

# CIPD

Championing better  
work and working lives

## Technical report

June 2017



# *Purposeful leadership:*

what is it, what causes it,  
and does it matter?

The CIPD is the professional body for HR and people development. The not-for-profit organisation champions better work and working lives and has been setting the benchmark for excellence in people and organisation development for more than 100 years. It has more than 140,000 members across the world, provides thought leadership through independent research on the world of work, and offers professional training and accreditation for those working in HR and learning and development.

As the past year has demonstrated, leaders must be responsive to the demands of the people who have entrusted them to lead, while also providing a vision and a way forward, so that people can imagine a better future.

True leadership in a complex, uncertain, and anxious world requires leaders to navigate with both a radar system and a compass. They must be receptive to signals that are constantly arriving from an ever-changing landscape, and they should be willing to make necessary adjustments; but they must never deviate from their true north, which is to say, a strong vision based on authentic values.

Five Leadership Priorities for 2017

Davos World Economic Forum

<https://www.weforum.org/agenda/2017/01/five-leadership-priorities-for-2017>

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# Executive summary

Organisational purpose that goes beyond a mere focus on the bottom line has been the subject of significant attention in recent times. In part, this interest has been fuelled by a growing disillusionment with the kind of short-termist, financial imperatives that are blamed by many for causing the 2008 recession. From an HRM perspective, organisational purpose is aligned with the prevailing emphasis on the triple bottom line of people and purpose, alongside profit.

If organisations are to be purposeful, however, what role do leaders play in this? Not much is known about purposeful leadership, what causes it, or its impacts. We set out to explore what drives purposeful leadership and whether it matters. We define purposeful leadership as *‘the extent to which a leader has a strong moral self, a vision for his or her team, and takes an ethical approach to leadership marked by a commitment to stakeholders’*.

## The research

The research involved case studies in five organisations in different sectors, referred to in this report by the pseudonyms BuildCo, CareCharity, GovDep, PoliceOrg and RetailCo. We received completed surveys from 1,033 followers and matched surveys from their 524 leaders, and conducted 46 interviews and 16 focus groups involving 79 participants. We also surveyed a representative sample of the UK working population through the CIPD’s quarterly *Employee Outlook* survey.

## Purposeful and ethical leadership

Based on the survey of the working population, 21% of managers in the UK rate themselves highly as purposeful leaders, compared with 48–84% in the case study organisations. Forty per cent of employees in the UK say their leader behaves ethically, compared with 53–88% in the case study organisations. Levels of purposeful leadership do not vary by sector, organisational size or location, but there are more ethical leaders in the charity sector.

Employees and leaders report that organisational and individual vision is important to them, and most believe their organisation has a vision, but confusion is caused by factors such as frequent changes of vision, filtering through organisational layers, multiple sub-visions, and over-communication leading to fatigue. Some organisations, for example CareCharity and PoliceOrg, had been more effective than others at establishing a clear vision at a senior level and at communicating this to staff. Other cases, for example GovDep, struggled to convey a clear vision across the complexity of the organisation. Overall, 35% of leaders in the UK working population rate themselves highly on setting a clear vision.

The level and nature of organisational commitment to a range of different stakeholder groups is not consistent across and within organisations, and the tendency is to privilege some over others in each setting, such as health and safety of employees in a building environment, and public safety in the police. However, this means that decisions are rarely made ‘in the round’ to consider the impact on or interests of all stakeholders. Overall, 35% of leaders in the UK working population rate themselves highly in terms of their commitment to a range of stakeholders.

Leaders report the importance of achieving a congruence of moral and ethical views across their personal and work lives and many explained how they had left an employer who they felt did not offer this congruence. In many cases, leaders’ identities are bound up with their personal values, which they seek to adhere to across life domains.

## **Employee experiences**

There is a general association between purposeful leadership and employees' perception that their leaders behave ethically, although the relationship is complex and varies across organisational contexts. No consistent association emerges between purposeful leadership and the extent to which employees believe their ethics and values fit well with those of the organisation. However, there is a consistent link between ethical leadership and the extent to which employees believe their ethics and values fit well with those of the organisation.

Generally, employees do not think there is much overt talk about ethics in their organisations, but ethical perspectives nevertheless underpin many of the organisations' actions and decisions. Ethical values tend to focus around honesty, transparency, integrity, fairness and respect. There is a willingness to challenge unethical behaviour in all the organisations under certain circumstances, but some organisations have established a stronger culture of challenge than others. At PoliceOrg, because of the nature of policing work and the clear codes of practice, there is a strong imperative to report ethical breaches. However, at GovDep, the culture of challenge is not yet established.

People report a good level of alignment between their personal ethics and those of their organisation. The number reporting a good level of fit between their values and those of the organisation varies from 20–64% in the case studies. However, ethical fit is in a constant state of flux as organisations and leaders change, and resourcing pressures mount. Thirty-two per cent of employees are operating in an 'ethical void' where they rate both their leader's ethical behaviour and the alignment of their own values with those of the organisation as low, while 27% report 'ethical alignment' and score highly on both.

Complex and inconsistent relationships emerged between purposeful leadership and a range of factors including fair treatment, the belief the organisation cares about its stakeholders, and perceptions of the organisational climate. This suggests that context is likely to be a significant factor. There is a much stronger and more consistent relationship between ethical leadership and these factors. For example, 61% of employees are categorised as awarding a high rating to their leader's ethical behaviour and to organisational fairness.

We examined the link between employee perceptions of ethical leader behaviour and their perceptions of the climate as friendly and supportive in RetailCo. Twenty per cent of employees classify their working environment as 'unethical – unfriendly', scoring their leader low on ethical behaviour and scoring the climate low on friendliness and supportiveness. Conversely, 42% classify their environment as 'ethical – friendly', awarding a high score to the ethical behaviour of their leader and the friendliness of the organisational climate.

## **Enablers, constraints and the organisational environment**

We asked participants to tell us about the factors that enable purposeful leadership. It emerged that having clear policies in place, role-modelling from senior leaders, training, and an open organisational culture are key to creating an environment where leaders are able to be purposeful. Constraints against purposeful leadership centre around time and resource pressures and poor communication leading to the prioritisation of business or organisational interests.

## **Outcomes**

The survey revealed a more mixed picture concerning the outcomes of purposeful leadership, with no clear and consistent themes emerging across the organisations. However, links were found between purposeful leadership and employees' job satisfaction, meaningfulness of work, willingness to go the extra mile, intention to quit, sales performance and lower levels of cynicism towards the organisation.

In many cases, these links were significant over and above the effects of employees' perceptions that their leaders are ethical. Ethical leadership approaches are, however, more consistently associated with lower likelihood of employees wanting to quit, greater levels of job satisfaction and higher levels of meaningfulness. Employees who have a purposeful leader or an ethical leader say that their leader provides them with more role clarity, is people-oriented, and shares power with them.

In the *Employee Outlook* survey, we found that 46% of employees believe their leader behaves ethically and are also satisfied with their job, while 18% are dissatisfied with their job and do not believe their leader behaves ethically. We also found that 31% of employees do not believe their leader is ethical and do not find their work meaningful, whereas 34% are positive about both. The findings suggest that there is a link between ethical leadership behaviours and the extent to which employees find their work meaningful. Fifty-eight per cent of employees believe their leader behaves ethically and want to remain with their organisation, compared with 8% who rate both low.

Most employees in all of the organisations said that their leaders are very effective and, in some cases, had steered the organisation well through difficult times. In some of the organisations, employees talked of the difference that a change of leader had made to the success of the organisation. Leading by example is widely cited as a critical element of effective leadership. However effective the leader, though, resource constraints and time pressures mean that it can be difficult to achieve their vision in practice.

## **Conclusions**

Talking to the leaders and employees, it is clear that context and circumstances have a vital role to play in the successful enactment of ethical and purposeful leadership. Equally, these leadership approaches emerge as central to employees' experience of and attitude towards their work. There is much that organisations can do to foster purposeful and ethical leadership, including the adoption of relevant policies, leader role-modelling, alignment around a core vision, training and development, and organisational culture. Allied with this, it is important to be mindful of the potential constraints to purposeful approaches including time and resource pressures that may militate against change efforts.

# Introduction

- Interest in purposeful organisations and purposeful leadership is growing in the wake of discontent with current organisational practices.
- There has been little previous research on purposeful leadership, hence not much is known about its prevalence or effectiveness.
- We define purposeful leadership as *'the extent to which a leader has a strong moral self, a vision for his or her team, and takes an ethical approach to leadership marked by a commitment to stakeholders'*.
- The report focuses on the findings from surveys, interviews and focus groups from five organisations and the findings of the CIPD's quarterly *Employee Outlook* survey of the working population.

There has been considerable interest in the notion of purposeful organisations in recent years, driven by growing levels of distrust and disillusionment with what are often regarded as the short-termist, financial imperatives driving contemporary firms. Corporate scandals such as VW's cheating of the emissions testing regime that has affected 11 million vehicles, Tesco's overstatement of its profits by £263 million and, in Brazil, Petrobras's loss of \$2 billion in bribes and corporate theft have caused many to question the values and ethics that underpin the decision-making of corporate elites (Simpson 2016).

In contrast, organisations 'with purpose' have been hailed as the antidote to corporate greed and corruption, with their emphasis on improving people's lives and the betterment of society (Big Innovation Centre 2016). Purposeful organisations that take account of the needs of multiple stakeholders, including employees, customers, the community, wider society and the environment, are described as more in tune with the *zeitgeist*, capable of generating higher levels of performance and more valuable innovations as well as improving employee motivation and engagement (Big Innovation Centre 2016, Wilson 2015). Interest in the concept is widespread; for example, the UK Government published a report in December 2016 arguing that businesses can make a positive social impact in their work and at the same time enhance their performance and levels of innovation (DCMS 2016).

Organisational purpose involves a vision that provides *'an aspirational reason for being that is grounded in humanity and inspires a call to action'* (EY Beacon Institute 2016, p2). Such an overarching purpose has been linked with meaningful work, something that has been highlighted as the second most important factor for young people in the first five years of their career (Gusic 2015).

Purpose has been hailed as a potential driver of organisational success, employee well-being and corporate citizenship. For example, the Big Innovation Centre (2016, p4) comments: *'great companies are enabled by the pursuit of clearly defined visionary corporate purposes, which set out how the company will better people's lives.'* They further argue that the lack of a clear corporate purpose costs British companies £130 billion per annum. According to Hill (2015), organisational purpose should not be dismissed as cynical 'fluffy nonsense' or, alternatively, monetised as the latest management fad, but rather it should be recognised as an essential approach to doing business and organising work in the modern world.

It has been suggested that companies that fail to embrace the move towards becoming purpose-driven are likely to be left behind (The B Team 2015). Becoming purpose-driven will, for many, involve a radical corporate transformation that encompasses more than merely cosmetic corporate social responsibility initiatives, going deep into the organisational psyche. The barriers to achieving this are many and complex, notably including the prevailing business ecosystem in the UK which, it has been argued, militates against purposeful companies because of its focus on short-term profit maximisation (Big Innovation Centre 2016).

Alongside this call for more purposeful organisations has been an intense debate about the roles and responsibilities of organisational leaders. However, as recent research by the EY Beacon Institute (2016) found, we do not in fact know that much about purposeful leaders. An article in the *Harvard Business Review* suggests that, despite the interest in purposeful leadership, few leaders have a strong sense of their own purpose and even fewer are able to distil this down into a specific statement of purpose or an action plan (Craig and Scott 2014). Yet, if organisations are to become more purpose-driven, leaders will have a central role to play in the purpose value chain that runs throughout the organisation and in helping employees develop what Peter Cheese, CEO of the CIPD, has suggested is ‘*a moral DNA*’ (Simpson 2016, p51), as well as in encouraging employees to form an active engagement with the morality of their actions.

Is there any evidence that purposeful leadership does, in fact, currently exist in organisations? Can it achieve all the positive outcomes suggested by its most fervent supporters, or is there a downside? And is purposeful leadership even achievable in practice in organisational settings?

We define purposeful leadership as ‘*the extent to which a leader has a strong moral self, a vision for his or her team, and takes an ethical approach to leadership marked by a commitment to stakeholders*’.

The aim of this report is to address these questions and to shed light on purposeful leadership, what it is, how it is put into practice, and the effects it has on employees. In particular, our analysis centres around three key issues:

- Are there many purposeful leaders?
- What outcomes do purposeful leaders achieve for their followers?
- Why do/don't leaders enact their purpose?

