

Ethical Leadership and Contemporary Organizational Ethics: Principles and Cases

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Contemporary organizations must strive to be ethical to succeed, given the complex ethical concerns that they face in today's globalized economic environment. This paper focuses on the principles of ethical leadership and illustrates their relevance to present-day organizations, by using cases drawn from contemporary higher educational and developmental organizations. The ethics of personal leadership (in particular, Aristotle's ethics of prudence and self-development, and "personality-based" leadership versus "character-based" leadership) and the ethics of interpersonal leadership (specifically, Confucian ethics of interdependence and Covey's win/win paradigm of human interaction) are elucidated and their usefulness in developing contemporary organizational ethics is examined.

INTRODUCTION

Contemporary organizations must strive to be ethical in order to succeed, given the complex ethical concerns that organizations face in today's globalized economic environment. This paper focuses on the principles of ethical leadership and illustrates their relevance to present-day organizations, by using cases drawn from contemporary higher educational and developmental organizations.

The next section elucidates the principles of ethical leadership in organizations. More specifically, it highlights the ethics of personal leadership, in particular, Aristotle's ethics of prudence and self-development, as well as the ethics of interpersonal leadership, specifically, the Confucian ethics of interdependence and Stephen Covey's (1989, 1992) Win/Win paradigm of human interaction.

In the subsequent section, we elaborate upon the distinction between "Personality-based" leadership and "Character-based" leadership, or in other words, the difference between leadership 'behavior' and leadership 'character'. The contrast between the "Personality Ethic" and "Character Ethic", as envisaged by various social thinkers such as Mahatma Gandhi, Ayn Rand, Rabindranath Tagore and Swami Vivekananda, is highlighted. The final section concludes the paper by examining the usefulness of the principles of ethical leadership in developing contemporary organizational ethics.

PRINCIPLES OF ETHICAL LEADERSHIP

Here, the ethical concepts of personal and interpersonal leadership are delineated. According to Peter Drucker (1981), well-known management thinker, any major conception of ethics in present times must be entrenched in ancient doctrines relating to personal leadership, such as Aristotle's ethics of prudence and self-development, and interpersonal leadership, for instance, the Confucian ethics of interdependence.

(For an overview of Drucker's formulation of contemporary business ethics, see Kulshreshtha (2005), p. 398.)

Ethics of Personal Leadership

According to the ethics of prudence or self-development, expounded by Aristotle, a person of any rank or function can be a leader in an organization if he/she sets examples of right behavior while avoiding wrong-doing, provided wrong behavior is clearly identified. Thus, leaders can 'set the tone', 'create the spirit' and 'choose the values' for the employees of their organization. The following cases, pertaining to contemporary higher educational and developmental organizations, illustrate the relevance of the ethics of personal leadership:

Case 1: Commitment in Higher Learning – Does Class Size Matter?

Consider the following account, by the president of The University of Chicago, of the two-student seminar class that S. Chandrasekhar, who predicted the existence of black holes in 1930s and won a Nobel Prize in physics fifty years later (in 1983), used to teach (Wali, 1992):

"In this day of "cost-effectiveness" and its frequent misapplication within the enterprise of higher learning, I cannot resist telling you that Chandra (Chandrasekhar) has furnished beleaguered provosts with an extraordinary example in defense of the educational traditions of this university. During the period of the mid-1940s and following, Chandra used to drive some hundred miles between Yerkes Observatory in Williams Bay and the University, week after week, to meet with a class of *two* (registered) students. Even at that time, one might have raised a question of relative investment of time and energy, but I doubt such a thought even entered his mind. When the Nobel Prize in physics was awarded in 1957, it went to the whole class, Messrs. (T. D.) Lee and (C.N.) Yang." (brackets added) - John T. Wilson, Acting president of University of Chicago (while introducing S. Chandrasekhar to the audience at the time of the second annual Nora and Edward Ryerson Lecture, 22 April 1975)

The above story has also been cited in the press release issued by The University of Chicago, following Chandrasekhar's death on August 21, 1995. In the press release, Princeton University Provost Jeremiah Ostriker, a student of Chandrasekhar from 1960 to 1964, said "Chandra cared for the personal and intellectual well-being of his students, trained them carefully and was willing to spend enormous amounts of time with them. He was a powerful role model for all who came in contact with him."

The press release also stated that the above story "illustrates Chandrasekhar's devotion to his science and his students" and "any concern about the cost effectiveness of such a commitment (of Chandrasekhar towards his students) was erased in 1957, when the entire class - T. D. Lee and C. N. Yang - won the Nobel Prize in physics." (brackets and emphasis in italics added)

Conventional appraisals of cost-effectiveness in higher learning enterprises tend to conclude that small classes are usually not cost-effective, although teaching tends to be more effective in small classes. However, the above example suggests that small classes can be cost-effective, besides leading to greater effectiveness in teaching. It is my contention that any meaningful assessment of cost-effectiveness in higher learning enterprises must consider the positive impact of teacher commitment towards learning on the success of students in the real world. As the above case shows vividly, small classes can be cost-effective in the presence of teacher commitment towards higher learning.

Case 2: Grameen Bank and Women in Bangladesh

Since 1976, Grameen Bank in Bangladesh, Nobel Peace Prize winning development organization for 2006, has empowered over two million villagers, mostly rural women, through provision of small loans. Its idea has been replicated in forty countries worldwide.

