Politcal leadership in democracies: some lessons for business?

David Butcher and Martin Clarke

Cranfield School of Management, Cranfield, UK

Abstract

Purpose – The purpose of this paper is to show that, with demands from a widening range of stakeholders for more democratic approaches to governance, there is an evident need to develop alternative models of organizing. In seeking to understand how to conceptualise this alternative, an analysis of the organizational and political institutional contexts for leadership is provided.

Design/methodology/approach – Analyses the main precepts of democracy to establish the basis upon which a comparison between these two contexts might be made. It distinguishes between the value premises of democracy and the structural mechanisms through which those principles are enacted and identifies the significant leadership processes that underpin these values. This analysis is then used as a basis for analyzing the leadership role in organizations.

Findings – The paper demonstrates that differences between the two settings are a matter of perspective: the structural mechanisms of democracy are not enacted rationally. In particular, the pre-eminence of micro-political activity is highlighted as a vehicle for the enactment of ethical behaviour and civic virtue in both settings.

Practical implications – Applying a political institutional approach to leading suggests the need to reconfigure the role of hierarchy to encourage self-organization, valuing conflict, protection of weaker stakeholders, the legitimization of political activity and helping groups to forge their own identity.

Originality/value – Most similar analyses are typically constructed within the canons of rational organization. Applying to businesses the principles of institutional leadership implies a significantly different model in which leaders promote and legitimise both the distribution and coalescing of power and the necessary dissent and debate required to reconcile a plurality of interests with the establishment of organizational coherence.

Keywords Democracy, Leadership, Politics, Stakeholder analysis

Paper type Conceptual paper

The increasing tendency to see businesses as communities of stakeholders may not yet be a mainstream idea, but it is increasingly hard to ignore. Some argue that the pluralist nature of all organizations is now irrefutable (Etzioni, 1998; Child, 2005). Business leaders have to be responsive to the external interests of shareholders, customers, supply chain relationships and strategic alliances, as well as to the internal concerns of employees seeking greater “voice” and consultation. This multiple interest perspective has served to promote the development of stakeholder theory in which business success is seen to lie in the capability of organizations to effectively work with, and accommodate, such diverse concerns (Clarkson, 1995; Donaldson, 1999; Jones, 1999). The participation of such stakeholders in organizational governance suggests a more democratic orientation to organizing (Harrison and Freeman, 2004).

Yet progress towards this goal has been limited (Heller, 1998; Kerr, 2004). In particular, attempts to extend participation in the workplace through strategies of
empowerment and culture management have tended to reinforce a unitary approach to organization (Brunson, 2002). Despite advocacy of so-called “bottom up” approaches to change and involvement (Hamel, 2000; Lipman-Blumen and Leavitt, 2001), it appears that business leaders have yet to see a meaningful alternative to rational bureaucracy as a way of providing organizational direction, coherence and efficiency (Child and McGrath, 2001).

Nevertheless, there is an evident rationale for developing an alternative model of organizing. The need to work effectively with the complexity of stakeholder demands will only increase (Daboub, 2002), resulting in a substantial disjunction with the normative model of rational organization (Grint, 2004; Cludts, 1999). On the assumption that senior managers eventually have no choice but to address this schism between prescription and practice more fundamentally than hitherto, the central issue becomes one of enabling them to rethink their role in relation to the stakeholder communities over which they preside.

In seeking to understand how to conceptualise leadership in a democratically constituted business context, this paper focuses on an obvious yet curiously under-explored starting point. Can political leadership in democratic systems provide a legitimate and credible template for business leaders, and to what extent can the principles underlying such leadership be translated into a business context (Peele, 2005)? Our focus on the role of leadership is premised on the view that “it is impossible to imagine a strong healthy democracy without leaders” (Ruscio, 2004, p. ix). Whilst to be effective, organizational democracy must reflect processes for participation, good citizenship behaviour and other tenets of political institutions, democratic governance is justified in terms of people exercising influence over their collective destiny, and leadership is implicit in this endeavour (Ruscio, 2004).

