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2

Moral Leadership and Business Ethics

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Those who really deserve praise are the people who, while human enough to enjoy power nevertheless pay more attention to justice than they are compelled to do by their situation.—Thucydides

Conventional wisdom has it that two of the most glaring examples of academic oxymorons are the terms *business ethics* and *moral leadership*. Neither term carries credibility in popular culture and when conjoined constitutes a null-set rather than just a simple contradiction in terms. The reason for this is definitional, but only in part. More significant is that we have so few models of businesses and leaders operating on ethical principles. Simply put, the cliché persists because of the dearth of evidence to the contrary. At best, both these terms remain in the lexicon as wished-for ideals rather than actual states of being.

A *New York Times*/CBS News poll conducted in 1985 revealed that 55 percent of the American public believes that the vast majority of corporate executives are dishonest, and 59 percent thinks that executive white-collar crime occurs on a regular basis. A 1987 *Wall Street Journal* article noted that one fourth of the 671 executives surveyed by a leading research firm believed that ethics can impede a successful career, and that more than half of all the executives they knew bent the rules to get ahead.¹ Most recently, a 1990 national survey published by Prentice Hall

concluded that the standards of ethical practice and moral leadership of business leaders merit, at best, a C grade. Sixty-eight percent of those surveyed believed that the unethical behavior of executives is the primary cause of the decline in business standards, productivity, and success. The survey further suggested that because of the perceived low ethical standards of the executive class, workers feel justified in responding in kind—through absenteeism, petty theft, indifference, and a generally poor performance on the job. Many workers openly admitted that they spend more than 20 percent (8 hours a week) of their time at work totally goofing off. Almost half of those surveyed admitted to chronic malingering on a regular basis. One in six workers surveyed said that he or she drank or used drugs on the job. Three of four workers reported that their primary reason for working was “to keep the wolf from the door”; only one in four claimed to give his or her “best effort” to the job. The survey concluded that the standards equation of the American workplace is a simple one: American workers are as ethical/dutiful in doing their jobs as their bosses and companies are perceived to be ethical/dutiful in leading and directing them.²

Sadly, ample evidence suggests that this mutually reinforcing thesis often starts long before one enters the confines of the workplace. Recently one of the teacher/coaches in the Chicago public school system not only encouraged his high school students to cheat in the citywide Academic Decathlon contest, he fed them the answers. According to the eighteen-year-old student captain of the team: “The coach gave us the answer key. . . . He told us everybody cheats, that’s the way the world works and we were fools to just play by the rules.”³ Unfortunately, just as workers often mirror the standards set by their bosses, these students followed the guidance of their teacher.

As a student of business ethics, I am convinced that without the continuous commitment, enforcement, and modeling of leadership, standards of business ethics cannot and will not be achieved in any organization. The ethics of leadership—whether they be good or bad, positive or negative—affect the ethos of the workplace and thereby help to form the ethical choices and decisions of the workers in the workplace. Leaders help to set the tone, develop the vision, and shape the behavior of all those involved in organizational life. The critical point to understand here is that, like it or not, business and politics serve as the metronome for our society. And the meter and behavior established by leaders set the patterns and establish the models for our behavior as individuals and as a group. Although the terms *business ethics* and *moral leadership* are technically distinguishable, in fact, they are inseparable components in the life of every organization.

The fundamental principle that underlies my thesis regarding leadership and ethical conduct is age-old. In his *Nichomachean Ethics*, Aris-

totle suggested that morality cannot be learned simply by reading a treatise on virtue. The spirit of morality, said Aristotle, is awakened in the individual only through the witness and conduct of a moral person. The principle of the "witness of another," or what we now refer to as "patterning," "role modeling," or "mentoring," is predicated on a four-step process, three of which follow:

1. As communal creatures, we learn to conduct ourselves primarily through the actions of significant others;
2. When the behavior of others is repeated often enough and proves to be peer-group positive, we emulate these actions;
3. If and when our actions are in turn reinforced by others, they become acquired characteristics or behavioral habits.

According to B. F. Skinner, the process is now complete. In affecting the actions of individuals through modeling and reinforcement, the mentor in question (in Skinnerean terms, "the controller of the environmental stimuli") has succeeded in reproducing the type of behavior sought after or desired. For Skinner the primary goal of the process need not take into consideration either the value or worth of the action or the interests or intent of the reinforced or operant-conditioned actor. From Skinner's psychological perspective, the bottom line is simply the response evoked.⁴ From a philosophical perspective, however, even role modeling that produces a positive or beneficial action does not fulfill the basic requirements of the ethical enterprise at either the descriptive or normative level. Modeling, emulation, habit, results—whether positive or negative—are neither the sufficient nor the final goal. The fourth and final step in the process much include reflection, evaluation, choice, and conscious intent on the part of the actor, because ethics is always "an inside-out proposition" involving free will.⁵