Four organisations participated in the complete study: a large retailer (RetailCo); a care charity (CareCharity); a central government department (GovDep); and a police force (PoliceOrg). In each organisation, we gathered quantitative data through a questionnaire survey to leaders and their followers. The leaders who participated in the survey varied somewhat between organisations, although generally they were mid- to senior-level leaders (for example inspectors in PoliceOrg or department heads in GovDep), and the followers were those who reported directly to them (for example sergeants in PoliceOrg).

In doing this, we were able to ‘match’ followers to specific leaders, which meant we could conduct multi-level analysis on the data to explore the findings in a much more nuanced way than is typically achievable. In total, we gathered data from 524 leaders and 1,033 followers. We also conducted a series of interviews and focus groups in each organisation, as well as in a fifth organisation, a building materials and construction solutions firm (BuildCo). Altogether, we held 46 interviews and 16 focus groups involving 79 participants. Finally, we surveyed a representative sample of the UK working population through the CIPD’s quarterly *Employee Outlook* survey to provide a point of comparison for our case study data. Full details of the methods used in the study are listed in the Appendix.

The report is structured as follows:

In section 1 we examine the three aspects of purposeful leadership and ethical leader behaviours from the viewpoint of both leaders and followers.

In section 2 we focus on ethical perspectives and consider the extent to which there is an alignment between ethical talk and actions, and between individual ethics and those of the wider organisation. We also explore whether people are willing to challenge unethical behaviour and examine, through the survey, whether there is a link between purposeful leadership and ethical behaviours.

In section 3 we consider the outcomes of purposeful leadership and, finally, in section 4 we examine the organisational context and its relevance for purposeful leadership. In the conclusions we summarise the key findings and implications, and indicate where further research is needed to shed light on unanswered questions.

# 1 Perspectives on purposeful and ethical leadership

- 21% of managers in the UK rate themselves highly as purposeful leaders, compared with 48–84% of managers in the case study organisations.
- 40% of employees in the UK say their manager behaves ethically, compared with between 53–88% of employees in the case study organisations.
- Levels of *purposeful leadership* are not clearly linked to sector, organisational size or location.
- More employees in the charity sector believe their manager shows high levels of *ethical leadership* behaviour than those in the public or private sectors; there is no difference according to organisational size or location.
- 35% of leaders in the UK rate themselves highly on setting a clear vision for their team, and on their commitment to a range of stakeholders.
- Most employees and leaders believe their organisation has a vision, but confusion is caused by factors such as frequent changes of vision, filtering through organisational layers, multiple sub-visions and over-communication.
- The level and nature of commitment to stakeholder groups is not consistent across and within organisations.
- Leaders report the importance of achieving a congruence of moral and ethical views across their personal and work lives.

## Introduction

The role for leaders in helping organisations to realise their purpose is significant (Gusic 2015). In order to achieve this, however, it has been argued that leaders need to have a strong sense of their own individual purpose and an action plan to put it into practice (Craig and Scott 2014).

Purposeful leadership has been described as an approach that combines a number of different factors, such as vision, inspiration, direction, action-orientation, critical thinking, morality, values and ethics (American Management Association 2006, Brashen and Gravett 2011, Mayfield 2013). However, there is no one agreed definition, and it is noteworthy that the concept has not been explored at all within academic research.

Based on a review of the practitioner literature on purposeful leadership, and the academic literature on other, related forms of leadership such as authentic, spiritual, ethical and transformational leadership approaches (Mumford and Fried 2014), we developed a definition of purposeful leadership that comprises three dimensions (Figure 1):

- **Moral self** – leaders who have a strong ‘moral self’ regard it as important to see themselves as having positive moral qualities such as fairness, compassion, helpfulness, honesty and kindness (Aquino and Reed 2002).
- **Vision** – visionary leaders are those who set an inspiring vision for their team that brings out the best in them (Fry et al 2005).
- **Commitment to stakeholders** – leaders who have a commitment to stakeholders actively take part in activities such as supporting good causes, taking care of employees, and being environmentally responsible (see Appendix for details of the measures used).

## Figure 1: Purposeful leadership



Therefore, we propose that purposeful leadership comprises three different components. This represents a new approach to defining and measuring this concept. In particular, our definition includes the individual leader's own moral compass ('moral self'), which is likely to be an important dimension of purposeful leadership that has not previously been considered. In this report, when we refer to purposeful leadership, we refer to the combined effect of the three facets and we use the terms 'leader' and 'manager' interchangeably.

In this section, we draw on the findings of the survey, interviews and focus groups within the case study organisations, as well as the *Employee Outlook* survey, to explore the following questions:

- How widespread are purposeful leadership and ethical behaviour on the part of leaders?
- How do leaders reconcile their ethical principles across their personal and working lives?
- To what extent do employees believe their leaders are purposeful?

### Results from the survey

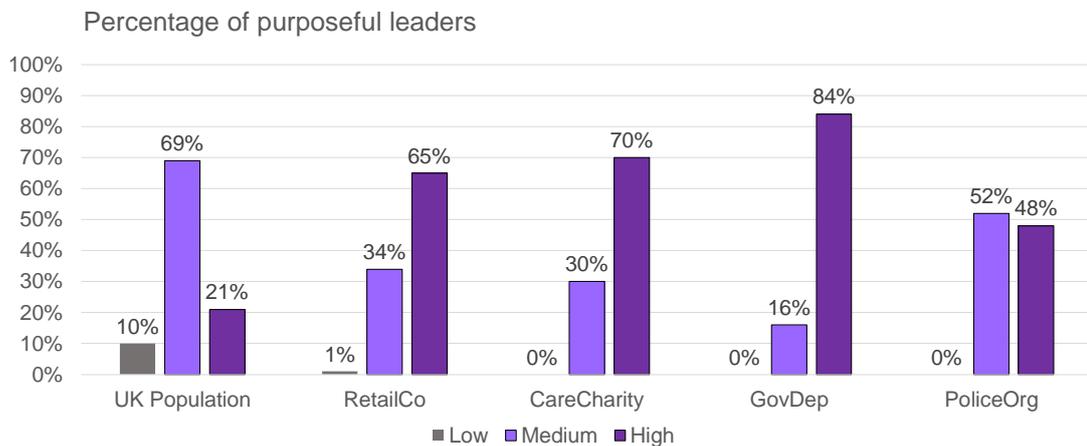
#### ***Purposeful leadership***

Managers in each organisation (CareCharity; GovDep; PoliceOrg; RetailCo) were asked to rate themselves on the three aspects of purposeful leadership: moral self, commitment to stakeholders, and vision. We compared their responses with those obtained from the wider group of managers in the UK who participated in the *Employee Outlook* survey (n=734).

Figure 2 shows the percentage of purposeful leaders in the wider UK population and the case study organisations as rated by the leaders themselves:

- Only 21% of managers from the general population believe they demonstrate high levels of purposeful leadership.
- The proportion in the case study organisations ranges widely. Leaders at GovDep (84%) and then CareCharity (70%) rate themselves highest on purposeful leadership, while the lowest score is from PoliceOrg (48%).
- 35% of leaders in the UK population rate themselves highly on setting a clear vision for their team, compared with figures ranging from 34% (PoliceOrg) to 91% (CareCharity) in the case study organisations.
- 35% of leaders in the UK population rate themselves highly in terms of their commitment to stakeholders, compared with figures ranging from 29% (PoliceOrg) to 100% (GovDep) in the case study organisations.

## Figure 2



The five-point scale was transformed so that low = 1-2.33; medium = 2.34-3.66 and high = 3.67-5.0

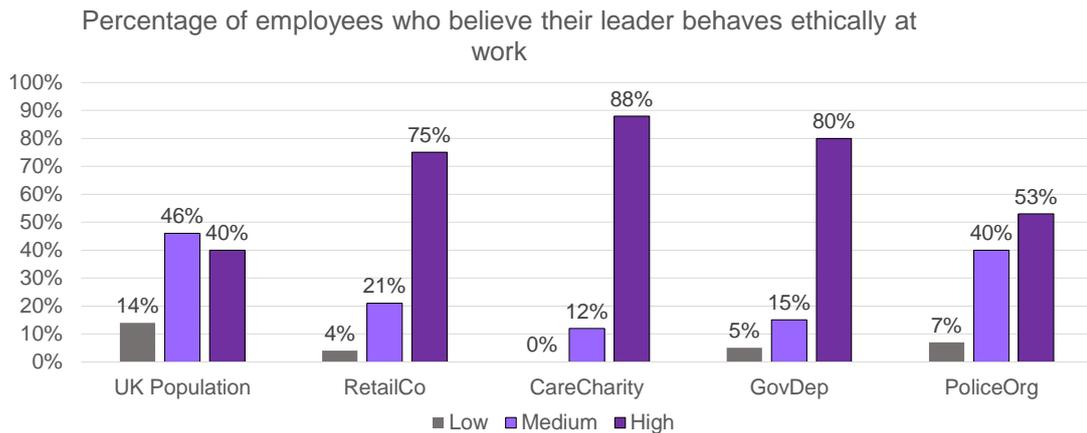
We were interested to know whether there is a difference between how leaders rate themselves versus how they are rated by their followers.

- At RetailCo and GovDep, followers rate their leaders significantly lower on vision than do the leaders themselves. However, there is no difference in CareCharity and PoliceOrg.
- At GovDep and PoliceOrg, followers rate their leaders significantly lower on commitment to stakeholders than do the leaders themselves. However, there is no difference in CareCharity or RetailCo.

### **Ethical behaviour**

We asked employees from each of the four organisations to rate the extent to which their manager behaves ethically. This includes listening to employees, being trustworthy, setting a good example, and discussing ethics and values with employees (Brown et al 2005). We compared the results with those from the *Employee Outlook* survey (Figure 3).

## Figure 3



The five-point scale was transformed so that low = 1-2.33; medium = 2.34-3.66 and high = 3.67-5.0

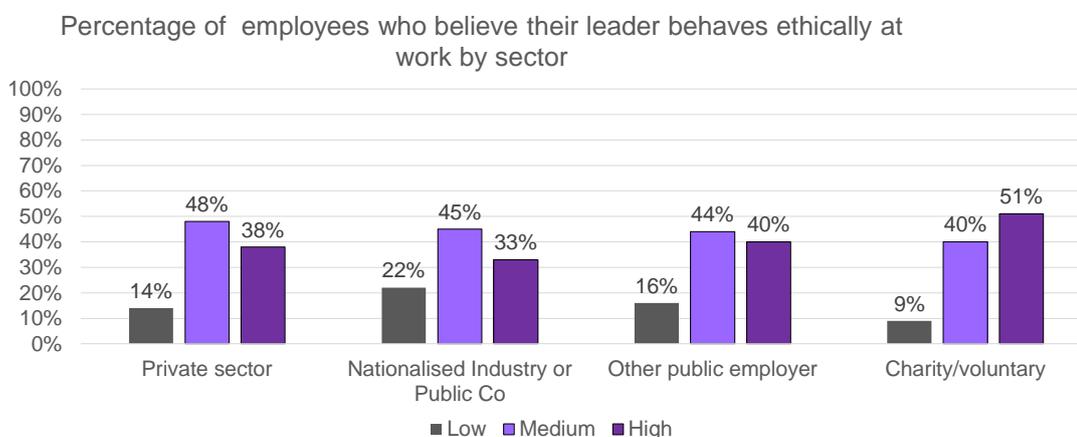
40% of employees from the general population believe their manager behaves ethically at work. This figure is lower than those from all the case study organisations, where the highest score is from CareCharity (88%) and the lowest is from PoliceOrg (53%).

### **Sector, size and location**

One factor that might influence perceptions of both purposeful leadership and ethical behaviour is the sector in which respondents work:

- The *Employee Outlook* survey shows that there is no difference between sectors in leaders' rating of their own levels of purposeful leadership.
- Employees from the charity sector, however, said that their leaders behave in more ethical ways than those from the private and public sectors (see Figure 4).
- In the case studies, we found that the highest level of purposeful leadership from the perspective of both leaders, and ethical leadership from the perspective of employees, is found in CareCharity.

## Figure 4



The five-point scale was transformed so that low = 1-2.33; medium = 2.34-3.66 and high = 3.67-5.0

Another consideration might be the size or geographical location of the organisation. Using the data from the *Employee Outlook* survey, we compared the results relating to purposeful leadership and ethical leadership among employers of different sizes and locations. However, we found no significant differences in relation to either.

### Findings from the interviews and focus groups

In the interviews and focus groups at the five organisations (BuildCo; CareCharity; GovDep; PoliceOrg; RetailCo), we asked participants about their experiences of each of the three facets of purposeful leadership.

