Chartered Management Institute

WINNING IDEAS.

The Management Articles of the Year.

February 2015

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FOREWORD

SIR PAUL JUDGE

During 2014 CMI reviewed the skills that managers will need by 2020 as organisational pressures continue to accelerate with advancing technology and ever greater globalisation. In conjunction with a joint business and parliamentary Commission on the Future of Management and Leadership, it became clear that managers are going to be faced with increasing and often new challenges. Whether it is the need to become more inclusive, embrace change, lead remote teams or be more explicit about purpose and values, managers are going to have to be adaptable to succeed.

This is exactly why the CMI Management Articles of the Year competition was founded and, more importantly, why it is needed now more than ever. The competition brings the latest and best management research to managers in a way that is both accessible and practical.

Some of the interesting themes from this year include optimising the work environment, the role of employment in society in providing a sense of purpose, and the issues around managing religious expression in an organisation.

The top rated article from this year focuses on morale in the workplace and its three components – the importance of feeling valued, the ability to perceive the future, and relationships with others. The challenge for managers is clear as morale has a strong link to creativity and productivity.

The articles submitted to the competition this year certainly provide fascinating reading and are relevant and practical for any manager. We are as always grateful to those who provided articles for the competition and to the CMI members who gave their time to read and review the submissions.

It is my hope that the collection of articles within this report will help to provide you with practical insights and solutions to the challenges you may face in your organisation.

Paul Judge

Sir Paul Judge
Chairman of the Academic Advisory Council, Chartered Management Institute

INTRODUCTION

As the only chartered professional body dedicated to promoting the highest standards in management and leadership excellence in the UK, CMI provides forward-thinking advice and support on management issues for our over 107,000 members and thousands of wider stakeholders.

CMI aims to bring the best research on management topics from leading universities and business schools to managers in the workplace. This is why we launched Management Articles of the Year in 2011, an annual competition open to academic researchers affiliated to a UK university.

In its first year, the collection focussed on the interrelated themes of leadership, change and communication, demonstrating the rich tapestry of academic management literature that interested CMI members in 2011. In 2012, the collection included issues as diverse as the quality of working life and the potential benefit for small and medium enterprises of effective customer relationship management. Last year's collection encompassed issues about well being and sustainable engagement to strategies that work and the returns from improving management practice.

This year, the articles focus on a range of topics such as the structure of morale at work, managing religious expression and blueprints for women in business.

The purpose of the competition is to assist universities in disseminating their research findings to a wider audience, help them demonstrate societal impact and raise the profile of their work with employers. It will also benefit practising managers by providing them with insights from credible, authoritative and leading edge research.

The competition has two features. First, articles entered into the competition are reviewed and rated online by CMI's membership for their usefulness to practising managers. Secondly the articles achieving the highest average ratings were scrutinised by CMI's Academic Advisory Council, a committee made up of leading academics drawn from across the United Kingdom.

We are grateful for the high level of support we have received from the academic community and CMI's membership. We would also like to thank the British Academy of Management, the Association of Business Schools and the British Library for their collaboration. To view the articles and the reviews received, or to find out more about entering this competition next year, go to **http://www.managers.org.uk/toparticles**

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ABOUT THE ARTICLES

The issue of morale in the workplace is the focus of this year's winning article *Morale: unravelling its components and testing its impact within contact centres* from Ben Hardy, Tanya Alcock, and Jon Malpass. Understanding more about the structure of morale, as distinct from employee engagement, has uncovered three components of morale – the importance of feeling valued or devalued, the ability to perceive the future, and relationships with other people. This investigation also focuses attention on how morale can be improved and therefore has implications for leaders and managers. The authors develop a statistical model which confirms the components of morale and measures the relationships between them.

Encouraging managers to be aware of the issues around religious expression in the workplace and how they can be handled sensitively are some of the insights for managers from Andrew Hambler's *'We don't do God' (but maybe we should?): managing religious expression in the workplace.* Implications for organisations are explored, drawing on earlier research from the author on the legal framework in the UK for supporting and constraining freedom of religious expression. Here the legal constraints on managers are identified together with the degree of discretion managers have relating to the treatment of religious expression.

Providing ideas on how to implement change in management and leadership practices, from Management 1.0 command and control approaches to more enlightened Management 2.0 principles, has been tackled by Vlatka Hlupic in *The 6 Box Leadership diagnostics: implementing management research into practice for more value creation.* Hlupic's 6 Box Leadership Model has been rigorously researched and used successfully in 21 organisations worldwide to help them achieve a shift in the mindset and organisational culture, create more value, and improve innovation and engagement.

In *Women in business: blueprint for individuals and organisations,* Fiona Dent and Viki Holton highlight ten pieces of advice for individuals and organisations as a result of their research on women in the workplace. Through a 'women only' survey of mainly senior women they explore areas including, who had helped them most in their career, career promoters and hindrances, and issues around leadership and leadership style. The survey findings are organised into a simple but practical model comprising advice on a number of areas including, for the individual, self awareness, networking and taking opportunities and for organisations, talent management, senior management commitment and the gender mix. The research, interestingly, found women faced similar challenges today as they had done in the past.

Jules Goddard asks 'What is it about extraordinary organisations that sets them apart and enables them to bring out the best in ordinary people?' In answer to this his article *Management and moral capital: the corporation as a moral community* proposes the idea that management's core task is the creation of a moral community which addresses three deep-seated needs in man. These are the need for meaning, identity and affiliation relating to a sense of purpose, self and belonging. Goddard argues that as the influence of institutions of the family, neighbourhood, church and civil society have declined, the workplace is required or expected to provide a sense of purpose, selfhood and affliation. He highlights management practices which erode moral capital, and practices which purport to enhance it but actually fall short.

ARTICLE 1

Morale: unravelling its components and testing its impact within contact centres.

Dr Ben Hardy, Lecturer in Management at the Open University Business School and Fellow of Cambridge Judge Business School.

Dr Tanya Alcock, Senior Researcher at Research and Innovation, BT Technology Services and Operations.

Dr Jon Malpass, Principal Researcher at Research and Innovation, BT Technology Services and Operations.

Introduction

How people feel about their work affects the work that they do. This is a simple observation, yet one which demands the attention of anyone managing or leading others. Consequently, great efforts have been made to try and understand the linkage between how people feel and the work that they do. This has led to a vast number of concepts and theories. Empowerment, job satisfaction, organisational commitment, employee engagement and many more besides are all attempts to get a handle on this link. However, many of these concepts have proved transient, hard to influence or incomprehensible to the workforce.

Perhaps the most readily grasped work-related feeling is that of morale, a concept with considerable social currency, yet it has been paid little attention since the 1950s. The concept of morale has been subsumed under other concepts such as employee engagement or job satisfaction, none of which quite capture the idea of morale. Job satisfaction is something that occurs after the event, rather than in anticipation of it. Employee engagement is typically limited to the relationship between the employee and the company, but marginalises the impact of the future on individuals.

One thing is clear: a workforce with high morale is capable of achievements beyond simply improving productivity. They are a rich source of knowledge and experience, often highlighting inefficient working practices; they can pull together to produce fantastic feats of collaboration during times of crisis; they can win over new customers and retain defecting customers. All of which contribute to the performance of the organisation as well as enhancing its competitive advantage.

What is morale?

In this article we contend, based on research, that morale is an emotional state which has three elements: how people feel about themselves, the future and those they are working with. Consequently, morale could be defined as: an emotional state which integrates an individual's feelings about their personal worth, their future expectations and their relations with colleagues.

Does morale matter?

The evidence suggests that morale matters a great deal. Salespeople with high morale sell more (McClelland & Burnham, 2003); organisations with high morale experience greater increases in share price than their peers (Sirota, Mischkind, & Meltzer, 2005) and better productivity (Weakliem & Frenkel, 2006). Many business leaders also believe that morale is crucial. Brad Bird of Pixar has commented: 'In my experience, the thing that has the most significant impact on a movie's budget—but never shows up in a budget—is morale. If you have low morale, for every $1 you spend, you get about 25 cents of value. If you have high morale, for every $1 you spend, you get about $3 of value' (Rao, Sutton, & Webb, 2008).

The structure of morale

Despite morale being a commonly used term, people struggle to define it. Rather, they 'know it when they see it'. To investigate the structure of morale we conducted 203 in-depth semi-structured interviews with leaders, managers and employees at seven different organisations (Hardy, 2009). These ranged from knowledge workers in high-tech start-ups and a scientific research centre, to those working in retail and manufacturing.

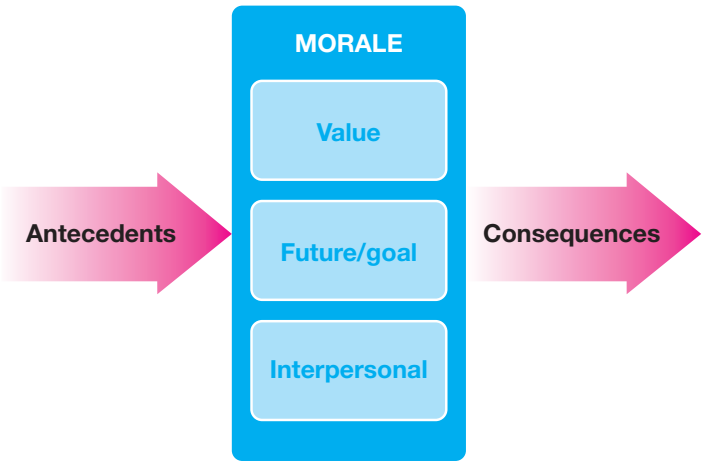
Careful structured analysis of these interviews revealed that there are three separate components to morale (Figure 1). The information from these interviews was used to develop and validate scales to measure morale and its components. These results were used to construct a structural statistical model which concurred with the results of our interviews.

“EACH OF THE ELEMENTS OF THE STRUCTURE OF MORALE HAS IMPORTANT IMPLICATIONS FOR LEADERS AND MANAGERS”

Unpacking the structure

Each of the elements of the structure of morale has important implications for leaders and managers. By examining each in turn we can start to see how morale might be influenced and improved.

Figure 1: Unpacking the structure of Morale and its three key components



The value dimension

People want to feel valued at work. They want to feel that their efforts are appreciated, even if they are simply doing their job. Throughout our research we found that this did not happen enough. This is illustrated by the paradox of a manager in an engineering firm who commented that his team didn't need to be thanked for doing their jobs, 'that's what their pay cheque was for' – yet he complained that he did not get any recognition. The value dimension has much in common with the idea of perceived organisational support which has been shown to improve mood (Rhoades & Eisenberger, 2002).

The flip side of value is feeling devalued. Criticism, particularly if unwarranted or public, can have a devastating effect on morale. Perceived unfairness affects how people feel about their work (McFarlin & Sweeney, 1992) and their health (Kivimäki, Elovainio, Vahtera, & Ferrie, 2003).
As well as feeling that their efforts are valued, interviewees also wanted to know that their work had value to the company. In essence, they wanted to know that they were not wasting their time. A clear 'line of sight' (Buller & McEvoy, 2012) between the individual's efforts and organisational outcomes ensures that this linkage is made which, in turn, improves morale. By contrast, where individuals feel that their time is being wasted or their efforts are of little importance, their morale drops and it is harder to maintain engagement with the task. This chimes with research showing that by making work more meaningful (for example, showing the benefit to end users), productivity and performance can be improved (Grant, 2011).

> BY THINKING ABOUT MORALE AND ITS COMPONENTS WE CAN THINK ABOUT HOW IT MIGHT BE MAINTAINED OR ENHANCED

The future/goal dimension

The second facet of morale relates to individuals' perception of the future and their sense of progress towards that future. These perceptions are often not considered in management research, but they proved to weigh heavily on the minds of interviewees. What will the future be like? Will it be better than today? What does this mean for me? Interviewees seemed to be constantly seeking to answer these questions.

