

**Giving Peace a Chance:  
Organizational Leadership, Empowerment, and Sustainable Peace**

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**Giving Peace a Chance:  
Participative Organizational Leadership, Empowerment, and Sustainable Peace**

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**Abstract**

This paper provides an exploratory look at how the leadership practices of business organizations may foster more peaceful societies. We develop the logic for positive relationships between participative organizational leadership, employee empowerment, and sustainable peace. We offer several mechanisms to explain why these different manifestations of voice are likely to contribute to peaceful societies. We then draw on several cross-national databases to provide a preliminary examination of the hypotheses. We find considerable support for our hypotheses regarding the positive effects of participative leadership and employee empowerment on peace. The paper concludes by discussing contributions of this research to the organizational studies literature and offers directions for future research.

**Giving Peace a Chance:  
Organizational Leadership, Employee Voice, and Sustainable Peace**

All we are saying, is give peace a chance.

- John Lennon

Academic research on peace is normally in the domain of politicians, policy makers, political scientists, or historians. Peace is not normally part of our lexicon as organizational scientists. This topic is outside the realm of much of organizational scholarship which tends to focus on individual, group, organizational or industry level outcomes. But should that be the case, given that business organizations can and do have far reaching effects on local and global communities (Friedman, 2000; Walsh, 2005)? Can business organizations contribute positively to sustainable peace?<sup>1</sup> By peace, we mean the reduction of conflict, corruption, bloodshed, and war (Fort & Schipani, 2002). By sustainable, we mean peace that is lasting and stable. If business organizations can make even a small contribution to creating more sustainable peace in the world, it is a question worth investigating, for Franklin Roosevelt tells us that “peace begins at home.”

In this paper, we explore two ways that business organizations may generate seeds for sowing sustainable peace. We go beyond the usual terrain of organization studies to stimulate our thinking about the possible role that the leadership of business organizations can play in fostering sustainable peace. Of course, sustainable peace is complex and impossible for any one organization to foster alone. But we suggest that through their collective leadership, business organizations can play a role in fostering

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<sup>1</sup> The inspiration for these ideas comes from the 2002 academic conference envisioned by Tim Fort and Cindy Schipani, with the support of the Aspen Institute, at the Ross School of Business at the University of Michigan. They invited me to think about how my research on empowerment might offer insights on how the leadership of business organizations can contribute to peace. Without their stimulus, I doubt I would have initiated research in this domain – in fact, most of my research has focused on the individual or group level of analysis. It is certainly a stretch experience for me, and likely for most organizational scholars, to think about studying organizational effects on major societal outcomes such as peace.

sustainable peace (Fort & Schipani, 2004: 24). In the section below, we offer some theoretical background on the role of business organizations in fostering sustainable peace. We develop specific hypotheses about how the leadership practices of business organizations may create the conditions for more sustainable peace. We then present our research methods, analyses and results. We end with a discussion regarding next steps in peace research.

### **Theoretical Background**

Recent dialogue on the topic of corporate social responsibility provides some insights into the broader impact of business organization on society. Ever since Milton Friedman (Friedman, 1970) declared that the “social responsibility of business is to increase profits,” supporters and opponents of corporate social responsibility have debated the moral obligations of the firm. The advent of stakeholder theory (Freeman, 1984) helped legitimate the possibility that corporations have moral responsibilities beyond increasing shareholder value. Stakeholder theory moves managerial action toward a more external focus beyond stockholders to key strategic stakeholders – that is, anyone who can affect or is affected by the achievement or the activities of an organization (Friedman, 1970; Post, Preston & Sachs, 2002; Walsh, 2005). Following this line of reason, then, a peaceful society can be considered a key stakeholder for business organizations.

Today’s charges that corporations exploit international labor markets, contribute to environmental catastrophe, and take advantage of local communities are not new (Barber, 1995; Brief, Buttram & Dukerich, 2000; Walsh, Weber, & Margolis, 2003).

Critics of business have been quick to point out that multinational corporations ought to be better world citizens (e.g., Korten, 1996). Companies such as General Electric, General Motors, and Merck have responded with extensive community development programs. Others, such as Nike and Target, have developed supplier codes of conduct to reduce child labor, sweatshop conditions, and environmental damage. Yet, while these programs can encourage and help business organizations become better global citizens, if and how they contribute in a positive way to sustainable peace is yet to be studied in a systematic way.

### **How Business Organizations Can Contribute to Sustainable Peace: Mapping What We Know**

In the literature, business organizations are theorized to contribute to peace in several ways. First, business organizations can increase trade. Increasing trade may contribute to peace because prior research has shown that trading partners are unlikely to go to war with each other (Nichols, 1999). The idea is that countries will be more likely to work through conflicts when foreign trade is at stake (Friedman, 2005). For example, when a U.S. spy plane made an emergency landing in China in 2001 after colliding with a Chinese fighter jet sent to intercept it, the two nations worked very hard to keep the situation from escalating given their important and growing trade ties.

