

ETHICAL LEADERSHIP:

What is it really?

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“It is important for leaders to tell a compelling and morally rich story, but ethical leaders must also embody and live the story.” *R. Edward Freeman, Lisa Stewart*

INTRODUCTION AND ETHICAL FOUNDATIONS

The study of ethics and leadership has consumed scholars for centuries. Denise, Peterfreund and White (1999) in *Great Traditions in Ethics*, include writings from such ethical scholars as Immanuel Kant (Categorical Imperative), Thomas Hobbes (Social Contract Ethics), John Dewey (Scientific Methods in Ethics), and John Rawls (Ethics and Social Justice). These scholars debate and discuss moral character and ethical behavior; specifically, what constitutes behavior that is ethical and results in decisions that are made for the good of all. A brief review of their ideas is relevant here.

Thomas Hobbes believed that if people were left to their own devices there would be anarchy. Hobbes contends that people by nature are entirely selfish and devoid of any genuine feelings of sympathy, benevolence, and sociability. Each person is preoccupied with personal gratification. Consequently, people needed a “social contract” in order to avoid conflict. Hobbes’ social contract was the agreement between people to maintain some ethical behavior in society. People would accept this social contract and consequently would agree to not aggress against each other. For Hobbes, the basic concepts of morality, right and wrong, justice and injustice arise with the establishment of a civil society, the “social contract.”

Immanuel Kant's categorical imperative required people to act toward all mankind as if they are an end and not just a means. Kant contended that people need to see humanity never as a means only. This is the foundation of his "categorical imperative." Kant's premise of his categorical imperative is that we must seek an end that is void of any desires. He did not see any rational being as existing to be arbitrarily used by this will or that will. This is social justice and constitutes ethical behavior. People and good will, according to Kant, represent the efforts of people to do what they ought to do, rather than to act from inclination of self-interest. According to Kant, it is not a moral law if it is not applied to all without contradictions.

John Dewey built his theory of ethics on the principles of pragmatism. He contends that human beings are problem solvers, constantly making adjustments to the changing conditions that confront them. He identifies a person's response to these uncertainties as impulsive, habitual, or reflective. Dewey's theory is summarized as follows:

Evaluated in terms of effectiveness in solving problems, impulsive behavior fails because it leads to random reactions and a habitual action fails because it is not adaptable to new conditions. However, reflective thinking, which Dewey equates with scientific inquiry, is a satisfactory method of problem solving, because it is guided to a solution by both past experience and creative idea. (as cited in Denise page 249)

Dewey believed that the concept of what is good must change as society changes and as the environment changes, and the knowledge of our physical environment changes. This is the foundation of the scientific methods. This methodology, according to Dewey, needs to be applied to the theory of ethics.

John Rawls proposed that members of society should operate under a “veil of ignorance.” Rawls contends that people will want what is best for even those with the least because they too could be at lowest level of society. He further postulates that “no individual would agree to a social compact that reduces them to a mere means.” (as cited in Denise page 332). Rawls' theory of justice is summarized by stating that “the rights secured by justice are not subject to a political bargaining or to social interest. (as cited Denise page 333).

The above brief review is an attempt to provide a synopsis of the complexity of arriving at an ethical decision and how these decisions impact leadership. Nonetheless, it is assumed that leaders should model ethical behavior, possibly by using one of the theories presented in the historical literature. If leaders were to accept one of the theories posited by one of these scholars, and they are ethically committed to lead in an ethical way, we would see more ethical leadership. Unfortunately, we see little of this foundation in the behavior of our leaders.

BUILDING A CASE FOR ETHICAL LEADERSHIP

There remains limited research on what constitutes ethical leadership. Much of what has been written and theorized about ethics and leadership has lead to more questions than answers. No clear understanding has surfaced as to what it means to be an “ethical leader.” However, there is no more critical time than the present to clearly define and expect leaders to live ethical leadership. Perhaps it is the very lack of discussion about what it means to be an ethical leader and a clear definition of ethical leadership that has created the public’s lack of faith in organizational leadership. A

current example is when the US government intervened into the leadership of corporations. Consequently, these Wall Street leaders seem to have responded more to a threat of litigation and regulations than to a commitment to act in an ethical manner.

One of the most famous examples in the US is the collapse of Enron. Enron was an energy producing company located in the state of Texas. Enron Corporation was a gas pipeline company that turned into a huge enterprise. In 2001, the company collapsed due to unethical leadership. Basically, the reason why they failed was due to conflicting set of values, 1) one that the employees had agreed to, 2) a different set of values the executive were operating under. Due to this disconnect of values and other important facts, the company went bankrupt. The ethical issues continued for the next several years.

