

# Leading with integrity: the role of values-based leadership in health system transformation



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*As health systems become increasingly complex, values-based leadership (VBL) can serve as a guiding framework for ethical and effective decision-making. VBL offers a framework in which leaders align decisions, behaviours, and organizational actions with core ethical principles, including integrity, compassion, and authenticity. This article briefly examines the evolution of value-based health care and the emergence of VBL, to then explore its significance for today's physician leaders and outline strategies to cultivate this competency in future leaders.*

**KEY WORDS:** values-based leadership, health systems leadership, physician leadership, ethical leadership, leadership development

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Health care systems are facing mounting pressure these days, involving increasing complexity, public scrutiny, and often burnout. These challenges have highlighted the need for strong and responsive leadership across health systems. How is this achievable and, more specifically, which leadership approach is essential to strive toward this objective? Among existing and emerging leadership paradigms, values-based leadership (VBL) has gained attention as a guiding framework centred on ethical consistency, authenticity, and compassion in decision-making.



First, it is important to distinguish between value-based and values-based leadership, as the two terms, although similar, describe fundamentally different perspectives. Value-based leadership (singular “value”) often relates to principles of efficiency and cost-effectiveness in health care delivery, reflecting the focus of value-based health care as articulated by Porter and Teisberg.<sup>1</sup> In contrast, VBL (plural “values”) focuses on the moral and ethical principles that guide professional behaviour, which this paper explores in depth.

## **A brief history of value-based health care and values-based leadership**

The notion of “value” in health care arose in response to growing dissatisfaction with systems that emphasized activity and output rather than meaningful outcomes. In the late 20th and early 21st centuries, concerns about rising costs, inefficiencies, and inequities in care prompted a fundamental re-examination of what constitutes “success” in health care delivery. The concept gained prominence following Michael Porter and Elizabeth Teisberg’s influential work, *Redefining Health Care: Creating Value-Based Competition on Results*,<sup>1</sup> which proposed that health care systems should focus on achieving the best possible outcomes for patients relative to the resources invested. This framework, referred to as value-based health care, has redefined success, not by volume or activity, but by the creation of measurable value for patients. Over the past two decades, it has shaped global reform initiatives, emphasizing outcomes measurement, care integration, and patient-centred decision-making as mechanisms to improve both quality and efficiency.<sup>2</sup>

In parallel, leadership scholarship began to evolve toward similar principles of alignment and integrity. Earlier leadership paradigms, such as servant leadership,<sup>3</sup> authentic leadership,<sup>4</sup> and ethical leadership,<sup>5</sup> highlighted the importance of moral grounding, humility, and self-awareness in guiding others. These models laid the foundation for the emergence of what has come to be known as VBL, an approach that emphasizes coherence in a leader’s personal values, actions, and organizational mission.<sup>6</sup>

Since the early 2000s, value-based health care and VBL, have together reflected a growing recognition that ethical transparency is essential for the performance of a health organization. In complex health systems, where economic, political, and human factors intersect, VBL is an approach that permits value-based health care to be concretely applied.<sup>7</sup> Today, VBL has

evolved from a conceptual ideal into a practical framework guiding health care organizations toward ethical, patient-centred decision-making.

## Defining values-based leadership

VBL can be broadly understood as the alignment of a leader's decisions, behaviours, and their stated values or ethical commitments.<sup>6</sup> VBL in health care refers to a leadership approach where decisions, behaviours, and organizational strategies are guided by core ethical principles, such as integrity, compassion, justice, transparency, and respect for persons. It emphasizes alignment of personal values with professional responsibilities to foster trust, improve team cohesion, and advance patient-centred care in health systems.

"Values-based leadership is about leading by deeply held beliefs and ethical principles, creating alignment between values, actions, and impact within an organization."<sup>6</sup> VBL ensures that concrete leadership actions remain aligned with professional ethical principles and patient-centred care, balancing system-level performance with moral and societal responsibility.

