Ethical Leadership for Machiavellians in Business

by

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Author's Declaration

I hereby declare that I am the sole author of this thesis. This is a true copy of the thesis, including any required final revisions, as accepted by my examiners.

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Abstract

Despite some progress in instilling ethics into business practice, businesses continue to make decisions that result in incredible harms to people and the environment around the world. Academics, the public, and the media have often singled out business leaders as unethical and responsible for the vast harms that their companies have done. As a result, some have looked to ethical business leadership as one avenue of approach to making businesses act more ethically.

This thesis explores two leadership styles. The first is Machiavellian leadership, which has a reputation for being one of the least ethical leadership styles, and the second is transformational leadership, which has a reputation for being one of the most ethical leadership styles. This thesis attempts to align the ethical components of transformational leadership with Machiavellian leadership so that Machiavellian leaders will have reason to behave more ethically. The hope is that some component of transformational leadership theory can inspire Machiavellian leaders to behave more ethically. However, I argue that transformational leadership is not as ethical as it seems, since transformational leadership can result in both ethical and unethical behaviours. Ultimately, I conclude that there is nothing in transformational leadership theory that can inspire Machiavellian leaders to behave more ethically. The frightening implications of this conclusion are discussed.

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Preface

It's a familiar situation: automobile company knowingly sells vehicles with exploding airbags that shoot metal shards at passengers; children working in illegal and dangerous mines for your smartphone's cheap metal; massive oil spill due to poor pipeline maintenance destroys marine ecosystem. No company representative is immediately available for comment. Later, if the company acknowledges a problem at all, it issues a seemingly contrived statement with an unsatisfying explanation for the ethically troubling behaviour in question and a failed attempt at an apology. Further investigations by consumer watchdogs, regulatory bodies, and the media reveal that the problem is much deeper than the company originally admitted. The company issues more statements, all as unsatisfying as the first. Company leaders claim that they are doing the best that they can given their situation. Consumers scoff at the leaders' responses. The entire industry promises to do better. A little while later, a similar headline hits the press.

Questionable ethics pervade businesses in ways that are despicable yet unsurprising. It is hard to overstate the devastating harm that businesses have done to suppliers and consumers around the world, in addition to the massive harms done to the environment and wildlife. As the push for corporate social responsibility continues to grow, academics and the public alike are increasingly critical of business leaders who put their own performance bonuses and company profits over ethics. Much attention has been paid to the possibility of instilling ethics into business through ethical leadership styles, with the hope that ethical leaders will translate into ethical business practices.

Machiavellianism is one style of leadership that has been criticized. Inspired by the political writings of Niccolò Machiavelli, Machiavellian leadership advocates for practical

behaviour over all else. Machiavellian leaders have a reputation for being ill-intentioned and evil. They are known for their deceptive and manipulative behaviours and are comfortable with gaining at the expense of others. They will follow the explicit rules, or laws, but will ignore behavioural norms, including common expectations for reciprocity and ethical conduct. In the context of business, Machiavellian leaders are singularly focused on making profit. They will lie, deceive, and find loopholes in laws and regulations for the sake of the company's bottom line. Notably, the Machiavellian business leader aligns well with the classic shareholder theory of business, which states that a company's only responsibility is to make profit.

In stark contrast, transformational leadership shows promise for an effective, yet ethical, style of leadership. Transformational leaders are motivated by the interests of others and are willing to put their own interests aside. They hold nearly universal moral values such as justice and equality and inspire their followers to do the same. Together, transformational leaders and their followers engage in socially responsible business practices. Impressively, evidence shows that this ethical focus does not compromise profits and that transformational leaders are highly effective. Their followers are more satisfied, committed, and high-performing compared to followers under other leadership styles. So, not only are transformational leaders highly ethical, they also benefit a company's bottom line.

It might seem like these two leadership styles are strongly opposed to one another. Machiavellian leaders in business may seem like some of the worst offenders in making ethically-questionable decisions, while transformational leaders are an ideal that Machiavellian leaders should strive toward. The purpose of this thesis is to see if there is some part of transformational leadership that can encourage Machiavellian leaders in business to behave more ethically. This aim is important because Machiavellian leadership seems like such a natural fit for business

leadership, since it encourages business leaders to focus only on profit-making. However, this singular focus has led to many examples of unethical corporate behaviour. If there is a way to convince Machiavellian business leaders to make more ethical business decisions, future harms can be avoided. So, the hope is that one of the most ethical leadership theories is powerful enough to combat one of the least ethical leadership theories. However, this thesis will conclude that there is nothing in transformational leadership theory that will encourage Machiavellian leaders in business to behave more ethically.

Chapter 1 reviews the literature on Machiavellian leadership. It begins with a review of Niccolò Machiavelli's *The Prince*, which is what first inspired the leadership style. *The Prince* paints the picture of a leader who wants to be generous, compassionate, and honest, but who acts frugal, detached, and dishonest for the sake of maintaining his leadership position. However, for the same reason, Niccolò Machiavelli's leader is never hated and will take valuable advice from others. This chapter then reviews Christie and Geis's *Studies in Machiavellianism* (1970a), which formally describes Machiavellianism as a personality trait. Christie and Geis developed the Mach IV scale, which identifies individuals as high or low Machs depending on how much they demonstrate traits that are consistent with Niccolò Machiavelli's writings. They found that high Machs were consistently willing and able to manipulate others to win zero-sum games and that they did so at the expense of low Machs. However, Christie and Geis also found that high Machs would cooperate when it was in their advantage to do so. Later research in Machiavellianism confirms Christie and Geis's findings, which shows that high Machs are able to both manipulate and cooperate, depending on which strategy yields their desired result, specifically in financial situations. Chapter 1 also shows that that high Machs are, and will continue to be, in positions of power in business.

Chapter 2 reviews the literature on transformational leadership theory. It begins with a review of Burns's *Leadership* (1978), which introduced transformational leadership into the academic literature. Next, it reviews Bass and Riggio's *Transformational Leadership* (2006), which lay the groundwork for current discussions of transformational leadership theory. Bass and Riggio's book argues that transformational leadership is effective because followers of transformational leaders are more satisfied, committed, and high-performing compared to followers under other leadership styles. A survey of the more recent literature further confirms the effectiveness of transformational leadership.

Additionally, Chapter 2 reviews the literature on ethical leadership more generally. In *Transformational Leadership*, Bass makes an important distinction between authentic transformational leaders, who are other-oriented and ethical, and pseudotransformational leaders, who are self-interested and unethical. Chapter 2 shows that this distinction between other-oriented ethical leaders and self-interested unethical leaders is generally accepted in the literature on ethical leadership.

Chapter 3 argues that the distinction between authentic transformational leadership and pseudotransformational leadership is too simple to capture the distinction between ethical leadership and unethical leadership. It shows that other-oriented leaders can act unethically and that self-interested leaders can act ethically. Because of this difficulty, I offer a different conception of an ethical business leader. I argue that the ethical business leader is one who brings about good consequences.

The second part of Chapter 3 explores whether there is something in transformational leadership theory that will incentivize Machiavellian business leaders to bring about good consequences and, therefore, act ethically. It attempts to align the signature Machiavellian traits of

being rigidly pragmatic and goal-oriented with ethical behaviour in business. Ultimately, I conclude that there is nothing in transformational leadership theory that will incentivize Machiavellian business leaders to behave more ethically. Additionally, I argue that business ethics education will be ineffective at changing Machiavellian business leaders' behaviours.

Though the conclusions of this thesis may be disheartening, they are important in the context of encouraging more ethical business behaviour in general. Given that one of the most ethical leadership theories cannot bring about better behaviour in some of the least ethical business leaders, we might not yet have the tools to curb the unethical behaviour of business leaders. This thesis should strongly motivate academics and policy makers alike to search for novel solutions to the crisis of business ethics.

Chapter 1: Machiavellianism

Machiavellianism, a personality trait based on Niccolò Machiavelli's writings, has such a terrible reputation that it is difficult to overstate how vile one is thought to be when classified as such. To be Machiavellian is to be deceptive, manipulative, malicious, and evil; the exact opposite of moral. Machiavellians are supposedly willing to break all of the rules and harm others to get what they want. Few want to know Machiavellians and even fewer want to make friends with them. However, there are Machiavellians among us, many more than we would like to think, and texts based on Machiavelli's writings are still used to educate business students. Reigning in Machiavellians in the context of big business, then, seems like a challenging, if not impossible, task.

Machiavelli's *The Prince*

In his infamous work, *The Prince* (1981), originally published in 1532, Machiavelli offers a guide to gaining and holding a principality. Much of the first half of *The Prince* is spent considering four ways that principalities can be gained: through arms and prowess, fortune and foreign arms, crime, and constitution. When discussing each of these methods of gaining a principality, Machiavelli also describes how a prince should hold such a principality. Though his advice is fascinating, it is not the focus of my work. Instead, I am concerned with the second half of *The Prince*, where Machiavelli discusses tactics and behaviours that a prince should perform when working with others.

Machiavelli on Behaviour Toward Others

Machiavelli's discussion of a prince's behaviour toward others is purely practical, yet has largely contributed to Machiavellianism's horrible reputation. His advice is coloured by his view of people as "ungrateful, fickle, liars, and deceivers, [who] shun danger and are greedy for profit" (p. 96). Due to the nature of humankind, Machiavelli argues, it is impossible for a prince to always be generous, compassionate, and honest while maintaining his rule. Though Machiavelli does acknowledge that it is best to have a reputation for being morally good, the prince has no choice but to sometimes be frugal, cruel, and deceptive in order to maintain his position.

Generosity

With regards to generosity, Machiavelli points out that a prince will not develop a reputation for generosity unless his gifts are widely publicized and grandiose. However, this type of generosity leads to the prince giving so much away that he can only maintain the state by raising citizens' taxes. Therefore, by being generous, the prince is actually giving away the money of his citizens, which infuriates them and leads to the prince's ultimate downfall (p. 92). Therefore, Machiavelli suggests being frugal instead of generous.

Compassion

Like generosity, compassion can also lead to a prince's ultimate downfall. The prince who is too compassionate ends up allowing too much unrest and crime, which harms everyone. Machiavelli argues that it is better to harm only some citizens by making an example of their bad behaviour. This strategy will reduce crime and prevent the prince from being cruel to all of his citizens (p. 95). Further, Machiavelli argues that it is best to be both feared and loved, but in a situation where it is impossible to be both, it is better to be feared than to be loved. Machiavelli

states, "while you treat [men] well, they are yours […] but when you are in danger, they turn against you" (p. 96). When citizens must decide whether to remain loyal to their prince in times of danger, it is easier for them to betray a loving prince because there are no consequences to such betrayal. If, instead, the prince is feared, his citizens are less likely to turn against him for fear of punishment.