Publicly held companies such as Fannie Mae, Citicorp and others registered large profit loses. Much of this was blamed on a lack of ethical leadership. The economic crisis in the US, which is now a worldwide recession, may be founded on an assumption that CEOs and Boards of Directors were unethical in their dealings with stakeholders. This unethical behavior was that ‘leaders’ were more interested in their own rewards than the interest of their stakeholders and/or employees. These examples have lead to the demise of corporations, CEOs falling from grace, and ultimately the mistrust of the general public of organizations and the government.

With all the unethical behavior and mistrust in the leadership of organizations it is appropriate to consider a study conducted by The Ethics Resource Center. The study probed how employees view ethics within their organizations. This study, National Business Ethics Survey an Inside View of Private Sector Ethics (2007), found the following; (a) the number of formal ethics and compliance programs are on the rise. In

companies with well-implemented programs there is an increase in reporting and reduction of ethical risks, (b) companies that incorporate more than singular commitment to compliance with ethics have an organizational culture that reduces risk, and (c) there is a blue print for individuals within companies responsible for governance and compliance. However, the study also found that, in spite of the positive findings, there were some discouraging finding; (a) ethical misconduct remains very high, (b) employees do not report what they observe and are fearful of retaliation, and (c) the number of companies that incorporated ethical culture declined since 2005. It is the responsibility of leaders acting in an ethical manner to assure that the ethical decline does not continue. Consequently, the need is critical for stronger ethical leadership in business, public organizations, and government.

A DEFINITION OF ETHICAL LEADERSHIP

One definition of ethical leadership is a leader who is aware of their core values and has the courage to live them in all parts of their life. Moreover, it is a leader who demonstrates ethical behavior in all actions, public and private, and embeds these ethical behaviors in their decisions and knows and recognizes how these actions affect the common good. Ethical leadership, as professed by Lashway (1997) is one that is built on characteristics of trust, respect, honesty, integrity, caring, and grace. Moreover, it is the act of leading with moral purpose. It holds that happiness is the ultimate goal, one where the best decisions are the ones that will result in the greatest good for the greatest number. This definition of ethical leadership is grounded on three constructs: a) it includes moral leadership, b) it is evident in the outcomes of the leader's behavior, and c) the leader acts ethically. A cursive review of the literature and how it aligns to these

constructs is needed and appropriate and may assist in further framing this definition of ethical leadership.

However, it is not an easy task to specifically define ethical leadership, nor is it easy to identify ethical leadership. Some of the difficulties center on the concept of “situational ethics.” That is, leaders will act according to the situation or issue they confront. They may, for example, make a decision based on facts they have in one case but yet act quite differently in another because of different circumstances. It would be permissible, however, to state that ethical leadership at its foundation is leadership that is grounded in behavior that will result in the good of the whole. Ethical leaders should make decisions that are not driven by ego or egocentric means.

CONSTRUCT 1: It includes moral leadership.

Ethics and ethical leadership refers to the development of one's ethical standards. A leader's feelings, laws, and social norms can deviate from what is ethical. So, it is necessary to constantly examine one's moral standards to ensure that they are reasonable and well-founded. Ethics also means making a continuous effort of studying one's own moral beliefs, moral conduct and striving to ensure that leaders, and the institutions they lead shape, live up to standards that are reasonable and moral.

Velasquez, Shanks, and Meyer (1997) stated that ethics refers to well-based standards of right and wrong that prescribe what humans ought to do in terms of rights, obligations, benefits to society, fairness, or specific virtues. Ethical standards also include virtues of honesty, compassion, and loyalty. Ethical standards include relating to rights, such as the right to life, the right to freedom from injury, and the right to privacy. Such

standards are adequate standards of ethics because they are supported by consistent and well-founded reasons.

Lashway (1997) referencing Aristotle in an effort to define a virtuous/ethical leader stated that it is more than acting with reason. It is to live well always and not just when there is a crisis. It is striving to live well and do the right thing even when tempted to do the opposite. Lashway listed seven virtues of a virtuous/ moral/ ethical leader; (a) honesty, an ethical leader is always honest in their approach to decisions and has an honest commitment to being moral, (b) loyalty, the leader is loyal to the commitment to being moral, (c) courage, a virtuous ethical leader has the courage to take a stand on issues that challenge their ethical behavior, (d) respect, the ethical leaders will be respectful of contrary positions and respect the dignity of the people they lead, (e) caring, the ethical leader will show compassion for the people they lead, (f) justice, the ethical leaders will be just in all of their actions by not showing favoritism or discriminating, (g) grace, one of the most difficult virtues is the ability of the ethical leader to show grace in all of their behavior.

