Electronic Journal of Business Ethics and Organization Studies

ejbo

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On Denial of Individuals' or Organizational Activities - Decisionism Considered

Tuomo Takala

Abstract

The purpose of this article is to put forth some relevant, but complex, issues which still exist in modern ethics. I shall present axiology and deontology shortly. After this, I take a not so well-known ethical theory called decisionism into consideration. In this context, we are interested in the one burning ethical problem or phenomenon "Why prohibit or deny the action of an organization or association?" At the end of the paper, some considerations are provided to solve some issues of misbehaving, or to solve actual social problems like discrimination, abuse of workforce, or racial or gender-based discrimination.

Key Words: Value-ethics, decisionism, associations

Introduction

Recently, a theme has emerged in general debate that can be described as interesting but also problematic. It is about freedom of action, or freedom in general, which is also a very philosophical question.

Why should any activity be banned? We do not usually want to be denied anything. The action must therefore be in some way undesirable. Inaction, or doing nothing, could also be punishable or at least reprehensible.

Thus, there are at least two parties in the denying process: the subject who does the denying and the object that is denied of something. Such an object can be an individual or an association, and the reason for this denial is, for example, the nature of the organization's activities. Organizational action can be insulting to the members of a community. The law is drafted and presumed to be complied with. Why is moral requirement not enough? It can be argued that moral demands are not binding and strong enough. The government cannot, or does not want to, impose face- masks using during the COVID epidemic, for example, because this would severely restrict an individual's fundamental rights. On what grounds could or should certain symbols be denied? That is, for example, the use of certain types of signs or symbols when valuing the good or evil of an organization's activities. This is a line drawn in the sand. In this case, the symbols of evil are hunted and sought and so, we need to define what the term "evil" means (see e.g. Pitkänen, 2020). Pitkänen states that since the 1990s, the concept of evil has gone through a philosophical "renaissance". In contemporary philosophy of evil, the eliminative naturalism typical of the earlier twentieth century is usually rejected, and evil is conceived of as an irreducible concept essential for understanding human moral life in practice. The roots of contemporary thought on evil according to Immanuel Kant, who worked out his theory of "radical evil" at the end of the eighteenth century, are set forth. According to Kant's theory, taking our moral agency seriously requires not only philosophical justification of freedom from the causality of nature and the ability to present moral duties to ourselves, but also an innate propensity to subordinate those duties to our selfish will, that is, a propensity to do evil. Kant introduced an anti-naturalistic conception of evil which is also free from theological presumptions. Pitkänen refers to this kind of view as "a purely moral conception of evil". He argues that a purely moral conception of evil is vulnerable to Friedrich Nietzsche's genealogical and moral psychological critique, in which the idea of evil is judged as subjective, historical, and ultimately based on will to power (Pitkänen, 2020).

So the main question here is "where we can find norms to act?" "If human or organizational action is evil or bad, it should be denied", we can claim.

Ethics, Norms, Values and Decisionism

Ethics reflects on moral phenomena. Value theory, or axiology, looks at which things are good or bad, how good or bad they are, and most fundamentally, what it means to be good or bad. There are questions about value and what is valuable or important to value to moral philosophers, since most moral theories hold that we ought to promote the good (even if this is not the only thing we ought to do).

Another part of the discussion is so called deontology or normative ethics. The deontological nature of the supreme principle of Kantian ethics has led many people to focus almost exclusively on issues about duty, universalization, autonomy and dignity when engaging with Kantian ethics. This has resulted in an unfortunate situation with value-based considerations largely being ignored, and Kant being criticized for supposedly failing to appreciate the importance of happiness. All of this has happened despite the fact that Kant's ethical theory does not restrict itself to duty but contains a well-developed account of a value that plays a central role in the overall theory and that recognizes the significance of happiness. After all, the groundwork starts with the axiological claim that the only thing unconditionally good is will.

Likewise, the highest good, which is meant to represent the culmination of Kant's ethical system, is an axiological notion that includes happiness. (Bader, 2015).

It is often disputed which term is the primary: value or norm? Beauchamp (2010) asks whether there are moral beliefs, which are merely personal opinions and cultural conventions, or is there a moral standpoint that transcends the personal and cultural? In one type of theory, moral views are based on how a person feels, what an organization decides, or how a culture accommodates the desires and aspirations of its people. The idea of objective moral principles or properties plays no role in this theory. In another type of theory, valid moral standards such as human rights govern all conduct and are not relative to cultures, nations, organizations, or individuals. Could it be that both perspectives are correct, or do we have two competing research philosophies that cannot be rendered coherent?

The main topics to be addressed in this article are moral relativism, universal morality and particular moralities, moral conflict and disagreement, human rights, multiculturalism. and global justice. Questions of whether there are universal moral norms and, if so, whether some norms are relative to organizations, groups, or individuals are discussed. Can we agree that although a relativism of all moral standards is an untenable position, a lower level relativism of moral judgement and multiculturalism are morally warranted? If it so, as Beauchamp states, there is a universal common morality but it allows for moral disagreement and legitimate differences of opinions about how to render universal norms specific for organizational contexts. So, certain norms constrain corporate activities, for example, in all cultures, but other norms constrain organizational conduct only in specific contexts.

Decisionism is a value theory doctrine with manifestations in ethics, social and political philosophy, and legal theory. Historically, the doctrine is old but it has been quite popular this century among many philosophical traditions, such as German philosophy of life, phenomenology, existentialism, American pragmatism. Decisionism has been understood (1) as a doctrine that individuals should be freed from the rules of conventionality and be ashamed when they have to rely on even one rule. (2) the doctrine that there is self-deception, dishonest pretense, and escapism to rely on norms and rules that already exist. (3) the doctrine that the authentic individual decides for himself and acts as his own judge. (4) as an analysis of "the myth that the laws enacted affect judges and other members of society, legalistic ideology. (5) Decisions made in social emergencies are theoretically primary because people have to take their lives seriously at that time. (Patoluoto, 1982, 79).

One can distinguish between the weak and strong decisionism as doctrines. It is natural to ask, because there are complex social situations in which the question of the primacy between norms and exceptions is central. The answer is easy to see – when exceptional situations last a long time, like during times of crisis (Patoluoto 1982, 82), for example, Germany between the two World Wars.

Who gives the rights to govern us, for ruling, controlling and to be in a power? Decisionism explains and begins its argument from the fact that the state of emergency gives power to a sovereign ruler who, as it were, usurps the power. Such a situation arises when society and the system of government are in a state of intense transformation; the democratic system is in a crisis and a mode of disintegration. A leader who rises to take sovereign power is probably a charismatic person. Carl Schmitt was a renowned political scientist and proponent of decisionism. Schmitt changed universities in 1926, when he became

professor of law at the Handelshochschule in Berlin, and again in 1932, when he accepted a position in Cologne. It was from lectures at the Deutsche Hochschule für Politik in Berlin that he wrote his most famous paper, "Der Begriff des Politischen" ("The Concept of the Political"), in which he developed his theory of "the political." Distinct from party politics, "the political" is the essence of politics. While churches are predominant in religion or society is predominant in economics, the state is predominant in politics. Yet for Schmitt, the political was not an autonomous domain equivalent to the other domains, but rather the existential basis that would determine any other domain should it reach the point of politics (e.g. religion ceases to be merely theological when it makes a clear distinction between the "friend" and the "enemy"). The political is not equal to any other domain such as the economic (which distinguishes between profitable and not profitable), but instead is the most essential to identity.

Schmitt, in perhaps his best-known formulation, bases his conceptual realm of state sovereignty and autonomy upon the distinction between friend and enemy. This distinction is to be determined "existentially", which is to say that the enemy is whoever is "in a specially intense way, existentially something different and alien, so that in the extreme case conflicts with him are possible." Such an enemy need not even be based on nationality. So long as the conflict is potentially intense enough to become a violent one between political entities, the actual substance of enmity may be anything. Although there have been many interpretations of this work, there is a broad agreement that "The Concept of the Political" is an attempt to achieve state unity by defining the content of politics as opposition to the "other" (that is to say, an enemy or stranger. This applies to any person or entity that represents a serious threat or conflict to one's own interests.) Additionally, the prominence of the state stands as an arbitrary force dominating a potentially fractious civil society, whose various antagonisms must not be allowed to affect politics, lest civil war result.

In Thomas Hobbes' political theory, the "natural state" plays an important role. However, for him, the role of the concept of natural state is different from that of Schmitt. According to Hobbes, the natural state is a conceptual possibility, but it is not a real possibility. In Hobbes' mind, the state of nature is a means for explaining the origin and nature of communities. Schmitt, on the other hand, thinks that the state of nature is a necessary thing because man is inherently animal by his or her character. Despite the fact that Hobbes is considered the most significant of the defenders of absolute tyranny at the beginning of the new age, in his theory he seeks to tame the natural and morally reprehensible animal evil prevailing in a human being. Schmitt, on the other hand, seeks to emphasize the importance of animal evil as a basis of the political. This foundation, he says, is not conceptual but factual, evil inhabited by human nature. (see Patoluoto 1982).

Some Implications and Conclusions

What does decisionist thinking mean when it comes to banning organizations? Decisionism assumes that a universally valid norm cannot and should not be given, but people must act in accordance with the norm specific and according to the strongest actor's will. Normal situations are normal because the justification for action in them is based on routines. The statement of reasons shall refer to a rule, norm, law or other similar principle, relevant to the activity.

A person acting in a state of emergency does not have such rules

that allow them to justify their actions. Decisionism is the value theory of exceptional situations, which requires that they be more prime than the normal situation in value theory. Routines guided by norms and rules are always ultimately based on exceptional situations, as the latter create the norms that people follow when they are in normal situations (see Patoluoto 1982).

Criminalized or forbidden organizations seek to create activities that violate the normal state of affairs, and thus create space for exceptional situations where the forbidden organizations try to create a "new normal." It has been empirically proven that prohibited activity is sought in new forms when the old activity is prohibited. Creating a new name for the organization (i.e. continue the old banned activity in "new clothes") is a common way to continue the criminalized action. Criminal organizations usually try to maximize the utilitarian benefits of their activities. Non-profit associations with some ideal value, clubs or networks, on the other hand, are often driven by some "summum bonum" (e.g. to save the world etc.). Their actions may be pursued by any means, often violently, in which case legal precedence easily prohibits the activities of the organization. The same applies to associations' symbols. These exist to help creating a sense of belonging and at the same time act as hallmarks symbolizing freedom, strength, power, brotherhood, superstition. The symbols of organizations are valuable to the group who sees them as valuable to themselves, and on the other hand, those outside the groups may perceive these signs as threatening and hateful. The symbols of goodness are to some are symbols of evil to others, and vice versa.

Is it therefore effective to ban organizations using activities and symbols? Forbidden organizations' names and symbols are changed to some extent, but the core of actions remains the same but disguised. I do not think that banning is effective and we need to find other ways. Is the prevailing social order legitimate? This fact largely determines what is allowed and what is forbidden. There is an activity in the grey area that threatens precedence but has a certain good moral weight. Non-violent demonstrations are allowed and, on the other hand, excessive use of force by the police, for example, will be universally condemned. The victims become martyrs who gain the sympathy from the general public. Often questionable organizations consciously seek to create martyrs. There are well-known characters and consciously created martyrs who have become icons of their organizations

Identity Politics and Recognition of Human Value

How does racism work when it is understood as an ideology-based phenomenon? I argue that there is a great value in knowing how racism works for the development of an anti-racist and non-discriminating organization. Although any of the many traditions on ethical thinking do not give direct answer to the question of how to develop and manage an anti-racist business organization, but connected with the understanding of racism, they can be useful tools for the leader of a multicultural organization. The conceptions of racism have varied quite a lot and have been often vague and controversial. There have been two main lines of division in the approaches to racism. On the one hand, there is an ontological dispute over the biological or cultural character of racism. This problem imposes either some important limitations or positive possibilities on the anti-racist ethics in business organizations. If racism is possible to reduce to biological features, it does not form an ethical problem for business organization because then the "racial" order can be considered as natural and inevitable. This view is, however, ethically very problematic since it erases and sweeps away all ethical

reasoning by reducing all ethical principles to one single source: human nature. Racism understood as cultural phenomena, however, provides interesting prospects for the development of anti-racist organization culture. Contrary to nature, culture is always open to changes, transformations, improvements and redefinitions. When naturalist views fix all features of human beings in to biological and primordial nature, cultural views untie the naturalist predestination. Because cultural identities, customs, values, and so forth, can be subjects of deliberate reasoning, they can also be altered and modified. They are constructed and redefined constantly in social negotiations. Thus, the relation between culture and human beings is dialogical. The possibility to redefine and/or dismantle the old conventions of organization culture and reconstruct something new (anti-racist, managing and valuing diversity, etc.) is crucial for every learning organization. On the other hand, there is the practical question of the primacy of behaviour or representations of racism. In other words, is racism manifested primary in the actions and behaviour of people or in their ideological and symbolic statements and conceptions of reality? In the former case, it has been approached as a form of behaviour or action. The question has been what kinds of actions and ways of behaving are racist. In the latter case, a certain ideology is regarded as the core of racism. This ideology states that the outward appearance of people (skin colour is usually the most significant feature) defines their capabilities and position in society. By the term 'ideology' I refer to a certain kind of composition of ideas which is used as a justification for asymmetric balance of power in society. This kind of ideology is manifested in discursively and symbolically mediated systems of communication. Its hidden function is to secure and guarantee the prevailing social order and division of power. The use of this kind of conceptualization of ideology is not limited to the field of politics. It can be applied to any field where there exists an action mediated by meanings, like ethnic and women studies and business ethics. Without recognizing the ideological component, no behaviour or action can be identified as racist; every action identified as racist should be seen as having an ideological cause or basis. Furthermore, any action that is ideologically based on racism entails discriminating practices in corporations and society. Those practices typically constitute the most visible dimension of racism. Here also lies the point at which racism becomes connected with business ethics. Racist ideology produces discriminating practices that isolate ethnic minorities from the resources provided by society and the economy. (see Sintonen & Takala, 2002).

Identities and identity policies are often intertwined with hate speech or manipulative communication. Fukuyama (2020) mentioned that one problem with identities is that they can threaten freedom of speech and, more broadly, the rational debate needed to sustain democracy. Liberal democracies have considered it their right to protect the right of everyone to express their ideas, especially in politics. The obsession with identity, however, has not matched the need for a systematic discussion. Identity groups focus on lived experiences, valuing experiencing their inner selves emotionally rather than exploring them rationally. At the micro level, our political culture is characterized by the fact that each person's opinion is seen to merge with something that is assumed to be his or her permanent and actual self. Opinions expressed in good faith therefore take precedence over rational reasoning, which could lead the opinion-owner to reject their own position. If an argument offends a sense of self-worth, it is often considered that this offense is sufficient to challenge the validity of the argument. This trend is empowered by short-form wording fueled by social

media.

I can agree with Fukuyama, who states that becoming recognized is the key factor in the positive solutions to various problems of mankind. According to Hegel, human history was driven by the quest to be recognized. He argued that the only rational solution was that the desire to be recognized was universal, the recognition of the dignity of every human being. Fukuyama continues by saying that one of the major threats to modern liberal democracies is the rise of identity politics within them.

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Using Persuasive Communication to Foster Appropriaton of Code of Ethics Standards by an Organization's Employees

Yanick Farmer
Michelle Pimont

Abstract

Scientific research has generated a substantial corpus of knowledge on nearly all facets of ethics, governance and sound management in public and private organizations. However, there has been little research into the role of communication as a factor that enables an effective link between what some call ethical infrastructures, like a code of ethics, and ethical behaviour or judgement. The purpose of the study was to establish whether the use of persuasive communication strategies could foster appropriation of code of ethics standards by an organization's employees. To measure the effect of persuasive communication on appropriation, we created three experimental conditions that drew on the variables in Cialdini's persuasion model. The methodology used was quantitative and experimental. A total of 119 employees participated in the study. Our results show that the persuasion strategies tested have a statistically significant impact on cognitive appropriation, but not on behavioural appropriation.

Key Words: Communication, code of ethics, organizational culture, personnel management, social psychology

Introduction

Background

Scientific research has generated a substantial corpus of knowledge on nearly all facets of ethics, governance and sound management in public and private organizations. As Treviño, Weaver and Reynolds (2006) explained in their comprehensive literature review, conducted several years ago, scientific research has looked at all areas of organizational ethics. These authors associate ethics with a strong image: apples, which can be delicious, or rotten. The first category of research they identified refers to what they call "barrels", i.e. organizational factors that structure ethical questions (Müller et al., 2013; Thoroughgood, Hunter & Sawyer, 2011; Ashforth et al., 2008; Kulik, O'Fallon & Salimath, 2008; Brass, Butterfield & Skaggs, 1998). The second category of research focuses on the apples themselves, that is, the actors and all the personal and relational factors that influence their work and decisions (O'Boyle, Forsyth & O'Boyle, 2011; Gino, Gu & Zhong, 2009; Kerr et al., 2009; Bazerman & Banaji, 2004; Dunlop & Lee, 2004). Over the last twenty-five years, research on "barrels" has dealt with topics as wide-ranging as codes of ethics and ethics programs (Adelstein & Clegg, 2016; Valentine & Fleischman, 2008; Weaver, Treviño & Cochran, 1999; Frankel, 1989), performance control mechanisms (Berrone, Surroca & Tribó, 2007; Stansbury & Barry, 2007), management and training approaches and organizational culture (Warren, Gaspar & Laufer, 2014; Delaney & Sockell, 1992). The research on "apples" has looked at such things as professional identity (Vadera, Aguilera & Caza, 2009), leadership (Goetsch & Davis, 2014; Mayer et al., 2009; Brown, Treviño & Harrison, 2005), personal qualities and ethical climate (Brunton & Eweje, 2010; Martin & Cullen, 2006; Wimbush & Shepard, 1994; Victor & Cullen, 1987).

However, there has been little research into the role of communication as a factor that enables an effective link between what some call ethical infrastructures (Tenbrunsel, Smith-Crowe, & Umphress, 2003), like a code of ethics, and ethical behaviour or judgement. The few studies that have focused on communication (Ellman & Pezanis-Christou, 2010; Stevens, 2008; Johnson, 2007; Schwartz, 2004) do not consider the critical contribution made by persuasion as a communications strategy that can foster appropriation of the standards in an organization's code of ethics by that organization's employees. Research into standards and their role in interactions within groups of different sizes is highly developed in social psychology (Lapinski & Rimal, 2005; Bendor & Swistak, 2001; Cialdini, Kallgren & Reno, 1991; Tajfel, 1981; Moscovici, 1976). However, social psychology researchers point to the dearth of studies on communication as a factor for circulating and retaining such standards (Hogg & Reid, 2006). As for organizational communications, it does not touch on ethics very much, as researchers in the area are unfamiliar with this field of expertise (Jones et al., 2004).

In organizational ethics, it is interesting to note that several studies have looked at the standards in codes of ethics, for example, analyzing the principles that allow practitioners to structure and implement codes of ethics within organizations (Murphy, 1995; Montoya & Richard, 1994); other studies have empirically looked at the properties and contents of codes of ethics (Helin & Sandström, 2007). Much work remains to be done, however, when we consider the concrete influence of codes of ethics on the behaviour of employees in organizations (De Waegeneer, Van De Sompele & Willem, 2016; Kaptein, 2011; Kaptein & Schwartz, 2008; Stevens, 2008; Cleek & Leonard, 1998). As Helin and Sandström (2010) stress, of the few studies that look at the impacts of codes of ethics on what they call "ethical behaviour," very little research has been done into the code's reception by the stakeholders to whom it is addressed (Stöber, Kotzian & Weissenberger, 2019). To our knowledge, no study has focused specifically on how a persuasion strategy that is simultaneously passive (reception of the mes-

sage) and active (taking of a personal stance on the message) can affect appropriation by taking an organization's code of ethics as the main source of the message.