A sense that 'the future is going to be better than today' is crucial, especially in difficult times. People seem to be able to bear far greater amounts of discomfort if they can see that the situation will improve in the future. Conversely, a poor outlook has a demoralising effect as it suggests that things may not improve and could even deteriorate.

Many organisations use mission, vision and values statements to try and give a direction of travel towards the future (Campbell & Yeung, 1991). This attempt to provide information is often, however, not supplemented with information on progress towards these objectives. It is not enough to simply say where you are going, you have also got to say how you are progressing.

The interpersonal dimension

The third element of morale is the nature of relationships with other people. In some ways this is the least important dimension (and the statistical model supports this) as close relationships are not necessary for high morale. However, interpersonal relations are important. Firstly, social support helps buffer the effects of negative events (Cohen & Wills, 1985). Secondly, particularly negative relationships can result in lowering of morale as they will impact on an individual's emotional state (Haller & Hadler, 2006). Thirdly, other people serve as a conduit for information about both the value and future goal dimensions of morale.

The propagating nature of morale – contagion and feedback loops

Morale influences morale. Individuals with high morale tend to look at things in a positive way. This, in turn, helps boost their morale levels. The same is true for low morale, as individuals in a low morale state will view their environment in a pessimistic light, leading to further falls in morale. Individuals also influence each other's morale. This means that a low morale individual surrounded by high morale individuals may have their morale raised. Similarly, an individual with high morale may be worn down by the low morale of those around them. Morale levels are transmitted through words, deeds and body language, so that people are influenced by the 'atmosphere' of the environment in which they find themselves.

These three dimensions – value, future/goal and interpersonal – are each integral to morale. This was confirmed using a structural statistical model which measured the relationship between each dimension and a simple measure of morale. Moreover this statistical analysis confirmed that morale strongly correlates with peoples' intention to leave their jobs. This will result in costs to any business; as staff churn rises so do recruitment costs. However, businesses need to be aware of hidden costs of low morale such as knowledge loss and low staff advocacy.

The case study – the morale model playing out in contact centres

To test how the three elements of morale play out in a specific workplace we visited six contact centres for an international multi-media company (Figure 2). We conducted in-depth semi-structured interviews with 43 workers at all levels from these six sites (6-8 per centre) in order to explore the effect these changes had on morale and their relation to the model previously identified.

The overarching narrative of these six centres is one of good morale. Three years prior to this research a new management approach was adopted which changed the performance measurement focus from resource optimisation metrics, such as call handling time and 'adherence' (i.e. how much of the time people were at their desks, able to take calls), to customer satisfaction measures. Alongside this, the organisation embraced a 'Lean' philosophy, which aimed to make the work-flow through the centre more efficiently. The organisation tracks employee attitudes using an index of measures. These include individuals' pride in the organisation, their ability to use their skills effectively and the degree to which they feel their opinions matter. Prior to the management changes, the scores on this index for the centres concerned lagged the rest of the company. After the management changes were implemented the survey showed a 13% year-on-year increase in this index, making these centres 11% higher than the company average.

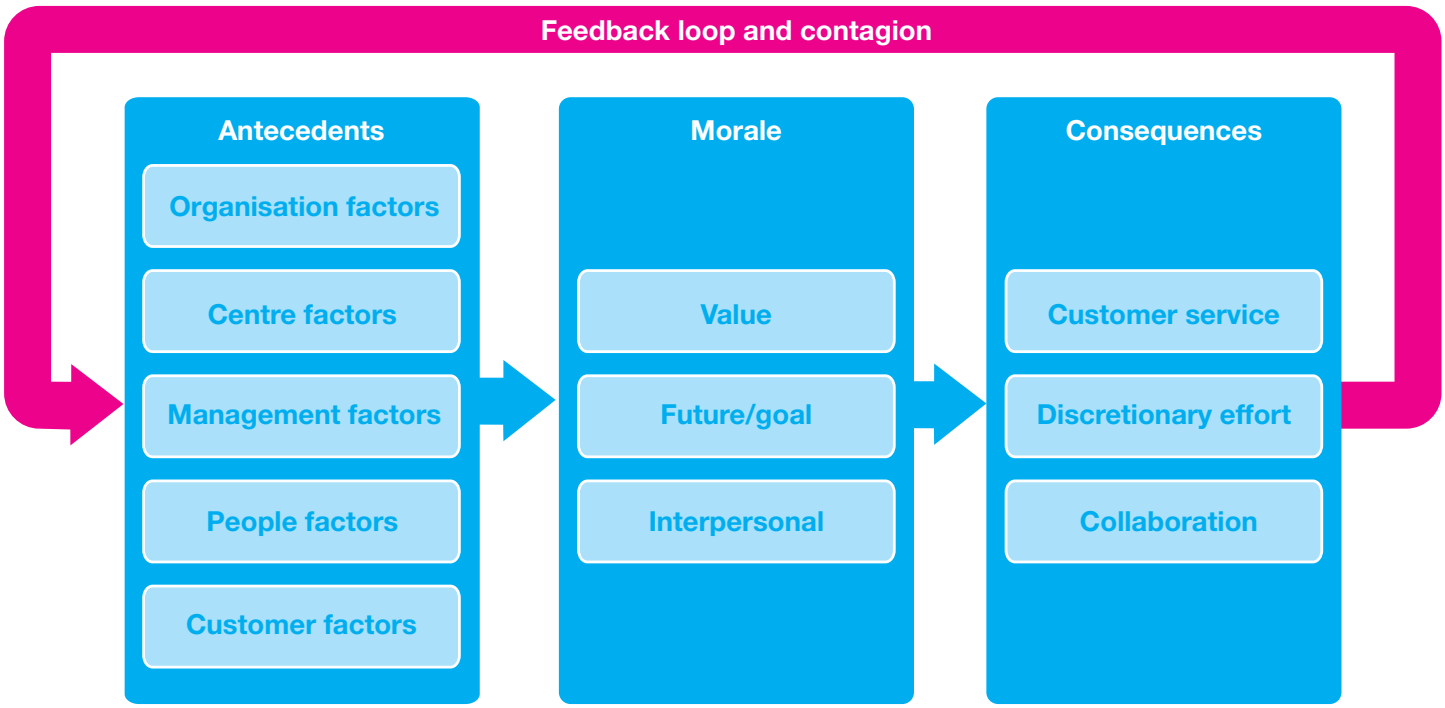
The value dimension

The implementation of 'Lean' has helped improve morale considerably, according to the employees interviewed. Involving staff and drawing on their expertise was perceived by the employees as the organisation valuing them. Other measures, such as the use of a recognition system (e-cards) where excellence was noted, discussed and, in some cases, rewarded helped to reinforce the valuing of individuals and their efforts.

The shift in metrics also contributed to this valuing of the individual. Previously, advisors were predominantly rated on their ability to answer calls within a certain time-frame. However, almost all interviewees believed that their job was to help the customer, so by focussing on customer service measures the advisors' skills and ability to help the customer gained new importance.

The degree to which the organisation demonstrated how employees work added value to the organisation was variable. In one centre, new procedures resulted in £2 million of outstanding debts being recovered. Communicating this to staff demonstrated the value of their work and raised their morale. In other centres, the linkage between what advisors did and the business outcomes was less clear and consequently advisors questioned the point of their jobs, thus lowering their morale.

Figure 2: Morale, its antecedents and consequences within the contact centre test case



“ONE THING IS CLEAR: A WORKFORCE WITH HIGH MORALE IS CAPABLE OF ACHIEVEMENTS BEYOND SIMPLY IMPROVING PRODUCTIVITY”

Future/goal

The shift in management style had a significant impact on the future/goal dimension of morale. Interviewees felt that their future was brighter than it had been three years earlier. The lean initiative was seen as evidence that the organisation was striving to improve. Importantly, the management emphasised that freed-up resources would be retrained to handle new business, rather than resulting in redundancies. Consequently, employees did not fear for their jobs, which would have hindered lean and had a devastating effect on morale. A secondary benefit was that it meant that the additional lines of work brought task variety into the centres and demonstrated the organisation’s commitment to the centres’ future.

Workers were kept abreast of progress through update meetings and progress boards placed around the centres. Additionally, the managers used boards to capture employee suggestions and communicate the resulting changes. This contrasted with the traditional progress reports which simply told advisors information such as how many calls were in the queue.

Interpersonal

The interpersonal dimension was only slightly attended to in the organisation. That said, the management helped foster a collaborative atmosphere through coaching rather than criticism and advisors were encouraged to interact, ask one another questions and work together as a team. Mentoring and buddying were also used to help build a cohesive group. Other efforts focussed on team events, such as ‘Christmas sweater day’.

Lessons learned and fostering morale

Using the three dimensions, we were able to make recommendations for the improvement of morale (Figure 3). Additionally, we are able also to propose some simple tests to assess whether the dimensions of morale are being addressed.

The value dimension can be improved by praise. In the authors' view this should be specific (i.e. about a particular topic), personal and more plentiful. Generic praise ('well done everyone') is likely to be perceived as mechanistic and insincere. Praise should also link the individual's contribution to the wider organisational mission so that they see their efforts as meaningful. The acid test of whether people are valued is whether they feel that anyone would care if they were replaced. If they believe that no one would, then you have not adequately addressed the value dimension.

The future/goal dimension consists of articulating a clear vision for the organisation and linking employees' activities to that goal. Along with that goal, it is vital that they are kept abreast of progress. This does not mean simply broadcasting how things are going and hoping that they will listen but ensuring that progress is communicated in such a way that each employee is aware of what is going on. If employees don't know what the organisation is trying to do or how it is getting on then the future/goal dimension has not been properly articulated.

With the interpersonal dimension, the emphasis should be on reducing incivility. As negative information has much more impact than positive, reducing incivility can help ensure that the other two dimensions are not damaged. By all means try to build cohesion amongst your workers but reducing division is a more useful objective.

Consequences of morale to business

Morale affects performance. This was clearly articulated by our interviewees. In a customer service environment, high morale individuals are more cheerful, willing to help customers and, when carrying our more demanding tasks such as debt collection, are more resilient to customer demands.

High morale individuals will also put forward more discretionary effort. They will take on additional tasks, use any slack time productively and try to improve the business. Low morale individuals will, at best, do what is required and no more – and sometimes considerably less.

Finally, individuals with high morale will collaborate and communicate more effectively, sharing knowledge and fostering the social glue of teams. Low morale individuals, by contrast, are likely to be introverted, isolated and uncommunicative.

The importance of morale is clear. By thinking about morale and its components we can think about how it might be maintained or enhanced. This, in turn, holds out the prospect of considerable benefits for employers and employees alike.

Figure 3: Effectively managing morale for business success within Contact Centres.

MORALE

VALUE DIMENSION

Recent wins
- Involvement of all staff in lean business improvement initiatives
- Praise and recognition via e-cards and direct customer feedback
- Metrics aligned to advisors desire to serve customers

Further improvements
- More financial performance figures to teams to strengthen values

FUTURE/GOAL DIMENSION

Recent wins
- Reassurance about impact of lean (releases people to new roles rather than cutting job numbers)
- Investment in lean training showing investment in workforce's skills and future
- New work coming into centres symbolising that the centres have a future

Further improvements
- Vision and pathway linked to objectives
- Information on progression relayed

INTERPERSONAL DIMENSION

Recent wins
- Team events – e.g. Christmas events
- People-focussed management who clearly value and reward teamwork, also act as great role models
- Mentoring and buddying of staff at all levels

Further improvements
- Avoid toxic competition (will reduce knowledge sharing and collaboration)

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ARTICLE 2

‘We don’t do God’ (but maybe we should?): managing religious expression in the workplace.