Honesty

While it is obviously better to be an honest person than a liar, Machiavelli points out that successful princes have been known to be deceptive and take advantage of those who are honest. He claims that, "because men are wretched creatures who would not keep their word to you, you need not keep your word to them" (p. 100). Put bluntly, princes who behave honestly at all times are fools. They will be easily deceived by others and quickly lose power. Machiavelli's solution is to know when and how to betray others:

> "[…] one must be a fox in order to recognize traps, and a lion to frighten off wolves. Those who simply act like lions are stupid. So it follows that a prudent ruler cannot, and must not, honour his word when it places him at a disadvantage and when the reasons for which he made his promise no longer exist." (p. 99-100)

Keeping Up Appearances

Machiavelli argues that a prince should not be, by default, frugal, cruel, and deceptive, but he should know when and how to do so when needed. Machiavelli goes to great lengths to point out that it is necessary, but not preferred, for the prince to behave this way. As Machiavelli famously writes:

"[T]he gulf between how one should live and how one does live is so wide that a man who neglects what is actually done for what should be done learns the way to self-destruction rather than self-preservation. The fact is that a man who wants to act virtuously in every way necessarily comes to grief among so many who are not virtuous." (p. 91)

Here, Machiavelli clearly acknowledges that one should not be frugal, cruel, and deceptive. However, he recommends these behaviours for the prince solely because behaving otherwise will leave a prince powerless. In other words, it is unfortunate but necessary for princes to behave this way.

Machiavelli also argues that the prince should always avoid being hated, since a hated prince will be ruined as well. Ideally, the prince should always appear to be generous, compassionate, and honest. He should be so highly respected that he is the sole decision-maker for the state and always goes unquestioned. No citizen or leader should even contemplate acting against the prince and any that do should find little or no support from others (p. 103-104). To further protect the prince's reputation for being good, he should always have other leaders deliver bad news to citizens and only ever appear to be benefitting the people (p. 106).

Advice from Others

While often forgotten in later literature, Machiavelli recognizes the importance of taking advice from others and warns that "flatterers must be shunned" (p. 125). Flatterers will tell the prince what he wants to hear instead of offering honest and valuable advice. Yet the prince must ensure that not everybody feels free to be honest with him, otherwise he will lose his respect. Machiavelli's compromise is to ensure that only the prince's inner circle feels comfortable being honest with him, but they should only give advice when asked and should not expect the prince to

follow the advice that he is given (p. 126). It is then the prince's responsibility to ask for advice and make informed decisions.

Summary: Machiavelli on Behaviour Toward Others

Taken together, Machiavelli advocates doing whatever is necessary, however unpalatable, to maintain one's status or position. Specifically, he points out that one must sometimes, unfortunately, be frugal, cruel, and deceptive because of the unsavoury nature of humankind. One must also ask for and listen to the advice from trusted confidants. However, at the same time, one must appear to be generous, compassionate, and honest while being fully in charge of every decision.

I want to emphasize the abundance of qualifiers that Machiavelli uses when explaining how one should behave toward others. *It is best* for one to be generous, compassionate, and honest. One must be frugal, cruel, and deceptive *but only when necessary*. This behaviour is necessary *only when unsavoury characters will remove you from your post*. Clearly, Machiavelli's advice is goal-oriented and purely pragmatic. If leaders want to keep their posts, they must, sometimes, act in obviously unsavoury ways. The wretched reputation of Machaivellianism as a personality trait seems to arise from dropping many of these important qualifiers. Nonetheless, a Machiavellian is far from the ideal moral agent.

Machiavelli's Advice in Business

Machiavelli's teachings have been used as a guide to effective business leadership. At least six leadership manuals were written based on Machiavelli's *The Prince* (Galie and Bopst 2009).

These manuals offer advice to today's corporate leaders and some of them have been required readings in a number of college business classes. Though many academics have pointed out that the analogy between Machiavelli's 16th century prince and today's business leader is deeply flawed (Macaulay and Lawton 2003; Galie and Bopst 2009) at least one manual, Jay's *Management and Machiavelli* (1967), is still used as a guide for senior management (Harris 2010).

Of all the Machiavellian leadership manuals, Jay's *Management and Machiavelli* has had the longest staying power and the most influence. The British Library calls the book a "classic" and Jay published an updated edition with Prentice Hall Press in 1996. Jay does not attempt to translate Machiavelli's teachings into useful advice for the 20th century business leader. Instead, he takes Machiavelli's approach of being "empirical, pragmatic, and practical" (p. 25) and looks at "patterns of success and failure, growth and decay, strife and harmony, and for the forces which produce them" (p. 27). Jay clearly states that he is not interested in defining a moral leader, but a successful one. I take this to mean that Jay offers advice for leaders who are more concerned with growing their businesses and keeping their post instead of upholding moral values. Throughout his book, Jay maintains a pragmatic tone, never commenting on the ethics of his advice. He clearly thinks that a successful businessperson must be practical at the expense of being moral.

Christie and Geis: Machiavellianism as a Personality Trait

Machiavellianism as a personality trait aligns with the spirit of Machiavelli's narrow, goal-oriented reasoning; the same spirit that Jay tried to capture in *Management and Machiavelli*. Importantly, Machiavellianism's reputation is not representative of the careful behaviour that Niccolò Machiavelli advocated, nor is it representative of how social psychologists describe Machiavellianism as a personality trait. Almost all of the available literature paints Machiavellians as rigidly pragmatic, instrumentally rational, and self-interested. They are often described as *homo*

economicus, which translates into "man as a rational economic agent" (Sakalaki et al. 2007, p. 1182). This singular focus on practical outcomes leaves Machiavellians more willing to bend the rules and, perhaps unintentionally, harm others. They are not malicious, purposefully immoral, or evil. They just want to win and are willing to go further than others in order to do so.

Undoubtedly, the most influential work on Machiavellianism as a personality trait is Christie and Geis's *Studies in Machiavellianism* (1970a). Thousands of publications have leaned on Christie and Geis's research with much attention given to the Mach IV scale that they developed to measure one's level of Machiavellianism. Though a MACH* scale has been proposed (Rauthmann 2013), its contents are taken directly from the Mach IV and it is designed to capture the essence of the Mach IV without the length. MACH* scores heavily correlate with Mach IV scores but the MACH* scale has not had nearly as much influence on research as the Mach IV. Therefore, I take Christie and Geis's *Studies in Machiavellianism*, and especially the Mach IV, to be the work that primarily defines a Machiavellian.

This section will explain Christie and Geis's Mach IV scale and highlight some important findings from their laboratory experiments. The image of a Machiavellian that will emerge is one of a person who is undeniably capable of and willing to manipulate others, but who will also cooperate with others under certain circumstances.

Machiavellians as Manipulators

For Geis et al., the central Machiavellian quality is the "self-initiated manipulation of others" (1970a, p. 76). To successfully manipulate others, Machiavellians maintain low levels of emotion in their relationships and are unconcerned with acting morally, evidenced by their signature behaviours of lying and deceiving. In fact, Machiavellians are uncommitted to any ideologies, including political ideologies. All of these characteristics are present in Machiavellians

because they are solely focused on the task at hand. However, Christie is careful to point out that Machiavellians do not necessarily behave this way because of a need for achievement (1970a, p. 44). Instead, the mere fact that they behave this way is what makes them Machiavellian.

Measuring Machiavellianism

Christie and Geis are well-known for developing the Mach IV scale to measure one's level of Machiavellianism. The Mach IV scale is a set of 20 statements that is designed to measure alignment of one's interpersonal tactics, view of human nature, and general morality with Niccolò Machiavelli's. Many of these statements are taken directly from *The Prince*. These 20 items were chosen from an original list of 71 statements based on their ability to discriminate between agreement and disagreement with Niccolò Machiavelli across a variety of situations. Only 20 statements were chosen for the sake of brevity, as the Mach IV is intended to offer only a rough guideline about the level of one's Machiavellianism for the sake of research (Christie 1970b, p. 15). Test takers respond to each statement on a seven-point scale to indicate their level of agreement with the statement, where one means "strongly disagree" and seven means "strongly agree". Ten questions were worded in agreement and ten questions were worded in disagreement with Niccolò Machiavelli. This wording was chosen in order to reduce the tendency to uniformly agree or disagree with every statement on the scale (p. 16). Raw marks are added up, with possible scores ranging from 20 to 140 with a theoretical neutral point of 80. For ease of interpretation, 20 was added to each score, resulting in final Mach IV scores from 40 to 160 with a theoretical neutral point of 100 (p. 27). Scores above 100 indicate a tendency toward a Machiavellian personality type while scores below 100 indicate the opposite. High scorers are called "high Machs" while low scorers are called "low Machs".

Christie and Geis used the Mach IV to screen participants for a number of studies. The results of these studies show that their paper-and-pencil Mach IV test predicts a particular pattern of behaviour. Subsequent experiments by other researchers have also found the Mach IV to predict patterns of behaviour for high and low Machs. In the following sections, I will review some of Christie and Geis's laboratory experiments and describe the Machiavellian personality trait in more detail.

The Con Game

Through a number of experiments, Christie and Geis discovered several high Mach traits. In general, high Machs will manipulate others more often and in more novel ways compared with low Machs (Geis et al. 1970a, p. 95). High Machs also enjoy manipulating others more than low Machs (p. 88).

Not only are high Machs more willing to manipulate others, they are also skilled at doing so. Geis demonstrated this skill in a zero-sum decision-making game, known as The Con Game. Players were assigned to groups of three. One player was a low Mach, another was a middle Mach, and the final player was a high Mach. There were no significant differences between the Mach groups' intelligence or interest in the game (1970b, p. 128). To win The Con Game, a player reached the final board tile before the other players. The winner got 100 points. Before beginning the game, players were given a hand of playing cards, which were called "power cards". In turn, each player rolled the dice and multiplied the highest face die with one of their power cards. They then moved that number of tiles on the board. Players could also form coalitions with one another, but had to decide how to split the 100 points at the beginning of the coalition, should they win. These coalitions were formed by an agreement between two or three of the players at any point in

the game and could be broken at will. In Geis's study, power cards were manipulated so that a coalition between any two players would allow them to win.

Geis ran six versions of The Con Game. In the first three games, the players hid their power cards from each other. Players knew that some had stronger power cards than others, but did not know who had which hand. With each game, the experimenters switched the players' power positions so that each player had a chance with the weakest, middle, and strongest power cards. The final three games were played with face-up power cards. Again, power positions changed so that each player had a chance with the weakest, middle, and strongest power cards.

The results clearly show that high Machs won The Con Game. When power cards were hidden from other players, high Machs averaged 53 points, middle Machs averaged 30 points, and low Machs averaged 17 points. In contrast, when power cards were face-up, the averages were 42, 32, and 26 for high, middle, and low Machs (p. 119). Notably, high Machs' winnings came from low Machs' points, while middle Machs did not significantly differ from the 33.3 expected points for each player (p. 119). In other words, high Machs were able to convince low Machs to accept fewer points so that the high Mach could have more, especially when the high Mach was in a position to bluff their power position (p. 121). Though The Con Game did not provide evidence for high Machs actually preferring situations of imperfect information, where they could bluff their opponents, it did show that high Machs were better able to manipulate these situations to their advantage (p. 125).