#### **Vision**

Across the five organisations, there is broad agreement on the following:

- Employees and leaders generally believe their organisation has a vision, and many can explain what that vision is, although in some organisations there is a degree of confusion and uncertainty.
- Employees and leaders in most instances believe that their own leader has a vision for the department or team.
- Employees and leaders generally agree that it is important to have a vision that provides a sense of purpose and direction, and to demonstrate a commitment to a set of underpinning values and beliefs:

*'If you're not prepared to stand by your core values and beliefs, both individually and corporately, then to be quite honest with you, there's probably not a great future.'*  
(Employee, BuildCo)

Both employees and leaders in many of the organisations emphasised the important role played by senior leaders in setting a sense of direction and purpose. For example, at RetailCo, one leader said, 'Our CEO is very, very visionary and everyone absolutely bought into the vision that he had of transforming the business.' In some cases, the arrival of a new chief executive had created the opportunity to re-examine the vision and work on developing a new one:

*'You know, it's an organisation that knows who it is, what it does, where it's going and how it wants to get there, and that only comes from the leadership of the organisation, from the directors and from the trustees, and that gets filtered down the organisation and there is buy-in ... at most levels because it's openly discussed and developed in consultation with people.'* (Employee, CareCharity)

However, we also found that the development and dissemination of a vision is not without its problems. For example, in some of the organisations there had been a number of changes to the vision over recent years, which led to a degree of confusion on the part of employees over what the current vision is. One leader in GovDep said, *'the vision changes year on year and I've really lost track of what it is now.'* In other cases, we were told that there are multiple visions in use, which, again, confuses employees. One leader at RetailCo said, *'We've had so many ... sometimes, stores ask for their own vision, and then there's a customer vision, we've got more visions than we can shake a stick at.'* Problems of communication and dissemination in some settings mean that employees are not sure what the vision is:

*'Very few people would be able to just tell you the exact sentence but I think most people would get the gist of what it is that we're trying to deliver.'* (Leader, GovDep)

However, in some cases, for example PoliceOrg, the fact that the vision is encapsulated in the 'Plan on a Page' means that it is widely shared and understood. Getting the balance right in terms of communicating the vision effectively, but not over-communicating and swamping employees with information, is a delicate act.

It also emerged in several of the organisations that individual leaders had developed their own visions for their unit or department. In larger organisations with multiple locations and departments, achieving buy-in to one overarching vision may be more challenging, and so there may be more scope for individual leaders to focus on what they would like to achieve within their unit.

Although most employees we spoke to agree that having a vision is important, this is not uniformly the case. For example, at GovDep, one leader said that people are *'getting on with their work'* and would be cynical about the idea of a corporate vision.

Finally, as one employee at GovDep points out, just having a vision is not enough:

*'So you could work for somebody that has a really clear vision but effectively how they deliver that vision and achieve that vision is that they leave ... you know a trail of blood, sweat and tears. Now I couldn't work for somebody like that.'* (Employee, GovDep)

### **Commitment to stakeholders**

We asked the focus group and interview participants about the extent to which their leaders and the organisation overall demonstrate a commitment during decision-making to a range of stakeholders including employees, clients or service users, the local community and the environment. Beyond broad agreement that specific circumstances would to a large degree dictate priorities, quite widely divergent views were expressed across the five organisations (see Table 1).

At BuildCo, given the nature of the firm's business, the focus on employee safety is not surprising:

*'Customers first, but if it was a safety issue it would be employees first, so we would never do anything to an employee to jeopardise them for the benefit of the customers.'*

**Table 1** Perceived commitment of leaders to stakeholders

	Leaders	Focus group participants
BuildCo	<i>Prevailing view:</i> all stakeholders matter, it varies depending on the issue and the department <i>But priorities tend to be:</i> customers first; shareholders; senior managers; employees if it is a safety issue	Struggled to identify any priorities Overall, customers, shareholders and employee safety tend to matter most
CareCharity	<i>Prevailing view:</i> service users <i>Also important:</i> staff; the wider community	A variety of views expressed including senior managers and the Board; service users
GovDep	<i>Prevailing view:</i> importance varies depending on the issue/department; but the government and the Minister and the wider public are central	The wider public, government
PoliceOrg	<i>Prevailing view:</i> priorities vary but the key stakeholders are the public; victims of crime; other officers.	The public, the community, colleagues
RetailCo	<i>Prevailing view:</i> the shareholder matters most <i>Also important:</i> the employee and the customer (within stores)	Customers; shareholders; employees; wider society not seen as important;

At CareCharity, the general view is that service users and the religious community are the most important stakeholders, given the charity's focus on serving their needs:

*'If we're not serving the community then the community won't in turn use our services ... we exist because of them and we exist thanks to them.'*

At GovDep, the range of perspectives expressed is indicative of the complex nature of the organisation, with people occupying very divergent roles with varying degrees of exposure to the public and to government. There is some tension between those who see the organisation's role as primarily being to serve government and ministers versus those who believe it is to serve the public:

*'The manager's role is a bit of a balancing act sometimes. You will get something from the ministers but the senior managers will bring in the public element.'*

A focus on protecting the public tends to prevail at PoliceOrg:

*'You don't join the police service to keep your colleagues or your chief officers happy; you join the police service to keep the public safe.'*

Employees and leaders at RetailCo feel that the company demonstrates a strong commitment to all stakeholder groups, but the predominant view is that shareholders matter the most at the corporate level, while customers and employees matter most at store level. Perceptions of the importance of corporate social responsibility (CSR) vary considerably, although wider society in general is not seen as that important by participants.

Overall, there was evidence that, in many cases, the interests of different stakeholder groups can give rise to conflicted priorities. For example, in the case of PoliceOrg, the need to keep the public safe can at times clash with the need to keep officers safe. In BuildCo, cost-cutting and restructuring mean that sometimes it is difficult to ensure that employees are treated as well as they might be. At CareCharity, accepting donations from wealthy individuals to support the charity's ongoing work occasionally gives rise to tensions in terms of ensuring all the charity's beneficiaries are treated equally.

### **Moral self**

The reconciliation of moral and ethical views across an individual's personal and working life is a core component of purposeful leadership. When asked how they achieve this, the majority of leaders emphasised the importance to them as individuals of a strong moral code that governs their behaviour both at work and at home. As one leader at GovDep said, *'I don't see myself growing horns as I walk out of the door.'*

Personal ethical commitments do not vary much across the organisations and centre around the values of: honesty, fairness, trust, respect, loyalty, integrity and treating people as you would wish to be treated yourself. All the leaders we spoke to said that their personal ethical views are of great importance to them in both spheres. At three of the organisations, though, we found an especially strong association between the ethical framework of the organisation and those of the individual leaders:

- At CareCharity, the organisation's religious ethos meant many we spoke to had a religious background, albeit not necessarily the same one as the charity itself. In consequence, these leaders attribute their moral and ethical code to the tenets of their religion, focusing on honesty, transparency and integrity. One leader said, *'they are everything of who I am and how I live my life.'*
- Leaders at GovDep talked frequently about their motivation to work in the public sector as a guiding force behind their personal ethical code; one said, *'We are talking about public service, so what is good for the economic health of the nation, it drives everything I do.'*
- Within PoliceOrg, most leaders said that their identity is closely bound up with their role as an officer to the extent that they often find it difficult to separate the two: *'I've just been in the job for so long it's all become one.'*

## 2 Ethics in the organisational context

- There is a link between purposeful leadership and employees' perception that their leaders behave ethically, although the relationship is complex and varies across organisational contexts.
- The links between *purposeful leadership* and the extent to which employees believe their ethics and values fit well with those of the organisation varies across the case studies.
- There is a consistent link between *ethical leadership* and the extent to which employees believe their ethics and values fit well with those of the organisation.
- Generally, employees do not think there is much overt talk about ethics, but ethics nevertheless underpin many of the organisations' actions and decisions.
- There is a willingness to challenge unethical behaviour in all the organisations under certain circumstances, but some organisations have established a stronger culture of challenge than others.
- People reported a good level of alignment between their personal ethics and those of their organisation, and several said they had left other employers where that fit was not evident.
- The number reporting a good level of fit between their values and those of the organisation varies between 20% and 64% across the case studies
- 32% of employees from the case studies overall are operating in an 'ethical void', where they rate both their leader's ethical behaviour and the alignment of their own values with those of the organisation as low.
- Those working in an 'ethical void' tend to be less satisfied with their work, find it less meaningful, are less likely to act as good citizens and are more likely to want to quit their jobs.

### Introduction

In this section, we turn our attention to the interface between purposeful leadership and action. In other words, do purposeful leaders 'walk the talk'? Is there a match between ethical talk and action? We also examine the impact of purposeful leadership on employees' sense of fit within the organisation. By 'fit', we mean values fit, or the extent to which employees believe that their values are congruent with, or are complementary to, values that the organisation stands for. Finally, we examine the strength of these values by investigating the conditions under which employees challenge unethical behaviour. We draw on the questionnaire, interview and survey data to address the following questions:

- Are leaders who believe that they are purposeful seen by their employees to be behaving ethically?
- To what extent is there a match between leaders' ethical talk and their actions?
- How well do leaders and followers think that their personal ethical frameworks fit with that of the wider organisation?
- How willing are people to challenge unethical behaviours?

### **Are leaders who believe that they are purposeful seen by their employees to be behaving ethically?**

We found that, in most cases, leaders who rate themselves as purposeful are more likely to have employees who see them as behaving in highly ethical ways, so in general leaders from the case studies are 'walking the talk'. For instance, at RetailCo, employees who are supervised by line

managers who report higher vision, commitment to stakeholders and purposeful leadership overall believe that their manager behaves more ethically, suggesting a link between purposeful leadership and the extent to which this is observable by employees via their ethical behaviour. This is discussed further in section 3.

Likewise, at PoliceOrg, we found that respondents who are supervised by leaders who are purposeful rate their leaders as more ethical. However, we did not find this relationship at CareCharity. Consequently, we explored the individual components of purposeful leadership and found that although moral self is positively related to employees' ratings of ethical leadership, the other components and purposeful leadership overall are not significantly related to perceptions of ethical leadership.<sup>1</sup> This might be because CareCharity employees have a very positive perception of the ethical behaviour of their leaders and so there might be insufficient variation in their perceptions to enable us to track a relationship between purposeful leadership and ethical leadership perceptions.

**To what extent is there a match between leaders' ethical talk and actions?**

From the interviews and focus groups, there was a general agreement that ethics forms a significant element of the organisational culture, and are taken very seriously. However, the extent to which people actually talk about ethics, and to which these ethical codes are put into practice in relation to the various stakeholder groups, differs considerably. The views expressed by leaders and employees are summarised in Tables 2–6.

**Table 2 Ethical talk and actions towards stakeholders at BuildCo**

Stakeholder	Comments
General ethical talk	A strong ethical culture but ethics not much talked about beyond mandatory training.
Employees	Focus on fairness, respect, diversity, equality and recognition. Performance at the expense of employee wellbeing is not rewarded. Health and safety a paramount concern.
Customers	Emphasis on legal compliance, fair pricing, fair competition and treating customers like partners.
Shareholders	Focus on honesty and upholding corporate ethical standards.
Environment	Strong emphasis on minimising damage to natural environment and offsetting harm with positive actions. Focus on open dialogue and partnering with local stakeholders eg local authorities, giving back to the community via volunteering or donations and restorations.
Wider society	Ensuring everything is produced 'ethically, compliantly, sustainably'.

<sup>1</sup> We could not conduct these analyses with the other case study organisations because there was insufficient manager–employee paired data from which we could make confident conclusions.

**Table 3 Ethical talk and actions towards stakeholders at CareCharity**

Stakeholder	Comments
General ethical talk	Charity has a strong ethical code linked with the charitable purpose and close ties to the religious community, a 'values based organisation', although the term 'ethics' not frequently used.
Employees	Focus on honesty, transparency, dialogue and respect, handling mistakes openly and fairly. Sometimes employees treated 'too well' and poor performance not addressed.
Service users	Emphasis on treating everyone equally, providing a high standard of care and concern.
Wider religious community	Focus on working with the religious community eg by appointing lay advisors, handling the links without bias or favouritism.

**Table 4 Ethical talk and actions towards stakeholders at GovDep**

Stakeholder	Comments
General ethical talk	Ethics discussed in specific contexts and embedded in practice but not discussed in general terms. The Department's Code of Conduct is 'ingrained in all of us' as part of being a Civil Servant.
Employees	Emphasis on openness, honesty, transparency and fairness.
Service users and wider society	Many leaders do not have direct contact with them, so there is uncertainty over what would constitute ethical behaviour. However, specific projects involving external stakeholders focus on 'treating people with dignity and respect'. Some employees believe there are ethical tensions between the treatment of different groups that are not always satisfactorily resolved.
Government ministers	Focus on giving them 'a very informed view based on evidence that allows them to then make a judgement based on that'.

