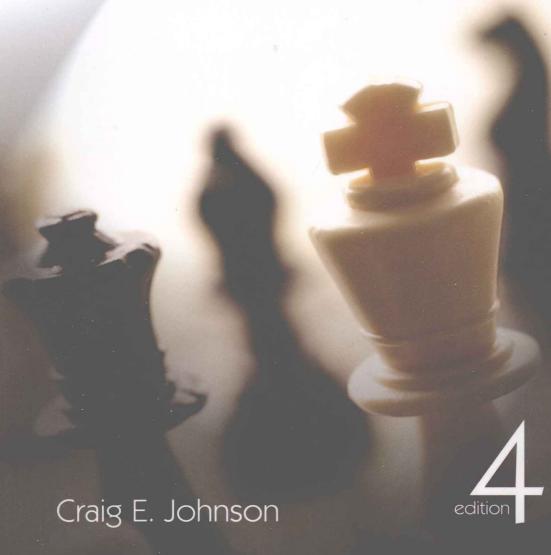
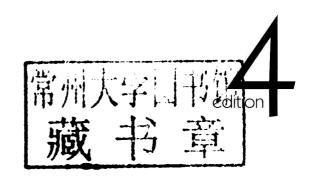
# Meeting the Ethical Challenges of Leadership

Casting Light or Shadow



# Meeting the Ethical Challenges of Leadership Casting Light or Shadow



Craig E. Johnson
George Fox University



# **Preface**

This edition of *Meeting the Ethical Challenges of Leadership*, like previous versions, is guided by seven principles. First, there are few topics as important as leadership ethics. To highlight that fact, I've adopted Parker Palmer's metaphor of light or shadow as the book's central metaphor. Palmer reminds us that leaders have the power to do significant benefit or harm. In extreme cases, leaders literally make the difference between life and death.

Second, we need to recognize the reality of bad leadership. Understanding why and how leaders cast shadows can help us prevent destructive behaviors and promote positive leadership.

Third, there are important ethical demands associated with the leadership role. Those who want to serve as leaders have a responsibility to exercise their authority on behalf of others. There are also ethical challenges associated with the follower role.

Fourth, the study of leadership ethics must draw from a wide variety of academic disciplines and traditions. Philosophers have been interested in the moral behavior of leaders for centuries. In the modern era they have been joined by social scientists. As a consequence, material for this text is drawn not only from philosophy but also from political science, psychology, management, business ethics, communication, education, sociology, and other fields. This multidisciplinary approach introduces readers to (1) how moral decisions are made (what scholars describe as the descriptive perspective on ethics) and (2) how to lead in a moral manner (the prescriptive or normative perspective).

Fifth, both theory and practice are essential to learning. I try to balance presentation of important concepts and research findings with opportunities for application through self-assessments, case analyses, and exploration exercises.

Sixth, texts should be readable. My objective is to write in an informal, accessible style. I don't hesitate to bring in my own experiences and, in some

cases, my biases, in hopes of engaging readers and sparking discussion and disagreement.

Seventh, improvement is the bottom line. The ultimate goal of teaching and writing about ethics is to produce more ethical leaders. I believe that ethical development is part of leadership (and followership) development. Leaders and followers can develop their ability to make and follow through on their moral decisions, just as they develop their other competencies. *Meeting the Ethical Challenges of Leadership* is designed to help students build their ethical expertise through theoretical understanding, skill development, case and film analysis, group and class discussions, personal assessment and reflection, research projects, and writing assignments.

### **Key Features**

### Examples and Case Studies

Whatever the specific context, leaders face similar kinds of ethical choices. For that reason, I draw examples from a wide variety of settings: business, coaching, education, government, nonprofit organizations, and the military. Cases continue to play an important role in this edition. Three cases are included in each chapter (with the exception of Chapter 7, which has two). Discussion probes at the end of each case encourage students to reflect on key ethics concepts and apply what they have learned from the chapter to the situations under consideration. Students are also asked to consider what additional leadership ethics lessons can be drawn from these narratives.

