

When economy becomes ecology: Implications for understanding leadership

H.L. du Toit and M. Woermannⁱ

Abstract

In this paper we consider the paradigm shift required in our conceptualisation of leadership if business were to reinvent itself in response to our current ecological crisis. Before turning to leadership, we discuss the emergence of a challenging new paradigm within business namely, 'New Corporate Environmentalism' (NCE), which was arguably triggered by Paul Hawken's now classic work entitled, The Ecology of Commerce (1993). Hawken and NCE emphasise the importance of looking at business in a systematic fashion (i.e. business is viewed as embedded in larger social, natural, and political systems). Given this understanding, the error of viewing either the organisation, or the individuals within it, in atomistic terms, becomes apparent. As will be demonstrated, this atomistic understanding is prevalent in traditional models of leadership such as transactional and transformational leadership. In light of the present environmental crisis, we argue that what is needed is a complete overhaul of the industrial view of business and its concomitant leadership theories, which continue to cast individuals in 'monstrous' roles vis-à-vis nature and other people. We argue that leadership should be reconceived as a phenomenon embedded within (and understood from the vantage point of) interlocking complex systems. This means that business leaders working in the more traditional transactional and transformational modes will have to take on the highly creative and challenging task of re-inscribing their own self-understanding. We conclude the analysis with an investigation of the emerging field of eco-leadership, which, we argue, supports the new restorative business paradigm.

Keywords:

Hawken, Restorative Economy, New Corporate Environmentalism, Transformational Leadership, Ecological Leadership, Complexity, Metaphor

Introduction

Paul Hawken's *The Ecology of Commerce* was a milestone publication for a number of reasons, but the most significant for our purposes, is that he deliberately wrote the book *from within the business perspective, addressing fellow business leaders*. In this respect, his contribution was strategically important, because up until this point (1993), most radical critiques of the capitalist-industrial system came from people who consciously positioned themselves outside, and in opposition to, business and industryⁱⁱ. Like the environmentalists, Hawken also accuses business and industry of destroying life on Earth, but does not view the economic system as *necessarily* destructive. With his radical new vision of how the system should be transformed, he provides business with both a positive ideal for a new way of doing business and with a key role and responsibility in the process of radically reshaping the economy.

We take as our point of departure Hawken's challenge to business and the new business and industry paradigm, which is developing in response to his vision. In other words, we are broadly in agreement with his far-reaching proposals for the transformation of our economic system. We also agree with him that business and industry should proactively strive for and promote the transformation of this system, not least because we share his assessment that business is the only social institution that is currently powerful enough to bring about the kind of large-scale changes that we need. We then part ways with Hawken by pursuing a line of inquiry that is not explicitly considered in his work, namely, the nature of leadership for a restorative economyⁱⁱⁱ. In this regard, the focus of our inquiry is not so much on identifying current leadership paradigms that would bring about Hawken's vision, but rather on

When economy becomes ecology determining how our very understanding of leadership should change, in order to both make sense of, and promote, a restorative economy. In other words, we are interested to begin formulating an understanding of leadership that would be congruent with the new economy based on Hawken's vision.

In order to achieve this aim, we draw on Hawken's own description of the principles of a restorative economy (specifically, the notions of systems, internal diversity, cyclical forms, life-restoration and promotion, innovation, and self-limitation). We supplement these ideas with concepts from other authors, such as 'complexity thinking' (Morin and Cilliers), 'ecological thinking' and 'situatedness' (Code), 'ecological leadership' and 'generative leadership' (Western), and 'imaginization' (Morgan). Using these concepts, we begin to flesh out the main characteristics of leadership, as it would ideally manifest within a restorative economic paradigm.

The restorative economy and the rise of the New Corporate Environmentalism

Hawken's vision:

Paul Hawken's 1993 *The Ecology of Commerce: A Declaration of Sustainability* was, according to a 2010 article by Forbes and Jermier that appeared in the journal *Organization & Environment*, instrumental in "launching and amplifying" a social movement which they call the 'New Corporate Environmentalism' (NCE) (p. 465). Forbes and Jermier contend that Hawken's book moreover stimulated and strongly influenced research on organisations and the natural environment, including organisational change and development. These authors are of the opinion that the "impact of *The Ecology of Commerce* on the thinking of managers and other practitioners is legendary" (p. 469), and that this book has, moreover, become a standard textbook in many disciplines.

The thesis of the book may be summarised as follows: the still dominant industrial economy must end, because “business is destroying the world” (Hawken, 1992, p. 94)^{iv}. In its place, we must develop a restorative economy “based on technological innovation, sweeping structural reform and radical process redesign” (Forbes and Jermier, 2010, p. 465). Hawken (1992) crucially gives business a central role in driving this reform. In this regard, he writes:

...I don't believe that there's any choice about this. Either we see business as a restorative undertaking, or we, business people, will march the entire race to the undertaker. Business is the only mechanism on the planet today powerful enough to produce the changes necessary to reverse global environmental and social degradation (pp. 94-95).

Therefore, although Hawken views business as the main culprit when it comes to the radical decline in environmental and social conditions on earth, he also sees business and industry as the drivers of their own systemic transformation, and as proactive agents in shaping the existing economic structures into a restorative framework. Hawken's outlook is a far cry from the older 'corporate environmentalism', which was essentially based on reactive responses to externally-exerted pressures, such as environmental legislation, which met with little constructive response.