High Machs' Tactics in The Con Game

Geis identified a number of tactics used by high Machs to win The Con Game, which I summarize into four categories: limits testing, timing, control, and interpersonal interactions. First,

high Machs successfully tested the limits of their opponents to see how many points they could convince another player to give up (1970a, p. 133). High Machs were able to do this limits testing without exposing their intention to manipulate their opponents. As a result, they avoided retaliatory behaviours from other players (p. 135).

Second, high Machs seemed to have an excellent sense of when certain actions were appropriate. They would pursue the right action at the right time to win themselves more points. Further, high Machs seemed to enter and break coalitions to their benefit, while low Machs did so to their demise. Importantly, there were no significant differences in the number of coalitions broken, the number of coalition offers received, or the number of coalition offers rejected by high and low Mach players. The evidence points to the fact that high Machs were simply better at forming and breaking coalitions (p. 138-140), just as Niccolò Machiavelli recommended with his analogy to foxes and lions.

Thirdly, high Machs exercised control over the bargaining situations. High Machs entered coalitions before others had a chance to form one against them (p. 149), but were also more willing to desert a coalition partner without warning if it was to their advantage (p. 147). They often ended up in winning coalition pairs where they won more than half of the points (p.148), which shows that they could manipulate their coalition partner into giving up more points. In the games where power cards were hidden from other players, high Machs controlled the game by seemingly ignoring their power cards and talking others into beneficial coalitions (p. 151).

Finally, high Machs' interpersonal interactions contributed to their ability to win The Con Game. High Machs were emotionally detached from other players and focused solely on winning the most points. Geis noted that high Machs had "little concern for justice and fairness" (p. 156),

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while others played according to their power positions, even when their power cards were hidden from other players (p. 151).

Other Experiments

Christie and Geis suspected that high Machs were guided by instrumental rationality while low Machs were guided by their emotions and values. A number of subsequent experiments confirmed these suspicions. I will briefly review the results of those experiments, but will not describe the experiments in detail for risk of reproducing Christie and Geis's book.

If low Machs were more guided by emotions, they would be disadvantaged in situations with higher stakes because these situations activate strong emotions. Given that The Con Game could be interpreted as *just a game*, Christie and Geis changed the bargaining scenario so that high, middle, and low Machs would have to agree on a way to split and keep ten dollars. The one rule was that only two players could split the money. Again, high Machs won more money at the expense of low Machs (1970b, p. 172). Some low Machs literally talked themselves out of getting any share of the money (p. 170). Christie and Geis suggested that low Machs were disadvantaged either because they were less willing to manipulate others in serious situations or because their ethical concerns became more prominent (p. 168-169).

High Machs were also advantaged in situations where they had to argue against their own strong, private values in order to win (Geis et al. 1970b, p. 209). This finding further supports the view that high Machs are better at emotionally detaching themselves from situations compared with low Machs. Geis et al. noted that this ability to emotionally detach from situations may benefit high Machs in real life decision-making, since most decisions involve an emotional component (p. 207).

Interestingly, high Machs were perceived to have lower Mach scores than they actually did, especially when being judged by low Machs. Even high Machs judged other high Machs as transparent, understandable, and predictable (Geis and Levy 1970, p. 235). Therefore, it seems difficult to spot Machiavellians, even though they ignore conventional moral norms and are so willing to manipulate others to their advantage. Niccolò Machiavelli would applaud their ability to appear moral while acting in their own advantage.

What I think is the most important finding is that high Machs chose to cooperate with others when it was in their advantage to do so. In a modified Prisoner's Dilemma game, high Machs would choose cooperative options, especially when they were given the opportunity to win money (Christie et al. 1970, p. 189). Christie et al. suggested that high Machs became more cooperative because it was the instrumentally rational strategy to take (p. 188). In other words, high Machs would walk away with more money by cooperating than they would by trying to win all of the money for themselves, so they decided to cooperate. This finding supports the claim that high Machs are instrumentally rational instead of malicious, purposefully immoral, or evil.

Machiavellianism and Business

Christie and Geis: Implications for Business

Christie and Geis's research suggests that Machiavellian personality traits lend themselves well to the goals of a large business. Machiavellians are undistractedly task-focused, aim to "win" by the greatest possible margin in many situations, and their ability to succeed is unaffected, or at least much less affected than others, by the high stakes involved with running large corporations. Machiavellians can both betray and cooperate with others and are experts at determining which strategy yields the most gain in a given situation. They are not hindered by unspoken rules, such

as reciprocity norms and common morality, but are able to appear as if they did adhere to these unspoken rules. One can see how Machiavellians would be perfect business executives: maximizing financial gain using all of the tools at their disposal while appearing to others as moral, upstanding citizens.

Machiavellian business leadership aligns well with Friedman's shareholder theory of business, which states that the sole responsibility of corporations is to increase profits (1970). Friedman points out that business leaders act as agents of shareholders. That is, shareholders entrust their money to business leaders and expect a return on investment. Due to this principal-agent relationship, business leaders must act in the best interests of shareholders, which means maximizing shareholders' return on investment by maximizing corporate profits. Therefore, according to shareholder theory, the only social responsibility of business is to maximize profits within the bounds of the law. In fact, it is unethical to spend shareholders' money on social causes, perhaps by making charitable donations or instituting environmental protections that are not required by law, because this reduces profits and therefore reduces shareholders' return on investment. Such spending acts as an unfair tax on shareholders. The Machiavellian personality type is a natural fit with this view of business leadership. However, this singular focus on profit-making can lead to disastrous outcomes, especially when combined with the Machiavellian personality type.

First, even when put in situations with higher stakes, high Machs were unaffected by common morality and their very own, strongly-held values. If Christie and Geis's findings generalize to real world situations where stakes are very high, Machiavellians could be willing to succeed at the deep expense of many others, even when their behaviours conflict with their own private values. The 2008 financial crisis could be seen as a high stakes situation where

Machiavellian bankers could retain bonuses and large compensation packages while destroying trillions of dollars of others' wealth. Importantly, these bankers would not be affected, or would at least be significantly less affected than we would want them to be, by the gross harm they have caused their fellow citizens. What would be important to these Machiavellian bankers is that they "won" by making money, regardless of what they have done to others in the process.

Second, it is abundantly clear that high Machs are among us all. Researchers mostly drew samples from college students and none of them mentioned any difficulty with finding high Machs to participate in their experiments. Further, Christie noted that people in urban, cosmopolitan areas and students at elite schools tended to have higher Mach scores. While this observation was not further tested, it suggests that high Machs may be more concentrated in business contexts. If true, this concentration of high Machs may increase the potential for harm to others.

Finally, high Machs were manipulative but they never broke the rules of the experiments. They may have broken commonly accepted social norms, such as honesty and a general tendency toward fairness, but they always performed according to the explicit rules provided by the experimenters. The experimenters in *Studies in Machiavellianism* informally noted that high Machs would often ask them if this or that action was permissible according to the rules of the experiment. This observation suggests that Machiavellian business leaders would be unlikely to be held accountable for the harms that they do to others as long as they continue to stay within the bounds of explicit laws. Given that large corporations operate at international scales, we can expect this moral hazard to harm many people and the environment all over the world.

Recent Research in Machiavellianism and Business

More recent research regarding Machiavellian personalities and business organizations has surfaced. Kessler et al. (2010) studied Machiavellianism specifically in an organizational context.

While the Mach IV focused mostly on one's willingness to manipulate others, Kessler et al. found that maintaining power and management practices were two other important factors that described Machiavellians in a business context. For example, high Machs in a business context would be more likely to agree with statements on maintaining power such as, "it is good to be on the lookout for new opportunities to advance one's position in the organization" and would be more likely to disagree with reverse-scored statements on management practices such as, "it is not important for a person to encourage his/her subordinates' talents" (p. 1895). Taken together, Kessler et al. propose that there are three factors that describe Machiavellians in business: maintaining power, management practices, and manipulation.

Other research suggests that high Machs are more likely to be selfish in situations resulting in significant financial gain. Czibor et al. (2014) ran a social dilemma game that involved five subjects with varying Mach scores. Each was given money that they could contribute to the public fund or keep for themselves. After all of the decisions were made, the public fund was doubled and the money was distributed evenly to all of the players. This process was repeated five times. The game setup meant that everyone would double their starting money after each round if every player put all of their money into the public fund. High Machs, however, decided to keep more money for themselves. While not the focus of the study, this experiment suggests that high Machs are more interested in having more in comparison to others than they are in having more in absolute terms. Again, we see that high Machs focus on winning, even at the expense of others. It is easy to see how this attitude toward financial gain would be beneficial in business environments where a company must sometimes gain at the expense of their competitors.

Even more strikingly, Sakalaki et al. (2007) found that high Machs would use economic opportunism to maximize their own gains, especially in situations where they had more

information than their peers. Sakalaki et al. took Machiavellianism to be a sociopolitical strategy and economic opportunism to be an economic strategy. Economic opportunists differ from Machiavellians because they may not know who they are interacting with and are in situations where there is little transparency and communication. Machiavellianism was strongly correlated with economic opportunism and Machiavellians were more likely to use economic opportunism in situations where they had more information than their peers. These findings echo Christie and Geis's findings in The Con Game when players hid their power cards from each other, with the added advantage of applying Mach traits to situations of financial gain. This evidence suggests that high Machs in business would be successful at taking advantage of asymmetric information for the sake of financial gain.

Finally, in their outstanding literature review on Machiavellianism, Jones and Paulhus (2009) noted that Machiavellians seemed to be motivated by financial rewards when choosing careers. Machiavellians also performed well in jobs that gave them decision-making power with little regulatory and management oversight. Clearly, a career as a business executive is a great fit for a high Mach.

This recent research further supports the fit between Machiavellian personalities and a career as a business executive. Machiavellians are likely to do well in positions involving practical decision making power, competition, and financial gain with few rules and little supervision. Time and time again, Machiavellians have proven their ability to achieve financial gain using all of the tools at their disposal. Since no business can survive without satisfying its shareholders' hunger for profit, Machiavellians are indispensable to any large corporation. However, as explained earlier, Machiavellian personality types operating at a multinational scale has the potential to do great harm to individuals and the environment.

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High Machs and Harm

Given the indispensable traits that a Machiavellian has to offer big business and the fact that high Machs are all around us, we can conclude that high Mach businesspeople are here to stay. However, their purely instrumental reasoning has harmed, and will continue to harm, people and the environment on a global scale. Their willingness and ability to manipulate and deceive while appearing moral undeniably causes gross harm to consumers and other stakeholders. How then, do we reign in Machiavellian businesspeople to ensure that they use their instrumental rationality to benefit businesses without acting at the expense of others?