Purpose of the Study

To fill this gap in the literature, this study has been undertaken to better understand how communication may contribute to the code of ethic's "performativity" (Parker & Sedgwick, 2013; Searle, 1969; Austin, 1962), that is, how implementing and disseminating a code of ethics within an organization may influence stakeholder behaviour. More specifically, the purpose of the study was to establish whether the use of persuasive communication strategies (using specific variables) could foster appropriation of code of ethics standards by an organization's employees. In light of the research on similar themes (Stevens, 2008; Helin & Sandström, 2007; Adam & Rachmann-Moore, 2004; Weeks & Nantel, 1992), we hypothesize that, by exposing an organization's employees to persuasive strategies that rely on empirically tested models, it would be possible to measure a positive change in the level of appropriation of the standards in the code of ethics.

Conceptual Framework

To achieve the study's objective, on one hand, we had to establish how to define and measure appropriation and, on the other, identify which persuasive communication approach to use to foster appropriation. Our conceptual or theoretical framework thus had to simultaneously address how to conceptualize appropriation and measurement. To appropriate something is to "make it one's own." In terms of an ethical standard, there are two aspects of appropriation: cognitive and behavioural. The cognitive aspect refers to the change in knowledge, while the behavioural aspect refers to a change in behaviour. In other words, our experimental design had to help us see whether employees had a better knowledge of the code of ethics' standards after being exposed to persuasive communication strategies, or whether their behaviour at work had changed reflecting the internalization (appropriation) of the code of ethics' standards.

Note that the code of ethics used for the study is the code that applies to all of the organization's employees (healthcare sector), regardless of the area in which they work (care, administration, archives, etc.). The code is available on the organization's website and is also given to employees upon hiring. It contains a series of standards employees must comply with in their work and relations with users (respect for confidentiality, politeness, cleanliness, diligence, etc.). The organization's code of ethics is different from the codes of ethics that apply to employees who belong to professional orders (doctors, nurses, physiotherapists, etc.).

To measure cognitive change, we developed a quiz that contained a few short questions on the contents of the code of ethics, somewhat like the tests administered to students in class to evaluate their mandatory course readings. Because, with this aspect of appropriation, we only had to assess the degree to which study participants remembered the key information in the code (primary rights and responsibilities), we thought a very simple questionnaire format (the quiz) was adequate, as it has generally proven effective in assessing this type of "competence" (memorization of key words). To measure behavioural change, we opted to use a validated questionnaire: the General Self Efficacy Scale (Scherer et al., 1982). The decision was based on the fact that, since ethics concerns the way individuals make practical choices that are influenced by their vision of good and

bad (Gert & Gert, 2002), the capacity to make and take responsibility for these choices will likely be determined by their sense of self efficacy. A sense of self efficacy fosters achievement and well-being by prompting individuals to set better goals, persevere, and bounce back from failures (Bandura, 1982). These dimensions are also essential to what we can term "ethical competency." We started with the assumption that a high sense of self efficacy would have a positive impact on the employee's ability to handle ethical dilemmas arising in the context of his or her work. We thus deemed that using the self efficacy questionnaire would make it possible to measure appropriation of ethical standards behaviourally. Further information on data collection tools is provided in the following section, which deals with methodology.

We drew on Robert B. Cialdini's (2001) persuasive communication model in setting up the experimental design's communication strategies. The model is made up of six variables: reciprocity, scarcity, authority, consistency, liking and consensus. Reciprocity is the principle that holds that someone who has received something (a gift, a favour, etc.) will feel obligated to give something back. This persuasion technique is often used by companies that give their customers gifts to encourage them to buy other products. Scarcity refers to the fact that people generally place more value on something that is scarcer. That is what explains the high value of luxury products. The persuasive value of authority plays on the fact that message receivers often see statements made by people in positions of authority (scientific experts, for example) as more credible. Consistency plays on the fact that, in general, people like to be consistent with what they've said or done before. Liking refers to the fact that people are more willing to follow people that they like or admire. Advertisers understand this: they choose stars who are popular with the public for certain causes or products. Lastly, the consensus variable expresses the effect of social conformity, which has been measured many times. In other words, people will tend to follow a group's majority opinion to avoid the psychological pressure that comes from taking a dissenting stance (Asch, 1955).

We selected the Cialdini model as its efficacy has been empirically validated in a multiplicity of routine contexts (Kenrick, Goldstein & Braver, 2012), including workplaces. It thus seemed realistic to think that we could set up an experimental design that drew on persuasion in classical professional situations, such as the relationship between an employer and supervisor, or a team meeting. To measure the effect of persuasive communication on appropriation, we thus created three experimental conditions, two of which drew directly on the variables in Cialdini's persuasion model. The first condition is based on authority. In this scenario, we sent an employee an email in which a hierarchical superior stressed how important the code of ethics is for the organization. An electronic version of the code was attached to the superior's message. We wanted the second condition to draw on consistency and commitment. We assembled the group's members at a lunch meeting to discuss the code of ethics. At the end of the meeting, we asked employees whether they were prepared to indicate their commitment to the code of ethics by signing it in front of their co-workers. The third condition drew on a variable that is not included in the Cialdini model, but which seemed promising: reflexivity (Gentile, 2010). We wanted to know whether encouraging employees to take a critical look at their code of ethics would facilitate appropriation. The third experimental condition seemed essential, in that it introduced an active, participatory factor into communication and appropriation of standards. Since it is common in many

large Western organizations to consult employees on certain matters and establish fairly egalitarian relations with them, we thought it important to round out our investigation by drawing on reflectivity and critical thinking, rather than focusing solely on passive receipt of a message. Therefore, to measure this aspect, we created a third experimental group in which employees met once over the lunch hour. At this time, we asked them to tell us how they would write the code of ethics if a new version was needed. This question prompted them to identify the strengths and weaknesses of the current version of their code.

Methodology

Population and Sampling

The methodology used was quantitative and experimental (Cook, Campbell and Shadish, 2002), with a pre-test, post-test and a control group. Employees were recruited for the study by means of announcements on the organization's Intranet, as well as by solicitation in the cafeteria. Our approach was, of course, approved by the organization's senior management, as well as by its research ethics board. The sample covered all of the job categories within the organization, a health and social services centre with nearly 5,000 employees located in a major Canadian city. The only criterion for exclusion was seniority: all employees selected had completed their probationary periods (they therefore had at least one year of experience with the organization). A total of 119 employees participated in the study (three experimental groups and one control group). Thirty (30) employees were tested under condition 1, twenty-nine (29) under condition 2, thirty (30) under condition 3, and thirty (30) were in the control group. Participants were randomly assigned to groups. Table 1 provides the employee profile.

Data Collection

The pre-test involved administering two questionnaires just before the intervention with persuasion techniques. The first questionnaire was a quiz with ten short-answer questions (one or a few words) on the content of the code of ethics. It was designed to measure employees' knowledge of the code (cognitive aspect of appropriation). Scores on the questionnaire ranged from 0 to 10. The second questionnaire was the General Self Efficacy Scale, used to measure the behavioural aspect of appropriation. This questionnaire contains ten statements that the person must rank using a four-degree Likert scale (1. strongly disagree 2. disagree 3. agree 4. strongly agree). Accordingly, scores on this questionnaire ranged from 0 to 40. The post-test involved administering these two questionnaires to employees again two weeks after the intervention. Members of the control group were not exposed to a persuasion strategy and completed the questionnaires two weeks apart (Campbell & Stanley, 2015). Given the nature of the research design, a control group was needed to eliminate the bias created by the fact that performance on the post-test could be influenced by having been questioned about the code of ethics in the pre-test. It took members of all groups an average of 5 to 7 minutes to complete to the questionnaires.

Results

The experimental design involved three independent variables (the three communication strategies) and two dependent variables (the cognitive and behavioural aspects of appropriation). In the statistical analysis, we considered each independent variable (communication strategy) separately, as well as each dependent variable (results of the two questionnaires). Because

Categories	Job titles	N
Clinicians	Spiritual care provider	1
	Nurse	10
	Social worker	14
	Occupational therapist	9
	Physiotherapist	2
	Educator	4
	Psychologist	2
	Cytologist	1
	Pharmacist	1
Physician		1
Lawyer		1
Administrative personnel	Computer analyst	1
	Librarian	2
	Archivist	3
	Medical doctor	1
Administrative agents		24
Pharmacy technician		1
Managers	Administrative	13
	Clinical	10
Non-management (directors)		7
Client service personnel		9
Research assistants		2
Total		**119**

Table 1. Employee profile.

we had two measurement times for each experimental group, we aggregated an overall result for each subject, the positive or negative change in performance between the pre- and post-tests. The aggregated result was obtained by taking the post-test result and subtracting the pre-test result. For example, if a subject scored 6 on the pre-test and 8 on the post-test, this subject's aggregate score on the quiz is +2. If the post-test score was lower than the pre-test score, the aggregate result is negative. We applied this operation to all the experimental groups and the control group. The calculations yielded a series of aggregated results for each questionnaire that we could compare with the control group's aggregated results. The operation made it possible to see whether the change in the test groups was significantly higher than the change in the control group, so as to measure whether the communication strategies did, in fact, have an impact on appropriation.

To measure the impact of each of the three communication strategies on appropriation, we first performed an ANOVA with difference scores. Where the results were significant, we subsequently performed a Dunnett's post hoc test to assess whether each communication strategy had a statistically significant impact on the cognitive or behavioural facets of appropriation when compared with the control group (Field, 2013). The confidence interval used to analyze the result was 95%. The tables below (Tables 2, 3 and 4) illustrate the results obtained using SPSS version 25. The first table (Table 2, p. 11) shows the descriptive statistics, i.e. the average results (using difference scores) obtained for each questionnaire when each of the persuasive communication strategies was applied. The following table (Table 3, p. 11) shows the statistical results derived from the ANOVA. The last table (Table 4, p. 12) displays the results for the Dunnett's post hoc test. The following section contains the interpretation of the results (discussion).

Experimental group	Test	Mean (M)	N	Standard Deviation (SD)
1) Email from a hierarchical superior	Quiz	0.77 (0)*	30	1.87
		1.87 (1)*	30	2.16
	GSES	0.2 (0)	30	2.51
		0.7 (1)	30	2.34
2) Commitment and signing of the code of ethics	Quiz	0.77 (0)	30	1.87
		2.17 (1)	29	1.81
	GSES	0.2 (0)	30	2.51
		0.55 (1)	29	2.38
3) Reflexivity	Quiz	0.87 (0)	30	1.93
		2.03 (1)	30	1.66
	GSES	0.2 (0)	30	2.5
		1.03 (1)	30	2.74
* : (1) = experimental group; (0) = control group				

Table 2. Average variations in results (quiz and General Self Efficacy Scale).

		SS	DF	MS	F	P value.
Cognitive diff.	Intergroup	38.177	3	12.726	3.572	.016
	Intragroup	409.671	115	3.562		
	Total	447.849	118			
Behavior. diff.	Intergroup	19.089	3	6.363	1.019	.387
	Intragroup	718.306	115	6.246		
	Total	737.395	118			

Table 3. Results of ANOVA.

Dependant variable	(1) group	(0) group	MD (1-0)	SD	P value
Cognitive diff.	E-mail	Control group	1.10	0.48	0.067
	Commitment	Control group	1.41	0.49	0.014
	Reflexivity	Control group	1.33	0.49	0.020
Behavior. diff.	E-mail	Control group	0.77	0.65	0.497
	Commitment	Control group	0.62	0.65	0.661
	Reflexivity	Control group	1.10	0.65	0.217

Table 4. Results of Dunnett's post hoc test.

Discussion

Statistical Significance

The ANOVA shows that the communication strategies had a statistically significant impact on cognitive appropriation $(F(3,115) = 3.57, p < 0.05, \omega^2 = 0.061)$, but not on behavioural appropriation $(F(3,115) = 1.02, p > 0.05, \omega^2 = 0.0005)$. Therefore, in the following step of statistical analysis, we rejected the behavioural analysis and solely focused on cognitive appropriation. The Dunnett's post hoc test allowed us to understand more precisely the effect (on cognitive appropriation) of each communication strategy by comparing the results of each experimental group with the results of the control group.

For the first experimental group, the sending of an email from a hierarchical superior had a marginally significant (p value a little higher than 0.05) impact on cognitive appropriation. The experimental group's difference scores differ, but just marginally, from the control group's difference scores $(MD = 1.10; SD = 0.49; p = 0.067)$. For the second experimental group, we also noted that commitment by signing the code of ethics in front of co-workers had a statistically significant impact on cognitive appropriation. The experimental group's scores differ appreciably from the control group's scores $(MD = 1.41; SD = 0,49; p = 0.014)$. The results for the third experimental group are similar to the second experimental condition. The reflexive and critical aspect we introduced into this condition had a statistically significant impact cognitively. The experimental group's quiz scores differ from the control group's scores $(MD = 1.33; SD = 0.49; p = 0.020)$.

These results partially support the assumption we formulated at the outset. Drawing on specific, proven persuasive communication strategies can improve employee appropriation of the code, but only cognitively.

Connections with Data from the Literature

Our study shows that authority (to a lesser extent), commitment and reflexivity are communication strategies that have a positive influence on knowledge of the code of ethics. Commitment and reflexivity were especially effective. This result seems instructive for organizations that want to implement a code of ethics with true reach for employees. Although some studies have asserted that the strategy for implementing the code has to be "top down" (Murphy, 1988), our results indicate that, while authority might be an effective variable in persuasion (condition 1), it seems wise to help employees appropriate the contents of the code by fostering personal commitment and critical reflection on the contents they must appropriate. Moreover, a strategy with a more "bottom up" dynamic is consistent with more egalitarian, democratic organizational values, which are more akin to the values practiced in most western societies. Accordingly, while using authority may foster appropriation, this approach must form part of a communication strategy that is not one-way.

With respect to study condition 2 (signature of the code in front of co-workers), in research on a U.S. multinational in Sweden, Helin and Sandström (2010) pointed to a lack of buy-in (and thus persuasive value) created by simply signing the code (electronically in this case), and highlighted the need to "discuss" the code with employees. Our results confirm that it is, in fact, desirable for an organization to allow employees to discuss and reflect on the contents of the code. However, we also found that the commitment created by signing the code (condition 2) can be effective if the process of signing the code occurs face to face, i.e., employees are physically in each other's presence and witness their co-workers' commitment. The persuasive value of commitment is well documented in social psychology, in a stream known as "binding communication" (Girandola & Joule, 2012; Girandola & Bernard, 2007).

The results for the first experimental condition applied to our research subjects also demonstrated that authority (email to employees from an executive at the establishment) marginally fostered cognitive appropriation. For many decades now, social psychology has been highlighting the enormous persuasive power authorities have over individuals (Milgram, 1963). However, the literature on psychology, communications and ethics does not have much to say about authority's impact on appropriation. Education is the area in which we find studies that have focused on similar issues. For example, there is an entire stream of "critical pedagogy" that has sought to demonstrate the advantages of lessening the hierarchical relationships between teachers and students, and of more sustained interactions that allow each party to express their point of view on the

content of learning and of evaluations (Reynolds, 1999). The critical reflection engaged in by subjects in our third experimental condition gave them the opportunity to develop a more "embodied" knowledge, in that critical thinking forced them to see a very concrete connection between theoretical content (the standards in the code of ethics) and professional practices. Learning by exercising critical thinking and reflexive dialogue is also echoed in pedagogical approaches rooted in social constructionist epistemologies (Cunliffe, 2002). On this issue, voluminous multi-disciplinary literature has been developed to demonstrate the advantages for learning (Steffe & Gale, 1995).

Study Limitations

We believe our study has three major limitations. However, it was logistically difficult to work around them. Although we do not believe the obstacles invalidate our results, they would clearly have had broader reach if we had had the opportunity to eliminate them when implementing our experimental design.

The first limitation concerns the first experimental condition, i.e., an email from a hierarchical superior. In the research design's conceptualization phase, we asked whether it was better to have an immediate superior send the email to employees (team leader, for example), or to have it sent by a superior who was higher in the hierarchy (executive position). Because our study involved employees across the organization, we decided that it would be easier to call on an executive who was hierarchically superior to all employees. Doing otherwise would have increased the study's logistical complexity considerably, as we would have had to recruit several team leaders from several sectors to fulfil the condition. While the results obtained for condition 1 are significant in terms of cognitive appropriation, qualitative interviews with employees who participated in the study (the results of the interviews will be published in another article) showed us that employees were more sensitive to the authority of hierarchical superiors they worked with regularly. We can therefore consider that the results would likely have been even better if we had been able to have them participate.

The study's second limitation concerns the dimensions of the communication we tested. Our experimental design only allowed us to measure the sender-receiver communication dynamic from a persuasion perspective. Obviously, an organization's communications environment can be much broader. All elements pertaining to the context of the relationship between the actors, and the dimensions of interpersonal communication that go beyond simple persuasion must be considered by the organization if it wants to communicate with its employees effectively. That being said, as with most empirical studies, we opted to limit the study goal to certain key variables that could be isolated and measured within the context of our experimental design. Once again, however, the group interviews conducted with research subjects after the project's quantitative phase provide us with some intriguing, broader indications as to what the organization should do to mobilize employees around ethics.

Finally, the third limitation concerns the nature of the research design we used. Our results allow us to assert that authority, commitment and critical reflection contribute to cognitive appropriation of the code of ethics. However, the temporal horizon over which research subjects were tested in our three experimental conditions was relatively short. We exposed them to persuasion strategies, then tested them again two weeks later. As a result, we cannot know how retention of the information evolves over time, nor how many times a message must be repeated for it to be heard, without saturating the employees. During the group interviews, one employee mentioned various

strategies that need to be repeated several times a year. For the strategy to be optimal, it would be better to measure the longer-term effectiveness of communication strategies using a longitudinal research design. Although these designs are very rich in data, they are costlier to implement and more complex logistically, as it is hard to mobilize an organization's employees for a study lasting several months. It would have been nearly impossible with the organization we worked with, and we believe we would have lost many participants along the way (they would have dropped out because of a lack of time).

Conclusion

Despite the limitations we have described, we believe our study's results can help develop a communication strategy that could be effective for organizations that want to foster implementation of a code of ethics with a real influence on employees. By engaging key organizational leaders with authority over their colleagues, by fostering employee commitment to each other, and by encouraging them to think critically, organizations can give their communications persuasive force that benefits appropriation. Persuasion must not be reduced to an obscure force that manipulates people to rob them of their freedom to decide, as is too often asserted (Bernays, 1928). Here, persuasion is understood as a form of communication that does strive to convince, but within a logic of free and informed consent; the only form that can promote stable, lasting employee buy-in to their code of ethics. The variables of authority and commitment help a message sender stress its importance. For its part, critical thing enables more egalitarian two-way communication, as well as appropriation by means of active learning. Naturally, strategies that use persuasion must be part of a broader program, in which the organization's culture and efforts that are repeated over the long term play a key role.

