

The impact of cultural values on ethical leadership

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Declaration:

I declare that this research project is my own work. It is submitted in partial fulfilment of the requirements for the degree of Master on Business Administration at the Gordon Institute of Business Science, University of Pretoria. It has not been submitted before for any degree or examination in any other University. I further declare that I have obtained the necessary authorisation and consent to carry out this research.

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Cover Letter

Journal Choice Motivation:

The journal chosen for this research article is Business Society & Review which is Scopus indexed. It is AJG quality rated and also has a C-rating according to the ABDC journal list. The overall rank of Business and Society Review is 13126. This journal is ranked 0.322 according to SCImago Journal Rank (SJR). SCImago Journal Rank is an indicator, which measures the scientific influence of journals. In choosing this journal, the topic, type of study and the basis of most of the referenced articles were the deciding factors.

Business and Society Review addresses a wide range of ethical issues concerning the relationships between business, society, and the public good. The contents addresses issues of vital concern to business people, academics, and others involved in the on-going deliberation about the proper role of business in society. Papers from all those working in this area are published in this journal. This includes researchers and business professionals, members of the legal profession, government administrators and many others ("Issue Information," 2019).

Article Details :

The article that follows is written according to the journal guidelines of the Business and Society Review. This was confirmed with the journal's managing editor to eliminate any ambiguity. A copy of guideline is attached as Appendix A as well as the confirmation email. In addition, a sample article, focused on the motivational drivers of responsible leaders, is included in Appendix B.

Chapter 2 : Literature Review

1. Introduction

This study investigates leadership and its cultural foundations in South Africa. It discusses the theoretical underpinnings of culturally contingent leadership theories, and examines African leadership through existing literature, and quantitative methodologies.

The literature explores the broad propositions of diverse culture. Cultural relativism implies that there is no culture that's better than another. There is no international rulebook of what is right and what is wrong. We are struggling with accountability and principled leadership globally. The problems SA is facing is not unique. Individuals underlying principles help us work through the maze of cultural differences and establish conduct for ethical business practices (Macnab, Worthley & Jenner (2010). Business schools have improved on their ethics programs to churn out more ethical students into the workplace (Bratton & Strittmatter, 2013). In delving deeper into the study we explore **three salient constructs** that overlap the features of value based leadership. The literature review is used to unpack the constructs of **ethics, cultural values, and leadership**. In examining the literature we seek to determine the relationship between these constructs and the impact on leader behaviour.

Thereafter we explore the underlying theories, like social learning theory and social exchange theory, to explain the how ethical leadership influences follower behaviour. We suggest the use of one of these theories as a theoretical explanation of how social dynamics influence ethical leadership and follower behaviour.

Theoretical Model

In unpacking the literature and in search of the relationships between these constructs, the researcher used Chhokar, Brodbeck & House (2007) theoretical model of GLOBE (Figure 1). This theoretical model proposes that cultural attributes can predict leader behaviours and organisational practises. The theory looked into the following suggestions;

2. Societal Culture, Norms and Practices

The theory proposes that societal norms and practices influences leaders actions. The foundation lies in culture. The concept of culture is acknowledged universally. Style of living, religion, language, political affiliations, dress style and other life aspects (Javidan & Dastmalchian, 2009). Both tangible and intangible products are embraced by culture like customs, habits music literature, food preference and education.

Schwartz (2014) described societal culture as the latent, normative value system. The concept is conjectural as it cannot be observed directly but can be inferred from its manifestations. Culture are both explicit and implicit, shared and learned, corruptible and reforming. Schein (2010) affirms that culture is shared basic assumptions that a group acquires as they adapt and operate. The action that works well and is valuable forms the culture, which is repeated and taught to new entrants of the group as the correct way of doing things. Schein (2010) divided culture into three levels, 1) at the top level is the *artefacts and behaviours* that are visible, 2) the middle level is *espoused values* that are less visible and 3) at the bottom of the pyramid are the basic assumptions that unconsciously occur and is invisible (Figure 2).

Values is defined as basic beliefs that guide and motivates attitudes and actions to determine right from wrong, worthwhile and what is important to us. Values inform the motive behind our action (Driscoll, Mclsaac & Wiebe, 2019). Castillo, Sánchez & Dueñas-Ocampo (2020) reiterated Brown, Harris & Peto (1973) assertion that an individual's formative life experiences prepare them to face future situations.

As per Gorodnichenko & Roland (2017) core principles, standards and ideals upon which an entire community of people exist by are the cultural values. It is made up of cultural customs, traditions, systems, attitudes and rituals that form the values and beliefs that people live by. The learnings, teachings and practice forms the community's guiding values. Culture is carried down from generation to generation (Gorodnichenko & Roland, 2017). These values and beliefs guide social and economic behaviour. Schein (2010) asserts that there is no difference between organisational culture and culture within groups of people.

2.1 Cultural Values Theory

Now that we have looked at culture and cultural values, we take a closer look at Hofstede's (1984) cultural values theory. Geert Hofstede, conducted a multiyear, multi-country study that included more than 100,000 employees of a global company in 40 countries. Years later a study, called the GLOBE project, included 170,000 managers in 162 countries. Nine dimensions were identified from these studies that describes differences in national cultures. Kirkman, Lowe & Gibson (2006) unpacks Hofstede's cultural value dimensions of the cultural values framework to illustrate the effects of a society's culture on the values of its community, and how these values influences behaviour (Ref to Table 1).

2.1.1 Power distance

Kirkman et al. (2006) said power distance (PD) refers to the scale to which members of society, for example family, who are less powerful accept and expect power to be unequally distributed. The inequality is defined from below. People in these societies also accept the fact that power in institutions and organisations are unequal. And as such are endorsed by both the leaders and the followers (Hofstede, 2009). Anyone that have worked in countries other their home countries and have had exposure into other national cultures will agree that every society is unequal, but some are more unequal than others (Kirkman et al., 2006). For example PD is low in the United States (US) as it is acceptable to address elders or senior level managers' by their first names (Macnab et al., 2010). However China or Japan would have a higher PD as it would be regarded unusual and disrespectful to address elders or senior level managers' in a casual manner.

2.1.2 Uncertainty avoidance

Uncertainty refers to the of level a society feels threatened by uncertainty and unclear situations (Hofstede, 2009; Kirkman et al, 2006). They establish more stricter, formal rules and have low tolerance of deviant behaviour, taking risks and innovative ideas. They believe in absolute truths and do not entertain variations. People have a high level of anxiety and this results in them working even harder to achieve success within constrictive boundaries (Hofstede, 1984).

2.1.3 Individualism/collectivism

Individualism/collectivism views the relationship one has with others (Hofstede, 2009). The extent of which a society supports individual or collective success is the focus of individualism and collectivism. In a high individual ranking society, individuality prevails. Gorodnichenko & Roland's (2017) research showed that individualism emphasized personal freedom, personal achievements and personal accomplishments. In low individualism ranking societies, collectivism is dominant, with individuals forming tight bonds (Galanaki, Papagiannakis & Rapti (2020). Extended families and collectives are fortified (Hofstede, 1984). The United States, Australia, United Kingdom, Canada, Italy and new Zealand are examples of a countries with a high individual ranking societies with a more individualistic attitude. Indonesia, Panama, China, Korea, Japan, Mexico, East and West Africa, the Arab nations, Taiwan, Korea and Venezuela have strong collectivistic communities. People are integrated early in their lives into cohesive groups within tight social networks.

In this study we explore the uncomfortable notional perception that in the absence of bequeathed wealth, leaders with first generational wealth are enticed into individualism and unethical behaviours to improve their wealth and standards of living. This is in contrast to Macnab et al. (2010) assertion that individualistic cultures need to focus more on ethical problems.

2.1.4 Assertiveness (Masculinity/Femininity)

In the fourth dimension, masculinity is described as the extent to which dominant values of society is "masculine". Masculine values are generalised as assertive, having a drive to acquire material things, not be empathetic to others around you and not care about quality of life. This is opposite of 'women' values (Hofstede, 1984).

Masculinity can be assessed in the inequality heightened during the apartheid era in SA when the majority population where not allowed to be participate in economic activity, resulting in stagnated accumulation of assets or wealth (Harris, 2019). The freedom to participate and be a part of economic growth has brought with it ethical issues. The ruling government during that period

comported themselves assertively in denying the majority population economic participation. The introduction of “good things” have seen South Africans’ indulge in big houses, flashy cars, name brand clothing and other material opulence. In most cases this materialism is at the cost of others, like the VBS Mutual Bank scandal where they robbed South African citizens of approximately R2 billion.

Hofstede (2009) and Harris (2019) asserts that femininity represents as society where emotional gender roles overlap and men and women have attributes like caring, being attentive and connecting which to the quality of life aspects.

2.1.5 Long/Short term Orientation (Future and Performance Orientation)

After undergoing research with a Chinese cohort, Hofstede (1991) added the dimension of long/short term orientation. Rahil (2019) describes long orientation as a focus on the future and on dignity of life and a continued determination of virtuous behaviours. Short term orientation constrains life, (Hofstede, 2009). The focus here is of immediate satisfaction, joy and gratification with little thought of the future. The constraints arise in the context of time and availability of resources.

African leaders are seen as being short term oriented. Western and eastern counterparts see African leaders as corrupt and as pilferers. The culture of stealing and aiming for a “pot of gold” has been the mantra that western and european media have used to characterise a lot of African political, health and economic problems. In addition the strict labour laws and practices of SA has seen many global investors withdraw their operations due to uncertainty in business continuity due to protected strikes and union practices that impact their profitability. These strict rules are also short oriented.

Table 1

GLOBE culture dimensions and definitions	
Dimension	Definition
Power distance	The degree to which members of a society expect power to be distributed equally
Uncertainty avoidance	The extent to which a society relies on social norms, rules and procedures to alleviate unpredictability of future events
Humane orientation	The degree to which a society encourages and rewards individuals for being fair, altruistic, generous, caring and kind to others
Institutional collectivism	The degree to which a societal institutional practises encourage and reward collective distribution of resources and collective action
In-group collectivism	The degree to which individuals express pride, loyalty and cohesiveness in their families
Assertiveness	The degree in which individuals are assertive, dominant and demanding in their relationships with others
Gender egalitarianism	The degree in which a society minimizes gender inequality
Future orientation	The extent to which a society encourages future-orientated behaviours such as delaying gratification, planning and investing in the future
Performance orientation	The degree to which a society encourages and rewards group members for performance improvement and excellence

Source: House et.al., (2004).

2.2 Organisational Form, Culture and Practices

Now that we have discussed the constructs of ethics and cultural values that impact leadership style we explore how the fusion of these constructs influence organisational form.

Pirson, Martin & Parmar (2017) introduces the impact of organisational climate on the impact of employee behaviour. They assert that an ethical climate fosters and nurtures ethical behaviours. Societies are not only compelled by common practise, they follow the expected norms and organisational cultures (Schein, 2010). Understanding the cultural nuances influences business implementing strategies that would be deemed fit for a market (Galanaki et al., 2020). It unlocks certain areas that might otherwise be dark in strategy implementation. Globally businesses are moving towards transnational models and understanding cultures and ethical implications will allow businesses to grow and flourish (Javidan & Dastmalchian 2009). For example, South Africa has a vastly different value system to the American's who would happily locate a McDonald's, serving beef burgers, next to a temple in Durban.

Durban, being home to SA's largest Hindu population. This would be seen as unethical for South Africans but the same model located next to church in Idoha, USA would be non-eventful.

2.3 Cultural Endorsed Implicit leadership Theory (CLT)

In House et al. (2004) study, the Implicit leadership Theory (ILT) was further developed to include a cultural level of analysis that allowed for individuals that shared belief systems in common cultures.

Chhokar et al. (2007) summarises the characteristics, skills and abilities that is culturally perceived to form part of leadership as the six dimensions of CLT. They are *charismatic/value based, team orientated, participative, humane orientated, autonomous and self-protective*.

In this study we take a closer look at charismatic/value based leaders. Charismatic/Value Based leaders are universally accepted and endorsed, like leader integrity as integrity is the end value which is universally held in all cultures (Chhokar et al., 2007). The intention of these types of leaders is to inspire and motivate for high performing outcomes based on firmly held core values.

The underlying principle for this hypotheses is that cultural dimensions influence leader behaviours.