New Corporate Environmentalism and the role of business and other stakeholders:

In line with his internal criticism, Hawken promotes an ambitious vision in which business and business leaders play the leading role in addressing the crises mentioned. Hawken thus places a special duty on business and industry leaders, who he views as mature moral agents, capable of effectively responding to his appeal to look beyond their short-term, material self-

interest. Business can no longer act like the immature child in Kohlberg's (1981) model of moral development, who, in the absence of an internalised locus of control, requires external control. In other words, instead of treating 'the captains of industry' as perpetual moral minors, who are forever in need of policing, he calls on these players to take up the primary role in turning business around. In other words, Hawken challenges business to grow up, morally-speaking, and to be responsible and responsive to the larger environment in its supposedly justifiable selfish pursuit of profit.

In a past era, business people could transfer their moral responsibilities to a semi-divine 'invisible hand'. However, the Nietzschean insight regarding the death of God at the hands of man, which leaves us solely responsible for the state of the world (De Wit, 2010, pp. 14-15), is finally starting to dawn on the business community. Hawken's work therefore began to find traction during the 1990s, and prominent business leaders (notably Ray Anderson of Interface carpets) were inspired to publically accept "responsibility for environmental damage and degradation rightly attributable to commercial activities" (Forbes and Jermier, 2010, p. 466; see also Schmidheiny, 1992). Today, companies like General Electric (the world's largest manufacturing organisation) and Wal-Mart (the world's largest retailer), along with many other, especially smaller, companies, endorse Hawken's vision (Forbes and Jermier, p. 466).

Jermier et al. (2006, p. 618) labeled this vision the 'New Corporate Environmentalism' and emphasised that it entailed an important break with traditional corporate environmentalism, which, as previously stated, was characterised by mere "compliance with environmental laws and regulation" (i.e. external regulation). In their article, they define NCE as:

Rhetoric concerning the central role of business in achieving both economic growth and ecological rationality and as a *guide* for management that emphasizes voluntary,

proactive control of environmental impacts in ways that exceed or go beyond environmental laws and regulatory compliance (p. 618; emphasis in original).

The authors further explain that NCE “places emphasis on *self-regulation*, which aims to situate control of environmental impacts in the hands of individual corporations, value chain requirements, industry and trade associations” (p. 618). They also argue that, although NCE is aimed specifically at business organisations, business can also place “pressure on all contemporary organizations and their leaders...to assume this stance” (p. 466). Arguably, there would be a problem of public trust if business was allowed to self-regulate its own social and environmental impact. And yet, as Forbes and Jermier (2010, p. 467) point out, in 2010 there was widespread “distrust of all institutions, including government and NGOs” (Edelman Trust Barometer, 2010), with the implication that “more sympathy for corporate steering of the environmental movement may exist than usually assumed”. This idea of responsible business leadership transcending mere compliance is also in line with the thinking behind the King Report on Governance for South Africa, for example.

It is, however, important to note that Hawken also envisages a new role for government as well as for other (non-governmental and non-business) organisations, which may help to balance out business interests within any particular community. Hawken warns that the current global arrangement where economics and politics are merging into a seamless whole, may threaten to violently subject the interests of the world population to the interests of a handful of powerful companies. He thus pleads for a renewed separation between financial and political interests, so that governments will return to their real job of serving people’s and communities’ interests, as opposed to the interests of large companies. Clearly, governmental and political complicity accounts for much of the inflated power of business organisations. For Hawken, government must “set the conditions under which commerce operates” and

“establish the standards that help guide the planning and development of business” (Hawken, 1993, p. 168).

Thus we understand him as saying that government must both put brakes on what business may do, and provide a broad social base upon which industry and government may together successfully transform the nature of commerce as such (Hawken et al, 1999, p. ix). Hawken’s idea of business-led environmental action thus also places a renewed emphasis on responsibility and moral maturity, manifested by leadership within fields other than business.

The design problem in business:

Although Hawken does not align himself directly with the more radical green movements, such as deep ecology or ecofeminism, he is one of the fiercest internal critics of business, and his 20-year old book unfortunately strikes as hard today as when it first appeared. Forbes and Jermier (2010, p. 469) attribute the reason for this to the “apparent timelessness of the world’s modern environmental and social problems and the slow response of business to those problems”. Thus, in spite of its huge impact, *The Ecology of Commerce* and the associated NCE have not yet managed to turn the tide and, as was the case twenty years ago, “we are [still] conducting a vast toxicologic experiment and we are using our children as the experimental animals” (Landrigan, 2001; cited in Forbes and Jermier, 2010, p. 470). Hawken clearly identifies, and relentlessly rejects, the various techniques and strategies that business and industry have used to “forestall meaningful change” (p. 470). He is thus not naïve about the nature of business culture, yet believes that this culture can be, and must be, transformed from the inside out. Key themes that must be addressed to achieve this include addressing the role and nature of advertising, materialistic mindsets and commercialism, the ideology of growth, the idea of trickle-down markets, and so on. These notions come together under his

overarching idea of developing a restorative economy in the place of the still dominant industrial one.

In this regard he makes some interesting points that are pertinent to our reconsideration here of business and organisational leadership. Although certain personal virtues such as self-discipline, frugality, and efficiency lie at the heart of his restorative model, Hawken does not view the problem with existing commerce as centering in the sphere of personal ethics and moral awareness, but rather as a *design problem* running through all of business (p. 473), and ultimately, through late-modern capitalist society. This notion is strongly echoed in the documentary film, *The Corporation* (2003)^v, in which philosophers, economists, and scientists agree that we have created a legal corporate form that has spun out of control and that, in turn, is starting to control us. This corporate form dictates and enforces a dangerously impoverished understanding of the human being and its relationships to others and the world; in fact, they see the corporate form itself as structured along the lines of the human psychopath. The film suggests that, as individuals, business leaders may be either good or bad, virtuous or vicious, but that this fact about the individual leader is largely irrelevant to the roles his or her organisation requires of them to play. Noam Chomsky in particular argues just as the institution of slavery cast the slave owner in a monstrous role, the dominant corporate form is casting business leaders in monstrous roles when it comes to damage inflicted on the environment and other people, which is irrespective of the personal moral convictions and virtues of these leaders. To merely focus on the development of moral character in business leaders would be a superficial and ineffectual response to a much broader, systemic problem.