Moreover, it is important to remember that there are two components to appropriation: cognitive and behavioural. Although the cognitive component is an interesting jumping off point in developing a strong ethical cultural within an organization, the fact remains that ethics is primarily about the ability to take appropriate action. Our study shows that it is not that difficult to produce a positive change in knowledge. Behavioural change is more complex, however. In particular, it demands a more substantial investment of time and money from organizations. Given that most organizations have limited financial means, the situation creates a dilemma on the place ethics, or, more specifically, the code of ethics, should have in the hierarchy of priorities. That being said, we believe that, in addition to contributing to the understanding of the connection between communication and organizational ethics, our study has, in the area of methodology, successfully put forward a measurable, operational conceptualization of appropriation.

In light of these conditions, we believe that three lines of research could provide an interesting complement to this study. They are related to the limitations we noted. The perspective on the communication developed in the study's conceptual framework was more focused on the influence relationship between the message's sender and receiver, i.e. on a fairly positivistic epistemological perspective (input-output). One strong complement would be to use a more phenomenological perspective, in which the employee's perspective and way of perceiving the influence of the message on his or behaviour would be questioned. Through the employee's gaze, a number of highly practical considerations could emerge, helping the organization to refine its message. A phenomenological study could also

help grasp how the employee gives meaning to the standards applied in the concrete work situation. The advantage of such a study would be that it would go beyond a purely prescriptive, undifferentiated vision of the code of ethics to establish a "map" of the standards based on their "saliency," i.e. their effective capacity to mobilize employees around practices that are oriented on strong ethical values (respect, harmony, autonomy, etc.). Among other things, given the central role of message retention in understanding its effectiveness, it would be desirable to be able to conduct a longitudinal study of the issues associated with communication and appropriation. However, as we explained, this type of design would be fraught with difficulties. Lastly, since organizations must operate within a complex, highly diversified environment, where every dollar has to count, more in-depth studies could be conducted using samples that are stratified based on diverse characteristics (sex, age, culture, beliefs, etc.). This valuable information would probably keep organizations from using communications strategies that are insufficiently tailored to the evolving context in which they operate.

Compliance with ethical standards:

All procedures performed in studies involving human participants were in accordance with the ethical standards of the institutional and/or national research committee and with the 1964 Helsinki declaration and its later amendments or comparable ethical standards.

Informed consent was obtained from all individual participants included in the study.

Data availability statement:

The data set used for this research can be available upon request.

Acknowledgements:

Conflict of Interest:

Yanick Farmer declares that he has no conflict of interest. Michelle Pimont declares that she has no conflict of interest.

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Refining the Economic Dimension of Carroll's CSR Pyramid by Taking Organization Form into Account

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Abstract

In 1991, Archie Carroll presented the CSR pyramid, which has since become a widely recognised conceptualisation of corporate social responsibility. Responding to recent suggestions that understanding of the pyramid should be evaluated with regard to particular organisational contexts, the paper proceeds from awareness that not all corporations are owned by shareholders. Analysing qualitative data from consumer co-operatives, the authors conceptualise the economic responsibilities of these and consider them in light of prior definition of corporate economic responsibilities, to abstract a more general definition of corporate economic responsibility. The article is, to authors knowledge, the first one to address the implications of organizational form in economic responsibilities of a company.

Key Words: Corporate social responsibility, economic responsibility, CSR, co-operatives, cooperatives, ethics

Introduction

Corporate social responsibility (CSR) has been an important concept in theory and practice for nearly 70 years. The traditional ethos of CSR stems from an idea that corporations have further obligations alongside economic and legal ones (e.g., McGuire, 1963; Schwartz & Saiia, 2012). Scholarly attention over the years has led to various definitions and approaches emerging, with one of the most important and well-regarded conceptual frameworks for CSR being that developed in Archie Carroll's article on the topic in 1991 (e.g., Visser, 2006). Constructed in the form of a pyramid, this four-dimension model was aimed at illustrating the whole of CSR. Ever since, the CSR pyramid has attracted interest from scholars around the world. While this model's applicability across contexts is well recognised, modifications are often needed for particular contexts. For example, in Europe and Africa the levels of the pyramid may vary in significance (Crane & Matten, 2007; Visser, 2011), and Spence (2016) as well as Lu et al. (2020) have considered the pyramid from the perspective of SMEs.

Furthermore, Carroll himself has suggested, in a 2016 article, that there is a need to consider how the pyramid should be understood in alternative organisational contexts. He states that the 'original pyramidal depiction of CSR […] was clearly done with American-type capitalistic societies in mind' (p. 7), alluding to a conflict of interest between owners/investors and other company stakeholders that constitutes a widely recognised dilemma in discussion of CSR (e.g., Crane et al., 2008; Lehtimäki et al., 2011).

Encouraged by Carroll's recent remarks, we applied our awareness that not all corpora¬tions are shareholder-owned (Hansmann, 1996) in following B. Flyvbjerg's recommendation (2006) for taking one particular form of incorporation as an example to challenge the idea of profit maximisation as the purpose of corporations and, with it, the corresponding definition of economic responsibility. We draw on lessons from the context of co-operatives – a unique and widespread form of corporation conceptually enshrining a specific set of ideas and principles (Jussila, 2013; Novkovic, 2008) – in applying analysis of empirical qualitative data from consumer co-operatives to conceptualise their economic responsibilities. The data consisted all together 42 interviews of representatives of consumer co-operatives' top management and administration. Comparing these with standard definition of corporate economic responsibility, we abstract a more general definition of CSR.

Our analysis is of the economic dimension of the pyramid. This project can be seen as a justifiable first step since that dimension forms the base for dimensions at higher levels (e.g., Carroll, 1979). In more revelatory terms, the differences emerging between forms of corporations imply that the prevailing conceptualisation of CSR (Carroll, 1991; Schwartz & Carroll, 2003) is actually a sub-construct and that higher-level abstraction can be reached. By uncovering this, we help change thinking in the field, not via an anti capitalist trick but with a celebration of variety.

The research questions guiding us toward these ends are simple: 1) what are the economic responsibilities of customer-owned consumer co-operatives (COCs), and 2) what constitute general corporate economic responsibilities? We begin with scene-setting, by defining consumer co-operatives and explicating their role in illustrating the influence of alternative company forms in the CSR pyramid. The methodology section specifies sub-questions that informed the project's path and the process through which the research questions were answered through empirical findings. We then present the findings, discuss them, and articulate our conclusions. As the reader may have deduced, our scope is limited to addressing the idea that the corporation is a tool for the principals (shareholders or consumer-owners) to pursue their economic self-interest (Jensen & Meckling, 1976).

Literature Review

Carroll's CSR Pyramid

Carroll's CSR pyramid is one of the most distinguished and cited frameworks to construe the whole of corporate social responsibility (Visser, 2006). The big idea behind it argues that companies have categorically several responsibilities in relation to society, and these can be divided in economic, legal, ethical, and philanthropic expectations (Carroll, 1991). As Aupperle et al. (1985) state, these four categories form interrelated but at the same time independent conceptual components of corporate responsibility. As such, the components can be approach together or separately. In light of Carroll's statement that 'the first and foremost social responsibility of business is economic in nature' (1979, p. 500), we find CER as a natural starting point for analysing the influence of organizational form on Carroll's CSR pyramid.

Carroll himself (2016, p. 3) states that economic responsibility is "fundamental condition or requirement of existence, [and] businesses have an economic responsibility to the society that permitted them to be created and sustained". According to this idea, businesses are not able to act (responsibly) in a society without being profitable and ensuring their long-term existence. Making profit is also a vital mean to incentivize investors to invest money in production of goods and services that create value for society and consumers (ibid.). As Carroll sees economic responsibility of making profit as ensuring the long-term existence of companies and incentivization of investors, we argue that in case of consumer co-operatives the aspect of incentivization does not hold. We turn into explaining our position next.

Co-operative as a Company Form

Co-operatives are an example of member-owned 'big business of a distinctly modern type' and represent 'a substantial share of the economy in most developed market economies' (Hansmann, 1999, p. 387). Worldwide, co-operative organisations boast more than 1,000 million member-owners and provide 100 million jobs (International Co-operative Alliance, 2019). Most importantly, profit maximisation is not the purpose of a co-operative, but rather the value created for its' member-owners as servies users (cf. Michelsen, 1994; Talonen et al., 2016; 2018).

Co-operatives come in several forms, depending on the stakeholder group that owns them (cf. Talonen, 2018, p. 22). A traditional categorization of these organizations includes producer-owned (e.g. Figueiredo and Franco, 2018; Ponte and Ewert, 2009), employee-owned (Webb and Cheney, 2014; Clamp and Alhamis, 2010) and consumer-owned co-operatives (COC, e.g. Hilson, 2018; Ekberg, 2012). While hybrid co-operatives (with more than one stakeholder group as owners) can be established, having only one stakeholder group as owner enables the company to focus on more homogeneous owner-interests. Furthermore, COCs can be divided in retail co-operatives (e.g. Hingley et al., 2011), co-operative banks (e.g. Groeneveldt and Vries, 2009; Lomi, 1995), and mutual insurane companies (e.g. Talonen, 2016; Hansmann, 1985). Thus, analysis can be done by taking the industry specific characteristics into account or by analysing COCs as a one group of co-operatives that are owned by their customers. The latter approach puts emphasis in analysing the common features of different COCs, which is the level of analysis that we have chosen. Consequently, our findings and conclusions are valid for all COCs although the empirical data is drawn from a retail co-operative.

As an abstract entity, a COC can be defined as consumer-owners' tool to get access to a) services and goods that are needed but not otherwise provided in the market and/or obtain b) services and goods at fair prices whereas the prices are not fair in the absence of a co-operative entity (Jussila et al., 2008). In that regard, the idea of COCs is to run businesses 'not oriented towards earnings in terms of money only, but on members' "earnings" in terms of concrete services' (Michelsen, 1994, p. 23). Therefore, because the owners' primary role in this model of corporation is that of a user, not a shareholder (or trader), and since the model is oriented not toward profits and higher (or changing) stock prices but toward better terms of trade for the consumers (Borgen, 2004; Spear, 2004), corporate economic responsibilities different from those presented in Carroll's 1991 work are to be found. Thereby, discussion of co-operatives' purpose and responsibilities can be nurtured more broadly, and scholars can develop metrics by which the workings of COCs' CSR activities can be evaluated – one not bound up with the market value of the firm (Mackey et al., 2005).

Methodology

To pinpoint knowledge gaps and begin filling them in detail (Siggelkow, 2007), we chose to build our research in the form of a case study (Eisenhardt & Graebner, 2007). Following an interpretive research approach (Van Maanen, 1979), we gave a voice to key representatives of top management and governance bodies, to afford an insider perspective on the purpose and responsibilities of consumer co-operatives. Their ideas, associations, and analyses provide the cases in our study.

Through our research setting of consumer co-operatives in Finland's S Group associa¬tion, we join the researchers who use Finnish data to inform administrative science (e.g., Vaara, 2001; 2003; Vaara & Tienari, 2002). The choice of country is quite noteworthy with regard to the aims of our study. In a little over a century, Finnish retail co-operation has come a long way, from small village co-operatives to large-scale businesses, and the S Group – with a mission statement referring to a quest for customer-owner value – is often presented as the most successful example.

At the end of 2018, the S Group had almost 2.4 million members (where the entire population of Finland came to approximately 5.5 million) and was the country's market leader for daily consumer goods, with an exceptionally high market share: 46.4% in 2018. Financially, the group is on solid footing. In 2018, the S Group's retail sales amounted to EUR 11.5 billion and its total profit before extraordinary items was 355 million euros. Members were paid 372 million euros in 'bonuses,' and the group's investments totalled 589 million euros (S Group, 2019).

Collection of the Data

Our research can be seen as longitudinal in that the process began back in 2004 with pilot interviews (see Fielding, 1993) involving co-operation researchers and also former managers and board members of S Group member co-operatives. The main objective for these interviews, which the first author conducted with an interview guide rooted in inductive thematic analysis of non academic literature on the ideas and principles of co-operation, was to gain knowledge and understanding of the research context and to ascertain the research questions' relevance to the interviewees. To afford a comprehensive picture of COCs and their purpose, the selection of interviewees was based on candidates' track record and their known expertise in co-operative organisations. In other words, we used information-oriented

selection (Eisenhardt & Graebner, 2007; Flyvbjerg, 2006).

To develop our understanding of consumer co-operation further, the first two authors continued the process with additional tape-recorded thematic interviews (see Silverman, 1997), in 2005. These were followed, in 2007, with a research assistant's in-depth interviews of 22 people who each chaired the supervisory board of an S Group co-operative. These subjects were chosen because they regularly engaged in abstraction processes focused on the purpose and economic responsibilities of COCs – the boards are responsible for defining the respective organisations' frameworks for strategy. At that stage, the idea motivating this paper was already forming.

The body of qualitative data (e.g., Denzin & Lincoln, 1994) analysed in our process was amassed from considerable archival material (e.g., annual reports, books, and personnel magazines) and the above-mentioned 42 interviews with experts in co-operation and actors representing various levels and areas within the organisations (several CEOs, the 22 supervisory board members of individual co-operatives, and managers of the association of co operatives).

Such factors as the networks involved made it especially important to assure interviewees' anonymity. This was handled in all stages through an oral agreement, usually supported by a briefing on research ethics. As for other material, the interpretation in our first order analysis of the agency-theory-linked purpose and economic responsibilities of COCs gave a voice to only the interviewees, not producers of other source material (the creators of the archived textual material). However, the formulation of more theoretical interpretations (Van Maanen, 1979) was informed by all the data, with the interview content still in the primary role (as the unit of analysis).

The Analysis Process

In 2012, we conducted theoretical analysis of the data, using Carroll's (1991) definition of corporate economic responsibility (CER) as the basis for the following specific sub questions: 1) For satisfying the immediate expectations of the consumer-owners, what is important in COCs' performance? 2) What is important with regard to COCs' commitment if one wishes to ensure the capacity to satisfy consumer-owner expectations in the long term? 3) What is vital in a COC's market strategy for creating value for consumer-owners? 4) What efficiency-related elements are key to creation of consumer-owner value? 5) Finally, for generating that value, what is important in terms of the chosen concept of success?

In the attempt to construct a valid and reliable study, the first two authors began by examining the data systematically to arrive at a preliminary understanding of economic responsibilities in this particular context. Next, we organised the data along the outlines provided by Carroll in 1991. The aim of this analysis was to capture important aspects in relation to the above sub-questions. More detailed analysis followed, in which we intertwined our data with literature on corporate economic responsibility and corporate purpose with regard to consumer co-operation. To afford development of a trustworthy analysis procedure, we met to discuss the data and our interpretations to ascertain whether we agreed on the inclusion of data connected with particular themes. Also, our understanding of Carroll's model developed through the interplay of data, literature, and emerging theory, with several reorganisations and clarifications emerging (Eisenhardt & Graebner, 2007). This process included iterative and joint writing. Finally, researcher triangulation entailed a third and fourth author joining our effort – with the preparation of this manuscript representing the ultimate outcome.

Before we turn our attention to the findings, it should be noted also that the analysis process included the first two authors engaging in several discussions with S Group executives and other co-operation experts (e.g., leaders of the Pellervo Confederation of Finnish Cooperatives) to check the interpretations formed. The findings and theoretical formulations presented in the paper were presented to co-operative practitioners at a governance seminar too. The feedback indicated both insider agreement with our interpretations and excitement about our formulations.

The Findings

This section presents ideas as to COCs' economic responsibilities as derived from our data and ties them in with earlier concepts of CER. Our discussion is anchored in Carroll's five components of CER, which formed the basis for our study. As this discussion unfolds, we elaborate an aggregate conceptualisation of CER that fits the agency-theoretical purpose of COCs.

Satisfying the Owners' Immediate Expectations

In his 1991 definition of economic responsibilities, Carroll maintains: 'It is important to perform in a manner consistent with maximizing earnings per share' (p. 40). Relative to our first sub-question, this notion seems to reflect the agency-theoretical purpose of shareholder corporations (Friedman, 1970; Jensen & Meckling, 1976), highlighting the central place of financial capital, the role of the shareholders as providers of that capital, the criteria employed in rewarding the principals for their contribution, and the role of profit as the foundation for the rewards. According to R.F. Duska (1997), shareholders 'don't usually ask what goods or services the companies they invest in produce, but rather inquire what return on their investment the company pays' (pp. 1401–1402). Accordingly, maximising earnings per share is linked to the immediate expectations of the shareholders (and market analysts; see Mintzberg et al., 2002). As the portion of a company's profit allocated to each outstanding share of common stock, per-share earnings are also among the key factors in stock prices (Bierman & Hass, 2009) – a variable of continuous concern for managers of shareholder corporations (Davis, 2009).

According to our informants, the agency-theoretical purpose of COCs is very different from that of shareholder corporations and integral to the mechanisms via which the owners (principals) benefit. As one interviewee articulated,

> [w]hen members start a co-operative, they start it not for showing profits but for producing services and benefits for themselves [...]. It gives the possibility of using the services, and the more they use them the more they benefit [...]. If the co-operative happens to show a profit, members may return that to themselves. But in listed companies the usage of services does not normally have a function; in them, you just think about how much of a dividend you get for your shares and how the share price develops [...]. That is a totally different philosophy.

This is consistent with J. Michelsen's (1994) statement that in co-operatives 'it is members' needs rather than the amount of capital they have invested which constitute the material foundation of the enterprise' (p. 23). According to P. Normark (1996), this distinction is one of the key differences between COCs and shareholder corporations. As the above extract illustrates, the idea is that consumers pool their limited capital resources

(participation shares) in the co-operative primarily to create potential for benefits through use. The participation-share-based compensation is typically limited (Jussila et al., 2008); that is, the role of user predominates over that of shareholder. On the other hand, a similarity exists in that the owners' rights are central to defining the corporate purpose, as this comment from the interview data attests:

> Ownership brings a right for benefits; [it] guarantees services.

It is noteworthy that, since 'owners cannot generally sell their shares at a market price' (Nilsson, 2001, p. 336), speculative trade is removed from the picture. Instead of buying and selling in the financial markets (a typical household activity in a finance-driven economy; see Davis, 2009), member-owner households concentrate on transacting in the consumer market, accumulating benefits through the use of their co-operative's services. Hence, the co-operative has a responsibility 'to conduct concrete activities in such a way as to maximize satisfaction of members' needs' (Michelsen, 1994, p. 23), as highlighted by one informant:

> We are not merely to maximise the bottom line of the co-operative; for us, it is more important to maximise the service for the member.

As the members' needs are satisfied in transactions between member and co-operative, it is vital that a COC perform in such a manner as to maximise the member benefits per transaction. In our data, the benefits (i.e., better terms of trade) are identified as including, for example, a more extensive network of shops, better assortments, lower prices, better bonuses, and patronage refunds. The insignificance of shareholding as a basis for rewarding individuals is highlighted by the fact that retained profits are common property, to which no individual member has a right (Nilsson, 2001).

Securing the Capacity for Long-Term Value Creation

As for our second sub-question, Carroll states: 'It is important to be committed to being as profitable as possible' (1991, p. 40). The rationale for this responsibility is explained by I. Wilson: '[T]he private corporation must be a profit-making organization. Without profit, its existence will be brief and troubled' (2004, p. 23). A highly profitable corporation is not only likely to survive but capable of rewarding the shareholders in the future with large returns on their investment.