Chapter 2: Transformational Leadership

The literature on transformational leadership has exploded since Burns's *Leadership* (1978) and Bass's *Leadership and Performance Beyond Expectation* (1985). In stark contrast to Machiavellianism, transformational leadership is often cited as moral and effective. This chapter will describe what transformational leadership is and discuss recent research on the topic. Ultimately, it will suggest that transformational leadership is both ethical and instrumentally beneficial to an organization. Note that while Burns used the term *transforming leadership*, this type of leadership is called *transformational leadership* in current literature.

Leadership According to Burns

For Burns, leadership is "inducing followers to act for certain goals that represent the values and the motivations – the wants and needs, the aspirations and expectations – of both leaders and followers" (Burns 1978, p. 19). This section will unpack Burns's definition of leadership and show how he builds on it to define transforming leadership.

Power

According to Burns, the concept of power involves a relationship between the power holders' and the power recipients' motivations and resources (p. 13). Power holders and recipients have resources, such as material goods and skills. Power holders want access to the recipients' resources in order to achieve some goal. In order to gain access to these resources, power holders appeal to their own and the power recipients' motivations. The result is that the power holders and recipients both use their resources to achieve some goal (p. 17). What distinguishes power from leadership is that power holders strive for their own goals, regardless of the power recipients' goals (p. 18). For example, power holders may threaten to harm power recipients if they do not comply

with the power holders' demands. Leadership, on the other hand, involves acting to satisfy the goals of both leaders and followers.

From Power to Leadership

To turn raw power into leadership, the power holders' and recipients' goals must align with both of their values and motivations. According to Burns, our values and motivations are deeply held beliefs that inspire action. For example, politicians act in accordance with their values when they decide which party to represent and which policies to pursue (p. 34). Burns explains that values and motivations are important because conflict is inevitable when one is in a leadership position. Leaders of a small number of complacent group members will often encounter external conflict. These conflicts will occur between these small group leaders and leaders of other groups. In contrast, leaders of large groups will often encounter internal conflict among their followers. They will find it impossible to satisfy every follower's desires. Therefore, leaders of large groups must choose whose desires to fulfill and whose to leave behind (p. 39). Both small and large group leaders must decide which side of the conflict they support and Burns argues that they do so by considering their values and motivations.

To align the power holders' and recipients' goals, leaders expertly manage this inevitable conflict. They can help determine what the conflict is about, frame the conflict, and increase or decrease the strength of the conflict (p. 38). Leaders do this by first making followers aware of their own desires, values, and goals. They then use these desires, values, and goals to strengthen their own leadership by aligning followers' desires, values, and goals with their own. These desires, values, and goals are also used to undermine the leaders' opponents by creating or emphasizing conflict, presumably within enemy ranks (p. 253). In this way, the effective leader masterfully identifies, exploits, and manipulates the desires, values, and goals of themselves, their

followers, and their opponents to induce change (p. 254). Leaders' effectiveness can be measured by the amount of change they achieve in alignment with their and their followers' desires, values, and goals (p. 427).

Two Types of Leaders: Transactional and Transforming

Burns further divides leaders into two groups: transactional and transforming. Transactional leaders have goals that are independent from their followers, but the change that is accomplished satisfies both the leaders' and followers' goals (p. 425). A simple example is when employees receive pay from employers. Both employers and employees satisfy their goals: employers generate profit for the business from the employees' work and employees earn money for themselves. However, employers' and employees' goals are different. If we prioritized employers' goals, employees would be underpaid. If we prioritized employees' goals, employers would not make a profit for their company. Since employers and employees have different goals, this an example of transactional leadership.

Transforming leaders go far beyond the transactional leader. They strive toward goals that are common to themselves and their followers and satisfy these goals. Transforming leaders also influence their followers' goals by inspiring them to reach for higher, nearly universal goals and shape these goals to align with the leaders' (p. 425). They then show their followers how the organization strives toward these same, nearly universal goals. For example, a transforming leader would recognize followers' everyday goal of earning a living wage and raise it to one of fairness and equality among citizens. The transforming leader would then show their followers how the company strives for fairness and equality in its operations, such as in its sourcing and manufacturing processes. The result is that followers buy in to the company mission because the company pursues goals that align with their own. This alignment of followers' values and goals

with the organization's values and goals is the heart of what makes transforming leadership so effective.

For Burns, this focus on nearly universal values is why transforming leaders are also moral leaders (p. 43). By focusing on nearly universal goals such as justice, freedom, and equality, transforming leaders help followers give voice to their true values. Inevitably, individuals' values will conflict. The conflict between the nearly universal values of freedom and equality is a good example. Moral, transforming leaders will strengthen this conflict between values and make followers "feel their true needs so strongly, to define their values so meaningfully, that they can be moved to purposeful action" (p. 44). This feeling among followers leads to greater change in alignment with the leaders' and followers' goals, values, and motivations, thereby making moral, transforming leaders highly effective. The best transforming leaders teach their followers to become transforming leaders themselves (p. 443). Their followers internalize values that are so salient and meaningful that they strive to spread and realize those values with others.

Bass and Riggio on Leadership

Bass built on Burns's transforming leadership in several ways. He identified four components of transformational leadership and developed the Full Range of Leadership model. Notably, Bass published his original contributions to transformational leadership in *Transformational Leadership* (1998). He later revised this book to address feedback from the academic community. The second edition of *Transformational Leadership* (Bass and Riggio 2006) provides an overview of the transformational leadership literature up to 2006 and contains Bass's most developed ideas on the topic. Therefore, I will focus on this second edition when discussing Bass's contributions to the development of transformational leadership.

The Four Is

The four components of transformational leadership are *idealized influence, inspirational motivation, intellectual stimulation,* and *individualized consideration*. The first two Is, idealized influence and inspirational motivation, make charismatic leaders. Idealized influence has two components: the leaders' actual behaviour and the attributes that followers believe the leaders to have. The basic idea is that leaders act as role models to followers, which brings their followers to respect and admire them. As a result, followers assign positive attributes to their leaders. Leaders who are high in idealized influence consistently do the right thing and behave according to high standards of morality. Inspirational motivation occurs when leaders provide an inspiring vision for the organization that gives followers a sense of purpose (Bass and Riggio 2006, p. 6).

Transformational leadership goes beyond charismatic leadership by introducing the final two Is: intellectual stimulation and individualized consideration. Intellectual stimulation encourages creativity among followers in order to find innovative solutions to problems. Finally, individualized consideration occurs when leaders mentor each follower individually and according to each follower's unique needs. Like Burns, Bass emphasizes the need for transformational leaders to teach and develop the next generation of transformational leaders (p. 7).

Bass distinguished between two types of transformational leaders: *authentic* and *pseudotransformational.* Both types of leaders exhibit the 4 Is. However, authentic transformational leaders are ethical because they go above and beyond their self-interests to serve the interests of others. Pseudotransformational leaders are unethical because they are motivated only by self-interest. I will return to this distinction later in this chapter when I discuss the ethics of transformational leadership. For now, the important point is that Bass claims that authentic transformational leaders are ethical while pseudotransformational leaders are unethical. Unless

otherwise noted, any reference to transformational leadership will be a reference to authentic transformational leadership.

The Full Range of Leadership Model

In addition to transformational leadership, Bass identifies three other types of leadership: contingent reward, management-by-exception, and laissez-faire. Together, these four types of leadership form the Full Range of Leadership Model and is most commonly measured by the Multifactor Leadership Questionnaire (MLQ).

Contingent reward is a leadership style that offers monetary or psychological rewards in exchange for completing a specific task or project (p. 8). It is exemplary of transactional leadership when the rewards are monetary (p. 8). A simple example of contingent reward is sales commissions, where salespeople are offered monetary rewards according to how much they sell. Management-by-exception comes in two forms: active and passive. Active management-by-exception occurs when leaders search for mistakes and correct them when found. It is often seen in industries where product quality is important, such as the automobile sector. Passive management-by-exception occurs when leaders wait for mistakes to be brought to their attention before taking corrective action. Such leaders will respond to formal complaints from followers, but will not seek out mistakes like in active management-by-exception (p. 8). Finally, laissez-faire leadership is non-leadership. These leaders fail to make decisions, rarely take action, and do not assert their authority to accomplish organizational goals. Unsurprisingly, laissez-faire leadership is the least effective leadership style of those presented by Bass (p. 8-9).

Bass explains that every leader uses each type of leadership at some point (p. 8). However, the most effective leaders tend toward transformational leadership, use contingent reward appropriately, display active management-by-exception sparingly, and tend away from passive

management-by-exception and laissez-faire leadership (p. 9). Explained a different way, the Full Range of Leadership model emphasizes the fact that transformational leadership is not an isolated form of leadership. Instead, it builds on transactional leadership to increase follower satisfaction, commitment, and performance while reducing followers' stress. Given the context of this Full Range of Leadership model, Bass goes on to describe the benefits that come with increasing the amount of transformational leadership within an organization.

Instrumental Benefits of Transformational Leadership

Transformational leadership is not just a lofty ideal or theory. It has been repeatedly correlated with improved organizational performance across several dimensions. Bass surveys the empirical and theoretical literature and summarizes major findings that support the effectiveness of transformational leadership. Here, I will highlight the benefits of transformational leadership that are important for large corporations.

Transformational leadership can be demonstrated in any organizational role. However, when top level management embraces transformational leadership, it tends to diffuse to lower levels of management (p. 128). Therefore, firms with transformational executives are more likely to reap the benefits of transformational leadership to a greater degree and at several levels of the company.

Satisfaction

Employees of transformational leaders have been shown to be more satisfied with their leader and their work life (p. 42). These employees are less stressed because they trust their leaders to get them through difficult times (p. 57-59). For example, transformational leaders are prepared for potential disasters (p. 59) and align the goals of conflicting parties to resolve disputes (69).

Further, transformational leaders' intellectual stimulation leads them and their employees to come up with creative solutions to novel problems. These qualities of transformational leaders are especially important in culture shocked companies, such as those undergoing mergers and acquisitions (p. 70).

Second, transformational leaders increase employees' self-esteem. Through individualized consideration, transformational leaders encourage employees to take ownership of their work and develop their own abilities. This personal attention increases employees' self-efficacy and makes them strive for grander goals that they otherwise would not have considered (p. 44-45). Given employees' trust in their leaders, increased self-esteem, and increased self-efficacy, it is easy to see how employees are more likely to be satisfied with transformational leaders.

Commitment

Increased follow commitment is another major benefit of transformational leadership. Employees are often focused on their own career trajectories and willingly move from one employer to another, taking their skills and experience with them (p. 36). These mobile employees are costly to corporations because recruiting, selecting, and training a new employee uses company resources. Improving employee commitment to the firm would decrease these costs and transformational leadership has been shown to be able to do just that.