Restoring business:

Resolution of the *design problem* “requires an integrated system (economic, biologic, and human)” that cannot be achieved at the level of the individual company alone. Instead, it “requires radical redesign of institutions” and of the relations between institutions (Forbes and Jermier, 2010, p. 473). Traditional business practices have encouraged a narrowing of one’s moral vision, what Joan Tronto (2006, pp. 11-13) has termed ‘privileged irresponsibility’. In contrast, Hawken’s envisaged restorative economy promotes an opening up of the moral vision to include the material and symbolic *conditions* of business, as well as the material and symbolic *effects* of its actions. In other words, within a restorative vision, business is rightly returned to its material and symbolic embeddedness in both natural and social systems much larger than itself.

Concrete changes advocated by Hawken under the rubric of restoration include the following: (i) the new business organisation will recognise the true costs of goods (Hawken, 1993, p. 13, p.167); (ii) the new business organisation will mimic nature, and live in symbiosis with natural processes in that it will “use closed loops, renewable energy and promote [cultural and other] diversity” (Forbes and Jermier, 2010, p. 473) and it will be cyclical rather than linear in design; (iii) the new business organisation will be regional rather than global, smaller and community-based, rather than larger (p. 473); (iv) the system must reward the highest internalised costs (p. 474); (v) business leaders must “accept their role to act as restorers of life” (Hawken, 1993, p. 167); (vi) we must “obey the [cyclical] waste-equals-food principle [in nature] and entirely eliminate waste from our industrial production” (p. 209); (vii) the economy must mimic nature by being fueled by hydrogen and sunshine instead of carbon (p. 12); (viii) “we must create systems of feedback and accountability that support and strengthen restorative behaviour” (pp. 209-10), including green fees and taxes on carbon; and, (ix) we must form public utilities to manage raw materials and natural resources (Forbes and Jermier, 2010, p. 475). Given this list of conditions, it is clear that it is structural reform that is needed rather than a change in “human consciousness and behavior alone” (p. 478).

In terms of leadership under a restorative paradigm, one of the most important aspects is that businesses must start to act in self-limiting ways, in order to re-humanise the lived world (i.e. overcome the one-dimensionality or mono-culture of corporatisation). One of the most crucial elements in such an exercise of self-limitation is that business leaders must, as previously argued, disentangle business interests from political interests. It is interesting to note that leaders of large corporations would appreciate that government must play a critical leadership role in advancing a green agenda, and they would even welcome strong leadership in that regard. This is according to Forbes and Jermier (p. 478), who quote General Electric chairman Jeffrey Immelt, who stated in a 2009 interview, that:

What doesn't exist today in the energy business is the hand of God... I think if you asked the utilities and big manufacturers in this business what they would most like, it would be for the President to stand up and say: 'By 2025 we are going to produce this much coal, this much natural gas, this much wind, this much solar, this much nuclear, and nothing is going to stand in the way.' Well, you'd have about thirty days of complaining and crying, and then people across the whole energy industry would just stand up and say, 'Thank you, Mr. President, now let's go do it'. And we would go out and do it.

In Hawken's ideal scenario (and as previously mentioned), government would be emancipated from manipulation by business. This would take place partly through the self-limitation of business itself, which would force government to "accept that the most important social unit in a democracy is not [the large corporation], but ... individuals, families and communities that are constantly being affected by the decisions of business to externalize their costs onto society and the environment" (Hawken, 1993, p. 168).

The importance of ecological consciousness:

Hawken's understanding of the need to restructure the global economy into a restorative enterprise can be usefully connected with Lorraine Code's idea of 'ecological thinking', developed in her 2006 book with the same title. One could convincingly argue that she develops similar ideas to that of Hawken, but on the level of knowledge claims or epistemology. For Code, knowledge is always situated and embedded in contexts that include concrete power relations, relations of trust or lack of trust, and issues concerning responsibility. An ecological consciousness would, on her account, entail that we become aware of larger responsibilities than we have been encouraged to acknowledge under a modernist, industrial paradigm. This is especially crucial for white affluent lives in the west: they must actively reject their own cultivated 'privileged irresponsibility' and narrow moral focus, and take responsibility for what they are discouraged from knowing or understanding by the system of global injustice.

Using Code's ideas, we suggest that leadership under a restorative paradigm would not only mimic or imitate nature, but would also be characterised by an intensification of ecological thinking. Ecological thinking is concrete, embedded, aware of power relations (i.e. material and symbolic asymmetries, inter-dependencies, and conditions) and takes responsibility for knowledge (and, to some extent, for the limits of knowledge), as well as for the potentially far-reaching consequences of actions, even though these actions are always taken on the basis of incomplete knowledge. Ecological thinking, as embedded, thus also always takes locality seriously, since locality influences or shapes one's perspectives. Thus, for instance, in South Africa, ecologically consciousness business leaders would take their historical context and their position on the African continent seriously, as well as the influence that this exerts on understanding their social role, power relations, relations of trust and distrust, and their material and symbolic relations with the people in South Africa and on the African continent.