In other words, this component is future-oriented and directs attention to the decisions that are going to affect company profitability. As posited by Schwartz and Carroll (2003), an organisation's actions fall outside the economic domain of CSR 'if they are not intended to maximize profit (or minimize loss) when a more profitable alternative exists' (p. 509). Among the possible manifestations of commitment to being as profitable as possible are closing down unprofitable factories and moving low-profit operations to more profitable markets (Davis, 2009). This focus encourages expectations of higher earnings per share, another key factor in determination of stock prices (Bierman & Hass, 2009). Positive reactions of the stock market to such decisions provide evidence of this every day.

As indicated above, co-operatives do not create value for the consumer-owners primarily through profit. Rather, this is done by creating transaction benefits for them. Therefore, profitability plays a different role in COCs than in shareholder corporations. Since 'it is the household's bottom line that is [of] prima-

ry interest to the owners of a consumer co-operative' (Jussila et al., 2008, p. 33), there is no use in making the greatest possible profit in transactions with the customers. In consequence, an activity of a COC that is not aimed at maximising profit (directly or indirectly) is not, as Schwartz and Carroll's (2003) work might lead one to conclude, indicative of a non-economic motive or of a flawed business decision. In fact, such action in a COC context may represent an excellent business decision, as the logic of operation is different:

> Making profits and improving our equity ratios is not what we are for; our goal is not to puff out with our balance sheets but to create benefits to members, and, in my opinion, the benefits are concretised best with a good service network, ever better services.

Profitability does, however, play a role in COCs. It is simply a 'means to an end rather than an end in itself' (Cornforth, 2004, p. 15), as illustrated in this interview extract:

> The main purpose of shareholder corporations is to make maximum profit, and to us that clearly is not the main purpose […]. Our purpose is to make a 'profit' to the extent needed to make investments in developing services for our members.

It is important that, instead of making a commitment to being as profitable as possible, a COC is committed to being profitable enough to maintain its capacity to create benefits for the members in the future. Such commitment can be seen as contributing to growth in the amount of the expected benefit per transaction.

In this connection, it is worth noting that the pressure not to 'miss a quarter' in the context of shareholder corporations – i.e., not to upset the expectations of market analysts (Mintzberg et al., 2002, p. 70) – may feed the kind of greed and excessive risk-taking witnessed on Wall Street and culminating in financial crises. According to M.C. Jensen (2002, p. 245), 'short term financial performance (usually profits, or sometimes even more silly, earnings per share) […] is a sure way to destroy value' and jeopardise the entity's long-term existence. If shareholder corporations go too far in this direction (e.g., in response to distorted executive incentives), they fail to create value for their owners in the long term.

According to our data, COCs do not display such a problem. Instead, they are able to develop their operations patiently, an approach that can provide them with competitive advantage:

> In listed companies, you have to show good results in every quarter, and our main competitor has to pay maximum dividends from annual results. And in a co-operative you do not have that kind of necessity, so you have the patience to make medium results even for many years to build the network of business locations. We do not have to operate on so short-term a basis, and that is a major advantage in an investment-based business such as this.

That is consistent with the findings of Liljeblom and Vaihekoski (2010), according to whom co-operatives are likely to have a more long-term focus when compared to listed firms, which may 'in general be subject to higher short-term pressure due to relatively high ownership stakes by short term investors such as mutual funds, and activist owners' (p. 242). Our dataset also attests that no gimmicks are needed, with the financial media showing no interest in co-operatives. This is in line with J. Nils-

son's (2001) statement that 'as the co-operative residual claims are not marketable, no stock analysis specialists can reasonably have any interest in them' (p. 335). On the negative side, the low interest on the part of these media has probably contributed to the heretofore marginal interest shown in co-operatives by academia.

It is noteworthy that shortsightedness has been identified as able to jeopardise future member value also in COCs. Consumers-owners could become greedy and demand ever lower prices, business outlets in places where production costs cannot be recouped, or patronage refunds that put economic sustainability at risk. For instance, one CEO interviewed said:

> There is possibly a threat that the membership become greedy, selfish, and grasping, such that they want it all for themselves in terms of patronage refunds and, thereby, share away those resources we need to develop the operation.

Nilsson explains the possibility of shortsightedness as follows: 'As the residual rights cannot be transferred upon the withdrawal of a member, the planning horizon of members is reduced. Because members are not specifically motivated to think in the long term, they are concerned with what their membership offers "right now"' (2001, p. 338). According to our data, members do sometimes raise their voices to demand more in the short term. In these cases, key representatives of the governing bodies must take action in concert with the management:

> We have to explain to the members why the co-operative must make a certain amount of profit and why we cannot pay it all out in bonuses. It has to be explained […] that the co-operative needs a small amount for itself and for its operation and investments […]. The amount of the surplus has to be adequate, so that we can invest in the future.

Echoing the work of Lan and Heracleous (2010), our interpretation is that, with regard to ensuring the capacity for long-term value creation, the co-operative itself can be seen as the principal.

Market Strategy

With regard to the component of economic responsibility, associated with our third sub-question, Carroll states: 'It is important to maintain a strong competitive position' (1991, p. 40). This strategic component is in line with the notion that competitive position in markets is a central element in a corporation's profitability, where a strong position is associated with high profits (Porter, 1985). Accordingly, imperfect competition in general and a monopoly position in particular are seen as ideal for a corporation seeking to maximise profits. If customers do not have a choice, there is little incentive for such a corporation to mark down its products or services, and the more customers are willing (or forced) to pay, the greater the value created for its shareholders. This line of thinking by Porter (1985) is consistent with the structure–conduct–performance model, in which positive correlations exist among market concentration, barriers to entry, and profits (Ajlouni, 2010; Bain, 1951).

While Carroll (1991) does not mention industry and market attractiveness, the other components central to a firm's profitability, Porter (1985) maintains that the principle of shareholder corporations is to operate in those industries and markets that are most attractive in terms of the level of profitability offered. Therefore, if the rate of return available in a given part of the economy is less than a competitive rate possible elsewhere, that

field may lack service providers even if supplying services there would be profitable (Fulton & Hammond-Ketilson, 1992). Further, where the rate of return available dips to below what the shareholders desire or expect, the corporate agent would be expected to cease providing the goods and services. This renders it unsustainable from the consumer (community) point of view.

Per our data, COCs take another approach to competition and markets. In fact, COCs exist to counteract failures in the consumer market (Jussila et al., 2008; Normark, 1996). They are tools by which consumers secure provision of certain goods and services when no other actor in the market chooses to provide them:

> We invest in business locations in which any other actor in the retail business would not even think of building a new unit. We invest to provide services in such municipalities.

Illustrating the difference between COCs and shareholder corporations, one interviewee stated:

> [T]he consumer co-operative society must be the last to turn off the lights.

In other words, it is the COC's responsibility to maintain the supply of the goods and services when shareholder corporations or other actors leave a market. When a market is in decline, the COCs is not oriented to seeking more attractive environments; after all, 'the purpose of a co-operative is to serve […] its members, by carrying out its chosen trade' (Davies & Burt, 2007, p. 159). As a members' representative we interviewed said,

> [w]e are members and use services, so the first precondition for it is that the store does exist. We cannot go to a store, pub, or hotel if it does not exist. So the coverage of the network... there has to be the store. From the perspective of a member, this is probably the most central issue.

In that respect, COCs may be seen as occupying what Higgins and Currie (2004) refer to as the original role of business in society. Through these self-help organisations, consumers assume responsibility for their own destiny. Instead of letting other actors and stock markets 'run the show' (cf. Davis, 2009), they themselves arrange provision of the goods and services needed.

At the same time, as indicated earlier in the paper, our data also emphasise that COCs are not supposed to have a business unit in every possible location and that it is not acceptable (in the long term) to maintain business units that produce losses. Doing so would not be sustainable or demonstrate to their members a commitment to long-term value creation. In fact, in principle, a co operative may even educate its members to nurture a well-functioning market by actively calculating their preferences from among the various co-operative business units.

Where H. Hansmann (1999) has identified firms as often holding some degree of monopoly power in dealing with their customers, the function of a COC may lie in providing 'a product or service at a competitive price in a situation where true competition does not exist' (Fairbairn et al., 1991, p. 22). While shareholder corporations comb through alternative markets in pursuit of profitability, COCs examine new areas of business to assess whether there is potential for greater benefit for the members (e.g., on account of market failures). If competition is highly limited, shareholder corporations will face little pressure to set their price offers close to the actual costs. Thereby, the production of goods and services is not very efficient from

customers' perspective. A COC entering such a market encourages lower prices to emerge through the process of reciprocal decisions among competitors (i.e., from competition). This was made clear in our data by a supervisory board chair, for instance:

> When a consumer co-operative acts in the markets, it forces other actors [...] / competitors to operate more efficiently and in accordance with a more consumer-friendly philosophy. When consumer co-operation has thrived […], it has strongly affected the operation of markets such that also those customers who do not use the services provided by the co-operative get better services, from other companies, when competition and the example set by a consumer co-operative enforces better operation by others too […]. [I]t also prevents monopoly pricing, or at least restrains it, when we operate efficiently and are competitive.

Thus, a consumer co-operative's success as a barometer for competition (e.g., Cotterill, 1984) leads to favourable market conditions for all consumers, improving the situation of non-members as well (Normark, 1996). At the same time, to be successful a COC needs to hold a strong competitive position. Otherwise, it cannot influence the market to the benefit of the members and other consumers.

It is noteworthy that competitive advantage is not defined in Porterian terms in COCs – i.e., in terms of long-term above-average profit (Porter, 1985). Instead, a COC is seen as holding a competitive advantage when 'it is consistently its customer-owners' best and first choice,' as one CEO said in an interview. The paradox here is that, as the idea of COCs is to work toward increasing the surplus for consumers, they must look upon competition favourably. Comments by two CEOs are illustrative:

> I must say that competition is good, and here we have tough competition […]. Of course, it would not be good […] if we had only one retailer group […]. [It is] important that this is not like some kind of ancient Soviet system.

> We do not act to kill competition; we must have points of comparison, and a monopoly situation is on no account our goal.

Indeed, S Group's actions push competitors to develop new products, services, and technologies. Consumers thus obtain a wider selection and better products. The resulting feedback process was characterised by a CEO in our dataset as follows:

> We are in very intensive competition in each of our lines of business.

Clearly, it is important for a COC to maintain a well-functioning consumer market by utilising, among other things, its strong competitive position.

Efficiency
In comments related to our fourth sub-question, Carroll states the following with regard to economic responsibilities: 'It is important to maintain a high level of operating efficiency' (1991, p. 40). There are diverse ways to define and measure operation efficiency, many of which follow the tradition of measuring an organisation's performance via an array of ratios between outputs and inputs (Eilon, 1985), such as total asset turnover (net sales / average total assets). The foregoing discussion points toward two means of increasing operating efficiency. Firstly, Kudyba and Vitaliano (2003) find that corporations may increase their operating efficiency through appropriate use of productive re-

sources (a source of costs for them), thereby increasing their operating income (the company's earnings from core operations less its costs for goods sold and general operating expenses; see Weston & Copeland, 1986). A widely accepted way of judging profitability follows these lines. Secondly, firms may show better efficiency by raising prices. Alongside productivity improvements, a more favourable price structure has potential to contribute to an increase in business profits (Grifell-Tatjé & Lowell, 1999).

Our dataset shows that operating efficiency as defined above does not mesh with the principle of COCs. Since the COC model is not centred on a quest for profits, a COC is not supposed to pursue greater operating efficiency via price hikes. In contrast, the idea is to focus on applying production resources in a manner facilitating provision of lower prices for consumers. One respondent said the following in connection with this:

> A clear measurement in, for example, market trade is that in all of our chains we attempt to maintain a price level that is two per cent lower than that of the corresponding chains of our competitors.

This represents an important distinction between COCs and shareholder corporations, one with strong measurement implications. A different numerator (output) should be used. If profit is taken as the numerator, similar or even more efficient use of production resources may yield a lower figure for operating efficiency in COCs as compared to shareholder corporations. False conclusions as to their relative efficiency could follow. Our data speak in favour of a more appropriate numerator for the measurement of COCs' operating efficiency, such as the surplus for consumers. According to Fairbairn et al. (1991), this surplus indicates 'how much the members' benefit, in total, from both the savings they make in the form of lower prices and the savings they make from patronage refunds from the co-operative' (p. 127).

COCs are sometimes believed to be inefficient in that, since they need not bow to pressures of quarter-based economics (Jussila et al., 2008), they may not be pressed to cut costs immediately whenever the savings turn out to be less than in equivalent shareholder corporations (Mintzberg et al., 2002). According to our informants, however, this logic does not always hold:

> If a consumer co-operative operates inefficiently […], it would be better that it not even exist. If it operates less efficiently than the market players' average, this leads to a situation wherein either the other players may gain monopoly-type profits through overpricing or the whole industry may operate inefficiently, which is not to the benefit of the customer […]. [T]he core purpose and central mission of consumer co operation is to be efficient in the marketplace.

This is consistent with literature on co-operatives that cites economy as one of the core ideas behind co-operation (e.g., Jussila, 2013). One thing that helps consumer co-operatives reach high operating efficiency is that COCs may 'concentrate on the long-term development of an efficient organization [when] it comes to the provision of particular goods and services' (Jussila et al., 2008, p. 33). Thereby, a COC can actually be more efficient than shareholder corporations that have lost sight of long-term benefits by having their eyes, as Mintzberg and colleagues put it, 'on the scoreboard instead of the ball' (2002, p. 70).

The Definition of Success

Finally, turning to our fifth subsidiary research question, we consider Carroll's statement that '[i]t is important that a successful firm be defined as one that is consistently profitable' (1991, p. 40). With this component, related explicitly to conceptualisation, he presents the concept of success and what it ought to be in the mental frames of strategists (Mintzberg, 1987) working for an economically responsible shareholder corporation. Accordingly, this component can be seen as having particular theoretical and educational reach with regard to promoting the realisation of the purpose of a share¬holder corporation. It is noteworthy also for seeming to highlight orientation to the longer term.

Against the backdrop of contemporary business discourses (Duska, 1997) and business-school education (Fontrodona & Sison, 2006), it is unlikely that shareholder corporations will find it difficult to define success through profitability, even if the aspect of long-term focus may pose a challenge. This approach can be over-extended, however, with COCs feeling tempted to define success similarly since theory tends to assume all businesses to be shareholder corporations. The risk here is that 'if the top management believes that the co-operative is like any other business (in quest for maximum profit), the co-operative is unlikely to realize its mission' (Tuominen et al., 2010, p. 12; see also Talonen et al., 2018). Thus far in the case context, co operative principles and associated ideas have proved strong enough:

> Those professional, slightly cynical managers who come from the world of business schools as professionals in business […] eventually become co-operators, when they notice that this ideology works for real. And it was a surprise to many, and today our CEO is extremely committed to the basic idea of co-operation and sees that rewarding the member is the basic principle – what, in his view, we are doing. And it is visible everywhere that he is managing not one firm among many but a consumer co operative with co-operative premises.

Nonetheless, completing the list of COCs' economic responsibilities demands a definition particular to a successful COC. Our data suggest that, consistently with the responsibilities presented above, a successful COC is one that is consistently beneficial to its members and also seen as such by them, while simultaneously accumulating the resources required for maintaining a positive spiral:

> A successful co-operative retailer, an economically successful co-operative retailer, guarantees success also to the member. The better the co-operative does in the economic and operational sense, the greater the benefits for the member also.

> When it does well economically […], it provides the services to the member as efficiently as possible, and then the member commits, buys them […], then it goes in both directions – the member has obtained the insight that the more he or she commits him- or herself to the co-operative, the more he or she benefits and that the more he or she commits, the better the co-operative does. So it's reciprocal.

Furthermore, consistent with the COC literature (e.g., Tuominen et al., 2009), our dataset suggests that profit is not the best indicator of success for COCs and that their management performance cannot 'be judged simply by examining the firm's net financial earnings' (Hansmann, 1999, p. 398).

A COC's performance can be measured instead in terms of total benefits generated by the co-operative for its members (Fairbairn et al., 1991). Market share and the proportion of the relevant population who are members can be used as additional indicators of success:

> [Our] measures of performance quantify especially the benefits the members get and how we succeed in [generating these].

> Through market share, we [can judge] that the services are attractive and the benefits concrete enough that the market share rises […]. While the number of members is unlimited [in theory], the higher the market share, the more members it has and the better the co-operative has succeeded in its mission […]. If the co-operative succeeds in its mission, the number of members will rise all the time.

Such definitions and metrics are consistent with the work of Fairbairn et al. (1991), who posit that it is important to 'guide a co-operative to the decisions that maximize the well-being of the members, not the financial well-being of the co-operative itself' (p. 24). These can be viewed as particularly important in light of cases, such as those discussed by M. Fulton (1999), in which a COC has not fulfilled its economic responsibilities, in consequence of an implicit notion that the members have a duty to support an unsuccessful COC. Defining a COC as consistently beneficial to its members can be regarded as one means of better aligning the series of actions with the purpose.

A General Concept of Economic Responsibility

At the outset, we asked what economic responsibilities a COC has and what constitute corporate economic responsibilities in general. Addressing these overall questions below, we begin with a summary of our findings in the COC context and consider them in terms of Carroll's components of economic responsibility. Then, we use that comparison to abstract more general components and an aggregate conceptualisation of corporate economic responsibility as a whole (see Table 1, p. 24).

Economic Responsibility of COCs and Shareholder Corporations
Firstly, the owners of COCs are consumers of goods and services rather than investors of capital. Therefore, it is the members' needs rather than financial capital that constitute the material foundation of the COC. Furthermore, the value of the firm to a consumer-owner is dependent on the extent and nature of the transactional relationship between the consumer and the co-operative, as opposed to the amount of capital invested. Therefore, we posit that, rather than perform in a manner consistent with maximising per-share earnings as Carroll's first component might dictate, it is important that a COC perform in a manner consistent with maximising member earnings per transaction.

Secondly, a commitment to having the financial ability to fulfil the firm's purpose over time, along with an orientation toward doing so, may be maintained more easily in COCs than in shareholder corporations. This is supported by the aspect whereby COCs have no activist shareholders and do not face great pressure to reach quarterly targets. One manifestation of said long-term orientation is that COCs retain some of the profit they make – which for a COC constitutes a means to an end rather than an end in itself. Profit helps secure the creation and accumulation of member benefits over time. Accordingly, we propose that, in contrast to commitment (per Carroll's second component) to the highest possible profitability, it

Shareholder-firm-specific components	COC-specific components	General components
It is important to perform in a manner consistent with maximising earnings per share *(Carroll's component)*	It is important that a COC perform in a manner consistent with maximising member earnings per transaction *(Our proposal)*	It is important to perform in a manner consistent with satisfying the owners' immediate expectations for economic rewards *(Our proposal)*
It is important to be committed to being as profitable as possible *(Carroll's component)*	It is important for a COC to be committed to being profitable enough to secure future member benefits *(Our proposal)*	It is important to be committed to having sufficient profitability to ensure capacity to satisfy owners' economic-reward expectations over time *(Our proposal)*
It is important to maintain a strong competitive position *(Carroll's component)*	It is important that a COC maintain a well-functioning consumer market *(Our proposal)*	It is important to select a market strategy that allows satisfaction of owners' expectations of immediate and long-term economic rewards *(Our proposal)*
It is important to maintain a high profit/input ratio *(Our proposal)*	It is important to maintain a high benefit/input ratio *(Our proposal)*	It is important to maintain high operation efficiency *(Our proposal)*
It is important that a successful firm be defined as one that is consistently profitable *(Our proposal)*	It is important to define a successful COC as one that is consistently beneficial to the members while nurturing the co-operative *(Our proposal)*	It is important to define success in terms of balance between the satisfaction of the owners' immediate and long-term expectations of economic rewards *(Carroll's component)*

Table 1. Specific and general economic responsibility (Carroll's components and our proposals).

is important that a COC show commitment to being profitable enough to secure future member benefits.