Second, business organizations can engage in “track two” diplomacy which can reduce the likelihood of war (Fort & Noone, 2000). Track two diplomacy, also known as citizen diplomacy, involves nongovernmental, informal, and unofficial forms of conflict resolution between citizen groups (like companies). It is aimed at de-escalating conflict

by reducing anger, fear, and tension and by improving communication and mutual understanding.

And third, Nobel prize winning economist Amartya Sen (1999) suggests that business organizations can enhance the economic well-being of citizens around the world. This enhanced economic well-being can combat the marginalization of the poor and reduce the threat of violent reaction borne of desperation (Fort & Schipani, 2004; Sen, 1999). For example, Gandhi (Nanda, 1996) made a strong case that poverty was one of the greatest contributors to societal violence -- whether it be crime or civil unrest. When people don't have enough food to eat, clean water to drink or safe housing, they will do whatever is necessary to survive including rising up against authority.

Our purpose in this paper is to go beyond the conventional wisdom – beyond these three traditional ways that business organizations are believed to contribute to peace -- and offer a fourth. We suggest that business organizations can contribute to peace through their leadership approach (Beck-Dudley & Hanks, 2003; Fort & Schipani, 2004; Milliken, 2002). More specifically, we suggest that participative organizational leadership and employee empowerment can create conditions within organizations that approximate the attributes of peaceful societies. These models of peaceful societies can then be models for citizens to emulate in civic and political domains. In the next section of the paper, we offer some initial hypotheses regarding how the organizational leadership and empowerment practices within business organizations may be associated with peace.

### **Hypotheses Development: Why Participatory Systems Might Matter**

In a study of the social preconditions of peace, anthropologist David Fabbro (1978) identified a number of common characteristics of peaceful societies. In addition to several criteria regarding environmental habitat (e.g., rain forest versus desert) and type of subsistence (e.g., hunter-gatherers versus agricultural), Fabbro found that peaceful societies had: (1) open and egalitarian decision-making and (2) social control processes which limit the use of coercive power. These two things are the hallmarks of participatory systems that empower people in the collective.

Why should participatory systems that involve and empower matter for peace? Participatory systems allow citizens to use their voices to influence policy, protect human rights, and hold their governments accountable. When citizens participate, they see the system as more procedurally fair, which reduces the likelihood of grievances growing into flashpoints of conflict. Participation also provides checks and balances so that single points of ideology do not prevail. In contrast, totalitarian systems, where one person or political group completely dominates others through the use of coercive power, polarize people which can in turn lead to conflict. Totalitarian systems enable a command and control focus over the collective that may create short-term peace through autocracy but not long-term, sustainable peace. Thus, participatory systems can contribute to sustainable peace because they foster open and egalitarian decision-making and provide social controls that reduce the potential for coercive power (Fort & Schipani, 2004; Peck, 1988; Weart, 1998).

Most often in peace research, the participatory systems that are studied are democratic governments where people have a voice in the workings of the political

system (Bobbitt, 2002). Fort and Schipani (2004) provide a sophisticated commentary on why democratic nation states provide a favorable environment for sustainable peace. Peck extends these ideas and argues that participatory systems can be manifest in systems beyond the formal government. We suggest that business organizations can introduce participatory systems that can be a model for peaceful societies and can thus contribute to peace beyond the workplace context.

How might this happen? A business organization can empower employees in the workplace. As a result of this empowerment, the affected employees understand more open and egalitarian ways of interacting with peers, bosses, and other stakeholders like customers and suppliers. They can see the real benefits of these participatory practices to themselves and their company. Their subsequent attraction to these egalitarian and open work practices could then spill over to civic life and subsequently nourish tendencies toward citizen involvement in political arenas. As citizens request more opportunities for open and egalitarian decision-making in civic and political matters, there may be a tangible effect on peace in the societies they live in – beyond the peaceful outcomes they may experience in their work life. We offer three real world examples of how this process may occur.

### **Unilever in Vinhedo Brazil**

Consider the case of Unilever opening a plant to produce personal products in Vinhedo, Brazil. In general, about half of Vinhedo's citizens fail to finish grammar school, and 20% are illiterate. In addition to remedial and technical skills, Vinhedo employees at Unilever are trained in empowerment and total quality management. Their exposure to these participatory practices has had powerful effects; "Now, people don't

have to wait for the nod from management ... they do it themselves ... they make their own adjustments, do their own ordering, and have begun to handle their own budgets” (Unilever, 2005). One employee described how the program “changed my life ... a true exercise in citizenship ... offering sight to people who cannot see.” Employees learn that “everyone can make a contribution and everyone can make a difference” whether at work or in their community (Unilever, 2005).