2.3.1 Integrity and (b)self-sacrifice

Nicholson (2017) reflects on South Africa's first black head of state, Nelson Mandela's deeply emotional reality and used his deeply engrained cultural values of integrity and morality to reason and impartially make decisions. He chose not to muddle facts, social injustice or his own personal suffering. He did not interpret the meaning of his release from his 27 year imprisonment for the good of only the African National Congress (ANC), the political party he led, but for the broader inhabitants of SA.

2.3.2 Self-sacrifice

He sacrificed a normal life with his wife, children and his mother when he chose to fight for the rights of all black South Africans. In addition, Mandela's moral clarity about what was right and what was not, helped South Africa avoid a civil war when he reached a compromise in 1993, with the then ruling National Party (NP) (Nicholson, 2017). This was done at the cost of his own influential positioning inside the ANC for the greater good of the nation as a whole. Even today, some of the current ANC stalwarts consider the reconciliation as betrayal to the ANC.

2.3.3. Visionary

In being *visionary*, Mandela displayed a need for the broader societal greater good and harmonising of the greater population proved to be the fundamental nature of who Nelson Mandela was as a man, led by his values and beliefs of a common good, shaped by his life experiences. Authentic leaders should relinquish power when they lack the moral courage and inability to see what is not in clear sight (Nicholson, 2017).

2.3.4 Decisive

In exploring *decisive* we propose that cultural values are embedded in the sociology of the individual. Values are stable and firm beliefs that are standards by which people make decisions and live their lives by. Individuals of a community share collective values but they also have specific beliefs (Brown, Manegold & Marquardt, 2020).

For example in the United States (US) they place a lot of value on children representing purity and innocence. This creates the value for the youth in the US which is that the youthful adult appearance signifies sexuality. Due to the shaping of this value, the US individualistic culture was born, with people spending millions of dollars each year on cosmetics and plastic surgeons in search of their youthful look. The decisive action of adult Americans is as a result of their societal value of success first.

2.3.5 Inspirational

We explore the influence of being *inspirational* as a product of cultural values borne from societal leaders. The dominance of western philosophies in leadership research is exhaustive, (Pérezts, Russon & Painter, 2020; Kimura & Nishikawa, 2018). Smith (2013) alludes to Ubuntu and relationality of African leadership. The concept of Ubuntu originated in South Africa and is explained as “I am we; I am because we are, we are because I am” (Sulamoyo, 2010). Leadership and Ubuntu is connected by its base of values. The individualism and collectivism values of African leaders are explored to understand the cultural dimensions of having other Africans know and rely on leaders to protect their best interests and those of the broader community at large. Sulamoyo (2010) goes on to state that culture shapes the power dynamics of an organisation and how it is legitimised. In Sulamoyo (2010) we understand that Ubuntu does not reject individualism but regards it as part of the realm of collectivism and communal responsibility. If African leaders embrace Ubuntu, does this form the base of their decision making and is it more or less principled to those of the Western culture?

2.3.6 Performance Oriented

Lastly we look into leaders being *performance oriented* as we assert that the move to value-based leadership by scholars of leadership practices is necessary to influence performance orientated leaders for the future. A broader agenda predicated on the understanding of cultural values in leader behaviour as leadership for the greater good. Specifically, we propose that in construing cultural value-based leadership behaviour as a social practice focus on the search for the common good without devaluing moral sensibility while leading profitable organisation (Galanaki et al., 2020). In societies that value high performance orientation they also desire charismatic, team oriented, and participative leaders (Javidan & Dastmalchian, 2009). Brodbeck, Frese & Javidan (2002) supported this hypothesis in their study on leaders in Germany. They found that leaders who characterised by their high performance orientation are participative and charismatic individuals.

2.4 Leader Attributes and Behaviours

2.4.1 Ethical Behaviour

Now that we have discussed the cultural norms and practices we look at how culture attributes to behaviour and assert that leadership behaviours that are in line with CLT is more acceptable. To do this we delved into literature on ethical behaviour. There is an abundance of literature on ethical behaviour, with clear distinction between ethical behaviour of leaders and the theory and constructs of ethical behaviour. Our broad understanding is that ethics is both normative or situational, not absolute and widespread (Simha & Parboteeah, 2019). Ethical behaviour is behaviour that is considered appropriate for the most suitable outcome including communicating, leading by example and reinforcing practices of ethicality. In Wang, Lu & Liu (2017) quantitative study of ethical behaviour and loyalty, they assert that there is adequate research done on ethical behaviour, but there are still large gaps in literature on ethical leadership. Research on the normative outlook on leadership focuses on how people should behave, what is wrong and what is right behaviours.

2.4.2 Ethical leadership

Hackett & Wang (2012); Badrinarayanan, Ramachandran & Madhavaram (2019) defines *ethical leadership* as leadership that demonstrates appreciation of ethical values and beliefs, in which individuals demonstrate conduct for the common good and protect the rights and dignity of others. Badrinarayanan et al. (2019) shares 2 broader dimensions of an ethical leader; (a) *moral person dimension*, that is seen in honesty, care, and fairness in decision-making and (b) *a moral leader dimension*, is seen in leaders that communicate about ethics, describes clear ethical standards and one that recognises and rewards or penalizes to encourage the right behaviours for those standards as well as being role models to their followers. The presence of both transactional and transformational leadership styles are seen in ethical leaders (Badrinarayanan et al., 2019; Simha & Parboteeah, 2019). Ethical leadership is defined as “the demonstration of normatively appropriate conduct through personal actions and interpersonal relationships, and the promotion of such conduct to subordinates through two-way

communication, reinforcement, and decision-making” (Brown, Treviño & Harrison, 2005, p. 118).

Bishop (2013) asserts that since ethical norms per society differ it is not probable to create a set of universally accepted and applicable ethical standards. The purpose of ethical leadership is therefore not to create a set of universally relevant ethics, but rather to foster more ethically appropriate behaviours in leaders (Frémeaux, 2020).

Hackett & Wang (2012) looks into 17 virtues or traits that can be linked to moral leadership. Of the seven leadership styles, (moral, ethical, spiritual, servant, charismatic, transformational, visionary), there are 6 cardinal virtues (as per Aristotelian and Confucian literature) that overlap. They are cardinal because all other virtues stem from them. Hackett & Wang’s (2012) theoretical framework of effects of leader cardinal virtues shows courage, temperance, justice, prudence, humanity and truthfulness linked to leader virtuous behaviour which results in ethical leaders, happy leader, satisfied leaders and leader effectiveness. Contemporary research has shown that these cardinal virtues are present in Western, Asian and Eastern cultures, and therefore virtues linked to ethical leader behaviour are shared across cultures. As the literature excludes an African sample, this is room for a study to investigate if these are similar for South Africans.

Quintessentially, ethical leadership is how ethical leaders use their social power, (Badrinarayanan et al., 2019). Ethical leadership is necessary for South African businesses. Ethical leaders create positive work environments, make constructive contributions to social developments and build communities (Hargrave, Sud, VanSandt & Werhane, 2020).

In Wang et al. (2017) study the trio found that loyalty to authority was a Chinese traditional cultural value engrained that impacted behaviour in organisations. The loyalty to hierarchy, like supervisors, managers and leaders played a big part of the rapidly growing Chinese economic and social advancement. Although this servant leadership is not conducive to for collective development and growth. Rules and conventions are instilled by

family members, religious leaders, community leaders, social groups and by education institutions (Wang et al., 2017; Astrachan, Binz Astrachan, Campopiano & Baù, 2020). This research investigates the cultural norms that impact behaviour, decision making and those that attracts followers.

The Ethical Leadership Scale (ELS)

Brown & TREVIÑO (2002) highlighted that often studies on leadership ignored ethical dimensions. The Ethical Leadership Scale (ELS) was designed by Brown & TREVIÑO (2002) and was further validated by Brown et al. (2005). We use the ELS to look at the social relevant related behaviours to ethical or moral considerations of leader decision-making. Brown & TREVIÑO (2002) found that there was a general lack of agreement on how to measure or define ethical leadership. They spent time developing an instrument to measure dimensions within ethical leadership to more truthfully measure ethical leaders.

2.4.3 Transformational leadership is explored by Hendrikz & Engelbrecht (2019) who asserts that transformational leadership is leadership that effects positive change in individuals and societies. The focus is on being committed to something greater than oneself and while doing this, these leaders inspire followers to one day lead (Crede, Jong & Harms, 2019).

2.4.4. Charismatic leaders encourage particular behaviours in others. They appeal to their followers with the use of persuasive communication, believable and winning of personality (Hargrave et al., 2020). These leaders convince and motivate their followers to get things done or improve the way certain things get done. Influence is dependent on a leaders ethical orientation.

2.4.5 Servant Leadership

In **servant leadership**, leaders have a desire to serve others and see them develop and grow (Hendrikz & Engelbrecht, 2019). They have a conviction of being something greater and they are there to serve others. Servant leaders aim to serve their business and employees by being morally just and fair. These leaders serve the business by making sure the business contributes to society positively and by ensuring their employees/followers are accountable

for performance. Castillo et al. (2020) describes empathy as the basis of prosocial behaviours, as the servant leader philosophy is built on the believe that the most effective leaders are those that strive to put the needs of others first and not the accretion of power.

2.5 Strategic Organisational Contingencies

2.5.1 Social Learning Theory

We now propose that leaders are required to adjust their behaviours per organisational need. Bandura's (1977) social learning theory contends that followers perceptions of ethical leaders relate to individual characteristics of leaders. Leaders demonstrate the type of behaviour the want emulated by their followers. They reward and recognise doing the "right" things in and followers are inspired to model such actions (Yam, Fehr, Burch, Zhang & Gray, 2019).

2.5.2 Social Exchange Theory (SET)

Yam et al. (2019) refers to Emerson (1976) social exchange theory (SET) which was developed by George Homans in 1958 who declared that exchanging goods between people as one of the oldest theories of social behaviour. SET maintains that ethical leaders create environments that generate feelings of indebtedness. SET argues that ethical leaders engender feelings of obligation and indebtedness. Feelings of trust is evoked and followers become advocates of the organisation and are obliged to help the organisation.

2.5.3 Implicit leadership theory (ILT)

Implicit leadership theories (ILT) indicate that individuals have implicit beliefs and notions about the traits of an effective leader versus an ineffective one. ILT deduces that shared purpose, beliefs and motives collectively result in common patterns of behaviour and expectations (Galanaki et al., 2020).

These societal influences can inhibit a leader or enable one (Karacay, Bayraktar, Kabasakal & Dastmalchian, 2019).

2.6 Leader Acceptance & Leader Effectiveness

Although each theory is unique and can contribute to our study, we focus on CLT as it allows us to measure the extent to which culture shapes followers of ethical leadership (Ahmad, Fazal-e-hasan & Kaleem, 2020).

However there are overlap of behaviours mentioned in these theories. For example, having a sense of purpose, morality, being humble is inherent in these four value-based theories. Leaders need to be accepted to be able to influence. Transformational, ethical and servant leadership shares traits of being caring and developing followers. Authentic, servant and ethical leaders are transparent and self-aware. All of these theories emphasise the importance and effectiveness of moral leadership to be effective (Badrinarayanan et al., 2019).

2.7 Economic Performance of Societies

55,5% of the South African population lives under the poverty line of R441 per person per month (Stats S.A, 2017). The goal of businesses today should be a triple bottom line (TBL), that is; delivering on financial, social and environmental objectives. Part of the solution to eradicating poverty in SA and Africa sits with the corporates. Castillo et al. (2020) affirms that the relational nature of leaders are values based. These are found in the moral character of leaders and a leader as a citizen, who sees themselves as part of the community will seek a balance between civil rights and business objectives (Scholl & Schermuly, 2018).

2.8 Physical and Psychological Well Being of Societies

The conclusive discussion is that the correlation between culture, leaders and ethical behaviours impact societies. This is confirmed by Castillo et al. (2020) who asserts that the development of responsible leaders hinge on immediate environments and the context within which leaders are raised and developed.

Corporate business leaders have a responsibility to lead ethical businesses that can grow and support social challenges, like creating more jobs and contributing to social

projects that help develop and bring people out of poverty (Scholl & Schermuly, 2018).

3. Theories

There is limited research that explicitly explore the impact of cultural values on ethical leadership in African countries. Now that we have seen what the correlation between culture and ethical leadership we can conclude that good behaviours provide ground rules and a foundation to making ethical decisions. A good citizen often displays trust, commands respect, shows caring and fairness. This study may be heuristic in nature and future studies are required to look closer at African environments and leader developments over time/age, level of education and career progression.

