the *human element* in commanding people according to a specific purpose and the *achievement element* as the final aim of leading people according to a purpose.

Taken together, the human and the achievement elements represent the core of any business. This becomes clear if we look at corporations from the cybernetic perspective of social systems (Luhmann 1985). In this perspective, all companies are living social systems. People form them in order to make complex products and services that no single person could create on their own, such as automobiles, televisions, mobile phones, heart surgery, space-flight, a stage production of King Lear, or a concert performance of Beethoven’s Fifth. A company is founded, because we need to work together to overcome a complex need and create substantive value. The purpose of the company is thus to create benefits that no individual could create alone. Therefore, all forms of conducting business rest on value creation processes, i.e. the production of shared visions about substantial needs and benefits upon which stakeholders of the firm evaluate its performance. To coin a phrase, all value creation rests on prior *values* creation. This creation of values and values awareness as a precondition of any form of value creation holds for two types of stakeholders: the shareholders who found and sustain the company (typically entrepreneurs, investors, and employees) and the stakeholders who consume the benefits (and incur the costs) produced by

the company (typically its customers, that is, the key audience and beneficiaries of the business model). Enterprise is therefore primarily aimed at the micro-level of fulfilling individual needs. Companies are, in a sense, complex monads that aim their efforts at the people with whom and for whom they work and at other companies, those with whom they share their market (competitors) and those with whom they work together in the process of value creation (suppliers, business partners etc.).

Why then are Global Ethos values important for this process of values creation, which is the basis of all economic value creation? An answer can be found if we analyze the phrase »All business is people's business« from the leadership perspective in management. All business, whether seen from the perspective of competition or value and values creation, is a benefit-oriented activity between human beings. This activity could be labeled in terms of the *necessity formula*  $H_3O$  which rests at heart of every viable organization. This formula derives from the following insight: People found companies to create added value, with people and for people, that they could not create by themselves. *Companies are, first and foremost, cooperative systems.* They are made to solve a complex task, that is, satisfy a need or alleviate a want that can only be achieved by multiple people working together. To do so, they need an organizational form that is aligned with their intended value proposition (Glauner 2016, 2017b, c, 2018a, b, c). Thus, *the essential necessity principle of successful companies can be expressed as a chemical formula:  $H_3O$ .* The three Hs stand for the cooperative essence of »humans with humans for humans« and the O for the organization designed carefully to match the company's purpose in serving a benefit: »*humans with humans for humans in need of organization*«.

If a corporation wants to excel in organizing this *humans-to-humans relationship constructively*, it must take into account not only its own values and aims, but also the values and aims of those with and for whom they operate. This is the *central task of leadership*. To be more precise: *if we look at present day markets, it becomes clear that taking diverse values and cultures into account requires a form of leadership which tackles complexity by channeling diversity.* It is exactly here that the Global Ethos values are of importance, both in terms of the human element and the achievement element of value creation.

Taking the *human element* first, the importance of Global Ethos values for running a corporation can be deduced as follows. Following Dobbs and Manyika (2015) companies are facing massive, radical challenges as a result of large-scale and systemic changes to the entire business of business. The global market is witnessing a proliferation of products and services, many copied and imitated in legally and morally dubious ways. As the ability to protect one's competitive edge suffers, the pressure on margins and profits increases. The fight for qualified labor, the exploitation of natural resources, and changing consumer habits are creating a raft of new, and potentially existential, challenges for many companies. The amount of information available to us has been growing at an exponential rate since the onset of the digital revolution, although the world is by no means becoming any easier to understand as a result. Something similar is happening in many major markets, where there are more products and more services on supply than consumers could ever hope to consume. If a corporation wants to survive and prosper, it must solve the paradox of modern management and learn to excel in the task of becoming both highly flexible and consistently unique at the same time. This can be achieved only if the corporation has established a sound human systems development framework aiming at building high performance teams. In order to build such teams corporations must be able to organize the  $H_3O$  relation according to different human ends and needs. With a view to the development of this ability, the value potential of a corporate culture committed to the Global Ethos values can be seen in two areas, first and foremost in the



external relationships of companies. Here, the Global Ethos values enable companies to shape the relationship between company, markets, and business models in such a way that their confrontation with diversity actually activates productive value potential. Value creation in this case refers to the »*constructive management of complexity*«, »*maintenance of diversity*«, and »*innovation and growth*«. Second, the productive confrontation with differences concerns the internal relations within a company.