The empowerment of Unilever workers in Vinhedo not only benefits the workers and the company but also the wider community. The employees understand they have a voice which contributes to a growing sense of collective agency. Through this experience, Unilever employees in Vinhedo develop a taste and even an expectation for having a “say.” Employees also develop individual skills pertinent to having effective voice in social systems. Given the positive nature of this experience, they are likely to develop expectations for and seek out opportunities for voice and empowerment in civic matters which in turn may create more conditions for a peaceful society. For example, employees sought to extend the training programs beyond the company, first to the families of employees, and now in partnership with the local government and local colleges for the wider community. Improving the literacy and agency of the community in turn may lead to a more peaceful Brazilian society.

### **Rainforest Expeditions in Peru**

In addition, consider the case of Rainforest Expeditions (RFE), an ecotourism company based in Peru. In 1998, they opened a lodge in partnership with the indigenous Infierno people (Reuters, 2001). To run the lodge, RFE employs people of the community in many jobs; initially, they work as cooks and housekeepers, but with

intensive training including English lessons, they are also later employed as guides and lodge managers. The community gets two thirds of the lodge's profits, and by 2016, the community will take over full control from RFE. RFE has created a successful community and private partnership, working to develop a profitable ecotourism product that effectively catalyzes the conservation of natural and wildlife resources.<sup>2</sup>

As a result of their partnership with RFE, the Infierno people have developed a sense of collective agency by reaffirming their culture and preserving their identity as a community. The profits have enabled them to build a secondary school -- the only one in the area -- and fund a medical post. Their sense of collective agency has spilled over to civic matters as well. The Infierno community has formed committees to work on strategic plans for sectors such as agriculture, education, ecotourism, and handicrafts. The ecotourism committee is offering management training, while the handicraft committee has built a workshop and organized training to enable more of the community to make a living from tourism. The Infierno people have also developed a greater sense of voice in political matters as they negotiate with the President of Peru to set up an agrarian bank, which is seen as a vital means for them to find credit for their small-scale farming ventures. This growing sense of collective agency may also help combat the historical influence of the "Shining Path" terrorist group that has held influence over many parts of the Peruvian nation. This partnership has enabled more participation of the Infierno people, reduced poverty and conflict, and enabled the development of a more peaceable society.

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<sup>2</sup> This stands in contrast to other parts of the world where indigenous people are chopping down the rainforest in a futile effort to create farmland so they can have a livelihood. But within a short time, the land is depleted and eroded and the environment has been irrevocably damaged.

## **Futurways in Northern Ireland**

Finally, consider the case of Futurways, a company in Northern Ireland that purposefully hires equal numbers of Catholics and Protestants (Nelson, 2000). In ordinary life in Northern Ireland, Catholics and Protestants are largely segregated into separate schools and communities. They see each other more as enemies than as neighbors. The opposing groups rarely, if ever, have a chance to know each other as people. This tension has contributed to unrest and a lack of sustainable peace in Northern Ireland for a very long time. Futurways, in contrast, has Catholics and Protestants working side by side, empowering them to work together in teams. Futurways employees have a greater sense of collective efficacy regarding their ability to cooperate with people who are different than themselves. This cooperative mindset and behavior is also likely to affect their willingness to interact with those of a different denomination in their private and civic lives. In short, Futurways provides a concrete way for conflicting groups of people to work together toward a common good. With Futurways' help, these citizens of Northern Ireland are creating pockets of peace in a warring country.

These companies offer examples of how business organizations can serve as “mediating institutions” (Fort & Schipani, 2004: 102) that can create participatory systems to empower and involve people in ways that create more peaceableness (Beck – Dudley & Hanks, 2003). Because corporations are relatively smaller than nation states, allow face-to-face interactions, and can enable voice, they can more easily create authentic community and become a model for peaceful societies.

To better understand how business organizations can serve as mediating institutions for peace, we focus on two ways that organizations can enable participative

systems which are open and egalitarian: (1) through a participative organizational leadership and (2) through employee empowerment practices. The logic for specific hypotheses on each are articulated below.

**A short note on levels.** The logic is somewhat complicated because it crosses levels. Both organizational leadership and empowerment are features of the organization. Yet, peace is a characteristic of a country. Obviously, there are many business organizations that reside within a country. As such, research by the Global Leadership and Organizational Behavior Effectiveness (GLOBE) Research Project housed at the Wharton Business School (House, Javidan, Hanges, & Dorfman, 2002) makes the case that countries have tendencies toward certain kinds of leadership of business organizations. They suggest that you can aggregate leadership styles across business organizations within a country, and then link those collective features to outcomes, like peace, that operate at a country level. So in developing our logic, we suggest several ways in which these two organizational features can create more peaceable conditions in companies and communities that can in turn foster peace in civic and governmental domains.