Dr Andrew Hambler, Senior Lecturer at University of Wolverhampton Business School

Introduction

On Monday 14 July 2014, a Muslim cashier employed by Tesco reportedly declined to serve a customer who was trying to buy wine and meat because he said it was Ramadan, and he suggested she go to the self-service till instead. She complained and the store manager had to decide how to address the issue in a ‘pragmatic’ way without the aid of any clear policy guidelines. He also told the customer to use self-service. This story made it to the pages of the Daily Mail (16 July 2014), including a sympathetic interview with the irate customer, and so generated negative publicity for the supermarket chain.

This particular incident is one of many examples of what can be a potentially vexing issue for managers - how to deal with religious expression by employees in the workplace. Such expression can have an impact on organisations in at least four domains:

- **Dress/Personal appearance** – many religious adherents choose (or feel obliged) to express their religious beliefs through dress and grooming or the wearing of religious symbols. Sikh women, for example, may wear the kara bracelet and some Sikh, Jewish and Muslim men may choose to wear facial hair.

- **Working time** – some religious employees feel a particular desire not to be at work at particular times or on particular days due to what they may regard as the higher obligations imposed by their religious beliefs. For example, many Christians may object to working on Sunday mornings; equally some Muslims feel under an obligation to pray in congregation on Friday lunchtimes.

- **Conscientious objection** – some employees with religious convictions may experience difficulties with performing an aspect of a normal job role due to conflicts with religious-based conscience, such as (in the case of the Tesco worker) a refusal by Muslim staff to handle alcohol or particular types of meat.

- **Religious speech** – some employees may wish to ‘verbalise’ their religious convictions in the workplace, for example, by offering to pray for customers, or by attempting to make religious converts from amongst co-workers.

> “THERE IS NO ABSOLUTE DUTY IN THE UK TO ‘REASONABLY ACCOMMODATE’ RELIGIOUS PRACTICES IN THE WORKPLACE”

Whereas it may be objected that these are all matters for staffing policies, or more generally constitute an ‘HR issue’, it is clear from the details of many of the cases which have been contested in employment tribunals that policies can be broadly drawn in this area and managerial interpretation is often vital. Furthermore, since 30 June 2014, all employees have a statutory right (under the Work and Families Act 2014) to approach their manager to request changes to their contract to promote ‘flexible working’ for whatever reason. It is highly likely that some employees will use this right to request changes to working arrangements for religious reasons. In determining their response, managers will have little choice but to give full consideration to the basis of the request, including the underlying ‘religious’ rationale.

This paper is informed by a doctoral research project leading to the publication of a monograph (Hambler 2015) which considers the legal framework supporting and constraining freedom of religious expression by individuals in the UK workplace. The purpose of the paper is to explore the implications of that research at an organisational level. The paper seeks to identify the legal constraints on managers’ freedom of action; the extent to which they enjoy a measure of discretion in their treatment of individual religious expression; and the issues they may wish to consider before using that discretion. The paper concludes by encouraging managers to maximise their toleration of religious expression at work, albeit recognising that there must be limitations to that freedom.

The legal constraints

In some legal jurisdictions (for example in Canada and in the United States) there is a positive duty on the employer to ‘reasonably accommodate’ religious practices in the workplace. There is no such absolute duty in the UK, although it has been argued by some that there should be (Hepple et al 2000). Instead, religion (alongside belief) is a ‘protected characteristic’ under the Equality Act 2010, which means that organisations cannot treat some employees ‘less favourably’ than others because of their religion. It also means that they cannot subject employees (or prospective employees) to ‘indirect discrimination’, i.e. they cannot apply a staffing rule which appears neutral but which actually has an adverse impact on some staff because of their religion (unless this can be justified). For example, an organisation cannot arbitrarily impose a rule in a dress code that all staff should have their heads uncovered. Such a rule would impose no real burdens on the majority of staff but it would impose a substantial burden on some Sikh men and some Muslim women.

What courts have accepted as constituting an acceptable justification varies according to the domain of expression.

> ORGANISATIONS ARE NOT OBLIGED TO ACTION REQUESTS FOR TIME OFF FOR RELIGIOUS ACTIVITIES AWAY FROM THE WORKPLACE

Dress/Personal appearance

Case law has demonstrated that organisations are most likely to be able to justify restrictions on dress and personal appearance in cases where there is significant interference with operational requirements or where there are health and safety concerns.

For example, in the case of Azmi v Kirklees BC, a language support assistant unsuccessfully claimed she had suffered discrimination when her employer refused permission to wear a burqa. It took advice and conducted extensive research to support the contention that the nature of her job demanded that the children should be able to see her mouth and facial movements. The Employment Appeals Tribunal found that the employer had met the test of justification. As another example, in Chaplin v Royal Devon and Exeter Hospital NHS Foundation Trust, a nurse was refused permission to wear a visible cross as a necklace for fear that it might cause injury to others. The tribunal found that health and safety concerns provided an adequate justification for the restriction, a decision later endorsed by the European Court of Human Rights (Eweida and Ors v UK).

However, it is clear from the ruling in Eweida and Ors that dress codes excluding religious symbols will not always meet the justification test. Eweida was a British Airways employee refused permission to wear visible jewellery including a small cross which had religious significance for her.

The rationale for the policy was to display a consistent image to the public. The European Court found that the employer's justification (corporate image) was not 'weighty' enough when compared to Eweida's sense of religious obligation. This is important as many dress codes are concerned primarily with image rather than health and safety or operational needs. This ruling suggests that managers would be wise to be flexible in such circumstances.

Working time

Organisations are not obliged to action requests for time off for religious activities away from the workplace, if these interfere with operational need, which might include difficulties in reassigning duties to other staff. This was confirmed in Mba v Merton BC, a case involving a Christian care home worker who believed it was wrong to work on Sundays. The Court of Appeal ruled that accommodating her was overly costly, because it was too disruptive both for staff-scheduling and for continuity of care for children.

Conscientious objection

Except where there are specific provisions in statute or professional regulations for conscientious objection (chiefly in medicine or pharmacy) there is limited protection for religious-based conscience in law, in particular where it may affect the rights of others. This was made clear in Ladele v Islington BC where a Christian Registrar of Marriages was refused permission to 'opt out' of conducting same-sex Civil Partnership ceremonies (on the basis that she felt it was wrong for her to 'promote' something she regarded as 'sinful'). The Court of Appeal determined that although the Council could have accommodated Ladele on a practical level with minimal disruption, nevertheless it was justified in refusing to do so because of its inclusive 'Dignity for All' policy and its belief that all staff should demonstrate commitment to it. This decision was unsuccessfully challenged at the European Court of Human Rights. However, it is significant that the Courts made it clear that Islington Borough Council could have accommodated Ladele had it so wished and at least one judge involved in the case hinted that this might have been the better course of action.

“ORGANISATIONS AND THEIR MANAGERS HAVE A GOOD DEAL OF DISCRETION IN HOW TO DEAL WITH INCIDENCES OF RELIGIOUS EXPRESSION”

Religious speech

The legal position on religious speech has not been clearly tested before courts and tribunals so there is limited guidance for managers. What is clear is that organisations should be very careful not to penalise the voicing of unfashionable religious opinions outside of a work context (Smith v Trafford Housing Trust). Within work, tribunals have allowed dismissals for inappropriate ‘pushing of religion’ (or proselytism) where someone thought to be vulnerable is involved. In the NHS there now appears to be a fairly consistent position that clinical staff can discuss their religious beliefs with patients (or make an offer to pray) but only if the patient initiates the conversation. Some general guidance written to help employers form policy in this area (e.g. that produced by the British Humanist Association) is slightly misleading because it implies that religious speech is a form of harassment (religion and belief) under the Equality Act. However that could only be said to be the case if the religious speech reaches a certain threshold of offensiveness. Mild and respectful religious speech is unlikely to trigger a harassment claim and organisations may be acting unreasonably if they refuse to allow any voicing of religious beliefs in the workplace.

Exercising managerial discretion

Thus far some examples of religious expression at work have been presented under a loose categorisation. How employers are constrained by the law, in particular the Equality Act and the way it has been understood by tribunals and courts, has been considered. What is apparent is that organisations and their managers retain a good deal of discretion in how to deal with incidences of religious expression. Even where there is a strong justification before the law for constraining religious expression for various reasons, managers can often still choose to be accommodating should they be persuaded that this is the right approach. The discussion will therefore move towards a consideration of the principles at stake – the rationales both for and against permitting (or even encouraging) religious expression in the workplace.

Famously Alastair Campbell, press officer to former Prime Minister Tony Blair, prevented any discussion of Blair’s religious beliefs in a media interview by the stark assertion ‘We don’t do God’. In the process, he delineated a distinction between having religious beliefs in private and manifesting them in public. This notion that religion is something private has seeped into the public consciousness, such that articulating religious convictions publically is sometimes looked on as out of place, even vaguely disreputable. There is some theoretical support for such a view. The political philosopher John Rawls (1977, 1993) identified occasions where there is what he described as a ‘duty of civility’ for citizens to divorce themselves from their religious convictions when making decisions which might impact on others. Other writers have applied the same reasoning within the workplace (e.g. Pava 1998).

The basic assumption underlying this view is that religion polarises opinion in an unhelpful way; there is discord and disruption when one individual seeks to ‘impose’ his or her religion on others in the workplace (as elsewhere). The potential for this is most obvious perhaps when employees seek to verbally express their religious beliefs and possibly

> RELIGIOUS EXPRESSION IS CONTROVERSIAL AND THE EXTENT TO WHICH IT SHOULD BE TOLERATED IN THE WORKPLACE IS CONTESTED.

offend their co-workers; but it can also apply, for example, to the wearing of religious symbols (on the basis that this might pressurise younger people into religious conformity) and even to granting employees time off for religious obligations where covering for this imposes a greater burden on the rest of the workforce. To avert such conflict, so the reasoning goes, the workplace should be kept secular; employees should leave their beliefs at the threshold of the workplace, because they have no place inside. Those organisations which find such a view persuasive will allow it to form both policy making and managerial decision making within the area of allowable employer discretion. Religious expression will thus be discouraged as much as possible, within the legal constraints.

The rationale underlying this view is of course highly controversial. Many religious people object to the idea that they can 'privatise' their beliefs and keep them out of a public forum such as the workplace. Such beliefs infuse their everyday living and working and so cannot be removed like a coat at the door of the office (Ahdar and Leigh 2013). Some religious employees may also consider themselves to be under a positive duty to express their religion in different ways which affect the workplace. Where the employer is unwilling to allow this, it will either force staff to act against conscience, or it will exclude them entirely. One consequence of this will be to undermine 'diversity', a value which is often held in high regard by managers, partly because of the business benefits it is said to bring. Such an exclusionary approach can also create industrial relations and even reputational problems. The employment tribunal statistics illustrate that employees are often quite prepared to launch legal claims (regardless of the legal merits) if they feel they have suffered religious discrimination, bringing all the costs and distracting activities which such cases entail for organisations. There may also be adverse media coverage, as there are influential religious interest groups such as the Christian Legal Centre which employ skilled press officers, good at bringing attention to religious claims where it appears employers are acting unfairly.

There is also a positive case for welcoming religious expression as a general principle. An individual's personal autonomy will be maximised the more he or she can fully express their deepest convictions. This in turn is good both for individual well-being and commitment to the organisation. It is also strongly arguable that religious employees, particularly those sufficiently committed to their beliefs that they want to manifest them overtly at work, are, or ought to be, amongst the most committed or 'virtuous' employees, as they are working not simply for their managers but also for God. Such employees are the kind most organisations would want and so, it may be argued, they should be fully embraced. For employers who accept this view, it may involve maximising the opportunities for religious expression, perhaps even to the point of accepting a degree of additional cost.