By using inspirational motivation to focus employees on a common vision, employees are more likely to feel that they are part of a community (p. 39). This community could be between the employee and their manager, their department, or the company as a whole (p. 34). Instead of being isolated employees focused on their own career success, they feel a sense of responsibility and are inspired to work toward a brighter future for themselves and their community (p. 39).

Understandably, it is much easier to leave an employer as an isolated employee than it is to leave a community of united, talented people working toward a common goal.

Performance

Bass mentions two major meta-analyses that confirm that transformational leadership positively impacts performance. Dumdum et al. (2002) studied multiple measures of performance, including individual performance, team performance, extra effort, turnover, and percentage of goals met. The results were conclusive. No matter the measure of performance used, transformational leadership was highly effective. Judge and Piccolo's (2004) meta-analysis had the advantage of controlling for transactional leadership. Again, they found that transformational leadership was correlated with group or organization performance. Bass explains that increased commitment and satisfaction, along with the 4 Is of transformational leadership, make employees strive for loftier goals and gives them the self-esteem and self-efficacy needed, as well as the individualized mentoring, to actually accomplish those goals (Bass and Riggio 2006, p. 50-51). As a result, employees of transformational leaders will accomplish tasks that they did not think possible and will do so with purpose.

Reconfirming Bass's Findings

Increasing amounts of empirical evidence continue to confirm the organizational benefits of transformational leadership. For example, Waddell and Pio (2014) found that transformational leaders encouraged their followers to test and challenge longstanding organizational processes, which led to higher revenue and profits in the firm being studied. Several other studies have confirmed the link between transformational leadership and increased innovation (Paulsen et al. 2012; Mokhber et al. 2014; Matzler et al. 2015).

Other studies support Bass's claim that transformational leaders positively impact an organization's relationship with its employees. Waldman et al. (2015) found that employees of transformational leaders are less likely to leave the firm. Transformational leadership discourages employees from leaving due to factors such as negative workplace events, job dissatisfaction, and new job opportunities. Though employees may still consider quitting, the likelihood that they will actually quit is reduced when they are under the supervision of transformational leaders. In another study, Fu et al. (2010) found that executive transformational leaders with other-orientations, like authentic transformational leaders, increased employee commitment, while executive transformational leaders with self-orientations, like pseudotransformational leaders, decreased employee commitment. Additionally, Kim et al. (2015) suggest that even the disengaged employees of transformational leaders work harder because of the leader's sense of purpose and personalized attention. Finally, Braun et al. (2013) found that followers of transformational leaders reported higher levels of job satisfaction and teams with transformational leaders showed improved objective team performance, as measured by teams' ability to meet high levels of performance.

Further Benefits of Transformational Leadership in Organizations

Additional benefits of transformational leadership in organizations have surfaced in the literature. Notably, the benefits of transformational leadership have been shown to hold across a number of cultures, although the specific aspects of transformational leadership that are emphasized may be culturally specific (Moan and Hetland 2012; Kim et al. 2015; Karakitapoğlu-Aygün and Gumusluoglu 2013). Additionally, international project teams with transformational leaders performed better and had more satisfied employees (Gundersen et al. 2012). These findings are significant in the context of multinational companies that work with employees of varying

ethnicities, genders, and social classes. A key example is the increasingly diverse sales forces that pose challenges for sales managers. Smith et al. (2012) found that transformational leadership could close the cultural gap between sales managers and salespeople of diverse backgrounds. Doing so would improve the relationship between sales managers and salespeople, allowing sales managers to more effectively lead their team.

Other studies have found that transformational leadership reduces levels of workplace harassment (Astrauskaite et al. 2015) and conflict (Doucet et al. 2009), improves knowledge management processes which, in turn, improves organizational performance (Birasnav 2014), and increases team reflexivity, which has the potential to improve team performance (Schippers et al. 2008). Transformational leadership has also been shown to be effective at all levels of an organization (Edwards and Gill 2012).

Overall, it is clear that transformational leaders help businesses achieve their profit goals. Transformational leaders have followers who are committed to the firm and satisfied with their leader and workplace. These followers develop the self-efficacy needed to accomplish lofty goals that they would not have considered without a transformational leader. Further, followers of transformational leaders are able to reach higher levels of performance than followers of leaders with other leadership styles. They are also more innovative, work better in diverse team environments, and experience less conflict at work. All in all, followers of transformational leaders have the motivation, creativity, and performance ability that businesses need to succeed in competitive environments.

The Ethics of Transformational Leadership

Though Burns and Bass both insisted that other-oriented transformational leaders are ethical, neither of them offered much explanation as to why or how they are ethical. However, their focus on transformational leaders who serve the interests of others resonates with much of the ethical leadership literature.

Two papers are often cited in the discussion of ethical leadership: Howell and Avolio (1992) and Kanungo and Mendonca (1998). Both emphasize the other-orientation of ethical leaders and their descriptions of ethical leaders closely resemble Bass's description of authentic transformational leaders. Ethical leaders are willing to sacrifice their self-interests to benefit others and are motivated by internalized moral principles and norms. Kanungo and Mendonca point out that putting society's interests above one's own is valued across cultures, though it may be manifested according to differing social norms. When ethical leaders act transformationally, they consistently empower followers, as opposed to control them, to strive for higher ethical values that align with both the leaders' and organization's values and goals. Since followers of ethical, transformational leaders are empowered, they develop the skills and moral compass to become leaders of themselves and others. This behaviour contrasts with transactional leaders, who elicit compliance from their followers by exerting their authority and exchanging valuable resources.

In addition to describing ethical leaders, Howell and Avolio contrast them with unethical leaders. These unethical leaders map onto Bass's description of pseudutransformational leaders. Unethical leaders are wholly self-serving and discourage others from offering opinions and suggestions. They ignore their followers' needs and create organizational visions that benefit themselves. In a sentence, they "exercise power in dominant and authoritarian ways to serve their self-interests, to manipulate others for their own purposes, and to win at all costs" (p. 45).

Interestingly, Machiavelli's prince and Christie and Geis's high Machs fit this description of unethical leaders extraordinarily well.

Later research reinforces this characterization of transformational leaders as ethical leaders. Groves and LaRocca (2011) found that leaders with deontological moral leanings were rated as more transformational. They used a shortened version of the Fritzche and Becker (1984) vignettes to determine the moral leanings of leaders. These three vignettes measured coercion and control, conflict of interest, and physical environment. In each vignette, leaders were asked to decide how to resolve an ethical dilemma and provide a reason for their decision. Based on these responses, leaders were sorted into act utilitarian, rule utilitarian, and Kantian groups. For example, Vignette 1 asked subjects to rate their willingness to pay a $500,000 bribe to expand into a foreign market. The act utilitarian group decided based on reasons such as the practice being acceptable in other countries and seeing the bribe as the price of doing business. The rule utilitarian group decided based on reasons such as the bribe being against company policy and illegal. The Kantian group decided based on altruistic values and universal rights. To measure leadership style, these leaders' followers were given the MLQ and followers responded with how often their leaders demonstrated the listed behaviours. Groves and LaRocca found a strong correlation between the Kantian group and transformational leaders, which suggests that transformational leaders are guided by altruism and universal rights. Transformational leaders' followers were also more likely to hold the stakeholder, as opposed to the shareholder, view of corporate social responsibility. These followers believed that socially responsible actions and considering the interests of multiple stakeholders were important for an organization's success. Groves and LaRocca suggested that this belief came from the authentic transformational leaders' ability to demonstrate selflessness and treat others as ends in themselves.

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Ethics of care has also been linked to transformational leadership. Simola et al. (2012) found that advanced care reasoning, where one cares for both themselves and others, was significantly and positively correlated with transformational leaders. Both advanced care reasoning and transformational leadership involve fostering personal relationships and responding to the needs of others.

Ethical leadership has also been cited as a way to make whole organizations, as opposed to just individual leaders, ethical. Mayer et al. (2009) found that ethical leadership flows downwards from top levels of an organization to frontline employees. However, direct supervisors had the most significant impact on employees behaving ethically. This research suggests that ethical leaders are effective throughout an entire organization and should not be limited to executives.

Finally, Veríssimo and Lacerda (2015) found that transformational leaders tended to be engaged in more corporate social responsibility activities. Transformational leaders earned higher ratings of integrity from their followers. Leaders high in integrity showed higher participation in corporate social responsibility activities. Other research found that transformational leaders in the public sector could directly influence followers to believe in normative values, such as representation, equity, and individual rights, and make decisions consistent with those values (Pandey et al. 2016). These findings are significant because it shows that transformational leaders actually engage in ethical activities and inspire their followers to do the same. In other words, transformational leaders and their followers are more likely to actually perform, not just encourage, ethical behaviours.

Transformational vs. Transactional Leaders

In contrast to transformational leadership, transactional leadership has been shown to have little or no moral component at all. In addition to linking advanced care reasoning with transformational leaders, Simola et al. (2012) found no relationship between level of care reasoning and transactional leadership. In other research, Turner et al. (2002) studied the correlation between levels of moral reasoning and leadership. They found that leaders at the highest level of moral reasoning were higher in transformational leadership compared to leaders with the lowest level of moral reasoning. However, different levels of moral reasoning were not correlated with transactional leadership. These findings suggest that transformational leaders demonstrate higher levels of moral reasoning while transactional leadership is unrelated to leaders' moral development.

Transformational vs. Pseudotransformational Leaders

The characterizations of transformational leadership presented by Burns and Bass give way to a major problem. By both Burns's and Bass's characterizations of transformational leadership, destructive leaders could be characterized as transformational. Leaders could exercise transformational leadership in the pursuit of nearly universal goals such as freedom and unity. However, these leaders could have a distorted image of what freedom and unity look like or they could pursue these goals using immoral means. A paradigm example is that of Hitler, who was undoubtedly transformational. Hitler inspired his followers with a vision of a stronger, united Germany that would no longer tolerate post-World War I injustices. However, he also inspired his followers to pursue morally reprehensible goals in repulsive ways. Burns and Bass certainly did not want to praise such leaders. Bass and his colleagues dubbed this "The Hitler Problem" and sought to define destructive leaders, like Hitler, as tyrants. Only moral leaders, like Franklin D.

Roosevelt, are transformational (Bass and Riggio, vii-viii). The result was a distinction between authentic transformational and pseudotransformational leaders.

Both types of leaders are characterized by the four Is. However, their motivations for doing so are different. Authentic transformational leaders go beyond their self-interests and serve the interests of others as well. Bass explains that authentic transformational leaders can go beyond their self-interests by acting for the greater good or following moral principles and doing the right thing in a given situation (p. 13-14). Regardless of how authentic transformational leaders rise above their self-interests, the fact that they do so is what makes them moral. In contrast, pseudotransformational leaders use the four Is to further their self-interests. They are focused on themselves and their own goals. In this way, pseudotransformational leaders treat their followers as means to self-interested ends, as opposed to ends in themselves. As a result, pseudotransformational leaders are immoral.