At face value, the differences between business organizations and democratic institutions appear irreconcilable. Indeed, Armbruster and Gebert (2002) point to fundamental distinctions between organizations (of any constitution) and society. Organizations usually have stated goals; society does not. Individuals are contractually bound to organizations whereas they are members [their emphasis] of society without a voluntary contract. And crucially, as Etzioni (1998) points out, the electorate has a right to participate, whereas employees usually have this privilege bestowed on them by senior managers. Thus, unsurprisingly, Peters and Williams (2002) see the most distinguishing feature of political leadership in democratic systems being the autonomy of representatives, and their link to external forces via the electoral connection. Kerr (2004, p. 82) supports this view and is highly critical of “the assumption that, as a method of governance and decision making, democratic values and practices can be applied in all organization settings”.

In this paper we seek to go beyond these evident objections. Like Harrison and Freeman (2004), we see greater organization democracy, not as a process of extending voting power to stakeholders, but as a vehicle for enhancing self government and voluntary association. In this context, we define organization democracy in terms of the need for enhanced individual autonomy and the legitimisation of processes that enable such individuals to be self reflective – to deliberate, judge, choose and act upon courses of action (Held, 1987) as free as possible from unequal power relationships. We will distinguish between these value premises of democracy and the structural mechanisms through which they are enacted, arguing that whilst the former have
increasing relevance to the business organization context, it is the latter that strike such a discordant note when considered within that context. However, we will seek to demonstrate that this difference between structure and values is a matter of perspective, since from a post-modern critical standpoint, the structural mechanisms of democracy are not enacted rationally, that is they are distorted by many competing interests. The paper thus offers an initial analysis of the main precepts of democracy to establish the basis upon which a comparison between institutions of democratic government and the business context might be made. Conclusions are drawn as to the differences and similarities between each context, and the implications for business leadership are considered. It is not our intention here to provide a definitive model of either political or business leadership, nor to suggest that political leadership might mirror all aspects of business leadership. Rather, we seek to demonstrate that there are aspects of political leadership that have significance for the management of contemporary organizations. In doing so we hope to establish the value of further theoretical and practical development.

In an undertaking of this breadth we have had to be selective in our focus. We ignore the broad theoretical difficulties that are widely acknowledged to remain regarding the nature or role of leadership as a generic concept (see, for example, Elgie, 1995; Barker, 1997; Grint, 2002), despite decades of research. Likewise, we do no more here than to note that the nature of democracy has been the source of fundamental debate (see, for example, Held, 1987; Lijphart, 1984) for rather longer still. Following a theoretical position well established by others, we take a socially constructed approach to leadership (Elgie, 1995; Barker, 1997; Leach and Wilson, 2000; Denis et al., 2001). Leadership is seen as a phenomenon in which context and action mutually influence each other over time, with individual action being constrained by context and yet simultaneously modifying that context (Giddens, 1984). We also conform to the widely held assumption that leadership essentially involves the exercise of power in the pursuit of a direction that is meaningful for others to follow (Leach and Wilson, 2000; Horner-Long and Schoenberg, 2002).

**Democracy and its enactment**

Although there are many different conceptions of democracy (Lijphart, 1984; Held, 1987; March and Olsen, 1995; Kaiser et al., 2002), and its enactment differs across cultures (Kim et al., 2002), time (Skowronek, 1993) and regimes (Wildavsky, 1989; John and Cole, 1999), at the heart of the democratic ideal lies the notion of equal freedom for all to deliberate the aims of society. We find there is broad agreement within the extant literature that the value premises (Starrat, 2001) underpinning this ideal embrace, above all, the following:

- **Individual and group autonomy** – the central principle of classical democracy is liberty (Held, 1987) – people living together as equals under the law yet, free to pursue their own interests (Starrat, 2001). From this viewpoint, democracy is intended to realise the desire of individuals for meaningful control over their lives (Patten, 2001; Held, 1987; Lijphart, 1984).

- **Acceptance of competing interests** – as a consequence of the desire for individual autonomy, conflict and competition for scarce resources is also central to the enactment of democracy. “Competitive politics gives power to the people” (Barry, 2002, p. 157) and thus to talk about democracy is to talk about a system of
competing interests (Robertson, 1976). Far from being divisive, this competition preserves the ideal of democracy by ensuring the necessary checks and balances against abuse of power (Müller and Strøm, 1999).