John Dewey argued that at the precritical, pre-rational, preautonomous level, morality starts as a set of culturally defined goals and rules that are external to the individual and are imposed or inculcated as habits. But real ethical thinking, said Dewey, begins at the evaluative period of our lives, when, as independent agents, we freely decide to accept, embrace, modify, or deny these rules. Dewey maintained that every serious ethical system rejects the notion that one's standard of conduct should simply and uncritically be an acceptance of the rules of the culture we happen to live in. Even when custom, habit, convention, public opinion, and law are correct in their mandates, to embrace them without critical reflection does not constitute a complete and formal ethical act and might be better labeled "ethical happenstance" or "ethics by virtue of circumstantial accident." According to Dewey, ethics is essentially "reflective conduct," and he believed that the distinction between custom and reflective morality is clearly marked. The former

places the standard and rules of conduct solely on habit; the latter appeals to reason and choice. The distinction is as important as it is definite, for it shifts the center of gravity in morality. For Dewey, ethics is a two-part process; it is never enough simply to do the right thing.⁶

In claiming that workers/followers derive their models for ethical conduct from the witness of leaders, I am in no way denying that workers/followers share responsibility for the overall conduct and culture of an organization. The burden of this chapter is not to exonerate the culpability of workers, but rather to explain the process involved: The witness of leaders both communicates the ethics of our institutions and establishes the desired standards and expectations leaders want and often demand from their fellow workers and followers. Although it would be naive to assert that employees simply and unreflectively absorb the manners and mores of the workplace, it would be equally naive to suggest that they are unaffected by the modeling and standards of their respective places of employment. Work is how we spend our lives, and the lessons we learn there, good or bad, play a part in the development of our moral perspective and the manner in which we formulate and adjudicate ethical choices. As a business ethicist, I believe that without the active intervention of effective moral leadership, we are doomed to forever wage a rear-guard action. Students of organizational development are never really surprised when poorly managed, badly led businesses wind up doing unethical things.

ETHICS AND BUSINESS

Jean-Paul Sartre argued that, like it or not, we are *by definition* moral creatures because our collective existence “condemns” us continuously to make choices about “what we ought to do” in regard to others.⁷ Ethics is primarily a communal, collective enterprise, not a solitary one. It is the study of our web of relationships with others. When Robinson Crusoe found himself marooned and alone on a tiny Pacific atoll, all things were possible. But when Friday appeared and they discovered pirates burying treasure on the beach, Crusoe was then involved in the universe of others, an ethical universe. As a communal exercise, ethics is the attempt to work out the rights and obligations we have and share with others. What is mine? What do I owe you?

According to John Rawls, given the presence of others and our need of these others both to survive and to thrive, ethics is elementally the pursuit of justice, fair play, and equity. For Rawls, building on the cliché that “ethics is how we decide to behave when we decide we belong together,” the study of ethics has to do with developing standards for judging the conduct of one party whose behavior affects another. Minimally, “good behavior” intends no harm and respects the rights of all

affected, and “bad behavior” is willfully or negligently trampling on the rights and interests of others.⁸ Ethics, then, tries to find a way to protect one person’s individual rights and needs against and alongside the rights and needs of others. Of course, the paradox and central tension of ethics lie in the fact that while we are by nature communal and in need of others, at the same time we are by disposition more or less egocentric and self-serving.⁹

If ethics is a part of life, so too are work, labor, and business. Work is not something detached from the rest of human life, but, rather, “man is born to labor, as a bird to fly.”¹⁰ What are work and business about? Earning a living? Yes. Producing a product or service? Sure. Making money or profit? Absolutely. In fact, most ethicists argue that business has a moral obligation to make a profit. But business is also about people—the people you work for and work with. Business is an interdependent, intertwined, symbiotic relationship. Life, labor, and business are all of a piece. They should not be seen as separate “games” played by different “rules.” The enterprise of business is not distinct from the enterprise of life and living because they share the same bottom line—people. Therefore, as in the rest of life, business is required to ask the question, What ought to be done in regard to others?

While no one that I am aware of would argue seriously against the notion of ethics in our private lives, many would have it that ethics and business don’t or can’t mix. That is, many people believe that “business is business,” and that the stakes and standards involved in business are simply different from, more important than, and, perhaps, even antithetical to the principles and practices of ethics. Ethics is something we preach and practice at home in our private lives, but not at work. After all, it could cost us prestige, position, profits, and success.

Theologian Matthew Fox maintains that we lead schizophrenic lives because we either choose or are forced to abandon our personal beliefs and convictions “at the door” when we enter the workplace. The “destructive dualism” of the workplace, says Fox, separates our lives from our livelihood, our personal values from our work values, our personal needs from the needs of the community. Money becomes the sole reason for work, and success becomes the excuse we use to justify the immoral consequences of our behavior.¹¹ This “dualism” produces and perpetuates the kind of “occupational schizophrenia” recently articulated by nationally known jurist Alan Dershowitz: “I would never do many of the things in my personal life that I have to do as a lawyer.”¹²

According to ethicist Norman E. Bowie, the disconnection between business and ethics and the dualism of the workplace stem from the competing paradigms of human nature of economists and ethicists. Economics is the study of the betterment of self. Most economists, says Bowie, have an egoistic theory of human nature. Their analyses focus

on how an individual rationally pursues desired tastes, wants, or preferences. Within the economic model, individuals behave rationally when they seek to strengthen their own perceived best interests. Individuals need only take the interests of others into account when and if such considerations work to their advantage. Economics, Bowie claims, is singular and radically subjective in its orientation. It takes all tastes, wants, and desires as simply given, and does not evaluate whether the economic actor's preferences are good or bad. The focus remains on how the individual can achieve his/her wants and desires.