Thirdly, COCs are a tool by which consumers (or societies as a whole) meet their needs when no other actor is doing so. That is, while failures in the consumer market may suit the profit-maximising purpose of shareholder corporations, COCs exist precisely to counteract such failures. Whereas the idea of shareholder corporations is to aim for a strong position (preferably a monopolistic one) so as to set prices to a level that yields maximal profit, the principle of COCs is to gain the power to set prices that are close to the production cost. Furthermore, COCs are designed to compete so as to increase the consumer surplus and are intended to encourage competition that helps maintain a well-functioning market. Hence, we posit that, as opposed to maintaining a strong competitive position in line with the third component of Carroll's model, it is important for a COC to maintain a well-functioning consumer market.

Next, efficiency in COCs is best considered in terms of the ratio of total member benefit (output) to the resources used to create that benefit (input), as opposed to the profit/input ratio. In keeping with their purpose, COCs obtain higher efficiency only via appropriate use of productive resources, not by raising sales prices, the latter being a means more properly confined to shareholder corporations. Rather, this limitation can be taken to improve a COC's efficiency by guiding toward a long-term focus on provision of certain goods and services (in a given location). Considering this factor, one finds that the next economic responsibility on Carroll's list, maintaining a high level of operating efficiency, has too little information content to serve as a component for any specific context, either shareholder corporations or COCs; i.e., this component is unlike the above-mentioned ones in that it is a general one. Addressing the context of our study, we propose that it is important that a COC maintain a high overall ratio of member benefit to input as opposed to (in line with Carroll's fourth component) maintaining high operating efficiency and that, rather than maintain a high level of operating efficiency (in keeping with the fourth component in Carroll's model), it is important that shareholder corporation maintain a high profit/input ratio.

Finally, the way a successful firm is defined influences managers' mental frames and plans in tandem with the stream of actions (praxis) in a given firm. Therefore, a COC could lose its way and no longer fulfil its purpose were its success to be deemed to hinge on the profit made. Our work speaks in favour of explicitly articulating the responsibility of COCs to be consistently beneficial to their members, while accumulating resources to secure future benefits. Therefore, we propose that, as opposed to being defined, per Carroll's fifth component, as an organisation that is consistently profitable, it is important that a successful COC be defined as one that is consistently beneficial to the members while also nurturing the co-operative.

General Conceptualisation of Economic Responsibilities

When discussing the fourth component of economic responsibility above, we noted that maintaining high operating efficiency could be a responsibility of any corporation. To devise a general conceptualisation of corporate economic responsibilities, one must reduce the specificity (or 'information content') of the model's other components too, so that only the organisations' shared characteristics remain. Armed with definitions for economic responsibilities suiting shareholder corporations and befitting consumer co-operatives, we can now abstract and

propose more general CER components, while still making use of Carroll's definition work.

1. It is important to perform in a manner consistent with satisfying the owners' expectations with regard to immediate economic rewards
2. It is important to be committed to cultivating the level of profitability that entails capacity to satisfy the owners' expectations for economic rewards over time
3. It is important to select a market strategy that allows satisfying owners' immediate and long-term expectations with regard to economic rewards
4. It is important to maintain high operating efficiency
5. It is important to define success in terms of balance of satisfaction between the owners' immediate expectations and long-term ones for economic rewards

Based on these abstracted components, we propose an aggregate general definition for corporate economic responsibility as follows. An economically responsible corporation is one that performs in a manner consistent with satisfying the owners' expectations related to immediate economic rewards, is committed to having the level of profitability required for possessing the capacity to satisfy those expectations over time, selects the appropriate market strategy for doing so, maintains a high level of operating efficiency, and defines success in terms of balance between immediate and long-term economic rewards with regard to owner expectations.

Discussion and Conclusions

With this paper, we reject the notion that there are purposes that hold for all firms just because they are business firms (Abela, 2001), and we have shown that the principles behind the consumer co operative form differ dramatically from the underpinnings of a shareholder corporation (Jensen & Meckling, 1976). Uncovering the differences between the economic responsibilities of shareholder corporations (*à la mode de* Carroll, 1991) and those of COCs has enabled us to articulate corresponding proposals based on our qualitative findings. Our working definitions of these responsibilities extend scholarly knowledge with components of economic responsibility that apply to COCs specifically. These lie in parallel to the components identified by Carroll (1991), which apply to shareholder corporations, with both sets being subordinates to more general responsibilities.

Implications for Management and Policy
Since it has been taken for granted that large-scale enterprise will be organised in the form of shareholder corporations (Hansmann, 1996), it follows that 'business schools usually base their teaching on the assumption that the purpose of the firm is to maximize shareholder wealth' (Fontrodona & Sison, 2006, p. 39). In consequence of such tenets as Schwartz and Carroll's statement that when a firm's 'activity produces a decline in profits or share value, this may be an indication of a non-economic motive, but may also merely represent a flawed business decision' (2003, p. 509), typical business-school research and education has not addressed itself sufficiently to the task of developing certain elements of managerial competence that are critical to business not designed to maximise profits (e.g., Tuominen et al., 2010; cf. Ghoshal, 2005). Therefore, we sometimes see business-school graduates act as 'managers with zebras [who try ever] harder to apply the most advanced techniques of horse

training to their zebras' (McGahan, 2007, p. 749).

If economic responsibility is defined purely in terms of profit maximisation and COC managers follow the corresponding guidelines (as we sometimes witness them doing or feeling pressured to do), the co-operative in question is unlikely to realise its purpose. As P. Davis (2001) argues, 'co operatives lose their way and fail as they try to compete on the same terms as their investor-led rivals instead of differentiating themselves and competing on their own terms' (p. 32). On account of co-operatives' global importance, this is a serious problem. Therefore, it is vital to have a solid definition of CER that mashes with COCs, paving the way too for other conceptualisa¬tions and theories that explicitly take account of the co-operation-based model and what distinguishes it from shareholder corporations. Since the European Foundation for Management Development (EFMD, 2011) has taken co-operatives as an example of sustainable business, we envision greater attention being paid to the need for related intellectual framings. That said, govern¬ments' and foundations' intervention may be necessary for ensuring that more research can and will be directed toward COCs and co-operatives in general. Thereby, these user-owned organisations may gain equal footing with investor-owned companies in business and management education.

Also, we would expect many government officials and representatives of financial and other media to benefit from fuller understanding of the purpose of co-operatives and their responsibilities, distinct from those of shareholder corporations. Such understanding would be especially important for fair competition. In our view, fair competition exists when no particular model of business enterprise has excessive advantage arising from, for example, unfair support from the institutional environment (this extends to intellectual framings also). Here, we have offered some comparisons between shareholder corporations and COCs that serve the project of unravelling of a few of the conceptual and theoretical mysteries of a form of business that supports fair and market-correcting competition.

Much more work is needed for deconstructing the business discourses expressing as unquestioned reality that all firms exist to maximise profit (Duska, 1997). What we call for might not be an easy task, given that the shareholder corporation is the capitalistic ideal (Hansmann, 1996). However, we have touched on several reasons for which the COC model might be of interest to society and able to penetrate existing business discourses. Co-operatives already occupy a significant role globally. Perhaps more importantly, the COC model seems to have characteristics via which communities can gain some control over the market as opposed to ceding all the power to stock markets. The model is not based on short-term profit maximisation and mobility of operations and capital, nor does it allow speculation as witnessed in stock markets. Instead, a COC occupies a more traditional role of a business: that of an efficient and high-quality provider of goods and services for particular consumer markets (cf. Fontrodona & Sison, 2006). One could say that COCs anchor services in localities in which shareholder corporations might not display any interest. Furthermore, the owners are those most interested in the products and services the firm produces and in the company itself (cf. Mintzberg et al., 2002), and, under Liljeblom and Vaihe¬koski's logic (2010), also the absence of activist investors promotes orientation to the longer term.

Directions for Future Research
Our work has highlighted a need to develop ways of measuring variables such as member benefit per transaction, total member

value, and growth in expected member benefit per transaction. Such metrics are of value for evaluation of the extent to which COCs succeed in meeting their purpose and responding to their economic responsibilities to the members. This challenge can be taken up by accounting scholars, for example.

Our research suggests that using profit-based measurements to compare efficiencies across COCs and shareholder corporations is misleading. Price too seems to be a problematic indicator. Therefore, another challenge we can cite is that of finding ways to compare efficiency between these distinct forms of business enterprise. Of course, one could legitimately ask whether such comparisons are necessary at all, at least with regard to determining some single best way to organise economic activities. We believe in the value of a rich landscape of business models and in letting fair competition determine what kind of model best suits particular market conditions.

We find that work proceeding from the aspects common to all corporate forms can lead to more generalisable conceptualisations and theories, as opposed to one focused primarily on the model currently dominating the field of business economics – today, shareholder corporations.

As the discussion above indicates, our process applied an agency-theory perspective to corporate purpose and economic responsibility. In this vein, an interesting question for future research is that of the fundamental difference between shareholders' and consumers' roles as owners. While in shareholder corporations the investors may wait relatively passively for returns on the capital invested and developments in share prices, COCs require members' active participation in the value-creation processes (cf. Talonen et al., 2016).

Finally, we have not addressed the stakeholder standpoint according to which the economic and social purpose of corporations is to create and distribute increased wealth and value to all the primary stakeholder groups. Future work should investigate how the owner-centred economic responsibilities identified in this paper connect with – and possibly serve as the foundation for – other responsibilities of COCs. Here, an interesting question is whether COCs and shareholder corporations differ in terms of their relationships with particular categories of stakeholders and whether these differences can be linked to the enterprises' roles as creators of value for different kinds of owners.

Scholars could also consider the issue of the shareholder corporation's dominant position in academic and business discourse. Perhaps this is a matter of politics: this type of company is the capitalistic ideal: by definition, the model to be chosen for any large-scale business (Hansmann, 1996). If so, any academic field should refuse to become stagnant on political grounds. If, instead, the domination is a matter of economic theory – indeed, models such as the co-operative have disappeared from economics textbooks over time (Kalmi, 2007) – organisation scientists should be more careful in borrowing from a discipline with this failing. Or perhaps the distortion is simply a matter of practice: the investor-owned firm is the prevailing model of organisation in market economies (Novkovic, 2008), with the listed firm in particular being of primary interest to market analysts and financial media (Mintzberg et al., 2002) and with business discourses maintaining an unquestioned view that all firms exist to maximise profit (Duska, 1997). If the issue is one of practice, academics should acknowledge the diversity of governance forms, speak out to draw attention to this variety, and deconstruct the discourses that represent distorted realities of business life.

In our view, there is a need for greater understanding of business organisations that are inherently not maximisers of (short-term) profit or targets of speculative trading. Our thinking on this is rooted in several ideas. Duska (1997), for one, maintains that 'the appeal to profit was a means to motivate more production, but it was not the purpose of production' originally but that, over time, 'the means of motivation in some way became confused with the purpose of business' (p. 1408). Accordingly, research devoted to businesses that are fundamentally linked back to people's actual needs rather than investors' endless appetite for more money is warranted. One might ask about sustainability from a consumer (community) angle: which model of business enterprise is likely to safeguard long-term provision of services in a particular consumer market? Dyllick and Hockerts (2002), on the other hand, address a different idea of sustainability, stating that we have seen firms overemphasising 'short-term gains by concentrating more on quarterly results than the foundation for long term success' (p. 132). In addition, it has been observed that speculative traders are not interested even in a firm's short-term profits; their attention is more on dramatic swings in the share price that allow them to make money both 'uphill' and 'downhill.' This acts against economic sustainability (Mintzberg et al., 2002), which we define as a firm's financial ability to sustain fruitful pursuit of its purpose.

This paper has demonstrated that COCs are driven by consumer needs and, thereby, fill a historically important role of the business as provider of goods and services to the marketplace. We have shown that COCs exist to serve particular consumer markets so are sustainable from a consumer/community point of view in the sense that they will not take their operations elsewhere. Furthermore, our work has clarified that the relationship between the firm and the owner in COCs is likely to be anything but speculative, as the consumer-owners cannot obtain value through stock trading. We also stress that the co-operative itself, in its efficiency and service quality, is important to those consumers whose value of ownership is derived through use. Finally, we have revealed that overemphasis on short-term gains is still possible in co-operatives – for example, in terms of 'right-now' consumer price reductions – while at the same time explaining why short-term emphasis and excessive risk-taking are unlikely in COCs.

Finally, conceptualising the CER of COCs is a means to a contribution on a higher plane. That is, contrasting the meanings of CER for a co-operative with what is found in Carroll's definition helps us consider the form-specific details appropriately, so that only the aspects common to all business forms remain. While Carroll's definition remains useful for the most part in the context of shareholder corporations, we developed a more general definition of CER, which we hope encourages further research. We hope also that our example motivates scholars of various key phenomena central to business economics to engage in processes of abstraction that address examples from two or more models of business enterprise rather than merely one.

Acknowledgements:

Conflict of Interest:

Authors declare there is no conflict of interest.

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Emerging Ethical Challenges of Leadership in the Digital Era: A Multi-Vocal Literature Review

Narayan Bhatta

Abstract

The purpose of this study is to undertake a multi-vocal literature review (MLR) regarding how leadership work has transformed as a result of digitalization and what kinds of ethical challenges organizational leaders are facing in the digital era, particularly from 1985 to 2020. Hence, a total of 83 literature are reviewed, drawing up on the method of MLR. The findings of this study suggest that the digitalization of leadership work, i.e., delegation of personal (leadership) responsibilities to digital systems, is being accelerated by the ever increasing use of technologies based on Artificial Intelligence (AI) in organizational governance and operation, particularly during the last two decades. In the reviewed literature, ethical challenges of leadership in the digital era are often discussed in subtle forms, from the viewpoint of the ethics of digitalization in general and its apparent consequences in organizational systems – Specifically, an apparent lack of industry standards, codes of ethics and professional conduct, for AI-based digital technologies. Likewise, disruptions and complexities caused by digitalization trends in conjunction with globalization, climate change and sustainable development goals are noticed as posing further significant challenges for leaders, particularly in relation to ethical organization systems design in the digital era. Hence, this study outlines the three main conceptual fields of discussion towards deepening our understanding of the transformation of leadership work and emerging ethical challenges to leaders in contemporary organizations caused by the increased use of advanced digital technologies.

Key Words: Digitalization, artificial Intelligence (AI), leadership, ethical challenges, ethical organization systems design, contemporary organizations, multi-vocal literature review

Introduction

Brown and Tervino (2006) and Brown and Mitchell (2010) reveal that research work and writing on the topic of ethics and leadership are mostly focused on normative and psychological aspects. The writers note that there is a wide gap in the 'descriptive and predictive' social scientific approach to ethical and responsible leadership, while ethical standards are practically eroding in every kind of social institution and business organization throughout the world (Wood-Harper, Corder and Wood, 1996; Bolman and Deal, 2017). Hence, as maintained by the writers, the rationale for conducting ethical analysis on the societal impact of the ongoing re-engineering of business processes and organizational designs accelerated by the increasing use of information technology, is hardly disputable.

Likewise, Avolio et al. (2001, pp. 625 & 663) posit that an increased use of advanced technologies often causes leadership vacuum, which can have a drastic impact on social and organizational systems. Thus, they recommend conducting further research to systematically examine how technological advancement transforms the traditional role of leadership and organizational systems. As the field is ever evolving, the question is not whether to study this topic but where to start (Avolio et al., 2001; Brynjolfsson and Saunders, 2010).

As maintained by The Institute of Electrical and Electronics Engineers – The IEEE (2017) and Havens (2018), this is an alarming situation from an ethical leadership perspective, including a huge gap in transparency and accountability aspects in the use of AI-based digital technologies. Hence, in order to maintain human dignity, autonomy, and societal values, it is essential to intensify the much-needed discussion regarding the formulation of ethical frameworks for dealing with digital technologies, particularly AI and its ever-expanding implications (Davenport and Katyal, 2018).

In the Finnish context, Ala-Pietilä and Lundström et al. (2019, pp. 52-54, 107-109 & 123) maintain that the country is prepared to take the leadership role in

the area of human-centred and ethical data economy. In the final report of Finland's AI programme, the writers set a rather challenging and short-term deadline of the year 2025 for solving issues related to AI ethics, the use of data, transparency, and accountability in Finland, in order to become a global pioneer in this field. Hence, the timing and the industry reality within Finland and elsewhere suggests that this study has the potential to take on multidisciplinary implications and contributions.

It is apparent that nowadays all kinds of digital developments essentially involve some level of AI technology or system (Mitchel and Brynjolfsson, 2017; Koski and Husso, 2018). It is therefore difficult and no longer necessary to make distinctions between AI and other forms of digitalization, the writers posit. Thus, this research does not necessarily engage in making specific distinctions between AI and other forms of digitalization. Instead, the study, conducted as a multi-vocal literature review – MLR (more details are provided in the subsequent discussion), is focused on finding answers to how leadership work has transformed as a result of digitalization and what ethical challenges leaders have been facing due to widespread implementation of advanced digital technologies in contemporary organizations. It concentrates on the development and discussion within this field from 1985 to 2020. However, in order to establish a historical connection and a conceptual foundation for the topic, some classical literature and pioneering works published before 1985 are also examined. A total of 83 works of literature are reviewed and reported.

The paper is structured as follows. The justification of the application of MLR methodology to this study is provided next, followed by theoretical and conceptual backgrounds to the topic. After that, a comprehensive explanation on research design and methodologies used in this paper, the literature search results and research findings as well as some recommendations for future studies are presented, respectively. Finally, the discussion and conclusions are presented at the end.

The Need for Multi-Vocal Litereture Review on This Topic

Ethics and leadership have been the topics of academic research and scholarly debate since ancient times. Despite being relatively new fields of study, business ethics and ethical concern of leadership in the information age also provide theories that have been debated and scrutinized (Wood-Harper and Wood, 1996). Hence, a vast amount of academic literature is available around the topics of ethics, leadership, and digitalization. However, most of the scientific publication in this field are focused on ontological debates on ethics, digitalization, and concepts of leadership, a situation which Wood-Harper and Wood termed as 'a failure to understand the human context'.

Hence, the literature search results in this study revealed only a small number of scientific literature published during 1985-2020, which directly discusses the emerging ethical challenges of leadership in the digital era as a unified concept. On the other hand, as the field is ever-evolving, high quality data (literature) are increasingly being produced in this field by a community of practitioners, regulatory authorities and business organizations. Therefore, it is important to include such grey literature (for instance: policy directives, white papers, industry standards guidelines, experts' opinions, newspaper and magazine articles, video material, etc.) in this study in order to offer an enriched, more comprehensive discussion. The decision was made in line with the guidelines for MLR methodology outlined by Garousi et al. (2019), and 'Guidelines for Working with the Grey Literature in Systematic Reviews for Management and Organizational Studies (MOS)', presented by Adams et al. (2017).