Chapter 4 : Research Methodology

In this chapter we discuss the research methodology and the reasoning for the chosen design to justify the use of the quantitative model. This will include aspects of the research design, population, unit of analysis, sampling method and size, as well as the data gathering process and limitations, and concluding with a discussion of the research analysis.

1. Choice of Methodology

In quantitative research, researchers interpret their observations into numbers through counting and measuring. This method is concerned with locating, verifying, or detecting causal relationships among concepts originating from specific theoretical schemes (Creswell, J. W., & Creswell, J. D, 2017). The distribution or selection of subjects was of concern. There was a concerted effort to randomly sample respondents to minimize bias and random error that could have impacted results. The quantitative data remain very valuable as they provide information about respondents that can be generalized to a larger population (Hines,1993; Queirós, Faria & Almeida, 2017). Data obtained from the standardized items used in a survey assists researchers to understand how certain trends, characteristics, and needs of various ethnic and cultural groups differ from those of the general population. This data can be used to formulate policy and programs for different cultural groups. However the way response categories are selected and how questions are framed can substantially reflect the answers received (Jackson & Trochim, 2002).

2. Scenario development

The nature of the method was explanatory to gain a deeper understanding of the relationships between cultural values and ethicality and how it relates to leadership. We used a deductive approach to test the research hypothesis with quantitative techniques. We followed Saunders & Lewis (2012) process in designing the research. Accordingly, we considered Saunders & Lewis (2012) and Creswell, J. W., & Creswell, J. D. (2017) philosophies use of realism (critical) philosophy as we looked at the relationships between the constructs that lie beneath the surface of public reality.

Chirkov & Anderson (2018) asserts that research conducted through a realism lens is guided by deep ontology. The study of ethics demands an understanding of how a behaviour came into being and to do this we strive to go beyond the surface to investigate some real mechanisms. Realist research is vital in substantiating causal mechanisms. Saunders & Lewis (2012) and Chirkov & Anderson (2018) confirms that this method of inquiry allows the researcher to understand what is not immediately apparent. We proceeded on the assumption that we could measure the constructs objectively using a well-crafted questionnaire and the use of a Likert scale.

To support or discard our theoretical position we used structured empirical testing after deductive reasoning of inferring hypotheses from existing theory that was assessed. The hypothesis deals with the effect of cultural variables on behaviours between pivotal variables that represent leader ethicality. Since the research questions required us to measure the effect on the relationship and the strength of its impact, we used a quantitative method compatible with critical realism that allowed us to stay independent (Huyler & McGill, 2019).

The three considerations that formed part of the method we used to consider in the design was ;

- a) The cultural constructs was used as variables. They were measured quantitatively by allocating numbers to the perceptions;
- b) The statistical analysis of the predictor as well as the criteria of variables in the research method; and
- c) Through experimental or statistical controls control sources of error in the process.

In terms of the relationship between leadership and culture, we identified the cultural dimensions that can best predict CLT dimensions and assessed the differential strength of association between each cultural dimension in relation to each CLT dimension. As one example, societies that value high performance orientation desire leaders who are charismatic, team oriented, and participative (Javidan & Dastmalchian, 2009).

3. Sample and Descriptives

The population included non-executive directors, CEO's, managing directors, senior management, middle management, project leaders, entry-level managers and supervisors with decision making power (Table 1)

We selected a sampling universe to cover a diversified cultural group to ensure that the sample has acceptable cultural value orientation measures across respondents. Multi-national corporates and big local corporates with multi-level decision making authorities with diverse group of individuals provided varied outcomes. The South African media industry has embraced gender and race diversity and was a good host industry. In addition media is perceived as an environment ridden with pretentious, materially focused and short orientated individuals. The research included individuals from mid to small enterprises as well as entrepreneurs which ensured that the sampling universe was as diverse as possible.

TABLE 1 Category	Description of Sample	
	Frequency	Percent
CEO/Managing Director/Executive Director	18	21.43
Management/Supervisor/Project leader with Decision making power	17	20.24
Middle Management	28	33.33
Non-Executive Director	1	1.19
Senior Management/ EXCO	20	23.81
Female	39	46.43
Male	45	53.57
Not South African National	3	3.57
South African National	81	96.43
Unspecified Race	3	3.57
African	19	22.62
Coloured	6	7.14
Indian	35	41.67
White	21	25
Large (Employs 250 or more people)	40	47.62
Medium-sized (50 to 249 employees)	25	29.76
Micro (fewer than 10 employees)	8	9.52
Small (10 to 49 employees)	11	13.1
Advanced degree (for example: Masters, Professional, or Doctorate degree)	33	39.29
Bachelor's Degree	25	29.76
Diploma	19	22.62
High school graduate, diploma or the equivalent	6	7.14
Some high school, no diploma	1	1.19

2 - 5 years tenure	24	28.57
5 - 8 years tenure	17	20.24
9 -12 years tenure	7	8.33
More than 12 years tenure	15	17.86
Under 2 years tenure	21	25
2 - 5 years' experience	24	28.57
5 - 8 years' experience	16	19.05
9 - 12 years' experience	10	11.9
More than 12 years' experience	32	38.1
Under 2 years' experience	2	2.38

Unit of Analysis

Zikmund, Carr, & Griffin (2013) defines unit of analysis as the object on which behavioural relations on theoretical constructs are conceptualised. The unit of analysis in a study indicates who or what should provide the data and at what level of aggregation (Zikmund et al., 2013). The individuals who participated in this study were defined as the unit of analysis.

4. Sampling Method & Size

Sampling is a representative set of the broader population that is available to the researcher (Zikmund et al., 2013). To form a non-probability sample, purposive sampling was used. To ensure we reached the objective of this study, the researcher chose leaders who were best positioned to help address the research questions (Saunders & Lewis, 2012; Averin, 2017). In addition snowball sampling was used to identify other leaders at the same or similar level of authority to reach potential participants. Convenience sampling was used in limitation when the desired amount of respondents of 100 were not reached after sending out of 200 surveys.

The targeted size of the sample was 100 leaders and managers across various organisations across 3 provinces. Samples included respondents with varied levels of experience, education, tenure and backgrounds such as ethnic group, gender, leadership level and income level.

5. Measurement Instrument

The questions were structured in the form of a questionnaire (Saunders & Lewis, 2012; Zikmund et.al., 2013). The questions sought to determine the construct of cultural values based on the Ethical Leadership Scale (ELS) (Brown & TREVIÑO, 2002). The purpose of a survey instrument was to use deductive investigations to analyse whether cultural values influence leader behaviour. Each construct was measured quantitatively to meet the criteria of the chosen research paradigm. We used a structured measurement on a 7-point likert type scale in a survey questionnaire to measure responses and determine the respondents agreement with the proposed question. Typically a larger variance was seen on a 7-point scale. The sample universe of CEO's, senior managers and middle level managers were experienced enough to adequately understand a 7-point scale.

6. Data Gathering process

After gaining ethical clearance, the researcher used an internet based tool, Google forms, to collect data. Google Forms is a web-based app that allowed for customisation to specifications. The app allowed for distribution on multiple platforms like linkedin, whatsapp, email and facebook. The introduction to the survey included a hyperlink which was convenient to access. This method allowed ;

- respondents to complete the survey at a their convenience.
- the researcher to send the survey to respondents in other provinces and
- considering the targeted number of respondents we expected to reach and the number of questions, the telephonic and face to face interviews would have been time consuming and expensive.

The data collection was designed to reduce the influence of the researcher that could have an effect on the phrasing of questions or data selection samples.

7. Analysis approach

The data collected was quantitative, categorical with ordinal data (Saunders & Lewis, 2012). The use of IBM SPSS and excel was used to analyse the data. The 7-point

Likert scale data was numerically coded to associate the responses into a dataset that was statistically analysed. The researcher tested for normality to determine whether the sample data was normally distributed.

Normality was tested for using Kurtosis and Skewness formulae in SPSS. Hair, Hult, Ringle & Sarstedt (2016) suggest that data is considered to be normal if Skewness is between -2.58 to +2.58 and Trochim & Donnelly (2006) if Kurtosis is between -7 to +7. All variables were measured, and Skewness values were between the thresholds of -2.58 and +2.58, and Kurtosis between -7 and +7. Therefore, all variables can be considered normally distributed. (Refer Table 2).

CLT	N	Mean	Std. Deviation	Skewness	Kurtosis
Uncertainty Avoidance	84	3.946	1.258	0.096	-0.260
Assertiveness	84	3.902	1.605	0.118	-0.686
Performance Orientation	84	3.548	1.359	0.034	-0.688
Humane Orientation	84	4.350	1.357	0.201	-0.868
In Group Collectivism	84	3.176	1.106	0.153	-0.203
Institutional Collectivism	84	3.271	0.922	0.108	-0.248
Power Distance	84	2.807	1.071	0.753	0.725
Future Orientation	84	3.036	0.866	0.273	0.065

Using the GLOBE study strategy the quantitative findings provided the researcher with scores on perceptions of cultural practices for all the nine dimensions of societal culture described earlier. This data can then be interpreted in the societal and a cultural context, (Chhokar et al, 2007).

8. Limitations

Most research has limitations which could include the size of the data sample, the time frame, geographical area and data analysis (Zikmund et al., 2013).

Even though controls were in place to ensure that only the population in the scope of study were valid participants, there is probable inaccuracy in the data due to snowballing as the survey was distributed electronically. Senior executives and

CEO's of larger corporates were harder to access. The snowball sampling method was chosen to reach more respondents through the networks of those respondents we were able to access. The limited period the researcher had for data collection and the impact of COVID-19 "work at home" impacted the response time from CEO's and senior executives.

Another potential limitation was the potential limitation of geographic and industry range as the researcher distributed the surveys to participants within her personal and professional business networks.

The use of secondary has disadvantages that include validity of data, purpose of original data, population used, definition of terms, and accessibility (Saunders & Lewis 2012; Zikmund et al.,2013). In using secondary data, the researcher had no control of how the survey items were framed or worded.

The instrument measured specific constructs. Even though the instrument was designed with the research problem in mind, they may be more recent literature that may include new, relevant constructs that could not be included or measured (Wegner, 2016).

Since data collection happened in an electronic format, only individuals with the technology that allowed for a response could be targeted. With the use of electronic surveys, participants are unable to gain clarity on the questions asked. This could lead to them interpreting the question incorrectly as respondents often respond as they think the researcher wants them to, instead of being honest (Zikmund et al., 2013).

We used non-probability sampling (namely convenience and snowball), which meant, only certain individuals and organisations could be targeted. This method may have resulted in a population that is unrepresentative of the true population (Creswell 2009).

In addition, the researcher is inexperienced in academic research and as such the scope and depth of insights of this study could possibly be expanded.

9. Process of Data Analysis

Data analysis is the progression of drawing inferences from raw data. To do this an inspecting and cleaning of data is done, The aim is modelling the data with the objective of discovering the relevant information to inform our hypotheses. Such data is mainly numerical in nature in quantitative studies (Saunders & Lewis, 2012; Wegner, 2016).

Post the coding and cleansing of the data, preliminary tests were done to on the data to understand the composition. Thereafter a reliability analysis was done to determine the reliability and validity of measurements used.

Since the ELS scale was done as True/False responses, a binomial logistic regression (often referred to simply as logistic regression), was used to predict the probability that an observation falls into one of two categories of a dichotomous dependent variable based on one or more independent variables that can be either continuous or categorical (de Sousa Mendes & Devós Ganga, 2013). The model was specified with ELS as the dependent variable and CLT as the independent variables.

Table 3 : Data Analysis

Aspect of Methodology	Approach	Justification
Philosophy	Positivism	Objective investigation of research phenomenon
Approach	Deductive	Measures to test theory
Design	Quantitative, Descriptive	Objective Evaluation
Research Strategy	Questionnaires	Consolidating perceptions and levels of agreement
Sampling Strategy	Non-probability sampling	Ability to collect data rapidly and cost-effectively
Data Analysis	Descriptive and Inferential Statistics	Generation findings for discussion

Aspect of Methodology	Approach	Justification
Data Quality	Reliability and Validity	Ensuring consistency and a true reflection of theory to enhance data quality

10. Methodology Summary

This research study adopted a positivist research paradigm. This was supported by a deductive approach for the development of the theory and the use of the quantitative study. The research design applied a cross sectional, survey format for the collection. A blend of non-probability and convenience sampling methods were appropriate for the nature of the study.

