

# Leadership and elite interviews

## Researching the challenges of EU rail integration in a Single European Rail Area

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### Abstract

**Purpose** – The purpose of this paper is to evaluate critically the constructivist-grounded theory in elite interviews, the methodology used for this research.

**Design/methodology/approach** – The research is about the challenges of the EU rail industry integration in the context of EU integration as seen and told by the involved actors. In particular, the integration process requires leadership in the multi-level governance context of the EU and in the transition from state monopolies to businesses providing services on the integrated market. This provides a potential source of theoretically and practically relevant research questions; and second rigorous grounded research methodologies will bring insight that transcends the currently accepted formal and public statements about the phenomena. The work is situated within social constructivist ontology, enacted through a rigorous grounded theory approach to understanding the current challenges of the industry and seeking more effective developments for the future.

**Findings** – Findings place the concepts of leadership and debt into a relationship that could offer profound understanding of certain social relations and contribute to the growth of theory and practice. These findings are also elaborated in this paper as reflections on the methodological process.

**Research limitations/implications** – Contribution to theory and practice supports the relevance and rigor of “constructivist-grounded theory in elite interviews” as a methodological approach.

**Practical implications** – In particular, it supports qualitative research in complex political environments, such as the multi-level governance structures of the EU.

**Social implications** – A clearer understanding of leadership within such dynamic contexts can make a substantial contribution to better policy-making in the EU and better outcomes for its citizens.

**Originality/value** – Further analysis and research of the concepts of leadership and debt and their relationship could offer profound understanding of certain social relations and contribute to the growth of theory and practice.

**Keywords** Leadership, European Union, Grounded theory, Multi-level governance, Elite interviews, Money/debt

**Paper type** Research paper

### Introduction

This paper appraises constructivist-grounded theory in elite interviews arising from concerns with research quality (Morrow, 2005). Thus, it is about practical experiences with using elite interviews sharing experiences on the issues of the validity and reliability of open-ended elite interviewing (Berry and Browne, 2002). The emphasis is on socially constructed organizational realities and the importance of multiple perspectives (Kezar, 2003), where the goal of triangulation is to provide a parallax view upon events (Davies, 2001). Constructivist-grounded theory is used (Charmaz, 2008) taking fundamentals from Corbin and Strauss (1990), and guided by the characteristics of critical realism (Kempster and Parry, 2011). The argument is that the two approaches, elite interviews and constructivist-grounded theory, cannot be divorced



from each other in the context of actual research thus prompting the joint approach to be named “constructivist-grounded theory in elite interviews.”

A key question in academic research is: to whom is the research relevant? Such a question goes to the heart of grounded theory – that theory is grounded in experience (Glaser and Strauss, 1967). This supports the proposal that grounded theory can bridge the relevance-rigor gap (Kempster and Parry, 2011) by placing emphasis on the contextual understanding of the social processes of leadership and leadership development.

The structure of the paper is wedded to the research approach and reflects the continuous dialogue of the researcher with the interviewees, the informing literature and the context. There are four cornerstones to the process: the researcher, the interviewees, the informing theories and new developments of the context. To begin with, the following section is a short description of the phenomenon of a single European transport area. This is followed by a section on the lead researcher’s involvement in the phenomenon and their “worldview” that impacts the research methodology. This is followed by a section on the informing theories studied prior to the interviews and that were related to during the interviews. Constructivist-grounded theory in elite interviews is then discussed which provides the methodological base for the approach to study the phenomenon, the reasons for choosing it, experiences and issues with using it, and a discussion of the roles of the interviewees and the researcher in theory building. The paper then moves to an incremental literature review of informing theories studied while the interviews were in progress. The paper then closes with a discussion of the preliminary outcomes of the research to reflect on the methodological process.

### **The creation of a single European transport area**

To begin with it is essential to understand the broad parameters of EU rail organizations through a brief overview of the industry. The EU rail industry is an infrastructure heavy industry which has so far failed to integrate to an extent needed and comparable to other industries like telecoms (Sandholtz and Sweet, 1999) or banking (Cabral *et al.*, 2002). The research is focussed on the issues in the multi-level governance; the three-tier structure in which the EU rail industry is situated, i.e. that of company boards, national states and the supranational legislative and regulatory bodies.

Rail organizations are in the midst of a transition from public services to state-owned enterprises and in some cases even to privately held corporations while the rail infrastructure remains strictly in the domain of EU member states (CER, 2011). The phenomenon of research is the rail industry in the EU which is underdeveloped and un-integrated in providing competitive services to passenger and cargo transport within and especially across member state borders (European Commission, 2011). In this political and economic context and despite all of the environmental efforts in EU, the rail industry is lagging behind developments when compared to other jurisdictions such as China and the USA:

During the 1950s the share of freight carried by railroads was similar (over 50%) and declining in both the United States and Europe. By 2000 the railroads’ share of freight (measured in ton-kilometers) had reached 38 percent in the United States while falling to 8 percent in Europe (Vassallo and Fagan, 2007, p. 2).

Not much has changed over the last decade.