**Table 5 Ethical talk and actions towards stakeholders at PoliceOrg**

Stakeholder	Comments
General ethical talk	Ethics regarded as integral element of policing in order to maintain public confidence and 'police with consent'. Often discussed internally and externally, focus on transparency and accountability. Recently launched Police Code of Ethics outlines ethical expectations with focus on impartiality and consistency.
Officers	Focus on proper training on requirements and public expectations, they are 'police officers 24 hours a day'. Honesty, respect, impartiality and fairness. Senior officers 'almost revered' due to hierarchical nature of organisation.
Suspects	Importance of following 'due process' with impartiality, honesty and fairness, respecting rights of suspects, which can sometimes be a challenge.
Victims	Awareness of vulnerability of many victims. Treatment governed by Victim Code; recent cutbacks make adhering to this in all circumstances a challenge.
Wider public	Duty of protection; Peelian Principle of 'policing by consent'.
Environment	Not much discussed due in part to overwhelming focus on the wider public in policing work.

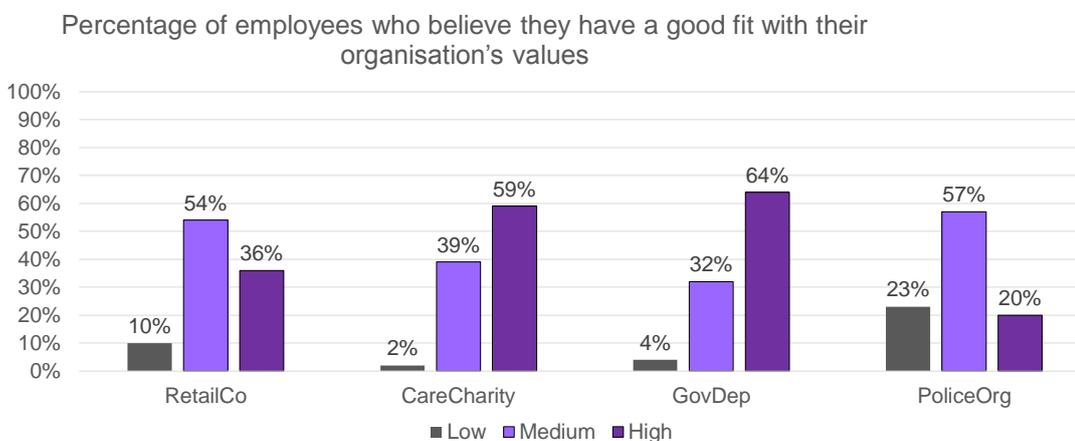
**Table 6 Ethical talk and actions towards stakeholders at RetailCo**

Stakeholder	Comments
General ethical talk	Divided views over whether there is overt discussion but 'it's always in the background'. Transparency and honesty fundamental but corporate imperatives tend to take precedence over ethics.
Employees	Focus on 'fair treatment' eg training, strong opportunities to develop and progress. Concerns expressed over short hours contracts for junior staff leading to uncertainties. Health and safety, interesting work, mutual support and respect emphasised.
Customers	Emphasis on treating customers as individuals; good and fair service and fulfilling promises.
Shareholders	Felt to be 'too remote' from employees to have a view. Leaders said shareholders are 'at the heart' of the company and central to Board thinking. Honesty and clarity important.
Environment	Policies to reduce carbon footprint and help the environment, but not widely discussed.
Wider society	Volunteering and fundraising to support official charity partner, but uptake variable across the organisation. Being 'a good neighbour'.

**How well do leaders and followers think that their personal ethical frameworks fit with that of the wider organisation?**

- From the case study surveys, Figure 5 shows the percentage of employees in each of the case study organisations who believe that they experience high, medium or low levels of fit with their organisation's values. The highest levels of fit are felt at GovDep (64%), whereas the lowest proportion of those reporting a high level of fit are at PoliceOrg (20%).
- The results of the survey show that there is a meaningful relationship between employees' perception that their leader behaves ethically and the extent to which the employees feel they fit well with the organisation across all five case studies.
- This finding was echoed through the interviews where we asked the participants about the extent to which they feel that their personal ethical code fits with that of the organisation overall and their leaders. The results are shown in Table 7.

## Figure 5



The five-point scale was transformed so that low = 1-2.33; medium = 2.34-3.66 and high = 3.67-5.0

**Table 7** Perceptions of ethical fit

Organisation	Comments
BuildCo	Leaders reported strong alignment with each other and the organisation especially regarding the long-term outlook for the business; focus on open debate; health and safety. Leaders and employees said they would recommend BuildCo as a good place to work from an ethical perspective: 'I've worked here for nine years now and genuinely enjoy working for BuildCo ... The ethics that sit behind the culture fit with my own'. One challenge is to extend this to all sub-contractors.
CareCharity	Strong degree of alignment reported; reciprocal relationship between personal and organisational ethics. Examples of leaders constantly renewing ethical approaches eg introduction of national living wage.
GovDep	Focus on open debate and discussion and accepting valid alternative perspectives. Some divergence of perspective over business orientation vs public service orientation for some.
PoliceOrg	Strong alignment reported due to shared policing principles. Teams working together on shifts develop shared cultures; leader has an important role in ensuring these are ethically aligned. Differences between officers vs civilian staff, and senior vs junior officers at times.
RetailCo	Many employees strongly aligned with colleagues and line manager but several felt less aligned with company overall due to frequent changes in values and some disconnects between junior and senior staff priorities. Leaders reported general alignment but occasional challenges around some decisions they felt would impact negatively on staff.

A general trend is for both employees and leaders to report a strong alignment between their personal ethical views and those of the organisation and its senior leaders, and several people across different settings said they had previously left other organisations where they did not perceive such a strong alignment. One employee at CareCharity, for example, said:

*'This is the first place that I've worked where I've felt most comfortable with working with my colleagues ... they're very like-minded, we have similar opinions about what's right and wrong, what's fair and unfair, what's dishonest, what's honest.'*

However, another recurring theme is that ethical fit is in a constant state of flux, because of changing leadership, organisational circumstances or resourcing pressures. Ensuring this fit across large and diverse organisational settings is also a challenge. One leader at BuildCo, for example, said:

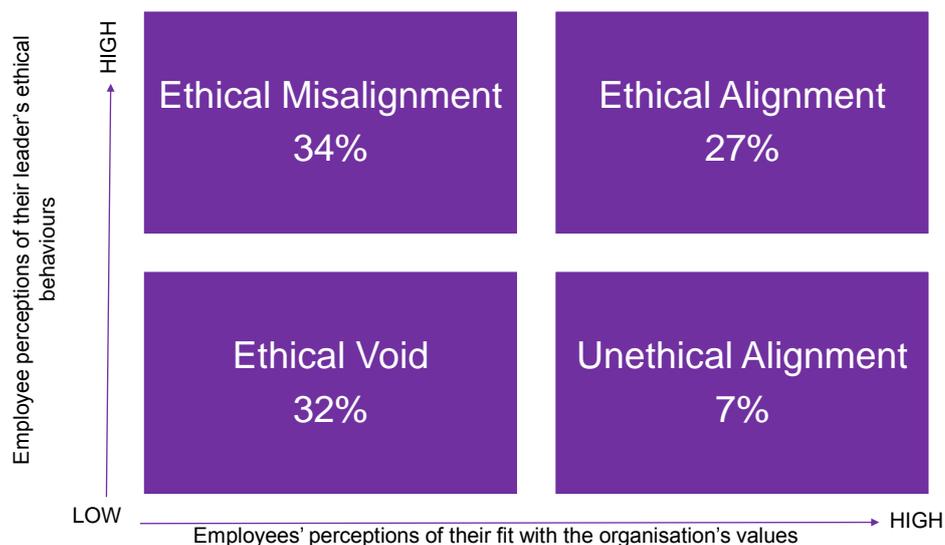
*'The guy driving the loading shovel in the quarry will understand he needs to be as fuel-efficient as possible, and he wants to turn the machine off every time he goes for a break and he takes the keys and that sort of thing, he'll understand it as being – well it's cost saving and it's good for the environment that I'm not burning fuel. The person high up on sustainability will be looking at embedded carbon per tonne of products, so the same thing, but just a different understanding.'*

In Figure 6, we plot employees' perceptions of the ethical behaviour of their leaders against their belief their values match those of the organisation:

- 27% of employees overall report 'ethical alignment', where they believe their leader behaves ethically and their values match those of the organisation (RetailCo: 19%; CareCharity: 41%; GovDep: 37%; PoliceOrg: 9%).
- 32% of employees report an 'ethical void', scoring low on perceptions of the leader's ethical behaviour and low on value match (RetailCo: 35%; CareCharity: 17%; GovDep: 17%; PoliceOrg: 57%).
- 34% report 'ethical misalignment', where the leader is seen as ethical but there is not a very good match between the values of employees and those of the organisation (RetailCo: 35%; CareCharity: 37%; GovDep: 32%; PoliceOrg: 30%).
- 7% report 'unethical alignment', where there is a close match in values between the organisation and employee, but employees do not perceive their leaders to be behaving in ethical ways (RetailCo: 10%; CareCharity: 5%; GovDep: 14%; PoliceOrg: 4%).

Overall, although 27% believe they work in an ethically aligned context, conversely, a larger proportion, 32%, believe they operate in an ethical void. The fact that there are more employees in an ethically aligned context as opposed to those working in unethical alignment suggests the important role of leaders in developing a context where employees feel aligned with the organisation's values.

**Figure 6** Employee perceptions of their leader's ethical behaviours versus their belief that their values match those of the organisation



Values of each variable were split where 1-4=low and 4-5=high; we chose this split because 4-5 represents, on average, agree to strongly agree for each statement; figures here are averages from the case study organisations

For each of the case study organisations, we examined whether the four groups identified in Figure 6 differ in terms of job satisfaction, perceptions of meaningful work, the extent to which they engage in organisational citizenship behaviours, and desire to leave the organisation.

At RetailCo, employees in an ethical void report less job satisfaction than all other groups. Those in ethical alignment are more satisfied than those in ethical misalignment, yet their job satisfaction is no different from those in unethical alignment. There is also no significant difference in mean levels of job satisfaction between those in unethical alignment versus those in ethical misalignment. Employees in an ethical void report lower levels of work meaningfulness than all other groups, and those in ethical alignment report higher levels of work meaningfulness than all other groups. The only non-significant difference among the groups is between ethical misalignment and unethical alignment; these two groups have approximately the same level of work meaningfulness. Employees in an ethical void are less likely to engage in citizenship behaviours than those in ethical alignment and ethical misalignment, yet they engage in no more or no less citizenship behaviours compared with those in unethical alignment. There is also no significant difference with regard to citizenship behaviours between ethical misalignment and unethical alignment. For intentions to quit the organisation, those in ethical alignment have less intention to quit than any other group. Those in ethical misalignment report lower intentions to quit than those in an ethical void; no other significant differences emerged among the groups.

At CareCharity, we found that employees in an ethical void have significantly lower levels of job satisfaction compared with those in the ethical alignment and ethical misalignment categories; there is no significant difference in job satisfaction between ethical void and unethical alignment, nor between any of the other groups. For work meaningfulness, those in an ethical void have lower levels of work meaningfulness compared with those in ethical alignment and unethical alignment, yet they are no different in terms of work meaningfulness from those in ethical misalignment. Employees who are ethically aligned report that their work is more meaningful than those in ethical misalignment. We found that those who are in ethical alignment with the organisation report higher citizenship behaviours than those who are ethically misaligned or who are in an ethical void; no other significant differences with regards to citizenship were found among the four groups. Finally, those who are in an ethical void are more likely to have intentions to leave CareCharity than those in the other three groups; no other significant difference was found.

At GovDep, there are no significant differences among the groups with regard to job satisfaction or intentions to quit the organisation. However, there are significant differences among the groups with regard to meaningfulness and citizenship behaviours. In particular, those who work in an ethical void have significantly lower levels of work meaningfulness compared with the other groups. Employees in an ethical void are also less likely to be helpful towards the organisation compared with those in all other categories. No other significant differences were found among the other categories for work meaningfulness.

At PoliceOrg, those in ethical alignment are more satisfied with their jobs than those in ethical misalignment and who operate in an ethical void; there is no significant difference in mean levels of job satisfaction between ethical alignment and unethical alignment. There is also no significant difference between those operating in an ethical void compared with those in ethical misalignment or unethical alignment. The same pattern of relationships was found for work meaningfulness. With regard to citizenship, those operating in an ethical void are less likely to be a good citizen compared with those in ethical alignment and ethical misalignment, yet they are no different from those in unethical alignment. Employees in an ethical void are more likely to have intentions to quit the organisation than those in the other three groups. Those in ethical alignment are also more likely to desire to stay with the organisation than those in ethical misalignment, yet there is no significant difference between ethical alignment and unethical alignment with regard to intention to quit.