Conclusion

Religious expression is controversial and the extent to which it should be tolerated in the workplace is contested. There is a legal framework which circumscribes employer action and provides a measure of protection (albeit quite a limited one) chiefly through the legal mechanism of indirect discrimination. Employers also have an obligation to other staff and at some point religious expression, if entirely unfettered, may infringe on the real rights of other employees. However, between these two constraints, there is a large measure of discretion for organisations and their managers. Although some managers may be convinced of the dangers of conspicuous religion in the workplace (and seek to discourage it), it may be that rather more will see the value of it, for motivating and retaining good staff and for fostering and encouraging workplace diversity. If so, they will seek creative means to positively respond to requests from staff to accommodate religious practices, wherever possible, and to harness the business benefits which they may hope will follow.

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Chaplin v Royal Devon and Exeter NHS Foundation Trust (2010) ET Case no. 1702886/09
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Ladele v Islington Borough Council EWCA Civ. 1357 (CA) (2009); IRLR 211 (2010)
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Dr Andrew Hambler is a former HR Consultant who worked for many years for the financial services firm PricewaterhouseCoopers before joining the University of Wolverhampton as Senior Lecturer in Human Resources and Employment Law. He lectures in the UK and overseas and currently manages the University's transnational management programmes in India and Sri Lanka. Andrew is an external examiner at Ulster University and a member of the CIPD examinations team. Andrew's research interests are focussed on religion and law in the workplace and he completed his doctorate at Durham University with a thesis in this field. Andrew has written a number of peer-reviewed journal articles and a monograph, *Religious Expression in the Workplace and the Contested Role of Law*, published by Routledge in November 2014. His research has been quoted in national reports for the Equality and Human Rights Commission. Andrew has also acted as an adviser to religious ethos organisations and is a reviewer for the *International Journal of Business Governance and Ethics*. Andrew is also interested in employment law questions more generally and has provided expert comment for the BBC on equal pay issues.

ARTICLE 3

The 6 Box Leadership diagnostics: implementing management research into practice for more value creation

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This article is a précised version of a written submission to the All-Party Parliamentary Group on Management, which published its report at the House of Commons 15 July 2014.
(Management 2020: leadership to unlock long-term growth The commission on the future of management and leadership, Chartered Management Institute, July 2014)

Introduction

Organisations today face unprecedented challenges. These include: disruption to markets from unconventional competitors; intensifying competition for talent; accelerating pace of change; complexity and uncertainty; and a rapid transition from the "knowledge economy" to the "creative economy" (Hamel 2012). Corporate performance has declined, as measured by Return on Assets or Return on Invested Capital. The Return on Assets of US firms has dropped 75% since 1965 (http://ow.ly/7TeUE). The average life expectancy of Fortune 500 companies has fallen from 75 to 15 years in the last 50 years. Only 25% of the workforce is passionate about their work.

Evidence that has accumulated in recent decades strongly supports the conclusion that low levels of engagement and declining performance are causally related, and not mere correlations; and that 'command and control' mindsets and approaches to management represent major obstacles to releasing higher performance, and higher levels of innovation and adaptability. Organisations need to create more value and become more engaging, innovative and resilient (Hamel 2009).

This article uses the term 'Management 1.0' for practices based on a mechanistic paradigm, featuring bureaucratic organisation, hierarchical command-and-control mindset, standardisation and specialisation (Hamel 2012). This is contrasted with an approach termed Management 2.0, in keeping with the terminology adopted by the open innovation network the Management Innovation eXchange (www.managementexchange.com), which the author has been involved in. Management 2.0 is based on Peter Drucker's principles, which include: understanding the task, giving autonomy, continuous innovation, focusing on quality, continuous learning and treating workers as an asset not a cost (Bergstrand 2009). The author has developed a practical approach, branded the 6 Box Leadership Model, for helping organisations move from Management 1.0 to Management 2.0, and the article will describe how it has been implemented by an employer. It will be featured in the forthcoming book *The Management Shift – How to harness the power of people and transform your organization for success* (Palgrave Macmillan October 2014), and there is more information at www.themanagementshift.com.

New management practices and their theoretical base

The move from Management 1.0 to Management 2.0 requires a fundamental change in management and leadership practices, as well as a change in mindset. Principles include collaboration, transparency, meritocracy, purpose, community and autonomy, where the authority is distributed and decisions are made on the basis of knowledge rather than a formal position in organisational hierarchy (Amar *et al* 2009) and organisations are managed holistically as complex adaptive systems (Holland 2006).

Many leading management thinkers support this transition. In addition to Peter Drucker (Drucker 1954) examples include Charles Handy (Handy 1989), Henry Mintzberg (Mintzberg 1998) and Gary Hamel (Hamel 2007). A recent synthesis of a large body of the literature on leading knowledge workers (Amar and Hlupic 2012) reveals that in order to foster innovation in knowledge based organisations, a different leadership style is needed, based on horizontal rather than vertical leadership, where power and authority are distributed on the basis of knowledge.

Many authors focus on *what* organisations should do to address their challenges, create more value and improve innovation and engagement. There is less literature on *how* to effect this transformation (Amar *et al* 2009). The 6 Box Leadership Model was designed to assist implementation of these principles. It has been developed through synthesis and thematic analysis of research findings from a number of research projects carried out by the author and her colleagues over a period of more than 15 years, featured in published articles by the author (for example, Harvard Business Review, Amar *et al* 2009).

Research background of the 6 Box Leadership Model

Research projects that form a foundation of the 6 Box Leadership Model involved both theoretical and empirical research. Theoretical research relates to a review and synthesis of more than 1,000 research articles, whilst empirical research is related to more than 23 case studies, involving more than 300 semi-structured interviews. Many of these case studies were in-depth, longitudinal case studies, carried out over the period of two-three years. Empirical research also involved a survey involving 88 organisations and more than 6,000 respondents in a survey. The framework was developed using thematic analysis (Boyatzis, 1998), including coding.

It was also informed by research relating to the Emergent Leadership Model, which was developed after extensive literature search in personal and organisational development. Some of the sources that have informed development of this model include Wilber's integral theory of consciousness (Wilber 1997), Piaget's theory of cognitive development (Piaget 1977), Maslow's hierarchy of needs (Maslow 1943), Spiral dynamics model Beck and Cowan 1996), Loevinger's stages of ego development (Loevinger 1970), Cook-Greuter's Leadership Development Framework (Cook-Greuter 2004) and research related to the Tribal Leadership (Logan *et al* 2008).

The model shows how individuals and organisations go through different developmental levels. It also shows the levels of maturity of organisational culture as individuals and organisations evolve. Each level has certain individual and organisational characteristics summarised as follows: At level 1, employees have a lifeless mindset, there is an apathetic / fear based culture, and employees and leaders are isolated and disengaged. At level 2, the mindset is reluctant, there is stagnating/blame culture, autocratic leadership, and overwhelmed and disengaged employees. At level 3, the mindset is controlled, culture is orderly, leadership is based on command and control, people are micromanaged, and relationships are self-centered. At level 4, the mindset is enthusiastic, there is a team ethos, culture is collaborative, the leadership style is distributed and employees have unleashed purpose and passion for work. At level 5, the mindset is unlimited, there is strong team cohesion, the culture is unbounded, leaders are inspirational and there is a strong sense of purpose and passion for work.

Once the predominant organisational culture moves from level 3 to level 4, a shift from Management 1.0 to Management 2.0 is achieved. The 6 Box Leadership Model was developed to identify bottlenecks for this shift. Figure 1 shows the Emergent Leadership Model, whilst Figure 2 shows the 6 Box Leadership Model.

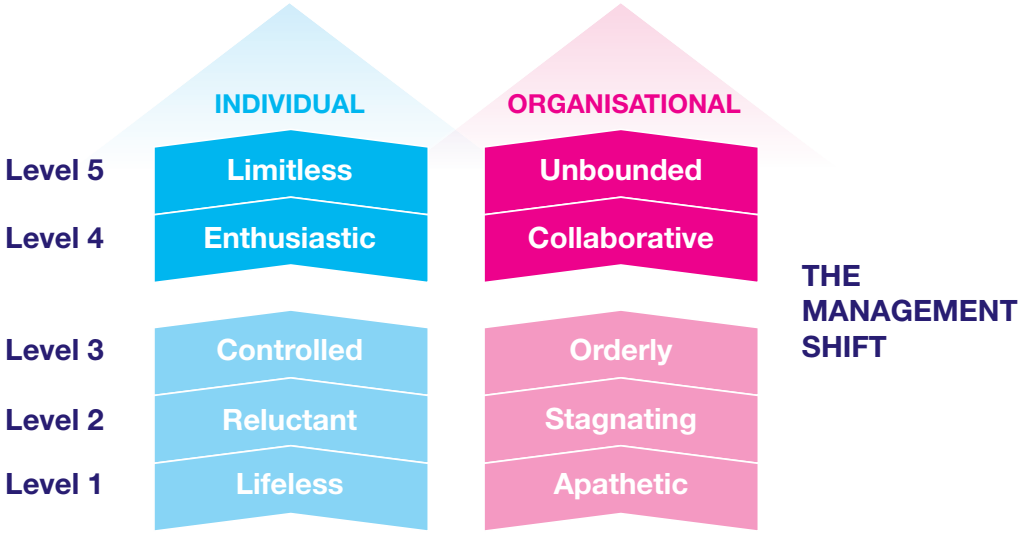

Figure 1: The Emergent Leadership Model

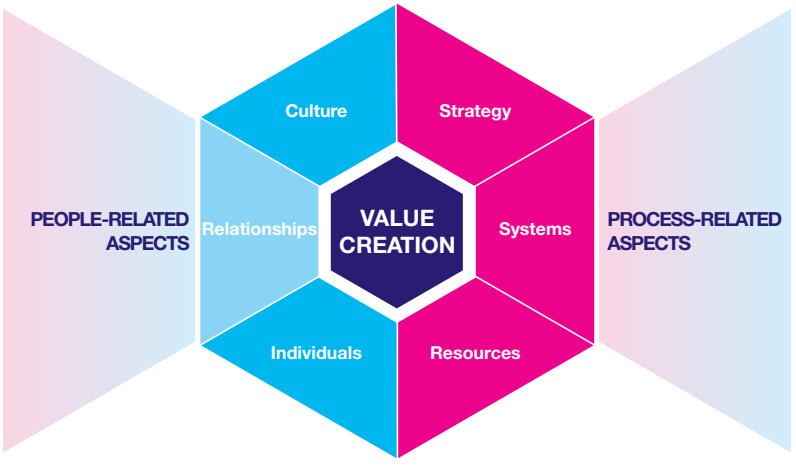

Figure 2: The 6 Box Leadership Model

The 6 Box Leadership Model: Development

The 6 Box Leadership Model covers both people related and economic factors: *Culture, Relationships, Individuals, Strategy, Systems and Resources.* The first phase of developing this model related to development of a framework with 130 factors that drive value creation in organisations, and grouping these factors in the six areas. This was done through empirical and theoretical research using a thematic analysis with coding. In *the second phase,* an online assessment instrument with 105 questions was developed on the basis of these factors as well as the initial software platform. Empirical testing of this online questionnaire was done on 10 organisations, and then the final framework with 150 factors was developed as well as the final version of an online questionnaire with 120 questions.

In *the third phase,* these 120 questions (grouped in six boxes), were regrouped and mapped according to three existing frameworks for additional analysis:

(a) Management 2.0 principles
The 6 Box Leadership questions were mapped to 12 principles of Management 2.0 which resulted from the Management Innovation Exchange (MIX) community. These principles are: 1. Openness, 2. Community, 3. Meritocracy, 4. Activism, 5. Collaboration, 6. Meaning, 7. Autonomy, 8. Serendipity, 9. Decentralisation, 10. Experimentation, 11. Speed, 12. Trust. This approach enables an organisation to determine the extent to which it has implemented each of the Management 2.0 principles.

