

Vertical development of leadership culture

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Abstract

This article defines leadership culture and provides a framework for its vertical (aka constructive-developmental, or transclusive) transformation. The idea of leadership culture and its developmental potential has been a key focus of research and practice at the Center for Creative Leadership since the mid-1990s, as CCL began transcending and including its domain of developing individual leaders within an explicitly relational ontology. The Direction, Alignment, and Commitment (DAC) Framework models leadership as a relational process operating at both individual and collective levels, in which beliefs and practices for creating DAC are shown to develop vertically. Collaboration with Bill Torbert and associates has produced a model of leadership culture transformation in parallel with the action logics observed in individual leaders. The second part of this article describes an approach to change leadership via multi-year collaborative inquiries grounded in culture. The Change Learning Cycle integrates three intertwining domains of change: self, cultural beliefs, and systems. Finally, the article outlines the use of a leadership culture tool box for change leadership initiatives designed for engaging, scaling, and democratizing leadership culture development for everybody, everywhere.

Introduction

A distinctive feature of our time is that cultures of all kinds are proliferating, splitting, combining, and evolving. The destructive polarizations apparent in society are largely culturally driven. “Culture” used to be a comforting word that implied stability and civic cohesion. Culture has instead become a frightening word amidst the churn of global identity politics. What is the solution? We must evolve in ways never before imagined. New and better leadership is required but our 20th century models and techniques of leadership development are insufficient to the challenges. A new paradigm is emerging in which the development of individual leaders is included and transcended by taking *leadership culture* itself as a primary unit of human development. Leadership cultures produce leaders. Polarized cultures produce polarized leaders—usually. A leadership culture is itself a kind of living entity, with evolving memetic beliefs, practices, and artifacts. We propose a class of memetic social entities or systems called *leadership culture*, members of which change, develop, and intertwine in ways we are learning to observe, describe, and influence. Leadership cultures are where we live, and for our collective well-being we need them to be healthy and thriving (Palus, Harrison, & Prasad, 2015).

The way forward, we think, lies in making leadership culture visible, understandable, and intentional. This means making leadership culture itself the object of the kinds of intensive development efforts that in the past have been focused on individual leaders. We know now that leadership cultures can evolve, and can be intentionally shaped, to higher levels of collective awareness, efficacy, and moral action. We live in a time of accelerating cultural dynamics, of remarkable growth as well as damage and decay. The vertical development of leadership cultures amidst this churn is possible, promising, and necessary.

In this article we describe a body of theory and practice for change leadership, with leadership culture as the main arena for intentional, strategic change in organizations and communities. The vertical development of leadership culture, in concert with individual, team, and societal development, enables the execution of complex strategies in increasingly challenging contexts.

Our maxim is:

If you want best practices, you need best beliefs.

Beliefs drive practices.

Beliefs are embedded in cultures.

Culture always wins.

The key question becomes:

How can you evolve and transform your culture around best beliefs?

Our Work

The co-authors of this article are Senior Fellows of the Center for Creative Leadership (CCL) who work with clients in a wide variety of leadership development contexts at the levels of individual leaders, group effectiveness, organizational leadership, and societal advancement.

Our mission at CCL (www.ccl.org), a 50-year old non-profit research-based organization, is to advance the understanding, practice and development of leadership for the benefit of society worldwide. Our vision is to positively transform the way leaders, their organizations, and our societies confront the difficult challenges of the 21st century.

The idea of leadership culture and its vertical transformation has been a key scaffold of research and practice at CCL since the mid-1990s, as CCL began transcending and including the psychological paradigm of individual leader development within a more encompassing sociological and relational ontology (Drath & Palus, 1994; Palus & Drath, 1995; Drath, 2001; Drath et al., 2008).

The Center for Creative Leadership and Bill Torbert's Global Leadership Associates (www.gla.global) are partner research-practitioners focused on the development of leaders and leadership cultures. Over the years we have theorized and explored leadership action logics at the collective, organizational level, and we have collaborated in change leadership initiatives. Our research methods are modeled on Torbert's rich framework of Collaborative Developmental Action Inquiry as we work with clients and partners in human development – and as we seek to transform ourselves and our own cultures and societies (McGuire, Palus & Torbert, 2007).

