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Ethics and Effectiveness: the Fabric of Leadership¹

Joanne B. Ciulla

Abstract

This paper is about the various ways in which the ethics and effectiveness of a leader are intertwined. The paper argues that corrupt leaders are sometime not simply bad people, but people who lack the ability, knowledge, and imagination to lead ethically.

Introduction

The moral triumphs and failures of leaders carry a greater weight and volume than those of non-leaders.² In leadership we see morality and immorality magnified. Leaders are human. That is their strength and their weakness. As humans, they are unpredictable creatures, capable of extraordinary kindness and cruelty. They are wise, generous, caring, foolish, reckless, and arrogant — sometimes all at the same time. As the philosopher Immanuel Kant notes: ‘...from such warped wood as is man made, nothing straight can be fashioned’.³ Individual leaders vary across cultures and within cultures. They may have different leadership styles, attitudes, values, beliefs and practices, depending on the culture, institution or organization. Yet, all leaders do similar things as leaders. They initiate activities, they motivate people, and they move people towards various goals. Some use persuasion, others force. Some are democratic and aspire to promote the greatest good, while others are autocrats who aim to maximize their own vision of the good or kleptocrats who only care about themselves and their relatives and cronies.

Today, we generally think of leaders as special people with unique talents and abilities. Yet, when we look at the countries around the world, it is extraordinary how many are run by leaders who are personally corrupt and/or fail to respect the interests and human rights of their subjects. If you compare the Transparency International Corruption Perception Index for 2005 with the population figures of countries in 2005, you discover that the majority of people in the world live in places where corruption thrives.⁴ Since Transparency International defines corrupt as the misuse of entrusted power for private gain, one may also assume that the leaders who run corrupt countries either are corrupt or are unable or unwilling to stamp out corruption.⁵ The other striking thing one sees in the corruption index is that the majority of people who live in corrupt countries are poor. If the job of a leader is to care for the interests and well being of his or her followers, then corrupt leaders are also incompetent leaders. This paper explores the relationship between ethics and effectiveness in leadership. To do this, it will also look at some of the ethical challenges that are distinctive to leadership.

What is Leadership?

¹ This paper was commissioned by Public Sector Governance Program (Poverty Reduction and Economic Management Unit) of the World Bank.

² Ciulla, J.B. (2003). *The Ethics of Leadership* Belmont, CA: Wadsworth.

³ Kant, I. (1983). ‘The Idea for a Universal History with a Cosmopolitan Intent’. (Ed. and Tr.) T. Humphry, *Perpetual Peace and Other Essays*. Indianapolis, IN: Hackett Publishing Company, p. 34.

⁴ http://www.transparency.org/policy_and_research/surveys_indices/cpi/2005

The Economist. (2006). *Pocket World in Figures*. London: Profile Books.

⁵ http://www.transparency.org/news_room/faq/corruption_faq

A number of scholars have debated the definition of leadership, but these debates are really not about what leadership means, but about the values related to leadership.⁶ For example, Joseph Rost collected 221 definitions of leadership, ranging from the 1920s to the 1990s.⁷ All of these definitions generally say the same thing: leadership is about a person or persons somehow getting other people to do something, such as work, fight, or pray. The definitions differ in how leaders motivate their followers, their relationship to followers, who has a say in the defining goals of the group or organization. Leadership scholars who worry about constructing the ultimate definition of leadership are asking the wrong question but trying to answer the right one. The ultimate question about leadership is not, what is the definition of leadership? We are not confused about what leaders do, but we would like to know the best way to do it. The whole point of studying leadership is to answer the question, what is good leadership? The use of the word 'good' here has two senses, morally⁸ good leadership and technically good leadership (that is, effective at getting the job-at-hand done). The problem with this view is that, when we look at history and the leaders around us, we find some leaders who meet both criteria and some who only meet one. History only confuses the matter further. Historians do not write about the leader who was very ethical but did not do anything of significance. They rarely write about a general who was an ethical human being but never won a battle.

Ethics and Effectiveness

History defines successful leaders largely in terms of their ability to bring about change for better or worse. As a result, great leaders in history include everyone from Mahatma Gandhi to Adolph Hitler. Niccolo Machiavelli was disgusted by Cesare Borgia the man, but impressed by Borgia as the resolute, ferocious and cunning Prince.⁹ While leaders usually bring about change or are successful at doing something, the ethical questions waiting in the wings are the ones found in the various definitions mentioned earlier. What were the leader's intentions? How did the leader go about bringing change? And was the change itself good?¹⁰ While this may seem like stating the obvious, the problem we face is that we do not always find ethics and effectiveness in the same leader. Some leaders are highly ethical but not very effective. Others are very effective at serving the needs of their constituents or organizations but not very ethical in other ways.