(b) Key ideas of Peter Drucker
Eight key ideas from Peter Drucker's work were selected, and all 120 questions were mapped into groups related to these ideas: 1. Productive organisation / decentralisation, 2. Respect of workers / employees as assets, 3. Knowledge work productivity, 4. The imperative of community, 5. Focus on serving customers, 6. Responsibility for the common good, 7. Focusing on core competencies / properly executing business processes, 8. Management by balancing a variety of needs and goals.

(c) Reinvention framework
The 6 Box Leadership questions were also mapped to Bergstrand's Reinvention Framework (Bergstrand 2009) which has been used in various organisations to improve knowledge work productivity. This framework consists of four key knowledge work productivity areas: 1. Envision, 2. Design, 3. Build and 4. Operate. 120 6 Box Leadership questions were mapped to these four areas to assess where the strengths are and blockages to knowledge work productivity in a particular organisation.

For all four mappings of 120 questions that drive value creation, innovation and engagement in organisations, average scores below 40-50% are considered as a sign of possible weakness in a particular area, and scores above 60% as considered as a strength. Scores are relative for a particular organisation.

In *the fourth phase*, a new software platform for data collection and analysis was developed. For each question, a six-point Likert scale was used to eliminate neutral answers, and the possibility to add qualitative comments was also provided. Scores are translated into percentages, and the word frequency of the keywords used in comments is also calculated.

In *the fifth phase*, the final version of the assessment tool developed has been tested empirically using 11 additional case studies and statistical analysis was completed to check the reliability of the questionnaire. All tests (including Cronbach Alpha coefficient) confirmed very good reliability.

Application: the 6 Box Leadership Model in practice

So far, the model has been successfully used in 21 organisations in the private and public sectors (17 in the UK, two in the USA, one in Norway and one in South Africa), to help them create value, discover hidden areas of strengths, dependences and blockages to organisational performance, improve innovation and engagement, and support strategy development. It has been used mainly as a qualitative tool to identify the key areas of strengths and weaknesses that need further analysis and discussion in order to design an intervention for value creation.

Companies that are knowledge intensive have found this diagnostic tool particularly beneficial. Research shows that knowledge workers cannot and do not want to be led using traditional vertical leadership approaches; they tend to ignore corporate hierarchy, and they need interactions and autonomy to be more innovative and engaged (Goffee and Jones 2007).

6 Box Leadership case study: a management consultancy

Management consultancy XYZ, based in the USA, used the 6 Box Leadership Model. The company employs highly qualified and experienced consultants, it works in a specific market niche focusing on large companies, and is planning a new expansion strategy. This company had already implemented many management practices identifiable as Management 2.0. Its main objective in using the tool was to identify key strengths and developmental opportunities that they could use for their growth strategy and market expansion.

As it is a small company with fewer than 15 employees, all employees were invited to take part in the survey in July 2012. The response rate was 100%. Larger companies use a sample of employees. High, fairly uniform average scores are obtained for all 6 Boxes. The difference between average scores is only 6%. *Individuals* is the highest scoring box with average score of 82%, while *Resources* and *Strategy* are the lowest scoring boxes with average score of 75%. For each of the 6 Boxes, the highest (key strengths) and lowest (key developmental opportunities) scoring questions were identified.

Figure 3: An example of highest and lowest scores for questions in the Culture box obtained for Company ABC

CULTURE			
KEY STRENGTHS		**KEY DEVELOPMENTAL OPPORTUNITIES**	
Question	**Score**	**Question**	**Score**
Ethical behaviour is part of our culture	**98%**	**Employees are overworked ***	**55% (45%)**
Encouragement is used regularly instead of criticism	**95%**	**Employees are stressed***	**43% (57%)**
Our organisation has a caring ethos	**93%**	**Command and control is part of our culture***	**58% (42%)**
Transparency is part of our culture	**93%**	**Senior management determine the culture***	**20% (80%)**
Trust is part of our culture	**90%**	**Environmental responsibility is part of our culture**	**65%**
Employee's values are aligned with the organisation's values	**88%**	**Democracy is part of our culture**	**60%**
Accountability is part of our culture	**88%**		
Employees succeed based on the quality of their ideas	**85%**		

*Negatively phrased questions for which original scores were inverted. Original scores are shown in brackets

Key *strengths* in the area of *Culture* for Company XYZ include: ethical behaviour, encouragement instead of criticism, a caring ethos, transparency, trust, alignment of individual and organisational values, accountability and meritocracy (see Figure 3). Areas identified as *developmental opportunities* in the area of Culture include: potential stress and burnout issues, possible elements of command and control, embedding more environmental responsibility and democracy in the culture.

The Reinvention scores obtained for Company XYZ show high, balanced scores for all four areas, with the difference of only 3% between four phases. This balance is likely to indicate a high-performing, level 4 organisation. The lowest score was achieved for *Design* (76%) and the highest scores were achieved for *Build* and *Operate.*

High average scores were achieved for all eight key principles of Peter Drucker's work. However, there is some variance – the difference between the highest and lowest scores was 21%. The highest scoring principle is Focus on serving customers (87%), followed by The imperative of community (85%). The lowest scoring principle is Productive organisation / decentralisation (66%), followed by Management by balancing a variety of needs and goals (75%).

High scores were achieved for all 12 principles of Management 2.0. The highest scoring principles are: *Collaboration* (85%), *Serendipity* (82%), *Meaning* (81%) and *Meritocracy* (81%). The lowest scoring principles are: *Decentralisation* (64%), *Openness* (76%) and *Speed* (76%). The issue of decentralisation is consistent with findings from the 6 Box Leadership and Peter Drucker's ideas mappings.

Overall findings for Company XYZ

In general, Company XYZ achieved very high scores for all four mappings. Scores for the 6 Box Model and Reinvention Framework are more uniform than scores for the Peter Drucker's ideas and Management 2.0 principles. Key themes that emerged include: XYZ's motivated and purposeful employees are its greatest asset, which could be further leveraged by some fine tuning of some processes and governance structure.

The key strengths identified for Company XYZ include: Caring, transparent culture based on trust, ethical values, meritocracy and accountability; Strong teamwork and collaboration ethos going across organisational boundaries; Highly motivated employees, feeling happy, purposeful and passionate about their work; Aligned systems and strategy, flexible working practices, alignment of information management and strategy, and good access and accuracy of information.

The key developmental opportunities for company XYZ include: Addressing possible issues of stress and burnout; Addressing a possible issue of tendency for command and control; Participative strategy development; Improving flexibility of processes; Closing gaps between stated and realised objectives; Reducing hierarchical structure; Avoiding micro-management; Improving access to training and development and mentoring processes; Reducing control of budgets when appropriate and Creating enabling conditions for change.
The results of the 6 Box Leadership diagnoses were discussed with the Executive Board of the Company XYZ. The following action plan was agreed and is being implemented:

1. Prioritising key strengths that need to be leveraged further,
2. Prioritising key developmental opportunities that need to be addressed to create the biggest impact,
3. Assigning a time scale for further leveraging of strengths and addressing weaknesses that were rated as highly important,
4. Designing a plan for individual and organisational action that will be taken to leverage strengths and address weaknesses that were rated as highly important,
5. Implementing a plan for action,
6. Repeating the 6 Box Leadership analyses in 9-12 months to compare the scores and assess the impact of changes.

So far, this company has been experiencing a sustained growth since 6 Box Leadership diagnostics was conducted in the first quarter of 2012. In the first 18 months after the project was completed, the revenue increased 500% and staff numbers doubled, from 9 to 18.

Table 1: Actions taken in Company XYZ as a result of the 6 Box Leadership diagnostics

Redesigned and implemented a new Intranet site for the entire XYZ team, with enhanced social collaboration capabilities and more efficient information communication and retrieval
Updated the internal HR personal assessment process to provide more transparency to individual and team strengths, areas for development, and productivity barriers
Enhanced internal accountability through documented commitments by individuals that are measurable, tied to a contribution action plan, and will be proactively tracked
Looking at "what should we stop doing?", "what should we continue and build upon?", and "what should we start doing?"— Company XYZ streamlined their approach to internal meetings, reinforcing an action orientation (versus a reporting orientation) and leveraging more efficient vehicles (e.g. weekly two-minute voice-mail updates, the new Intranet site, etc.) to keep the team informed

Conclusion

In order to survive and thrive in the current challenging business environments, organisations need to create more value, become more innovative and have more engaged and passionate employees. Command and control-based management needs to be replaced by management practices based on the key Peter Drucker ideas and Management 2.0 principles.

Much management literatures describes *what* needs to be done to effect this transformation; the 6 Box Leadership Model has been developed to describe *how* organisations can change. The tool has been successfully used in 15 organisations so far and further projects are currently in progress. All organisations that have had the 6 Box Leadership survey done have experienced value creation and improvements in various aspects of their business.

> "TO SURVIVE AND THRIVE IN THE CURRENT CHALLENGING BUSINESS ENVIRONMENTS, ORGANISATIONS NEED TO CREATE MORE VALUE, BECOME MORE INNOVATIVE AND HAVE MORE ENGAGED AND PASSIONATE EMPLOYEES"

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Professor Vlatka Hlupic is an international thought leader, an author of *'The Management Shift – How to Harness the Power of People and Transform Your Organization for Sustainable Success'* (Palgrave Macmillan, 2014), a Professor of Business and Management at the University of Westminster, a former Adjunct Faculty at London Business School and founder and Chief Executive Officer of the Drucker Society, London. She is a renowned keynote and TEDx speaker, presenting regularly at major conferences worldwide and has published more than 160 academic articles, including the award winning 'To be a Better Leader, Give up Authority', Harvard Business Review. Professor Hlupic is a respected leadership and management consultant and has advised major international organisations including the House of Commons, GlaxoSmithKline, BP, Learndirect, Brand Velocity USA, the Drucker Institute USA, Croatian Government and the Hungarian National Bank. A sought-after thought leader, she has a growing media platform and her expert commentaries and interviews have appeared in the national press including The Times, Sunday Telegraph, Independent and Guardian as well as leading industry publications such as Edge Magazine, Marketing Magazine, Business Executive, HR Magazine, Strategy Magazine, New Europe and the Training Journal. She has led the development of four Management 2.0 'hacks' within Gary Hamel's Management Innovation Exchange Management 2.0 Hackathon, and as a result of this was invited to give a TEDx talk in Oslo in 2012. She has recently started a global petition for humanising management, supported by many leading management thinkers.

ARTICLE 4

Women in business: blueprint for individuals and organisations.

