The role of Leadership in Organizational Integrity, and five modes of Ethical Leadership

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Ethical leadership begins with the way leaders perceive and conceptualize the world around them. Ethical leadership, organizational ethics, and social responsibility, generally treated as distinct studies, are inseparable concepts. They are developing concepts, to be sure, but inseparable.

How ethical leaders relate to and come to understand the world around them involves their capacities for inquiry, judgment and action. These capacities are bodies of skills, knowledge and attitudes that can be developed. In sum, the leader's role is to guide and support the development of human potential of its stakeholders as a community in order to achieve organizational aspirations in ways that liberate rather constrain their imaginations, judgment, and cooperative action. Life is too short to do otherwise.

Ethical leadership must be effective, efficient, and excellent if it is not to waste human potential. Moreover, it is not enough to be ethical in one's individual actions to be an ethical leader of a community. To be effective, efficient, and excellent, then, the leader must embrace and exhibit the style appropriate to the situation. In our view, this style is a function of four components and five modes of ethical leadership, as discussed below.

Components of Ethical Leadership. To be effective, efficient, and excellent, four components of ethical leadership must be understood and developed: purpose, knowledge, authority, and trust. The relationship between these four components can be visualized as interrelated components, as described in the figure below. Attention to any one component alone is incomplete and misleading.

- *Purpose*—The ethical leader inquires, reasons and acts with organizational purposes firmly in mind. This provides focus and consistency for organizational decisions and activities.
- *Knowledge*—The ethical leader has the knowledge to inquire, judge and act prudently. This knowledge is found throughout the organization and its environment, but must be shared by those who hold it for the organization to
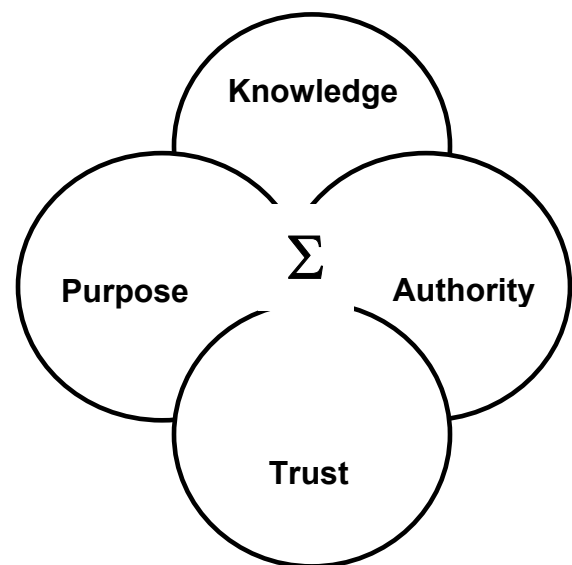
learn how to create the lives its members want to live.

- *Authority*—The ethical leader has the power to ask questions and make decisions and act, but also recognizes that all those involved and affected must have the authority to contribute what they have toward shared purposes.
- *Trust*—The ethical leader inspires—and is the beneficiary of—trust throughout the organization and its environment. Without trust, knowledge, and purpose, people are afraid to exercise their authority.

First among Equals, a Word about Purpose

Before we proceed further, let me make the radical claim that all ethics and policy principles and practices are derived from or can be explained by four concepts that lie at the root of applied ethics: shared purpose, informed choice, responsibility, and learning and growth. As a guiding principle, moreover, the first among these four equals is shared purpose. The challenge to applied ethics is to integrate ethics and policy theory and practice to be consistent with them.