Kidder (1995) defined the core moral values of ethical leadership. He proposed that the core values consist of, a) love or solidarity the love of all ages, b) truthfulness. A leader should not make a decision with deceitfulness and lying, c) fairness. This translates into the postulate of treating all others as a leader wants to be treated and should treat all with fairness, d) freedom. Without this, democracy will not survive e) responsibility. Leaders have a responsibility to the current future society, and f) respect for life. A leader must respect life no matter what the situation.

Fullan (2001) contends that it is critical for leaders to act with moral purpose. He defines moral purpose as “acting with the intention of making a positive difference in the lives of employees, customers and society as a whole.....leaders must be guided by moral purpose” (page 5). Fullan concludes that moral purpose is critical to the long-term success of all organizations. “Organizations without moral purpose die sooner than later.” (page 27). It is important to state here that moral purpose is equated with to ethical leadership.

CONSTRUCT 2: It is evident in the outcomes of the leader’s behavior.

One true test of ethical leadership is in a leader’s behavior. This behavior is manifested in how the leader’s behavior will respond to the dilemmas and how their behavior will reflect their ethical conscious and the psychology of the leader.

Freeman and Stewart (2006) reported that ethical leaders demonstrate ten characteristics; a) articulate and embody the purpose and values of the organization, b) focus on organizational success rather than one’s personal ego, c) find the best people and develop them, d) create a living conversation about ethics, values and the creation of value for stakeholders, e) create mechanisms of dissent, f) take a charitable understanding values and ethical principles they live, i) frame actions in ethical terms, j) connect the basic value proposition to stakeholder support and societal legitimacy. The authors further contend that ethical leaders need to ask themselves the following questions; (a) what are my most important values and principles? (b) Does my calendar—how I spend my time and attention—reflect these values? (c) What would my subordinates and peers say my values are? (d) What mechanisms and processes have I designed to be sure that the people who work for me can push back against my authority? (e) What could this

organization do or ask me to do that would cause me to resign for ethical reasons? (f) What do I want to accomplish with my leadership? (g) What do I want people to say about my leadership when I am gone? (h) Can I go home at the end of the day and tell my children (or a loved one) about my leadership and use my day's work to teach them to be ethical leaders?

Jazzar and Alozzine ((2006) conclude that the values of leadership for the 21st Century will be built on the personal convictions of the leader. These values will be grounded in the leader's strong religious and humanitarian convictions. These values will include demonstrating and supporting respect, fairness, equity, caring for the well-being of all, integrity, and honesty.

Enomoto and Kramer identified four sources of ethical tensions that ethical leaders will face, (a) virtue ethics—what is a good person, and what are the qualities of a good person; (b) desires of ends-based ethics—how can we maximize the good of most people; (c) good society ethics—how a good society should treat people; and (d) duties-based ethics—what are the duties, beliefs, and moral obligations of people (page 21). Enomoto and Kramer content that if leaders navigate the ethical tensions they and recognize them they will be inclined act ethically.

CONSTRUCT 3: The leader acts ethically

Ethical leaders will act ethically. They will model such attributes as trust, respect, and integrity. By acting ethically their acts will result in the good of the whole. Moreover, their organizations will create “society minded” outcomes.

James Gehrke (2009) stated there are six steps to ethical leadership: (a) reflect on values, (b) establish trust, (c) establish a shared ethical vision, (d) communicate an ethical

vision and code of conduct, (e) show you are serious about ethical behaviors and (g) monitor and sustain ethical behavior.

Josephson (1998) identifies Six Pillars of Character. These Pillars are the values and principles that can be used to judge the ethical quality decision-making of leaders. These Six Pillars are: (1) trustworthiness, (2) respect, (3) responsibility, (4) fairness, (5) caring, and (6) citizenship. It would be appropriate to see how these six pillars apply to leadership. The Pillars can be re-worded to be asked as questions. Trustworthiness: are the actions and decisions of leaders trustworthy? Can the citizens trust that the decisions made by the leader achieve their intended outcomes? Is there integrity in decisions made by the leader? Respectful: Is the leader respectful of the culture and purpose the organization? Is the leader respectful of the citizens they are intended to lead? Responsibility: What is the responsibility of the leaders and the followers? Are the responsibilities clearly defined? Fairness: Are the actions/decisions of the leader good for all? Is there equity in the leader's decisions? Caring: Does the leader care about the people affected by their decisions? Is the leader benevolent? Does the leader show compassion? Citizenship: How will the leader's actions result in a better citizenry? Will the leader's actions/decisions make society a better place today and in the future?