According to Garousi et al. (2019), an MLR is a form of a systemic literature review (SLR), and they share a large number of characteristics. However, the major difference between them is that an MLR allows the inclusion of so-called 'grey literature' (specified above) in the review, while an SLR strictly excludes any non-formal publication outside of the scientific and academic community. The writers assert that the inclusion of grey literature opens up new horizons of research work and provides the field with specific evidence often lacking in the scientific literature. Likewise, Adams et al. (2017) maintain that inclusion of grey literature in SLR is important to validate scientific outcomes with applied knowledge. In other words, they argue that inclusion of grey literature is essential in order to challenge established assumptions with the most up-to-date insights from real-life practitioners. Moreover, according to the writers, the inclusion of grey literature is vital to accommodate a multiplicity of narratives, or to take a pluralist stance for an academic project.

Hence, as asserted by Adams et al. (2017) and Garousi et al. (2019), inclusion of grey literature and implication of MLR methodology for research in an evolving field allows one to explore the most up-to-date knowledge and ensure a holistic understanding of the topic. Furthermore, such a study design contributes to bringing the world of academia and a community of practitioners together, thereby extending the scope of research findings with most recent empirical knowledge. This specific research topic deals with discussions related to the ever-evolving field of digitalization: big data, software, systems, AI-based technologies, etc. – and ethical challenges to leadership associated to the same. Hence, inclusion of grey literature and application of MLR methodology in this study is well justified.

Theoretical and Conceptual Backgrounds

Digitalization and Transformation of Leadership Work

The Digital Revolution, also known as the 'Third Industrial Revolution' began in the latter half of the 20th century along with the shift from mechanical, analogue electronic technology to digital electronics (Ceruzzi, 2012). The introduction of the world wide web and the widespread implementation of digital computing, record keeping, and communication technologies marked the advent of the information age during the late 1990s and early 2000s (Kizza, 2013). The digital disruption of the last few decades, accelerated by smart phones and AI-based computer systems introduced as an integrative manifestation of various other technological advancements in the field, has since then brought about sweeping changes in people's lives, organizational systems, and leadership work, and has challenged the established ethical and moral boundaries of human societies (Ceruzzi 2012; Royakkers et. al., 2018; Stone 2019).

Likewise, the boundaries of industry domains have been disrupted along with technological advancement, and new business models based on a 'platform economy' are evolving (Brynjolfsson and Kahin, 2000). Coupled with the forces of globalization, the widespread digitalization of human lives, natural environments and artificial things has brought us to a world that is frantic, exceedingly complicated and largely unstable (Capurro, 2017; Bolman and Deal, 2017, p. 7; Urbach and Röglinger, 2019, pp. 1-10). Hence, digitalization challenges the very fabric of why an organization exists and begs for a radical transformation of organizational culture and leadership work. However, digitalization should not be mistaken for an 'immu-

table and inevitable object', as it is rather an ever evolving 'social construction' (Stone, 2019).

The volume, velocity, and variety of big data that have been made possible due to digital technologies has resulted in a 'management revolution' in contemporary organizations (McAfee and Brynjolfsson, 2012). The answers are already there in the data. Hence, McAfee and Brynjolfsson posit that the new role of leadership in this process is analysing those data sets carefully and critically, thereby promoting a new culture of questioning, and developing organizational strategies accordingly. Thus, organizational leaders should possess understanding and the ability to consciously interact with digital technologies in order to critically examine the contextual validity and significance of the information and work performed by AI-based digital systems (Bunz, 2017, pp. 250 & 251).

Petrin (2019, pp. 4 & 5) anticipates that AI will eventually replace human directors, managers and officers, ultimately creating 'fused boards' and 'fused management' of corporations. However, during the transition period, as humans and AI continue to work together, 'a number of challenges, ethical and legal questions' arise, particularly regarding liability and accountability of actions delegated to AI (Havens, 2018 and Petrin, 2019). Thus, while it is important to acknowledge and accept the positive impacts of digitalization (Floridi, Couls and Beltrametti et al. 2018), it is equally important to critically examine the 'technological mindset' (Mitroff, 2019, p. 59), where only positive benefits are typically considered and praised, while the negative impacts and ethical challenges associated with digitalization are underestimated or dismissed altogether.

Hence, in this study 'digitalization of leadership' refers to the adoption of AI-based advanced technologies, such as cloud computing, robotics, biometrics, persuasive technologies, virtual realities (VR) and augmented realities (AR), digital platform solutions, machine learning, and big data analytics as companions to, or complete replacements for, human leadership in organizational systems (discussed by, e.g. Avolio et al., 2001; Avolio and Kahai, 2003; Brynjolfsson and Saunders, 2010; Ceruzzi, 2012; Mitchell and Brynjolfsson, 2017; Brynjolfsson and McElheran, 2016; Stone, 2019; Royakkers et al., 2018; Urbach and Röglinger, 2019).

Ethics of Digitalization and Challenges to Leadership

The IEEE (2017), Havens (2018), Petrin (2019), and the EU (2019, 2020) recommend that ethical standards for advanced digital technologies such as AI systems can be built upon the foundations of classical ethics, such as deontological ethics, utilitarianism, and virtue ethics (discussed in e.g. Rogers, 1937; Foucault, 1983; Cragg, 1999; Alasdair, 1998; Mill, 2009; Lewis and Kellogg, 2011; Prastacos et al., 2012), so that ethical challenges to leadership in the use of such technologies can be minimized.

On the other hand, as noted by Johnston and Johnston (1999) the 'modern challenge to religion' and progress in 'psychological, social and cultural explanation' along with the 'success of science' have posed serious threats to traditional beliefs about right and wrong as well as the moral claims presented in the classical ethics theories. Hence, modernity and moral certainty are antithetical, and the struggle to reclaim ethics as a 'human creation' is still ongoing. Thus, if ethics is to survive, there is a need for 'radical reform' in the existing 'ethics symbols and moral boundaries' that is far from the 'scientific perspective' and the 'causal laws of the universe' (Johnston and Johnston, 1999) as well as the new reality of digitalization (Capurro, 2017).

Moreover, ethics and moral judgement vary across individu-

als, groups, religions, and cultures as well as the social contexts (Alasdair, 1998). In addition, the rapid transformation of societies that is being accelerated by digitalization and globalization leaves considerable room for various interpretation of the same (Capurro 2017). According to Capurro, in contrast to the traditional metaphysical and theological concept of humans as 'God's creation', Western modernity accepts humans as 'autonomous beings'. However, Capurro maintains that humans are limited to being 'networked objects' in the digital era – Hence, digitalization challenges this very idea of humans as autonomous beings.

Thus, as documented by Bynum (2015) and Capurro (2017) digital ethics, or ethics of digitalization, is the most recent field of study derived from computer and information ethics, which is believed to have been founded by Norbert Wiener (1894-1964). Writers like Manner (1980), Weizenbaum (1976), Bynum (2000), Parker et al. (1990), The Association for Computing Machinery – ACM (1992), Johnson (1985) and Moor (1985) have made subsequent further contributions to the development of this new field of ethics rooted in the foundations of Wiener's pioneering works (Wiener, 1948, 1950, 1954, 1964).

Hence, computer and information ethics has been used in many different ways, such as in relation to Western ethics theories (discussed above) on ethical challenges in the use of Information and Communication Technologies (ICT), computer and other digital technologies. It has been also equated with professional codes of conduct for computer professionals (Gotterbarn, 1991 and 2001; Johnson, 1985 and 1999; Moor, 1985; Walsham, 1996; Bynum, 2015).

Floridi (1999, 2008) and Bynum (2015) maintain that 'information ethics' is a more resonating term, one that likely covers the breadth of this new field of ethics. The purpose of human life from an information ethics perspective is to constantly engage in 'meaningful information processing', which is an innate capacity that humans already possess. According to the writers, the information ethics perspective sees human beings as sophisticated information-processing agents capable of making informed decisions and are thereby liable for the consequences in their own lives. However, for this to become a reality, a significantly high level of freedom, equality, benevolence and compassion should prevail in societies and organizational systems, particularly in the applied actions of leadership.

Wood-Harper et al. (1996, p. 169) have already observed the digital disruptions as being 'very radical and often brutal' with far-reaching ethical implications beyond the core technological field. In the same vein, Avolio and Kahai (2003) discuss how information systems change the 'human systems' dynamics in organizations, as information technologies are being applied in organizations without the necessary impact assessment. Since then, AI-based digital technologies have been largely implemented in various levels and domains of organization systems without many regulatory provisions. Consequently, discussions regarding serious challenges to leadership in terms of ethics, compliance and governance have been slowly taking centre stage in this field (e.g., Bunz, 2017; the IEEE, 2017; Havens 2018; Petrin, 2019; The EU, 2019 & 2020). The writers recommend that digital age leaders and managers should be able to clarify the relationship between 'professional ethics' and 'applied ethics' for advanced digital technologies, while constantly encouraging and empowering engineers and designers to 'voice the full range of ethical challenges' throughout the product lifecycle.

Hence, ethical challenges of leadership in the digital era in this study refer to difficulties in decision-making, moral dilemmas,

mandatory compliance and conflicts of interest with applicable local, national and international laws and regulations, as well as the pressure to go beyond meeting regulatory requirements – Along with the challenges posed by the general lack of 'industry standards' for AI-based advanced technologies and the fear of reputational damage due to unanticipated consequences of digitalization, digital fraud, fraudulent activities, etc. (as discussed in e.g., Capurro, 2017; the IEEE, 2017; Bunz, 2017; Royakkers et al., 2018; Davenport & Katyal, 2018; Havens, 2018; Petrin, 2019; the EU, 2019 and 2020).

In the applied part of this paper, protection of privacy, issues of data ownership and security, trust building, and ensuring systemic transparency, accountability and integrity as well as complexities in promoting ethical culture and ethical organization systems design are discussed as practical challenges of leadership (as discussed in e.g., Groarke, 1998; Singer, 2002; Dolgin, 2012; Bolman and Deal, 2017; Mitroff, 2019; Gharajedaghi, 2011; Kizza, 2013; Floridi et al., 2018).

Research Design and Methodologies

Formulation of Research Questions

The main research task of this paper is to undertake an MLR in order to investigate how leadership work has transformed as a result of digitalization from 1985 to 2020 and find out what kind of ethical challenges leaders are facing during this process. As recommended by Adams et al. (2017) and Garousi et al. (2019), the primary study of scientific publications and grey literature (specified above) was conducted first. Afterwards, the following research questions (RQs) were determined to further dissect the study into specific realms:

- RQ 1: What has been previously studied and is available about the transformation of leadership work as a result of digitalization?
- RQ 2: What kinds of ethical challenges have leaders been facing due to widespread application of digital technologies in contemporary organizations?

Criteria and Strategy for Literature Search

Garousi et al. (2019) present the criteria for source selection in MLR based on the authority of the producer, the methodology applied, objectivity, publication date, position in the field, novelty, impact, and material outlet type. Hence, the MLR methodology criteria for selection of sources as well as the guidelines for quality assessment recommended by Garousi et al. are used in this study. Likewise, the sources were selected based on 'actual relevance' (Snyder, 2019) to the research questions as well as 'fit-for-purpose' (Adams et al. 2017; Paul and Criado, 2020) quality criteria. Grey literature was included simultaneously in coordination with the selection process for formal literature. As recommended by Adams et al. (2017) and Garousi et al. (2019) in order to define reasonable search chains, an informal pre-search was conducted for this study. Afterwards, general web search engines, specialized databases, individual contacts, and expert recommendations were utilized, as was the snowball method, which includes using reference lists and backlinks.

As demonstrated in Figure 1 (p. 34), a systemic literature search was conducted with the key words digitalization* AND 'Ethical concern* AND 'leadership and management' as an 'International e-material search' in Jyväskylä University's library database, JYKDOK, which is a part of nationwide Finna

search service for both electronic and print materials. This decision was made because it would include literature from diverse sources, covering all the major scientific databases (please see the list of literature sources included in appendix -1. 'English Language materials only' and the time period of '1985 to 2020', filters were applied.

As presented in Figure 1, the initial search resulted in 5,386 published materials. Next, only the literature from selected subject areas (please see the list of subjects in Figure 1 below) were considered to further narrow down the search. This resulted in a total of 1,046 publications. After that, only the articles that included the key words 'digitalization' AND 'Ethical concern' AND 'leadership and management' or related terms in their title, abstract or introduction chapter were selected. At the same time, duplicate articles from the abovementioned subject fields were automatically removed. This process resulted in 83 works of literature. However, after the first round of reading, any literature that was found not directly engaging in the discussion related to 'ethical concerns of leadership in the digital era' was excluded. Thus, only 15 pieces of literature searched from the library database met the inclusion criteria and were retained for reviewing.

Next, as recommended by Adams et al. (2017) and Garousi et al. (2019), the snowball method, the usage of backlinks, and expert recommendations were applied to add more literature to the review – Including books and essays on the 'history of computer ethics' and/or 'information ethics', the 'digitalization of leadership', and so on, in order to further enrich the discussion and ensure that the research questions are rightly answered (Snyder, 2019). None of the grey literature from the database search met the inclusion criteria. Hence, grey literature was added in the review through the same process of the snowball method, the usage of backlinks, and expert recommendations. Grey literature supporting relatively mature and bounded academic conversations (Adams et al. 2017) were automatically excluded from the selection process. Hence, after applying the strategies outlined above a total of 83 publications were identified and obtained for the final review.

A high number of the documents from the database search were excluded mainly due to their focus on micro-level analysis of digitalization in specific fields, while this study aims to highlight a general scenario within this topic. Therefore, it is possible to conduct more studies drawing from the excluded literature in specific contexts and particular fields, such as the use of social media tools, biometric technologies, and implications of AI for the health and wellness sector. More details on the recommended future research as well as some of the limitations of this study are presented in the subsequent segments.

Moreover, MLR methodology emphasizes the importance of clear stopping criteria based on, for example, 'theoretical saturation', 'effort boundedness' and 'evidence exhaustion' (Garousi et al., 2019). Therefore, for the additional literature search only the first fifty results from each of Google, Google Scholar, and the university database were considered, whereas, when using the snowball and backlinks techniques, up to three levels of references were explored. This criterion is justified due to the fact that the most significant literature sources often appear on top. 'Ethical challenges of leadership in the digital era' is an ever-evolving topic that is widely discussed, so to include more literature would have led to data enervation and also derailed the topic into a never-ending discussion.
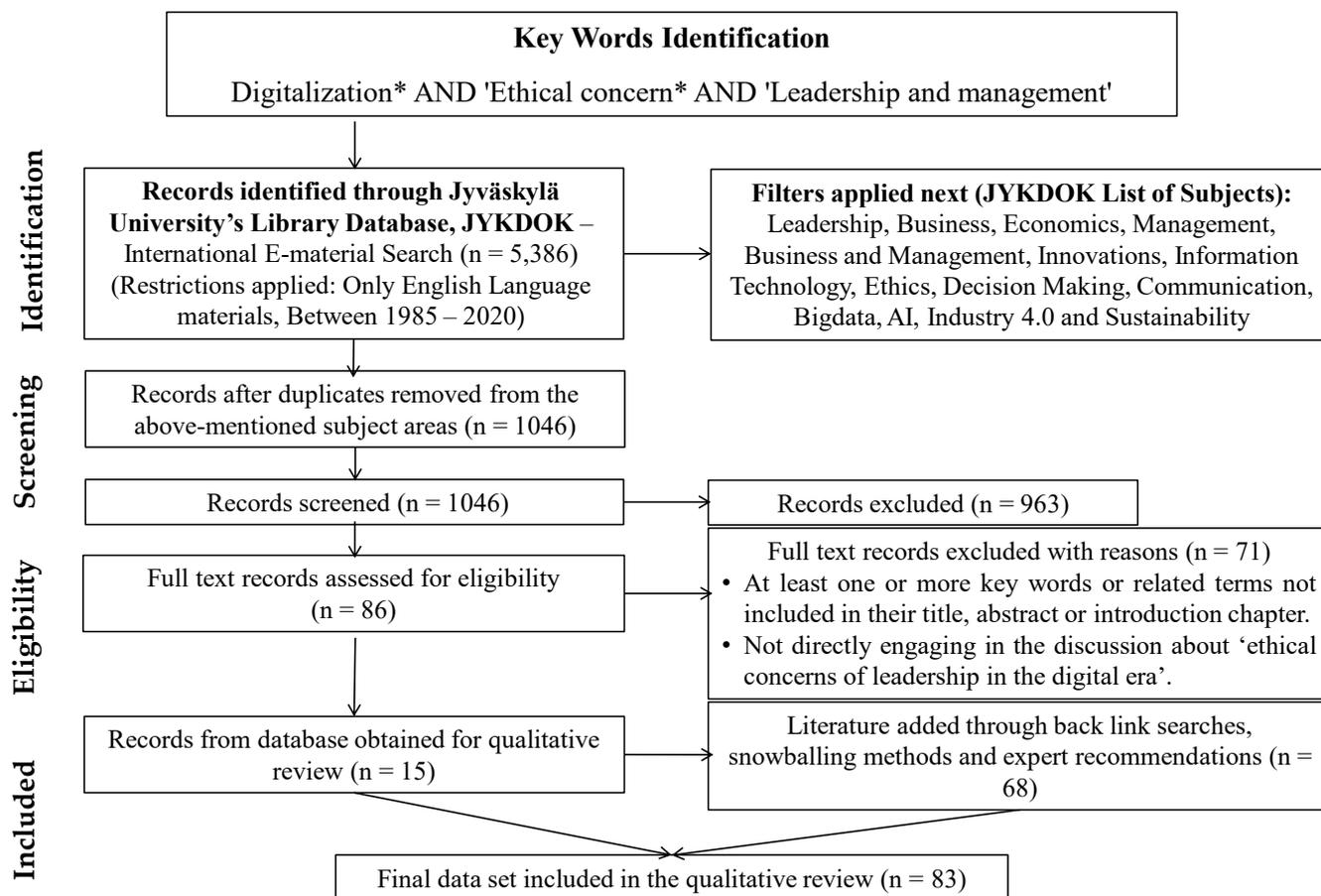
Key Words Identification

Digitalization* AND 'Ethical concern* AND 'Leadership and management'

Identification

Records identified through Jyväskylä University's Library Database, JYKDOK – International E-material Search (n = 5,386) (Restrictions applied: Only English Language materials, Between 1985 – 2020)

Filters applied next (JYKDOK List of Subjects): Leadership, Business, Economics, Management, Business and Management, Innovations, Information Technology, Ethics, Decision Making, Communication, Bigdata, AI, Industry 4.0 and Sustainability

Screening

Records after duplicates removed from the above-mentioned subject areas (n = 1046)

Records screened (n = 1046)

Records excluded (n = 963)

Eligibility

Full text records assessed for eligibility (n = 86)

Full text records excluded with reasons (n = 71)
• At least one or more key words or related terms not included in their title, abstract or introduction chapter.
• Not directly engaging in the discussion about 'ethical concerns of leadership in the digital era'.

Included

Records from database obtained for qualitative review (n = 15)

Literature added through back link searches, snowballing methods and expert recommendations (n = 68)

Final data set included in the qualitative review (n = 83)

Figure 1. Literature search strategy and selection criteria.

Source Selection, Data Extraction and Synthesizing

It is essential to disclose that some of the literature included in this study does not exclusively discuss the topical issues of 'digitalization' 'ethical challenges of leadership' and 'contemporary organization'. The intention behind this decision is to offer a comprehensive and holistic view of the topic, with adequate background information, historical foundations, systemic coherence, and interdisciplinary relationships.

