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**MELDING ETHICAL BEHAVIORS INTO LEADERSHIP EXPECTATIONS. SEEKING
TO MAKE THE PHRASE,
'ETHICAL LEADERSHIP' NO LONGER NECESSARY**

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ABSTRACT

Remember 'E-Commerce'? It was a distinct and emerging discipline. Now E-Commerce concepts are easily integrated into traditional business courses. The term 'e-commerce,' seems redundant. YET, we as scholars still maintain a distance between 'Leadership' and 'Ethical Leadership'. When will the phrase, 'Ethical Leadership,' fade from the business vernacular as redundant? As scholars, we can study the distinction and seek to meld them so fully that the terms become synonymous. This paper presents an educational path to help leaders see the overlap so that each can develop a personal roadmap to tightly integrate the concepts in to their business practices.

Keywords:

Leadership, Ethical leadership, ethical values, educating future leaders, leadership values.

1 INTRODUCTION

Recall the days of the emerging and stand-alone educational path called, E-Commerce? It was futuristic. It offered insight into a very different world of business processing, for which we were starting to understand. Now, E-Commerce concepts are fully integrated into traditional business courses and conferred degrees. The world of business now recognizes that both traditional and online business practices have melded together. Yet, business professionals still have a clear distinction between the concepts of 'Leadership' and 'Ethical Leadership.' When will the phrase, 'Ethical Leadership,' fade from the business vernacular as redundant and therefore be no longer necessary? How can we, as business scholars, study the distinction between these concepts, and seek to integrate them so *fully* that the terms will become synonymous? This paper

proposes an educational path to help managers see the differences *so* clearly, that each may develop a personal roadmap and commitment to integrate the concepts so tightly in to their professional language and practices, that they can no longer be considered distinct concepts.

2 BACKGROUND: WHAT CORPORATE SENIOR LEADERS EXPECT FROM THE NEXT GENERATION OF DEVELOPING FUTURE BUSINESS LEADERS

In past corporate life, a substantial amount of developmental leadership and management training was funded. Ethics and ethical decision-making was a tangible part of that corporate training; but, that is *not* always the case today. There is more discipline-specific training and preparation that supports business specialization as compared to the past, when leaders and managers were more generalists. There are less training dollars dedicated to the foundational development of the leader candidate; the work belongs to the colleges and to the individual.

Responsibility of Business Education

What *do* senior leaders expect from the Business Colleges and Schools in the preparation of the next generation of ethical leaders? (Mackenzie). To explore this question, senior leaders, leaders of corporate ethics programs, and ethics' scholars were interviewed. The results revealed four insights as to what is expected from the Business Schools:

- Teach the student to develop courage. It is scary to be faced with a situation which you do not know how to handle. It is easy to fear retaliation.
- Teach students persuasive communication skills. Teach them how to say, "No." Students should learn how to have a difficult conversation, without damaging their long term careers.
- Teach the student about the slippery slope. If a young leader *does* take a step down the wrong path, it desensitizes the person to take another step. Each becomes less difficult. The slippery slope has started.
- Teach students to see the dilemma! Mackenzie's research reveals that individuals may not even SEE that a dilemma lies before them. Corporate leaders and scholars have reported that young future leaders need to "...understand where the grey is within the

grey.” The young leader must understand that the world is not black and white – but, you must see where the lines are.

Responsibility of the Individual

More is expected of the individual to accept responsibility for his or her *own* education and professional development. Recruitment into entry-level positions may rely on evidence of demonstrated skills and knowledge within a college discipline. Entry-level financial analyst candidates are often recruited from the Ivy League Universities. The Big Four accounting firms expect a certain discipline-specific college-level success pattern before an invitation to a coveted internship is offered. Yet, as these candidates enter into corporate life, they need to continuously develop their own leadership style and disposition, especially as relates to ethics, ethical maturity, and ethical decision-making. This responsibility exists whether or not these candidates are explicitly advised of this accountability. How will these young candidates develop these skills?