Although there are some differences across the case studies, in general, the pattern of findings suggests that those who operate in an ethical void tend to report lower levels of job satisfaction, find their work less meaningful, do not act as good citizens within the organisation, and they are more likely to want to quit their jobs. Those who operate in an ethically aligned environment, on the other hand, are happier at work, want to stay, and are helpful towards the organisation. Those in the 'middle' conditions, that is, ethical misalignment and unethical alignment, are in a better position than those in the void; however, a key take-away is that both ethical leadership and high levels of person-organisation fit are necessary to optimise positive outcomes.

### How willing are people to challenge unethical behaviours?

In the interviews and focus groups, we asked whether leaders and employees felt that unethical behaviour would be challenged at the case study organisations should it arise. The findings are summarised in Table 8.

**Table 8** Challenging unethical behaviours

Organisation	Comments
BuildCo	Most leaders and employees said people would challenge, especially regarding H&S breaches with a target of 'zero harm'; there is a 'never walk by' mentality. At more junior levels, challenges are likely to be more informal. Employees are trained in H&S. People less willing to challenge senior managers' instructions, in the case of bullying, or in pockets where ethical standards are more lax.
CareCharity	General willingness to challenge, eg through whistle-blowing policy; positive example set by senior leadership team in challenging.
GovDep	At leader level, challenges 'not the norm', tendency to 'just let it pass by', due in part to focus on individual accountability and responsibility. Hierarchical nature of organisation means people do not feel empowered to 'call out' those at higher levels. Employees said they would be willing to challenge, but unethical behaviour not that frequent.
PoliceOrg	Most would challenge or report as 'you wouldn't last long' if you did not. Normal to challenge the individual at the time, but there is a Professional Standards Department and process for anonymous reporting.
RetailCo	Whistleblowing policy in place. Reporting of minor incidents at shop floor less likely due to reluctance to challenge a colleague. Handling likely to vary between stores.

All organisations have policies in place to handle reports of unethical behaviour, but the extent to which these are widely used seems to depend on the individuals concerned, the nature of the violation and the context. A general finding is that employees find it quite difficult to challenge upwards, that is, to call out their line or senior managers for unethical behaviours, and can be unwilling to make official reports on their colleagues. At GovDep, one person said:

*'There was a person who made quite a negative remark that was sort of racially driven and when I immediately challenged it in an open plan office, I almost felt as if I was in the wrong; I felt really embarrassed about it. The person apologised to me, but I think that in a way he almost felt that the whole thing about ... challenging something, is so not done here.'*

The exception to this is in the case of the police, where, because of the nature of policing work, the repercussions of unethical behaviour challenge the Peelian Principles<sup>2</sup> of policing by consent through public confidence:

*'I'd like to say that we're very, very ethical, probably, more than anyone else to be honest, and because we need to be because, we've got the powers of a constable which other people don't have so we need to be clear that that's not abused and we uphold the values.'*

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<sup>2</sup> The Peelian Principles were developed by Sir Robert Peel in 1829 when the UK police were founded, and constitute the underpinning ethical mission statements that guide the activities of the police. They include, for example, the statement that the purpose of the police is to prevent crime and disorder, and emphasise the importance of policing by consent.

# 3 The impact of purposeful leadership

- Employees with purposeful leaders are less likely to be cynical towards their organisation, even after taking into account ethical leadership.
- Employees with purposeful leaders report higher levels of sales.
- Ethical leadership approaches are consistently associated with lower likelihood of employees wanting to quit, greater levels of job satisfaction and higher levels of meaningfulness.
- 46% of employees believe their leader behaves ethically and are satisfied with their job.
- Those who have a purposeful leader or an ethical leader say that their leader provides them with more role clarity, is people-oriented and shares power with them.
- Most employees said that their leaders are very effective and, in some cases, had steered the organisation well through difficult times.
- However effective the leader, though, resource constraints and time pressures mean that it can be difficult to achieve their vision in practice.

## Introduction

In this section we focus on the outcomes of purposeful leadership. From the organisational surveys, we examine the relationship between purposeful leadership and job satisfaction, intention to quit and meaningful work. In one case study organisation, we also examine the link between purposeful leadership and performance. We ask whether purposeful leadership adds anything over and above ethical leadership in explaining follower outcomes. From the focus groups, we explore employees' perspectives on the effectiveness of leaders. We address the following questions:

- What outcomes are associated with purposeful leadership?
- To what extent do employees regard their leaders as effective?

## Results from the survey

### *Purposeful leadership*

In the surveys, we looked at a wide range of potential positive outcomes for employees of having a purposeful leader in three of the participating case studies, RetailCo, CareCharity and PoliceOrg:

- job satisfaction
- meaningfulness of work (for example experiencing joy in work, feeling energised by work, seeing a connection between work and the social good)
- organisational citizenship behaviour directed towards the organisation (that is, going 'beyond the call of duty' for the organisation by, for example, volunteering for extra tasks, speaking highly of the organisation)
- intent to quit.

In addition, we also examined organisational cynicism and prosocial unethical behaviour, that is, unethical behaviour undertaken with the aim of helping the individual's line manager, at RetailCo.

The findings are summarised in Table 9.

**Table 9** The impact of purposeful leadership: what are the outcomes for employees who have purposeful leaders?

	Job Satisfaction	Meaningfulness of Work	OCB-organisation	Intent to stay
<b>RetailCo</b>				
Vision	+	+	+	NR
Commitment Stakeholders	+	+	+	NR
Moral Self	+	+	NR	NR
Purposeful Leadership	+	+	+	NR
<b>CareCharity</b>				
Vision	NR	+	NR	NR
Commitment Stakeholders	NR	+	+	NR
Moral Self	NR	+	NR	NR
Purposeful Leadership	NR	+	NR	NR
<b>PoliceOrg</b>				
Vision	+	NR	NR	+
Commitment Stakeholders	NR	NR	NR	NR
Moral Self	NR	NR	NR	NR
Purposeful Leadership	NR	NR	NR	+

NR = no relationship; + = positive relationship; analyses were run with ethical leadership as a covariate

Note: Analyses are based on multi-level modeling using matched leader-follower data

In each of the analyses of the effects of purposeful leadership on outcomes, we took account of employees' perceptions that their leader is ethical. The results show a mixed picture with regard to the outcomes for employees of having a purposeful leader, over and above their perceptions of their leaders' ethical behaviour. There is no clear and consistent pattern of relationships in relation to job satisfaction, meaningfulness of work, organisational citizenship behaviours and intent to quit. For example, we found that purposeful leadership is consistently related to each outcome at RetailCo except intent to stay, yet it is only significantly related to meaningfulness of work at CareCharity and to intention to stay at PoliceOrg. However, leaders' vision for their team leads to higher job satisfaction and retention at PoliceOrg, above and beyond employees' perceptions that their leader is ethical. A leader's commitment to stakeholders is particularly important in CareCharity, where it is significantly related to both meaningfulness of work and organisational citizenship behaviours, even after employees' perceptions of their leaders' ethical behaviour are taken into account.

With regards to RetailCo in particular, we found that purposeful leadership is negatively related to organisational cynicism, even after taking into account employees' perceptions of their leaders' ethical behaviour. Hence, the effects of purposeful leadership go beyond that of employees' perceptions that their leader is ethical in predicting whether employees are cynical about their company.

At RetailCo, we also examined the relationship between purposeful leadership and its facets on sales and costs performance indicators. We found that purposeful leadership is significantly related to employee sales performance, even after taking into consideration individual perceptions of ethical leadership. When we examine the individual dimensions of purposeful leadership further, it appears that managers' vision drives this relationship, as followers perform better when their leaders report a strong, compelling vision for their team. Although purposeful leadership overall is not related to cost containment, we found that leaders' reports of commitment to stakeholders do influence costs. In particular, followers have higher performance ratings on costs when their leader reports that they are committed to stakeholders.

### **Ethical leadership**

We next turn to the question of ethical leadership, which we explored in all four case studies. Table 10 shows the strength of relationships between employees' perceptions of ethical leadership and important outcomes for employees. Across the case study organisations, there are many positive and significant relationships:

- In all organisations, employees who believe that their leader is ethical are also more likely to want to remain employed in the organisation, they are more satisfied with their work, and they derive more meaning from what they do.
- The relationship between ethical leadership and organisational citizenship behaviours is significant in all organisations, except CareCharity (where there is no link between ethical leadership and organisational citizenship behaviours).
- We found that ethical leadership is negatively related to organisational cynicism at RetailCo such that employees are more likely to be cynical towards their organisation when they believe their leader behaves unethically.
- This finding, in tandem with the findings reported in Table 10, implies that what matters more is employees' perceptions of their leader's ethical behaviours in influencing how they feel and behave, rather than leader reports of their own purposeful leadership.

**Table 10** The significance of the relationships between leader ethical behaviours(as reported by employees) and employee outcomes

	Job Satisfaction	Meaningfulness of Work	OCB-organization	Intent to stay
Retail Co	+	+	+	+
CareCharity	+	+	NR	+
GovDep	+	+	+	+
PoliceOrg	+	+	+	+

NR = no relationship; + = positive relationship

To examine these outcomes in relation to perceptions of ethical leadership further, we plotted ethical leadership versus each of the outcomes. The results are shown in Figures 7–10.

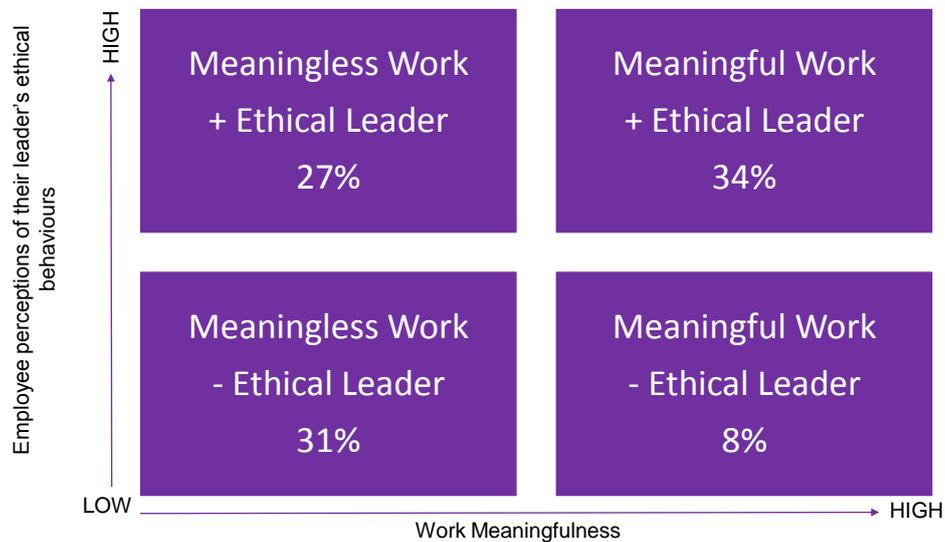
**Figure 7** Employee perceptions of their leader's ethical behaviours versus their job satisfaction



Values of each variable were split where 1-4=low and 4-5=high; we chose this split because 4-5 represents, on average, agree to strongly agree for each statement; figures here are averages from each case study.

- 46% believe their leader behaves ethically and are satisfied with their job (RetailCo: 44%; CareCharity: 67%; GovDep: 50%; PoliceOrg: 22%).
- 18% are in just the opposite position (RetailCo: 21%; CareCharity: 10%; GovDep: 11%; PoliceOrg: 33%).
- The fact that approximately 65% of the sample fit into one of these two categories shows a strong positive link between ethical leadership and job satisfaction.
- On average, 16% are dissatisfied with their job even though they believe that their leader is ethical (RetailCo: 16%; CareCharity: 10%; GovDep: 18%; PoliceOrg: 18%).
- On average, 20% are satisfied with their job and do not believe their leader behaves ethically (RetailCo: 19%; CareCharity: 13%; GovDep: 21%; PoliceOrg: 28%).

**Figure 8** Employee perceptions of their leader's ethical behaviours versus their work meaningfulness



Values of each variable were split where 1-4=low and 4-5=high; we chose this split because 4-5 represents, on average, agree to strongly agree for each statement; figures here are averages from each of the four organisations.