Over the long-term, at its best, this shared inquiry has been a dance of possibilities, insights, and mutual transformations among people who are passionate about human development. In this article we synthesize what we and our collaborators have learned about the vertical development of leadership cultures across several decades, around the globe with a practical bent toward more effective organizations and a healthier world.

Part 1: Leadership Culture Theoretical Frameworks

This body of work begins with the application of relational and pragmatic theory and philosophy (Gergen, 1994; Dewey, 1958) to leadership. Leadership is thus understood in terms of participating in, shaping, and constructing shared beliefs, practices, systems, and artifacts in service of certain kinds of shared outcomes. Leadership is meaning-making in service of collective action. We align with those seeking leadership in plural, collective, and complex systemic terms (Denis, Langley & Sergi, 2012; Ospina & Uhl-Bien, 2012; Drath et al., 2008; Uhl-Bien, 2006; Drath, 2001). We describe the relational point of view in terms of the DAC ontology for leadership development at the multiple levels of individuals, groups, organizations, and societies (SOGI) more broadly.

Upon this pragmatic, relational foundation we build our change theory and practice with the findings of individual constructive development (McCauley et al., 2006), learning theory and practice (McCarthy, 1996; Argyris, 1990; Senge, 1990), integral theory and practice (Wilber, 2000; Torbert, 2004); cultural anthropology and ethnography (Bohannon, 1995; Schensual & Lecompte, 2016), and organizational leadership strategy (McGuire & Rhodes, 2009; Denison, 1997).

We draw on all of this to describe and engage leadership cultures. Leadership cultures are the bodies of shared beliefs and practices in a collective that shape what “leadership” means (implicitly and explicitly) and thus determine how leadership is recognized, practiced, and developed. Because:

Culture always wins.

And:

Cultures evolve and transform.

Leadership cultures can evolve vertically, such that later action logics come to *transclude* (transcend and include) earlier ones. The potential rewards are greater maturity, agility, wisdom and collective ownership of the whole enterprise; and efficacy in volatile, complex, and uncertain times (Torbert, 1987). The vertical development of leadership culture is thus crucial to creating and sustaining organizational growth and change in the face of complex challenges.

Let's take a look at what we know and what we are still learning about the vertical transformation of leadership cultures.

The Relational Ontology and Leadership Culture Transformations

What one believes about the underlying nature of leaders and leadership drive one's organizational practices and strategies.

The Center for Creative Leadership has adopted the DAC Framework (Drath et al., 2008) across all our practice areas including Organizational Leadership. The DAC Framework is the basis for the theory and practice described in this article (Figure 1). *Direction* is agreement on shared goals. *Alignment* is the organization of work. *Commitment* is the willingness to subsume individual interests for the good of the collective. Note that the terms "leaders" and "followers" per se do not appear in the primary model, as they are derivatives of relational beliefs and practices for producing DAC.

In the relational ontology: *Leadership* is a social process, embedded in cultural beliefs and practices, which shapes and creates the collective outcomes of direction, alignment, and commitment (DAC). *Leadership development* is the growth and transformation of these DAC-shaping capabilities within a collective, at the multiple levels of individuals, groups, organizations, and societies. These multiple levels of leadership development and outcomes and their nested structure (Yammarino & Dansereau, 2008) are represented by the useful acronym SOGI (Palus, McGuire & Ernst, 2011).

Figure 1: The Direction, Alignment, and Commitment (DAC) Framework

Until recently, almost all theories of leadership derived from psychological ontologies in which leadership is situated within the character and personal competencies of individual leaders. Psychological ontologies take individuals as primary with relationships as by-products. A systemic version of this is that individuals reciprocally shape one another, like the Escher of hands drawing one other. Ontologically however, and in the long run, it is relationships all the way down. "Human being" is fundamentally a plural and social verb.