Rail organizations began in the UK during the nineteenth century and have gradually spread to the European continent and then to the rest of the world

(Tanel, 2007). Initially these were entrepreneurial private enterprises. Because of the immense costs of a denser infrastructure they were later nationalized and run as public services in most of the world organized as parts of transport or infrastructure ministries. Gradually they reorganized into state-owned enterprises in more and more countries, including in the EU member states. Some rail organizations were privatized (Cumbers and Farrington, 2000; Ishida and East, 2007) and lately there are examples of new private startups. Many of these are publicly traded on stock exchanges in the USA, some of which are operationally and financially successful (Posner, 2008). In EU only a few rail companies are publicly traded on EU stock exchanges with some that worked hard on becoming publicly traded but failed to do so (Stielike, 2011). The only distinction from the point of view of ownership between a public service run by a state-owned enterprise and a publicly traded enterprise running the same service is that the owners of the first are private individuals because of the fact that they are citizens of a state, whereas the owners of the second are private individuals or funds because they have voluntarily chosen to be that as shareholders (Dewenter and Malatesta, 1997). This aspect already implies many differences in influencing and leading (MacCarthaigh, 2011). The response to the integration issues of the formation of a single European rail area were EU directives in the form of packages of legislative measures. Named The First Railway Package, which was adopted by the European Commission in 2001, followed by the second in 2004 and the third in 2007 were adopted to promote market opening, product innovation and service quality, improved performance, interoperability between national networks, and safety of a sustainable, well integrated and efficient rail system for passenger and freight transport. Some cases of policy implementation have been published (Barea *et al.*, 2007). The Transport White Article in 2011 by the European Commission (2011) sets out the EU transport policy for the next ten years including perspectives up to 2050 as a vision of a competitive and resource-efficient transport system with particular targets for the decarbonization of the transport industry and the establishment of a single European transport area published by the EU Commission in 2012 and the response of Community of European Railway and Infrastructure Companies (CER):

We now call upon European decision makers to not only endorse these goals but to also introduce the right measures and policy instruments.; The publication of the Fourth Railway Package, the TEN-T guidelines and the Connecting European Facility, and carry on drawing attention to the rail industry's crucial situation in Central and Eastern Europe (CER, 2011, p. 1).

As this quote indicates, there is a desire and an outright call for an integration of the rail system, yet the industry struggles to meet this challenge.

Moreover, the call is directed at leadership within the system: "We now call upon European decision makers [...]." This has focussed the research toward looking at the constraints within the industry for those in leadership roles to be able to meet the calls for integration. It is a look into how leadership navigates this complex, multi-level governance industry in the context of the current political and economic environment in the EU. It provides the leadership moment (Ladkin, 2010, p. 178) "explained by phenomenology as the kind of entity which cannot be separated from the context from which it arises. In fact, its very appearance is totally dependent upon that context." CEOs and their perspectives embody leadership at this difficult intersection on the market between policy and state-owned enterprises service. Leaders need to interact with other principal actors operating in the industry, the governments of the respective member states as representative of the owners and the regulators of an open market

and the supranational legislative and regulatory body of EU. Leadership in this context reinforces the view that in complex environments, leadership is about mobilizing stakeholders and solving interconnected problems (Broussine, 2009, p. 274). Research outcomes thus help to better understand the industry and allow the actors in this industry to meet the challenges of EU rail integration. Moreover, the research provides theoretical insights into the nature of leadership in complex, multi-level governance structures. This is particularly relevant today as the research approach is focussed on allowing the socially situated actors, those holding leadership positions within the EU industry, to speak to their own experience, environments and contexts. From this material a multi-perspective view is created on the constraints of leadership within the EU rail industry. I now turn to disclose the lead researcher's involvement in the phenomenon and his worldview, which both influence the methodological approach and outcomes.

### **Reflection on the selection of constructivist-grounded theory in elite interviews**

The research does not claim to report the generality and objectivity of the methodology and outcomes. Rather, it contextualizes the lead researcher (Schara) in the social context of the phenomenon of research that is the cause of relativity and reasons for reflexivity which is consistent with the selected methodology for the research (Charmaz, 2008). With consciously subjecting personal beliefs about reality to an ontological interrogation the research design needs to be robust (Mills *et al.*, 2006) in the realm of constructivist-grounded theory, as such beliefs are inevitably going to be part of the outcome.

Living through the breakup of Yugoslavia and then the integration of Slovenia into the EU gave Schara a "hands on" experience on the impact of disintegration and integration turmoil on the lives of individuals and businesses. Leading Slovenian Railways as the CEO for two years in the mid late-2000s was an experience where Schara gained some personal understanding of the rail industry and the issues of its integration. Regular meetings with CEOs of other rail organizations, meetings of industry associations and those with the representatives of the EU Commission broadened his understanding of the context. For the research, Schara gained experience that can enrich the ability to analyze and a network which allows him to obtain interviews that others would find difficult to get. However the experience left Schara with certain assumptions that required understanding yet could be suspended in the methodological approach.

In the case of the lead researcher, entering the world of research as a PhD candidate provides also a chance to reflect upon and challenge assumptions about organizations, business and leadership developed during a professional executive career. In addition, there is opportunity for reflection on "worldview" and understanding the foundations of business, politics, finance and their interplay. Executives tend to operate primarily from the positivist perspective, but in reality social construction is equally important. Even mathematical theories are social constructs themselves, derived from and based on humanly selected axioms. Understanding the researcher's worldview is essential. First, it allows identification and then suspension of assumptions about the phenomena being studied. Second, it drove the selection of the research methodology as well as its influence on the data gathering, analysis and outcome synthesis. With a constructivist-grounded theory approach to elite interviews the interviewer, researcher, is one of the actors involved in the dialog with interviewees and the informing literature constructing new insights into the phenomenon and its context. The next section is about the informing theories on which the interviews were based.

**Before the interviews: theoretical review**

In this section those theories studied before the interviews are presented that also were related to later in performing interviews. Those that were studied in the course of performing the individual interviews as an additional reflection on the interviews in progress are mentioned in a separate section later on. This disclosure of informing theories is deemed essential to understanding the methodological approach. The mentioned theories are not categorized or ordered according to their relevance to the phenomenon since they were initially not studied in any such order. Roughly they could be divided though in those that focus on the context; those that deal with the contextual aspects of the phenomenon; the phenomenon itself; the leadership and change within the phenomenon and its context; and those that focus on the role of the researcher in the research process. Their relevance is assessed only during the interviews and grounded theory buildup.