### **Effect of a Participative Organizational Leadership Style on Peace**

Leadership is defined as the “ability of an individual to influence, motivate and enable others to contribute toward the effectiveness and success of the organizations in which they are members” (House, Javidan, Hanges, & Dorfman, 2002: 4). Leaders matter because they create and sustain organization strategy, cultures, and practices. Here we are focused on the leadership of business organizations, not the leadership of

governments, which is often the focus of peace research. Participative leadership is defined as leadership that involves employees across levels of the hierarchy in decision-making. Participative leaders involve their subordinates in making and implementing decisions (House, Hanges, Javidan, Dorfman, & Gupta, 2004). They seek subordinates' input on important decisions and value others' points of view. Participative leaders also tend to be more tolerant of differences because they know that those differences can improve decision-making. We offer several mechanisms by which participative organizational leadership may enable peace. By mechanisms, we mean the explanations or "cogs and wheels" (Anderson, Blatt, Christianson, Grant, Marquis, Neuman, Sonenshein, & Sutcliffe, 2005) of participative organizational leadership that may matter for peace.

The first mechanism by which participatory organizational leadership may matter for peace is through legitimacy of this leadership style. We suggest that organizational leaders who successfully use a participative approach can legitimize this style of leadership in the eyes of employees. When employees see and become familiar with the value of a more participatory leadership style, they may see this kind of leadership as legitimate for civic and governmental leaders and seek it out. For example, employees who have had a participative leader at work may be more supportive of governmental leaders who have a more participative style. And, prior research indicates that countries ruled by more participatory leaders are more prone to peace (Nichols, 1999; Peck, 1988).

The second mechanism by which participatory organizational leadership may matter for peace is through increased attraction to opportunities for voice. When employees have had a positive experience with participative leadership in their work

context, they are likely to be attracted to participative leadership in other contexts as well. They are likely to desire and seek out a similar approach in civic and political life. And when employees can participate and have a say in governance issues, they are likely to feel respected and appreciated, and thus be further attracted to participative leadership in other settings, whether at work or in civic or governmental domains. And again, prior research indicates that participative systems create conditions for peace because people are more likely to resolve disputes with words, and not with more violent means (Nichols, 1999; Peck, 1988).

Thus, for these reasons, we expect that,

**H1: In countries where the organizational leadership is more participative, there will be higher levels of peace.<sup>3</sup>**

### **Effect of Employee Empowerment on Peace**

Empowerment can be defined as having voice at work (Spreitzer, 1995). When individuals have opportunities for voice at work, they feel they can make a difference in their work environment. Empowerment may be manifest in flat structures where managers have wide spans of control that avoid a lot of centralized decision-making and layers (Spreitzer, 1996). Empowering organizations provide opportunities to voice concerns. They enable employees to have control over their work product and work environment through job autonomy or self-managing work teams (Spreitzer, 1995). And, empowering organizations develop reward systems that help employees feel as though they have a stake in the success of the organization (Lawler, 1996). In this section, we

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<sup>3</sup> Of course there will not be only one leadership style within a country. Thus, our focus is on the general tendencies of organization leadership within a country. Do they tend to be more participative or more autocratic in their focus?

develop the logic for how employee empowerment in business organizations can contribute to peace. Again, we offer several mechanisms.

The first mechanism through which empowerment may enhance peace is reducing feelings of helplessness or loss of control. When disempowered, employees are more likely to resort to violence as a way of capturing some influence over their environment. Prior research has demonstrated a significant relationship between feelings of powerlessness and negative deviance including sabotage (Bennett, 1998) and other types of destructive behavior within organizations (Allen & Greenberger, 1980; Spreitzer & Mishra, 2000). When individuals feel helpless, they are likely to undertake efforts to restore an essence of control by acting out upon the environment in negative ways.

When individuals feel disempowered, grievances are more likely to grow into major flashpoints of conflict. For example, a study of industrial sabotage by Taylor and Walton (1971) found that workers damaged their plant in order to increase their sense of voice by showing company officials who was in charge. Most recently, Bennett and Robinson (2000) have suggested that the practice of micromanagement (i.e., the opposite of empowerment) is likely to increase organizational and interpersonal deviance as humiliated professionals attempt to regain a perception of control. Through empowerment, business organizations can enable a greater sense of control at work that may carry over into civic and political domains. And when individuals feel more in control in civic and political domains, they are less likely to lash out to re-establish a sense of control, reducing the potential for flashpoints of conflict or violence.

A second mechanism through which empowerment may enhance peace is through building capability. Through empowerment practices, business organizations are

teaching employees the ways of democracy within the borders of the company (Fort & Schipani, 2004). Having voice in the workplace may provide citizens with their first exposure to voice. As employees develop the skills to effectively use their voice in their work environment, they are learning skills like “issue selling” (Dutton, Ashford, O’Neill & Lawrence, 2001) or small wins (Weick, 1984). Business organizations that give voice to their workers teach them how to participate in open systems of governance that listen to them, without necessarily agreeing with them (Hirschman, 1970). Empowering business organizations give employees skills to institute change or settle conflicts without violence. This can build their self-efficacy for using their voice in civic and governmental domains as well. If business organizations can teach their members these skills, they can use these same skills for civic and political matters to better settle personal disputes without violence. In turn, governments may be more tolerant for hearing competing voices and citizens may be more willing to express their disagreements peacefully, and not violently.