Often senior leaders will passively observe the behaviors and interactions of young candidates in varying workplace scenarios; as a result of these random observations, senior leaders may select certain young candidates for tracks that lead to increasing opportunity and responsibility. If ethical decision-making is *not* an explicit component of this testing ground, then these leadership characteristics may not be rewarded with promotion and elevated responsibility. Remember the well-tested management concept, “what gets measured, gets managed.” (Drucker). If ethics education is not *measured* and ethical behavior is not *measured* and *rewarded* as an expected part of the leadership development journey, then the young candidate has a lower chance of getting it right. A young manager may find him or herself facing a significant dilemma without the proper experience, preparation, or awareness. If self-development is expected of leadership candidates, then these candidates need to understand what is *expected*. These expectations are not limited solely to newly graduating business students, but also pertain to mid-level and senior leaders as they progress in accountability and authority.

3 LITERATURE REVIEW DEFINING LEADERSHIP VS ETHICS

How has the concept of leadership been defined? Twenty years ago it was suggested that “corporate leadership stands as one of the most significant roles in need of reevaluation and redefinition” emphasizing that “corporate leadership affects all aspects of corporate life” (Miranda, et al.). Defining leadership ranged from a view of domination to a more socially focused, or pro-group, perspective. Within this range the *individual benefit* is at one end and the *group’s benefit* is at the other. A leader’s influence over a group was an ingredient that suggested that subordinates *share*, therefore should pursue, the *corporate*-related goals (Rost). Another definition related to this evaluation suggests that leaders exercise their influence through *persuasion*, which was a positive move away from the militaristic pattern of old-world leadership.

Transactional vs. transformational are essential concepts in the transition of a leader’s role as his or her influence increases. The transactional focus allows the supervisor to be more directive as the employee is exchanging time for salary. The transformational leader will *persuade* employees to work collectively toward achieving the *group* goals; transcending individual self-interests and working toward the greater good. A clear expression of this leadership definition is “persuading other people to set aside for a period of time their individual concerns and to pursue a common goal that is important to the responsibility and welfare of the group.” (Hogan, Curphy, Hogan, 493). Other leadership terms driving a pro-group philosophy include: charismatic, inspirational, and visionary. Charismatic leadership “is a broadly applied term that does not distinguish between good or moral and evil or immoral.” (House & Howell, 83). Both Gandhi and Hitler are charismatic leaders. Though these terms can appear to be aligned with an ethical social interest, “...it is surprising to note that theoretical and empirical links between these concepts are [mostly] absent in the professional literature.” (Miranda et al, 264). It can be in the best interest of the company to express an interest in social interest in order to keep the perception of ‘goodness’ surrounding the corporate image. The concept of ethics is not an explicit link to the concept of Leadership.

The terms *ethical* and *ethics* link more easily to decisions and behaviors, rather than to an organizational culture or to the concept as powerful as *leadership*. If individuals are consider

then traits and characteristics will most likely will be described, which could, hopefully, include the descriptor of *ethical*. Leadership, by definition has followers (Drucker) with the goal of moving the followers' toward the achievement of some goal. The *HOW* we move the subordinates forward is where the concept of ethics, may emerge. Duarte went directly to the developing leaders and found that 95% of students reported that they benefited from studying ethics, but that they perceived a "gap between the ideal and the practice of ethics" (Duarte, 120). The gap was described as putting ethics *outside* of the leader's primary role. These developing managers suggested that "there is a clear fissure between the ideal of ethics and the perceived difficulty, and for some, the impossibility of achieving it in professional practice" (Duarte, 125).

4 AN EDUCATIONAL PATH FOR LEADERS

This paper proposes an educational and self-reflective path for leaders. The education path explores why the concepts of 'leadership' and 'ethical leadership' remain in separate spheres and establishes five stepping stones that allow leaders to take responsibility for integrating ethical *thought* and *behavior* into day-to-day business practice.

Stepping Stone #1 to Inviting Ethical Practice into Day-to-Day Business Practice: Understanding Ethics at its Foundation

Consider the philosophical foundation of ethical theory; allow it to prepare a path toward an intentional professional life of ethical thought, behavior, and leadership. The larger theories directly relate to why ethics must be intimately integrated into the automatic thinking and decision-making of those who influence others, whether as civic or corporate leaders.