EU integration processes are demanding changes that are taking place in a political environment that has added a further layer, the supranational layer. At the early stages of integration this layer was primarily focussed on its regulatory functions of optimizing the polity of the common market, avoiding the distributive or redistributive objectives. Whether EU is primarily an intergovernmental regime or primarily a supranational regime, or a new development between the two or beyond them, is discussed from governance and legal perspectives (Joerges, 2006). This unanswered dilemma is creating tensions among peoples of EU striving to stir its future more toward one or the other who articulate this through their agents, the member state governments. Leadership and multi-level governance theories cover these topics so they were regarded as informing theories on issues in the three-tier regime of corporate boards, national states and the supranational state (Talbot, 2010). The actors of power influencing or trying to influence the state-owned enterprise as a business organization beyond its formal leaders and managers through applying policy analysis of external coalitions were also analyzed (Mintzberg, 1983). Performance regimes theory places a state-owned enterprise into the wider context of organizations providing public services (Talbot, 2008). The transitions from publicly to privately delivered services confront different cultural aspects of public management where acceptability to managerialism in some administrative cultures is much lower than in others (Gheorghe and Common, 2011). The actual place where strategic decisions are made is identified as a space of defining common values and how these evolve into a formal written strategy as means of agreeing and communicating common goals (Mintzberg, 1987). These research communities and theories were explored in relation to this conflicting three-tier regime as well as identifying further research opportunities.

Should EU rail integration case study research succeed in building a theory in a new topic area, it is subject to evaluation of its frame breaking insights, the tests of good theory and convincing grounding in the evidence (Eisenhardt, 1989). The use of grounded theory research on a few cases, of CEOs of rail organizations and other actors of national and supranational governments and their relations with each other as a guiding context, should not be seen as a generalization through empirical replication of studying cases, but as an attempt to add a case of grounded theory research informed by critical realism to understanding and explaining a contextualized leadership as a scientific goal (Kempster and Parry, 2011).

The informing leadership theories are based on a postindustrial definition of leadership. "Leadership is an influence relationship among leaders and followers who intend changes that reflect their mutual purposes" (Rost, 1993, p. 102). From this

definition, there are four essential elements that must be present if leadership exists or is occurring. They are looked at in the EU context where the relationship is based on influence that tries to be as much as possible multidirectional and non-coercive, even though the relationship is inherently unequal because of the influence patterns of those who intend change, that are purposeful, substantive and transforming (Rost, 1993). Rost's definition is clearly worded and provides specific criteria to differentiate leadership occurring in the observed phenomenon from other social interactions. It is usable for scholars as well as practitioners and it provides a foundation from which to analyze the data about the phenomenon gathered from open-ended interviews. It also serves as a comparison benchmark to compare outcomes directly with the definition and theories-based thereon.

Leadership, in its postindustrial view as defined by Rost (1993), is not equivalent to performance regimes and or external coalitions in a multi-level governance context. Not all that goes on in the external coalition or performance regime is leadership. There are other social interactions taking place as well. Leadership gives all those interactions a certain mutuality of purpose that aims at change. The roles of leaders and followers are performed by CEOs as well as politicians, at the national and the supranational level. Not all of them have both roles all of the time and especially not at the same time, but rather these two roles bounces back and forth from time to time.

Leading a market-driven enterprise is researched (Hafsi and Koenig, 1988) from leader-centered perspectives on leadership, transformational and stakeholder theories especially because "There is growing evidence that situational constraints may be much more important in restricting the transformational leader's room for maneuver than is generally appreciated" (Jackson and Parry, 2011, p. 34). Critical leadership theories (Jackson and Parry, 2011) inform the research question with findings on multi-level governance environment of a state-owned enterprise in case of a supranational environment like EU where further research will be needed on such themes as lack of embodied leadership, and conflicts of national and supranational provoking coercive control.

Leader-centered theories are too narrow an approach to research the complex phenomena of organization development that have historically developed to today's governance structures that go beyond hierarchical organization of national states and/or business organizations (Hatch, 1996). Ladkin (2010) roots the discussions on leadership in philosophy, since leadership is its concern since millennia. Notice here Plato's *The Republic* and the enduring challenges facing democratic societies (Williamson, 2008), personal vs public interests, "good life" pursuit of justice and knowledge of leaders' philosophers vs consumerism, and compare this for a second with contemporary political leaders. Philosophy does provide questions and critique. It focusses on a lived experience as a valid source of knowledge. Normative approaches of deontology and utilitarianism are not enough; it is dwelling in the phenomena of leadership that helps it to resolve ethical questions. By staying in a problem, we use our senses to live the problem holistically and embody our reactions. It also looks into our reactions to others and to phenomena around us. Through aesthetics it connects with beauty (Ladkin, 2008) and consequentially with the arts. From these discussions follows a strong argument for the embodiment of leadership (Sutherland, 2013) which would challenge the seemingly disembodied leadership of EU.