We have highlighted possible shortcomings on measures and evidence for reliability and validity. Appropriate data analysis techniques were specified to understand the composition of the sample, as well as to provide solutions to the proposed hypotheses in the study.

As scholarly researchers often allude to, inherent in such hypotheses is the research problem that the study aims to explain, and the research methodology is central in simplifying the way in which the researcher aims to solve the problem.

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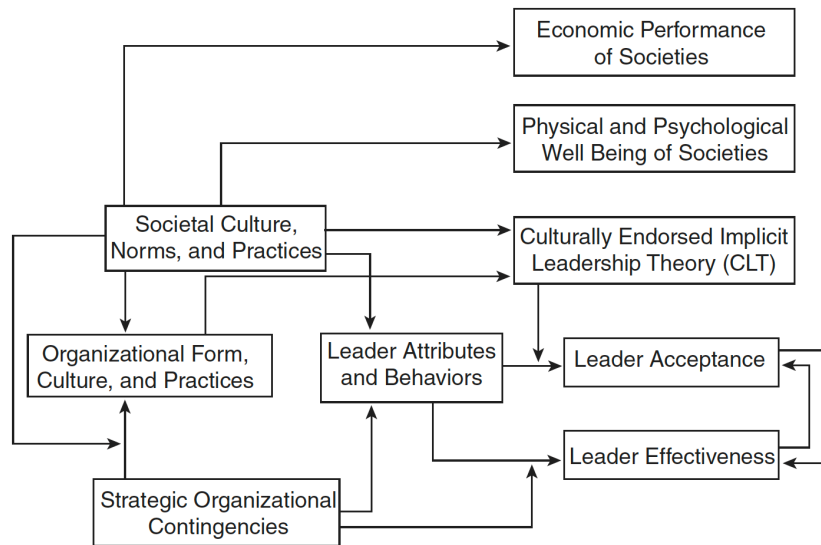
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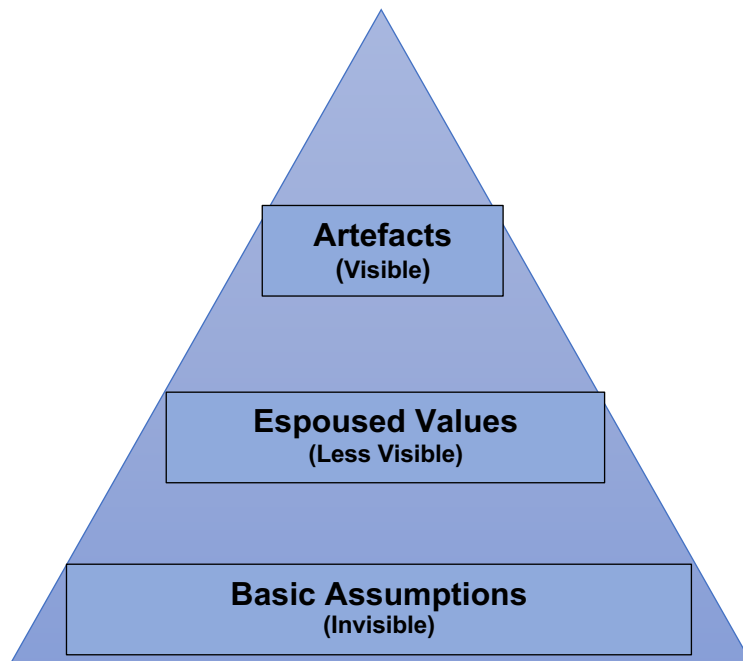
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Figure 1 : Theoretical Model of GLOBE



Source : Source : Chhokar et al. (2007)

Figure 2 : Edgar Schein's Culture Model



Source : Edgar Schein (1985)

APPENDICES

Appendix A - Guideline for Business & Society Review Journal & email.

Business and Society Review

Journal of the W. Michael Hoffman Center
for Business Ethics at Bentley University

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All submissions will be peer reviewed. The reviewers' recommendations are subject to approval by the editor. Authors whose articles are accepted for publication will be expected to submit a final electronic copy of the article in a standard word-processing format, e.g., Word or WordPerfect. Manuscripts that are not accepted will not be returned to authors.

Manuscripts submitted for publication should be clearly written and accessible to a wide readership and are accepted for consideration with the understanding that they represent original work that is not being considered for publication elsewhere. On occasion papers will be invited by the editor.

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Hello Linda,

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Appendix B – Article Example

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ORIGINAL ARTICLE

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Making sense of changing ethical expectations: The role of moral imagination

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Abstract

We propose that firms that engage in morally imaginative sensemaking will manage society's changing ethical expectations more effectively than those engaging in habituated sensemaking. Specifically, we argue that managers engaging in habituated sensemaking will tend to view changes in expectations as threats and respond to them defensively. In contrast, morally imaginative managers will tend to see these same changes as opportunities and address them by proactively or interactively engaging stakeholders in learning processes. We contribute to the literature on moral imagination by highlighting the value of moral imagination relative to conventional sensemaking, and by positioning moral imagination as an ongoing mode of sensemaking. While we recognize that managers' capacity to continuously address changing ethical expectations using moral imagination is constrained by cognitive limitations, we posit that morally imaginative sensemaking may economize on cognitive resources over time by enabling managers to avoid managing ethical issues unproductively based on habit. We also contribute to the issues management literature by calling attention to two underlying factors, managerial sensemaking mode and firm enterprise strategy, that drive companies' approaches to issues management.

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ethical expectations, ethical issues, issues management, moral imagination, sensemaking

1 | INTRODUCTION

In recent years, the public has increasingly come to expect that companies will meet their ethical obligations to the many stakeholders they impact. As expectations change, many companies have difficulty in keeping up. Companies that have famously been punished financially and in the court of public opinion because of their failure to respond to changing ethical expectations include Ford, Nike, Walmart, Union Carbide, Nestlé, McDonald's, Volkswagen, many of the large pharmaceutical, oil, and financial services companies, and the entire tobacco industry. As of this writing, Facebook, Google, Amazon, and Uber are among the companies regularly receiving negative press because of their perceived failure to meet society's expectations for ethical behavior.

Why do firms have difficulty in living up to changing ethical expectations, and what can they do to improve their ability to do so? In this article we address these questions by integrating the sensemaking perspective with moral imagination theory. We show that companies that integrate moral imagination into their sensemaking processes will be better able to manage emerging ethical expectations. Sensemaking is the process by which managers and organizations perceive, interpret, and respond to their surrounding environments. They do so employing mental models, which are symbolic representations of the external environment and its relationship to the firm. When the operant mental models in a company do not adequately represent society's ethical expectations, or they dictate an inappropriate response to them, negative consequences for the company can follow.

To build our argument we first describe a typical, "habituated" sensemaking process. We propose that organizational actors following this process initially will not perceive changing societal ethical expectations as they arise, and instead will perceive them only after failing to meet them and they have come to be characterized as "issues." We further expect that managers will react defensively to issues involving stakeholders that are focal to the firm's enterprise strategy, and will ignore or not perceive ethical issues that involve stakeholders that are peripheral to the enterprise strategy. If these peripheral stakeholders gain the power needed to impact the firm, however, then the manager will perceive the issue and manage it reactively.

We then introduce moral imagination theory and propose that firms engaging in morally imaginative sensemaking will view changing expectations as an opportunity for learning, and engage with stakeholders to devise imaginative, practical approaches to addressing them. When these changing expectations involve focal stakeholders, companies with morally imaginative sensemaking processes will tend to manage them proactively, working with stakeholders to address them and pre-empting them from coming to be socially constructed as issues. When the changing expectations involve peripheral stakeholders, managers are unlikely to perceive the changes when they first emerge but will manage them interactively once they become aware of them.

This article contributes to the literatures on ethical decision making and moral imagination by describing one approach that organizations can employ to help ensure that they effectively respond to changes in ethical expectations. To date, the literature has portrayed moral imagination as a tool that is useful intermittently for addressing isolated ethical issues. Making a link between moral imagination and organizational sensemaking, we normatively re-frame moral imagination as an element of organizations' ongoing sensemaking activities that managers can use to continuously address changes in ethical expectations. We do not accept the premise that because of bounded rationality actors may employ

moral imagination only episodically when changes in ethical expectations have become issues. To the contrary, we argue that moral imagination can enable actors to economize on their cognitive resources. This is, we assert, because proactively working with stakeholders to meet changing expectations requires less time and mental effort than the more conflictual process of reacting defensively to issues that have arisen after the company has failed to meet changing expectations.

We also contribute to the literature on issues management. This literature has long identified a typology of four approaches to issues management: inactive, reactive, interactive, and proactive (Preston & Post, 1975). We explain the underlying sensemaking processes that generate these four approaches. Specifically, as already noted, we show that firms' approaches to issues management are strongly influenced by their mode of sensemaking (habituated vs. morally imaginative) and whether the impactful stakeholder is focal or peripheral to the firm's enterprise strategy. By doing so, we suggest that the four strategies do not necessarily represent stages in the evolution of the firm's issues management strategy, but rather correspond to particular conditions of the firm. This suggests that the temporal sequence of steps that a firm goes through in managing an issue could follow any number of paths, and not just the one identified in the literature. While in general one might expect issues management to proceed from inactive to proactive, if the firm's enterprise strategy changes or decision making becomes habituated, then a different, more regressive pattern could ensue.

We proceed as follows. In the next section we discuss society's growing expectations for ethical treatment of a broad range of stakeholders. In the article's third section we present the sensemaking approach and a model of how firms use boundedly rational, habituated sensemaking processes to understand and respond to changing ethical expectations. Then in the article's fourth section we introduce moral imagination theory and describe how companies with morally imaginative sensemaking processes can respond more effectively to changing ethical expectations. In the article's fifth and final section we present the implications of our model and summarize our conclusions.

2 | CHANGING ETHICAL EXPECTATIONS

Society's expectations regarding business performance are broadening. Survey data show that 87 percent of U.S. millennials agree with the statement that "the success of a business should be measured in terms of more than just its financial performance" (Deloitte Millennial Survey, 2016). These changes in society's ethical expectations matter to businesses because they can change their ethical obligations to their stakeholders. Stakeholders are individuals and groups who can affect or be affected by an organization (Freeman, 1984). While the view that firms should make shareholders their highest priority (Friedman, 1970; also see Jensen, 2002; Sundaram & Inkpen, 2004) is still largely generally accepted (Hansmann & Kraakman, 2001; Stout, 2012), the public increasingly also expects firms to meet perceived ethical obligations to an array of other stakeholders. These include not only other primary stakeholders such as customers, suppliers, employees, and capital providers, but also secondary stakeholders including communities, governments, and the natural environment. Examples of recent changes in ethical expectations include the expectations that companies will take responsibility for the welfare of supply chain workers, contribute to addressing global climate change, and not violate the privacy rights of their customers.

When companies fail to live up to changes in ethical expectations, *ethical issues* are born. According to Wartick and Mahon, a corporate issue is "(a) a controversial inconsistency (b) between stakeholder perceptions of what is and what ought to be corporate performance (c) that creates some significant, perceived present or future impact on the organization" (1994, p. 299). Examples of corporate issues that are currently in the news include, among many others, fair pay, income and wealth inequality,

race, gender, and age discrimination, customers' privacy rights, the opioid epidemic, and global climate change. All of these issues may be thought of as ethical issues because they involve questions about whether stakeholders have been made better or worse off, treated compassionately and fairly, and had their basic rights respected.

Wartick and Mahon's definition of issue makes clear that ethical issues involve performance-expectations gaps, in which societal perceptions of the actual performance of the company or industry do not match societal perceptions of the appropriate level of performance (Sethi, 1975, 1979). (Thus an issue exists even when the firm or industry is in fact living up to expectations, if there is a general perception that it is not.) The definition also suggests that an issue exists when through processes of social construction (Berger & Luckmann, 1967), society has come to see the performance-expectations gap as an objective "social fact" (Durkheim, 1966) that is a legitimate topic of public debate (Mahon & Waddock, 1992; Panwar, Hansen, & Kozak, 2014; Zyglidopoulos, 2003) Issues reflect a shared understanding that performance is lacking.