Fiona Dent and Viki Holton Ashridge Business School

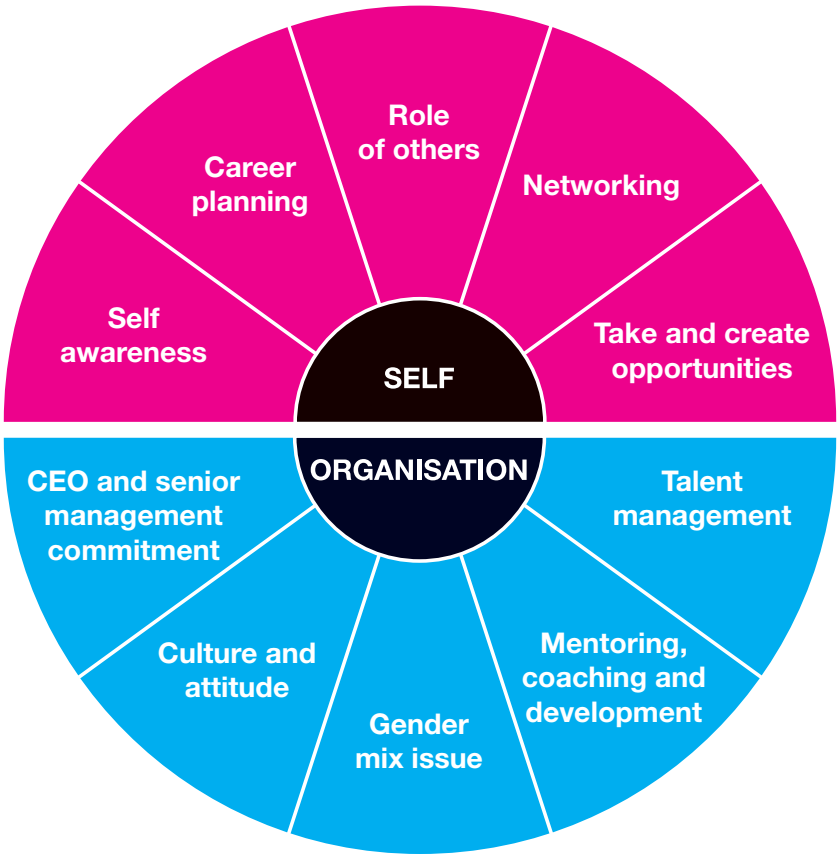
A full report of the findings can be found in *Women in business: navigating career success, published by Palgrave, 2012.*

The role of women in business has generated much media interest over the past few years. The publication of the Davies Report in 2011 highlighted the role of and low representation of women on boards. Fiona Dent and Viki Holton report on Ashridge research into the landscape for women in business in the 21st century.

Our aim was to explore the current situation for women in the workplace, focussing on their day-to-day experience of business life. We developed this into a "women only" survey, which involved both a questionnaire and interviews. We explored a range of areas including:

- People who had helped in their career
- Career promoters and hindrances
- Leadership issues including style
- Work/life balance
- What they wish they had known earlier in their career.

In this article we discuss ten pieces of advice that have been distilled from the findings – see the model below.



“TYPICALLY MEN ARE FAR MORE STRATEGIC ABOUT THEIR CAREER THAN MANY WOMEN AND WILL HAPPILY PUT THEMSELVES FORWARD FOR PROMOTION EVEN IF THEY DON’T HAVE THE IDEAL QUALIFICATIONS AND EXPERIENCE”

1. Advice for individuals

Develop self-awareness

Self-belief and self-confidence are two of the most important promoters of career success and yet also seem to be two of the most common hindrances women experience – that is lack of both self-belief and self-confidence. A good level of self-awareness is a key contributor to career success and women need to have a well-honed awareness of their own strengths, weaknesses, values, beliefs and needs. Getting feedback from others is a great way of developing self-awareness and can come from many kinds of people:

- The boss
- Colleagues
- Direct reports
- Customers and suppliers
- A coach or mentor
- Family and friends.

Ways of raising self-awareness involve taking part in training events which provide feedback from fellow participants in a controlled environment. Self-awareness, however is only the starting point – but it does help with self-confidence and self-belief, both are vital to help drive success.

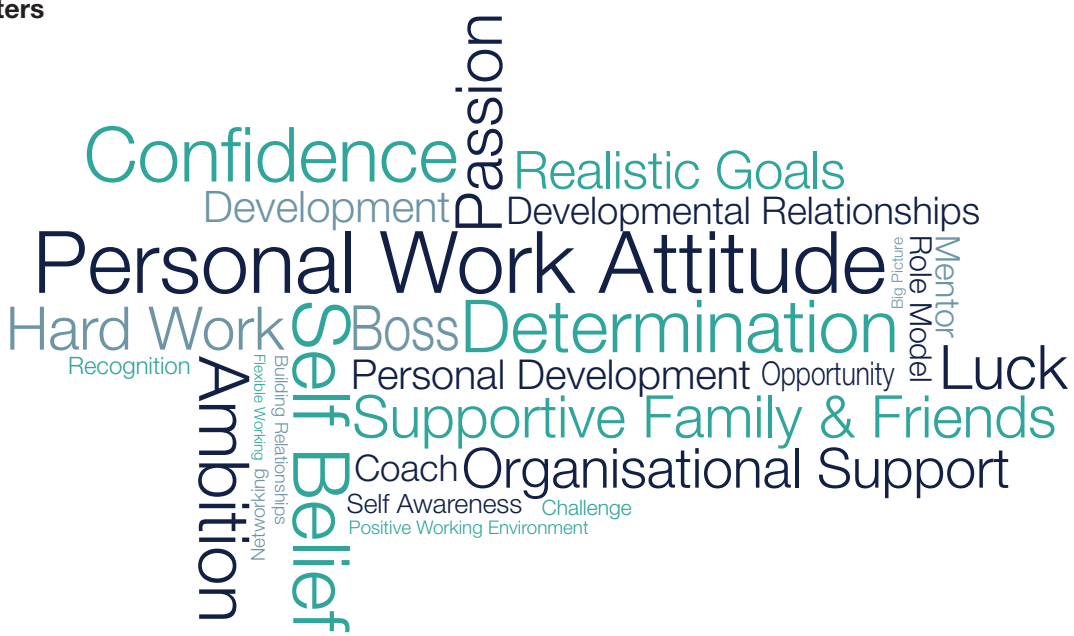
Have a career plan

Identifying career goals, aspirations and ambitions – in other words having a career plan – is key. Plans can be changed, adapted and developed; the important thing is to have one.

> *“Have a career plan from early on and take ownership for your own career development. Many women that I talk to, particularly the under 25s, I say to them OK, when you’re 30 what do you want to have achieved, inside work and outside work? Do you want to be married, do you want to have children, do you want to be a job grade one, do you want to be a job grade three? Most of them can’t answer the question, they just don’t know. They’re focused on trying to do the best job that they can and so can’t say after two years: ‘Hey, I’ve been on the graduate programme for two years and I haven’t had my promotion – I need a promotion, what am I missing? What am I doing wrong?’ If they’re not pushing their career, nobody’s going to drag them along.”* Survey quote.

Typically men are far more strategic about their career than many women and will happily put themselves forward for promotion even if they don’t have the ideal qualifications and experience. Women have a greater tendency to worry about having the relevant experience and/or qualifications and in some cases waiting to be asked! The reality is that in many situations when senior appointments are made, it’s more about the relationship and overall fit than about having the exact qualifications and experience. The advice to women is to know where you want to go and what you want to achieve, and have the courage, self-confidence and belief to go for it. As one woman in our survey said: *“Anything is possible if you believe in yourself.”* The career promoters and career hindrances which women identified are illustrated overleaf.

Career promoters



Career hindrances

Understand the role of others

Most of the success stories we heard about involved support from others. In terms of support the most frequently mentioned people were:

- Bosses
- Colleagues
- Family
- Friends.

Most of the women we talked to and many of those who responded to our survey mentioned a boss as key to their success. Bosses were often mentioned as the person who challenged them and pushed them to try something they wouldn't normally have attempted. One quote from our survey that illustrates this:

"When we were looking at going into a new area my manager pushed me to lead the project which I would not have done otherwise." Survey quote.

Many women also said colleagues, family and friends were important. Working within a supportive team and having colleagues in the organisation who can act as a sounding board or informal coach can prove to be highly beneficial. Family and friends are undoubtedly of huge support to any woman who is forging a career in business. It is their support, advice and encouragement that many women rely on to juggle their lives. In particular partners and husbands were mentioned, especially those who shared the family responsibilities.

Network
Many women highlighted how important networks and networking are as part of the career development process. With the increasing use of online networking sites like Facebook, LinkedIn, Friends Reunited and Plaxo, we find ourselves drawn into being 'networked' with many people. It would be very easy just to think about networking as an in vogue, contemporary idea that connects you with lots of people. However, we see it differently – successful networking is like so much else in life – you have to be strategic about it. Dame Sally Davies – Chief Medical Officer and Chief Scientific Adviser for the Department of Health and National Health Service, one of our interviewees and an Ashridge Governor – offered us her perspective on networking when she suggested that she does network but prefers to *"build friendships and alliances."* She believes that having a strategy for networking where she builds relationships with people whom she respects and has shared values and interests with is a good way of ensuring she can make a network work in a positive way.

It is becoming clear that promotion and career development are not always about hard work or having the right skills – rather they are often the result of organisational reputation, chance meetings, personal recommendations and being in the right place at the right time. Planning to network and actively setting out to develop relationships with those people is a strategic approach to networking that may prove, in the long run, to be beneficial to career development.

Take and create opportunities
One of the overriding messages we gained from our research was that successful career women have charted their own path and built their own career. Making and taking opportunities has been part of their success. Having a career strategy is important and taking advantage of the opportunities that are presented. The strategy should be something like a route map where deviations are possible along the way, to do things of interest, to take unexpected opportunities, to develop new skills – all of which will help the individual to reach their destination. When we embarked on this research we thought we'd hear stories that were different to those we experienced earlier in our careers. Now 25 years later we expected that things would have moved on significantly. It was disappointing to find that while organisations have put policies and procedures in place, our research found that women today experience many of the same challenges and issues as those in the past.

"ONE OF THE OVERRIDING MESSAGES WE GAINED FROM OUR RESEARCH WAS THAT SUCCESSFUL CAREER WOMEN HAVE CHARTED THEIR OWN PATH AND BUILT THEIR OWN CAREER."

2. Advice for organisations

CEO and senior management commitment
In order for women to become truly equal in business life, the role of the CEO and the top team in supporting and modelling the way ahead is vital. In our research we heard many stories where lip service was paid to the importance of women in an organisation. A fairly typical story that illustrates this point is: *"At a European meeting I recently attended, the leadership team for the project put up a slide to illustrate details about themselves – this showed only one woman on the team of 15 and unsurprisingly she earned far less than any of the other members."* Stories of this nature were not unusual, especially in relation to women's presence at senior levels.

Many women in our research talked about the excellent HR policies that their organisation had in place, yet still there are barriers. As one interviewee noted: *"If the top team is male dominated and they continue to replicate themselves on executive floors in a closed system way, nothing will change. It needs a shift in mind-set and culture, sponsored and committed to by the top in order for change to happen."* Good HR policies and processes are all very well, but the real change happens when behaviour changes and is modelled from the top.

The active involvement of all C suite members modelling an attitude of equality – where people are promoted on merit and women and men are both equally encouraged in career development and growth – would go a long way to levelling the playing field.

Organisational culture and attitude
Once the top team is on board and modelling change, then the whole organisation will begin a process of movement towards an equal working environment. For instance, having diversity champions in each part of the business to actively promote the role of women and to accommodate difference – of course diversity is not only about gender so these champions are also alert to other diversity issues.

Some of the examples we heard about included:

- Making sure women were offered the same stretch assignments as men
- Organising an annual conference for women managers and staff
- Encouraging women to take advantage of mentoring and coaching schemes early on in their career
- Looking at innovative and flexible working practices, for example: working longer hours each day to enable a four-day week; a husband and wife team operated a job share with each doing one month on and one month off; and others talked about enabling home working with flexible hours to suit personal situations
- Introducing opportunities for job shadowing, where a younger manager shadows a more senior manager for a period of time, can be beneficial on many levels. It helps to change attitudes and provides a development opportunity at the same time
- One organisation we talked to operates a "reverse mentoring" process where younger managers mentor a more senior manager to help them to understand the challenges facing the younger generation. This same process applied to younger women mentoring senior executives would help understand changing attitudes.

Organisational gender mix
Some organisations realise that it's not just about the number of women employed – rather it's about the opportunities afforded to them. So for instance the more enlightened organisations are beginning to understand more about the inequality issues by analysing gender mixes:

- At different organisation levels
- On training and development programmes
- Applicants for managerial and leadership positions
- People taking on new opportunities and stretch assignments.

And of course

- The Board.