This consciousness would also require that business leaders publicly take responsibility for the environmental degradation and social deterioration rightly attributable to their commercial activities, and that these leaders would play a leading role in decoupling business from government, and building a restorative economy. Moreover, they would come to understand that transforming the economy so that it serves people and planet will not be the result of a personal conversion of a few virtuous individuals or visionary business leaders, but is more likely to materialise through a thorough restructuring and redesign of the national landscape. This redesign would crucially involve a new relation between the political and economic spheres. Ecologically consciousness business leaders would thus be willing and able to play a leading role in transforming countries into places where individuals, families, and communities become the morally most important units of consideration.

Leadership

At first glance, it would seem that Hawken's vision for a restorative economy, the NCE movement, and ecological thinking would be well-served by a transformational leadership paradigm, since the very emphasis of this paradigm is on transforming the nature of commerce, on the basis of an over-arching leadership vision, which inspires followers to align their behaviour with this vision. In order to ascertain whether transformational leadership truly serves the restorative economy, a more in depth analysis of this paradigm is warranted. We begin by contrasting transactional leadership with transformational leadership, and conclude that transformational leadership – which is described as a flexible leadership approach, capable of responding to turbulent environments – does indeed seem to serve the goals of an ecological economy. However, on further inspection, it transpires that, like transactional leadership, transformational leadership is also grounded in a view that privileges the person of the leader, above the context in which leadership emerges. The restorative economy, the NCE movement, and ecological thinking all support a systemic view of

business, wherein business is defined as a complex system, which is embedded in larger social, natural, and political systems. Given this understanding, the error of viewing either the organisation, or the individuals within it, in atomistic terms becomes apparent, and it is on this basis that we reject not only the transactional, but also the transformational account of leadership.

Through exploring complexity thinking, and new emerging leadership paradigms, we attempt to present both a challenge to traditional conceptions of leadership, as well as to flesh out the characteristics of a conception of leadership that does indeed support a new, ecological business economy. Whilst we acknowledge that the traditional leadership paradigms, such as transactional and transformational leadership continue to find footing in the business world, it is our hope that the analysis presented here, will help business leaders to take on the creative and challenging task of re-inscribing their own self-understanding as leaders in ways that can help them to productively tackle our current environmental crisis.

Transactional vs. transformational leadership:

The notion of ‘transforming leadership’ was first introduced by James MacGregor Burns (1978) in his seminal work on political leaders, entitled *Leadership*. The term ‘transformational leadership’ was however coined by Bernard M. Bass (1985), who, in his book entitled, *Leadership and Performance Beyond Expectations*, extended Burns’ research by explaining the psychological mechanisms that underlie what is respectively termed ‘transactional’ and ‘transformational’ leadership.

Bass (1997, p.133) argues that transactional leaders use a ‘carrot or stick approach’, whereby they explain what is required from their employees, and what compensation they will receive if the requirements are fulfilled (Bass, 1990). In the words of Bass (1990, p. 29): “This transaction or exchange – this promise and reward for good performance, or threat and

discipline for poor performance – characterizes effective leadership [in the transactional leadership paradigm].” Bass (1990) criticises transactional leadership for often leading to mediocrity, on the grounds that, leaders often fail to intervene until problems become serious (what Bass (1997, p. 134) refers to as “passive management by exception”). Furthermore, this paradigm may be ineffective in the long-run, since leaders may not have adequate control over rewards and penalties, and employees may not desire the rewards or fear the penalties.

In contrast to transactional leadership, Bass (1990, p. 21) argues that transformational leadership is consistent with superior leadership performance, which:

...occurs when leaders broaden and elevate the interests of their employees, when they generate awareness and acceptance of the purpose and mission of the group, and when they stir their employees to look beyond their own self-interest for the good of the group.

According to Bass (1990; 1997), transformational leaders achieve these results in four ways. Firstly, transformational leaders may be charismatic and exercise, what Bass (1997, p. 133) calls an “idealized influence over followers”. He argues that charismatic leaders “are admired as role models generating pride, loyalty, confidence, and alignment around a shared purpose” (p. 133). Secondly, transformational leaders may motivate or inspire followers, because such leaders are capable of articulating “an appealing vision of the future, challenge followers with high standards, talk optimistically with enthusiasm, and provide encouragement and meaning for what needs to be done” (p. 133). Thirdly, transformational leaders may intellectually stimulate their followers, because such leaders “question old assumptions, traditions and beliefs, stimulate in others new perspectives and ways of doing things; and encourage the expression of ideas and reasons” (p. 133). Lastly, transformational leaders may show

When economy becomes ecology individualised consideration to followers, since they deal with followers as individual people, and “consider their individual needs, abilities, and aspirations” (p. 133).

Despite the appeal of the transformational leadership paradigm, Bass (1990, p. 30) concedes that “transformational leadership is not a panacea”. In stable markets, for example, transactional leadership may be a more acceptable leadership paradigm, and achieve faster results. However, Bass is clear on the matter that transformational leadership is the superior paradigm for organisations functioning in complex environments. In this regard, he writes:

... when the firm is faced with a turbulent marketplace... then transformational leadership needs to be fostered at all levels in the firm. In order to succeed, the firm needs to have the flexibility to forecast and meet new demands and changes as they occur – and only transformational leaders can enable the firm to do so... In short, charisma, attention to individualized development, and the ability and willingness to provide intellectual stimulation are critical in leaders whose firms are faced with demands for renewal and change (p. 31).

Given this description of the benefits of transformational leadership in turbulent environments, one is likely to conclude that transformational leadership is what is needed, in order to transcend mere compliance with environmental regulations (which is easily supported by transactional leadership), and to successfully transform the nature of business culture and commerce so as to realise the goals of NCE. Such a conclusion would, however, be premature, and in order to understand why this is the case, it is necessary to briefly look at some of the criticisms against transformational leadership.