• *Reasoned consideration of alternatives* – if a democratic society is thus one that acknowledges the inevitability of diversity of opinion (Patten, 2001), the stronger the degree of factionalism, the greater the need for institutional structures that encourage participation (Robertson, 1976; Held, 1987). Explicitly partisan debate and resultant transparency of information is therefore an integral and legitimate part of the democratic process, and essential for the resolution of differences (Stuckey, 1999; Nice, 1998).

We also find there to be broad agreement in the literature that democratic systems require three particular structural mechanisms to ensure the enactment of these value premises:

1. **Representation** – a process that mediates between potential tyranny and anarchy. Achieving the balance between rule by an elite and indirect rule through the masses appears for many commentators central to ensuring democratic debate (Barbrook, 1975).

2. **Accountability** – the ability of an electorate to “punish” or “reward” leaders through elections. Thus although the people do not rule, they have power over the rulers and thus indirectly have power to determine the content of the decisions taken by the rulers (Barry, 2002).

3. **Participation** – the process through which the electorate’s views are taken into account (Kaiser *et al.*, 2002). Kim *et al.* (2002) suggest that the degree of electoral inclusion has a direct impact on the level to which the electorate trust their political representatives to deliver on their mandate.

Although the value premises underpinning democracy ultimately remain the subject of a discussion already of several millennia duration, much contemporary debate focuses on whether structural mechanisms for the enactment of democracy have empirical validity. The conclusions reached are very much dependent on the epistemological perspective in use, for as Patten (2001, p. 223) points out, “democracy is always a matter of degree”. Jones (1989) draws a distinction between traditional, rational approaches to political science and those that take a post-modern, critical perspective. From the latter vantage point, the mechanisms of representation, accountability and participation are not enacted rationally. Let us consider this further.

Representation does not provide a direct and actionable link with the electorate (Müller and Strøm, 1999). Representatives are caught between party, constitutional and individual interests and thus in reality politicians experience a range influences that mediate their representational role. These include; allocating party finances, the impact of electoral institutions, the need to attract votes, the numbers of parties in competition, their party’s own organization, and the incentives for party leaders when in office. Müller and Strøm’s (1999, p. 307) research suggests that while political leaders are more responsive to the electorate than to their membership, they are “far from playing the role prescribed for political parties by democratic theory”. Campbell and Rockman (1999) suggest that that the quality of representation is as much to do with the aptitude
for independent judgement and self-reliance in the electorate as it is to do with the linkage between representatives and voters.

Similar issues arise with participation. Stuckey (1999) sees accountability as being composed of political (electoral) and institutional (constitutional) processes. She points out that political accountability is an unreliable mechanism at best because elections are becoming more and more subject to media influence, and the distinctions between governing and campaigning becoming more blurred. Barry (2002) suggests that accountability is at best a by-product of prospective voting, since whatever power voters have over a government comes about by virtue of that government's expectations of how its performance will affect its chances of success at the next election. The only way voters can make a reasoned decision is by assessing whether the opposition would have done worse or better - a hypothetical and a complex estimation subject to all kinds of influences that weaken the process of accountability. Similarly, political accountability is also argued to be diminished. In the UK this is reflected in the disenfranchisement of New Labour party members (Kennedy and Joseph, 2000), and in the USA by a weakening party political system and a Congress that has fallen prey to scandal mongering (Stuckey, 1999).

Inclusion of the electorate's views is similarly mediated by a number of factors. Policy decisions may not reflect electoral preferences for many reasons: tactical and strategic decisions by politicians, self-interested behaviour, context changes, compromises and broken promises (Kaiser et al., 2002, Preston and t'Hart, 1999). The electoral system, too, may impair this process. For example, in “first past the post” systems, the winning party may not enjoy genuinely wide support, as evidenced in the UK by New Labour's 2001 re-election. Again, when politicians are required to vote in accordance with party executive policy, “at the limit, democracy can mask rule by a small elite or even an elected dictator” (Nagel cited in Kaiser et al., 2002).