This theoretical distinction between authentic transformational and pseudotransformational leadership was largely unsupported by empirical evidence at the time. However, later research has started to fill this gap in the literature. Barling et al. (2008) developed a model to differentiate pseudotransformational leadership from authentic transformational leadership and laissez-faire leadership. They posit that pseudotransformational leaders are low in idealized influence while authentic transformational leaders are high in idealized influence. Being low in idealized influence means that pseudotransformational leaders are self-interested and strive to build themselves up instead of developing their followers. Barling et al.'s model showed that, compared to followers of authentic transformational leaders, followers of pseudotransformational leaders experienced greater fear, obedience, and dependence on their leaders. These followers were also more likely to perceive their leader as abusive and suffer feelings of job insecurity.

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Christie et al. (2011) built on Barling et al.'s model of pseudotransformational leadership to include intellectual stimulation and individualized consideration. They continued to find that pseudotransformational leaders had more fearful followers. Further, followers of authentic transformational leaders were more likely to trust, be satisfied with, and revere their leader. These empirical findings suggest a concrete and important difference between authentic transformational and pseudotransformational leaders.

However, Bass's use of authentic transformational and pseudotransformational leaders to distinguish between ethical and unethical leaders may be problematic. Describing an ethical leader is complex and might be more intricate than a simple distinction between leaders being other-oriented and self-interested. I will revisit this possibility in the next chapter.

Summary: The Ethics of Transformational Leadership

Taken together, the research on the ethics of transformational leadership suggests that transformational leaders are ethical leaders. Transformational leaders are, by definition, other-oriented and consistently apply their strongly held moral principles. They form and maintain interpersonal relationships and empower diverse groups of employees to develop their moral character and strive for universal moral values that align with the organization's values. Additionally, transformational leaders perform positive social activities by engaging in corporate social responsibility initiatives. Together with the instrumental benefits of transformational leadership described earlier, transformational leaders allow businesses to achieve their profit goals while remaining ethical.

High Machs and Transformational Leadership

The first chapter showed that high Machs are important to businesses because of their ability to achieve financial gain in competitive environments. This ability allows them to excel in leadership positions within large corporations. However, high Machs are also manipulative and deceptive, often walking a fine line between legal and illegal behaviour. Their willingness to succeed at the heavy cost of others brings about gross harm to consumers and other stakeholders.

This chapter offers transformational leaders as an alternative to high Mach leaders. Like high Mach leaders, transformational leaders are instrumentally beneficial to businesses. Transformational leaders have satisfied, committed, and innovative followers. They inspire their followers to strive for, and actually achieve, lofty performance goals. However, in stark contrast to high Mach leaders, transformational leaders act ethically because of their other-regarding goals. They also empower their followers to strive for nearly universal moral values, like justice and equality, that are shared by the leaders and the organization. Transformational leaders also bring about ethical outcomes by performing socially responsible behaviours and inspiring their followers to do the same. It seems, then, that transformational leaders should obviously be preferred over high Mach leaders. They both significantly contribute to business success, but transformational leaders do so ethically while high Mach leaders do not.

Perhaps, then, we should replace all high Mach business leaders with transformational leaders. However, the next chapter will show that this solution does not actually secure more ethical business leadership. We may then ask if we can make high Mach leaders in business act more like transformational leaders. The ideal result would be that high Machs exercise their ability to achieve financial gain but do so in a more ethical manner. Whether this ideal is achievable

through transformational leadership theory, and whether we can encourage high Machs in business

to act more ethically in general, will be explored in the next chapter.

Chapter 3: Developing Ethical Machiavellian Leaders

Machiavellian leadership and transformational leadership seem to be two incompatible leadership styles that treat the role of ethics in leadership very differently. High Mach leaders ignore moral norms and expectations in favour of instrumental gain. They deceive and manipulate others for instrumental benefit and willingly gain at the deep expense of others. In stark contrast, transformational leaders consider the interests of others, work collaboratively, avoid deception and manipulation, raise the moral values of their followers, and engage in socially responsible business practices. Initially, one might have assumed that there was a strong contrast between the two approaches: Machiavellian leadership appears profitable but unethical and transformational leadership might seem less profitable but more ethical. That is, it may have initially seemed that the conflict between these two leadership styles was whether we should prefer profits or ethics. However, I have shown that both leadership styles are effective and so there appears to be no contest between them. Since transformational leadership is also profitable, it seems undoubtedly preferable to Machiavellian leadership. However, in this chapter I argue that this conclusion is not as simple as it seems, as there is some doubt surrounding the ethical nature of transformational leadership.

I begin this chapter by addressing the doubt surrounding whether transformational leadership is as ethical as promised. Bass acknowledged the potential for tyrants to be classified as transformational leaders under his original definition and attempted to solve The Hitler Problem.

I will argue that his solution fails and conclude that transformational leadership theory is not the ethical ideal of leadership that some believe it to be.

Yet we can still ask if there is something in transformational leadership theory that will incentivize high Machs in business to behave more ethically in their pursuit of financial gain. After all, a theory does not need to be perfect in order to encourage more ethical behaviour. If it turns out that transformational leadership theory can encourage high Machs to act more ethically, we have an important tool for developing more ethical business leaders. I begin this analysis by offering an alternative definition of ethical transformational leadership that avoids the problems with Bass's distinction between authentic transformational and pseudotransformational leadership. I then argue that transformational leadership theory fails to offer any incentive for Machiavellian leaders to behave more ethically, even under my improved definition of ethical transformational leadership.

So, the conclusions of this chapter are twofold. First is a theoretical conclusion, where I argue that transformational leadership theory is not the ethical ideal that many have claimed it to be. As a result, simply replacing high Mach business leaders with transformational leaders does not guarantee more ethical business decisions. Second is a practical conclusion, where I show that even an improved definition of ethical transformational leadership cannot incentivize Machiavellian leaders to behave more ethically.

The Hitler Problem Revisited

Bass and his colleagues recognized that their description of transformational leaders meant that some tyrants, like Hitler, could be classified as transformational. Since Bass claims that transformational leaders are ethical, his account risks concluding that such tyrants are ethical. To

solve this problem, Bass distinguished between authentic transformational leaders and pseudotransformational leaders. Authentic transformational leaders are ethical because they act in the interests of others. In contrast, pseudotransformational leaders are unethical because they act only in their self-interests (Bass and Riggio 2006, p. 13-14). This distinction has become a core part of transformational leadership and Bass means for transformational leaders to always be ethical. The distinction between authentic transformational and pseudotransformational leadership is not just a quick response to The Hitler Problem.

Bass's distinction between authentic transformational and pseudotransformational leaders fails to properly distinguish ethical from unethical transformational leaders. The sole distinction of other-orientation and self-orientation is too simple to capture the variety of possible ethical leadership behaviours. This section will show that The Hitler Problem has not been solved because business leaders who act unethically can be other-oriented and leaders who act ethically can be self-oriented.

Under Bass's definition, all that is required to be an authentic transformational leader, as opposed to a pseudotransformational leader, is a genuine commitment to, and action for, the interests of others. Put simply, authentic transformational leaders are altruistic while pseudotransformational leaders are selfish. This thin distinction means that leaders who act unethically can be categorized as authentic transformational leaders. Consider a situation where leaders act in the interests of their own followers while ignoring the interests of outside groups. For example, as long as Hitler held a genuine desire to improve the lives of those he perceived as his fellow Germans, he could easily be categorized as an authentic transformational leader.

A less dramatic corporate example is when executives decide to improve employee benefit plans in order to improve the quality of life of their employees. Suppose that these business leaders

decide to improve these benefit plans for the sake of their employees. In other words, they are genuinely motivated by the needs of their followers. As a result, these business leaders are other-oriented, which is what Bass requires of authentic transformational leaders. However, suppose also that these business leaders decide to fund the additional employee benefits by cutting costs in other areas of the business. They outsource production to a country with lower manufacturing standards and decrease quality control. The resulting situation is that employees' quality of life improves, but consumers suffer from a higher rate of defective products. This reduction in product quality is particularly problematic when put in the context of industries that rely on product quality, such as the automobile and construction industries.

In this case, it difficult to label the business leaders' actions as entirely ethical or unethical. They are acting in the interests of their employees, which we applaud, but they are also acting against the interests of consumers, which we criticize. This case shows that other-oriented leaders can still act unethically, at least to some degree. Bass's thin distinction between other-oriented and self-interested leaders provides no guidance on how to judge these business leaders' actions.

There are also examples where self-interested leaders act ethically. In these cases, leaders act in their own self-interest but happen to bring about good consequences. For example, executives of a multinational company could decide to reduce energy use to cut costs, boost the bottom line, and as a result, increase their performance bonuses. However, the reduction in energy use also benefits the environment, especially given the large scale of the business in question. Again, this example makes it difficult to label the business leaders' actions as entirely ethical or unethical. They are acting according to their self-interests, but their actions also reduce environmental harm. Once more, we see that Bass's thin distinction between other-oriented and self-interested leaders cannot explain how we should judge these business leaders' actions.

While neither of the above examples describe entirely ethical or entirely unethical actions, they show that classifying actions as ethical or not is much more complex than the distinction between other-orientations and self-interests. It is possible to be other-oriented and act unethically and it is also possible to be self-interested and act ethically. In other words, having an other-oriented motivation is not enough to classify an action as ethical and it might not even be a necessary component of an ethical action. Therefore, the distinction between ethical authentic transformational leaders and unethical pseudotransformational leaders is more complex than Bass suggests. Given that the distinction between authentic transformational and pseudotransformational leaders does not adequately map on to the distinction between ethical and unethical leaders, we are again left with one broad definition of transformational leaders that does not necessitate ethical behaviour. Transformational leaders are simply those who exhibit the 4 Is. They can act ethically, but they can also act unethically. Importantly, this conclusion means that replacing all high Mach business leaders with transformational leaders does not necessitate more ethical business leadership.

These examples also point out that actions involve an internal component, the motivation of the leaders, and an external component, the consequences of those actions. Bass's distinction between authentic transformational leaders and pseudotransformational leaders only comments on the internal motivations of leaders without considering the external consequences of their actions. Further, Bass's account of the internal motivations of ethical leaders is insufficient, as demonstrated above. A better account of ethical and unethical leaders would account for and weigh both the internal and external components of leaders' decisions. It would go beyond the simple distinction between other-oriented and self-interested internal motivations.

Defining "Ethical Leadership" for Business

Thus far, I have shown that there are two components to consider when labeling an action as ethical or unethical: internal motivations and external consequences. Here, I will consider both the leaders' internal motivations and the external consequences of their actions in the specific context of business to determine what it means to be an ethical leader in business. Ultimately, this section will conclude that ethical leaders in business should bring about ethical external consequences, regardless of their internal motivations.