Challenging transformational leadership:

In his article entitled, 'Eco-leadership: towards the development of a new paradigm' that appears in an edited volume of papers under the name of *Leadership for Environmental Sustainability*, Simon Western (2010) briefly investigates the insufficiencies of 20th century leadership paradigms for managing our current-day environmental responsibilities. One of the discourses that he criticises is transformational leadership, which he characterises as a "messiah leadership discourse" (p. 40). Western argues that the messiah discourse was a response to the U.S. economic slump in the late 1970s and early 1980s, and the corresponding growth in production of the Asian tiger economies. It was in this context that "this new covenantal leadership style" (p. 40) was born, with "the aim to create strong, dynamic organizational cultures under the vision and charisma of a transformational leader" (p. 40). Furthermore, Western argues that it is no coincidence that transformational leadership in the U.S. arose at the same time as Christian fundamentalism. Essentially, both these movements resonated at "an unconscious cultural level" (p. 40). Western describes this cultural impulse as follows:

America was seeking in the economic and sociopolitical sphere a form of 'Messiah Leadership' to reaffirm its status as the leading world power and to reaffirm a collective sense of what it means to be American. The business schools, consultancies, and multinational corporations acted with vigor selling the new leadership discourse of a transformational leader (Messiah) who could offer vision and passionate leadership to an inspired, loyal, and committed workforce (p. 40).

Unfortunately, Western argues, this leadership style also resulted in highly conformist organisational monocultures (what Peters and Waterman (2012) refer to as "cult-like cultures"). In the long-term, this monoculture could lead to a totalising mindset, where individuals and teams who do not buy into the leader's vision, are soon expelled. In other

words, what is lacking from the transformational leadership paradigm is a *critical, multi-stakeholder* discourse on the vision of the organisation and the leader.

A related problem concerns the fact that, in pursuing and encouraging buy-in of their vision for the organisation, transformational leaders “attempt to ‘engineer culture’ (Kunda, 1992) and create ‘designer employees’ (Casey, 1995)” (Western, 2010, p. 41). This tendency to view leaders “as the architects and controllers of an internal and external order” (Uhl-Bien, 2006, p. 65) also underwrites other traditional approaches to leadership (such as servant leadership, spiritual leadership and authentic leadership). Richard Wielkiewicz and Stephen Stelzner (2010, p. 17) call these approaches ‘positional leadership’ theories, and in their paper that also appears in the above-mentioned volume, argue that “according to this theoretical perspective, positional leaders are directly responsible for organizational success and adaptation.” These authors believe that such theories support and promote the attribution error, which they define as the (predominantly Western) tendency “to *overestimate* the importance of personality factors and *underestimate* the importance of situational factors” (p. 20). In terms of leadership, this error manifests as the “tendency to attribute [the positional leader’s] behavior to an internal characteristic, as opposed to the situational context and organizational hierarchy” (p. 20).

In the introduction to *Leadership for Environmental Sustainability*, the editor Benjamin Redekop (2010, p. 3) argues that stressing positional leadership over the context in which leadership is enacted is very problematic, as it results in a myopic view of the organisation, and a mistaken view of human nature. In this regard, he specifically states that:

The tendency amongst American business leadership to ignore or discount the larger social and environmental contexts in which leadership occurs is simply a reflection of some of the main tenets of American capitalism, as well as the lineaments of the

American dream, which stresses the idea that human beings (and by extension, leaders) are free agents who can succeed at whatever they wish to do, if only they work hard enough (p. 3).

It is precisely these tenets that Paul Hawken (1993) challenges in *The Ecology of Commerce*. It is because of the fact that businesses discount the larger social and environmental contexts in which leadership occurs that they often have insufficient ecological knowledge, specifically with regard to their impact on ecosystems; a short-term focus (which allows them to discount long-term sustainability issues); and a technocratic view of environmental problems. And, this is why “business is destroying the world” (Hawken, 2010, p.3). Despite Bass’s (1990, p. 31) appeal to transformational leadership as an appropriate leadership paradigm for turbulent times, we see that the ability of transformational leaders to be flexible and to adapt to changing environmental and market conditions is limited by the more conservative elements of this leadership philosophy, specifically the uncritical promulgation of the leader’s vision and the almost exclusive focus on the person of the leader, at the expense of systemic conditions. Taking cognisance of these shortcomings is important, because despite the fact that the popularity of this leadership theory has been declining in recent times, many people continue to appeal to transformational leadership as the superior leadership theory for today’s times. Indeed, numerous websites, blogs, articles, and books are devoted to the transformational leadership agenda. Yet, it is our belief that the tenets underlying this leadership paradigm cannot facilitate the radical transformation of business and leadership thinking for a restorative economy. For this reason, we therefore turn to work done on leadership for environmental sustainability specifically, in order to see whether other, more recent, approaches to leadership are better aligned with the goals of NCE.

Leadership for the restorative economy:

Redekop (2010, p.1) introduces the volume on *Leadership for Environmental Sustainability* with the truism that “[a]chieving environmental sustainability is quickly becoming one of the great leadership challenges of our time.” Yet, despite this undisputed fact, he remarks that leadership studies has paid little attention to this topic^{vi}. Redekop purports that this volume of papers is the first to place “the relationship between leadership – as a general construct – and the natural environment at center stage” and to examine it from “diverse viewpoints”. Indeed, this volume is a jewel in terms of developing a multi-dimensional understanding of leadership and its relation to the natural environment; however, for the purposes of this paper, we concentrate on only one of the perspectives offered in this volume, namely that of ‘eco-leadership’. Redekop (p. 4) defines ‘eco-leadership’ (coined by Western (2008)), as follows:

Still in its infancy, this discourse (or paradigm) is characterized by ‘a growing interest in systems thinking, complexity theory, narrative approaches, and also the environment as metaphors for leadership and organizing company structures’ [Western, 2008] (p. 184)... it conceives of leadership as being dispersed, emergent, ethical, and adaptive – able to help groups and organizations adapt themselves to external contingencies like environmental change.