Moreover, the studied topic itself is very closely intertwined with topics like human resource management (HRM), public administration, e-governance, and cybersecurity, among others. This automatically demands the inclusion of some literature from those domains as well. However, as recommended by Adams et al. (2017), Garousi et al., (2019), Snyder (2019), and Paul and Criado (2020), only sources that provide direct theoretical, methodological, and empirical evidence to the review topic and research questions were included.

Adams et al. (2017) highlight that despite the apparent benefits of grey literature, proper methodological guidance is remarkably rare concerning its inclusion, particularly in the field of MOS. Garousi et al. (2019) also share this view. The researchers also claim that the inclusion of grey literature entails even greater challenges regarding data management, extraction, and synthesizing. This study primarily follows the guidelines presented by Adams et al. (2017) and Garousi et al. (2019) for data extraction and synthesizing.

During the review process, a specific literature review specification table was developed. At the same time, the literature was categorized into three conceptual areas of discussion:

1. Big data, algorithmic decision-making and the changing role of leadership

2. Computer and information ethics to AI ethics and emerging challenges to leadership

3. Ethical organization systems design and the emerging challenges to leadership in the digital era

As per the guidelines of Adams et al. (2017), grey literature in this study is mainly included as supplementary evidence, rather than a competing form of evidence. Likewise, this study includes mainly the 'Tier-1' and 'Tier-2' grey literature, with a few exceptions of 'Tier-3' materials (ibid, 2017, p. 435). Hence, the included grey literature is of 'similar status, findings and confidence levels' with the scientific literature. Thus, there was no need to report them separately. The qualitative data synthesis as determined by the research questions and the review results are discussed next.

Results

Literature Sources

Literature search results have revealed that publication of new literature from 1985 to 2020 on the topic of digitalization and ethical challenges of leadership generally increased since 2010 and skyrocketed during the last few years in particular. The literature review specification table in Appendix 1 consists of all the references, primary sources, publication titles, and numeric indications of 3 main conceptual areas of discussion as listed above. Hence, it provides answers, particularly to RQ 1, concerning what has been previously studied and is available surrounding this topic.

For the purpose of this study, literature sources have been divided into three categories: Research literature (scientific, peer-reviewed articles), White literature (academic and theoretical

books) and Grey literature from other sources (please refer to the Appendix -1 for more details).

As presented in the table in Appendix 1, a total of 83 works of literature were reviewed in this study. Among them, there are 40 scientific peer-reviewed journal articles, 23 academic and theoretical books, and 20 grey literature. Hence, both theoretical and conceptual as well as empirical studies are included, while all the research literature included in this review is comprised of qualitative papers. Seventy-eight of the reviewed literature works were published during 1985–2020, except for five, which are considered classical and foundational works within this field of study, and therefore important to include in the review. Please also refer to the detailed explanation of the criteria and strategy for the literature search, presented above.

Findings

The descriptive information and a synthesis from the review of literatures, included in Appendix 1, in terms of their effects on and contributions to (Snyder, 2019) the three main conceptual areas of discussion is presented below. This section thus provides answers to research questions stated above in 'Research Design and Methodology'.

Despite the fact that ethics, leadership, and digitalization are widely discussed fields of study in academic research, scholarly debates, and the business world, the literature search results and review in this study have revealed that 'ethical challenges of leadership in the digital era' as a unified research concept is still in an evolutionary phase. It is difficult to find explicit statements on the emerging ethical challenges of leadership in the digital era, so the issue was found discussed in subtler forms instead, from the viewpoint of 'ethics of digitalization' in general and its apparent consequences in the organizational systems, including leadership work.

Big Data, Algorithmic Decision-Making and the Changing Role of Leadership

The literature reviewed in this study reveals that digitalization is a 'double-edged sword', particularly for leaders. For instance, as noted by Entschew and Suchanek (2017), Capurro (2017) and Royakkers et al. (2018) default digital designs or a demand for permanent availability, efficiency at the expense of personal privacy, unfair monetization of personal data, and the growing public concerns regarding the 'spying eyes' of various digital technologies such as IoTs, biometrics, VR and AR technologies have compounded the complications facing leaders in the search for balance between traditional ways of managing organizations and the pressing market need for the adoption of new technologies.

Poikola et al., (2020) and Sandvik (2014) state that the exponential rate of data collection in all aspects has resulted in a 'general digitalization of human lives'. Hence, Longbing (2017) proposes a theoretical concept for 'Big Data Science and Analytics' as a 'very necessary disciplinary science in the making' that will transform not only the core data oriented scientific and engineering fields but the fields of social science, business and management as well, thereby becoming a true enabler of a 'new platform economy', towards further digitalization of leadership work, enabled by AI and algorithmic decision-making.

On the other hand, Siebecker (2020) claims that despite the ethicists' major concerns regarding apparent problems with algorithmic reasoning, AI makes a 'compelling case for integrating moral considerations into board decision making'. However, 'AI systems are only as good as the data we put into them', so inputting 'low quality, biased and bad data' can be ter-

ribly damaging to organizations and societies, Siebecker warns. Hence, as noted by Belton (2019), apart from other requirements, digitalization of leadership, for instance adoption of AI powered advanced digital technologies such as big data analytics and machine learning, demands a sophisticated 'information governance system' for the creation, transmission, storage, analysis, use, valuation, security, and deletion of acquired data or information. Here, Belton reminds us that countries (such as China, the USA, and Germany) have adopted vividly distinct approaches to issues such as information governance, data security, e-commerce. Consequently, organizational leaders are facing various legal and moral challenges.

Davenport and Katyal (2018) and Park (2018) explain that it is the duty of leaders to ensure reliable digital infrastructure for data and privacy protection before the adoption of 'smart services'. Clavell (2018) shares this view and writes further that 'complications in data sharing among authorities', securing support and digital readiness among the personnel involved in the process, and developing a response mechanism for potential mismatches or unintended results from the use of new technology are among the other challenges for organizational leaders.

On the other hand, Brynjolfsson and Kahin (2000), McAfee and Brynjolfsson (2012) and Brynjolfsson and McElheran (2016) observed that along with the evolution of the new 'platform economy', traditional reliance on 'intuition' has been indeed replaced by data-driven decision-making (DDD). However, the critical question for leaders and managers in this 'new normal' is how to access and determine 'better data' for 'better decision-making'. Organizational leaders thus find it challenging to keep track of how AI-based digital technology has been transforming jobs and leadership roles and to formulate an evidence-based 'sense and respond' approach for the same (Brynjolfsson and Saunders 2010; Mitchel and Brynjolfsson, 2017). Additionally, as maintained by Dijck (2014), leaders and managers need to avoid and challenge the 'objective quantification' of human behaviour and sociality that has been made possible by so-called 'bigdata analytics'.

Havens (2014) notices the fundamental problem concerning bigdata and algorithmic decision-making is that individuals are not in charge of controlling their data. Havens warns that potential inputting of 'erroneous personal statistics' and exclusion of individuals from 'digital self-examination' is not only seriously undermining the true potential of AI and subsequent technologies built on personal data but also eventually failing it, as it could lead to the erosion of public or consumer trust – Hence, there is a risk that digitalization of leadership could become a failed or unfinished project. Fortunately, as noted by Havens there are rays of hope that a number of such initiatives are taking place worldwide towards 'individual control of data', 'beyond discussions of privacy or transactions'. For instance, the EU General Data Protection Regulation (GDPR, 2016) and the MyData Initiative (Poikola et al., 2020) are portrayed as initiatives in that direction.

Nonetheless, it remains a fact that people today are living under constant fear of breaches of cybersecurity and the potential theft of their identities, bank credentials, credit card data and other personal information (Kizza, 2013, pp. 9-11, Kumar and Rosenbach, 2019). The recent psychotherapy centre data breach in Finland (Yle, 2020) has once again awakened us with a brutal reminder of the emerging challenges and ethical tensions on the part of leadership caused by digital technologies in contemporary organizations. The World Economic Forum (2019) also highlights 'data fraud or theft' and 'cybersecurity' as the major challenges in terms of their impact in contemporary

organizations and leadership work. The document posits that while it is unrealistic to expect 'complete immunity' from such threats and attacks, the task of leadership is to keep the risks to an 'acceptable level'.

In the field of Human Resource Management (HRM), traditionally aligned HR processes and information systems along with a lack of high-quality data are cited as the primary factors impeding adoption of advanced HRA (Dahlbom et al., 2019). Dahlbom et al. therefore argue that HR should evolve from its traditional administrative role into a 'data-driven decision science of its own' – Thereby integrated into the 'critical decision-making body', i.e., the leadership team in an organization. Longbing (2017) also shares this view. However, these researchers highlight the utmost need to remain vigilant concerning the potential legal and ethical challenges that further digitalization of HR decision-making could entail.

Auvinen and Lämsä (2020) observe that the use of technology in HRM and organizational governance in general is not without problems. They see the major challenges as being a mechanistic viewpoint, machine-like treatment of human beings, and threats to privacy protection. Likewise, Leicht-Deobald et al. (2019) and Capurro (2017) find that AI systems do not have 'moral imagination power' and lack the ability for 'practical interpretation of the norms'. Hence, the writers maintain that algorithmic decision-making is legally and ethically problematic as of now. They recommend that organizational leaders and HR managers should be trained in critical data literacy, broad ethical awareness, and 'participatory design methodologies' for minimizing risks.

Computer and Information Ethics to AI Ethics and Emerging Challenges to Leadership
The review of literature in this study upholds that understanding the history of computer ethics provides us with a starting point in dealing with the digitalization of leadership and emerging ethical challenges. Following in the footsteps of Wiener's pioneering works on setting the foundations of the field of computer and information ethics (discussed above in 'Theoretical and Conceptual Backgrounds'), Maner (1980), Weizenbaum (1976), Bynum (2000), Parker et al. (1990), ACM (1992), Johnson (1985) and Moor (1985) have all contributed to the subsequent development of the field with their emphasis on the need for a comprehensive analysis of the nature and social impact of computer technology, and they also stress that formulation and justification of policies for the ethical use of the same is essential.

Maner (1996) opens a 'uniqueness debate' with the idea that computer ethics is a specific and autonomous academic discipline dealing with specific issues associated with computer technologies, thereby having no correlation to the history of classical ethics. Johnson (1985), on the other hand, maintains that ethical challenges and problems posed by computer technology are merely the moral dilemmas and disguised classical problems of ownership, power, responsibility, and privacy. Furthermore, Walsham (1996) and Johnson (1999) argue that rather than leading to the creation of a new universal ethical system, computer ethics will simply continue to develop as a specific branch of applied ethics within the existing system. Likewise, Donald Gotterbarn (1991 and 2001) believes that computer ethics is nothing more than developing codes and a standards of ethics for computing professionals and specialists. In the digital era, this includes organizational leaders and managers as well.

Figure 2 (p. 37) displays the conceptual development of ethics in the field of digitalization. For instance, Floridi (1999 and

2008) dismisses the idea that standard ethical theories (classical ethics theories, discussed above) are enough to deal with the problems of computer ethics. Hence, Floridi proposes a new field of study, termed 'information ethics', as the foundational and philosophical counterpart of computer ethics.

Writers like Avolio, Kahai and Dodge (2001), Avolio and Kahai (2003) and Brynjolfsson and Saunders (2010) have dedicated their work to e-leadership and the digitalization of leadership. For instance, they maintain that digitalization has challenged traditional power dynamics in organizations, ultimately bringing about intense pressure on leadership and management professionals. These writers recommend balancing the traditional leadership practices with the new e-leadership model, making ethical choices and wisely using technology not only 'to reach' but 'to touch' all employees and stakeholders.

Whereas, distinguishing the truly sustainable long-term opportunities from the short-term hype of the ongoing digital disruption is a major challenge faced by the leaders in contemporary organizations (Urbach and Röglinger, 2019). At this point, it is worthwhile to remember that 'a Hong Kong based venture capital firm, Deep Market Ventures, appointed an AI software entity, Vital, to its board of directors in 2014' (Siebecker 2020, p. 96). Likewise, the Finnish digital technology firm Tieto (2016) informed the public that it had appointed 'Artificial Intelligence' as a member of the leadership team of its new data-driven businesses unit. These are only a few representative examples. Similar other practices have been reported around the world in recent years. Hence, the consequent ethical and legal challenges regarding digitalization (of leadership) are ever-increasing (Wood-Harper et al., 2006; Kizza, 2013; Sandvik, 2014; Bunz, 2017; Mitroff, 2019).

The literature review suggests that apart from the anxiety regarding the need for major organizational restructuring and fear of unequal distribution of the potential benefits from the ongoing digital disruption, the apparent lack of industry standards and 'ethical codes' for the application of AI based digital technologies in organizational governance and operation has been noticed as an imminent challenge to leadership work and professions in the digital era (Sandvik, 2014; The IEEE, 2017; Havens, 2018; Royakkers et al., 2018; Belton, 2019; the EU, 2019 & 2020). Ala-Pietilä and Lundström et al. (2019, pp. 36-37) and Koski and Husso (2018, pp. 12-19) also share this view and write further that it is therefore important to formulate an appropriate 'state intervention mechanism' for 'smart regulation and healthy competition' supervision in this field, so that ethical challenges to leadership could be minimized.

The IEEE (2017, pp. 61-65 and 182-190), The EU (2019), Havens (2018) and Davenport and Katyal (2018) propose that an ethical framework for AI-based digital systems, which is already a desperate need of our times, can be built upon the same foundations as 'classical ethics' as well as 'computer and information ethics' (discussed above) by embedding fundamental human rights, values and wellbeing metrics in their design and operation. An EU white paper on AI (2020) urges member states to assume leadership roles and formulate new national legislations on AI technology in order to ensure citizens' trust and confidence. However, 'laws are not always up to the speed with technological developments' (EU, 2019), so AI-based digital technologies should adhere to ethical norms in the first place.

Moreover, countries like Japan are already headed for society 5.0 (Gladden, 2019). Gladden projects that autonomous robots and AI systems will become active participants or even full members in such a society. Still, their recognition as moral subjects or political entities will remain an unrealistic scenario.
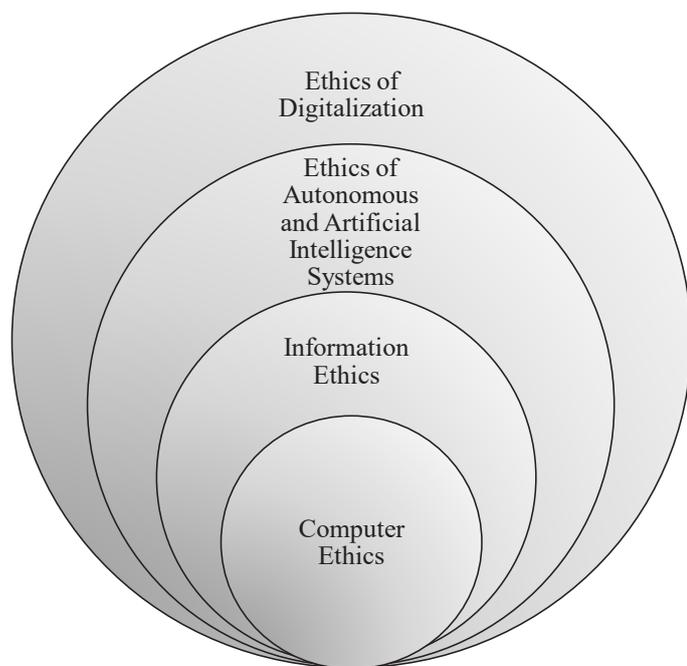
Figure 2. Conceptual development of ethics in the field of digitalization.

However, along with natural biological human beings, human beings altered or enhanced with futuristic technologies (to various degrees) will make up the predominant members in society 5.0. This will further diversify human society, increase the risk of inequality, and also further complicate the ethical and legal challenges concerning the use of AI technologies, Gladden maintains.

Ethical organization systems design and the emerging challenges to leadership in the digital era
The review of literature in this study reveals that complications in ethical organization systems design in itself stands as a major ethical challenge to leadership in the digital era. As noted by Burrell and Morgan (1979, pp. 152-156), organizations are 'living systems' open to their environments wherein the social system is considered a positive, but a technological system is seen as an element that leads to complications. Also worthy of note here are Robey and Boudreau's (1999) discussion on the 'logic of opposition' against the 'logic of determination', and Clegg et al.'s (2001) recommendation for taking an approach of 'practical relevance' instead of 'rhetorical significance' to studying the consequences of information technology in organizational systems and the apparent challenges to leadership.

However, Gharajedaghi (2011, pp. 16 & 29-30) explains that unlike the system thinking of the first and second generations, the system thinking of the digital age has to deal with the challenges of interdependency, self-organization and choices all at once. Hence, the leaders of the digital era are required to possess and demonstrate abilities to adapt and reinvent themselves accordingly. As well, Auvinen and Lämsä (2020) have observed that self-organizing capabilities of organizations are largely shaped by the operating environment.

Today, a crisis of meaning and eroding moral authority is largely persistent in contemporary organizations around the world (Brown and Tervino 2006; Brown and Mitchell 2010; Bolman and Deal 2017). Hence, Riivari and Lämsä call for not only a positive attitude, but also 'leadership by example and ethical role modelling' (2019, p. 233) as essential for promoting ethical virtues of innovativeness in digital-era organizations).

Epley and Kumar (2019) argue that ethics is indeed not only a 'belief problem' but also a 'design problem' in contemporary organizations, where leaders can play decisive roles with simple yet effective actions. According to Epley and Kumar, ethical organization systems design can be as simple as embedding ethical principles into an organization's strategies and policies, setting up a top priority for ethical leadership practice, establishing an incentive-based culture for ethical behaviour and encouraging ethical norms in everyday operations. Auvinen et al. (2019) examine the correlation of digitalization and 'strategy narration' by leaders, noting that there is an increasing demand for 'organizational transparency' and 'responsible communication' by leaders in all sectors.

However, as maintained by Filabi and Haidt (2017) and Floridi et al. (2018), a results-driven ethical framework or system design in the digital era involves consistency and alignment of personal, organizational, and regulatory readiness and commitment. Additionally, Singer (2002, pp. 1-13) and Groarke (1998) maintain that phenomena such as globalization, climate change, terrorism, cybersecurity, and organizational restructuring are no longer exclusively the concern of public policy and international diplomacy: they also determine business culture and leadership ethics, or at least to a large extent thinking about ethics in organizations. Chernyak-Hai and Rabenu (2018) explored the need for readjustments in social exchange theory (SET) used to understand labour relationships, in order to better align it with the technological, political, globalization, and economic changes of the recent decades, so that the challenges to leadership associated with the same could be minimized.

Dolgin (2012) coined the term 'new economy of the information society', a phenomenon for which a definitive name and leadership model has not yet materialized. Froese (2017) proposes an updated vision to the new organizational equilibrium for the 21st century, towards developing a 'systematic approach' consisting of the planning and implementation of 'strategies and processes' to achieve and maintain a balanced equilibrium in organizations. Similarly, Fiorini et al. (2020) discuss the global leadership challenge in the 21st century with an integrated and strategic perspective in science, engineering and technology (SET) towards a radical redesign of organizational systems and the role of leadership.

Moreover, Caruso (2017) argues that among other challenges, the potential emergence of 'knowledge workers' as the 'new elites' is an imminent social challenge that digitalization and the fourth industrial revolution entails – While the technology industry's failure or unwillingness to predict 'prescribed consequences' to jobs and organizational design stands as yet another major challenge to leadership work. Capurro (2017) observes it more like a 'digital class divide'. Chernyak-Hai and Rabenu (2018) share this view and write further that the new role of leadership in this new reality is about balancing organizational politics and power relationships, along with ensuring 'distributive justice' in order to avoid 'reproduction of employee inequality' and 'counter-productive behaviour' in organizations.