### Leadership Ethics at the Movies

You'll also find a feature called "Leadership Ethics at the Movies." Each of these short summaries introduces a feature film that illustrates principles from the chapter. This feature is designed to encourage students to (1) identify the important ethical principles portrayed in the film, (2) analyze and evaluate how the characters respond to moral dilemmas, and (3) draw ethical implications and applications from the movie. I have also provided three discussion questions with each film to get you and your students started.

### Self-Assessments

The next feature, "Self-Assessment," is designed to help students measure their performance with respect to an important behavior, skill, or concept discussed in the chapter. This feature addresses the ethical challenges facing followers. Followers are critical to the success of any enterprise. The "Focus on Follower Ethics" box in each chapter helps students recognize and master the ethical demands of the follower role.

### Implications and Applications

This section, found immediately after the body of each chapter, reviews key ideas and their ramifications for readers.

### For Further Exploration, Challenge, and Self-Assessment

This feature encourages interaction with chapter content. Activities include brainstorming exercises, small-group discussions, conversational dyads, debates, self-analysis, personal reflection, and application and research projects.

### What's New to This Edition?

Readers of previous editions will note a new chapter on ethical crisis leadership. Crises are major, unexpected events that pose significant threats to groups and organizations. Chapter 11 describes the stages of crises and introduces principles and strategies for ethically managing these traumatic events.

Examples throughout the text have been updated, and there is new and expanded coverage of the following:

- Ethical expertise
- · Unhealthy motivations
- Moral identity
- Followership ethics
- Moral hypocrisy
- · The ethics of care
- Responsible leadership
- Authentic leadership
- Servant leadership
- Moral emotions and intuition
- Emotional intelligence
- Universal psychological values patterns
- Appreciative inquiry

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- · Organizational justice
- Cosmopolitanism
- Cross-cultural ethical decision making

Many of the cases from previous editions have been replaced. New cases in this edition include descriptions of AIG, Washington Mutual, DNA databases, paying college athletes, the Peanut Corporation of America, Microsoft, the Columbine school shooting, Turnitin, Bernie Madoff, and Siemens Global. Cases retained from the third edition have been updated, including those dealing with the genocide in Darfur, Pat Tillman, Google in China, incentives for organ donations, and the Columbia space shuttle crash.

### **Ancillaries**

### Instructor Teaching Site

A password-protected instructor's manual is available at www.sagepub.com/johnsonmecl4e to help instructors plan and teach their courses. These resources have been designed to help instructors make the classes as practical and interesting as possible for students.

- Overview for the Instructor offers the author's insights on how to most
  effectively use this book in a course on leadership ethics.
- Chapter tests offer a variety of questions to assist with assessment of student learning.
- PowerPoint slides capture key concepts and terms for each chapter for use in lectures and review.
- Sample Course Syllabus provides a model for structuring your course.
- Leadership Seminar Syllabus is an additional course option for a seminar format.
- Teaching Strategies offers ideas and insights into various approaches to teaching and learning.
- Assignments and Projects provide unique and highly creative activities for meaningful involvement in learning.

### Student Study Site

An open-access student study site can be found at www.sagepub.com/john-sonmecl4e. The site offers Learning From SAGE Journal Articles, with access to recent, relevant full-text articles from SAGE's leading research journals. Each article supports and expands on the concepts presented in the book. This feature also provides discussion questions to focus and guide student interpretation.

# Acknowledgments

Olleagues and students provided practical and emotional support during the writing of this edition, just as they did for earlier versions. Much of the work on this revision was completed during a sabbatical leave granted by George Fox University's Academic Affairs Office. I am grateful for the generosity of Provost Patrick Allen and former School of Business Dean Ken Armstrong who provided me with valuable released time to work on the project, Research librarian Ianis Tyhurst and her colleagues helped locate sources and double-check facts. Phil Smith clarified my understanding of several philosophical theories. Student assistants, ably supervised by Kelly Borror, picked up books and photocopied materials. Rebecca Jensen provided editorial and reference assistance. Students enrolled in my leadership seminar, doctoral leadership seminar, business ethics, and leadership communication classes shaped this and earlier editions by responding to chapter content, exercises, and cases. My special thanks go to instructors from around the country who adopted the first three editions of Meeting the Ethical Challenges of Leadership, which made this fourth edition possible. Three anonymous reviewers provided input that guided my revisions. Kristina Findley supplied material for a scenario in Chapter 7. Editor Lisa Shaw ably picked up where her predecessors at SAGE left off. Finally, I want to once again thank my wife, Mary, who continues to encourage my writing efforts.