Thus, from a post-modern perspective, the mechanisms for accomplishing in practice the value premises of democracy are not rationally enacted. According to Starrat (2001, p. 347), “the post modern critique of modernity has illuminated the logic of power and the mythic assumptions behind the practise and the theory of democracy”. However, far from rejecting the concept of democracy as a practical form of governance, Starrat (2001, p. 351) argues that the “fulfilment of working towards a democratic community is worth the struggle of its imperfect realization”. As a case in point, following the 2001 UK parliamentary election, when less than half of the possible votes were cast, new processes of representation (for example, increasing the use of plebiscitary referenda, telephone and internet voting, more local mayoral offices) are being tested. Such actions can be seen as a reflection of the deeper underlying value premises that over time, through careful stewardship by institutional leaders, become translated into the processes of government, always with the aim of minimising any compromise of their integrity. Thus, it is the value premises of individual and group autonomy, acceptance of competing interests, and reasoned consideration of alternatives, that we will argue to provide the basis for valid comparison of the process of leadership in political and corporate contexts. Moreover, as we will seek to demonstrate, whilst the structural mechanisms of representation, accountability and participation provide the template for enacting democratic value premises, the processes in use are better guide to enactment practices within context of political
institutions. Crucially, it is these that appear to correlate with processes in use found in the context of business organizations.

**Democratic values and the practice of political leadership**

From a pan-historical viewpoint, the stewardship of these democratic values has become central to democratic government (Ruscio, 2004). Thus over time, societies have enshrined them in roles, rules and procedures that provide the practical frameworks for representation, participation and accountability. Presidencies, prime ministerships, cabinets, advisory units, bureaucracies, legislatures, electoral systems, interest groups and political parties all form part of this framework (Elgie, 1995). It is therefore the interaction and application of these roles, rules and procedures that, for practical purposes, forms the context for political leadership (Elgie, 1995).

In this context, studies of political leadership have explored the impact of a wide variety of influences such as style (Simonton, 1988), psychological disposition (Preston and t’Hart, 1999) and in different settings such as party leadership (Müller and Strøm, 1999), lobbying (DeGregorio, 1997), local authority leadership (John and Cole, 1999), and public sector organizations (Vigoda, 2002). This work indicates that generic issues are recognisable across different democratic systems (Elgie, 1995), and therefore, that similar types of leadership behaviour are observable. Specifically, we postulate that in stewarding the value premises of democracy, the enactment of political leadership is characterised by the need to resolve two distinct sources of stress: firstly, between the drive for cohesion and the productive exploitation of differences; secondly, between the exercise of bureaucratic politics and civic virtue, in which leaders balance personal interests with those of wider concern. We would argue that the manner in which leaders address these tensions amounts to processes in use that are, in practice, the mechanisms through which democratic value premises are enacted. In other words, the mechanisms of representation, accountability and inclusion provide a formal expression of what in actuality are elaborate organizational processes. These exist for the very reason that the formal mechanisms can be neither rationally enacted nor optimally designed.

Let us further examine these two tensions. The imperative for cohesion is evident in both managing the support of interest groups external and internal to parliaments. The voluntary nature of this support and participation is critical in the way leaders attempt to build their mandates. For example, in the context of UK local authorities, Leach and Wilson (2000) consider that an ability to read the range of external and internal agendas in order to create cohesion is crucial to political leadership. Not only are vested interests expected, but there is an anticipated difference between the degree of public and private support provided for different causes (ibid), and thus that some politicians may well pursue a covert strategy. At party or electorate level, the use of rhetoric and mass media to build consensus, or stimulate change and exploit opportunities is also considered essential (Gaffney, 2001, Mazzoleni, 2000). The ability of leaders to manipulate the portrayal of issues (whether through media management or personal presentation) is one of the most important ways of achieving this consensus (Peele, 2005, Baumgartner, 1989).

Studies of political leadership on both sides of the Atlantic therefore emphasise a mindset that sees conflict as a necessary and pervasive aspect of political life (Kaarbo and Hermann, 1998). Whilst differences can create schisms that may harden into
intractable positions, they are also often seen as a healthy stimulus that can make a positive contribution (Leach and Wilson, 2000; Takala, 1998). In order to maintain enthusiasm amongst immediate followers, leaders need to be able to encourage differences but keep the ensuing tensions “within bounds” (Leach and Wilson, 2000). Approaches to managing this diversity in cabinet settings include developing relationships with key factions, encouraging interdependence and empowerment amongst cabinet colleagues, preparing the ground before meetings, and rewarding allies (Kaarbo and Hermann, 1998). In order to raise the support needed to pass legislation, leaders must “trick, woo and cajole their way to a following” (DeGregorio, 1997, p. 2).