This distinction between ethics and effectiveness is not a crisp one. Sometimes being effective is being ethical. For example, consider the case of a law firm, whose office occupied five floors of the World Trade Center. On 9/11, immediately after watching the towers fall to the ground and checking to see whether his employees got out safely, the head of the firm got on the phone and within three hours had rented four floors of another building for his employees. By the end of the day he had arranged for an immediate delivery of eight hundred desks and three hundred computers. The next day the firm was open for business

⁶ Ciulla, J.B. (1995). 'Leadership Ethics: Mapping the Territory'. *The Business Ethics Quarterly*, 5(1), 5-28.
Ciulla, J.B. (1999). 'The Importance of Leadership in Shaping Business Values'. *Long Range Planning* 32.2, 166-72.

⁷ Rost, J. (1991). *Leadership for the Twenty-First Century*. New York: Praeger.

⁸ Some people like to make a distinction between ethics and morality, arguing that ethics is about social values and morality is about personal values. Like most philosophers, I use the terms interchangeably. As a practical matter, courses on moral philosophy cover the same material as courses on ethics. There is a long history of using these terms as synonyms of each other, regardless of their roots in different languages. In *De Fato* (II. i) Cicero substituted the Latin word 'morale' for Aristotle's use of the Greek word 'ethikos'. We see the two terms defining each other in *The Compact Oxford English Dictionary*. The word 'moral' is defined as 'of or pertaining to the distinction between right and wrong, or good and evil in relation to the actions, volitions, or character of human beings; ethical' and 'concerned with virtue and vice or rules of conduct, ethical praise or blame, habits of life, custom and manners.' Similarly the dictionary defines ethics as 'of or pertaining to morality' and 'the science of morals, the moral principles by which a person is guided.' Aside from linguistic considerations, it is not useful to divide ethics into public and personal ethics. Ethics is about relationships with other people and living things and, as such, the personal is the public. If we start separating public and private ethics, we find ourselves sliding into ethical relativism, which makes for tough going when leaders have to make real decisions about what is right and wrong both at home and in international contexts.

⁹ Prezzolini, G. (1928). *Niccolo Machiavelli, the Florentine*. Tr. R. Roeder. New York: Brentanos.

¹⁰ Ciulla, 1995.

with a desk for almost every employee, who wanted to work.¹¹ We don't know whether this man's motives were altruistic or avaricious. He may have worked quickly to keep his law firm going because he didn't want to lose a day of billing, or he may have wanted to make a point to terrorists. Nonetheless, by quickly reconstituting his office, he filled the firm's obligations to its various stakeholders. We may not ever know his personal reasons for acting, but in this scenario, the various stakeholders might not care if the firms acted to serve their interests.

In other cases, leaders act with moral intentions but because they are incompetent, their solution to the problem creates an unethical outcome. For instance, consider the unfortunate case of this well-intended NGO. Its goal was to free an estimated 200,000 Dinka children who were enslaved in Sudan. The leaders decided to do this by buying the children out of slavery. As a result of this initiative, the price of slaves went from \$35 to \$75 a head and the demand for them went up. The unintended consequence of their actions was that by creating a market for slavery, they actually encouraged it. Also, some cunning Sudanese found that it paid to pretend that they were slaves; they could make money by being liberated again and again.¹² This deception made it difficult for the charity to distinguish those who really needed help from those who were faking it. No one would argue with the morality of the charity's intention, but the means that it used to achieve its goals — buying slaves, which means entering into an immoral practice — and the results of their actions — encouraging and increasing slavery — were unethical. Cases like this illustrate the old saying that sometimes the road to hell is paved with good intentions.

What then can we say about leaders who do good things for unethical reasons or bad things for ethical reasons? In modernity we often separate the inner person from the outer person. John Stuart Mill saw this split between an individual's ethics and the ethics of his or her actions clearly. He said the intentions or reasons for doing something tell us something about the morality of the person, but the ends of an act tell us about the morality of the action.¹³ This solution doesn't really solve the ethics-and-effectiveness problem. It simply reinforces the split between the personal morality of a leader and what he or she does as a leader. If the various stakeholders knew that the head of the law firm had selfish intentions, they would think less of him but not less of his actions. This is often the case in business. When a business runs a campaign to raise money for the homeless, it may be doing so to sell more of its products or improve its public image. Yet it would be a bit harsh to say that the business shouldn't hold the charity drive and raise needed funds for the homeless. Sometimes it is unethical (and just mean spirited) to demand perfect moral intentions. Nonetheless, personally unethical leaders who do good things for their constituents are still problematic. Even though they might do things that provide for the greatest good, once their unethical intentions are public, people can never really trust them, even if they benefit.

We morally assess leaders (and everyone else) on three criteria. We look at whether they do the right thing, the right way, for the right reason. In other words we are interested in the ethics of their actions, how they do them and why they do them. The problem that we have with evaluating the ethics of leaders is that they are sometimes ethical in one area but not others. If, for example, the lawyer got his law firm up and running quickly because he was greedy, we would not find his intention morally admirable. Yet, we may find his care for the firm's clients and employees morally admirable. If however, he forced his traumatized employees to come to work the next day, our moral opinion of him would change, even if his intentions were admirable. Sometimes, leaders are only ethical in one or two of the three areas. There are times when this is enough and times when it is not, depending on the case. Many leaders have a mixed record concerning what they do. When the media fails to give the public the information that it needs or there is no free press, followers have a difficult time holding their leaders accountable. The confusion can lead to apathy, cynicism or the dismissal of important matters as just politics.