Thus, for these reasons, we expect that:

**H2: In countries where business organizations offer more opportunities for employee empowerment, there will be higher levels of peace.**

### **Research Design**

Collecting cross-country data is complex and time-consuming. A number of scholarly groups have conducted extensive cross-national research on various constructs in our hypotheses. As described below, we bring together these different secondary databases to begin exploring our hypotheses.

## Measures

**Peace.** A very well-regarded measure of peace is an index produced by the Heidelberg Institute on International Conflict Research known as the Kosimo Index. It uses a variety of sources and 28 variables to define the types of conflict involved and the methods used by parties to those conflicts to resolve them. It includes incidences of wars, coups d'etat's and peace settlements. However, because it is measured at the incident level rather than the country level, it is hard to use in an empirical analysis. Therefore, we use two proxies to measure peace. The first has been found to be linked to the Kosimo Index while the other is a measure of unrest endured by a country.

The first peace proxy we use focuses on the level of corruption within a country. Corruption is defined as the use of public office for private benefit. We use Transparency International's Corruption Perceptions Index (CPI) to measure this variable because it has been found to be strongly related to the Kosimo peace index (Fort & Schipani, 2002). Transparency International is a non-governmental organization aimed at fighting corruption, and the CPI reflects individuals' respect for authority inherent in government institutions, rules of laws and systems of ethics. The surveys used in compiling the CPI focus on bribe-taking by public officials in public procurement. It is a composite index, drawing on 15 different polls and surveys from nine independent institutions carried out among business people and country analysts, including surveys of residents, both local and expatriate. The CPI is a rolling survey of polls taken over the last three years, and includes only those 102 countries that are featured in at least three surveys. Countries are scored on a scale from 1-10 where 10 indicates the least amount of corruption. We use the most recent index available, which is from 2004.

The second peace proxy we label “unrest” and is drawn from the Economist Intelligence Unit (EIU) under the heading on politics and institutions. The EIU is the business information arm of the Economist Group that prides itself on its independence in assessing 100 different economies around the world. We created an index of the measures of risk of political instability, armed conflict, social unrest, and international disputes and tensions. Political instability is measured on a scale from 1-10 (where 10 indicates higher risk) while armed conflict, social unrest, and international disputes are measured on a scale from 1-5 (where 5 indicates a higher risk). We standardized the political stability measure to a five point scale and then took the mean of the four measures to create an unrest index. This index of unrest has a reliability of .91. Again, we use the most recent data available in the EIU database, which is from 2004.

**Participative Leadership and Culture.** We take these measures from the GLOBE Research Project (House et al., 2002). The project focused on creating rigorous measures of societal culture and organizational leadership in 61 cultures/countries representing all major regions throughout the world. The questionnaire data consist of responses from approximately 17,000 questionnaires from middle managers of approximately 825 business organizations in three industries (financial services, food processing, and telecommunications) in 61 countries. The GLOBE data were collected in the late 1990s.

Culture items are measured on a Likert-type scale ranging from 1 to 7. To assess cultural values, we employ the measures about what society “should be.” A sample item of power distance is “I believe that power should be shared throughout the organization, not concentrated at the top.” A sample item of future orientation is “I believe that people

live for the present rather than for the future” (scored inversely). The participative leadership items were also assessed on a 7-point Likert scale and reflect the degree to which managers are not autocratic and involve others in making and implementing decisions. It has a reliability of 0.85.

**Employee Empowerment.** We measure employee empowerment with items from the World Values Survey housed at the University of Michigan, Institute for Social Research (Inglehart & Baker, 2000). The World Values Survey is conducted via representative national surveys. Combining its four waves of data collection (1981-82, 1990-91, 1995-98, 1999-2001) it covers 65 societies from all six inhabited continents and over 75 percent of the world’s population, thereby making it the largest worldwide investigation of attitudes, values, and beliefs (Inglehart & Baker, 2000). We use data from the most recent wave for 40 countries, and we impute data for 15 additional countries from the European Values Survey. (See Table 1 for information on the specific countries we used and from which survey we drew our data.) For the combined 55 countries, the average number of respondents interviewed per country is over 1400.

Because the latest wave of the World Values Survey contains over 200 questions, in order to determine which questions best represent the essence of employee empowerment we independently went through the survey with the help of two graduate students to match questions to these two categories. We automatically accepted those questions on which we had complete agreement, and we resolved any partially chosen questions via discussion. We found two items which allowed us to tap into issues of decision-making freedom and compliance (the opposite of empowerment).

Decision-making freedom is measured with an item asking respondents “how free are you to make decisions in your job” (C034, EVS 89) (1=none, 10=a great deal).

Compliance is measured with an item asking respondents “people have different ideas about following instructions at work. Some say that one should follow one’s superior’s instructions even when one does not fully agree with them. Others say that one should follow one’s superior’s instructions only when one is convinced they are right. With which of these two opinions do you agree” (C061, EVS 97) (1- follow instructions, 2=must be convinced, 3=depends).