Organizations that fail to effectively manage issues run the risk of losing their legitimacy and not surviving. This has become increasingly true with the rise of globalization and the Internet. Because we now live in a "network society" (Castells, 1996), it is increasingly possible to bring unethical corporate behavior into public view, sometimes instantaneously (Chandler & Werther, 2014; Hawken, 2008; McKay & Munro, 2012). Through information campaigns, protests, boycotts, and other social movement tactics, activists have been able to impact the reputations and bottom lines of many companies. In short, businesses take a chance if they do not constructively manage changing ethical expectations. The consulting firm Ernst & Young writes:

... [C]ompanies in certain industries need to maintain their social license to operate. If they fail to maintain good relations with communities, they may find that lawsuits and other expensive distractions quickly raise their cost of doing business Where sustainability and the "triple bottom line" are concerned, the bar is rising. (2010, pp. 27–28)

3 | MAKING SENSE OF CHANGING ETHICAL EXPECTATIONS

3.1 | Habituated sensemaking

Firms respond to changes in ethical expectations through processes of sensemaking (Daft & Weick, 1984; Maitlis & Christianson, 2014; Weick, 1979, 1995; Weick & Bougon, 1986). The sensemaking perspective has its roots in classic works that view organizations as open information processing, communication, and action systems that selectively employ patterned ways of thinking to make sense of—perceive, interpret, and respond to—their own realities (Barnard, 1938; Berger & Luckmann, 1967; Boulding, 1956; Garfinkel, 1967; James, 1981; Mead, 1934; Schutz, 1967; Selznick, 1949).

Actors make sense of changes in their environments by applying mental models (also known as mental maps, schemas, and cognitive maps), which are symbolic representations of the external world and the actor in it. Mental models include representations of the various elements of the environment and their relationships; the actor (e.g., the individual, department, organization) and its relationship to the elements of the environment; and action alternatives and their expected consequences (Fiol & Huff, 1992). Mental models are simplified, partial, and incomplete representations of reality. They select out some phenomena for attention but not others, place them in context, attach particular

meanings to them, and present a limited menu of rules that may be applied to identify actions that address the phenomena (Simon, 1991).

Sensemaking typically is triggered by *sensebreaking* (Pratt, 2000). Due to bounded rationality (perceptual and cognitive limitations), individuals typically process information in an automatic, habituated intuitive, relatively effortless way (Kahneman, 2011; March & Simon, 1958; Nelson & Winter, 1985; Reynolds, 2006). However, when an external stimulus such as a change in ethical expectations is novel or unexpected, or causes uncertainty or ambiguity, the actor is aroused from habituated decision making and must actively make sense of the cue (Louis & Sutton, 1991; Reynolds, 2006; Weick, 1995). She does so by employing her mental models to construct a rational, plausible account of the cue, coding it as a threat, opportunity, or neither (Meyer, 1982). The actor then makes a commitment to this interpretation of the cue and responds to the cue based on this interpretation. Sensemaking thus enables the actor to construct, order, and respond to her environment in a way that is consistent with her existing mental models of reality (Maitlis & Christianson, 2014).

The process of sensemaking is strongly biased toward confirming existing mental models and arrangements. Changing our mental models is difficult because we tend not to recognize that we even use them (Schein, 2010), and they filter out environmental information that might have alerted us to the need for change (Barr, Stimpert, & Huff, 1992; von Krogh, Erat, & Marcus, 2000; Weick & Bougon, 1986; Wheelen & Hunger, 2004). Rather than impartially evaluating evidence and changing our mental models to conform to it, we seek to confirm our existing beliefs, quell our own doubts, and justify our past judgments and actions. Doing so confirms our identities and economizes on our bounded rationality. We tend not to change our beliefs and habits until we encounter significant new problems or recognize that we are failing to live up to our own performance aspirations (March & Simon, 1958; Nelson & Winter, 1985; Reynolds, 2006). Prahalad and Bettis write that “in general it appears ... that changes in the ways organizations solve significant new problems are triggered by substantial problems or crises” (1986, p. 498).

3.1.1 | Intersubjective sensemaking

The mental models that managers apply in making sense of changes in ethical expectations reflect the influences of broader institutional traditions (e.g., religion, education, the family) and then, are further developed through intersubjective sensemaking processes within the organization (Weick, 1995). Based upon a shared understanding of their context and through discursive practices such as dialog, organizational actors iteratively shape each other's understandings and converge upon shared meanings that enable them to work together (Berger & Luckmann, 1967; Maitlis & Christenson, 2014; Nonaka & Takeuchi, 1995; Weick, 1995). These shared understandings then shape how they individually and collectively make sense of environmental stimuli. For example, the members of a sales team might through their interactions develop a shared understanding of how to make an effective sales call. They may come to agree that certain sales pitches and techniques work better than others, or that some work well in some situations and others in others. Individual salespersons then go apply these understandings as they do their work.

Sensemaking scholarship has long recognized that organizational actors share understandings of how to address stimuli that they have labeled as “ethical” (Dutton & Dukerich, 1991; Gioia & Thomas, 1996; Sonenshein, 2009). Reynolds refers to actors' mental models of ethical situations and how to address them as “ethical prototypes,” which he says “include normative evaluations and prescriptive recommendations that help the individual adapt to or cope with the ethical situation” (2006, p. 739). Ethical prototypes are intersubjective mental models that influence which phenomena

organizational actors perceive, which of these they code as ethical, which stakeholders to these issues they pay attention to, how they think about their ethical obligations to those stakeholders, the repertoire of actions that they consider, and the expected consequences of these actions for the various stakeholders. A facility manager might, for example, see employee safety as a critical ethical issue and have clear ideas about how to achieve it, but be less concerned about (or not even aware of) seemingly distant environmental and indigenous people's rights issues associated with the sourcing of raw materials. An organizational actor's ethical prototypes will be in part a function of the role they play in the organization. For example, one might expect marketing managers to enact cues related to customers and supply chain managers to enact cues involving suppliers.

3.1.2 | Generic subjective sensemaking

According to Weick, intersubjective sensemaking is influenced by generic subjective sensemaking.¹ Generic subjective sensemaking occurs when organizational actors apply mental models that are shared throughout the organization and that have been communicated through the formal elements of the organization such as mission, vision, and value statements, cultural artifacts, job descriptions, and performance metrics (Weick, 1995, Chapter 3). Organizational leaders establish and propagate generic subjective mental models in an attempt to ensure that actions throughout the organization are consistent and oriented toward a common goal. Hence generic subjective understandings serve as *sensegiving* mechanisms (Gioia & Thomas, 1996; Maitlis, 2005); they provide the vocabulary that actors employ as they engage in intersubjective sensemaking to make sense of discrepant environmental cues.

A generic subjective mental model that is of over-arching importance in organizations is the *enterprise strategy*. According to Freeman, enterprise strategy is the answer to the question, "WHAT DO WE STAND FOR?" (1984, p. 90; caps in original; also see Freeman et al., 2010; Freeman & Gilbert, 1988). Enterprise strategy encapsulates the principles the organization represents, the role the organization wants to play in society, and its perceived obligations to society. Enterprise strategy influences organizational actors' intersubjective sensemaking processes by selectively restricting how managers acquire, analyze, and use new information, and it disposes these actors toward particular strategic choices as they solve problems and make important resource allocation decisions (Bettis & Prahalad, 1995; Gary & Wood, 2011; González, Calderón, & González 2012; Prahalad & Bettis, 1986).

Companies' enterprise strategies differ in the breadth of stakeholders they include. Some companies focus on creating value for just one stakeholder, often shareholders; others focus on a few stakeholders, such as shareholders, employees, and customers; and yet others seek to address important social causes or create value for many stakeholders and society as a whole (Freeman & Gilbert, 1988; Freeman, Harrison, & Wicks, 2007) Henceforth we refer to the stakeholder groups that are prioritized by the enterprise strategy as *focal* stakeholders, and those not included in the enterprise strategy as *peripheral* stakeholders.

3.2 | Making sense of changes in society's ethical expectations

For managers employing habituated sensemaking processes, changes in ethical expectations are not sensebreaking events. Managers are unlikely to anticipate these changes or perceive them as they occur. This is because the changes do not match their prototypes of ethical phenomena. Their ethical

prototypes are models of the past (Weick, 1995), and as such do not direct attention to novel emerging phenomena.

This could change, however, when a performance-expectations gap opens up and a change in expectations becomes an ethical issue. Emerging ethical issues are especially likely to break the sense of managers engaging in habituated sensemaking when they impact stakeholder groups that are focal to the firm's enterprise strategy. Managers see focal stakeholders as part of the "dominant coalition" of legitimate, powerful claimants that have the power to influence managerial decisions (Mitchell, Agle, & Wood, 1997).² As a result they incorporate focal stakeholders into their ethical prototypes. When an ethical issue involving a focal stakeholder arises, managers recognize the need to shift out of habituated thinking to effectively address the issue.

We expect that when a manager engaged in habituated sensemaking perceives an ethical issue involving a focal stakeholder, she will interpret that issue as a threat even though she sees the stakeholder as focal and legitimate. This is because the issue is incompatible with her ethical prototype, the firm's enterprise strategy, and her bias to maintain the status quo. As a result she will initially take defensive actions such as dismissing the change, resisting it, or engaging in symbolic conformity (Meyer & Rowan, 1977)—taking actions and setting up formal arrangements that have little substantive value but signal conformity to expectations. In the literature on issues management, such approaches are known as reactive strategies (Preston & Post, 1975).

Eventually, however, because of the power and legitimacy of the focal stakeholders (who have power and legitimacy by the very fact that they are focal), the manager will have to confront the emerging issue and engage in dialog with the focal stakeholders to constructively address the issue. This is known as an interactive issues management strategy (Preston & Post, 1975). Examples of companies initially taking a reactive approach to an ethical issue involving a focal stakeholder and then, moving to a more interactive approach are technology companies with progressive employment policies such as Microsoft and Google. These companies first resisted news of sexual harassment cases in their workplaces and then, pivoted to listen and address employee concerns (Gershgorn, 2019; Wakabayashi & Benner, 2018).

Proposition 1 *Managers engaging in habituated sensemaking will not perceive changing ethical expectations involving focal stakeholders until these expectations have been socially constructed as issues. They will interpret these issues as threats, initially manage them reactively, and then, manage them interactively.*

Issues often emerge that involve peripheral rather than focal stakeholders. These issues often arise through actions that are intended to create value for focal stakeholders but have negative ancillary impacts for nonfocal stakeholders. Examples abound: A typical one is a firm closing a plant in one country and opening one in another country with lower wage rates and environmental standards. This move might help shareholders and customers (the focal stakeholders) but harm the environment, domestic workers, and perhaps the foreign workers.

When a change in ethical expectations involving peripheral stakeholders occurs, we expect that managers engaging in habituated sensemaking at first will not perceive the change because it does not conform to their ethical prototypes. This is the same as with changes in ethical expectations involving focal stakeholders. Further, though, and in contrast to issues involving focal stakeholders, we also expect that managers will not perceive these changes in ethical expectations even after they have come to be constructed as issues. This is because their ethical prototypes will filter out the issue and lead them to disregard or not perceive the issue. This approach is known as an inactive strategy (Preston & Post, 1975). To borrow an earlier example, a facility manager may simply be unaware of human rights

or other ethical questions surrounding the raw materials she sources, and even if she did become aware of them she quite possibly would not categorize them as ethical concerns of hers, because they did not match her prototype of an ethical issue. Similarly, a manager at a company with an enterprise strategy focused on serving customers could be expected to take an inactive approach to an emerging water pollution issue (unless customers were concerned about it).

The company's inactive approach does not necessarily make the issue disappear, however. If the peripheral stakeholders are able to build their power and legitimacy vis-à-vis management and thereby potentially impact the company, then management will be forced to confront the issue and move to a reactive approach. The manager will respond reactively because the issue contradicts her ethical prototype. When firms manage issues reactively, they fail to learn and adapt to changing circumstances. Their ethical prototypes and enterprise strategies are no longer attuned to their environments.