Ethics, on the other hand, is nonegoistic or pluralistic in nature. Its primary paradigm of evaluation is always self in relation to others. The ethical point of view, says Bowie, requires that an actor take into account the impact of his/her action on others. If and when the interests of the actor and those affected by the action conflict, the actor should at least consider suspending or modifying his or her action, and by so doing recognize the interests of the other. In other words, ethics requires that on occasion we "ought to act" contrary to our own self-interest and that on occasion a person "ought to" act actively on behalf of the interests of another. Economists ask, What can I do to advance my best interests against others? Ethicists ask, In pursuing my best interests what must I do, what "ought" I do in regard to others? Whereas economics breeds competition, ethics encourages cooperation.¹³

For R. Edward Freeman, these competing paradigms are firmly entrenched in our collective psyches, and give rise to what he calls "The Problem of the Two Realms." One realm is the realm of business. It is the realm of hard, measurable facts: market studies, focus groups, longitudinal studies, production costs, managed inventory, stock value, research and development, profit and loss statements, and quantitative analysis. The other realm is the realm of philosophy/ethics. This is the soft realm, says Freeman, the realm of the seemingly ineffable: myth, meaning, metaphor, purpose, quality, significance, rights, and values. While the realm of business can be easily dissected, diagnosed, compared, and judged, the realm of philosophy is not open to precise interpretation, comparison, and evaluation. For Freeman, in a society that has absorbed and embraced the Marcusean adage "the goods of life are equal to the good life," these two realms are accorded separate but unequal status. Only in moments of desperation, disaster, or desire does the realm of business solicit the commentary and insights of the realm of ethics. Otherwise, the realm of business operates under the dictum of legal moralism: Everything is allowed that is not strictly forbidden.

For Freeman the assertion that "business is business" and that ethics is what we try to do in our private lives simply does not hold up to close scrutiny. Business is a human institution, a basic part of the communal fabric of life. Just as governments come to be out of the human need for

order, security, and fulfillment, so too does business. The goal of all business, labor, and work is to make life more secure, more stable, and more equitable. Business exists to serve more than just itself. No business can view itself as an isolated entity, unaffected by the demands of individuals and society. As such, business is required to ask the question, What ought to be done in regard to the others we work with and serve? For Freeman, business ethics, rather than being an oxymoron, a contradiction in terms, is really a pleonasm, a redundancy in terms.¹⁴ As Henry Ford, Sr., once said: "For a long time people believed that the only purpose of industry is to make a profit. They are wrong. Its purpose is to serve the general welfare."¹⁵

What business ethics advocates is that people apply in the workplace those commonsensical rules and standards learned at home, from the lectern, and from the pulpit. The moral issues facing a person are age-old, and these are essentially the same issues facing a business—only writ in large script.¹⁶ According to Freeman, ethics is "how we treat each other, every day, person to person. If you want to know about a company's ethics, look at how it treats people—customers, suppliers, and employees. Business is about people. And business ethics is about how customers and employees are treated."¹⁷

What is being asked of the business community is neither extraordinary nor excessive: a decent product at a fair price; honesty in advertisements; fair treatment of employees, customers, suppliers, and competitors; a strong sense of responsibility to the communities it inhabits and serves; and a reasonable profit for the financial risk-taking of its stockholders and owners. In the words of General Robert Wood Johnson, founder of Johnson and Johnson:

The day has passed when business was a private matter—if it even really was. In a business society, every act of business has social consequences and may arouse public interest. Every time business hires, builds, sells or buys, it is acting for the . . . people as well as for itself, and it must be prepared to accept full responsibility.¹⁸

LEADERSHIP

According to Georges Enderle, business leadership would be relatively simple if corporations only had to produce a product or service, without being concerned about employees; management only had to deal with concepts, structures and strategies, without worrying about human relations; businesses just had to resolve their own problems, without being obligated to take the interests of individuals or society into consideration.¹⁹ But such is not the case. Leadership is always about self and others. Like ethics, labor and business leadership is a

symbiotic, communal relationship. It's about leaders, followers-constituencies, and all stakeholders involved. And, like ethics, labor and business leadership seems to be an intrinsic part of the human experience. Charles DeGaulle once observed that men can no longer survive without direction than they can without eating, drinking, or sleeping. Putting aside the obvious fact that DeGaulle was a proponent of "the great-person theory" of leadership, his point is a basic one. Leadership is a necessary requirement of communal existence. Minimally, it tries to offer perspective, focus, appropriate behavior, guidance, and a plan by which to handle the seemingly random and arbitrary events of life. Depending on the type of leadership-followership involved, it can be achieved by consensus, fiat, or cooperative orchestration. But whatever techniques are employed, leadership is always, at bottom, about stewardship—"a person(s) who manages or directs the affairs of others—as the agent or representative of others." To paraphrase the words of St. Augustine, regardless of the outcome, the first and final job of leadership is the attempt to serve the needs and the well-being of the people led.