11 Schwartz, J. «Up from the Ashes, One Firm Rebuilds». *The New York Times*. September 16, 2001: Section 3, p. 1.

12 «A Funny Way to End the Slave trade; Slavery in Sudan». *The Economist*. February 9, 2002, p.42.

13 Mill, John Stuart (1987). «What Utilitarianism Is». Ed. A. Ryan, *Utilitarianism and Other Essays*. New York: Penguin Books, 276-297.

Moral Luck

The historian's assessment of good leaders is sometimes contingent on what philosophers call 'moral luck'. Moral luck is another way of thinking about the free will/determinism problem in ethics. People are responsible for the free choices they make. We are generally not responsible for things over which we have no control. The most difficult ethical decisions leaders make are those in which they cannot fully determine the outcome. Philosopher Bernard Williams describes moral luck as intrinsic to an action based on how well a person thinks through a decision — i.e., whether his or her inferences are sound and contain all available information. Intrinsic moral luck is based on moral and intellectual competence. He says moral luck is also extrinsic to a decision.¹⁴ Events such as bad weather, accidents, malfunctioning technology, and so on can sabotage the best-laid plans. Moral luck is an important aspect of ethics. Leaders are usually held responsible — praised and blamed — for everything that happens on their watch, regardless of whether they had any direct role in an event or the outcome of an event.

Let us look at the following two examples. First, imagine the case of a leader who confronts a situation in which terrorists threaten to blow up a plane full of people. The plane is sitting on a runway. The leader gets a variety of opinions from his staff and entertains several options, given to him by experts. His military advisors tell him that they have a plan. They tell him that there is a 50/50 chance that they will be able to free the hostages safely. The leader is morally opposed to giving in to terrorists but also morally opposed to risking innocent lives if it is not necessary. He quickly, but carefully, works through his duties to a variety of stakeholders and long-term and short-term moral obligations. He weighs the moral and technical arguments carefully and chooses to go ahead with attack, but he is unlucky. A member of the attack team slips and loses his weapon to the terrorist, more things go wrong, and some of the hostages get killed.

Now let us look at another leader in a similar situation. In this case the negotiations are slowly making progress. His advisors tell him that an attack is highly risky. The leader is impatient with the hostages and his cautious advisors. He does not carefully review the facts or consider the moral arguments. For him it is simple: 'I don't give a damn who gets killed; these terrorists are not going to get the best of me!' He orders the attack. This leader is lucky. The attack goes better than expected. One terrorist trips, loses his weapon, and is subdued. The other terrorists are overpowered and the hostages are freed without harm.¹⁵

Some leaders are very careful about risking human lives, but they are unlucky, whereas others are not very careful about risking human lives but they are very lucky. Most really difficult moral decisions leaders make are risky, because they frequently have imperfect or incomplete information and lack control over all of the variables that may affect the outcome. Leaders who fail at something are worthy of forgiveness when they act with deliberate care and for the right moral reasons. According to attribution theory, followers make attributions about the intentions of their leaders. If they know or sense that the leader has good intentions, they are more willing to forgive leaders who fail.¹⁶ Americans did not blame President Jimmy Carter for the botched attempt to free the hostages in Iran. (It wasn't his fault that the helicopters broke down.) Nonetheless, the incident was one more thing that shook their faith in his leadership. He was unlucky because, if the mission had been successful, it might have strengthened people's faith in him as a leader and improved his chances of retaining the presidency. Kant said that, because we cannot always know the results of our actions, moral judgments should be based on the right moral principles and not contingent on outcomes.¹⁷ Because Carter seemed to act on the right principles, the public was sympathetic to him as a person, but not as a leader.

The irony of moral luck is that leaders who are reckless and sometimes unethical are celebrated as heroes when they succeed at bringing about an important change. In the United States and many other cultures believe that great leaders are decisive. This may be because attribution works both ways. People attribute

¹⁴ Williams, B. (1981). *Moral Luck*. New York, Cambridge University Press.

¹⁵ Ciulla, J.B. (2004). 'Ethics and Leadership Effectiveness'. Eds. J. Antonakis, A.T. Cianciolo, and R.J. Sternberg. *The Nature of Leadership*. Thousand Oaks: Sage Publications, 302-27.

¹⁶ Hall, A.T., Blass, F.R., Ferris, G.R. and Massengale, R. (2004). 'Leader Reputation and Accountability in organizations: Implications for Dysfunctional Leader Behavior'. *The Leadership Quarterly*, 15. 4, 515-536.

¹⁷ Kant, I. (1993). Tr. J.W. Ellington, *Foundations of the Metaphysics of Morals*. Indianapolis, IN: Hackett Publishing Company.

good intentions to leaders who get good results. The reckless, lucky leader does not demonstrate moral or technical competency, yet, because of the outcome, often gets credit for having both. Since history usually focuses on outcomes, it is not always clear how much luck, skill, and morality figured in the success or failure of a leader. Some people use history to conclude that a leader's ethics are not very important.