To define what it means to be an ethical leader in business, we must ask why being ethical is important in the first place. In general, we want individuals to be ethical because there is something about ethics that makes it intrinsically good. In other words, we want people to do the right thing simply because it is the right thing to do and not for some self-interested reason. This is so much the case that we often think that people are less praiseworthy, or not praiseworthy at all, if they do the right thing but only inadvertently. For example, consider individuals who invest in clean energy solely because they expect rapid growth in the industry and, as a result, high returns on their investment. They know that clean energy is good for the environment, but this knowledge does not motivate their investment decision at all. While these individuals benefit the larger society by investing in clean energy, their motivations for doing so are self-interested. We tend to think that these individuals deserve less moral praise than individuals who invest in clean energy for environmental reasons.

However, while an individual's intentions are important for judging that individual's actions, it is reasonable to think that an individual's intentions matter less when judging the actions of a larger collective entity, like a company. Of course, we criticize business leaders' internal motivations when they act in self-interest. However, at least part of the reason why we do this is

because they have access to significant resources that allow their actions to lead to vastly harmful consequences. This power to affect the lives of people and the environment significantly motivates our desire for business leaders to be ethical. In fact, the push for business ethics can be seen as being driven by the fact that vast harms to people and the environment result from ethically-void decisions made by businesspeople.

Here, it may be useful to consider another example. Suppose that business leaders in the oil industry donate millions of dollars to environmental charities to improve their company reputation and gain public support for new pipelines. These business leaders are acting in self-interest but are simultaneously doing a moral good. We may still think that these donations deserve less moral praise than donations that are made for the sake of supporting environmental causes. However, in contrast to the individual's investment in clean energy, the sheer scale of the business leaders' donation gives us reason to judge their self-interested motivations more leniently. In other words, we should be less critical of the business leaders' self-interested motivations than we are of individuals' self-interested motivations because the business leaders' donations significantly and single-handedly allow the environmental charities to advance their causes. The result is that we weigh the external consequences of these business leaders' actions more heavily than their internal motivations.

Consider yet another example, where a manufacturing company owns an outdated plant that has been idle for years. In the face of significant government incentives to create local manufacturing jobs, the board of directors strongly recommends demolishing the old plant and building a functional one. However, even with all possible safeguards, this plant cannot be demolished without permanent harm to the local ecosystem, including the death of hundreds of fish and the destruction of forest habitats that will eliminate a species from the region. Suppose

that the company executives are sincere environmental advocates and refuse to demolish the plant, despite the government's incentives and the board of directors' recommendation. However, due to the threat of heavy competition and severe pressure from the board of directors, shareholders, and government representatives, these executives eventually order the plant demolished. As expected, the local ecosystem is destroyed. In this case, we may applaud the executives for their personal moral values. However, the sheer scale of the environmental damage makes us highly critical of the executives' decision to demolish the plant. Again, this example shows that we may want to weigh the external consequences of these leaders' actions more heavily than their internal motivations when making moral judgments.

The point here is that the good, and the harms, that businesses can do are so great that it seems almost irrelevant whether business leaders bring about good consequences because of strongly-held moral principles, company profit, or personal gain. It would be nice if these business leaders acted for the sake of ethics, but it is not the main reason why we should strive to convince business leaders to act more ethically. Put another way, we might be dissatisfied if business leaders were motivated to do the right thing for the sake of it, yet still brought about harmful consequences on large scales. Therefore, we should be more interested in the consequences of business leaders' actions than their motivations. Ethical leaders in business should focus on the consequences of their actions instead of the motivations for their actions, even if we generally think that self-interested motivations degrade the moral value of an action.

This point becomes even more salient when we consider how it applies to high Machs. As demonstrated by Geis et al., high Machs can carry strong personal values, but they are highly capable of putting these personal values aside for the sake of financial gain (1970, p. 209). We certainly should not, and we arguably do not, excuse the devastating consequences of high Machs'

business decisions just because they hold these strong personal values. Put bluntly, even if we assume that all bankers held strong personal values for fairness and equality, and even if we assume that they acted in accordance with those values, we cannot forgive the consequences of the actions that led to the 2008 financial crisis.

This is not to say that the business leaders' motivations are unimportant. Again, it is ideal for business leaders to both be motivated by ethics and bring about good consequences. Additionally, leaders who are motivated to do the right thing may actually do the right thing more often than leaders who are motivated by self-interest. However, in the context of business, if we must choose between ethical motivations and good consequences, we should have a strong preference for good consequences. Further, even proponents of transformational leadership would have to agree that bringing about good consequences is important for good leadership. Transformational leadership theory promises us effective leaders, which is measured by looking at leadership outcomes. Therefore, an important component of transformational leadership theory is the consequences of leaders' actions. Combined with the general drive for business ethics to minimize the devastating consequences of business leaders' actions, it is clear that ethical leadership in business largely amounts to bringing about good consequences.

The result of my definition of ethical leadership for business is that we evaluate individuals' actions and business leaders' actions differently when it comes to making moral judgments. In general, we make moral judgments about individuals' actions based on some combination of the individuals' internal motivations and the external consequences of their actions. However, we must recognize that business leaders have access to a vast amount of resources, including money and influence, that the average individual does not have. As a result, business leaders have incredible power to significantly impact people and the environment both positively

and negatively. This power over others and the environment means that we should scrutinize the outcomes of business leaders' decisions more closely than we would with an average individual's decisions. As a result, we should weigh the external consequences of business leaders' actions more heavily than their internal motivations when we make moral judgments about business leaders.

I can now describe an ethical transformational leader differently. An ethical transformational leader is one who exhibits the 4 Is and brings about good consequences. This description is in direct conflict with much of the literature on the ethics of leadership, which agrees that ethical leaders are ones who are motivated by others' interests. However, I have clearly shown that focusing only on the internal motivations of a business leader's actions is not enough to differentiate between an ethical and an unethical leader. Therefore, Bass's distinction between other-oriented and self-interested motivations is insufficient. Further, in the context of business, focusing on the internal motivations of business leaders misses the point of considering business ethics in the first place.

Making High Machs Transformational

While Bass's solution to The Hitler Problem is unsatisfactory, we can still ask if there is something in transformational leadership theory that can encourage leaders, including high Machs, to act ethically in the context of business. So, if we assume that business leaders act ethically when they bring about good consequences, is there something in transformational leadership theory that will incentivize high Machs in business to act ethically? Phrased differently, is there something in transformational leadership theory that will encourage high Machs to bring about more desirable outcomes? This section will conclude that there is nothing in transformational leadership theory that will encourage high Machs in business to act ethically.

Levers for High Machs

Recall from Chapter 1 that high Machs have two main features. First, they are rigidly pragmatic and instrumentally rational. Second, they are singularly focused on achieving their goals and they actually succeed in achieving their goals. High Machs will exhibit these two features even at the expense of others. To get high Machs to change their behaviours, we must appeal to one of these defining features. The goal is to encourage high Machs to behave more ethically according to my definition of ethical business leaders. In other words, the goal is to encourage high Machs to bring about less harmful or good consequences, regardless of their motivations for doing so.

Rigidly Pragmatic and Instrumentally Rational, Even at the Expense of Others

Chapter 1 pointed out that high Machs are rigidly pragmatic and instrumentally rational. Though they will follow explicit laws and regulations, they will exploit loopholes and ambiguities for financial gain. They are also willing to reap this financial gain at the expense of others (Christie and Geis 1970, p. 172). This willingness to gain at the expense of others is the chief moral complaint of this feature of high Machs because it is particularly here that high Machs' behaviour negatively affects other people. So, is there something in transformational leadership theory that will encourage high Machs to put limits on their pragmatism and instrumental rationality such that they do not gain at the expense of others?

The clear answer here is no. High Machs' personality is such that they will do anything to accomplish their business goals within the bounds of the explicit laws and regulations. Transformational leadership theory offers no explicit laws or regulations to govern high Machs' behaviour. Therefore, high Machs have no new reason to limit the extent of their other-harming behaviours. Further, we cannot appeal to high Machs' emotions and humanity to inspire them to act more ethically. Descriptions and images of those harmed by their behaviours will have little

impact on high Machs because of their proven ability to set aside their personal values and emotions when making decisions. While a high Mach may feel bad for, and even express disgust at, underpaid employees and those suffering from a depletion of natural resources, this feeling will not inspire them to change their behaviours to prevent said suffering unless this behavioural change helps them achieve their business goals.

Achieving Their Goals

A more promising line of inquiry is to ask if there is something in transformational leadership theory that will help high Machs reach their business goals, namely, financial gain and perhaps career advancement. Importantly, these gains should be over and above what a high Mach already achieves without exhibiting transformational leadership behaviours.

Transformational leaders help businesses reach their financial goals because their followers are satisfied (Braun et al. 2013), committed (Fu et al. 2010), and perform better than followers under other leadership styles (Dumdum et al. 2002; Judge and Piccolo 2004). These types of followers reduce turnover costs and their improved performance presumably translates into improved company performance. Transformational leaders are also more ethical because they provide a better work environment for their employees. Further, the fact that employees are more satisfied with their leader could translate into better performance reviews for the leader, which aids in career advancement. Therefore, on the surface, it might seem that high Machs would achieve even greater financial gain and career advancement if they were to manage their followers in a more transformational, and therefore more ethical, manner. This proven instrumental benefit might encourage high Machs to take on more transformational leadership styles.

However, on closer inspection, it is doubtful that transformational leadership could help high Machs achieve additional financial gain or career advancement. As shown in The Con Game,

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high Machs are masterful at manipulating and deceiving others without making their intentions known. In this way, high Machs gain all of the instrumental benefits of deception and manipulation without the fear of backlash from those being deceived and manipulated. Therefore, if high Machs want satisfied, committed, and better performing followers for some instrumental benefit, they already have the skills to manipulate their followers into being as such.

Admittedly, high Machs in business, who interact with the same followers everyday, may be less successful in hiding their manipulative motivations compared with high Machs in Christie and Geis's studies, who only interacted with others for a short period of time. As a result, high Machs' employees may feel that they are being manipulated, which may lead them to perform poorly. A similar effect was studied by Den Hartog and Belschak (2012). They found that followers were sometimes able to distinguish between leaders with ethical motivations and leaders with Machiavellian, self-interested motivations. When followers were able to make this distinction, the positive effects of ethical leadership were diminished. However, Den Hartog and Belschak acknowledged that followers will be unable to gauge the motivations of their high Mach leaders if these high Machs are skilled enough at exhibiting ethical leadership traits. As a result, high Mach leaders who are the best at manipulating others can bring about the same benefits in their followers as ethical leaders.