What is leadership? Although the phenomenon of leadership can and must be distinguishable and definable separately from our understanding of what and who leaders are, I am convinced that leadership can only be known and evaluated in the particular instantiation of a leader doing a job. In other words, while the terms *leadership* and *leader* are not strictly synonymous, the reality of leadership cannot be separated from the person of the leader and the job of leadership. Given this caveat, and leaning heavy on the research and insights of Joseph C. Rost,²⁰ we can define leadership as follows: Leadership is a power- and value-laden relationship between leaders and followers/constituents who intend real changes that reflect their mutual purposes and goals. For our purposes, the critical elements of this definition that need to be examined are, in order of importance, followership, values, mutual purposes, and goals.

FOLLOWERSHIP

As Joseph Rost has pointed out, perhaps the single most important thesis developed in leadership studies in the last twenty years has been the evolution and now *almost* universal consensus regarding the role of followers in the leadership equation. Pulitzer prize-winning historian Garry Wills argues that we have long had a list of the leader's requisites—determination, focus, a clear goal, a sense of priorities, and so on. But until recently we overlooked or forgot the first and all-encompassing need. "The leader most needs followers. When those are lacking, the

best ideas, the strongest will, the most wonderful smile have no effect."²¹ Followers set the terms of acceptance for leadership. Leadership is a "mutually determinative" activity on the part of the leader and the followers. Sometimes it's cooperative, sometimes it's a struggle, and often it's a feud, but it's always collective. Although "the leader is one who mobilizes others toward a goal shared by leaders and followers," leaders are powerless to act without followers. In effect, Wills argues, successful leaders need to understand their followers far more than followers need to understand leaders.²²

Leadership, like labor and ethics, is always plural; it always occurs in the context of others. E. P. Hollander has argued that while the leader is the central and often the most vital part of the leadership phenomenon, followers are important and necessary factors in the equation.²³ All leadership is interactive, and all leadership should be collaborative. In fact, except for the negative connotation sometimes associated with the term, perhaps the word *collaborator* is a more precise term than either *follower* or *constituent* to explain the leadership process.²⁴ But whichever term is used, as James MacGregor Burns wrote, one thing is clear, "leaders and followers are engaged in a common enterprise; they are dependent on each other, their fortunes rise and fall together."²⁵

From an ethical perspective, the argument for the stewardship responsibilities of leadership is dependent upon the recognition of the roles and rights of followers. Followership argues against the claim of Louis XIV, "*L'état c'est moi!*" The principle of followership denies the Machiavellian assertions that "politics and ethics don't mix" and that the sole aim of any leader is "the acquisition of personal power." Followership requires that leaders recognize their true role within the commonwealth. The choices and actions of leaders must take into consideration the rights and needs of followers. Leaders are not independent agents simply pursuing personal aggrandizement and career options. Like the "Guardians" of Plato's *Republic*, leaders must see their office as a social responsibility, a trust, a duty, and not as a symbol of their personal identity, prestige, and lofty status.²⁶ In more contemporary terms, James O'Toole and Lynn Sharp-Paine have separately argued that the central ethical issue in business is the rights of stakeholders and the obligation of business leaders to manage with due consideration for the rights of all stakeholders involved.²⁷

In his cult classic *The Fifth Discipline*, management guru Peter Senge has stated that of all the jobs of leadership, being a steward is the most basic. Being a steward means recognizing that the ultimate purpose of one's work is others and not self; that leaders "do what they do" for something larger than themselves; that their "life's work" may be the "ability to lead"; but that the final goal of this talent or craft is "other

directed."²⁸ If the real "business of business" is not just to produce a product/service and a profit but to help "produce" people, then the same claim/demand can be made of leadership. Given the reality of the "presence of others," leadership, like ethics, must by definition confront the question, What ought to be done with regard to others?

VALUES

Ethics is about the assessment and evaluation of values, because all of life is value-laden. As Samuel Blumenfeld emphatically pointed out, "You have to be dead to be value-neutral."²⁹ Values are the ideas and beliefs that influence and direct our choices and actions. Whether they are right or wrong, good or bad, values, both consciously and unconsciously, mobilize and guide how we make decisions and the kinds of decisions we make. Reportedly, Eleanor Roosevelt once said, "If you want to know what people value, check their checkbooks!"

I believe that Tom Peters and Bob Waterman were correct when they asserted, "The real role of leadership is to manage the values of an organization."³⁰ All leadership is value laden. And all leadership, whether good or bad, is moral leadership at the descriptive if not the normative level. To put it more accurately, all leadership is ideologically driven or motivated by a certain philosophical perspective, which upon analysis and judgment may or may not prove to be morally acceptable in the colloquial sense. All leaders have an agenda—a series of beliefs, proposals, values, ideas, and issues that they wish to "put on the table." In fact, as Burns has suggested, leadership only asserts itself, and followers only become evident, when there is something at stake—ideas to be clarified, issues to be determined, values to be adjudicated.³¹ In the words of Eleanor's husband, Franklin D. Roosevelt:

The Presidency is preeminently a place of moral leadership. All our great Presidents were leaders of thought at times when certain historic ideas in the life of the nation had to be clarified. . . .³²

Although we would prefer to study the moral leadership of Lincoln, Churchill, Gandhi, and Mother Teresa, like it or not we must also evaluate Hitler, Stalin, Saddam Hussein, and David Koresh within a moral context.