Figure 8 plots ethical leadership versus meaningful work and shows about equal proportions of employees in three of the four groups:

- 34% believe they have an ethical leader and that their work is meaningful (RetailCo: 28%; CareCharity: 62%; GovDep: 38%; PoliceOrg: 9%)
- 31% do not believe their leader is ethical and do not find their work meaningful (RetailCo: 34%; CareCharity: 8%; GovDep: 29%; PoliceOrg: 52%)
- Together, these make up over 60% of the sample, indicating that ethical leaders create a context in which people can find meaning in what they do.
- On average, 27% find their work to lack meaning, even though they believe that their leader is ethical (RetailCo: 32%; CareCharity: 16%; GovDep: 30%; PoliceOrg: 31%).
- 8% find their job meaningful, regardless of the fact that they do not have a high opinion of their leader's ethical behaviour (RetailCo: 6%; CareCharity: 15%; GovDep: 3%; PoliceOrg: 8%).

**Figure 9** Employee perceptions of their leader’s ethical behaviours versus their organisational citizenship behaviours directed toward the organisation



Values of each variable were split where 1-4=low and 4-5=high; we chose this split because 4-5 represents, on average, agree to strongly agree for each statement; figures here are averages from each of the four organisations

Figure 9 shows the proportion of employees who believe their leader is ethical versus the extent to which the employees are willing to help out their organisation (high on organisational citizenship behaviour – OCB):

- 42% of employees believe their leader is ethical and they report high levels of OCB (RetailCo: 39%; CareCharity: 44%; GovDep: 35%; PoliceOrg: 49%).
- 19% of the sample is in just the opposite position (RetailCo: 22%; CareCharity: 15%; GovDep: 23%; PoliceOrg: 17%).
- 28% believe that their leader is ethical, yet do not help the organisation through citizenship behaviours (RetailCo: 21%; CareCharity: 34%; GovDep: 33%; PoliceOrg: 23%).
- 11% do not have a high opinion of their leader’s ethical behaviour, yet are helpful to the organisation (RetailCo: 18%; CareCharity: 8%; GovDep: 9%; PoliceOrg: 10%).

**Figure 10** Employee perceptions of their leader's ethical behaviours versus their intention to remain employed at the organisation



Values of each variable were split where 1-4=low and 4-5=high; we chose this split because 4-5 represents, on average, agree to strongly agree for each statement; figures here are averages from each of the four organisations.

- Figure 10 shows that 58% perceive that their leader behaves ethically and desire to remain employed in the organisation (RetailCo: 50%; CareCharity: 85%; GovDep: 61%; PoliceOrg: 38%).
- 8% of the sample is in the opposite position (RetailCo: 10%; CareCharity: 3%; GovDep: 9%; PoliceOrg: 9%).
- 7% believe that their leader is ethical, yet still want to exit the organisation (RetailCo: 10%; CareCharity: 2%; GovDep: 9%; PoliceOrg: 9%).
- 27% are likely to stay in the organisation, regardless of the fact that they do not have a high opinion of their leader's ethical behaviour (RetailCo: 30%; CareCharity: 19%; GovDep: 23%; PoliceOrg: 38%).

## Findings from the focus groups on perceptions of leader effectiveness

**Table 11** Perceptions of leader effectiveness

Organisation	Perceptions of leader effectiveness
BuildCo	Most leaders are very effective, a recent merger was managed well Employees attribute company success to the leadership; the MD was praised for taking time to talk to individual managers Leaders manage 'by example'
CareCharity	Most leaders are very effective, and the charity's growth and quality of care is attributed to them The vision was developed collaboratively and employees have a say Some say that getting things done depends more on people than the systems There are still some organisational siloes
GovDep	Leaders felt to be very effective, having set a clear vision and set of expectations The minority who are not effective are the exception Leaders are approachable and open
PoliceOrg	Leaders perceived as very effective especially the Chief Constable Resource constraints and the national agenda sometimes mean local needs cannot be prioritised Immediate line managers will 'challenge upwards' in the interests of their staff
RetailCo	Regional and other managers seen as effective and capable, encouraging upward feedback and open communication Views of Board members were more mixed, but some said they have little contact with them Communication is an issue with the Board being remote, eg some found out the previous CEO had stepped down through the media

Across all five organisations (Table 11), leaders are seen as very effective, although there are issues in some cases of senior leaders being remote from staff. Conversely, in others, employees praised their leaders for being approachable and willing to listen to feedback. In several cases, employees acknowledged the difficult times their organisations had recently experienced and attributed the success of the organisation at dealing with these to their directors, such as was the case at RetailCo. One leader at BuildOrg said, for instance, *'we're doing exceptionally well and that can only be because we've got it coming from above.'* However, a common theme is that however good the leadership, if there are insufficient resources to put the vision into practice, it is the employees who will feel the pressure of this in their day-to-day work. One officer at PoliceOrg summed this up:

*'I think the problem with the public sector is the vision will only go so far; you then need money and officers to back up that vision.'*

### **Link between purposeful leadership and perceptions of line managers**

From the survey at PoliceOrg, we wanted to know how purposeful leadership relates to employees' perceptions that their leader: (1) provides sufficient clarity around the role that employees' should perform, (2) is people-oriented, and (3) shares power with employees. The results from the employee and leader surveys show that employees who are led by purposeful leaders view them as providing more role clarity, as being more people-oriented, and they believe that more power is shared with them. We also found a link between employees' perception of their leader's ethical behaviours and these three outcomes.

# 4 The organisational environment and purposeful leadership

- Complex and inconsistent relationships emerged between purposeful leadership and a range of factors including fair treatment, the belief the organisation cares about its stakeholders, and perceptions of the organisational climate. This suggests that organisational context is likely to be a significant factor.
- There is a much stronger and more consistent relationship between ethical leadership and these factors.
- 61% of employees classify their environment as 'ethical and just' rating both their leader's ethical behaviour and organisational fairness highly.
- 20% of employees classify their working environment as 'unethical – unfriendly', both scoring their leader low on ethical behaviour and scoring the climate low on friendliness and supportiveness.
- Enablers of purposeful leadership centre around having clear policies in place, role-modelling from senior leaders, training and organisational culture.
- Constraints against purposeful leadership centre around time and resource pressures leading to the prioritisation of business or organisational interests.

## Introduction

In this section we turn our attention to the context for purposeful leadership in the participating organisations with a view to understanding the environment within which purposeful leadership is enacted, and the factors that enable or constrain purposeful leadership. We draw on the case study surveys, interviews and focus groups to explore the relevance of a range of factors.

### ***Link between fairness, purposeful and ethical leadership***

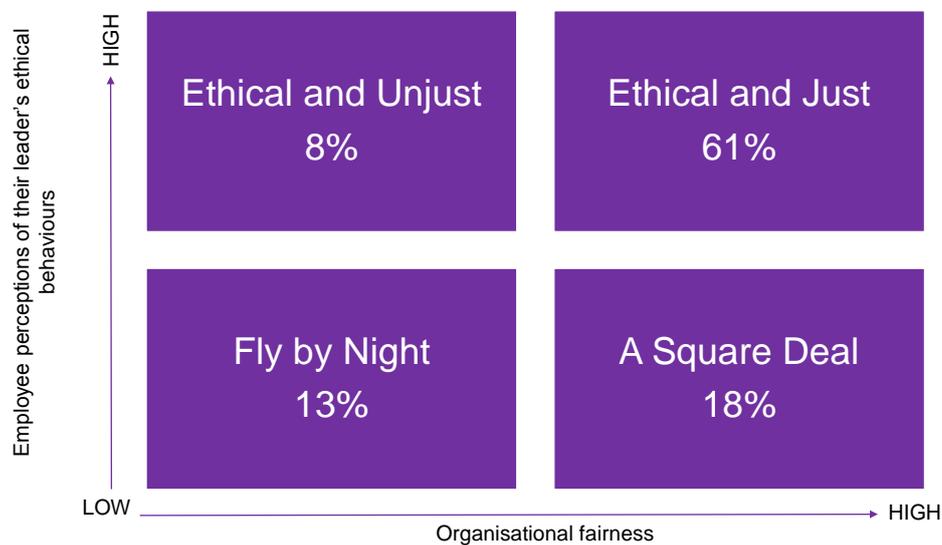
At RetailCo and CareCharity, we looked at the relationship between purposeful leadership and employees' perceptions that the *organisation* treats employees fairly:

- At RetailCo, analysis drawing on surveys completed by both leaders and followers shows that purposeful leadership is associated with employees' perceptions that the organisation treats them fairly.
- At CareCharity, the only component of purposeful leadership that is related to perceptions of justice is commitment to stakeholders. The other components, and purposeful leadership overall, are not related to employees' perceptions of fairness.

Figure 11 shows the relationship between ethical leadership and the extent to which employees believe the organisation treats them fairly:

- 61% of employees are categorised as ‘ethical and just’, in other words, they rate both their leader’s ethical behaviour and organisational fairness highly (RetailCo: 47%; CareCharity: 75%).
- 18% are categorised as a ‘square deal’, those who believe that their organisation treats them fairly, yet their leader is not rated as high ethically (RetailCo: 22%; CareCharity: 14%).
- 13% are ‘fly by night’, that is, they rate both ethical leadership and organisational fairness as low (RetailCo: 18%; CareCharity: 9%).
- 8% are ‘ethical and unjust’, that is, they believe that their leader is ethical, yet the organisation is unfair (RetailCo: 13%; CareCharity: 3%). This intimates that organisational fairness is a crucial factor underpinning the ability for managers to behave and to be seen as ethical by their employees.

**Figure 11** Employee perceptions of their leader’s ethical behaviours versus their belief that the organisation treats them fairly



Values of each variable were split where 1-4=low and 4-5=high; we chose this split because 4-5 represents, on average, agree to strongly agree for each statement; figures here are averages from RetailCo and CareCharity.

This sentiment was corroborated at PoliceOrg, where we focused on whether purposeful leadership leads employees to believe that their *manager*, rather than the organisation overall, treats employees fairly. The results show that those who work under purposeful leaders believe that their leaders treat them fairly.

**Link between prosocial climate, purposeful and ethical leadership**

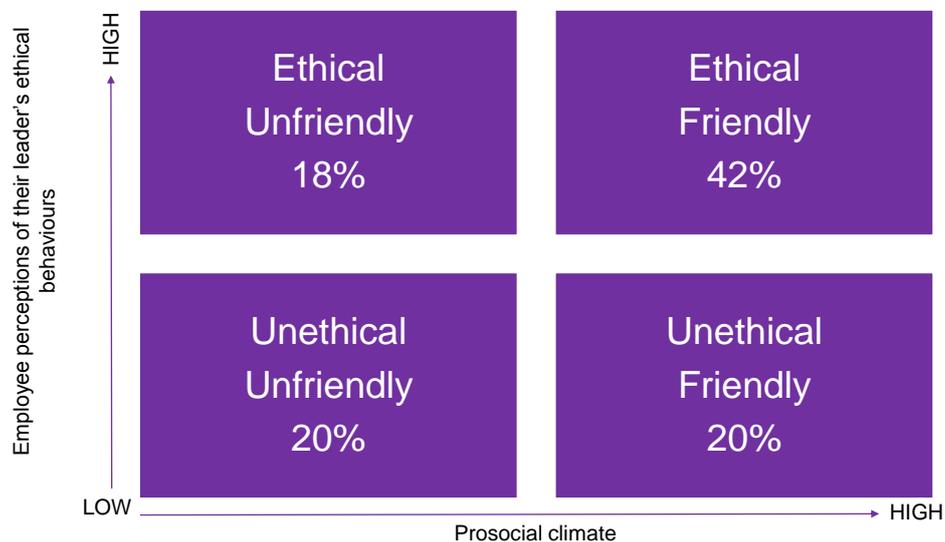
At RetailCo, we examined whether purposeful leadership is related to employees’ beliefs that they operate in a prosocial climate, in other words, a friendly environment in which people provide tangible and intangible support to one another. Although the component moral self does not emerge as being related to prosocial climate, the other components of purposeful leadership, and purposeful leadership overall, are positively related to prosocial climate. This means that purposeful leaders shape their team’s climate so that team members feel a sense of belonging and are supported by their team. Hence, in organisations with a strong, healthy prosocial climate, purposeful leaders are more likely to emerge.

Figure 12 shows the percentage of employees at RetailCo who believe that their leader is ethical versus whether they believe they operate in a prosocial climate:

- 42% classify their environment as ‘ethical – friendly’, that is, they have an ethical leader and they find the organisational climate supportive and friendly.
- 20% classify it as ‘unethical – friendly’, that is, they rate their leader low on ethics but the climate high on supportiveness and friendliness.
- 20% classify it as ‘unethical – unfriendly’, that is, low on both.
- 18% classify it as ‘ethical – unfriendly’, rating their leader high on ethics but the climate low on friendliness and supportiveness.