Proposition 2 *Managers engaging in habituated sensemaking will not perceive changing ethical expectations involving peripheral stakeholders, and they initially will take an inactive approach to managing these expectations once they have been socially constructed as issues. If the peripheral stakeholders become impactful, however, then managers will perceive the issues, interpret them as threats, and manage them reactively.*

An example of a firm failing to perceive an ethical issue involving peripheral stakeholders and then, reacting defensively to it is Nestlé in its recent experiences related to palm oil production. Like other multinational food products companies, Nestlé uses vast amounts of palm oil in the production of its products. Palm oil production in developing countries is associated with a range of social and environmental ills, including deforestation, habitat loss and species extinction, air and water pollution, and displacement and loss of income for local communities. Nestlé did not address these issues until it was very publicly attacked by Greenpeace and other activist organizations. While Nestlé has begun to take steps to interactively address these issues, the issues have not risen to the top of the company's agenda, and progress has been uneven (Kilvert, 2018; Nestlé, 2018).

In sum, the conventional sensemaking model suggests that most firms will respond inactively or reactively to emerging ethical issues. This is because such issues contradict both the intersubjective ethical prototypes they have developed through interactions and experience, and the generic subjective enterprise strategies that shape these prototypes. Reactive approaches tend not to be effective in the long-term, especially when the organization exists in a dynamic environment. Ethical prototypes and enterprise strategies developed in the past and for the past may not work well in the future.

4 | MORALLY IMAGINATIVE SENSEMAKING OF CHANGING ETHICAL EXPECTATIONS

4.1 | Moral imagination

We now consider an alternative mode of making sense of changing ethical expectations. We refer to this as morally imaginative sensemaking. In this section we first introduce moral imagination theory and then, explain how firms can integrate moral imagination into organizational sensemaking processes so that they are able to effectively manage changing ethical expectations.

Moral imagination is defined as “an ability to imaginatively discern various possibilities for acting within a given situation and to envision the potential help and harm that are likely to result from a

given action” (Johnson, 1993, p. 202). Imagination is the ability “to discover and evaluate possibilities not merely determined by that circumstance, or limited by its operative mental models, or merely framed by a set of rules or rule-governed concerns” (Werhane, 1999, p. 93). Moral imagination is not untethered fantasy but rather is pragmatic. When engaged in morally imaginative sensemaking, organizational actors continuously adjust their ethical prototypes as necessary to address the ethical questions that they face. Fesmire roots the concept of moral imagination in the work of pragmatists James and Dewey that emphasized “the plasticity of habit” (Fesmire, 2003, p. 18). For James, Fesmire explains, this meant that mental models possess “a structure weak enough to yield to influence, but strong enough not to yield all at once” (James, 1981, p. 105; in Fesmire, 2003).

Stages of morally imaginative sensemaking: Werhane describes moral imagination as a three-step process in which the actor first immerses herself in the details of the situation, then disengages to consider those details and various ways of making sense of their ethical dimensions, and then, returns to the situation to address it. She refers to the first step as *reproductive imagination*, during which actors become aware of the “practical demands of the situation” (Moberg & Seabright, 2000, p. 872) in which they are operating, and their own mental models that shape their perceptions and understandings of that situation. During this stage of moral imagination, the actor experiences a moment of sensebreaking, where she becomes aware that she has a limited and partial understanding of the situation. While she makes sense of the situation by employing her existing ethical prototype, just as she would in conventional sensemaking, she does so not in habituated fashion but rather reflectively, with the recognition that her mental models and routines are improvable.

In the second stage of morally imaginative sensemaking, which Werhane refers to as *productive imagination*, the actor disengages from the particulars of the situation and then, assesses both her own and others' mental models for making sense of that situation. This concept of disengagement can be traced to Adam Smith's (1976) view that each of us has the capacity to take on the role of the “impartial spectator”, that is, to step outside of our roles and make objective judgments about ourselves and others. Smith views this spectator as taking a “view from somewhere” (Werhane, 1999); that is, as an individual human being enmeshed in a network of relationships who has the capability to separate from and examine those relationships. This ability enables us to see that our mental models are partial and to take alternate perspectives. The ability to more fully understand others' perspectives and situations is vital to innovation (Cohen & Levinthal, 1990) and the recognition of ethical responsibilities.

An important aspect of productive imagination is empathy, which Dewey referred to as the “animating mold of moral judgment” (1932, p. 270; in Fesmire, 2003, p. 65). According to Johnson, productive imagination involves gaining “self-knowledge about the imaginative structure of our moral understanding [as well as] a similar knowledge of other people, both those who share our moral tradition and those who inhabit other traditions” (1993, p. 187; also see Gold, 2011). With this orientation, actors employing productive imagination interpret sensebreaking cues such as changes in ethical expectations as opportunities for learning and engagement, rather than as threats to existing mental models and practices (as they do in conventional sensemaking).

Just as in the conventional sensemaking model, the third stage of our model of morally imaginative sensemaking involves taking action. In moral imagination theory this stage is known as *free reflection*. In free reflection, actors continue to engage in slow thinking, envisioning and realizing novel and ethically defensible solutions to the ethical issues they face. Dewey described this as “tapping possibilities for action ... and forecasting the consequences of acting on them” (1922, p. 271; in Fesmire, 2003, p. 67). Free reflection is the imaginative stage of moral imagination.

One component of free reflection is imagining alternative futures. This involves taking one's deep understanding of the situation at hand, gained through reproductive imagination, and then, structuring it in multiple ways to create many different ethical "realities" (Werhane, 1999). Thorough productive imagination facilitates productive free reflection, for as Weick notes, "the greater the variety of beliefs in a repertoire, the more fully should any situation be seen, the more solutions that should be identified ..." (1995, p. 87). Once the actor creates multiple alternative futures she can begin to imagine courses of action she could take within them; and the more future realities one can imagine, the greater the number of possible ethical actions that become available (Reynolds, 2006).

Free reflection also involves imagining the consequences of the various alternative courses of action that have been identified. Both Reynolds (2006) and Moberg and Seabright (2000) argue that actors will identify more effective courses of action to the extent that they base their forecasts of consequences based on data and analysis. Attempting to foresee the outcomes of possible actions in this way enables one to avoid having to learn from disaster (Dewey, 1983; Fesmire, 2003).

The novel courses of action that one generates during free reflection are not conjured from thin air but rather are identified by building from one's known repertoire of actions. Dewey wrote that existing habits serve to "ground, motivate, and structure ensuing readjustments ..." (1983, p. 39) in Fesmire, 2003, p. 78). In essence, free reflection involves starting from existing ethical prototypes and then, adjusting them to account for circumstances, stakeholders, and ethical perspectives not typically considered. Johnson describes this mental process as involving the flexible application of ethical principles, which he contrasts to rule-following. Whereas rules prescribe behavior, principles are "summaries of our collective moral insight" (Johnson, 1993, p. 105) that "supply standpoints and methods" (105) which enable "imaginative exploration of the possibilities for constructive action within a present situation" (180).

While above we have described morally imaginative sensemaking as an individual process, it is more likely to produce ethical outcomes when it is a social process. Morally imaginative sensemaking works best when its three stages involve intersubjectivity rather than individual cognition and action. Individual actors are unlikely to possess the cognitive and material resources needed to effectively address complex ethical issues themselves (Werhane, 2002). Due to our bounded rationality we often are not able to recognize and interrogate our own mental models, and understanding the mental models of others is that much harder (even when we are empathetic). Through dialog, individuals with diverse viewpoints can surface, explain, examine, critique, and compare and contrast a range of mental models for understanding the situation at hand (Garvin & Roberto, 2001). Speaking to this point, Weick (1995) notes that while intersubjective sensemaking produces the shared understandings that enable stability, it can also be the source of much organizational creativity and innovation (also see Maitlis & Christenson, 2014).

4.2 | Morally imaginative sensemaking of changes in ethical expectations

As discussed above, managers employing habituated sensemaking will tend to respond to emerging ethical expectations by applying partial ethical prototypes in a routine fashion, and disconfirm information about changes in expectations that are incompatible with their ethical prototypes. In contrast, managers employing moral imaginative sensemaking processes will tend to respond to emerging ethical expectations by developing a fine awareness of the change in expectations, considering many ways of understanding it, and then, finding imaginative paths forward to address it.

As with habituated sensemaking, we posit that the way that managers employing morally imaginative sensemaking processes make sense of the change in expectations will depend upon whether

the stakeholders involved are focal or peripheral to the company's enterprise strategy. In the case of focal stakeholders, we expect that managers will very quickly become aware of changes in ethical expectations. Because the manager's ethical prototype would incorporate reproductive and productive imagination, it would direct her to recognize the limits of her current understanding of the ethical dimensions and obligations of her job, and to empathetically consider focal stakeholders' understandings of these dimensions and obligations. Rather than greeting the change as a threat, as she would using habituated sensemaking, the manager would view the change as an opportunity for learning, and quickly move to engage the stakeholder in problem-solving. The manager and stakeholder would then engage in an intersubjective process of free reflection, imagining various possible courses of action and their consequences before finally selecting one path forward. They would do so even before a significant performance-expectations gap arose and the change in expectations had become an issue. In the issues management literature, communicating with stakeholders to identify and address emerging concerns before a performance-expectations gap arises is known as a proactive strategy (Preston & Post, 1975).

An example of a company that has taken a proactive approach to managing a change in ethical expectations involving focal stakeholders is AT&T, which is a leader in workforce diversity. The company recently was recognized by DiversityInc as the top company in the United States for championing diversity. AT&T is notable for its inclusiveness of women, the elderly, people with disabilities, the LGBTQ community, and people of diverse religions in its hiring and talent development practices (DiversityInc, 2019; also see AT&T, n.d.). Other companies that have taken a proactive approach to changing societal expectations are Salesforce.com and Apple, which have adopted privacy policies that protect and secure customer data. While other leading technology companies such as Google and Facebook have failed to live up to emerging societal expectations that customer data not be shared, Salesforce.com allows its customers to encrypt their data so that even the company cannot read it (Tanner, 2013). Apple informs customers of government demands to access user data, take down content, and design products with "backdoors" that make them vulnerable to hacking (Electronic Frontier Foundation, 2015). Companies such as AT&T, Salesforce.com, and Apple have effectively preempted performance-expectations gaps from opening up on matters of importance to key stakeholders.

Proposition 3 *Morally imaginative managers will perceive emerging ethical expectations involving focal stakeholders as they arise, interpret them as opportunities for engagement and learning, and manage them proactively so that they do not become issues.*

We expect that morally imaginative managers will make sense of ethical expectations involving peripheral stakeholders in a slightly different way. Like managers acting out of habit, these managers will initially not perceive such changes in expectations because they do not align with their ethical prototypes. These prototypes direct attention to focal stakeholders instead. However, because the manager did not perceive the change in expectations, a performance-expectations gap would arise and the company would suffer a legitimacy problem as the gap turned into an issue that had to be managed. At this point the morally imaginative manager would make sense of the emerging issue differently than the manager following routine. Rather than labeling the issue a threat and resisting it because it contradicted her ethical prototype, she would instead through reproductive imagination recognize the limitations of that prototype and the need to engage the issue from alternative viewpoints. Further, she would interpret the issue as an opportunity for learning and engagement rather than as a threat, and then, through productive imagination begin to engage with the peripheral stakeholders to learn of their concerns and expectations, with which she would previously have been unfamiliar. She would seek to do so with an orientation of empathy and inclusiveness toward peripheral stakeholders, including

and especially those from different linguistic communities (Gold, 2011; Rorty, 1979). At the same time, she would play the role of the impartial spectator (Smith, 1976) and objectively evaluate these stakeholders' opinions and perspectives. This process could lead the morally imaginative manager to broaden (or at least consider broadening) her ethical prototype to be more inclusive.

After coming to understand peripheral stakeholders' perspectives, the morally imaginative manager would then take an interactive approach to issues management, engaging with stakeholders in a process of free reflection to address the new issue. In this work the manager and stakeholders would engage in an intersubjective process to create new ethical prototypes that address what for them would be a novel situation. They would cycle through many new alternatives that they could imagine for addressing the new ethical issue. This would be a quite a different approach than the rule-based one that a manager engaged in habituated sensemaking would employ. The latter would interpret the issue as illegitimate because it contradicted her ethical prototype, and then, take a reactive approach to managing it.