This perspective resonates well with Hawken’s discussion of the restorative economy, particularly with his focus on the systems (environmental, cultural, biological, human) in which business is embedded, and the institutions (governmental and non-governmental) to which business is related. To recall: with a restorative vision, business is rightly returned to its material and symbolic embeddedness in both natural and social systems much larger than itself. It is exactly this systemic perspective that forms the heart of eco-leadership. As Western (2010, p. 36) states: “Eco-leadership works in organizations that are conceptualized as ‘ecosystems within ecosystems’“. This contrasts sharply with the positional leadership models (including transformational leadership) where organisations are conceived as “stable

When economy becomes ecology and bounded systems that operate with leaders at the top of clear hierarchies” (p. 36). Western (p. 36) continues in arguing that:

Eco-leadership shifts the focus from individual leaders to leadership, asking of an organization “how can leadership flourish in this environment?” Leadership is too often reduced to the heroic individual, when leadership is about much more. Leadership includes individual leaders as well as collective groups and teams taking leadership... Nation-states can take a leadership role, and leadership can be seen in processes and culture. The first task of eco-leadership is to make leadership generative, broadening the common reductionism that restricts it to elite individuals at the top of an organization.

Given the resonances between Hawken’s conceptualisation of the restorative economy and Western’s description of eco-leadership, it is worthwhile to investigate the tenets of eco-leadership in order to further operationalise leadership for a restorative economy. This task will be tackled in the next section, followed by a discussion on whether the transformational vision still has a place within this model. We argue that a leadership vision remains important for driving forward the restorative economy, but that such a vision should be based on something akin to Gareth Morgan’s (1986) concept of ‘imaginization’, and should be developed along the lines of an ecological contextualisation of human economic activity, which concerns a proactive and dynamic personal and collective attitude regarding the way organisations are and how they could / should be.

Complexity thinking:

Above, it was noted that eco-leadership has its roots in systems theory, complexity theory, and narrative approaches. Indeed, many of the characteristics of eco-leadership are framed in the language of complexity thinking, and before examining these characteristics, it is useful to briefly introduce the paradigm of complexity.

Complexity thinking, as it is understood from a philosophical perspective, resists the simplification and overly rapid reductionism that characterises the classic sciences, and the modernist worldview. According to this perspective, complexity is irreducible, in other words, complex phenomena cannot be compressed into simple models without discounting some of the complexity and thus distorting the phenomenon itself (Cilliers, 1998). The complex nature of certain systems (particularly living systems) is attributable to the dynamic, self-organising relationships and feedback loops that exist between the components of a system, and between the components and the system itself (Cilliers, 1998). Cutting-up a system (i.e. trying to gain knowledge of the whole by studying the parts – the classical western scientific approach of analysis) therefore destroys the relations, and hence the complexity that constitutes the system as that system (Morin, 2007). Yet, a certain degree of reductionism is unavoidable, because, due to our cognitive limitations, we also cannot understand the world in its full complexity, and, consequently, we are forced to reduce the complexity through modeling. Any engagement with complexity thinking therefore implies a critical engagement with the status and limits of our models and knowledge claims. The challenge posed by the environmental crisis certainly constitutes a complex problem and the technocratic thinking that constitutes many mainstream responses to this crisis, and which has its roots in the Enlightenment ideal of science and knowledge, needs to be replaced (or at least supplemented) by a perspective that is sensitive to the inherent limitations and possible derailments that may result from intervening in this crisis. Complexity thinking represents one such perspective, and we would do well to pull the insights from complexity thinking into our theories and practices, including leadership.

Although it is impossible to fully model a complex system, complex systems are, nevertheless, characterised by a number of features, which, if kept in mind, can help us to develop an understanding of complex phenomena. Many of these features, including the emergent nature of complex systems, the rich interconnections between, and embeddedness of

When economy becomes ecology complex systems, the presence of positive and negative feedback loops, and a focus on hierarchy and structure, also feature as characteristics of eco-leadership. This affirms the point that eco-leadership presents us with a leadership style that is modeled on complexity thinking, and that can thus be fruitfully employed in the development of a leadership paradigm for a restorative economy, as will be demonstrated below.

Characteristics of eco-leadership:

a) The emergent nature of leadership

Wielkiewicz and Stelzner (2010, p. 21) argue that leadership “emerges from the interactions and actions of individuals within an ecological system.” Describing leadership as an emergent process means that the focus of leadership theories shifts from the positional leadership paradigm to understanding the interactions among individuals that give rise to leadership. This is not to say that formal leaders do not exist. The point is merely that leadership is an emergent quality, and is not something that is wholly attributable to the leader’s unique traits or organisational position. In fact, different organisational members with different personality traits and positions within the organisation may assume leadership roles in different situations, and, in this regard, the hallmark of a great leader is to know when to step down (self-limit) and let someone else take hold of the reins. As such, the process of mobilising people and resources (the process of leadership) should be understood in terms of an institution’s systemic functions (Grebe and Woermann, 2011). In this perspective, leadership is “an on-going direction-finding process, which is innovative and continually emergent” (Collier and Estaban, 2000, p. 207).