These observations on the tension between the drive for cohesion and the productive exploitation of differences also serve to emphasise the pervasive existence of micro politics in the leadership process. Actors with mutual and competing interests are continually bargaining, coalition building, pulling and hauling. Whilst of course the centrality of macro governmental politics is recognised as being critical to the enactment of democracy (Held, 1987), the ubiquitous nature of bureau politic is still only a partially understood phenomenon in the policy making process (Preston and t’Hart, 1999). Such activity can of course be destructive (Nice, 1998), but is nevertheless endemic to leadership in a political context and a potentially valuable source of pluralist checks and balances (Preston and t’Hart, 1999).

The significance of micro political behaviour is that it gives rise to a second source of tension, since it can only be predicated on the assumption that political leaders possess “civic virtue” (Starrat, 2001, p. 337), the ability to forego, at least on some occasions, self interest on behalf of others or on behalf a wider common good. For without civic virtue, democracy disintegrates (Renshon, 2000). If successful political leaders are those who are able to create cohesion from diversity, such leaders must demonstrate their ability to balance self interested behaviour with broader policy goals. Tightening political accountability cannot replace a sense of individual responsibility in political leaders, and indeed to do so would only force politicians to resort to less legitimate forms of political behaviour (Stuckey, 1999). Balancing micro political activity with the representational role is therefore intrinsically important in achieving cohesion amongst partisan interests.

Thus whilst the enactment of political leadership is undoubtedly moderated by individual differences in ambition and personal style, there are specific features distinguishable across different democratic forms. The core democratic value premises of autonomy, acceptance of competing interests, and reasoned debate, are institutionalised into mechanisms that encourage the distribution and voluntary coalescing of power, and that moderate the resultant tensions through participation and consultation. In practice this means that political leadership is generally characterised, firstly, by activity that values differences but seeks to create cohesion in support of policy, and secondly by micro political activity predicated upon the underlying principle of civic virtue that values the representational and stewardship roles of political leadership. Indeed, in a political environment increasingly characterised by decentralisation, mass media, multiple stakeholders, bureaucratic reform and institutional fragmentation, the stewardship of collective, voluntary and participatory processes of decision making are likely to become ever more important (Leach and Wilson, 2000; Pillai and Williams, 1998).
Businesses as stakeholder communities

In what ways then does this understanding facilitate or preclude a comparison with emerging theories of stakeholder organizations? In principle, stakeholder theory explains business survival in terms of an organizational capability to create sufficient wealth, value or satisfaction for parties with whom it has critical relationships (Clarkson, 1995; Donaldson, 1999; Friedman and Miles, 2002). This reflects the idea of successful organizations being in a mutually adaptive relationship with their environment (Caldart and Ricart, 2004). This “co evolution” is the “joint outcome of managerial intentionality, environment and institutional effects” (Lewin and Volberda, 1999, p. 527). In this context, competitiveness is dependent upon the continual reconfiguration of corporate resources (Eisenhardt and Martin, 2000), the resulting organizational form being described in one study as a “dynamic community”, where the capability to work in such ways are the result of a “social community” bound together by a number of communal imperatives (Galunic and Eisenhardt, 2001, p. 1229).

This theme of organizations as communities of stakeholders is also prevalent in the Community of Practice literature that focuses on organizational learning (Lave and Wenger, 1991; Brown and Duguid, 1991, 2001) and particularly in the work of Charles Handy (1997, 1998) that tracks the emergence of the concept of “organizational citizenship”. Handy’s idea reflects the voluntary basis upon which employees share their valuable knowledge; this has to be given freely and thus employees need to be viewed as voluntary citizens, not merely employees. Citizens pursue both individual and shared purposes, competing and relying on each other simultaneously. In a business conceived of as a stakeholder community, strategic leadership is distributed among diverse individuals who share the responsibility to create a viable future for their firm (Ray et al., 2003; Frydman et al., 2000; Bennett et al., 2003).