Earlier in our work, we experienced the benefits and then the limits of a primarily psychological approach to leadership development. Often the development of the individual was obvious and measurable, while the impact of this development on organizational or societal outcomes was not as apparent. These limits gradually became a crisis in the 1990s as disruption increased in the forms of re-engineering, downsizing, de-regulation, and globalization. One leader at a time was not enough anymore.

We began experimenting at the edges of our limits, and proposed a new, relational starting point for leadership development: What if we shifted our understanding to imagine “leadership as meaning-making in a community of practice” (Drath & Palus, 1994). It was an invitation to inquiry as much as a definition. This reframing of leadership proved to be controversial—and a useful powerful shift for many in our network of colleagues and clients (Ospina & Uhl-Bien, 2012).

A relational ontology focuses on capabilities shared *between* leaders, including but going beyond the characteristics found *within* individual leaders. This shift from “within” to “between” as the primary focus of leadership development raises important questions: What constitutes a community? And: How is meaning made?

Two lines of response are especially fruitful.

The first response is constructive-developmental (aka vertical or transclusive). In this view, the key defining feature of humans is the construction of meaning (Kegan, 1994). We live our lives in various webs of belief (Weick, 1979; Quine & Ullian, 1978; Kelly, 1955). Practices are beliefs and meanings put into action (McGuire & Palus, 2015).

Constructive-developmental theory posits human development as a succession of increasingly complex and mature stages and states of meaning-making that frame thought and action (McCauley et al., 2006; Piaget, 1954). Leadership development is closely related to this kind of increasing maturity (Palus & Drath, 1995). More mature leadership is capable of attention to timely action, further horizons, and more complex challenges (McGuire & Rhodes, 2009).

This is often referred to as *vertical* development (Cook-Greuter, 2013), such that the metaphorical direction of development is vertical or “up,” the proverbial direction of aspiration and achievement. But, the vertical metaphor can also be distracting and limiting, implying a strictly linear, ladder-like, and “better-than” progression. A more nuanced perspective posits a *multarity* or multiple polarity of dynamically interacting stages, states, and relationships (Johnson, 1992). Development in real life is messy and enigmatic (Herdman-Barker & Wallis, 2016).

The useful synonym *transclusive* development highlights the key polarity of each stage as *both* transcending *and* including earlier ones, and anticipating later ones (because we are prepared by culture), producing bigger, more agile, complex, and connected minds—as compared to merely elevated or chronologically-older ones.

We define *transclusion* as a primary pattern of growth, evolution, and development in

which a new, more complex perspective or logic emerges in a system which transcends and transforms existing perspectives, while at the same time including, assimilating, and re-integrating established logics and perspectives into a new dynamic structure.[1] Development as transclusion is web-like and nested rather than linear. Such attention to the central role of language in this work reminds us that consciousness itself is social, metaphor-based, memetic, and evolving (Hofstadter & Sander, 2013; Jaynes, 1976).

The second response is cultural. Anthropologists define culture as the tools and meaning (beliefs) that extend learning, expand behavior and channel choice (Bohannon, 1995). All meaning-making is embedded in cultures ranging from societal-scale to the local cultures of groups, teams, and organizations (Cameron & Quinn, 1999). Cultures are holding environments for individual and collective meaning-making (Kegan, 1994; Schein, 2010). The labels we tend to put on individual leaders have cultural roots and relational branches. Yet cultures can seem invisible from the inside. We are like fish in water. We are in it, and we can't see it (Wallace, 2005).

Cultures can evolve and transform vertically, that is, toward greater complexity and interdependence in the dynamics of leadership. The dynamics of power, authority, participation, collaboration, and perspective-taking, and self-development benefit from intentional development (Kegan & Lahey, 2016; McGuire & Palus, 2015). This has been observed in regional cultures (Inglehart, 1997) as well as organizational cultures, and in leadership cultures (McCauley et.al. 2008). Bill Torbert in particular has advanced the idea that team and organizational cultures can develop in predictable stages which parallel and echo the stages of adult development (Torbert, 1987).