Den Hartog and Belschak's study suggests that if high Machs in business are skilled enough at manipulating others and wanted their followers to behave as they would under a transformational leader, their followers would do so. As a result, their followers would work in an environment that is similar to the one they would have had if their leader were transformational. Further, even if their followers could detect some hint of self-interested motivations, high Machs are skilled enough at manipulation to ensure that their followers are satisfied, committed, and

performing well enough not to jeopardize the high Mach's personal goals. Therefore, high Machs'

employees are, at worst, slightly less satisfied, committed, and high-performing compared with

transformational leaders' employees. It is reasonable to think that this little bit of satisfaction,

commitment, and performance has a minimal effect on high Machs' effectiveness as a leader, both

in terms of financial gain and employees' reported satisfaction with their leader. Since

transformational leadership does little to help high Machs achieve their goals of financial gain or

career advancement, it provides little incentive for high Machs to change their behaviours.

Making High Machs Act Ethically

Transformational leadership theory offers little hope for encouraging high Machs to act

ethically when doing business. However, the research on high Machs conclusively states that high

Machs are focused on achieving their goals. Therefore, it seems reasonable to think that high

Machs would act ethically if ethical behaviour were part of their goals. In other words, if acting

ethically were necessary in order to "win" in business, high Machs would do so to a high degree.

It may be tempting to think that the North American business environment has already

shifted to one where ethics is necessary for a successful business. Negative media coverage

amongst corporate scandals has led to steep drops in stock price and high profile executives have

been fired or have stepped down in the wake of these scandals. Executives often cannot maintain

their positions among public revelation of despicable corporate conduct, so high Machs would

naturally avoid the most damaging corporate behaviours.

However, the reality is that business environments have shifted to one where a *reputation*

for ethics is a *bonus*, as opposed to a necessity, for good business. The corporation, its executives,

and its employees do not actually have to behave ethically, as long as the public believes that they

do. It is a feature of a company to sell to consumers, evidenced by the fact that companies put

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effort into marketing their ethics and sustainability agendas. Ethics may help some companies succeed, such as those built on social responsibility, but it does not need to be prominent, or even present, for most companies to do well. Multinational companies continue to survive despite highly publicized ethical issues, including faulty automobile air bags and brakes, skyrocketing prices for essential pharmaceutical drugs, and supply chains that involve child labourers and dangerous working conditions. Not every corporate ethical scandal is as devastating as Enron, where the firm must fold. In fact, the corporate scandals we hear about in the news often end in executives rebuilding their firm's reputation, as opposed to a firm shutting down altogether. Many other firms, such as investment banks, regularly and quietly settle legal and ethical disputes that the general public never hears about.

To truly convince high Machs to be ethical in business, "winning" in business must necessitate ethical behaviour in addition to profit making. Until then, high Machs will continue to "win" in business without changing their behaviours or end goals to become more ethical.

The Ineffectiveness of Business Ethics Education

There has been discussion in the literature on using business ethics education to teach current and future business leaders to act more ethically. Teaching business ethics initially seemed like a promising route to developing more ethically-minded students (Park 1998). Studies have found that business ethics education can improve students' ability to recognize ethical issues (Gautschi and Jones 1998) and increase the likelihood of students making ethical decisions when faced with an ethical dilemma (Wang and Calvano 2015). Additionally, May et al. (2014) found that a business ethics course could enhance students' perceived ability to manage ethical issues, increase the perceived importance of ethical issues, and encourage students to raise ethical issues at work.

However, the effectiveness of teaching business ethics has been challenged by several scholars. In their meta-analysis, Waples et al. (2009) found that business ethics education had little effect on changing students' ethical judgment, ethical awareness, and perception of themselves and others as ethical. They also found the least amount of support for business ethics education actually impacting students' behaviour. Overall, they concluded that business ethics education was minimally effective.

Several other studies confirm that women in business are more likely than men to make ethical decisions (Ritter 2006), act ethically (Wang and Calvano 2015), and have attitudes toward business ethics that are more ethical (Albaum and Peterson 2006). Since high-ranking employees of large companies are overwhelmingly male, these results are troubling. However, there is some evidence that business ethics education is more effective in men than women (Luthar and Karri 2005; Wang and Calvano 2015), which offers men the opportunity to progress to women's level of ethical decision making and behaviour. Notably, there is little research on whether business ethics education translates into ethical behaviour in the workplace and whether changes in ethical decisions, behaviours, and attitudes as a result of business ethics education is stable overtime.

The full extent of the research on business ethics education is wide-ranging and beyond the scope of this thesis. However, it is important to point out that high Machs will likely be unresponsive to business ethics education, even if some form of business ethics education is generally effective. Their personality is such that they will only perform actions that help them reach their goals. As explained earlier, the link between ethical behaviour and profit-making is weak. Business ethics education would have to convince high Machs that this link between ethical behaviour and profit-making is quite strong and that ethical behaviour could lead high Machs to make even more money than they currently are. Given that this is objectively not the case, high

Machs will be unresponsive to business ethics education. Again, they may be emotionally affected by business ethics education, but these emotions will not lead to a change in behaviour.

Summary

The purpose of this thesis is to explore the possibility of using transformational leadership theory to encourage business leaders, including high Machs, to act more ethically. However, transformational leadership theory itself has difficulty differentiating between ethical and unethical leaders. Bass argues that authentic transformational leaders are other-oriented and ethical, while pseudotransformational leaders are self-interested and unethical. Yet this distinction is too simplistic to capture the distinction between ethical and unethical leaders. Other-oriented leaders can perform unethical actions and self-interested leaders can perform ethical actions. Further, these internal motivations of business leaders are almost irrelevant to whether we categorize business leaders' actions as ethical or unethical. What we should really care about is the external consequences of business leaders' actions.

To better determine whether transformational leadership theory could encourage high Machs to act more ethically, I redefined ethical transformational leaders as ones who exhibit the four Is and bring about good consequences. I came to this definition by arguing that we should weigh the consequences of business leaders' actions more heavily than their internal motivations because of their incredible power to affect people and the environment. Ultimately, I concluded that there was nothing in transformational leadership theory that could encourage high Machs to act more ethically. Transformational leadership does not offer high Machs enough incentive to put limits on their rigid pragmatism and instrumental rationality, nor does it offer high Machs an opportunity to achieve greater financial gain or career advancement. As a result, transformational leadership is not a viable way to inspire ethical behaviour in high Mach businesspeople. However,

this thesis does suggest that high Machs would act more ethically if they were somehow convinced that ethical behaviour was required in order for them to achieve their goals. If ethical behaviour were necessary in order for high Machs to achieve financial gain or progress in their careers, for example, they would be more inclined to do so.

The conclusions of this chapter should be nothing short of terrifying. Corporations are flooded with highly unethical leaders and neither our best theories of ethical leadership nor the education that trains business leaders can encourage more ethical behaviour in some of the worst offenders. We are left with the same issue with which we started, only we now have less hope for a future with ethical business leadership. Further, we must confront the possibility that we currently do not have any tools at our disposal to encourage ethical leadership behaviours in those who do incredible harm to people and the environment. Until we find and develop these tools, we are forced to watch crisis after crisis unfold in the business media.

Conclusion

This thesis began with the familiar worry that businesses continue to cause great harms to people and the environment around the world. In the wake of these incredible harms, academics, the media, and the public have turned their attention to the business leaders who are in charge of these devastating decisions. Pressure has been put on these leaders to behave more ethically and there has been some improvement, though many remain deeply unsatisfied with their progress.

The hope of this thesis was that one of the most ethical leadership theories, transformational leadership theory, would be strong enough to combat one of the least ethical leadership theories, Machiavellian leadership. However, my two conclusions are that transformational leadership theory is not as ethical as promised and that there is nothing in transformational leadership theory that can encourage high Mach business leaders to make more ethical decisions.

Indeed, Machiavellian leadership proved to be an ethically troubling theory. In the context of business, it advocates deception and manipulation for the sake of profits. Machiavellian leaders were repeatedly shown to be rigidly pragmatic, instrumentally rational, and singularly focused on achieving their own goals. Though they tended not to break explicit rules or laws, they ignored common expectations of reciprocity and ethical conduct, which allowed them to gain at the deep expense of others. These traits make Machiavellian leaders ethically questionable, but they also make Machiavellian leaders an excellent fit for careers as business executives. Further, high Machs are attracted to positions that afford them practical decision making power and financial gain with minimal rules and oversight, which means that high Machs not only excel in careers as business executives, but they are attracted to them too. No matter how unsavoury we may find high Machs, they are, and will continue to be, in powerful business positions.

We then turned to transformational leadership theory, which initially appeared to be an excellent alternative to Machiavellian leadership but proved to be less ethical than hoped. Transformational leadership results in employees who are more satisfied, committed, and high-performing compared with employees under other leadership styles. Its core ethical claim is that transformational leaders share nearly universal ethical values with their followers, then connect these values to the organization's vision. As a result, leaders and followers work together and strive toward a common, highly ethical organizational goal. However, these nearly universal values could be misinterpreted and lead to severely negative outcomes, which brought Bass and his colleagues to The Hitler Problem. Their solution was to divide transformational leaders into authentic transformational leaders, who are other-oriented and ethical, and pseudotransformational leaders, who are self-interested and unethical.

I argued that this distinction between authentic transformational and pseudotransformational leaders was flawed because it only focused on leaders' internal motivations. In the context of business, we should be more interested in the outcomes of the business leaders' decisions. Therefore, I redefined ethical business leaders as ones who bring about good consequences. However, despite this improved definition, I found nothing in transformational leadership theory that would inspire Machiavellian leaders to behave more ethically. Transformational leadership theory simply cannot convince Machiavellian leaders to put limits on their rigid pragmatism and instrumental rationality, nor does it help them achieve their business goals any more than they already are.

The conclusions of this thesis suggest that we do not currently have the tools needed to encourage more ethical behaviour in Machiavellian business leaders. As a result, we are confronted with the very real possibility that Machiavellian business leaders will continue as usual and that

there is nothing we can do to stop them, at least for now. The devastating truth is that our most ethical theory of leadership can do nothing to curb the negative effects of ethically-void decisions made by high Machs in business leadership positions.

However, this thesis does offer a little bit of hope. I have shown that we should weigh the outcomes of business leaders' decisions more heavily than their internal motivations when making moral judgments about their actions. Put simply, we should care more about the outcomes of business leaders' actions than we do about business leaders holding strong personal values and good intentions. This point is exemplified by the fact that we do not excuse Machiavellian business leaders for the devastating consequences of their actions even if they hold strong personal values. Therefore, the solution to the business ethics crisis must emphasize the consequences of business leaders' actions instead of their internal motivations. Any proposed solutions to the business ethics crisis that only consider the internal motivations of business leaders can be abandoned. The successful solution to the business ethics crisis will result in less harmful, or even good, outcomes for people and the environment around the world.

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