However, the extent of such change in the workplace is still a matter of debate (Etzioni, 1998; Halal, 2000; Thompson and Davidson, 1995). Stakeholder theorists, as John Hendry (2001, p. 223) points out, are challenged by the task of integrating the moral and economic arguments of stakeholder theory. In consequence they “have either restricted themselves to very modest claims as to the respect to be afforded to stakeholders within the existing legal and institutional structure, or, more commonly, pitched their claims so high as to sacrifice any practical credibility”. He suggests that more progress might be made if stakeholder theory gives greater weight to the idea of organization as a complex system of social relationships in which the ethical and economic conflicts of this approach can be understood as being resolved in the same way as the moral conflicts of individual managers facing the practical dilemmas of everyday life (ibid). Our focus on the social processes of political decision making takes up this challenge: in this paper, the importance of a stakeholder perspective lies in its emphasis on organizations as the locus for a plurality of interests (Cludts, 1999; Crane et al., 2004). Our approach to stakeholder theory is one which explicitly highlights the central role of conflicting agendas; managers are thus continually engaged in a process of co-ordinating and weighing different claims in order to guarantee long-term organizational survival (Cludts, 1999; Cragg and Greenbaum, 2002).

Thus, viewed from a stakeholder perspective, the distribution of power in business settings appears as diverse as in a political context. As many commentators observe, in an effort to be more responsive to stakeholder interests, businesses are attempting to devolve power and responsibility for many more organizational decisions, leading to
smaller, self-organising units (see, for example, Miles et al., 1997; Child and McGrath, 2001; Daboub, 2002). These interests are both internal and external, unpredictable and multi directional (Lewin and Volberda, 1999). Complexity and co-evolutionary theorists (Galunic and Eisenhardt, 2001; Brown and Eisenhardt, 1997; Malnight, 2001) note how, in order to meet different stakeholder interests, businesses develop modular forms and that these can build autonomy and diversity of power into organizational design. In a similar vein, Denis et al. (2001) have found that the formal prescribed structure in the pluralistic setting of healthcare did not give dominant power to any one key constituent, and that progress was made by constellations of leaders acting in concert. Thus as is widely recognised, leadership power is derived from successful relationships rather than hierarchical position (see, for example, Ray et al., 2003; Bisset, 2004). This social capital is derived from a wide variety of networks and interpersonal relationships (Burt, 1992; Nahapiet and Ghoshal, 1998; Bolino et al., 2002). In dynamic co-evolving organizations, social capital is in a constant state of flux as relationships and networks converge and collide.

There is not the scope here to draw further parallels between the features of democratically constituted political institutions and the stakeholder view of business entities. (Further analyses can be found in Rousseau and Rivero, 2003; and Kerr, 2004). However, from the foregoing discussion we contend that the value premises of democracy are self-evident within stakeholder theory. Whether the structural mechanisms for their enactment are applicable to leadership in a business context then becomes our central question.

Some lessons for business
As previously highlighted, there are clearly inherent limits to which representation, accountability and inclusion are appropriate to the business context. Despite the increasing interest in stakeholder theory, the idea of business leaders representing the interests of a constituency, other than that of shareholder, seems as yet embryonic (Cragg, 2000). Furthermore, insofar as the faithful representation of constituent interests is apparent in business, accountability is not subject to the same high degree of public scrutiny required of political leaders. Similarly, the inclusion of constituent views in business decision making processes remains limited, despite significant and widespread effort to introduce formal participatory mechanisms (Thompson and Davidson, 1995; Heller, 1998). And most fundamentally, whilst protecting the rights of democratic participation is an immutable aspect of political leadership, it is not reflected in a business context (Coopey and Burgoyne, 2000). The stewardship role of business leaders has become institutionalised as a concern for organizational wealth and shareholder return, rather than democratic principles of governance (Cragg, 2000).