# Introduction

### Leaders: The Bad News and the Good News

When it comes to leaders, there is both bad news and good news. The bad news is that wherever we turn—business, military, politics, medicine, education, or religion—we find leaders toppled by ethical scandals. Nearly all have sacrificed their positions of leadership and their reputations. Many face civil lawsuits, criminal charges, and jail time. The costs can be even greater for followers. Consider, for example:

- A global economic crisis was triggered by leaders in the financial industry who
  downplayed risks and engaged in fraud in order to generate short-term profits.
- Investors lost billions in the greatest scam in history run by financier Bernie Madoff.
- Thousands of former Enron and WorldCom employees may never recover from the loss of their jobs and their retirement savings.
- Consumers in 44 states and one Canadian province were sickened by peanut butter products allegedly shipped after plant officials knew they were contaminated with salmonella.
- Members of the British Parliament used public funds to remodel their personal residences.
- Hundreds of children in the United States, Ireland, and Europe suffered sexual abuse at the hands of Catholic clergy. Victims' lawsuits bankrupted some dioceses.
- Over 200,000 women caught in Congo's civil war have been raped as military leaders engage in a campaign of sexual terrorism.
- Patients taking the popular pain medication Vioxx faced a much greater risk
  of heart attack because Merck officials hid information about the drug's side
  effects in order to get it approved.
- Executives at Toyota were slow to respond to safety concerns, putting the lives of hundreds of thousands of drivers in danger.

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The Gulf of Mexico oil spill, one of the greatest environmental disasters in U.S.
history, was the product of a series of poor decisions by leaders at BP who
apparently ignored safety warnings and had no strategy in place for capping
deepwater oil leaks.

The misery caused by unethical leaders drives home an important point: Ethics is at the heart of leadership. When we assume the benefits of leadership, we also assume ethical burdens. I believe that we must make every effort to act in such a way as to benefit rather than damage others, to cast light instead of shadow. Doing so will significantly reduce the likelihood that we will join the future ranks of fallen leaders.

Fortunately, we can also find plenty of examples of leaders who brighten the lives of those around them. That's the good news. Consider these examples:

- The leaders of hundreds of relief organizations immediately responded to the devastating earthquakes in Haiti and Chile.
- Dr. Paul Farmer, a world expert on infectious diseases, founded Partners in Health, which operates a clinic in Haiti and fights drug-resistant tuberculosis in prisons and slums around the world.
- On his 81st birthday, CEO Robert Moore gave his company, Bob's Natural Foods, to his 200 Oregon employees.
- Greg Mortenson and the Central Asia Institute have helped over 50,000 Pakistani and Afghan girls attend school.
- Former CEO Maurice Myers led Waste Management's recovery from a billiondollar accounting scandal and helped the company create an ethical culture;
   Tyco's executive team led a similar ethical turnaround after former CEO Dennis Kozlowski diverted company funds to support his lavish lifestyle.
- Eunice Kennedy Shriver founded the Special Olympics, a sports competition for adults with mental challenges that draws 2.5 million participants annually.
- US Airways pilot Captain Chesley Sullenberger saved the lives of all of his crew and passengers by safely landing his damaged plane in New York's Hudson River.
- Government leaders in Rwanda introduced affordable universal health care for all citizens, no matter their income.
- Muhammad Yunus started Bangladesh's Grameen Bank, which makes small (micro) loans to poor women who operate their own businesses.
- Officials at Britain's HALO Trust work to eliminate land mines in former war zones around the world.