### **Analyses**

Data on the independent variables were collected in the late 1990s through 2001. Data on the dependent variables were collected in 2004. This time sequence is important so that we can see how participative leadership and empowerment are related to corruption and peace several years later.

**Cultural controls.** While we are interested in the role that organizational leadership and empowerment have on peace, we also realize the cultural values of a country (i.e., the shared motives, values, beliefs, identifies, and interpretations of a collectivity (House, Hanges, Javidan, Dorfman, & Gupta, 2004) may also have an influence peace. We expect that certain cultural values within a country, like power distance and future orientation, can contribute to peaceful outcomes and thus we control for these influences in our analyses. We discuss each briefly in turn.

Power distance reflects the extent to which a society accepts the fact that power in organizations is distributed unequally (Hofstede, 2002 House et al., 2004). In cultures that value a large power distance, there is a belief that inequalities in society should be

recognized and are purposeful. Subordinates are expected to be obedient to leaders. There is a strong reliance on hierarchy and information flows are constrained across levels. As such, cultures with large power distances are embedded with significant latent conflict and hence are more susceptible to corruption and violence.

Future orientation reflects forward-oriented behaviors such as planning, investing in the future, and delaying gratification. Future-oriented cultures have a vested stake in the long-term outlook for their societies. In governing their citizens, future-oriented countries not only consider the present but ask questions about the future—carefully balancing policies and decisions to benefit both living citizens and future generations. Future-oriented countries see the building of societies as an iterative game, thereby recognizing that their citizens will need to cooperate across generations and hence are likely to foster more peace.

Our intention had been to conduct regression analyses so that the hypotheses could be tested simultaneously. However, given that each of the datasets includes a different subset of countries, when we combine the datasets together for a full test of the hypotheses, we find that our sample size decreases precipitously to 32 countries that are in both GLOBE and the WVS. To have a better sense of the countries in our analyses, we include a list of the countries that are included in the GLOBE survey or the WVS in Table 1. The datasets that measure peace encompass virtually all of these countries included in the datasets measuring the independent variables. Seventy-nine percent of the countries in our dataset are democracies.

This reduction in countries that are included in the regressions is problematic for two reasons. First, it substantially decreases the power we have to detect relationships.

And second, the majority of countries that are common to all of the datasets are democracies. As such, we have limited variance to explain when we focus on this small subset of countries. Consequently, while we report the regression findings, we also present a series of correlations to enable us to examine the hypotheses using a larger sample.

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Insert Table 1 About Here

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### **Results**

Table 2 provides the correlations and descriptive statistics among all the variables in the hypotheses. We found support for H1 and partial support for H2.

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Insert Table 2 About Here

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In support of H1, countries where the leadership of business organizations is more participative are found to be significantly related to less corruption ( $r = -.51^{***}$ ) and less unrest ( $r = -.57^{***}$ ).

In support of H2, countries where employees report more freedom to make decisions are found to be significantly related to less corruption ( $r = .65^{***}$ ) and less peace ( $r = -.61^{***}$ ). In partial support of H2, countries where employees reported that they were more compliant in following their supervisor's decisions without question are found to be significantly related to more unrest ( $r = .32^*$ ). However, the relationship between

compliance and corruption was not found to be significant, though it is in the right direction.

Interestingly, no significant correlations were found between power distance and corruption ( $r=-.02$ ) or unrest ( $r=.03$ ). But countries that have cultural values that emphasize a high future orientation are found to be significantly related to less corruption ( $r=-.65^{***}$ ) and less unrest ( $r=-.50^{***}$ ).

Next, we turn to the regression analyses. We use hierarchical regression analyses to show the additional effects that participative leadership and the two empowerment variables add to the effects of cultural values. Again, we are interested in seeing if and how these organizational variables add variance beyond that which would be predicted by each country's cultural values. We add the empowerment variables in a third step after participative leadership because we believe that leadership practices influence empowerment. Given that power distance cultural values were not significantly related to either outcome variable in the correlations, we exclude it from the regression analyses in order to preserve degrees of freedom. Even with the low power due to small sample sizes given different countries inclusion in different databases, the regression results are significant and generally replicate the correlational results. We first report the corruption findings and then the findings for our unrest outcome (see Table 3).

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Insert Table 3 About Here

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Regarding corruption, in step 1, we enter a future orientation culture and find it to be significantly correlated with less corruption ( $\beta=-.68^{**}$ ), explaining 46% of the

variance. When we add participative leadership in step 2, it is significantly related to less corruption ( $\beta = -.47^*$ ) and increases the variance explained to 61%. Finally, we add the two empowerment variables in step 2. They too are significantly related to corruption (decision-making freedom,  $\beta = -.63^{**}$ ; compliance,  $\beta = .34^*$ ) and increase the variance explained to 83%.