Management academics and practitioners are increasingly interested in the complexity-based continuous transformation models of change, in studying non-linear and self-organizing models used in natural sciences, to gain further insight into change (Burnes, 2005). At least they should be able to serve as a metaphor to think beyond

traditional hierarchical models. It is argued that most efforts at change fail because they seek to impose top-down, transformational change instead of adopting the self-organizing approach necessary to keep complex systems operating at the edge of chaos to seek equilibrium vs non-equilibrium. These systems even in natural sciences are difficult to measure and predict because boundary conditions have significant effects on the model itself. What is so different about complexity theories? Why is complexity better suited to understanding and changing organizations than previous attempts to apply science to organizations? Proponents' claim that exotic mathematics, which has, arguably, revealed the workings of the natural world, have also given us the key to understanding the complexities of the social world (Burnes, 2005).

Multi-level governance is considered a rather new research discipline, and it is still disputed whether it is a theory or an amalgam of existing theoretical fields of intergovernmental and supranational research, or just describing EU integration (Hooghe and Marks, 2001). It was adopted into the discourse of researchers and practitioners studying the complexities of EU government and governance from the 1990s onwards (Marks, 1993). With its flexibility in addressing various levels and actors it is used as a normative and especially as an analytical tool. It shows that in the decision-making process more non-state actors participate. What it does not claim is a diminishing role of a national state but one that is more dynamic in all directions, upward, downward and sideways. This research places rail industry and companies as non-state actors in the multi-level governance context. "Multi-level governance is likely to be more prominent in areas that state actors deem less important to their interests" (Bache and Flinders, 2005, p. 199). The interplay of roles of the government, industry and other stakeholders in delivering public and private sector services is analyzed through governance models that try to structure this interplay into four quadrants: State Regulation and Enforcement; State Delegation and Business/NGO Direction; State Delegation and Business/NGO Direction; and Business/NGO Innovation and State Endorsement (Mirvis and Googins, 2013). Multi-level governance is adding another dimension to these quadrants, so the quadrants expand into parts of a cube. Still the complexities of governance with such models allow for a structured approach in research and thinking about organization development. It shows that strategic policy transfer in the process of administrative reform in new EU member states as they join is anything but a straightforward process. It is heavily dependent on the past cultural aspects and notions of the role of civil service in the society. Also the political elites appear to seek EU support and advice to expedite the EU accession to comply with EU requirements nominally by accepting the required legislation. However, this assumption masks alternative agendas of the elites to accept change in a manner and extent that preserves the existing power structures, and evidence suggests that administrative reform is deeply problematic on itself (Gheorghe and Common, 2011) and that more powerful means of change and integration than legislation and administration, are to be looked for in the leadership domain as is presented in the outcomes of this research.

Research on state-owned enterprises was popular in periods of deregulation in the 1980-1990 in USA and EU and recently this research topic has been actively pursued in China (Liu, 2009), taking into account the imminent conflict between the state as an owner and the state as a regulator (Davis and Keiding, 2002). Research has been published on public organizations in multi-level government environments (Talbot, 1996) as well as efforts to shed light on an increasingly opaque and complex regulatory system in EU (Pollitt and Talbot, 2004; Muñoz and Petit, 2005), but virtually no research

exists on leading a state-owned enterprise in the context of a supranational regulatory and legislative body like the EU.

Performance regime theory (Talbot, 2010) takes into account the institutional context of performance steering and the nature of actual performance interventions by various actors. A performance regime takes into account multi-centric accountabilities toward national governments and EU legislative bodies and their regulators, auditors and inspectors, as well as others with statutory rights such as the rail industry with traditionally strong labor unions. Policy analysis allows analyzing actors of power influencing or trying to influence the state-owned enterprise as a business organization beyond its formal leaders (Mintzberg, 1983). Performance regimes theory (Talbot, 2010) that positions the organization into a context of influence and strategy theory of action (Hafsi and Thomas, 2005) that explains the role of strategy as a force that integrates are the informing theories in developing a model of productive cooperation between the CEO and the national government within EU.

Engagement with the literature thus assisted the researcher to go beyond the prior “hands on” experience with the phenomenon (Corbin and Strauss, 1990). These theories are also those related to actively during the interview phase. They illustrate the various approaches to the studies on the leadership phenomena, like philosophy, humanities, arts and social sciences. The next section describes how they were used in the constructivist-grounded theory in elite interviews approach.

### **Constructivist-grounded theory in elite interviews**

Having discussed above the key informing theoretical and conceptual conversations informing the research work, we proceed with a focus on the constructivist-grounded theory approach to the elite interviews format that stresses the interviewee’s definition of a situation. This is exactly what was wanted as a source of data from interviewees who have personally participated in efforts and discussions on integration and thus possess special knowledge of it. Through personal participation in the phenomenon, and study of publicly available sources the necessary information was reviewed to arrive at a provisional analysis that was used to generate the opening statements at the start of the interviews. The results of the interviews are the interviewee’s definitions, relevancy, subjective perceptions, and reactions in retrospect as they emerged during the actual interview.

In addressing the methodological issues of validity and reliability in elite interviewing the following approach was used: “For projects where depth, context, or the historical record is at the heart of data collection, elite interviewing using broad, open-ended questioning might be the best choice” (Berry and Browne, 2002, p. 682). Each interview started with the same opening statement, divided into two parts.

Statement 1: comparing EU vs US rail systems both had a modal share of 50 percent in the 50ies of the last century which dropped down to about 8 percent against the road transport. It climbed back again to about 50 percent in USA while the EU modal share is still only about 15 percent in cargo transport and 6 percent in passenger transport.

Statement 2: on distances less than 500 km between bigger cities, passenger transport on rail can compete with air, while on distances of more than 500 km rail can compete with road in cargo transport. In both scenarios in EU rail most likely crosses member state borders and leads to the need of the formation of the single European rail area.