Kohlberg's model of "moral development" of the individual illustrate that change occurs over time. The individual develops moral reasoning as he or she matures from a child to an adult as experiences are endured. Children learn what is right and wrong through reprimand and punishment with a single-focus on self-interest. In this Pre-conventional Stage the individual avoids punishment. As the individual matures, he or she understands the value of complying with social norms; wanting to fit in. Being told that you are a 'good girl or boy' brings a level of peace and may raise self-esteem and confidence. This conventional stage is where the individual

understands authority as a system of maintaining social order. Utilitarianism focus on ethics which is *outcome-driven* and serves the greater good with less focus on the actual ethical decision. As corporate leaders, the outcome-driven goal coupled with the Conventional Stage of moral develop may interfere with the leader's motivation to apply ethical reasoning to a developing ethical dilemma. Some individuals mature to the Post-Conventional Stage, where the individual can see him or herself as *separate* from the societal group. The individual's moral principles will drive behavior, even when it is in conflict with the corporate goal or even the rules of law. Some people get stuck in the Pre-conventional Stage and live to avoid punishment, but many people thrive in the Conventional Stage where they want to know and understand the rules and to safely and comfortably fit in (Kohlberg).

*Stepping Stone #2 to Inviting Ethical Practice into Day-to-Day Business Practice:
Understanding How our Mind Works*

In understanding and reflecting on the moral development of the individual, our next stepping stone considers the cognitive processes that may allow leaders to miss an opportunity to *see* the developing dilemma. If we wish to develop the awareness and flawless decision skills that will allow us to discern what is ethical behavior and to notice when are we slipping a bit, we need to be diligent and to not allow assumptions to flow over us and prevent us from *seeing* what is before us.

Tversky and Kahneman provide the empirical evidence and foundation for this stepping stone. The work of these theorists provide explicit evidence for leaders to consider in how the mind processes information. Relevant to this discussion of inviting ethical practice into the day-to-day practices of leaders, is the understanding of the System 1 and System 2 minds (Kahneman). The System 1 mind allows an individual to make automatic judgments; little or no effort is required. The individual simply knows the answer and believes it to be accurate. Depth perception is a simple example as an individual will automatically know whether one object on table is closer or further. Kahneman (2011) explains that the system 1 mind allows the individual to function with ease, avoid danger, and *multi-task*. The System 2 mind requires the individual to allocate mental attention to the problem or question; to concentrate. An example of the system 2 mind interacting

with the system 1 mind is when two individuals are in a car. When the road is clear, the destination is simple, and there are no distractions, then system 1 allows the individual to drive and speak to the passenger, answering questions and having a coherent conversation. When traffic develops or an engine light appears, system 2 takes over and the easy conversation is interrupted as the individual must now concentrate. As individuals become expert at some task that muscle memory moves those tasks from system 2 to system 1. A well trained pianist can continue to play even if major distractions take place in the room, where a novice will be derailed. There are other cognitive biases that help individuals navigate the variables that swirl as decisions are made. If leaders' minds had to give attention to every step they made and every task they complete while multi-tasking, these leaders would be paralyzed.

If leaders allow essential information to flow over them that *should be* perceived as red flags related to developing dilemmas, these leaders will miss their chance to change direction or stop an unethical process from derailing the company. These cognitive biases are very present, especially in the lives of corporate leaders, whose days are packed and time is limited. These biases cause leaders to make decisions without the attention that may be needed. Cognitive processes allow information to fit easily into what is already known and accepted. This stepping stone educates leaders on how the mind works so that they can slow down and invite practices that avoid missing the red flag.

Stepping Stone #3 to Inviting Ethical Practice into Day-to-Day Business Practice: Consider Senior Leadership's Expectation for the Preparation of Future Leaders

The original research results related to what senior leadership expect from colleges in the preparation of future leaders, was discussed earlier in this paper (Mackenzie). As a stepping stone, it is worthy to be gently reviewed. As the understanding of how ethical reasoning develops and how the mind processes information when faced with a problem or question, these expectations become a more relevant set of ingredients in the quest to invite ethical practices into day-to-day business practices. The four expectations are: (1) teach students to develop courage; (2) Teach students persuasive communication skills and how they may say 'No.' Teaching students how to have a difficult conversation, yet not destroy their long-term career aspirations,

is necessary. (3) Teach students out the slippery slope and the ease by which the slippery-ness can take place, and (4) teach students to see the dilemma!