Looking at the *micro-rationale of entrepreneurial action*, according to which all entrepreneurial decisions are taken from the point of view of greater competitiveness, a corporate culture committed to the Global Ethos values then also offers the following value potential:

- The management of complexity and diversity,
- The formation of high performance teams,
- The positive use of human and cultural differences as potential for innovation and growth,
- The formation of intercultural teams,
- The creation of unique corporate cultures, and
- The reduction of friction costs by channeling the potential for conflict.

All of this potential revolves around a creative management of diversity which demands the open and trusting management of people with different backgrounds and abilities. Applied diversity then becomes a motor for commercial success. In their recent McKinsey study, Hunt et al. (2015) confirm that, overall, “companies in the top quartile for diversity financially outperform those in the bottom quartile” (l.c. 1). For companies with gender diversity, such an outcome was 15% more likely; for ethnically diverse companies, the figure rose to 35%. The frame of reference here is the likelihood “of financial performance above the national industry median. Analysis is based on composite data for all countries in the data set. Results vary by individual country” (l.c. 1). Diversity thus becomes an explicit factor of production.

As the complexity of the commercial world keeps increasing, companies and their executives are forced to take decisions in increasingly confused and confusing circumstances. If they want to expand the horizons of their decision-making process beyond the limits of their own field of vision, they need the input of people with a different vantage point. This additional input, of course, again complicates the matter. Coping with this needs a multi-dimensional, open management of different sources of information and of diverse employees, customers, suppliers, or other stakeholders. For this to actually be productive, it needs to be based on shared values, such as partnership, respect, fairness, mutuality, openness, and honesty. A corporate culture which can achieve this will have an invaluable foundation for conceptual and operational decisions which reduces transaction costs even when information remains limited and fragmented. Only diversity promoted proactively in Global Ethos terms can enable companies to be flexible, adaptive, and productive at the same time, by reducing the transaction costs (the costs of complexity and friction) and seizing the potential for creativity, innovation, and growth. Put more briefly: The value potential of the Global Ethos values lies in the *return on motivation*, i.e. the increased performance achieved by increasing the quality of human and systemic interactions and exchange processes.

In order to cope with complexity, manage diversity, and stay innovative, we need to treat other people on the basis of trust, grounded in a form of communication and cooperation which adds to the social capital of loyalty, trust, and shared knowledge (Sennett 2007, 52). All

forms of communication and cooperation cultures which increase social capital are, essentially, bound to Global Ethos values. As the most important process of management, establishing a communication and cooperation culture that is qualified by the Global Ethos canon is the basis for establishing teams that can turn diversity and motivation into high performance. Forming high performance teams or intercultural teams becomes the key skill for dealing successfully with the challenges of complexity, diversity, and innovation.

Regarding the *achievement element* of running a corporation, a similar argument can be made, the core of which rests on the notion of substantial benefit. Here, the H3H relation aligns all people forming the corporate value structure with a shared vision of values. If the achievement element, i.e. the substantial value proposition of the corporation, is consistent with Global Ethos values, it fuels customer, brand, and employer attractiveness and competitive advantages. A corporate value proposition in line with Global Ethos values strengthens the corporate binding forces by aligning all relevant stakeholders with shared values and actions.

As the basic arithmetic of human interaction, the Global Ethos values become the precondition for companies to cope with the increasingly complex mathematics involved in the creation of substantive value. The Global Ethos values are not just the rulebook for personal interactions, but also the yardstick for deciding whether the central tasks of entrepreneurship - creating a business model and defining a value portfolio - are being undertaken responsibly. Taking inspiration from Wittgenstein’s logical truth table (Wittgenstein 1989, 40 (TLP 4.31)), the Global Ethos values qualify both the practices used and the value created by a company (cf. Fig. 2).

The *ethical truth table* (Glauner 2016, 68) can be used to assess the culture and business models of companies in the following way: The inward behavior of companies is considered ethical if the culture, that is, the everyday practices in interactions within an organization, is sustained by respect, fairness, and partnership, and in general by the principle of humanity. These are built on foundations of justice, solidarity, integrity, and tolerance. Their purpose is to apply these principles in a way that is appropriate for the given situation. The European market leader dm drogerie-markt GmbH calls this its “people orientation”, committed to human beings in their totality (Glauner 2017a, 163ff).