Ethical leadership perceptions may therefore arise in organisational climates that are supportive and friendly, and are stifled in cooler climates that lack supportiveness.

**Figure 12** Employee perceptions of their leader’s ethical behaviours versus their belief they work in a prosocial climate



Values of each variable were split where 1-4=low and 4-5=high; we chose this split because 4-5 represents, on average, agree to strongly agree for each statement; figures here are averages from RetailCo.

## Findings from the interviews and focus groups

### ***Enablers of purposeful leadership***

We asked the leaders and employees what factors in and around the organisation they believe serve to enable purposeful leadership. These results are summarised in Table 12. In many cases, the answers coalesce around the importance of policies and processes, including HR policies, which reinforce ethical behaviour, role-modelling from senior managers, a culture of mutual support and a focus on ethics.

For example, one leader at CareCharity said:

*‘I think the way in which the chief executive and the directors behave means that ... for me it’s about role-modelling. So I think if we’re not role-modelling at the very senior level, we cannot expect anyone else to feel comfortable adhering to whatever values and ethics that we expect of them. So, for me, it’s culture and role-modelling which are the two things that I would say are key.’*

**Table 12 Enablers of purposeful leadership**

Organisation	Enablers
BuildCo	Ethics policies that clarify ethical expectations Regular communication eg monthly newsletter, video links Training programmes
CareCharity	The faith basis of the charity that sets an ethical framework Recruitment to charity values Role modelling from senior leaders Consultation and communication
GovDep	Policies eg the Code of Conduct Cultural willingness to challenge Role modelling from senior leaders Training programmes Nature of the work requiring attention to equality and diversity in legal instruments
PoliceOrg	Organisational culture of mutual support and expectation of upholding the values and principles of the police Strong interpersonal relationships and appreciation from the public Role modelling from senior leaders Training and induction and other policies, statutory Acts and Codes
RetailCo	Policies eg family friendly policies and rewards, bullying and harassment Organisational values and culture Focus on autonomy and ability for individuals to express their views Store KPIs could serve as enabler or constraint eg ability for customers to return goods improves the customer experience but does not improve store performance

**Constraints**

We also asked participants about their perception of constraints (see Table 13).

**Table 13 Constraints against purposeful leadership**

Organisation	Constraints
BuildCo	Pressure for results leading to long working hours culture Time constraints Bureaucratic processes
CareCharity	Relationship between donors, Trustees and other stakeholders leading to conflicts of interest eg requests for favourable treatment Lack of an ethical investment policy Many said there were 'no constraints'
GovDep	Pressure of work Over-emphasis on the technical details of the work rather than the 'big picture' Political nature of the organisation leading to short-termist views
PoliceOrg	Time pressure and lack of resources Struggle to find time for face-to-face communication Length of time taken for internal investigations meaning that the results of any allegations of malpractice are produced too late to effect any change Risk aversion Risk of occasional poor behaviour on the part of officers damaging the force's reputation
RetailCo	Financial pressures eg leading to short hours contracts for staff Lack of time to act 'with purpose' Over-communication especially via email, leading to dilution of messages and lack of time Unrealistic targets or frequently changing instructions Remoteness of head office

The issue mentioned most frequently is lack of time and resources. Where people feel that they are under constant time pressure, business interests tend to become prioritised over ethical issues. One leader at GovDep summed this up:

*'Some of the work that I do is very high-paced, high-pressured and you often don't get the chance to sit back and really think about the impact of some of the actions you're taking.'*

# Conclusions

- Purposeful and ethical leadership are associated with a range of beneficial employee outcomes, and the links are stronger in the case of ethical leadership.
- Purposeful leadership is associated with higher levels of sales, and lower levels of cynicism, even when taking ethics into account. This shows the importance for organisations of investing in purposeful leaders.
- A significant minority of employees report working in organisations where leader ethical behaviour is poor, leading to lack of satisfaction, meaningfulness of work and intent to quit.
- The interviews and focus groups highlight the significance of context for the findings.
- There is much that organisations can do to foster purposeful and ethical leadership, including the adoption of relevant policies, leader role-modelling, alignment around a core vision, training and development, and culture.

## Summary of findings

There is a great deal of enthusiasm around the topic of purposeful leadership, but much of this enthusiasm has been based on conjecture rather than evidence. After examining purposeful leadership in some detail across five organisations and within a wider sample of the UK working population, our conclusions about its prevalence and effectiveness are generally positive, although with some caveats. It is disappointing, although perhaps not surprising, to see how few leaders rate themselves as purposeful across all three of the dimensions of purposeful leadership in the wider UK working population, where the figure is just 21%. The prevalence of purposeful leadership does not appear linked to sector, organisational size or location. However, the picture that emerges from the case studies is more positive, with between 48% and 85% of leaders rating themselves as purposeful. As these organisations chose to participate in the research, it is likely that their interest in the topic is higher than average, and this may partially explain the results.

A similar pattern emerges in relation to ethical leadership. Levels of self-reported ethical leadership among the wider UK working population are lower at 40% than we found in the case studies, where the figures range from 53–89%. These findings are particularly important because they represent employees' assessments of their leaders' ethical behaviour, rather than leaders' evaluation of their own ethics. It is also notable that reports of leaders' ethical behaviour are more positive in the charity sector than in others. A number of factors are likely to be at play here, including the nature of the organisation's purpose and the tendency for people to be drawn to work for an organisation which has overtly similar values and ethics to their own.

Analysis of the data shows that there is generally a link between purposeful leadership as reported by individual leaders, and ethical leadership behaviours as reported by employees. Consequently, purposeful leaders who have a strong vision and moral self, and who are committed to meeting the needs of a range of stakeholders, are also more likely to behave ethically.

Ethical leaders are also more likely to have direct reports who feel they:

- fit well in the organisation in terms of values
- work in a just and fair organisation
- have a friendly and supportive work environment
- have clear expectations about the work they are allocated to do
- have a boss who shares power with them and is people-oriented
- are satisfied with their work and find it more meaningful
- are less likely to want to quit.

Overall, our analysis shows that ethical leadership behaviours are consistently associated with these factors. However, we also found that 32% of employees report working in an 'ethical void', where they score their leader's ethical behaviour as low, as well as the match between their own values and those of the organisation. In addition, 31% said that they do not believe their leader is ethical and they do not find their work meaningful. Those working in an 'ethical void' generally have lower levels of satisfaction and meaningfulness, are less likely to act as good citizens and more likely to want to quit. These findings suggest that there is still some way to go before organisations are successfully sharing their ethical values with all employees.

Turning to purposeful leadership, we can see that there is a consistent link between purposeful leaders and employees' responses on a range of issues that goes over and above the employees' perceptions of their leaders' ethical behaviour:

- a friendly and supportive work environment
- clear expectations about the work they are allocated to do
- perception their leader is people-oriented and shares power with them
- perception their manager treats them fairly
- lower levels of cynicism towards the organisation
- employee sales performance.

However, responses in relation to the following are less consistent:

- perception they are treated fairly by their organisation
- a feeling that they fit well with the values of the organisation
- perception the organisation takes good care of its stakeholders
- job satisfaction and meaningful work
- willingness to help others (OCB)
- intent to quit.

From this, we can see that purposeful leadership is important in terms of how employees experience their work along some important dimensions. However, the fact that it is employees' perceptions of leaders' ethical behaviour that demonstrates a more consistent relationship with these drivers and outcomes suggests that employees' perceptions of how leaders behave is more significant than leaders' perceptions of their own behaviour and attitudes.

The interviews and focus groups highlight the fact that context plays a significant role in how purposeful leadership is interpreted and enacted on a day-to-day basis in organisations. There are important variations between the case study organisations in terms of the levels of purposeful leadership, the barriers and enablers, and in the nature and form of ethical conversations and actions.

We found that the relative importance of a range of stakeholder groups varies considerably across the organisations dependent, in large part, on the nature of the business. Understandably, in the case of GovDep, ministers, government and the wider public are seen as the key stakeholder groups, and in

PoliceOrg it is the public, victims of crime or the community, together with other officers. The importance afforded to colleagues reflects the high levels of mutual dependency among officers who have to have 'each other's backs' in what might turn out to be violent or unpredictable circumstances. One consistent theme is that in none of the organisations do employees believe that all stakeholders are consistently taken into consideration during decision-making processes. This suggests that organisations could do more to ensure discussions incorporate a broader range of perspectives. Individual leaders at all the organisations talked about the congruence of their personal ethical views across both their work and home lives, and there is a strong consensus that it would be very difficult to work in an organisation where such congruence is unachievable. Several gave examples of times when they had left an employer for this very reason. Personal ethical commitments typically centre around honesty, fairness, trust, respect, loyalty and treating people well. In many cases, there is a symbiotic relationship between values at home and at work, which mutually influence each other. It is interesting to note that this congruence features in all the organisations, not just the ones that are perhaps more obvious (such as PoliceOrg or CareCharity). The strength of feeling expressed on this topic shows that value and ethical congruence is an important factor for individuals when deciding where to work, and whether to stay.

It is clear from talking with employees and leaders in all the organisations that it is important for leaders to set a vision, in collaboration with employees, which provides a meaningful sense of purpose and direction for their activities, and for the organisation or department as a whole. In the majority of cases, but not all, it matters a great deal to employees that the vision is ethical. However, employees do want a vision that is actionable and realistic; in several cases, they said that resource or time constraints, frequent changes of vision, multiple sub-visions or the filtering and 'muddling' role of middle managers mean that the vision could not readily be understood or feasibly be put into practice. The extent to which employees talked of an alignment between the organisation's vision, their leader's vision and the actions taken in the organisations varies across the five settings. We also observed variation in terms of the ethical focus underpinning the vision, for example, employee safety is very much the focus at BuildCo, and public safety at PoliceOrg. There are few if any instances of organisations that considered ethics 'in the round' in setting their vision.

Although all organisations had policies in place to encourage the reporting of unethical behaviour, in practice, the extent to which employees are willing to do so depends on organisational norms, the risks involved, the type of incident and the perpetrator of the infraction. Many employees are unwilling to challenge their line manager or senior leader. This points to the importance of not only having a whistleblowing policy in place, but also of ensuring employees are enabled to use it.

### **Key messages**

- Purposeful leadership and its constituent components – moral self, commitment to stakeholders and vision – are important in influencing a range of employee outcomes, including intent to quit, job satisfaction, willingness to go the extra mile, sales performance and lower levels of cynicism. Alongside this, ethical leadership approaches also emerge as central for employees' experience of their work. Employers should consider ways of creating and embedding a purposeful and ethical approach throughout the organisation.
- Vision is especially important for employees and leaders alike to provide a sense of direction to guide activities. However, multiple or conflicting visions can emerge over time and in different departments or units, causing a sense of confusion and uncertainty, and so organisations should aim for alignment around a set of core themes.
- There is much that organisations can do to foster an environment conducive to purposeful and ethical leadership; appropriate central policies, leader role-modelling, training and development, and the organisational values and culture can nurture purposeful leaders.

- Constraints in organisations revolve around time and resource pressures, unrealistic targets, communication errors such as over-communication, remoteness of the centre, and cultural factors such as risk-aversion. When seeking to develop a purposeful approach to leadership, organisations should attend to issues such as these that may sabotage their efforts.
- Organisations tend to focus on a limited range of stakeholders and discount others from their decision-making. However, this can lead to an imbalance in how the organisation relates to its wider setting. To combat this, organisations can consider strategies such as creating working groups to evaluate the impact of important decisions on a wide range of different stakeholders.

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# Appendix: Methodology

This report is based on data gathered in 2016 from five organisations using qualitative and quantitative methods. Data were also gathered from a representative sample of the UK working population via the CIPD's quarterly *Employee Outlook* survey.

## Description of methods

To derive our research questions, we reviewed the academic and practitioner literatures. Consequently, a research strategy was devised for conducting a series of in-depth case studies. In each organisation, we administered a survey to employees and their line managers, and conducted face-to-face interviews and focus groups. In the case of the questionnaire, a rigorous process of questionnaire development was undertaken based on the academic literature. The focus groups and surveys aimed to uncover participants' lived experiences of purposeful leadership.

### Quantitative research

Participating organisations selected a department, region or unit to participate in the survey. In each case, the email addresses of the employees who were chosen to take part were provided to the research team. The research team was also provided with information regarding reporting relationships so that employees could be matched to their respective managers. Employees were encouraged to participate in the survey and asked to complete the questionnaires within two weeks. The online version of the survey was created on Qualtrics, a software tool that facilitates the development and administration of online surveys. The data were downloaded into the statistical software package SPSS.

Table 14 shows the number of employees and managers who were sent the questionnaires and the number who responded, resulting in response rates from the five organisations ranging from 29–75%. Table 3 also provides descriptive information about the samples.