Regarding unrest, in step 1, we enter a future orientation culture and find it to be significantly correlated with less unrest ( $\beta = -.48^*$ ), explaining 23% of the variance. When we add participative leadership in step 2, it is significantly related to less unrest ( $\beta = -.54^*$ ) and increases the variance explained to 42%. Finally, we add the two empowerment variables in step 2. Decision making freedom is significantly related to less unrest ( $\beta = -.77^{**}$ ) while compliance is not found to be related to unrest. Both variables increase the variance explained to 68%.

These regressions findings provide support for H1 and partial support for H2 (decision-making freedom is strongly related to both outcomes while compliance is only related to less corruption).

## **Discussion**

We started the paper with the question – can business organizations contribute to sustainable peace? Our initial explorations provide some fledging support for our hypotheses that participative leadership practices and employee empowerment can foster more peaceable conditions. How? In simple terms, we suggest that business organizational leaders can give employees opportunities for voice and empower employees to have more control over their work. From these more participatory work

practices, employees will be exposed to some of the key characteristics of peaceful societies. When people get a taste of empowerment at work, they may then seek opportunities for empowerment in civic and political domains. In short, business organizations can develop collective agency so people believe they can intervene in civic and political life as well, leading to more sustainable peace.

The idea that business organizations can be a sort of olive branch for peace rather than just a harbinger of excess and exploitation is attractive. Too often, it seems that companies seek to have a positive impact on communities through corporate philanthropy or corporate social responsibility. While these initiatives can be impactful, they are often expensive and can be outside the mission of the firm. This research suggests that business organizations can have a positive influence on peace through their everyday practices around participative leadership and empowerment. While not meant to substitute for more formal philanthropic efforts, this research indicates that business practices affect more than employees and the firms they work for. They can also impact the communities of which they are a part. Business organizations can create models of peaceful societies which can ultimately move societies toward more peaceful outcomes. Even when financial resources are scarce and impede corporate philanthropy, business organizations can still make a positive impact through participative leadership and empowerment practices. Business organizations can do good for peace by creating good business practices. Ultimately, it's a win-win outcome because the business organizations benefit from these progressive management practices while societies benefit from having models for peace.

## **Complexities of Research on the Relationship between Business Organizations and Peace**

But of course, the story of how business organizations can contribute to peaceful conditions is more complex than our simple story. Future research can complicate the model examined here. For example, labor unions are often intertwined with business organizations and are becoming more global in their reach. At the prodding of unions, employees may engage in strikes to push for political, economic, and social reform. These strikes can turn violent and undermine the economic and social viability of governments. In this way, labor unions are a type of political institution that leverages members to institute change both at the organizational level, in terms of more voice at work, but also at the national level, where they may encourage members to engage in behaviors that may undermine short-term peace (e.g., strikes) with the long-term goal of improving and securing workers rights. So, to the extent that labor unions are part of the equation, the relationship between business organizations and peace may be more complex because they may create unrest in the present with the goal of more peace in the future.

And while empowerment may be a positive manifestation of voice in business organizations, speaking out in countries with totalitarian leadership may not only work against peace but could also be dangerous. There may be times when empowerment can lead to trouble rather than peace. For example, for a woman in Afghanistan, having significant voice might lead to her arrest, or worse. Or, those who speak out against a totalitarian regime may put their livelihood or even their life at risk.

Another complexity is that while we refer to sustainable or long-term peace in this paper, some studies of peace may have more of a short-term focus. Totalitarian regimes may create short-term peace through the repression of conflict. This is not the kind of peace that is sustainable. Our measure Economist Intelligence Unit measure of peace does reflect the nature of political and civil rights in a country so this is not a concern with these analyses; however, it is important that any future research in this area focus on sustainable peace rather than short-term repression of conflict.

A final complexity regards how we define peace. In this paper, we use two proxies to measure peace – corruption and unrest. But many people, including Nobel Peace Prize Winner Jimmy Carter (2002), would argue that peace is more than the absence of social unrest, conflict, or corruption. It is more than stopping war. Future research should conceptualize and examine more positive manifestations of peace, like human and societal flourishing. A more positive conceptualization of peace could be further informed by recent research in Positive Organizational Scholarship (Cameron, Dutton & Quinn, 2003).

### **Strengths and Limitations of this Study**

This study brings several strengths to the study of peace. First, we look outside the domain of traditional peace research to examine the relationships that organizational leadership and empowerment practices have on sustainable peace. And, rather than taking strictly an empirical approach, we develop some clear theoretical logic for how and why business organizations can contribute to peace that go beyond the more economic and philanthropic rationales that have been offered in prior research. We show

how everyday business practices can foster peaceful conditions. Second, we bring together several rich and well-validated cross-national datasets to empirically explore the hypotheses. In this way, we avoid the problem of common methods bias. Third, the datasets are arrayed so that the results are not merely cross-sectional. Instead we look at independent variables measured in the late 1990s/early 2000s and relate them to current outcomes collected in 2004.