Recommendations for Future Research

As discussed above, organizations and their leaders often perceive and portray digitalization as a critical response needed to drive innovation and efficiency towards increasing levels of business agility, along with meeting the rising customer expectations for individualized experiences. Digitalization of leadership work often appears at the top of this process. However, technological developments naturally require considerable ad-

aptation, including making ethical choices on the part of leadership in organizations, while also remaining efficient in the 'old world order' (e.g., Avolio et al. 2001, pp. 615 & 623). Therefore, the challenges facing leaders in making ethical choices while working together with advanced, often autonomous digital systems should be studied empirically as a separate research topic in itself.

The ethical challenges of leadership associated with the proposed new field of bigdata science (e.g., Longbing, 2017) and the 'ethical data economy' (e.g., Poikola et al., 2020; Ala-Pietilä and Lundström et al., 2019), which are often considered in the literature reviewed within this study, demand further empirical investigation. In relation to the same, it is vital to conduct more research regarding the ethical challenges of leadership in formulating an evidence-based 'sense and respond' approach (Brynjolfsson and Saunders 2010; Mitchel and Brynjolfsson, 2017) that that the writers claim can be built on the strategic value offered in the form of bigdata.

The EU General Data Protection Regulation (GDPR, 2016) and the 'MyData Initiative' (Poikola et al., 2020) are portrayed as a 'coherent data protection framework' and a true companion to organizational leadership towards promoting an ethical data economy based on an open business environment, economic certainty, and transparency for the involved stakeholders, including leaders and managers in all kinds of organizations. This topic in conjunction with Nissenbaum's (2010) argument that privacy and data security as the 'subjects of contextual determination' can be a whole new topic of research, in terms of their applied effectiveness and leadership experiences for the same.

Increasing public concerns regarding control and filtering of freedom of expression along with issues like unfair power balance in the use of digital technologies are noticed in this study as challenges to leaders in the digital era, while assurance of cybersecurity and embedding privacy and digital trust into the DNA of organizations (e. g., Stone, 2019; WEF, 2019) have been proposed as potential solutions. Thus, it is important to conduct further studies to find out the required qualities, effectiveness, and challenges of leadership in addressing these issues.

The majority of the literature reviewed in this study highlights the apparent lack of industry standards and universally accepted 'ethical codes' for AI-based digital technologies as the major ethical challenge of leadership in the digital era. Moreover, additional ethical dimensions associated with the artificial superintelligence (ASI) now in the making and the AI provisions designed for critical sectors, such as health care, transportation, law enforcement and legal systems as well as 'physical harm' or warfare are emphasised in much of the literature. Likewise, emotional intelligence, affective computing, and the mixed reality provisions being embedded in AI development are also noted as further challenges to leaders. Hence, more scholarly engagement exclusively surrounding this topic, an ethics of AI, is highly recommended, along with challenges to leadership in contemporary organizations.

Moreover, this study highlights only a general scenario regarding the ethical challenges of leadership in the digital era. Thus, it would be beneficial to conduct further study in a country-and-field-specific context within this topic. For instance, how leadership work has transformed due to AI-based digital technologies in Finland and what ethical challenges leaders are facing, such as in education, health and wellness, or banking and finance. Likewise, the major challenges for an ethical organization system design in the digital era could be studied more thoroughly and empirically in future studies.

Moreover, future studies in this field could also focus on the impact of rapid digitalization in organizational, professional, and family life that has been driven by the sudden appearance of the Covid-19 global pandemic and has highlighted the underlying ethical problems, unfair organizational designs, broken systems, and failure of leadership both within the governmental structures and business world (Fiorini et al., 2020).

Discussion and Conclusions

Drawing upon the method of multi-vocal literature review (MLR), this study explored the emerging ethical challenges of leadership in the digital era. As presented above, adoption of AI-based digital systems in organizational governance and operation is largely contributing to rapid digitalization of leadership work. At the same time, the general digitalization of human life and the security of personal data have become the primary concern for leaders and the pivotal point of discussion in both the academic community and business world today – While leaders are often struggling to determine 'quality and strategic usefulness' (Brynjolfsson and Saunders, 2010) as well as legal and moral clarity in the use of specific data sets.

Figure 3 (p. 39) summarizes the major ethical challenges of leadership in the digital era. The challenges can be realized in terms of socio-economic, political, and environmental challenges, and they fall within the main three conceptual areas of discussion as presented in the findings of this study. How digital technologies can be used to improve the processes and outcomes of businesses without compromising ethical and moral duties of leadership and management is a major question today. A swift introduction of new regulatory policies and an ethical framework for emerging digital technologies as the new companion to leadership is an imminent need of the time. Moreover, digital-age leaders and managers are required to be able to clarify the relationship between professional ethics and applied ethics for AI and autonomous digital systems, while also critically examining the essence of classical ethics in terms of their applicability for the same. The popular term coined by Moor in 1985, 'policy vacuums', concerning the governance of computer systems (digital technologies) still refers to an unsolved problem. Hence, those vacuums are the real ethical challenge to organizational leaders in the digital era.

Moreover, as revealed by Robey and Boudreau (1999, p. 170) there is still no consistency among academics and practitioners regarding the true consequences or impact of the application of digital technologies to leadership work and organizational systems. Manner's (1996) uniqueness debate, which was reinforced by Gorniak (1996), concerning computer ethics is being further developed today, as AI ethics or ethics of digitalization in general are slowly taking centre stage in the universal ethics debate around the globe (Bynum, 2015). Ethical challenges of leadership are very much dependent on the settlement of this debate and the development of universally accepted codes of ethics.

Important consideration of the human dimension of digitalization and compliance with fundamental concepts of ethics is not only contributing to ethical organization systems design and leadership excellence, but it is also strengthening the case for further development of advanced digital technologies in itself. However, the ongoing digital disruptions, emergence and domination of multinational business corporations and supranational governing agencies that severely challenge the traditional roles and power exercises performed only by nation-states are largely intertwined, and have become a major challenging factor in ethical leadership practice globally. Hence,
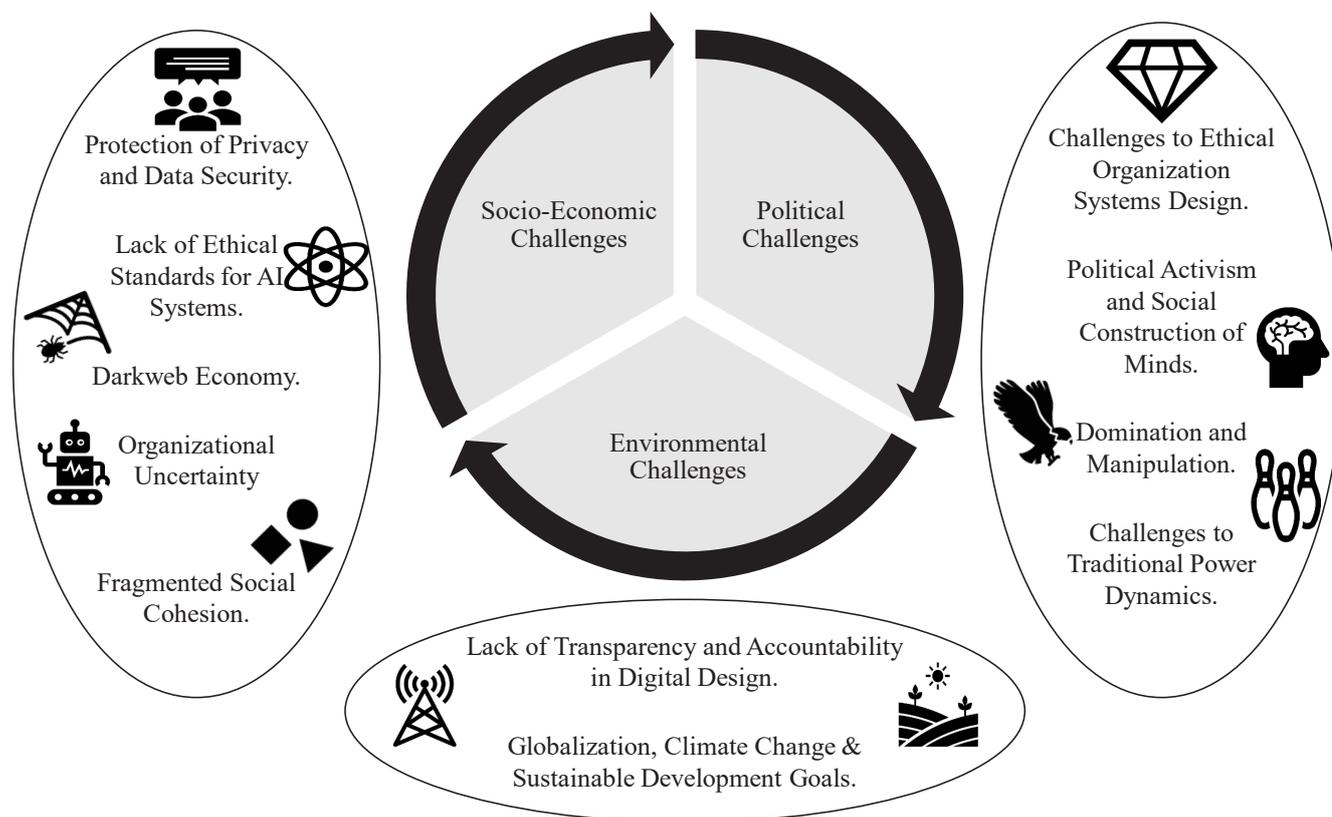
Figure 3. Emerging ethical challenges of leadership in the digital era.

there is a sense of urgency to formulate 'new ethics' and a leadership model consistent with the age of globalization and technological disruption in order to create a more ethical, efficient and just system of organizations.

Even though ethical neutrality is an unattainable ideal (Wood-Harper and Wood, 1996), there is a growing need for education and training in ethical implications for leaders, human resource managers, and systems engineers. Furthermore, there is an imperative to ensure a readiness for continuous learning and proactive consciousness among leaders towards tackling the ever-increasing ethical challenge posed by new technologies. At the same time, there is so much to agree with in Clavell (2018), that studying ethical, social, organisational, and technological challenges should not be understood as a way to limit the potential of technology, but to ensure that it can reach its full potential. It is not necessarily a debate for and against the use of technology, but how to implement it without causing tensions among the stakeholders or creating turmoil in organizations.

While this study is timely and includes the most recent contributions, it comes with limitations which should be considered and overcome in future studies. First, since the study was designed to offer a general overview of prior research and highlight the ethical challenges of leadership in the digital era, the author has not provided detailed propositions to the conceptual categories outlined in the study. This needs to be addressed by future studies. The second limitation concerns the data set. The author primarily drew data from a local university database and direct recommendations from academic experts within this field. Hence, it is possible that some relevant literature stored elsewhere might have been overlooked. Thus, future studies could be conducted with comparative data sets from two or more databases.

Acknowledgements:

Conflict of interest:

The author declares that there is no conflict of interest.

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Appendix 1: Specification Table of the Reviewed Literature.

S. N.	Literature	Source	Title	Areas of Discussion*	Category*
1	ACM (1992)	The Association for Computing Machinery.	ACM Code of Ethics and Professional Conduct.	2	Grey
2	Ala-Pietilä and Lundström et.al. (2019)	Government of Finland, MoEAE	Leading the way into the age of artificial intelligence - Final report of Finland's Artificial Intelligence Programme 2019.	2	Grey
3	Auvinen and Lämsä (2020)	EJBO – Business & Organization Ethics Network	Henkilöstöjohtamisen Trendit Digitalisoituvassa Toimintaympäristöss	1 and 3	Research
4	Auvinen et. al. (2019)	Leadership - SAGE Publications.	Evolution of strategy narration and leadership in the digital era	3	Research
5	Avolio, Kahai and Dodge (2001)	Leadership Quarterly.	E-Leadership Implication for Theory, Research and Practice.	2	Research
6	Avolio and Kahai (2003)	Organizational Dynamics – Elsevier Science Inc.	Adding the 'E' to E-leadership: How it may impact your leadership.	2	Research
7	Belton et.al. (2019)	Issues in Science and Technology	Who Will Set the Rules for Smart Factories?	1 and 2	Research
8	Bolman and Deal (2017)	Jossey-Bass.	Reframing Organizations: Artistry, Choice, and Leadership (6th Edition).	3	White
9	Brynjolfsson and Kahin (2000, Eds.)	The MIT Press.	Understanding the Digital Economy: Data, Tools and Research.	1	White
10	Brynjolfsson and McElheran (2016)	American Economic Review: Papers & Proceedings 2016.	Digitalization and Innovation: The Rapid Adoption of Data-Driven Decision-Making.	1	Research
11	Brynjolfsson and Saunders (2010)	The MIT Press.	Wired for Innovation: How information technology is reshaping the economy.	1 and 2	White
12	Brown and Trevino (2006)	The Leadership Quarterly Elsevier Inc.	Ethical Leadership: A review and future directions.	3	Research
13	Brown and Mitchell (2010)	Business Ethics Quarterly.	Ethical and Unethical Leadership: Exploring New Avenues for Future Research.	3	Research
14	Bunz (2017)	Amsterdam University Press.	The need for dialogue with Technology - In Schafer and van Es (Eds): The Datafied Society: Studying culture through data.	2	Research
15	Burrell and Morgan (1979)	Ashgate Publishing	Sociological Paradigms and Organizational Analysis.	3	White
16	Bynum (2000)	American Philosophical Association.	A Very Short History of Computer Ethics. In: Newsletter on Philosophy and Computing.	2	Research
17	Bynum (2015)	Stanford University	Computer and Information Ethics	2	Grey
18	Capurro (2017)	AI & Society	Digitization as an ethical challenge.	2	Research
19	Caruso (2017)	Springer-Verlag London Ltd.	Digital innovation and the fourth industrial revolution: epochal social changes.	3	Research
20	Ceruzzi (2012)	The MIT Press.	Computing: a concise history.	2	White
21	Chernyak-Hai and Rabenu (2018)	Industrial and Organizational Psychology.	The New Era Workplace Relationships: Is Social Exchange Theory Still Relevant?	3	Research
22	Clegg, Clark and Ebarra (2001)	Journal of Human Relations, SAGE Publications.	Millennium management, changing paradigms and organizational studies.	3	Research
23	Clavell (2018)	Springer Journal of Ethics and Information Technology.	Exploring the ethical, organisational and technological challenges of crime mapping: a critical approach to urban safety technologies.	1	Research
24	Davenport and Katyal (2018)	MITSloan Management Review.	Every Leader's Guide to the Ethics of AI.	1 and 2	Grey
25	Dolgin (2012)	SpringerLink.com	Manifesto of the New Economy: Institutions and Business Models of the Digital Society.	3	White
26	Dahlbom, Siikanen and Sajasalo (2019)	Baltic Journal of Management - Emerald Publishing Limited.	Big data and HR analytics in the digital era.	1	Research

27	Entschew and Suchanek (2017)	ZFWU Journal of Economic and Business Ethics.	Digital Communication: A New Challenge for Moral Discernment.	3	Research
28	Epley and Kumar (2019)	Harvard Business Review.	How to Design an Ethical Organization	3	Grey
29	Filabi and Haidt (2017)	World Economic Forum.	Ethical systems design: what smart leaders are using to improve their organizations (and the world).	3	Grey
30	Floridi (1999)	Ethics and Information Technology.	Information Ethics: On the Theoretical Foundations of Computer Ethics.	2	Research
31	Floridi (2008)	John Wiley & Sons Inc.	Foundations of Information Ethics (In Himma and Tavani, Eds. - The Handbook of Information and Computer Ethics).	2	White
32	Fiorini et.al. (2020)	Cadmus Journal.	Global Transformative Leadership in the 21st Century: A Science, Engineering, Technology Integrated and Strategic Perspective.	3	Research
33	Floridi, Cowls and Beltrametti (2018)	Minds and Machines.	AI4People - An Ethical Framework for a Good AI Society: Opportunities, Risks, Principles, and Recommendations.	3	Research
34	Froese (2017)	Springer-Verlag Berlin Heidelberg.	Organizations in balance: revitalizing the concept of organizational equilibrium.	3	Research
35	Gharajedaghi (2011)	Elsevier (Morgan Kaufmann) Inc.	Systems Thinking: Managing chaos and complexity – A platform for designing business architecture.	3	White
36	Gladden (2019)	MDPI Journal of Social Sciences.	Who Will Be the Members of Society 5.0? Towards an Anthropology of Technologically Posthumanized Future Societies.	2	Research
37	Gorniak-Kocikowska (1996)	Global Information Ethics – Opragen Publications	"The Computer Revolution and the Problem of Global Ethics," in T. Bynum and S. Rogerson (eds.).	2	White
38	Gotterbarn (1991)	The Phi Beta Kappa Journal.	Computer Ethics: Responsibility Regained.	2	Research
39	Gotterbarn (2001)	Science and Engineering Ethics.	Informatics and Professional Responsibility.	2	Research
40	Groarke (1998)	Wilfrid Laurier University Press.	The Ethics of the New Economy: Restructuring and Beyond	3	White
41	Havens (2014)	Mashable.com	Artificial Intelligence Is Doomed if We Don't Control Our Data.	1	Grey
42	Havens (2015)	Mashable.com	The importance of human innovation in A.I. ethics.	1	Grey
43	Havens (2018)	AI Matters – IEEE.	Creating Human Standards for Ethical Autonomous Intelligence Systems	2	Research
44	Johnson (1985, 1994, 2001)	Prentice-Hall.	Computer Ethics.	2	White
45	Johnson (1999)	A keynote address at ETHICOMP99, Rome, Italy, October 1999.	Computer Ethics in the 21st Century.	2	Grey
43	Kizza (2013)	Springer-Verlag.	Ethical and Social Issues in the Information Age - Texts in Computer Science.	1 and 2	White
46	Koski and Husso (2018)	Government of Finland, Ministry of Economic Affairs and Employment.	Work in the age of artificial intelligence: Four perspectives on the economy, employment, skills and ethics.	2	Grey
47	Kumar and Rosenbach (2019)	International Monetary Fund (IMF).	The Truth About The Dark Web.	3	Grey
48	Leicht-Deobald et. al. (2019)	Springer - Journal of Business Ethics.	The Challenges of Algorithm-Based HR Decision-Making for Personal Integrity.	1	Research
49	Longbing (2017)	ACM Computing Surveys.	Data Science: A Comprehensive Overview	2	Research
50	Maner (1980)	Helvetia Press.	Starter Kit on Teaching Computer Ethics.	2	White
51	Maner (1996)	Science and Engineering Ethics.	Unique ethical problems in information technology.	2	Research
52	McAfee and Brynjolfsson (2012)	Harvard Business Review.	Big Data: The Management Revolution	1 and 2	Grey
53	Miroslav (2015)	Trauner Verlag Universitat.	The history of computer ethics and its future challenges.	2	Research
54	Mitchell and Brynjolfsson (2017)	Springer Nature (Macmillan Publishing).	Track how technology is transforming work	1 and 2	Research
55	Mitroff (2019)	Palgrave Macmillan.	Technology Run Amok	2	White

56	Moor (1985)	Blackwell (October 1985 issue of Meta-philosophy).	What Is Computer Ethics? In Bynum (Ed.): Computers and Ethics.	2	Research
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