## The significance of values-based leadership in health care

Health care systems are under considerable influence from an increasing number of interest-holders in industry, technology, and business. These economic and political influences, combined with systemic constraints, have the power to shift health care from its moral groundings. Evidence shows that increasing systemic constraints, such as financial pressures, efficiency mandates, and market-driven reforms, have shifted the focus from relational and ethical care toward productivity and cost containment.<sup>8,9</sup> This drift threatens to undermine the profession's foundational commitment to compassion, equity, and the broader societal good. In this context, upholding fundamental values in health care systems, such as caring and compassion, is of utmost importance.<sup>2,10</sup> In addition, integrity and authenticity practised through VBL emerge as significant elements that shape health care leadership.<sup>11</sup>

VBL emphasizes the alignment of a leader's decisions and behaviours with deeply held ethical commitments, ensuring that organizational priorities remain consistent with both professional and societal expectations. By fostering authenticity, transparency, and moral accountability, VBL



VBL ensures that concrete leadership actions remain **aligned with professional ethical principles and patient-centred care**, balancing system-level performance with moral and societal responsibility.

strengthens relational trust among health care teams, mitigates burnout, and promotes psychological safety, conditions essential for effective collaboration and sustainable system performance.<sup>7,12</sup> For example, a systematic review of authentic leadership in health care settings found associations between authentic leadership and improved staff psychological states, satisfaction with work, favourable work environments, health and well-being, and performance outcomes.<sup>13</sup> Notably, authentic leadership was correlated with lower burnout and higher compassion among nurses.<sup>13</sup> A study in acute care settings showed that nurses' perceptions of authentic leadership by their managers had a positive direct effect on perceived quality of care.<sup>14</sup> Literature more specific to VBL has also demonstrated correlations with enhanced trust among teams, stronger professional collaboration, greater voice for staff, empowerment, and improved patient-centric outcomes.<sup>15</sup>

The importance of VBL becomes especially apparent during periods of crisis or heightened uncertainty. Leaders who consistently act in accordance with their values provide stability, demonstrate reliability, and model ethical decision-making, reinforcing team cohesion and organizational resilience. Leading by example during times of crisis not only shows compassion to colleagues, but also serves to stabilize teams and optimize chances of better outcomes through these moments, a key leadership skill that highlights the importance of VBL (referred to as “being a present and trustworthy leader during sun and storm”).<sup>11</sup> In this way, VBL is not only a framework for ethical conduct but also a strategic asset, enabling physician leaders to navigate complex health care environments while upholding the moral and professional principles at the heart of patient-centred care.

## Developing values-based leadership

Fostering VBL in tomorrow's health systems leaders is vital in ensuring efficient yet ethical innovation. Literature around this topic suggests several approaches to develop this competency. Leaders must understand their own values before they can lead by them. Structured reflection tools, such as journaling or coaching, can help integrate these internal commitments. Graber and Kilpatrick summarize this as the first two of four elements of VBL: “Recognize your personal and professional values.... Determine what you expect from the larger organization and what you can implement within your sphere of influence.”<sup>16</sup>

Emerging leaders benefit from observing role models who lead with integrity. Antoine and colleagues identify this as one of the components of VBL: “Servant leadership including mentorship.” Institutions should formalize mentorship opportunities, as they are recognized as a method of skill development.<sup>17</sup>

Developing VBL must also be done through practice in low stakes but real-life environments. Emerging leaders should seek opportunities in advocacy organizations, committees, or research teams where they can test ethical decision-making and interest-holder navigation without the full weight of administrative responsibility. Leadership curriculums must, therefore, be “based in the real-world experience of successful organizations.”<sup>18</sup>

Finally, cultivating VBL requires organizational support. Health systems must create cultures in which values are explicit, celebrated, and embedded in policies, performance evaluations, and leadership curricula. Integrating VBL into formal leadership programs, such as physician leadership training or health administration education, ensures that ethical leadership becomes visible, viable, and desirable for future health leaders.<sup>19,20</sup>

## Limitations and future directions

Although this article draws on a range of conceptual and empirical sources, current literature on VBL in health care remains limited. Much of the existing evidence is extrapolated from general leadership theory or related constructs, such as authentic and servant leadership. There is a need for more empirical research specifically examining how VBL influences organizational outcomes, patient experiences, and leader well-being in health care contexts. In addition, limitations exist around the difficulty of enacting VBL within complex, resource-constrained health care systems. Even when leaders adopt moral and ethical values, systemic pressures, such as financial constraints, productivity targets, and conflicting interest-holder values, can impede consistent values-based decision-making.<sup>16,21</sup> Therefore, embedding VBL requires not only individual commitment but also structural and cultural support within health care organizations. Future work should also explore methods for effectively integrating VBL into leadership training and evaluating its long-term impact on system performance and culture.



## Conclusion

Health care systems inevitably face crisis, pressure from interest-holders, and other complex challenges and dynamics throughout their existence. Thus, it is essential for health systems leaders to learn to navigate those challenges with integrity, authenticity, and accountability, all of which are key elements fostered through VBL. This highlights the need for developing education around implementing VBL and ensuring that the leaders of tomorrow cultivate this competency to build equitable, sustainable, and morally grounded health care systems.

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