All ethical judgments are in some sense a "values-vs.-values" or "rights-vs.-rights" confrontation. Unfortunately, the question of "what we ought to do" in relation to the values and rights of others cannot be reduced to the analog of a simple litmus-paper test. In fact, I believe that all of ethics is based on what William James called the "will to believe." That is, we choose to believe, despite the ideas, arguments,

and reasoning to the contrary, that individuals possess certain basic rights that cannot and should not be willfully disregarded or overridden by others. In "choosing to believe," said James, we establish this belief as a factual baseline of our thought process for all considerations in regard to others. Without this "reasoned choice," says James, the ethical enterprise loses its "vitality" in human interactions.³³

If ethical behavior intends no harm and respects the rights of all affected, and unethical behavior willfully or negligently tramples on the rights and interests of others, then leaders cannot deny or disregard the rights of others. The leader's world view cannot be totally solipsistic. The leader's agenda should not be purely self-serving. Leaders should not see followers as potential adversaries to be bested, but rather as fellow travelers with similar aspirations and rights to be reckoned with.

How do we judge the ethics of a leader? Clearly, we cannot expect every decision and action of a leader to be perfect. As John Gardner has pointed out, particular consequences are never a reliable assessment of leadership.³⁴ The quality and worth of leadership can be measured only in terms of what a leader intends, values, believes in, or stands for—in other words, character. In *Character: America's Search for Leadership*, Gail Sheehy argues, as did Aristotle before her, that character is the most crucial and most elusive element of leadership. The root of the word "character" comes from the Greek word for engraving. As applied to human beings, it refers to the enduring marks or etched-in factors in our personality, which include our inborn talents as well as the learned and acquired traits imposed upon us by life and experience. These engravings define us, set us apart, and motivate behavior.

In regard to leadership, says Sheehy, character is fundamental and prophetic. The "issues [of leadership] are today and will change in time. Character is what was yesterday and will be tomorrow."³⁵ Character establishes both our day-to-day demeanor and our destiny. Therefore, it is not only useful but essential to examine the character of those who desire to lead us. As a journalist and longtime observer of the political scene, Sheehy contends that the Watergate affair of the early 1970s serves as a perfect example of the links between character and leadership. As Richard Nixon demonstrated so well, says Sheehy, "The Presidency is not the place to work out one's personal pathology . . ." ³⁶ Leaders rule us, run things, and wield power. Therefore, says Sheehy, we must be careful about whom we choose to lead, because whom we choose is what we shall be. If, as Heraclitus wrote, "character is fate," the fate our leaders reap will also be our own.

Putting aside the particular players and the politics of the episode, Watergate has come to symbolize the failings and failures of people in high places. Watergate now serves as a watershed, a turning point, in

our nation's concern for integrity, honesty, and fair play from all kinds of leaders. It is not a mere coincidence that the birth of business ethics as an independent, academic discipline can be dated from the Watergate affair and the trials that came out of it. No matter what our failings as individuals, Watergate sensitized us to the importance of ethical standards and conduct from those who direct the course of our political and public lives. What society is now demanding, and what business ethics is advocating, is that our business leaders and public servants should be held accountable to an even higher standard of behavior than we might demand and expect of ourselves.

MUTUAL PURPOSES AND GOALS

The character, goals, and aspirations of a leader are not developed in a vacuum. Leadership, even in the hands of a strong, confident, charismatic leader, remains, at bottom, relational. Leaders, good or bad, great or small, arise out of the needs and opportunities of a specific time and place. Leaders require causes, issues, and, most important, a hungry and willing constituency. Leaders may devise plans, establish an agenda, bring new and often radical ideas to the table, but all of them are a response to the milieu and membership of which they are a part. If leadership is an active and ongoing relationship between leaders and followers, then a central requirement of the leadership process is for leaders to evoke and elicit consensus in their constituencies, and conversely for followers to inform and influence their leaders. This is done through the uses of power and education.

The term *power* comes from the Latin *posse*: to do, to be able, to change, to influence or effect. To have power is to possess the capacity to control or direct change. All forms of leadership must make use of power. The central issue of power in leadership is not will it be used, but rather will it be used wisely and well. According to James MacGregor Burns, leadership is not just about directed results; it is also about offering followers a choice among real alternatives. Hence, leadership assumes competition, conflict, and debate, whereas brute power denies it.³⁷ "Leadership mobilizes," said Burns, "naked power coerces."³⁸ But power need not be dictatorial or punitive to be effective. Power can also be used in a noncoercive manner to orchestrate, direct, and guide members of an organization in the pursuit of a goal or series of objectives. Leaders must engage followers, not merely direct them. Leaders must serve as models and mentors, not martinets. Or to paraphrase novelist James Baldwin, power without morality is no longer power.