Wielkiewicz and Stelzner (2010, p. 22) argue that “[i]n an ecological context, the role of positional leaders is to assist organizations in developing processes that make them more adaptive.” An important part of the role of leadership would thus be to cultivate an

When economy becomes ecology environment or habitat within the organisation that is conducive for the development or emergence of leadership itself, on different levels and within different dimensions of the organisation. Grebe and Woermann (2011) argue that this will only be achieved if leaders attend to, and steer, emergent institutional narratives and sensitise role-players to the effects of their actions. It is through these context-sensitive leadership processes that Hawken's goal of transforming business culture from the inside-out can be realised, since our narratives constitute the shared meaning or 'stories about ourselves' that form our culture and values, and that direct our focus, but also determine the scope of our focus.

b) The embedded nature of leadership

As stated earlier, Hawken views the problem with existing commerce as a design problem running through business, whereby business is seen as separate from the systems and institutions in which it is embedded, on which it depends, and to which it is related. This view is supported by the paradigm of disjunction, and should be replaced by what the complexity theorist, Edgar Morin (2007) refers to as the paradigm of 'whole-part mutual interaction'. Apart from the environmental challenges, businesses today are faced with a host of social and technological challenges including globalisation, scientific and technological advances, the proliferation of information, and a fast-changing and fluid social economy (Wielkiewicz and Stelzner, 2010). In order to be able to adapt to these social and biological challenges, leaders must actively seek to broaden the focus of business, and to develop robust and responsible strategies for dealing with the myriad challenges and relational ties that characterise the organisational environment. This is no easy task, and, according to Wilelkiewicz and Stelzner (p. 24), "requires developing a deeper understanding of the interdependent systems contexts within which organizations exist", and also requires that we deal with the tensions that emerge "between devoting resources to thoroughly understanding this context versus being

more action-oriented, which means making timely and effective decisions based upon an admittedly incomplete understanding of the context.”

This again underscores the point that our knowledge of complex systems is limited, yet the fact that we do not have complete knowledge of the situation, does not excuse us from action; we must take responsibility for what we know, for how we know, as well as for acting within knowledge limitations. The philosopher, Jacques Derrida (2002), calls this the *aporia* of ethics and politics, in which the need to be infinitely vigilant is always interrupted by the urgency of a response. It is our contention that any responsible response to the environmental crisis should be situated in the heart of this *aporia*.

c) The importance of feedback loops for leadership

Wielkiewicz and Stelzner (2010, p. 25) argue that “[s]ustainability is an excellent environmental feedback loop” since “[i]gnoring environmental feedback loops is harmful to organizations in many ways.” Their point is that companies who are unable to adapt to the environmental challenges are unlikely to be sustainable. The manner in which companies become aware of these challenges is through feedback loops, and the success with which they respond to these feedback loops will, in part, determine the company’s success, especially in the dimension of long-term sustainability. Wielkiewicz and Stelzner (2010) argue that there are no guaranteed ways in which to identify ‘relevant’ feedback loops, but they nevertheless draw a distinction between constricting feedback loops (which are associated with too big a focus on the sense-making skills of the individual, positional leader) and feedback loops which are understood, and interpreted by, a range of empowered workers, where empowerment is defined in terms of “high involvement work processes” (Vandenberg, Richardson and Eastman, 1999 in Wielkiewicz and Stelzner, 2010, p. 25). They elaborate in

arguing that “group decision processes are advantageous for an organization because they maximize the number of feedback loops influencing leadership processes” (p. 25).

The positive recognition and reaction to feedback loops is facilitated by workplace diversity, in which divergent viewpoints that challenge one another are expressed. Leaders should thus ensure that the internal diversity mirrors or exceeds the diversity in the environment (phenomena which are referred to as requisite and excess diversity respectively). The complexity theorist, Peter Allen (2001) argues that the ‘fat’ of excess diversity, is necessary for experimenting and innovating for the future, and for coming up with successful strategies for dealing with complex problems.

This excess diversity should be accompanied by process accountability where organisational members are encouraged to “build a thorough examination of all alternatives into the decision process” (Wielkiewicz and Stelzner, 2010, p. 25). Process accountability keeps work members attuned to the consequences of their actions, and allows them to respond quickly and flexibly to emerging problems. Today, we face a number of complex problems (including global warming), and it is impossible to determine the success of our strategies beforehand. Hence, process, as opposed to outcome accountability, presents a more responsible and responsive paradigm for action in a complex world.

d) The structured nature of leadership

Contrary to popular belief, complex systems are structured systems. This is because when the components of systems interact, dynamic structures emerge over time due to self-organisation. As with any structured system, patterns of hierarchy exist. In this regard, Western (2010, p. 43) is very clear that “[s]tructure, power, and authority *do not* disappear in some utopian dream when we move towards eco-leadership, environmental awareness, and social responsibility.” However, issues of power and authority are thought differently in eco-

leadership. Western (p. 44) notes that “[c]entral power and control do exist but they have a fragile existence, resilient but also fluid and changeable. Power is much more distributed than we usually recognize in our narratives about how ‘the social’ functions”.

A consequence of this view of power is that eco-leaders are challenged to deal with a number of paradoxes that emerge from the distributed nature of leadership. Collier and Esteban (2000, p. 212-213) have identified the following significant paradoxes of systemic leadership, which are also applicable to eco-leadership, and which we would do well to note in this context, namely: *the paradox of hierarchy-participation*, whereby leadership is viewed as the responsibility of all, but is exercised by one person at a time; *the paradox of unity-diversity*, whereby “leadership works with the unity of purpose, but with a diversity of ideas and interests, so that conflict is inevitable”; *the paradox of asymmetry-mutuality*, which amounts to the fact that eco-leaders rely on the principle of mutuality and on the existence of a level playing field, yet, it is also clear that the process is asymmetric in that the weight of influence and power shifts as people assume different roles and responsibilities at different times; *the paradox of discipline-creativity*, whereby it is recognised that although ideas are the lifeblood of generative organisations, they must be managed in a disciplined manner as not all ideas can be implemented; and lastly, *the paradox of creation and destruction*, which implies that developing new perspectives often means destroying old processes and practices, which in human terms can be painful.