**Table 14** Case study survey sample characteristics

Organisation	Response Rate	Number of Leaders	Number of Followers	Female	Average Tenure	Full time
RetailCo	44.9%	215	308	55.5%	12 years	100%
CareCharity	71%	43	129	75%	11 years	79.5%
GovDep	35%	20	76	43.4%	8 years	92.3%
PoliceOrg	29%	246	520	37.8%	14 years	88.7%

## **Measures**

Most of the scales that we used to measure constructs of interest were derived from academic research. Unless otherwise noted, respondents were asked the extent to which they agreed or disagreed with a series of statements on a scale of 1 (strongly disagree) to 5 (strongly agree). All scales, unless otherwise noted, demonstrated sufficiently high levels of internal consistency.

**Purposeful leadership** – purposeful leadership was measured according to our conceptualisation of this new construct. We define purposeful leadership as a combination of vision, moral self and commitment to stakeholders. *Vision* was adapted from Fry et al (2005); *moral self* was developed by Aquino and Reed (2002); *commitment to stakeholders* was measured by asking participants the extent to which they agreed or disagreed that they support good causes (that is, cultural and/or charitable causes) outside of formal role responsibilities. We combined these three facets to form an overall measure of purposeful leadership. When the facets were combined, the reliability coefficient was not sufficiently high; this variable should therefore be interpreted as a formative, rather than a reflective, measure.<sup>3</sup>

**Other leadership measures** – ethical leadership was measured with a scale developed by Brown et al (2005). People-oriented, role clarification and power-sharing scales were adapted from Kalshoven et al (2011).

**Organisational enablers** – organisational fairness perceptions was developed by Kim and Leung (2007). Prosocial climate was adapted from Mayer et al (2010). To measure organisational commitment to stakeholders (as distinct from leader commitment to stakeholders), participants were asked the extent to which they agreed or disagreed that their organisation supports good causes (that is, cultural and/or charitable causes).

**Employee outcomes** – job satisfaction (Schleicher et al 2015); meaningfulness of work (Ashmos and Duchon 2000); organisational citizenship behaviour (Dalal et al 2009); intention to quit (Boroff and Lewin 1997); and person–organisation fit (Saks and Ashforth 2002) were measured with established scales.

## **Analyses**

All the variables are continuous. In reporting, we have in places analysed the means or averages of the continuous forms of the variables. In order to test for statistical differences between average levels of groups, we used t-tests. In some of the figures, we report the percentage of respondents in 'low', 'medium' and 'high' categories. The note on each figure shows how each continuous variable was broken down into these categories to ease interpretation and comparison.

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<sup>3</sup> When a construct is *reflective*, this means that the indicators of the construct are *caused by* the construct, and a high level of internal validity is required. In such cases, the questions that compose the scale that is used to measure the variable are all deemed to have been caused by the variable itself. A *formative* measure, on the other hand, is composed of independent, albeit correlated, variables and consequently the items *cause* the construct itself (rather than the other way around). For instance, socioeconomic status (SES) is considered a formative measure comprising education, occupational prestige, income and neighbourhood residence, which are causes of SES, rather than the reverse. It also means that a change in one indicator will not necessarily change another indicator (just because a person achieves a second degree does not necessarily increase the person's income). In the same way, we suggest that vision, commitment to stakeholders and moral self together cause purposeful leadership, and purposeful leaders can vary in the amount of emphasis they place on each facet of purposeful leadership.

*Correlation analysis* is used to quantify the association between two continuous variables. In correlation analysis, a sample correlation coefficient is estimated. This ranges between  $-1$  and  $+1$  and quantifies the direction and strength of the linear association between two variables. The sign ( $-$  or  $+$ ) signifies the direction of the association. The correlation can be positive, which means that higher levels of one variable are associated with higher levels of another. The correlation can be negative, which means that higher levels of one variable are associated with lower levels of the other. The magnitude of the correlation indicates the strength of the association (a correlation that is close to 0 suggests no linear association between two continuous variables).

*Multi-level analysis* is used to test relationships between leader-rated purposeful leadership and employee-rated outcomes. This data has a clustered structure, in that employees are clustered by supervisor. This is important, because it is likely that employees with the same supervisor tend to be more alike. We allowed both the intercepts and slopes to vary. This means that we accounted for the potential differences across leader–employee groups. We could compute multi-level analyses only at RetailCo, CareCharity and PoliceOrg because we did not have a sufficient number of matched leaders and employees at GovDep.

The CIPD *Employee Outlook* is a quarterly survey of employees' views of working life. Between 2,000 and 2,500 individuals take part in the survey. The survey is conducted using an online interview administered to members of the YouGov Plc GB panel of 350,000+ individuals who have agreed to take part in surveys. The responding sample is weighted to be representative of the UK workforce in relation to sector and size (private, public, voluntary), industry type and full-time/part-time working by gender. The profile is normally derived from census data or, if not available from the census, from industry-accepted data.

The *Employee Outlook* survey on which this report is based took place in June 2016. Table 15 displays descriptive statistics of the sample. Overall, 1,319 people of working age (18–65) participated.

**Table 15** Outlook Survey (general population) sample characteristics

Characteristics	Statistics
Number of leaders	734
Number of employees	1319
Average age <ul style="list-style-type: none"> <li>• 18-24</li> <li>• 25-34</li> <li>• 35-44</li> <li>• 45-54</li> <li>• 55 and above</li> </ul>	<ul style="list-style-type: none"> <li>• 8.9%</li> <li>• 9.6%</li> <li>• 21%</li> <li>• 27.5%</li> <li>• 33%</li> </ul>
Male/female	49% male; 51% female
Average tenure	5.21 years (standard deviation=4.55)
Sector <ul style="list-style-type: none"> <li>• private sector</li> <li>• nationalized industry or public corporation</li> <li>• other public sector (e.g., NHS, police)</li> <li>• charitable/voluntary sector</li> </ul>	<ul style="list-style-type: none"> <li>• 79.4%</li> <li>• 1.3%</li> <li>• 7.9%</li> <li>• 11.4%</li> </ul>
Company size <ul style="list-style-type: none"> <li>• 1-49</li> <li>• 50-199</li> <li>• 200-499</li> <li>• 500 and above</li> </ul>	<ul style="list-style-type: none"> <li>• 28.1%</li> <li>• 12.3%</li> <li>• 9.8%</li> <li>• 49.8%</li> </ul>

### **Qualitative research**

Qualitative data were gathered through interviews and focus groups within all five organisations. Table 16 shows the number of interviews and focus groups held in each organisation. Interviews were normally held at the individual's place of work, but some were also conducted over the phone. Focus groups were all carried out in the offices of the participating organisations. Focus groups varied in size from three to eight participants. All of the interviews and focus groups were recorded and professionally transcribed verbatim.

Participants in the interviews were individuals within a leadership role in their organisations, ranging from mid-level managers to director level. Focus groups were held with the direct reports of some or all of these leaders.

In the interviews, we asked participants about their experience of leadership in the organisation, their views of ethics and ethical behaviour in the organisation, their own ethical viewpoints, and how their organisations enable or discourage ethical behaviour. Finally, we asked about the relative importance of different stakeholder groups, as well as the leader's own vision and that of the senior management team.

**Table 16** Focus group and interview participants

Organisation	No. interviews	No. focus groups	No. of focus group participants
BuildCo	10	3	12
CareCharity	9	3	19
GovDep	9	2	11
PoliceOrg	7	3	12
RetailCo	11	5	25

In the focus groups, we asked participants to tell us about their experience of ethical and unethical behaviour in their organisation, the vision set by leaders, their views of leaders' ethical behaviour, and the effectiveness of leaders.

## **Profiles of participating organisations**

### ***BuildCo***

BuildCo is a leading sustainable building materials and construction solutions business. It employs over 6,900 employees who are located across 400 sites. In BuildCo, we only conducted the survey with members of the HR department and so this data is omitted from the report, although the focus groups and interviews included staff from within the wider firm.

### ***CareCharity***

CareCharity is a health and social care charity serving London and the south-east of England offering a range of services to members of a religious community who are elderly, mentally ill, have disabilities, or are refugees. CareCharity employs 1,100 permanent and 300 casual staff, and runs more than 70 centres and specialist services. CareCharity aims to work collaboratively and act as a catalyst for change in the sector, and they have a set of values that include excellence, inclusion, integrity and creativity.

### ***GovDep***

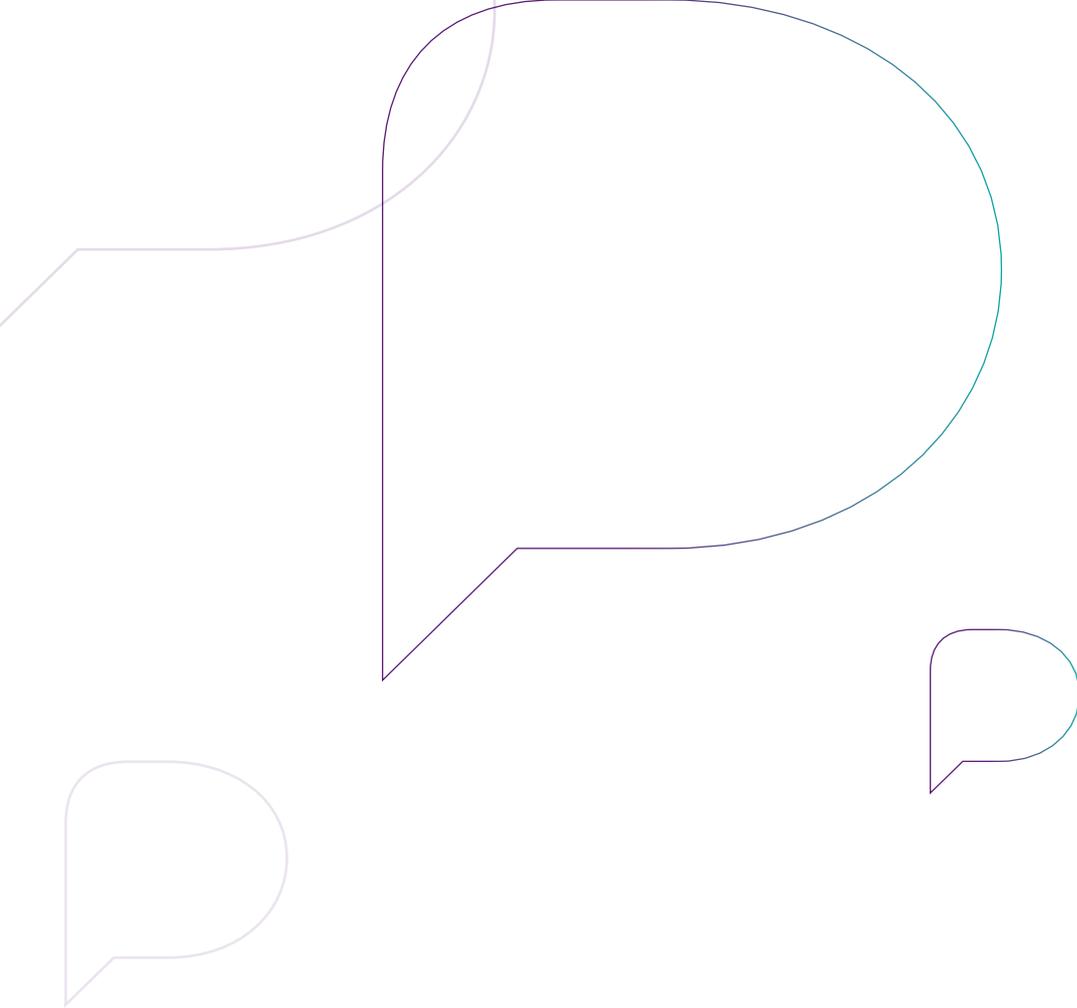
GovDep is a large central government department employing over 18,000 staff who work across the country. GovDep seeks to promote sustainability as part of its overall remit of activities.

### ***PoliceOrg***

PoliceOrg is a large county police force in England employing around 3,000 police officers covering over 1,400 square miles with a population of over 1.7 million people. The force is governed by the UK's Code of Practice for the Principles and Standards of Professional Behaviour for the Policing Profession of England and Wales and places strong emphasis on working honestly and ethically. Ethical principles include such values as fairness, honesty, integrity, respect and openness.

### ***RetailCo***

RetailCo is a large high street general retail firm. It is one of the UK's largest high street retailers, serving approximately 130 million customers a year. As of 2012, it employed 31,000 people. RetailCo has a focus on sustainability and promotes initiatives such as reducing energy consumption and waste, helping customers make more responsible purchasing choices, ethical product sourcing and being a good neighbour.



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