Moral Standards

People often say that 'leaders should be held to a higher moral standard', but does that make sense? If true, would it then be acceptable for everyone else to live by lower moral standards? The curious thing about morality is that, if you set the moral standards for leaders too high, requiring something close to moral perfection, then few people will be qualified to be leaders or will want to be leaders. For example, how many of us could live up to the standard of having never lied, said an unkind word, or reneged on a promise? Ironically, when we set moral standards for leaders too high, we become even more dissatisfied with our leaders because few are able to live up to our expectations. We set moral standards for leaders too low, however, when we reduce them to nothing more than following the law or, worse, simply not being as unethical as their predecessors.

Some people believe that democracy is the magic bullet for getting rid of unethical leaders. In theory, followers are supposed to be able to throw out leaders who do not serve their interests. However, in democratic countries that have a high level of corruption, leaders face another problem. Accusations of corruption have become a form of political assassination. This confuses the public debate about ethics. Citizens become cynical because they cannot tell if their leaders are really corrupt or whether charges of corruption are just politics. This results in a paradox for leaders who want to be reformers. In a corrupt system, they may have to use corrupt means to get elected. While it is rare to find leaders who use corrupt means to get elected and then go on to fight corruption, it is possible. However, leaders who do this often face charges of corruption from other corrupt leaders who simultaneously raise the bar of morality — by demanding that the leader be completely above the fray, while lowering the bar of morality — by attacking the ethics of a leader to keep him or her from going after corruption. Furthermore, leaders do not gain more public trust when the press and public closely monitor them. In his research, T.H. Strickland found that when people are forced to monitor leaders, rather than increasing their trust in leaders, they tend to trust them less.¹⁸

The larger ethical problem for leaders stems from the fact that leaders sometimes do not think they were subject to the same moral standards of honesty, propriety and so on as the rest of society. One explanation for this is so obvious that it has become a cliché — power corrupts — but that only tells part of the story. David G. Winter and David McClelland's work on power motives and on socialized and personalized charisma offer psychological accounts of this kind of leader behavior.¹⁹ Socialized charisma focuses on social goals, whereas personalized charisma focuses on the leader's psychological needs. Michael Maccoby and a host of others have talked about narcissistic leaders who, on the bright side, are exceptional and, on the dark side, consider themselves exceptions to the rules.²⁰ Others have written about the way success corrupts leaders.

E.P. Hollander's work on social exchange demonstrates how emerging leaders who are loyal to and competent at attaining group goals gain 'idiosyncrasy credits' that allow them to deviate from the groups' norms to suit common goals.²¹ As Terry Price has argued, given the fact that we often grant leaders permission to deviate or be an exception to the rules, it is not difficult to see why leaders sometimes make

¹⁸ Strickland, T.H. (1970). 'Surveillance and Trust'. *Journal of Personality*. 26, 200-215.

¹⁹ Winter, D. (2002). 'The Motivational Dimensions of Leadership: Power, Achievement and Affiliation'. Eds. R.E. Riggio, S.E. Murphy and F.J. Pirozzolo, *Multiple Intelligences and Leadership*. Mahwah, NJ: Lawrence Erlbaum Associates, 196-207.

McClelland, D. (1975) *Power: The Inner Experience*. New York: Halsted Press.

²⁰ Maccoby, M. (2000). 'Narcissistic Leaders'. *The Harvard Business Review* 78.1 69-75.

²¹ Hollander, E.P. (1964). *Leaders, Groups and Influence*. New York: Oxford University Press.

themselves exceptions to moral constraints.²² This is why we should hold leaders to different or higher moral standards than ourselves. If anything, we have to make sure that we hold them to the same standards as the rest of society. What we should expect and hope for are leaders who will fail less than most people at meeting ethical standards, while pursuing and achieving the goals of their constituents. So when we say leaders should be held to a higher moral standard, what we really mean is that leaders must be more successful at living up to the moral standards by which we all must live, because the price of their failure is greater than that of an ordinary person.

The Bathsheba Syndrome

The moral foible that people fear most in their leaders is personal immorality facilitated by abuse of power. Usually it is the most successful leaders who suffer the worst ethical failures. Dean Ludwig and Clinton Longenecker call the moral failure of successful leaders the Bathsheba Syndrome, based on the biblical story of King David and Bathsheba.²³ Ancient texts, such as the *Bible*, provide us with wonderful case studies on the moral pitfalls of leaders. King David is portrayed as a successful leader in the Bible. We first meet him as a young shepherd in the story of David and Goliath. This story offers an interesting leadership lesson. In it, God selects the small shepherd David over his brother — a strong soldier — because David has a good heart. Then as God's hand-picked leader, David goes on to become a great leader, until we come to the story of David and Bathsheba (2 Samuel 11-12).

The story begins with David taking an evening stroll around his palace. From his vantage point on the palace roof, he sees the beautiful Bathsheba bathing. He asks his servants to bring Bathsheba to him. The king beds Bathsheba and she gets pregnant. Bathsheba's husband, Uriah, is one of David's best generals. King David tries to cover up his immoral behavior. He calls Uriah home and attempts to get Uriah drunk so that he will sleep with Bathsheba. Uriah refuses to cooperate because he feels it would be unfair to enjoy himself while his men are on the front. (This is a wonderful sidebar about the moral obligations of leaders to followers.) David then escalates his attempt to cover things up by ordering Uriah to the front of a battle where he gets killed. In the end the prophet Nathan blows the whistle on David and God punishes David.