Much of the gender issue is about fairness of opportunity as well as attitude, and we heard many stories of women being bypassed and assumptions being made – *"organisations should not assume that just because I am a working mother I will not be interested in an overseas assignment."*

Development, mentoring and coaching
While many of the women in our survey talked about the importance of taking advantage of any developmental opportunities offered as a key promoter of their career, an equal number complained that these experiences were not offered to them. It is also clear from our research that women can be reticent in asking for developmental opportunities. Enlightened organisations are becoming more aware of the need to actively encourage women to put themselves forward for development opportunities. Bosses also play a role here and the better ones are supportive of the women who work in their area. Our research highlighted the importance of the role of the boss as being paramount in terms of either promoting or hindering women's career success.

At Ashridge we notice that on many of our development programmes – most of which are targeted at middle and senior managers – women are underrepresented, usually being less than a third of the group. In fact the percentage of women attending all our programmes is 30%. As far as mentoring and coaching is concerned, one of the challenges is access to female mentors and role models, and the lack of senior women in organisations made this difficult. The challenge for many of the women in our survey was identifying whom they should approach to mentor or coach them. Publicising this information so that people are aware of those in the organisation who are trained and willing to act as mentors and coaches may be helpful.

Talent management
Organisations who fail to recognise that women play an important role in contemporary business life will undoubtedly be losing some of the most talented people they have. There is much talked about quotas in the boardroom, but in our view there is a far more challenging issue – the female talent pipeline. Women are outperforming men in education – equal numbers of women and men join organisations at entry levels. But by the time they reach middle management, women exit in large numbers – this typically happens between the ages of 30 and 40. You don't need to be an Einstein to determine why this might be. This creates subsequent problems for the female talent pipeline – it is logical that if there are fewer women in middle management then there are fewer to select from for senior and board appointments. As we have seen earlier, organisations have creditable HR processes in place.

The key challenge is to ensure that the attitude of the people applying these processes is positive and that innovative approaches to working practices are encouraged and promoted. For instance:

- Encouraging mixed gender work and project teams
- Using technology to the full – video and conference calling are particularly beneficial
- Recognising that presenteeism is not the only way of getting a good job done. Adopting a process of goal and target setting will encourage more engagement overall and affords women (and men) the opportunity to organise their working day to accommodate their family commitments.

Background to the research

The research involved a self-completion survey which was completed by over 1400 women – 39% of whom were senior managers and a further 30% were either directors or chief executives. These women worked in the public, private and voluntary sectors, both nationally and internationally, and covered an age range from under 30 to over 60, with 45% of respondents aged between 41 to 50. In addition we also undertook 20 in-depth interviews with senior women leaders.

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"THERE IS MUCH TALKED ABOUT QUOTAS IN THE BOARDROOM, BUT IN OUR VIEW THERE IS A FAR MORE CHALLENGING ISSUE – THE FEMALE TALENT PIPELINE"

About the authors

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Fiona Dent is an independent management trainer, executive coach and author. Previously she was a Director of Executive Education at Ashridge and a member of the Ashridge Management Committee where she was responsible for one of the two education faculty groups that managed programmes, client relationships and delivered management development solutions across Ashridge. Fiona was also involved with her colleagues in setting the strategic direction of the organisation with a particular focus on human resources. She has also worked in the financial services industry, local and central government. She has Programme and Client Director experience, and has worked with a range of organisations and clients on a national and international basis. Recent clients include the BBC, Easyjet, Abu Dhabi Executive Council, St Gobain and Novartis Pharmaceuticals. Fiona teaches and consults in a broad spectrum of leadership, personal, interpersonal and relationship skills and is trained in a range of psychometrics. She has written nine books including: *The Leaders Guide to Managing People: How to use soft skills to get hard results* (Pearson 2014), *Women in Business: Navigating Career Success* (Palgrave 2012), *The Leader's Guide to Influence: How to use soft skills to get hard results* (Pearson 2010); *Working Relationships Pocketbook (2009) Influencing: Skills and Techniques for Business Success (2006), The Leadership Pocketbook (2003).*

Viki Holton
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Viki Holton is a Research Fellow at Ashridge Business School. She specialises in diversity and issues about women managers and was a member of the Ashridge Centre for Business and Society. She also has researched on a broad range of business and management issues including management effectiveness, corporate responsibility issues, career development, learning, team coaching, HR strategy and leadership development. She regularly presents at conferences and her current research projects include woman as leaders in the Higher Education sector. She was an early member and supporter of the European Women's Management Development Network – as a Board member and Editor of the newsletter for a number of years. Her publications include a book 'Women in Business: Navigating Career Success' and she is a co-author on a book about team coaching and with Fiona Dent on women's career coaching 'Thriving and Surviving as a Working Woman' to be published in 2015. She has a B.A. Hons. and is a member of the British Psychological Society (BPS). She has British Psychological Society Level A and Level B qualifications in psychometric testing. She regularly presents papers at national and international conferences.

ARTICLE 5

Management and moral capital: the corporation as a moral community

Dr Jules Goddard, Fellow, London Business School

The surprising discovery, endorsed by Jeffrey Pfeffer's research, that ordinary people in extraordinary organisations invariably outperform extraordinary people in ordinary organisations, whilst acknowledging the importance of context to performance, leaves unanswered the intriguing question, "What is it about extraordinary organisations that sets them apart and enables them to bring out the best in so-called 'ordinary' people'?" Or, more succinctly, what is the ultimate measure of managerial capability?

The answer that I shall propose and explore is the idea that management's core task is the creation of a moral community. I shall define such a community as one that meets, or at least addresses, three deep-seated needs in man:

- The need for **meaning:** *the construction of a sense of* ***purpose***
- The need for **identity:** *the discovery of a sense of* ***self***
- The need for **affiliation:** *the creation of a sense of* ***belonging***

The growing demands on the workplace

It is a well-worn thesis that many employees feel disenchanted with work. What was once characterised by Marxists as alienation – a feeling of anomie, or aimlessness, or apathy – has now become the touchstone of a growing band of global HR consulting firms under the heading of "disengagement".

The popular explanation for this predicament is that the workplace has become more mechanical, more standardised – and therefore less human – then ever, with the dominant values being those of compliance, constraint and control. In other words, the **objective conditions** have worsened. However, an alternative explanation could be that the workplace has improved on almost all objective criteria but that the **subjective requirements** that people bring to the workplace have expanded even faster. Simply put, people want and need far more from their work than earlier generations did, if only because work has become the most important "marker" of the person they are… and they feel let down and exasperated when these expectations are not met. Disengagement is more than anything a symptom of dashed hopes.

A hundred years ago, the meaning that we gave to our life **(our sense of purpose)** would probably have been furnished by our religious beliefs; the image of ourselves that we felt defined us **(our sense of identity)** would have been drawn from our ancestry, our place of birth, our class, our gender, perhaps our nationality; and the group to which we felt we were affiliated **(our sense of belonging)** would have been provided by the local clubs and social associations of which we were members.

In other words, the family, the neighbourhood, the church and civil society would have been powerful agents in shaping our sense of purpose, our sense of identity and our sense of belonging. As these institutions have waned in vitality or lost their grip on our loyalty, so the workplace has been required – or expected – to take their place as the primary institutional locus of purpose, selfhood and affiliation.

The perilous state of our institutions

Civilised living is more dependent on the quality of the institutions that frame a society than we typically acknowledge. In "Why Nations Fail", Daron Acemoglu and James Robinson make the case that the history of civilisation is essentially a history of institutional innovation and decay and that it is the institutional context that brings out the best or the worst in man. Institutions that are inclusive, such as those that "enforce property rights, create a level playing field, and encourage investments in new technologies and skills" and which "distribute political power widely in a pluralistic manner" will tend to enhance civilised living; whilst those that are "extractive", such as those that "concentrate power in the hands of the few" or "are structured to extract resources from the many by the few", will tend to diminish it (Acemoglu and Robinson 2011).

If we now examine the quality of life in the West since the end of the Cold War, we witness an alarming deterioration in many of the institutions that Acemoglu and Robinson would regard as inclusive. Niall Ferguson, the historian, refers to this turn of events as "the great degeneration" (Ferguson 2012). He lays the blame for this state of affairs on the **explosion of public debt** that has harmed growth and put future generations unfairly in hock, the **impairment of markets** through excessive regulation and a plethora of laws that serve only to stifle enterprise, the "capturing" of the rule of law by what he calls **"a rule of lawyers"** with the legal system choking on a surfeit of civil suits, and the **decay of civil society** as citizens increasingly "hide behind their televisions and computer screens and wait for the government to take care of the less fortunate and any and all public goods"…

"We are living through a profound crisis of the institutions that were the keys to our previous success – not only economic, but also political and cultural – as a civilization."

For Ferguson, the four institutions whose deterioration in quality has been particularly responsible for the great degeneration and whose mismanagement, mainly by governments, has been drastic are: 1) democracy, 2) the free market, 3) the rule of law, and 4) civil society.

When institutions decay, when their power to both promote and meet the higher needs of man declines, these needs do not "go away". They seek other outlets or opportunities for expression. Hence the pressure placed on the workplace.

Insights from evolutionary psychology

When individuals compete with individuals, natural selection rewards selfish behaviour, including some elemental forms of co-operation, particularly amongst kin; but when groups (such as tribes) compete with other groups, this kind of rivalry favours those groups that are made up of genuine team players – individuals who are prepared to make sacrifices on behalf of their "tribe", even though they would gain personally by behaving as free riders.

> "WHAT IS IT ABOUT EXTRAORDINARY ORGANISATIONS THAT SETS THEM APART AND ENABLES THEM TO BRING OUT THE BEST IN SO-CALLED 'ORDINARY' PEOPLE?"

Darwin imagined a sequence of steps by which humans evolved from being essentially selfish creatures to becoming moral agents. He suggested that the first "social instinct" to be rewarded by natural selection was **herding,** the habit of staying close to one another so as to minimise the chance of being picked off by predators; the second step was the development of **reciprocity,** the give-and-take between individuals that over time establishes a bond of sufficient strength for individuals to confidently count on each other in times of need or danger; the third step was the cultivation of **personal reputation** based on acts of heroism (or cowardice) that would find its reward (or penalty) in the individual's ability to attract mates; and the fourth step was **religion,** the invention by which radical and demanding concepts such as obligation, sacrifice and responsibility were injected into the language and currency of inter-personal relationships.

In short, our evolutionary history has endowed us with strong social instincts. Some of our most powerful experiences involve transcending our own egos and immersing ourselves in something much more potent and life-enhancing than the expression of our self-interest. The great religions grasped this truth and, and by discovering ways of eliciting sacrifice and loyalty to the group from its members, they were able to build communities of trust that planted the seeds of civilization. Durkheim remarked that "what is moral is everything that is a source of solidarity, everything that forces man to regulate his actions by something other than his own egoism" (Durkheim 1995/1915).

In the context of corporate life, **human capital** relates to the talents of all the employees; **social capital** refers to the relationships of reciprocity, teamwork and trust that enable these talents to be pooled and applied to collective projects; **moral capital** sets a higher standard still. It is more than trust or "win-win" relationships – it bestows the quality of sacredness on certain forms of sacrificial behaviour where calculative notions of benefit (however "enlightened" the self-interest may be) have no place at all. Rather, each individual's contribution is construed as a pure gift. The company that constitutes a genuine moral community will be founded on a mix of human, social and moral capital.