An example of morally imaginative sensemaking to address an ethical issue involving an impactful, peripheral stakeholder is provided by Intel, which has led the effort to end the electronics industry's use of "conflict minerals" produced in the Democratic Republic of Congo (DRC). The DRC is the site of a long-lasting and brutal war, and groups involved in the war have sought to control mines that produce metals used in electronics products (tin, tantalum, tungsten, and gold) in order to finance their military activities. After studying the issue, Intel managers concluded that it could best be addressed by establishing a smelter-level system to identify whether the ore sold to smelters was conflict-free or not. (Smelters take shipments of ore, extract the metal from them, and then, ship the metal to refineries, which then convert it into finished product that they sell to manufacturers). Intel brought together a coalition of industry groups, local and international nongovernmental organizations, US government agencies, and the United Nations to form a smelter audit system. Although Intel almost certainly considered small mining operations in the DRC to be peripheral to its enterprise strategy and was not aware of the issue of conflict minerals until a performance-expectations gap existed, it quickly and effectively implemented an interactive strategy once the issue emerged (España, Robinson, Bukhari, & Hodge, 2015).

Proposition 4 *Morally imaginative managers initially will not perceive emerging ethical expectations involving peripheral stakeholders. Once these changes in expectations have come to be socially constructed as issues, managers will perceive them, interpret them as opportunities for learning, and manage them interactively.*

5 | DISCUSSION AND CONCLUSION

In this article we have considered the question of how firms make sense of changes in society's ethical expectations. We have proposed that how firms manage these expectations depends upon whether managers employ habituated or morally imaginative sensemaking processes, and whether impactful stakeholders are focal or peripheral to the firm's enterprise strategy. While we have developed propositions that can be used to guide empirical research, the thrust of this article has been normative. We have endeavored to show how integrating moral imagination into the organization's sensemaking processes can increase the organization's ability to respond to society's increasing expectations regarding the ethical treatment of diverse stakeholders.

Table 1 captures the differences between habituated and morally imaginative sensemaking processes. It shows that when changing expectations involve focal stakeholders, managers engaging in

TABLE 1 Comparison of habituated and morally imaginative sensemaking of changes in ethical expectations

Sensemaking mode	Habituated: manager applies ethical prototype in a taken-for-granted way	Morally imaginative: manager consciously explores multiple ethical perspectives
Perception of change in expectations	Manager perceives change once performance-expectations gap becomes an issue	Focal stakeholders: Manager perceives change as it arises, before a performance-expectation gap exists Peripheral stakeholders: Manager perceives change once performance-expectations gap becomes an issue
Interpretation of change in ethical expectations	Issue interpreted as a threat	Expectation/issue interpreted as an opportunity for engagement and learning
Approach to managing change in expectations	Focal stakeholders: Reactive then interactive Peripheral stakeholders: Inactive then reactive (resistance, symbolic conformity)	Focal stakeholders: Proactive Peripheral stakeholders: Interactive
Procedure for generating action	Rule-following	Application of principles; free reflection involving imagining multiple action alternatives and their consequences. Adjustment of existing mental models and practices
Organizational level of sensemaking	Organizational actors involved	Inter-organizational: Managers engage with stakeholders
Organizational outcomes	Stasis in practices, mental models, enterprise strategy	Innovation in practices, mental models, enterprise strategy
Stakeholder network outcomes	Static stakeholder network	Enlarged stakeholder network

habituated sensemaking will initially view the change in expectations as a threat and respond defensively, before moving to a more interactive approach. In contrast, morally imaginative managers will tend to carry out their everyday work activities with an alertness to changing expectations and an empathy for those they may impact, see changing expectations as an opportunity to engage stakeholders in learning processes, and manage the changes proactively. When changing ethical expectations involve peripheral stakeholders, we propose that neither managers engaging in habituated sensemaking nor those engaged in morally imaginative sensemaking will initially recognize the change in expectations, and will begin to manage it only after it has come to be socially constructed as an issue because a performance-expectations gap has opened up. We posit that at this point, the morally imaginative manager will quickly move from an inactive approach to an interactive one.

5.1 | Moral imagination and bounded rationality

We have premised our theory-building on the idea that in addition to providing a tool for handling discrete ethical dilemmas as they arise, moral imagination can also be a mode of ongoing sensemaking. One could

question whether this is possible, given that our capacity for rationality is bounded and that moral imagination would seem to require greater cognitive resources than habituated sensemaking. Can one really challenge one's own mental models and innovatively address changing ethical expectations every time they arise? We acknowledge that in a very dynamic and unfamiliar environment, most if not all managers would not have the cognitive capacity to do so. At the same time, we argue that the scope for ongoing rather than intermittent morally imaginative sensemaking may be much greater than it first seems. First, we note that individual and organizations alike can, through practice, expand their capacity for active, intentional, rational cognition. Indeed, much of the literature on organizational learning, adaptation, and innovation (e.g., Argyris & Schön, 1995; Nonaka & Takeuchi, 1995; Senge, 2006; Weick & Sutcliffe, 2007) addresses expanding this capacity. Second, and relatedly, we argue that morally imaginative sensemaking can itself become a habit, the habit of flexibly applying ethical principles to solve problems. This is not as difficult as it may sound, because it does not involve inventing a fresh response made from whole cloth to every stimulus that the mind perceives; rather, it involves starting with tried-and-true principles ("a position from somewhere" rather than nowhere, according to Werhane) and then, making situational adjustments. Finally, we argue that managers may actually economize on cognitive capacity by actively addressing unfamiliar phenomena as they arise, rather than responding in an unproductive manner based on habit and then, having to address legitimacy gaps as they arise and deepen. By doing additional active cognitive work upfront one needs to do less later. Morally imaginative sensemaking is not necessarily more cognitive work, we argue; it is just more effective cognitive work.

Given that the organizational learning literature has already diagnosed and addressed the problems of habituated thinking, one might wonder why the concept of morally imaginative sensemaking is necessary and how it is useful. The answer is simply that it foregrounds the ethical dimensions of sensemaking. Leading models of organizational learning such as those referenced above describe how organizations can sustain high performance in the midst of changes in their environments, but they do not explicitly address how firms can address changing ethical expectations. In fact, by overlooking changing expectations regarding peripheral stakeholders, they fail to address an important source of environmental risk. For example, Senge's seminal 2006 book on learning organizations focus on how organizations make sense of competition, economic trends, and technological developments, yet it does not discuss ethics and nonmarket stakeholders. In short, we want to make clear that organizational learning by itself is not sufficient for organizational survival. Because society's ethical expectations are growing, so must be firms' capacity for moral imagination.

This is not to say that organizational learning is unimportant to morally imaginative sensemaking, however. Morally imaginative sensemaking cannot take root in just any organization but rather requires an enabling context. Learning organizations (Senge, 2006) are one type of organization that provide such a context. Organizations that value the surfacing and testing of assumptions, establishing complex, multi-level understandings of problems, and collaboration to develop new understandings and solve problems obviously provide fertile soil for moral imagination—as long as an encompassing ethical vision is the animating force.

5.2 | Contributions to the issues management literature

In drawing upon the issues management literature to develop our arguments, we have generated insights into that literature. As noted earlier, the literature identifies four generic strategies for managing issues: inactive, reactive, proactive, and interactive (Preston & Post, 1975). Preston and Post present these as stages in the evolution of corporate issues management. More generally, the dominant approach to understanding issues management has been the life-cycle approach, which depicts

TABLE 2 Typology of approaches to issues management based on Preston and Post (1975)

		Impactful stakeholder's priority in enterprise strategy	
		Focal	Peripheral
Sensemaking mode	Habituated	Reactive	Inactive
	Morally imaginative	Proactive	Interactive

companies' issue management strategies as progressing through stages in which the company becomes increasingly engaged as stakeholders gain power and seek to shape the issue in ways that affect the organization (Bigelow, Fahey, & Mahon, 1993; Mahon & Waddock, 1992).

Our sensemaking theory provides a different view of issues management. We have theorized that firms do not necessarily follow a temporal progression from inactive to interactive, but rather choose an initial approach based on two factors: whether they are engaged in habituated or morally imaginative sensemaking; and whether the impactful stakeholder has power and legitimacy vis-à-vis the firm, that is, whether it is focal or peripheral to the enterprise strategy. As depicted in Table 2, we have proposed that managers engaged in habituated sensemaking will initially use an inactive strategy when impactful stakeholders to the issue are peripheral and a reactive strategy when those stakeholders are focal to the enterprise strategy. In contrast, we have proposed that managers engaging in morally imaginative sensemaking will employ an interactive strategy when the impactful stakeholders to the issue are peripheral and a proactive strategy when they are focal to the enterprise strategy. In this last case the firm starts to engage with stakeholders to address the change in expectations before a performance-expectations gap arises and there is an issue to be managed.

Our theorizing extends understanding of issues management in a number of ways. First, it suggests that firms can start in very different positions in managing an issue. If managers are morally imaginative and/or impactful stakeholders are focal to the enterprise strategy, then the firm will not initially manage the issue ignore or dismiss the issue, as Preston and Post suggest, and instead will use one of the other three strategies. Moreover, our typology can be used to identify different issues management pathways, with the temporal progression suggested by Preston and Post being just one possible pathway. While Proposition 2 corresponds to Preston and Post's conceptualization, Proposition 4 outlines a different path, presenting firms with morally imaginative managers as moving from an interactive to a proactive strategy. One could even imagine that if the sensemaking processes in a morally imaginative firm ossified, the firm could move from a proactive to a reactive strategy over time. By highlighting managerial cognition and the guiding role of enterprise strategy in issues management, we provide a foundation for future research on this topic.

We believe that the arguments that we have presented here are timely. As business dealings become more transparent and expectations change, companies increasingly must be responsive to their ethical obligations to many stakeholders, or risk decline and demise. We have presented morally imaginative sensemaking as one means by which they may do so. We have attempted to show how morally imaginative sensemaking enables firms to keep up with a changing world.

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ENDNOTES

¹ Weick also refers to a third level of sensemaking, which he refers to as the extrasubjective. Extrasubjective sensemaking involves symbolic understandings which do not attach to particular objects. Weick gives the example of

“capitalism” as an extrasubjective understanding. This type of understanding does not feature prominently in Weick's theorizing on organizational sensemaking, so we do not consider it further here.

- ² In explaining how managers make sense of ethical issues, we draw upon Mitchell, Agle, and Wood's (1997) stakeholder salience framework that ties salience to stakeholders' power, legitimacy, and urgency. We believe that linking salience to whether the stakeholder is focal or peripheral serves as a good proxy for whether the stakeholder has power and legitimacy.

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Appendix C : Research Questionnaire

Research Survey : The Impact of Cultural Values on Ethical

Leadership

I am currently a student at the University of Pretoria's Gordon Institute of Business Science and completing my research in partial fulfilment of an MBA.

I am conducting research on the impact of cultural values of ethical leadership. I am trying to establish effect of social, ethnic and traditional values in the behaviour of leaders. Your participation in this research will be highly valuable. In the following pages, you are asked to choose a number of statements that reflect your observations of cultural or organizational practices, your beliefs, your values, or your perceptions. There are no right or wrong answers. Our main interest is learning about the beliefs and values in your society, and how various societal and organizational practices are perceived by you and the others participating in this research. Your responses will be kept completely confidential. No individual respondent will be identified to any other person or in any written form. Nor will the name of your organization be publicly released.

This should take no more than 30 minutes of your time. Your participation is voluntary, and you can withdraw at any time without penalty. Your participation is anonymous and only aggregated data will be reported.

By completing the survey, you indicate that you voluntarily participate in this research. If you have any concerns, please contact me or my supervisor. Our details are provided below.

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There are 4 sections to follow, each with questions and a small description on how to answer them. Thank you for taking the time to complete this questionnaire. Your input is highly appreciated.

Qualifying Question :

Please indicate the level of management/rank you currently operate at;

- Non-Executive Director
- CEO/Managing Director/Executive Director
- Senior Management/ EXCO
- Middle Management
- Management/Supervisor/Project leader with Decision making power
- None of the above – i.e you're in a role with no decision making power

Section 1 — Demographic Questions

Following are several questions about you, your background, and the place where you work. These questions are important because they help us to see if different types of people respond to the questions on this questionnaire in different ways. They are **NOT** used to identify any individual. Please tick the most appropriate box

4. Please indicate your sex

Male	
Female	

5 Are you a South African National?

Yes	
No	

6 What is your racial or ethnic identification? (optional)

White	
African	
Indian	
Coloured	
Other	

7 How would you classify the size of the organisation you belong to? (*Mark one Block only*)

Large (Employs 250 or more people)	
Medium-size (50 – 249 employees)	
Small – (10 -49 employees)	
Micro – (fewer than 10 employees)	

8 What is your highest level of education? (*Mark one Block only*)

Some High school, No Diploma	
High School Graduate, Diploma or equivalent	
Diploma	
Bachelors Degree	
Advanced Degree (eg. Masters/Professional or Doctorate)	

9 What is your length of tenure at your current job? (*Mark one Block only*)

Under 2 years	
2 – 5 years	
5 - 8 years	
9 – 12 years	
More than 12 years	

10 Total years of work experience in a leadership role? (*Mark one Block only*)

Under 2 years	
2 – 5 years	
5 - 8 years	
9 – 12 years	
More than 12 years	

11 What is your date of birth? (Optional)

Section 2 — The way things are in your society

Instructions

In this section, we are interested in your beliefs about the norms, values, and practices in your society. In other words, we are interested in the ways of your society — not the way you think it should be. There are no right or wrong answers, and answers don't indicate goodness or badness of the society.