The Bathsheba story has repeated itself throughout history. Scandals ranging from the President Clinton and Monica Lewinski affair, to Enron all follow the general pattern of this story.²⁴ First, we see what happens when successful leaders lose sight of what their job is because they are coasting on success. David should have been focusing on running the war, not watching Bathsheba bathe. He is literally and figuratively looking in the wrong place. Second, because power offers privileged access, leaders have more opportunities to indulge themselves and, hence, need more willpower to resist indulging themselves. David can have Bathsheba brought to him by his servants with no questions asked. Third, successful leaders sometimes develop an inflated belief in their ability to control outcomes. David gets involved in escalating cover-ups.

The most striking thing about leaders who get themselves in these situations is that the cover-ups are usually worse than the crime. In David's case, adultery is not as bad as murder. Also, it is during the cover-up that leaders abuse their power as leaders the most. In Clinton's case, a majority of Americans found his lying to the public far more immoral than his adultery. Lastly, leaders learn that their power cannot keep their actions invisible forever. Whistleblowers like Nathan in King David's case or Sharon Watkins in the Enron case, call their bluff and demand that their leaders be held to the same moral standards as everyone else. When this happens, in Bible stories and everywhere else, all hell breaks loose.

Read as a leadership case study, the story of David and Bathsheba is a cautionary tale about success. What is most interesting about the Bathsheba Syndrome is that it is difficult to predict which leaders will fall

²² Price, T.L. (2000). 'Explaining Ethical Failures of Leadership'. *The Leadership and Organizational Development Journal*, 21.4, 177-84.

²³ Dean Ludwig and Clinton Longenecker, 'The Bathsheba Syndrome: The Ethical Failure of Successful Leaders'. *The Journal of Business Ethics* 12 (1993): 265-273.

²⁴ Winter gives an interesting psychological account of Clinton in Winter, 128-9.

prey to it, because people get it after they have become successful. When leaders are successful, followers tend to monitor their behavior less. Business and political leaders tend to get in more trouble when things are going well, then when they are going badly. In good times, people don't ask many questions. This is why leaders who started out as revolutionaries who fought on the side of the people against their oppressors sometimes start behaving worse than their oppressors. Their followers are grateful and give leaders latitude to do what they want.²⁵ Then as leaders they lose sight of the moral obligations of their job and they become overly confident in their ability to do and take whatever they please.

Altruism and Self-interest

If we accept the definition of corruption as misuse of entrusted power for private gain, one might argue that *uncorrupt* means use of entrusted power for public gain. Some leadership scholars have taken this one step farther and argued that ethical leaders are altruistic, meaning they benefit others at a cost to themselves.²⁶ Altruism is a motive for acting, but it is not in and of itself a normative principle.²⁷ Requiring leaders to act altruistically is not only a tall order, but it does not guarantee that the leader or his or her actions will be moral. For example, stealing from the rich to give to the poor, or, what I call, 'Robinhoodism', is morally problematic.²⁸ A terrorist leader who becomes a suicide bomber might have purely altruistic intentions, but the means that he uses to carry out his mission — killing innocent people — is not considered ethical even if his cause is a just one.

Great leaders such as Martin Luther King, Jr. and Mohandas Gandhi appear to have behaved altruistically, but their leadership was ethical because of the means that they used to achieve their ends and the morality of their causes. We have a particular respect for leaders who are martyred for a cause, but the morality of King and Gandhi goes beyond self-sacrifice. Achieving their objectives for social justice while empowering and disciplining followers to use nonviolent resistance is morally good and, some would say, morally awesome leadership. People often regard these leaders as great because they did the right thing, the right way, and for the right reason.

It is interesting to note what Confucius explicitly calls altruism is the Golden Rule. When asked by Tzu-Kung what the guiding principle of life is, Confucius answers: 'It is the word altruism [shu]. Do not do unto others what you do not want them to do to you.'²⁹ The golden rule crops up as a fundamental moral principle in most major cultures.³⁰ The golden rule tells us how to transform knowledge of one's self-interest into concern for the interests of others. In other words, it provides the bridge between the extremes of altruism and self-interest.

Plato believed that leadership required a person to sacrifice his or her immediate self-interests, but this did not amount to altruism. In Book II of the Republic, Plato writes:

In a city of good men, if it came into being, the citizens would fight in order not to rule ... There it would be clear that anyone who is really a true ruler doesn't by nature seek his own advantage but that of his subjects. And everyone, knowing this, would rather be benefited by others than take the trouble to benefit them.³¹

Rather than requiring altruistic motives, Plato argues that leadership is not in your immediate self-interest if you are a just person. Leadership will take a toll on you and your life. He goes on to say that the only reason a just person accepts a leadership role is out of fear of punishment. He tells us: 'Now the greatest

²⁵ Wernerfelt, B. (1988). 'Reputation, Monitoring, and Effort'. *Information Economics and Policy*, 3, 207-218.