This inward-looking perspective, that is, the procedurally focused development of the corporate culture, differs from the ethical qualification of the outward-looking perspective, that is, the value-oriented definition of the strategic goals and business

Behavior Inward-Oriented  (Corporate Culture, Treatment of Internal Stakeholders)	Behavior Outward-Oriented  (Goals, Business-Model, Treatment of External Stakeholders)
<b>Ethical</b>	<b>Ethical</b>
<b>Ethical</b>	<b>Unethical</b>
<b>Unethical</b>	<b>Ethical</b>
<b>Unethical</b>	<b>Unethical</b>

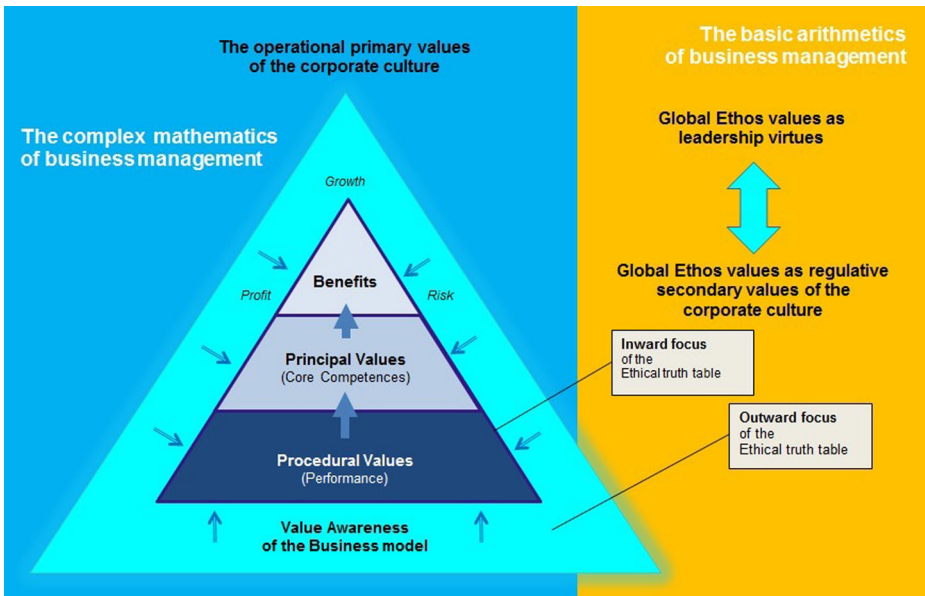
Fig. 2 The ethical truth table

model. Corporate goals and business models are only ethically sustainable if they are not only aimed at profit, but also at the needs of the client, and – following the dimensions of the triple bottom line – the concerns of the other systems in the environment in which and with which the company is engaging. We can only call companies ethically qualified if they have their business models grounded in an ethically sustainable culture and use it to create a sustainable substantial value not just for themselves, but for everybody they are engaged with. In more formal terms, this means: »Company X is ethically qualified if and only if it maintains an ethically qualified culture and ethically sustainable business model« (cf. Fig. 3).

Leadership devoted to and guided by the Global Ethos values aligns with a humanistic-centered approach to the basic arithmetic of commanding people in a manner suitable for building high performance teams and sustainable business models for fast-changing markets and environments.

### Evaluating Ethical Leadership Styles

As we have seen, ethical leadership fulfills two tasks. First, it promotes sound ethical aims as the goal of all business, and second, it forms a corporate culture devoted to the values of humanistic management, i.e. a type of management which, in all its facets of H2H action, is aligned with the values of the Global Ethos. Looking now at the quite different approaches to defining leadership and leadership styles, as indicated in the first footnote, the question arises as to which of these styles ought to be considered ethically sound and, if so, on what grounds. To answer this question, the Global Ethos concept will again lead the way, with the help of the following definitions:



**Fig. 3 The ethical foundations of leadership.** Ethical leadership aligns business purpose with people according to sound values

*Leading* is taking decisions in instances of incomplete knowledge.<sup>3</sup> This requires the structuring of complex and novel situations by selecting the appropriate means of organizing and motivating people to achieve relevant goals.

*Leadership* means the ability to inspire people for a cause so that they are themselves motivated to pursue it. Good leadership intends to inspire voluntary and active work on assigned duties, not blind obedience. Leading means activating values that are shared on an interpersonal level.

*Leadership styles* are the concrete approaches used to motivate the people being led. From the point of view of the leader, these are systemic practices which help employees find, coordinate, and introduce solutions for complex circumstances. Leadership styles form leadership systems.

*Leadership systems* are systems of values that organize the actual interaction between leading and being led. Leadership systems are expressions of historical and socio-cultural concepts that define the view of man and the roles of the leader and the follower.