Leadership culture is the self-reinforcing, evolving, memetic web of individual and collective beliefs and practices in a collective for producing the outcomes of shared direction, alignment, and commitment. The complexity of an organization's strategic work is linked to the capability of its leadership cultures – typically plural in nature—to handle that complexity. This includes the collaborative capability to span boundaries among the multiple sub-cultures present in most organizations and communities (Ernst & Chrobot-Mason, 2010).

Strategy requires the right culture, one capable of its execution (Hughes, Beatty, & Dinwoodie, 2013). Culture always wins. Keen strategy, changes in behavior, new competencies, and best practices are necessary but not sufficient for leading in times of turbulence and change. Culture development – evolution and even transformation – is required for effective leadership in support of bold strategic aims. Leadership culture is the operating system for producing DAC in a collective. But not every operating system is capable of enacting a complex and agile strategy.

With these insights in mind, we began to explore, model, and test the following idea in collaborative inquiry with our clients and colleagues: **[2]**

How might leadership cultures develop in ways that support learning, growth, and change in the face of complex challenges?

To do this, we needed a practical framework and tools that would help make leadership culture more visible and provide some shared language and images, allowing members to observe, reflect and converse about their past, present, and desired leadership cultures. Thus we needed a simple, face-valid, and roughly accurate model of leadership culture development. In these practical terms a 3-stage model is more accessible, memorable, and useful than a 5- or 7-stage model.

We landed on the model shown in Figure 2 (the “Snowman” model) in which organizational cultures can be understood as variations, combinations and progressions of *dependent*, *independent*, and *interdependent* leadership logics (Palus & Drath, 1995; McGuire, Palus, Torbert 2007, McCauley et al., 2008; Laloux, 2014). Each successive leadership logic transcends and yet includes, accommodates, and incorporates the earlier logics, so that a culture of interdependence is ideally capable of integrating dependent and independent logics into a kind of collective maturity. Each is more capable than the one before of accepting and managing the tensions and paradoxes present in complexity.

These three categories are based in the classic summation of the maturing human mind as a sequence of three phases, variously framed as *traditional*, *modern & post-modern* orders of consciousness and reasoning (Wilber, 2000; Kegan, 1994; Inglehart, 1997; Kohlberg, 1969; Covey, 1989); phases of values as *survival*, *belonging*, *self-initiation & interdependence* (Hall, 1995);); *conformer*, *achiever & collaborator* leadership logics (McGuire & Rhodes, 2009); and *dependent*, *independent & inter-independent* cultural logics (McCauley et al., 2006; Palus & Drath, 1995).

Figure 2. Three states and stages of leadership culture (The Snowman)

Cultural beliefs and practices determine how DAC outcomes are realized (Figure 3). *Dependent* leadership cultures cultivate DAC by authority and tradition. *Independent* cultures cultivate DAC by a cadre of achievement-driven leaders utilizing technical expertise primarily for their own purposes. *Interdependent* cultures cultivate DAC using intentional sense-making processes across otherwise independent entities and are strategically engaged in external societal networks (Drath, Palus, & McGuire, 2010).

Figure 3: DAC and Leadership Culture

To be clear, all of these forms of leadership are relationally produced, and all have utility in specific settings. For example, heroic individual leaders are authorized and empowered by cultural norms (Yammarino, et al., 2012). Thus leadership development *always* benefits from a relational understanding even when strong individual leaders are the object of development: Culture always wins.

Recently, interest in vertical leadership development has expanded and our clients are requesting more insight into the underlying constructive-developmental models (Petrie, 2014a, 2014b). Our 3-part Leadership Culture Model is useful for clients gaining awareness, prompting dialogue and groups learning in action; and is less precise for fine-grained assessment and formal evaluation.

Figure 4. Action Logics of Leaders and Leadership Cultures

Inspired by Bill Torbert's adaptation of individual action logics as cultural memes, we correlate the three cultures across the seven action logics (Figure 4) (McGuire, Palus, & Torbert, 2007; Rooke & Torbert, 2005). The names of these seven logics are shifted so that each word-ending better indicates a relational process rather than a personal label: *Opportunistic, Diplomatic, Expertise, Achieving, Redefining, Transforming, and Alchemical*. These logics are shared understandings and relational channels for beliefs and actions. The focus shifts and expands from labels of individuals in particular stages to the shared logics active in cultures and societies. *Expertise* and *Redefining* thus represent the key cultural transformations—to independence, then interdependence—within collectives. These seven *leadership logics*, now re-imagined as relational, provide a more refined and precise description of development, with transitional states, across the three broader leadership cultures.