With only rare and brief interventions in moments when the interviewees rounded a thought and paused was a possible new theme mentioned. This was done only as a possibility, so that if interviewees followed a particular direction there would be no further intervention, or did not offer a response if the proposed theme did not resonate



with the main theme of the interview. Berry and Brown (2002), named the phenomenon “corralling”; in this case, it was about following their line of thought while showing attentiveness and confirming understanding to what they are saying. Personal interpretations and deviations from common knowledge of the phenomenon are especially valuable to increase the richness of data and consequentially allow a deeper insight in the analysis phase (Kezar, 2003). Therefore, the elite interviews that were conducted are extremely open-ended as elites do not like being put in a straitjacket of closed ended questions as well as locations of the interviews (Rockman and Aberbach, 2002).

The interviews were conducted in the interviewee’s offices, corporate restaurants over lunch or in even public cafes if they were traveling. Only the opening statement was used, not even a question, to provoke their narrative about the phenomenon. Later in the interview, only body language, short words and nods revealed active participation, an understanding or a wish for further clarification. Such interventions were scarce and non-judgmental. Their sole purpose was to stimulate the flow of their narrative. Specifically generalizations and any individual statements that could come from previously performed interviews with other interviewees or from public statements were avoided. This would very probably only recreate the tensions and conflicts that are present and confronted in their actual daily work and would also possibly lead their narrative into a more formal, detached, even protective mode, as used in that environment. This approach was used systematically in all of the interviews to assure reliability of data and the potential for generalization.

In regards to the distinction between critical and ethnographical perspectives of elite interview usage (Kezar, 2003) the latter view is taken, since the interviewees could be regarded as actors or agents playing roles that represent interests of different social groups in the industry.

On the topic of reciprocity in elite interviews as observed by feminist and narrative researchers (Kezar, 2003): commitment and engagement, mutual trust, mutuality, egalitarianism, empathy; and reflexivity and transformation, are separated: first, part elaborated; commitment and engagement, mutual trust, mutuality, egalitarianism, empathy all came naturally and easily; possibly because of former working experience as a top executive in the field researched and as an informed, trained researcher. In this phase of research, gathering data in elite interviews, practitioner experience can add value along with having all the mentioned characteristics, though not necessarily bringing them actively to the fore in the actual interviews. The interviewee and interviewer may have all the mentioned characteristics, but their relationship need not, is not and should not be symmetrical, since that would lead to their relationship being equivalent. Second, part, elaborated; reflexivity and transformation characteristics should be moved from the data gathering phase to the analysis phase of constructivist-grounded theory development and further into conclusions. In the analysis phase, the roles of interviewee and interviewer are physically detached. The outcomes of the analysis and the research is also made available to the interviewee. However, the dialogue *per se* is depersonalized, is happening between the fields of practice and the field of research, and not between the interviewee and the interviewer as individuals. So the imminent conflict of change is moved from the space between the interviewee and interviewer into the space between practice and research. The study of leadership in such a change process is thus disembodied and can be observed and analyzed in the noble tradition of separation of various fields of humanities.

Egalitarianism was of conscious concern to the researcher; that deliberate acts to always put the equal foot forward; not even by chance to provoke a possible feeling of

the position of a researcher to be superior; but to hold the space for the interviewees to express their thoughts to an independent, though informed observer, who will treat all the phases of the research process with full concern of their individual confidentiality and use the proceeds of the interview in a scholarly manner. That is what attracted them to enter into this relationship of confidence and openness.

Going from the elite interviews to reflections on and interpretations of them, we now proceed with the social constructivist-grounded theory and the reason for the selection of this methodological approach. Following are some key arguments.

Grounded theory is a method for understanding an interviewee's social construction. It is also a method that researchers construct throughout their data gathering and analyzing, the what, how and why they do it, emerges through interacting with their research setting, data, colleagues and themselves (Charmaz, 2008). Social constructivist approach encourages innovation; new understandings and novel theoretical interpretations of studied life; strategies for creating and interpreting our data, not routes to knowing the multiple, processual, and constructed reality (Charmaz, 2008). Researchers are part of the research situation, and their positions, privileges, perspectives, and interactions affect it (Charmaz, 2000; Clarke, 2005, 2006). In this approach, research always reflects value positions, which need to be identified and their effects weighed on the research practice. Thus, prior knowledge and theoretical preconceptions need rigorous scrutiny (Charmaz, 2008) as reflected upon in previous sections. Constructivists assume that researchers construct an interpretive understanding of the studied phenomenon that accounts for context (Charmaz, 2008). "Thus grounded theorists who adhere to this position: a) Treat the research process itself as a social construction; b) Scrutinize research decisions and directions; c) Improvise methodological and analytic strategies throughout the research process; d) Collect sufficient data to discern and document how research participants construct their lives and worlds" (Charmaz, 2008, p. 403). Constant comparison of data to data, of analysis to field, and to current developments in the environment grounds the analysis and helps to theorize the interviewees' data and the context (Mills *et al.*, 2006). The relationships among categories are constantly revised during the research through further interviews and verified against new evidence of: the phenomenon and its context, the broader structural conditions that surface during research through public sources such as scholarly and journalistic articles, public policy and strategy announcements as well as actual developments in the field (Corbin and Strauss, 1990).

Bringing this to the level of this research, viewing leadership as a social phenomenon that is social, contextual, processual and relational (Kempster and Parry, 2011), difficult to observe and define (Rost, 1993), its manifestations though visible are thus difficult to understand in the intrinsic relations, context and causality.

Constructivist-grounded theory in elite interviews stands for the process of listening to and observing various manifestations of leadership, or lack of it, as they are observed, felt and expressed by the interviewees. In addition, in using constructivist-grounded theory in elite interviews there is a strong development of the interviewer's view through time. Therefore, we thus name the methodology that of elite interviews and constructivist-grounded theory used together in form, content and time, as constructivist-grounded theory in elite interviews.