²⁶ Kanungo, R. and Mendonca, M. (1996). *Ethical Dimensions of Leadership*. Thousand Oaks, CA: Sage, 35.

²⁷ Nagel, T. (1970). *The Possibility of Altruism*. Oxford: Clarendon Press. Also, Ozinga, J.R. (1999). *Altruism*. Westport, CT: Praeger.

²⁸ Ciulla, J.B. (2003). 'The Ethical Challenges of Non-Profit Leaders'. Ed. R. Riggio, *Improving Leadership in Non-Profit Organizations*. Mahwah, NJ: Erlbaum, 63-75.

²⁹ Confucius (1963). 'Selections from the Analects'. Ed. and Tr. Wing-tsit Chan, *A Source Book in Chinese Philosophy*. Princeton: Princeton University Press, 44.

³⁰ Wattles, J. (1996). *The Golden Rule*. New York: Oxford University Press.

³¹ Plato (1992). *Republic*. Tr. G.M.A. Grube. Indianapolis, IN: Hackett Publishing, 347d.

punishment, if one isn't willing to rule, is to be ruled by someone worse than oneself. And I think it is fear of this that makes decent people rule when they do.'³² Enlightened self-interest, not altruism motivates a just person to rule. Plato sheds light on why we sometimes feel more comfortable with people who are reluctant to lead than with those who really want to do so. Today, as in the past, we worry that people who are too eager to lead want the power and position for themselves, or that they do not fully understand the responsibilities of leadership. Plato also tells us that while ethical leadership is not always in the leader's immediate self-interest, it is in his or her long-term interest. (Plato goes on to say that it is in our best interest to be just, because just people are happier and lead better lives than unjust people.)

While we admire self-sacrifice, morality sometimes calls upon leaders to do things that are against their self-interest. This is less about altruism than it is about the nature of both morality and leadership. The practice of leadership is to guide and look after the goals, missions and aspirations of groups, organizations, countries or causes. When leaders do this, they are doing their job; when they do not do this, they are not doing their job. Looking after the interests of others is as much about what leaders do in their role as leaders as it is about the moral quality of leadership. When a mayor does not look after the interests of a city, she is not only ineffective, she is unethical for not keeping the promise that she made when sworn in as mayor. When she does look after the interests of the city, it is not because she is altruistic, but because she is doing her job. In this way, altruism is built into the way we describe what leaders do. While altruism is not the best concept for characterizing the ethics of leadership, scholars' interest in altruism reflects a desire to capture, either implicitly or explicitly, the ethics-and-effectiveness notion of good leadership. One of the distinctive ethical challenges of leadership is that it takes more effort to care about strangers than it does to care about oneself and one's family.

Nepotism and Competence

One reason why some people believe that leaders are born and not made is because the majority of leaders throughout recorded human history have been born into families of leaders. From pharaohs, to emperors, to kings, to leaders of a number of countries today, leaders have sought to keep leadership in their gene pool. This is how they look after their families, friends and, it is hoped, their constituents. Family ties also play a role in the way leaders build coalitions and enlist cooperation. Families matter when we talk about leadership because many countries in the world (democratic or undemocratic) are ruled by family dynasties. It is also easy to forget that most businesses in the world are owned and run by families. Almost 95 per cent of American businesses are family owned, including 40 per cent of the Fortune 500 companies.³³ In Asia, family dynasties control 46.6 per cent of the GDP in the Philippines, 84.2 per cent in Hong Kong and 76.2 per cent in Malaysia.³⁴

Nepotism is a complicated problem for the ethics and effectiveness of all leaders. People who are not in leadership positions are free to aid their family members in any way they desire. One might argue that they have a moral obligation to do so. Leaders have an obligation to put the interests of their constituents ahead of their own interests and the interests of friends and families (although in many cases these interests coincide). Chinese leaders recognized the problem with nepotism a long time ago. In the words of an old Chinese proverb: 'When a man becomes an official, his wife, children, dogs, cats, and even chickens fly up to heaven.'³⁵ Confucius discussed at length the problem of how to balance the duties of filial piety with duties to the public and principles of merit.

When we look around the world today, we often see the tension between leaders' obligations to family and clan and their obligations to organizations and others outside the clan. By clan, I not only include family, but friends of the leader and the leader's family. For example, imagine that you are the regional director of a large multinational manufacturing concern who oversees operations in several foreign countries. A year ago, you promoted a talented, hard working, local employee to run one of your factories. On a visit to the

³² Ibid. 347c

³³ Bellow, A. (2003). In *Praise of Nepotism*. New York: Doubleday.

³⁴ 'Keeping It in the Family'. *Economist* (2001) p. 6.

³⁵ Bellow, 2003, p. 95.

region you decide to stop in and visit the factory. When you arrive at the manager's office, you notice that the secretary has the same last name as the manager. You mention this to him and he tells you that she is his sister. He takes you on a tour of the plant and as you walk around the manager is greeted by various people working there as 'uncle', 'cousin' and 'father'. You ask him: 'Is this some sort of custom or are all of these people your relatives?' He replies: 'Yes, I have a duty to take care of my family.' You then discover that, of the 80 employees on the payroll over half are members of the manager's extended family.