Although not specifically referred to as a paradox, Wielkiewicz and Stelzner (2010) also identify a tension between the traditional approaches to leadership (which are premised on the industrial paradigm) and the ecological approach. They argue that, in order to deal with the current-day adaptive challenges faced by business, the focus must shift to the ecological approach, but they also argue that the industrial approach still has its place, since “too much emphasis on process (the ecological side of the tension) can interfere with timely and

effective decision-making” (p. 27). They conclude that “[t]he ideal organization has a clear vision of the industrial versus ecological tension and has introduced mechanisms into leadership processes that counter the attributional biases that cause some to see leadership as “owned” by positional leaders” (p. 31). At the same time, eco-leadership practices such as a broader distribution of power and authority, should not lead to the avoidance or dilution of responsibility for action and decision.

Imaginization: driving forward the restorative economy

Natural systems are undeniably complex, and the move towards a restorative economy necessitates that we carefully consider the complex interdependencies between organisational systems (including the interpersonal and institutional interdependencies and the systemic factors that may influence leadership processes) and between organisational systems and the environment. Wielkiewicz and Stelzner (2010) argue that the eco-leadership paradigm provides us with a useful organisational metaphor for seeing and responding to the complexities of organisational and adaptive challenges. They further argue that the ecological metaphor serves as a useful reminder of the environmental challenges that the human race faces, and to which each organisation must respond as effectively as possible.

The role of poignant metaphors in facilitating innovative thought processes and practices should not be underestimated, because, as Gareth Morgan (1986, p. 12) argues in his influential book, entitled *Images of Organizations*, “the use of metaphor implies *a way of thinking* and *a way of seeing* that pervade how we understand our world generally.” In the final chapter of his book, Morgan (1986, p. 339) argues that “some of the most fundamental problems that we face stem from the fact that the complexity and sophistication of our thinking do not match the complexity and sophistication of the realities with which we have to deal”. Morgan (p. 399) states that his approach in *Images of Organizations* was to use

When economy becomes ecology metaphor as a means for addressing this challenge, and for stimulating the critical thinking needed to grasp “the multiple meanings of situations and to confront and manage contradiction and paradox, rather than to pretend that they do not exist.” Yet, images and metaphors do not only facilitate new ways of seeing the world, but also serve as frameworks for action. To this end, Morgan introduces the concept of ‘*imaginization*’, which, for him, represents a way of linking thought and action. In other words, metaphors and images are not only interpretative constructs, but “are central to the process of *imaginization* through which people enact or “write” the character of organizational life” (p. 344).

The current economic system is not ‘built to fly’, but is rather in free fall, taking all life on the planet along with it over the precipice. It is designed to break limits, rather than to respect them (Hawken, 1993). In contrast to this economy, a restorative economy is ultimately “a prosperous commercial culture that is so intelligently designed and constructed that it mimics nature at every step, a symbiosis of company, customer and ecology” (p. 15). As we hope to have demonstrated in this paper, transformational, visionary, charismatic leadership alone cannot accomplish the transformation from the current economy to a restorative economy. This is because the tenets of transformational leadership are incongruent with the tenets of ecological thinking and eco-leadership, specifically with regard to understanding the systemic and embedded nature of leadership and organisational processes. In contrast to transformational leadership, eco-leadership, and the idea of the economic sphere mimicking the processes of natural production and distribution, works with – rather than against – nature, and can be understood, as a powerful manifestation of *imaginization*. On the basis of this metaphor, we can begin to rethink the concept of visionary leadership (which is so central to the paradigm of transformational leadership), and to re-inscribe our visions for the future “in more powerful, larger, more stratified contexts” (Derrida, 1988, p. 146).

Furthermore, and as demonstrated in this paper, the transformational paradigm promotes an atomistic understanding of the world, and may encourage organisational monocultures and totalising mindsets. In understanding leadership as a complex phenomenon, eco-leadership is able to overcome the dangers associated with transformational leadership. In so doing, eco-leadership resists “the colonization of the life-world” (Habermas, 1984 in Western, 2010, p. 48), in which employees become stuck in a given ideology. This is because eco-leadership facilitates *imaginization* to the extent that it recognises the importance of diversity and narrative, and the unavailability of complexity and paradox; and, in so doing helps “individuals and organizations to become decolonized” (p. 48).

ⁱ Both authors are lecturers in the Department of Philosophy, University of Stellenbosch.

ⁱⁱ In terms of the arguments developed in this paper, the neat categorisation of critique as ‘outside’ to the global economic and industrial system, is (self-)deceiving. This is due to the fact that we are all (to a greater or lesser extent) caught up within the same web, and are reliant on the economic system for our survival; the very same economic system that is threatening to destroy the conditions on which most forms of life depend.

ⁱⁱⁱ Paul Hawken does not really address the question regarding the nature of leadership in a restorative economy in either *The Ecology of Commerce* (1993) or in *Blessed Unrest* (2007).

^{iv} A year before the publication of *The Ecology of Commerce* in book form, Hawken published an essay with the same name, which appeared in the business journal *Inc*. This essay can be read as a summary of his main argument in the book, and the 1992 Hawken citations in this paper are taken from this essay.

^v *The Corporation* is a Canadian documentary film written by University of British Columbia Law Professor, Joel Bakan, and directed by Mark Achbar and Jennifer Abbott.

^{vi} See also: *Environmental Leadership Equals Essential Leadership: Redefining Who Leads and How* (2006)

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