Starratt (2004), writing specifically for education leadership, suggests there are three virtues to ethical leaders, responsibility, authenticity, and presence. Starratt suggests that ethical leaders are (a) responsible for creating and sustaining authentic relationships with all stakeholders, creating healthy environments, and practicing civic leadership; (b) authentic in all relationships, support more or less the rights of all members of societies' to an authentic life, creates a learning environment that is authentic to learning, (c) has a

presence and is fully aware of self and others, has presence that allows others to be who they are, critical presence helps to identify a problem and works to remove any obstacles to the solution, enabling presence that invites others to exercise their own autonomy.

Dennis Thompson, writing in *The Ethics Edge* (1998), contends that government ethics provides the precondition for the making of good public policy, “it is more important than any single policy because all other policies are dependent on it” (page 48). Good public policy framed around sound ethical tenets will build confidence in government. It will allow citizens to view decisions (laws) that the government makes to be in the best interest of all citizens. Consequently, ethics does not become an issue.

Senge, (2008) provides an example of how ethical leadership can be applied. He uses the example of the Uganda Rural Development Training Program (URDT). Senge cited the URDT as one example of the type of leadership needed in the future, ethical leadership, “the story of URDT shows that, in its essence, *ethical leadership [italics added]* often comes down to how people move from fatalism to an awakened faith that they can shape a different future.” (page 369) “Ultimately leadership is about how to shape the future.” (page 372)

The authors referenced in construct 3 represent how complex ethical leadership can be. Consequently, is essential for ethical leaders to hold a solid foundation as that if they act ethically they can as Senge states “shape the future.”

CONCLUSION/OBSERVATIONS

More leadership theorists are asserting that leaders have the responsibility for ensuring standards of moral and ethical conduct. Ethical leadership refers not only to competence in a leader, but they must model ethical behavior. It is believed that the

nurturing aspect of leaders can raise organizational cultures and employee values to high levels of ethical concern. Ethical leadership requires ethical leaders. If leaders are ethical, they can ensure that ethical practices are carried out throughout an organization.

Ethical leaders' decisions will be founded on data and facts that are relevant to the situation. Shapiro and Gross (2008) would argue that situational ethics may arise out of (a) a clash between individual personal ethics and professional code of ethics, (b) conflicts within the professional code of ethics, (c) a clash among professional peers, or (d) a clash between a professional code of ethics and what the organization expects. It will then be the leader's responsibility to sort out the best possible solution to the situation. Ethical leadership requires the leader to act according to the best possible outcome that will have the greatest positive impact and be for the good of the whole. It is the ethical leader's responsibility to prevent a situation from causing turbulence within the organization. Shapiro and Gross (2008) believe that ethical leadership requires a leader to prevent an event moving from a light turbulence, one that causes little disruptions in the organization, to a extreme turbulence, one that may cause structural damage to the organization (Shapiro page16).

Ethical leadership is not organizational specific. Ethical leadership is needed in public and private organizations and government. Ethical leadership is needed in education as much as it is needed in the private sector. Educational leaders are faced with a plethora of issues that challenge their ethical foundations. The issue of accountability and public scrutiny require educational leaders to be well -grounded in their ethics beliefs. They must ask themselves, are their decisions founded in what is best for the good of the whole? Ethical leaders must have as their backdrop for decisions, as Lashway

contends honesty, respect, and trust, integrity, caring, hold justice high, and have grace in their decision. Ethical leaders must establish a moral/ethical contract that will state very specifically how an organization does business. Ethical leaders will not compromise the good of the whole for the privilege of a select few. If leaders acting ethically are cognizant of the three constructs stated in the proposed in the definition: 1) it includes moral leadership, b) it is evident in the outcomes of the leader's behavior, and c) the leader acts ethically we will see more ethical leadership. If leaders keep this in the forefront of their leadership and decisions, it is likely we will see a rise in ethical leadership. It will not be necessary to define ethical leadership in words. Instead it will be demonstrated by our leaders. That behavior will lead us to a more definitive answer to the question—ethical leadership, what is it really?

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