For Peter Senge, teaching is one of the primary jobs of leadership.³⁹ The "task of leader as teacher" is to empower people with information

and offer insights, new knowledge, and alternative perspectives on reality. The "leader as teacher" is not just about "teaching" people how "to achieve their vision." Rather, it is about fostering learning, offering choices, and building consensus.⁴⁰ Effective leadership recognizes that to build and achieve community, followers must become reciprocally co-responsible in the pursuit of a common enterprise. Through their conduct and teaching, leaders must try to make their fellow constituents aware that they are all stakeholders in a conjoint activity that cannot succeed without their involvement and commitment. Successful leadership believes in and communicates some version of the now famous Hewlett Packard motto: "The achievements of an organization are the results of the combined efforts of each individual." In the end, says Abraham Zaleznik, "leadership is based on a compact that binds those who lead with those who follow into the same moral, intellectual and emotional commitment."⁴¹ However, as both Burns and Rost warn us, the nature of this "compact" is inherently unequal because the influence patterns existing between leaders and followers are not equal. Responsive and responsible leadership requires, at a minimum, that democratic mechanisms be put in place that recognize the right of followers to have adequate knowledge of alternative options, goals, and programs, as well as the capacity to choose among them. "In leadership writ large, mutually agreed upon purposes help people achieve consensus, assume responsibility, work for the common good, and build community."⁴²

STRUCTURAL RESTRAINTS

There is, unfortunately, a dark side to the theory of the "witness of others." Howard S. Schwartz, in his radical but underappreciated managerial text *Narcissistic Process and Corporate Decay*,⁴³ argues that corporations are not bastions of benign, other-directed ethical reasoning; nor can corporations, because of the demands and requirements of business, be models and exemplars of moral behavior. The rule of business, says Schwartz, remains the "law of the jungle," "the survival of the fittest," and the goal of survival engenders a combative "us-against-them mentality" that condones the moral imperative of getting ahead by any means necessary. Schwartz calls this phenomenon "organizational totalitarianism": Organizations and the people who manage them create for themselves a self-contained, self-serving world view that rationalizes anything done on their behalf and that does not require justification on any grounds outside of themselves.⁴⁴ The psychodynamics of this narcissistic perspective, says Schwartz, impose draconian requirements on all participants in organizational

life: do your work; achieve organizational goals; obey and exhibit loyalty to your superiors; disregard personal values and beliefs; obey the law when necessary, obfuscate it whenever possible; and, deny internal or external discrepant information at odds with the stated organizational world view. Within such a "totalitarian logic," neither leaders nor followers, rank nor file, operate as independent agents. To "maintain their place," to "get ahead," all must conform. The agenda of "organizational totalitarianism" is always the preservation of the status quo. Within such a logic, like begets like, and change is rarely possible. Except for extreme situations in which "systemic ineffectiveness" begins to breed "organization decay," transformation is never an option.

In *Moral Mazes* Robert Jackall parallels much of Schwartz's analysis of organizational behavior, but from a sociologic rather than a psychological perspective. According to critic and commentator Thomas W. Norton, both Jackall and Schwartz seek to understand why and how organizational ethics and behavior are so often reduced to either dumb loyalty or the simple adulation and mimicry of one's superiors. While Schwartz argues that individuals are captives of the impersonal structural logic of "organizational totalitarianism," Jackall contends that "organizational actors become personally loyal to their superiors, always seeking their approval and are committed to them as persons rather than as representatives of the abstractions of organizational authority." But in either case, both authors maintain that organizational operatives are prisoners of the systems they serve.⁴⁵

For Jackall, all American business organizations are examples of "patrimonial bureaucracies" wherein "fealty relations of personal loyalty" are the rule and the glue of organizational life. Jackall argues that all corporations are like fiefdoms of the Middle Ages, wherein the lord of the manor (CEO, president) offers protection, prestige, and status to his vassals (managers) and serfs (workers) in return for homage (commitment) and service (work). In such a system, advancement and promotion are predicated on loyalty, trust, politics, and personality as much as, if not more than, on experience, education, ability, and actual accomplishments. The central concern of the worker/minion is to be known as a "can-do guy," a "team player," being at the right place at the right time, and master of all the social rules. That's why in the corporate world, asserts Jackall, 1000 "atta-boys" are wiped away with one "oh, shit!"

Jackall maintains that, as in the model of a feudal system, employees of a corporation are expected to become functionaries of the system and supporters of the status quo. Their loyalty is to the powers that be; their duty is to perpetuate performance and profit; and their values can be none other than those sanctioned by the organization. Jackall contends

that the logic of every organization (place of business) and the collective personality of the workplace conspire to override the wants, desires, and aspirations of the individual worker. No matter what a person believes off the job, said Jackall, on the job all of us to a greater or lesser extent are required to suspend, bracket, or only selectively manifest our personal convictions.

What is right in the corporation is not what is right in a man's home or his church. What is right in the corporation is what the guy above you wants from you.⁴⁶

For Jackall the primary imperative of every organization is to succeed. This logic of performance, what he refers to as "institutional logic," leads to the creation of a private moral universe—a moral universe that, by definition, is totalitarian (self-sustained), solipsistic (self-defined), and narcissistic (self-centered). Within such a milieu, truth is socially defined and moral behavior is determined solely by organizational needs. The key virtues, for all alike, become the virtues of the organization: goal preoccupation, problem solving, survival/success, and, most important, playing by the house rules. In time, says Jackall, those initiated and invested in the system come to believe that they live in a self-contained world that is above and independent of outside critique and evaluation.