Stepping Stone #4 to Inviting Ethical Practice into Day-to-Day Business Practice: Consider an Old World Eight-fold Path for Observing Self and Guiding Choices

Stepping stone #4 requires a shift from *gaining* knowledge related to defining leadership, developing ethical reasoning, understanding cognitive biases, and recognizing leadership expectations (stepping stones 1-3), *to* making an individual commitment to a behavioral shift in how self-observation can influence professional development and daily choices.

The *Noble Eightfold Path* (Jagaro 2007) begins with the individual selecting the Right View (step 1). As an adult an individual will recognize that there is responsibility for his or her life and the outcomes that emerge from that life. When fear, jealousy, and anger emerge, the individual should realize that they emerge from his or her own choices and reactions. That sparks the Right View where the individual learns to notice and observe one's own behavior. As leaders, we must ask, do we have the Right View – related to our role? The Right View leads to the Right Intention (step 2). As business people we learned in Marketing 101 that intention precedes behavior, except in the cases of impulse buying! Intention is powerful. With experience and reflection the individual learns that selfishness and hubris does not bring clear and ethical decisions. Actively establishing the Right Intention and pushing away self-serving thoughts will allow an ethical intention to thrive. The Right View and the Right Intention are tightly related. If they are kept in the forethought, the result is the Right Speech (step 3). Leaders must never forget that what they say shapes life, creates hope, and can cause harm. Mastering the Right Speech is essential and the outcome of speech has consequences. It leads to the Right Action (step 4). Leaders control their physical body and their ability over physical actions take place. Leaders' actions are visible and send important messages into the organization. Every individual who is able needs to earn a living; how an individual makes his or her living can define how ethics is integrated into the day-to-day practices and decisions. This next step on the path is the choice of the Right Livelihood (step 5). Does the leader gain success at the expense of another or does the leader pull up his or her colleagues. This path guides the individual to train the mind

with the last three steps being the Right Effort (step 6), the Right Concentration (step 7), and the Right Mindfulness (step 8). When an individual does not make an effort, bad decisions are made. The Right Effort leads to the Right Concentration, which brings us back the system 1 mind, which is effortless and automatic vs. the system 2 mind which requires our concentration and effort to make the right choices. And finally, the Right Mindfulness provides the leader clarity of mind. If a leader is to tight integrate ethical decision-making into all he or she does, the individual must be mindful.

The Noble Eightfold Path makes each person responsible for him or herself. If an individual has the Right View, the Right Intention, with the Right Speech, and the Right Actions, then the outcome will be the Right livelihood. Then commitment is made to put forth the Right Effort, give time for the Right Concentration, and ultimately the Right Mindfulness, which closes the path and feedback to the Right View.

Stepping Stone #5 to Inviting Ethical Practice into Day-to-Day Business Practice: Consider if and how these Corporate Leadership Expectations can be explicitly integrated into Leadership Development

This last stepping stone is for the reader. Reflect on whether your organization's leadership, coupled with its management development program and/or corporate training initiatives, have explicitly articulated expectations and measures within its leadership development process. Does your organization provide ongoing training as leaders elevate to higher levels of influence? Are ethical practices valued within your organization? And last, what are YOU willing to do on a day-to-day basis to invite increased awareness and ethical practice so that it becomes fully integrated?

5 CONCLUSION

An essential component of this proposed educational path is that each leader take the explicit opportunity to reflect, at each step, how he or she will integrate the *learning* into his or her day-to-day business practice. Reflective leaders are encouraged to articulate expectations of active learning and heightened awareness among subordinates, especially young and developing

leaders. Senior leaders must consider how these concepts can be integrated into the workplace training and into the annual employee evaluation. Scholars and educators need to consider how these concepts can be integrated into the college curriculum, and into the High School experience. As each generation of leadership assumes responsibility for integrating the awareness of ‘*seeing the dilemma*’, valuing the ‘*courage*’ to say ‘*no*,’ and becoming more aware of the ‘*slippery slope*,’ into its onboarding and leadership measurement matrices, then we as scholars may see the melding of the terms ‘*ethical leadership*,’ and ‘*leadership*,’ so they become redundant. Only with *commitment* and *practice* can the world of business heal thyself.

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