The first reaction of an American might be that the manager is unethical. Hiring one's relatives is wrong because they may not be the most qualified workers. One might also argue that the factory manager does not own the factory and therefore does not have the right to keep the jobs within his family. However, the main concern one may have about this manager is that he is putting the interests of his family before the interests of the firm, even if his family is also hard working and smart, like the manager.

One might argue that nepotism in business is different from nepotism in politics because a family business is private. Author Adam Bellow argues that people do not mind if leaders appoint relatives to jobs as long as they are competent.³⁶ William Ford runs the Ford motor company, Jane Lauder heads Estée Lauder, and Bill Wrigly manages his family's chewing gum business. On the one hand, we do not think that it is unfair that William Ford is CEO of Ford; he has a right to do so because it is his family's business. On the other hand, it would matter if an incompetent family member ran Ford because his or her incompetence would have a negative impact on a number of stakeholders.

Some might think that nepotism is only a problem in developing and/or undemocratic countries, yet, it is common in the Western world too. Consider what happened in the aftermath of the 2000 presidential elections in the USA. The election pitted a son of a president against the son of a senator. When George W. Bush won, he appointed Michael Powell, son of Colin Powell, chairman of the FEC, and Eugene Scalia, son of Supreme Court Justice Antonin Scalia, the chief labor attorney. In addition to these appointments, Bush made the vice president's daughter, Elizabeth Cheney, deputy assistant secretary of state and her husband chief counsel for the Office of Management and Budget.

If the primary obligation of the leader is to make choices based on the greatest good for the organization or state, there is, in principle at least, nothing wrong with appointing family members and friends' family members to jobs, as long as they are the best qualified. In other words, leaders are ethical when they appoint their relatives if their relatives are best qualified to be effective on the job. The Bush appointees may be well qualified for their jobs, but there may also be others out there who, if given a chance to compete for the job, would be better. When qualified people do not have equal access to compete for a job on merit, it undermines public trust and perceptions of fairness.

One intriguing question is whether we get better or worse leaders as a result of nepotism. If genes shape our dispositions, perhaps leadership might be a genetic predisposition like music or art? The Bach and Brueghel families produced great musicians and artists. Leadership, like music or art, may be like a family business. Families of artists or leaders often provide the right combination of nature and nurture to foster certain talents in their children. Unlike art and music, leadership requires a complex set of social skills that involve working with strangers. Family connections and power may keep a person from developing important leadership skills. Leaders may actually develop better social skills such as persuasion, building trust, making friends, etc. when they have to make it on their own. Some leadership scholars have noticed that a striking number of leaders had one or both of their parents die when they were children. For example, Howard Gardner notes that 60 per cent of British prime ministers lost their fathers when they were young. He suggests that children who lose a parent when they are young are forced 'to formulate their own social and moral domains.'³⁷

The ethical problem with nepotism is not that it is wrong to care for your friends and family. In democratic societies the problem with nepotism is that it is unfair and undercuts the ideal of equal opportunity, but the bigger problem with it is that it may keep the most competent people from holding leadership positions.

³⁶ Ibid.

³⁷ Gardner, H. (1995). *Leading Minds: An Anatomy of Leadership*. New York: Basic Books, 24.

Nepotistic leaders treat leadership as if it is a private business rather than a public trust. Privacy (or lack of transparency) provides a fertile ground for corruption and can also hamper innovative problem solving. The physical environment thrives on diversity. We know that, when societies close themselves off from outsiders, they become neurotic, vulnerable and weak, like an inbred dog.³⁸ As we look around the world today, we also see that in a number of cultures, the longer a leader is in power the more likely there is corruption in the leader's administration. This is because of several things discussed earlier, the danger that luck and success can make leaders believe that they are exceptions to the rules and that they can control outcomes.

Blinding Morality

We want leaders who possess strong moral convictions, but there are times when leaders' moral convictions are so strong that they undercut both their ethics and their effectiveness. Leaders with overzealous moral convictions can be far more dangerous than amoral or immoral leaders. Consider the initial response of the Catholic Church hierarchy to cases of sexual abuse. Some Church leaders still held the medieval view that they could play by different rules than the rest of society, in part because they were the good guys. The sexual abuse of children is one of the most heinous crimes in any society; however, some church leaders treated it differently because the molesters were men who do God's work. Overly moralistic leaders sometimes confuse working for God with being God, usually with disastrous results. This kind of moral self-righteousness can also blind leaders to the more mundane things that they need to do in order to be effective.