The action logics of *diplomatic, expertise, and achieving* are by far the most common measured in organizations (Torbert, 2004). Conversely, the relative lack of more mature *redefining, transforming, and alchemical* action logics limits the prospects for sustainable and effective organizational change. All the while, in many of our contemporary settings, we seem to be increasingly up to our necks in narcissists and *opportunists*.

Challenges in Changing Leadership Cultures toward Interdependence

We share this axiom with client executive teams, in light of the stark realities of the global situation:

There is a hierarchy of cultures, and each successive leadership culture is capable of dealing with more complexity, more ambiguity and more uncertainty.

We live inside the challenges of an interdependent world in the state of churn and evolution often called VUCA: volatility, uncertainty, complexity, and ambiguity (Stiehm, 2002). Our clients and their partnership networks are drawn to the possibilities of interdependent leadership cultures as an antidote to the churn and instability of global change (McGuire, Tang, 2011). Leadership requirements for executing complex strategies are alternately expressed as cultures of collaboration, resilience and agility; organizational learning, creativity and innovation; strategic leadership, and even forms of social responsibility. These qualities are relational, and can be realized most effectively within and among interdependent leadership cultures and their constituent beliefs and practices. The primarily horizontal cross-boundary nature of supply chains and the complexity of the relational networks of organizational partnerships required to operate within them, necessitates effective business strategies that increasingly embrace VUCA (Johansen, 2012).

In our experience, senior leaders have increasingly come to recognize the limits of independent-achiever leadership give way to the need for more interdependent-collaborative forms of leadership, and usually seek more mutual work in strategically critical locations and processes. And, dependent-conformer cultures also often seek change into more independent-achiever forms while often struggling to broaden toward change perspectives sufficient for scaling contexts. Some organizations have redefining aspects to their leadership culture which are adaptive and even generative toward more interdependence (W.L. Gore, Google, US Army) while organizations with strong expert cultures did not adapt (Digital Equipment Corporation, Lehman Brothers; DuPont).

Interdependent leadership beliefs and practices, we propose, can be understood as the *both/and* capabilities of double-loop and triple-loop learning (Argyris 1990; Torbert, 2004), the management of polarities (Johnson 1992), through dialectics and dialogue (Basseches, 1984; Bohm, 1990; Isaacs, 1999), and the capabilities for inter-systemic thinking and acting in the face of complexity (Oshry, 2007). Earlier leadership cultures are restricted by *either/or* mind sets and bridled by the limits inherent to compromise.

Intentional transformation to a leadership culture of interdependence is feasible under the right circumstances. The United States began as a *dependent* culture—a group of colonies under the authoritarian rule of the king. Rebellious against this oppression, colonists developed more *independent* minds. The U.S. Constitution expresses a form of *interdependence* that uses authority and compromise as tools within a broader vision of collaboration, new frontiers, and invites further transformation (Palus, McGuire & Ernst, 2011). But the question remains, does the citizenry have critical mass for a *both/and* mind-set required by the management of tensions embedded in the constitution (McGuire, 2010)?

[1] The term *transclusion* is transposed and adapted from the Xanadu hypertext epistemology of Ted Nelson (1993), which also suggests that human meaning-making and its development is *intertwingular* and non-linear. We are grateful to Al Selvin and

Simon Buckingham Shum for exploring the use of hypermedia-supported dialogue mapping in the context of leadership development (Selvin & Buckingham Shum, 2014).

[2] Details are reported in Palus, McGuire & Ernst, 2012; McCauley et al., 2008; McGuire & Rhodes, 2009; McGuire & Palus, 2015; Hughes et al., 2011; Drath, Palus, & McGuire, 2010; McGuire, Palus, & Torbert, 2007; Palus & Drath, 1995; Palus & Horth, 2002.