*Leadership responsibility* means the comprehensive responsibility for the people who are being led (mistakes made by employees are mistakes of the leader).

Taking these definitions as set, how then can we determine which type of leadership style could be justified as ethically sound? The answer becomes apparent if we take into account the fact that all leading is a relationship between human beings bound by time, space, culture, and purpose. Since these incidental parameters of leadership are continuously changing, we need to take seriously the concept of *situational fit*. To understand this concept, we can compare different leadership styles as, for example, autocratic, patriarchic, liberal, traditional, cooperative, or laissez-faire forms of leadership according to the following profile. Any single leadership style is governed by a specific understanding of human nature which coins the core values of the leadership system, thereby influencing its performative power with regard to flexibility, organizational structures, means of communication etc. This understanding has to be matched to the leadership situation, i.e. the environmental conditions of the surrounding field and the type and character of the persons being led. Any leadership system must be matched with the six parameters that define a specific leadership situation:

1. Complexity of the environment
2. Complexity of the system (size of the system = the enterprise)
3. Physical scope
4. Strength of the system (number of the people involved)
5. Knowledge divide (among the people involved)
6. Pace of change (in the environment and/or system)

The point of analyzing different leadership styles by matching them with the specific leadership situation according to the criteria of situational fit and appropriateness is to understand

<sup>3</sup> Even if economic scientists have models that assume that our plans have full transparency and complete information about the given situation, that we can be *homines oeconomici* and take rational decisions about our means, routes, and goals at every juncture, we know: As finite beings, we do not have this divine omniscience that the theories assume we do. We take our decisions with constant knowledge gaps, in a world that does not follow the *ceteris paribus* rule. The world around us is not only changing all the time; it actually tends to behave in a way that we would not have dared dream of. Leading therefore is the task to decide in situations of incomplete knowledge.

two facts: first, any leadership style rests upon specific value schemes which shape the leadership system and the organization by defining the different roles of those who are part of the system. Second, no single style can claim to be the ultimate one. Any style, whether relatively autocratic or relatively laissez-faire, shows instances of situational appropriateness as well as positive and negative manifestations. An autocratic leadership style, for example, may find a certain legitimacy in times of radical turmoil, when people with a wide range of specialist knowledge and general maturity have to be led through a complex new situation, such as that faced by Turkey when Atatürk introduced secularism into the Turkish constitution after the First World War, or in the biblical story of Moses leading the Israelites out of Egypt by parting the Red Sea. Laissez-faire, meanwhile, would be the option of choice for tackling creative tasks to be solved by teams and organizations of variable size, acting in an environment with very high complexity (for example in fundamental research or in creative innovation processes).

Regarding our question of the appropriateness of different leadership styles, we are thus forced to conclude:

- All leadership styles have a specific profile of values which determine the relations and individual actions of those who are part of the system by defining expectations, roles, duties, and fields for action.
- Leadership styles form leadership systems.
- Leadership systems are values systems.
- Leadership styles in reality most often assume hybrid forms.
- Within a specific leadership system (i.e. a specific organization), different leadership styles might overlap.
- Leadership styles are neither good nor bad per se, but can only be judged as such with a view to the demands of a specific situation.
- Leadership styles determine the efficiency and performance of an organization.
- Each leadership style has positive and negative manifestations.
- Leadership styles determine the (dys-)functional development of organizations.

With regard to these insights, two facts concerning the functioning of organizations must also be borne in mind: first, it is not possible to not lead within an organization, and, second, the way an organization is led is a matter of values. These facts are the result of an adaptation of Paul Watzlawick's *bon mot* on communication, i.e. the understanding that "one cannot not communicate". Applied to the functioning of organizations, this phrase must be considered in three specific senses:

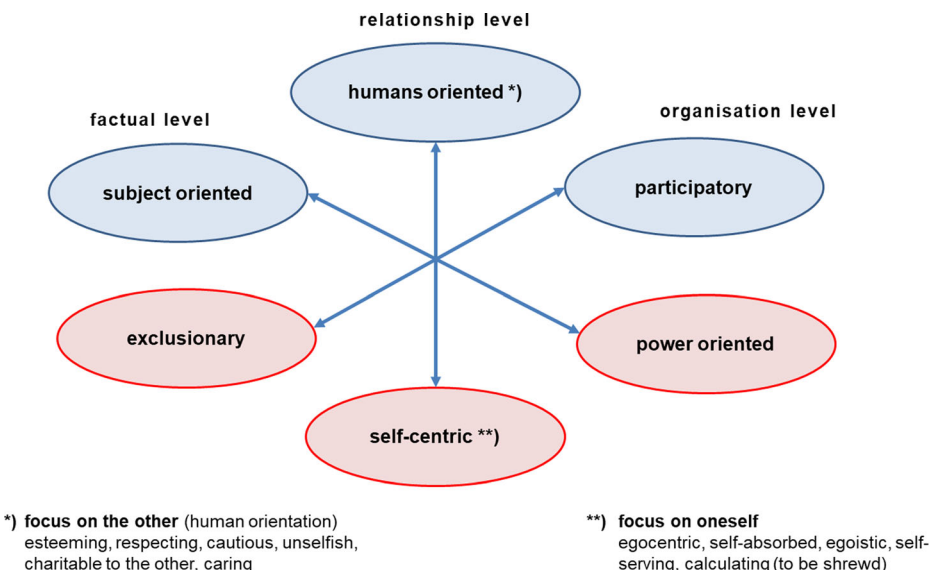
- One cannot not act, since not acting is just another form of acting. (Not to act is another way to act)
- One cannot not decide, since skipping a decision is just another form of deciding. (Not to decide is another way to decide)
- One cannot not lead, since not leading is just another form of leading (Not to lead is another way to lead).

Essentially, since any organization is a living social system resting on H3H interactions, every member of the organization takes over a leading part in the factual development of the organization.

This final insight leads us to the crucial point regarding the ethical evaluation of leadership styles with regard to the value scheme being represented by the Global Ethos values. Any form of leadership is a self-perpetuating process of values development. Before we can begin to talk about the ethical dimensions of leadership, the process of leadership is determined in three prior dimensions, which define on a functional level the specific development of a leadership system (Fig. 4):

- 1) On the factual level, it is determined by a continuum of orientation towards power or orientation towards the subject.
- 2) On the relationship level, it is determined by a continuum between solicitude and egocentric self-mindedness.
- 3) On the organizational level, it is determined by a continuum between participation and exclusion.

With this background in place, we now can proceed to answer the question of how best to evaluate and determine the ethical bases of different leadership styles. We can do so by answering the following question: What do positive manifestations of situationally appropriate leadership styles have in common? The answer is that they are all built on ten universal leadership virtues: on the *subject level*, these are the values of *fairness*, *reliability*, *appreciation*, and *respect*; on the *organizational level*, the values of *openness*, *transparency*, and *consequence*; and on the *social level*, the values of *trust*, *responsibility*, and *commitment* (Fig. 5). If these values are part of the leadership system in practice, and if the specific leadership style is appropriate to the specific situation, then the leadership system is not only qualified as ethically sound, but, more importantly, highly efficient and effective, i.e. highly successful.



**Fig. 4** The three dimensions of leadership systems





**Fig. 5** The system of ten leadership virtues

Insofar as these ten leadership virtues prove themselves to be situationally appropriate, we need accompanying guidelines to evaluate in what manner and in which situations they ought to be applied. Here, the Global Ethos values enter the scene again, for situationally appropriate leadership styles can only be effective if the management system itself is sustained by Global Ethos values. Any leadership style, be it laissez-faire or autocratic, bureaucratic or charismatic, democratic, cooperative, or whatever else, can be qualified in Global Ethos terms if the management system on the *organizational level* remains open, transparent, and coherent, if fairness, reliability, appreciation, and respect are present on the *functional level*, and if trust, responsibility, and commitment are there on the *social level*. If these values are actively applied in the specific management system, the individual leadership style of any given manager will be consistent with the Global Ethos values. *Openness, transparency, coherence, fairness, reliability, appreciation, respect, trust, responsibility, and commitment are the visible expressions of that seemingly abstract canon of values proposed by the Global Ethos concept.*

To sum up, the conceptual framework for evaluating ethical leadership styles contains two distinct sets of values. On the *functional level* of organizations, these are the substantive virtues of fairness, reliability, appreciation, respect, openness, transparency, consequence, responsibility, trust, and commitment. *To employ these values in situationally appropriate ways, all leadership styles and systems must rely on the values of the Global Ethos. As non-judgmental and regulative guiding principles, these values are the normative guidelines for selecting a form of leadership style appropriate to the given situation.* Both sets of values operate within organizations, before and beyond ethical justifications, as workable devices for achieving highly efficient and effective, i.e. highly successful operations that match what is commonly understood to be ethical leadership.

## Compliance with Ethical Standards

**Conflict of Interest** On behalf of all authors, the corresponding author states that there is no conflict of interest.

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