The starting point of the research is marked by the certain development stage of the personality and worldview of the researcher, which will have a defining impact on the whole research process. The following activity that affects the research significantly is the level and quality of preparation for the context and content of the interviews. In this

case, it was a broad process in the sense of understanding the factual descriptions of the phenomenon. The literature review of informing theories is oriented toward the broader context, but not pointed at any presumed understanding of the phenomenon.

Second, when the actual interviewing process unfolds, the intensity of the researchers' involvement grows. There is plenty of time between interviews so the researcher can reflect on the earlier interviews and how they resonated with him and the informing theories. In parallel new facts about the phenomenon emerge constantly and are an additional source of reflection. Revisiting informing theories from the preparation period becomes more and more pointed, some of them are dropped, and additional ones are brought into consideration. The next interview repeats the cycle of reflections. In the middle of the cycle is the phenomenon. One could envision the research methodology as a spiral around a pyramid that might gradually lead to the core category at the top, something more than the sum of parts, something relevant and revealing.

Using constructivist-grounded theory in elite interviews allowed pursuit of the following objectives: to capture research data from the narrative of individuals that are or were actively and personally involved as the actors of the target sample of the researched phenomena; to obtain data that would be richer than the officially published documents on integration issues by EU bodies and rail organization and to get beyond formal public statements.

In creating the sample, the focus was on getting interviews with individuals that could speak across the multi-level governance environment of the industry. As such the same involves: first, members of the EU Parliament leading parliamentary commissions relevant to transport; second, the EU Commissioner responsible for transport and infrastructure forming the EU single European rail area; third, Former and current CEOs of rail organizations irrespective of their organization's ownership structure or its focus in operations or infrastructure management; and fourth, lobbyists of the industry. For all of them their declared interest is to provide a better transport service to the citizens and businesses of EU.

Although what is derived from the interviewees is what interviewees say and how they say it, but not necessarily what they think about the topic and what they meant or would like to say. However, there is no research mechanism providing the measurement of relevance, reliability or trustworthiness of what has been said.

The collected narratives are not only a function of the former or present position of the interviewee in relation to the phenomenon, but also a function of the whole milieu of time, place and perpetually developing circumstances into which the interview is positioned in relation to the phenomenon. Moreover, the dialogue/narrative is not of a nature that it could be repeated or otherwise recreated even with any same interviewee.

Reliability of the data is not derived from repeated interviews or different methodological approaches to the same respondent about the same phenomenon. It is rooted in trust of the quality of these sole conversations and safeguarded by in depth listening and understanding of what correspondents say independently of one another about a phenomenon that binds them together in the point in time of the interviews performed and the political context in which the interviews took place. So the narratives say more about today than they say about the time when any of them was actively involved in the phenomenon. This allows a holistic insight into the phenomenon as seen and talked about by the few in a certain snapshot in time. The value of data collected in elite interviews is thus not in an individual interview, nor it is in a big n number of them.

There are some practical findings about the usage of the constructivist-grounded theory in elite interviews. It is extremely difficult to organize interviews when interviewees do not belong to one hierarchy. I addressed the interviewees by a letter disclosing the researcher and the school, the focus and aim of the research and promised scholarly confidentiality. They were not informed who else was invited. They were not told that any formal authority is behind this research, since it is not. The research is driven by sheer intellectual curiosity, estimated relevance and scholarly rigor.

The theme could have been considered by many invited potential interviewees as one upon which they do not want to elaborate or even talk about in general since it involves so many sensitive contextual aspects. This fact very possibly explains the effort needed to get through to the invited interviewee and seek the confirmation of the interview. After getting the confirmation, organizing the logistics of the meeting is also a lengthy and tedious process measured in weeks or even months, any cultural particularities set aside. This is also probably a key differentiator between elite and non-elite interviews, at least from the logistics point of view.

It is safe to say, consequentially, the arranged interviews were with interviewees that made individual and conscious decisions to participate. Methodologically this is an important point to mention since the narratives of those who did not, for whatever reasons, decide to participate in the research might have been different from the ones performed.

Almost all participants agreed for the interview to be taped and the transcripts sent to them for their review. I explained that the transcripts will serve as raw data for the analysis and that syntheses will be anonymized. All of the interviews lasted for about an hour-and-a-half. I expected them to last about that much since this is a normal frame of time in business meetings of executives when content is discussed thoroughly but details are left out for follow-up meetings.

Given the similar initial conditions and opening statements, the interviewees, in eight out ten cases, started off with statements that were rather formal but then later on contradicted themselves. As the interview unfolded, they became more personal, very open, critical and emotional even in their narrative. Given that they are all experienced professionals, the expectation was that they would retain that professional loyalty. The positive rapport experienced has much to do with presented interview skills and techniques, but even more with the general context in which the interviews were proposed, agreed upon and organized. Namely, the theme proposed to the potential interviewees was highly relevant to them, and the scholarly rigor was promised credibly enough.

The results of the research were by methodological design not offered as personal feedback as this would contradict ontological disagreement with radical reflexivity and transformation of elite interviews (Kezar, 2003). Accordingly two rounds of interviews were ruled out. In case any of the interviewees had asked for personal feedback, I would have explained that this was not anticipated by the methodological design. Any symmetry of involvement, any further engagement, any further support were themes not initiated by the interviewees, as well as by the interviewer. The overall experience with performing elite interviews is that these are intellectually and emotionally very intense as well as requiring a high level of professional and scholarly ethics from both the interviewee and the researcher.