From its onset, Grameen Bank believed that women are more bankable and trustworthy. Today Grameen Bank has more than 2.3 million borrowers, 94 percent of whom are women. It operates in 38,951 villages, covering more than half of the total villages in Bangladesh.

According to Prof. Mohammed Yunus, Founder, Grameen Bank, and joint Nobel Peace Prize winner for 2006, women are changing the nature of leadership in organizations today, by incorporating values such as honesty, openness, patience, collective support, inclusion, and accountability.

Ethics of Interpersonal Leadership

The Confucian ethic of interdependence is based on an understanding of right and wrong behavior or conduct as it occurs in societal associations. According to Confucius, right, sincere or ethical conduct can be identified as the one that leads to maximum gain for every individual or party in an affiliation. Thus, sincere or right actions produce pleasant, positive and mutually favorable interactions.

In contrast, wrong, insincere or unethical actions usually involve one individual or party exploiting the other individuals or parties by using its authority or power in the association. For example, sexual harassment at the place of work is regarded as insincere or unethical under the ethic of interdependence. According to this ethic, insincere behavior is the outcome of authority in a relationship that should be derived from function only. Hence, unethical or insincere actions can result in discordant, negative and manipulative associations.

Covey's "Win/Win Paradigm" of human interaction (Covey, 1989, pp. 206-216) also captures the ethics of interpersonal leadership effectively. According to Covey, six paradigms of human interaction can arise in practice: Win/Win, Win/Lose, Lose/Win, Lose/Lose, Win, and Win/Win or No Deal. Covey has asserted that ethical human interaction must be based on a clear recognition of mutual interdependence among individuals. This concept is best represented by the Win/Win paradigm of human interaction, according to which an individual looks for ways to interact with others which are mutually beneficial and satisfying, resulting in greater degree of commitment to planned actions. Win/Win paradigm points towards a higher, better path for all, which is neither "your way or my way" (Covey, 1989, p. 207).

In contrast, Win/Lose represents an authoritarian approach, in which an individual aims to benefit while not allowing others to fulfill their goals. In Win/Lose, an individual uses his/her power, position, personality or prestige to achieve maximum benefit while not caring about others. However, in Lose/Win approach, an individual becomes passive and lets others have their way. Such individuals suppress their feelings and are shy to express their convictions to others. Mostly, such individuals allow ego-centric (i.e. Win/Lose) individuals to take advantage of them repeatedly, even if it means that they suffer.

When Win/Lose individuals interact with other Win/Lose individuals, the result is Lose/Lose or both type of individuals end up losing, since trying to win at the expense of others leads to losses to both parties. Individuals who follow the Win paradigm simply care for their own benefit, but they don't necessarily want other individuals to lose. Win/Win or No Deal is a higher expression of Win/Win, where two individuals who cannot find a solution to their conflict that is agreeable to both of them, end up having no deal, i.e. they agree to disagree in an agreeable manner.

"PERSONALITY-BASED" LEADERSHIP VERSUS "CHARACTER-BASED" LEADERSHIP

In this section, we discuss an important issue pertaining to the nature of personal leadership. What is more important for creating ethical personal leadership: behavior or character? Chakraborty (1995) and Covey have argued that good personal leadership cannot be cultivated by focusing only on the performance, effectiveness and innovativeness of a leader, but requires sustained development of character in a leader, so that the leader can inspire others in an organization. As Chakraborty (p. 149) has pointed out, we cannot rely on 'amoral' motivation, but need to develop 'moral' inspiration in leaders, so that other individuals in an organization are compelled to follow them.

Examples of leaders whose character has inspired others abound: Buddha, Gandhi, Jesus, Martin Luther King Jr., Mother Teresa, Nelson Mandela, Vivekananda, and several other great leaders of the world. Such leaders have always inspired others to pursue noble goals such as commitment to truth, conviction, courage, self-restraint, self-sacrifice and renunciation. These leaders practiced the above virtues in their own lives and hence developed 'constructively charismatic' personalities which influenced

other greatly (Chakraborty, p. 152). Hence, although the personalities of these leaders were important, the charisma of their personalities helped others in becoming more ethical.

In this context, mentorship is often seen as integral to the process of developing ethical leadership (Chakraborty, pp. 158-162). Several contemporary writers such as Bennis (1992) and Zaleznik (1977) have stressed that a mentor can exert great influence on individuals in an enterprise through one-to-one relationship and hence, can help in grooming future leaders. As Roche (1979) has reported, based on a survey, mentorship and career growth are strongly positively correlated, with half of the executives surveyed who had a mentor indicating very high levels of satisfaction with their career development. The case of small classes discussed in the previous section also illuminates the significant role that a mentor (in this case, Professor Chandrasekhar, the teacher) can play in the career development of individuals (in this case, students T. D. Lee and C. N. Yang, who later won the Nobel Prize in Physics).

CONCLUSION

As Drucker has pointed out, ethics or sincerity of contemporary businesses can be as significant as their competence and productivity, because individuals in present-day societies rely heavily on businesses for gainful employment and material well-being. Hence, Drucker has emphasized that ethics in business today ought to be founded on a clear vision of relationships in an organization (e.g., owner and worker, supervisor and trainee).

Moreover, present-day business ethics should outline general or broad policies of right behavior or conduct for executives and workers of businesses. Thus, contemporary business ethics must identify and classify right or sincere conduct, which would lead to agreeable and fruitful associations inside businesses. Furthermore, business ethics in present-times should generate a vast pool of leaders at all functions and ranks in businesses, as articulated by the ethics of prudence and self-development.

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