For both Schwartz and Jackall, the logic of organizational life is rigid and unchanging. Corporations perpetuate themselves, both in their strengths and weakness, because corporate cultures clone their own. Even given the scenario of a benign organizational structure that produces positive behavior and beneficial results, the etiology of the problem and the opportunity for abuse that it offers represent the negative possibilities and inherent dangers of the "witness of others" as applied to leadership theory. Within the scope of Schwartz's and Jackall's allied analyses, "normative" moral leadership may not be possible. The model offered is both absolute and inflexible, and only "regular company guys" make it to the top. The maverick, the radical, the reformer are not long tolerated. The "institutional logic" of the system does not permit disruption, deviance, or default.

MORAL LEADERSHIP

The term *moral leadership* often conjures up images of sternly robed priests, waspishly severe nuns, carelessly bearded philosophers, forbiddingly strict parents, and something ambiguously labeled the "moral majority." These people are seen as confining and dictatorial. They make us do what we should do, not what we want to do. They encour-

age following the *superego* and not the *id*. A moral leader is someone who supposedly tells people the difference between right and wrong from on high. But there is much more to moral leadership than merely telling others what to do.

The vision and values of leadership must have their origins and resolutions in the community of followers, of whom they are a part, and whom they wish to serve. Leaders can drive, lead, orchestrate, and cajole; but they cannot force, dictate, or demand. Leaders can be the catalyst for morally sound behavior, but they are not, by themselves, a sufficient condition. By means of their demeanor and message, leaders must be able to convince, not just tell others, that collaboration serves the conjoint interest and well-being of all involved. Leaders may offer a vision, but followers must buy into it. Leaders may organize a plan, but followers must decide to take it on. Leaders may demonstrate conviction and willpower, but followers, in the new paradigm of leadership, should not allow the leader's will to replace their own.⁴⁷

Joseph C. Rost has argued, both publicly and privately, that the ethical aspects of leadership remain thorny. How, exactly, do leaders and collaborators in an influence relationship make a collective decision about the ethics of a change that they want to implement in an organization or society? Some will say, "option A is ethical," while others will say, "option B is ethical." How are leaders and followers to decide? As I have suggested, ethics is what "ought to be done" as the preferred mode of action in a "right-vs.-right," "values-vs.-values" confrontation. Ethics is an evaluative enterprise. Judgments must be made in regard to competing points of view. Even in the absence of a belief in the existence of a single universal, absolute set of ethical rules, basic questions can still be asked: How does it affect the self and others? What are the consequences involved? Is it harmful? Is it fair? Is it equitable? Perhaps the best, but by no means most definitive, method suited to the general needs of the ethical enterprise is a modified version of the scientific method: (a) *observation*, the recognition of a problem or conflict; (b) *inquiry*, a critical consideration of facts and issues involved; (c) *hypothesis*, the formulation of a decision or plan of action consistent with the known facts; (d) *experimentation and evaluation*, the implementation of the decision or plan in order to see if it leads to the resolution of the problem. There are, of course, no perfect answers in ethics or life. The quality of our ethical choices cannot be measured solely in terms of achievements. Ultimately and ethically, intention, commitment, and concerted effort are as important as outcome: What/why did leader-followers try to do? How did they try to do it?

Leadership is hard to define, and moral leadership is even harder. Perhaps, like pornography, we only recognize moral leadership when we see it. The problem is, we so rarely see it. Nevertheless, I am con-

vinced that without the "witness" of moral leadership, standards of ethics in business and organizational life will neither emerge nor be sustained. Leadership, even when defined as a collaborative experience, is still about the influence of individual character and the impact of personal mentoring. Behavior does not always beget like behavior in a one-to-one ratio, but it does establish tone, set the stage, and offer options. Although to achieve ethical behavior an entire organization, from top to bottom, must make a commitment to it, the model for that commitment has to originate from the top. Former Labor Secretary Robert Reich recently stated, "The most eloquent moral appeal will be no match for the dispassionate edict of the market." Perhaps the "witness" of moral leadership can prove to be more effective.