Is it simplistic to base all applied ethics on just four concepts? I think not because these four concepts reflect the evolved commonalties found among our human natures and support the drives that spur us to action. Consider, for example, why almost everyone values honesty, or would urge that people be, more often than not, honest:

- *Purpose and honesty. Purpose* gives meaning to our visions of a desired life. If those we deal with are not honest with themselves and others, we can never be sure that our purposes are shared. If purposes are not shared, we will often find, over time, that we are working at cross-purposes and that our efforts have been for naught. Virtually any decision or action can be accurately guided by simply asking, if I do this, will I be contributing to achieving my/our purpose in being?
- *Choice and honesty. Choice* is the essential activity that defines us as human beings. If those we deal with have not been honest with themselves and others, we may be making choices based upon bad information, or worse, our choices may have been made for us through the dishonesty of others. One is unlikely to achieve one's purpose where the stakeholders in achieving one's vision are not fundamentally honest.
- *Responsibility and honesty. Responsibility*, in the sense used here, means to be chargeable with being the author, cause, or occasion of something. We have *authority* to the extent we are the *authors* of our own lives. If we are the *authors* of our own lives, we are the cause of them, and *responsible* for them. If those we deal with have not been honest with themselves and others, they will be unable to exercise their authority prudently, and we will be unable to fix responsibility for the actions and consequences that affect us. Where authority is not exercised prudently,

and we are unable to fix responsibility, we find ourselves in that twilight world where we can count on neither individuals nor communities: where we lose that sense of authorship of our own lives that makes us fully human.

- *Learning and growth and honesty. Learning and growth* are how the world evolved, developing the complexity of life and living that permitted human evolution. If those we deal with have not been honest with themselves and others, they cannot have that sense of brutal reality that compels action when reality differs uncomfortably from their visions of a good life. Moreover, they cannot have a realistic sense of the possibilities of human action. Without such an honest grasp of reality, others cannot learn and grow at a pace that leads to the diversity and integration that permits balance and harmony in a complex, evolving world.

Modes of Ethical Leadership. It is often thought that ethical leadership must be "soft" leadership. Nothing could be further from the truth. Being an ethical leader means applying the right amount of authority in each situation. Sometimes the situation requires leadership that is anything but gentle. Gratuitously tough leadership, however, cannot be maintained for long without developing resentment and cynicism.

It is helpful to think of the ethical leader as exercising authority within five modes or levels of intervention into the judgments and actions of followers:

- *Inspiration*—Setting the example so that other committed members will contribute their fullest capabilities to achieve organizational purposes. (The lowest degree of intervention)
- *Facilitation*—Supporting other committed members, and guiding them where necessary, so that they are able to contribute their capabilities as fully as possible.
- *Persuasion*—Appealing to reason to convince other members to contribute toward achieving organizational purposes.
- *Manipulation*-Offering incentives other than the intrinsic value of contributing to the achievement of organizational purposes, where commitment is lacking.

> I firmly believe that any organization, in order to survive and achieve success, must have a sound set of beliefs on which it premises all its policies and actions.
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> Next, I believe that the most important single factor in corporate success is faithful adherence to those beliefs. . . . Beliefs must always come before policies, practices, and goals. The latter must always be altered if they are seen to violate fundamental beliefs.
>
> **Thomas J. Watson, Jr. CEO, IBM**

- *Coercion*—Forcing other members to contribute some degree of their capability where they have little or no commitment to do so on their own. (The highest degree of intervention).

It is also helpful to consider the components of ethical leadership together with the modes of intervention.

Integrating Components and Modes. The leader must employ the authority granted him or her by the organization to achieve the purposes of the organization, all the while recognizing that the knowledge needed to exercise this authority resides throughout the organization and its environment. He or she must ensure that the purposes of the organization are known and shared, that it has the capacity to support its members' exercising their capabilities, and that communication between mangers and other employees is open and honest.

The mode of intervention selected will depend upon the health of the organization and the pressures in its environment.

- The ideal is to inspire others as a steward of the vision, values, and excellence of the organization, as reflected in its culture.
- Often persuasion and facilitation are required of otherwise capable and committed members, where they are unsure of their own capability.
- Sometimes even manipulation and coercion are appropriate, where the organization is not healthy and the pressures are intense.
- The modes of ethical leadership intervention depend in large part on the organizational culture. If the culture allows the organization to learn and grow within its environment, leadership may be largely inspirational.