Nevertheless, this study has several important limitations. First, though we begin to articulate the mechanisms that explain how organizational practices can affect peaceful conditions in civic and political domains, we fail to measure any of these mechanisms in our analyses. Thus, we cannot be sure that our logic correctly explains how participative leadership and empowerment practices affect our peace outcomes of interest. Second, because we are using secondary data, we had little control over the specific questions that were asked to create our measures. As such, we have two single item measures of empowerment, so we cannot be confident in their reliability. And third, as acknowledged in our analyses section, the sample size for our regression analyses is quite small. Each database collects data on a different set of countries. For example, only 32 countries are in both the GLOBE research and the WVS. So, we have a fairly select set of countries (see Table 1) in our multivariate analyses. The small sample size also limits the power of our analyses. In spite of our low power, however, we still find highly significant results that support our hypotheses.

## **Conclusion**

This exploratory research suggests some new ways for thinking about how business organizations can contribute to sustainable peace. In the wake of the turmoil created by September 11, 2001, it is inspiring to think more broadly about how business organizations can be a positive force for change in the world. This research takes one viewpoint on the role of participatory leadership and empowerment. It helps us to begin to consider how even relatively simple practices can have long-term impacts not only on employees and organizations, but also on society and the world.

Let us conclude this paper by quoting peacemaker Elie Wiesel who tells us that "Peace is our gift to each other." Perhaps the study of business organizations' contributions to peace may be the gift we as organizational scholars give to ourselves and our world.

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Table 1:  
32 Countries for Which We Have at Least One Independent Variable

Country	GLOBE	WVS* +			
Albania	X		Japan	X	X
Argentina	X	X	Kazakhstan	X	
Australia	X	X	Kuwait	X	
Austria	X	X*	Latvia		X +
Azerbaijan		X +	Lithuania		X
Bangladesh		X	Malaysia	X	
Belgium		X* +	Mexico	X	X
Bolivia	X		Moldova		X
Brazil	X	X	Morocco	X	
Bulgaria		X +	Namibia	X	
Canada	X	X*	Netherlands	X	X* +
Chile		X	New Zealand	X	
China	X	X	Nigeria	X	X
Colombia	X	X	Norway		X
Costa Rica	X		Pakistan		X
Croatia		X +	Peru		X
Czech Republic		X* +	Philippines	X	X
Denmark	X	X* +	Poland	X	X +
Dominican Rep		X	Portugal	X	X* +
Ecuador	X		Romania		X* +
Egypt	X		Russia	X	X +
El Salvador	X		Singapore	X	
Estonia		X +	Slovak Republic		X* +
Finland	X	X +	Slovenia	X	X +
France	X	X* +	S. Africa	X	X
Georgia	X		South Korea	X	X
Germany (west)	X	X +	Spain	X	X +
Ghana			Sweden	X	X +
Greece	X	X +	Switzerland	X	X
Guatemala	X		Taiwan	X	X
Hong Kong	X		Thailand	X	
Hungary	X	X* +	Turkey	X	X +
Iceland		X* +	Ukraine		X +
India	X	X	UK	X	X* +
Indonesia	X		Uruguay		X
Iran	X		USA	X	X
Ireland	X	X* +	Venezuela	X	X
Israel	X		Zambia	X	
Italy	X	X* +	Zimbabwe	X	

- - WVS data from European Values Survey
- + countries where the decision-making freedom variable was collected in the WVS

**Table 2:  
Means, Standard Deviations, and Correlations**

	<b>Mean</b>	<b>Standard Deviation</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>
1. Future Orientation	2.72	.33	1.00						
2. Power Distance	5.50	.40	-.06	1.00					
3. Participative Leadership	5.33	.41	.32**	-.42***	1.00				
4. Decision-Making Freedom	6.35	.85	.68***	-.02	.69***	1.00			
5. Compliance to Supervisor	1.85	.23	-.43**	.18	-.01	.04	1.00		
6. Corruption Index	4.96	2.54	-.64***	.02	-.51***	-.65***	.12	1.00	
8. Unrest Index	4.53	1.20	-.50***	.03	-.57***	-.61***	.32*	.75***	1.00

**Table 3**  
**Regression Analyses**

<i>Independent Variables</i>	<i>Step 1 Corruption</i>	<i>Step 2 Corruption</i>	<i>Step 3 Corruption</i>	<i>Step 1 Unrest</i>	<i>Step 2 Unrest</i>	<i>Step 3 Unrest</i>
<b>Future Orientation Culture</b>	-.68**	-.40+	-.16	-.48*	-.17	-.11
<b>Participative Leadership</b>		-.47*	-.32*		-.54+	-.22
<b>Decision Making Freedom</b>			-.63**			-.77*
<b>Compliance to Supervisor</b>			.34*			.10
<b>F</b>	12.07**	10.04**	13.71***	3.95+	4.34*	5.28*
<b>R<sup>2</sup></b>	.46	.61	.83	.23	.42	.68
<b>ΔR<sup>2</sup></b>		.15	.22		.19	.26

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