### **New developments of the context and additional informing literature studied during research**

This section would like to turn attention back to the context of the researched phenomenon and its implications on the methodological approach. Namely because of

the time component the context is in constant flux influencing the phenomenon, the positions of the interviewees in their realm and the researcher, even informing theory development, while the lengthy research process is in progress.

For the lead researcher, reading about and living the consequences of actual developments in the EU integration process during the ongoing economy crisis from 2008 till 2014 was very informative, particularly the turbulent meetings of the European council devoted to the question of the sovereign debt of Greece and the possible threat of its exit from the Eurozone or even EU at the time of writing. The actual and implied austerity policies have put tremendous strains on the Greek leaders and citizens, likewise in Spain, Ireland and Italy. Unemployment rates climbed to a staggering 25 percent or even 50 percent in certain segments of the population. Interest rates on sovereign debt at which those and other countries raised money to reprogram old debt and fund the exit out of crisis climbed to unsustainable heights of over 5 percent and even as high as 15 percent. This comprises a most uninspiring situation for any government and political leaders whose primary objectives are to assure jobs and consequentially decent living standards for their fellow citizens. Business leaders, especially those of the banking sector came under rising pressure from regulators as well as the general public who presumed that they were the cause of the meltdown of the financial system. Some major banks and companies were bailed out by the governments, stripping their shareholders, and mostly pension funds, of their assets while putting the risks of further development of these businesses into the hands of taxpayers, as voters and citizens are called popularly by the press in such times. Quantitative easing in USA and the lack of it in EU was a source of controversy in discussions since the results of one or the other case were not apparent immediately and could not be obviously predicted by the classical supply side or demand side economists. Around the new year of 2011/2012 the situation came to a near disintegration of the Eurozone and thus EU. The tensions in the monetary union became too high without other leadership attributes to stir the economy and the society. The middle way between a complete disintegration of the monetary union or further integration into a sovereign union of member states that could be compared with models used in other developed countries around the world was sought in the unconventional measures by ECB to emit roughly three trillion euro accompanied by the now famous statement of its president to do "all that it takes." After this the situation completely turned around on the financial markets, but further developments show that monetary measures of a central bank need to be supplemented by further government political reform. Referendums were called for, announced or even held in UK, Spain, Ukraine and others. In 2014 EU parliament elections opened the political space to many Eurosceptical political parties all around Europe, some of whom were not yet even successful in local elections. These were the first EU parliament elections where the biggest political party groups named candidates to run for president of the EU commission. Disputes on selecting the new president of the EU commission in the EU council that followed were resolved rather quickly, but still were signs of tensions in the change process of giving the EU parliament and commission greater legitimacy as voters have demanded for many years now.

During these changes of the context it was difficult to expect that such integrative and capital intensive infrastructure project like the single European rail area would gather a lot of attention and the needed political leadership and financial support. This situation would also likely be felt both in the parliament and the commission as well as among the business leaders involved. While struggling to get interviews with these

leaders it was interesting reading to go through the nearest approximation of an EU constitution, in short called The Treaty of Lisbon to get the level of development of the political structures on the uppermost levels. Reading through the European Central Bank by-laws focussing on inflation targets without the employment targets was an experience on the financial side. Here it is worth stressing that the aim of this research is not a scholarly comparison analysis of sovereign political models used in USA, EU, Canada, Australia and probably many others which would be a valid topic in multi-level governance research on itself. The focus was to reach a rich enough insight into the context of the researched phenomenon of rail integration in Europe into which to place the raw data from the elite interviews, and to allow meaningful grounded thinking and analyzing.

Two of the most surprising findings did surface not on the structural side of the EU regime but on the monetary and fiscal side. Written in a short and oversimplified manner the two findings are that: first, ECB cannot lend to EU and or member states (Union, 2010, article 123); and that second, there is only 1 percent of EU GDP collected as tax on the EU level, half of that used for “cohesion,” i.e. euro speak for integration. To complement practical understanding of the developments of the recent years in the context of the studied phenomenon and in line with the used pyramid spiral model in the methodology used, the researcher had to look for further informing theories. These would provide insight into how a monetary union impacts infrastructure financing in good and especially in bad times, since 18 out of 28 EU member states are members in a monetary union.

Classical and neoclassical theories of economics, and dilemmas between the Keynesians and post Keynesians, seem to start from assumptions about rational behavior of an individual subject, individual or business, absolute symmetry of information, from which they build theories and propose policies. The “invisible hand” of the market did not bring much new insight from a leadership perspective. Although the approaches looked inductive to a large extent, like the methodology described in this paper, there remains a fundamental difference, namely the individual in the methodological approach of this research is not generalized to an average individual upon which to build a theory. Individuals are merely the sources of ideas for theories. Once a theory is built on their ideas, for it to be coherent, meaningful and valid, it needs to see the particular as part of its explanations or insights. In such a worldview theories are social constructs.

It was the book by Bagehot (1873) that connects fields of research in economics that resonate with the leadership topics of the research. The book is also a perfect example of grounded theory research on how a central bank works which also contributes to the methodological part of the research:

I venture to call this Essay “Lombard Street” and not the “Money Market” or any such phrase, because I wish to deal, and show that I mean to deal, with concrete realities. A notion prevails that the Money Market is something so impalpable that it can only be spoken of in very abstract words and that therefore book on it must always be exceedingly difficult. But I maintain that the Money Market is as concrete and real as anything else; that it can be described in as plain words; that it is the writers fault if what he says is not clear (Bagehot, 1873, p. 1).