However, we argue that these are mostly differences of degree rather than substance. Thus, on the one hand, political leaders within the institutions of democracy make considerable use of formal authority in such roles as party officials or committee members. Political parties and the executive institutions of government are organizations with hierarchies, and formal authority has a role in enabling political leaders to create coherence. Yet such formal authority must be balanced fundamentally with the legitimacy of representation and accountability for the inclusion of pluralist electorate views. On the other hand, from a stakeholder theory perspective, the formal authority of business leaders co-exists with their role as de facto representatives of
constituent interests. As organizations become more complex and fragmented, the role of informal power derived from relationships and networks across the organization increases in importance (Atkinson and Butcher, 2003; Tsai and Ghoshal, 1998) and leadership thus becomes evermore the product of an informal social process (Barker, 1997; Ray et al., 2003). The appointment of leaders to senior positions is therefore dependent upon representing the interests of a whole range of relationships, which if not recognised can lead to political turnover (Denis et al., 2001, Comtois et al., 2004). Business leaders are therefore required to become representational in their approach, a process further reinforced by increasing public scrutiny of corporate affairs.

As it is for political leaders in democratic institutions, this requirement both to coalesce and distribute power can only be achieved on the assumption that the leadership of organizations is intrinsically a micro-political process. Since there is ample evidence that this is the case (Pfeffer, 1992; Barker, 1997; Coopey and Burgoyne, 2000), it follows that business leaders need to, and indeed, appear to embrace behaviours that not only include debate, lobbying and coalition building, but also more contentious activity such as information management, covert action and an ability to “trick, woo and cajole support” (DeGregorio, 1997, p. 2). In other words, if some level of cohesion around core organizational values is to be achieved, these behaviours need to become as integral to business leadership as open dialogue and debate about differences. As has increasingly been recognized (Pfeffer, 1992; Buchanan, 1999; Vigoda, 2003), micro-political behaviour in organizations, far from being dysfunctional, is central to the achievement of managerial goals. Moreover, it may well constitute a vehicle to strengthen the social responsibility of managers (Grint, 2004).

In this respect, the negative connotation associated with “organizational politics” is a residue of rational bureaucratic values and an impediment to effective management of the stakeholder organization. Commentators such as Coopey and Burgoyne (2000) argue that the legitimacy of political action may best be attained through statutory rights that guarantee participation in debate, freedom of speech and protection from illegal coercion. However, as Heller (1998) observes, over the last 50 years the many attempts to introduce greater levels of democracy into the workplace have met with limited success, and formal participation in decision making can be slow and messy, leading to unwarranted levels of conflict (Duchon et al., 1998, cited in Ashmos et al., 2002). And as Stuckey (1999) highlights in the context of political institutions, tightening formal accountability may only force leaders to resort to less acceptable means of micro-political behaviour. As with the leadership of political institutions, responsible micro-political behaviour can only be predicated on the assumption that business leaders possess civic virtue. And to our knowledge, there is no evidence to suggest that managers are any less motivated by just causes, any less willing to forego self-serving ends, nor any less prepared to distinguish between ethical and unethical means, than elected politicians (Michalos, 2001).

Practical and theoretical implications
In recent years there has been a steady increase in literature that focus on the importance of democracy as a feature of future organizational forms (for example, Hesselbein et al., 1997; Cloke and Goldsmith, 2002; Manville and Ober, 2003). These contributions routinely discuss principles of representational leadership, participation and organizational citizenship, but conceptually are typically constructed well within
the canons of rational organization. Thus they tend to assume unity of motive and open communication to be attainable organizing principles, and de facto the primary template for business leadership.

Applying to businesses the principles of leadership found within the institutions of democratic government implies a significantly different model to that reflected in the rational management of organizations. Whilst formal authority remains employed in the pursuit of unity, it does not serve to ensure control. This principle promotes and legitimates both the distribution and coalescing of power and the necessary dissent and debate required to reconcile a plurality of interests with the establishment of organisational coherence. Common good can emerge “from chaotic, reciprocal interaction among people with potentially conflicting goals, values and ideals” (Barker, 1997, p. 351). Organisation leaders, like their institutional counterparts must in effect take pride in defending what they seek to oppose (Sandel, cited in Etzioni, 1999), that is, to value opposition and difference. For in doing so they surface the debate and dialogue that checks the abuse of power so often felt by less powerful stakeholders. Extending the parallel with democratic governance, the leadership role would therefore also be to mediate between deserving causes, challenging constituents to justify the significance of their agendas and their demands for resource. The role of top management would remain to provide fundamental organizational framing, but that this would take into consideration many voices, and by satisfactorily justifying their conclusions and actions to their constituents.