Please respond to the questions by circling the number that most closely represents your observations about your society.

Uncertainty Avoidance: The extent to which a society, organization, or group relies (and should rely) on social norms, rules, and procedures to alleviate unpredictability of future events. The greater the desire to avoid uncertainty, the more people seek orderliness, consistency, structure, formal procedures, and laws to cover situations in their daily lives.

1. In this society, orderliness and consistency are stressed, even at the expense of experimentation and innovation (strongly agree: 1; strongly disagree: 7).
2. In this society, most people lead highly structured lives with few unexpected events (strongly agree: 1; strongly disagree: 7).
3. In this society, societal requirements and instructions are spelled out in detail so citizens know what they are expected to do (strongly agree: 1; strongly disagree: 7).
4. This society has rules or laws to cover almost all situations (strongly agree: 1; strongly disagree: 7).

Assertiveness: The degree to which individuals are (and should be) assertive, confrontational, and aggressive in their relationship with others.

5. In this society, boys are encouraged more than girls to attain a higher education (strongly agree: 1; strongly disagree: 7).
6. In this society, there is more emphasis on athletic programs for boys: (strongly agree: 1; strongly disagree: 7).
7. In this society, it is worse for a boy to fail in school than for a girl to fail in school (strongly agree: 1; strongly disagree: 7).
8. In this society, Men are more likely to serve in a position of high office (strongly agree: 1; strongly disagree: 7).

Performance Orientation: The degree to which a collective encourages and rewards (and should encourage and reward) group members for performance improvement and excellence.

9. In this society, teen-aged students are encouraged to strive for continuously improved performance (strongly agree: 1; strongly disagree)
10. In this society, major rewards are based on performance effectiveness (strongly agree: 1; strongly disagree)
11. In this society, being innovative to improve performance is generally (strongly agree: 1; strongly disagree)

5. Humane Orientation: The degree to which a collective encourages and rewards (and should encourage and reward) individuals for being fair, altruistic, generous, caring, and kind to others

12. In this society, people are generally sensitive toward others: (strongly agree: 1; strongly disagree: 7).
13. In this society, people are generally tolerant of mistakes: (strongly agree: 1; strongly disagree: 7).

In-Group Collectivism (Collectivism 2): The degree to which individuals express (and should express) pride, loyalty, and cohesiveness in their organizations or families.

14. In this society, children take pride in the individual accomplishments of their parents (strongly agree: 1; strongly disagree: 7).
15. In this society, parents take pride in the individual accomplishments of their children (strongly agree: 1; strongly disagree: 7).
16. In this society, aging parents generally live at home with their children (strongly agree: 1; strongly disagree: 7).
17. In this society, children generally live at home with their parents until they get married (strongly agree: 1; strongly disagree: 7).
18. **It is important to member of society is viewed positively by the societies**

Institutional Collectivism (Collectivism 1): The degree to which organizational and societal institutional practices encourage and reward (and should encourage and reward) collective distribution of resources and collective action.

19. In this society, leaders encourage group loyalty even if individual goals suffer (strongly agree: 1; strongly disagree: 7).
20. The economic system in this society is designed to maximize individual interests (strongly agree: 1; strongly disagree: 7).
21. In this society, being accepted by the other members of a group is very important (strongly agree: 1; strongly disagree: 7).
22. In this society group cohesion is valued more than individualism: (strongly agree: 1; strongly disagree: 7).

Power Distance: The extent to which the community accepts and endorses authority, power differences, and status privileges

- 23. In this society, a person's influence is based primarily on one's ability and contribution to the society (strongly agree: 1; strongly disagree: 7).
- 24. In this society, followers are expected to obey their leaders without question (strongly agree: 1; strongly disagree: 7).
- 25. In this society, people in positions of power try to increase their social distance from less powerful individuals: (strongly agree: 1; strongly disagree: 7).
- 26. In this society, rank and position in the hierarchy have special privileges (strongly agree: 1; strongly disagree: 7).
- 27. In this society, power is concentrated at the top: (strongly agree: 1; strongly disagree: 7).

Future Orientation: The extent to which individuals engage (and should engage) in future-oriented behaviors such as planning, investing in the future, and delaying gratification.

- 28. The way to be successful in this society is to plan ahead: (strongly agree: 1; strongly disagree: 7).
- 29. In this society, the accepted norm is to accept the status quo: (strongly agree: 1; strongly disagree: 7).
- 30. In this society, social gatherings are planned well in advance (strongly agree: 1; strongly disagree: 7).
- 31. In this society, more people live for the present than live for the future (strongly agree: 1; strongly disagree: 7).
- 32. In this society, people place more emphasis on solving current problems: (strongly agree: 1; strongly disagree: 7).

Section 3 — Ethical Leadership Survey (ELS)

Please indicate whether you agree with each of the following statements about your leader/CEO/Manager by using the scale below and write the number which best represents your answer in the space next to each item..

To what extent are the following statements true about the leader in your company?

1 true

2 false

- 33. Listens to what employees have to say
- 34. Disciplines employees who violate ethical standards
- 35. Conducts his/her personal life in an ethical manner
- 36. Has the best interests of employees in mind
- 37. Makes fair and balanced decisions
- 38. Can be trusted
- 39. Discusses business ethics or values with employees
- 40. Sets an example of how to do things the right way in terms of ethics
- 41. Defines success not just by results but also the way that they are obtained
- 42. When making decisions, asks "what is the right thing to do?"

Section 4 — Measuring scale for Ethical Climate

(The proposed questions are from "*The Ethical Climate Questionnaire*" (Victor & Cullen 1987,1988)

The reliability of this survey was found to be $\alpha = 0.88$

Instructions

In this section, We would pose some questions to you about the general climate in your company.

Please answer the following in terms of how it really is in your company, not how you would prefer it to be. Please be as candid as possible; remember all your responses will remain strictly anonymous.

Please indicate whether you agree with each of the following statements about your company by using the scale below and write the number which best represents your answer in the space next to each item..

To what extent are the following statements true about your company?

- 1 Strongly Agree
- 2 Agree
- 3 Somewhat Agree
- 4 Neither Agree nor Disagree
- 5 Somewhat True
- 6 Mostly True
- 7 Completely True

- 43.** In this company, people are mostly out for themselves.
- 44.** The major responsibility for people in this company is to consider efficiency first.
- 45.** In this company, people are expected to follow their own personal and moral beliefs.
- 46.** People are expected to do anything to further the company's interests.
- 47.** There is no room for one's own personal morals or ethics in this company.
- 48.** Work is considered sub-standard only when it hurts the company's interests.
- 49.** In this company, people protect their own interest above other considerations.
- 50.** The most important consideration in this company is each person's sense of right and wrong.
- 51.** The most important concern is the good of all the people in the company
- 52.** People are expected to comply with the law and professional standards over and above other considerations.
- 53.** Everyone is expected to stick to company rules and procedures.
- 54.** People are concerned with the company's interests to the exclusion of all else.

- 55.** The most efficient way is always the right way, in this company.
- 56.** Our major consideration is what is best for everyone in the company.
- 57.** In this company, people are guided by their own personal ethics.
- 58.** Successful people in this company strictly obey the company policies.
- 59.** In this company, the law or ethical code of their profession is the major consideration.
- 60.** In this company, each person is expected, above all, to work efficiently.
- 61.** It is expected that you will always do what is right for the customer and public.

This concludes the questionnaire. We truly appreciate your willingness to complete this questionnaire, and to assist in this research project.

Appendix D : Plagiarism Declaration form

Declaration:

I declare that this research project is my own work. It is submitted in partial fulfilment of the requirements for the degree of Master on Business Administration at the Gordon Institute of Business Science, University of Pretoria. It has not been submitted before for any degree or examination in any other University. I further declare that I have obtained the necessary authorisation and consent to carry out this research.


Student Name : **Linda Reddy**

Signature : _____

Date : _____

Appendix E : Copyright Declaration

22.1 COPYRIGHT DECLARATION FORM

Student details			
Surname:	Reddy	Initials:	L
Student number:	19387904		
Email:	19387904@mygibs.co.za		
Phone:	0823899865		
Qualification details			
Degree:	MBA	Year completed:	2020
Title of research:	GIBS		
Supervisor:	Professor Caren Scheepers		
Supervisor email:	scheepersc@gibs.co.za		
Access			
A.	My research is not confidential and may be made available in the GIBS Information Centre and on UPSpace.		
I give permission to display my email address on the UPSpace website			
Yes	X	No	
B.	My research is confidential and may NOT be made available in the GIBS Information Centre nor on UPSpace.		
Please indicate embargo period requested			
Two years		Please attach a letter of motivation to substantiate your request. Without a letter embargo will not be granted.	
Permanent		Permission from the Vice-Principal: Research and Postgraduate Studies at UP is required for permanent embargo. Please attach a copy permission letter. Without a letter permanent embargo will not be granted.	
Copyright declaration			
I hereby declare that I have not used unethical research practices nor gained material dishonesty in this electronic version of my research submitted. Where appropriate, written permission statement(s) were obtained from the owner(s) of third-party copyrighted matter included in my research, allowing distribution as specified below.			
I hereby assign, transfer and make over to the University of Pretoria my rights of copyright in the submitted work to the extent that it has not already been affected in terms of the contract I entered into at registration. I understand that all rights with regard to the intellectual property of my research, vest in the University who has the right to reproduce, distribute and/or publish the work in any manner it may deem fit.			
Signature:			Date: 30 November 2020
Supervisor signature:	Caren B Scheepers		Date: 30 Nov 2020

Appendix E : Certification of Data Analysis Support Form

25. APPENDIX 6 CERTIFICATION OF ADDITIONAL SUPPORT

(Additional support retained or not - to be completed by all students)

Please note that failure to comply and report on this honestly will result in disciplinary action

I hereby certify that (please indicate which statement applies):

- ~~I DID NOT RECEIVE~~ any additional/outside assistance (i.e. statistical, transcriptional, and/or editorial services) on my research report:
.....
- I RECEIVED additional/outside assistance (i.e. statistical, transcriptional, and/or editorial services) on my research report x
.....

If any additional services were retained– please indicate below which:

- Statistician**
- Transcriber**
- Editor**
- Other (please specify:.....)**

Please provide the name(s) and contact details of all retained:

NAME: Muhammad Jamal

EMAIL ADDRESS: statsninja@gmail.com

CONTACT NUMBER: 061 531 1992

TYPE OF SERVICE: Statistician

NAME:

EMAIL ADDRESS: X

CONTACT NUMBER:

TYPE OF SERVICE:

NAME:

EMAIL ADDRESS: X

CONTACT NUMBER:

TYPE OF SERVICE:

I hereby declare that all *statistical write-ups and thematic interpretations of the results for my study* were completed by myself without outside assistance

NAME OF STUDENT: Linda Reddy

SIGNATURE: 

STUDENT NUMBER: 19387904

STUDENT EMAIL ADDRESS: 19387904@mygibs.co.za

Appendix F : Ethical Clearance Confirmation

Ethical Clearance Approved Inbox x

MastersResearch2020 <MastersResearch2020@gibs.co.za>

to me ▾

**Gordon Institute
of Business Science**
University of Pretoria

**Ethical Clearance
Approved**

Dear Linda Reddy,

Please be advised that your application for **Ethical Clearance** has been approved.

You are therefore allowed to continue collecting your data.

We wish you everything of the best for the rest of the project.

[Ethical Clearance Form](#)

Kind Regards

This email has been sent from an unmonitored email account. If you have any comments or concerns, please contact the GIBS Research Admin team.