Bagehot’s term is that of a reality of a social construction of a central bank. That has led on to the dilemmas between metallists and chartalists (Zazzaro, 2002), concerning economics theories of what is money. In comparison to metallists, chartalists go further

away from the notion of money as a store of value and a media of exchange toward philosophical roots of debt and money, which sounded promisingly close to sociology, if not at the time of my first readings yet to leadership. Graziani rounds the literature review with a monetary circuit theory (Graziani, 2003) about how money is created, used and destroyed in a circle, to stir societies, and he also raised the point of who are the actors that actually do it. Monetary circuit theories are placed into the heterodox economics field and compared to the neoclassical in Zazzaro (2002) as well as other fields of alternative monetary economics where Arestis and Sawyer (2006) have gathered 29 high-quality original essays by leading specialists on heterodox monetary economic, with results and directions of research in a thorough survey of alternative approaches against the mainstream analysis (Reati, 2011).

What makes the field of alternative monetary economics relevant to the field of leadership research is that it starts with a very fundamental philosophical understanding of money, or better debt, which is much older than money as its material form. The concept of debt is as old as mankind, like leadership. Parallels between leadership and debt, the latter represented by today's monetary and fiscal policies, can be better understood in how they stir societies, banks, businesses and individuals that are the constituents of a sovereign model. Without going here further into the sovereign model and a more detailed analysis of the articles on alternative theories presented in Arestis and Sawyer (2006) it is worth mentioning that though the articles were published a couple of years before the formal start of the current leadership and financial crisis (2008-2014), the articles describe, if not actually predict, many developments that followed. Namely, if there is lack of money on the EU level to support the integrative efforts of the single European rail area, which is not because there is not enough money as such, but because there is not enough understanding of its functioning in a monetary union like Eurozone as a major part of EU. Orthodox economics theories and policies developed for sovereign states do not work in a monetary union, which does not have all those sovereign preconditions that are taken in to account in orthodox economy theories and policies. This would require a study of heterodox monetary economics.

A literature review of how connected leadership and monetary/fiscal economics studies leads to the conclusion that these two fields of scholarly research are barely connected at all. Should this really be the case then this should open a research niche providing valuable insights into theory and policy developments that can help understand and drive political decisions.

### **Preliminary research outcomes**

At this stage of presented research and in line with the focus of this paper, the first findings are simply reflections on the methodological process, before closing with a brief conclusion. The core category that emerged at the current stage of this research is the link between leadership and debt based on the two strongest messages that came out of the interviews, the lack of "standardization" and lack of "money."

To foster standardization of the equipment, the rolling stock across EU, a much higher level of procurement would be needed in parallel to coordinated efforts of technology producers to cater these volumes with cross-border integration of supplying firms. The claim is not a one and only Railbus based on the model or Airbus, but a few pan-EU consortia of firms that could integrate the "security systems" that more and more reside in the rolling stock and in the locks, vs that they are part of the investment into the tracks. This trend would also allow for faster upgrades and developments of the provided technologies in the future, and at lower costs.

Another outcome is that financing of the needed new infrastructure for the integration of the European rail area, needs to go to the corridors that cross-borders of member states. The natural provider of such monies is the EU Commission supporting development of such corridors. Because of the Lisbon treaty, article 123, the bylaws of ECB and because the “federal tax” in EU is at 1 percent of EU GDP these monies cannot be provided and are not provided by the EU Commission but are sought from the member states governments. However, the agenda of the member states governments is different; they were elected to run their respective member states.

The issue of how to provide adequate monies for the European rail area arises as the interviews results show. Heterodox monetary economics theories of sovereigns and their monetary and fiscal systems (Arestis and Sawyer, 2006) insights into the working of an economy and provide policy actions in the public interest. Creation and destruction of money is a consequence of deliberate actions of individual leaders of governments and central banks on level one, leaders of banks on level two and leaders of companies on level three. “States with sovereign currency control (i.e. that do not operate under the restrictions of fixed exchange rates, dollarization, monetary unions or currency boards) do not face any operational financial constrains (although they may face political constrains)” (Arestis and Sawyer, 2006, p. 70). Neither the EU nor even the Eurozone as a monetary regime is a sovereign with all of the attributes of one according to these theories. Therefore, these theories and their policy actions do not necessarily apply. Either EU develops further toward a sovereign where such theoretical and practical conclusions would apply, or multi-level governance theories and corresponding economics theories for such a regime still need to be developed.

The latest comments from other actors in the global economy point to the responsibility of EU for the recovery of the global economy. As the EU is the biggest economy in the world in terms of its GDP, as well as its net worth by rankings of the International Monetary Fund and the World Bank, it cannot behave irresponsibly by leading its own recovery and consequentially its impact on the global recovery with governance and economics regimes that are inadequately understood or inadequate for their purpose.

## Conclusion

As this paper tried to illustrate, the focus on a lived experience can be a valid source of scholarly questions. Dwelling in the phenomena of leadership is what helps to resolve those questions. By staying in a problem, we use our senses to live the problem holistically and embody our reactions (Ladkin, 2008) in a constant dialog of the researcher with the interviewees, the context and the informing theories that lead to new views and insights into the phenomenon.

Preliminary findings of the analysis of gathered rich data put the concepts of leadership and debt into a relationship that could offer profound understanding of certain social relations and contribute to the growth of theory and practice. Contribution to theory and practice supports the relevance and rigor of “constructivist-grounded theory in elite interviews” as a methodological approach. In particular, it supports qualitative research in complex political environments, such as the multi-level governance structures of the EU, to help explain policy outcomes such as the problems associated with EU rail integration. A clearer understanding of leadership within such dynamic contexts can make a substantial contribution to better policy-making in the EU and better outcomes for its citizens.



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