Only through the voluntary pursuit of individual and often competing agendas can individuals negotiate their identification to wider organisational values. This may be best achieved by leadership behaviours that encourage self-organisation, valuing competition and conflict, the protection of weaker groups and helping groups to create their own identity and ethics. This approach is premised on the idea that unofficially constituted groups in organizational settings are able to provide the level of self-control necessary for the maintenance of organizational congruence; a multiplicity of stakeholder agendas does not necessarily create organizational incoherence (Rowley and Moldoveanu, 2003; Caldart and Ricart, 2004).

This voluntaristic form of participation is predicated on leaders acknowledging their responsibility to act as stewards of constructive political activity, without which individuals have no legitimate process of positioning causes and reconciling differences. Viewed in this way organizational politics are no longer an aberration to be tolerated but a “democratic asset” (Novicevic and Harvey, 2004) to be encouraged. The legitimate use of politics is dependent upon leaders being able to demonstrate the ethical content of their decisions by their ability to balance personal and organisational interests (Butcher and Clarke, 2001) in the pursuit of causes that are worthy, from a social, as well as economic point of view (Galunic and Eisenhardt, 2001). As such, senior managers will be actively embracing the role of community architect in which the need for civic virtue (Starrat, 2001), the ability to balance individual interests with those of the social and economic interests of the wider organisational community, becomes central to leadership. In other words, they will need to aspire to become intimately concerned with how they represent the motivations and interests of individuals and how these are voluntarily integrated into the mores of their wider organisational community (Barker, 1997; Courpasson and Dany, 2003).

So described, this is not intended as a closely articulated model of business leadership, nor as some radical agenda for its transformation. Our purpose here has
been to draw attention to some parallels between the leadership task in the institutions of democracy and the problem for business leaders posed by the pluralism inherent in the stakeholder organization. We argue that relevant lessons may be drawn from this comparison, and that those lessons are significant on account of the need to provide business executives with new insight into how they can better shape their stakeholder-driven organizations.

The extent to which these leadership behaviours are observable in organizations, and the nature of their motivational antecedents, now forms the basis of a research programme for the authors. Whilst further theoretical development is required, initial hypothesising suggests that four behaviour sets are central to a leadership approach which seeks to balance both diversity and cohesion of agenda and self interest and civic virtue. These are:

1. Representing the interests of constituencies not immediately connected with a leader’s own formal responsibilities – leaders who value diversity of view are hypothesised as being concerned to bring together a wide variety of constituencies to pursue interests through collective action, thereby creating a sense of involvement (Kakabadse and Kakabadse, 2005).

2. In turn this requires leaders to provide such constituencies with space, autonomy and power to act and experiment (Yorks and Marsick, 2000).

3. In order to encourage cohesion, RL's need to facilitate debate and challenge. This orientation is similar to the notion of an “arena” (Burgoyne and Jackson, 1997, p. 61) in which differences meet, are fought over, reconciled and reconfigured into new groupings factions and alliances.

4. In practice, this means that organizational politics, as with its counterpart in an institutional setting, is a necessary and logical process by which diverse interests are resolved (Butcher and Clarke, 2001; Held, 1987). This includes behaviours such as networking, positioning causes, lobbying, and coalition building (Denis et al., 2001; Ammeter et al., 2002). These four behaviour sets are viewed as recursive, both shaped by, and shaping, social structures.

As yet, there exists no appropriate model of leadership consistent with a stakeholder theory of businesses, nor are we alone in suggesting the need for one is increasingly apparent (Rousseau and Rivero, 2003). As a contribution to the development of this model we have sought to argue here that there is some well-established precedent on which to draw.

References


Further reading


About the authors

David Butcher has worked in management education for thirty years, and has held positions in several major business schools. He is a leading member of Cranfield’s faculty, Director of Open Executive Programmes and Director of the flagship Business Leaders Programme. He has published widely on the subjects of business transformation and leadership and is a frequent speaker at both international conferences and company seminars.

Martin Clarke is a Lecturer in Management Development and Programme Director of the Cranfield General Management Programme. His experience lies chiefly in the area of organisational development, and his main interests and writing are in the role of management development and organisational politics in personal and organisational change. He is the corresponding author and can be contacted at: martin.clarke@cranfield.ac.uk

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