If the culture does not support organizational learning and growth within that environment, then manipulative, even coercive, leadership would be necessary. Somewhere in between is leadership that is facilitative or persuasive. In any event, leaders must make their roles as integrity champions larger than life. Otherwise, they and their examples will be lost in the pressures of day-to-day life. They must speak in terms of vision, values, and integrity. And, when the leader is not involved in a part of the organization's business, he or she must know who speaks for values and integrity.

Moreover, the style of ethical leadership will vary with the degree to which it reflects the Organizational Culture and the urgency of its situation in the environment.

- In its least demanding sense, ethical leadership is a stewardship that preserves the aspirations and culture of the organization.

- In its most demanding sense, it scans the community and develops and communicates organizational aspirations: the organization's core purpose, core values, and vision of a desired future and persuades, manipulates, and coerces its stakeholders to comply until the culture has adapted.
- In between these extremes, ethical leadership balances (1) achieving the organizational aspirations that are realistically attainable at this time with (2) developing the organizational culture over time.

The table below (Styles of Ethical Leadership) suggests that different styles of leadership are necessary to maintain or implement change in the organizational culture that is optimal for it to survive and thrive within the organization's context.

Styles of Ethical Leadership[1]			
	Maintenance Strategies	**Incremental Change Strategies**	**Transformational Change Strategies**
Values-based/ Facilitative-Persuasive Modes	**Steward Leadership** Use when organization is in good condition, the ethical context of the organization is values-based, and the purpose, values, and vision of a desired future of the organization are shared by all key stakeholders.	**Participative Evolution** Use when the organization is in good condition and in synch with its ethical context, but needs minor adjustment, or is not in good condition or is out of sync with its ethical context, but time is available and key stakeholders favor change.	**Charismatic Transformation** Use when the organization is not in good condition or is out of synch with its ethical context, and, though there is little time available, there is support for radical change.
Rules-based/ Manipulative-Coercive Modes	**Ethically Neutral Successful Leadership**[2] Use when the organization is in good condition, the ethical context of the organization is substantially rules-based, and a compliance culture is shared by all key stakeholders.	**Forced Evolution** Use when the organization is in good condition and is essentially in sync with its ethical context, but needs minor adjustment, or when it is not in good condition or is out of sync with its ethical context and key stakeholders oppose change, but time is available.	**Dictatorial Transformation** Use when the organization is not in good condition or is out of sync with its ethical context, there is no time for extensive participation and no support within the organization for radical change, but such change is vital to organizational survival and fulfillment of its mission.

Conclusion. There is no "one-size-fits-all" style of leadership for all organizations. For that matter, there is no such style for any one organization at all points in its organizational life.

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[1] This table is an extension of a model by Todd D. Jick, "Managing Change." *The Portable MBA in Management*. Ed. Allan R. Cohen. New York: John Wiley & Sons, 1993. 340-368.
[2] The concept of the "Ethically Neutral Successful Leader" was developed by a Research Theme Group cochaired by Drs. Linda Trevino and Laura Pincus Hartman as part of the ERC Fellows Program. No endorsement by them or the ERC Fellows Program is implied by the inclusion of the concept in this matrix. Contact the Ethics Resource Center for more information.

Ethical leadership addresses the components of leadership through the mode appropriate to the occasion. These components are dynamic; they are systemic and fluid. Achieving organizational purpose through coercion, for example, where seen as an illegitimate exercise of authority, results in employees withholding information and the deterioration of trust. Trusting in the exercise of authority where knowledge is not captured and shared is blind.

The appropriate leadership style, then, depends upon the ethical context of the organization, its organizational culture, and the situation it finds itself in at any point in its organizational life. The specific organizational culture required, and the challenges it must face, are a function of its essential social responsibility [this links to another article] and the dynamics of its larger community.

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