Religious rituals and business practices

The institution that, above all others, understands the way in which context influences conduct is the church – *any* church. The genius of the great religions was to design a whole range of rites and rituals ("disciplines of faith") that, when turned into a habit and practiced regularly, has a humanising and edifying effect on the moral behaviour of the believer. Prayer, for example, when it serves as a daily reminder of the virtues by which we ought try to live, has the wonderful effect of raising the standard by which we appraise our own behaviour. In the managerialist language of Jim Collins, prayer acts as a catalytic mechanism. It operates, as any behavioural economist would recognise, as a nudge in the direction of greater efficacy. Religion is, to borrow a term from economics, a splendid case of **choice architecture.** By praying for others, we become kinder; by counting our blessings, we become humbler; by singing together, we become closer; by offering praise, we become more conscientious; by giving thanks, we become more joyful; by

> THERE ARE, I SUGGEST, THREE WIDELY ADOPTED AND WELL-ENTRENCHED SETS OF PROCESSES THAT ARE THE MAIN CULPRITS WHEN IT COMES TO ERODING THE MORAL CAPITAL OF THE ENTERPRISE

asking forgiveness, we become more merciful; by regularly reflecting upon virtue, we gradually refine our moral sensibilities, and we find ourselves acting more morally.

"We need institutions," argues Alain de Botton, the philosopher, "to foster and protect those emotions [and deeds] to which we are sincerely inclined but which, without a supporting structure and a system of active reminders, we will be too undisciplined to make time for" (de Botton 2012). For as long as the church, as one such institution, remains in decline, people will naturally turn to other institutions, such as the workplace, to repair what has been broken, or to replace what has been lost, or to fulfill what is still sought.

Theologians use the word "koinonia" to describe these "consoling rituals", such as singing together or fasting or making a pilgrimage, by which participation creates communion. As humans, we are hard-wired to find particular pleasure and spiritual uplift in any communal activity that reminds us of our shared humanity.

So how might the workplace tap into this source of shared identity and collective commitment? How can companies design their own forms of koinonia? What kinds of practices could have the power of prayer or pilgrimage but in a commercial setting? Is this perhaps one of the fundamental questions that corporate leaders should be asking of their own organisations?

Extractive corporate practices

The 80:20 rule would suggest that a small number of deep-seated corporate practices account for most of the damage done to a firm's fund of moral capital. They are the policies, systems or processes that, however noble their original purpose are now having a detrimental effect on relationships of trust, generosity and good faith amongst employees generally.

There are, I suggest, three widely adopted and well-entrenched sets of processes that are the main culprits when it comes to eroding the moral capital of the enterprise:

The commitment process

This is the process by which individuals, teams or business units are required to commit to a certain set of outcomes (or "stretch targets") within a given time frame. Given that the future is unpredictable, the requirement that people make promises, usually under some degree of duress, that in the absence of clairvoyance cannot possibly have been made in good faith, must fatally compromise the honesty of the promise-maker. By expecting people to keep promises that are not of their own making, this process subverts the good faith of those making the promises and empties the commitment process of any integrity. Similarly, by turning a person's brave and genuine aspiration ("what I think I may be able to achieve") into the form of a solemn commitment ("what I must achieve, come what may"), the firm is exploiting that person's good intentions and distorting their meaning. A promise only makes sense when the conditions of its being kept are entirely under the control of the maker of that promise. Where the moral flaws in the commitment process find their ultimate expression is, of course, in the annual planning/budgeting ritual. Here we find budget-holders, quite rationally (albeit cynically), seeking to get away with the lowest acceptable set of performance outcomes. This is a process that effectively encourages dishonesty and concealment and rewards insincerity and cheating. The values of openness, straightforwardness and loyalty are seriously corroded, thereby contributing to the impairment of the firm's moral capital.

The financial incentive process

This is the process by which a combination of carrots and sticks is used to motivate employees to meet their commitments. As Alfie Kohn has argued, the incentive plans in the majority of firms are barely indistinguishable from bribes (Kohn 1993/1999). The underlying assumption is that

> THE COMPANY THAT CONSTITUTES A GENUINE MORAL COMMUNITY WILL BE FOUNDED ON A MIX OF HUMAN, SOCIAL AND MORAL CAPITAL

people are innately idle and feckless, and, without some form of bonus, they will simply not commit the required effort, focus and self-discipline to achieving their goals. The assumption that bribes boost performance, excepting those cases where the work is extraordinarily monotonous, has been refuted by many scientific studies, notably those of Edward Deci, but there are lamentably few signs that companies are in any way softening their stance on incentive plans or placing greater trust in the intrinsic motivation of their people to give of their best (Deci 1980). Incentive plans that rely entirely on extrinsic rewards such as monetary bonuses corrode the virtues of inter-personal respect, if only because they make such harsh and cynical assumptions about human nature.

The appraisal process

This is the process by which individuals are evaluated, typically by those to whom they report and, equally typically, on the basis of their achievement of their goals ("making the numbers"). We live in judgmental times. Everything, it would seem, has to be continuously evaluated if the system is to perform well.

In most companies, the errors that matter tend **not** to be those initiatives that are taken that then go wrong but those initiatives that are **not** taken (perhaps from fear of failure) that, **had they been taken,** might have gone right. Given the corrosive quality of the commitment process upon which performance appraisal tends to be based, it is no wonder that the appraisal process is equally corrosive of the virtues of curiosity, experimentation and inquiry.

The danger in all of these processes is that, over time, they are likely to become self-fulfilling. If, as an employee, I am persistently treated as though I were dishonest, cynical, selfish, feckless and untrustworthy, then the odds are that I will eventually comply with these expectations – and, by doing so, legitimise the very processes that I originally (and virtuously) found so insulting.

Underlying all three of these processes is an instrumental approach to employees. People are conceptualised, treated and talked about as factors of production, or assets, or corporate property. This contravenes the categorical imperative, the injunction that warns us against treating individuals as a means to an end. Nothing serves to destroy moral capital more effectively than acting on the assumption that humans are "resources".

False trails to a moral community

Are there other processes in the modern corporation that, far from being morally corrosive, have served to enhance the morality of corporate behaviour? Amongst many others, there are, I suggest, three quite recent developments in management practice that certainly put themselves forward as being righteous responses to the moral challenges facing today's corporations, but which, in reality, have "become as a sounding brass, or a tinkling cymbal".

Corporate philanthropy

It cannot be denied that the altruistic urge of many companies, whether this takes the form of charitable gifts to good causes or sincere commitments to greater social responsibility, is invariably well-intentioned; but it less obvious that these intentions address the true moral challenge facing capitalism.

John Kay, the economist, expressed it brilliantly in a recent talk to a group of senior Barclays Bank executives when he suggested that what the public wanted and needed from banks was not better citizenship but better banking – and that triple-line reporting, stakeholder engagement and corporate social responsibility (CSR) is just so much hogwash designed to distract us all from the pitiful quality of the banking products and services on offer.

CSR is, in effect, the "moral cringe" that many senior executives have adopted to head off attacks on their moral

purpose and integrity. It comes from a place of penitence or guilt rather than a place of insight and imagination. It has all the feel of the confessional, with the "commentariat" playing the role of the priest. It is a close cousin of the phrase often used by executives in retirement, "giving something back", as though the natural state of business were one of expropriation and exploitation and now is the time for the expiation of sins.

Banks, in common with many other businesses, find it easier to project their moral virtue by serving the community through "good works" rather than their customers through "better products". But it's not obvious that the executive boards of companies are better placed to invest shareholder funds in social or charitable projects that the shareholders themselves. We invest in banks for them to become better banks not to relieve them of their moral shame. We do not need businesses to find, on our behalf, charitable uses for our money. Indeed, it is doubtful that somehow they're better equipped to spend our capital in socially productive ways that we are ourselves. One of the worrying aspects of CSR is that it is encouraging private enterprise to encroach upon activities that are more legitimately – and more capably – managed by the institutions of representative democracy.

Executive coaching

Coaching works. Many studies have shown that managers can and do derive considerable benefits from being coached. My argument is not to deny this, but simply to point out that it is an imperfect community, from a moral point of view, that makes it difficult, or risky, for people in the same firm to speak as openly to each other as to an external coach. It says something quite profound about the culture and moral climate of an organisation if a manager can speak to a coach about the stresses and strains of his relationship with his boss but cannot safely bring these concerns to the boss himself. In this somewhat sly and underhand manner, coaching often has the effect of impairing relationships of trust and integrity in the firm.

In a moral community, these "difficult" conversations take place naturally. These are sometimes the moments when the greatest value is created. Indeed, the measure of the morality of such a community is precisely the level of difficulty that its members are willing to experience to have the conversations that need to take place. Without this possibility, the power of the collective is diminished. Indeed, this is the very purpose of collective work and why it can be so effective: difficulties get aired, disagreements get vented, and defensiveness gets dismantled.

Fair process, or procedural justice, is the name given to the moral process whereby people of markedly different views find themselves able to make collective decisions to which they then commit, even though their own views may have been overturned in the process. Karl Popper, the philosopher, defined a good debate as one in which each side goes to extraordinary lengths to fully understand and indeed strengthen its opponent's case before giving itself the right to challenge it. This requires attentive listening, imaginative participation and a strong sense of one's own fallibility. It rests on the skill of what Nigel Nicholson has called "de-centring", the emotional and moral intelligence to see the world through the eyes of others (Nicholson 2013). It goes to the heart of what it means to be a citizen of a moral community, and not simply an employee in a bureaucracy.

Organisational synergy

The economic argument that some work is more efficiently done by hierarchies than markets rests essentially on the premise that hierarchies save on transactional costs. Working together within the same firm obviates the need for elaborate contracts, wearisome negotiations, numerous lawyers and so on. In short, so the theory goes, trust replaces suspicion. The reality of the case is often different, as any manager who needs three people to sign off on a travel expense, however trivial, well knows. Gary Hamel has given the name "management tax" to all those processes designed to allay the fear that someone somewhere may be cheating on the firm (Hamel 2012).

In management development workshops, particularly those designed for professional service firms, one of the biggest challenges of the last few years has been that of "acting as one" – in other words, minimising the competition between units and maximising the value of the whole. This goes under the heading of "synergy": making 1 plus 1 equal 3. It is a vital issue if only because most senior teams recognise that their firm would be more valuable split up and sold rather than held together as a single firm. And yet the remedy – cross-unit working, whether across geographies, functions or divisions – would seem to be difficult, if not impossible to achieve. It is seen to founder on essentially moral issues, such as those of fairness, trust, equity, and self-protection.

The solution is often assumed to lie in re-designing the framework of incentives. Bribing those in silos to see the bigger picture and then to act on this higher-level principle is regarded as the remedy. But history suggests that, if the solution is seen to lie in the incentive structure – which is where the issue has been stalled for the last few decades – then we are going to continue to be disappointed and frustrated. Bribing people to serve others does not work. Only through the lens of morality can the problem of synergy be solved. This is where the concept of sacrifice comes into play. Sometimes, "lose-win" is the more appropriate strategy than "win-win".

If we lose faith in the human desire simply to give, if we limit ourselves to designing our organisations on the premise of selfishness, if we ignore the "groupish" instincts of our species and the joy that can be felt in the gift relationship, then we deny ourselves the option of building a moral community.

Moral capital formation

Moral capital owes very little to the publication of corporate value statements or the good intentions of senior executives or flights of rhetoric. Rather, it reflects the daily cultivation of a particular class of habits that, for 2,500 years, we have defined as “virtues”. Aristotle’s model of the cultivation of moral character recommends that we imagine what a virtuous person would do in the situation in which we find ourselves and then pretend, as conscientiously as we can, to be that person and to cultivate that character. We act our way into a virtuous life, and this gradually hardens into a habit that also possesses the beneficial property of being contagious. A moral community is one that makes this character-forming process desirable, feasible and plausible. By repeatedly acting in this freshly-inspired manner, we reinforce the very inclinations that encouraged us to try it out in the first place. As this way of behaving diffuses across the firm, so the corporate culture acquires a special character of its own. And if this character is virtuous, then the culture of the corporation may be said to be a moral community.

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