NOTES

1. Maynard M. Dolecheck and Carolyn C. Dolecheck, "Ethics: Take It From the Top," *Business* (Jan.-March 1989): 13.
2. James Patterson and Peter Kim, *The Day America Told the Truth* (Englewood Cliffs, NJ: Prentice Hall, 1991), 1, 20, 21, 22.
3. "Quotable Quotes," *Chicago Tribune Magazine*, January 1, 1996, 17.
4. B. F. Skinner, *Beyond Freedom and Dignity* (New York: Alfred A. Knopf, 1971), 107, 108, 150, 214, 215.
5. Stephen R. Covey, *The Seven Habits of Highly Effective People* (New York: A Fireside Book, 1990), 42, 43.
6. John Dewey, *Theory of The Moral Life* (New York: Holt Rinehart and Winston, 1960), 3-28.
7. Jean-Paul Sartre, *Existentialism and Human Emotions* (New York: The Wisdom Library, ND), 23, 24, 32, 33, 39, 40, 43, 44.
8. John Rawls, "Justice as Fairness: Political not Metaphysical," *Philosophy and Public Affairs* 14 (1985): 223-51.
9. The academic issue of which system of ethics best answers the question "what we ought to do" is a moot point and may in fact be an artificial one. However, the reality is, whichever way one decides to answer the question, "what we ought to do" is an endemic requirement of the human condition.
10. Pope Pius XI, "Quadragesimo Anno (On Reconstructing the Social Order)" in David M. Byers, ed. *Justice in the Marketplace: A Collection of the Vatican and U.S. Catholic Bishops on Economic Policy, 1891-1984* (Washington, D.C.: United States Catholic Conference, 1985), 61.
11. Matthew Fox, *The Reinvention of Work* (San Francisco: Harper San Francisco, 1994), 298, 299.
12. "Tempo" section, *Chicago Tribune*, Feb. 1, 1995, 2.
13. Norman E. Bowie, "Challenging The Egoistic Paradigm," *Business Ethics Quarterly*, vol. 1, no. 1 (1991): 1-21.
14. R. Edward Freeman, "The Problem of the Two Realms," speech, Loyola University Chicago, The Center for Ethics, Spring, 1992.
15. Henry Ford, Sr., quoted by Thomas Donaldson, *Corporations and Morality* (Englewood Cliffs, NJ: Prentice-Hall, 1982), 57.
16. *Ibid.*, 14.
17. Freeman, "The Problem of the Two Realms."

18. General Robert Wood Johnson, quoted by Frederick G. Harmon and Gary Jacobs, "Company Personality: The Heart of The Matter," *Management Review* (Oct. 1985e): 10, 38, 74.
19. Georges Enderle, "Some Perspectives of Managerial Ethical Leadership," *Journal of Business Ethics*, 6 (1987): 657.
20. Joseph C. Rost, *Leadership for the Twenty-First Century* (Westport, CT: Praeger, 1993).
21. Garry Wills, *Certain Trumpets* (New York: Simon and Schuster, 1994), 13.
22. *Ibid.*, 17.
23. E. P. Hollander, *Leadership Dynamics* (New York: The Free Press, 1978), 4, 5, 6, 12.
24. In a later article Joseph Rost made a change in his use of the word *followers*: "I now use the word *followers* when I write about leadership in the industrial paradigm. I use the word *collaborators* when I write about leadership in the postindustrial paradigm. This is a change from *Leadership in the Twenty-First Century*, in which I use the word *followers* all the time. The reason for the change is the unanimous feedback I received from numerous professionals throughout the nation. . . . After trying several alternative words, I settled on the word *collaborators* because it seemed to have the right denotative and connotative meanings. In other words, *collaborators* as a concept fits the language and values of the postindustrial paradigm, and so its usage should not be a problem to those who want to articulate a new paradigm of leadership." See Rost, "Leadership Development in the New Millennium," *The Journal of Leadership Studies*, vol. 1., no. 1 (1993): 109, 110.
25. James MacGregor Burns, *Leadership* (New York: Harper Torchbooks, 1979), 426.
26. Al Gini, "Moral Leadership: An Overview," *Journal of Business Ethics* (1997): volume 16, issue 3, pp. 323-30.
27. James O'Toole, *Leading Change* (San Francisco: Jossey-Bass, 1994); Lynn Sharp-Paine, "Managing For Organizational Integrity," *Harvard Business Review* (March-April 1994): 106-117.
28. Peter M. Senge, *The Fifth Discipline* (New York: Double/Currency Books, 1990), 345-52.
29. Christina Hoff Sommers, "Teaching the Virtues," *Chicago Tribune Magazine*, September 12, 1993, 16.
30. Thomas J. Peters and Robert H. Waterman, Jr., *In Search of Excellence* (New York: Harper and Row, 1982), 245.
31. Burns, Chapters 2, 5.
32. *Ibid.*, xi.
33. William James, *The Will to Believe* (New York: Dover Publications, Inc., 1956), 1-31, 184-215.
34. John W. Gardner, *On Leadership* (New York: The Free Press, 1990), 8.
35. Gail Sheehy, *Character: America's Search for Leadership* (New York: Bantam Books, 1990), 311.
36. *Ibid.*, 66.
37. Burns, 36.
38. *Ibid.*, 439.
39. For Senge the three primary tasks of leadership include: leader as designer, leader as steward, and leader as teacher.
40. Senge, 353.
41. Abraham Zaleznik, "The Leadership Gap," *Academy of Management Executives*, vol. 4., no. 1 (1990): 12.

42. Rost, 124.
43. Howard S. Schwartz, *Narcissistic Process and Corporate Decay* (New York: New York University Press, 1990).
44. Howard S. Schwartz, "Narcissistic Process and Corporate Decay: The Case of General Motors," *Business Ethics Quarterly*, vol. 1, no. 3: 250.
45. Thomas W. Norton, "The Narcissism and Moral Mazes of Corporate Life: A Commentary on the Writings of H. Schwartz and R. Jackall," *Business Ethics Quarterly*, vol. 2, no. 1: 76.
46. Robert Jackall, *Moral Mazes* (New York: Oxford University Press, 1988), 6.
47. Wills, 13.