Researchers report that if we take our ethical responsibilities seriously, we too can create a variety of positive group and organizational outcomes.<sup>2</sup> These include lower stress levels, less turnover, and less absenteeism; higher employee job satisfaction, commitment, and willingness to give extra effort;

better decision making; greater levels of trust and collaboration; positive public image; and, in many cases, higher performance (productivity, profitability).<sup>3</sup>

You should find this book helpful if you are a leader or an aspiring leader who (1) acknowledges that there are ethical consequences associated with the leadership role, (2) wants to exert positive influence over others, (3) seeks to make more informed ethical choices and to follow through on your decisions, and (4) desires to foster ethical behavior in others. You'll also find useful insights if you are a follower who wants to behave ethically and bring out the best in your leaders.

There is no guarantee that after reading this book you will act in a more ethical fashion in every situation. Nor can you be sure that others will reach the same conclusions as you do about what is the best answer to an ethical dilemma or that you will succeed in improving the ethical climate of your group or organization. Nevertheless, you can increase your ethical competence and encourage others to do the same. This book is dedicated to that end.

### **Defining Terms**

Because this is a book about leadership ethics, we need to clarify what both of these terms mean. Leadership is the exercise of influence in a group context.<sup>4</sup> Want to know who the leaders are? Look for the people having the greatest impact on the group or organization. Leaders are change agents engaged in furthering the needs, wants, and goals of leaders and followers alike. They are found wherever humans associate with one another, whether in a social movement, sports team, task force, nonprofit agency, state legislature, military unit, or corporation.

No definition of leadership is complete without distinguishing between leading and following. Generally leaders get the most press. The newfound success of a college football team is a case in point. A head coach gets most of the credit for changing a losing team into a winner, but the turnaround is really the result of the efforts of many followers. Assistant coaches work with offensive and defensive lines, quarterbacks, and kicking teams; trainers tend to injuries; academic tutors keep players in school; athletic department staff members solicit contributions for training facilities; and sports information personnel draw attention to the team's accomplishments. (In Chapter 5 we will see that followers in all fields are more important than ever.)

In truth, leaders and followers function collaboratively, working together toward shared objectives. They are relational partners who play complementary roles.<sup>5</sup> Whereas leaders exert a greater degree of influence and take

largely by instinct, humans consciously choose how they want to influence others. We can rely on persuasion, rewards, punishments, emotional appeals, rules, and a host of other means to get our way. Freedom of choice makes ethical considerations an important part of any discussion of leadership. The term *ethics* refers to judgments about whether human behavior is right or wrong. We may be repulsed by the idea that a male lion will kill the offspring of the previous dominant male when he takes control of the pride. Yet we cannot label his actions as unethical because he is driven by a genetic drive to start his own bloodline. We can and do condemn the actions of leaders who decide to lie, belittle followers, and enrich themselves at the expense of the less fortunate.

Some philosophers distinguish between *ethics*, which they define as the systematic study of the principles of right or wrong behavior, and *morals*, which they describe as specific standards of right and wrong ("thou shall not steal," "do unto others as they would do unto you"). Just as many scholars appear to use these terms interchangeably, I will follow the latter course.

The practice of *ethical leadership* is a two-part process involving personal moral behavior and moral influence.7 Ethical leaders earn that label when they act morally as they carry out their duties and shape the ethical contexts of their groups, organizations, and societies. Both components are essential. Leaders must demonstrate such character traits as justice, humility, optimism, courage, and compassion; make wise choices; and master the ethical challenges of their roles. In addition, they are also responsible for the ethical behavior of others. These dual responsibilities intertwine. As we'll see later in the book, leaders act as role models for the rest of the organization. How followers behave depends in large part on the example set by leaders. Conversely, leaders become products of their own creations. Ethical climates promote the moral development of leaders as well as followers, fostering their character and improving their ability to make and follow through on ethical choices. Ethical organizational environments are marked by integrity, justice, a concern for how goals are achieved, and a sense of social responsibility. They also have safeguards that keep both leaders and followers from engaging in destructive behaviors.

### Overview of the Book

Part I of this book examines the important topic of "The Shadow Side of Leadership." Chapter 1 outlines common shadows cast by leaders: abuse of power and privilege, mismanagement of information, misplaced and broken loyalties, inconsistency, and irresponsibility. Chapter 2 explores the reasons

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