Leaders sometimes become so impassioned about their cause that they forget what they have learned in other areas of life or fail to learn or get the expertise they need to do their job. The story of the explorer Ferdinand Magellan is one such case. Magellan convinced King Carlos of Spain that the Río de la Plata in Brazil went all the way across South America and would provide a shorter route to the Spice Islands. The king funded Magellan's voyage and Magellan sailed up the Río de la Plata. Unfortunately, the river came to a dead end. He then took his three ships down the coast of South America, around the treacherous Terra del Fuego, and then 12,600-miles across the Pacific Ocean to the Philippines. When he arrived in the Philippines, he undertook a new job — spreading Christianity. Magellan began baptizing native leaders and gaining their allegiance to Spain. This meant that the enemies of a baptized leader were also the enemies of Spain. Magellan's religious fervor became so great that he began to think that he could cure people by praying over them. His men tried to set him straight, but he would not listen to them.

Magellan decided to champion the cause of a baptized chief in an unnecessary battle against an un-baptized chief named Lapu-Lapu on the island of Mactan. He invited other chieftains to watch the battle from a distance so that he could prove the superiority of Christians. His seasoned soldiers would not fight with him so he recruited a ragtag group of cooks and other apprentices who were willing to follow him into this pointless encounter. As the historian William Manchester observes: Now in late April of 1521, on the eve of this wholly unnecessary battle, Magellan was everything he had never been. He had never before been reckless, impudent, careless, or forgetful of the tactical lessons he had learned during Portuguese operations in East Africa, India, Morocco, and Malaya. But he had not been a soldier of Christ then.³⁹

Magellan led his band of men in small boats to the island. The plan was that when they reached the shore his ship would move in and back up the soldiers with its guns. But the ship never came and the guns never fired. Magellan was struck down while waist deep in water, weighed down by heavy armor, and unprotected by his ships that were stranded outside the reef. One of the greatest navigators in the world met his demise because he had failed to inquire about the tides before attacking the island.

The story of Magellan shows us how even brilliant leaders can believe so much in the moral rightness of their goals that they don't listen to others or take mundane precautions to achieve their goals. This case is a dramatic way to think about the mistakes NGO leaders sometimes make, such as having earnest but

³⁸ Diamond, J.M. (1997). *Guns, Germs & Steel: the Fates of Human Societies*. New York: W.W. Norton.
³⁹ Manchester, W. (1993). *A World Lit Only By Fire*. Boston: Little Brown, 276.

unqualified volunteers keep the books or assuming that when providing meals for the homeless, it is not necessary to follow standard health procedures in the kitchen. Leaders have a moral obligation to consult with experts, get their facts straight, and take care in planning. This is where ethics and effectiveness converge. Again, the line between being incompetent and unethical is often very thin.

Conclusion

This paper has explored the many ways in which ethics, competence and effectiveness are inextricably intertwined in the fabric of leadership. The discussion is more than just a philosophic exercise. The reason why it is important to understand the many facets of ethics and effectiveness is so that we can develop good leaders for the future and help current leaders do a better job. While there are leaders who are evil, neurotic, or narcissistic in the world today, there are probably as many (or more) leaders who lack the skills and knowledge to lead ethically. These skills include things like knowing how to manage, create, or maintain systems of checks and balances, motivate people, communicate, formulate a vision that includes everyone in it, instill ethical norms in their staffs and constituents, manage the economy, etc. Leaders often enter government after being revolutionary or military leaders or business people. They may or may not have the mixtures of competencies they needed to run a country, especially if that country is rich in resources that are in high demand in the global marketplace.

It might seem naive or wishful thinking to argue that if leaders were more competent, they would be more ethical. Nonetheless, it is just as naive to think that greed and power are the only explanations for corruption. Human behavior is far more complex. Baring leaders with personality disorders or truly evil individuals, we should not underestimate the fact that ethical and effective leadership increases a leader's social prestige, which can be as personally rewarding to some people as Swiss bank accounts are to kelpocrats.⁴⁰ The hypothesis that I would like to see tested in future empirical studies is that leaders who know how to run a country competently are less likely to abuse the rights of their people and pillage the treasury than those who do not. I have not discussed the role of various cultural traditions in corruption in this paper. But I will say that while the cultural context of a country may encourage or facilitate bad leaders, it is difficult to imagine that the majority of people in any society would actually want to have corrupt leaders, especially if, as I have argued, corrupt leaders are usually ineffective.

In this paper I have offered a different answer to the question: Why do some leaders abuse entrusted power? While some leaders *don't want to serve the public trust because they want to serve themselves*, I have argued that there are other leaders who *don't know how to serve the public trust so they serve themselves*. Leaders have ethically and technically difficult jobs. They are entrusted to consider the well being of more people than the rest of us. They have moral obligations to people that they do not know and maybe do not even like. Leadership requires an abundance of knowledge, intuition, energy, and moral imagination.⁴¹ They are entrusted with responsibility for the big picture and the details in it. Good leadership is difficult to sustain over time and under the pressures of the job. We don't often hear much about good leaders, which is unfortunate because it makes it seem as if they are all too rare in today's world.⁴²

⁴⁰ Ridley, M. (1996). *The Origins of Virtue*. New York: Penguin Books, see chapter 6.

⁴¹ Ciulla, J.B. (2004). 'Moral Imagination'. *The Encyclopedia of Leadership Studies*. Sage/Berkshire Press.

⁴² I would like to offer a special thanks to the students in my 'Leadership in International Contexts' class for their research on the current (2006) leaders 160 countries.